

DECLARING AN ARGYLL AND BUTE HOUSING EMERGENCY

1.0 EXECUTIVE SUMMARY

- 1.1 The housing system is increasingly complex and contains wide ranging effects on the society we live and work in. Across the UK, the housing system is now in a position commonly recognised as being in a state of emergency, with a consistent reduction in supply, a steady increase in demand including for different types of housing, and increasing levels of un-affordability. This situation has been evident for a number of years but recent events such as the pandemic and now the cost of living crisis has exacerbated this situation.
- 1.2 Within Argyll and Bute, these problems have had a direct impact on property prices with substantial increases in our area in recent years, private rental levels rising at a substantial rate, housing availability decreasing despite our social rent build programme and local wages not keeping up with inflation.
- 1.3 The Council has already identified improving housing solutions for local people as a priority. After careful consideration of the numerous issues in front of us, including a rise in homelessness, and a lack of housing choice for key workers it is now considered necessary for the Council to specifically acknowledge a “Housing Emergency”. This will help to focus our resources and ultimately justify future decision making if any additional interventions are to be taken forward following further consideration by the council and our housing partners.
- 1.4 Consequently, there is also a need for the Local Housing Strategy (LHS) to consider these recent issues in more detail and examine if they can be addressed by the Council, or our partners including the Scottish Government. The LHS is updated annually, and it is proposed that this is the appropriate vehicle to do this.
- 1.5 To support this, officers have set up an internal Housing Group with relevant senior officers from across the Council’s Services participating. The aim of the group is to look at the key barriers and constraints to the development of housing, to consider direct intervention at all levels including radical housing delivery models, to consider new policy measures that could be employed by the Council, or the Scottish Government; to engage and facilitate with other relevant stakeholders including our communities. The work of this group will then feed in to the annual review of the LHS before the end of the year (2023).

1.3 It is recommended that the Environment, Development and Infrastructure Committee:-

- Consider the contents of this paper and formally declare a “Housing Emergency” in Argyll and Bute;
- Note the intention to update the Local Housing Strategy;
- Note the intention to hold an Argyll and Bute housing summit together with relevant stakeholders in the Autumn of 2023;
- Note the operational officers group will explore and develop a series of options that will be brought forward to Members for consideration as and when developed.

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2.0 INTRODUCTION

- 2.1 This report outlines the key characteristics of stress within the Argyll and Bute housing system. It proposes that the Council formally acknowledges a Housing Emergency. It goes on to suggest that the Council's Local Housing Strategy should be updated to identify in detail what these issues are and how they might be tackled by the Council and or partners.
- 2.2 The report notes that an operational Officer Housing Group has already been established to explore and develop a series of options for Members' consideration. This includes looking at key barriers and constraints to development, considering direct intervention at all levels including radical housing delivery models, considering potential new policy measures that could be employed by the Council or Scottish Government. The operational group will use the Strategic Housing Forum, in the first instance, to report any options for considering, and to facilitate engagement with other stakeholders.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Environment, Development and Infrastructure Committee:-
- Consider the contents of this paper and formally declare a "Housing Emergency" in Argyll and Bute;
 - Note the intention to update the Local Housing Strategy;
 - Note the intention to hold an Argyll and Bute housing summit together with relevant stakeholders in the Autumn of 2023;
 - Note the operational officers group will explore and develop a series of options that will be brought forward to Members for consideration as and when developed.

4.0 DETAIL

A HOUSING EMERGENCY

4.1 The UK housing system is complex and wide ranging in its effects on the society we live and work in. Over recent decades within the UK, including Scotland, structural changes within the housing system have occurred which see us now in a position which is commonly recognised as a housing emergency across the UK.

4.2 Described at its most basic level:

- There has been a reduction in the amount of housing supply whilst at the same time a sustained increase in demand.
- At the same time there has been a significant increase in property values, at a rate that has been well above national and local wage increases.
- There is a smaller percentage of the housing stock available as socially rented accommodation due to changes in the local economy.
- Property has been as a financially attractive investment for those with available capital, and this has helped drive price increases.
- There has been limited regulation of the private rental sector.
- We have an ageing population and an elderly and social care system that is facing considerable challenges and changes in delivery.
- Construction prices increased by 22% during 21-22.
- There are significant labour/skills shortages across a range of professions and trades.

