

Agenda Item	7.
Report No	HP/08/23

HIGHLAND COUNCIL

Committee: Housing & Property Committee

Date: 27 April 2023

Report Title: Local Housing Strategy 2023-2028

Report By: Executive Chief Officer Housing and Property

1 Purpose/Executive Summary

- 1.1 This report presents the Council's Local Housing Strategy for the next 5 years. The report summarises the background to, and content of, the Strategy. The full Strategy is attached at **Appendix 1** to this report.

2 Recommendations

- 2.1 Members are invited to **APPROVE** the Local Housing Strategy 2023-2028 as attached at **Appendix 1** of this report.

3 Implications

- 3.1 **Resource** – There are no direct implications arising from this report. The Council and partners' ability to deliver the strategy will depend on resources as well as policy and practice considerations.
- 3.2 **Legal** – There are no direct implications arising from this report. The development of the Local Housing Strategy is in line with housing and homelessness legislation and good practice guidance.
- 3.3 **Community (Equality, Poverty and Rural)** - Implementing the Local Housing Strategy will help us meet our equality duties on disability, gender, and race. These require public authorities to involve, consult and engage with communities as widely as possible. The Strategy recognises and aims to respond to the unique issues and challenges involved in developing housing and housing services in remote and rural areas. An Equalities Impact Assessment and a Rural and Islands Impact Assessment have been carried out.
- 3.4 **Climate Change/Carbon Clever** – The Strategy details the Highland commitment to improve the energy efficiency of housing and to mitigate fuel poverty.

3.5 **Risk** – There are no risk implications arising from this report.

3.6 **Gaelic** - There are no Gaelic implications arising from this report.

4 **Background**

4.1 The Housing (Scotland) Act 2001 places a statutory duty on local authorities to produce a Local Housing Strategy which sets out its priorities and plans for the delivery of housing and related services over a 5-year period, and which should be supported by an assessment of housing provision and related services.

4.2 The supply of housing continues to be a priority for both the Council and the Scottish Government. The Local Housing Strategy sets out our approach to delivering high quality housing and housing-related services across all tenures, to meet identified need in its area.

4.3 The draft Local Housing Strategy for 2023-2028 attached as **Appendix 1** of this report builds on the progress of the previous Strategy (2017-2022) and contains information on its achievements.

5 **Local Housing Strategy: Vision, Objectives and Actions**

5.1 The key objective of the Council's Local Housing Strategy (2023-2028) is that **“everyone in Highland has access to a quality home which is affordable and supports the local economy in a sustainable, connected community where people wish to live, work and study”**.

5.2 The Highland Housing Strategy sets out four outcomes, each with a number of associated enabling actions. A detailed Action Plan has been developed for the Strategy. A summary of the themes across the four outcomes are summarised below:

5.3 **LHS Outcome 1: Housing supply enables strong economic growth and creates resilient communities and places**

5.4 The main actions to achieve this outcome are:

- Improving the scale and effectiveness of housing land supply
- Enabling rural and community-based housing developments
- Developing innovative housing delivery models
- Addressing infrastructure and construction sector constraints
- Bringing empty property back into use

5.5 **LHS Outcome 2: Health and wellbeing improves by investing in housing solutions which enable everyone in Highland**

5.6 The main actions to achieve this outcome are:

- Improving joint planning, commissioning and partnership delivery processes across housing, health, and social care partners
- Understanding the need for specialist housing and support
- Enhancing housing, health, and care sector capacity to support independence at home

- Embedding digital solutions across all client groups
- Improving the availability of accessible homes across all tenure

5.7 **LHS Outcome 3: People in Highland have access to a wider range of housing options and choices and the support they need**

5.8 The main actions to achieve this outcome are:

- Tackling the lack of housing and tenure choice across Highland
- Improving the operation and support the growth of the Private Rented Sector
- Providing accommodation for local workers to support the local economy and public services
- Reducing the impact of short term lets and empty homes on local housing options
- Preventing and reducing the impact of homelessness
- Improving access to tenancy sustainment support.

5.9 **LHS Outcome 4: Partnership and innovation builds capacity in Highland so that housing condition and energy efficiency improve and all homes to move towards net zero**

5.10 The main actions to achieve this outcome are:

- Increasing capacity in the construction sector
- Maximising funding opportunities and resource planning to meet net zero
- Improving information and advice to homeowners and tenants
- Developing strategies and targeted action plans to move towards energy targets.

6 Links with other strategic documents

6.1 The Local Housing Strategy 2023-2028 is firmly aligned to the priorities and vision of the Council's Programme "Our Future Highland 2022-2027". The Programme establishes that:

"Without energy efficient, accessible, and affordable homes, Highland communities will struggle to be sustainable. Our Future Highland commits to delivering and enabling a housing supply which supports our communities' needs and contributes to the economic growth of the area."

6.2 The monitoring of the Council's Programme is achieved through the Corporate Plan and its commitment to Accessible and Sustainable Highland Homes. The key priorities of the Corporate Plan are reflected in the above Strategy outcomes:

- Building quality, affordable, accessible homes;
- Providing warm and energy efficient homes;
- Supporting the development of quality affordable housing in response to need;
- Supporting the needs of veterans through the Armed Forces Covenant;
- Developing housing options that help vulnerable and elderly adults to be cared for close to home and community;
- Working with partners to develop key worker housing opportunities so that sustainable public services and economic growth are not constrained by a lack of housing supply.

6.3 The Strategy is also aligned to the key priorities in the Housing and Property Service Plan, approved by Committee on 31 August 2022. These include:

- Reducing the duration of homelessness and time spent in temporary accommodation through the Rapid Rehousing Transition Plan;
- Supporting independent living through delivery of equipment and adaptations;
- Improving the standard of our 4 Gypsy/Traveller sites with residents consulted as part of the improvement process;
- Working towards net zero carbon targets by investing in physical improvements to the Council's Housing Estate;
- Increasing the amount of affordable social rented housing to address supply and affordability issues and in turn to reduce unmet housing needs.

7 Housing Supply Targets

- 7.1 The Local Housing Strategy sets out a Housing Supply Target for new house building across tenure. This sets out the estimated level of additional housing required and informs the definition of the Housing Land Requirement within Local Development Plans (LDP).
- 7.2 Stakeholder consultation and evidence gathered through community housing surveys as well as housing analysis of housing need and affordability data have all highlighted an acute shortage of housing across tenure.
- 7.3 The consensus from partners and stakeholders was that a step change in housing delivery was required to support and drive economic growth in the Highlands. This needs to be balanced against the resources available as well as effective land supply, infrastructure and other constraints.
- 7.4 Balancing all of these factors the Housing Supply Targets (HST) set out in the draft Local Housing Strategy are detailed in the table below. The supply targets are categorised in terms of affordable and market delivery:

	Affordable HST	Market HST	Total HST	% Affordable HST	% Market HST
Badenoch & Strathspey	300	350	650	46%	54%
Caithness	100	300	400	25%	75%
East Ross	450	400	850	53%	47%
Inverness	1,200	2,400	3,600	33%	67%
Lochaber	250	400	650	38%	62%
Mid Ross	450	850	1,300	35%	65%
Nairn	150	250	400	38%	63%
West Ross	200	200	400	50%	50%
Skye & Lochalsh	200	450	650	31%	69%
Sutherland	100	200	300	33%	67%
Highland HST	3,400	5,800	9,200	37%	63%

10-year Housing Supply Targets by Housing Market Sub-area and Tenure

- 7.5 The evidence base and rationale for these Housing Supply Targets is set out in detail in the Local Housing Strategy and associated methodology paper which is contained in **Appendix 2** of the Local Housing Strategy document.

8 Monitoring the Outcomes of the Local Housing Strategy

- 8.1 Actions will be implemented and monitored through the Local Housing Strategy Delivery Group which comprises key stakeholders who have assisted in developing the Strategy. The Delivery Group will build on the strong partnerships already in place, recognising that achieving the Strategy's priorities will require a collective effort from delivery partners, stakeholders, communities, and residents of Highland.
- 8.2 The LHS Delivery Group role, remit and membership will be agreed with partners in May/June 2023 and progress updates will be provided to Committee during the term of the Strategy.
- 8.3 An Action Plan is contained as an appendix to the Local Housing Strategy document. At this stage the target dates and lead partners have not been included. It is proposed that, subject to approval of the Local Housing Strategy, the Delivery Group will agree the milestones and lead agency / partner arrangements, and progress against these will be reported back to Committee as part of the LHS monitoring process.
- 8.4 As detailed at section 6 of this report, a number of the strategy outcomes are linked to the Council's Programme and also the Corporate Plan and the Housing & Property Service Plan. Performance will be reported and monitored in accordance with the corporate performance timetable.
- 8.5 Amendments to the Housing & Property Service Plan as a result of the Strategy will be reported as part of the updated Service Plan which will be presented to August Committee.

Designation: Executive Chief Officer Housing and Property

Date: 13 April 2023

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Background Papers:
Scottish Government Local Housing Strategy Guidance (updated 2019)

Highland Council
Draft Local Housing Strategy
2023-2028

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Highland Council

Local Housing Strategy 2023-28



Appendix A: LHS Conference Outcomes Report

Appendix B: Housing Supply Target Methodology Paper

1 Introduction to the Highland Local Housing Strategy

Highland Council is pleased to present the new five year Local Housing Strategy covering the period 2023-2028.

The Local Housing Strategy (LHS) sets out the strategic direction, policies and plans that will enable Highland Council and partners to deliver high quality housing and housing services to meet the needs of local people across all housing tenures. The LHS also sets out the important contribution that housing makes to improving health and wellbeing, creating connected and sustainable places, reducing climate change, supporting economic growth and reducing poverty across Highland.

This LHS builds on the progress of the 2017-22 LHS and sits at the heart of all housing planning arrangements and partnership activities in Highland. It is an ambitious strategy, setting out what homes and communities should look and feel like over the next five years. This vision includes delivering a step change in housing supply and improving access to affordable, quality homes for all Highland households. It also aims to ensure that homes are well connected to local services, jobs and communities within a sustainable Highland economy.

The LHS has been developed with the backdrop of the Covid-19 pandemic, the UK exit from the European Union, war in Ukraine, as well as rising inflation and cost of living pressures. All of these factors have and will continue to have significant

impacts on the Highland economy and local communities. The Local Housing Strategy therefore comes at a crucial time and by aiming to support inclusive growth and tackle inequalities, will be instrumental to improving housing outcomes for everyone in Highland.

1.1 Local Housing Strategy Purpose

The LHS sets out the vision of Highland Council and local partners for the supply of housing across all tenures and types of housing provision. The strategy aligns to national housing priorities, maximising investment opportunities for Highland and building on the ambitious economic growth objectives set out in the Inverness & Highland City Region Growth Deal. The main purpose of the strategy is to:

- set out a shared understanding of need and demand for all types of housing, and for housing services now and in future
- provide clear strategic direction for housing investment including the development of new homes as well as investment in existing housing
- set out actions and targets to improve the quality, condition and energy efficiency of homes
- provide a strong contribution to the integration of housing, health and social care services to enable independent living and improved wellbeing outcomes

- set the framework to prevent homelessness wherever possible and to resolve homelessness quickly and effectively when it does occur
- focus on the priorities and outcomes required to achieve the LHS vision.

In meeting the requirements of the LHS Guidance, the strategy must be:

- ✓ Informed by latest housing insight and evidence
- ✓ Developed in collaboration with partners, stakeholders & residents
- ✓ Forward looking and delivery focused
- ✓ Based on public service reform principles prevention, collaboration & innovation
- ✓ Informed by extensive and inclusive consultation
- ✓ Clear, concise & easy to read
- ✓ Clear on the links to previous LHS priorities

1.2 Local Housing Strategy 2017-22: Outcomes and Achievements

This Local Housing Strategy builds on a strong foundation of positive housing outcomes delivered by the 2017-2022 LHS. Key outcome achieved over the last 5 years are as follows:



Housing Supply & Placemaking

On average 1,159 new housing completion per annum in Highland

Delivery of 1,650 new affordable homes through the delivery of the Strategic Housing Investment

Programme 2017-22

Delivery of 4,535 open market homes 2017-22

87 young people supported to live and work in Highland through the delivery of Mid-Market Rent accommodation via the Rent to Buy Programme

Appointment of an Empty Homes Officer to bring empty properties back into use across the Highland region



Supporting Independent Living

Annual average investment of £1.3M on aids and adaptations in homes in the social housing sector supporting up to 2,500 households per year

Investment of £7.7M in over 1,600 aids and adaptations in homes in the private housing sector since 2017

Up to 20 care experienced young people per annum accessing settled housing via the Care Leavers Protocol

Up to 40 households with complex care and support needs accessing settled housing per annum via housing protocols with NHS Highland

Over £1.4M of investment, supporting 276 private homeowners to install aids and adaptations via the Scheme of Assistance 2021/22.



Housing Choice and Homelessness

27% reduction in the use of bed and breakfast placements for homeless households

84 shared tenancies to meet the needs of households experiencing homelessness

10 Housing First tenancies offering a settled home with intense wrap around support for households experiencing high risk of drug and alcohol related harm



House Condition, Fuel Poverty and Climate Change

Investment of up to £11M in energy improvement works via Home Energy Efficiency Programmes for

Scotland.

Investment of £3.8M from Energy Company Obligation (ECO) funding in local homes

Investment of £0.5M from Warm Home Fund to help owner occupiers and private rented sector tenants make their homes warmer.

Annual investment of £1.4M in repairs to homeowners through the Care & Repair service

Support, advice and assistance on property condition to over 1,300 residents in private housing per annum via the Scheme of Assistance.

1.3 Local Housing Strategy Consultation and Engagement

The Housing (Scotland) Act 2001 requires local authorities to consult on their Local Housing Strategy (LHS), as does the statutory Equality Duty placed on public bodies to involve, consult and engage with as wide a range of local residents, tenants and communities of interest as possible.

A range of consultation opportunities have been provided throughout the programme for developing the LHS, with opportunities for early engagement to help ensure local people, communities and wider stakeholders share their views on the most pressing housing challenges facing Highland, as well as generating ideas for change and improvement.

A diverse range of partners, stakeholders and subject matter experts participated in developing the Highland LHS 2023-28. An extensive consultation and engagement programme has been delivered to collect a range of views and enable this

feedback to systematically inform the LHS development. These include:

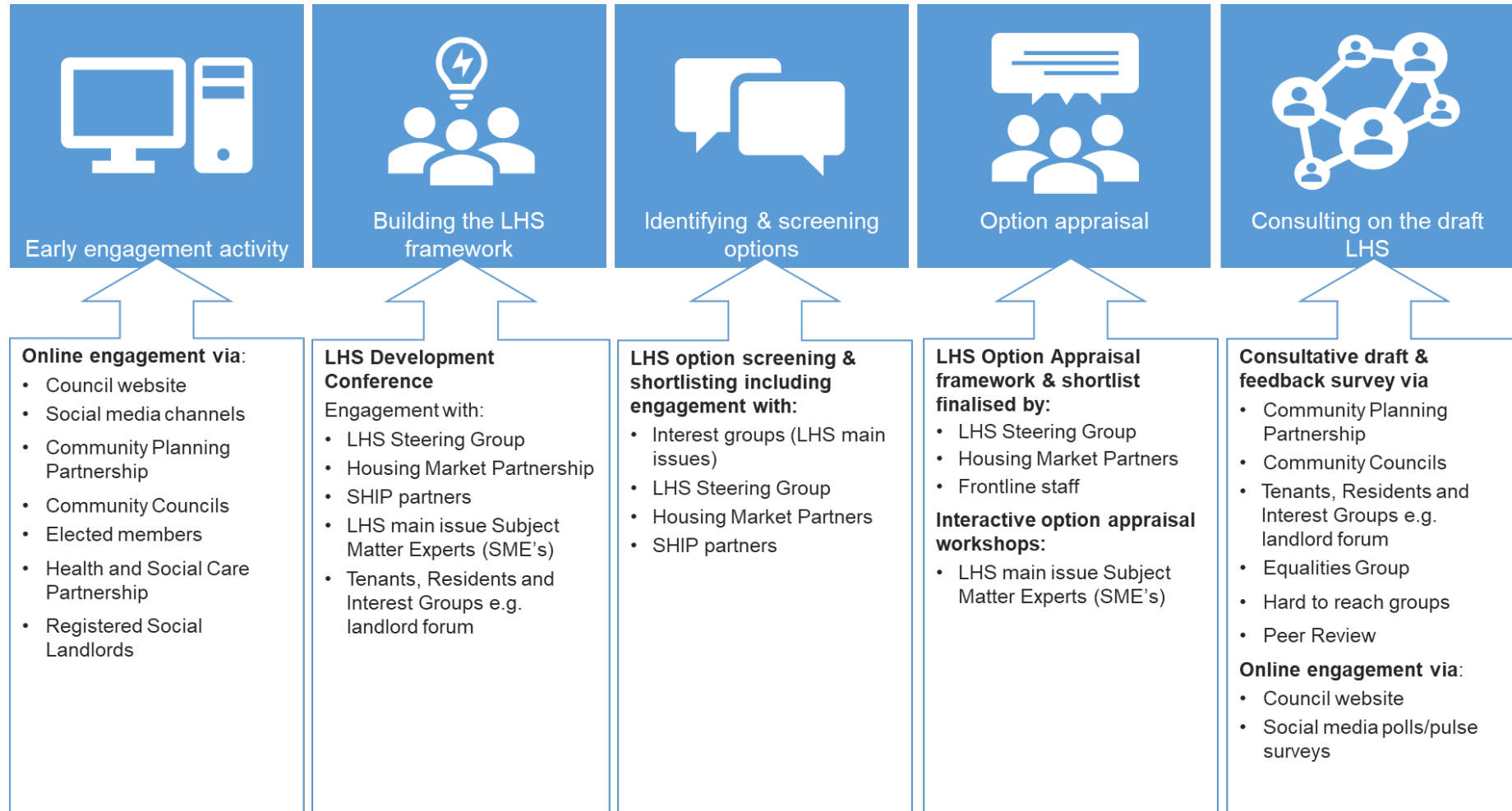
- **LHS early engagement survey:** A survey to inform the new Local Housing Strategy was made available to communities and residents across Highland, enabling them to express their views on which local housing issues 'matter most'. The survey was open for an 8-week period from August to September 2022. The early engagement survey was heavily promoted on social media, via the local press and community networks and Community Councils. The survey was made available in a range of formats including online channels, telephone and freepost options. The survey received over 800 responses from Highland residents.
- **Stakeholder conference:** To encourage and enable widespread participation, a full day strategy development conference was held digitally via Microsoft Teams in November 2022. Over 90 partners and stakeholders attended the event, including representatives from public, private, third and community sectors. The purpose of the conference was to co-produce an LHS vision, agree the main housing issues that should form the basis of LHS priorities and generate ideas and innovation as a basis for LHS actions. A conference report summarising the outcomes from the day can be accessed in **Appendix A**.
- **Option identification workshops:** Four half-day workshop sessions were held in December 2022, to inform the definition of key LHS priorities together with a range of

viable options for addressing them. Workshop participants were specialist stakeholders and subject matter experts from across the Council and partner organisations.

- **Option appraisal workshops:** Four half-day workshop sessions were held in December 2022 to systematically appraise LHS options. The outputs from these sessions formed the basis of the LHS Action Plan detailed in Chapter 10.
- **Strategic engagement:** Mechanisms were put in place, as part of the LHS consultation plan to ensure the LHS is fully aligned with local strategies, policies and plans. These include partnership working with NHS Highland, economic development agencies including Highland and Islands Enterprise and local development planners.
- **Strategic governance:** The LHS development process has been led by the LHS Steering Group which provides a multi-agency governance framework for the development and implementation of the LHS. Representatives included partners from Highland Council Housing, Planning and Economic Development Services, NHS Highland, Highlands and Islands Enterprise, Communities Housing Trust, Home Energy Scotland and Registered Social Landlords.

To maximise participation in the LHS Consultation Plan, a creative approach was deployed, offering a range of engagement and consultation opportunities. Where possible, digital platforms and channels were utilised enabling partners

and stakeholders in remote and rural localities to take part, whilst offering wider alternative options for stakeholders who required a more person-led option. The advancement of virtual consultation methods has been effective in providing new ways to engage with people not able to attend in-person events, and to expand the digital audience of the LHS. The extent and nature of the LHS Consultation Plan can be summarised as follows:



1.4 Local Housing Strategy Vision and Priorities

The vision for housing in Scotland places housing firmly at the centre of other national objectives including tackling poverty and inequality, creating and supporting jobs, meeting energy efficiency and fuel poverty targets, tackling the climate emergency and creating connected, successful communities.

The Local Housing Strategy (LHS) vision also places housing at the centre of major ambitions for Highland including:

- achieving a step change in housing delivery to support economic growth
- improving housing affordability and access to housing for all households who want to live in the region
- creating resilient communities which are well connected to local services, transport and digital infrastructure
- achieving housing quality by improving house condition and energy efficiency.

