

Argyll & Bute Council Housing Emergency Summit

Presented to:

Argyll & Bute Council
Housing Summit Delegates

Date: 27th November 2023

Presented by:

Donna Milton, Managing Director
Elaine Byrne, Director of Housing Consultancy
Katy McBride, Housing Consultant
Gillian Lunn, Housing Consultant
Laura Mitchell, Business Analyst

Welcome to the Housing Emergency Summit

Declaring an emergency usually takes place in a response to a major civil or natural disaster...

- This empowers government, public bodies and partners to pursue action or policies that would not normally be permitted in order to ensure the safety and protection of citizens and communities
- Declaring a housing emergency in Argyll & Bute is a call to action for government, public bodies and partners
- Today, at the Housing Emergency Summit, partners are urged to identify the actions and interventions that will be most impactful in tackling housing shortage and to commit to their planning and delivery



The purpose of the Housing Emergency Summit is to...

...bring partners together to forge commitments aimed at tackling housing shortage which maximise resources, pursue innovation, coordinate planning and target delivery

Welcome to the Housing Emergency Summit

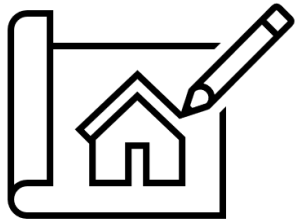
The Council are fully committed to working with partners to deliver a broad range of activities, both short term and long term, to target action where it is needed most...

- The Housing Emergency Summit brings together house builders, funders, business leaders and public sector bodies to debate, prioritise and programme solutions to increase housing supply
- The housing emergency response should build on the ambitious action plan currently under delivery within the Argyll & Bute Local Housing Strategy



This means housing emergency responses must be innovative, bold, impactful and capable of achieving partner commitment to delivery

Housing Emergency Summit Agenda



Welcome & Introduction

10.00 – 10.30

Briefing session

Housing Emergency: The evidence, the impact, and the need for action



Partner perspectives on housing shortage

10.30 – 11.10

Panel session

Our emergency response: What needs to happen?



Scoping solutions

11.30 – 12.00

Interactive audience session

Our emergency response: What's on and off the table?

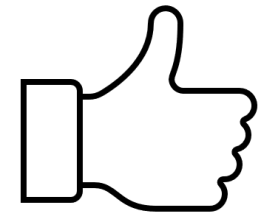


Appraising the emergency response

12.00 – 13.00

13.30 – 14.30

Interactive option appraisal workshops



Partner pledge

14.30 – 15.20

Commitments to delivery

Closing plenary

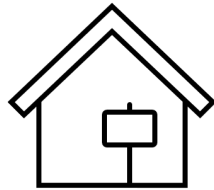
15.20 – 15.30

Summit aims to prompt debate and collective action on...

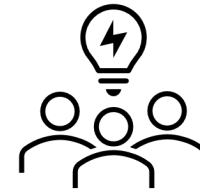
Housing's role in tackling depopulation and enabling economic growth



The main barriers to tackling housing shortage



The ideas, options and innovation we should programme to drive action, investment & partnership



The partnerships and resources that must come together to drive the emergency response



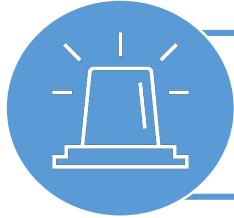
Call to action to tackle housing shortage and to focus resources and decision making on increasing housing supply
Identify areas for innovation, investment and collective problem solving

Housing Emergency Summit Introduction & Welcome

Councillor Robin Currie
Argyll & Bute Council Leader

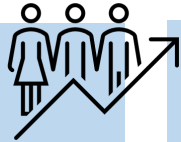


What's the evidence of housing shortage in Argyll & Bute?