4.3 These problems/issues have a direct impact on property prices, rental levels, and general housing availability that contributes to wider economic and social challenges. Whilst many housing issues are common and widespread, the UK is a large and disparate geography, and the nature of the national housing emergency manifests itself differently in different geographical areas and localities.

4.4 In Argyll and Bute the stark reality and critical stresses in the housing system can be characterized by some key statistics listed in the paragraphs below:

High Numbers On Housing Waiting List

- 3,290 people on the housing waiting list, 8% more than last year.

High Homelessness

- 253 households classified as homeless, 15% more than last year, and 127 currently in temporary accommodation.

Low Number of New Tenancies Created

- In 22/23, 811 new social rented tenancies were created and this is still a little

lower than pre-pandemic. In 2022, there were 4 applicants per tenancy created.

Unaffordable Sales Prices

- The average house sale is up to 7 times the average wage.
- The average house price was £206k in 2022 (RICS.)

Low Amount Of Rented Stock

- 5% less social rented stock than the Scottish Average.

Significant Housing Stock Unavailable for Residents

- 6% second homes (0.9% average in Scotland (highest level of second homes ownership in Scotland).
- 11% vacant and second homes (4% for Scotland).
- Including NDR registered holiday lets, the total unavailable housing stock in Argyll and Bute can be as little as 0.8% in Helensburgh, commonly 20% in many rural settlements, and well in excess of 40% in certain rural villages such as Portnahaven or Balemartin.

Property Sales Go To People Not Residents In Argyll and Bute

- 43% property sales in Argyll and Bute are to people from outside the Area, and this is much higher in certain parts of Argyll and Bute

Little Speculative Private House Building Outside Helensburgh and Lomond

- Excluding Helensburgh and Lomond, the rate of private house completions on sites of 5 or more over the last 5 years, is only 16.8% of what would be expected for the size of population in Scotland. (131 actual, 780 predicted).

Rapidly Ageing Population

- 25% currently over 65 years of age and a predicted 23% increase in numbers over 75 by 2028. At the same time under 15s decrease by 18%.

Reducing Household Size

- Average household size in 2021 is the lowest in Scotland at 1.96 (Scotland 2.12).

Rapid Increase In Construction Costs

- 22% increase in construction costs 2021 to 2022 (BICS National Data).
- Island costs are significantly higher.

Community Housing Priority

- 56% believe housing for local families is needed for communities to thrive in the future (HIE Survey, 2022).

Lack of Accommodation Stifles Employment

- Majority of employers surveyed on Mull and Iona think lack of worker accommodation is a problem, impacting negatively on current operations and stifling growth and investment. (MIGHT Survey 2022).
- Majority of employers surveyed on Islay have experienced difficulties recruiting staff due to lack of housing (Islay Strategic Housing Overview 2019).

DEFINING THE PROBLEM

- 4.5 This is a complex and interdependent picture and collectively these local statistics point to a Housing Emergency within Argyll and Bute, set within the context of a national crisis that exacerbates the issues we face. The Council has already declared housing as one of its top priorities bringing forward a number of projects across Argyll and Bute. It would however be useful for the Council to specifically acknowledge and declare a “Housing Emergency”, as this will help to focus our limited resources, help raise the issue at a national level, and ultimately justify future decision making if any further interventions are decided upon.
- 4.6 To be able to think about how best to tackle this, it is helpful to try and identify common themes, and this can be done by considering four key issues:
- **Shortage of New Build Private Housing Supply**

Outside Helensburgh and Lomond there is practically no speculative private new build, and this means there are few starter homes for purchase, or smaller homes for downsizing. Both vital to maintain a healthy functioning housing market and communities that support them.
 - **Unavailability and Affordability of the Existing Private Housing Stock**

A significant proportion of the housing stock is unavailable for occupancy as principal homes by permanent residents because it is in use for holiday homes, or holiday letting, and occasionally contract workers. This places stress on the rest of the housing system. In addition, the unaffordability of the housing stock that is on the market further exacerbates the problem and often favours purchasers from outside the local area with greater economic resources at their disposal.
 - **Effectiveness of Social Rented Stock**

With high demand, long waiting times, slow turnover of housing stock, high numbers of homelessness in temporary accommodation, and a mismatch between stock bedroom size and demand, the social rented supply is not

performing as efficiently as it could. As a stock transfer Council, we are not in direct control and must work closely with RSLs and the Scottish Government to address these issues.

