Stirling HNDA (2018 Tool)
Development of Scenarios to Estimate Future Housing Need and Demand

Homes for Scotland Response 12 December 2018

Introduction

The Scottish Government's Centre for Housing Market Analysis has devised a Tool that can be used to produce an estimate of the future number of additional housing units required to meet housing need and demand.

For the avoidance of doubt, the Tool does not concern itself with existing need issues that can be dealt with using in-situ or housing management solutions. Furthermore, the Tool does not deal with future changes in stock (e.g. planned demolitions and new build or projected empty homes brought back into use) which will be considered as part of the process of setting and agreeing the housing supply target. In short, the Tool combines an estimate of the existing need for additional units with an estimate of future demand for additional units to produce a total additional housing estimate.

While there is no requirement to use the Tool, it is the view of Council Officers that the benefits of using it in relation to cost, consistency, time and scenario testing are such that the latest version (HNDA Tool Version 3.3[1] updated to include the 2016-based NRS household projections and 2017 RoS house price data) should be used to produce estimates of additional housing units required broken down by tenure.

Developing Scenarios

There are a number of choices which can be made within the Tool, however the inputs to it and the reasons for their selection must be explained within the Housing Need and Demand Assessment. The Tool Instructions are explicit that while "*it is for HNDA practitioners to decide which scenario or scenarios best reflect what might happen in their local area in future… a good predictor of the future is what happened in the past*".

The Tool Instructions also recommend that users should keep the number of scenarios to a minimum as a further way to help constrain the level of resource required to produce the HNDA with no less than three and no more than six scenarios developed. The HNDA Practitioner's Guide highlights that "the HNDA may specify a preferred scenario but this is not essential".

It is the view of Council Officers that three scenarios (baseline, low and high) should be developed which draw on the analysis of demographic, economic and affordability trends detailed in the Key Housing Market Drivers paper approved by the Housing Market Partnership on 18 October 2017. This paper provides an overview of the choices that are available to the HNDA Working Group in developing these scenarios and offers the view of Council Officers in relation to each of the inputs to the Tool based on the trends detailed in

[1] https://www.gov.scot/Topics/Built-Environment/Housing/supply-demand/chma/hnda/HNDAToolInstructionsv302018

the Key Housing Market Drivers paper and more recent economic trends and policy announcements.

1. Household Projections

The CHMA strongly recommends the use of the NRS household projections as these are the official source, are robust and the production of in-house projections is very resource intensive. There are three variants of the 2016-based household projections to allow for the best local fit.

The analysis contained in the Key Housing Market Drivers paper shows that under the Principal projection, the number of households in Stirling is projected to increase by 18% from 38,951 to 45,961 over the period 2016 to 2041. By way of comparison, the number of households is projected to increase by 23% to 47,842 by 2041 under the High Migration Variant projection and by 12% to 43,705 by 2041 under the Low Migration Variant projection.

On the basis of this analysis, Council Officers are of the view that the Principal projection option should be selected in relation to the baseline scenario, with the High Migration Variant projection option used for the high scenario and the Low Migration Variant projection option used for the low scenario.

Baseline Scenario	Low Scenario	High Scenario
Principle projection option	Low Migration variant projection	High Migration variant projection

Please advise if you agree/don't agree with this.

AGREE		DISAGREE	*X*
We consider that using a baseline scenario which sits between the principle and high migrant variant should be explored. Over the past 20 years (1997-2017) Stirling's population increased by 11.8% (NRS) not far off double the Scottish average (6.7%). The Principle projection for the 2016 based local area population predicts a reduced rate of increase of 8.26% between 2016 and 2036. **The increase in population over the past 20 years places Stirling as the 8th fastest growing (relatively) authority in Scotland. The last 5 years (2012-2017) show a 3.29% growth rate, placing it 6th. This suggests Stirling is relatively attractive to internal and international migration. We consider it would be prudent to plan what the implications for housing need and demand would be if recent trends continued with an annual population growth rate of 0.56%, as has been the case for the last 20 years.**			

2. Existing Need Figure

The Tool contains the option of using a simplified methodology based on national data on the count of homeless households in temporary accommodation plus households who are both concealed and overcrowded. The count of households who are both concealed and overcrowded is calculated using results of the 2011 Census uprated to the SHS 2013-2015 estimates.

