

AFFORDABLE HOUSING SUPPLY AND DEMAND – OBAN LORN & ISLES

1.0 INTRODUCTION

- 1.1 The main purpose of this report is to update Members of the Community Planning Partnership on housing supply and demand activity within the Oban Lorn and Isles area.
- 1.2 Argyll and Bute Council has a strategic enabling role in relation to housing in the local authority area. The Council has a statutory duty to produce a Local Housing Strategy (LHS) and a statutory duty to produce a Strategic Housing Investment Plan (SHIP) which details the new build affordable housing required in the area to meet housing need and demand.

Members are asked to consider the content of the report.

2.0 RECOMMENDATIONS

- 2.1 Members are asked to consider the content of this report.

3.0 DETAIL

- 3.1 Argyll and Bute Council retains the role of strategic housing authority and therefore has a series of important statutory housing functions to fulfil. A Housing Need and Demand Assessment is carried out every 5 years which enables Scottish Government funding to be brought into Argyll and Bute primarily to deliver affordable housing. The Council also produces a Local Housing Strategy (LHS) every 5 years. The new LHS will run from 2022-2027 and has a vision for housing in Argyll and Bute which is **“Everyone in Argyll & Bute has access to a suitable, high quality home which is affordable and located within a vibrant, sustainable and connected community.”**

This report will detail the affordable housing supply and demand taking place in Oban Lorn and Isles.

3.2 Housing Market Area (HMA) Profile

A Housing Market Area is defined as a geographical space or territory within which people will search for housing and within which they are willing to move while maintaining their existing economic – e.g. employment – and social relationships (this thus excludes long distance migration associated with, for example, changed employment). The maximum distance that people are willing to move in the circumstances outlined is affected by a number of factors chief among which are personal mobility, the time and money costs of travel and house price differences – these are all factors which can change substantially in the medium term. For this reason it is necessary to keep housing market area definitions under review.

There are 9 HMA's in Argyll and Bute. Lorn is an HMA, Mull and Iona is an HMA and Coll and Tiree is an HMA.

The table below details the key housing market information for Oban, Lorn and the Isles along with the average household income in each area.

UPDATED HMA PROFILE, 2020

	LORN	MULL & IONA	COLL & TIREE	OLI TOTAL
Population	16,053	3,054	753	19,860
Households (rounded: NRS 2020 estimates)	7,648	1,524	452	9,624
All Dwellings (Council Tax Register, October 2020 All Properties)	8,604	1,851	680	11,135
All Occupied Dwellings (CTR, 2020, no discount)	7,916	1,573	462	9,951
Ineffective Stock (CTR, 2020, vacant + 2 nd / holiday homes)	688	278	218	1,184
RSL Stock (2020 Annual RSL Returns)	1,649	236	54	1,939
Average <i>Household</i> Income (CACI Paycheck, 2020)	£38,224	£37,488	£34,485	

3.3 Private Rented Sector – Oban, Lorn and Isles

Since 2004 the Antisocial Behaviour etc (Scotland) Act has required Local Authorities to establish and maintain a register of private landlords. Landlord Registration data provides us with the most reliable source of data on the location of Private Rented Sector dwellings however this will omit landlords who have failed to register. There are 1591 registered private sector dwellings across Oban, Lorn & Isles which is 27% of all registered private sector dwellings in Argyll and Bute.

Private Rented Stock by HMA (2020)

HMA	TOTAL PRIVATE RENTED SECTOR STOCK
Lorn	1280
Mull & Iona	261
Coll & Tiree	50
Total	1591

3.4 Social Rented Sector – Oban, Lorn & Isles

TOTAL RSL STOCK BY HMA & SIZE (no's bedrooms), 2020

All Landlords						
	1 Bed	2 Bed	3 Bed	4 Bed	5+ Bed	Total
Lorn	521	699	390	35	4	1649
Mull & Iona	88	91	56	1	0	236
Coll & Tiree	14	24	16	0	0	54
Lorn & Isles Total	623	814	462	36	4	1,939
% of Total	32%	42%	24%	2%	0%	

