

Moray Housing Market Partnership

HNDA 3: Stakeholder Consultation Outcomes

March 2023



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1 Introduction

In March 2023, Moray Housing Market Partnership hosted an engagement conference to invite stakeholders to scrutinise, validate and debate the emerging outcomes of the Housing Need and Demand Assessment (HNDA) study for Moray (2023).

The Moray HNDA is now nearing completion and will provide crucial evidence to inform Local Housing Strategy and Local Development Planning processes. The stakeholder workshop was designed to provide an opportunity for stakeholders to scrutinise the inputs and assumptions which inform the Housing Need and Demand calculations for the Moray area. This offered an important opportunity for partners and stakeholders to obtain feedback on the process and draft outputs of HNDA3 and to influence the final draft documents, which require to be submitted to the Scottish Government for approval.

In total of two stakeholder engagement events were held as follows:

- Workshop 1: Moray Housing Need & Demand Conference: Thursday 9th March 2023, 9.30am to 12.30pm.
- Workshop 2: Moray Housing Need & Demand Workshop: Monday 20th March 2023, 2.30 – 4.30pm.

All workshops were hosted virtually via Microsoft Teams, with an interactive agenda facilitated by Arneil Johnston. Workshop 2 was a repeat of the Conference due to the level of demand to attend this event.

Delegates from across a key range of stakeholders were presented with background information on the Moray HNDA process, as well as the housing market evidence on what's driving the extent and nature of housing need in the area. A wide range of stakeholder and partner interests were represented at each event from public, private, third and community sectors. Appendix A provides full details of the stakeholders who attended and participated in each workshop. Over 40 partners and stakeholders attended the full workshop programme.

This outcomes report details the views and perspectives of stakeholders on the emerging evidence and outputs of the 2023 Moray HNDA, providing important validation evidence and direction to finalise the study to be submitted to the Centre for Housing Market Analysis (Scottish Government) by the end of June 2023.



2 Background to HNDA Study and Partnership

Housing Need and Demand Assessments are designed to give broad, long-run estimates of what future housing need might be, rather than precision estimates. They provide an evidence-base to inform housing policy decisions in the Local Housing Strategy (LHS) and land allocation decisions in Local Development Plans.

The previous Housing Need and Demand Assessment for the Moray area was produced by Moray Council in 2017. As the current Local Housing Strategy is nearing completion, a new HNDA is under development to provide the evidence needed to set Housing Supply Targets within the new strategy. This evidence and these targets will guide land allocation decisions within the next Moray Local Development Plan.

Moray Council commissioned Arneil Johnston to deliver the HNDA and agreed a programme of research, analysis, scenario planning and stakeholder consultation in June 2022, with work commencing in August 2022. The methodology has focused on producing the prescribed requirements for a robust and credible HNDA, through extensive desk based analysis and research. As secondary data has major limitations in providing consistent, real-time data on the circumstances, needs, aspirations and future expectations of households living in the Moray area; a primary research study was also commissioned to address gaps insight to allow credible analysis at a Housing Market Sub-area level. Working in partnership with Arneil Johnston, Research Resource carried out an extensive household survey across the Moray area, reporting in January 2023.

In the last seven months, Moray Council have worked with housing market partners to assemble the constituent elements of the HNDA evidence base as set out in Scottish Government Guidance (HNDA Practitioner’s Guide November 2020), including the following HNDA ‘Core Outputs’ for Moray:

The HNDA methodology assembles a detailed evidence base of contextual information to inform decision making on developing the HNDA calculation including:



Analysis of housing market drivers, specialist provision and housing stock profile provide a detailed evidence base of contextual information to inform decision making on the strategy for meeting the emerging housing estimates required to meet future need and demand.

The output from the Core Output on ‘future housing need and demand’ delivers a Housing Need and Demand calculation for the Moray area based on the Scottish Government HNDA tool, which



is prepopulated with data for the Moray area to estimate the number of new homes needed. Moray Council has then adjusted the tool using local evidence of housing need and housing pressures.

The HNDA tool works by projecting the number of new households who will require housing across the Moray area by considering existing households who need new homes, PLUS new households who will need homes in the next 20 years:

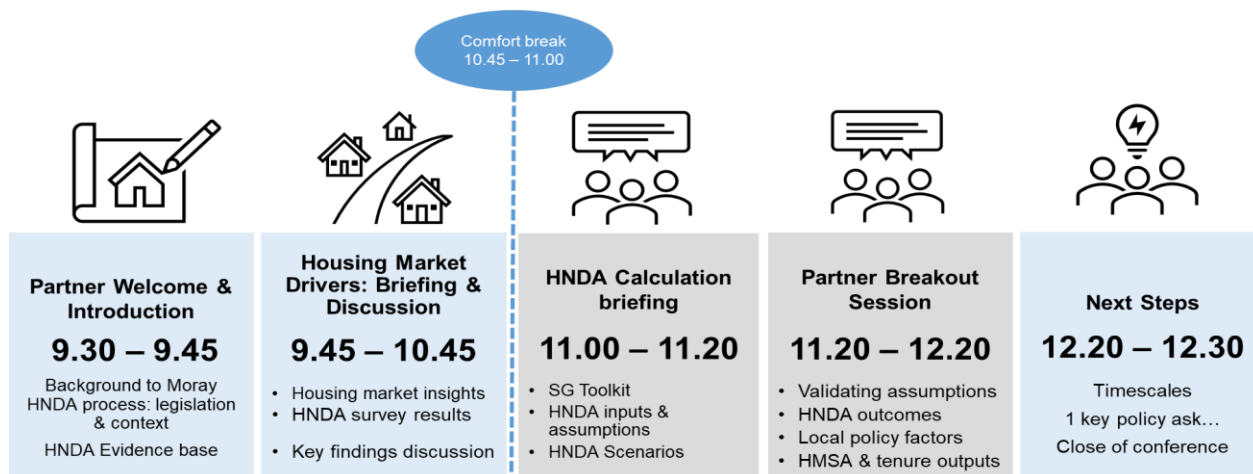


The HNDA Conference (and follow up workshop) were specifically designed to give partners and stakeholders an opportunity to scrutinise and debate the inputs and assumptions which underpin the Moray HNDA calculation and to debate whether emerging housing estimates provide a sound basis for future policy decisions on housing supply and land use planning.



3 Validating the HNDA3 Calculation & Analysis: Stakeholder Consultation Outcomes

The aim of the HNDA Conference was to enable stakeholder consultation on the assumptions and evidence underpinning emerging housing estimates and to enable debate on the outcomes. Stakeholder consultation outcomes will then inform the final HNDA submission presented to the Scottish Government for validation and approval. The programme for each workshop was as follows:



Local authorities are encouraged to work with stakeholders in Housing Market Partnerships (HMPs) to approve housing estimates and to adopt a collaborative and constructive approach to finalising HNDA outcomes. On this basis, the objectives for the HNDA Conference were to:

- share the housing estimates arising from the preferred Moray HNDA calculation scenarios
- review and validate the basis of assumptions driving the HNDA calculation on existing need, newly arising need and housing affordability
- attain stakeholder views on the preferred local HNDA scenario to inform policy development in Moray considering tenure and area requirements.

