

Item: 8

Education, Leisure and Housing Committee: 27 March 2024.

Strategic Housing Investment Plan.

Report by Corporate Director for Education, Leisure and Housing.

1. Purpose of Report

To consider the Strategic Housing Investment Plan covering the period 2024 to 2029.

2. Recommendations

The Committee is invited to note:

2.1.

That the Strategic Housing Investment Plan for the period 2024 to 2029, attached as Appendix 1 to this report, proposes the following:

- 183 potential social rented housing units to be approved and developed by the Council and Orkney Housing Association Limited, over the five-year lifetime of the Plan.
- 210 potential shared equity/subsidised housing units for sale to be developed in partnership with the private sector, the Council, Orkney Housing Association Limited and the Scottish Government, over the five-year lifetime of the Plan.

2.2.

That, alongside the Council and Orkney Housing Association Limited's programme for 2024 to 2029, it is anticipated that up to 110 mid-market rental housing units will be supplied, some of which will be delivered by the private sector and partners, including development trusts, through the Rural and Islands Housing Fund.

2.3.

That the Council projects outlined in the draft Strategic Housing Investment Plan 2024 to 2029, attached as Appendix 1 to this report, will only be developed should funding available through Scottish Government grant and the Housing Revenue Account be sufficient to allow the projects to proceed.

It is recommended:

2.4.

That the Strategic Housing Investment Plan for the period 2024 to 2029, attached as Appendix 1 to this report, be approved for submission to the Scottish Government.

3. Background

3.1.

The Strategic Housing Investment Plan is expected to be a short, succinct document focussing on the prioritisation and delivery of affordable housing, closely linked to and forming an Appendix of the Local Housing Strategy.

3.2.

The Strategic Housing Investment Plan outlines the affordable housing development priorities and preferences of the Council and its partners. In developing the plan the outcomes for both the draft Orkney Islands Essential Workers Housing Strategy and the Housing Needs and Demands Assessment have been taken into consideration.

3.3.

For any direct delivery of affordable housing for social rent, mid-market rent and/or low cost home ownership this supply will be by direct purchase or via the Capital Project Appraisal (CPA) process. Where appropriate, Stage 1 CPAs will be presented to the Education, Leisure and Housing Committee for projects proposed for development by the Council in the attached Strategic Housing Investment Plan. Should these be approved, Stage 2 Capital Project Appraisals will be presented to the Policy and Resources Committee in due course.

3.4.

The Corporate Director for Neighbourhood and Infrastructure has delegated authority for the purchase of property assets up to a value of £300,000. To maximise the opportunities afforded by private developers, officers are considering appropriate governance which would allow for the bulk purchase of properties where they meet relevant standards, present good value, affordable within the Housing Revenue Account and purchase would be in line with the SHIP.

3.5.

Development of the projects outlined in Orkney's Strategic Housing Investment Plan 2024 to 2029 will depend upon adequate funding being made available from the Scottish Government to support those developments over the next five years.

3.6.

The Strategic Housing Investment Plan group, which is a sub-group of the Housing Market Partnership, involves officers from the following Council services and external agencies:

- Education, Leisure and Housing.
- Neighbourhood Services and Infrastructure.
- Enterprise and Sustainable Regeneration.
- Strategy, Performance and Business Solutions.
- Orkney Housing Association Ltd.
- Scottish Government's More Homes Division.
- Scottish Water.

3.6.1.

The group met to draft a five-year Strategic Housing Investment Plan that seeks to deliver affordable housing where it is most needed.

4. Proposed Strategic Housing Investment Plan

4.1.

The draft Strategic Housing Investment Plan 2024 to 2029, attached as Appendix 1 to this report, outlines an ambitious programme. Given the level of demand for housing in Orkney, there is a need to develop a flexible Strategic Housing Investment Plan. It includes projects which, providing they are approved through the appropriate governance processes, could be delivered should the available funding be made available from the Scottish Government and sufficient workforce and resources are available.

4.2.

In total the Strategic Housing Investment Plan aims to complete 581 affordable housing units to be delivered in partnership with the private sector, the Council, Orkney Housing Association Limited and the Scottish Government.

4.3.

The table below shows that for the next 5 years there is potential for the following new housing supply:

| | SHIP potential units | 5-year target |
|---|----------------------|---------------|
| Social rent | 251 | 183 |
| Mid-market rent | 159 | 110 |
| Shared equity / subsidised housing for sale | 171 | 210 |

4.4.

The breakdown of the potential projects over 10 years by Housing Market Areas are:

- 447 Kirkwall.
- 61 Stromness.
- 18 West Mainland.
- 13 East Mainland and linked South Isles.
- 27 The Isles.
- With 350 longer pipeline/shadow programme.

4.5.

The projects that are proposed for development by island development trusts rely on the Scottish Government's Rural and Islands Housing Fund continuing. Support from the Council's Housing Service is being provided to ten development trusts, one other community group and several private developers. As of February 2024, eight funded projects have been completed in Orkney, and eight more projects are currently under construction after receiving main funding. Several more projects have received feasibility funding or expressed an interest in the fund. It is expected that a number of projects will apply for main funding in the near future. The completed projects have provided nine housing units in the isles and six units in Kirkwall. Continued support from Council officers is required to ensure existing and future Rural and Islands Housing Fund projects are developed by development trusts and private developers.

4.6.

The Council and Orkney Housing Association Limited have a limited financial capacity for new build, being a combined delivery of approximately 33 affordable housing units each year. This is factored into the social rent target of 183 units over the five years of this SHIP.

4.7.

Although a few Mid-market rental (MMR) properties have been delivered by private landlords in Orkney, a new MMR supplier needs to be attracted or established in Orkney before the MMR target of 110 properties over five years can be met. The Council is not permitted to enter into private sector tenancies.

