

**ARGYLL AND BUTE HOUSING EMERGENCY – PROGRESS REPORT**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 In June 2023 the Council's Environment, Development and Infrastructure (EDI) Committee declared a Housing Emergency due to a consistent reduction in supply of housing, a steady increase in demand for housing across all tenures and increasing levels of un-affordability.

The Committee approved the following:-

- The intention to update the Local Housing Strategy
- The intention to hold an Argyll and Bute housing summit together with relevant stakeholders in the Autumn of 2023
- Note the operational officers group will explore and develop a series of options that will be brought forward to Members for consideration as and when developed.

- 1.2 This report is to update the EDI Committee on progress towards these intentions and generally tackling the Housing Emergency.

- 1.3 A wide range of activity has been progressing including: holding a Housing Summit in November, preparing a Local Housing Strategy Update, actions of the Officer Housing Group, focusing initially on exploring release of Council Assets suitable for housing, liaison with National House Builders, exploring facilitation of constrained sites, partnership working with RSLs, improving the evidence base to justify innovation and intervention, securing Rural Housing Body Status, operating a refined HomeArgyll letting policy, exploring changes in the land use planning system; developing worker housing, supporting delivery of worker housing and community delivered housing.

**RECOMMENDATION**

Members of the Environment, Development and Infrastructure Committee are asked to consider and note the activity and progress that is ongoing in pursuing the EDI Committee approved intentions and generally seeking to address the housing emergency.

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**2.0 INTRODUCTION**

- 2.1 In June 2023 the Council's EDI Committee declared a Housing Emergency due to a consistent reduction in supply of housing, a steady increase in demand for housing across all tenures and increasing levels of un-affordability.
- 2.2 This Committee approved a range of actions and this report is to update the EDI Committee on progress towards these intentions and generally tackling the Housing Emergency.

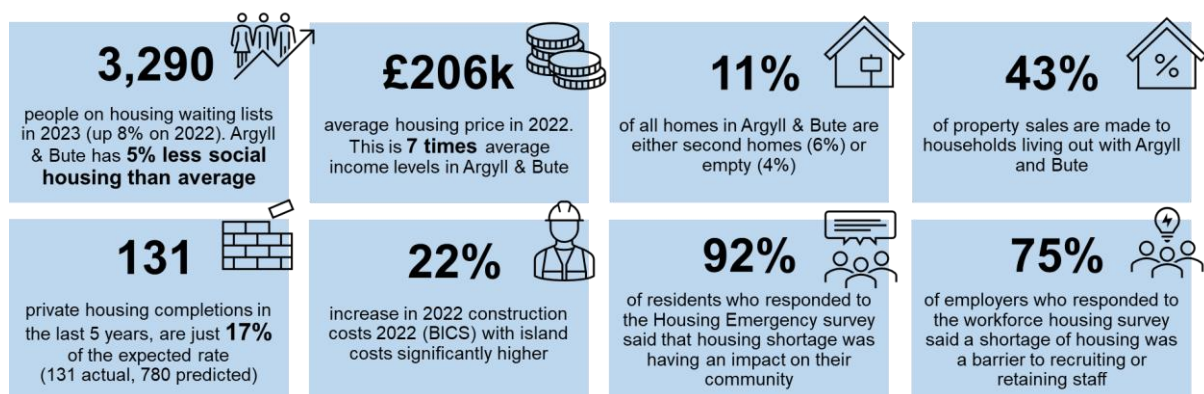
**3.0 RECOMMENDATIONS**

- 3.1 Members of the Environment, Development and Infrastructure Committee are asked to consider and note the activity and progress that is ongoing in pursuing the EDI Committee approved intentions and generally seeking to address the housing emergency.

**4.0 DETAIL**

**A HOUSING EMERGENCY**

- 4.1 In June 2023 the Council's EDI Committee declared a Housing Emergency due to a consistent reduction in supply of housing, a steady increase in demand for housing across all tenures and increasing levels of un-affordability.



The Committee approved the following:-

- The intention to update the Local Housing Strategy
- The intention to hold an Argyll and Bute housing summit together with relevant stakeholders in the Autumn of 2023
- Note the operational officers group will explore and develop a series of options that will be brought forward to Members for consideration as and when developed.

