



1. LHS Development: Setting Housing Supply Targets

Moray 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 in the area. 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 informs the definition of the Housing Land Requirement within the Local Development Plan (LDP). This short paper provides the background to the Moray Council HST for the period of the new Local Housing Strategy, 2025-2030. 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 members of the HNDA Steering Group over the period June-July 2025. The development process comprised of:

- Completion of the Housing Needs and Demand Assessment including the definition of housing estimates by tenure and sub-housing market area and confirmation of robust and credible status from the Scottish Government (December 2023)
- 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 (June 2025)
- Review of the completed HST template and impact analysis on housing delivery (July 2025)
- Agreement of the draft HSTs as a basis for the Housing Land Requirement (August 2025).

The HST template was designed to support a simple assessment of the extent and nature of each factor on both 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 Moray 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 Moray level, and then by housing market sub-area and 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 Moray (housing estimates) was generated by the 2023 HNDA. For the purposes of setting Housing Supply Targets, the HNDA Steering Group agreed that the HNDA Growth Scenario should be used as the starting point. 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 six housing market sub-areas which comprise the Moray housing market.

To test the reasonableness of Moray 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 10-year benchmarks as follows:

Housing system evidence	10-year measure
2023 Moray HNDA 10-year Housing Estimate (2024-2033)	4,648
1. Effective land supply (Housing Evidence Report April 2024)	5,022
2. NPF4 Minimum All Tenure Housing Land Requirement (10 year equivalent)	3,450
3. Historic housing completions: 2014/15 – 2023/24	3,684
Aggregate 10-year Measure	4,201

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

Table 1.1 shows that HNDA housing estimates (4,648) benchmark reasonably well to an aggregate measure of historic delivery rates, planning assumptions and current land capacity (4,201). Steering Group members were therefore satisfied that Growth Scenario HNDA housing estimates could be validated as a reasonable starting point for setting the HST.

HNDA evidence further disaggregates housing estimates by housing tenure on the following basis:

HNDA Housing Estimates	2024-2033	% Tenure Split
Affordable Housing	3,120	67%
Market Housing	1,527	33%

Table 1.2: Moray Housing Estimates by Tenure

The Steering Group noted that HNDA tenure estimates were not reflective of the rate of historic completions in the last 10 years (2,736) which would undermine the delivery capacity of private housebuilders. Equally, affordable housing estimates would more than triple historic delivery rates (948), and were unlikely to reflect the delivery capacity of social landlords or subsidy available from the affordable housing supply programme. It was agreed an adjusted set of tenure estimates should be delivered based on analysis of the factors that will affect the pace and scale of housing delivery (Step 2)

Confident that overall housing estimates provide a sound starting point for the HST process, and informed by HNDA evidence, LHS Steering Group members agreed the following assumptions:



- HST 10-year starting point = 4,650 units
- Broad tenure delivery split to be adjusted for factors that will affect the pace and scale of housing delivery in Moray.

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 Moray.

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 inflation and delivery risk appetite). These delivery risks will require to be carefully managed to ensure the pace and scale of development is achieved.

Taking the evidence into account, Steering Group members were satisfied that the impact assessment in Appendix 1 offers compelling evidence that the HST starting point for market housing should be increased given the range of pipeline development opportunities, housebuilder interest, plus planning interventions which are likely to stimulate market housing delivery. This includes ongoing engagement with housebuilders on allocated development sites, as well as two volume housebuilders who have expressed interest in the future allocation of the Lochiehill development site.

To unlock the deliverability of housing sites by addressing infrastructure constraints, a number of funding opportunities are being actively pursued by Moray Council to support infrastructure investment, improve site effectiveness and delivery, and support increases in future house building rates. Funding bids include:

- UK Government Levelling Up funding of £18.3M in Elgin
- Just Transition Funding bids to enable brownfield/vacant site assembly, low carbon housing development proposals and investment in construction skills development
- Funding of £20M from the UK Government's Plan for Neighbourhoods to be invested in Elgin
- the development of a Social Value Charter in Moray providing a strategic framework for community benefits to direct housing legacy funding from the renewables sector towards site assembly, infrastructure investment and the delivery of low carbon housing projects.