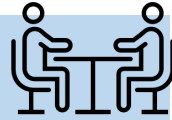
The Housing Emergency in Argyll & Bute is driven by a complex range of issues with the scale of housing shortage and housing system pressure evident in the following statistics:

3,290



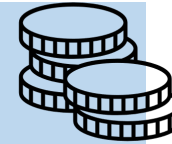
people on housing waiting lists in 2023 (up 8% on 2022). Argyll & Bute has **5% less social housing than average**

28%



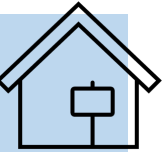
increase in the number of households presenting as homeless in Argyll & Bute, in total 511 households

£206k



average housing price in 2022. This is **7 times** average income levels in Argyll & Bute

11%



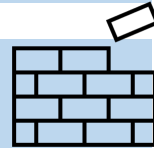
of all homes in Argyll & Bute are either second homes (6%) or empty (4%)

43%



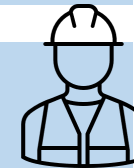
of property sales are made to households living out with Argyll and Bute

131



private housing completions outside Helensburgh in the last 5 years on sites of 5+ units
17% of the expected rate (780)

22%



increase in 2022 construction costs (BICS) with island costs significantly higher

75%



of employers who responded to the workforce housing survey said a shortage of housing was a barrier to recruiting or retaining staff

Housing Emergency: The evidence, the impact and the need for action



Briefing session

What we need to happen: Fergus Murray, Argyll & Bute Council, Head of Development & Economic Growth

Argyll & Bute Council

Housing Emergency Summit 2023

In June 2023, Argyll and Bute Council declared a Housing Emergency due to the acute shortage of housing in the area.

Declaring a housing emergency is a catalyst to bring partners, stakeholders and investors together to prioritise planning and commit resources towards the actions and interventions most capable of tackling housing shortage



Today, we are delighted to invite partners to debate, prioritise and programme solutions to increase housing supply around four themes:



Enabling the delivery of more market homes in Argyll & Bute



Enabling the delivery of more affordable homes in Argyll & Bute



Enabling the delivery of homes for Argyll & Bute's workforce



Making the best use of existing homes in Argyll & Bute



Market Homes: Key Issues

- In 2022/23, the average house price in Argyll & Bute (£219k) exceeded the Scottish average (£216k).
- House prices have increased by 26% in the last 4 years
- Just 1 in 4 households in Argyll & Bute can afford the average house price
- Rural house prices are 24% higher than urban areas with just 1% sales in rural areas
- In 2021/22, Argyll & Bute recorded the second lowest level of new housing completions of any local authority in Scotland at 31 completions per 10,000 households
- Argyll & Bute is the most expensive place to build in mainland Scotland (AHIP grant rate adjustment)
- Skills shortages and building site constraints are barriers to market housing development



Affordable Homes: Key Issues

- There are c. 8,800 units of social housing, 18% of all stock which is 5% lower than Scotland
- Social rented stock has increased by just 3% (262 units) over the last 5 years
- Total vacancies in social housing have reduced by 20% since before the pandemic
- There are 6 applicants for every available social let in Argyll & Bute (10:1 in Coll & Tiree)
- In 2022/23, homeless applications were up by 28% on 2021/22, at 511 applications
- Whilst the SHIP programmes the delivery of 1,000 affordable housing units between 2023-28, there has been 3 consecutive years of underspend in the programme
- Home Argyll identifies significant demand for intermediate housing with limited delivery in the SHIP

Workforce Homes: Key Issues

- The working age population in Argyll & Bute is projected to decrease by almost 30% by 2028
- 2/3 households believe young people are leaving their communities due to a lack of housing
- 77% of employers report that a shortage of housing is a contributing factor in recruitment and retention issues, with over 400 posts affected across 67 employers (6 posts per business)
- 90% of employers expect there to be a problem recruiting or retaining staff in the future
- 52% of employers have considered providing housing but discounted this because of financial constraints, a lack of homes to purchase and too much competition in the housing market
- Public sector employers report recruitment pressures impacting on the delivery of essential services






Existing Homes: Key Issues


- Over 15% of Argyll & Bute's existing stock is not being utilised as a main residence including empty homes (4.4%), second homes (5.9%) and Short Term Lets (4.9%)
- Argyll & Bute records the highest level of second home ownership in Scotland
- 50% of households in Argyll & Bute cannot afford to access the housing market, with 43% of sales to households from out with the area
- For the first time in two decades, the private rented sector in Argyll & Bute is shrinking
- There is a mismatch between households and homes in the social housing sector with 56% requiring a 1-bedroom property (2,284) and just 268 1-bedroom homes available per annum

What are we doing to tackle housing shortage?


