



HOUSING SUPPLY TARGET

Report by Depute Chief Executive

PURPOSE

- 1.1 The purpose of this Report is to outline how the outputs of the Housing Need and Demand Assessment (HNDA) 2023-2042 have been translated into a Housing Supply Target (HST) to underpin the forthcoming Local Housing Strategy.

EXECUTIVE SUMMARY

- 2.1 The Housing Supply Target sets out the level of additional housing that can be realistically delivered as opposed to the level of need that has been estimated, and it informs the Housing Land Requirement within the Local Development Plan (LDP).
- 2.2 The Housing Supply Target covers all housing tenures and sets out the expected split between Market (Private Sector and Private Rented Sector) and Affordable (all affordable housing options including Social Rent, Shared Equity and Rent-to-Buy) housing.
- 2.3 When preparing the HST, local authorities must give consideration to a range of factors which may have a material impact on the pace and scale of housing delivery. These are outlined in full in the Housing Supply Target Working Paper at Appendix 1.
- 2.4 The Housing Supply Target for the forthcoming LHS period is set at 310 homes – 150 (48%) Affordable homes and 160 (52%) Market homes. This was proposed by the Local Housing Strategy Steering Group on 21 March 2024.

RECOMMENDATIONS

- 3.1 **It is recommended that the Comhairle approve the Housing Supply Target outlined in the Housing Supply Target Working Paper at Appendix 1 in support of the forthcoming Local Housing Strategy 2024-2029.**

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Appendix: Housing Supply Target

Background Papers: Housing Need and Demand Assessment 2023-2042

IMPLICATIONS

- 4.1 The following implications are applicable in terms of the Report.

Resource Implications	Implications/None
Financial	None
Legal	There is a statutory requirement to prepare a Local Housing Strategy, of which the Housing Supply Target forms a fundamental part.
Staffing	None
Assets and Property	None
Strategic Implications	Implications/None
Risk	None
Equalities	None
Corporate Strategy	Deliver the aims and objectives of the Outer Hebrides LHS
Environmental Impact	None
Consultation	None

BACKGROUND

- 5.1 The Local Housing Strategy Guidance (2019) states that the LHS is required to set out “a summary of the level and type of housing to be delivered over the period of the LHS and crucial to this is the setting of a Housing Supply Target (HST).” The LHS must explain how the HST, split into market and affordable housing, has been determined.
- 5.2 Prior to the HST being set, the Housing Need and Demand Assessment (HNDA) must be completed. The HNDA estimates the future number of additional housing units to meet existing and future housing need and demand, by housing market area, based on a range of scenarios rather than precise estimates. The HNDA “Tool”, which is a series of spreadsheets with inbuilt, and modifiable, statistical data, is utilised to estimate need and demand. The outputs of the Tool form part of a narrative evidence-based report which comprises the final assessment document. The Comhairle’s Housing Need and Demand Assessment 2023-2042 was assessed as “robust and credible” on 6 October 2023 by the Scottish Government’s Centre for Housing Market Analysis (CHMA).
- 5.3 The housing estimates produced by the HNDA provide a starting point for setting a HST within the new Local Housing Strategy.
- 5.4 Of the four scenarios in the HNDA, *Scenario 2: Hebridean Housing Partnership (HHP) Waiting List* was felt to be the most appropriate. This scenario focused on HHP’s waiting list at the point of HNDA preparation as the key source of housing need and the outputs are below. Owing to negative population projections for the Outer Hebrides, the HNDA estimated that there would be no further housing need beyond 2032.

HNDA 2023-2042 Scenario 2 Outputs				
Tenure/Scenario	2023-27	2027-32	2033-37	2038-42
Social Rent	50	50	0	0
Below Market Rent	55	50	0	0
Private Rent	35	40	0	0
Owner Occupation	110	115	0	0
Total	250	255	0	0
Affordable	105	100	0	0
Market	145	155	0	0

FACTORS WHICH IMPACT THE DELIVERY OF HOUSING

- 6.1 While the HNDA gives a statistical indication of the number of additional units of housing required to clear demand over a specified timeframe, there are a number of factors which may have a material impact on the pace and scale of housing delivery, and which must be considered before a HST may be proposed. The HNDA Managers Guide (2020) and the LHS Guidance (2019) identify these factors as follows, and they are examined in full in the Housing Supply Target Working Paper at Appendix 1:
- economic factors which may impact on demand and supply;
 - capacity within the construction sector;
 - the potential inter-dependency between delivery of market and affordable housing at the local level;
 - availability of resources;
 - likely pace and scale of delivery based on completion rates;
 - recent development levels;
 - planned demolitions; and
 - planned new and replacement housing or housing brought back into effective use.
- 6.2 In addition to the above, the following was also examined:
- Availability of land;
 - HHP's Waiting List; and
 - Condition of Homes in the Private Sector.

SETTING THE HOUSING SUPPLY TARGET

- 7.1 Following assessment of the above factors an Impact Template was prepared to determine whether the outputs of the HNDA should be raised, lowered, or left unchanged. There were 8 negative impacts and 8 positive impacts associated with Market Housing delivery, in addition to 5 negative and 10 positive impacts associated with Affordable Housing delivery. There were also 2 neutral impacts apiece. The Impact Template is appended to the Housing Supply Target Working Paper.
- 7.2 Some of the impacts carry considerable weight and implications for the future of our Islands, such as the role of Housing in the stabilisation and renewal of our population, so it was weighted accordingly.
- 7.3 It was found that there was enough evidence to increase the HNDA outputs for both Market and Affordable Housing. Considering the finance/funding element required to underpin Affordable Housing and indications that this will be decreasing significantly, it was not possible to increase the HST to the level of the previous HST. The proposed HST is below:

	Proposed HST 2024/25 - 2028/29
Affordable	150 (30 per year)
Market	160 (32 per year)
Combined	310 (62 per year)

- 7.4 It should be noted that the HST is set as a starting point and can be reviewed over the course of the LHS to take account of changing circumstances.

CONCLUSION

- 8.1 Over the past four years the Pandemic, cost-of-living crisis, the war in Ukraine, and other factors have changed the way we live and work and there remain many uncertainties in local housing markets. The above Housing Supply Target represents what we believe may be delivered on the ground over the course of the next Local Housing Strategy, in the current and projected environment.