4.8.

The Strategic Housing Investment Plan 2024 to 2029 will be reviewed on an annual basis and, therefore, any amendments can be made to the plan for future years once the outcome of the tasks outlined above are known.

4.9.

The Strategic Housing Investment Plan 2024 to 2029, attached at Appendix 1 to this report, is recommended for submission to the Scottish Government.

5. Island Communities Impact

An Island Communities Impact Assessment has been undertaken and is attached at Appendix 2.

6. Links to Council Plan

6.1.

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Council Plan strategic priority of Developing our infrastructure.

6.2.

The proposals in this report relate directly to Priority I6 Social Housing of the Council Delivery Plan.

7. Links to Local Outcomes Improvement Plan

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Local Outcomes Improvement Plan priority of Sustainable Development.

8. Financial Implications

8.1.

The core purpose of the Strategic Housing Investment Plan is to set out the key priorities for affordable housing development in Orkney which will then inform Scottish Government and Council investment decisions. It is a working tool that sets out what affordable housing developments can be delivered and identifies the resources required.

8.2.

The Strategic Housing Investment Plan does not commit the Council to undertaking the projects listed in Appendix 1 and any proposed Council projects would require the standard Capital Project Appraisal procedure to be completed prior to development. Each individual project would be required to be financially justifiable through a combination of government grants, internal resources and/or affordable borrowing.

8.3.

The level of second homes Council Tax utilised in delivery of affordable housing from April 2008 to 31 March 2023 was £3,078,524.

9. Legal Aspects

There is a legal requirement on the Local Authority to produce both a Local Housing Strategy and a Strategic Housing Investment Plan, as set out in section 89 of the Housing (Scotland) Act 2001.

10. Contact Officers

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11. Appendices

Appendix 1: Strategic Housing Investment Plan.

Appendix 2: Island Communities Impact Assessment.



Orkney Islands Council
Strategic Housing Investment Plan

2024 to 2029

November 2023



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Introduction and the emerging Local Housing Strategy

The Strategic Housing Investment Plan (SHIP) is Orkney's five-year development plan for affordable housing provision and is updated yearly in line with Scottish Government guidance.

Orkney Islands Council's duties in relation to assessing and meeting housing needs are set out in legislation:

- Housing (Scotland) Act 1987 - Duty of local authority to consider needs of their area for further housing accommodation.
- Housing (Scotland) Act 2001 – Duty to assess the housing needs of all persons in the area – through the Housing Need and Demand Assessment, and to develop strategies to meet those needs through the Local Housing Strategy. The duty is across housing tenure.

Orkney Islands Council is currently in the process of an in-depth strategic housing planning review process involving:

- The Housing Need and Demand Assessment (HNDA) – assessed as 'Robust and Credible' by the Scottish Government in October 2023. This is the foundation of all strategic housing planning and is required for both the Local Housing Strategy and the Local Development Plan (LDP) (the current LDP is also starting review in 2023/24).
- The Local Housing Strategy (LHS) – this sets out the strategies and policies to meet those needs. The LHS development process is expected to be completed by the end of 2023, with public consultation early 2024 and completion in the Spring of 2024.
- The Orkney Housing Market Partnership – this has been established to oversee the development of the HNDA and the LHS and includes stakeholders from across the public, private and third sectors with an interest in the supply, access and improvement of housing in Orkney. The Partnership includes elected members from the Council and Board members from Orkney Housing Association. The Housing Market Partnership will also monitor the progress of implementation of the LHS and the SHIP.

Housing need and demand in the Orkney Islands

The Housing Need and Demand Assessment sets out analysis of need and demand across the whole range of housing issues: the drivers of housing need and demand, the requirement for new supply, housing stock profile, pressures and management issues, the quality of existing homes including empty homes, access to housing, and specialist housing provision and needs. The LHS will then convert the needs identified into policies and strategies to meet those needs. It is not for the Council to meet all those needs directly, but to work with partners in the private and third sectors to meet need and demand across tenure. Enabling housing strategy requires collaborative working from all aspects of the Council's and partners' services including Development Planning, Planning Management, Health and Social Care (OHAC and NHS Orkney), and Highlands and Islands Enterprise.

The Housing Market Partnership has discussed the significant level of housing need and demand in Orkney. The key drivers and findings are:

- Higher population growth than found on average in Scotland - 17% compared to 8% since 2001, driven by high net migration.
- This has resulted in much higher household growth than found on average in Scotland - 29% in Orkney compared to 15% Scotland as a whole over the last 20 years.
- Strong prospects for economic growth, driven by the renewables industry including a new interconnector (SSE starting 2023/24) and the Harbour Masterplan which will unlock the potential for offshore wind. There is also potential from Flotta for green hydrogen production.
- Significant housing pressure demonstrated by increasing prices (sales prices have risen at double the Scottish rate over the last two years and are now above the Scottish average) and private rents have also increased.
- There are increasing waiting lists and a high number of people living in temporary accommodation resulting in very high levels of existing housing need.
- Significant workforce challenges with essential incoming workers finding it very difficult to find accommodation which results in ongoing recruitment difficulties and stretched services in the public and private sectors.
- The supply of new housing in Orkney is currently at a 20-year low, which partly explains the current severe housing pressure and imbalance between demand and supply. Reasons for this include a range of capacity and system issues which are being considered through the Housing Market Partnership through development of the LHS.
- The current economic context is challenging - inflation has resulted in significant cost increases in the housing supply chain, there is a very tight workforce, and interest rates affect the cost of finance for housing providers, building contractors and individual renters and homeowners.