Using this method, the total existing need for additional housing units (all social rented) in Stirling is 336. Council Officers are of the view that whilst the HoTOC model is a useful proxy measure, its focus on the number of households in homeless temporary accommodation does not fully reflect the actual level of existing need in Stirling.

It is the view of Council Officers that the number of homeless applications would be a more appropriate measure. Between 2011-12 and 2017-18, the number of homeless applications assessed as homeless or threatened with homeless in Stirling has averaged 376 per year.[2] This figure taken together with the number of concealed and overcrowded households produces a requirement for an additional 472 housing units. As such it is the view of Council Officers that this figure should be used across all scenarios.

Baseline Scenario	Low Scenario	High Scenario
472	472	472

Please advise if you agree/don't agree with this.

AGREE		DISAGREE	*X*

Homes for Scotland agrees that the HoTOC model does not accurately reflect the actual level of existing need in Stirling. However, we do not consider that the amended figure which has been proposed is appropriate as the definition of need used is too narrow. As well as taking into account the most acute examples of housing need it also should consider currently unsatisfactory housing arrangements and the aspiration of those in such situations to access a home of their own.

The definition of Concealed Families is based on the ONS definition which defines concealed families as:

- ***"young adults living with a partner and/or child/children in the same household as their parents***
- ***older couples living with an adult child and their family***
- ***unrelated families sharing a household"***

A single adult living with their parents would not count nor would a single parent living with their adult child and partner and/or children. We are of the view that whilst some families or individuals in this situation may be content with their housing situation,

[2] https://www.gov.scot/Publications/2018/06/9554/downloads#res536992 (table 13)

many are likely to aspire to having a home of their own. It is important in planning for housing need that this is reflected otherwise the land will not be made available to provide homes for families and individuals in these circumstances.

The definition of overcrowded households is defined in reference to the Bedroom Standard set out in the Housing (Overcrowding) Act 2003. It sets out that each of the following groups or individuals requires a separate bedroom:

- ***"Any couple;***
- ***a person aged 21 years or more;***
- ***two people of the same sex aged between 10 and 20;***
- ***two children (whether of the same sex or not) under 10 years;***
- ***two people of the same sex where one person is aged between 10 years and 20 years and the other is aged less than 10 years;***
- ***any further person who cannot be paired appropriately."***

The HNDA currently would only identify a family as in need if it satisfied both the definition of concealed and overcrowded. This may be an appropriate means to identify households in the most acute need for the purpose of allocating short term resources in Local Authority Housing departments. However, it represents an inadequate approach for planning to meet housing need and demand. Rather than only trying to deal with the most acute need, the planning system should also seek to improve existing housing outcomes providing choice and competition for families and individuals who currently aspire to having a home of their own as well as the anticipated growth in the number of households.

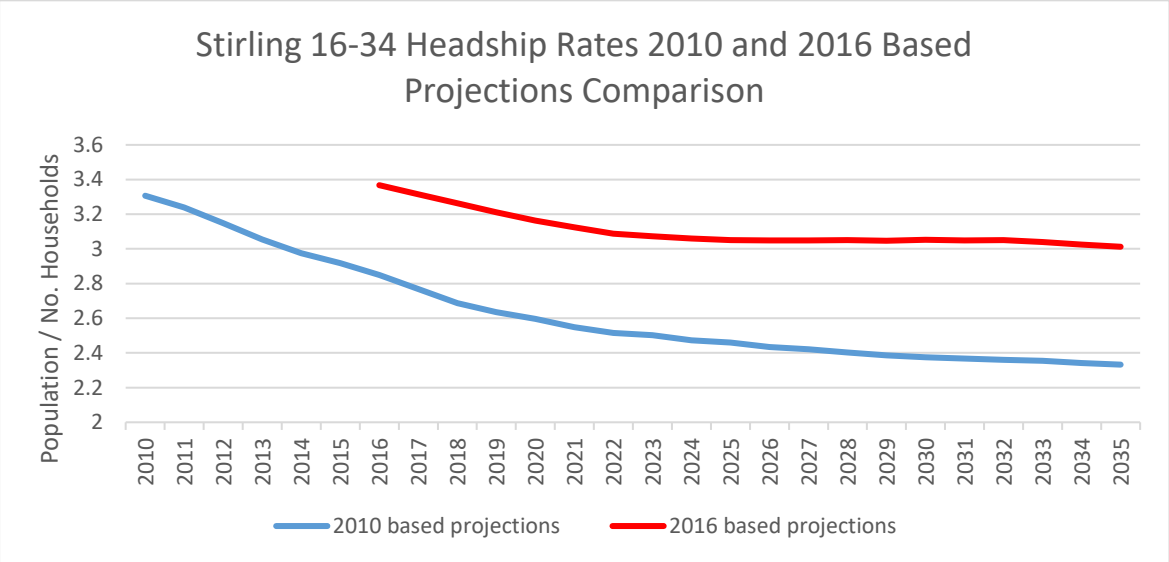
Homes for Scotland would accept that these issues relate largely to the HNDA Methodology which is set out by the Scottish Government and has recently been updated without consultation. However, despite this the HNDA Practitioners Guide (2018, para. 1.23) does allow authorities to set out an alternative estimation of households in existing need. We consider that as a starting point the HNDA should seek to meet the needs of *both* concealed and overcrowded households. However, the housing aspirations of other households and individuals should also be considered. Upon publishing the 2012-based household projections, the first such projections to take into account the 2011 Census, the National Records of Scotland (NRS) explained the following.