3.1 Key Findings Discussion

Following conference presentations on key housing market drivers for the Moray area and topline results detailing the outcomes of the Moray HNDA household survey, there was an opportunity for discussion on the key findings and to allow stakeholders the opportunity to reflect on and react to emerging research outcomes. This was an open discussion which enabled stakeholders to highlight and share further local knowledge to help inform estimates prior to the more detailed scrutiny in breakout sessions. The main themes which emerged from the discussion were as follows:

- **National Records of Scotland (NRS) Data:** Stakeholders expressed concerns regarding the use of household projections prepared by the National Registers of Scotland as the basis of future housing and land use planning. NRS population and household projections are based on 2011 Census data and may not be reliable baseline to inform housing need estimates over the next 20 years. It was explained to stakeholders that this is one of the key assumptions to be made informing the HNDA i.e. should housing estimates be based on demographic data alone or should other housing market drivers be reflected. Other key drivers which were identified by



stakeholders include the impact of refugee sanctuary projects, the impact of MOD expansion and economic impacts of the Moray Growth Deal on migration into the area.

“Population statistics and forecasts for Moray which are now over 11 years from the last census are not reliable due to the nature of the way MOD changes are calculated, is there any sensitivity analysis done to reflect this?”

“Linked to the question above, was there any data captured <from the HNDA household survey> on the percentage of military households who were looking to move into private rented / owner occupied homes?”

- **Impacts of Military Personnel:** It was highlighted further that the location of Military Personnel in Moray at RAF Lossiemouth is a significant key driver of housing need in the area. An Economic Impact Assessment (EIA) is currently being undertaken which is a key piece of evidence for the HNDA and will provide more detailed data on the previous and future expansion of the base including the economic impacts. It was felt that the HNDA work, and the EIA should be aligned to improve understanding of the potential housing system impacts created by RAF expansion.

‘What we do know is that over the last decade RAF Lossiemouth has increased by about 2,000 personnel (from about 1,500 to 3,500 personnel) so there has been significant expansion. The RAF is also moving to a model where they provide an allowance for military personnel to source their own accommodation (private let or mortgage) rather than providing housing as standard which will dramatically impact on housing need and demand in the Moray area.’

‘What happens is that RAF personnel come into Moray and then get posted to other areas, but the principal family tend to stay in Elgin or Moray area, and more migration comes from parents who move to be closer to their families. Therefore there is likely to be quite a significant percentage of in-migration associated with RAF personnel which is not currently reflected by the estimates.’

- **Key Workers and Affordability:** Discussion also focused on the insights held on the key economic sectors in Moray and the impact of the health sector on employment in the working age population. It was suggested that major challenges are experienced by current and potential health workers in Moray who struggle to access rented accommodation or market entry housing. One intervention currently under consideration is the possibility of prioritising social rented housing for key workers within the allocations policy. It is intended that a separate HNDA consultation workshop will be held with major local employers and relevant stakeholders to evidence key worker housing pressures in more depth and to consider potential supply and policy options for meeting housing need.

‘From the NHS Grampian employee perspective, interesting to see that 15% of tenures are private rented, but we know these properties disappear in days of them being advertised and is a snapshot of how difficult it is to secure accommodation, especially those trying to migrate into the Moray area, and they are not in a position to buy. It’s a huge problem as we do lose staff who are not willing to fill substantive posts as they cannot move their family into the area.’

- **Business and Future Economic Plans:** It was further highlighted that affordability in the private housing market is also a major challenge for private sector workers. The impact on local employers is very problematic, as businesses’ struggle to attract and retain skilled employees. It was suggested that the HNDA needs to be aligned with the future economic development



plans for Moray, including the Moray Growth Deal, and impact of future economic opportunities such as offshore wind and renewables.

“I suspect the household survey wont capture messages we get from business who have difficulty attracting people to the area because of the availability of housing. It is not just public sector key workers; it is impacting on the private sector at all levels of housing need.”

- **Intermediate housing:** The need to consider the use of a more diverse range of intermediate housing tenures to address market failure was raised as a potential solution to key worker housing pressures.

“There is a need to steer any market failures and look at intermediate housing in urban centres such as Elgin.”

- **Smarter Homes and Specialist Provision:** Stakeholders raised that a better understanding was required by what was meant by SMART housing and alignment of the HNDA with the Moray Growth Deal would be beneficial. It was also identified that a proportion of people require specialist provision which is specifically designed to meet their housing needs. The gaps in provision and costs require to be identified across the care client groups including people with learning disabilities, mental health conditions and older people. It was explained to stakeholders that a separate conference event on specialist housing provision is being scheduled for April 2023 and will focus on these questions in more detail.

‘The cost of specialist housing including the provision of accommodation for learning disabilities is rising and aspirations/needs are continuously changing. We are a private charitable landlord called Castlehill Housing Trust (subsidiary company of Castlehill HA). We have accommodation in Moray mainly shared HMO housing but increasingly there is a growing demand for self-contained properties rather than shared living.’

3.2 Moray HNDA Calculation Inputs and Assumptions

To inform the debate, an opening plenary session presented the evidence and assumptions used to populate the Moray HNDA calculation. Partners and stakeholders were then split into two focus groups to provide time for questions, feedback and debate on the HNDA calculation and outcomes.

The HNDA calculation inputs and assumptions, which were subject to stakeholder scrutiny are detailed below.