Furthermore, over and above the assumptions on household growth associated with the Moray Growth Deal (the basis of the starting point HNDA scenario), potential for further growth in housebuilding arising from the creation of the Inverness & Cromarty First Green Freeport (ICFGF) is likely. There is strong potential for Moray to absorb mobile housing demand arising from the ICFGF given the intended future allocation of the Lochiehill development site in Forres (which is in travel to work proximity to the Freeport) and which has potential to deliver up to 1,000 units. In addition, major planning, site assembly and investment projects will also create opportunities to stimulate market housing delivery through economic development activity including the delivery of the Buckie Harbour masterplan.

In contrast, whilst the Steering Group was confident that a future increase in affordable housing could be achieved, it was unlikely to be of the scale suggested by HNDA housing estimates (3,120) which would more than treble historic delivery rates (948). However, it was noted that if the 2024/25 – 2029/30 SHIP programme performs at the same rate of over the later 5-years of the 10-year planning period, 1,570 units of affordable housing could be delivered. The likelihood of



increasing delivery will also be enhanced by infrastructure investment in affordable housing sites (outlined above). In addition, there are a number of larger sites owned by Moray Council which will support the delivery of affordable housing at scale. This includes sites at Bilbohall (which has capacity for 200 units) and Speyview at Aberlour (which has capacity for 70 units).

To determine a more appropriate tenure balance, a number of resource planning and delivery benchmarks were assembled for both market and affordable housing to determine an alternative and more appropriate future tenure split for Housing Supply Targets. Table 1.3 sets out these benchmarks, creating aggregated delivery measures for both affordable and market housing:

10 year evidence	Market Housing	Affordable Housing	Total Housing
Historic Completions (Scottish Government Statistics 2014/15-2023/24)	2,736	948	3,684
SHIP Resources (10 year estimate)		1570	
MATHLR (10 year estimate)			3,450
HNDA Housing Estimates Growth (2022-2031)	1,527	3,120	4,648
Triangulated measure	2,132	1,879	3,927
Triangulated measure - tenure split	54%	48%	100%

Table 1.3: Moray Housing Estimates by Tenure

The Steering Group agreed that a more appropriate starting point for affordable housing targets is the aggregate measure of completions, SHIP schedule and HNDA estimate (1,879). Whilst this is a lower target than HNDA estimates (3,120) it is almost double the rate of completions in the last 10 years (948) and offers a positive balance between ambition and realism about delivery

It was also agreed that a more appropriate starting point for market housing estimates (3,283) is based on previous 10-year completion rates (2,736) with a 20% growth uplift to reflect Green Freeport, wider economic development and infrastructure opportunities. These opportunities have emerged since the publication of Moray HNDA in 2023 and are should be included over and above the growth rate considered within the Moray Growth Deal as part of calculation of housing estimates.

Steering Group members therefore supported the following adjustments to starting point HNDA housing estimates by tenure:

HNDA Housing Estimates	2022-2031	% Tenure Split	10-Year Completions	% HST uplift to historic completions
Affordable Housing	1,879	36%	948	98%
Market Housing	3,283	64%	2,736	20%
Total	5,163	100%	3,684	40%

Table 1.4: Moray Housing Estimates by Tenure

These adjustments result in a baseline Housing Supply Target of 5,163 units, which benchmarks well beyond the MATHLR of 3,450 as the minimum housing land and delivery baseline for Moray.



This was agreed as a more effective ambitious starting point for setting 10-year Housing Supply Targets in Moray.

Furthermore, analysis of HSTs by tenure to historic completions by tenure shows a 20% proposed up in market housing delivery. In contrast, the affordable HST shows a significant 98% increase in proposed delivery levels. Given the scale of backlog housing need and HNDA affordability outcomes, Steering Group members agreed that this broad tenure split (affordable: 36% / market: 64%) could be justified given LHS commitments to increasing the supply of affordable housing. The approved SHIP programme for 2024/25-2029/30 also delivers a scale and pace of affordable housing delivery that could enable a more ambitious target to be achieved.

