

**GIGHA AFFORDABLE HOUSING UPDATE**

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**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 Ardmish on the island of Gigha.
- 1.2 The report will confirm the high level of housing need and demand on Gigha.
- 1.3 The Isle of Gigha Heritage Trust has been awarded a Rural and Islands Housing Fund Grant of £1,281,924 by the Scottish Government to enable the delivery of 5 affordable houses on the island. The Council will make the standard Strategic Housing Fund award of £12,000 per unit which will total £60,000. There remains a funding gap of £99,724 which this report requests the Council fill with an additional Strategic Housing Fund award. If approved that would mean the total contribution to the project from the Strategic Housing Fund would be £159,724.

**RECOMMENDATIONS**

It is recommended that Full Council :-

- Authorise an additional payment to the Isle of Gigha Heritage Trust of £99,724 from the Strategic Housing Fund (SHF) to enable the development of 5 affordable houses at Ardmish on Gigha.

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**2.0 INTRODUCTION**

2.1 The Isle of Gigha Heritage Trust has identified a high level of housing need and demand on Gigha. As a result the Council supported a project through the Scottish Government Rural and Islands Housing Fund for the Trust to carry out feasibility work to determine the best way to address the housing situation.

2.2 The Isle of Gigha Heritage Trust has been awarded a Rural and Islands Housing Fund Grant of £1,281,924 by the Scottish Government to enable the delivery of 5 affordable houses on the island. The Council will make the standard Strategic Housing Fund award of £12,000 per unit which will total £60,000. There is a funding gap of £99,724 which the Council is requested to fill with an additional Strategic Housing Fund award.

**3.0 RECOMMENDATIONS**

It is recommended that Council:-

- Authorise an additional payment to the Isle of Gigha Heritage Trust of £99,724 from the Strategic Housing Fund (SHF) to enable the development of 5 affordable houses at Ardmish on Gigha.

**4.0 DETAIL****4.1 Context**

The Council is the strategic housing authority in Argyll and Bute and plays a key role in identifying and enabling the delivery of housing across the local authority area. The Council recognises housing is a high priority for the Council. An affordable housing need has been identified on the Island of Gigha and the Council has been engaging with the Isle of Gigha Heritage Trust for the last 5 years to try and find a way to address the issue. A housing needs survey was carried out by the Communities Housing Trust in 2019. The survey provided the evidence required to demonstrate housing need on the island and a suitable site was identified.

## 4.2 Background

### **Isle of Gigha Heritage Trust and Housing Need and Demand on Gigha**

The Isle of Gigha Heritage Trust (IGHT) was established in 2001 and is the community organisation that took ownership of the majority of the island of Gigha following the community land buyout. The Trust is managed by volunteer Directors elected by the membership to develop the assets of the island and take forward plans and projects for the community. IGHT currently has 8 full-time paid employees and 5 part-time paid employees that support the work of the Board.

- 4.3 IGHT is a registered private landlord and has been managing 30 affordable residential housing units since 2002. IGHT has worked in conjunction with Fyne Homes previously to deliver 18 social houses on the island and is now looking to deliver 5 additional houses itself to address specific housing needs within the community. This includes providing accessible housing for elderly residents and small energy efficient flats for young people to establish their independence. The addition of 1 and 2 bedroom homes will create a shift across the IGHT housing stock which will ensure that the 3 & 4 bed homes are better utilised to meet identified housing need and demand.
- 4.4 The 5 affordable homes housing development approved by the Scottish Government is an intergenerational scheme with a focus on both older and younger households. The island housing stock does not currently cater adequately for older members of the community and many older people have to leave the island when additional care or support is required. The other housing need which will be met with this development is the opportunity for young people to access 'starter units'. This would enable young people to remain on the island to take up work opportunities and help to sustain the economy and protect the future of this fragile remote, rural island community.
- 4.5 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 Strategic Housing Investment Plan (SHIP). The Island of Gigha exhibits relatively high levels of need and demand, and significant imbalances in the local housing system.
- 4.6 There are 102 homes on the island of Gigha, of which 16% are deemed ineffective in terms of meeting local needs, i.e. as at October 2022, 11 are second/holiday homes and a further 5 are empty/long term unoccupied. Fyne Homes currently provide 19 properties for social rent.
- 4.7 Expressed demand for RSL housing is registered via the HOMEArgyll waiting list, and currently there are 14 active applicants with Gigha as first area of preference. 10 of the 14 applicants have been awarded housing need points. The average waiting time for active applicants is 66 weeks; and generally turnover in the RSL stock has been low in recent years creating a pressure ratio of 10 applicants to every allocation.

#### 4.8 Current Progress

Planning permission (reference number 21/01102/PP) was granted on 22<sup>nd</sup> June 2022 for 5 affordable houses to be built at Ardminish. The Scottish Government has made an offer of £1,281,924 from the Rural and Islands Housing Fund to the Isle of Gigha Heritage Trust on 23<sup>rd</sup> September 2022. The Trust has secured a grant (£80,000) and loan (£320,000) from Social Investment Scotland. The Council will also award £60,000 from the Strategic Housing Fund. The funding gap is currently £99,724 as the total cost of the project is £1,841,648 which is £368,330 per unit.

#### 4.9 The breakdown on the unit cost of £368,330 can be approximated on roundings based on received cost plans at:-

- Superstructure and internals - £159,613
- Foundations - £23,368
- Externals - £72,213
- Prelims, land and contingency - £87,632
- Professional fees - £25,504

The actual construction costs of the properties is only 43% of the cost of the overall project which highlights the considerable infrastructure costs required to deliver housing on the islands.

### 5.0 CONCLUSION

5.1 The costs of building on island communities are high and the figures presented before members today reflect the difficulty in delivery of new homes in our island communities. The availability of the Strategic Housing Fund together with the Scottish Government grant would enable this important new development to proceed supporting the Council's population growth ambitions.

5.2 The Committee is asked to approve the recommendation set out in Section 3 based on the evidence supplied within this document with for the purpose of enabling the delivery of 5 affordable new homes on the Isle of Gigha helping the future sustainability of this island community.

### 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 Fairer Scotland Duty: the proposal is 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 within the Strategic Housing Investment Plan (SHIP) which aim to meet the identified housing 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 – this proposal takes full account of housing issues on the islands.
- 6.6 Climate Change – the properties are designed to Building Control ‘Silver’ standard. The properties will have Air Source Heat Pumps and Solar Panels installed.
- 6.7 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 Ardmish will not be delivered.
- 6.8 Customer Service – the proposal will deliver increased access to a range of suitable affordable housing options.

**Kirsty Flanagan, Executive Director with Responsibility for Development and Economic Growth**

**Councillor Robin Currie, Policy Lead for Economy and Rural Growth**

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