

COLONSAY AFFORDABLE HOUSING UPDATE

1.0 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to provide an update on the options on how to enable the development of 5 new build affordable houses at Port Mor on Colonsay.
- 1.2 The report will confirm the high level of housing need and demand on Colonsay and also detail the progress of other options for building affordable housing on the island.
- 1.3 It is recommended that Council :-
 - Authorise a payment to West Highland Housing Association of £168,999 from the Strategic Housing Fund to enable the development of 5 affordable houses at Port Mor on Colonsay.

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2.0 INTRODUCTION

- 2.1 Argyll and Bute Council has identified a high level of housing need and demand on Colonsay. As a result a project was included in the Strategic Housing Investment Plan which enables West Highland Housing Association to obtain Scottish Government funding through the Resource Planning Assumption (RPA) to build 5 houses for affordable rent at Port Mor, Colonsay. Planning permission has been obtained and a right of access to the land has also been agreed with a local landowner.
- 2.2 A level of funding has been proposed by the Scottish Government but there is still a funding gap to address in order to be able to deliver the 5 affordable houses. The delivery of this project will include infrastructure improvements which will lead to a better access road to 3 existing crofts at Port Mor and also enable Colonsay Community Development Company the opportunity to provide mains water to the crofts. The delivery of this project will meet several key aims of the Council including repopulation of the area and the protection of an extremely fragile rural island community.
- 2.3 The Council has previously approved significant Strategic Housing Fund contributions to enable the delivery of affordable housing in areas of high housing need in the local authority. In 2016 an award of £361 000 was granted to enable the delivery of 5 affordable houses on Iona. In 2018 an award of £941 272 was granted to enable the delivery of 26 affordable houses in Arrochar.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Council :-
- Authorise a payment to West Highland Housing Association of to £168,999 from the Strategic Housing Fund to enable the development of 5 affordable houses at Port Mor on Colonsay.

4.0 DETAIL

4.1 Context

An affordable housing need has been identified on the Island of Colonsay and has had representation in the Council's Strategic Housing Investment Plan (SHIP) since 2014. West Highland Housing Association has had an interest to develop this project. Since it was established that the Potential Development Area (PDA) within the boundary of the island's main settlement of Scalasaig was unlikely to be sold to develop affordable housing; efforts were directed to a community owned site near Port Mor on the West of the island.

4.2 The PDA at Scalasaig has subsequently been purchased by Colonsay Community Development Company with the assistance of a £28,900 grant from the Strategic Housing Fund.

4.3 Substantial early discussions between WHHA and Planning (due to crofting and location concerns) led to a successful planning application being granted for 5 affordable homes. As part of the permission, a condition exists for the widening and improvement of the access road leading to the land which is to be developed on. The widening of the road, installation of passing places and widening of the junction to the main road is only possible if there is an agreement with the adjacent landowner. This agreement has now been reached.

4.4 The Scottish Government has indicated a level of grant that it would be willing to offer to deliver the 5 affordable houses but this falls short of what is required. West Highland HA has already committed funds to the project and the Strategic Housing Fund will also commit the standard £12,000 per unit in addition to the £25,000 committed through the Strategic Housing Fund to enable agreement with the landowner over access rights to the land. In total the Strategic Housing Fund has committed £85,000 to the project to date.

4.5 Background: Housing Need and Demand on Colonsay

As the strategic housing authority for Argyll and Bute, the Council has a statutory duty to assess the need and demand for housing in the area and to ensure that any unmet need for affordable housing is addressed through the Local Housing Strategy (LHS) and the SHIP. The Island of Colonsay has been identified as a priority in the LHS and SHIP and continues to exhibit relatively high levels of need and demand, and significant imbalances in the local housing system.

4.6 There are around 100 homes on the island, of which 30% are deemed ineffective in terms of meeting local needs, i.e. as at April 2021, 28 are second/holiday homes and a further 3 are empty/long term unoccupied. ACHA and West Highland Housing Association currently provide 10

properties for social rent; which amounts to only 10% of the total dwelling stock or 14% of the occupied stock. This is well below national levels and indicates a potentially imbalanced housing system with scope for further growth in the Registered Social Landlord (RSL) sector.