Estimates for new housing supply

The HNDA estimates of new supply is the most relevant aspect of the HNDA for the SHIP. Using the HNDA Principal estimate scenario this results in a requirement over the next **10 years for additional supply of:**

- 1035 new houses across tenure, across all of Orkney Islands.
- Approximately 103 new houses per annum.
- Broadly a split of 50/50 private to affordable housing with the breakdown of different tenures as shown in table 1 below:

Table 1: HNDA Principal new supply estimate by type of provision

| | % split | 10-year provision |
|---------------------------------------|---------|-------------------|
| Social rent | 35% | 365 |
| Below Market (Mid Market Rent) | 16% | 170 |
| Private rent | 21% | 215 |
| Buyers | 27% | 280 |

Affordable housing comprises social housing, mid-market rent (MMR) housing and low cost home ownership (shared equity). Private housing comprises housing for sale and private rent.

This level of new supply requirement over the next 10 years is broadly comparable with average historical completions over the last 10 years. However, there was a much greater volume of new supply 10-15 years ago, and there has been a substantial drop off in new supply over the last 5 years.

The Housing Market Partnership discussed these 10-year HNDA estimates and considered it unlikely that there will be new build for private rent at scale, and so instead there will be a potential higher requirement for MMR and buyers, or housing for sale. Private housing also includes housing for sale that is funded through Scottish Government Partnership Support for Regeneration resources which is deficit funding (where there is a gap between cost of build and value), and targets households at entry level market housing and who meet local residency criteria.

This would result in a higher proportion of affordable housing - 56% affordable and 44% private housing over the next 10 years. This is a draft target for further consideration through the LHS development and consultation.

The estimate also allows for 30 new supply in the private rented sector by bringing empty homes back into use. This results in a potential new supply tenure split as follows:

Table 2: Draft Housing Supply Target by type of provision

| | % split | 10-year provision | 5-year provision |
|---------------------------------------|---------|-------------------|------------------|
| Social rent | 35% | 365 | 183 |
| Below Market (Mid Market Rent) | 21% | 220 | 110 |
| PRS | 3% | 30 | 15 |
| Buyers | 41% | 420 | 210 |
| Total | | 1035 | 518 |

This draft Housing Supply target assumes there will be a vehicle found for MMR supply in Orkney – either by attracting an organisation to Orkney, or a new vehicle created. This is subject to discussions / decisions through the Essential Workers

Housing Strategy and Local Housing Strategy. If MMR is not delivered, the affordable housing supply will fall by 21% over 10 years.

Housing tenure and suppliers

Affordable housing supply is currently provided by the Council, and its housing association partner, Orkney Housing Association Limited (OHAL), and the private sector. Affordable housing provision is funded by Scottish Government including the Affordable Housing Supply Programme (which funds social and Mid-market rent), New Supply Shared Equity, and the Rural and Islands Housing Fund. Scottish Government also funds the private sector to provide housing for sale through Partnership Regeneration funding.

Orkney's SHIP for 2024 – 2029, in common with previous plans, seeks to show how Orkney Islands Council will continue to support and facilitate the use of available funding to provide much needed affordable housing across the county. The Council, in partnership with OHAL and private developers, is continuing to build new affordable properties in an effort to meet the increasing demand for affordable housing.

However, both the Council and OHAL have limited financial capacity for new build:

- OHAL – 20 affordable housing per annum (social rent or shared equity) – OHAL's current business plan assumes 20 new build per annum. The next few years are seen as challenging due to the economic situation as set out above.
- OIC – a maximum of 20 new build council rented properties per annum. In the short-term there are challenges in delivering this amount due to lack of a pipeline of developments, and affordability. Financial constraint is exacerbated by material and fuel costs with the steep rise in inflation inhibited the planned building projects for 2022/23.
- A detailed assessment has been undertaken on the Housing Revenue Account (HRA) to determine its future capacity to support further building. The HRA Business Plan currently being developed will provide a firmer picture on what the HRA can afford to build, alongside its requirements to meet statutory condition and energy efficiency standards.

The HNDA, the Essential Workers Housing Strategy, and the emerging Local Housing Strategy through discussions with the Housing Market Partnership has identified the need for increasing capacity in the affordable housing system through supply of Mid-Market rent (MMR). It should be noted that local authorities and housing associations may legally only let on the basis of a Scottish Secure Tenancy or Short Scottish Secure Tenancy (SST or SSST) i.e. social housing, or an occupancy agreement. MMR is let under a Private Residential Tenancy (PRT). This means that while MMR properties can be developed and owned by local authorities or RSLs, and who can be applicants for Scottish Government MMR grant, they may not directly let MMR - it will be for a local authority arms-length external organisation or RSL subsidiaries to let the properties under a PRT. The Essential Workers Housing Strategy has set out a range of options for the delivery of MMR in the Orkney Islands including attracting new affordable housing suppliers to the Islands.

SHIP methodology

The Council has established a SHIP group which is a sub-group of the Housing Market Partnership. It involves the Council, OHAL, Scottish Government, Scottish Water and the Council's Development Planning. This group meets at least monthly to work through potential sites and priorities, to ensure an ongoing pipeline of projects, and to find solutions to any constraints to development.

The way in which the potential projects for affordable housing have been identified and ranked is as follows:

- Trawl through the housing land audit
- Discussions with all stakeholders
- Priorities are determined as follows:
 - Green - ownership (Council, RSL or developer), combined with planning consent / or no planning and constraints envisaged.
 - Amber – ownership as above but no consent or there may be some planning issues envisaged, or significant scale.
 - Red – private ownership and no consent and there may be some planning issues or constraints.

The resulting SHIP tables include the projects prioritised within the SHIP programme over the period 2024 -2029, but also with a longer-term pipeline of potential projects to ensure a rolling programme of projects over 10 years. The further out the project, the more speculative, but the aim here is to provide potential suppliers with confidence of the commitment from the Council and its partners to plan for a long-term housing supply programme.

