APPENDIX 3 - LOCAL HOUSING STRATEGY

Housing Supply Target Methodology Paper

1. Introduction and Purpose

1.1. Aberdeen City Council and Aberdeenshire Council jointly produced the [Housing Need and Demand Assessment (HNDA) 3], which was assessed as being 'robust and credible' by the Scottish Government's Centre for Housing Market Analysis in January 2024.

1.2. The HNDA provides estimates of the number of additional homes required to meet housing need and demand in the future. These estimates are considered when setting the Housing Supply Target (HST) in the Local Housing Strategy (LHS).

1.3. The Local Housing Strategy Guidance 2019 states that the HST is 'the estimated level of additional housing that can actually be delivered on the ground, over the period of the plan' and notes that it is 'a policy interpretation of the HNDA'. Various factors may impact on the pace and scale of housing delivery, which can result in a HST target that is lower or higher than the housing estimate in the HNDA.

1.4. The purpose of this paper is to set the HST for the Local Housing Strategy 2025-2030 for Aberdeen City and explain the methodology used to determine this target. This paper is a collaborative document produced by Aberdeen City Council's Housing Strategy team and Planning team. Aberdeenshire Council were also consulted during the process due to both areas sharing strategic documents, such as the HNDA and Housing Land Audit, and to ensure that the approach taken by both local authorities to set the HSTs aligns where necessary.

1.5. The HST covers the Aberdeen City local authority area only and not the wider Aberdeen Housing Market Area (AHMA). The AHMA contains the entirety of Aberdeen City, while also containing parts of the Aberdeenshire local authority area. The remainder of Aberdeenshire is contained within the Rural Housing Market Area (RHMA).

1.6. Aberdeenshire Council have already set a HST for both their part of the AHMA and the RHMA in their Local Housing Strategy 2024-2029. The HST for Aberdeen City, which this methodology paper will set, can be added to the Aberdeenshire Council HST for the AHMA to give a total HST for this Housing Market Area.

1.7. The next Local Development Plan for Aberdeen City will use the HST set in this methodology paper as the basis for setting the Local Housing Land Requirement (LHLR). The National Planning Framework 4 requires a LHLR to be set for the whole of the local authority area and does not refer to housing market areas.

2. Housing Need and Demand Assessment (HNDA) 3

2.1. The HNDA sets out a range of scenarios which estimate housing need, each of which was based on a different set of assumptions. These estimates were produced by modelling demographic and economic scenarios and inputting them into the HNDA Tool (Version 4.0) provided by the Scottish Government.

2.2. The HNDA tool projects the number of new households who will require housing by using household projections produced by the National Records of Scotland. The tool also considers the number of existing households who need to move to more suitable housing.

2.3. Four economic scenarios were modelled, each with a different set of variables that were input into the HNDA tool to provide a range of estimates of future housing need in the city. The differing variables in the scenarios included level of migration, income growth and the tenure split in the city. The HNDA tool then calculates housing affordability and provides total future housing requirements over a twenty-year period, split by tenure.

2.4. Of the four scenarios modelled, Scenario 4: High Migration Plus is viewed as the preferred scenario for Aberdeen City from the HNDA 3. This scenario utilised the high migration setting included in the HNDA tool, while adding an estimated future need figure that considered the impact of refugees, asylum seekers and resettlement groups on housing demand.

2.5. High Migration Plus has been selected as the preferred scenario from the HNDA 3 due to the belief that the existing need calculation within the HNDA tool was an underestimate of housing demand in the city. This has been supported by a report commissioned by Homes for Scotland titled “Existing Housing Need in Scotland” which argued that levels of existing need across Scotland are higher and more complex than is being accounted for within the HNDA tool.

2.6. High Migration Plus was modelled due to the desire for a scenario which factored in future housing need from refugee, asylum seeking and resettlement groups, as the conflict in Ukraine began during the development of the HNDA. As reported in the Independent Living section of the Local Housing Strategy 2025-2030 Evidence Base, demand from these groups has been particularly high in Aberdeen in recent years. As a result, Aberdeen City Council’s preferred scenario differs from Aberdeenshire Council’s choice of the High Migration scenario.

2.7. The output from Scenarios 1-3 from the HNDA were seen as too low to meet future housing need, which is why the High Migration Plus scenario was modelled. Further information on this can be found in Chapter 4 of the HNDA 3.

2.8 Table 01 below shows the results of Scenario 4: High Migration Plus when input into the HNDA tool.

Table 01: HNDA Scenario 4 (High Migration Plus) – New homes required per year by tenure 2023 – 2042.