Co-produced with LHS delivery partners, stakeholders and local residents, the Local Housing Strategy vision for Highland is that:



LHS Vision

“Everyone in Highland has access to a quality home which is attainable, affordable and supports the local economy in a sustainable, connected community where people wish to live, work and study”

To achieve this vision and realise the wider ambitions set out in the Local Outcomes Improvement Plan for Highland, the following four LHS priorities have been defined:

Outcome 1

Housing supply enables strong economic growth and creates resilient communities and places

Outcome 2

Health and wellbeing outcomes improve by investing in housing solutions which enable everyone in Highland to live independently in the community they prefer

Outcome 3

People in Highland have access to a wider range of housing options and choices and the support they need

Outcome 4

Partnership and innovation builds capacity in Highland so that housing condition and energy efficiency improve and all homes to move towards net zero

The evidence, key issues and actions for each LHS priority are set out in Sections 5 to 8 of the LHS. Guiding the delivery of the LHS are the principles set out by the Christie Commission on the Delivery of Public Services in Scotland. These include commitments to collaboration, efficiency, innovation, prevention, and tackling inequality.

The LHS Steering Group will build on the strong partnerships already in place, recognising that achieving LHS priorities will require a collective effort from delivery partners, stakeholders, communities, and the people of Highland.

2 Local Housing Strategy Context

It is important that the Local Housing Strategy (LHS) supports and helps deliver national housing outcomes and targets, whilst also reflecting the local needs and priorities set out in the Highland Local Outcomes Improvement Plan (2017-27).

The LHS is therefore set within the wider Community Planning framework for the Council and its partners. On this basis, the LHS defines the housing contribution to local strategic priorities and provides a framework for meeting the targets set out in Scotland's first national Housing Strategy: 'Housing to 2040'. The national and local strategic framework that will support and enable LHS delivery is set out in more detail below.

2.1 Strategic Context for Housing in Scotland

Housing to 2040

Housing to 2040 is Scotland's first ever long-term national housing strategy providing a vision for what housing should look like and how it will be provided to the people of Scotland, no matter where they live and what point in their life they are in. The strategy is developed around four key themes:

- 1 More homes at the heart of great places
- 2 Affordability and choice
- 3 Affordable warmth and zero emissions
- 4 Improving the quality of all homes

Housing to 2040 makes a commitment to increasing housing supply by setting an ambitious target to deliver 100,000 affordable homes over the next ten years up to 2031/32, with at least 70% of these homes for social rent. The strategy sets out a specific vision for achieving:

- A well-functioning housing system
- High quality, sustainable homes
- Sustainable communities
- Homes that meet people's needs

National Performance Framework

The Scottish Government's National Performance Framework provides a vision for 'A Scotland that is *wealthier and fairer, smarter, healthier, safer and stronger and greener*'. It provides a framework which includes seven high level targets for public services to work towards including:

1. Growth
2. Productivity
3. Participation
4. Population
5. Solidarity
6. Cohesion
7. Sustainability



LHS outcomes in Highland align well to the National Performance Framework Vision and make strong contributions

to the targets set under the growth, participation, population, cohesion and sustainability elements of the framework.

Fourth National Planning Framework (NPF4)

In January 2023, the Scottish Government approved a new spatial plan for Scotland that will look ahead to 2050. The fourth National Planning Framework (NPF4) sets out a vision for what Scotland, as a place, could and should look like in 2050. This includes national planning policies and provides a plan for future development in Scotland. Driven by the overarching goal of addressing climate change, this long-term strategy will focus on achieving four key outcomes:

1. Net zero emissions
2. A wellbeing economy
3. Resilient communities
4. Better, greener places

The LHS has been informed by the themes and aims set out in NPF4. Concepts such as 20 minute neighbourhoods, the Place Principle, prioritising brownfield development, and a fabric first approach to decarbonising homes and communities all feature within the action plans to deliver Highland LHS outcomes.

Furthermore, informed by evidence from the Highland Housing Need and Demand Assessment (HNDA) published in 2020, Highland Council set a 'minimum all tenure housing land requirement' (MATHLR) following Scottish Government

consultation with local authorities on the spatial strategy for NPF4. The MATHLR took into consideration:

- Housing Need & Demand Assessment evidence including cross tenure housing estimates
- Housing delivery targets arising from the Highland Strategic Housing Investment Plan
- Local strategic drivers for housing delivery, as well as historic evidence of the rate of housing completions in Highland.

MATHLR targets set a minimum threshold for housing land allocations within the Local Development Plan.

The proposed Minimum All Tenure Housing Land Requirement set for Highland for the next 10 years is c.10,800 units.

Setting the MATHLR does not impact on the requirement for setting Housing Supply Targets within the Local Housing Strategy based on the housing estimates produced within the HNDA. In preparing this Local Housing Strategy there has been close partnership working between housing and planning colleagues to ensure that housing delivery and land use planning principles are informed and well aligned.

2.2 Strategic Context for Housing in Highland

It is important that the LHS should be closely aligned with the Local Outcomes Improvement Plan (2017-27), as well as

supporting a range of other local plans and strategies which set ambitions for the people of Highland. Key strategic plans and documents which align to LHS priorities are set out below.

Highland Local Outcomes Improvement Plan

Improving the health and wellbeing of everyone who lives in Highland is at the centre of the Highland Community Planning framework. Housing has a key role to play in enabling households to live independently in the communities they choose. On this basis, the new LHS sets out housing's role in improving health and wellbeing outcomes, for both individuals and communities across the region.

The Highland Outcomes Improvement Plan has five strategic priorities:

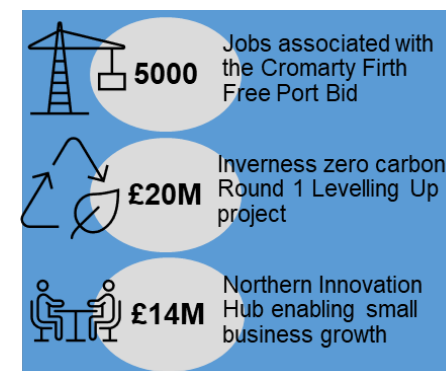
- Poverty reduction – More people in Highland will live free from the experience of poverty
- Community Participation and Dialogue – People in Highland will be more involved in decisions that affect their lives
- Infrastructure – Fewer people in Highland experience transport or digital connectivity as a barrier to accessing opportunities
- Community Safety and Resilience – People in Highland will benefit from living in stronger, safer and more resilient communities
- Mental Health and Wellbeing – People in Highland will benefit from good mental health and wellbeing

The LHS sets the delivery framework for contributing to these community planning ambitions by delivering housing and housing services which:

- support the growth of a strong and resilient local economy
- reduce housing induced poverty by tackling housing affordability pressures
- enable people to live independently at home in the community they choose
- support community safety and resilience
- deliver specialist housing to those with complex needs
- identify and address barriers to inclusion.

Inverness and Highland City-Region Deal

The vision behind the Inverness and Highland City Region Deal is to position Highland as a region of digital opportunity, securing the long term growth and productivity of the Highland economy. To support this, a £315M Growth Deal was announced by the UK and Scottish Governments in 2019. The Deal is funded on £135M of funding from the Scottish Government, £127M from Highland Council and £53M from the UK Government. Furthermore, this funding



could leverage up to £1B of investment by the private sector. Key Highland infrastructure projects include:

More recently, Highland Council has successfully bid for £100M of levelling up Round 2 funding for projects in Wick and Portree and are developing proposals for Round 3 funding, as well as progressing Shared Prosperity funded projects. Opportunity Cromarty Firth bid, a collaboration of over a dozen organisations representing industry, academia and the public sector around the Easter Ross and Inverness has been awarded Green Freeport status as part of the UK and Scottish Government partnered scheme. It is being led by the Port of Cromarty Firth, Global Energy Group and the Port of Inverness as well as Inverness Airport. It aims to create 25,000 jobs and generate £4.8bn in investment, with a focus on floating offshore wind, nuclear and hydrogen.

It is important that housing investment is maximised as part of Highland's economic strategy. Housing and economic growth are fundamentally linked, and a lack of suitable housing can be a barrier to key sectors of the economy being able to recruit and retain staff to grow their businesses and in turn grow the local economy.

Regional Spatial Strategy for Highland 2050

In response to the delivery of the new National Planning Framework in Scotland (NPF4), the Highland Council produced an **Indicative Spatial Strategy for Highland 2050 (IRSS)**. Taking climate emergency, Brexit and Covid-19

recovery into account; the IRSS sets a long-term sustainable vision for Highland up to 2050.

The IRSS sets out a vision that by 2050, Highland will be an exemplar carbon action region by optimising its unique, rich and diverse assets to lead national emissions reduction targets. This will maintain and enhance Highland's role as a global centre of excellence for renewable energy innovation and generation, as well as one of the most attractive sustainable leisure, recreation and tourism destinations in the world.

The goal of the IRSS is that Highland communities will function as networks of locally resilient and self-supporting places with equality of access to housing, education, healthcare, work, food, energy, transport, culture, recreation, leisure and virtual connections.

The IRSS recognises the expansion in urban living across Highland's towns, city and the gradual, persistent decline in the population of the rural areas. To reverse this, the IRSS calls for Highland to be recognised nationally as a special case for investment and co-ordination to tackle rural fragility. As well as investing in jobs, housing and services, the IRSS makes a commitment:



'to work with all communities to transition them to be locally resilient areas, which have sufficient and quality access to both virtual and digital services, and to ensure communities feel engaged in shaping their future and are empowered to benefit from the opportunities provided.'

This means improving access to quality, appropriate and affordable housing, jobs, education and health facilities, as well as enhancing transport connectivity, leisure and cultural facilities.

Highland Health and Social Care Strategic Plan

A Housing Contribution Statement outlines the housing sector contribution to meeting local health and social care priorities and delivering national Health and Wellbeing Outcomes. The Housing Contribution Statement (HCS) under development will set out the role of housing services in helping to meet health and social care outcomes and will be a key element of the new Highland Health and Social Care Strategic Plan. It serves as the key link between the Strategic Plan and the Local Housing Strategy. The current Highland Health and Social Care Strategic Plan covered the period 2014-2019 and sets out several actions and priorities which support the better integration of housing, health, and care services.

NHS Highlands 'Together we Care's' vision is to provide outstanding care, delivered by an outstanding team. There are 16 strategic outcomes, several directly relating to delivery of LHS outcomes, including:

Outcome 9: Care Well

- Embed a place approach to Home Based Care and support and care homes so that pro-active care is provided tailored to the individual
- Develop fully integrated front line community health and social care teams across all areas of Highland

Outcome 11: Respond Well

- Work to minimise length of stay of time that hospital based care is required. Work with individuals, families and carers to adopt a 'home is best' approach

Outcome 14: Age Well

- We will support people to promote independence by targeting prevention and developing appropriate choices

Outcome 16: Value Well

- Value the role of carers, acknowledging them as experts by experience and ensure they are informed, supported and valued

Decarbonising Homes in Highland

Highland is a Carbon Action Region with the Council and its partners actively seeking investment from both the public and private sectors to sustain and expand low carbon economic activity in the Highlands.

An ambitious approach to developing a net zero strategy and action plan for the region is underway that will maximise external funding to deliver climate change targets. The Council has established a Net Zero Strategy Group comprising officers working across council services with governance of projects

scrutinised by Councillors. Twenty-one workstreams are included such as:

- development of a Net Zero Strategy and Action Plan; and Hydrogen and Low Carbon Heat Strategies
- bringing communities, businesses and organisations together to form 'Highland Adapts' enabling the region to adapt to impacts of climate change
- £17M Salix funding (for lighting and boiler replacements, new hydro, solar and building management systems)
- fleet decarbonisation; smart buildings; and energy efficient schemes across the council's estate
- developing a business case for the Scottish Government's £10m Green Growth Accelerator Programme.

NHS Highland Child Poverty Action Report 2020-21

The Child Poverty Action Report for Highland maps out the key relationships required to build an understanding of the interlinking issues affecting Child Poverty across Highland. The Child Poverty agenda is cross-cutting and involves all Council Services and Community Planning Partners across three themes:

- income from employment
- cost of living
- income from social security and benefits in kind.

The LHS has a strong role to play in reducing housing-induced poverty which is a key driver of child poverty. Enhancing access to affordable housing, reducing homelessness and tackling fuel poverty are key actions which are instrumental in making a contribution to tackling child poverty across Highland.

3 Equalities Impact and other Assessments

The Council has a statutory obligation to ensure that all its functions and activities are exercised in full compliance with the requirements of the Equalities Act 2010 and the Fairer Scotland Duty (2018). Equality is at the heart of the Highland Local Housing Strategy (LHS), with a commitment to understanding diversity central to the achievement of LHS priorities and outcomes. The Council aims to ensure that strategies and services deliver positive outcomes for everyone in Highland by prioritising preventive approaches and tackling persistent inequalities where they exist.

The LHS is firmly aligned to strategic objectives of the Local Outcomes Improvement Plan and its mission to improve the health and wellbeing of everyone who lives in Highland.

Echoing this, the LHS vision sets an ambition that **“Everyone in Highland has access to a quality home that is attainable and affordable”** so that improving equality of housing opportunity, inherently runs as a golden thread through every LHS action point.

A key part of the option appraisal process to finalise the LHS Action Plan was to assess actions from an equalities perspective, specifically checking if each option could **‘reduce health and housing inequalities and improve wellbeing’**. The LHS Outcome Action Plan therefore prioritises actions which tackle inequalities including limited housing choice, poor housing affordability, fuel poverty and housing unsuitability for people with health conditions and disabilities.

The LHS Equalities Impact Assessment (EqIA) is available online, setting out how the Council has addressed and seeks to mainstream equality issues in delivering the LHS. This assessment confirms that the LHS has been developed in full accordance with the principles of equality and diversity and actively promotes inclusion.

It acknowledges the crucial role of housing and housing services in the delivery of improved outcomes to all people and communities in Highland.

We will continue to monitor and report on the equalities impact of the LHS over the next five years, with a focus on the nine protected characteristics of the Equality Act. If any negative impacts on a particular section of the Highland community are identified, appropriate action will be implemented to redress the situation within the LHS Action Plan.

Sustainability and Climate Change Assessment (SCCIA)

Sustainable development is commonly defined as ‘securing a balance of social, economic and environmental wellbeing in the impact of activities and decisions and seeking to meet the needs of the present without compromising the ability of future generations to meet their own needs’.

Under the Climate Change (Scotland) Act 2009, the Council also has a duty relating to climate change and, in exercising its functions must act:

- in the way best calculated to contribute to delivery of the Act's emissions reduction targets
- in the way best calculated to deliver any statutory adaptation programme
- in a way that it considers most sustainable.

The LHS has been assessed against these duties, with the SCCIA assessment available online. The recommendations arising from the SCCIA have been integrated in the LHS Outcome Action Plan in order to fulfil the aspirations of these duties.

Strategic Environmental Assessment

The LHS is a broad policy document which sits within the framework of the Highland Local Development Plan and Regional Spatial Strategy (RSS) for Highland 2050. The RSS defines the spatial strategy while the LDP allocates specific sites to meet identified demand. Strategic Environmental Assessments have been carried out in respect of both plans.

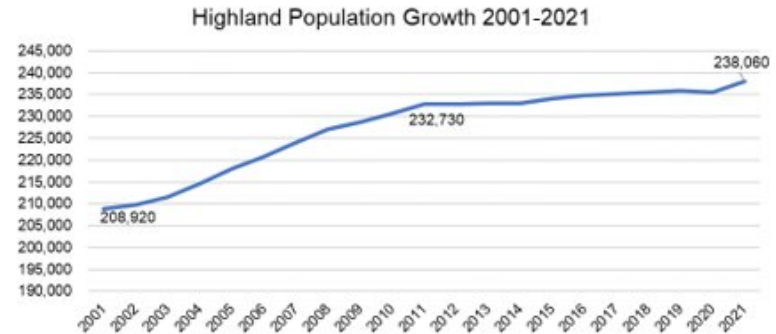
4 The Housing System in Highland

Highland Council is unique as it covers almost a third of the whole land area across Scotland, including some of the most remote and sparsely populated parts of the United Kingdom. This landscape creates a complex mix of factors and issues that influence the operation of the Highland housing system. Informed by evidence and analysis of housing system operation, the Local Housing Strategy (LHS) develops a framework for improving housing outcomes for everyone in Highland by tackling areas where the system is imbalanced or not working well for local people. Key drivers which influence how the housing system is operating, such as population change, household projections and the performance of the Highland economy; are set out in more detail below.

4.1 Population and Households

Based on data available from National Records of Scotland (NRS) between 2001 and 2011, there was a sustained increase in the Highland population of 11%, from 208,920 in 2001 to 232,730 in 2011.

Chart 1: Highland Population 2001-2021 (NRS Mid-Year Population Estimates (June 2021))



Since 2011, population growth has remained positive but at a slower rate of 2%. Over the last 20 years population growth in Highland (14%) has outstripped increases in the Scottish population (7%).



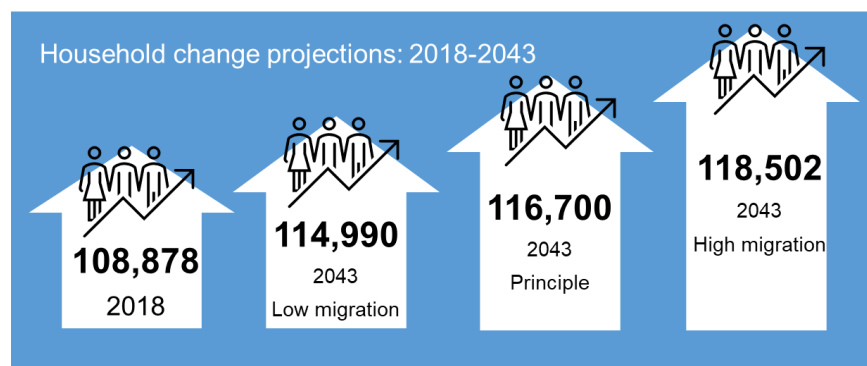
Between 2021 and 2031, the population of Highland is projected to remain static, this compares to a 1.4% decline in Scotland's population.

As well as taking into consideration the trends in Highland Council's population, the LHS analyses the potential housing

impacts of changes in the number and types of households living in the area and future household projections.

In 2021, there were an estimated 110,743 households living in Highland, an increase of 24% since 2001. This growth is higher than the case nationally with households in Scotland increasing by just 14% over the same period.

In September 2020, the NRS published household projections for every local authority in Scotland, based on a starting point of 2018 population estimates. The projections include a principal scenario and variants based on alternative assumptions about migration trends (both high and low).



Both the principal and high migration projections show an increase in households of between 7% (108,878 to 116,700 households) and 9% (108,878 to 118,502 households) in Highland over the period from 2018 to 2043.

In the shorter term, over the next decade (2022-2032) the number of households in Highland is projected to increase by over 3% from 108,878 to 114,878 households under the principal scenario. During the life of the next LHS, 2023-2028, the number of households in Highland is projected to increase by 2% from 111,657 to 113,383.

4.2 The Ageing Population in Highland

Against a backdrop of static population growth in Highland, over the next 10 years the older population is expected to increase substantially in Highland as people continue to live longer. The working age population is projected to increase by 3.6% in the next 10 years whilst the 65+ age cohorts will increase by 18% overall and by over 30% in the 85+ age group.

Table 1: Highland Population Change 2018-2032 by Age

Age Cohort	2021	2030	Highland Change	Scotland Change
Total population	236,327	236,414	0.0%	0%
Children <16	38,293	34,387	-10.2%	-11.4%
Working Age Population	146,369	141,085	-3.6%	3.3%
Pensionable Age (65-85+)	51,665	60,942	18%	3.7%

Source: Population projections (NRS) 2018 Based

Highland already benefits from higher life expectancy than the rest of Scotland and this trend is projected to continue. A rapid movement from ‘Third Age’ into a frail cohort is on the horizon for service planners, commissioners and providers. The ageing population has already resulted in increased demand for health and social care services which, set against a backdrop of continued financial constraints, has led to significant pressures on service delivery. A rapidly ageing population in Highland could exacerbate this.



Innovative solutions will be required to enable older households to ‘Age in Place’.

The report “Housing and Ageing: Linking Strategy to future delivery for Scotland, Wales and England 2030”, recommends that housing should play a central role in the provision of services for older people.

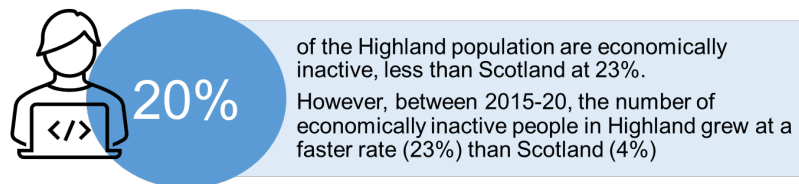
It also calls for new adaptable and affordable housing to be built; investment in early intervention; and meaningful consultation with older people. It makes the point that by 2030 there will be over 600,000 people aged 75 or over in Scotland. As a result, we will need to ensure there is suitable housing and services for individuals to continue living independently at home, maintaining their connections with people and place.

There is increasing recognition that planning for housing in later life is about ageing in place and staying in the home of

your choice for as long as possible. Increasing the supply of accessible housing is a fundamental part of promoting independence, flexibility and social inclusion. This can only be achieved by building accessible dwellings or by adapting the existing housing stock to meet the needs of Highland’s older people as they age.