At a national level...




In October 2023, the Scottish Government published the [Rural & Islands Action Plan](#) setting out actions to improve access to the high quality affordable and market housing needed to enable rural communities to live, work and thrive including:




11,000 affordable homes in rural communities




£25M Rural Affordable Homes Fund for Key Workforce Housing



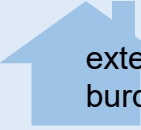
£30M Rural and Islands Housing Fund for community led housing



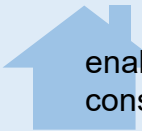
reform and modernise compulsory purchase legislation



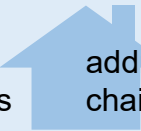
new powers to apply higher Council Tax rates for 2nd homes



extended use of rural housing burdens




enable modern methods of construction in rural & island areas




address construction supply chains and skills shortages


At a local level...




The Argyll and Bute [Local Housing Strategy \(LHS\)](#), outlines the vision and investment priorities for tackling housing need and addressing housing shortage over a 5-year period from 2022 to 2027 including:



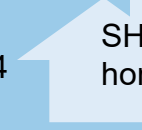
£2M annual Strategic Housing Fund to enable development




Award winning approach to tackling empty homes



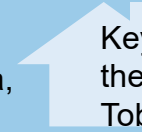
Phase 3 of Dunbeg masterplan nearing completion with phase 4 plans underway



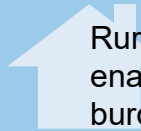
SHIP delivery of 1,000 affordable homes between 2022-27




Community-led Housing developments in Colonsay, Ulva, Ulva Ferry and Gigha



Key workforce housing through the Rural Growth Deal in Tobermory and Bowmore



Rural Housing Body status to enable use of rural housing burdens



Short Term Let Zone and doubling of Council Tax on holiday homes

Housing Emergency Household Survey

A survey to evidence the extent, nature and impact of housing shortage was made available to communities and residents across Argyll & Bute, enabling them to express their views on how to tackle the housing emergency. The survey was open for 4 weeks from 03/10/23 – 01/11/23 and was made available in a range of formats. In total, 688 responses were provided by residents and community groups, an overwhelming response.

To help inform how the housing emergency should be tackled, the survey was intended to gather the views of local households to better understand how housing shortages affect their lives, livelihoods and communities. Survey questionnaire focused on following 3 key areas:

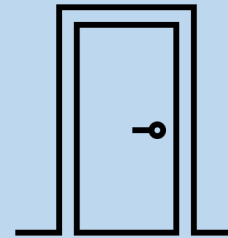
1

In what ways is housing shortage having an impact on your community?



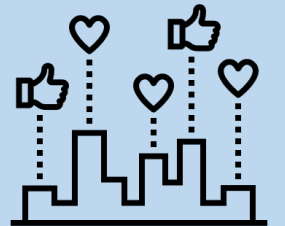
2

How easy it is to find suitable and affordable accommodation in Argyll & Bute?



3

What action would you like to see to tackle the housing emergency?



Is housing shortage having an impact on your community?

92% of respondents suggested that housing shortage was having an impact on their community

This ranged from 65% of respondents in Helensburgh & Lomond to 98% in Mull & Iona

The key impacts of housing shortage include...



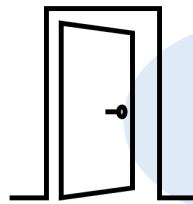
Local businesses cannot recruit employees as they have nowhere to stay (73%)



People moving into my community are pricing local people out of the market (70%)



Local services (e.g. health services, schools, shops) have a shortage of people to do essential jobs due to a lack of housing (68%)



Young people are leaving my community due to a lack of housing options (68%)

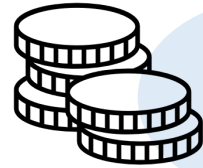
Top 3 reasons that housing shortage is having a community impact include...