	2023-2027	2028-2032	2033-2037	2038-2042	20 Year Total	20 Year p.a.
Social Rent	325	239	177	135	4,380	219
Below Market	203	129	126	97	2,775	139
Private Rent	165	93	88	55	2,005	101
Owner Occupied	277	172	173	127	3,745	188
Total p.a.	970	633	565	413	12,905	646
Affordable p.a.	528	368	303	232	7,155	358
Market p.a.	442	265	262	182	5,750	289

Source: HNDA Tool (2020)

2.9 While this HNDA scenario has been selected as the basis of the HSTs that will be set in this methodology paper, the figures presented by this scenario require adjustment in order to ensure the HSTs are ambitious, realistic and deliverable. This will be further explored in Section 5 of this paper.

3. National Planning Framework (NPF4)

3.1. The National Planning Framework 4 is a national long-term spatial strategy for Scotland, which sets spatial principles, regional priorities, national developments and planning policy. NPF4 outlines how the Scottish Government and local authorities will work to improve people's lives by creating sustainable, liveable, and productive places.

3.2. NPF4 sets a Minimum All Tenure Housing Land Requirement (MATHLR) for each local authority area. The MATHLR is the minimum amount of land, by reference to the number of homes, that is to be provided by each planning authority in Scotland for a 10-year period. The Scottish Government expect the MATHLR figure to be exceeded by the Local Housing Land Requirement contained within each local authority's respective Local Development Plan in order to promote an ambitious and plan-led approach.

3.3. The Scottish Government take an evidence-based approach to calculating the MATHLR that considers existing need, household projections and levels of housing completions between 2010 and 2019. There is also a flexibility percentage that is applied which represents a contingency of land to allow for changes in sites going forward.

3.4. Published as part of NPF4, the MATHLR for Aberdeen City was set at 7,000 homes. The Scottish Government reached this figure by calculating an initial default estimate utilising the HNDA Tool, before submitting these estimates to local authorities for consultation. Each local authority was asked to consider the initial default estimate for their local authority area and given the opportunity to adjust these figures based on local information and policy drivers. Local authorities were also asked to benchmark the estimate against completions data in their area.

3.5. Aberdeen City Council and Aberdeenshire Council jointly consulted with Scottish Government in 2021 to produce the revised estimate their MATHLR figures. For Aberdeen City, a MATHLR of 7,000 homes was reached, as seen in Table 02 below. This estimate is similar to the level of housing completions between 2010 and 2019.

Table 02: MATHLR for Aberdeen City

Initial Default Estimate	Locally Adjusted Estimate	Proposed MATHLR	Finalised MATHLR	Completions (2010-2019)
4,750	7,000	7,000	7,000	7,734

Source: National Planning Framework 4 Housing Land Requirement Explanatory Report

3.6. Evidence suggested that the initial default estimate provided by the Scottish Government underestimated the level of market demand and housing need in Aberdeen at the time of the MATHLR consultation in 2021. The Scottish Government's initial estimate was based on principal migration projections from the National Records of Scotland for Aberdeen.

3.7. Aberdeen City Council and Aberdeenshire Council worked with Scottish Government to ensure that the suggested high migration projections were used instead, as it was believed that the principal projection was at risk of underestimating future growth.

3.8. A revised MATHLR based on the high migration projections were seen to be a more accurate representation of homes required over a ten-year period, based on the previous annual build rates in the city. This was then adopted as the finalised MATHLR figure for Aberdeen City.

4. Setting the Housing Supply Target

4.1. The previous HST for Aberdeen City was set in the Aberdeen City and Shire Strategic Development Plan which was approved in August 2020 . The publication of Strategic Development Plans is no longer required, and they have been replaced by NPF4. The new HST will therefore be set in the Local Housing Strategy 2025-30 through this methodology paper.

4.2. The previous HST was based on indicative targets provided in the Aberdeen City Local Housing Strategy 2018-2023. These indicative targets utilised the results of the Principal Growth scenario modelled in the Aberdeen City and Aberdeenshire HNDA 2017.

4.3. Table 03 below shows the previous HST for Aberdeen City, which used the indicative targets from the Local Housing Strategy 2018-2023 as a basis. The targets were refined based on information from Aberdeen City and Shire Housing Land Audits to produce targets considered to be realistic and deliverable in terms of historic rates of delivery and future anticipated growth, while remaining ambitious.

