

Orkney Islands Council Briefing – What is Affordable Housing?



The Orkney Local Housing Strategy (LHS) sets out the approved Housing Supply Target of 1030 new homes over the next ten years, or 103 per annum. 60% of this target should be Affordable Housing, and 40% private housing (also known as ‘market’ housing). The 60/40 split is the overall target for **all** new housing supply provided in Orkney including all housing provided by affordable, and private sector housing developers.

The LHS also commits to ensuring that principles of good placemaking and sustainability are adopted on all new housing sites across all Orkney communities i.e. mixed communities, housing choice, quality homes, in the right location and of the right tenure and size. This is also a key consideration through [National Planning Framework 4](#) (NPF4) and the current review of the Local Development Plan.

NPF4 sets out the definition of affordable housing ([Annex F](#)) as follows:

Affordable Housing is good quality homes that are affordable to people on low incomes. This can include:

- Social rented housing
- Mid-market rented
- Shared-ownership
- Shared-equity
- Housing sold at discount (including plots for self-build)
- Self-build plots and
- Low cost housing without subsidy.

In the context of the Orkney Housing Supply Target and the cost of new housing development in Orkney, and in consultation with the Housing Market Partnership, it is expected that housing for low cost, entry level housing for sale will generally require subsidy/government grant since the cost of building new housing in Orkney is normally higher than the value of lower cost housing.

The definition of Affordable Housing in Orkney’s context is therefore:

- Social rented housing
- Mid-market rented
- Shared-ownership
- Shared-equity
- Housing sold at discount (including plots for self-build)
- Self-build plots with subsidy / public sector enabling resources and
- Low cost housing for sale with subsidy, or without subsidy depending on construction costs and values.

The 40% private (or market) element of the Housing Supply Target will be built with no subsidy. This will comprise private rent and housing for sale with no subsidy. NPF4 also encourages mixed tenure developments and the provision of affordable homes on all sites.

The specific volume and mix of Affordable Housing proposed for each development will be discussed and agreed between each housing developer and the Housing Authority, in consultation with the Planning Authority on a site-by-site basis, and as set out in the Council's Strategic Housing Investment Plan Guidance issued in January 2026.

This approach discussed with the Housing Market Partnership will be taken into consideration through the current review of the new Orkney Local Development Plan. Subsidy mechanisms, market values and costs may change over time and therefore policy may change.

Orkney Islands Council, April 2026.