



# ARGYLL and BUTE HOUSING NEED AND DEMAND ASSESSMENT 2021



*“Everyone in Argyll & Bute has access to a suitable, high quality home which is affordable and located within a vibrant, sustainable and connected community.”*

## Prepared by

LHS Team/ HNDA Working Group  
Argyll and Bute Council Housing Services  
June, 2021

Revised in accordance with CHMA recommendations October 2021

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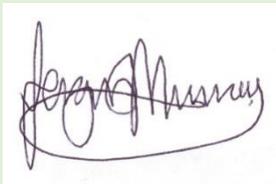
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### **HNDA SIGNATORY**

***The Council's Housing Need and Demand Assessment was developed in partnership with the Argyll & Bute Strategic Housing Forum in 2020/21. The following named senior manager responsible for Housing and Planning within Argyll & Bute Council has signed this document, confirming their agreement with the Core Outputs of the HNDA. This statement is in fulfilment of the requirements of "Core Process 6" as detailed in the HNDA Practitioner's Guidance (CHMA, 2020).***

***Signed on behalf of Argyll & Bute Council***



Date: 11/11/2021

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19 November 2021

Dear Allan

**Argyll and Bute Council Housing Need and Demand Assessment  
(HNDA): Final appraisal by the Centre for Housing Market Analysis  
(CHMA)**

Following the CHMA's initial appraisal of Argyll & Bute Council's HNDA of 26 September 2021 and subsequent discussions, we would like to thank you on behalf of the Scottish Government for agreeing to make the necessary amendments and clarifications requested.

The CHMA has reviewed these against the recommendations of our initial appraisal and, on this basis, the CHMA now considers that the process and methodology used to produce Argyll and Bute Council's HNDA are robust and credible.

Should the HNDA process or methodology be challenged during Examination of the Local Development Plan (LDP) it should be ensured that this appraisal is drawn to the attention of the Planning and Environmental Appeals Division

(DPEA) of the Scottish Government at the point that the LDP is submitted to Scottish Ministers.

The CHMA recommends that the HNDA and our appraisals are made available to your stakeholders and our suggestion is that they should be published online. Whilst this is at your discretion, it should be seen as good practice.

Yours sincerely

**Murdo MacPherson**  
**Head of the Centre for Housing Market Analysis**  
**Scottish Government**

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**Note on Abbreviations:**

The following abbreviations have been used in certain tables throughout the report for ease of formatting and to promote legibility

A & B = Argyll and Bute  
C & T = Coll and Tiree  
H & L = Helensburgh and Lomond  
I, J & C = Islay, Jura & Colonsay

Additional abbreviations used consistently in the report include:

ACHA – Argyll Community Housing Association  
BTS – Below Tolerable Standard  
CHR – Common Housing Register (i.e. HOMEArgyll waiting list)  
CTR – Council Tax Register  
DHA – Dunbritton Housing Association  
EESH – Energy Efficiency Standard for Social Housing  
GDP – Gross Domestic Product  
GVA – Gross Value Added  
HoTOC – Homeless & Temporary Accommodation Plus Overcrowding AND Concealed  
HEEPS: ABS – Home Energy Efficiency Programmes Scotland: Area Based Schemes  
HMA – Housing Market Area  
HMP – Housing Market Partnership  
HNDA – Housing Needs & Demand Assessment  
HST – Housing Supply Targets  
HSCP – Health and Social Care Partnership  
LDP – Local Development Plan  
LHS – Local Housing Strategy  
MECOPP – Minority Ethnic Carers of People Project  
NRS – National Records of Scotland  
OT – Occupational Therapist  
RSL – Registered Social Landlord (i.e. Housing Association)  
RTB – Right To Buy  
SHIP – Strategic Housing Investment Plan  
SHQS – Scottish Housing Quality Standard  
SHCS – Scottish House Condition Survey  
WHHA – West Highland Housing Association

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THIS DOCUMENT, SUPPORTING TECHNICAL PAPERS AND RELATED MATERIALS  
ARE AVAILABLE ON THE COUNCIL WEBSITE AT:

<http://www.argyll-bute.gov.uk/housing/housing-strategies-consultations-and-research-0>

HOUSING NEED AND DEMAND ASSESSMENT						
Key Findings Template: Estimate of Additional (New) Future Housing Units						
Number of years to clear existing need						
Total households with <b>existing need (net)</b>	850		5			
Household Projection Period						
2021-2041						
	Principal Projection		Low Migration Projection		High Migration Projection	
Total number of new <b>households over the projection period</b>	0		0		0	
q						
HNDA Projection Period						
2021-2041						
ANNUAL NEED - YEARS 1 TO 5						
Total households over the projection period who <i>may</i> afford:	Scenario 1		Scenario 2		Scenario 3	Scenario 4
<b>OWNER OCCUPATION</b>	0		0		0	210
<b>PRIVATE RENT</b>	0		0		0	150
<b>BELOW MARKET RENT</b>	0		0		0	110
<b>SOCIAL RENT</b>	70		760		850	965
<b>Total additional future housing units</b>	<b>70</b>		<b>760</b>		<b>850</b>	<b>1,435</b>

<b>ANNUAL NEED - YEARS 5 TO 10</b>							
Total households over the							
projection period who <i>may</i> afford:	Scenario 1		Scenario 2		Scenario 3		Scenario 4
<b>OWNER OCCUPATION</b>	0		0		0		65
<b>PRIVATE RENT</b>	0		0		0		50
<b>BELOW MARKET RENT</b>	0		0		0		30
<b>SOCIAL RENT</b>	0		0		0		35
<b>Total additional future housing units</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>180</b>
<b>ANNUAL NEED - YEARS 10 TO 15</b>							
Total households over the							
projection period who <i>may</i> afford:	Scenario 1		Scenario 2		Scenario 3		Scenario 4
<b>OWNER OCCUPATION</b>	0		0		0		110
<b>PRIVATE RENT</b>	0		0		0		80
<b>BELOW MARKET RENT</b>	0		0		0		50
<b>SOCIAL RENT</b>	0		0		0		50
<b>Total additional future housing units</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>290</b>
<b>ANNUAL NEED - YEARS 15 TO 20</b>							
Total households over the							
projection period who <i>may</i> afford:	Scenario 1		Scenario 2		Scenario 3		Scenario 4
<b>OWNER OCCUPATION</b>	0		0		0		130
<b>PRIVATE RENT</b>	0		0		0		95
<b>BELOW MARKET RENT</b>	0		0		0		55
<b>SOCIAL RENT</b>	0		0		0		50
<b>Total additional future housing units</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>330</b>

<b>CUMULATIVE TOTAL AT END OF PROJECTION PERIOD</b>						
Total households over the projection period who <i>may</i> afford:						
	Scenario 1	Scenario 2	Scenario 3	Scenario 4		
<b>OWNER OCCUPATION</b>	0	0	0	390		
<b>PRIVATE RENT</b>	0	0	0	280		
<b>BELOW MARKET RENT</b>	0	0	0	185		
<b>SOCIAL RENT</b>	70	760	850	1,380		
<b>Total additional future housing units</b>	<b>70</b>	<b>760</b>	<b>850</b>	<b>2,235</b>		

N.B. Please note that Scenarios 1, 2 & 3 are official trend-based projections within the “robust & credible” HNSA framework. Scenario 4 is a policy-based and more aspirational projection (albeit still informed by realistic, justified assumptions and genuine anticipated outcomes). These do not equate to the actual new build housing that will be delivered. In all official projections (scenarios 1, 2 & 3), outputs for later five-year projections (10-15 years and 15-20 years) are nil, and are not considered to be meaningful or relevant in this context by the council and its partners.

## EXECUTIVE OVERVIEW

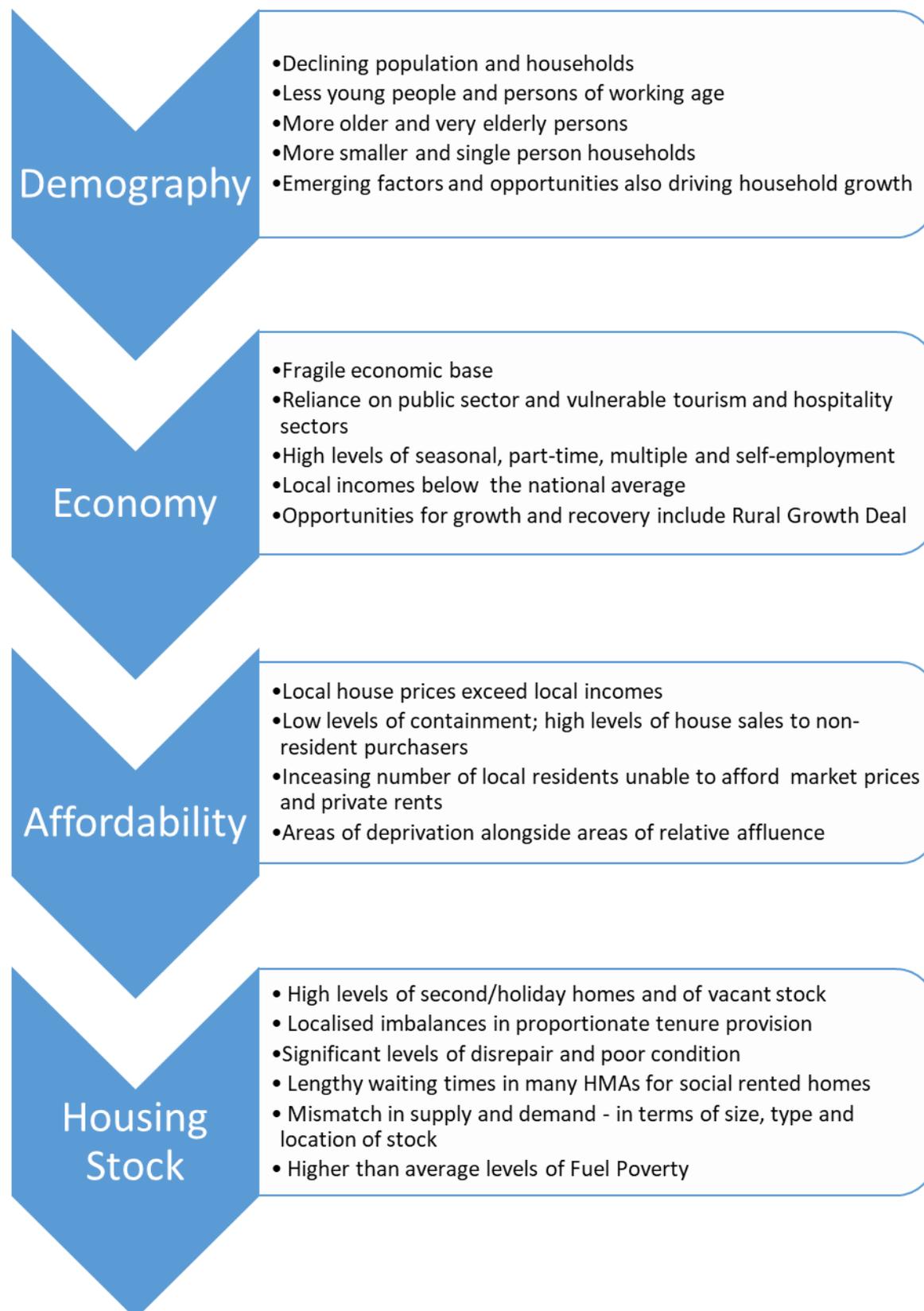
- 1) The Argyll & Bute Housing Need and Demand Assessment (HNDA) 2021 is essentially a factual evidence base which provides a range of data and statistical analysis on key aspects of the local housing system. By design, it does not set out detailed interpretation, conjecture or policy decision-making, which is the remit of the Local Housing Strategy (LHS) and Local Development Plans (LDP).
- 2) This assessment updates the previous HNDA for Argyll & Bute which was approved in 2016, although much of the data it contained referred to previous years. Over the intervening period much has changed in the wider environment and also within housing policy context at both local and national levels. The new HNDA reflects these shifts as far as possible, and aims to take account of the latest available information to ensure a current, robust and credible assessment of housing need and demand both now and in the future.
- 3) The legislative and policy context for the HNDA is mainly set out in the following documents:
  - Housing (Scotland) Act 2001
  - Town and Country Planning (Scotland) Act 1997 (as amended)
  - The Centre for Housing Market Analysis' HNDA Practitioner's Guide (2020)
  - The Centre for Housing Market Analysis' HNDA Manager's Guide (Nov. 2020)
  - The Centre for Housing Market Analysis' HNDA Technical Tool Guide (2020)
  - The CHMA's HNDA Tool (2020/21)
  - Scottish Planning Policy/National Planning Framework 4, (2021)
  - LHS Guidance, Scottish Government (2020)
- 4) To achieve a "robust and credible" appraisal from the Scottish Government's Centre for Housing Market Analysis (CHMA), the HNDA must address four Core Outputs and six Core Processes. Each stage or chapter of the HNDA is accompanied by a standard template prescribed by the CHMA, which summarises the key issues for the LHS and LDP(s). In addition, a single "scenarios" template summarising the key results of the HNDA Tool (i.e. the estimate of additional housing required over the projected planning period) is also provided at the beginning of this document.
- 5) This HNDA report reflects the structure and approach set out in the HNDA Practitioner's Guide, and the following table outlines where the Core Processes have been evidenced in the body of the document and in the supporting materials. The Core Outputs are also summarised below and are clearly indicated in the Contents Page and in the main chapters of this report. Additional material is available in the form of Technical Supporting Papers and a suite of Excel spreadsheets, pertaining to the detailed results of the HNDA Tool scenarios. All materials and copies of this report are available on the council website at: <https://www.argyll-bute.gov.uk/housing/housing-strategies-consultations-and-research-0>



Core processes	Reference
A Housing Market Partnership has overseen production of the HNDA and other stakeholders have been engaged with separately.	Chapter 1: Introduction  (Also see minutes of the Argyll & Bute Strategic Housing Forum 2018-2021)
Housing Market Areas have been agreed with the Housing Market Partnership and are considered in the production of all core outputs.	Chapter 2: Housing Market Areas (HMAs)  (Also see HNDA Technical Supporting Paper 01)
The methodology, limitations and quality control mechanisms are given full technical explanation.	Chapter 1-6 (passim) Appendix 1 (Also see Technical Supporting Papers)
Assumptions, judgements and scenarios are well reasoned and transparent.	Chapter 5; and Chapters 2-6 passim (Also see Technical Supporting Paper 07)
Key findings have been summarised, at the start of the HNDA, using the template provided and in no more than 2 pages.	Prefatory Summary Template
HNDAs have been officially signed-off by the Head(s) of Housing and the Head(s) of Planning or the designated senior official. Where Local Authorities have jointly produced an HNDA they all agreed their core outputs. A statement to this effect has been included as part of the official sign-off.	Preface Signatory Statement

Core Outputs	Reference
1. Key Housing Market Drivers	Chapter 3:  (Also see HNDA Technical Supporting Papers: 02; 03 & 3.1; 04; & 05)
2. Estimating a range of additional future housing units	Chapter 5: (Also see HNDA Technical Supporting Paper 07)
3. Specialist Provision	Chapter 6: (Also see HNDA Technical Supporting Papers: 08; 09; 10 & 11)
4. Housing Stock Profile, Pressures & Management Issues	Chapter 4: (Also see HNDA Technical Supporting Paper 06)

6). In summary, the headline issues that have been identified in this HNDA for consideration in the LHS and LDP are as follows:





7) The assessment of additional housing required over the next five and ten years, is dependent on a number of assumptions; in particular the estimate of households in existing or backlog need; and the future need which will be determined by the demographic trends in population and households. Varying economic, market and affordability assumptions will affect the tenure split of the new build requirement but should not have a significant impact on the overall totals. The main or principle estimates underpinning this HNDA are summarised in the following table.