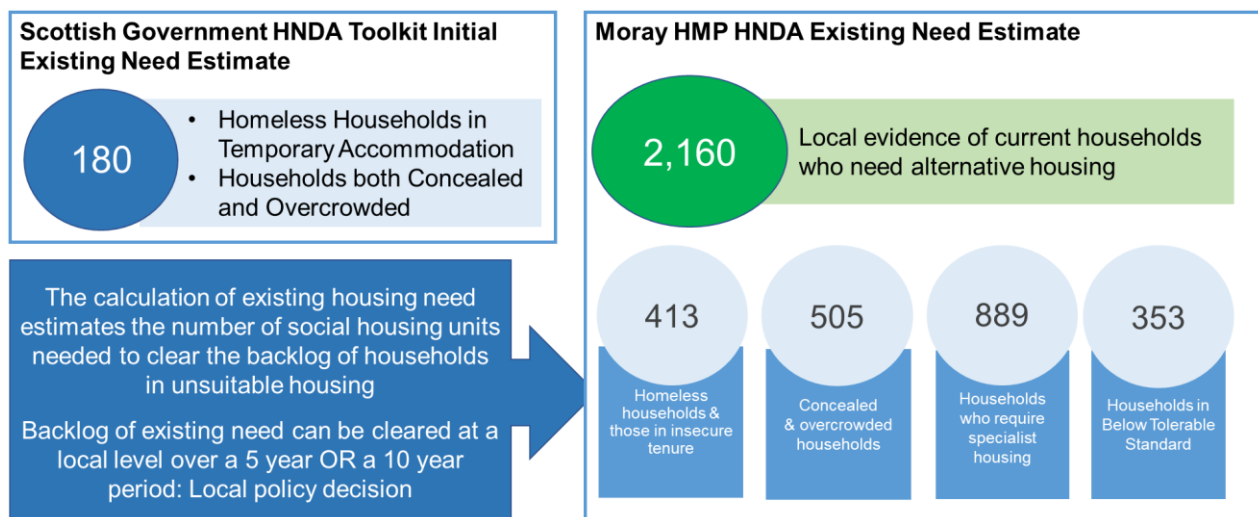
3.2.1 Existing Housing Need Estimate

Using HNDA evidence, Moray Council has produced an existing need measure which adjusts the HNDA tool default assumptions from 180 households in existing housing need, to a local estimate of 2,160 households. The basis of the adjusted existing need estimate is as follows:

- Households in temporary accommodation (HL1 statistics 2020/21) and those in insecure tenure (HNDA Survey Outcomes) = 413
- Concealed and overcrowded households (HNDA Survey Outcomes) = 505
- Households with an unmet need for specialist housing who require to move to alternative accommodation (HNDA Survey Outcomes) = 889
- Households in Below Tolerable Standard housing (Moray Council database) = 353



Combining these requirements results in an existing need estimate of 2,160 households in Moray, currently living in unsuitable housing and who require moving to alternative housing to meet their housing need. The HNDA calculation methodology assumes that the backlog of households in unsuitable housing will be met in the social housing sector. Furthermore, a local policy decision has been applied that this backlog of households in unsuitable housing will be met in the first 5 years of the 20-year projected housing estimates.



3.2.2 New Housing Need Estimate

Across the Moray area, three scenarios have been developed to provide estimates of the number of new households who will require housing over the next 20 years using the 2018 based NRS household projections as follows:

- Scenario 1: 2018 based Principal projections = **2,258** new households by 2042
- Scenario 2: 2018 based High Migration projections = **2,815** new household by 2042
- Scenario 3: 2018 based Principal Projections + Growth 0.25% per year = **4,569** new households by 2042

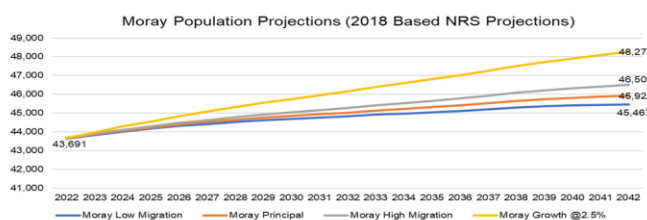
Using these three scenarios, the 20-year estimates for new households range from a 5% increase in the number of households living in the Moray area over the next 20 years (under Scenario 1) to a 10% increase using Scenario 3.



Scottish Government HNDA Toolkit Newly Arising Need Estimate

2,059

- NRS 2018 Based Principal Household Projections
- Projected 5% Growth across Moray area



Moray HNDA Toolkit New Arising Need Estimates: Principal/High Migration/Growth

- 2,258** • NRS 2018-based Principal Projections
• Projected 5% growth across Moray
- 2,815** • NRS 2018-based High Migration Projections
• Projected 6% growth across Moray
- 4,569** • Principal Projections + Growth 0.25% per year
• Projected 10% growth across Moray

	Households 2001	Households 2011	Households 2021	% Change 2011-21	% Change 2001-21
Moray	35,868	40,155	43,590	9%	22%
Scotland	2,194,564	2,376,424	2,528,823	6%	15%

	2022	2042	20 Year Change	Avg Annual	% Change
2018 Low	43,651	45,467	1,816	91	4%
2018 Principal	43,669	45,927	2,258	113	5%
2018 High	43,691	46,506	2,815	141	6%
Growth @ 0.25%	43,669	48,239	4,569	228	10%

3.2.3 Moray HNDA Housing Estimates

By adding the adjusted existing need estimate (2,160) to the three household projection scenarios (2,258, 2,815 and 4,569); partners were asked to provide feedback, validation and challenges on the emerging 20-year housing estimates for the Moray area ranging from **4,418** to **6,730**:



The Moray HNDA baseline housing estimates sit in a range from **4,418** to **6,730** over the next 20 years

All tenure housing estimates	2022-2026	2027-2031	2032-2036	2037-2041	Total	% Difference
Default	1,021	508	499	400	2,428	
Scenario 1 - Principal	3,011	508	499	400	4,418	45%
Scenario 2 - High Migration	3,100	646	653	576	4,975	13%
Scenario 3 - Growth 0.25%	3,568	1,080	1,084	998	6,730	52%

The principal scenario projects a 45% increase on the default toolkit settings
 The high migration scenario projects a 13% increase in need from the principal scenario, with the growth scenario projecting a 52% increase.

Stakeholders were also asked to consider the emerging 20-year housing estimates at a more detailed area and tenure level, as follows:



Scenario 2.2 - High Migration Projections: Housing Estimates by Tenure and HMA							
	Buckie HMA	Caringoms National Park	Elgin HMA	Forres HMA	Keith HMA	Speyside HMA	Moray
Social Rent	349	24	1536	361	213	164	2648
Below Market Housing	96	5	264	90	48	44	547
Market Rent (PRS)	101	6	471	156	56	53	842
Market Housing	165	10	414	184	84	82	938
Total	711	44	2685	792	401	342	4975
Average per annum	36	2	134	40	20	17	249
HMA Share	14%	1%	54%	16%	8%	7%	100%

	Buckie HMA	Caringoms National Park HMA	Elgin HMA	Forres HMA	Keith HMA	Speyside HMA
Social Rent	49%	53%	57%	46%	53%	48%
Below Market Housing	13%	11%	10%	11%	12%	13%
Market Rent (PRS)	14%	14%	18%	20%	14%	15%
Market Housing	23%	23%	15%	23%	21%	24%
	100%	100%	100%	100%	100%	100%

Partners were invited to discuss the scenarios, provide local anecdotal evidence, and support/challenge the assumptions. An interactive whiteboard was used at the Conference event to record the views and opinions of stakeholders. A copy of the slide-pack used to present HNDA calculation assumptions and emerging housing estimates is available in Appendix B.