The SHIP project tables below show that for the **next 5 years** there is potential for the following new housing supply:

| | SHIP potential units | 5-year target |
|--|----------------------|---------------|
| Social rent | 251 | 183 |
| Mid-market rent | 159 | 110 |
| Shared equity / subsidised housing for sale | 171 | 210 |

Note that shared equity and subsidised housing for sale contributes to the total 210 housing for sale, with the balance to be supplied by the private market, which cannot be predicted. It should also be noted that while there is potential for greater social housing supply than target, this is unlikely to happen due the lack of financial capacity from the two social housing providers to provide approximately 40 a year (200 over 5 years). As noted above, a new MMR supplier needs to be attracted or established in Orkney before the MMR target can be met.

Over the next 10 years there is potential for a total of 876 new supply across the affordable sector. This is more than is required as set out by the HNDA estimates

and draft Housing Supply Target, but this full range of potential projects have been identified so that ongoing planning can be undertaken to ensure that a good pipeline is developed. Inevitably, some projects will not proceed (whether within the next 5 years, and 10 years) and the range of projects give scope for some to be brought forward when other projects fail.

The breakdown of the potential projects over 10 years by Housing Market Areas are.

- 447 Kirkwall.
- 61 Stromness.
- 18 West Mainland.
- 13 East Mainland and linked South Isles.
- 27 The Isles.
- 350 longer pipeline / shadow programme.

From SHIP to Spade

The HNDA and the emerging Local Housing Strategy has identified that there has been a significant drop off in new housing supply across tenure in the Orkney Islands for the last 10-12 years and supply in the last years was at a 20 year low.

The Housing Market Partnership has identified some of the reasons which include:

- Systems and processes – around design, procurement and planning require to be more streamlined, and as a result more cost effective.
- Capacity – in staffing within the Council to ensure a pipeline of SHIP projects is enabled across all suppliers.
- Financial capacity – OIC and OHAL have a combined financial capacity for a approximately 40 units per annum (20 each). This should be sufficient for the supply of 365 units of social housing required over the next 10 years, but this does not allow for much slippage in delivery, or challenge to the respective Business Plans. There is therefore a potential requirement for more capacity through additional suppliers for new social housing provision, and certainly for MMR housing.
- Funding resources – there has been adequate funding resources from Scottish Government, but there have been several years of underspend.
- Cost of supply chain and workforce constraint – as outlined above the cost of building and borrowing has increased, and at the same time there are significant workforce constraints.
- Capacity in the construction industry – there are mainly two building contractors who participate in affordable housing development work (and other commercial construction work), and to a lesser extent small private housing development schemes. Through the Housing Market Partnership, the sector is asking that a longer pipeline of housing projects is developed so that the sector can safely build up its resources and workforce.

This SHIP and the emerging new Local Housing Strategy therefore provides an opportunity for ensuring the right systems are put in place, and to build a rolling pipeline of affordable housing projects to enable more supply.

The solutions identified through the Housing Market Partnership to be pursued through this SHIP and the emerging Local Housing Strategy are:

- Creating a more certain and longer-term pipeline of projects through the active planning work of the SHIP implementation sub-group.
- Streamlining and simplifying processes throughout the supply chain, cutting down replication across different suppliers and different projects.
- Adopting a housing programme approach for governance for the Council's Capital Project Appraisal (CPA) process – starting with the SHIP forming the Capital Planning and Asset Management approval stage, allowing the Council projects in the SHIP to proceed to Stage 1 CPA.
- Taking a land assembly, infrastructure first, and masterplanning approach to enable strategic site development.
- Take a partnership and volume/scale approach to commissioning and procuring to ensure greater efficiency e.g. one partner commissions/develops and then transfers ownership at the end of the project to different owners and tenures. This means the Council and other affordable housing suppliers may acquire new houses in bulk where it has been developed by one supplier on one or more sites.
- Developing common (or nearly common) designs and specification to improve efficiency and to design out cost.
- Consider how good practice introduced through National Planning Framework (NPF4) can help in streamlining Planning processes, again to design out cost e.g. through planning design codes and appropriate housing density.
- Where there is lack of capacity locally due to workforce constraint, draw more widely from the supply chain, including design teams and exploring the potential for modular build.
- Capitalise on the potential for community benefits and a legacy for housing provision that may come forward through developers involved the interconnector and harbour masterplan works.
- Make best use of existing housing resources by incentivising empty homes being brought back into use.

Through the ongoing work of the Housing Market Partnership and SHIP implementation sub-group, these approaches will be developed over the next year to enable best practice to deliver increased supply of affordable housing, delivered in the most efficient and effective way.

Housing land supply and constraints

The Housing Land Audit (HLA) is conducted annually to track development within the land allocated for housing under the Orkney Local Development Plan 2017 (OLDP2017). The HLA records remaining (notional) capacity on each site alongside any identified constraints. It is acknowledged that some constraints may only become apparent on receipt/assessment of a planning application or a development brief.

When comparing the current effective land supply against the HNDAs estimates this shows that the provision under the OLDP2017 remains sufficient to cover both

scenarios. The OLDP2017 is currently under review but remains, along with NPF4, material planning consideration until a new Plan is adopted.

The Planning Service is part of the discussions in formulating the Housing Supply Target and will ensure with the review of the Orkney Local Development Plan that there is an appropriate level of housing land allocated going forward.