Table 03: Previous Housing Supply Target for Aberdeen City

2016-2019			2020-2032			2033-2040			2016-2040
Affordable	Market	Total	Affordable	Market	Total	Affordable	Market	Total	Global Total
1,365	2,535	3,900	5,005	9,295	14,300	3,276	6,084	9,360	27,560

Source: Aberdeen City and Shire Strategic Development Plan 2020

4.4. The Local Housing Strategy 2025-2030 will set an annual HST for market and affordable homes which will cover the lifespan of this strategy.

4.5. This HST will consider the MATHLR figure produced by the Scottish Government and Aberdeen City Council, as well as the housing estimates produced using the HNDA Tool in the Aberdeen City and Aberdeenshire HNDA 3, published in January 2024.

4.6. As per the Local Housing Strategy Guidance published by the Scottish Government, the HST will also consider factors that may have a material impact on the pace and scale of housing delivery.

4.7. This includes economic factors which may impact on demand and supply, capacity within the construction sector, potential inter-dependency between delivery of market and affordable housing at the local level, availability of resources, likely pace and scale of delivery based on completion rates, recent development levels, planned demolitions, planned new and replacement housing or housing being brought back into effective use.

Economic Factors Impacting Supply and Demand

4.8. The UK Government are establishing a number of Investment Zones across the UK, including two in Scotland. Aberdeen is part of the North East region Investment Zone which is expected to be supported by up to £80 million in targeted investment over a five-year period. The region's status as an Investment Zone has the potential to attract further investment and promote economic growth. The North East Investment Zone will focus on the transition to renewable energy, as well as digital and tech sectors, and is expected to generate around £1.7bn of private investment and support up to 18,000 jobs.

4.9. Aberdeen City has also benefited from investment received through the City Region Deal, an agreement between the UK Government and the Scottish Government with Aberdeen City Council, Aberdeenshire Council and Opportunity North East. The City Region Deal is in the eighth year of a ten-year programme, with discussions in place regarding the implementation of the next phase of City Region Deals in Scotland. A list of the projects funded under the deal can be found in the City Region Deal Annual Report, including the Net Zero Technology Centre and City Network Extension.

4.10. These funding streams form part of the Regional Economic Strategy which aims to transform the North East economy by supporting economic growth and encouraging people to live, work and invest in the city. This level of sustained investment in the city's economy has the potential to generate increased employment opportunities in the city and increase the demand for housing. Projects such as SSEN Transmissions' 'Pathway to 2030' programme are an example of this, with 400 employees recruited in the North East in 2024.

4.11. Aberdeen also benefits from investment through the Just Transition Fund, which is a £500m commitment from the Scottish Government to support the North East and Moray to transition towards Net Zero. This will help to lessen the economic dependence on carbon-intensive industries and promote sustainable economic growth.

4.12. As reported in the Regional Economic Strategy there has, however, been a decline in working age population in the North East which may limit the potential that these investments and projects have to contribute to economic growth in the region. As reported in the HNDA, there is an ageing population in the North East which increases the proportion of people who are economically dependent. These changing demographics may have a detrimental impact on the North East economy due to challenges such as workforce shortages in key sectors as the working population ages.

4.13. Initiatives such as ABZ Works and the Local Employability Partnership can help to mitigate workforce and skill shortages by providing training opportunities and employability support, particularly for young people.

4.14. The North East Quarterly Economic Survey indicates that the cost of both labour and raw materials is creating significant pressure on local businesses, with survey results also indicating that the North East is experiencing proportionally higher cost pressures in these areas than the national average. These costs can have a detrimental impact on the provision of housing and overall economic growth.

4.15. As reported in the HNDA, average house prices in Aberdeen reached their peak in 2015 where they were significantly higher than the Scottish average, however fell sharply in the years after due to the effect of the downturn in the oil and gas industry in the city. A recent report from the Registers of Scotland indicates that Aberdeen now has the lowest median prices of all cities in Scotland, and the only city to have a drop in residential prices since 2018/19.

4.16. Despite this, data from ASPC indicates that there have been signs of encouragement in the local housing market throughout 2024 such as a growth in the number of transactions in Quarter 3, with an increase of around 10% on Quarter 2's figures and a 21% increase compared to Quarter 3 2023. Although these could be seen as signs that the housing market is recovering, it is difficult to interpret the current trajectory of the housing market in Aberdeen, and this will be monitored moving into delivery of the Local Housing Strategy.

Capacity within Construction Sector

4.17. Research from the Construction Industry Training Board indicates that between 2018 and 2022, there has been a national decline in the number of employees in the sector, with Aberdeen City and Shire being highlighted as one of the areas which has experienced a notable downturn.