4.2 This report is to update the EDI Committee on progress towards these intentions and generally tackling the Housing Emergency.

#### **The intention to update the Local Housing Strategy**

4.3 There is a statutory requirement for the Council to produce a Local Housing Strategy(LHS). The current LHS covers the period 2022-2027. As is required, an annual update has been produced and this can be found at: [LHS Annual Update 2023](#) The update highlights some of the new issues which have come to the fore; particularly the need to address issues in the private sector supply of speculative new build housing, and the need to consider the requirements for regulation of the existing private stock and its use, particularly second homes and holiday lets.

4.4 The intention is to amend the LHS Action Programme to reflect the appropriate actions coming from the Housing Summit Action Programme, and this is likely to be September 2024.

#### **The intention to hold an Argyll and Bute Housing Summit together with relevant stakeholders in the Autumn of 2023**

4.5 Declaring a housing emergency in Argyll and Bute is a call to action for government, public bodies and partners. It is intended as the catalyst to bring partners, stakeholders, investors and communities together to prioritise and commit to the collective action needed to tackle housing shortage. The Council are fully committed to working with partners to programme a broad range of activities, both in the short term and long term, to target this collective action where it is needed most.

4.6 The Housing Emergency Summit was held on 27<sup>th</sup> November 2023 at the SAMS Campus, Oban and 92 delegates attended. The purpose of the Summit was to bring partners together to forge commitments aimed at tackling housing shortage by maximising resources, pursuing innovation, coordinating planning and targeting delivery capacity. Delegates attending the Emergency Housing Summit included:

- Senior decision makers in local and national public sector bodies including the NHS, Scottish Futures Trust and Highland and Islands Enterprise
- Senior decision makers in Argyll and Bute Council
- Housing developers both commercial builders and Housing Associations
- Representatives from the Community Housing Network
- Local business leaders and funding bodies
- Third sector organisations and support agencies.

4.7 The Summit was designed to focus partnership activity on prioritising and programming emergency responses across the following four themes:



4.8 Summit delegates were presented with background information on the extent and nature of housing shortage, as well as potential solutions and interventions. The day was spent testing, assessing and prioritising these in terms of their potential impact and deliverability with a total of 39 housing emergency actions being prioritised at the end of the day. An indication of some of the priority actions is shown below, and full details can be seen in the Appendix 1, Housing Emergency Summit Report.

Proposed Housing Emergency Solution	On the Table	Off the Table
Pursue a more flexible approach to infrastructure, roads and design requirements in rural and island housing developments	98%	2%
Dramatically increase the number of college places for construction skills development in Argyll & Bute	100%	0%
Deliver self-build plots and mortgages	86%	14%
Freedom to use Scottish Government housing funding more flexibly and as an allocation with local administrative control	92%	8%
Create a ring-fenced Infrastructure Fund for housing development	90%	10%
Pursue Council funded housing development of low-cost homes for rent or sale	79%	21%
Support mixed tenure community led housing development through asset transfer and delivery support	77%	23%
Pursue modern methods of construction to boost affordable housing delivery	94%	6%
Deliver more MMR and low-cost homes for sale via the SHIP	91%	9%
Deliver short term workforce housing options including modular, temporary and tiny	73%	27%
Extend the use of rural housing burdens across Housing Market Areas in Argyll & Bute to maintain primary occupancy and or affordability	92%	8%
Pursue Short Term Let control areas	66%	34%
Lobby the Scottish Government to create a private sector duty for large development projects to invest in workforce housing	66%	34%

4.9 The outcomes of the Housing Emergency Summit will be used to develop a Housing Emergency Summit Action Plan as the basis of ongoing planning, activity, investment and partnership. Housing Emergency Action points will be refined, partnership commitments focused, timescales proposed, and resources commitment scoped in early 2024. The Housing Summit Action Plan will be presented to the EDI Committee in June 2024. The Housing Summit Action Plan will not be the sole ownership of the Council but will reflect the commitments of all stakeholders who attended the Housing Summit. The intention is to distil from the Housing Summit Action Plan the activities and commitments which are relevant and within the gift of the Council, and to include those within an updated LHS Action Programme. This will give those elements a formal position within Council policy going forward.