4.3 The Highland Economy


The Highland economy is characterised by high employment (78.6% in 2020 compared to 73.4% in Scotland), and low unemployment rates (3.1% in 2020 compared to 4.3% in Scotland).



The Highland economy relies predominately on micro and small businesses with 83% employing less than 10 people. Large employers (250+ employees) account for less than 1% of the Highland economy. Furthermore, the Highland economy relies more heavily on public sector jobs (33%) than is the case for Scotland (28%).

The largest employment sector in Highland by full time equivalent jobs is Human, Health and Social Work Activity (19%) followed by Wholesale and Retail (14%) then Accommodation and Food (13%).

Whilst the Highland economy is characterised by strong median incomes and low unemployment levels, income inequalities are evident, particularly for those in poorly paid local employment



The average annual median income in Highland is 7% higher than the Scottish average (CACI data).

Median incomes vary across Housing Market Areas from £34,320 in Badenoch and Strathspey to £26,520 in Caithness.

Full-time weekly wages across Highland (£575) are consistent with Scotland (£578)

To address income inequalities, the Inverness and Highland City Region Growth Deal supports the growth and development of the Highland economy.

The aim of the deal is to create new well-paid jobs in the private sector that will help retain and attract young people in Highland; promote innovation, internalisation, partnerships across small businesses; and facilitate skills development to support the future economy. Attracting more young people to live, work and study is vital for the inclusive and sustainable economic growth of the Highlands.

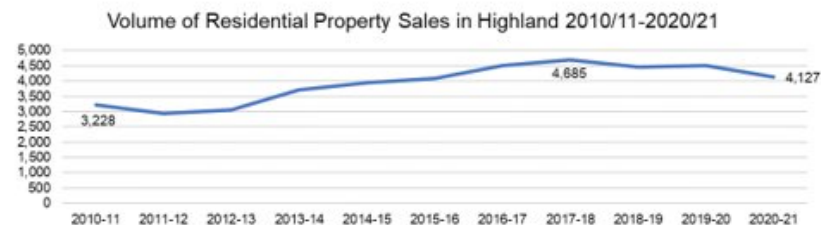
4.4 The Highland Housing Market

Following recovery from the housing market crash in 2009, there has been considerable increase in housing market activity rates, with sales increasing by 28% over the last 10 years in Highland.

Furthermore, house prices have grown steadily in Highland and by 26% over the last decade. Property prices have grown by 28% in the last decade and by 17% over the last 5 years

alone. In 2020/21, the average house price in Highland was £198,385 which is 2% above the Scottish average.


Chart 2: Average House Sale Values in Highland 2010/11 – 2020/21



Market affordability analysis reveals that households must spend up to 5 times the average local income in some Housing Market Areas to afford the average house price. This is well in excess of the typical 3.9 times multiplier used for mortgage purposes.

Table 2: Highland Mortgage Affordability Ratio 2021

	Income	House price	Mortgage ratio
Average income/price	£39,065	£182,273	4.67
Median income/price	£31,883	£165,500	5.19
Lower quartile income/price	£18,231	£118,000	6.47



Affordability is extremely challenging at market entry level

Using the Scottish Government's methodology to test market entry (benchmarking lower quartile incomes to lower quartile house prices), reveals that households must spend over **6.5 times** their income to purchase a home.

Home ownership is out with the reach of local households on lower incomes, which is particularly challenging given the dominance of home ownership in the area

This evidence of housing market pressure is echoed by local residents in Highland. Local residents were asked to rank the top 5 housing challenges currently facing Highland. The top ranking issue in the top five housing challenges in Highland was:

91%
A shortage of housing that people can afford

Analysis of housing affordability in Highland reveals there are clear pressures locally, particularly for those on low household incomes. A significant proportion of households in Highland (38%) earn less than £25,000 per annum despite average incomes which are 3% above the Scottish average.

Whilst social housing rents are affordable to more than 78% of households in Highland, social housing is only available to roughly 18% of local households.

1 in 2 households cannot afford the market entry point in Highland, which is extremely challenging given the dominance of owner occupation as a housing option in the area.

4.5 Highland Housing Stock

There are approximately 121,000 residential homes in Highland to meet the needs of the local population.

The housing system in Highland is dominated by owner occupation with a higher proportion of homes in this tenure (70%) than is the case nationally (62%). In contrast the social housing sector accommodates 18% of local households notably lower than the Scottish average (23%).

The scale of home ownership in Highland potentially limits the range of housing options available to meet housing need. Furthermore, it could be the case that a more limited range of affordable housing options in the Highland area is driving housing affordability pressures at a local level.

A survey of local households to inform the Local Housing Strategy reveals that limited housing options are a concern for many households. Local residents were asked to select the top 5 housing challenges currently faced by households in Highland. Limited housing options for young people and families was a concern for 75% of households, with limited alternative housing options such as low cost home ownership, shared ownership and mid-market rent, a concern for 73%.

The dwelling profile in Highland is characterised by properties that are younger, low rise and bigger in size than is the case across Scotland. 87% of dwellings in Highland are houses with just 13% of dwellings flats. This is significantly higher

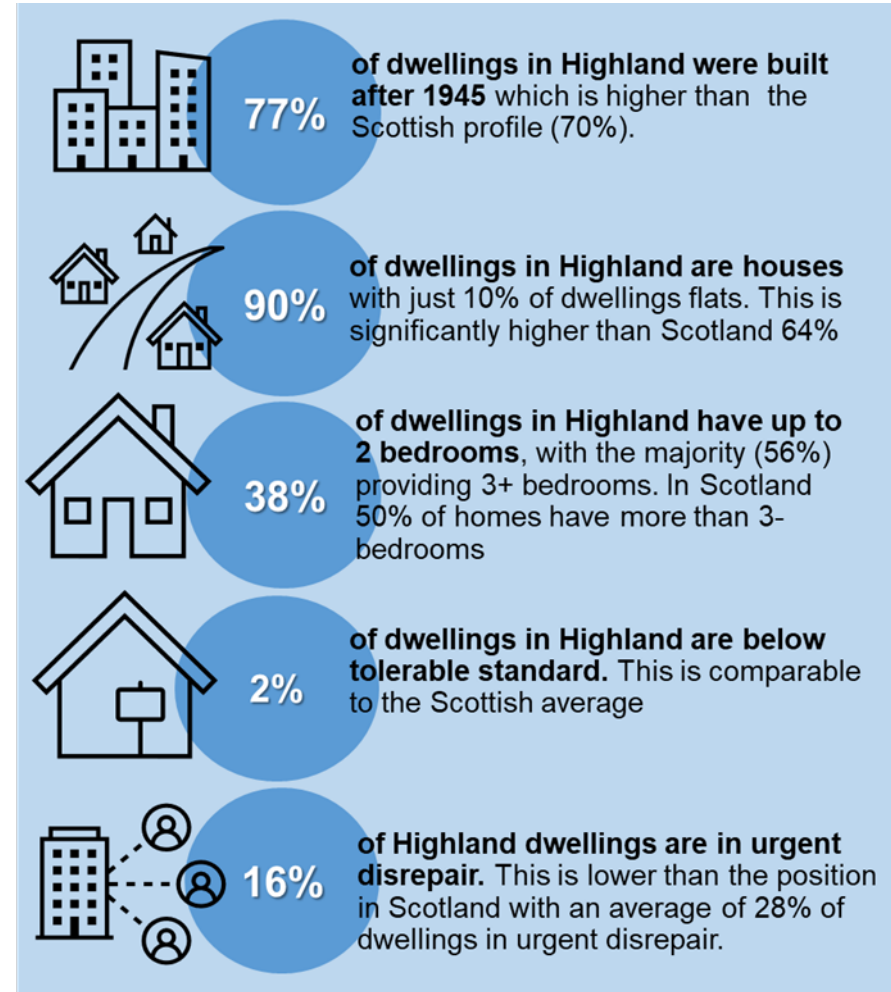
than Scotland where 64% of dwellings are houses. Furthermore, 62% of dwellings in Highland have more than 3 bedrooms which is higher than the Scottish profile at 50%.

Highland also has greater proportion of housing stock which is ineffective (7%) than Scotland (4.1%). This is made up of a higher number of both empty homes (4%) and second homes (3.1%) than is the case nationally. High proportions of ineffective properties will have an impact on the ability of local households to meet housing need. Utilising existing stock not only increases supply of local housing but improves condition of housing stock and helps to regenerate communities.

Furthermore, the number of second homes in some Housing Market Areas significantly reduces the number of homes available as residential properties, including Caithness (6.0%), West Ross (5.7%), Sutherland (5.7%) and Skye & Lochalsh (4.0%).

Combining empty and second homes means that in four Housing Markets Areas, ineffective housing stock accounts for more than 10% of all homes, including:

- Badenoch & Strathspey (13.9%)
- West Ross (14.6%)
- Skye & Lochalsh (11.2%)
- Sutherland (%)



The private rented sector in Highland is slightly smaller (12%) than is the case for Scotland (14%) playing a key role in

meeting housing need locally. The PRS is an important transitional and flexible housing tenure which offers accessible housing options to those in housing need. The growth and improvement of the PRS could be an important consideration within the new LHS aligned to Town Centre, rural and economic growth strategies.

There is evidence that the cost of private renting is out of reach for low income households in Highland. A household requires to earn up to £23.5k to be able to afford the average market rent if they devote 30% of their income to housing costs. This is significantly above lower quartile incomes in Highland (£18k) rendering PRS rents out of reach for low income households.

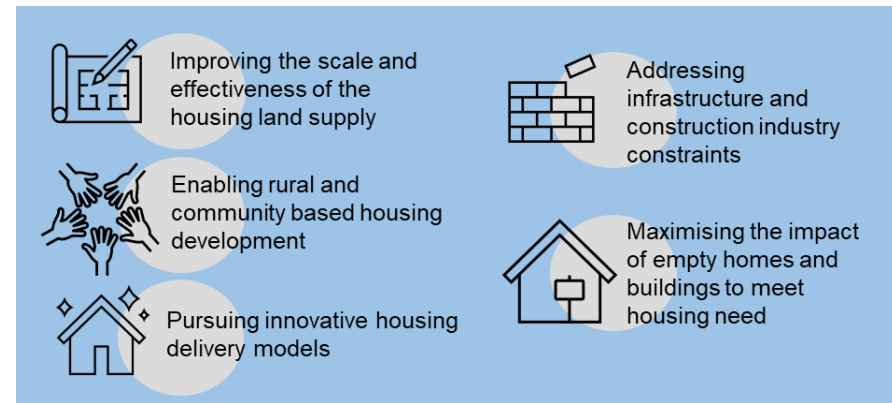
5 LHS Priority 1: Housing supply enables strong economic growth and creates resilient communities and places

The Local Housing Strategy (LHS) is an all-tenure strategy which considers current and future housing need, setting a strategic vision for housing across both public and private sectors. Providing the right size, type and tenure of housing, in resilient, well-connected places is a fundamental aspect of Local Housing Strategy delivery and crucial to the delivery of the Highland Local Outcomes Improvement Plan and the Highland Regional Spatial Strategy.

Aligned to providing more homes and creating resilient communities and places, the LHS is required to provide evidence and policy direction in relation to:

- the extent and nature of housing need and demand across the Highlands
- delivering a generous supply of housing land aligned to the Local Development Plan and Housing Supply Targets
- the strategic direction for housing investment in Highland, including the Strategic Housing Investment Plan
- powers and mechanisms to help households and landlords make best use of existing homes
- efficient and innovative ways of building and financing the development of new homes.

Informed by analysis of the main issues and housing system drivers, LHS Priority 1 focuses on **‘achieving a step change in housing supply to enable strong economic growth and create resilient communities and places’** in Highland by:



Chapter 5 sets out the evidence base and outlines what Highland Council and partners will do to address the main challenges in providing a step change in housing supply and the creation of resilient communities. It concludes with LHS priority actions for partnership, investment and delivery activity.

5.1 LHS Priority 1: What’s our Starting Point?

A detailed briefing which sets out the housing system evidence underpinning LHS Priority 1 can be accessed here: <https://youtu.be/kArXz70eJ5Q>.

LHS analysis suggests that the key issues which drive the need for action, investment and partnership to increase



housing supply and create resilient places in Highland are as follows.

There are 20,969 units of affordable housing across Highland with around 10% becoming available for letting each year. Demand for affordable housing in the region clearly outstrips supply with roughly 5 applicants for every social tenancy that becomes available.

Analysis of pressure on social housing reveals a diverse picture by Housing Market Area, ranging from 2.9 housing applicants for every available property in East Ross to 15.3 applicants for every property in Badenoch and Strathspey. There are also clear imbalances between the size of properties needed by housing applicants and the profile of homes available. Over 60% of housing applicants require a 1 bedroom property, with just 25% of the stock available in this property size.


In preparation for developing the Local Housing Strategy, residents and community groups in Highland were asked *“in an ideal world, what should homes and communities look and feel like in Highland in 2030?”*. Over 50% of respondents stated that in an ideal world: **“local people are able to afford to buy or rent the type of housing they want”**.

I'm priced out of the market... we grow up and work in a local economy that does not match the cost of local housing. Asking prices are way above valuations and then end up with offers exceeding the asking price by tens of thousands of pounds. Meanwhile this has a top down effect of making housing that should be “affordable” in the area like gold dust hence more expensive.

Interest in a wider range of affordable housing options is expressed by housing list applicants, with 1 in 5 applicants interested in mid-market rent and a further 20% interested in private renting. To provide the evidence required to calculate local housing and land requirements over the next 20 years, Highland Council has produced a Housing Need & Demand Assessment (HNDA) which was signed off as robust and credible by the Centre for Housing Market Analysis in December 2021.

The HNDA calculation works by projecting forward the number of new households who will require housing in Highland. This is based on household projections produced by the National Records of Scotland (NRS). The number of existing households who need to move to more suitable housing is also included.


The baseline projections for Highland assume the number of households will grow under a high migration scenario. Based on this assumption, future housing estimates for Highland suggest a requirement for just below 14,000 new homes over the next 20 years. During the life of the LHS, a need for approximately 5,000 new homes is estimated across Highland.



4,996
New homes required in the next 5 years

HNDA estimates provide evidence to inform local decision making on setting Housing Supply Targets in the Local Housing Strategies. This will guide decisions in the Local Development Plan on ensuring there is a generous supply of land for housing.

Applying the HNDA economic scenarios to calculate housing affordability, around 15% of this requirement is for open market housing, with a further 17% for market rent. Almost half of the estimated requirements (47%) focus on the delivery of social rented housing, with the remaining 21% on below market rent options such as shared ownership/equity and mid-market rent.



New supply

The Strategic Housing Investment Plan (SHIP) is the delivery plan for meeting affordable housing supply targets across Highland. Over the next 5 years, the Strategic Housing Investment Programme in Highland could deliver 2,918 affordable homes supported by roughly £240M of

funding from the Scottish Government. Most new build completions over the life of the SHIP are to be delivered in the Inverness area (44%), followed by East Ross and Mid Ross (10% respectively).

The delivery of the SHIP over the life of the new LHS will take place against an ambitious national policy agenda to

transform building and design standards. The Housing to 2040 Strategy sets a target that all new affordable homes will be zero emission by 2026. Furthermore, a Housing Innovation Programme led by the Construction Scotland Innovation Centre and the Scottish Futures Trust aims to transform housing design standards towards manufacture and assembly and a greater use of collaborative procurement frameworks.

The Housing Supply Target for Highland set in the previous Local Housing Strategy (2017-22) was for 6,000 units over 5 years. Within this target an affordability calculation was applied to identify the housing tenure split with an assumption that social housing would pick up the majority of households who cannot afford other tenures. Therefore, an affordable housing target of 2,500 homes (500 homes per annum) was set and a private housing target of 3,500 homes (700 per annum) was set. Analysis of housing completions in Highland over the last 5 years (2017-2021), shows that housing delivery has generally kept abreast of Housing Supply Targets. On average, 1,159 housing completions have been delivered against an annual target of 1,200 units.

The 2021 Highland Housing Land Audit reveals that there is an effective land supply of 6,626 units across the Highland area (2021-26), with a further 4,237 units of potentially effective supply covering the period 2026-31. Current effective land supply is therefore sufficient at an overall Highland level to meet previous Housing Supply Targets although shortfalls are evident in some housing market areas. Ensuring an effective land supply for affordable housing will

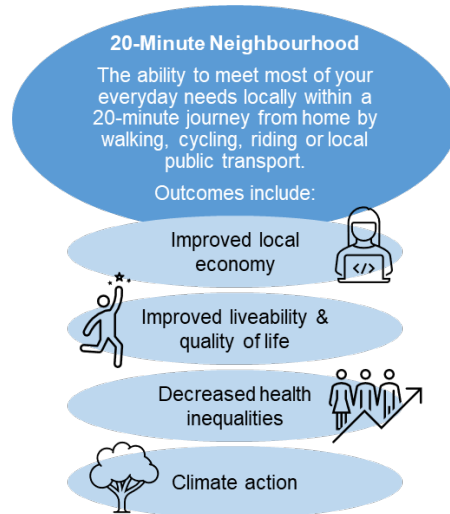
be a crucial element of increasing the supply of affordable housing in Highland over the life of the new LHS.



National Planning Framework 4 sets out national policy on Local Living and 20 Minute Communities aiming to encourage, promote and facilitate the application of the Place Principle and create connected and compact neighbourhoods where people can meet the majority of their daily needs

within a reasonable distance of their home, preferably by walking, wheeling or cycling or using sustainable transport options.

Housing delivery is central to the creation of local living / 20-minute neighbourhoods by improving housing diversity and the range of options on offer, the ability to ‘age well in place’, increased affordable housing options, plus safe spaces and streets. The outcomes of creating local living / 20-minute communities include an improved local economy, improved quality of life for residents, decreased health inequalities and action to tackle climate change.









Aligned to the concept of building resilient local communities in the Indicative Regional Spatial Strategy, Highland Council planning policy aims to support strengthening rural communities and their local networks, as well as urban neighbourhoods.

Across Highland, the Local Living / 20-minute community concept will seek opportunities to improve and strengthen existing communities as a first principle, rather than creating new communities. The expansion, strengthening and better use of digital connectivity will be vital in delivering 20-minute communities, helping to support the delivery of services and growing the local economy especially in remote areas.

Creating “local and resilient networks” by investing in transport, digital and housing infrastructure will support the delivery of jobs and services, minimising the need to travel and reducing social exclusion in remote and rural communities, as well as urban neighbourhoods.

5.2 LHS Priority 1: What do Residents, Partners and Stakeholders Think?

Informed by resident feedback and housing system analysis, partners and stakeholders came together to define the major barriers that should be overcome in the Highland LHS to increase housing supply and promote resilient communities and places. Key local challenges which drive the need for future partnership, investment and delivery activity include the following:

<p>Key issue: </p> <p>The availability of developable housing land, which is largely free from constraints is an increasing barrier to developers achieving a 'step change' in housing supply</p>	<p>Key issue: </p> <p>Creating a well stated, future development pipeline across Highland (both public and commercial construction projects) will be important to maintaining the confidence of volume developers and funders</p>	<p>Key issue: </p> <p>The delivery of a wider range of house types and housing tenures will be key in delivering resilient communities and sustainable places</p>
<p>Key issue: </p> <p>There is a need to explore the role that innovative housing models could play in meeting housing need, including opportunities for intergenerational housing developments and co-housing models</p>	<p>Key issue: </p> <p>Construction industry capacity is a barrier to achieving a step change in supply. Workforce planning, a regional development pipeline, improving access to housing for construction workers and opportunities for volume building is needed</p>	<p>Key issue: </p> <p>Interventions to maximise the use of existing homes and buildings which are empty or redundant, including change of use and streamlining processes for compulsory purchase</p>

5.3 LHS Priority 1: Our Actions

Partners and stakeholders co-produced a range of options and ideas to proactively address the challenges associated with providing more homes and creating resilient communities across Highland. Priority actions have been identified to enable the Council and partners to deliver LHS Priority 1 Outcomes over the next 5 years. The following actions are key priorities established through option appraisal with the full list of Priority 1 actions detailed in Chapter 10.