4.18. In line with the workforce reduction, there was a significant increase in the number of job vacancies posted in this sector in Aberdeen City and Aberdeenshire between 2021 and 2023, suggesting that there is a high level of demand which cannot be met by the local workforce.

4.19. Evidence also suggests that this sector is being affected by shortages of skilled workers, with a recent survey from the Federation of Master Builders indicating that 40% of members have had their jobs affected by a lack of skilled tradespeople in Quarter 3 2024, for example through job delays or cancellations.

4.20. This survey also reported that the outgoing costs for businesses are increasing in the sector, with 51% of members reporting an increase in wage costs and 65% reporting a rise in the cost of raw materials.

4.21. This is supported by the Scottish Housing Market Review which shows that the overall construction cost of new public and private housing increased by an annual 3.4% in July 2024. The rate of increase, however, has fallen significantly from the peak of 22% in 2022.

4.22. As reported in Aberdeen City Council's Strategic Housing Investment Plan 2025-2030, the cost of materials and contractors within this sector is having a detrimental impact on the council's ability to deliver housing projects. While the price volatility in relation to construction cost appears to be levelling off, as shown by the Scottish Housing Market Review data, the overall cost of housebuilding has still increased significantly in recent years.

4.23. This was one of the constraints which led to the council pausing two of its new build housing projects and carrying out value engineering processes to reduce costs. The rising costs, alongside uncertainty over future funding has a detrimental impact on the council's ability to plan future affordable housing sites with any certainty.

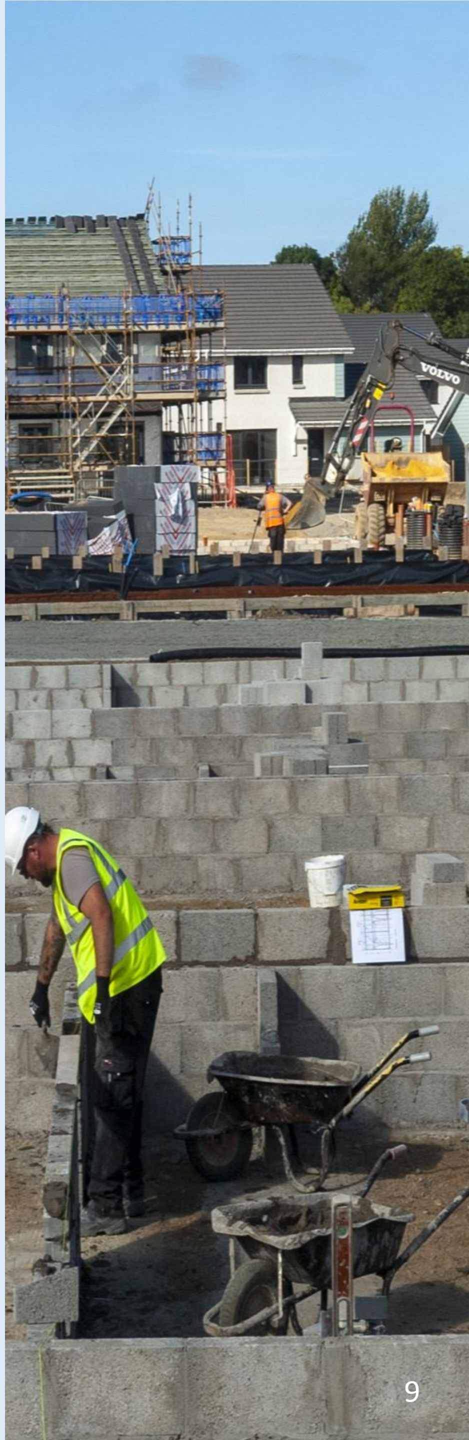
4.24. Workforce challenges and increase in construction costs have also affected independent housebuilders, as evidenced by Stewart Milne Homes entering administration in early 2024, leading to uncertainty surrounding the future of a number of local property developments.

4.25. The UK is currently in the midst of a 'cost of living crisis' which saw the prices of goods and services rise by 9.6% in the year to October 2022, which was the fastest growth rate in four decades according to the Office of National Statistics. People are still being affected by this increase in the cost of living which is having a detrimental impact on the affordability of mortgages, consequently reducing demand for new housing.

Inter-Dependency Between Delivery of Market and Affordable Housing

4.26. Aberdeen City Council's affordable housing policy states that housing developments of five homes or more are required to contribute no less than 25% of the total number of homes as affordable housing on the site.