<b>HNDA Key Results: Estimate of Additional Future Housing Units</b>			
Total households with existing need: <b>850</b>		Years to clear backlog: <b>5 years</b>	
Household Projection Period: <b>2021-2035</b>			
Total Number of new households over the projection period	Main Projection (NRS Principle)		(0.5%) Growth Projection (Council Assumptions)
	<b>0</b>		<b>550</b>
HNDA Projection Period (LHS): <b>2021/22-2025/26</b>			
Total households over the projection period who can afford:		Scenario 1 (Main)	Scenario 2 (Growth)
Owner Occupation		0	80
Private Rent		0	55
Below Market Rent		0	50
Social Rent		760	1,250
<b>Total additional future housing units</b>		<b>760</b>	<b>1,435</b>

8) The principle official projection for Argyll & Bute as a whole is based on significant population and household decline. However, the estimated number of households in existing (or backlog) need, will still result in a modest requirement for additional housing in the short term i.e. over the five year planning period of the next LHS. It is estimated that the need for affordable housing is likely to be around 152 units per annum under this scenario. **This is a very conservative, minimum projection and does not reflect the strategic vision and policy objectives of the Argyll & Bute Housing Market Partners, nor average historic rates of new build (all-tenure). The Council’s scenario for modest growth has been approved by the local housing market partnership as more realistic and appropriate: this would project an annual requirement over five years for around 290 new homes (all-tenure).**



9) The following table summarises the cumulative outputs of the HNDA Tool for each five-year projection over the 20 year planning period, based on the council’s preferred growth scenario. At the end of the first five years (the life of the new LHS) there would be a requirement for around 1,436 new homes including over 1,250 social rented units. By the end of 10 years, the cumulative total requirement would be around 1,616 new homes in total, of which 1,284 would be for social rent. The annual requirement over 10 years would be around 162 units across all tenures. At the end of 15 years, the cumulative total rises to 1,906 new homes, and the annual requirement reduces to around 127 units. At the end of 20 years, the total cumulative requirement is 2,026 new homes which equates to just over 100 per annum across all tenures.

**Cumulative HNDA Requirement after 5, 10, 15 & 20 Years.**

<b>Growth Scenario</b>	<b>CUMULATIVE NEW BUILD NEED</b>			
<b>Tenure</b>	<b>2025/26</b>	<b>2030/31</b>	<b>2035/36</b>	<b>2040/41</b>
Social Rent	1,252	1,284	1,334	1,354
Below Market	49	80	130	150
PRS	55	103	183	218
Buyers	81	148	258	303
<b>Total</b>	<b>1,436</b>	<b>1,616</b>	<b>1,906</b>	<b>2,026</b>

Source: HNDA Tool, Growth Scenario

10) N.B. The default scenario (principle projection) results in no additional requirement beyond Year 5, therefore the cumulative 20 year total equates to the first five year total which solely comprises backlog need (for social rent) when run through the Tool.

<b>Default Scenario</b>	<b>CUMULATIVE NEW BUILD NEED</b>			
<b>Tenure</b>	<b>2025/26</b>	<b>2030/31</b>	<b>2035/36</b>	<b>2040/41</b>
Social Rent	760	760	760	760
Below Market	0	0	0	0
PRS	0	0	0	0
Buyers	0	0	0	0
<b>Total</b>	<b>760</b>	<b>760</b>	<b>760</b>	<b>760</b>

Source: HNDA Tool, Default Scenario (principle projection)

(NB. This default scenario uses the council’s calculation of backlog need, but accepts all other default inputs to the CHMA Tool.)

## 1. INTRODUCTION

### 1.1 PURPOSE AND SCOPE OF THE HNDA

- 1.1.1 Local strategic planning for housing is driven by the assessment of housing need. The Housing (Scotland) Act 2001 requires local authorities to develop Local Housing Strategies (LHS), informed by an assessment of housing need and demand and the provision of related services in their area. In addition, the Town and Country (Scotland) Act 1997 (as amended) requires Local and Strategic Planning Authorities to plan for land use in their area, including the allocation of land for housing. The Housing Need and Demand Assessment (HNDA) evidence base supports both processes.
- 1.1.2 HNDAs are designed to give **broad, long-run estimates** of what future housing need might be, rather than precise calculations. They provide, as far as possible, an objective evidence base to inform housing policy decisions. The HNDA is just the first step in the housing-planning process and the HNDA housing estimates will be refined in the LHS Housing Supply Targets (HST); and the Housing Land Supply Requirement, as set out in LDP, is derived from the HST not the baseline HNDA.
- 1.1.3 In 2020, the Scottish Government's Centre for Housing Market Analysis (CHMA) published revised guidance materials for local authorities undertaking the HNDA. This includes an updated HNDA Tool (suite of Excel spreadsheets) designed to calculate the requirement for new-build housing based on nationally produced data sets. This guidance also allows local authorities to use their own local datasets and inputs, where this is deemed to provide a more accurate reflection of local circumstances and needs.
- 1.1.4 In the context of the HNDA, **housing need** refers to households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some assistance. **Housing demand** is the quantity and type/quality of housing which households wish to buy or rent and are able to afford. **Housing market areas** are geographical areas which are relatively self-contained in terms of housing demand, i.e. a large percentage of people moving house or settling in the area will have sought a dwelling only in that area.
- 1.1.5 Estimates of housing need and demand fall into two categories and HNDAs must evidence both. These are:
- Future demand (or newly arising need)** - mainly driven by future household formation (projections). By its very nature this has to be met through the provision of additional housing units. This is what the HNDA Tool outputs. Most additional housing will be delivered via new build, but can also be delivered through changes in housing stock such as conversions, re-configuration, and bringing empty properties back into use.

The actual amount and type of additional units that can be delivered is determined in the HST.

- ii. **Existing /backlog need** is driven by several factors such as homelessness, overcrowding, care and support needs, among others. Most existing need is met using in-situ solutions e.g. adaptations, transfers, stock improvements, and a wide range of other measures and interventions; however, a small proportion of need must be met through additional housing units where an in-situ solution cannot be found.

1.1.6 Essentially, the purpose of the HNDA is to assist policy development, decision-making and resource allocation processes; and specifically it should underpin the following key areas of housing policy and planning:

- **Housing Supply Targets (HSTs)** - to inform the setting of a HST for use in the LHS and Development Plan(s). The HST sets out the amount and type of housing to be delivered over the period of the plan(s).
- **Stock management** - to assist understanding of the current and future demand for housing by size, type, tenure and location in order to optimise the provision, management and use of housing stock. This in turn feeds into policy and planning decisions about future stock in the LHS. The HNDA itself does NOT estimate the **size or type of stock** that is required in future. The HNDA Tool output estimates need by tenure. The size and type of stock required is a policy decision. However these decisions will be informed by the evidence provided on past and current stock in the HNDA.
- **Housing investment** - to inform future housing investment decisions, for example through Strategic Housing Investment Plans (SHIPs).
- **Specialist Provision** - to inform the provision and use of specialist housing and housing-related services to enable independent living for all, as expressed in policy in the LHS and to inform planning decisions e.g. land for Gypsy/Travellers.
- **Geographic distribution of land** - to inform the spatial allocation of land through the Local Development Plan(s) for new housing at both Housing Market Area level and Local Authority level.

## 1.2 CORE PROCESSES AND OUTPUTS (ROBUST AND CREDIBLE CRITERIA)

1.2.1 The HNDA is required to achieve “robust and credible” status as determined by the Scottish Government CHMA using a set of core criteria which focus on four core outputs and a six point process checklist. The Core Outputs are:



- I. **Key housing market drivers** - Identifies the key factors driving the local housing market. This should consider household formation, population and migration, housing affordability including income, house prices, rent levels, access to finance and key drivers of the local and national economy. This analysis should reflect the data that have been input to the HNDA Tool and the choice of scenarios that are chosen to run the Tool.
- II. **Estimate of additional housing units** - This figure should be broken down into the number of households who can afford a) owner occupation b) private rent c) below market rent or d) social rent. Estimates must be reported for each year of the projection, each five year period within the projection and the cumulative total at the end of the projection. The Tool outputs these. The projection period and geography chosen should fit with those required for the LHS and Development Plan.
- III. **Specialist Provision** - Identifies the contribution that Specialist Provision plays in enabling people to live well, with dignity and independently for as long as possible. Identifies any gap(s)/ shortfall(s) in that provision and the future level and type of provision required. Considers evidence regarding property needs, care and support needs and locational/ land needs. Gives due consideration to the provisions of the Equality Act (2010).
- IV. **Housing stock profile, pressures and management issues** - Considers what existing housing stock is available to meet the housing needs of the local population. This should identify any under-supply or surplus of certain kinds of housing. This will demonstrate where the existing housing stock may be pressured and where that stock may need to be managed in order to meet the housing needs of the local population. The types and number of in-situ solution used should be evidenced. Stock should be considered by size, type, condition, occupancy, concealed households and turnover (relets and voids). These should be considered by tenure and location as appropriate.

The six **core processes** are summarised in the prefatory table on Page 2 of this document.

### 1.3 GOVERNANCE, PARTNERSHIP WORKING AND CONSULTATION

- 1.3.1 The HNDA was prepared and produced by the Council's LHS staff, with consultancy support for specific tasks such as facilitating stakeholder engagement and conducting independent household surveys; and was overseen by the council's Housing Management Team. This work was done in close liaison with planning colleagues from both the Council and Loch Lomond & Trossachs National Park. Ultimately, the HNDA process is overseen and formally approved by the Argyll and Bute Strategic Housing Forum which constitutes the local housing market partnership. The Forum, under the leadership of the Council, is a multi-disciplinary body which, in addition to Council housing, planning and economic development services,



includes local housing associations (ACHA, Fyne Homes, West Highland and Dunbritton) and national associations (e.g. Link Group, Bield, Trust); the Scottish Government's More Homes Division; Argyll & Bute Care & Repair; Health and Social Care Partnership; local and national energy efficiency agencies (HES, Allenergy); Highlands & Islands Enterprise; community housing partners; and other Community Planning partners on an ad hoc basis. The formal remit and full membership of the Strategic Forum/Housing Market Partnership is available on request.

- 1.3.2 The HNDA Guidance acknowledges that it is important to incorporate local knowledge into the assessment process as purely statistical approaches may fail to reflect particular local issues. A series of HNDA Technical Supporting Papers were issued between 2018 and 2021 and the partnership held a number of meetings and formal workshop sessions, as well as engaging with wider stakeholders in dedicated conferences; and individual elements of the draft HNDA were issued for further consultation to specialists, including economic development colleagues, such as Highlands & Islands Enterprise, and health and social care partners. The final report reflects the detailed debate and considered feedback which has been provided over this period. In line with the statutory guidance, this finalised HNDA was formally signed off by the senior Council official with responsibility for Housing and Planning Services (as well as economic development) in July 2021.

#### **1.4 QUALITY ASSURANCE AND DATA ISSUES**

The HNDA process and contents have been scrutinised rigorously throughout and are subject to detailed quality assurance procedures. This includes triangulating a range of data sources to ensure variations or anomalies are accounted for, and that the key calculations are based on, or derived from, evidence that is high quality, fit-for-purpose and aligns with local, professional, reality-checks. The main explication of methodologies and assumptions underpinning the HNDA are set out in the accompanying Technical Supporting Papers which are available on the council website, along with specific pieces of primary research which were commissioned from independent, professional consultants, and were also required to adhere to professional standards and codes of conduct. Final drafts of the individual chapters of the HNDA have also been subject to thorough proof-reading to ensure both narrative and tabulated figures are accurate, consistent and appropriately labelled and sourced. (See also Appendix 1 for a summary of quality assurance processes).