This adjusted HST starting point was also compared to both the 5-year effective land supply (5,022) and total established land supply in the Local Development Plan (11,770). It was noted that a generous supply of land is available in Moray in the short medium and long term to enable the delivery of the adjusted Housing Supply Target, whilst also accommodating future growth.

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

Further analysis was performed to test the delivery potential of Housing Supply Targets by housing market sub-area and tenure. Table 1.5 details the evidence considered including disaggregated housing estimates and effective LDP site allocations.



10- year Estimates	Moray	Buckie HMA	Cairngorms National Park HMA	Elgin HMA	Forres HMA	Keith HMA	Speyside HMA
Affordable Housing Supply Targets	1,879	263	19	1015	301	150	132
Market Housing Supply Targets	3,283	486	19	1737	541	267	233
Total Housing Supply Targets (2023-32)	5,163	750	37	2,752	841	418	365
5-year effective land supply (2024)	5,022	576	*	2,632	1,360	143	311
5+ year effective land supply (2024)	1,409	68	*	1,227	98	8	8
Shortfall/surplus (Site allocations/HSTs)	1,268	-106	-37	1,107	617	-267	-46

Table 1.5: Analysis of Housing Estimates by Housing Market Sub-area and Tenure

*Effective land supply not recorded in the Moray Local Development Plan

Table 1.5 shows that an overall level Moray has a generous supply of land to meet proposed housing supply targets. Generous surplus land resources are evident in the Elgin (1,107) and Forres (671) Housing Market Areas.

Whilst Speyside shows a small shortfall in the effective land supply (-46), notable shortfalls are evident in the Keith Housing Market Area (-267) and Buckie (-106). As overall established land supply in Moray sits at 11,770 units, it was considered possible to meet identified shortfalls in the medium to longer term. To this end, planning interventions to meet identified housing requirements, including future land allocations could be considered.

Furthermore, given the overall development capacity across Moray, it was agreed by Steering Group members that the broad tenure split (affordable: 36% / market: 64%) could be justified given the policy commitment to increasing the supply of affordable housing.

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

	Housing Supply Targets 2024-2033	% Affordable Housing	% Market Housing
Buckie HMA	750	36%	64%
Cairngorms National Park HMA	37	36%	64%
Elgin HMA	2,752	36%	64%
Forres HMA	841	36%	64%
Keith HMA	418	36%	64%
Speyside HMA	365	36%	64%
Moray	5,163	36%	64%

Table 1.6: 10-year Housing Supply Targets by Housing Market Sub-area and Tenure

Stage 4: Annual Housing Supply Targets

The principles for setting 10-year HSTs by sub-area and housing tenure were then adjusted to provide an annual Housing Supply Target:

	Annual HST	Annual HST rounded to the nearest 5	% Affordable Housing	% Market Housing
Buckie HMA	750	75	36%	64%
Cairngorms National Park HMA	37	5	36%	64%
Elgin HMA	2,752	275	36%	64%
Forres HMA	841	85	36%	64%
Keith HMA	418	40	36%	64%
Speyside HMA	365	40	36%	64%
Moray	5,163	520	36%	64%

Table 1.6: 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 Moray has been set at 520 units per annum with a 36% target for affordable housing (190 units) and 64% target for market housing (330 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 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 new Moray Local Development Plan.