NPF4 has introduced a change in policy which strengthens the previous approach to flood risk and now requires consideration of flood risk to also make an appropriate allowance for the effects of climate change and sea level rise. The Council's Engineering Service (The Flood Authority) with assistance from the Planning Service are in discussions with SEPA about this new requirement, its potential implications and how this was considered when the Kirkwall Harbour Flood Protection Scheme was designed and approved. While SEPA has yet to confirm its position, discussions between the partners have been positive. There is cautious optimism that agreement can be reached between partners that existing modelling data incorporating climate change uplifts can be used for determining development consents in the short term with new modelling data used to inform decisions as it becomes available.

There is also a review of water policy in Scotland underway. A consultation on proposals which include the separation of the management of surface water from Scottish Water and Local Authorities is expected to begin in Autumn 2023.

Housing needs of specific household groups

The HNDA has undertaken up to date analysis on the housing needs of specific household groups. The Local Housing Strategy development work over the next 3-6 months will then identify strategies for meeting these needs. Annex 2 provides a detailed summary of the key issues identified from the HNDA work to be taken forward through the LHS for the needs of specific household groups.

Other SHIP priorities

Empty Homes

The Council has developed an Empty Homes Project in partnership with the Scottish Empty Homes Network. The Council employ a Development and Empty Homes Officer who works with households and development trusts to try and bring empty properties back into use. To date 70 properties have been brought back into use since 2017. Like other housing projects progress was slowed down by the COVID-19 Pandemic.

Essential and key workers

The Council has developed a comprehensive Essential Workers Housing Strategy which proposes four strands – bringing empty homes back into use and targeting these for essential workers, using a private sector leasing scheme targeted to essential workers, and acquisition and development of new build Mid-market rent for essential workers. This will require attraction of an RSL subsidiary or other MMR

developer to Orkney. The strategy is being considered within the 2023/24 cycle of Council Committees.

The Scottish Government is making available up to £25 million over the next five years from the Affordable Housing Supply Programme to make affordable homes available for key workers. The fund will allow suitable properties, including those that lie empty, to be turned into affordable homes for key workers and others to allow for local housing needs to be met. Any proposals for new build homes for key workers would be expected to be supported through the council's Resource Planning Assumptions and to be included alongside other new build proposals. This SHIP includes MMR provision in the new build programme.

Child Poverty Strategy

An Orkney Partnership Child Poverty Taskforce has been set up to deliver The Orkney Child Poverty Strategy and the actions and targets of the Strategy will feed into the development of future Strategic Housing Investment Plans.

Rapid Rehousing Transition Plan

The key priority of the Rapid Rehousing Transition Plan that links with the SHIP is: the increased supply of social rented housing by Orkney Islands Council and Orkney Housing Association Limited to increase the number of properties that are available to rent to households in housing need. This will reduce the time homeless households need to remain in temporary accommodation and speed up permanent rehousing.

Islands (Scotland) Act 2018

The Islands (Scotland) Act 2018 requires public agencies to ensure that their policies and strategies are not detrimental to island areas. As an island authority Orkney Islands Council strives to provide quality services to all households.

The delivery of affordable housing in Orkney's outer islands is focused on the Islands Housing Fund, with the Council and Highlands and Islands Enterprise providing support to island development trusts to develop affordable housing of different tenures that will help meet housing need on each island.

Housing for Gypsy/Travellers

Specific housing or pitches for Gypsy/Travellers are not provided in Orkney due to the fact there has historically been very little evidence of Gypsy/Travellers staying in Orkney outside the summer months. This will continue to be monitored, with findings from the most recent Census examined to assess any need.

Rural Housing Fund and Islands Housing Fund

The Scottish Government's Rural and Islands Housing Fund offers opportunities for affordable housing development in Orkney. The fund allows partner agencies, that had limited access to affordable housing funding prior to the Islands Housing Fund, the chance to develop individual affordable housing projects that will help their area.

The fund provides excellent flexibility around tenure type and delivery and is ideal for areas that require a flexible approach.

Orkney Islands Council's Housing Services, with assistance from Highlands and Islands Enterprise, are currently assisting eight local islands development trusts and a local co-housing group and two private developers to develop applications for the Islands Housing Fund. Six projects have been awarded project funding: Papa Westray, Shapinsay, Westray, Sanday, and two Kirkwall projects. Two other projects have received Feasibility Funding one covering the islands of Sanday, Shapinsay, Stronsay, Wyre, Egilsay and Rousay, and the other St Margaret's Hope. An additional four projects are under consideration by the Scottish Government.

The projects under development will help meet housing need in some of Orkney's island communities and other areas where mainstream affordable housing development may not be appropriate or affordably deliverable by the Council or Orkney Housing Association. The Council is committed to supporting groups looking at delivering housing projects in their area wherever possible, primarily through the assistance of development staff based in the Council's Housing Service.

Housing Infrastructure Fund

There are a number of Housing Infrastructure Fund projects which aim to utilise land that is in the ownership of the public sector, but that will require additional investment, either for demolition or servicing, to make them viable for housing developments. Two such sites are owned by the Council.

During recovery from the COVID-19 pandemic, work will be progressed around exploring potential housing options for the site of the former Papdale Halls of Residence. This will be progressed over the coming months. Significant work has been undertaken to develop plans for the Soulisquoy site in Kirkwall and positive discussions have been held with Scottish Water and the Scottish Government about options to open the site up for the development of Kirkwall's new care home and up to 138 new houses.

Discussions will continue between the Council, Scottish Water and other partners about how best to deal with potential infrastructure constraints around Kirkwall to free up as much housing land as possible.

