

Planning Policy Response to Argyll and Bute's Declared Housing Emergency

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides an over view of some of the potential planning policy responses in recognition of the housing emergency which was declared at the Environment Development and Infrastructure committee in June 2023.
- 1.2 There are many factors which contribute to the housing emergency in Argyll and Bute including social, economic, geography and demographics. This paper examines areas where land use planning policies may have some effect to help address imbalances in the local housing system that may have contributed to the housing emergency. These are; the growth in the use of residential accommodation to provide short term let holiday accommodation; the use of houses as second homes and the application of current development plan housing policies to meet local housing needs including homes for primary occupancy, and the provision of affordable housing and housing for key workers.
- 1.3 This paper recommends that the Council explores the introduction of planning short term let control area/s, as part of the housing event to be held in November 2023, and subsequently a further report for consideration by PPSL Committee outlining the preferred options.
- 1.4 National Planning Framework 4 provides greater policy emphasis on local solutions to ensure new homes within the region are delivered to meet the identified local housing needs; and in some areas to offset the impact of second homes and short term lets. In order to inform the application of these policies to ensure that new homes meet identified local housing needs, it is proposed that a technical note be prepared to accompany the Proposed Local Development Plan (LDP 2) when adopted.
- 1.5 It is proposed that the existing supplementary guidance on affordable housing is reviewed as a LDP2 Technical Note. This will seek to ensure all forms of affordable housing is used as such in perpetuity; and further explore the role which housing for key workers may have in meeting affordable housing requirements to

enable local industry to expand, and attract economically active population to our area.

RECOMMENDATION

1.6 It is recommended that Members:

- i) Note and endorse the content of the report;
- ii) Agree to explore the options for designating a short-term let control area/s for all, or parts of, the planning authority's area and report findings back to PPSL.
- lii) Agree that Officers prepare a draft Technical Planning Note in support of NPF4 and LDP2, providing updated guidance on affordable housing delivery including its retention in perpetuity and accommodating key workers for consideration by Members.
- iv) Agree that Officers prepare a draft Technical Note in support of NPF4, and LDP2, that will provide guidance on how we ensure housing is delivered to meet the local housing need as identified by the Housing Needs Demand Analysis (HNDA), including potential occupancy restrictions for consideration by Members.

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2.0 INTRODUCTION

- 2.1 The Argyll and Bute Local Development Plan 2 (LDP) identifies that the central challenge facing Argyll and Bute is the delivery of sustainable long-term economic growth to support the retention and growth of our population. One of the key aims of the LDP is to support the provision of a range of homes that meets the existing and future needs of all our communities through the identification and delivery of allocations for housing together with a flexible policy framework that encourages new homes constructed in appropriate, deliverable, and sustainable locations. This includes the availability of a range of homes for local people and for those who wish to move to the area to take up employment opportunities. It is clear that the availability of affordable, principle homes in the area makes an important contribution to the sustainability of communities, local services, and the local economy.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Members:

- i) Note and endorse the content of the report;
- ii) Agree to explore the options for designating a short-term let control area/s for all, or parts of, the planning authority's area and report findings back to PPSL.
- lii) Agree that Officers prepare a draft Technical Planning Note in support of NPF4 and LDP2, providing updated guidance on

affordable housing delivery including its retention in perpetuity and accommodating key workers for consideration by Members.