4.27. This policy ensures that the delivery of market housing also creates affordable housing provision in the city. The council aims to maximise the delivery of affordable housing in the city by working with affordable housing providers to achieve this 25% target, in addition to utilising funding from the Scottish Government's Affordable Housing Supply Programme.



4.28. Over the lifespan of the previous Local Housing Strategy (2018/19-2023/24), there were 3,097 affordable homes delivered. A significant proportion of the affordable housing provision in the city is dependent on the provision of market housing, however the SHIP delivers affordable housing through Section 75 agreements and non-Section 75 agreements.

4.29. Aberdeen City Council meets regularly with the Scottish Government and Registered Social Landlords (RSLs) to ensure that affordable housing projects are progressing and to mitigate any development constraints that may have arisen. Council officers are also consulted on planning applications which presents opportunities to direct developers to RSLs to discuss affordable housing requirements.

4.30. Many RSLs in Aberdeen do not have the financial capacity to compete with developers for the acquisition of sites, therefore the SHIP is reliant on S75 agreements to contribute to the provision of affordable housing in the city.

Availability of Resources

4.31. As reported in the SHIP, there is currently uncertainty over future funding for affordable housing projects. Over the period 2025/26-2029/30, there is the potential to complete 2,485 affordable homes based on current proposed projects. In order for this number to be achieved, it is estimated that there would be a requirement for grant subsidy of £277m.

4.32. Affordable Housing Supply Programme Resource Planning Assumptions have not yet been issued beyond 2025/26 which makes detailed planning for the delivery of affordable housing challenging.

4.33. This lack of certainty may also impact the delivery of market housing where sites have mixed tenures. This may particularly be the case in Aberdeen where there is a number of large strategic master planned sites with long term delivery programmes over the next decade that may be impacted by the uncertainty around grant funding for affordable housing.

4.34. A number of these sites are due to deliver affordable housing through Section 75 legal agreements, and Aberdeen City Council are currently unable to confirm which projects can be prioritised post 2025/26. There is the risk that developers will provide a commuted sum rather than delivering affordable housing, which will potentially exacerbate the existing housing emergency in the city.

4.35. According to the most recently published Housing Land Audit in 2024, the ten-year deliverable land supply for Aberdeen City is 8,871 with the post ten-year deliverable land supply being 7,847. This produces a total deliverable supply of 16,718. The number of deliverable homes should be greater than, or equal to the housing supply target for the ten-year period concerned.

4.36. The figures from the Housing Land Audit indicate that the total land supply for housing in Aberdeen City exceeds the MATHLR figure and the proposed housing supply targets, which will be discussed in further detail in section five of this report.

Completion Rates and Recent Development Levels

4.37. The Housing Land Audit 2024 shows that there were 9,830 housing completions in Aberdeen City over a 10.25 year period between 2014 and 2023/24, which is around 959 completions annually. The actual number of annual completions has fluctuated, however, with the peak being 1,448 in 2021 and the lowest being 659 in 2020. It is important to note that the impact of the Covid pandemic is likely responsible for both of these numbers, with a drop in completions during the early stages and then a significant increase once operations resumed in 2021.

4.38. Anticipated projections for 2024/25 to 2033/34 estimate an average annual completion figure of 860 homes. Future programmed completions often appear high in the first few years from the base date of the audit then tail off in later years. In reality, completions are likely to be maintained at a steadier rate as it becomes clear which sites will come forward first and build rates are adjusted by developers in response to the local market situation.

4.39. The MATHLR is 7,000 homes over a ten-year period which would provide an annual target of 700 homes. The HST should exceed the MATHLR as per Scottish Government guidance, and actual and anticipate completions figures suggests that this would be achievable.

4.40. As mentioned in paragraph 4.27, there were 3,097 affordable homes delivered over the lifespan of the previous Local Housing Strategy (2018/19-2023/24). There were 3,240 market homes delivered during this same period, which provides a tenure split of 49% affordable and 51% market homes.

4.41. This split between market and affordable may be challenging to deliver in the future due to availability of grant funding for affordable housing and uncertainty over future funding. This is explored further in Section 5 of this report.

4.42. Achieving the HST for affordable housing is dependent on the availability of future funding and capacity within the affordable housing sector, as well as the volume of market housing being built which generates a proportion of affordable homes.

Demolitions

4.43. There were 305 dwellings demolished in Aberdeen between 2018/19 and 2022/23. The vast majority of these were local authority stock, with only three demolitions not falling into this category. Prior to 2018/19, the last demolition occurred in 2012/13. The Scottish Government provides statistics on demolitions for each local authority area and acknowledges that they likely provide an underestimation of private sector demolitions.

