



Orkney Islands Council
Strategic Housing Investment Plan
2022 to 2027
November 2021



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Introduction

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. The SHIP forms part of the Local Housing Strategy (LHS) process. New build housing is developed by the Council, its housing association partner, Orkney Housing Association Limited (OHAL), and the private sector. Affordable housing provision may be delivered by Scottish Government funding schemes including the main Affordable Housing Supply Programme, Help to Buy, Open Market Shared Equity and the Islands Housing Fund or via private sector provision.

The SHIP forms part of the Local Housing Strategy (LHS) process and is the key statement of affordable housing development priorities in each local authority area which will guide the application of Scottish Government and other funding. The last SHIP covering 2021 – 2026 was submitted to the Scottish Government in November 2020.

Orkney's SHIP for 2022 – 2027, 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, as both the Council and OHAL have built significantly over the last ten years there is no longer the financial capacity, under the current financial model, within either organisation to build at the levels which were seen between 2011 and 2015. The Council is undergoing an exercise to examine its current financial model for the delivery of new homes. The main focus has been for building in year 2022/23 by prioritising existing projects. This is to allow the Council the opportunity to review the financial model with its housing needs, including meeting housing energy efficiency and net zero heating targets and determine what the potential may be to develop additional housing.

The COVID-19 pandemic is continuing to impact the social housing build programmes of Orkney Islands Council and Orkney Housing Association Limited, as well as island development trusts and private developers looking to utilise the Rural and Islands Housing Fund. While some projects are now back on site and progress is being made both on site and in procuring additional projects, prices have risen significantly, and some materials are in short supply. Recent price rises have already led to several projects not being contracted and costs are jeopardising a number of other projects.

Orkney Islands Council, alongside local partner Orkney Housing Association Limited, has worked with the Scottish Government and Scottish Water to try and move projects forward and unblock potential infrastructure constraints, particularly on the west side of Kirkwall.

Annexed to the SHIP are the standard tables that the Scottish Government requires each authority to complete. These tables include the projects prioritised within the SHIP programme over the period 2022 -2027.

Methodology

The Methodology used to identify areas for development includes an assessment of the social housing waiting list which is shared by the Council and Orkney Housing Association. The waiting list has grown to over 800 households, with just under 500 households having Kirkwall as their first-choice area. The majority of households that have an identified social housing priority pass are also looking for housing in Kirkwall.

The Housing Needs and Demand Assessment shows demand for social housing and affordable low-cost home ownership across Orkney and the SHIP provides a mix of housing types across key Mainland Orkney locations to try and cater for households looking for other areas in Orkney.

The Islands Housing Fund allows island communities to look to develop their own housing and the Council is actively supporting the majority of Orkney's outer islands and three other bodies to develop Islands Housing Fund applications. The SHIP has not identified any development by the Council or housing association in the outer islands due to low levels of demand on the waiting list. However, both organisations, along with Highlands and Islands Enterprise are keen to support islands delivering housing which is flexible and adaptable to meet the needs of their communities. The Islands Housing Fund is seen as the best opportunity to do this and the Council is continuing to support communities and to assist them in developing projects over the coming months.

As well as demand drivers the development of housing sites is driven by the availability of sites and stock numbers and locations of previous developments. Both the Council and housing association have developed extensively in rural Mainland Orkney. The SHIP proposes some additional development in some rural areas where either the Council or the housing association has available land and where we feel there is an appropriate level of demand.

The Strategic Framework

The Local Housing Strategy's main aim is to ensure 'that every citizen in Orkney has access to a warm, dry, secure, and affordable home, suited to their particular needs and, wherever possible, in a community of their choice'.

The Scottish Government's Housing to 2040 strategy expresses ambitions to deliver 100,000 affordable homes by 2031/32, contribute to reducing child poverty and continuing work seeking to end homelessness. Our SHIP requires to be appropriately flexible to allow us to contribute to these ambitions.

Ongoing work around housing need and demand, supply and changes within the wider housing market, as well as the development of the Housing Needs and Demand Assessment (HNDA), have fed into the development of the SHIP.

Consideration must also be given to how development in areas which don't necessarily exhibit explicit demand for social housing can contribute to the sustainability of Orkney's more fragile communities. Support through the Islands Housing Fund is seen as essential to housing options in the isles.

Financial considerations and constraints

The majority of the projects listed in the SHIP have not yet been approved by the Council or Orkney Housing Association and would need to progress through the normal Capital Project Appraisal process to gain approval. The financial commitments required by both organisations to develop the projects listed will be a key consideration before any projects progress.

Positive discussions have taken place with the Scottish Government and other partners about how best to utilise the funding made available to Orkney for affordable housing, and these discussions will continue over the coming months.

Additional Council Investment

The Council's Strategic Reserve Fund has supported the Council's House Build Programme with £4.328M in funding between 2010 and 2019. A detailed assessment is being undertaken in respect of the Housing Revenue Account (HRA) to determine its future capacity to support further building and the business plan for the Housing Revenue Account that will be developed over the coming months will provide a firmer picture on what the Housing Revenue Account can afford to fund in the way of further housing development, given the competing demands on the HRA.