3.3 Stakeholder Engagement Session 1: Scrutinising the HNDA Calculation

3.3.1 Question 1 – Validating the Existing Need Calculation

The first break out session offered stakeholders an opportunity to scrutinise and validate the assumptions underpinning the baseline Moray HNDA scenarios. The first question stakeholders were asked to consider was:

Qu 1: The HNDA calculation uses local estimates to measure existing need for new housing.

Is this a robust approach to estimating existing need?

Question 1 stakeholder feedback for Workshop 1 focus groups is detailed below:

Workshop 1, Focus Group 1 – Validating the Existing Need Calculation

Stakeholders in Group 1 were unanimously supportive of using the local estimate of existing need over the HNDA toolkit estimate, suggesting that the default measure was ‘ridiculously low’ and very unlikely to reflect the extent of households living in unsuitable housing in Moray. It was suggested that some elements of the existing need calculation may even underestimate housing need, including increasing numbers of households who are living in serious disrepair or who require specialist housing in a community setting as an alternative to care home provision.

“I one hundred percent agree we should rely on local data to measure existing need which is likely to be far more accurate and insightful than Scottish Government estimates. I think the real question is, is it too low? Is it a good starting point to build on?”

“We are completely right to move beyond Scottish Government’s calculation... I think the local estimate is a good starting point but is the estimation of properties in disrepair perhaps too low? There is a significant older population in stone built homes across Moray which require extensive investment to address major condition and fuel poverty issues”



“Yes - we should use local data to measure existing need. HSCP policy is focused on enabling households across in Moray to live independently at home even in acute circumstances with the support of the hospital at home model. It therefore makes sense that there should be significant number of people who may need specialist/accessible housing in the community – that’s the policy model we are pursuing.”

Other stakeholders whilst supportive of the existing need estimate, felt that it went far enough. It was also noted that this estimate should not just focus on numbers but on delivery of the right profile of housing to meet need:

“The number feels about right however, this is not just about numbers. We need to build the right homes in the right areas to address backlog need”

“It’s crucial that people are rehoused in the right home to meet their needs”

It was also noted that in meeting housing need future housing policy should seek to maximise the use of existing homes by pursuing in-situ solutions where this may be possible:

“We should be investing in our existing homes as a solution which has equal priority to building new build homes”

“The HNDA survey suggests that 20% of households in Moray are currently under-occupied... Is there a key opportunity here to address overcrowding pressures?”

Workshop 1, Focus Group 2 – Validating the Existing Need Calculation

Group 2 were in support of the overall calculation used to inform existing need and were satisfied that the figures in relation to the homelessness and households living in below tolerable standard could be justified.

“These are more credible figures than the 180 used by the Scottish Government’s HNDA Toolkit existing housing need figure.”

“We should be confident in using local estimates for existing need as this will reflect local knowledge and evidence of housing pressures. I have no issues with this...”

Group members raised some concerns regarding the possibility of double counting across existing need categories, particularly in relation to specialist provision and asked if adjustments had been made for the properties which will be vacated when people moved. The Group were advised that adjustments are made to avoid double counting and duplication by cross tabulating survey results, but further review will be completed to ensure any risk of double counting is minimised.

“We need to ensure and check that there is no double counting in the existing housing needs estimates.”

“We are currently considering the extent to which ground floor properties can be adapted to enable people to remain at home. This could address the need for specialist housing”

Group 2 also highlighted that the backlog of existing housing need may not be addressed within a five or ten years period due to ongoing and growing demand for social rented housing. Elements that the Group felt may be missing in the calculation related to people living longer and not vacating properties and new household formation needing smaller housing sizes.

“Where does the new demand for social housing keep coming from? Will we ever be in a position to clear backlog need?”



“The demographics show that people are living longer and are therefore not vacating their properties. Lower turnover will impact on backlog housing need”.

Workshop 2, Focus Group - Validating the Existing Need Calculation

The Group were unanimous in their support of using the local estimates for estimating existing needs and agreed that the insight provided on the key drivers for the Moray housing market area and primary research evidenced the basis of the calculation effectively. There were several initial comments that the default tool kit number of 180 households was too low and that the adjustments were more reflective of the circumstances of local households.

“What strikes me is the startlingly low figure if you stuck to the Scottish Government approach without using the other local evidence and primary research to justify the adjusted figure”

“I see no problem or have any concerns about how you have gone about estimating housing need for the area and I think it is very robust approach ... it's two thumbs up from me!”

However, the group also felt that the existing housing need estimate could be even higher given the ambitions of the Moray Growth Deal and to meet the needs of the local population in unsuitable housing, therefore they discussed if there was a need to consider even higher growth.

“The primary research is a very good starting point, but figures still look too low and shows how limiting the baseline HNDA toolkit is. Once you build in a growth element, only then do we get to where we want to be, which is only matching the previous 10 years of completions. If we want to look at how we drive forward more housing for younger people, housing for other generations, more rented sector housing... then I would expect the number to be even higher than the last 10 years”...

The Group had a further discussion on the role of the Local Development Planning process and agreed the HNDA is should be treated as a baseline measure for future land requirements, with further opportunities to consider the requirement and to exceed this being available through the LDP process. It was clarified to the Group that there is prescribed HNDA guidance to be followed, with outcomes offering a starting point to inform local level policy. It was explained that on this basis, stakeholders would be asked later on in the workshop if there is local evidence that suggests the baseline could be increased further with an opportunity to gain views to inform future supply targets.

Comments were also made on the need to take into account local evidence to measure housing need in Moray. All the comments were in favour of ensuring the local position was represented, the data resources considered credible and that the existing need default too low. It was suggested this could be evidenced through social landlord's housing lists and the demand pressures associated with social rented properties, with evidence of a mismatch between supply and demand.

“If we don't account for local factors and circumstances the numbers simply won't be credible. The data sources being used are credible, for example the HNDA survey...”

“The 180 measure is completely underwhelming. There is local evidence of demand including demand from hidden households, we have no problems allocating homes across Moray”

“Is the concealed/ overcrowding estimate too low? I'm surprised there weren't more hidden households within the estimates. The existing need default estimate is far too low.”

“We're holding 2500-3000 households on our waiting list, and we never really reduce this over time - there is no shortage of households to fill available homes.”

3.3.2 Question 2 Validating the Newly Arising Need Calculation

The second question stakeholders were asked was to assist with informing the validation of the newly arising need calculation was:

Qu 2: Should we use the principal to high migration scenario as the basis of our range of HNDA housing estimates?

Is the principal projection a good starting point?

Is the high migration projection a more appropriate estimate?