### 1.5 SECONDARY ANALYSIS AND STATISTICALLY VALID PRIMARY RESEARCH

- 1.5.1 Statistically robust and validated national datasets have been employed wherever practical, however, given the dispersed geographical nature of this local authority it has been necessary to enhance the evidence base with local data and this has been subject to extensive cleansing, checking and verification wherever possible. Further to the completion of secondary data analysis, the Council sought to identify data gaps, inconsistencies or deficiencies within the original housing needs and demand assessment evidence base and the default national estimates which were consistently and strongly challenged by local stakeholders and professional partners. Critical assessment by the council's LHS Team and Housing Management Team agreed that commissioning dedicated primary research would address gaps in intelligence and add value to the HNDA outputs. This risk analysis focused on the primary research requirements for the general population and localized communities, and the wider business sector, as well as the specific housing and support needs of key Health and Social Care client groups. The methodologies and quality assurance principles and procedures for this research are set out in the individual output reports and documentation. Additional gaps were identified in respect of particular needs groups such as Gypsy/Travelers, wheelchair users, armed service personnel and veterans, as well as persons with learning disabilities or autism, among others; and this was addressed by bespoke in-house studies.
- 1.5.2 The Scottish Government guidance states that HNDAs are designed to give broad, long run estimates of what future need might be, *rather than precision estimates*. Therefore, the final HNDA combines quantitative indicators with qualitative analysis to produce a transparent, reasoned and reasonable understanding of the overall need and demand in the area and of the operation and key trends driving the local housing market(s).

### 1.6 STATISTICAL NOTE: SMALL AND DISCLOSIVE NUMBERS

As with all official statistics, it is necessary to avoid very small numbers being published in a way which is disclosive (i.e. allows individuals to be identified, breaking the confidentiality of their data). This would apply in particular to datasets such as RSL waiting lists or HSCP client casework for instance. Small numbers can also prevent robust cross-tabulations of certain data with other information in a particular dataset or prohibit detailed analysis in certain instances. As far as possible, therefore, throughout this report tabular data has been rounded up or presented in the form of a numerical range such as <5 ("less than 5"). However, where very small numbers relate purely to properties rather than individual persons (e.g. number of specialist types of accommodation within an HMA) then the actual figures have usually been included for the sake of transparency. Where data is presented in the form of percentages the total number of the relevant sample/cases has been



indicated in the accompanying text, supporting materials or in appropriate references.

### 1.7 EQUALITY CONSIDERATIONS

1.7.1 The HNDA has been developed in accordance with, and giving due consideration to, the Equality Act 2010, which places a duty on all public sector bodies to:

- Eliminate discrimination, harassment and victimisation;
- Advance equality of opportunity; and
- Foster good relations.

1.7.2 This must be done with particular respect to the following “protected characteristics” as a minimum:

- Age;
- Disability;
- Sex (including pregnancy and maternity);
- Gender reassignment;
- Sexual orientation;
- Race;
- Religion and belief.

1.7.3 In the context of this HNDA, this has been specifically addressed in the section on Specialist Provision requirements of the local population, albeit equalities principles apply throughout the document and the process. The evidence and analysis developed within the HNDA and supporting materials will now help to inform a comprehensive Equality Impact Assessment for the Local Housing Strategy, as well as other associated housing policies and plans; and will also feed into the Housing Contribution Statement for the Housing & Social Care Partnership’s Strategic Plan, among other relevant planning processes. It will also inform related impact assessments with regard to Child Poverty; Human Rights; Island & Rural communities; Health Inequalities; and other local and national priority areas of policy concern.

The suite of impact assessments are available on the council website at:

<https://www.argyll-bute.gov.uk/housing/housing-strategies-consultations-and-research-0>



### **1.8 HOUSING ESTIMATE “VS” HOUSING SUPPLY TARGETS (HSTS).**

- 1.8.1 HNDA produce a range of future housing estimates. This is an estimate of the TOTAL amount of housing need and demand in an area. The housing estimate then helps to determine the HST. It is critical to understand that the needs assessment DOES NOT equate directly to the HST. The Council housing and planning functions work closely together to jointly agree outline HSTs which in turn are considered and agreed by the Strategic Housing Forum and other key strategic planning interests. This process then informs the local Housing Land Supply Requirement.
- 1.8.2 The HNDA is intended to be a purely factual evidence base, as far as possible. Setting HSTs is a policy decision which is influenced by a range of factors, including wider strategic imperatives and aspirations; resources and funding availability; land and infrastructure capacity; economic opportunities; and the capacity of the local construction sector, amongst others. Consideration of these factors can result in a HST figure which may be lower or higher than the baseline HNDA. In the context of Argyll and Bute, there is a clear mandate from partners and wider stakeholders (as well as the Scottish Government) to promote a housing system that supports economic growth, helps to reverse the significant population decline, and delivers community sustainability. Therefore, the housing supply targets for the LHS and LDP will be set at ambitious, but still realistic, levels which are above the principle (or default) estimate of need identified in this assessment.
- 1.8.3 It is also important to note that this assessment is a view of the broad scale of housing issues based on a range of prudent and judicious assumptions, in order to gain a good understanding of the likely range of ‘answers’ to the question of housing needs and demand. It is also important to note that the council and its partners will continue to undertake more focused, localised needs assessments at discrete community or settlement level, to identify and address housing need and demand which is not captured in the official, national HNDA framework.

### **1.9 MONITORING AND REVIEW**

The HNDA must be comprehensively reviewed and updated every five years. In the interim, the Council’s LHS Team will continue to monitor key trends and indicators on a regular basis and report to the Strategic Housing Forum annually. Additional, ad hoc analysis will be produced as required at the local community level to support and inform the SHIP process and other planning requirements.

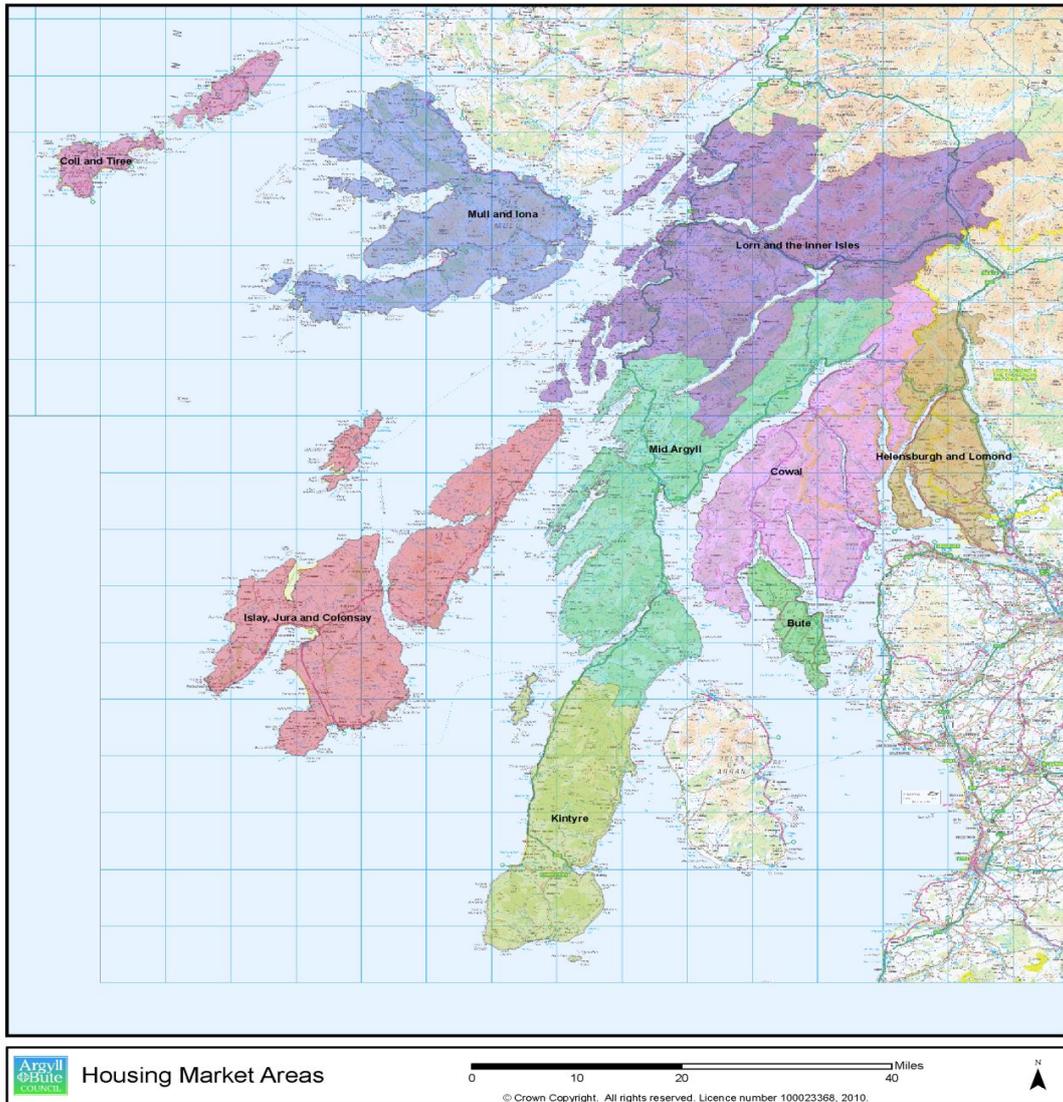
## 2. HOUSING MARKET AREAS (HMAs)

### 2.1 INTRODUCTION

- 2.1.1 In February 2019 the Argyll and Bute Strategic Housing Forum approved the conclusions of HNDA Technical Supporting Paper 01: Housing Market Areas Refresh Exercise. This paper sets out the methodology and assumptions underpinning the definition of 9 distinct HMAs within Argyll and Bute, in accordance with Scottish Government CHMA guidance. The paper reviews and updates the analysis provided in the previous HNDA, in 2016, and concludes that the historic structure of local HMAs remains valid for strategic planning purposes and that there are no compelling reasons to depart from that approach. The full report is available on the council website.
- 2.1.2 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 and social relationships. The maximum distance that people are willing to move in the circumstances outlined above 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. Key features of HMAs include:
- They are a compromise between theoretical appropriateness and practicality in terms of data availability and robustness.
  - They must be at a scale which allows quantitative estimates of current and future economic growth, demographic change & migration, and income estimates, and for housing need to be demand, rather than supply, led.
  - The concept works best in urban areas. It is acknowledged that rurality presents specific issues for defining HMAs – especially in sparsely populated areas such as Argyll and Bute with small numbers of property sales; which reduce the robustness of the analysis. Difficult issues in rural areas include low market activity; disproportionate sales to long distance retirees and second home owners; and highly localised demand, particularly for affordable housing. Rural HMAs “....may be more easily identified using qualitative or predominately consultative approaches, or school catchment areas” (LHSA Good Practice Guide).
- 2.1.3 The updated analysis sought to identify where people move to and where they move from, primarily using Sasines data on property sales activity. (This was sourced variously from annual CHMA data packs provided for the purpose; purchased from Paisley University’s LVIU in earlier years; and directly from the Registers of Scotland who hold the official sasines records.) The exercise aimed to understand: local authority and sub-area self-containment (i.e. the percentage and number of house moves within each geography by origin of purchaser; the extent of interaction between the HMAs; and the extent of

interaction between the HMAs and other locations outwith the local authority, particularly neighbouring areas.

**Figure 2.1: Housing Market Area (HMA) Boundaries in Argyll & Bute**



The confirmed HMAs comprise:-

- **Cowal** (includes part of Loch Lomond & Trossachs National Park)
- **Bute**
- **Mid Argyll** (includes Inveraray and Tarbert)
- **Kintyre** (plus Isle of Gigha)
- **Islay, Jura & Colonsay**
- **Lorn** (includes the inner isles of Seil, Easdale, Luing, Lismore etc.)
- **Mull & Iona**
- **Coll & Tiree**
- **Helensburgh & Lomond** (includes part of Loch Lomond & Trossachs National Park)



**2.2 ARGYLL & BUTE HOUSING MARKET 2014 – 2018 (Containment & In-migration)**

2.2.1 Between 2014 and 2018 (quarter 1 only) there were a total of 7,019 house sales in Argyll and Bute, of which 6,913 have an identified origin for the purchaser. (N.B. The CHMA provided revised and updated sales data in July 2021, which was unavailable at time of original writing. While this will help to inform future updates of the containment analysis, at this point, provisional indications do not suggest any major implications for the existing analysis.) Of these sales, 3,926 were purchased by persons already located within Argyll and Bute giving a containment rate of 56.8% (reduced from 61.5% in the previous five year period). There is no scientific method for determining what the appropriate threshold for self-containment is, though convention places it at around 70-75%. A lower threshold of around 60-65% has also been used in the past by some local authority analysts but on that basis Argyll and Bute is not a particularly highly self-contained housing market. A quarter of sales went to house buyers from elsewhere in Scotland and almost 16% to purchasers from the rest of the UK. A small proportion of purchasers come from overseas. The following table summarise containment in Argyll and Bute between 2014 and 2018.

**TABLE 2.1: Argyll & Bute Housing Market Containments 2014-18**

Origin of Purchaser	Nos of Sales	As % of sales with known origin
Argyll & Bute	3,926	56.9%
Rest of Scotland	1,737	25.1%
UK	1,101	15.9%
Rest of World	149	2.2%
Total Known Origin	6,913	100.0%
Unknown Origin	106	-
TOTAL	7,019	-

Source: Register of Scotland (Sasines)

2.2.2 However, the percentage of sales to purchasers originating across neighbouring local authority boundaries is not significantly high and would not justify extending the HMA boundary in this instance. The main origin of Scottish based purchasers out with Argyll and Bute are Glasgow (389 sales, or 5.6% of all sales) and West Dunbartonshire (152, 2.2%). While noteworthy, these are well below the threshold of around 10% suggested in the guidance for determining significant “spheres of influence” on local housing markets. In fact, the evidence shows that house buyers originate from a wide spread of local authorities across most of Scotland, albeit numbers in most cases are very low (see HNDA Technical Supporting Paper 01).

2.2.3 The immediate neighbouring local authorities, of Highland, West Dunbartonshire, Inverclyde, Perth & Kinross, Stirling, North Ayrshire and Renfrewshire, together made up just 33% of the Scottish based sales (out

with Argyll & Bute); and, overall, these cross-border sales comprised only 8% of the total known sales. This supports the view that Argyll and Bute, while not highly self-contained, can still be considered a functional housing market area within its own boundaries for strategic planning purposes.

2.2.4 Looking at containment trends on an annual basis over the 2014-18 period, Table 2.2 below indicates that there has been some fluctuation, with a (proportionate rather than numerical) peak in local sales in 2014 and a drop in containment in 2016. However, overall the proportionate breakdown of house buyers from elsewhere in Scotland, the UK and overseas has been relatively consistent.