- **Maintaining New Build Social Supply**

Despite successful delivery of the Strategic Housing Investment Programme over recent years, it remains challenging to deliver new build social rented stock at the necessary volume when developing in remote rural areas with high construction costs, significant infrastructure requirements, labour and contractor shortages, increasing finance costs and a finite development appetite in terms of risk.

TACKLING THE ISSUES

- 4.7 There is no single silver bullet solution to these issues, but the requirement for a broad range of activities, both short and long term. Some of these will be improving or adjusting existing activities, some will be exploring new ways of working and enabling partners, and some may involve new types of direct Council interventions.
- 4.8 Whilst having transferred the Council's Housing Stock to RSLs, the Council remains the Strategic Housing Authority for the Area, and is also the Statutory Planning Authority. As such, it is required to produce a Local Housing Strategy (LHS) approved by Scottish Government.
- 4.9 The current LHS covers the period 2022-2027 and sets out the authority's strategic vision for housing, taking into account national policy, local priorities, and based on a detailed understanding of need and demand in the Area. It is based on very extensive consultation with all sectors and stakeholders in the housing market.
- 4.10 The LHS identifies many of the statistical characteristics and issues outlined above. It sets out the strategy that underpins how the Council seeks to meet the housing need and demand for all tenures within the Area. Fundamentally, this flows from the identification of a Housing Supply Target. This then flows in to the Council's Local Development Plan, which identifies the land required on which to develop the housing, and the Council's Strategic Housing Investment Plan, which identifies where investment in new social housing will occur.
- 4.11 The Council has significant influence on the provision of social housing, and is a key partner in the operation of the existing social housing stock. However, in the private tenure of the housing market, both for sale and rent, the Local Housing Strategy has traditionally had less influence. Through the Housing Supply Target, the LHS identifies how many private sector homes are required, and the LDP identifies suitable land on which this can be provided. However, beyond this, there is a reliance on the private sector to develop and provide the houses. In a normal market situation this successfully delivers speculative housing for sale on sites identified in LDPs. However, over recent years in remote rural areas such as we

have in Argyll and Bute, there has been very limited appetite from private market house builders to develop in this manner. At the same time, unpredictable changes in the private rental market, whereby the growth of un-regulated short-term letting, and changes in the financial attractiveness of letting have reduced the number of properties available for let to permanent residents.

- 4.12 There is therefore a need for the LHS to consider these issues in more detail, and examine if and how they can be addressed both by the Council, and in partnership with other stakeholders in the housing delivery system including the private sector, community groups, RSLs and the Scottish Government. It is normal practice for the Housing Service to produce an annual LHS update and it is proposed that this is the appropriate vehicle to do this.
- 4.13 To support this officers have already set up an operational Officer Housing Group with senior officers from across the Council's services. The group will explore and develop a series of options for Members' consideration. This includes looking at key barriers and constraints to development, considering direct intervention at all levels including radical housing delivery models, considering potential new policy measures that could be employed by the Council or Scottish Government. The operational group will use the Strategic Housing Forum, in the first instance, to report any options for considering, and to facilitate engagement with other stakeholders.
- 4.14 The Group will create a direct action or delivery programme. This will largely be site focused, although may also include proposed thematic policy interventions. The Group will seek to evaluate the proposals of the Delivery Programme against identified criteria including:-
- Fit with the Council's Policy Framework: Particularly the LHS, SHIP, Local Development Plan 2, National Planning Framework4 and the emerging Argyll and Bute Economic Development Strategy.
 - Scale of impact in meeting identified need and demand.
 - Risk of proposals set against need and demand.
 - Key barriers to success and delivery.
 - Funding landscape available to the council and our partners.
- 4.15 A similar style Delivery Programme will become a statutory requirement in support of the new style Local Development Plans, which will be introduced in the next few years. It is envisaged that the resultant Delivery Programme would be maintained as a working document with regular review and monitoring. Many of the outcomes from the Delivery Programme will be capable of implementation through normal business, but it is expected that there will be a number of proposals which will require decisions of the Council to implement. Examples might include:
- Development Site purchase and or CPO;
 - Purchase of off the shelf new build private housing for rent-or re-sale;
 - Purchase of second homes appearing for sale, and their re-sale with burdens to ensure occupancy as principal homes;
 - Implementation of planning control to regulate short-term letting.