"The main differences are that the 2010-based projections showed large increases in the number of young adults living in one-adult households (with or without children), but this is no longer the case. A related change is that the current projections show more households containing three or more adults, or two or more adults with children, headed by someone aged 45 to 74. This is linked to long-term trends and the economic downturn, amongst other factors. Since the start of the downturn, increases in unemployment, reductions in new house building and a constrained mortgage market have made it more difficult for young adults to afford to live on their own or as a couple. Therefore, more young adults are living with their parents or with other adults. This has led to a slower rate of growth in overall

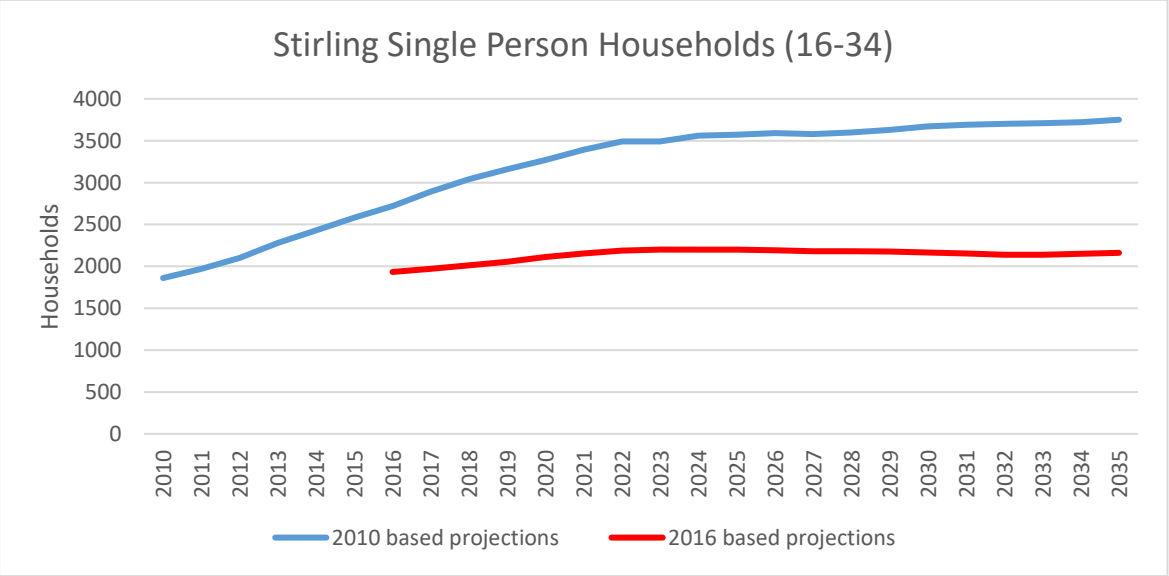
household numbers." (p. 9)

The latest NRS projections reflect this subdued household formation rate amongst younger adults. We consider that it is important to plan to allow these young adults to have the opportunity to have a home of their own and that it is important that plans take account of this need either at the HNDA stage or when setting the housing supply target.

To demonstrate this impact in Stirling specifically the below graph shows the difference in projected headship rates (population / households) for 16 - 34 year olds for the 2010 based projections and 2016 based projections.



This is in part due to a decline in the predicted number of single person households, as shown below.