**TABLE 2.2: Annual Containment (Known Sales) Argyll & Bute**

YEAR	Argyll & Bute %	Scotland %	UK %	Overseas %
2014	59.6%	24.2%	13.7%	2.5%
2015	56.9%	25.3%	15.7%	2.1%
2016	53.7%	27.8%	16.4%	2.1%
2017	57.5%	23.5%	16.9%	2.1%
2018(Q1)	55.2%	23.8%	19.4%	1.6%

Source: Register of Scotland (Sasines)

2.2.5 There are also significant variations in containment across the market, as might be expected, with sales in the upper price quartile exhibiting a much lower level of self-containment (less than 42%). Interestingly though, containment is actually highest in quartile 2 of the market, whereas it might have been expected that more local residents would be accessing the lowest quartile market. Table 2.3 below summarises the proportionate levels of containment across the 4 price quartiles for all known sales over the five year period.

**TABLE 2.3: Market Containment (known sales) by House Price Quartile, Argyll & Bute 2014-18 (%)**

Origin of purchaser	Q1 £20,000 - £78,600	Q2 £79,000 - £125,000	Q3 £125,000 - £197,500	Q4 £197,500 - £999,950	All Sales
Argyll & Bute	57.5%	65.1%	62.9%	41.6%	56.8%
Scotland	26.2%	22.7%	22.4%	29.3%	25.1%
UK	14.3%	10.9%	12.9%	25.6%	15.9%
Overseas	2.0%	1.3%	1.8%	3.5%	2.2%
Totals	100.0%	100%	100%	100%	100%

Source: Register of Scotland (Sasines)

**2.2.6 Origin based containment** is defined as the majority of households buying a house within an area having moved from somewhere else within that area; while **destination based containment** is defined as the majority of people selling a house in an area moving to somewhere within that area. Detailed



analysis is provided in HNDA Technical Supporting Paper 01, however, in summary, with origin and destination-based self-containment flows ranging from 57% to around 70%, we can conclude that the Argyll and Bute administrative area remains a relatively distinct housing market for strategic planning purposes, although it continues to be open to influence from the wider Glasgow City HMA and, to a lesser extent, the neighbouring authority of West Dunbartonshire. In general the scale of moves to or from neighbouring local authorities is comparatively weak in most cases (less than 1%).

2.2.7 In the rural context of Argyll and Bute it is crucial to consider the operation of smaller, sub-area housing markets, as need and demand can be highly localised at the level of individual islands, settlements or communities; and pressured “hotspots” may be masked within larger geographies. The expansive size of Argyll and Bute, and travel distances between key settlements, preclude easy movement and result in a large number of discrete sub-markets with quite distinct characteristics; and the HNDA Technical Supporting Paper 01 looks at the individual HMAs in greater detail.

2.2.8 The following table summarises the total number of sales in Argyll & Bute between 2014 and 2018 (quarter1), with the identified origin of purchaser; and the percentage of total known sales (the HMA “containment”). This indicates that Lorn (65%) and Kintyre (64%) are significantly more self-contained housing markets than the other HMAs or Argyll and Bute as a whole. Coll & Tiree and Bute exhibit extremely low containment. It is also evident that there is minimal internal movement across HMAs within the local authority area, although Mid Argyll demonstrated a degree of influence (8.6% of all sales) from elsewhere in Argyll and Bute.

**TABLE 2.4: HMA House Sales & Containment (as % of HMA Total), 2014-2018**

AREA	Nos. Sales With Known Origin of Purchaser	Within Area /HMA	Elsewhere in Argyll & Bute	Scotland	UK	Overseas
Bute	607	38.2%	0.8%	34.5%	22.6%	3.9%
Coll & Tiree	74	19.7%	1.4%	49.3%	23.9%	5.6%
Cowal	1,335	43.9%	1.8%	32.7%	18.4%	3.1%
Helensburgh & Lomond	2,011	58.6%	1.8%	27.2%	10.6%	1.8%
Islay, Jura & Colonsay	215	49.0%	2.4%	26.7%	18.6%	3.3%
Kintyre	512	63.9%	2.4%	14.7%	17.7%	1.4%
Lorn	1,332	65.4%	3.0%	17.1%	13.2%	1.3%
Mid Argyll	674	54.4%	8.6%	19.8%	16.1%	1.1%
Mull & Iona	259	44.7%	1.6%	16.3%	34.2%	3.1%
Argyll & Bute	7,019	56.8%		25.1%	15.9%	2.2%

Source: Registers of Scotland (Sasines)



### 2.3 LOCH LOMOND & TROSSACHS NATIONAL PARK

- 2.3.1 Although National Parks are the planning authority for their areas, the council remains the strategic housing authority, and both parties are required to work in partnership to prepare HNDAs. Scottish Planning Policy (SPP) states that the LDPs for the Parks should draw on the evidence provided by the HNDAs of the relevant local authorities; and it also states that National Park Authorities are not required to meet housing requirements in full within the park but should liaise with neighbouring authorities to deliver housing and ensure that a 5-year supply of effective land is maintained across the HMA. In the case of Argyll and Bute, this includes rural parts of the Cowal HMA and of the Helensburgh and Lomond HMA. Based on the 2011 Census, Argyll and Bute contained around 20% of the total population of the National Park (1,350) while Stirling contains 59% and West Dunbartonshire had 19%, and Perth & Kinross had less than 2%. The Wider Loch Lomondside and, within it, the Loch Lomondside LDP Area as defined in the Park's Local Plan, was identified as a distinctive area that has minimal connections to the rest of the National Park. The communities within this area as well as Arrochar, Succoth and other small communities adjacent to the LDP boundary, experience a degree of housing demand from the Greater Glasgow HMA and long distance movers. Historically, the Cowal sub-area of the Park seems to have experienced some spill over from the Greater Glasgow HMA in the boom years, but today it continues to form an integral part of the Cowal HMA area, which is centred on the service centre of Dunoon.
- 2.3.2 In summary, the Council agrees that the Cowal and Lomond sub-areas of the National Park operate as quite distinct markets and have more in common with the rest of their respective Argyll & Bute HMAs than with each other or the rest of the Park; and therefore there is no justification for creating a single, separate National Park HMA within Argyll and Bute. On this basis, the council will strive *where possible* to disaggregate need to the Park sub-areas, but the primary focus will continue to be on the larger Argyll and Bute HMAs that contain these areas.

### 2.4 HOUSING MARKET AREAS: CONCLUSIONS

#### 2.4.1 Market Area Boundaries

1. The level of self-containment within present HMAs has remained relatively consistent, and while this is not particularly high in comparison with other HMAs across the country, taken together with other practical factors – such as school catchment areas, travel to work areas, physical geographic boundaries, and local community perceptions and identities - the evidence is sufficiently robust to suggest that HMAs are likely to remain unchanged.
2. The local authority does not function as a single market area and continues to include several distinct HMAs.
3. The HMAs defined in 2001, and in subsequent HNDA updates, remain robust and credible for strategic planning purposes, albeit potential issues regarding the critical mass and statistical validity of Coll & Tiree are acknowledged.

#### **Cross-boundary market areas**

4. Helensburgh & Lomond is the only HMA that exhibits any significant interaction with neighbouring local authorities or HMAs. Glasgow and parts of West Dunbartonshire have some influence on the local market, but with only around 8% and 6.5% respectively of purchasers originating in either authority, the evidence does not warrant any changes to the existing HMA definitions.
5. Overall, the scale of movement across HMAs within Argyll and Bute is minimal and insufficient to warrant merger or any change in existing HMA boundaries.
6. Loch Lomond & the Trossachs National Park planning authority encompasses two distinct sub-areas within Argyll & Bute. These areas operate within the separate functional HMAs of Helensburgh & Lomond and Cowal, and do not exhibit any significant linkages either with each other or the rest of the National Park.

**3. KEY HOUSING MARKET DRIVERS**

**3.1 INTRODUCTION**

3.1.1 The aim of this chapter is to provide a clear, evidence-based understanding of key demographic, economic and affordability trends and how these influence the local housing market(s); to summarise the data and scenarios that will be used to run the HNDA Tool calculations for new build housing requirements; and to highlight key issues that will inform the Local Housing Strategy, Local Development Plan(s), and other associated plans and policies.

The chapter therefore covers the following elements:

<b>Section</b>	<b>Content</b>
Demographic Trends in Argyll & Bute	Recent population trends and household profiles; natural change (births and deaths) and net migration; population change by age and ethnicity; and household change by composition and tenure.
Population and Household Projections	Household formation and future projections (principle scenarios plus policy-based aspirations).
Economic Context	The performance of the local economy in terms of Gross Value Added (GVA); occupational structure; employment and unemployment rates; economic activity.
Income and Deprivation	Local earnings and incomes; benefit uptake and levels of deprivation.
Private Housing Market & Affordability	Volume of house sales; rates of new build completion by tenure; house prices; affordability analysis.
Affordability in the Rented Sectors	Private and social rent levels and affordability
Summary of the Economic Context	Scenarios for the HNDA calculation
Key Issues	Implications for LHS and LDP



3.1.2 The chapter has been prepared in accordance with Scottish Government guidance to address the requirements of HNDA Core Output One, and data has been compiled from a wide range of sources including: the 2011 Census; the National Records of Scotland; NOMIS; as well as data and analysis generated in-house by experienced and qualified council staff. Additional data has been drawn from the bespoke thematic research reports commissioned by the Council's Housing Services into the Private Rented Sector (Arneil Johnson, 2020); and the Business & Housing Sector reviews of Mull & Iona (Rural Housing Scotland, 2019), and Islay (Communities Housing Trust, 2019), as well as the HNDA Household Surveys carried out by Research Resource in 2018 and 2019; and the Helensburgh & Lomond Housing Market Study (North Star & Retties, 2018), among others.

3.1.3 For further detailed analysis, data triangulation, and clarification of methodologies, assumptions and quality assurance, see:-

- HNDA Technical Supporting Paper 02: Demographic Trends, 2020
- HNDA Technical Supporting Paper 03: Economic Trends, Pre-Covid
- HNDA Technical Supporting Paper 3.1: Economic Impacts of Brexit & Covid
- HNDA Technical Supporting Paper 04: Local Housing Market & Affordability
- HNDA Technical Supporting Paper 0: Private Rented Sector Study, 2020

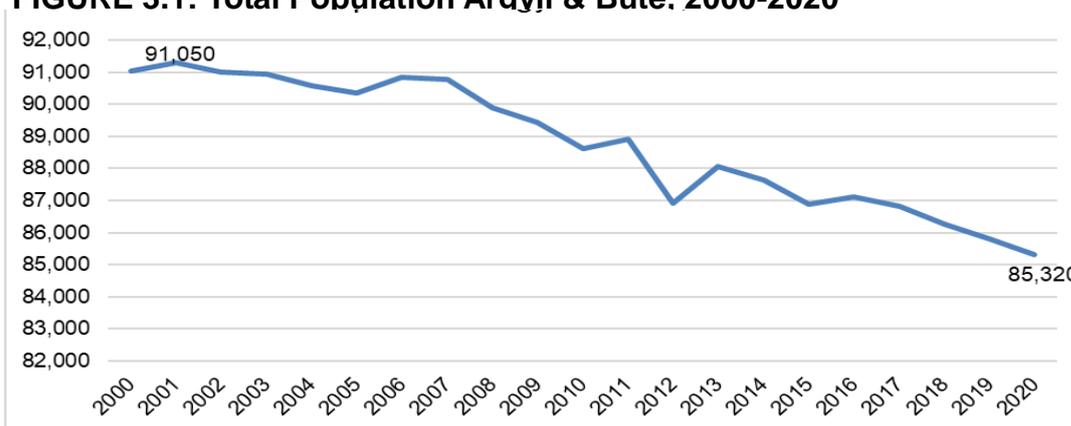
All the above documents are available on the council website at: <https://www.argyll-bute.gov.uk/housing/housing-strategies-consultations-and-research-0>



**3.2 DEMOGRAPHIC PROFILE: POPULATION CHANGE**

3.2.1 In 2020, the population of Argyll and Bute was estimated at 85,320 people. From 2000 to 2020, there has been a steady decline in this population (-6%), in contrast to the rest of Scotland (which increased by 7%).

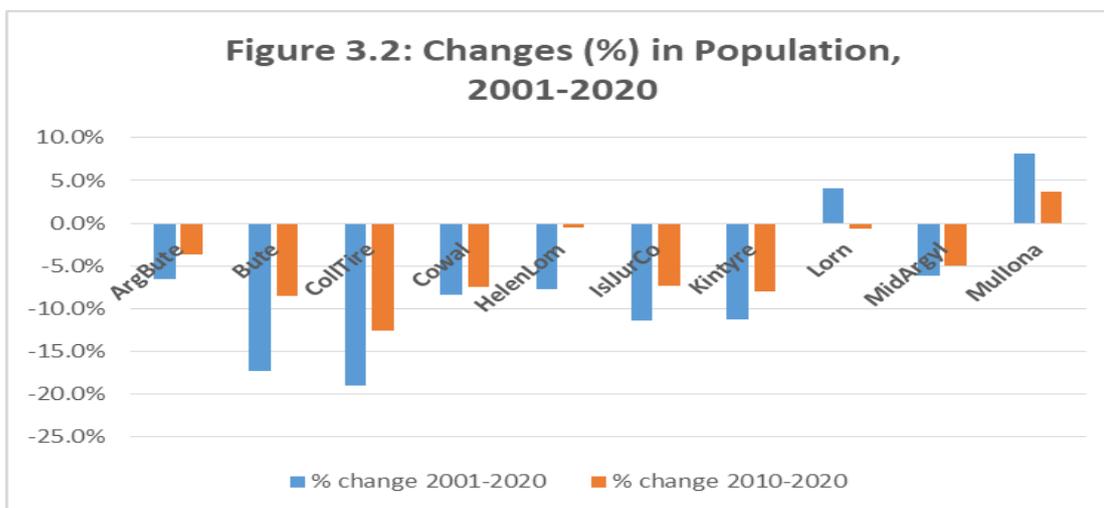
**FIGURE 3.1: Total Population Argyll & Bute. 2000-2020**



Source: NRS Mid-Year Population Estimates (July 2020)

3.2.2 At HMA level population trends have generally followed a similar declining pattern, however this has varied. Over the last two decades all but two of the nine HMAs saw a decrease in population; with Lorn and Mull & Iona seeing increases of 4% and 8% respectively. However, over the last decade Lorn also saw a population reversal for the first time, of -0.7%. Coll & Tiree has seen the largest proportionate decline in population since 2001 (-19%); however, given the very small baseline population here, the apparently significant statistical change relates to only a few actual persons.