HMA	Trust	West Highland HA	ACHA	Bield	LINK HA	Black wood	Totals
Lorn	0	571	883	98	83	14	1649
Mull & Iona	29	117	90	0	0	0	236
Coll & Tiree	6	18	30	0	0	0	54
Total	35	735	1,003	98	83	14	1,939

HOMEArgyll WAITING LIST May 2021 – Active Applicants					
	Minimum Bedroom Size Required				TOTAL
	0/1beds	2beds	3beds	4+beds	
Lorn	229	131	71	28	459
Mull & Iona	34	12	4	1	51
Coll & Tiree	11	3	0	2	16

For Oban Lorn & Isles as a whole, the majority of applicants (52%) require one bedroom and 28% require 2 bedrooms. 14% require 3 bedrooms and only 6% need 4 or more.

However, to establish actual need, the available supply must be factored into this, based on the available lets within the RSL stock during a year.

	HOMEArgyll Applicants	RSL Lets 2020/2021 (HOMEArgyll only)	Pressure Ratio
Lorn	459	89	5:1
Mull & Iona	51	24	2:1
Coll & Tiree	16	1	16:1
Total	526	114	5:1

This suggests there is a potential imbalance in the area, with a particularly high pressure ratio for Coll and Tiree, however it is important to bear in mind that this is actually based on low number of applicants and lets; and therefore any need for new developments would be small scale.

While the pressure ratios are only one factor in determining need and demand, they are useful indicators of areas where further research and analysis may be required.

3.5 Strategic Housing Investment Plan (SHIP)

The Strategic Housing Investment Plan (SHIP) delivered 22 new affordable homes in Oban, Lorn and Isles in 2020/21. Cumulatively over the last 5 years of the current LHS, there have been 178 new affordable homes built in Oban Lorn and the Isles via the SHIP; amounting to 39% of the 5 year total for Argyll and Bute.

Developments Currently on Site

Site/Development	RSL	Total Units	Expected Date of Completion
Dunbeg	LINK Group	300	March 2022

Kirk Road, Dunbeg	West Highland HA	4	completed May 2021
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In addition, further sites/projects in the Oban Lorn and the Isles area which are in early stages of development include:

Site/Development	RSL	Total Units	Expected Date of Completion*
North Connel	ACHA	2	2023
Port Appin	West Highland HA	6	2023
Tobermory, Mull	West Highland HA	12	2023
Lonan Drive, Oban	LINK Group	46	2023
Hospital Field, Oban	LINK Group	50	2023
Salen, Mull	West Highland HA	8	2023
Dunbeg	LINK Group	150	2025
Glencruitten, Oban	LINK Group	100	2026

*expected dates of completion are subject to change

3.6 Community Led Housing Projects

Mull and Iona Community Trust (MICT) delivered 2 affordable houses to rent at Ulva Ferry, Mull in 2020/21. In addition MICT secured an affordable house to rent at Pennyghael, Mull in 2020/21. The North West Mull Community Woodland Company (NWMWCWC) are currently bringing 6 properties back into use as affordable housing in the island of Ulva. The Council is working with community groups across the islands to explore opportunities for delivering affordable housing.

3.7 Local Housing Strategy (LHS) 2022-2027

As the strategic housing authority for Argyll and Bute, the Council has a statutory duty to develop, implement and monitor a Local Housing Strategy over a five-year planning cycle, based on a robust and credible Housing Need and Demand Assessment (HNDA) for the area. The current LHS for Argyll and Bute (2016-2021) is nearing completion and requires to be revised and submitted to Scottish Government Ministers in 2021. The planning process has been based on a robust process of consultation and stakeholder engagement.

The Council has carried out extensive engagement to inform both the revised HNDA and LHS, including a detailed HNDA Household Survey in 2019; an early engagement LHS survey in 2020; a virtual LHS Stakeholder Conference in November 2020; and other exercises for specific client groups. In addition, the outcomes of the CPP and LDP

community engagement processes in recent years, focused on the Place Standard Toolkit sessions held for individual communities and settlements, have also helped to inform the development of the next LHS, with Housing issues prominent in the feedback. The final draft consultation closed on 13th October and the LHS will be considered at Full Council on 25th November.

The level of response and input from Oban, Lorn and the Isles residents and community representatives has been encouraging. Key priorities and issues have been identified at the local level and along with national and statutory requirements.