**Note the operational officers group will explore and develop a series of options that will be brought forward to Members for consideration as and when developed.**

4.10 The Officers Group which has been set up within the Council to assist in tackling the housing emergency remains focused on Council owned assets and exploring how they could be used to assist in tackling the housing emergency. The Strategic Housing Fund is being utilised to resource the necessary site investigations as outlined below.

4.11 Key actions which have been undertaken or are in progress include:

- Ironsides Farrar have been completed initial site investigations of Council owned sites at Balemartine, **Tiree**, Crossapol, **Tiree**, Arinagour, **Coll**. Further development option appraisal work is ongoing. RSLs have confirmed in principle interest in these sites. Officers are working to establish more firm development options prior to

formally exploring interest with RSL partners. These are small sites but would provide a significant housing contribution in remote communities.

- Preliminary site investigations have been carried out at Hermitage Primary School Annex, **Helensburgh**. HubNorth are producing an options appraisal which will consider the options for housing delivery including potential specialist accommodation / care in partnership with HSCP;
- Hubnorth are appointed to produce an options appraisal for Killarow House, Bowmore, Islay and a preliminary site investigation has been completed. The options appraisal will explore potential housing re-development and or reuse options of the building and site, and the potential to facilitate further development land to the rear.
- Hubnorth are producing an options appraisal for Lorn House, Oban which is currently unoccupied. This will explore housing re-use and redevelopment options for the building and site.
- Progress is being made at Rothesay Academy in terms of agreeing a route to demolish the building which will facilitate housing redevelopment potentially in partnership with Fyne Homes. Funding options are currently being explored to finance the demolition and site clearance.

#### **National House Builder Liaison**

- 4.12 Officers continue to engage directly with National House builders to discuss their strategic plans and what opportunities there are to unlock development and how the Council can assist.

#### **Facilitating Existing Constrained Housing Sites**

- 4.13 The Officer Housing Group is exploring detailed proposals to overcome infrastructure impediments at Glencruitten, Oban and Kirkton Farm, Cardross. When finalised, these proposals may involve Council intervention through land acquisition and or delivery of infrastructure utilising the Housing Infrastructure Fund.

#### **Funding of Housing Emergency Project Officer**

- 4.14 The Council has approved the funding of a Project Officer for an initial three year period. This officer will be a property professional based in Commercial Services, but will be focused on assisting delivery of housing related projects, including but not limited to those outlined above in paras. 4.10 and 4.13 as agreed at Policy and Resources Committee on 15<sup>th</sup> February 2024.

#### **RSL Partnership Working To Deliver Housing Land**

- 4.15 The Council continues to work with RSLs to unlock new housing development sites and lever in funding. The Council is working with RSL partners on many other sites as explained in the Council's Strategic Housing Investment Plan.

In total the Council has granted planning consent for 223 houses between June and November of 2023.

### **Establishing Better Evidence For Decision Making:**

- 4.16 A Community Planning Survey was carried out as part of the work to refresh the Local Outcome Improvement Plan. A survey of local residents identified that Housing is seen as the second priority behind improved transportation for our communities. The Argyll and Bute Outcome Improvement Plan 2024-34 will identify where the Community Planning Partnership could be most effective at making a difference for communities facing housing inequalities
- 4.17 To inform the considerations and output of the Housing Emergency Summit, an extensive online household survey was carried out in October 2023 which received 688 responses by residents and community groups. This provides essential evidence for actions going forwards. Key headlines of this survey are summarised below:

### **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%)**

4.18 Consultants are due to complete specialist legal, planning and chartered surveyor advice regarding the application of occupancy controls through different legal mechanisms. This will support any potential choice to apply requirements for housing to be restricted to primary occupancy as opposed to holiday homes or short term letting, and or other obligations in terms of local key workers and or affordability.

4.19 During the Autumn of 2023, consultants have surveyed our Island populations, and analysed the Island private housing market to establish a clear definition and identification of Market Failure. Initial draft findings are that:

- Island communities face unique challenges in delivering enough housing to meet local need and demand. Capital build costs (including infrastructure costs) are considerably higher, and land values lower, meaning that the traditional private sector led model of housebuilding



does not occur and no speculative housing development takes place on the islands.