Improve the ability to direct infrastructure delivery and investment by engaging utility partners to align, prioritise and coordinate housing and infrastructure investment



Improve collaboration between public/private housing developers and economic development agencies to programme a long term housing, regional development pipeline and improve the speed of the statutory approval process



Invest resources in community housing models and ensure place based approaches are the heart of partnerships to improve land assembly and development planning in collaboration with landowners, developers, funders, local communities and businesses



Develop a coherent, multi-agency workforce strategy for the construction sector in Highland ensuring that skills attraction/development supports capacity for investment in new and existing homes



Ensure housing makes a strong contribution to the repopulation of areas across Highland through economic development, area regeneration and low demand housing initiatives



Improve connectivity of our communities by encouraging investment in physical, social, digital and sustainable transport infrastructure



Pilot new construction technologies and test delivery models for procuring, financing and developing housing to lower development costs and support volume delivery in a Highland context

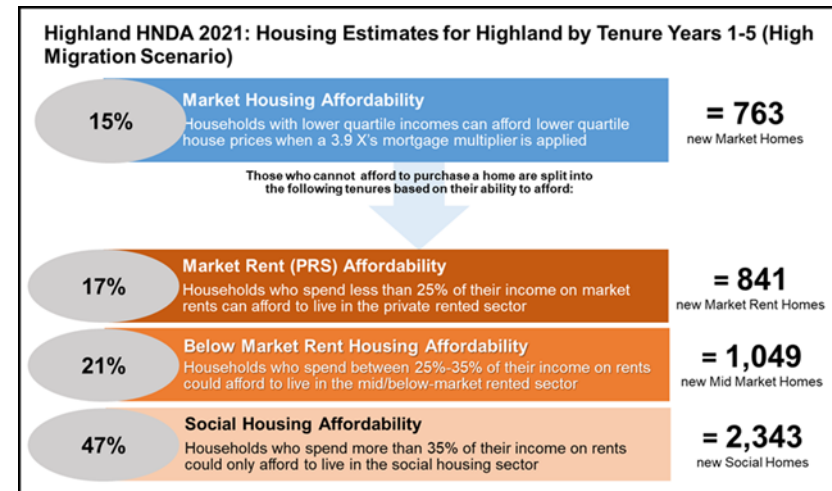
5.4 Highland Housing Need & Demand Assessment 2022

To produce the evidence required to calculate local housing and land requirements over the next 20 years, Highland Council worked with housing market partners to produce a Housing Need and Demand Assessment (HNDA). The Highland HNDA was signed off as ‘robust and credible’ by the Centre for Housing Market Analysis (CHMA) in December 2021.

The Scottish Government has developed an HNDA calculation tool. The tool produces an estimate of the additional housing units needed locally. The HNDA tool works by projecting forward the number of new households who will require housing in Highland. This is based on household projections produced by the National Records of Scotland (NRS). The number of existing households who need to move to more suitable housing is also included. Economic scenarios are then applied to calculate housing affordability so that total housing estimates can be split into housing tenures.

The baseline projections for Highland assume the number of households will grow under the NRS high migration scenario. Based on this assumption, future housing estimates for Highland suggest a requirement for 14,000 new homes over the next 20 years. During the life of the LHS, a need for 5,000 new homes is estimated across Highland.

About 30% of this requirement is for market housing options, with 47% of housing estimates focused on the delivery of social rented housing, with a further 21% on below market rent options such as shared ownership/equity and mid-market rent.



Housing estimates suggest that more than half of the new homes estimated as needed across Highland are concentrated in Inverness (46%), followed by Mid Ross (10%) and Skye & Lochalsh (9%).

5.5 Setting Housing Supply Targets

Highland Council have completed a Housing Need and Demand Assessment which provides a statistical estimate of how much additional housing will be required to meet all future housing need and demand in the area. The housing

estimates produced by the HNDA provide the starting point for setting a Housing Supply Target (HST) within the Local Housing Strategy.

The Housing Supply Target (HST) sets out the estimated level of additional housing that can be delivered on the ground and informs the definition of the Housing Land Requirement within the Local Development Plan (LDP). An annual Housing Supply Target (HST) for Highland has set at 1,840 units per annum with a 40% target for affordable housing and a 60% target for market housing units.

The HST has been derived from HNDA housing estimates and takes into consideration the full range of factors that may influence housing delivery on the ground including historic completions, available resources and policy considerations. The HST therefore provides a strong starting point for determining the Housing Land Requirements within the next Highland Local Development Plan

An evidence paper setting out the approach to setting Housing Supply Targets in Highland is available in **Appendix B**.

6 LHS Priority 2: Health & wellbeing outcomes improve by investing in housing solutions which enable everyone in Highland to live independently in the community they prefer

The Local Housing Strategy (LHS) has a key role to play in meeting national health and wellbeing targets in Highland through the development and delivery of the new Housing Contribution Statement (HCS). The HCS will set out housing's contribution to achieving the integration of health and social care services and will align to the Strategic Health and Social Care Plan currently under development.

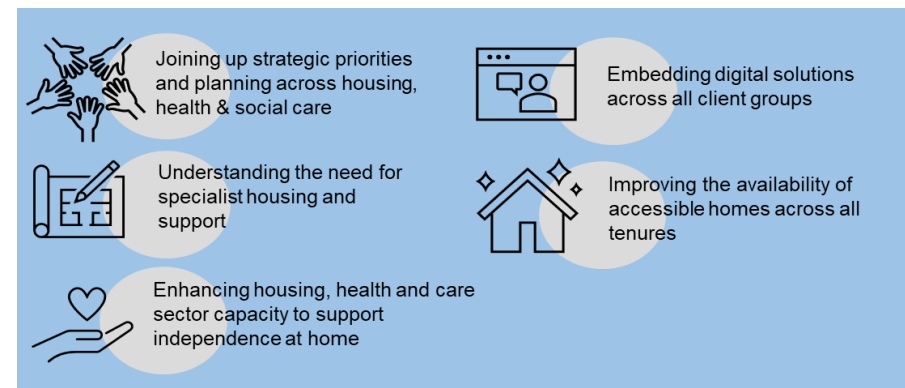
The LHS plays a significant role in improving public health in Highland by setting the framework for delivering accessible homes, wheelchair homes and specialist forms of provision such as supported accommodation for key client groups. The LHS also sets the framework for enabling people to live independently and well for as long as possible through investment in property adaptations, technology, care and support services.

Aligned to improving access to specialist housing and enabling independent living, the LHS is required to provide evidence and policy direction in relation to:

- targets for delivering more wheelchair, accessible and specifically designed homes
- mechanisms to enable existing homes to be adapted to meet the changing needs of households via the Scheme of Assistance and the investment programmes of social landlords

- need for specialist housing provision across key client groups
- the delivery of preventative housing support services to promote independent living
- maximising the use of technology enabled care in homes across Highland.

Informed by analysis of the main issues and housing system drivers, LHS Priority 2 focuses on '**improving health and wellbeing outcomes by investing in housing solutions which enable everyone to live independently**' in Highland by:




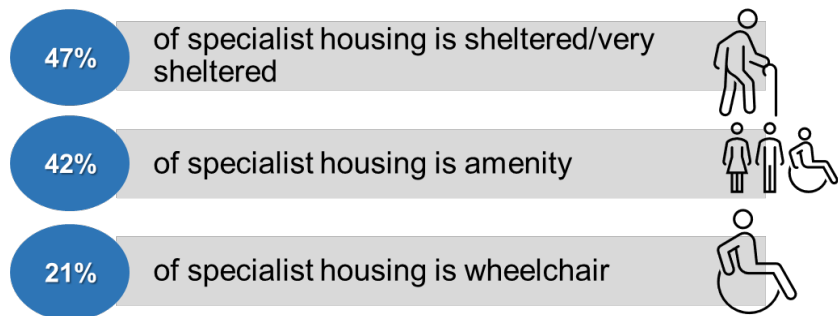
Chapter 6 sets out the evidence base and outlines what Highland Council and partners are doing to address the main challenges in improving health and wellbeing through investment in housing solutions. It concludes with LHS priority actions for partnership, investment and delivery activity.

6.1 LHS Priority 2: What’s our Starting Point?

A detailed briefing which sets out the housing system evidence underpinning LHS Priority 2 can be accessed here: https://youtu.be/F5Q1oJi_O7A.


LHS analysis suggests that the key issues which drive the need for housing solutions which improve health and wellbeing in Highland are as follows:

Specialist housing needs profile

 There are 3,995 units of specialist housing held by social landlords across Highland representing just over 9% of the total social housing sector stock. Over 80% of specialist housing units in the region are provided by Registered Social Landlords with almost 50% comprising sheltered housing for older people.



Information from the Highland Housing Register suggests that on average 68 sheltered housing properties were allocated last year.

Over and above this, in 2021/22, 56 wheelchair applicants were allocated housing and 253 amenity housing applicants were also allocated a suitable home. Given the limited supply of accessible and wheelchair accessible homes in Highland, Highland Council have adopted a person-led approach to delivering positive housing outcomes for households with health conditions and disabilities. This involves reallocating existing adapted or adaptable housing to enable households who require amenity or wheelchair housing to remain in the community they prefer.

Specialist housing requirements

 The Highland Housing Register identifies applicants with particular needs and health-related conditions which can be adversely affected by their housing circumstances. As of March 2022, there were over 9,000 people on the housing waiting list. Of these, there are 121 applicants seeking wheelchair housing and a further 683 level access housing with the majority seeking Inverness as their preferred area.

There is evidence of housing pressure for wheelchair and level access housing across Highland with 2.6 applicants for every wheelchair home that becomes available. Therefore, the pressure ratio for amenity housing is 1 home available to let for every 2.6 applicants.

As part of the 2022 LHS Survey, local residents were asked to list their top 10 housing challenges for Highland. 64% of respondents thought a “lack of accessible housing options for people with health problems or disabilities including

wheelchair, sheltered or adapted housing” was a top 10 challenge.

In 2019, the Scottish Government issued guidance to all local authorities requiring them to confirm LHS targets to support the delivery of more wheelchair accommodation across all tenures. Highland’s SHIP 2021-25 did not include a wheelchair target as the expectation was that this will be informed by the refresh of the LHS. Whilst the SHIP acknowledges the difficulty in setting targets, applying a 3.5% target to the SHIP total of c.500 units per annum, would deliver 18 wheelchair properties each year over the life of the LHS.

The Highland Health and Social Care Strategic Plan and Housing Contribution Statement under development will set out the future commissioning framework for households with complex care needs. The preferred delivery model in Highland is core and cluster accommodation. Housing will therefore be central to developing appropriate provision to meet the needs of a range of client groups as those of accommodation based support staff.

Housing for older people



Despite a slight overall decline in population between 2018 and 2043, the population of older people in Highland is expected to substantially increase over this period. Projected increases over the next decade suggest that households over 65 will increase by 16% with households

over 85 by 31%. This will inevitably lead to an increasing demand for housing or housing support services to enable

older people to live independently at home over the next 10-20 years.

The projected increase in older people is expected across all Housing Market Areas in Highland. With just 68 sheltered homes available for let in an average year, this increase in population raises the question of whether it will be necessary to develop new accessible housing as well as increases in the provision of adaptations to enable improved health and wellbeing outcomes.

The Strategic Health and Social Care Plan under development will focus on understanding and meeting the needs of older people in Highland, defining the shape and profile of future services which will best meet service users’ needs. It will set out the approach to commissioning services, acknowledging that housing and housing related services are integral to promoting the health and independence of people with care needs. Key housing priorities to support improved health and wellbeing outcomes for older people include:

- building all affordable houses to ‘Housing for Varying Needs’ standards and enhanced whole-life design features
- improving access to adapted housing by enabling re-use of adapted properties
- improving equipment and adaptations processes, speeding up assessment and installations
- supporting the roll out and implementation of telecare/telehealth services

- reviewing the use of and access to sheltered housing/related accommodation.

Aids and adaptations



As the population ages there is a likelihood of demand on care services increasing along with a potential need for housing to be adapted to support households to carry on living independently. Investment in aids and adaptations makes a significant contribution to ensuring that households

with health conditions and disabilities can live well in their own homes for as long as possible.

Highland Council and RSLs provide property aids and adaptations to improve the accessibility and suitability of tenants' homes. In the last financial year (2021/22) Highland Council and locally based RSLs spent £1.3M on aids and adaptations in the social housing sector.

Average times to complete adaptations vary across locally operating social landlords but average at around 75 days in 2021/22. This is higher than the Scottish average for 2021/22 at 54 days.

Highland Council has a Scheme of Assistance to help private sector homeowners and tenants to receive assistance with disabled adaptations and repairs and maintenance to their properties. Highland Council's Scheme of Assistance provides information on the assistance the Council can provide in relation to repairs, maintenance and adaptations in private sector housing. Priority is given to essential adaptations for people with disabilities.

Since 2017, £7.7M of funding has enabled 1,604 households to have disabled adaptations carried out to their homes across Highland. In 2021/22, £1.4M of funding enabled 276 households to carry out adaptations across Highland.

Assistive technology



From 2010 to 2017 there has been some shifts in the requirement for Home Care Services across Highland with a decline evident from 2015 onwards bringing Highland into line with the Scottish average number of home care clients aged 65+ per

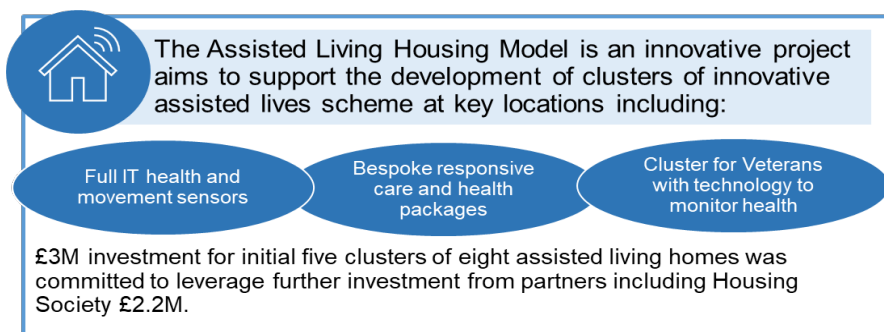
1000 of population.

In recent years there is a growing population of households receiving care and support services to enable them to remain at home. Over the last three years, the number of households receiving care at home has increased in every category including Homecare, Telecare and Personal Care. The largest population of service users are those using telecare services. The evidence would suggest that telecare/telehealth services are increasingly important in supporting frail elderly households in Highland with 75% of services users being aged 75+.

3,200 households in Highland receive telecare services with a further 1,830 receiving home care services.

The Inverness & Highland Growth Deal includes an innovative assistive living pilot which aims to support households with frailty, care and support needs to live independently in the communities they prefer. The Highland

Growth Deal is supporting the development of technology in 32 Fit Homes across Highland Region.

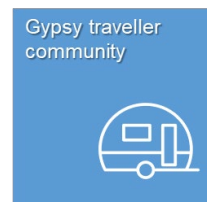


Albyn Housing Society's Fit Homes initiative piloted the development of 16 adapted homes, supported by sensor technology to analyse and predict behaviour patterns that can identify risk to a carer or family member. Since this successful pilot, Albyn was awarded £3.2m through the Inverness and Highland City Region Deal programme to develop another 32 homes and retrofit the sensor technology to other vulnerable households. As well as approximately £0.3m to further develop the sensor through the Knowledge Transfer Partnership. This pilot is testing the capacity of FIT homes to:

- utilise data to predict and prevent behaviours that may put a tenant at risk, accessible by carers and families
- enable people to live at home independently longer
- test ambient, physiological and building sensors
- are accessible, adaptable and digital in housing design

- are targeted at people who require support to sustain their tenancies.

The original customer group has now been expanded to include people leaving institutional settings as well as elderly, and those with life limiting diseases.









The Council retains a statutory duty to assess the housing and support needs of Gypsy / Travellers and to ensure that appropriate provision is made available.

Highland Council owns and manages four Gypsy Traveller sites providing a total capacity of 47 pitches. Many site residents are long-term tenants. Two of the sites have few vacancies and low turnover. In recent years, on average around 42 roadside encampments were reported to the Council which is a reduction from historic trends and in line with the national profile. Encampments are generally small in scale, typically 3 caravans or less.

Improving the lives and outcomes of Gypsy/Traveller communities is an equality outcome for Highland Council. The Council is currently working in partnership with the Gypsy Traveller Community to improve the standard of Council site provision including the redesign of sites to ensure compliance with fire spacing legislation and other enhancements. Over £6.5m has been awarded to Highland Council from Scottish Government funding for improvement and building works on the Longman Park site for 2022/23-2024/25.

6.2 LHS Priority 2: What do Residents, Partners and Stakeholders Think?

Informed by resident feedback and housing system analysis, partners and stakeholders came together to define the major barriers that should be overcome in the Highland LHS to provide housing solutions that improve health and wellbeing outcomes. Key local challenges which drive the need for future partnership, investment and delivery activity include:

<p>Key issue: </p> <p>The need to join up strategic priorities and planning across commissioning and delivery partners in housing, health and social care services including the development of a Housing Contribution Statement</p>	<p>Key issue: </p> <p>Formalising and developing information sharing arrangements across all partners should enable development of a robust evidence base to inform planning to meet future need for specialist housing provision and preventative housing services</p>	<p>Key issue: </p> <p>Major concerns about capacity within the Highland care sector to deliver the required support services. Future approaches to support independent living will require innovative and creative solutions</p>
<p>Key issue: </p> <p>Tackling the lack of housing choice across all tenures for people who have a need for accessible housing, particularly those currently living in unsuitable housing</p>	<p>Key issue: </p> <p>The need to increase the supply of accessible and wheelchair housing across Highland including the development of wheelchair housing targets in the Local Development Plan</p>	<p>Key issue: </p> <p>The need to ensure digital solutions are embedded and used to best effect across all client groups, particularly technology enabled care</p>

6.3 LHS Priority 2: Our Actions

Partners and stakeholders co-produced a range of options and ideas to proactively address the challenges associated with improving health and wellbeing outcomes by investing in housing solutions which enable independent living. The following actions are key priorities established through option appraisal with the full list of Priority 2 actions detailed in Chapter 10:



Improve strategic joint planning, commissioning and partnership across housing, health and social care partners through contributing to the development and implementation of a Housing Contribution Statement



Review use of and access to older persons housing and consider future options



Consider how Local Development Planning policies can support the delivery of wheelchair and accessible housing, including the setting of wheelchair housing targets across all tenures



Improve access to existing adapted housing by improving stock information and developing ways to enable re-use of adapted properties



Examine the role of core and cluster models for mixed client groups to maximise the impact of supported housing options and agree on preferred models and client groups most in need



Develop data arrangements to create a joint evidence base across housing and NHS Highland that will help to assess current and future specialist housing requirements at both Highland and local levels



Review and evaluate the use of assistive technology that enables people with particular housing needs to live independently and well at home



Ensure effective and consistent mechanisms in place to access, assess and progress adaptations across all tenures in Highland

7 LHS Priority 3: People in Highland have access to a wider range of housing options and choices and the support they need

The Local Housing Strategy (LHS) provides the overarching framework to mitigate the impact of housing affordability pressures on the ability of local households to access suitable housing options. It sets out housing's role in improving housing choice across all housing tenures and the LHS contribution to tackling child poverty.

The LHS also provides the framework for the further development of the Council's Rapid Rehousing Transition Plan (RRTP), building on national principles which seek to transform the delivery of homelessness services across Scotland.

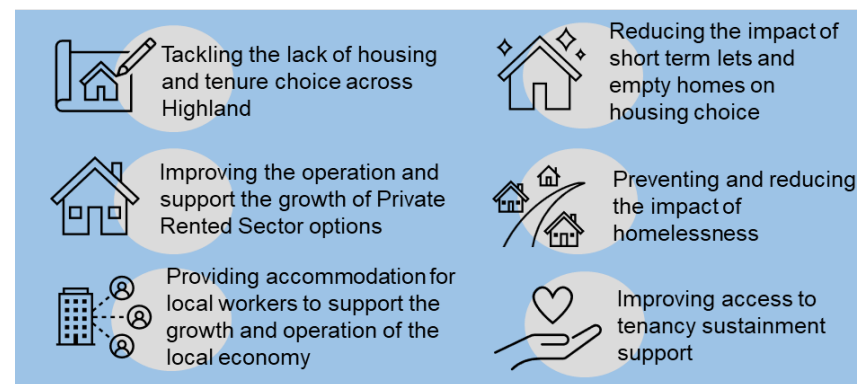
Tackling and preventing homelessness is an ongoing housing priority both nationally and in Highland. Ensuring local households have good awareness of housing options and are empowered to find the right home to meet their needs is at the centre of a proactive and preventative model of improving housing access. In Highland this also means finding opportunities to extend the range of housing options and choices available where they may be limited, including in remote and rural areas.

Equally, enabling households to keep their current home through the provision of person-centred housing support services is at the heart of LHS ambitions around improving housing sustainment and independent living.

Furthermore, the LHS is required to provide evidence and policy direction in relation to:

- improving the range of housing tenures and accessibility of housing options
- supporting the growth, development and operation of the private rented sector
- delivering preventative housing information, advice and assistance within a preventative housing options framework
- providing support services, which meet housing and underlying needs to enable housing sustainment
- improving housing affordability and enhancing housing's role in tackling child poverty.

Informed by analysis of the main issues and housing system drivers, LHS Priority 3 focuses on **'providing a wider range of housing options, choices and support'** by:

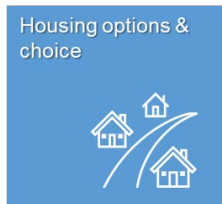


Chapter 7 sets out the evidence base and outlines what Highland Council and partners are doing to address the main challenges in providing accessible and sustainable housing options and choice. It concludes with LHS priority actions for partnership, investment and delivery activity.