4.0 CONCLUSION

- 4.1 This report provides the detail of the Housing Market Area activity in the Oban, Lorn and the Isles area. There are a variety of housing issues within the area which are being tackled by Argyll and Bute Council Housing Services and partner agencies with the aim of delivering a functioning housing systems which meets the needs of the communities we serve.

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APPENDICES

- Appendix 1 – Extract from LHS 2022 - 2027 Lorn & Isles
- Appendix 2 – Extract from LHS 2022 - 2027 Mull & Iona
- Appendix 3 – Extract from LHS 2022 - 2027 Coll & Tiree

Appendix 1 – Extract from LHS 2022 - 2027 Lorn & Isles



Lorn


Population	16,053
Households	7,648
Dwellings	8,604
Ineffective Stock (%)	8%
RSL Stock	1,649
Waiting List Applicants	737
RSL Lets (2019/20)	139
Pressure Ratio	5:1
Lower Quartile House Price	£120,000
Lower Quartile Income	£17,892
LQ Affordability Ratio	6.7

LORN HMA is centred on Oban and includes a number of the small, inner isles such as Easdale, Luing and Lismore. Despite the influence of in-migration, it is the most self-contained housing market in Argyll & Bute with 64% of house sales going to local residents. There was limited interaction with neighbouring HMAs in the local authority (3%) but over 17% of demand is from the rest of Scotland and over 13% from the UK. Overseas house purchasers have only marginal impact in this area, at just over 1% of sales. Average house prices are comparatively high and affordability remains an issue, with a high price-to-income ratio of 6.7 (lower quartile). There has been significant development activity in recent years, and the total dwelling stock increased by 8% between 2015 and 2020, with significant new builds in development or in the pipeline, particularly at Dunbeg. Lorn has 18% of the total housing stock in Argyll and Bute. However, 8% of the stock comprises second/holiday homes and long-term vacant properties. With 1,649 RSL homes in 2020 the area also has the highest provision of social rented stock – over 19% of the authority total. Nevertheless, this area still has the largest waiting list in Argyll and Bute by far, as well as one of the higher levels of homelessness (30% and 18% respectively of the authority totals) and HNDA analysis suggests that this area has the second greatest level of backlog need (21% of total backlog need).

Key issues for Lorn HMA:

Increasing the supply of affordable housing remains a critical priority for this HMA. The provision of Housing Options advice and information; and targeted Tenancy Support also remains important. Fuel poverty is an issue and improving energy efficiency will be important too. Ensuring that sufficient specialist provision (accommodation, adaptations, support services etc.) is available to meet the requirements of the ageing population and those with particular needs will also be key to a well-balanced, effective housing system.

Appendix 2 – Extract from LHS 2022 - 2027 Mull & Iona



Mull & Iona

Population	3,054
Households	1,524
Dwellings	1,851
Ineffective Stock (%)	15%
RSL Stock	236
Waiting List Applicants	113
RSL Lets (2019/20)	20
Pressure Ratio	6:1
Lower Quartile House Price	£129,375
Lower Quartile Income	£18,189
LQ Affordability Ratio	7.1