Question 2 stakeholder feedback for Workshop 1 focus groups is detailed below:

Workshop 1, Focus Group 1 – Validating the Newly Arising Need Calculation

Stakeholders in Group 1 considered whether using the NRS principal household projections provided a good starting point for expressing housing estimates in a range. The general consensus was that whilst the HNDA process necessitates use of NRS projections as the basis for estimating future housing need in Moray, this data models forward historic demographic change which is not representative of the current population, households base or growth in the Moray economy. Benchmarking actual changes in the household base in Moray over the last 20 years supports this view. Projecting forward a 5% increase in households (under the principal scenario) was not viewed as a sufficiently ambitious basis for increasing housing supply:

“The NRS stats should be taken with a huge pinch of salt - they don't reflect the population or household base in Moray”

“We shouldn't base housing planning on past trends but future policy and strategy. Our economic strategy is focusing on growth and growing the household base...”

“From an HSCP perspective we would be more focused on growth than maintaining the current population. We need to attract and retain a highly skilled NHS workforce to support innovation such as the Rural Centre of Excellence for Digital Health and the expansion of the Dr Gray's hospital and teaching campus.”

These views were reflected in the debate on using the NRS high migration scenario as the basis of the estimate for new housing need. Stakeholders were unanimously supportive of any approach which will increase the number of households moving into the Moray area. This was seen as an essential aspect of solving the major workforce pressures currently facing the Moray economy:

“Key worker housing pressures are significant, and we should reflect this in the assumptions we use in the HNDA. We should aim for household migration...”

“The last Moray HNDA was about reducing/addressing backlog housing need. This HNDA should be focused on future growth. If we can't pursue a growth strategy within the HNDA process itself, we need to take this approach in setting Housing Supply Targets when developing the new Local Housing Strategy”.

Workshop 1, Focus Group 2 – Validating the Newly Arising Need Calculation

One of Group 2's main concerns focused on the use of the NRS demographic projections which is based on the 2011 Census and therefore does not allow for population and household growth from key local drivers such as MOD expansion/new military personnel, a growing student population and housing requirements arising from new businesses setting up in the Moray area. Whilst it was



confirmed in earlier discussions that the Scottish Government's HNDA guidance promotes the use of the latest NRS projections as the basis of future need, the group was of the opinion that further adjustments are necessary to consider the impact of local population drivers.

'I have low confidence and concerns with using NRS data and in particular the lack of military population included in these projections.'

'There should be at least a check with the previous NRS figure used in the last HNDA and compare these with this 20 year projections.'

In-depth discussion on using the principle or high migration scenario as the basis of estimating newly arising need reached an overriding consensus that there is strong local evidence to support a high migration scenario. Group 2 agreed that there is a need for more housing arising from in-migration fuelled by economic growth including new business start-ups, the impact of an increasing military population and an increasing student population.

Group 2 also felt that the principal projection was a good starting point and one which could be used as a baseline scenario for the purposes of submitting the HNDA to the Scottish Government. However, Group 2's preference centred around the key local drivers and strong evidence base to support a growth scenario as the basis of future LHS and LDP policy decisions.

"The principal projection is okay for the purposes of submitting an HNDA which complies with the Scottish Government guidance, but we need to pursue a high migration to growth scenario for the purposes of setting housing supply targets and allocating housing land."

Workshop 2, Focus Group - Validating the Newly Arising Need Calculation

The Group considered whether the NRS principal households projection figures provide a good and credible baseline position to estimate future housing need. Stakeholders quickly concluded that it was not an appropriate starting point due to the historical basis of the data, but also due to the principal figure aligning with the MATHLR calculation, which is expected to be exceeded as part of the local planning process.

"Given that the principal is only slightly higher than the MATHLR (which is meant to be exceeded locally) it's not a good scenario. Our starting point should at least be high migration if not the growth"

"Using the principal projection doesn't take into account any future ambitions for growth, social changes etc, so as a starting point using the principal is weak as it relies on historic activity to project future requirements which we should avoid"

The high migration scenario was felt to be an improved starting point when compared to the principal scenario, but it was noted that it still produced estimates below the number of new completions undertaken in the previous 10 years and any future projections should exceed previous completion numbers Moray area is to economic growth ambitions. There were some concerns raised about the deliverability of a higher rate of units, but it was agreed that given the ambitious economic development vision, development constraints should be overcome due to the willingness to ensure generous housing supply targets were included in the LDP.

"The high migration scenario is getting us there but anything below our output over the last 10 years is a poor starting point"

'Future projections must exceed historic completion figures (4,500) as a basis for forward planning, or they don't provide a credible starting point'



“Given Moray’s ambitious economic strategy and positive LDP focus we should be able to exceed historic output – we’ve just got to work together to find solutions to housing infrastructure constraints”.

The Group reflected on the evidence that house prices had increased rapidly in Moray in the last 10 years, when compared with Scotland, particularly since the Covid-19 pandemic and new investment from Boeing, which suggested that there were pressures in the housing market fuelling demand. The group agreed that this provided further local evidence there was a need to increase new provision.

“House prices have increased faster than the Scottish averages, this gives us signals of pressure that need intervention and previous completion rates are not enough”

“Local people need to be in a position to paying 15-20% above the asking price with Boeing growth fuelling housing demand”

3.3.3 Question 3 – Validating Emerging Housing Estimates

The third question stakeholders were asked to consider was:

Qu 3: Should we pursue a growth scenario for consultation with stakeholders as the basis for setting Housing Supply Targets in the new LHS?

If yes, why is this the case? If not, why not?

Question 3 stakeholder feedback for Workshop 1 focus groups is detailed below:

Workshop 1, Focus Group 1 – Validating Moray Housing Estimates

Building on earlier discussions, stakeholders continued to express their support for a growth scenario as the basis of an estimate for new housing need. Within this debate a range of views were expressed on whether the growth scenario presented goes far enough, balanced with some notes of caution around the deliverability of planning for a major increase in housing supply.

“Pursuing a growth scenario is a no brainer. The Orbex aerospace campus alone will bring up to 800 new students into the Moray area and £100M of investment into Moray economy. Current housing supply can’t accommodate this growth”

“We should perhaps consider an alternative scenario, maybe a 15% growth in new households not the 10%? The planned growth associated with Orbex and Walkers expansions could justify this alone”.

Stakeholders also suggested that the timing of a household growth scenario was key and that increases in the Moray household base should be planned for in the short to medium term to address the current recruitment crisis experienced by major employers and support the ambitious agenda associated with the Moray Growth Deal.

“We should consider an accelerated approach to growing the household population, concentrating on the first 5-10 years of the 20 year projection.”

It was also suggested that we need to be practical and realistic about what can be achieved within the parameters of the HNDA process itself and how compelling and credible evidence can be presented to make the case for growth within future LHS and LDP processes.