7.1 LHS Priority 3: What's our Starting Point?

A detailed briefing which sets out the housing system evidence underpinning LHS Priority 3 can be accessed here: <https://youtu.be/cclcFAEwKok>

LHS analysis suggests that the key issues which drive the need for action, investment and partnership to improve the range of accessible and sustainable housing options in Highland is as follows:



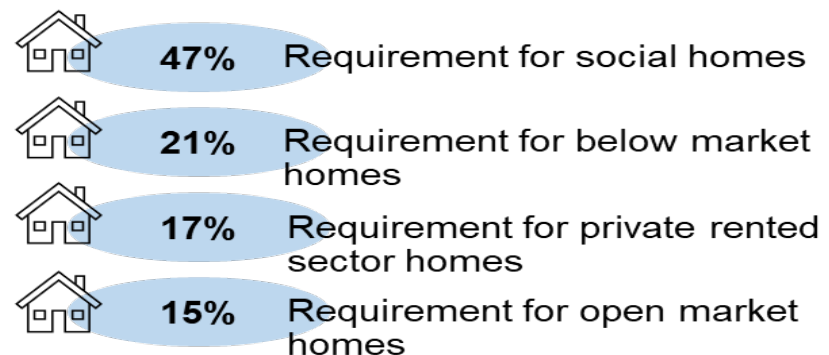
The housing system in Highland is dominated by owner occupation with a higher proportion of homes in this tenure (63%) than is the case nationally (59%).

The scale of home ownership in Highland potentially limits the range of housing options available to meet housing need. Furthermore, it could be the case that a more limited range of affordable housing options in the Highland area is driving housing affordability pressures at a local level. Indeed, there are clear pressures on the availability of affordable housing in the region. Analysis of the Highland Housing Register in 2022 reveals that 2,033 affordable homes became available to let in 2021/22, 10% of

the total affordable Highland housing stock. For every let that became available, 4.6 applicants were waiting. In some Housing Market Areas pressure ratios for affordable housing are as high as 15:1.

A survey of local households to inform Local Housing Strategy priorities reveals that limited housing options are a concern for many households.

Based on the application of the affordability calculation, future housing estimates from the 2021 Housing Need & Demand Assessment (HNDA) identified need for a more diverse range of housing tenure options. This includes more homes in the private rented sector and in intermediate housing tenure such as shared ownership, shared equity and mid-market rent as follows:



Tenure diversification and the growth of the intermediate housing sector is an important consideration in the new LHS.



The private rented sector in Highland is smaller (12%) than is the case for Scotland (14%) but plays a key role in meeting housing need locally. Evidence from the 2021 HNSA suggests the private rented sector has grown over the last 20 years by 2.6%. There are currently approximately 12,900 properties currently registered under the Private Landlord Registration Scheme in Highland.

Analysis of the Private Landlord and Council Tax registers held by Highland Council, shows that the Private Rented Sector is a key housing tenure in some housing market areas, accounting for 14% of all homes in Inverness and 12% in Badenoch & Strathspey, Nairn and West Ross.

There is evidence that the cost of private renting is out of reach for low income households in Highland. A household requires to earn up to £23.5k to be able to afford the average private sector rent if they devote 30% of their income to housing costs. This is significantly beyond lower quartile incomes in Highland (£18k) rendering private sector rents out of reach for low income households.

The Housing Need and Demand Assessment estimates that the private rented sector could meet up to 17% of the new homes required in the future. The delivery of more homes, offering a more diverse range of tenures could be an important aspect of LHS interventions to meet housing need. The role of Build to Rent developments by private developers and investors could play a role in increasing the private rented

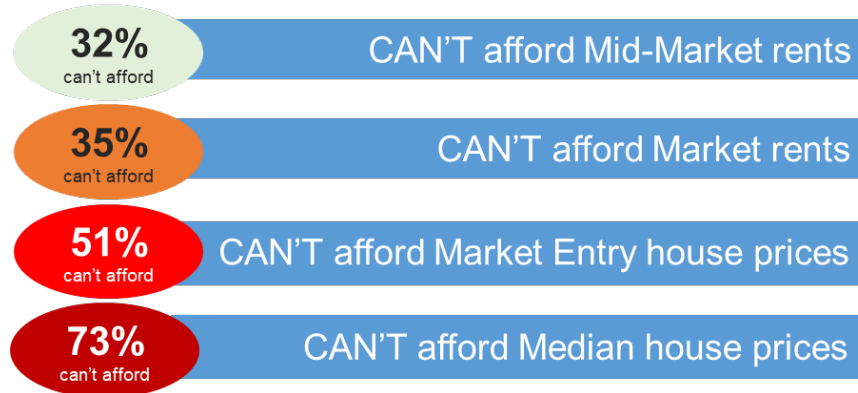
sector across Highland aligned to economic development strategies. Equally, the delivery of more mid-market rent options by social developers could increase the supply and range of affordable options in the rented sector.



Analysis of housing affordability in Highland reveals there are clear affordability pressures locally, particularly for those on low household incomes. A significant proportion of households in Highland (38%) earn less than <£25,000 per annum despite average incomes which are 3% above the Scottish average.


Whilst social housing rents are affordable to more than 80% of households in Highland, social housing is only available to roughly 18% of local households.

As part of the insight to inform the LHS, the Council carried out housing affordability analysis to test the value of local incomes to meet housing costs across a range of housing tenures. The analysis demonstrates the affordability pressures faced by local households when devoting 30% of household income to housing costs. The proportion of local households who cannot each tenure is as follows:



Up to 70% of households in Highland cannot afford to purchase a home at the midpoint of the market. This makes meeting housing need extremely challenging given that owner occupation accounts for 63% of all homes in the area. 16% of households cannot afford Highland Council rents without assistance from housing benefit, universal credit or other forms of welfare benefit support.

Empty homes and short term lets




7% of dwellings in Highland are ineffective, i.e. either empty or second homes, which is significantly higher than the rate for Scotland (4%). Almost 4% of homes are empty, with 3% of dwellings second homes. In four Housing Markets areas, ineffective housing stock accounts for more than 10% of all homes.

Bringing empty homes back into use provides key opportunities to enhance housing options in the private rented

sector. Furthermore, investing in long term empty properties not only increases the supply of local housing but improves condition of housing stock and helps to regenerate communities.

Since the growth of the short term let sector a decade ago, the impact on Scotland's economy, tourism sector, housing sector and communities has been substantial. In 2020, the Government announced that it intended to establish a licensing scheme for short-term lets to be implemented by local authorities by April 2023. Furthermore, discretionary planning powers enabling local authorities to designate short-term let control areas came into effect in 2021. Highland Council are currently establishing a Short-term Let Control Area across Badenoch and Strathspey, as a way to address local housing pressures.

Housing for local workers



During late 2021 and early 2022 a programme of research studies were commissioned to explore the impacts of a lack of affordable housing on local businesses in the Highlands and Islands. Over 400 businesses took part in the surveys across Badenoch & Strathspey, Lochaber and Skye & Lochalsh.

The research, commissioned by Highland and Island Enterprise, Lochalsh & Skye Housing Association, Skye Connect and Highland Council, estimated that during 2022 around 3,000 positions will be difficult to fill due to housing/accommodation issues.

Furthermore, 42% of businesses state that the lack of accommodation is having an impact on their efforts to recruit and retain permanent staff, with a further 39% of businesses expressing negative impacts in relation to seasonal staff.

Knock on impacts of a lack of accommodation for local workers include economic decline as businesses are forced to operate below levels of demand, negative impacts on the visitor experience, a loss of essential services and a longer term erosion of local communities and culture. In the context of the ambitious economic development strategy for the Highland region, housing will make a significant contribution to attracting and retaining Highland’s workforce.



In 2021/22, **1,230** households made applications for assistance under the homeless legislation in Highland, up 12% on the previous year. On average over the past 5 years, 1,185 households made homeless applications in the Highland region.

The majority of homeless applicants are aged between 25-59, with 46% being female and 54% male. Almost 1 in 5 homeless applicants in Highland (8%) have experience of sleeping rough, which is higher than the rate for Scotland (6%).

In Highland, 96% of all homeless applicants are assessed as unintentionally homeless and in priority need. This is notably

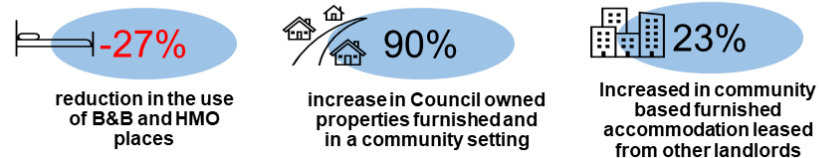
higher than the proportion of unintentionally homeless applicants in Scotland (81%).

Over 50% of reasons for failing to maintain accommodation in 2021/22 were ‘not to do with the applicant’. This shows that in most cases homelessness is not due to any specific factor or underlying issue and can be resolved by access to settled housing without additional support or professional interventions.

Currently, there are 808 units of temporary accommodation across Highland. In 2021/22 the average length of stay in temporary accommodation was 49 weeks. This is substantially higher than the Scottish average (30 weeks).

Historically the Council has relied on privately rented single rooms or bed and breakfast type shared accommodation, with less than a third provided through the Council’s own stock. The Council’s long-term strategy for temporary accommodation is to increase use of self-contained, furnished Council or Housing Association property, and reduce reliance on private sector properties. This includes increasing the use of Council furnished accommodation by 50 units a year over the next 5 years (total 250 units).

Since the transformation of temporary accommodation began in 2017 the following results have been achieved:



Prevention is the cornerstone of the Rapid Rehousing model in Highland. The review of Homelessness Services in 2022 has led to the design of a framework to prioritise

homelessness prevention including work to improve housing options and advice, support and practical assistance to those at risk of housing crisis.

In December 2021, Highland Council was allocated £1.2M from the Homelessness and Response Funding Allocation for 2022/23. Building on these resources, the RRTP prioritises a number activities and workstreams to build a proactive, person-centred approach to homelessness prevention including:

1. Housing options advice
2. New pathways to settled housing
3. Private sector housing initiatives
4. Housing support
5. Tenancy sustainment and resettlement

Housing support & sustainment



Up to 75% of homeless applicants in Highland have no identified support needs, which is higher than with the homeless population with no support needs in Scotland (52%). This group simply require access to settled housing to resolve their homelessness. For the 25% who do have support needs, a further 17% have low level support needs (i.e. 1 identified need) which (if required) could be met by visiting support services.

On average over the last 3 years, approximately 8% of homeless households have presented with moderate to high







support needs and have required housing support to ensure that a lasting, sustainable outcome is achieved in settled housing. The most common housing support needs include mental health conditions (experienced by 1 in 3 homeless households with support needs), followed by a lack of independent living skills faced by 28%.

Short-term housing support is important to help reduce homelessness and increase tenancy sustainment. There is a legal requirement to assess and provide short-term housing support where needed for all homeless and potentially homeless people.

Currently there are, around 470 households receiving short-term housing support at any one time. This includes around 10 people in specialist supported accommodation services.

7.2 LHS Priority 3: What do Residents, Partners and Stakeholders Think?

Informed by resident feedback and housing system analysis, partners and stakeholders came together to define the major barriers that need to be overcome in the Highland LHS to improve the range of housing and support options and choices. Key local challenges which drive the need for future partnership, investment and delivery activity include:

<p>Key issue: </p> <p>People in Highland are unable to afford rural living with housing options limited due to the increase in short-term letting. Measures to consider short term let controls should be pursued</p>	<p>Key issue: </p> <p>The overall lack of housing supply underpins a lack of housing choice. Delivery of a wider range of housing options should be explored including build to rent, self-build, mid-market rent, low-cost home ownership and shared equity</p>	<p>Key issue: </p> <p>The Council should enhance investment in bringing empty homes back into use</p>
<p>Key issue: </p> <p>The ability to attract and retain key staff such as NHS workers, Police, care and support staff is a major challenge. Opportunities for partnership working with major/public sector employers to deliver key worker housing should be explored</p>	<p>Key issue: </p> <p>Homelessness prevention activity and early interventions should be prioritised through a multi-agency approach that maximises the impact of frontline resources to provide advice, assistance and support</p>	<p>Key issue: </p> <p>Considerable challenges exist across Highland in relation to accessing housing support services particularly in remote and rural areas with clearer pathways for at risk client groups needed</p>

7.3 LHS Priority 3: Our Actions

Partners and stakeholders co-produced a range of options and ideas to proactively address the challenges associated with improving access to a wider range of housing and support options across Highland. The following priority actions have been identified to enable the Council and partners to deliver LHS Priority 3 Outcomes over the next 5 years:



Partners contribute to successful delivery of Highland's Rapid Rehousing Transitions Plan to reduce number of people who are homeless and time spent in temporary housing



Partners across Highland work together to develop responsive services in relation to homelessness prevention 'Ask and Act' agenda



Increase the range of affordable and accessible housing options in Highland, tailoring solutions to the housing need profile in each Housing Market Area



Review and redesign the rent deposit scheme in partnership with landlords and letting agents



Provide advice and support to major and public sector employers to test feasibility of developing accommodation for their employees to improve recruitment and retainment of staff



Continue to build on identified priorities and extensive work already completed in relation to bringing empty homes back into use



Continue to develop housing, support and wellbeing options through delivery of the Rapid Rehousing Transition Plan

8 LHS Priority 4: Partnership and innovation builds capacity in Highland so that housing condition and energy efficiency improve and all homes to move towards net zero

The Local Housing Strategy (LHS) provides the strategic framework for improving the quality and energy efficiency of homes across Highland, driving improvement in housing induced poverty and proactively tackling fuel poverty.

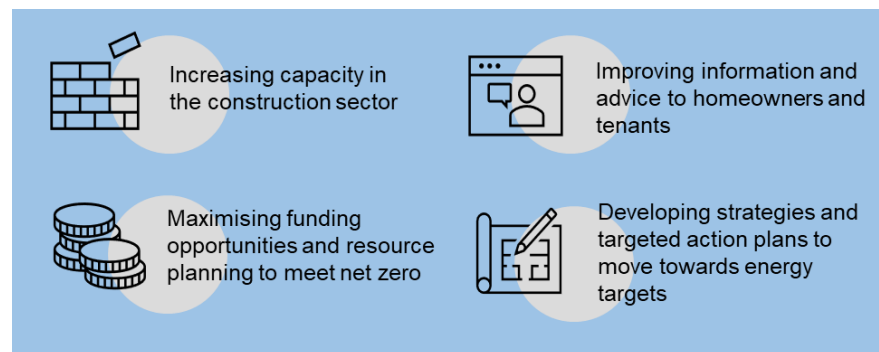
The LHS has a significant role to play in enabling the Highland region to meet the ambitious energy efficiency, climate change and housing quality targets set by the Scottish Government. It sets out how affordable warmth can be delivered through investment in housing condition and energy improvements; and details key partnership approaches for reducing domestic carbon emissions. The LHS also details the framework for improving the condition and quality of housing across all tenures, setting out the mechanisms and support to enable private landlords and homeowners across Highland to invest in repair and maintenance.

Aligned to improving housing condition, energy efficiency and reducing carbon emissions, the LHS is required to provide evidence and policy direction in relation to:

- the strategy for delivering energy efficiency standards including the Energy Efficiency Standard for Social Housing (EESH2) and targets for private sector homes in the Heat and Buildings Strategy

- delivering affordable warmth and driving housing's contribution to climate change
- improving the condition of all homes by meeting housing quality and repairing standards
- supporting private owners and landlords to invest in housing repair and maintenance through the Scheme of Assistance
- reducing the carbon emission of homes across Highland.

Informed by analysis of the main issues and housing system drivers, LHS Priority 4 focuses on **'building capacity to improve housing condition, energy efficiency and reduce carbon emissions'** in Highland by:




Chapter 8 sets out the evidence base and outlines what Highland Council and partners are doing to tackle housing condition, poor energy efficiency and housing related carbon emissions. It concludes with LHS priority actions for partnership, investment and delivery activity.

8.1 LHS Priority 4: What's our Starting Point?

A detailed briefing which sets out the housing system evidence underpinning LHS Priority 4 can be accessed here: <https://youtu.be/wAs0G-5649c>


LHS analysis suggests that the key issues which drive the need for action, investment and partnership to improve housing condition, energy efficiency, and reduce carbon emissions in Highland are as follows:

Stock condition & housing quality



There are approximately 121,000 residential homes across Highland to meet the needs of the local population. Highland has fewer older homes than the Scottish average, with 23% of Highland homes built before 1945 compared to the average for Scotland at 30%.

Below tolerable standard (BTS) and urgent disrepair levels in Highland is around the Scottish average. However, the percentage of dwellings in disrepair is substantially higher in Highland than is the case nationally.


The Scottish Housing Condition Survey 2017-2019 survey reveals:	
	2% of all dwellings in Highland are below tolerable standard in line with the Scottish average
78% of Highland dwellings are in disrepair. This is 7% higher than the Scottish average	
16% of Highland dwellings are in urgent disrepair. This is 12% lower than the Scottish average	

As of 31 March 2021, 76% of Highland Council's stock met the Scottish Housing Quality Standard, with the Scottish

average 73%. Compliance with the standard dropped in 2020/21 due to the publication of technical standards on EESSH.

Highland Council's Scheme of Assistance (SoA) sets out the means by which the Council will provide advice, information and assistance to homeowners, eligible tenants and disabled occupants living in private sector housing. The aim of the scheme is to help improve quality, and to help meet the needs of disabled occupants of private sector housing stock in Highland with adaptations. Of the 276 Scheme of Assistance grants awarded in 2020/21, the vast majority (265) were for disabled adaptations with 11 grants (totalling £76k) providing other assistance with disrepair and maintenance. Over 1,300 households were provided with non-financial assistance including advice and home visits.

Fuel poverty



The Scottish Housing Condition Survey of 2017-19 reveals that 33% of households in Highland are estimated to be fuel poor compared to 24% in Scotland. Furthermore, 22% are estimated to be in extreme fuel poverty in Highland compared to 12% nationally.

Highland has a higher rate of fuel poverty across every housing tenure than the Scottish average with older people experiencing greater fuel poverty than other household types.

The Sutherland Affordable Warmth Survey November 2021 was commissioned by Sutherland Community Planning

Partnership who recognised the evidence of the scale of fuel poverty in the area as well as its impact on local residents. Evidence gathered will be used to develop ways of ensuring people in Sutherland get practical help and support to keep their homes warm by accessing short-term projects run by third sector organisations and energy advice agencies. Evidence from the Sutherland Fuel Poverty Report suggests that the main drivers of fuel poverty in Highland are an absence of mains gas, low household incomes, the energy efficiency of existing dwellings and the price of fuel.

Recommendations arising from the research suggest that interventions to tackle the fuel poverty should include:

- Developing a collaborative and supportive approach to challenges
- Recognising requirements within Scottish Government's Fuel Poverty Strategy 2021
- Making best use of existing resources
- Developing and implementing rural-proof support mechanisms
- Maximising problem solving opportunities to deliver added social, economic and health benefits.

Energy efficiency



Home Energy Efficiency Programmes for Scotland (HEEPS) is the Scottish Government initiative to tackle fuel poverty and increase energy efficiency in homes. HEEPS is a cluster of programmes currently including:

- Area Based Schemes (ABS)
- Warmer Homes Scotland
- Home Energy Scotland Loan Scheme

From 2013/14 to 2018/19 Highland has been awarded £14M in grant funding for HEEPS programmes and has spent £10.4M on energy efficiency measures. Furthermore, in 2019/20, 110 measures were delivered through ECO funding mechanisms.

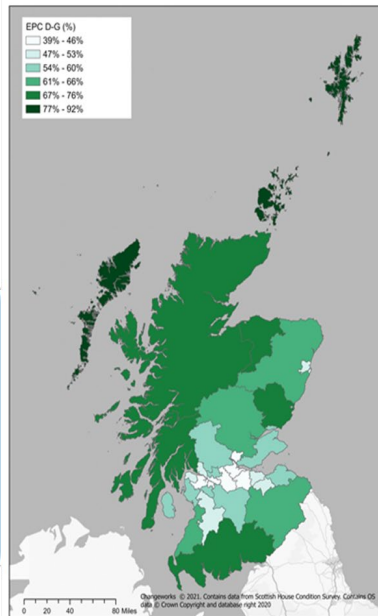
Delivering a renewable energy programme and implementing energy efficient practices which reduce carbon emission, energy costs and generate income is a corporate planning priority in Highland and the Local Housing Strategy provides an opportunity to demonstrate how housing will contribute to achieving this ambition across the region.

The Scottish Government's Heat in Buildings Strategy, published on 7 October 2021, outlines a pathway to net-zero emission homes and buildings by 2045. The Strategy includes an overarching ambition for all homes to achieve at least EPC band C by 2033 where feasible and cost effective. The second EESSH2 milestone is that all social housing will meet EPC B or be as energy efficient as practically possible by 2032 and the Scottish Government has a Social Housing Net Zero fund that will assist social landlords to meet some of the costs associated with this target. In addition to this, by 2030 the vast majority of off gas homes that use high emission oil, LPG and solid fuels will have to convert to zero emission heating.

The following map, produced by Changeworks, shows the extent and distribution of cold homes across Scotland, with Highland estimated to have between 67 and 76% of properties with an EPC rating of D or lower. From the latest Annual Return on the Charter, of the 52% of the Council's existing stock with a valid EPC, just 7% of this stock meets the EPC rating of B.

Changeworks estimate...
67-76% of all Highland homes have an EPC rating of D or lower

Charter data reveals:
52% of Highland Council stock had a valid EPC certificate as at 31 March 2021
7% of the 14,645 Highland Council homes had an EPC certificate with a rating of B or above



Almost 30% of all Highland's CO2 emissions are estimated to come from the domestic sector. Since 2005, there has been a 3% reduction in the emissions from domestic electricity in Highland with emissions from other domestic fuels remaining fairly static over the same

period. Renewable electricity installation will have been a contributing factor on lowering CO2 emissions. Highland's renewable electricity installations mostly come from photovoltaics.