- Development of accommodation to act as a temporary or touch-down location for workers arriving on the islands.

4.16 The Housing Group is already in operation and is in the process of developing proposals at speed. It will feed in to the annual review of the LHS before the end of the year that will be presented to members for a further decision. It is also intended to hold a housing summit in the Autumn in collaboration with a number of our housing delivery partners.

EXISTING PROGRESS

4.17 It is important to note, that notwithstanding the issues and challenges raised in this report, a significant amount of progress is already being made.

- The Council's award winning empty homes team has expanded and is working effectively to bring disused properties back in to use.
- Developments in Helensburgh have continued to deliver private new build market homes at scale.
- Phase 3 of Dunbeg coming to completion with plans underway for phase 4.
- 251 new affordable homes on site during 21/22.
- More social housing built on the islands than for many years.
- Community Housing groups delivering their own housing developments in places such as Colonsay, Ulva, Ulva Ferry and Gigha.
- £2m in 21/22 invested in improving housing stock energy efficiency with a further £2m in 2022/23.
- Taking forward key worker housing through the Rural Growth Deal in places such as Tobermory and Bowmore.

4.18 A wide range of other work is highlighted at: [ARGYLL AND BUTE LOCAL HOUSING STRATEGY 2004-2009 \(argyll-bute.gov.uk\)](https://argyll-bute.gov.uk/argyll-and-bute-local-housing-strategy-2004-2009)

5.0 CONCLUSION

5.1 There is a Housing Emergency across the UK including Scotland and Argyll and Bute. It is sensible to acknowledge it at a local level justified by the stark statistics that have informed this opinion. The Council intends to refresh its LHS to ensure we are specifically addressing the issues identified with a clear focus on housing delivery actions. There is a clear intention to hold a housing summit in the Autumn of 2023 to examine this issue further bringing together a range of housing stakeholders and partners. An Officer Housing Group has been established to focus on these issues and to identify appropriate actions which are likely to include new and direct housing interventions.

6.0 IMPLICATIONS

6.1 Policy - The proposal is consistent with current Council priorities and the Local Housing Strategy vision and outcomes which are directly aligned with the overarching objectives of the Outcome Improvement Plan, in particular

Outcome 2 – we have infrastructure that supports sustainable growth.

- 6.2 Financial - None directly arising from this report but future housing delivery actions will require additional funding at some stage from the council and our partners if delivery is to be accelerated.
- 6.3 Legal – None.
- 6.4 HR – None.
- 6.5 Equalities (Fairer Duty Scotland) - The proposals are consistent with aims and objectives set out in the local housing strategy, which is subject to an EQIA.
 - 6.5.1 Equalities – Protected Characteristics - There are targets set within the SHIP to deliver housing which meet the needs of specialist groups.
 - 6.5.2 Social-Economic Characteristics - The delivery of affordable housing across Argyll and Bute facilitates socio-economic opportunities for all. The SHIP links with the Child Poverty Strategy.
 - 6.5.3 Islands - The delivery of affordable housing across Argyll and Bute facilitates socio-economic opportunities for all. The SHIP links with the Child Poverty Strategy.
- 6.6 Risk - The Housing Needs and Demand Assessment process takes full account of housing need on the islands.
- 6.7 Climate Change – New housing in the right location helps reduce carbon outputs particularly when heating is provided using renewable energy and utilizing high standards of insulation which can also be applied to existing stock.
- 6.8 Customer Service – None.

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