Annex 1 – SHIP Projects

| First five Years | | | | | | |
|--|--------------------|--------------------|-------------------------|------------------|--------------------------------------|--------------|
| Affordable Housing Supply Programme | | | | | | |
| Housing Market Area | Social Rent* (OIC) | Social Rent (OHAL) | Low Cost Home Ownership | Mid Market Rent* | Partnership Support for Regeneration | Total |
| Kirkwall | 92 | 86 | 43 | 128 | 78 | 427 |
| Stromness | 5 | 21 | 13 | 12 | 10 | 61 |
| West Mainland | 8 | | - | - | 8 | 16 |
| East Mainland & Linked South Isles | - | 8 | - | - | - | 8 |
| The Isles | - | - | - | - | - | 0 |
| Totals | 105 | 115 | 56 | 140 | 96 | 512 |

*comprise of a mix of own development and acquisition.

| SHIP First five Years | | | | |
|---|------------------------|-----------------|-------------------------|--------------|
| Rural & Islands Housing Fund | | | | |
| Housing Market Area | Social Rent equivalent | Mid Market Rent | Low Cost Home Ownership | Total |
| Kirkwall | - | 19 | 12 | 31 |
| Stromness | - | - | - | 0 |
| West Mainland | - | - | 0 | 0 |
| East Mainland & Linked South Isles | 4 | - | 7 | 11 |
| The Isles | 27 | - | - | 27 |
| Totals | 31 | 19 | 19 | 69 |

Annex 2 - Housing needs of specific household groups

The following table is an extract from the Housing Need and Demand Assessment October 2023

| |
|--|
| Accessible and adapted housing |
| <ol style="list-style-type: none">1. Almost a quarter of the housing stock is adapted in some way, with over 550 adaptations in the most recent year alone.2. Based on the unmet need identified in the Scottish House Condition Survey (SHCS), we would expect between 1%-3% of households to need adaptations each year. That is around 300-600 households each year.3. This is consistent with the current provision of Care and Repair – across major and minor adaptations and adaptations to assist hospital discharge (572).4. The most common major adaptations are installing level access showers, external ramping, stair lifts and grab rails. This provides an indication of the most commonly needed works in future. |
| Wheelchair housing |
| <ol style="list-style-type: none">1. According to the Mind the Step methodology, an estimated 75 households in Orkney might require wheelchair housing (based on 2021 household estimates). This is higher than the 41 people on the waiting list.2. In future, an estimated 50-70 wheelchair properties are required over the next ten years, based on varying assumptions on health outcomes.3. There is strong demand, and provision for/of bungalows among older residents, which will make adaptation for wheelchair use easier. |
| Non-permanent housing e.g. for students, migrant workers, homeless people, refugees, asylum seekers, people fleeing domestic abuse. |
| <ol style="list-style-type: none">1. On balance, there is a need for additional permanent housing to free up temporary accommodation more quickly to improve capacity. The majority of homeless households are waiting for a one bedroomed property in Kirkwall.2. The number of people in temporary accommodation over recent years ranged from a low of 28 to a high of 72 households. This suggests that current provision of 71 properties cannot always meet requirements. Also, the location of need means that more temporary accommodation may be needed in Kirkwall, where the majority of homeless applicants are.3. Students – a minimum of 50 units (with a range of up to 90 units) is required for student accommodation split between Kirkwall and Stromness.4. Migrant workers – there is an increasing requirement for agency, rotational and temporary 'supplementary workforce' in Orkney, particularly in relation to health and social care services. There is a fluctuating requirement but estimated at 165 bedspaces in March |

2023 (equivalent to approximately 118 housing units). The numbers may increase, but this is a one-off requirement (i.e. 165 bedspaces required at any one point in time).

5. Women's aid facilities are very busy and frequently full, with instances in recent times where women seeking refuge have been accommodated in temporary accommodation. In 2021/22 homeless presentation due to violence or abuse were seven times the capacity of the refuge provision. Providing temporary accommodation covers periods of high demand. However, refuge provision used by families outside Orkney also impacts capacity.

6. There are currently 14 households (24 people) under Homes for Ukraine Scheme in Orkney: 12 currently living with host families and 2 in social housing. These households will continue to be supported in meeting their future housing needs as required. The lack of an existing host community with appropriate support facilities means Orkney is not an appropriate location to host most asylum seekers or refugees, who need Muslim community facilities and support.

Supported Provision e.g. care homes, sheltered housing, hostels and refuges

1. Analysis of lettings information shows that an average of 4.2 sheltered housing units are let by OIC each year. The waiting list currently includes 3 people who have a single shared assessment and so 'actively' waiting for sheltered housing with a further 8 people for whom assessment information is yet to be provided. So applicants to lets might range from 0.7 to 2.6.

2. There is low demand for some sheltered and extra care housing but a waiting list for some very sheltered provision, indicating a complex picture. There is also scope to use amenity housing in future provision. If the current level of provision of 73 units meets needs, that would be 2.6% of those aged 75+ or 83 units in 2028 and 92 units by 2033 (though adjusting provision to respond to demand/need).

3. There is currently adequate provision for adults with learning difficulties, in line with Scottish estimates. That is 18 units or 0.9 units per 1,000 adults. This level of provision is estimated to meet needs in future.

4. The provision of 103 care home places would be 18 places per 1,000 people aged 65 years or older (5,807 people in 2023). This is well below the current Scottish rate of provision of 35 places per 1,000 people aged 65 years or older. However, it is not clear whether the Scottish average is an appropriate level of provision for Orkney.

5. If 18 places per 1,000 people aged 65 years or older is sufficient to meet needs, there would be a requirement for 115 places by 2028 (for 6,405 people aged 65+) and 126 places by 2033 (for 6,998 people aged 65+). However, if the requirement was closer to the Scottish average of 35 places per 1,000, this would need 224 places by 2028 and 244 places by 2033.

6. The Council has developed additional supported accommodation for young homeless people in Kirkwall and Stromness, as well as six new build flats of move on accommodation. No additional need has been identified for young people at present.