As set out in the Regional Spatial Strategy for Highland, an ambitious approach to decarbonisation is at the heart of creating a successful economy and resilient, sustainable places and communities.

Indicative Spatial Strategy Vision

By 2050, Highland will be an exemplar carbon action region by optimising its unique, rich and diverse assets to lead national emissions reduction targets.

This will maintain and enhance Highland's role as a global centre of excellence for renewable energy innovation and generation and one of the most attractive sustainable leisure, recreation and tourism destinations in the world.



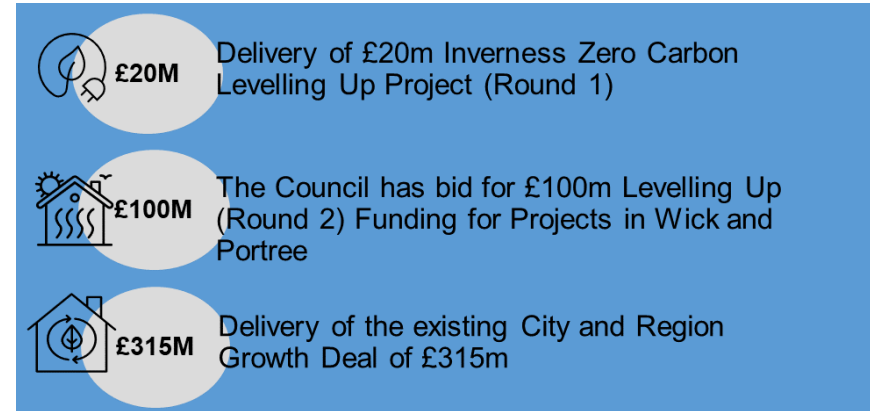
Highland communities will function as networks of locally resilient and self-supporting places with equality of access to housing, education, healthcare, work, food, energy, transport, culture, recreation, leisure and virtual connections.

Following a phase of pilot projects, all local authorities in Scotland will have a statutory duty to develop a Local Heat and Energy Efficiency Strategy (LHEES) and an associated

Delivery Plan by 31 December 2023. The Heat in Buildings Strategy published in October 2021 sets out a detailed description of what LHEES are expected to include and commits to publishing LHEES for all local authority areas by the end of 2023. The preparation of the Highland LHEES will help identify the most appropriate approaches to low carbon heat in different areas (e.g. some areas are better suited to heat networks and others to heat pumps) and help phase the delivery of the plan.

Current work is underway to pilot scenarios to identify energy efficiency measures and heat decarbonisation measures across the domestic building stock to assess technical, financial and regulatory impacts alongside funding availability and fuel poverty impacts.

Highland Council and partners are actively seeking economic investment from both the public and private sectors for decarbonisation projects. Key decarbonisation projects include:



Furthermore, Highland Council are currently working up proposals for potential Levelling Up Round 3 funding and working alongside the Scottish Cities Alliance to attract private investment into affordable housing projects and a variety of zero carbon initiatives.

8.2 LHS Priority 4: What do Residents, Partners and Stakeholders Think?

Informed by resident feedback and housing system analysis, partners and stakeholders came together to define the major barriers that need to be overcome in the Highland LHS to improve housing condition, energy efficiency and carbon emissions. Key local challenges which drive the need for future partnership, investment and delivery activity include:

<p>Key issue:</p> <p>There are challenging energy efficiency and net zero targets to be met alongside other strategic investment priorities and resource commitments</p>	<p>Key issue:</p> <p>Existing construction sector capacity is insufficient to meet requirements to deliver LHS ambitions on housing quality and energy efficiency and there is a need to increase capacity going forward</p>	<p>Key issue:</p> <p>There is a need to develop and implement strategies and detailed action plans that will help Highland achieve delivery of the Local Heat & Energy Efficiency Strategy</p>
<p>Key issue:</p> <p>There is a need to improve information and advice to homeowners and tenants to encourage engagement and participation in programmes that will improve property condition and affordable warmth</p>	<p>Key issue:</p> <p>Highland Council and partners will require to maximise funding opportunities and improve resource planning to support implementation of net zero from a residential housing perspective</p>	<p>Key issue:</p> <p>There is a need to improve knowledge and expertise in testing deliverable solutions and mitigate funding constraints that will address property condition and energy efficiency challenges</p>

8.3 LHS Priority 4: Our Actions

Partners and stakeholders co-produced a range of options and ideas to proactively address the challenges associated with delivering quality homes with affordable warmth and lower carbon emissions. The following priority actions have been identified to enable the Council and partners to deliver LHS Priority 4 Outcomes over the next 5 years



Work collaboratively with the construction sector to give confidence of pipeline work to support workforce planning and business investment



Support rural and island communities to develop construction and maintenance skills and develop local approaches to retrofit/construction projects



Develop and deliver a Highland Local Heat & Energy Efficiency Strategy (LHEES) in partnership with owners and landlords across the region



Undertake integrated asset management reviews of social housing stock to ensure investment is targeted at best value options and consider selective demolition proposals to tackle failing or low demand housing



Pursue a more collaborative approach to retrofitting across the housing sector in Highland by sharing innovation and jointly developing projects to secure procurement benefits



Proactively target fuel poverty advice to households experiencing financial hardship as a result of the cost of living crisis



Develop and deliver implementation plans for achieving the Energy Efficiency Standard for Social Housing (EESH) in all homes where this is technically feasible

9 Delivering Local Housing Strategy Outcomes

9.1 LHS Implementation Framework

The delivery framework for each Local Housing Strategy (LHS) Priority has been developed into a series of detailed Action Plans which set specific timescales, resources and partner responsibilities to guide implementation and provide a strong basis for monitoring LHS progress.

A range of LHS milestones have been developed to track change over time including baseline indicators and delivery targets. The LHS Action Plan therefore provides the framework for evaluating the impact of housing led activity, partnership and investment.

LHS Outcomes are best delivered through a strong partnership network. The LHS Delivery Group is a new mechanism to stimulate and co-ordinate this partnership activity based on the LHS Steering Group assembled to co-ordinate LHS development. The LHS Delivery Group includes partners from The Council's Housing Services, Planning Services, Economic Development, Landlord Registration and Environmental Health teams, Highlands & Islands Enterprise, Cairngorms National Park Planning Authority, NHS Highland, Communities Housing Trust and locally operating Registered Social Landlords including Albyn Housing Association, Cairn Housing Association, Caledonia Housing Association, Lochaber Housing Association and Lochalsh & Skye Housing Association.

The objectives of the LHS Delivery Group are as follows:

- to track progress and measure impact via the LHS Monitoring and Evaluation Framework
- to ensure that LHS outcomes are linked effectively into other strategic plans across Highland partnerships
- to consider investment priorities and maximise shared resources
- to exchange information and planning data
- to review outputs from housing related research and insight, making recommendations to inform LHS implementation.

The LHS Delivery Group will link into a number of existing partnership forums which plan, implement and deliver housing related investment and activity. The activity across this network will be coordinated by the LHS Delivery Group to ensure partnership, investment and collaboration maximise opportunities to deliver LHS outcomes.

9.2 Monitoring and Evaluation

The LHS evaluation framework will clearly set outcome targets for each LHS priority, together with the high level inputs, indicators and timescales that will underpin successful delivery. The LHS will be monitored annually against each Action Plan, to track progress and to enable remedial actions to be pursued to ensure milestones are achieved and seek assurance that services/partners are on track to deliver specific LHS workstreams.

LHS Action Plans will be reviewed annually by the LHS Delivery Group. In addition to strategic monitoring, partners will be responsible for monitoring the progress of related housing plans including the Strategic Housing Investment Programme, the Rapid Rehousing Transition Plan, the Housing Contribution Statement, and the Local Heat and Energy Efficiency Strategy.

9.3 Resources

This is an ambitious Local Housing Strategy with considerable investment required to deliver each LHS outcome. LHS delivery is set within a challenging economic period not only in the Highland region but across Scotland and the UK. This challenging financial and resource context is set against a backdrop of increasing need for housing services and demand for affordable housing. There is therefore a real need to ensure that LHS resources are maximised through partnership, innovation and targeting preventative activity over the next 5 years.

There are substantial resources dedicated to Local Housing Strategy activity in Highland, as outlined for each LHS Priority below.

Table 9.1: Main Resource & Funding Sources for each LHS Priority

Priority 1: Housing supply enables strong economic growth and creates resilient communities and places	Health & wellbeing outcomes improve by investing in housing solutions which enable everyone in Highland to live independently in the community they prefer	Priority 3: People in Highland have access to a wider range of housing options and choices and the support they need	Priority 4: Partnership and innovation builds capacity in Highland so that housing condition and energy efficiency improve and all homes to move towards net zero
Housing Revenue Account (HRA) Scottish Government Affordable Housing Supply Programme (AHSP) Council Tax 2 nd Homes Affordable Housing Policy Local Authority Borrowing Private Developers	Social Work Services Health and Social Care Partnership Funding National Health Services Funding Voluntary Organisations	Homeless Services Partnerships Private Sector Landlords Private Developers Scottish Land Fund Rural & Island Housing Fund Voluntary Organisations Scottish Government Rapid Rehousing	Scottish and UK Government Funding Initiatives Public Utilities National Health Service Funding Registered Social Landlord Funding Private Sector owners and landlords Private Sector lenders

Scottish Land Fund Rural & Island Housing Fund National Health Service		Transition Plan (RRTP) Funding	
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In addition to dedicated resources delivering LHS Outcomes, LHS implementation is supported by a wider resource framework of staff, land resources and the existing housing stock.

9.4 Affordable Housing Supply Programme

Highland’s affordable housing supply programme is supported by grant subsidy from Scottish Government’s Affordable Housing Supply Programme. The Scottish Government has allocated grant of £46.398 million to Highland to deliver the Strategic Housing Investment Programme for 2022/23. Investment of £240.117m has been confirmed as the Resource Planning Assumption for the 5 years covering 2021/2026. The council and its partners aim to deliver on average at least 500 units a year, of which 70% will be affordable rent and 30% for intermediate affordable housing and will seek to increase the levels of delivery should further funding opportunities arise.

Table 9.2 below provides details on the estimated investment in Highland Council’s new build council housing programme for the 5 year period 2022/23 to 2026/27.

Table 9.2: Highland Council Projected New Build Investment 2022-2027

Funding	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total
Scottish Government Grant	£14,400	£15,120	£15,876	£16,670	£17,503	£79,569
Land Bank	£2,240	£2,240	£2,240	£2,240	£2,240	£11,200
Borrowing	£12,160	£12,768	£13,406	£14,077	£14,781	£67,192
Total	£28,800	£30,128	£31,522	£32,987	£34,524	£157,961

Developer Contributions

Section 75 and other mechanisms are used, where justified, to secure developer contribution where there is a demonstrable need for affordable housing. In recent years, as a result of a less confident housing market, the SHIP has had to become less reliant on the Affordable Housing Policy to ensure sufficient levels of programming for the Council and other developing partners.

Council Tax Reserve Income from Reduction of Discount for Empty and Second Homes

Highland have funding available through income raised each financial year from the Council Tax levy associated with Empty Homes and Second Homes. This funding assists in supporting the delivery of the affordable housing programme including development loans, bridging finance and funding for land and infrastructure.

9.5 LHS Resource Projections

Lead partners have responsibility for meeting LHS resource requirements to deliver the LHS Outcome Actions, this includes the Scottish Government, Highland Council, local RSLs, NHS Highland as well as the independent and private housing sectors and other public bodies. Whilst it is difficult to predict the level of Scottish Government Funding to be allocated to local authorities over the next five years, the 2022/23 baselines position provides an indication of potential funding availability.

The General Fund position for Highland is outlined in Table 9.3 below. Of this funding, £218.5M is housing related expenditure over the next five years, including £22M for homelessness and temporary accommodation, £5.5M for supporting externally commissioned services, £186M for private sector housing including Scheme of Assistance funding and £4.3M supporting Care and Repair.

Table 9.3: Highland Council General Fund Expenditure 2022/23

Council General Fund Spend by Category	Total projected expenditure (2022/23) (£000)	Total projected expenditure 2022-2027 (£000)
Homelessness, Temporary Accommodation, Housing Support	£4,402	£22,010
Commissioned Services from External Providers	£1,100	£5,500
Private Sector Housing (including Scheme of Assistance)	£37,283	£186,415
Care and Repair	£1,444	£4,332
Total General Fund Housing Resources	£44,229	£218,527

Spending on housing services from the Highland Council Housing Revenue Account (HRA) is outlined in Table 9.4 below. Over the period of the new LHS, Highland Council is projected to spend approximately £411.2M, with nearly £312.7M on housing related services through revenue funding and £98.6M to be invested in stock improvement through capital funding.

Table 9.4: Project HRA Investment in Housing and Housing Services 2022/23

Highland Council	Expenditure Category	Total Projected Expenditure 2022 - 2027 (000)
Revenue	Housing management and maintenance	£312,675
Capital	HRA Mainstream Capital programme	£98,599
Total projected expenditure		£411,274

Combining these resources suggests that over the 5-year period of the LHS, Highland Council is projected to spend up to £870M on the delivery of housing and housing services in the region. Over and above this, the main social landlords operating in Highland will invest in both the delivery of new homes and housing services, as well as repair, maintenance and improvement of the social housing stock across Highland.

This scale of investment in housing and related services within Highland has a significant impact on the local economy, including employment in the public, private and independent sectors as well as the impact on the construction sector and related supply chain. The resource impact of Local Housing Strategy therefore stretches far beyond meeting housing need.

10 Delivering Local Housing Strategy Outcomes

The LHS Outcomes relate to the main housing issues which need action, investment and partnership over the next 5 years and have been co-produced with partners and stakeholders from public, private and independent sectors. A full option appraisal was undertaken as part of the LHS development process which systematically assessed and prioritised the actions required to deliver LHS Outcomes in terms of impact, equalities and maximising resources.

Full details of these LHS actions are detailed in the following Outcome Action Tables.

The Action Plan, activities and targets will be reviewed annually to ensure partners are able to respond flexibly to changes in need across the Highland region.

LHS Outcome 1: Housing supply enables strong economic growth and creates resilient communities and places						
Supporting National Priorities, Plans and Targets and links to Local Improvement Plan/Locality Plans and Local Authority Plan Outcomes: 2020 Highland HNDA, Planning Advice Note (PAN) 2/2010: Affordable Housing and Land Audits, Highland Local Development Plan, Scottish Planning Policy (SPP), ‘A Place to Stay, A Place to Call Home: a Strategy for the Private Rented Sector in Scotland’, Public Health Priority, Scotland’s National Performance Network, Creating Places –A Policy Statement on Architecture and Place for Scotland, Designing Streets, Green Infrastructure: Design and Placemaking, Planning Advice Note 77: Designing Safer Places, Community Empowerment Act 2015, Place Standard, Town Centre First Principle						
Action No.	Action(s) and Commitments for Outcome Delivery	Baseline	Indicator or Measure	Milestone	Target/End Point	Action Lead /Coordinator
1.1	Improve the ability to direct infrastructure delivery and investment by engaging utility partners to align, prioritise and co-ordinate housing and infrastructure investment	SHIP Housing Land Audit Current timescales for provision of utilities	Private and Social Housing Completions Length of time for utilities to be provided	<ul style="list-style-type: none"> Engage utility partners through development and implementation of working group to review planning and programming of utilities across partners and developers Set framework to agree priorities and timescales for infrastructure investment informed by LDP and SHIP programmes Contribute to development and implementation of policy framework for housing and infrastructure investment to support carbon neutral housing investment 		

1.2	Improve collaboration between public/private housing developers and economic development agencies to programme a long term housing, regional development pipeline and improve the speed of the statutory approval process	Current collaborations Current statutory approval timescales	Long term regional pipeline for housing Statutory approvals process improved	<ul style="list-style-type: none"> • Develop programme for consultation, engagement and collaboration between public and private developers and development agencies • Design data specification across public/private housing developers and economic development agencies • Coordinate data collection processes across public/private housing developers and economic development agencies • Assist with review of statutory approval process to improve timescales 		
1.3	Invest resources in community housing models and ensure place based approaches are the heart of partnerships to improve land assembly and development planning in collaboration with landowners,	Current investment levels Number of community housing model units	Increased investment Increased number of community housing model units	<ul style="list-style-type: none"> • Develop processes to enable collaboration across housing, health and the community housing trust network to develop community planning and place making processes • Identify requirements for community housing models in partnership with HSCP 		

	developers, funders, local communities and businesses			<ul style="list-style-type: none"> • Promote use of place based approaches to achieve shared outcomes • Encourage community led housing models and support partners and residents to assess their feasibility • Identify suitable collaboration opportunities to increase supply of community housing models 		
1.4	Contribute to the development of a coherent, multi-agency workforce strategy for the construction sector in Highland ensuring that skills attraction/development supports capacity for investment in new and existing homes	Existing strategies	Development of Multi-agency Workforce Strategy for construction sector	<ul style="list-style-type: none"> • Identify lead partner • Develop partnership to assist with developing and implementing a working group to oversee strategy development • Consult and engage with construction sector to establish workforce gaps, priorities and opportunities aligned to economic and skills development frameworks • Contribute to development of Multi-Agency Workforce Strategy for Construction Sector 		

1.5	Ensure housing makes a strong contribution to the repopulation of areas across Highland through economic development, area regeneration and low demand housing initiatives	Current low demand initiatives Current regeneration projects Population Numbers & Projections	Population Projections	<ul style="list-style-type: none"> • Assess options for community-led housing-led regeneration projects or renewal areas aligned to economic development priorities in each HMA • Coordinate joint planning structures to define and assess options for low demand housing and community led regeneration activity • Deliver impact appraisal of regeneration proposals • Develop and deliver regeneration masterplans across housing, planning, economic development agencies and infrastructure providers 		
1.6	Contribute to improving connectivity of our communities by encouraging investment in physical, social, digital and sustainable transport infrastructure	Current connectivity across Highland	Connectivity improved	<ul style="list-style-type: none"> • Carry out research to understand scale and requirements in relation to connectivity and digital inclusion • Carry out research to understand options and requirements in relation to sustainable transport 		

				<p>relative to current and new supply housing</p> <ul style="list-style-type: none"> • Contribute to develop/review Digital Strategy for Highland • Contribute to delivery of Regional Spatial Strategy for transport infrastructure aligning housing delivery plans where appropriate 		
1.7	Pilot new construction technologies and test delivery models for procuring, financing and developing housing to lower development costs and support volume delivery in a Highland context	Potential construction technologies	Pilots complete	<ul style="list-style-type: none"> • Engage with Construction Scotland Innovation Centre and the Scottish Futures Trust to investigate new construction technologies • Test delivery models in relation to procurement, finance and development • Identify potential pilot sites • Identify potential delivery partners to evaluate innovation 		
1.8	Deliver 2,918 affordable homes through the Strategic Housing Investment Programme (2022-27) taking a flexible approach to tenure	2,918 homes 2022-2027	Newbuild completions	<ul style="list-style-type: none"> • Maximise Council completions • Maximise RSL completions • Review and update SHIP • Track delivery of Affordable Housing Supply Target to 		

	mix in partnership between Highland Council, RSLs, Scottish Government, developers and landowners			support development opportunities		
1.9	Set an ambitious local housing land requirement using a 'policy on' approach to meeting future housing need as the basis of a robustly tested effective land supply	Current HST	All tenure completions	<ul style="list-style-type: none"> Review HNDA housing estimates including ongoing analysis of factors that will affect the pace and scale of development aligned to economic impact analysis Align Local Development Plan consultation Local Development Plan Housing Land requirement set Consider policies that would enable a 'policy on approach', develop evidence base for inclusion in next Local Development Plan Review/develop and implement Affordable Housing Policy as required 		
1.10	Prioritise targeted and preventative investment in the	Current empty homes evidence	Number of empty homes	<ul style="list-style-type: none"> Develop evidence to demonstrate areas of housing pressure 		

	Council's empty homes strategy in areas where local housing pressure is evidenced	Current pressure and local housing systems analysis	brought back into use	<ul style="list-style-type: none"> • Consultation with stakeholders and partners to review empty homes priorities • Set target to bring empty homes back into use • Assess scope for community-led projects which bring empty homes back into use • Develop and implement Empty Homes Strategy 		
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LHS Outcome 2: Health and wellbeing improves by investing in housing solutions which enable everyone in Highland to live independently in the community they prefer

Supporting National Priorities, Plans and Targets and links to Local Improvement Plan/Locality Plans and Local Authority Plan Outcome: Public Health Priority, National Health and Wellbeing Outcomes, 2020 Highland HNDA, Good Mental Health for All, Keys to Life, Age, Home and Community –The Next Phase, Scottish Strategy for Autism, Race Equality Action Plan, Site Standards -Scottish Government guidance on minimum sites standards and site tenants' core rights and responsibilities, Scottish Social Housing Charter, Improving the lives of Gypsy/Travellers 2019-21, Foundations for well-being: Reconnecting Public Health and Housing, Highland Health and Social Care Strategic Plan 2014-2019