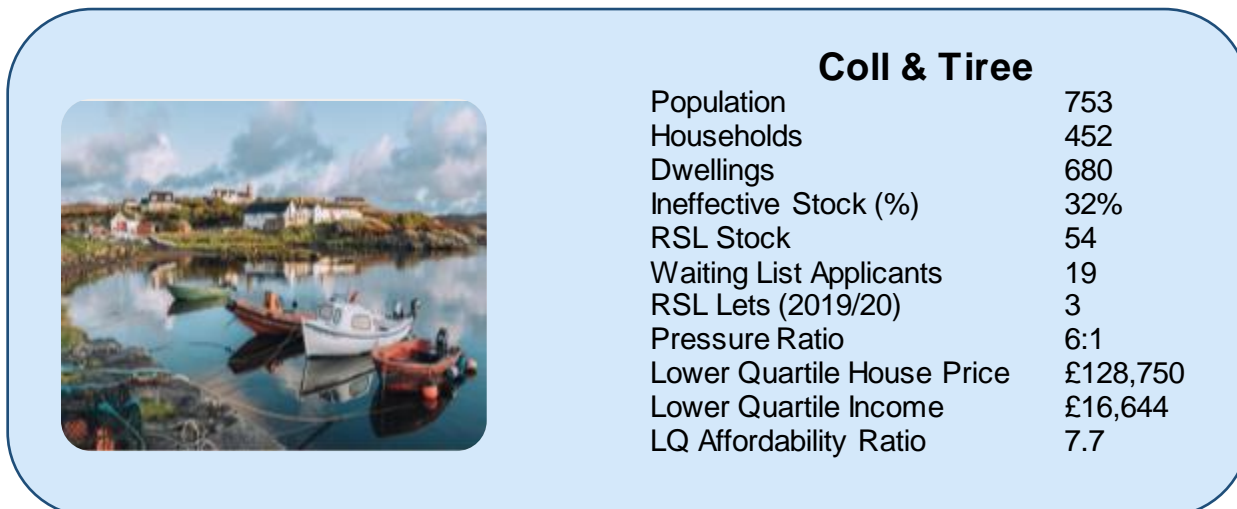
MULL AND IONA are combined for planning purposes as one HMA. As a housing market area, these islands exhibit the lowest level of self-containment in the authority area apart from Coll & Tiree, with less than 45% of house sales going to local purchasers. Around 16% of properties are bought by persons from elsewhere in Scotland; and over a third of all sales (34%) are to purchasers originating elsewhere in the UK, by far the highest proportion of any HMA in Argyll and Bute. Interaction with the rest of the authority is minimal with only 1.4% of sales originating in another local HMA. Mull & Iona have among the highest house prices in Argyll & Bute, well above the average for the authority as a whole and 3 times higher than Bute for example; and along with Islay, Jura & Colonsay; and Coll & Tiree, this is the one of the least affordable housing market for local residents. This area has seen less than 1% rate of growth in total stock, between 2015 to 2020; despite a range of RSL and community-led projects being proposed and progressed in recent years. This still amounts to only 4% of the total dwellings in Argyll & Bute. There is also a high proportion of ineffective stock here, with second/holiday homes and long-term vacant properties making up 15% of the total (albeit this is significantly lower than the last census recorded). The social rented sector totalled 236 homes in 2020, less than 3% of the sector total for Argyll & Bute as a whole and around 13% of the total housing stock on the two islands. There are around 6 applicants for every available let in the area, one of the higher pressure ratios in the authority.

Key issues for Mull & Iona HMA:

A small-scale targeted programme of affordable new build housing will help to sustain remote island communities.

Tackling fuel poverty and improving energy efficiency remain key targets; and ensuring sufficient specialist provision is available to meet the requirements of those with particular needs will also be important.

Appendix 3 – Extract from LHS 2022 - 2027 Coll & Tiree



Coll & Tiree constitute the smallest HMA in the authority, and are most affected by house purchasers from out with the area – less than 20% of sales are to local residents, with almost half of purchasers originating elsewhere in Scotland and a further quarter from elsewhere in the UK. More house buyers originate from overseas (5.6%) than from the rest of Argyll & Bute itself (1.4%). Average house prices have been among the highest in Argyll & Bute (albeit the number of sales are very small) and this area has been one of the least affordable to local households with the highest price-to-income affordability ratio of 7.7. Since 2015, the total number of dwellings on the islands increased by almost 8% while the number of households increased by around 12%. Proportionately, this HMA has the highest level of ineffective stock in Argyll & Bute, by far, with almost a third being second/holiday homes or long-term vacant properties. In 2020 there were 54 social rented homes, which amounts only 0.6% of the total RSL sector in the authority. Demand for RSL properties is numerically low but given limited turnover in existing stock the pressure ratio remains high at 6:1 (i.e. 6 applicants per available let).

Key issues for Coll & Tiree HMA:

There is evidence of unmet need on these islands and minimal new build in recent years. Small-scale development of affordable housing for social rent could help to address the demand.

The requirement for some form of specialist provision, particularly on Tiree, remains a potential gap which could be addressed by joint working between Housing and the Health & Social Care Partnership.

Fuel poverty and energy efficiency also remain priorities for this area.