Appendix 1: Moray Housing Supply Target Evidence Template

HST Factors	Market Housing (+/-)	Evidence: Impact Analysis – Market Housing Delivery	Affordable Housing (+/-)	Evidence: Impact Analysis – Affordable Housing Delivery
10-year Housing Estimates (2022-2031)	3,283		1,879	
Economic factors	+	<p>The Moray Growth Deal is a regional deal designed to boost economic growth across the area. It aims to deliver transformational investment to drive economic growth by investing over £100 million in eight strategic projects that will maximise Moray's future economic competitiveness. The Moray Growth Deal has the potential to create up to 3,500 jobs, a key assumption in 2023 HNDA housing estimates.</p> <p>However, there is strong potential for further growth in housebuilding arising from the Inverness & Cromarty Firth Green Freeport on North East Scotland. Whilst definitive estimates of economic impact or housing led growth potential has not been specifically established for Moray, creation of the Green Freeport has the potential to create up to 10,000 jobs in the North East of Scotland. There is strong potential for Moray to absorb mobile housing demand arising from the ICFGF given the intended future allocation of the Lochiehill development site in Forres (which is in travel to work proximity to</p>	+	<p>Whilst 3,500 new jobs are projected in Moray over the next 10 years as a result of specific Growth Deal projects, this development activity will also stimulate ongoing growth and development of the local economy longer term. It is therefore crucial that a lack of affordable housing supply does not become a barrier for recruiting and retaining staff. To relieve these pressures, there is strategic appetite in the LDP and LHS pursue housing and land-use interventions which enhance the rate of affordable housing delivery in Moray.</p> <p>Further growth in affordable housing delivery will also be essential in ensuring Moray is able to take advantage of opportunities to increase affordable supply including those arising from the SSSEN Workforce Housing Strategy legacy.</p> <p>In addition, Places for People have indicated they are keen to expand from affordable housing development in the Highland region into Moray, expressing a preference for larger</p>





		ICFGF) and which has potential to deliver up to 1,000 units. Furthermore, major planning, site assembly and investment projects will also create opportunities to stimulate market housing delivery through economic development activity including the delivery of the Buckie Harbour masterplan. The masterplan sets out how Buckie Harbour will be expanded with capabilities for offshore wind vessels, cargo, fishing and cruise vessels, as part of the just transition strategy for the Moray area.		development sites. Places for People would be able to provide a diverse range of affordable tenures and options within the Moray affordable housing investment programme. This development agenda would enable the delivery of sites led by a principle RSL contractor, to complement the important contribution made by locally operating RSLs increasing affordable housing supply via section 75 agreements
		Amidst the economic impact of Brexit, the global pandemic and war in Ukraine, the construction sector has experienced unprecedented materials shortage and supply chain stress, driving inflation in the tender costs of housing investment programmes by up to 25% since 2021. Whilst ongoing cost pressures are predicted to continue for the foreseeable future, the long term impact of construction inflation on the pace and scale of housing delivery is difficult to predict.		
Capacity in the construction industry		There is ongoing engagement on identified development sites between Moray Council and commercial housebuilders, suggesting a positive commercial appetite towards the Moray housing market area. This extends to future development opportunities, including engagement with 2 volume housebuilders who have expressed interest in the future allocation of the Lochiehill development site		There is a strong network of local and regional RSLs committed to longer term housebuilding in as set out by the 2025/26-2029/30 Strategic Housing Investment Programme. Over and above this, Places for People have expressed a desire to support the delivery of affordable housing as a principal contractor delivering a range of affordable housing tenures
Interdependency: delivery of		The Moray Affordable Housing Policy creates a strong basis for encouraging		The Moray Affordable Housing Policy has been successful in enabling RSLs to utilise the resources provided by the Scottish Government's Affordable Housing Supply








market/affordable housing		<p>market housing activity as a delivery mechanism for affordable housing.</p> <p>The policy sets a requirement that proposals for new housing developments of 4 or more units (including conversions) must provide 25% of the total units as affordable housing</p>		<p>programme, via off the shelf partnership arrangements. Given the current risks associated with affordable housing delivery (including construction cost inflation outstripping subsidy rates, annualised grant allocations and limited RSL business plan headroom for new build), the Affordable Housing Policy enables continued investment in social housing without RSLs bearing the risk of acting as principal contractor.</p> <p>Enhancing market delivery will therefore have a positive impact on the meeting the need for affordable housing across the region.</p>
Availability of resources	+	<p>Whilst there is a generous supply of both effective (5,022 units) and established land in Moray (11,770), infrastructure constraints can prove the main deliverability barrier to house building. To address this, a number of funding opportunities are being actively pursued by Moray Council to support infrastructure investment in improving site effectiveness and delivery, supporting increases in future house building rates. This includes:</p> <ul style="list-style-type: none"> (i) UK Government Levelling Up funding of £18.3M in Elgin (ii) Just Transition Funding bids. An officer post will be appointed in 2026 to coordinate funding bids which enable brownfield/vacant site assembly, low carbon housing development proposals 	+	<p>Over the next 5 years, the Strategic Housing Investment Programme (SHIP) in Moray has the capacity to deliver 785 affordable homes, should Scottish Government Funding be made available to support delivery of the programme.</p> <p>Having said this, Moray Council have a very strong track record of enhancing the annual funding provided by the Scottish Government (in the form of SHIP Resource Planning Assumptions) by attracting slippage funding from other local authority areas in the national programme. Over the last 5 years, through the RPA process, Moray Council have been allocated £42.7M of Affordable Housing Supply Programme grant funding. Over the same period, Moray Council have been successful in boosting this allocation by</p>