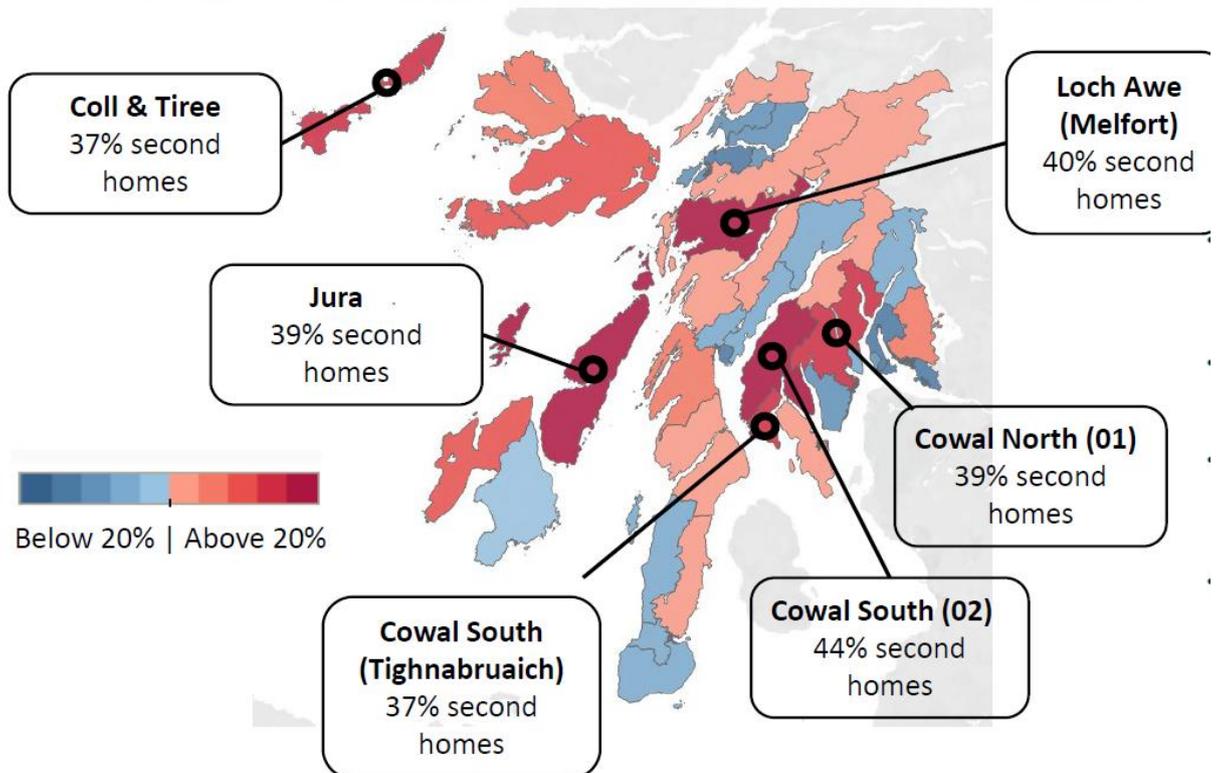
- iv) Agree that officers prepare a draft Technical Note in support of NPF4, and LDP2, that will provide guidance on how we ensure housing is delivered to meet the local housing need as identified by the Housing Needs Demand Analysis (HNDA), including potential occupancy restrictions for consideration by Members.

4.0 DETAIL

- 4.1 The issue of second homes and the loss of residential accommodation to short term lets is not a new one to Argyll and Bute. In fact, it forms an important contribution to economic activity in our area. However, the growth of on-line platforms for short term lets, has raised the profile of this type of accommodation, and made it easier for owners of second homes, and just as importantly privately owned rental accommodation, to offer their properties for short term let while they are not using them.

Proportion of second homes by data zone

2021/22 (combining CAG Self Catering properties and council tax second home registrations)



- 4.2 This national trend has contributed to the shortage of available accommodation for use as people’s primary home. This makes it harder to retain economically active people in the places they grew up, as well as harder to attract people to live and work in the area. Consequently, there is a strain on the sustainability of local services and a brake on growing our economy that is becoming increasingly supported by available evidence. An August 2023 survey by MIGHT of just 8 companies indicated un-met accommodation demand for 15 worker households who are needed to support their businesses, and this is over and above the accommodation those businesses are already procuring themselves on behalf of their workers.
- 4.3 That said, at the same time, tourism is extremely important to Argyll and Bute. A recent article by the Office for National Statistics shows that Argyll and Bute comes 9th in the list of tourism hotspots preceded only by 6 London boroughs, the Isles of Scilly, and South Lakeland.
- 4.4 Whilst it is recognised that tourism makes an important contribution to the Argyll and Bute economy, a balance has to be struck, in order to ensure that there are enough people who can live locally in order to provide vital services upon which we rely. It is also important in terms of stabilising and growing the population. There are numerous communities across Argyll and Bute where the availability of homes is very limited and has been reduced further by the higher than average levels of second homes, short terms lets, and vacant properties.