Care/ support services for independent living at home e.g. home help, Handyperson, Telecare

1. The number of people receiving home care services as a rate of the population has reduced since the Covid pandemic, from 9.7 people per 1,000 in 2019/20 to 7.1 people per 1,000 in Quarter 4 of 2021/22.
2. The latest data for 2022/23 shows an average of 39 people waiting for a social care assessment and 48 people waiting for a care at home package . That is total unmet need of 87 people.
3. Increasing the provision of care at home to the equivalent of 15 people per 1,000 or around 350 people across all provision would be around 6% of those aged 65+ years. Projecting this level of need forward, based on an estimated population of 6,405 in 2028 and 6,998 in 2033, the total level of care at home needed across all provision will increase to 385 people by 2028 and 420 people by 2033.
4. The latest data estimates that a total of 925 social care clients receive telecare services. That is an estimated 4% of the population or 16% of the population aged 65+. Maintaining this level of provision in future would require 1,025 telecare services by 2028 (100 more) and 1,120 telecare services by 2033 (195 more). However, the latest data for OIC (814 clients) suggests this to be a high estimate, which may be reduced in future if charges are applied for the service.
5. The small repairs service offered by Care and Repair provided 520 small repairs in 2023. Assuming this rate in future (the equivalent of 9% of the population aged 65 years or older) there would be around 580 repairs by 2028 and 630 repairs by 2033.
6. Assuming 55 day care places (provision for 1% of the population over 65) this would need to be 64 by 2028 and 70 by 2033.
7. Maintaining the same Social Work provision (43 people aged 65+ per social worker) would require 149 social workers by 2028 and 163 social workers by 2033.

Site provision e.g. sites/ pitches for Gypsy/ Travellers and sites for Travelling Showpeople

1. There is no requirement identified for gypsy/traveller or travelling show-people sites. This will remain under review by Orkney Islands Council, including analysis of the pending 2022 Census results.

Island Communities Impact Assessment

Strategic Housing investment Plan 2024 - 2029

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| Preliminary Considerations | Response |
| Please provide a brief description or summary of the policy, strategy or service under review for the purposes of this assessment. | Strategic housing Investment Plan 2024-2029 |
| Step 1 – Develop a clear understanding of your objectives | Response |
| What are the objectives of the policy, strategy or service? | The Strategic Housing Investment Plan (SHIP) is expected to be a short, succinct document focussing on the prioritisation and delivery of affordable housing, closely linked to and forming an Appendix of the Local Housing Strategy which is currently in consultation. |

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| <p>Do you need to consult?</p> | <p>No. The SHIP responds to the outcomes of the Housing Needs and Demand Assessment (HNDA) and the draft Local Housing Strategy (LHS). These have been developed over 12 months January to December 2023 through the Orkney Housing Market Partnership which encompasses the Council's Member Officer Working Group. It comprises a range of stakeholders including:</p> <ul style="list-style-type: none"> • Orkney Islands Council Elected Members • Orkney Islands Council - Education, Leisure & Housing; Neighbourhood Services & Infrastructure; Enterprise & Sustainable Regeneration; Strategy, Performance & Business Solutions; Orkney Health & Care. • Orkney Housing Association (OHAL) • Orkney College UHI • The Development Trusts' housing consultant • Highland & Islands Enterprise (HIE) • Housebuilders • NHS Orkney • Scottish Government More Homes Division • Scottish Water <p>The Partnership held 8 meetings between January and December 2023 to oversee production of the Housing Needs and Demand Assessment, and then to develop the Local Housing Strategy. This process involved:</p> <ul style="list-style-type: none"> • Consideration of Housing Strategy topic papers and presentations • Workshops on each topic with a total of 20 break out groups over the development period including a total of 45 stakeholders. Most Partnership members attended multiple workshops. <p>The Housing Market Partnership's work built on wider community consultation led by the Council in late 2021 and early 2022 – 'Orkney Matters', with findings feeding into the Housing Need and Demand Assessment, and the Local Housing Strategy development. The focus was on community and place with questions asked on what's working, what's not working so well and what would the community like to improve. The engagement was through survey, online consultation, and art workshops for harder to reach groups. This project involved all Council teams including the Housing Service and partner agencies from Orkney's Community Planning Partnership.</p> |
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| | <p>The Local Housing Strategy consultative draft has been issued for public consultation.</p> <p>Separate consultation took place with the 10 Development Trusts during the production of the Housing Needs Assessment. The Development Trusts' housing consultant is also a member of the Housing Market Partnership.</p> <p>The Strategic Housing Investment Plan is produced in response to the findings of the Housing Need and Demand Assessment and the draft Local Housing Strategy.</p> |
| <p>How are islands identified for the purpose of the policy, strategy or service?</p> | <p>The SHIP covers the whole local authority area which includes all the inhabited islands. The SHIP looks at the 5 separate Housing Market Areas (HMAs) which were used for analysis, action planning and develops the investment plan. The HMAs are Kirkwall, Stromness, West Mainland, East Mainland and the Linked South Isles, and Isles.</p> |
| <p>What are the intended impacts/outcomes and how do these potentially differ in the islands?</p> | <p>The development of affordable housing units in partnership with the private sector, Orkney Housing Association and the Scottish Government. The HNDA and draft LHS recognises different demands across the 5 housing market areas and the SHIP responds to these different demands, although some of the outcomes and actions are valid for all communities across the Orkney Islands</p> |