1. Not enough affordable/social homes to rent (80%)
2. Too many holiday homes/short term lets (70%)
3. House prices rising more than local incomes (62%)

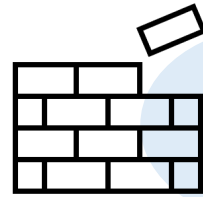
Other reasons include...



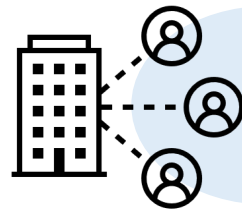
Limited housing options for families or working aged people (59%)



Local incomes are too low to afford rent or mortgage costs (55%)



Not enough new homes being built (46%)



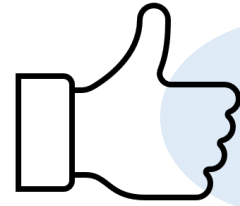
Not enough quality private rented sector homes (43%)



Not enough homes to buy in the housing market (39%)

92% of respondents thought there was a need for more housing to be developed in their community including...

1. Social housing/Housing Association homes (75%)
2. Housing for sale at low cost (65%)
3. Housing for young people/families (61%)
4. New homes for sale (39%)
5. Quality private rented housing (38%)



The actions local households would like to see to tackle the housing emergency include:

- **Building more homes for social rent (66%)**
- **Reducing the number of second homes and short term lets (64%)**
- **Providing more low-cost homes for rent or sale e.g. mid-market rent (62%)**
- **Develop more housing options for essential workers moving into Argyll & Bute (56%)**
- **Ensuring local people have priority for homes on the market not people moving into the area (55%)**

Perspectives on housing shortage

Our emergency response...

What needs to happen?

Mhairi Donaghy, Scottish Futures Trust

Mairi Coleman, Scottish Building Federation

Morag Goodfellow, Highland & Islands Enterprise

Gordon MacRae, Shelter Scotland

SCOTTISH FUTURES TRUST

Argyll & Bute Housing Emergency Summit

**Partner perspectives on Housing Shortage:
Our emergency response – What needs to happen?**

Mhairi Donaghy – Place, Housing & Economic Investment

www.scottishfuturestrust.org.uk

The Role of Housing

- Critical place infrastructure:
 - Beyond physical infrastructure
 - Economic, Social, Health, Wellbeing, Environmental ... Education ... Transport ...
 - Enabling infrastructure for place resilience and attracting investment
- Would reclassification establish housing as a high, and cross-cutting, priority for all?
- Would it create more urgency – across Council services and beyond?

Housing Context

- A&BC is a stock transfer authority/ Funding is, and will continue to be constrained/ Staff resources are tight/ Costs are increasing – construction, finance & living
- Pre-summit session – regulations, evidencing demand, workforce skills and capacity, utilities and services
- Urgent response to get more homes ASAP
- But ... also need a medium and longer term approach to tackle big issues and stalled sites

SFT Housing Workstreams

- Exploring options around:
 - Town centre living, lease finance for development, shared equity ownership, key worker housing, permanent resident homes, retrofitting and offsite/modular construction
- Strategic housing sites – enabling/ brokering to unlock development
- Housing delivery partnership models – with public and private sector
- Infrastructure funding options – using a place perspective to identify priorities and “bend” fund to support housing delivery:
 - Opportunities around HIF, outcomes based funding, Islands Programme, Rural & Islands Housing AP, NZ funding, Growth Deal, industry/ sector investments

Enabling the Delivery of More Homes in Argyll & Bute

Mairi Coleman
Construction Director



Key Challenges for the Construction Sector & Affordable Housing

Construction Sector

Skilled labour shortages

Ongoing changes in regulations

Material Costs

Infrastructure Investment

Local and Global Economic Trends

Planning

Contractual and Legal Issues

Bank Funding Issues

Affordable Housing

Low commercial return compared to private housing

Client and statutory expectations increasing (with specification) yet budget static

Despite lobbying and Government targets – collaboration could be better

Contractors in this field generally employ directly and employ more apprentices than others