Single person households which were predicted to form based on pre-recession trends, but which have not may have been subsumed by other households (i.e. adults living with their parents). However, these would not be picked up as concealed families and therefore will not be visible to the HNDA. **We consider that a significant reassessment of how existing need is assessed is necessary to ensure the process is fit for purpose to inform plan making. We consider a good first step would be to take account of *both* concealed and overcrowded households not just households which fit the definition of concealed *and* overcrowded. However, making sure opportunities are available for all with aspirations to own their own homes will require making further adjustments for individuals not captured in the concealed families data.**

3. Number of years to clear existing need

The Centre for Housing Market Analysis recommends that if the HoTOC method is selected the period to address housing need should be set at 5 years. Whilst Council Officers are of the view that the HoTOC method should not be selected, it is considered that given the circumstances of those households in existing need (homeless, threatened with homelessness and concealed and overcrowded households), 5 years is a realistic timescale to clear existing need. The 5 year timescale also accords with the planning period for the homeless Rapid Rehousing Transition Model.

Please advise if you agree/don't agree with this.

AGREE	**X**	**DISAGREE**	
(Comments)			

4. Use of Affordability Model to assign existing need

There is an option in the Tool to use an affordability filter. If this is ticked then the existing need will be apportioned between the different tenures; social rent, below market rent, private rent and owner occupation. If the affordability filter is unticked all existing need is apportioned to social rent. Council Officers are of the view that given the circumstances of those households in existing need and the transition to a model of 'rapid rehousing by default' across Scotland, all of those households will have their need met in the social rented sector.

Please advise if you agree/don't agree with this

AGREE		**DISAGREE**	***X***

As set out above we consider that a more rigorous and holistic approach needs to be taken to existing unmet need and demand. If this is done it is likely to include families and individuals whose housing need could be met in the for sale or private rented sector.

5. Changes in incomes

The Tool is pre – programmed with three scenarios which are designed to offer users a range of options to include higher scenarios, lower scenarios and scenarios midway between these.

- No Real Terms Growth – Inflation Target

Nominal medium household income grows at the same rate as the Bank of England's CPI inflation rate target, which is 2%, which means that the purchasing power of the average household remains constant.

- Below Real Terms Growth

There is very little growth in income. Nominal median household income grows at 0.5% per annum, which is 1.5% below the Bank of England's CPI inflation target. This implies that the average household is worse off in real terms, i.e. the purchasing power of their income is falling.

- Modest Real Terms Growth

Household income growth is 3.5% per annum in nominal terms, which is 1.5% greater than the Bank of England's CPI inflation rate target of 2% per annum, and implies that in real terms income is growing at around 1.5% per annum, i.e. the purchasing power of the median household is increasing over time.

The analysis contained in the Key Housing Market Drivers paper shows that median gross weekly pay in residence in Stirling increased by 9% over 2012-2017 from £549 to £597. Meanwhile, the median income of full time workers resident in Stirling increased by 13% from £27,687 to £31,717 over the same period.

With the public services sector accounting for almost a third of all local employment, The Scottish Government's 2018-19 Public Sector Pay Policy[3] is also of relevance. It includes a proposed 3% pay increase for those earning up to £80,000, with a flat increase of £1,000 for those earning above this threshold.

On the basis of this analysis, Council Officers are of the view that the No Real Terms Growth -Inflation target option should be selected in relation to the baseline scenario, with the modest real terms growth option used for the high scenario and the below real terms growth option used for the low scenario.

Baseline Scenario	Low Scenario	High Scenario

[3] http://www.gov.scot/Resource/0052/00529171.pdf

No real terms growth – inflation target option Nominal increase 2%	Below real terms growth Increase 0.5%	Modest real terms growth Real term increase 1.5%

Please advise if you agree/don't agree with this.

AGREE		**DISAGREE**	***X***
We consider that these income scenarios are unduly pessimistic. The baseline scenario is lower than recent trends in what has been a period of historically relatively slow wage growth and public sector wage restraint. CPI increased by 6.77% between 2012 and 2017 compared to 9% for median pay giving a c. 0.44% real terms average annual increase for median gross wages and a 1.22% average annual increase in median full time pay. **On this basis we consider that the baseline scenario should plan for modest real terms growth at 1.5%. The high scenario should instead consider a more positive scenario for wage growth of in the region of 2.5% in real terms.**			

6. Changes in Income Distribution

The Tool is pre-programmed with three scenarios that are designed to offer the users a range of options to include higher scenarios, lower scenarios and a scenario midway between these.