PLANNING CONTROL AREA/S CONSULTATION

- 4.5 At a national level the Scottish Government has responded to concerns over the growth of short term lets by introducing regulations to establish a licencing regime for short term lets, and by amending the Planning (Scotland) Act 2019 to enable Planning Authorities to establish Short Term Let Control Areas, for all, or parts of, their area.
- 4.6 In terms of Air B+B (single brand), analysis of their website in January 2023 revealed that the just over 2,000 properties were available in Argyll and Bute as follows (NB: this is a snap shot figure that varies over time). This figure will not include more traditionally offered holiday accommodation such as hotels.

Islay Jura Colonsay	172
Coll Tiree	35
Mull Iona	212
Kintyre	111
Mid Argyll	159
Bute	146
Cowal	360
Helen/Lomond	203
Lorn	<u>673</u>
A&B	2,071

- 4.7 A number of short term let control areas have already been introduced by other authorities. Edinburgh City Council has introduced a single control area that covers the whole of the City. Highland has introduced a short term let control area in its Baddenoch and Strathspey ward (which covers the Aviemore and Grantown on Spey area). In Argyll and Bute there may be a number of options regarding short term let controls, this could include a single area covering the whole of the planning authority area, or by identifying those communities where there may be particular pressure on housing supply on a housing market area basis.
- 4.8 The designation of a short term let control area is not a ban on short term lets, but will mean that planning permission will always be required for a change of use to a short term let. This will allow the planning authority to assess the application against LDP policy and for communities and individuals to make representations as part of the planning application process. It should be noted that all existing short term lets are required to apply for a license by 1st October 2023.
- 4.9 The licensing information will help inform more detailed consideration of the introduction of planning short term let control area or areas, with further evidence gathering and workshops considered as part of the housing summit to be held in November 2023. Following this, a further report will be prepared for consideration by PPSL Committee outlining the preferred options and the next steps in the formal designation procedures including submission to Scottish Ministers.

REQUIRMENT FOR HOMES FOR PRIMARY OCCUPANCY

- 4.10 National Planning Framework 4 (NPF4) was published in February 2023 and is now part of the development plan for Argyll and Bute. Planning applications require to be determined in accordance with all parts of the development plan unless material considerations dictate otherwise. National Planning Framework 4 includes policies on Quality Homes, Rural Homes and Tourism. These policies place greater emphasis on:
- ensuring new homes on land allocated for housing are delivered; and
 - demonstrating how they take account of identified local housing needs.
- 4.11 NPF4 recognises that "*There is a clear need for affordable housing provision across the region to improve choice and access to homes, to support local economies, and in some areas to help offset the impact of second home ownership and short term lets on the market. **Local solutions may include** key worker housing, temporary homes for workers in remote areas, and self-provided homes including self-build and custom-build*" (the region in this case being the North West Coast and Islands - which includes the Council's area).
- 4.12 NPF4 also states that "*Demand for development, including in pressured areas, will require a planned response to minimise the impact of second homes on local communities and ensure new homes are affordable and meet local needs*"