Action No.	Action(s) and Commitments for Outcome Delivery	Baseline	Indicator or Measure	Milestone	Target/End Point	Action Lead/Co-ordinator
2.1	Improve joint planning, commissioning and partnership delivery processes across housing, health and social care partners through contributing to the development and implementation of a Housing Contribution Statement	Highland Health and Social Care Strategic Plan 2014-2019	Housing Contribution Statement Development	<ul style="list-style-type: none"> • Create Steering Group to develop Housing Contribution Statement • Develop evidence base to inform the development of the Housing Contribution Statement • Work in partnership with HSCP to develop and implement Housing Contribution Statement • Assist with enabling swifter discharge from hospital and reduce delayed discharges 		
2.2	Review use of and access to older persons	No. Older Person Housing Units	No. Older Person Housing Units	<ul style="list-style-type: none"> • Review performance of housing for older people across Highland 		

	housing and consider future options	No. Waiting List Applicants for Older Person Housing	No. Waiting List Applicants for Older Person Housing	<p>in terms of asset quality, place demand and viability</p> <ul style="list-style-type: none"> • Carry out research to understand current and future service and investment requirements • Implement downsizing initiatives and support older people to downsize to more suitable housing • Carry out impact assessment of reclassification of sheltered housing • Improve access to older person housing through development of proactive housing advice and information 		
2.3	Improve our understanding of the housing and related support needs of those who experience disadvantage and inequality, including asylum seekers and refugees	No. Households receiving housing support service by category	Improved knowledge base of households receiving housing supports Delivery RRTP	<ul style="list-style-type: none"> • Provide communication materials in accessible formats to raise public awareness of available of housing options, support and homelessness prevention services • Review existing advice and information • Identify communication formats and channels required • Engage with stakeholders to understand requirements • Develop and implement improved materials, formats and channels of communication 		

				<ul style="list-style-type: none"> • Target income maximisation and fuel poverty support to households living in PRS • Explore existing data and insight to develop a risk framework for households who are financially vulnerable and offer appropriate support • Develop process to record number of households accessing information and advice and the type of support required • Review existing housing support services and information gathered • Develop robust evidence base to improve understanding of housing and related support by client group • Revise CHR Form as required to deliver this action • Staff equalities training and development delivered • Staff Domestic Abuse training and development delivered • Review care pathways for care experienced young people 		
2.4	Improve access to existing adapted housing by improving	Existing adapted stock by category	Existing adapted stock by category	<ul style="list-style-type: none"> • Review existing arrangements in relation to data/reporting on adapted housing 		

	stock information and developing ways to enable re-use of adapted properties		Increased number of lets for adapted properties to households in need	<ul style="list-style-type: none"> Review allocation process for adapted properties to ensure adapted properties can be matched to households who require adaptations 		
2.5	Examine the role of core and cluster models for mixed client groups to maximise the impact of supported housing options and agree on preferred models for Highland as well as defining and locating client groups most in need	Existing core and cluster models Clients requiring core and cluster housing	Role of core and cluster model examined Preferred model for Highland agreed Clients most in need identified	<ul style="list-style-type: none"> Examine role of core and cluster models for mixed client groups building on best practice materials Assess scope for community led development models for key client groups Identify and agree preferred models for Highland Define and locate client groups most in need Pilot initiative core and cluster models in areas where most need to inform future requirements 		
2.6	Develop data arrangements to create a joint evidence base across housing and NHS Highland that will help to assess	Existing joint evidence	Joint evidence base developed	<ul style="list-style-type: none"> Ensure required data sharing arrangements and GDPR protocols are in place Carry out research to understand requirements across partnership, including information gaps Identify resources to work jointly on developing data that will 		

	current and future specialist housing requirements at both Highland and local levels			<p>assess current and future specialist housing requirements</p> <ul style="list-style-type: none"> • Develop reporting mechanisms to ensure best use of data source • Develop shared evidence base 		
2.7	Prioritise services which encourage and enable people to plan and make well informed choices about their future housing needs	Existing services	More households assisted to make well informed choices	<ul style="list-style-type: none"> • Carry out research to understand/map existing services, advice and information on housing options • Review existing advice, information and communication channels • Carry out research to define user priorities and solutions • Assess scope/appetite for community led housing development models • Develop and implement advice and information to support housing options approach that specifically targets households to consider future housing needs 		
2.8	Review and evaluate the use of assistive technology that enables people with particular housing needs to live	Existing assistive technology in use	Evaluation complete	<ul style="list-style-type: none"> • Carry out a review to improve understanding of existing technology in use and its effectiveness • Evaluate findings and develop report for partners to inform future use of assistive technology 		

	independently and well at home			<ul style="list-style-type: none"> • Develop information/knowledge hub in relation to assistive technology • Track impact of FIT homes model in enabling independence • Develop and promote advice and information guide • Consider SMART Homes pilot and development of SMART Homes Standard for Highland newbuild • Transition from analogue to digital across older persons housing 		
2.9	Consider how Local Development Planning policies can support the delivery of wheelchair and accessible housing, including the setting of wheelchair housing targets across all tenures	Local Development Plan SHIP	Wheelchair provision Local Development Plan Policy Increased Number of wheelchair units delivered per annum	<ul style="list-style-type: none"> • Develop an evidence base to support wheelchair housing requirements across Highland for Local Development Plan Policy purposes • Work in partnership with developers across all tenures to identify opportunities for wheelchair development that will meet the needs of local communities • Determine future wheelchair housing targets all tenures through collaboration with key partners and service users • Carry out cost benefit analysis of amenity provision to determine 		

				<p>scope for increasing standard to full wheelchair standard</p> <ul style="list-style-type: none"> Engage and work with private developers to increase awareness in relation to the need for wheelchair housing and encourage development 		
2.10	Develop and implement new Handyperson and Care and Repair Service Level Agreement	Number of households assisted by Care and Repair Service	Number of households assisted by Care and Repair Service Level Agreement in Place	<ul style="list-style-type: none"> Scope requirements for Handy Person and Care and Repair service Identify needs within communities through consultation and engagement as well as existing evidence Develop information and advice in relation to new service Develop brief and tender for new service Service Level Agreement and new Service commissioned 		
2.11	Ensure effective and consistent mechanisms in place to access, assess and progress adaptations across all tenures in Highland	Scheme of Assistance Adaptations and Spend Stage 3 HAG Adaptations and Spend	Scheme of Assistance Adaptations and Spend Stage 3 HAG Adaptations and Spend	<ul style="list-style-type: none"> Encourage the pre-planning of Highland Council and RSL property adaptations at the void stage to enable early management of adaptations budgets and programme Review processes and procedures in relation to adaptations across all tenures 		

		Scottish Household Survey	Scottish Household Survey	<ul style="list-style-type: none"> Review information, advice and support in relation to provision of adaptations 		
2.12	Improve the transition to settled housing and independent living for previously looked after children who will have an adult social care need and other competing client groups	Current requirement levels	Projected requirement levels	<ul style="list-style-type: none"> Develop an evidence base to map housing and support needs of previously looked after children In partnership with HSCP, develop processes and procedures to plan for future housing needs for previously looked after children Ensure consistent approach to identifying and planning for housing needs of previously looked after children across Highland 		
2.13	Work with Gypsy/Traveller (GT) community members to have a better understanding of their accommodation needs and preferences and explore and develop workable solutions	HNDA Specialist Provision Chapter Scottish Government GT Count Local authority GT Information (LA Sites, Unauthorised Encampments etc)	Number of engagement opportunities Improved understanding of needs and preferences Workable solutions in place	<ul style="list-style-type: none"> Continue to develop engagement opportunities with GT community to assess housing and support needs Organise engagement events/surveys per annum Deliver improvement works to Council owned sites Pilot delivery of proposed solutions where feasible such as negotiated stopping Develop and implement gypsy travellers action plan 		

LHS Outcome 3: People in Highland have access to a wider range of housing options and choices and the support they need						
Supporting National Priorities, Plans and Targets and links to Local Improvement Plan/Locality Plans and Local Authority Plan Outcome: Ending Homelessness Together Action Plan, Equally Safe -Scotland's Strategy for Preventing and Eradicating Violence Against Women and Girls & the Equally Safe Delivery Plan, Highland Council Rapid Rehousing Transition Plan (Update June 2022), Scottish Social Housing Charter						
Action No.	Action(s) and Commitments for Outcome Delivery	Baseline	Indicator or Measure	Milestone	Target/End Point	Action Lead/Co-ordinator
3.1	Partners contribute to successful delivery of Highland's RRTP to reduce number of people who are homeless and time spent in temporary housing	RRTP Action Plan Existing communication channels Existing accessibility formats	Successful delivery of RRTP Action Plan Housing options, support and homeless prevention services materials available in range of accessible formats and channels Homelessness reduced Time spent in TA reduced	<ul style="list-style-type: none"> • Continued development, implementation and delivery of RRTP Action Plan including <ul style="list-style-type: none"> ○ Improve tenancy sustainment and resettled by providing person led housing support ○ Improve access to welfare rights, money and debt advice ○ Develop an employability and skills project ○ Deliver Trauma informed training / well-being support for all housing staff and partners ○ Deliver 'alternatives to eviction' project • Improve timescales for homeless households 		

				<p>accessing settled accommodation</p> <ul style="list-style-type: none"> • Roll out of Housing Options Training Toolkit to improve consistency of knowledge, understanding and service provision • Review S11 Process • Review, agree and monitor target lets to homeless households • Review existing protocols client groups at risk of homelessness including looked after children, households experiencing domestic abuse and those leaving an institutional setting • Deliver and implement the Temporary Accommodation Strategy 		
3.2	Partners across Highland work together to develop responsive services in relation to Homelessness Ask and Act agenda	Existing Partner approaches to homelessness	Public sector partners able to respond to Homelessness Ask and Act Agenda	<ul style="list-style-type: none"> • Review requirements of Ask and Act Agenda • Develop partnership approach to partners ability to respond including <ul style="list-style-type: none"> ○ Joint training and staff development ○ Information and advice materials 		

				<ul style="list-style-type: none"> ○ Diagnostic needs and risk assessment tools ○ Referral pathways into preventative services ○ Case management processes to coordinate and monitor partnership activity 		
3.3	Continue to develop housing, support and wellbeing options through delivery of RRTP	Existing housing, support and wellbeing options	Improved housing, support and wellbeing options	<ul style="list-style-type: none"> ● Enhance existing housing, support and wellbeing options including: <ul style="list-style-type: none"> ○ Develop a Complex Client Support Team ○ Develop a Private Sector Team to tackle empty homes and improve PRS access ● Identify gaps in service delivery ● Work with partners to address gaps and commission services 		
3.4	Work with housing, health and development planning partners to align RRTP, LHS and SHIP priorities to increase the range of affordable	Existing priorities within RRTP, LHS and SHIP Affordable Housing completions	RRTP, LHS and SHIP priorities aligned Affordable housing options increased Affordable housing completions	<ul style="list-style-type: none"> ● Develop a partnership approach to reviewing where RRTP, LHS and SHIP alignment exists and where further enhancement required ● Ensure robust evidence base of housing need and demand to inform future new supply programmes 		

	housing options available in Highland			<ul style="list-style-type: none"> • Delivery of affordable housing in areas with most housing need • Consider ways in which planning policy can support delivery of range of affordable housing options 		
3.5	Review existing housing options communication materials and develop a pro-active approach to raising awareness and accessibility of revised housing options advice and information	Housing Options Materials	Revised housing options materials Pro-active approach to awareness raising developed	<ul style="list-style-type: none"> • Review housing options materials • Develop pro-active approach to promoting pathways into housing options services • Improve accessibility of advice and information including digital and self service channels and person led options • Revise and relaunch housing options materials across Ask and Act Partnership 		
3.6	Increase the range of affordable and accessible housing options in Highland, tailoring solutions to the housing need profile in each HMA	Average number of completions for each tenure per annum	Number of units delivered by each tenure	<ul style="list-style-type: none"> • Carry out feasibility studies on delivery of intermediate housing options • Identify mismatch between supply and demand of current and programmed social rented stock to inform investment priorities • Identify and develop partnerships to deliver wider 		

				<p>range of affordable housing options</p> <ul style="list-style-type: none"> • Increase range of affordable housing options across Highland by working in partnership with landowners, developers, funders and local communities 		
3.7	Review and redesign the rent deposit scheme in partnership with landlords and letting agents	No. Landlords Registered No. Households assisted	Revised rent deposit guarantee scheme in place	<ul style="list-style-type: none"> • Review current rent deposit guarantee scheme • Consult and engage landlords and tenants in review process • Develop and implement revised scheme 		
3.8	Provide advice and support to major and public sector employers to test feasibility of developing accommodation for their employees to improve recruitment and retainment of staff	Accommodation needs of major and public sector employers quantified by area	Advice and support provided	<ul style="list-style-type: none"> • Identify major and public sector employers to engage in partnership research on key worker housing models • Measure housing requirements across partners and Housing Market Area • Conduct survey/focus groups to understand requirements of employees • Develop advice and guidance on developing accommodation • Consider and identify local development plan policy opportunities 		

				<ul style="list-style-type: none">• Work with employers to identify potential sites from within their property and land portfolios		
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LHS Outcome 4: Partnership and innovation builds capacity in Highland so that housing condition and energy efficiency improve and all homes to move towards net zero						
Supporting National Priorities, Plans and Targets and links to Local Improvement Plan/Locality Plans and Local Authority Plan Outcome: Local Heat and Energy Efficiency Strategies (LHEES), Sustainable Housing: Fuel Poverty and Climate Change Advice Note, Scottish Government’s Energy Efficient Scotland Route Map, Fuel Poverty (Targets, Definition, and Strategy) (Scotland) Act 2019, Climate Action Plan (December 2021), Scottish Housing Quality Standard, Energy Efficiency Standard for Social Housing, Scottish Social Housing Charter						
Action No.	Action(s) and Commitments for Outcome Delivery	Baseline	Indicator or Measure	Milestone	Target/End Point	Action Lead/Co-ordinator
4.1	Support rural and island communities to develop construction and maintenance skills to reduce reliance on tradespeople and develop local approaches to retrofit/construction projects	Existing skills base	Construction and maintenance skills developed within rural and island communities	<ul style="list-style-type: none"> Develop an understanding of existing skills base in island/rural communities Identify key skills gaps across rural and island communities in partnership with skills development agencies Assist with development of training opportunities in relation to construction and maintenance skills required Develop training opportunities with a focus on skills to support the retrofitting of existing housing 		
4.2	Develop and deliver a Highland Local Heat &	Current Projects	Project Completions	<ul style="list-style-type: none"> Work in partnership to deliver identified projects and contribute to delivery 		

	Energy Efficiency Strategy (LHEES) in partnership with owners and landlords across the region	LHEES Delivery Plan Number of PRS Properties Energy Efficiency of PRS Properties Current funding opportunities	Delivery of Actions within LHEES Delivery Plan Number of PRS Properties Energy Efficiency of PRS Properties Current funding opportunities	and implementation of LHEES Delivery Plan <ul style="list-style-type: none"> Improving energy efficiency across all tenures by maximising the use of national funding programmes Encourage and support owners and private landlords to improve the energy efficiency of their properties by accessing funding opportunities that will reduce fuel bills and carbon emissions Improve assistance pathways to improve housing quality and energy efficiency in the private rented sector 		
4.3	Develop and deliver implementation plans for achieving the Energy Efficiency Standard for Social Housing (EESH) in all homes where this	Current social rented homes meeting EESH	No. social rented homes meeting EESH	<ul style="list-style-type: none"> Develop an understanding of current EESH status of social housing across Highland Develop route map for EESH2 compliance across social landlords in housing Develop and deliver implementation plan for achieving EESH 		

	is technically feasible			<ul style="list-style-type: none"> • Develop processes and procedures for enforcement of private sector energy efficiency regulations and engage with landlords in relation to compliance • Manage EES:ABS in Highland to enable mixed tenure investment • All Council newbuild to meet Scottish Government Heat standard 		
4.4	Undertake integrated asset management reviews of social housing stock to ensure investment is targeted at best value options and consider selective demolition proposals to tackle failing or low demand housing	Existing asset management plan	Asset management review complete Selective demolition proposal in place	<ul style="list-style-type: none"> • Review existing asset management plan • Undertake integrated asset management review of social housing stock assessing financial, asset, demand and place performance • Review existing demolition programme • Review existing low demand information for social housing stock and develop low demand strategy • Complete review and develop proposals to tackle failing or low demand 		

				<p>housing stock through low demand strategy</p> <ul style="list-style-type: none"> • Identify mismatch between supply and demand of social rented stock to inform asset management review 		
4.5	<p>Pursue a more collaborative approach to retrofitting across the housing sector in Highland by sharing innovation and jointly developing projects to secure procurement benefits</p>	<p>Existing retrofit information and good practice</p>	<p>Register of good practice projects Improved joint working in relation to procurement</p>	<ul style="list-style-type: none"> • Identify opportunities for collaboration in relation to retrofit projects across Highland • Develop register of good practice and innovation in relation to retrofit • Establish benefits in relation to joint procurement • Where feasible jointly procure projects • Integrate approach to procuring and maintaining renewable energy installations 		
4.6	<p>Improve energy efficiency across all tenures by maximising use of national funding programmes</p>	<p>National funding programmes</p>	<p>No. households assisted by Tenure</p>	<ul style="list-style-type: none"> • Assess opportunities offered by open source procurement to address complex and fragmented funding rules • Working partnership to lever additional funding into Highland to support energy efficiency programmes 		

				<p>aligned to delivery of Regional Spatial Strategy</p> <ul style="list-style-type: none"> • Provide advice, assistance, support to third sector agencies to access and maximise national funding programmes 		
4.7	Encourage and support homeowners and private landlords to improve the energy efficiency of their properties to meet specific targets, reduce fuel bills and carbon emissions; accessing appropriate funding opportunities	Home owner energy efficiency	Improved home owner energy efficiency	<ul style="list-style-type: none"> • Develop and implement a range of engagement opportunities in relation to improving energy efficiency • Review and develop materials to provide support and sign posting • Assist and support homeowners and private landlords to access appropriate funding opportunities 		
4.8	Prioritise actions and activities which target those most at risk of fuel poverty i.e. households on the lowest incomes with highest energy costs and	No. households in fuel poverty	Reduction in No. households in fuel poverty Actions and activities developed Households most at risk identified	<ul style="list-style-type: none"> • Identify households most at risk coordinating information across partners • Develop and implement a range of actions and activities that target households at risk of fuel poverty through provision of 		

	households who under-heat their homes			advice, assistance and support		
4.9	Enhance advice and assistance pathways to improve housing quality and energy efficiency in the private rented sector (PRS)	Current advice and assistance House condition PRS Energy efficiency PRS	Advice and assistance improved Housing condition in PRS improved Energy efficiency PRS improved	<ul style="list-style-type: none"> Review advice and assistance pathways for PRS tenants living in poor quality housing Promote advice and assistance available to PRS tenants and landlords to improve housing quality and energy advice Assist landlords to improve housing quality and energy efficiency through advice and assistance and where available financial support 		

Appendix 2 Local Housing Strategy

LHS Development: Setting Housing Supply Targets

Highland Council have recently completed a Housing Need & Demand Assessment (HNDA) which provides a statistical estimate of how much additional housing will be required to meet all future housing need and demand across the region. The housing estimates produced by the HNDA provide a starting point for setting a Housing Supply Target (HST) within the new Local Housing Strategy.

The Housing Supply Target (HST) sets out the estimated level of additional housing that can be delivered on the ground (as opposed to estimated housing need) and will inform the definition of the Housing Land Requirement within the forthcoming Highland Local Development Plan (LDP). This short paper provides the background to the Highland Council HST for the period of the new Local Housing Strategy, 2023-2028. The HST should cover all housing tenures and set out the expected split between market and affordable housing.

1.1. Housing Supply Target Methodology

The HST methodology was developed by the Housing Market Partnership during March 2023. The development process comprised of:

- Review of the Highland Housing Needs and Demand Assessment assessed as robust and credible by the Centre for Housing Market Analysis in December 2021
- Review of HNDA guidance, agreement on the delivery considerations to be applied, the template approach to be adopted and housing market evidence to be used (February - March 2023)
- Review of the completed HST template and impact analysis on housing delivery (March 2023)
- Agreement of the draft HSTs as a basis for the Housing Land Requirement (March 2023).

An HST template was designed to systematically assess a range of factors that would impact on the pace and scale of housing delivery for both market and affordable housing sectors. The HST template was designed to support a simple assessment of the extent and nature of each factor on affordable and market housing delivery, enabling the impact of each factor to be recorded. To measure the nature of the impact, a 've+' or a 've-' sign was recorded depending on whether each factor was considered to increase or decrease the baseline HNDA housing estimate (or left blank, where no net impact was envisaged). This assessment was informed by HNDA and LDP evidence to justify any adjustments to baseline housing estimates.

A set of eight factors, based on the HNDA Managers Guide (2020), were included in the HST template. These factors may have a material impact on the pace and scale of housing delivery in Highland including:

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

The completed HST template is attached in Appendix 1. This evidence was then used to consider the extent to which housing estimates should be adjusted at an overall Highland level, and then by housing market sub-area and/or tenure.