- Greater equality

The income distribution between more and less affluent households will narrow over time.

- No change

The gap in income distribution between the most and least affluent will not change over time.

- Greater inequality

The gap in the income distribution between more and less affluent households will increase over time.

ONS have advised that reliable information on the incomes of the most and least affluent in Stirling is not available, however at a national level gross weekly earnings by place of residence for the 90th percentile of the income distribution increased by 4% from £941.20 to £987.40 between 2012 and 2016. Meanwhile, gross weekly earnings by place of residence for the 10th percentile of the income distribution increased by 11% from £280.10 to £312.00 over the same period.

One of the reasons for this increased growth at the bottom of the distribution is likely to be the introduction of the National Minimum Wage in 1999, which was followed by the introduction of the National Living Wage in 2016 for all working people aged 25 and over.

Following an increase in April 2018, the UK Government announced in the Autumn Budget that it would raise the National Living Wage by 4.9% from £7.83 to £8.21 per hour in April 2019. In addition, there is a commitment within the Conservative Party Manifesto 2017[4] pledging to "continue to increase the National Living Wage to 60% of median earnings by 2020", which suggests this is a trend that is likely to continue.

On the basis of this analysis, Council Officers are of the view that the Greater equality option should be selected in relation to all three scenarios as it appears to be the only realistic option based on past trends.

Please advise if you agree/don't agree with this.

AGREE		**DISAGREE**	
Neither Agree nor Disagree – Suggest Further Information is Gathered **Given that the HNDA projections will be for the next 15-20 years, some consideration should be given to longer term trends over the past 15 years or so. Consideration will need to be given to whether the National Living Wage will have a sustained impact on equality over this period, given that the target is to reach 60% of median incomes by 2020, but there is currently no commitment in place to increase this ratio further after 2020.**			

7. Changes in House Prices

The Tool is pre-programmed with 5 future house price scenarios that are designed to offer the users a range of options to include higher scenarios, lower scenarios and scenarios midway between these.

- Strong Growth

Nominal house price growth is 6% per annum, which is 4% above the Bank of England's target. This scenario would reflect experience in the three decades from 1977 to the housing market peak in 2007, over which real terms growth averaged around 4%.

- Modest Growth

Nominal house price growth is 4% per annum, which is 2% above the Bank of England's inflation target.

- Weak Growth (no real terms growth)

Nominal house price growth is 2% per annum, in line with the Bank of England's inflation target. This is approximately in line with the Scottish Fiscal Commission forecasts as at May 2018 over the period which coincides with their forecast horizon (to 2023-24).

- Flat growth (real terms decline)

Average house prices are unchanged in nominal terms, which meant that in real terms they will gradually decline if inflation is in line with the Bank of England's target. This scenario

[4] https://www.conservatives.com/manifesto

would reflect experience in the decade following the credit crunch, with nominal house prices approximately unchanged on a cumulative basis.

The analysis in the Key Housing Market Drivers paper shows that average residential property prices in Stirling have remained fairly flat increasing by only 2% from £186,276 in the first quarter of 2012/13 to £186,449 in the final quarter of 2016/17. The average price increased 3% to £192,946 in the third quarter of 2017/18.

Meanwhile, the Halifax House Price Index found that the house prices nationally in the three months to August 2018 increased by 3.7% against the same period a year earlier. A low unemployment rate and a gradual pickup in wage growth are helping to support household finances. Along with interest rates still remaining at a historically low rate and a stable, yet constrained, supply of new homes onto the market further supporting house prices.[5]

On the basis of these past trends, Council Officers are of the view that the Weak growth option should be used for the baseline scenario, Flat growth option for the low scenario and the Modest real terms growth for the high scenario.

Baseline Scenario	**Low Scenario**	**High Scenario**
Weak (no real terms growth) Nominal Increase 2%	Flat growth Real terms decline	Modest real terms growth Real term increase 2%

Please advise if you agree/don't agree with this.