Figure 3.2 below illustrates these changes.

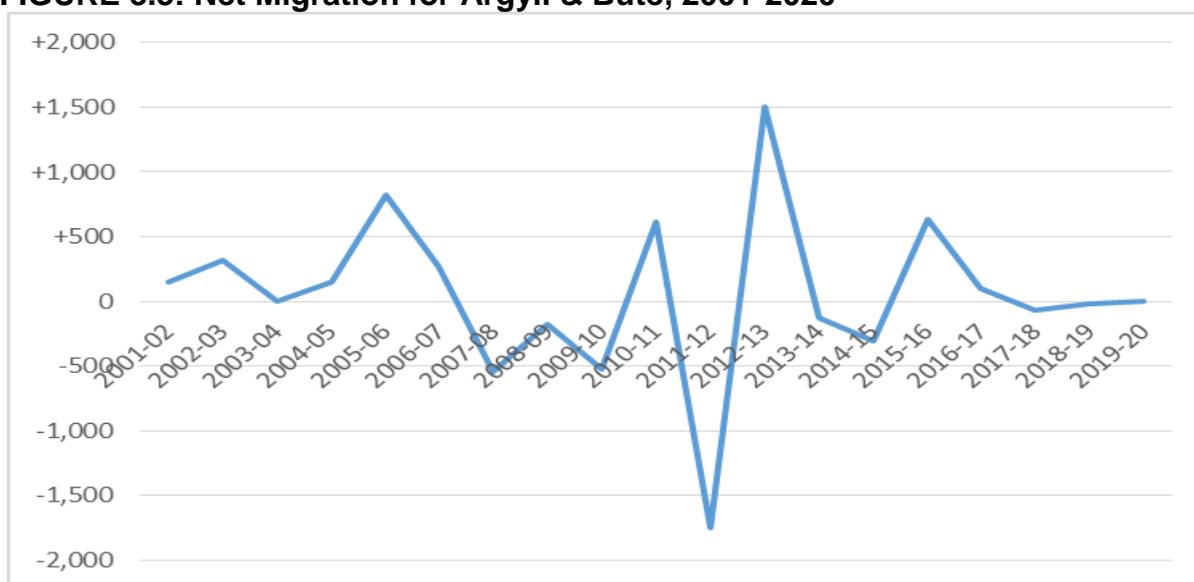


Source: Small Area Population NRS Population Estimates, July 2020

### 3.3 COMPONENTS OF POPULATION CHANGE

These changes in population are driven by two key components: natural change (the difference between the number of births and deaths) and the impact of net migration in or out of the area. Natural change in Argyll & Bute accounts for a steady annual loss since 2001. The number of deaths recorded in 2019/20 was 493 higher than the number of recorded births. Figure 3.3 shows the net migration for Argyll and Bute since 2001/02. The graph shows a wide fluctuation year on year, with significant spikes of in and out migration in particular years.

**FIGURE 3.3: Net Migration for Argyll & Bute, 2001-2020**



Source: NRS Statistics, 2020

### 3.4 POPULATION BY ETHNICITY

Table 3.1 shows the ethnicity profile of Argyll and Bute based on the 2011 census. A majority were recorded as being White Scottish and White- Other British; while other ethnic groups made up less than 5% of the population.

**TABLE 3.1: Population of Argyll & Bute by Ethnicity (%)**

Ethnicity	% of total
% White – Scottish	78.8
% White - Other British	16.6
% White – Irish	0.8
% White – Polish	0.6
% White – Other	1.9
% Asian, Asian Scottish or Asian British	0.6
% Other ethnic groups	0.6
All people (nos)	88,166

Source: 2011 Census

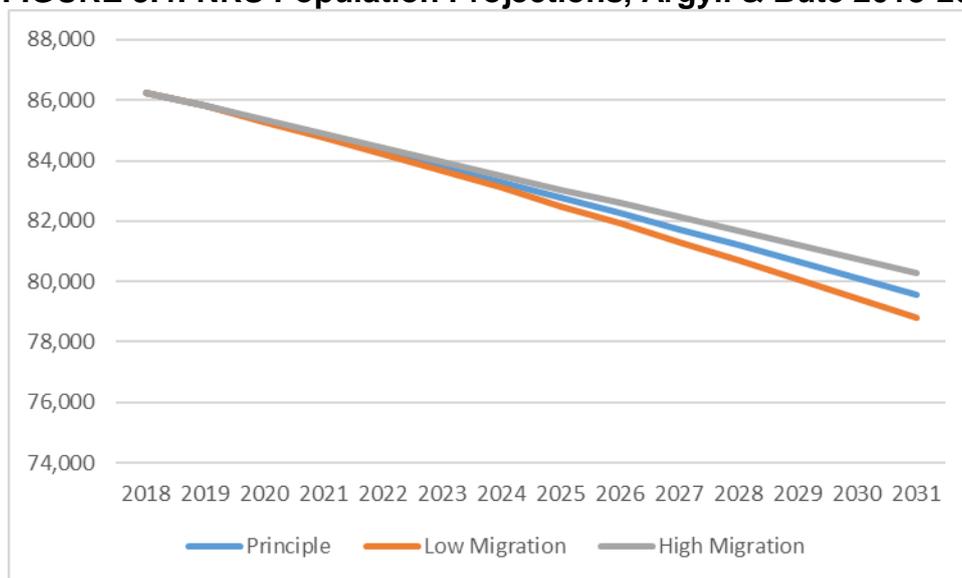


NB. A detailed population breakdown by ethnicity and origin is currently unavailable beyond the 2011 census data.

### 3.5 POPULATION PROJECTIONS

3.5.1 There are three official NRS population projections: the principle (or main) scenario, and high and low migration scenarios. All three suggest that there will be a continued and significant decrease in the total population across Argyll and Bute in the future.

**FIGURE 3.4: NRS Population Projections, Argyll & Bute 2018-2031**



Source: National Records of Scotland, 2018-based Population Projections, 2020

3.5.2 Under the main population projection, between 2018 (the baseline year) and 2028, the population of Argyll and Bute is projected to decrease by a further 6% from 86,260 to 81,197 people. This 6% decline compares to a 1.8% growth in Scotland’s population over the same period. Over the planning period of the next LHS (2021-2026) Argyll and Bute is projected to experience a 3% decline in the population. The average age of the population of Argyll and Bute is projected to increase significantly as people live longer.



**TABLE 3.2: Projected population change by age group, 2018 and 2028**

Age group	2018	2028	Argyll & Bute % change	Scotland % change
All people	86,260	81,197	-5.9	1.8
0 to 15	13,024	10,727	-17.6	-6.0
16 to 24	8,376	7,782	-7.1	-0.9
25 to 44	16,808	15,594	-7.2	3.1
45 to 64	26,092	22,420	-14.1	-5.5
65 to 74	12,324	12,789	3.8	14.4
75 and over	9,636	11,885	23.3	25.4

Source: Sub-National Population Projections (2018-based), NRS Principle Scenario

3.5.3 The working age population is projected to decrease by almost 30% in the next 10 years whilst the 65+ age cohort will increase by over 27%. These projections will have a major impact on the sustainability of the local economy and will necessitate housing, health & care interventions that enable the growing older people to live independently and well.

3.5.4 The following table summarises the projected changes for each HMA, under the principal scenario, between 2021 and 2030.

**TABLE 3.3: Population Projections (principal) by HMA, 2021-2030**

Year	Bute	Coll Tiree	Cowal	H&L	I J C	Kintyre	Lorn	Mid Argyll	Mull Iona
2021	5,911	737	13,886	25,571	3,328	7,271	15,993	9,084	3,054
2022	5,842	723	13,765	25,460	3,310	7,203	15,928	9,040	3,053
2023	5,772	707	13,641	25,341	3,291	7,134	15,862	8,994	3,052
2024	5,703	692	13,521	25,229	3,275	7,067	15,802	8,949	3,052
2025	5,632	677	13,397	25,113	3,256	6,996	15,738	8,904	3,052
2026	5,563	663	13,277	25,006	3,240	6,930	15,680	8,861	3,053
2027	5,491	648	13,149	24,887	3,222	6,859	15,614	8,813	3,053
2028	5,417	634	13,018	24,772	3,204	6,788	15,549	8,764	3,052
2029	5,345	620	12,889	24,662	3,187	6,718	15,485	8,715	3,053
2030	5,271	605	12,754	24,551	3,169	6,646	15,416	8,664	3,053
% Change	-11%	-18%	-8%	-4%	-5%	-9%	-4%	-5%	0.0%

Source: Improvement Services Small Area Population Projections, July 2020

3.5.5 In almost all cases there is a decline in the population, ranging from -4% in both Lorn and Helensburgh & Lomond; to -18% on Coll & Tiree. (NB. The projections for Mull & Iona may appear anomalous, remaining static. However, this has been validated by the national Improvement Services who carried out the official modelling.) The Improvement Services 2020 report on the small area population projections provides further detail of the components of change, including net migration, for the periods 2018-2025 and 2025–2030.

**TABLE 3.4: Components of Population Change by HMA, 2018-25 & 2025-30**

Area	2018-2025			2025-2030		
	Natural change	Net migration	Total change	Natural change	Net migration	Total change
Argyll and Bute	-3,570	+75	-3,495	-2,990	+347	-2,643
Bute	-439	-43	-482	-351	-11	-362
Coll and Tiree	-51	-55	-106	-45	-34	-79
Cowal	-960	+135	-825	-787	+144	-643
Helensburgh and Lomond	-756	+3	-753	-643	+81	-562
Islay, Jura and Colonsay	-186	+65	-121	-147	+61	-87
Kintyre	-396	-82	-479	-316	-34	-350
Lorn	-395	-35	-430	-355	+33	-322
Mid Argyll	-339	+42	-297	-303	+63	-239
Mull and Iona	-48	+45	-3	-43	+44	+1

Source: Improvement Services Small Area Population Projections, July 2020

These figures confirm that across Argyll and Bute natural change significantly outweighs the impact of migration. Nevertheless, a number of HMAs are projected to experience a degree of positive in-migration, with Cowal having the highest number of in-migrants over the next decade. Unfortunately, this does not impact on the overall population decline in the area, under official projections, due to the high mortality rates associated with an elderly and ageing population profile.

3.5.7 In terms of changing demographics by age band at HMA level, the following table summarises the estimated percentage changes from 2020 to 2030. This indicates that while there will be a decline in the number of children aged under 16 in all areas, this varies considerably, from only -3% on Mull & Iona to -28% on Bute (and -52% on Coll & Tiree). Conversely, the proportionate increases in those aged 85+ ranges from only 3% on Bute to 52% on Mull & Iona. (Again Coll & Tiree is an anomalous exception, with a decrease in this age group of -11%. This may be due to the numerically small baseline numbers involved.)

**TABLE 3.5: HMA Population Projections by Age Band, 2020-2030**

2020-2020	0-15	16-24	25-64	65-84	85+
Argyll & Bute	-18%	-5%	-13%	12%	26%
Bute	-28%	-13%	-21%	9%	3%
Coll & Tiree	-52%	-36%	-52%	50%	-11%
Cowal	-23%	-10%	-16%	5%	30%
Helensburgh & Lomond	-21%	-6%	-10%	17%	31%
Islay, Jura & Colonsay	-13%	-16%	-7%	2%	29%
Kintyre	-22%	3%	-16%	5%	10%
Lorn	-13%	-6%	-11%	19%	24%
Mid Argyll	-13%	7%	-14%	10%	39%
Mull & Iona	-3%	10%	-6%	7%	52%

Source: Improvement Services Small Area Population Projections, July 2020



**3.6 POPULATION BY GENDER**

Estimates derived from the NRS 2018-based projections indicate a fairly balanced 50/50 split between males and females, which is projected to remain consistent over time.

**TABLE 3.6: Argyll & Bute Population by Gender, 2001-2030**

	2001		2021		2030	
	Number	%	Number	%	Number	%
Male	44,878	49.2%	42,327	49.9%	40,301	50.3%
Female	46,422	50.8%	42,508	50.1%	39,829	49.7%
Total	91,300	100%	84,835	100%	80,130	100%

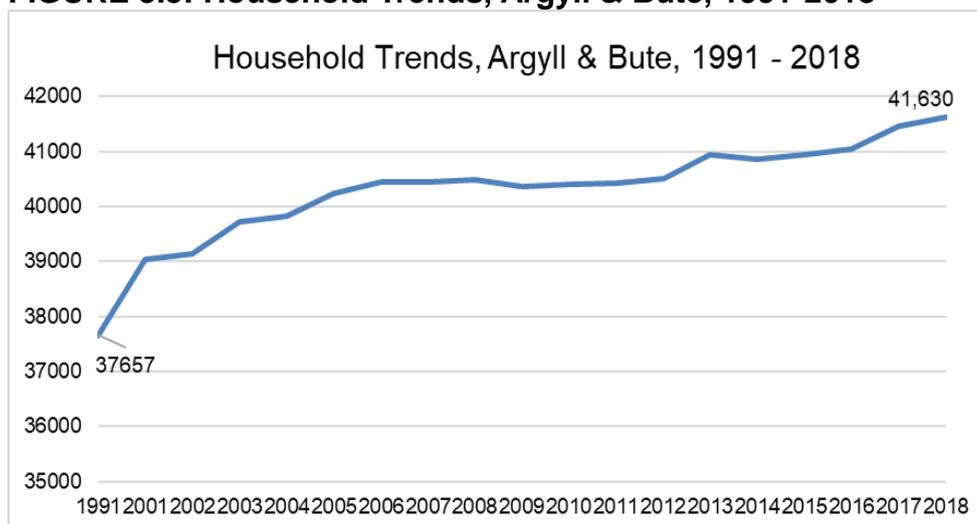
Source: NRS Population Projections, 2020

Similar trends are estimated across the HMAs.