- A lack of affordable housing is one of the most pressing issues facing island communities. This is particularly problematic in terms of attracting and retaining people to live and work on the islands and sustaining a virtuous cycle of economic activity. Indeed, a survey conducted by Highlands and Islands Enterprise found that for many parts of the region, strong economic growth prospects are endangered by a lack of affordable housing of all tenures.
- A range of recommendations are made which include direct public interventions to address the identified market failure. When the report is finalised, it will be reported to the EDI Committee along with output from the Housing Summit Action Programme, and ultimately will be incorporated in to the LHS Action Programme later this year.

### **Rural Housing Body Status**

- 4.20 The Council was awarded Rural Housing Body status on 29<sup>th</sup> November 2023. Doing so gives the Council the ability to apply Rural Housing Burdens to properties it has constructed, purchased, or consented. As part of the revised LHS Action Programme, officers will develop proposals for how Rural Housing Burdens will be used.

### **Home Argyll Changes**

- 4.21 Changes to the HOMEArgyll common allocations policy made in the Autumn of 2023 are now in effect. Although at an early stage they are beginning to have an effect in terms of more flexibly supporting the allocation of RSL properties to homeless applications in areas of highest need.

### **Planning Policy Changes**

- 4.22 A report will be presented to March / April PPSL which will:
- map out a timetable for explore the options for designation a short-term let control area/s for all, or parts of the planning authority's area;
  - present a revised 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; and
  - present 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 and Demand Analysis, including potential occupancy restrictions for consideration by Members.

### **Revised Road Guidelines**

- 4.23 Officers have been working on a consolidated Roads and Transportation Guidelines document. This will provide a comprehensive and crucially more flexible set of guidelines for developers and will be a key element of addressing concerns expressed since declaring the Housing Emergency. This will be presented to members before the end of the year.

### **Worker Housing**

- 4.24 The Council has been granted planning consent and roads construction consent for twelve 2 bedroom cottage flats on a site owned by the Council at Rockfield Road, Tobermory. A contract to carry out the infrastructure works for the site (road and services) is out to tender and it is planned to be appointed by 31<sup>st</sup> March 2024 so that construction can be completed during 2024/25. This will be funded by Rural and Island Infrastructure Funding, supported by the Strategic Housing Fund if required as a contingency.
- 4.25 An Outline Business Case has been submitted for Rural Growth Deal Funding to deliver the first block of four 2 bedroomed flats, which will be used as worker accommodation. The Council is working in partnership with MIGHT and it is the intention MIGHT will act as managers of the premises.
- 4.26 The Strategic Housing Fund is being used to resource HubNorth and SFT to develop an options appraisal which will help to identify the exact operating model of this block, and how the remainder of the site should be delivered.
- 4.27 The Council has additionally agreed £460k from the Strategic Housing Fund to support short term delivery of housing for HSCP workers on Tiree, Coll and at Connel. This will deliver up to 5 properties being brought back in to use to support lifeline services in remote areas.

### **Strategic Development Frameworks**

- 4.28 The Council has agreed to allocate £450k of its priorities funding to support the development of Strategic Development Frameworks for Oban and Helensburgh which will plan for future development over a 20-40 year time period. Production of these is a complex task, but is essential to delivering planned infrastructure investment, land release, and the resultant population growth. It will also be a key part of addressing the Housing Emergency ultimately enabling the delivery of housing at scale.

### **Holiday Homes / Short Term Lets**

- 4.29 The Council implemented a Short Term Let Licensing Scheme in October 2023. To date there have been 2928 licenses applied for. Officers have begun work on analysing this information, including mapping it, so that we can begin to understand the geographical spread and differences in types of accommodation. This will allow us to feed evidence in to decision making on potential short term let planning control areas.

- 4.30 The Council has committed to increase the Council Tax to 200% on second homes. It is anticipated this will have make some contribution to preventing a further increase in the number of second homes and may assist in bringing some of those homes back into use for primary occupancy.

### **Empty Property**

- 4.31 In November 2023, Council agreed a new approach to Empty Property Rates Relief and the creation of a two year Empty Business Property Officer post. Officers are developing a Business Grant Scheme. It is hoped that this work will encourage the reuse / redevelopment of empty property, some of which may include conversion to residential use.
- 4.32 The expanded Housing Service Empty Property Team is now working closely with the HSCP to target properties for their use. The team have brought 15 residential properties back into use between April and December 2023.