“Growth yes, but we do need to consider and factor in the deliverability factors e.g. land supply, infrastructure, finance. This is not just about homes, it’s about a roads, primary schools, GP surgeries”

“The growth figure looks entirely reasonable but how do we justify this with CHMA? We need to robustly evidence these assumptions”

“It may be difficult to justify moving beyond the 10% growth in households given the HNDA framework we’re operating in – we need to be realistic about that”.

Workshop 1, Focus Group 2 – Validating Moray Housing Estimates

Group 2’s points raised in response to Question 1 and 2 were reiterated here, with stakeholders highlighting the significant local evidence of a need for more housing aligned to the Moray economy which the household growth scenario can support.

‘There is significant, robust evidence that there is a need for more housing in Moray beyond that projected by the principal or high migration scenario’.

The projected local demographics on an increasingly ageing population and the need for more specialist housing and housing related support services was also highlighted as a key driver in future housing estimates.

Moreover, the Group felt very strongly that local economic drivers, which will have a significant impact on household population changes have not been accounted for by using NRS projections as the basis for housing estimates. These economic housing market drivers should be considered as part of setting the Housing Supply Target within the new Local Housing Strategy. On this basis, further engagement with economic development agencies and key public and private sector employers will be required to fully evidence where a growth scenario should be targeted by tenure and Housing Market Sub-Area.

“The MAATIC project (Moray Aerospace, Advanced Technology and Innovation Campus) within the Moray Growth Deal is projecting to attract up to 800 annual students into Moray”

“Forecasted growth by Orbex (the aerospace company) aims to achieve 400 employees at its HQ in Forres”

“North Highlands and Moray Space Cluster is one of three clusters in Scotland. The Scottish Government have a target of 20,000 jobs in this sector across Scotland by 2030”

“There will undoubtedly be growth and demand in the offshore renewables sector which will attract skilled employees into the Moray area”

“The MOD’s housing model is moving away from Service Family Accommodation, towards providing a monthly allowance for personnel to move into the private rented sector or owner occupation. It would be useful to engage with the RAF and Army to capture data on the new accommodation model and current levels of availability in existing military housing stock”

“The targeted work of the Moray Economic Partnership in talent attraction and retention in the local areas will also influence the current demographic profile of the region”.

Workshop 2, Focus Group – Validating Moray Housing Estimates

There was unanimous stakeholder support for a HNDA growth scenario to estimate new need in the Moray HNDA to ensure that future ambitions in terms of economic growth were reflected. The Group also considered whether the growth scenario was sufficient or if it needed to be higher due to current pressures in the housing market, the ambition economic development agenda aligned to



the Moray Growth Deal and demand pressures in the social rented sector. Building on previous discussions, stakeholders expressed that because the outcomes of the growth scenario did not go significantly beyond historic house completion rates, there is justification to pursue a more ambitious scenario.

“The growth scenario is just 3% higher than past completions so do we need to push this further? Pre-Covid completions don’t reflect the major economic developments in the pipeline in Moray”

“The growth scenario could move beyond a 3% increase. We need to exceed the growth figure but in a justifiable way”

“The 4,500 figure should be our starting place with perhaps a 5% margin. We should test whether this is a credible starting point?”

Stakeholders were therefore of the view that there were sufficient economic drivers to increase the growth scenario even further. However, consideration requires to be given to deliverability in terms of the Local Development Plan framework as well as site infrastructure requirements. Through debate it was concluded that by allocating generous land requirements through the LDP and, also effective planning for infrastructure, these challenges should be addressed.

“We need a robust and credible HNDA outcome which will work for the Scottish Government, so we need to be prudent about growth. But we can aim to create delivery capacity through a generosity factor in LDP planning policy and in setting ambitious HSTs”

“We need to work with infrastructure providers to find solutions to capacity - we’ve got to find a way through...if we don’t have a plan for growth, the infrastructure funding could go elsewhere. We simply got to make it work!”

3.3.4 Question 4 – Validating Emerging Housing Estimates by Tenure

The fourth question stakeholders were asked to consider was:

Do the proposed housing requirements for Moray by tenure provide a sound basis for setting Housing Supply Targets?

If yes, why is this the case? If not, why not?

Question 4 stakeholder feedback for Workshop 1 focus groups is detailed below:

Workshop 1, Focus Group 1 – Validating Housing Estimates by Tenure

Whilst stakeholders were reasonably supportive of the tenure split under consideration, key points were made about deliverability and the future tenure requirements of households moving into the area. It was also acknowledged that the scale of market housing output in Moray needs to be protected and enhanced – not just affordable housing. It was also acknowledged that given the funding regime around affordable housing, there will always be some limits around what can be delivered:

“I’m generally comfortable with the split (60% affordable/40% market) but we need to remember the feedback from the HNDA survey - 2/3 households want to purchase their own home. We need to think very creatively about how we develop more affordable home ownership options”

“The affordability calculation uses income data that reflects the Moray population right now. If we want to attract skilled workers into the area, they might have higher incomes and want market not affordable homes”



Stakeholders acknowledged that any growth in housing supply must deliver a good range of house types, sizes and better tenure diversity. This should be a key aim on future housing and planning policy aligned to a housing growth strategy. A lack of accessible housing options across tenure was also identified as a key gap which is likely to widen given the projected increase in older people in Moray.

“We need a variety of products and delivery models to be considered across different sub-areas in Moray”

“We need to think about how we create sustainable communities particularly in rural areas, for example intergenerational housing options could be created or considered?”

“There is a major shortage of larger accessible and wheelchair homes in Moray and a shortage of accessible homes in general”

Workshop 1, Focus Group 2 – Validating Housing Estimates by Tenure

Group 2 scrutinised the housing estimates by tenure for the Moray area based on the affordability calculation. Initial discussions focused on the high percentage of social housing affordability estimated in the Moray area at 53% and the lower affordability estimated for owner occupation at 19%. It was concluded that there needed to be further testing of the calculation assumptions.

‘53% social housing seems too much – it would be good to test and further refine the assumptions around this.’

However, after further security, it was agreed that new housing estimates should be compared with the findings from the 2017 HNDA. Making this comparison suggests that the estimate for social housing continues to be consistent and that even at this high rate, it has not been successful in addressing the backlog of existing need for social housing. The Group also reflected on the point that housing estimates by tenure were based on an affordability calculation and not the aspirations of local households.

“When I think about it (the affordable housing estimates) they are similar to the 2017 study and feel about right.”

The discussion then turned to security of mid-market rent estimates with some stakeholders suggesting that future estimates were possibly too high at 11%. In particular, discussions focused on the viability of delivering mid-market rent options in Moray, as the difference between market rent levels and the Local Housing Allowance rates are often insufficient to cover development costs, with grant levels not enough to bridge the gap. Group 2 were pleased however, that mid-market rent had been included in the housing estimates by tenure.

“I’m surprised about the mid-market rent percentage given that private sector rent levels are so close to the LHA rate in Moray. Can we assess the mid-market rent levels needed to develop in Moray and check this?”