**3.7 DEMOGRAPHIC PROFILE: HOUSEHOLDS CHANGE**

3.7.1 As the population declines in Argyll and Bute, the number of households living in the area has increased, although this has been at half the rate of household growth in Scotland. In 2018, there were an estimated 41,630 households living in Argyll and Bute, an increase of 6.7% since 2001. In contrast, households in Scotland increased by almost 13% over the same period. In 2018, there was a growth in households of 0.4% in Argyll & Bute on the previous year. This challenges previous household estimates for Argyll and Bute which projected a decline in household numbers.

**FIGURE 3.5: Household Trends, Argyll & Bute, 1991-2018**

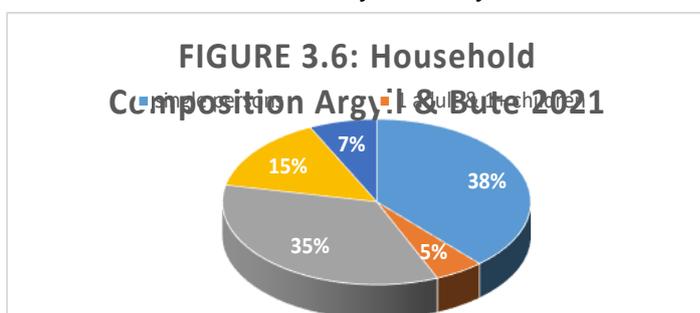


Source: NRS (Estimates of Households and Dwellings in Scotland, 2019)



### 3.7.2 HOUSEHOLD COMPOSITION

In the previous HNDA (published in 2016), the Household composition within Argyll and Bute was estimated to be primarily comprised of 1 or 2 persons, which was only a slight change from the breakdown recorded in the 2001 census. Current household composition data is available from the NRS household projections produced in 2020, based on 2018 estimates. This indicates a generally similar household breakdown, with single person and 2 adult households being predominant (38% and 35% of the total, respectively in 2021, compared to 34% and 33% in 2001). Both single parent families and households containing 3 or more adults have remained proportionately unchanged over the decade at 5% and 7% of the total households respectively; while the proportion of 2 adults with children has declined from 21% in 2001 to only 15% by 2021.



Source: National Records of Scotland (2020 Projections)

3.7.3 The average household size for Argyll and Bute was estimated to be 2.01 persons in 2018, a decrease of -6.3% over the previous decade, compared to only 1.4% decrease in Scotland as a whole.

**TABLE 3.7: Average household size, 2008 to 2018**

AREA	2008	2018	Change (%)
Scotland	2.18	2.15	-1.4%
Argyll and Bute	2.15	2.01	-6.3%

Source: National Records of Scotland, 2018

### 3.7.4 HOUSEHOLD PROJECTIONS

In September 2020, the NRS published household projections for every local authority in Scotland, based on the 2018 population estimates. The projections include a principal scenario and variants based on alternative assumptions about migration trends (high and low). All three projections for



Argyll and Bute (principal, high and low migration) project a steady decline in the number of households living in Argyll & Bute, similar to the population projections.

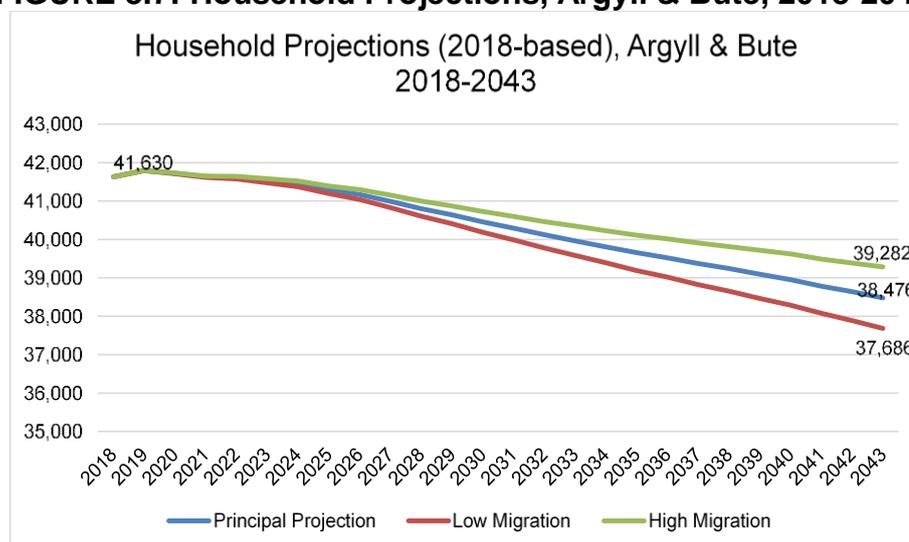
**TABLE 3.8: Household Projections (2018-based), Argyll & Bute**

Projections	2021	2026	% change 2021-26	2031	% change 2021-31	2043	% change 2021-43
Principal	41,635	41,170	-1.1%	40,292	-3.2%	38,476	-7.6%
Low Migration	41,613	41,036	-1.4%	39,986	-3.9%	37,686	-9.4%
High Migration	41,649	41,298	-0.8%	40,599	-2.5%	39,282	-5.7%

Source: Household Projections for Scotland (2018-based) Detailed Scottish Area Tables, 2020

The following graph illustrates these decreasing annual trends in households.

**FIGURE 3.7: Household Projections, Argyll & Bute, 2018-2043**



Source: Household Projections for Scotland (2018-based) Detailed Scottish Area Tables, NRS, 2020

3.7.5 Over the life of the next LHS, 2021-2026, the number of households in Argyll and Bute is projected to fall by over 1% from 41,635 to 41,170. Over the decade (2021-2031) the figure will fall by more than 3% to 40,292 under the principal scenario. However, in recent years, Argyll & Bute has been successful in sustaining household numbers despite national projections which predicted a decline. The projections shows the importance of inward migration to Argyll and Bute, from new households choosing to move to the area, in keeping household numbers stable. Positive examples of Council initiatives to attract and retain new households and jobs include:

- a) The Rural Resettlement Fund which supported 193 new residents, including 56 children to relocate to the area by 2019. Of that number, 18 families relocated to take up jobs on one of the islands resulting in 53 new inhabitants in these fragile communities. Economically too, the results of this scheme are estimated to have delivered positive outcomes, of over £1.95m with skills particularly targeted at encouraging economically active people and young families relocating, returning or staying in Argyll and Bute to take up



employment. In total to 2019, the Fund inspired 111 applications with 79 grants being awarded. Applicants most commonly stated their reason for relocation was the work/life balance in Argyll and Bute.

- b) The successful Syrian Vulnerable Persons Relocation (VPR) Scheme resulted in an initial tranche of 18 refugee families being resettled on Bute in 2016. This equated to 70 individuals in total: 35 adults and 35 children with a number of babies being born on the island during that year too.
- c) In partnership with the Convention of the Highlands and Islands (COHI), the council has supported a Repopulation Zone approach to the challenges of population decline, and agreed on pilot projects across the authority area to take this forward. Housing is seen as a key focus of ‘repopulation zone’ actions planned by the council to reverse the area’s population decline. The national repopulation zone approach sees pilot areas taking steps to address their own particular challenges, and their experiences then being used to develop effective repopulation initiatives elsewhere.

3.7.6 Changes in household size and composition will have a direct impact on housing need and demand, and the type of homes that will be required in the future. While the overall projections suggest that there will be a long-term decrease in the total number of households across Argyll and Bute, there are variations between household types and areas. Thus, single person households and 2 adults with no children constitute the greatest proportion of households in Argyll and Bute, by far, and both types will increase marginally in number over the next decade; while single parent households, couples with children, and households with 3+ adults are all set to decline proportionately over the same period.

**TABLE 3.9: Household Type Principal Projection, Argyll & Bute**

Household Types	2021	% of Total	2026	% of Total	2031	% of Total
single persons	15,996	38.4%	16,061	39.0%	16,021	39.8%
1 adult & 1+ children	2,153	5.2%	2,011	4.9%	1,919	4.8%
2 adults	14,426	34.6%	14,664	35.6%	14,423	35.8%
2+ adults & 1+ children	6,101	14.7%	5,618	13.6%	5,318	13.2%
3+ adults	2,959	7.1%	2,816	6.8%	2,611	6.5%
All Households	41,635	100.0%	41,170	100.0%	40,292	100.0%

Source: Household Projections for Scotland (2018-based), NRS, 2020



**TABLE 3.10: Household Type, Principal Projection, Argyll & Bute, 2021-2031**

Household Types	2021	2026	2031	% change 2021-2026	% change 2021-2031
Single Person	15,996	16,061	16,021	0.4%	0.2%
1 adult & 1+ children	2,153	2,011	1,919	-6.6%	-10.9%
2 adults	14,426	14,664	14,423	1.6%	0.0%
2+ adults & 1+ children	6,101	5,618	5,318	-7.9%	-12.8%
3+ adults	2,959	2,816	2,611	-4.8%	-11.8%

Source: Household Projections for Scotland (2018-based), NRS, 2020

### 3.8 VARIANT LOCALLY ADJUSTED DEMOGRAPHIC SCENARIOS

**3.8.1** The official demographic projections (i.e. NRS principle, low and high migration scenarios set out above) all produce net household growth of zero over the next 15 years for this authority area, based on historic trends; however these are not deemed pertinent to either current and emerging local circumstances or strategic aspirations; therefore a range of alternative stabilising and growth household projections have been considered by the council and its strategic partners.

#### 3.8.2 HOUSEHOLD GROWTH SCENARIOS

It has been assumed that the household population in Argyll & Bute will grow by a very moderate 0.5% each year (annualised) for (i) 5 years; (ii) 10 years; and (iii) 15 years. The latter growth scenario is the only version which sees a growth in household numbers between Year 1 and Year 15 (For further supporting evidence and methodological detail, see HNDA Technical Supporting Papers available on the council website or on request from Council Housing Services.)

- i. Household growth scenario (5 years) projects a **200** increase in the number of newly forming households in Argyll and Bute over a 10 year period (which is derived from positive growth of 0.5% per annum in Years 1-5 only).
- ii. Household growth scenario (10 years) projects a **400** increase in the number of newly forming households in Argyll and Bute over a 10 year period (which is derived from positive growth of 0.5% per annum in Years 1-10).
- iii. Household growth scenario (15 years) projects a **550** increase in the number of newly forming households in Argyll and Bute over a 10 year period (which is derived from positive growth of 0.5% per annum in Years 1-15).

To validate the credibility of household increases associated with these in-house scenarios, in particular (iii) above, the 10-year estimate is compared to the number of new build house completions achieved in Argyll & Bute over the last 10 year period (i.e. 2,025 according to data provided by the Scottish Government, or around 2,470 according to council’s own data. However, note, an alternative 10 year completion estimate based on projecting the healthier,



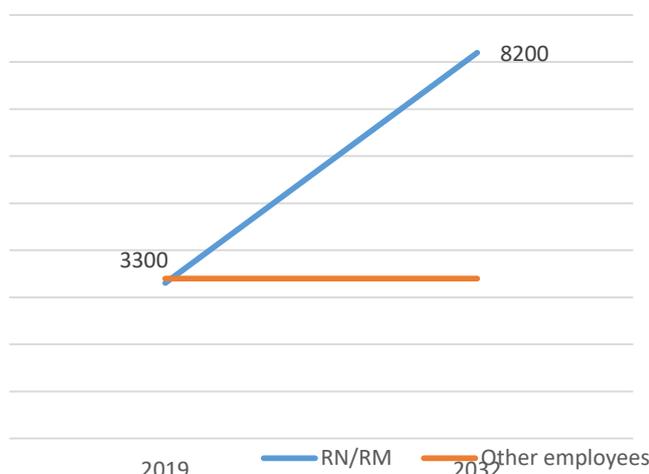
more robust completions for 2019 over 10 years gives an even higher figure of 2,900). On this basis, the in-house estimate of the newly arising need component of the HNDA calculation is extremely conservative, accounting for just 27% (scenario iii) of the minimum housing output delivered over the last 10 years. (N.B. this still refers only to the **newly arising** component of the calculation at this stage.) The default estimate of 0 newly arising need clearly does not reflect historic completions and therefore is not considered credible.

3.8.3 Further, in support of the proposed in-house growth scenarios summarised above, the council has considered the following factors:

**a) Confirmed Growth Factors:**

The MoD have implemented the Future Accommodation Model (FAM) for the increased service personnel relocated to Faslane Naval Base in Argyll and Bute. The armed forces population will continue to increase over the life of the next LHS and beyond, and over time it is very probable that families and dependents will re-locate to the area too. In addition, the enhanced capacity of the naval base is likely to impact on civilian infrastructure and supply chains, leading indirectly to even more population growth. A report into the future of the Faslane naval base stated: “The base currently supports 3,400 military personnel and a similar number of civilian contract staff largely employed by their main contractors.....the Strategic Delivery and Development Framework (SDDF) which will support the development of the base will include infrastructure improvements to accommodate the increase in personnel, which will see some additional 5,000 service personnel, many with families, and a further 1,000 construction jobs created” (EKOS Report, 2019)

**FIGURE 3.8: Number of employees at HMNB Clyde 2019-2032**



Source: EKOS Economic and Social Development – Faslane RN base expansion economic impact report – Report for Scottish Enterprise August 2019

Even if only a proportion of the increased service personnel is met within Argyll & Bute, it could again be concluded that the higher in-house scenario is a realistic and prudent local estimate for future household growth.

The Council has also secured a £30m Rural Growth Deal (RGD) for Argyll and Bute, which will support business expansion and economic regeneration across the area, with a primary focus on attracting and retaining economically active households. Housing projects will form a key component of the RGD plan, and will include new build and refurbishment activity in key rural and island communities. A range of additional policy interventions and measures, such as Rural Resettlement Grants and other incentives, will also impact on positive demographic growth for this area.