Housing supply targets were then established in a 4-stage process as follows:

Stage 1: Housing Estimates by Tenure

The net need for additional housing in Highland (housing estimates) was generated by the 2021 HNDA. This shows the housing estimate broken down into market housing (owner occupied + private rented sector) and affordable housing (social rent + below market rent). Within the HNDA, housing estimates have been further disaggregated into the ten-housing market sub-areas which comprise the Highland housing market.

To test the reasonableness of Highland housing estimates as a starting point for setting HSTs, HNDA outcomes were triangulated against evidence of historic housing delivery, current land capacity and previous planning assumptions using comparative 5-year benchmarks as follows:

Housing system evidence	5-year measure
2021 Highland HNDA 5-year Housing Estimate (2019/20-2023/24)	4,998
1. Effective land supply 2021-26 (Housing Land Audit 2021)	6,626
2. NPF4 Minimum All Tenure Housing Land Requirement (5 year equivalent)	4,750
3. Historic housing completions: 2017/18 – 2021/22 Scottish Government Statistics	6,185
Aggregate 10-year Measure	5,640

Table 1.1: Validation of Housing Estimates as Starting Point for the HST

Table 1.1 shows that HNDA housing estimates (4,998) benchmark lower than an aggregate measure of historic delivery rates, planning assumptions and current land capacity (5,640). Crucially, HNDA Housing estimates are 24% lower than historic completion levels.

As the new Local Housing Strategy is committed to achieving a ‘step change in housing supply’ to enable the delivery of an ambitious economic development strategy for the Highland region and to relieve evidenced pressures on affordable and key worker housing; Housing Market Partners were not satisfied that HNDA housing estimates offer a reasonable starting point for setting the HST.

Further HNDA evidence which disaggregates housing estimates by housing tenure was also considered:

HNDA Housing Estimates	20219/20 -2023/24	% Tenure Split
Affordable Housing	3,396	68%
Market Housing	1,603	32%

Table 1.2: Highland Housing Estimates by Tenure

Housing Market Partners also noted concern over the proposed tenure split of HNDA housing estimates as a starting point for Housing Supply Targets aligned to evidence of historic completion rates for market housing and proven capacity for delivery:

HNDA Housing Estimates	Housing estimates 2021/20 -2023/24	% Tenure Split	Historic Completions 2017/18 – 2021/22	% Tenure Split
Affordable Housing	3,396	68%	1,650	27%
Market Housing	1,603	32%	4,535	73%

Table 1.3: Comparison of Highland Housing Estimates/Historic Completions by Tenure

It is noted that housing estimates completely reverse the tenure delivery profile of future housing supply in Highland. Whilst increases in the scale of affordable housing delivery are welcomed in the context of affordability pressures, housing estimates account for just 35% of historic market housing delivery rates. The HNDA toolkit calculates housing tenure estimates based on a historic income profile of the existing household population in Highland. This methodology will therefore drive a significant need for affordable housing and will not reflect the future need for market housing associated with economic growth projects, which are aimed at attracting skilled workers with higher income levels into Highland.

It was also noted that reducing market delivery targets could itself have a negative impact on the future delivery of affordable housing. The Highland Affordable Housing Policy requires 25% of all completions to be developed for affordable housing on all sites greater than four units. Based on the last 5 years of market activity and adjusting for windfall delivery from small sites (up to 15% of all completions); results in approximately 960 units of affordable housing delivery. If Housing Supply Targets are based on unadjusted HNDA housing estimates, the affordable housing contribution from market delivery will reach just 340 units, just 35% of historic Affordable Housing Policy completions.

On this basis, it was agreed that Housing Supply Targets should not assume market supply targets below the rate of historic completions as a baseline, whilst the estimated need for affordable housing should be projected and maintained in an attempt to address the backlog of housing need in Highland communities.

If HNDA affordable housing estimates (3,396) are benchmarked to historic affordable completions, then a 106% increase in future affordable housing delivery will be required. Therefore, using HNDA affordable housing estimates as the basis of future Housing Supply Targets, comfortably achieves the LHS policy objective of achieving a ‘step change in housing supply’.

On this basis and informed by HNDA evidence, Housing Market Partnership Group members agreed the following assumptions as the starting point for Housing Supply Targets:

- HST 10-year starting point = 7,931 units (3,396 affordable housing + 4,535 market housing)
- Broad tenure delivery split: Affordable housing 43% / Market housing 57%

It was agreed that using this basis as a starting point would help to achieve:

- a step change in housing supply overall
- delivery of market housing at the rate proven by the private development industry
- capability to address the backlog need for affordable and key worker housing through the delivery of an enhanced affordable housing delivery target
- capacity to deliver further affordable housing supply via the affordable housing policy by protecting the volume of market completions delivered over the next 5 years.

Stage 2: Adjusted Housing Estimates

The HST template detailed in Appendix 1, was devised to enable evidence to be assembled and impact analysis completed of the practical and policy factors that may impact on the scale and pace of housing delivery across Highland.

On balance, whilst Appendix 1 details largely positive delivery impacts (including economic and housing delivery context, available resources, and development levels); this is balanced to some extent by acknowledged delivery barriers (including construction industry capacity, construction inflation and programmed land supply). These delivery risks will require to be carefully managed to ensure the pace and scale of development is achieved.

Taking the evidence into account, Housing Market Partnership members were satisfied that the impact assessment in Appendix 1 offers no compelling evidence that the proposed HST starting point should be reduced given the range of programmed development opportunities, delivery resources and LHS actions to mitigate delivery risk. In fact, it was agreed that further scenarios should explore the impact of economic development policies on the scale of market housing targets generally but specifically in the East Ross, Inverness, and Mid Ross HMAs; aligned to the Opportunity Cromarty Firth proposal which has potential to create up to 15,000 jobs over the next 10 years. Therefore, to reflect the Council's ambition to enable growth and based on the economic development evidence outlined in Appendix 1, a 15% allowance has been added to HSTs in each housing market sub-area, with the exception of the East Ross, Inverness and Mid Ross HMAs where a 30% allowance will be added:

	Adjustment for economic growth	Economic Development Assumption
Badenoch & Strathspey	15%	HIE Business HNDA Studies: Key worker housing pressures
Caithness	15%	Economic growth enabled by unadjusted HST
East Ross	30%	Opportunity Cromarty Firth led housing growth
Inverness	30%	Opportunity Cromarty Firth led housing growth
Lochaber	15%	HIE Business HNDA Studies: Key worker housing pressures
Mid Ross	30%	Opportunity Cromarty Firth led housing growth
Nairn	15%	HIE Business HNDA Studies: Key worker housing pressures
West Ross	15%	Economic growth enabled by unadjusted HST
Skye & Lochalsh	15%	HIE Business HNDA Studies: Key worker housing pressures
Sutherland	15%	Economic growth enabled by unadjusted HST

Table 1.4: Economy led- housing growth assumptions

Furthermore, it was suggested that HSTs should also take into account the proportion of future house completions that will 'lost' and unavailable to the residential housing sector because they will become second homes, holiday or short term lets. To counter this, an allowance should be added that reflects that current level of second homes in each housing market sub-area.

Applying the allowance for ineffective housing stock results in 180 units being added to market housing supply targets, whilst adding an allowance to reflect demand for housing arising from Highland's economic development strategy results in a further 1,092 units being added to the target. Overall, the adjusted housing market target sits at just over 5,800 units over the next 5 years (1,160 units per annum).

The impact of applying these adjustments to proposed Housing Supply Targets for market housing is set out in Table 1.5 below:

	Proposed HST Starting Point (5-year Housing Market Completions)	HMA % Market Tenure Estimates	Adjustment for ineffective stock (2nd Homes)	Allowance for ineffective stock	Adjustment for economic growth	Addition for economic growth	Adjusted Market housing target
Badenoch & Strathspey	260	5.7%	10.0%	26	15%	39	325
Caithness	255	5.6%	1.4%	4	15%	38	296
East Ross	283	6.2%	1.0%	3	30%	85	371
Inverness	1,850	40.8%	1.0%	19	30%	555	2,424
Lochaber	345	7.6%	4.3%	15	15%	52	412
Mid Ross	611	13.5%	9.0%	55	30%	183	849
Nairn	195	4.3%	1.9%	4	15%	29	228
West Ross	173	3.8%	8.9%	15	15%	26	214
Skye & Lochalsh	385	8.5%	7.1%	27	15%	58	470
Sutherland	178	3.9%	7.4%	13	15%	27	218
Highland	4,535	100.0%		180		1,092	5,807

Table 1.5: Adjusted Housing Supply Targets for Market Housing

Furthermore, Affordable Housing Supply Targets (3,396) have been adjusted to reflect housing pressure ratios and to ensure future delivery is programmed in the areas most in need of an increase in affordable provision. To ensure that affordable housing delivery is targeted to the Housing Market Sub-Areas where it will have most impact, an adjusted affordable HST has been created using a weighting which allocates affordable units based on HNDA affordable estimates (50%), affordable housing pressure ratios (25%) and economic growth activity aligned to Opportunity Cromarty Firth (25%). Table 1.6 details the weighting applied and HMA distribution of affordable HSTs:

	HNDA Affordable HST	Affordable HNDA Split: 50% Weighting	Adjustment for Housing Pressure: 25% Weighting	Housing Pressure Adjustment	Adjustment for Economic Growth: 25% Weighting	Economic Growth Adjustment	Total Adjusted Affordable HST
Badenoch & Strathspey	226	113	6.0%	202	0.00%	0	315
Caithness	131	66	0.8%	29	0.00%	0	94
East Ross	184	92	1.9%	65	8.33%	283	440
Inverness	1,628	814	2.6%	88	8.33%	283	1185
Lochaber	298	149	3.0%	103	0.00%	0	252
Mid Ross	296	148	1.1%	38	8.33%	283	469
Nairn	140	70	1.7%	57	0.00%	0	127
West Ross	101	51	4.7%	160	0.00%	0	210
Skye & Lochalsh	295	148	1.7%	59	0.00%	0	207
Sutherland	97	49	1.4%	47	0.00%	0	95
Highland HST	3,396	1698	25%	849	25%	849	3,396

Table 1.6: Adjusted Housing Supply Targets for Affordable Housing

Combining both adjusted affordable and market housing HSTs, provides a total adjusted Housing Supply Target for Highland of 9,203 units as follows:

	Total Adjusted Affordable HST	Proposed Market HST	Total HST
Badenoch & Strathspey	315	325	641
Caithness	94	296	391
East Ross	440	371	811
Inverness	1,185	2,424	3,609
Lochaber	252	412	664
Mid Ross	469	849	1,319
Nairn	127	228	355
West Ross	210	214	424
Skye & Lochalsh	207	470	677
Sutherland	95	218	313
Highland HST	3,396	5,807	9,203
% Tenure Split	37%	63%	100%

Table 1.7: Adjusted Housing Supply Targets for Market and Affordable Housing

In total, 37% of HST requirements are focused on the delivery of affordable housing with 63% on market housing delivery.

Stage 3: Housing Supply Targets by Tenure and Housing Market Sub-Area

Further analysis was performed to test the delivery potential of housing estimates by housing market sub-area and tenure. Table 1.8 details the evidence considered including disaggregated housing estimates and established land supply.

	Adjusted 5-Year Housing Supply targets	Effective Land Supply 2021-26	HLA Land Supply 2026-31	HLA Land Supply 2031-36	10 Year Established Land Supply	15 Year Established Land Supply	Shortfall/surplus: 5-year established land supply	Shortfall/surplus: 10-year established land supply
Badenoch & Strathspey	641	586	437	229	1,023	1,252	-55	382
Caithness	391	50	81	15	131	146	-341	-260
East Ross	811	661	379	147	1,040	1,187	-150	229
Inverness	3,609	3,367	2,657	1,733	6,024	7,757	-242	2,415
Lochaber	664	512	129	0	641	641	-152	-23
Mid Ross	1,319	850	134	15	984	999	-469	-335
Naim	355	105	237	234	342	576	-250	-13
West Ross	424	95	5	6	100	106	-329	-324
Skye & Lochalsh	677	252	109	74	361	435	-425	-316
Sutherland	313	148	69	22	217	239	-165	-96
Highland	9,203	6,626	4,237	2,475	10,863	13,338	-2,577	1,660

Table 1.8: Analysis of Adjusted Housing Supply Estimates by Housing Market Sub-area

Table 1.8 suggests that at a global level, 5-year housing supply targets (2023-28) cannot be met by the current 5-year effective land supply (2021-26). However, taking into account 10-year established land supply, which straddles the delivery period for Housing Supply Targets, a surplus of over 1,600 units is evidenced. Given the overall scale of the established land supply over the next 10-15 years, there is undoubtedly scope to develop the land resources required within a strategy which seeks to deliver a step change in housing supply across Highland to support economic growth.

Whilst the Inverness HMA with the greatest HST can be comfortably met by established land supply, there are notable shortfalls evident in the Mid Ross, West Ross and Skye & Lochalsh HMAs.

Informed by this analysis, Housing Market Partnership members concluded that Housing Supply Targets should be set by housing market sub-area using the following principles:

	Adjusted Affordable HST	Adjusted Market HST	Total HST	% Affordable HST	% Market HST
Badenoch & Strathspey	300	350	650	46%	54%
Caithness	100	300	400	25%	75%
East Ross	450	400	850	53%	47%
Inverness	1,200	2,400	3,600	33%	67%
Lochaber	250	400	650	38%	62%
Mid Ross	450	850	1,300	35%	65%
Nairn	150	250	400	38%	63%
West Ross	200	200	400	50%	50%
Skye & Lochalsh	200	450	650	31%	69%
Sutherland	100	200	300	33%	67%
Highland HST	3,400	5,800	9,200	37%	63%

Table 1.9: 10-year Housing Supply Targets by Housing Market Sub-area and Tenure

Stage 4: Annual Housing Supply Targets

The principles for setting 5-year HSTs by sub-area and housing tenure were then adjusted to provide an annual Housing Supply Target:

	Total HST	% Affordable HST	% Market HST
Badenoch & Strathspey	130	45%	55%
Caithness	80	25%	75%
East Ross	170	55%	45%
Inverness	720	35%	65%
Lochaber	130	40%	60%
Mid Ross	260	35%	65%
Nairn	80	40%	60%
West Ross	80	50%	50%
Skye & Lochalsh	130	30%	70%
Sutherland	60	35%	65%
Highland HST	1,840	40%	60%

Table 1.10: Annual Housing Supply Targets by Housing Market Sub-area and Tenure









1.2. Housing Land Requirement Arising from Housing Supply Targets






An annual Housing Supply Target for Highland has been set at 1,840 units per annum with a 40% target for affordable housing (736 units) and 60% target for market housing (1,104 units).

The HST has been informed by HNDA housing estimates and takes into consideration the full range of factors that may influence housing delivery on the ground including historic completions, available resources and policy considerations. The HST has been disaggregated by housing market sub-area, taking into account a range of practical considerations that will influence housing delivery on a spatial basis. The HST therefore provides a strong starting point for determining the Housing Land Requirement within the next Highland Local Development Plan.

Appendix 1: Highland Housing Supply Target Evidence Template

HST Factors	Market Housing (+/-)	Evidence: Impact Analysis – Market Housing Delivery	Affordable Housing (+/-)	Evidence: Impact Analysis – Affordable Housing Delivery
5-year Housing Estimates (2023-2028)	5,700		2,400	
Economic factors	+	<p>The Inverness & Highland City Region Growth Deal announced by the UK and Scottish Governments in 2019, creates a £315M investment framework for growing and developing the Highland economy. The City Region deal augments the ambitious economic development strategy driven by Highlands and Islands Enterprise. More recently, the Council has bid for £100M of levelling up Round 2 funding for projects in Wick and Portree and are working up proposals for Round 3 funding, as well as taking forward Shared Prosperity funded projects. Furthermore, the success of the bid for Green Freeport status in the Cromarty Firth will maximise Scotland-wide benefits from a pipeline of renewable energy projects, placing the Highlands at the heart of the drive towards net-zero and potentially creating up to 15,000 jobs locally.</p> <p>These major and economic development projects are likely to stimulate need and demand for housing, connecting homes and communities to new jobs.</p>	+	<p>Housing is at the center of the City Region Deal and the strategy to grow and retain the working age population in Highland through delivery of 6,000 new homes, of which 1,800 will be affordable. £5M will be invested in mid-market rent homes which will be targeted at young people, allowing them to access affordable housing, which is more connected to new jobs and services.</p> <p>There is also compelling evidence that a lack of key worker and affordable housing is impacting on the Highland economy. During late 2021 and early 2022 a series of three surveys of businesses were undertaken to explore the impacts of a lack of affordable housing on businesses in the Highlands and Islands. Research finding conclude that 57% of employers are currently experiencing recruitment problems with 66% attributing a shortage of housing/accommodation as an impact on their efforts to recruit staff. Given the numbers of businesses experiencing difficulties, it is estimated that during 2022 round 3,000 positions will be difficult to fill due to housing/ accommodation issues.</p>

		Amidst the economic impact of Brexit, Covid-19 and the conflict in Ukraine; the construction sector has experienced unprecedented materials shortage and supply chain stress, driving inflation in the tender costs of housing investment Programmes since 2021. Whilst ongoing cost pressures are predicted to continue in 2023 and beyond aligned to energy price inflation, the long-term impact of construction inflation on the pace and scale of housing delivery is difficult to predict.		
Capacity in the construction industry		LHS consultation evidence suggests that limited capacity in the local construction sector, exacerbated by a shortage of skilled labor priorities across the Highlands, is a major barrier to the delivery of new housing and other construction /infrastructure projects.		Limited capacity in the local construction industry may result in price sensitive sectors (such as affordable housing) struggling to compete against market housing development opportunities and other construction projects.
		Acknowledging the delivery risks associated with limited capacity in the construction industry in Highland, the Local Housing Strategy priorities activity to develop a coherent, multi-agency workforce strategy for the construction sector in Highland, ensuring that skills development supports capacity for investment in new and existing homes.		
Interdependency: delivery of market/affordable housing		The Highland Affordable Housing Policy creates a strong basis for encouraging market housing activity as a delivery mechanism for affordable housing. The policy sets a requirement that all developments of 4 or more dwellings will be required to contribute 25% equivalent of affordable housing in areas of need.		The Highland Affordable Housing Policy has been successful in leveraging further development funding and off the shelf housing to supplement the resources provided by the Scottish Government's Affordable Housing Supply Programme. Enhancing market delivery will therefore have a positive impact on the meeting the need for affordable housing across the region.
Availability of resources		The Housing Land Audit 2021 suggest that the global number of housing units which could be achieved in the next 10 years through established sites, is sufficient to deliver housing estimates for both affordable and market housing. Over the		The approved Strategic Housing Investment Plan for Highland is based on Resource Planning Assumptions of £54M (2022-27) to deliver 2,918 homes over 5 years (funding beyond the 5-year equivalent annual HST for affordable housing). Over the next 5 years, this grant funding will deliver over £240M of

		next 10 years, an establish land supply of almost 11,000 units has been identified.		investment in affordable housing delivery across the region.
Likely pace and scale of delivery based on completion rates		Analysis of housing completions in Highland over the last 5 years (2017/18-2021/22), shows that housing delivery has generally kept abreast of Housing Supply Targets. On average, 1,237 housing completions have been delivered against an annual target of 1,200 units. Average market delivery has exceeded current supply targets (907 units against a target of 700) with affordable completions falling short of a 500 unit annual targets, achieving on average 330 units per year.		Aligned to Housing to 2040 new build targets, revised Affordable Housing Investment Programme grant rates offer up to £78k (3p equivalent) for RSL development, £71.5k for local authority development, with up to £17.5k per unit available on additional quality improvement grants. Whilst these recent developments are very positive, construction inflation of up to 25% is causing increasing barriers in the delivery of affordable housing. Despite revised subsidy rates for affordable housing, the economics of development in Highland will continue to be increasingly challenging in the current economic context.
Recent development levels		Analysis of total market housing completions in Highland over the past 5 years equals 4,535 units. Proposed 5-year market housing supply targets of 5,700 therefore represent the 'step change' in housing supply to support economic growth set out as the central policy ambition within the new Highland Local Housing Strategy.		Analysis of total affordable housing completions in Highland over the past 5 years equals 1,650 units. Proposed 5-year housing supply targets of 2,400 therefore represent the 'step change' in housing supply to support economic growth set out the central policy ambition within the new Highland Local Housing Strategy.
				However, these statistics focus solely on the delivery of social housing. LHS Actions to diversify the range of housing options and tenures (including the delivery of intermediate housing delivery models) are likely to boost delivery beyond historic levels

Planned demolitions		HNDA evidence confirms there are no scheduled housing demolitions over the next 5-10 years.
Housing being brought back into effective use		Whilst the LHS Action plan is committed to further investing in the Highland empty homes strategy, the economics of empty homes activity in Highland has proven to raise value for money questions when benchmarked to new build housing activity (as a result of locational and housing condition issues). It is therefore unlikely that bringing housing back into effective use will have a material impact on the pace or scale of new build housing delivery across Highland.
Impact analysis: should estimates be adjusted?	5 x (+ve) impacts / 3 x (-ve) impacts	6 x (+ve) impacts / 2 x (-ve) impacts