- 4.13 There is a clear emphasis in NPF4 on the identification of Local Solutions. Both the NPF4 and the Argyll and Bute Local Development Plan 2 policies in relation to housing, and the loss of existing accommodation to tourist accommodation require to be taken into account. In applying these in the context of the development plan as a whole, the Scottish Government's housing policy and the Council's now declared housing emergency, a more rigorous approach to securing housing to meet identified local housing requirements is justified. In order to inform the application of these policies to ensure that new homes meet identified local housing needs, and the loss of residential accommodation is taken in to consideration in relation to changes of use, it is proposed that a technical note be prepared to accompany the Local Development Plan 2 when adopted.
- 4.14 The Local Development Plan 2 (LDP 2) contains housing allocations in order to meet the local housing needs and demands which have been established in the Housing Need and Demand Assessment (HNDA). The HNDA provides the evidence base for the Local Housing Strategy and is used to calculate the Local Housing Land Requirement for the Local Development Plan 2. The HNDA does not assess the need for tourism accommodation, neither holiday lets nor second homes. It identifies the need for homes for those who wish to live and work within Argyll and Bute as their primary residence. Following the examination of LDP2 the reporters have confirmed that the Local Housing Land Requirement has been set at 3,000 units up to 2030, and a supply of housing allocations has been identified to meet that requirement. It is clear that the LDP2 identified land supply is intended to provide homes for primary occupancy for people who wish to live and work within the Area, not for second homes or holiday lets.
- 4.15 Reflecting this Policy 65 of LDP 2 contains a presumption against development other than housing, on land identified as a housing allocation unless it can be demonstrated that it will not result in a shortfall in housing land supply and significant positive environmental, economic or social benefits can be demonstrated. It is important to clarify that second homes and holiday letting are not considered "housing" under the terms of this policy.
- 4.16 It is proposed to draft a Technical Note for PPSL approval, which will set out how the new NPF4 and LDP2 policies will be applied in terms of the development of land for housing to meet the housing land requirement. Specifically the technical note will set out proposals to ensure that such new homes are meeting the identified local housing need by requiring that they are occupied as primary residences and remain as such in perpetuity. This is likely to be achieved by a S75 agreement, or a Rural Housing Authority Burden. Should subsequent property owners wish to change that restriction they would need to make an application to the Council to achieve that. It would then be open to the Council to approve or refuse the application. Again, this issue will be consulted on prior to reverting to PPSL.

REVISIONS TO AFFORDABLE HOUSING GUIDANCE

- 4.17 The Supplementary Guidance on the delivery of affordable housing which accompanies the 2015 Adopted Local Development Plan was approved in 2016

and is now out of date and will be reviewed as part of the suite of Technical Notes that will support LDP2.

Monitoring the provision of affordable housing since the approval of the Supplementary Guidance in 2016 indicates:

- the majority of affordable housing has been provided by Registered Social Landlords,
- there have been limited commuted payments; and
- a number of schemes where properties have been described as affordable by design or affordable in the market.

4.18 Some affordable properties delivered for ownership have subsequently been re-sold, and there is need to ensure that all types of affordable housing remain available for use as affordable housing in perpetuity. In addition, it is important to ensure that all types and tenures of affordable home remain in use as primary residences and are not lost to second homes or holiday letting. Mechanisms to deliver this will be included in the review.

4.19 Another issue which has emerged in recent years is that of housing for key workers including the provision of accommodation by employers, and how this should be treated in relation to affordable housing. This is an issue that Scottish Government have requested to be included within the Strategic Housing Investment Plan going forwards.

4.20 Guidance on all these issues will be developed and included in the Technical Planning Notes that will accompany LDP 2.

5.0 CONCLUSION

5.1 In response to the Council's declared housing emergency there are a number of ways in which the land use planning system and specifically the development plan policy can assist. In relation to development plan policy, further guidance can be developed and included in Technical Planning Notes to explain how the LDP policies relevant to the provision of homes for people will be applied. This will include making clear that housing is intended to provide homes for people to use as primary residences, that affordable housing is to be provided in perpetuity and the role which key worker or employer provided housing may play in the provision of affordable housing.

5.2 Argyll and Bute Council, as a Planning Authority, has the ability to pursue the designation of a short term let control area(s) for all or parts of their area. Further work will be carried out to establish the pattern and distribution of short term lets once the requirement for existing operators to apply by 1st October 2023 has passed. This data will further inform the housing workshops held later in November 2023. Notwithstanding all of the above, there is also a need to recognise the importance of tourism and the provision of visitor accommodation to the Argyll and Bute economy.

6.0 IMPLICATIONS

6.1 Policy

The proposals are consistent with current Council priorities including the Outcome Improvement Plan, Local Housing Strategy and Local Development Plan and NPF4 which forms part of the Argyll and Bute Development Plan..

6.2 Financial – None.

6.3 Legal - None at this stage.

6.4 HR None

6.5 Fairer Scotland Duty:

6.5.1 Equalities -

6.5.2 Socio-economic Duty –

6.5.3 Islands -

6.6 Climate Change

Making most effective use of existing buildings and existing housing stock helps reduce carbon inputs and provides for more sustainable communities.

6.7 Risk

Failure to follow the statutory process regarding the designation of a short term let control areas correctly may open the council to legal challenge.

6.8 Customer Service

None.

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