### **b) Anticipated/ Potential Growth Factors:**

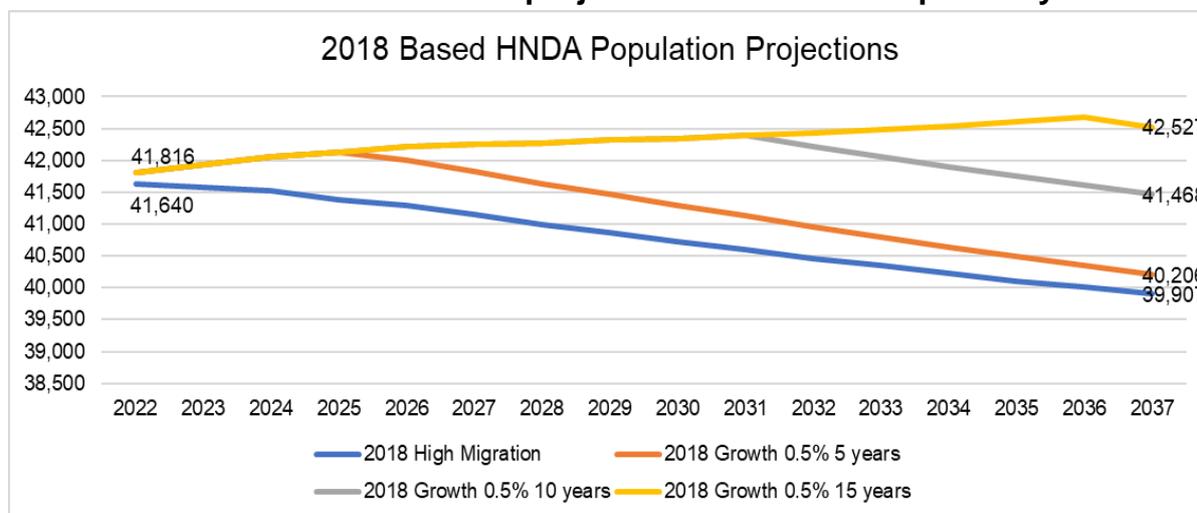
1. The impact of Covid-19 is widely predicted to influence both short and longer term shifts in behaviour, attitude and expectation amongst the general population. Positive experiences of home working during lockdown and consequent reduction in long distance commuting; combined with the enhanced appeal of rural and island communities which are perceived to be healthier and safer environments for permanent, periodic or transitional living; are all likely to stimulate inward migration and generate positive growth in local populations. This view has been supported to some extent by emerging evidence of increased housing market activity in 2020/21 in many areas across Argyll and Bute which have previously experienced stagnant or depressed housing markets. An informal trawl of online websites such as Zoopla in October 2021 identified over 1,500 house sales during the previous 12 months for instance which is in line with historic, pre-pandemic sales trends, and the latest official Registers of Scotland sasines statistics update showed that there were 135 transactions recorded in May 2021 compared to only 49 in May 2020. When canvassed for their professional assessments of recent market trends, local estate agents and property solicitors also supported the view of re-invigorated and buoyant sales activity, after the first covid lockdown. "There has been a marked increase in activity over the area. Homes are selling within days of being on the market. Even homes which couldn't be sold cheaply at auction a few years ago have sold for reasonable prices this year." Most of these sales, Estate Agents advise, are being bought by people from outwith Argyll & Bute, and the assumption is that a proportion will be second/holiday homes but also a proportion are being purchased for the short-term (Airbnb) letting market; which will further reduce the stock of effective accommodation for both local and incoming residents seeking permanent homes.



Even if a proportion of this increased market activity results in more second/holiday homes, the net consequence will be to further reduce effective available stock to meet local need and demand, thus generating further requirements for new build. While it is too early to assess whether this increased activity will be sustained over time or simply constitute an anomalous blip in the immediate aftermath of lockdown, nevertheless taken together with other factors and indicators of behavioural change, it does bolster the argument for considering more positive demographic projections and anticipating a clear break with historic trends.

3.8.4 Figure 3.9 illustrates the alternative household projections produced for the council in support of its challenge to the national estimates for housing and land supply requirements over the next 5-15 years, compared with the most optimistic official projection (NRS High Migration). Under these scenarios, a modest annualised 0.5% growth in households will have varying cumulative impacts on the local demography, dependent on the duration for which the growth projection is applied.

**FIGURE 3.9: In-House Household projections: 2022 to 2037 plus 15 year total**



Local stakeholders, and the local housing market partnership (the Argyll and Bute Strategic Housing Forum) have strongly approved this approach for the HNDA, LHS Housing Supply Targets, and the Minimum All-Tenure Housing Land Requirement for Local Development Plans.

### 3.9 ECONOMIC PROFILE

3.9.1 Detailed analysis of the local economy in relation to housing is available in HNDA Technical Supporting Papers 03 (looking at trends pre Covid and Brexit) and 3.1 (looking at potential post-Covid and Brexit impacts). The following bullet points summarise key data from these reports:

#### **Pre-2020 Economic Profile**

- Prior to 2020, there was positive economic growth in Argyll & Bute albeit at a slower rate than for Scotland as a whole. The economic output per person in Argyll & Bute (Gross Value Added – GVA) equalled £43,000 in 2018. Whilst this is 13% lower than in Scotland, the gap is closing: in 2012 it was 29%.
- GVA locally is reliant on: agriculture/forestry/fishing; public admin/defence; tourism; and real estate;
- 90% of local firms are micro-businesses with less than 9 employees;
- A higher percentage of the population is economically active than the national average but a lower percentage is in full-time employment;
- Unemployment rate in 2018 was 2.9% (compared to Scotland at 4.3%);
- 33% of local employment is in the public sector, followed by tourism (12%);
- Argyll & Bute has much higher rates of self-employment than Scotland as a whole. There is also greater reliance locally on seasonal employment and multiple jobs;
- Argyll & Bute is a low wage economy: gross weekly pay is 10% lower than Scotland

#### **2020 Argyll & Bute economy**

- The impact of the Covid pandemic on the Argyll & Bute economy has been substantial, with local unemployment rates doubling (to 6.4%), and over 9,000 people on furlough at the height of lockdown in 2020. Universal Credit claimants increased by 128.4% (Jan-May 2020); and 3,117 Business Support Fund grants were awarded to local small/micro businesses, which is substantially above the Scottish average. There has been a huge impact on the tourism, accommodation & food sectors; and 40% of local jobs are located in sectors which are at high risk of no or low trading in current circumstances, with potential long term implications for business sustainability. Furthermore, the impact of Brexit on the agriculture, forestry and fishing sectors in particular remains uncertain.
- As economic recovery plans are developed, the importance of housing in economic growth cannot be overlooked. Housing has an important contribution to make to the growth of the local economy, ensuring that the essential incoming workers necessary to help sustain fragile rural and island communities can access suitable, affordable accommodation, and support businesses to grow.



3.9.2 It is important that housing investment is maximised. Housing and economic growth are fundamentally linked and a lack of suitable housing can be a key contributor to businesses being unable to recruit and retain staff to grow their businesses and in turn grow the local economy. Essential incoming workers who can access suitable, affordable accommodation are necessary to help sustain fragile rural and island communities. The role of housing in supporting economic growth and creating sustainable places across Argyll & Bute cannot be overstated. In October 2019 the Council announced that a transformational growth deal had been agreed with the UK and Scottish Government worth £30m. This includes investment from the Rural Growth Deal of £3m for housing-specific projects which will support businesses and help to attract and retain staff in the area. Housing Services are now working closely with the Scottish Government on innovative models of accommodation and delivery, whilst continuing to support community-led projects which improve the sustainability of fragile rural communities.

**3.9.3 HOUSING DEVELOPMENT, JOBS AND COMMUNITY BENEFIT**

Examples of the synergies between housing and the local economy include LINK Group’s Dunbeg development which provides clear evidence of the training and employment opportunities that housing activity can deliver. The main contractor, Macleod Construction Ltd., provided: 186 full time jobs (including subcontracting posts); 14 apprentices (including 8 new starts as a direct result of this project); and 4 trainee positions. This can be replicated across new build housing projects delivered via the council’s Strategic Housing Investment Plan throughout Argyll & Bute.

A housing and development stakeholders’ network was established in 2018 to examine the relationship between housing and the business sector, with dedicated conferences and workshops being held in 2018 and 2019. One survey with the local business sector reported that over 80% of responding businesses cited lack of housing as having a “significant” or “very significant” negative impact on their business. Bespoke studies on Islay and Mull commissioned by the Council and conducted by, respectively, Community Housing Scotland and Rural Housing Scotland identified similar issues for most island communities.

In summary, Argyll and Bute continues to contribute to the Scottish economy commensurate with its size in terms of overall population and levels of economic activity. However, there is scope for significant growth and improvement, and this is reflected in the aims and proposals set out in the Argyll and Bute Economic Development Action Plan 2019-2023. As noted, Housing would have a key role in both supporting and proactively generating such growth.

**TABLE 3.11: Summary Key Economic Indicators**

	<b>Argyll &amp; Bute</b>	<b>Scotland</b>	<b>% of Scotland</b>
Total Population 2018	86,260	5,438,100	1.6%
Total Employed 2018	41,000	2,638,400	1.6%
Total Business Enterprises 2018	4,085	155,045	2.6%
Gross Weekly Pay (F/T) 2019	£536.20	£576.70	-7%
GVA per head 2018	£43,202	£49,693	-13%

Source: NOMIS, ONS (figures accessed 2020)

### 3.9.4 INCOME AND DEPRIVATION

As noted above, Argyll and Bute remains a low wage economy, with the gross weekly pay in Argyll and Bute around 7% lower than the national average. Figure 3.10 further demonstrates that annual earnings in the area have remained consistently below the Scottish average in the decade since the global recession in 2008. In addition, wages in Scotland have been on a constant upward trajectory since 2008, whereas they appear to have fluctuated considerably in Argyll and Bute year on year over that period; and latterly show an actual decline following a peak in 2015, along with a widening gap between local and national earnings.

**FIGURE 3.10: Annual earning for full time workers, 2019**



Source: ONS, Annual Survey of Hours and Earnings 2019

3.9.5 Data on annual incomes at HMA level is also available from CACI Paycheck<sup>1</sup>.

**TABLE 3.12: Mean, Median, and Lower Quartile Incomes by Area, 2020**

HMA	Mean Income	Median Income	Lower Quartile
Bute	£26,825	£20,138	£11,503
Coll & Tiree	£35,681	£29,788	£17,182
Cowal	£32,868	£27,427	£15,279
H&L	£44,084	£36,051	£20,335
I, J & C	£33,836	£28,426	£16,096
Kintyre	£29,157	£23,810	£12,763
Lorn	£39,889	£32,838	£18,718
Mid Argyll	£36,673	£30,307	£17,106
Mull & Iona	£39,980	£33,200	£19,315
Argyll & Bute	£37,091	£29,418	£16,673
Scotland	£38,817	£30,666	£17,115

Source: CACI Paycheck 2020

<sup>1</sup> All references to CACI income data in this document refer to the datasets purchased directly by the council, © 2016-2020 CACI Limited. This report shall be used solely for academic, personal and/or non-commercial purposes.

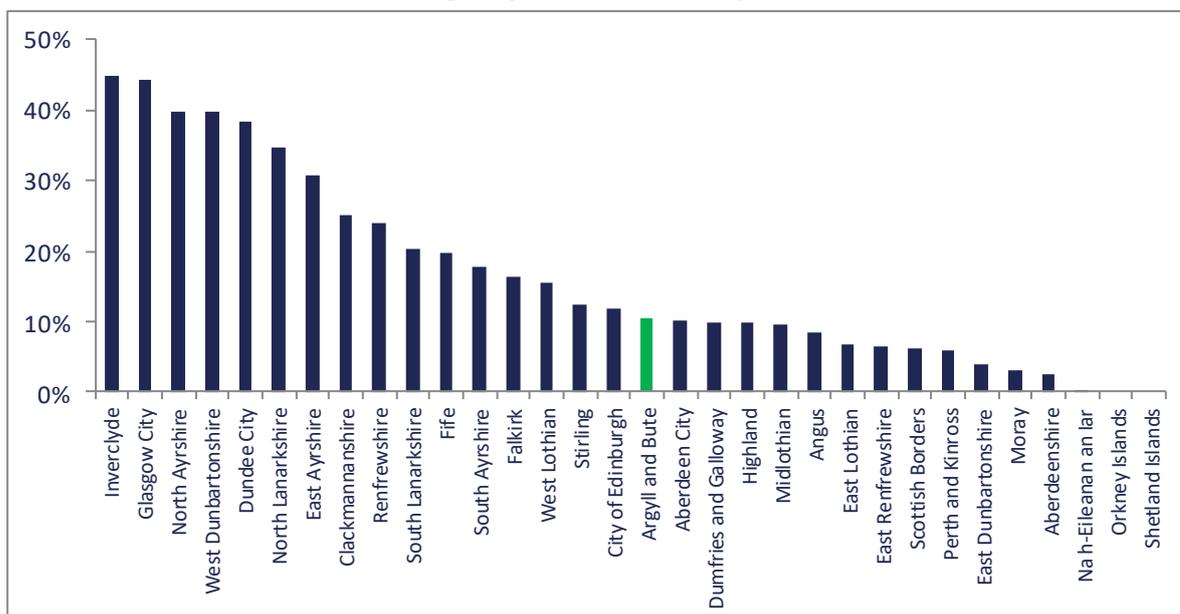


Table 3.12 above indicates wide variations across the housing market areas within Argyll and Bute in terms of local annual incomes. It is evident that the average income on Bute, for example, is considerably lower than the average for the authority as a whole (-28%) and for Scotland (-31%); while in Helensburgh & Lomond the average income is 64% higher than that on Bute.