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| Is the policy, strategy or service new? | New for the period 2024/25 to 2029/30 the plan is a five year plan but is reviewed annually for the next five years i.e. next years SHIP will be for the period 2025/26 to 2030/31. |
| Step 2 – Gather your data and identify your stakeholders | Response |
| What data is available about the current situation in the islands? | The key document which underpins the SHIP is the draft LHS and the Housing Need and Demand Assessment. The HNDA 2023 and has been assessed as robust and credible by the Scottish Government Centre for Housing Market Research. This is the key reference source which contains a broad range of secondary data on demographic, the local housing system and housing market drivers, by different Housing Market Areas (5 HMAs, identified above). |
| Do you need to consult? | No. As above. |
| How does any existing data differ between islands? | This has been set out in full in the HNDA and the draft LHS. |
| Are there any existing design features or mitigations in place? | There are a range of aspects to delivering housing supply, and related housing services and care and support services which require different responses across different island communities. For example, the cost of new housing supply on the islands is higher and more difficult to procure than Orkney mainland. Housing and care and support services are more challenging to deliver due to workforce constraint. |

| Step 3 – Consultation | Response |
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| Who do you need to consult with? | N/A for the SHIP. However the SHIP reflects the development of the HNDA and the draft LHS. The draft LHS is currently available for public consultation |
| How will you carry out your consultation and in what timescales? | N/A |
| What questions will you ask when considering how to address island realities? | N/A |
| What information has already been gathered through consultations and what concerns have been raised previously by island communities? | As set out above there are a range of aspects to delivering housing supply, and related housing services and care and support services which require different responses across different island communities. For example, the cost of new housing supply on the islands is higher and more difficult to procure than Orkney mainland. Housing and care and support services are more challenging to deliver due to workforce constraint. |
| Is your consultation robust and meaningful and | N/A |

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| sufficient to comply with the Section 7 duty? | |
| Step 4 – Assessment | Response |

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| Does your assessment identify any unique impacts on island communities? | Yes |
| Does your assessment identify any potential barriers or wider impacts? | Yes |
| How will you address these? | The draft Local Housing Strategy identifies a range of actions to work with island communities to address the housing needs. These include ensuring continued new supply which will require enhanced investment resources to make this viable in some communities (funding through Scottish Government), addressing fuel poverty which is greater in island areas, and enhancing access to housing for key/essential workers through reviewed housing policies and procedures. The SHIP reflects the varying needs outlined in the HNDA and draft LHS. |

You must now determine whether in your opinion your policy, strategy or service is likely to have an effect on an island community, which is significantly different from its effect on other communities (including other island communities).

If your answer is **No** to the above question, a full ICIA will NOT be required and **you can proceed to Step 6**. If the answer is **Yes**, an ICIA must be prepared and **you should proceed to Step 5**.

To form your opinion, the following questions should be considered:

- Does the evidence show different circumstances or different expectations or needs, or different experiences or outcomes (such as different levels of satisfaction, or different rates of participation)?
- Are these different effects likely?
- Are these effects significantly different?
- Could the effect amount to a disadvantage for an island community compared to the Scottish mainland or between island groups?

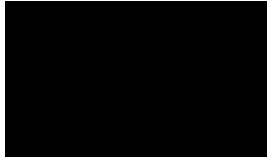
| Step 5 – Preparing your ICIA | Response |
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| In Step 5, you should describe the likely significantly different effect of the policy, strategy or service: | N/A. |

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| <p>Assess the extent to which you consider that the policy, strategy or service can be developed or delivered in such a manner as to improve or mitigate, for island communities, the outcomes resulting from it.</p> | <p>N/A.</p> |
| <p>Consider alternative delivery mechanisms and whether further consultation is required.</p> | <p>N/A.</p> |
| <p>Describe how these alternative delivery mechanisms will</p> | <p>N/A.</p> |
| <p>improve or mitigate outcomes for island communities.</p> | |


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| Identify resources required to improve or mitigate outcomes for island communities. | N/A. |
| Stage 6 – Making adjustments to your work | Response |
| Should delivery mechanisms/mitigations vary in different communities? | As noted above - The Local Housing Strategy identifies a range of actions to work with island communities to address the housing needs. These include ensuring continued new supply which will require enhanced investment resources to make this viable in some communities (funding through Scottish Government), and enhancing access to housing for key/essential workers through reviewed housing policies and procedures. |
| Do you need to consult with island communities in respect of mechanisms or mitigations? | The SHIP is developed in response to the HNAD and the LHS, the LHS is developed with consultation |
| Have island circumstances been factored into the evaluation process? | Yes, island circumstances are factored into the Local Housing Strategy and the related policies and procedures across a broad range of island communities. |

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| Have any island specific indicators/targets been identified that require monitoring? | Yes – ensuring housing supply targets are met across different islands and Housing Market Areas |
| How will outcomes be measured on the islands? | The outcomes will be measured through delivery of affordable housing and will be overseen by the Housing Market Partnership and reported annually to the Council together with the development of future SHIPs |
| How has the policy, strategy or service affected island communities? | As above. |
| How will lessons learned in this ICIA inform future policy making and service delivery? | It will feed into ongoing review of the LHS, and development of related policy and action. |
| Step 7 – Publishing your ICIA | Response |
| Have you presented your ICIA in an Easy Read format? | Yes. |
| Does it need to be presented in Gaelic or any other language? | No. |

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| Where will you publish your ICIA and will relevant stakeholders be able to easily access it? | Orkney Islands Council's Website with Committee Report and Minute on the Strategic Housing Investment Plan. |
| Who will sign off your final ICIA and why? | Frances Troup. Head of Community Learning, Leisure and Housing as line manager. |

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| ICIA approved by: | Frances Troup |
| Position: | Head of Community Learning, Leisure and Housing |
| Signature: |  |

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| Date complete: | 06 March 2024 |
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| ICIA completed by: | David Brown |
| Position: | Service Manager (Resources) |
| Signature: |  |
| Date complete: | 06 March 2024 |