AGREE		**DISAGREE**	***X***
We would again consider that this scenario is unduly pessimistic and simply projects exceptional recession trends forwards. The 2012-17 period followed the most prolonged post war depression in GDP growth and included a period of significant constitutional uncertainty. It also included the introduction of a new LBTT regime which has had the impact of supressing sales activity for higher value homes. These have dampened increases in average property prices because the amount of higher value properties included in the transactions which inform the average have decreased. **Recent market signals do not fit with the baseline scenario. We note the 3.7% increase in the Halifax House Price Index and would agree with the analysis set out in the text above. Supply remains constrained and in higher value areas to the north of Stirling very few options for new development exist. House price growth has also been strong across the Central Belt recently.** **We think on the basis of these recent trends that it is reasonable to expect a return towards long term trends for house price growth. Accordingly, the baseline scenario should be at least for modest growth as a fundamental imbalance between demand and**			

[5] https://www.halifax.co.uk/media-centre/house-price-index/

supply persists accompanied by growing wages, low interest rates and increasing loan to value ratios. However, the high scenario, which is still below the nominal long-term average of 7.7% may be a more appropriate assumption once a longer period of post-recession data becomes available.

8. Income percentile and income ratio

The default setting in the Tool assumes that someone can afford to purchase a house priced at the lower quartile (25% percentile of the house price distribution). The test for affordability in the tool is that the house price is no more than 3.6 times the household's income. This is equivalent to the household taking out a mortgage which has a loan to value of 85% and a mortgage to income ratio of 3.1, which are both taken from UK Finance data on average mortgage lending to first time buyers in Scotland 2017.

There is no evidence available to suggest that a different income percentile and ratio should be used.

Please advise if you agree/don't agree with this.

AGREE		**DISAGREE**	***X***

Recent UK Finance data shows that both average loan to value ratios and income ratios have continued to increase in 2018 to 86.4% and 3.17:1 respectively. Further detail would also be useful to consider the upper and lower quartile lending ratios as mortgages are widely available for loans of 4.5 + times gross salaries. There are a number of scenarios in which the proposed model would incorrectly conclude that a household could not afford to buy a home, as follows:

- **Households purchasing a home in the lowest quartile of the market. This will be the case for a number of first-time buyers as they will likely be considering smaller than average homes;**
- **Households, particularly single person households, purchasing homes with a higher than average loan to value ratio;**
- **Households buying a property where help to buy applies or using a mortgage with a higher than average loan to value ratio.**

It is conceivable that a significant number of such households exist as after all the headline average figure will be made up of mortgages agreements both above and below this amount. We therefore consider that this methodology suppresses the number of households who could afford property and further information and analysis is needed to provide a more accurate assumption.

9. Proportion of market who buy

The Tool default for those who can afford to purchase and go on to do so, is set at 60%. This assumes that those who can afford mortgage repayment, only 60% also have the deposit to actually go on and buy. Increasing the percentage would increase the amount of housing need that would be met via owner occupation and reduce the amount met by the rental sector (private rented sector, below market rent and social rent.) Lowering the 60% threshold would have the opposite effect.

The default has been increased from 50% previous version of the Tool, to reflect the fact that there has been a gradual recovery in higher loan to value mortgage lending. This means that the deposit barrier is not as acute as it was immediately after the financial crisis.

There is no evidence available to suggest that the 60% threshold should be increased or lowered.

Please advise if you agree/don't agree with this.

AGREE		**DISAGREE**	
It would be useful if the CHMA could provide further justification for this figure.			

10. Upper and Lower Income-to-Rent Threshold

The upper income-to-rent threshold determines those who can afford to rent in the private sector. This threshold is set at 25% in the Tool. If people are spending less than 25% of their income on rent the Tool assumes they can afford to rent in the private sector.

The lower income-to-rent threshold determines those that can afford below market rent. This threshold is set at 35% in the Tool. It is assumed that if people need to spend more than 35% of their income (including housing benefit) on rent they require social rent. If people are spending 25% to 35% of their income on rent the Tool assumes they can afford below market rent.

There is no evidence to suggest that these thresholds should be varied.

Please advise if you agree/don't agree with this.

AGREE		**DISAGREE**	
(Comments)			

11.Rent Growth Scenario

The Tool is pre- programmed with five future rental price scenarios that are designed to offer the users a range of options to include higher scenarios, lower scenarios and scenarios midway between these.

- Strong Growth

Nominal rental price growth is 6% per annum, which is 4% above the Bank of England's target.

- Modest Growth

Nominal rental price growth is 4% per annum, which is 2% above the Bank of England's inflation target.

- Weak Growth

Nominal rental price growth is 2% per annum, in line with the Bank of England's inflation target.

- Flat

Average rental prices are unchanged in nominal terms, which means that in real terms they will gradually decline if inflation is in line with the Bank of England's target.