“I’m happy mid-market of 11% is there. It’s an important tenure for those who don’t have priority for social housing”.

The final comments by the Group focused on the affordability of the private housing sector in the current economic context (both market rents and owner occupation) given with a discussion around the housing system’s capacity to deliver further supply. It was noted that there is evidence of the private rented sector shrinking in Moray and not delivering the range housing options needed locally. Similarly in the owner occupied sector new build development is beginning to slow down with more incentives being offered to buyers to encourage them to purchase new homes.



Workshop 2, Focus Group – Validating Housing Estimates by Tenure

The Group discussed the emerging housing estimates by tenure with general feedback focusing on whether the estimates reflect recent and future economic developments in Moray or the current market housing pressures. Concerns focused on whether the estimates were based on historic data which excluded the expansion of RAF Lossiemouth and Moray Growth Deal projects to attract and retain young people through the supply of medium to high income jobs.

'If these tenure figures do not reflect the influence of RAF growth on the demand for housing by tenure, then they won't be credible figures for future planning'

'It is the family networks of RAF personnel who drive local housing market demand and this needs to be taken into account. The MOD is building 1-person accommodation unit for personnel but is the family network that moves into the Moray area seeking housing that influences the housing market'

Further dialogue with the MOD will be essential to ensuring that accommodation needs by tenure for RAF households (including families and parents) are fully reflected in the HNDA evidence base.

It was also highlighted that one of the key outcomes of the Moray HNDA survey was the 66% of households who wanted to move, aspired to home ownership and that the estimated tenure split did not reflect the need to reduce current market housing pressures through more supply. It was also noted that delivering market housing also supports the development of more affordable housing through the mechanism of the affordable housing policy. On balance however, stakeholders agreed that further delivery of affordable housing should be a priority to address the persistent backlog of existing need.

'The outcome of the HNDA survey showed that 66% of new households aspire to buy. We need to consider market delivery to meet household aspirations and relieve housing market pressures. A healthy supply of market housing is required to drive affordable housing completions in Moray via the affordable housing policy'

'The major barriers to accessing housing market in Moray means that the delivery of affordability housing must be a priority. We have never managed to address or even reduce backlog need - the waiting list always remains static'

Questions were raised regarding delivering the volume of estimates for private rented sector and mid-market rent homes and how this would be achieved. There are signs that private rented sector in Moray is stalling with most landlords being individuals rather than businesses investing in build to rent. There has been limited success in Moray in delivering mid-market rent units due to the small margins between the local housing allowance levels and market rents, which makes delivery very challenging from a viability perspective. As a result, the preference of social landlords has been to build social rented housing. However, stakeholders did recognise that mid-market tenures could be considered for key workers as it offers flexible, transitional housing options which could work well. This should be discussed as part of a future workshop on key worker housing.

'PRS growth is very questionable in Moray, and it makes up 11% of the estimates. Build to Rent development is stalling even in Cities given the current national policy on rent freezes.'

'MMR delivery is a tenure that is very challenging to deliver in a Moray context so 17% looks very high and should be questioned. Having said this if MMR delivery could work as a key worker housing model, we could meet requirements for transitional housing options'



3.3.4 Question 5 – Validating Emerging Housing Estimates by Partner Area

The fifth question stakeholders were asked to consider was:

Do the proposed housing requirements for the Moray area housing market sub-area provide a sound basis for setting Housing Supply Targets?
If yes, why is this the case? If not, why not?

Question 5 stakeholder feedback for Workshop 1 focus groups is detailed below:

Workshop 1, Focus Group 1 – Validating Housing Estimates by Area

Whilst stakeholders were generally supportive of sub-area housing estimates, it was acknowledged that some HMSAs are vast in terms of geography and therefore very diverse in terms of housing need. The difference between the needs of urban and rural communities (both housing and infrastructure) should be carefully considered when finalising housing estimates. It was also acknowledged that housing estimates should carefully consider and reflect growth areas in the Moray economy.

“The high numbers in Elgin look reasonable as people tend to migrate or relocate to areas where there’s is better infrastructure and more access to services”

“The Elgin area is very diverse, and we need to remember that urban and rural settlements are very different in terms of communities, infrastructure and need. We need to take this into account when we’re planning for new housing”

“I would have expected more of a variance between Forres & Buckie”

The figure for the Cairngorms National Park looks low. Would the growth figure provide a better basis for delivery planning?”

Workshop 1, Focus Group 2 – Validating Housing Estimates by Area

Scrutiny by Group 2 on the final question for Workshop 1 again focused on the need to ensure that housing estimates by tenure had fully taken into account key housing market drivers at a submarket area level. Each HMSA has a unique set of challenges and drivers which must be carefully considered. The Group reiterated that local drivers such as second homes, increases in military households and new private business growth will impact on certain submarket areas more than others. This should be carefully taken into account when making policy decisions based on housing estimates.

“Second homes are more prevalent in specific areas of Moray such as coastal areas, Speyside and the Cairngorms. There is concern that new build homes in private developments are purchased for this purpose, with local people living in these areas will not be able to access them”

“Military household require accommodation in specific areas of Moray such as Elgin and Forres and close to coastal areas. Are we planning for enough new housing in these areas?”

“New private businesses such as Orbex in Forres Business Park should be part of the evidence base to support housing growth in this area.”

Workshop 2, Focus Group – Validating Housing Estimates by Area

The Group finally considered the tenures estimates by housing market sub areas with volumes of market share highest in the areas of Elgin, Forres and Buckie areas. In general, the group agreed with the percentages proposed. A question was initially asked about how the housing market sub



areas were calculated. There were also questions about the credibility of the high volume of private rented sector units and how this would be delivered. The Group were advised that the percentages were generated by the HNDA toolkit and reflect the existing household base structure rather than the dynamics of need by area.

“Delivery of 17% PRS options is highly unrealistic in a Moray context given the previous discussions. Careful consideration of what can be delivered at sub-area level is key. The PRS volume should come out altogether or at least significantly be reduced.”

The group discussed the concentration of previous housing completions in housing market sub areas with the focus being predominately in Elgin followed by Forres and Buckie. Clarification was provided that the housing market sub areas for Moray have been tested and the Group can be confident that they represent the functional housing market sub areas for the purposes of measuring housing need.

“Housing estimates are split by the HNDA model based on historic household distribution. As the Elgin HMA is a functional housing market area, this creates a vast sub-area in terms of geography. It not just the main Elgin settlement but a much wider geographic area - this drives the bigger numbers for Elgin”

“I’m happy with them - from what my assumptions of the areas are, they look reasonably accurate, but that is based on my assumptions and not based on hard data.”