4.44. Reinforced Autoclaved Aerated Concrete (RAAC) was discovered in properties within the Torry area of Aberdeen following concerns that were raised nationally regarding the safety of this concrete as a building material. 366 council properties and 138 privately owned properties were found to be affected by the presence of RAAC, and it was determined in August 2024 that the optimal option was to demolish the affected properties and re-build.

4.45. Currently there are no other planned demolitions, however the Council's Asset Management Plan may potentially provide further clarity on this when published.

New and Replacement Housing or Housing Brought Back into Use

4.46. The housing land supply figures within the Housing Land Audit suggests that there is a sufficient supply of land within Aberdeen to deliver new housing if demand were to increase.

4.47. The SHIP indicates that there is the potential to deliver 2,485 new affordable homes in Aberdeen between 2025/26-2029/30.

4.48. Aberdeen City Council's Empty Homes Service has helped bring 952 empty residential properties back into use between 2020/21 and 2023/24. This helps to address housing need in the city by utilising existing housing stock and reduce pressure on new-build stock.

4.49. Aberdeen City Council also operates a Buy-Back scheme where properties that were formerly owned by the council are reacquired for use as affordable housing. 434 properties have been brought back into use through this scheme as of 31 March 2024. This scheme utilises existing stock in the city to meet demand for affordable housing, reducing pressure on new-build stock. Currently, however, the scheme has been paused due to resource pressures until 2026.

5. Proposed Housing Supply Targets

5.1. The factors discussed in Section 4 above shows that there are both positive and negative impacts on housing supply and it needs to be acknowledged that there is uncertainty in this analysis and targeting. Section 5 of this report will attempt to set an HST based on the substantive evidence currently available.

5.2. Table 04 below shows the proposed HSTs that have been set following consideration of the HNDA housing estimates, the MATHLR figure and the various factors described in Section 4 of this report that are impacting the pace and scale of housing delivery in Aberdeen. The rationale for this figure will be detailed in Section 5.

Table 04: Proposed Housing Supply Targets 2025-2030

MATHLR	Adjustment	HST p.a. for 10-year period	Total HST for 10-year period	Proportion of Affordable Homes	Proportion of Market Homes
7,000	+26%	880	8,800	25%	75%

5.4. The methodology used in the MATHLR consultation response can assist in informing the HSTs for this Local Housing Strategy.

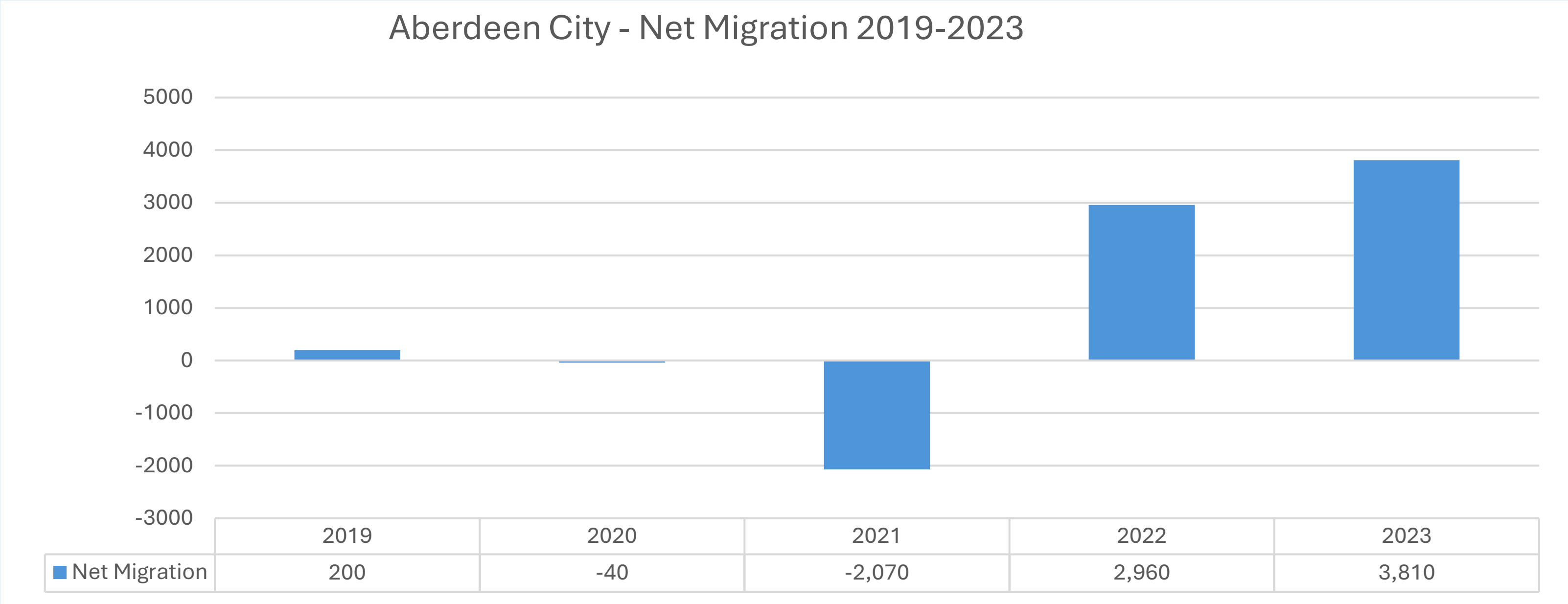
5.5. The MATHLR consultation response considered the following factors when determining whether the MATHLR figure was appropriate:

- Net migration
- Historic completions
- Existing housing need

5.6. In the MATHLR response, it was reported that there was a downward trend in net migration in Aberdeen City following the downturn in the oil and gas sector in 2015. After a consistently positive net migration between 2005 and 2015, the city experienced negative net migration between 2016-2018. The MATHLR response suggested that this was a short-term reaction rather than a long-term trend, supported by the return to a positive net migration in 2019 which was the latest available data at the time of the consultation.

5.7. Data published since 2019, however, indicates that net migration in the city has been fluctuating in recent years as shown in Figure 01 below. Although net migration was negative in 2020 and 2021, there has been a strong upturn in 2022 and 2023.

Figure 01 – Net Migration in Aberdeen City, 2019-2023



Source: National Records of Scotland

5.8. While there has been strong positive migration in 2022 and 2023 which may indicate the beginning of an upward trend, it is important to note that since 2015, there have only been three years with a positive net migration (2019, 2022 and 2023). Data for 2024 is not yet available, however when published this will provide further clarity on whether net migration is experiencing a sustained period of positive growth. The recent upward trend is reflective of the national picture, and as reported by National Records of Scotland, and is strongly influenced by international migration.

5.9. In the MATHLR response paper, it was argued that if principal population projections were used to estimate housing need and demand, there would be a risk of underestimating future growth. The recent positive net migration in 2022 and 2023 supports the selection of High Migration Plus as the preferred scenario from the HNDA and starting point for the HST.

5.10. The HNDA High Migration Plus scenario, despite recognising that the HNDA tool potentially underestimated housing need and effort being made to factor in additional need from refugees and asylum-seeking groups, produced figures which are arguably still not ambitious enough to deliver housing need in Aberdeen City.

5.11. Although this scenario initially produces an estimated need of 970 homes annually until 2027, which would be significantly above MATHLR, this drops to 633 between 2028-2032 and continues to decline thereafter, with the average number of homes over the scenario period being 646.

5.12. The average number of annual homes falls below MATHLR, so there is a need for the HST to be more ambitious than the figures produced by the HNDA scenario.

5.13. Research published by Homes for Scotland suggests that the HNDA tool is significantly underestimating existing housing need in Scotland by only focusing on homeless households in temporary accommodation and overcrowded households with at least one concealed family.

5.14. The Scottish Government's existing need figures therefore do not include those living in properties in poor condition, overcrowded households, those in need of adaptations and those with financial struggles due to housing related costs. Homes for Scotland estimate that 28% of households in Scotland have one or more forms of housing need. If this percentage were applied to the number of households in Aberdeen, this would be around 30,624 households.

5.15. The Local Housing Strategy evidence base shows that the Aberdeen City Council waiting list had 6,554 applicants as of 31 March 2024. This figure alone is close to the MATHLR figure and suggests that demand for local authority affordable housing is high. Several of the larger RSLs operating in Aberdeen City and Aberdeenshire utilise These Homes, a Choice-Based Lettings platform for advertising affordable rental properties. The waiting list on this platform was 10,371 in 2024 according to the Local Housing Strategy evidence base, although there is likely some crossover with the Aberdeen City Council and Aberdeenshire Council waiting lists. This again suggests a high demand for affordable properties.

5.16. Despite 806 affordable homes being delivered in 2023/24, this number will decline in the coming years due to a reduction in funding from the Scottish Government and overall uncertainty over future funding streams. This has been evidenced in the 2024/25 affordable housing completions with 459 homes being delivered.