Contractors working on SAH are reducing workforces

Local Challenges Building Homes

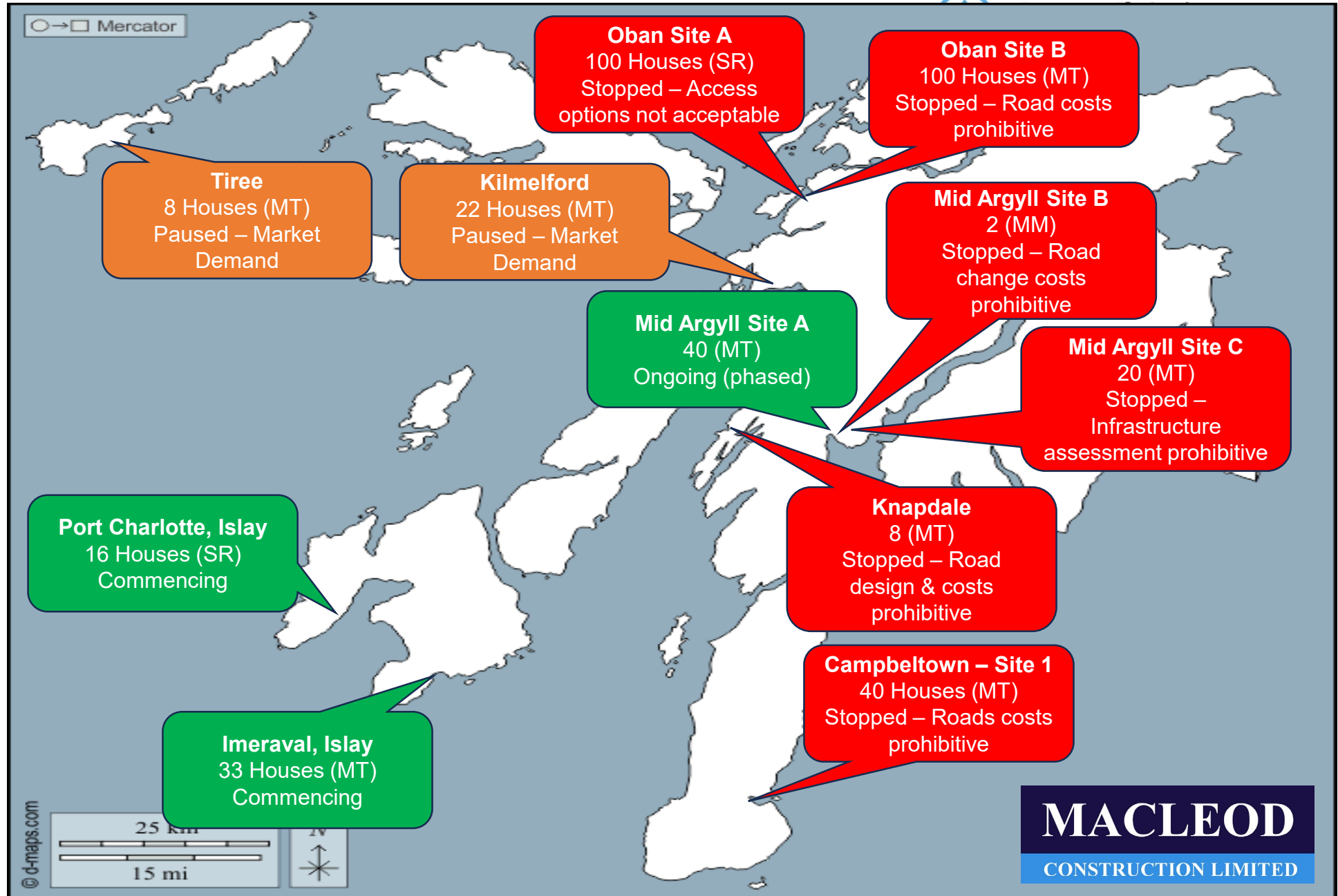


- Preconstruction phase feels never ending:
 - Planning timescales longer than ever due to NPF4.
 - Building warrant requirements increasing and changing.
 - Number of parties involved in agreeing services and infrastructure...
 - Client expectations increasing but budgets are not!
- Infrastructure requirements are often costly and unyielding:
 - Road costs can prevent projects commencing or reduce the volume of housing that can be built.
 - Infrastructure requirements are often not aligned with the local area / community needs.
- Local labour availability:
 - Need to align building projects with the local labour market and climate.
- Lack of local college places:
 - Having to go away puts many young people off choosing construction as a career.