- 4.7 Affordability on the open market remains a significant issue for local residents. Between 2016 and 2021 there were only 7 verified sales on Colonsay and the average achieved house price over that period was £237,000 which would require a household income of £59,250 to be considered affordable (based on the standard affordability multiplier of 4.0). In fact the average price is over 6 times the average household income and over 12 times the lower quartile income, often taken as the threshold for first time buyers. On that basis, around two thirds of local households could not afford to purchase on the open market; and therefore require alternative affordable options such as social rent and shared equity.
- 4.8 Expressed demand for RSL housing is registered via the HOME Argyll waiting list, and currently there are 16 active applicants with Colonsay as first or second area of preference. 8 of these applicants are local to the island. 1 applicant is homeless or threatened with homelessness and has received maximum points via the allocation policy. 13 of the 16 applicants have been awarded housing need points. A further 76 applicants have chosen multiple areas including Colonsay which indicates that there is a clear need and demand for housing on the island. The average waiting time for active applicants is 98 weeks; and generally turnover in the RSL stock has been nil in recent years.
- 4.9 Highlands and Islands Enterprise (HIE) has recognised Colonsay as a fragile area. Fragile areas are characterised by declining population, under-representation of young people within the population, lack of economic opportunities, below average income levels, problems with transport and other issues reflecting their geographic location.

4.10 **Current Progress**

Planning permission has been granted for the 5 houses at Port Mor and an agreement has been reached with a neighbouring landowner to enable West Highland HA to proceed with the development. The Scottish Government has given an indication of grant level to be awarded but this falls short of what is required to enable the development to proceed.

4.11 **Other Options for Building Affordable Housing on Colonsay**

Colonsay Community Development Company (CCDC) has secured land at Scalasaig for the delivery of affordable housing. It has worked with the Council and the Communities Housing Trust to obtain planning permission for the delivery of 6 affordable houses for rent and 3 further Houses of Multiple Occupation (HMO) for exclusive use of MOWI who operate a salmon farm off the coast of Colonsay. Work has started on site. There is

potential for a further phase of housing but this will be dependent on planning approval and funding. The Masterplan for the site which has been approved is only for 9 units, 6 of which are for affordable housing. Although a wider Masterplan has been put forward it has not been approved. It is not within the Potential Development Area (PDA) in the Local Development Plan (LDP) and is not within the settlement boundary. In addition the road to the existing site will need to be improved to an adoptable standard to allow further development.

- 4.12 At this stage if the housing for affordable rent with planning permission is all delivered on the island (Port Mor and Scalasaig) it will address the need of 11 of the 16 applicants with Colonsay as their first area of choice.

5.0 CONCLUSION

- 5.1 The Committee is asked to approve the recommendation set out in Section 3 based on the evidence supplied within this document with the purpose of enabling the delivery of affordable housing on Colonsay and providing improvements to infrastructure for the immediate area.

6.0 IMPLICATIONS

- 6.1 **Policy:** The proposal is consistent with current Council policy including the SHIP which supports 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. The proposal does exceed the delegated Officer approval for the use of the Strategic Housing Fund to enable the delivery of affordable housing which is £12,000 per unit.
- 6.2 **Financial:** There are sufficient funds in the Strategic Housing Fund to support the proposal.
- 6.3 **Legal:** None.
- 6.4 **HR:** None.
- 6.5 **Equalities(Fairer Scotland Duty):** 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 –** There are targets set within the SHIP to deliver

	protected characteristics	housing which meet the needs of specialist groups
6.5.2	Socio-economic Duty	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 Housing Needs and Demand Assessment process takes full account of housing need on the islands. This proposal will enable the delivery of affordable housing on one of the more remote, fragile island communities within the local authority area.
6.6	Risk:	Risk assessment is an integral part of each affordable housing development. The risk of not approving the Strategic Housing Fund request contained in the report is that the 5 affordable houses proposed at Port Mor will not be delivered.
6.7	Customer Service:	The proposals will deliver increased access to a range of suitable, affordable housing options.

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