As discussed in the Key Housing Market Drivers paper, there is little published information on the costs of rent in Stirling. Whilst there are published BRMA rents, these are for the Forth Valley area, which incorporates Clackmannanshire and Falkirk, where the rents are much lower.

The HNDA tool is pre-programmed with the BRMA rental values for 2 and 3 bed properties in 2016. It is felt that based on the findings of the survey/online analysis and Citylets report, these figures vastly underestimate the average rental price in Stirling. In order to provide a more accurate projection, it is proposed to create a "Stirling Rent" scenario which would increase rents by 39.9% in 2018 from the BRMA figure to bring rents in line with current market rents. Due to the much larger sample size, it is proposed to use the findings of the online analysis to give the current average market rent in Stirling.

	2/3 bedroom average rent
BRMA (2016)	£450
PRS Analysis (Oct 17- Aug 18)	£748.50
% difference	39.9%

As this information has only been gathered over the last year, it is felt that the BRMA percentage increase in rent over the last 4 years should then use to determine which scenario for future projections should be used.

The analysis contained in the Key Housing Market Drivers paper shows that mean private sector rents across the Forth Valley Broad Rental Market Area increased by 4% for both 2-bed and 3-bed properties between 2012 and 2016. On the basis of this analysis, Council Officers are of the view that the modest growth option should be selected for the baseline

scenario, strong growth option for the high scenario and the weak growth option for the low scenario.

Baseline Scenario	Low Scenario	High Scenario
Modest growth Nominal increase 4%	Weak growth Nominal increase 2%	Strong growth Nominal increase 6%

Please advise if you agree/don't agree with this.

AGREE		DISAGREE	
Over the long term we consider this is could be a reasonable assumption. However, we note that average letting times in Stirling are amongst the fastest in the UK at 22 days according to Rightmove data. This suggests strong demand. Also, with buy to let mortgages decreasing substantial since tax changes the availability of new supply to meet this need may be denuded in the medium term potentially placing upward pressure on prices. **We would agree that using Stirling specific information is important to capture the dynamics of that specific rental market. As such we are concerned that deriving the trend from the Forth Valley Broad Rental Market Area may not accurately reflect rental growth specifically in Stirling. We would suggest that some further work is undertaken to better understand the Stirling rental market as the short letting time suggests a strong market and potentially significant upward pressure on prices.**			

Name	***Joe Larner***
Organisation	***Homes for Scotland***
Date completed	***12 December 2018***

Summary of Scenarios:

	Tool Default	Baseline Scenario	High Scenario	Low Scenario
Household Projections	NRS 2016 based principal projection	NRS 2016 based principal projection	NRS 2016 high migration projection	NRS 2016 low migration projection
*Existing need: HoTOC count of homeless households in temp accommodation plus households who are both concealed **and** overcrowded. If selected then all need goes to social rent.* **Total for HoTOC = 336** **1. 96** concealed/overcrowded (census (265) and SHS 2013-15 est) + **2. 240** HH in temp accommodation (HLN1 Q12018) **Proposal to use own figures = 472** **1. 376** average applications assessed as homeless/threatened homeless between 2011/12-2017/18 + **2. 96** concealed/overcrowded (census and SHS 2013 -15 est)				
Existing Need	HoTOC 336	Own estimate 472	Own estimate 472	Own estimate 472
Years to clear existing need	5	5	5	5
Use affordability model to assign existing need	No	No	No	No
Changes in income	No real terms growth	No real terms growth – Inflation target **Nominal increase 2%**	Modest real terms growth **Real term increase 1.5%**	Below real terms growth **Nominal increase 0.5%**
Changes in Income distribution	No Change	Creeping Equality	Creeping Equality	Creeping Equality
Changes in House prices	Modest growth	Weak growth **Nominal increase 2%**	Modest growth **Real term increase 2%**	Flat growth **Real terms decline**
Income percentile/Ratio	25% 3.6	25% 3.6	25% 3.6	25% 3.6
Proportion of market who buy	60%	60%	60%	60%
Upper and Lower income to rent threshold	25% (upper) 35% (lower)	25% (upper) 35% (lower)	25% (upper) 35% (lower)	25% (upper) 35% (lower)
Rent growth Scenario	Modest growth	Modest growth **Nominal increase 4%**	Strong growth **Nominal increase 6%**	Flat growth **Real terms decline**