Infrastructure Constraints

Due to the rapid expansion of Kirkwall over the last 10 years there has been additional pressure placed on various elements of infrastructure including roads, schools and water and sewerage. The Council is working closely with Scottish Water and other partners to ensure that there is adequate infrastructure to support the continued development of Kirkwall. Other areas of Orkney do not have the same levels of constraint around infrastructure.

Housing Needs of Specific Household Groups

Whilst this SHIP has been developed with the intention of meeting the outcomes of Orkney's Local Outcomes Improvement Plan (LOIP) and the objectives of the Local Housing Strategy, specific consideration has also been given to the conclusions of the Housing Needs and Demand Assessment (HNDA) which was approved by the Scottish Government in 2012. Updates to the HNDA are being progressed.

Older People

There is forecast to be a significant increase in the number of older people in Orkney over the coming 20 years. By 2025 it is anticipated that 4,286 or 20% of Orkney's population will be aged 70 and over. This figure is expected to rise further to 5,625 or 26% of the population by 2041. The housing needs of this very significant proportion of the population will require to be clearly identified and any planned development must ensure that the needs of older people are effectively catered for. In terms of this Strategic Housing Investment Plan many of the units being proposed will be of single storey semi-detached and terraced construction which will aid accessibility.

The need for Housing Support has been identified as an issue in other areas across Orkney, and where the development of extra care housing is neither practical or viable then other options, such as linking housing into existing care facilities or the development of telecare services, will be considered. New developments of additional housing provision will take the needs of this increasingly large group into consideration.

There is the potential for a number of co-housing projects for older people over the coming years, with a group in St Margaret's Hope leading the developments in this sector with a project under development in collaboration with Robert Gordon University.

Younger People

No specific younger persons' housing has been included in this SHIP. Many younger people will require social housing so housing types considered will be appropriately flexible to meet a broad range of needs. In addition, there are a significant amount of low-cost home ownership options being proposed and one of the key groups targeted by this housing type is first time buyers. Orkney's aging demographic will bring challenges to housing provision over the coming years, and there will also be challenges to retain and attract young people to help support and sustain Orkney's working age population. Affordable housing opportunities across the tenures will be key to attracting and retaining younger people in Orkney and the Council is keen for support to be provided for low-cost home ownership, midmarket rent and self-build projects throughout Orkney that will help meet the aspirations of our younger people and those looking to move to Orkney.

Wheelchair Housing

In line with the Scottish Government guidance on wheelchair housing and the requirement for each local authority to set targets across all housing tenures for the delivery of wheelchair housing Orkney Islands Council has set a target for two properties a year across all tenures. This may seem like a small figure, but the information available to the Council and partners is that demand for wheelchair housing fluctuates and that a higher target may lead to properties being developed that are not required by wheelchair using households. The Council will review this target in line with the Scottish Government's recently published strategy, Housing to

2040. The Council will work with partners in Health, Social Care and Orkney Housing Association to explore options for evidencing need for wheelchair housing further.

The above targets would currently see an additional 10 wheelchair properties delivered over the lifetime of the SHIP. The majority of these would probably be in the social rented or low-cost home ownership tenures.

Empty Homes

The Council has developed an Empty Homes Project in partnership with the Scottish Empty Homes Network. The Council employs a Development and Empty Homes Officer who works with households and development trusts to try and bring empty properties back into use. To date nearly 60 properties have been brought back into use since 2017. Like other housing projects progress has stalled given the COVID-19 Pandemic.

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.

Other SHIP Priorities

Rural Housing Fund and Islands Housing Fund

The Scottish Government's Rural Housing Fund and Islands Housing Fund offer 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, 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 through the Housing Service, is committed to supporting groups looking at delivering housing projects in their area wherever possible.

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, that requires additional investment, to make them viable for housing developments. Two such sites are owned by the Council being Soulisquoy and the former Papdale Halls of Residence.

Work will be progressed in the coming months to exploring potential housing options for the site of the former Papdale Halls of Residence. 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 facility 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.

Private Developers

Local developers remain committed to exploring the range of ways in which they may be able to assist in the delivery of affordable housing. There are a few developers in Orkney who are registered on the Scottish Government's 'Help to Buy'

scheme and the scheme is proving popular. The scheme is available until 2022. Developers are also looking to utilise Open Market Shared Equity for the development of new low-cost home ownership properties.

The Scottish Government's Islands Housing Fund provides an opportunity for local development trusts, land owners and developers to access funding for the delivery of affordable housing on a scale that has not been seen before. The Council is offering what assistance it can to developers who are looking to apply for Islands Housing Fund funding.