		<p>and investment in construction skill development</p> <p>(iii) UK Government Plan for Neighbourhoods funding of £20M for Elgin; and</p> <p>(iv) The development of a Social Value Charter in Moray aligned to research with Highland Council which will provide a strategic framework for community benefits as part of a regional investment plan. It is intended this charter will direct housing legacy funding from the renewables sector towards site assembly, infrastructure investment and the delivery of low carbon housing projects.</p>		<p>18%, with investment of £50.3M achieved in affordable housing development projects. Ther Council will continue to maintain a healthy programme of deliverable projects in order to maintain this additionality to grant funding during the course of the 2025-30 LHS.</p> <p>Whilst the infrastructure investment funding detailed will undoubtedly help to improve the deliverability of affordable housing sites, there are also a number of larger sites owned by Moray Council which will support the delivery of affordable housing at scale. This includes sites at Bilbohall (which has capacity for 200 units) and Speyview at Aberlour (which has capacity for 70 units).</p>
Likely pace and scale of delivery based on completion rates		<p>Analysis of housing completions in Moray over the last 10 years (2,736), shows that average annual housing delivery is 274 units. This benchmarks lower than an annual housing supply target of 330 units, with a delivery uplift of 20% required (56 units) to achieve targets.</p> <p>This scale of uplift in market housing supply should be enabled given the generosity of land resources available and major planning and infrastructure interventions programmed</p>		<p>Analysis of affordable housing completions in the last 5 years (948), shows annual average completion rates of 95 units per annum. An annual uplift of 98% per annum will be required to achieve the rate required by Housing Supply Targets. Whilst this should be enabled to some extent given the Resource Planning Assumptions on funding delivery in the 2024/5-2029/30 SHIP, Moray's success rate in attracting slippage funding and the major infrastructure interventions planned; this scale of delivery uplift is likely to challenging.</p>



Recent development levels		Over the last 5 years 802 housing units of market housing were delivered, on average 267 units per annum. This is notably lower than the proposed HST for market housing at 330 units per annum.		Analysis of total affordable housing completions in Moray over the past 3 years equals 340 units. Furthermore proposed 5-year housing supply targets (950) exceed the 2024/5-2029/30 SHIP (which programmes delivery of 785 units). It should be noted that construction inflation of up to 25% since the pandemic is causing barriers to the delivery of affordable housing across Scotland. In this context, the economics of affordable development could pose a delivery challenge, despite the availability of Affordable Housing Supply Programme resources.
Planned demolitions		There are no active demolition applications in private sector housing in Moray. Significant reductions in private sector housing stock attributed to demolitions is therefore highly unlikely		There are no active demolition applications in the social housing in Moray.
Housing being brought back into effective use		As of July 2025, there were 997 empty homes across Moray including 767 long term empty properties and 230 unoccupied exemptions. The proportion of empty homes varies by housing market area, ranging from 5% of all homes in the Cairngorms HMA (26 properties) to 2% in Elgin (350), Buckie (176), and Forres (175). Mapping analysis concludes that there are no specific concentrations of empty homes across Moray, and whilst there are some pockets in more rural areas, these tend to be small in terms of numbers. The new LHS will programme further action to bring more long-term empty properties back into residential use, ensuring that there is a continued reduction in the number of long-term empty homes.		
Impact analysis: should estimates be adjusted?	7 x (+ve) impacts / 2 x (-ve) impacts		6 x (+ve) impacts / 3 x (-ve) impacts	