There was a concern that the housing market share of 7% for Speyside was too high due to the nature of speculative building in the Speyside area. This was also being influenced by current Council policy enabling individual households to build particular types of housing in specific locations. However, it was explained that the Moray Growth Deal will help to attract other types of house building to the Speyside area and it was agreed that 7% was a reasonable estimate.

3.4 One Key Recommendation for using the HNDA Evidence Based

At the end of the scrutiny and debate undertaken throughout the course of the conference, stakeholders were asked a final question in relation to the using emerging HNDA evidence and housing estimates as the basis for future policy on housing supply and land allocation.

What is the one recommendation you would make in using HNDA evidence as the basis for future policy decisions on housing supply and land use planning in Moray?

The responses to the final question are summarised below with the individual recommendations grouped into specific areas of (i) collaborative working, (ii) support for a growth scenario to inform housing supply targets, (iii) the influence of the military base at Lossiemouth on the net need for housing, (iv) impact of business growth Lossiemouth on the net need for housing, (v) funding to support delivery and (vi) the need for more specialist housing provision.

Stakeholder Feedback Theme 1: The need for a collaborative and aligned approach

“(We need to consider...) overall deliverability, how we can all work together to accelerate delivery on the ground and the opportunities the Moray Growth Deal provides to address some of the issues highlighted”

“I think it's important to build in consideration of local issues such as transport and schools when assessing housing delivery options and particularly when thinking about sustaining rural communities”



“Ensure that cross stakeholder knowledge/data is reflected in the HNDA evidence base. There was a great deal of reference to NHS and MOD housing requirements and other key workers along with student housing needs all in the context of the growth deal”

Stakeholder Feedback Theme 2: Growth in Military personnel is a key housing market driver

“The military presence in Moray is a huge contributor to economic activity but housing needs are not necessarily taken into consideration with this (HNDA) survey data”

“It would be good to capture the influence of military presence on housing need and demand in a more robust way, as well as the specific needs and requirements of emerging industries such as the space sector”

Stakeholder Feedback Theme 3: Growth scenario should influence policy, housing targets and tenure

“(It will be...) vital to present housing supply targets as a range and as a way to satisfy Scottish Government requirements and also provide targets we can use for implementation”

“Using the growth figure will ensure that we will adequately meet future housing needs. Solely using out-of-date data for future housing projections means we are planning for the decline”

“The commercial market will take care of itself but will never meet demand - it is not in their commercial interest to do so. The affordable housing sector is limited by available funding but will continue to deliver. The areas of market failure such as private rented, self-build rural developments all need funding mechanisms”

“Considering delivery mechanisms and marrying housing estimates with the need for both private and public tenures is essential”.

Stakeholder Feedback Theme 4: Business Growth and housing need

“(We need to ensure that the HNDA will...) facilitate the mobility of labour, ensuring sufficiency of housing supply across tenures”

“Engagement with other private sector employers to gauge housing demand will be key to finalising future estimates”

Stakeholder Feedback Theme 5: Specialist Provision

“Robust evidence base to support the provision of specialist housing e.g. extra care housing, supported housing (where capital and revenue costs are significant) is needed”

“(We need) good evidence to support the provision of specialist housing”

“The impact of an ageing population, a reduction in care homes due to financial affordability and requirement for specialist housing needs to be verified”.

Stakeholder Feedback Theme 6: HNDA Review Requirements

“The 20 year projection could be enhanced but reviewed at 5 to 10 year intervals”

“There is an obvious need for much wider consultation, and would it be better to have mechanisms in place to do this continuously or at least enable it?”



3.5 Validating the SES HNDA3 Calculation: Stakeholder Consultation Outcomes – Key Themes

Analysis of stakeholder consultation feedback enables a number of key themes to emerge, which should influence and guide Moray partners work to finalise the 2023 HNDA study prior to submission to the CHMA:

- Whilst the research has applied the prescribed methodology in terms of household population and projections there is concern that the use of the 2011 Census as a basis for demographic trends may underestimate the scale of housing need arising from key drivers such as the Moray Growth Deal, key worker housing pressures and an expansion of military personnel.
- The location and growth of the military base at RAF Lossiemouth is a significant key driver of housing need in the area along with the proposed changes to the RAF accommodation model. The current Economic Impact Assessment and the HNDA work should be aligned to improve understanding of the housing impacts of this shift in order to inform estimates.
- To ensure that a more recent economic context is included in the consideration of housing market drivers, the HNDA process should enable further engagement with a number of key organisations such as the NHS, MOD, Moray Growth Deal projects and key local employers including Orbex, Walkers and Boeing.
- There is overwhelming stakeholder consensus that the growth scenario should be used as the basis to set Housing Supply Targets within the new Local Housing Strategy with some feedback that a higher growth should be tested. This is because there is robust local evidence to support the use of the growth scenario aligned to the ambitious economic development strategy associated with the Moray Growth Deal.
- Whilst the prescribed HNDA methodology has been applied, there are concerns that there will be difficulty in clearing the existing backlog of housing need over a 5 year period given constraints in the delivery of affordable housing.
- There are concerns that, in the current economic climate, the private housing market is shrinking at least in the short term causing house price inflation. The role of market housing in contributing to affordable housing delivery should be carefully considered within housing supply target setting policies.
- There are also concerns of the deliverability of the mid-market rent in Moray given the small margin between private rent levels and the local housing allowance rate.
- When determining the Housing Supply Targets, it will be important for partners to consider the range of housing required to address key worker accommodation pressures in both the public and private sectors, together with a need to attract and retain skilled workers to support business growth in the area.
- It is essential that policy decisions on housing supply in specific submarket areas reflect key drivers including second homes, military personnel requirements and business growth, to avoid under delivery.
- The impact of the aging population on housing and housing related services in the Moray area and the need for specialist housing across a range of care client groups, requires further scrutiny and will be considered at a further conference.



4 Moray Housing Partnership Stakeholder Consultation Outcomes: Key Themes

Local authorities are encouraged to work with stakeholders in Housing Market Partnerships (HMPs) to approve housing estimates and to adopt a collaborative and constructive approach to finalising HNDA outcomes. It is important for the credibility of an HNDA that it can withstand the scrutiny of stakeholders as a basis for future policy decisions on housing supply and land use planning.

The 2023 HNDA stakeholder conference was therefore instrumental in engaging stakeholders in Moray are in scrutinising, debating and validating:

- the basis of assumptions driving the HNDA calculation on existing need, newly arising need and housing affordability
- emerging housing estimates arising from the preferred Moray HNDA calculation scenarios including estimates by tenure and area.

Stakeholder engagement outcomes will now be utilised by Moray Council to refine, further develop and finalise the HNDA evidence base prior to sign off by service leaders in housing and planning. Informed by this feedback, it is intended that the Moray HNDA3 study is submitted to the Scottish Government for approval by the end of June 2023.