Orkney's housing shortage and growing population means that the provision of housing across all tenures is becoming even more important. The impacts of a lack of housing is reported to be impacting on recruitment which is proving difficult for various organisations. The provision of affordable housing outside the traditional social housing provided by the Council and housing association is a key tenure type and will become even more important over the coming years as the Council and partners try and tackle the demographic imbalance in Orkney and retain and attract more young households to live, study and work in Orkney. Low cost home ownership and mid-market rent, which can house several household types including young people, students and key workers, are going to be key tenure types over the coming years.

Mid Market Rent

Mid market rent properties have begun to be developed in Orkney by private developers as outlined above.

In recognition of the housing demand in Orkney, the Council will seek to explore wider options for the development of mid market rent which may include developing this tenure itself.

Consultation

This SHIP builds on previous SHIPs that have been developed in consultation with Councillors and Orkney's Housing Forum which includes representatives from Orkney Islands Council, The Scottish Government, Highlands and Islands Enterprise, Orkney Housing Association and Scottish Water.

Strategic Housing Investment Plan 2022/23-2026/27

Table 1 - AFFORDABLE HOUSING SUPPLY PROGRAMME - Years 1-5 2022/23-2026/27

LOCAL AUTHORITY: Orkney Islands Council

PROJECT	SUB-AREA	PRIORITY <small>Low / Medium / High</small>	GEOGRAPHIC CODE <small>(Numeric Value - from Drop Down Table Below)</small>	DEVELOPER	UNITS - TENURE				UNITS - BUILT FORM			
					Social Rent	Mid Market Rent	PSR	Total Units	Rehab	Off the Shelf	NB	Total Units
2022/23												
Kirkwall -D&B	Kirkwall	High	1	OIC	20			20		20		20
Kirkwall/Stromness -D&B	Kirkwall/Stromness	High	1	OIC	17	8		25		25		25
Moar Drive	Kirkwall	High	1	OIC	4			4			4	4
Copland's Road	Stromness	Medium	1	OIC	8			8			8	8
Carness (Phase 2)	Kirkwall	High	1	OIC	14			14			14	14
Soulisquoy Infrastructure	Kirkwall	High	1	OIC								
Stategic Land Purchase	Mainland	Medium	1	OIC								
Off the shelf purchases	Kirkwall	High	1	OIC	5			5		5		5
Walliwall 7 - D&B	Kirkwall	High	1	OHAL	8			8			8	8
Burnmouth Road - D&B	Kirkwall	High	1	OHAL	15			15			15	15
Crafty	Kirkwall	High	1	OHAL	12			12			12	12
Orphir 4	West Mainland	Medium	1	OHAL	8			8			8	8
Walliwall 6 - D&B	Kirkwall	High	1	OHAL	14			20			20	20
SubTotal					125	8	0	139	0	50	89	139
2023/24												
Stromness	Stromness	Medium	1	OIC	4			4			4	4
Finstown	Finstown	Medium	1	OIC	2			2			2	2
Development of Strategic Land	Mainland	Medium	1	OIC	8	8		16			16	16
Off the shelf purchases	Kirkwall	High	1	OIC	5			5		5		5
Soulisquoy (Phase 1b)	Kirkwall	High	1	OIC	14			14			14	14
Toab	East Mainland and Linked South Isles	Medium	1	OHAL	2			2			2	2
Sunnybank (Phase 1)	Stromness	Medium	1	OHAL	8			8			8	8
Evie	West Mainland	Medium	1	OHAL	4			6			6	6
Holm	East Mainland and Linked South Isles	Medium	1	OHAL	4			6			6	6
Sub Total					51	8	0	63	0	5	58	63
2024/25												
Off the shelf purchases	Kirkwall	High	1	OIC	5			5		5		5
Berstane Road	Kirkwall	Medium	1	OIC	10			10			10	10
Former Papdale Halls Site	Kirkwall	Medium	1	OIC	21			21			21	21
Design & Build	Kirkwall	High	1	OIC	6			6			6	6
Dounby	West Mainland	Medium	1	OHAL	4			6			6	6
Soulisquoy (Phase 1a)	Kirkwall	High	1	OHAL	16			16			16	16
Sub Total					62	0	0	64	5	59	64	
2025/26												
Off the shelf purchases	Kirkwall	High	1	OIC	5			5		5		5
Soulisquoy (Phase 1d)	Kirkwall	High	1	OIC	12			12			12	12
Sunnybank (Phase 2)	Stromness	Medium	1	OHAL	8			8			8	8
Burray	East Mainland and Linked South Isles	Medium	1	OHAL	6			6			6	6

Sub Total 31 0 0 31 0 5 26 31

2026/27

Design & Build	Kirkwall	High	1	OIC	20			20			20	20
Off the shelf purchases	Kirkwall	High	1	OIC	5			5		5		5
Finstown	Finstown	Medium	1	OIC	8			8			8	8
St Margaret's Hope (SMH3)	St Margaret's Hope	Medium	1	OIC	10			10			10	10
Soulisquoy (Phase 1c)	Kirkwall	High	1	OHAL	7			13			13	13
				Subtotal	50	0	0	56	0	5	51	56
				5 YEAR TOTAL	319	16	0	353	0	70	283	353