5.17. Resource Planning Assumptions (RPA) have not been issued by the Scottish Government beyond 2025/26. If the 2025/26 RPA for Aberdeen City was used as an estimate for future funding years, this would provide around £16m of funding per year for affordable housing provision in Aberdeen.

5.18. Based on past Scottish Government affordable housing investment benchmarks, this funding could deliver around 160 affordable homes per year. While this could be seen as a realistic and deliverable target, it is also important that the target for affordable housing is ambitious to reflect the level of demand for this type of housing in Aberdeen.

5.19. The affordable housing need produced in the High Migration Plus scenario is an average of 358 homes annually, although this drops considerably after 2027 to produce an average number of 301 annual completions over the remainder of the scenario period.

5.20. It is important to note, however, that the HNDA tool runs produce a tenure split between market and affordable that may be challenging to deliver in the future. For High Migration Plus, the average annual tenure split between market and affordable is 45%/55%.

5.21. The HNDA tool makes a range of assumptions which influence this split in terms of affordability of market housing. The tool assumes that a house is affordable to purchase if its price does not exceed 3.9 times a household’s income, which is broadly equivalent to a 3.2x mortgage with an 18% deposit. The tool also assumes that 40% of those in a position to buy will not have a sufficient deposit.

5.22. These assumptions form a pessimistic view of affordability in the city, with an 18% deposit being a relatively high threshold when 5% and 10% mortgage products are commonly offered. This produces tool results which result in a higher level of affordable need and lower level of market need. While this level of affordable need is ambitious, it is likely not deliverable, and a higher proportion of market housing will be required.

5.23. As discussed in 4.28, affordable housing completion rates have been high over the period of the previous LHS, however there is currently uncertainty over future funding streams. Table 05 below shows that there has been no additional funding received in recent years which will lead to a drop in the level of affordable completions.

Table 05: Affordable Housing Resource Planning Assumptions (RPA), Spend and Completions

Year	RPA (£m)	Additional Funding	Total Spend (£m)	Completions
2016/17	10.956	4.415	15.371	117
2017/18	12.279	2.361	14.640	368
2018/19	17.120	12.073	29.193	356
2019/20	19.436	13.101	32.537	401
2020/21	20.658	33.991	54.649	461
2021/22	20.658	9.090	29.748	692
2022/23	16.026	19.645	35.671	481
2023/24	15.981	0	15.981	805
2024/25	12.508	0	12.508	469
2025/26	16.334	TBC	TBC	TBC

5.24. Although affordable completions have historically been high, this has been due to higher resource planning assumptions and additional funding, particularly in 2020/21 when there was over 50m in funding received.

5.25. The affordable housing target has been set at **220 homes** annually across all affordable housing providers in Aberdeen. While this is lower than historic completion levels, it is an ambitious target given the reduced level of funding for affordable housing and current uncertainty over future funding streams. Current funding levels would suggest that approximately 160 homes based on projected resource planning assumptions would be realistic and deliverable, however it is recognised that an uplift on this is necessary to help meet the unmet housing need identified in the HNDA 3. The Council also recognises the need for an ambitious target in light of recent positive migration trends and to support a more prosperous economy in the city.

5.26. The Council would seek to review this target if more clarity was received around future RPAs from the Scottish Government.

5.27. The HNDA splits affordable housing need into social rent and below market rent. Between 2018/19 and 2024/25 there have been 3,556 affordable housing completions. Of these completions, 406 have been mid-market rent which represents around 11% of total completions. This could be rounded to 10% and factored into the affordable housing HST of 220 homes, giving 200 social rent and 20 below market rent homes.

5.28. Based on the 25%/75% split between affordable and market housing, as per local planning policy, an affordable target of 220 homes would correlate to a market target of **660 homes**, producing an overall target of **880 homes per annum**. Under the current circumstances, this is seen as a realistic and deliverable market target. It also correlates strongly with the completion rates and programming outlined in the Housing Land Audit 2024.

5.29. The Housing Land Audit 2024 shows that between 2014 and 2023/24, there was an average number of 983 completions per year in Aberdeen. In terms of programmed completions, there is predicted to be an average of 866 completions annually over the next 10 years, although this number is speculative and may change depending on which sites come forward and the build rates of developers. Both of these numbers are significantly higher (almost 26%) than the average number of annual homes required under MATHLR and the High Migration Plus HNDA scenario.

5.30. It is therefore recommended that the annual Housing Supply Target is set at **880 homes** with a market/affordable split of 75% (**660 homes**) to 25% (**220 homes**).

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