Council Build for Market Value

- Council build for market value rent and/ or sale:
 - Local Government's "Power to Advance Wellbeing" – place and/ or people
 - Must address market failure – strong evidence why private sector can't deliver
 - Must have strong support – robust consultation and engagement
 - Must not be driven by profit motives
- Options for delivery:
 - Council direct or JV with public/ private
 - Market value homes alongside social and mid-market
 - Restricting occupancy through burdens and conditions
- Tested the legal principle through five notional case studies

A Snapshot of Current & Potential Housing Projects



	89
	30
	270

How Do We Enable the Delivery of More Homes in Argyll & Bute?



Ditch the formulas and tailor infrastructure and services for our surroundings ensuring affordability for construction and maintenance.

e.g. More houses off a private road.



Create a collective goal for all partner organisations to help expedite the preconstruction phase and to enable solutions appropriate to the project.



Access to government funding where infrastructure costs for affordable housing are prohibitive – in a simple and timely fashion.



Continue the support and creation of local jobs and ensure more local college places.

***WE CAN BUILD MORE HOMES IN
ARGYLL AND BUTE IF WE WORK
TOGETHER***

We are up for it...ARE YOU?





Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

Housing – Economy – Skills

27th November 2023

HOUSING IMPACTS

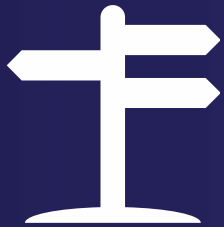
HIE Business Panel findings:



42%

of businesses in Argyll and the Islands stated lack of staff accommodation was a high/extremely high risk to their business

56%



of tourism businesses more likely to have helped source accommodation and 36% of businesses in remote, rural areas.



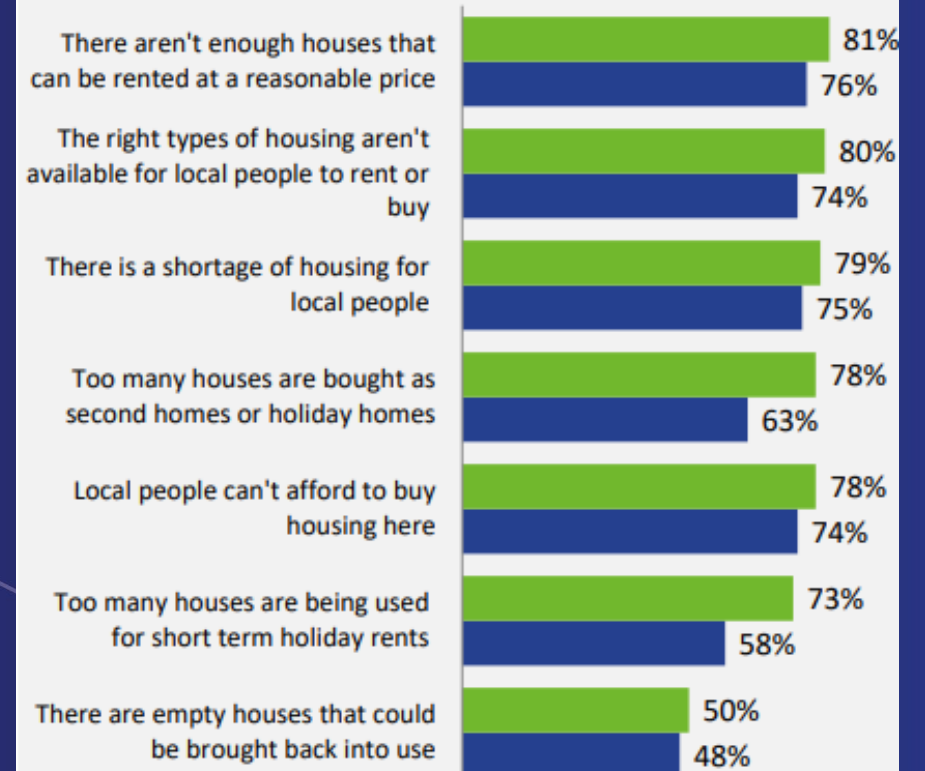
27%

of businesses across Highlands and Islands have helped to source or provide accommodation to help recruit staff