### **Community Housing Development**

- 4.33 Officers are working with Communities to support their own delivery of housing. A regular forum of Community Housing Trusts has been formed to facilitate best practice and learning of experiences. A tool kit has been created to support communities in demonstrating their own localised housing needs, which is crucial for drawing in funding.
- 4.34 The Strategic Housing Fund has directly supported delivery of community housing on Colonsay by granting a loan to bridge a funding gap that emerged due to increased construction costs. Officers continue to work with Colonsay Community Development Trust to ensure the project is completed successfully and officers are continuing to work with the Trust to support this project

### **Settlement Project Support Officer**

- 4.35 The Council's Settlement Project Support Officer continues to work in collaboration with the Settlement Officers in the Western Isles and Northwest Highland, as well as colleagues from Argyll and Bute Council, HIE, and the Scottish Government Islands Team to recognise the place-based barriers to population retention and attraction and support measures to address population decline.
- 4.36 The Settlement Project Support Officer is assisting Housing colleagues to drive forward works on the Council's Housing Emergency. This has included supporting the completion of the Addressing Depopulation Action Plan funding application of £60k. This application is intended to help address the shortage of housing and encourage repopulation across Argyll and Bute, through a pathfinder 'Private Sector Housing Officer post'. This post will help support private property owners to transition property from short term lets, holiday homes and or empty property in to primary home occupancy. The outcome of

this funding application has not yet been announced but it is expected in March 2024, with the fund operational from April 2024.

- 4.37 Other completed and planned activity of the Settlement Officer is detailed at Appendix 2.

## **5.0 CONCLUSION**

- 5.1 Since the Council's declaration of a Housing Emergency, considerable activity has been focused on exploring new methods and solutions to tackle the housing shortages, and to bring renewed focus to delivering business as usual in an accelerated fashion. A Housing Summit has been held and work is ongoing to develop an Action Programme. Research has been commissioned and draft reports have been received. Policy changes are being developed and will be presented to members shortly. Housing site delivery and overcoming impediments to delivery is being prioritised. Many of these actions are preliminary actions and officers will report further progress as it occurs and as the LHS Action Programme is revised later in the year.

## **6.0 IMPLICATIONS**

- 6.1 Policy - The ongoing activity is consistent with current Council priorities and 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.
- 6.2 Financial - None directly arising from this report but future housing delivery actions will require additional funding at some stage from the Council and our partners if delivery is to be accelerated.
- 6.3 Legal – None.
- 6.4 HR – None.
- 6.5 Equalities (Fairer Duty Scotland) - The activity outlined in the report is consistent with aims and objectives set out in the local housing strategy, which is subject to an EQESIA.
- 6.5.1 Equalities – Protected Characteristics - There are targets set within the SHIP to deliver housing which meet the needs of specialist groups.
- 6.5.2 Social-Economic Characteristics - 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 delivery of affordable housing across Argyll and Bute facilitates socio-economic opportunities for all. The SHIP links with the Child Poverty Strategy.
- 6.6 Risk - The Housing Needs and Demand Assessment process takes full account of housing need on the islands.

- 6.7 Climate Change – New housing in the right location helps reduce carbon outputs particularly when heating is provided using renewable energy and utilising high standards of insulation which can also be applied to existing stock.
- 6.8 Customer Service – None.
- 6.9 Rights of the Child (UNCRC) – None.

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

**Councillor Robin Currie, Policy Lead for Strategic Development**

February 2024

For further information contact:

Fergus Murray, Head of Development and Economic Growth  
[Fergus.Murray@argyll-bute.gov.uk](mailto:Fergus.Murray@argyll-bute.gov.uk)

Matt Mulderrig, Development Policy and Housing Manager  
[Matt.Mulderrig@argyll-bute.gov.uk](mailto:Matt.Mulderrig@argyll-bute.gov.uk)

Douglas Whyte, Team Lead – Housing Strategy  
[Douglas.Whyte@argyll-bute.gov.uk](mailto:Douglas.Whyte@argyll-bute.gov.uk)

## **APPENDICES**

Appendix 1 – Housing Emergency Summit Report

Appendix 2 – Settlement Officer Detailed Activities Update