Q. To what extent does each of these describe the housing situation in your local area?

(% Describes what is happening in local area very well/at least somewhat)

■ Argyll and the Islands ■ Highlands and Islands



Base: all households in Argyll and the Islands (582) and the Highlands and Islands (4,442); fieldwork = 28 January - 25 March 2022



SIGNIFICANT ECONOMIC OPPORTUNITIES

IN ARGYLL AND BUTE

OPPORTUNITIES:

- Proposed significant energy investments, including DRAX Cruachan II and Scottish Power Renewables Machair Wind.
- Growth in Distilling sector, with new distilleries and decarbonisation investments developing in **Islay** and **Campbeltown**.
- Aquaculture production growth proposed through innovation and new sites.
- **Marine economy** projects and creation of new high value jobs including future development of the European Marine Science Park and **growth deal projects** at the Scottish Association for Marine Science, Argyll UHI Marine Industry Training Centre and University of Stirling Machrihanish lab.
- **Community-led** development and acquisition continues to be buoyant
- Machrihanish **former wind tower factory** – strong interest in facility
- Building on **Tourism** and **Food and Drink** sector strengths



ENABLING INNOVATION



RUSSWOOD



MODULAR WEST



MORLICH HOMES



722 SYSTEMS

WHERE FAIR WORK MAKES A DIFFERENCE...

Developing a fair work culture in your business will be a journey, you will not be able to do everything at once, and it will take commitment. However, the adoption of fair work practices does not have to involve a cost to you, and indeed it may even help you to save some money and help to improve business performance too.

And like any journey, it will be important that you can measure progress along the way. So where can you expect to see a difference? Well, we believe there are significant business benefits to be gained in the following key areas:

Attracting/recruiting staff

As a fair work employer, you will be better placed to attract the best staff to work in your business.

Improved staff retention

You can expect lower levels of staff turnover, reducing the costs of hiring and improving continuity.

Improved staff motivation

Higher staff engagement helps to avoid misunderstandings and to boost individual performance.

Improved team performance

Lower absenteeism and higher motivation can lead to better performance and better results.

Health, safety and wellbeing

Better engaged, more focused staff, and less workplace stress, will improve employee wellbeing.

Improved customer satisfaction

Staff who feel valued and respected will always provide a higher quality service to your clients.

Business reputation/recognition

You'll be recognised as an employer who values their employees and does the right thing by them.

Business reputation/performance

The more businesses that embrace fair work practices, the better it is for our long-term future.





BABY BOOMERS

Born between 1946 and 1964, Baby Boomers hold a large proportion of current leadership and senior roles.



GENERATION X

Born between 1965 and 1980, Generation X can often be overshadowed by the more dominant Baby Boomer and Millennial generations.



MILLENNIALS

Born between 1981 and 1995, Millennials came of age with digital technology and due to a combination of adverse economic conditions and increasing flexibility are less likely to consider a 'job for life'.



GENERATION Z

Born between 1996 and 2010, Generation Z are digital natives and likely to prefer working for smaller employers.



GENERATION ALPHA

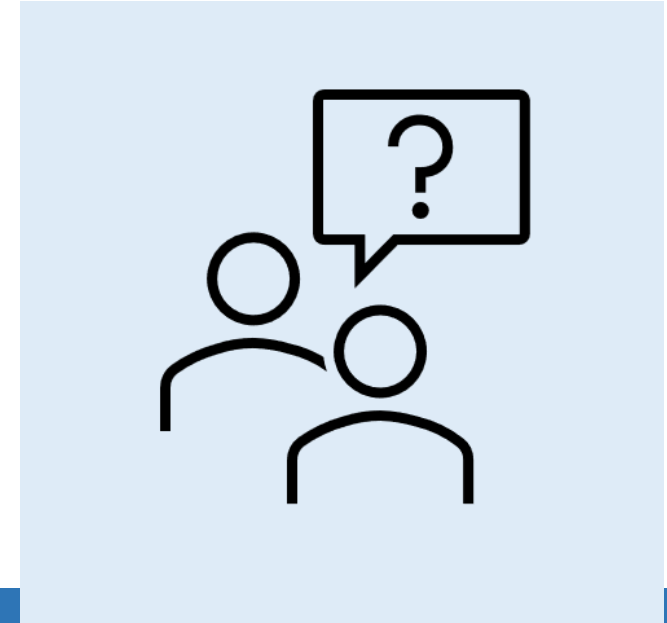
Born after 2010, Generation Alpha represents a whole new generation born into an era when digital devices dominate. They will be the workforce of the future.

Conclusions

- How do partners respond to the short-term accommodation needed to deliver major projects?
- What role can HIE play in supporting the collaboration with business to deliver more mixed tenure developments?
- What role does innovation play in addressing the emergency?
- In tight labour markets, how can HIE support the adoption of fair work to deliver business and workforce benefits?



Scoping solutions: Partner reaction test...



Housing shortage interventions...
What's on and off the table?

Breakout sessions

Interactive option appraisal:

Housing supply interventions



Housing supply interventions: What's in scope OR out of scope?

What's missing? What partnership activity needs to be on the list?

Which interventions do we prioritise for action and delivery?

Partnership pledge

Tackling housing shortage together

Our commitments to delivering interventions to tackle housing shortage...

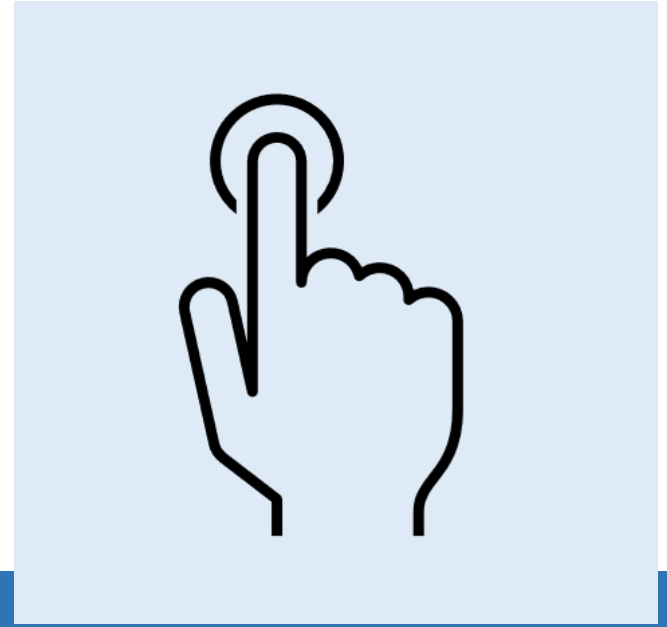


Partners are asked to review the top interventions identified by partners as key to tackling housing shortage in Argyll & Bute

Partners are asked to commit planning and delivery support



Summit evaluation: Reflecting on partnership outcomes



Interactive voting session...

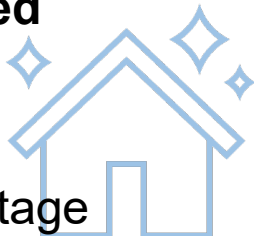
Tackling the Housing Emergency

Housing Emergency Summit... The next steps

1

Outcomes from today's event will be reviewed and assembled:

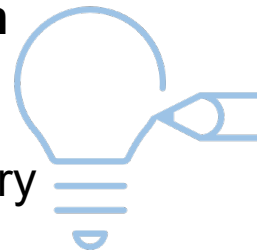
Schedule of interventions to address housing shortage



2

Housing Emergency Summit Action Plan development

Further analysis & validation with delivery partners



3

Housing Emergency Action Plan launch

Network of partnership delivery groups created



Sincere thanks for your participation in today's Housing Emergency Summit



All Summit materials will be circulated following today's event