3.9.6 DEPRIVATION

In the 2020 Scottish Index of Multiple Deprivation (SIMD), Argyll and Bute ranks almost exactly at the mid-point, being 17<sup>th</sup> out of 32 local authorities. There are pockets of severe deprivation within the authority area: the Council has 13 data zones in the 20% most deprived in Scotland; including Lomond and Helensburgh Central with 7 and 2 data zones respectively in the 20% most deprived (ranked 43<sup>rd</sup> and 144<sup>th</sup> most deprived wards in Scotland). Oban South and the Isles has one data zone in the 20% most deprived and is ranked at 195<sup>th</sup> in Scotland. No other ward in Argyll and Bute has any data zone in the 20% most deprived category. This suggests that pockets of extreme deprivation and poverty can exist alongside, and often be masked by, areas of relative affluence.

FIGURE 3.11: SIMD rankings by local authority, 2020



Source: Scottish Index of Multiple Deprivation 2020

3.9.7 Implications of Economic Trends, Earnings and Deprivation for the HNDA Tool Inputs

Local earnings and incomes have a significant impact on future housing need, as these will not only help to determine the potential composition of this need in terms of tenure, based on ability to afford local prices and rents, and to access mortgage loans and deposits; but earnings can also influence the



overall need for additional housing supply. Given the relatively suppressed and low income trends evident in Argyll & Bute, and the fluctuation apparent over time, it is likely that there will be growing need for more affordable housing of all tenures, and that sustained or increased numbers of local households will be unable to access market housing without assistance.

The level of deprivation in Argyll and Bute has a direct and reciprocal influence on housing need in the area, and there is strong evidence that poverty affects and is affected by housing circumstances. Poverty and low incomes for instance prevent households from accessing potential housing options, and make other options hard to sustain. Housing and energy costs constitute the most significant and direct impact on poverty and material deprivation – and academic studies suggest that not taking housing costs into account results in significant underestimation of the risk of poverty and deprivation for workless households, minority ethnic groups, single people, and renters in particular. This is sometimes referred to as “housing cost induced poverty” and if taken into account is likely to result in much greater levels of material deprivation across Argyll and Bute than current estimates suggest.

When analysed at localised, datazone level it is evident that there are “hotspots” or pressured areas adjacent to areas of relative affluence, and that particular concentrations of multiple deprivation may be masked when considering larger housing market areas and other administrative geographies. While this authority sits exactly at the mid-point of the 32 Scottish local authorities in terms of the overall SIMD rankings, nevertheless it does exhibit a degree of deprivation dispersed across the area which is likely to equate to, and exist in tandem with, a degree of housing need and potentially areas of extreme housing need.



**3.10 THE HOUSING MARKET AND AFFORDABILITY IN ARGYLL AND BUTE**

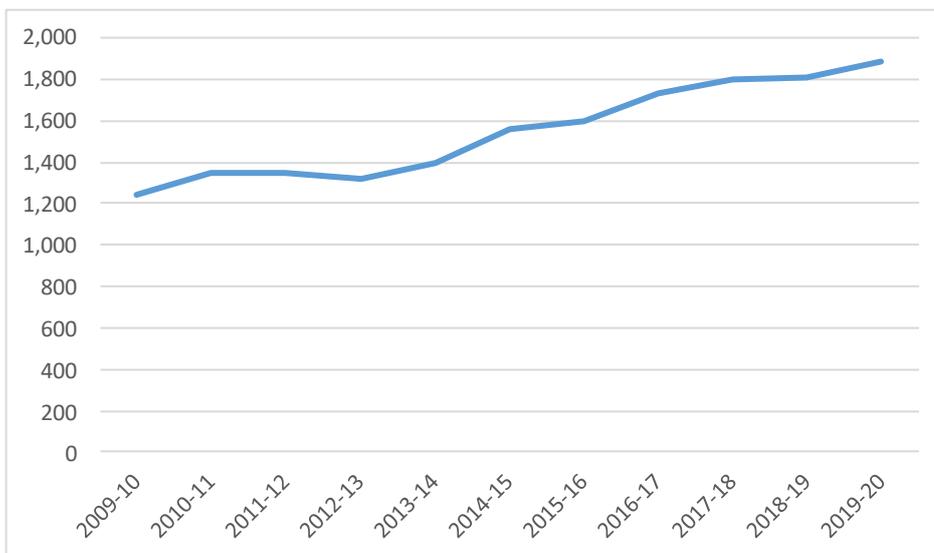
3.10.1 Detailed analysis of the private housing market and rental activity is set out in HNDA Technical Supporting Paper 04: the Local Housing Market and Affordability in Argyll & Bute, 2020 (revised and published in 2021); and HNDA Technical Supporting Paper 05: Private Rented Sector Study (Arneil Johnston, December 2020).

Both papers are available on the council website at:  
<https://www.argyll-bute.gov.uk/housing/housing-strategies-consultations-and-research-0>

The following paragraphs summarise key findings and focus on the implications for the HNDA and LHS.

3.10.2 Over the last decade the volume of sales in Argyll & Bute increased by 51%; from 1,246 in 2009/10 to 1,885 in 2019/20.

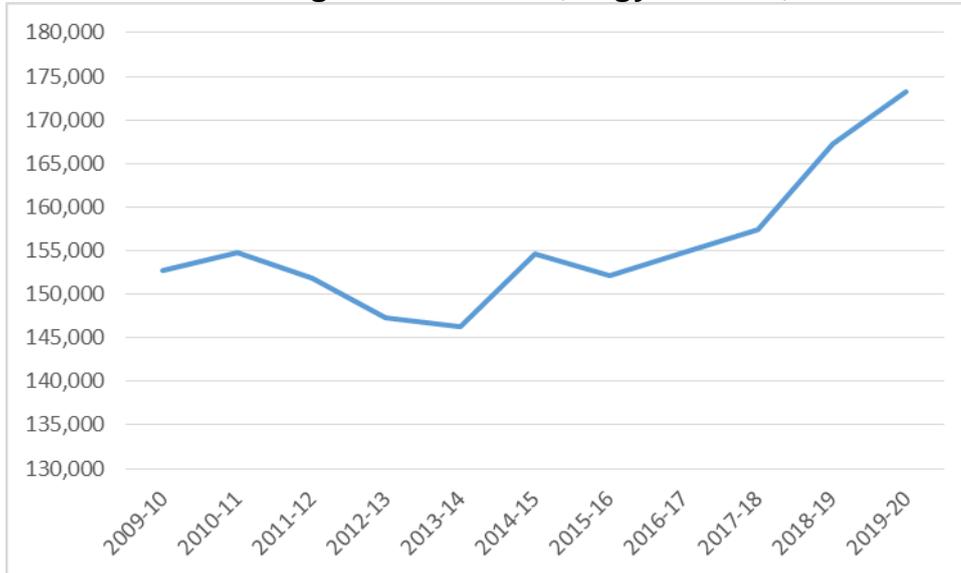
**FIGURE 3.12: Annual House Sales Argyll & Bute (financial Years)**



Source: Registers of Scotland Property Market Report 2019/20

3.10.3 2019/20 in fact saw the peak of market activity in Argyll and Bute since the 2008 crash; and similarly the annual value of the local property market hit a high of £327m this year which equates to the figure recorded prior to the last financial crash, back in 2006/7. Considering average house price trends by financial rather than calendar year, shows an overall increase from £152,712 in 2009/10 to a record high of £173,280 in 2019/20, with a markedly steeper rate of increase over the last 5 years.

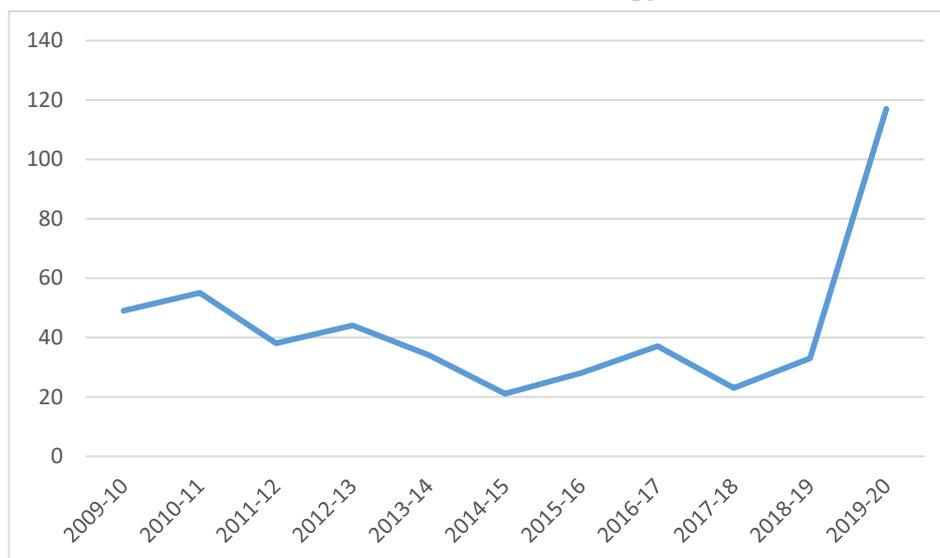
**FIGURE 3.13: Average House Prices, Argyll & Bute, 2009/10-2019/20**



Source: Register of Scotland Property Market Report, 2019/20

3.10.4 Historically the New Build Housing Market constitutes a numerically small proportion of the overall private market, with second-hand transactions constituting the vast majority of sales. Nevertheless, this is an important component of the general housing system and an indicative bellwether of the health of the market. This market has been relatively suppressed, with a generally declining trajectory in recent years, however 2019/20 saw a sudden, sharp and surprising spike in the number and value of sales. This volume of new build activity is unprecedented, almost 140% above the 2009/10 figure, albeit new build numbers are still relatively low.

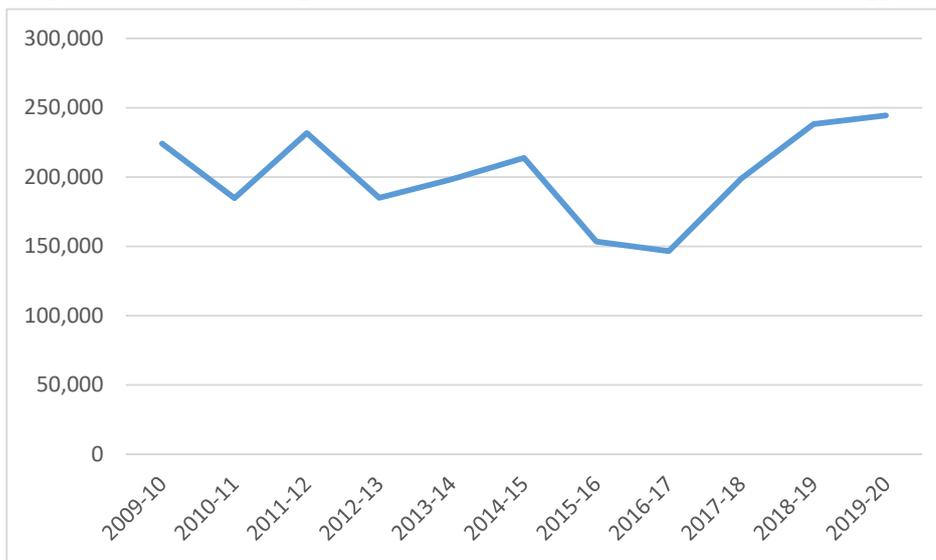
**FIGURE 3.14: Annual New Build sales, Argyll & Bute**



Source: Register of Scotland Property Market Report, 2019/20

3.10.5 Figure 3.15 illustrates the trend in average new build house prices over the last decade. While the 2019/20 figure of £244,314 is a peak value, this is a small increase on the average price in 2009/10, of £224,185. Prior to 2017/18, the trend was fairly stable, or indeed overall decline in average prices for new build properties.

**Figure 3.15: Average Annual New Build House Price, Argyll & Bute**



Source: Register of Scotland Property Market Report, 2019/20

3.10.6 The value of the new build housing market also saw a record increase in 2019/20, more than doubling in value over the previous decade and also seeing a significant rise on the previous year, more than trebling from £7.9m in 2018/19 to £28.6m in 2019/20. The RoS Property Market Report also reveals that almost half of all house sales in Argyll and Bute in 2019/20 were cash transactions (922, 49%) with 51% (963 in total) reliant on mortgages. This reflects the variation in household wealth and the distinction in local sectors of the housing markets across Argyll and Bute.

3.10.7 Considering the geographic breakdown of the current housing market in Argyll and Bute, while the most recent figures cannot be disaggregated to individual HMAs, the RoS report does provide a split based on the Scottish Government’s 2-fold urban/rural classification. Analysing sales activity over the last two years, 2018-20, suggests a fairly even split, with 49.7% located in rural areas of the authority.

**Table 3.13: Volume of house sales by 2-fold Scottish Government urban rural classification, (2 years financial year data, 2018-20)**

Local Authority	Urban areas	Rural areas	Unclassified	Total volume of property sales
Argyll and Bute	1,828	1,836	31	3,695

Source: Register of Sasines Property Market Report, 2019/20

For reference, Argyll and Bute comprises a total land area of 690,947 hectares of which 688,635 (99.7%) are defined as rural areas and only 2,312 as urban areas. Therefore, the urban areas of the authority account for a disproportionate amount of actual house sales (almost half). In terms of house prices, over the last two years the average price was £186,137 in rural Argyll and Bute compared to £153,603 in the urban areas i.e. 21% higher on average in rural areas.

### 3.10.8 AFFORDABILITY FOR FIRST-TIME BUYERS

In January 2020, The Bank of Scotland published a briefing report on the first-time buyer market in Scotland, based on analysis of Halifax’s own extensive housing statistics database; UK Finance statistics, and ONS data on average earnings. This analysis found that the number of first-time buyers in Scotland rose by over 90% in the last decade, and by around 3% over the previous year. First-time buyers now account for 50% of all property purchases with a mortgage in Scotland, up from 38% in 2009. The average price paid for a typical first home rose by 38% over the decade, from £111,402 in 2009 to £152,728 in 2019. Over the same period, the average deposit by first-time buyers increased by 13% from £26,427 to £29,950.

Despite this trend, Scotland remains one of the more affordable regions in the UK to buy a first property. There are of course significant variations by local authority. Argyll and Bute was identified as one of the least affordable local authority districts for first-time buyers in Scotland, i.e. appearing in the ten areas with the highest affordability ratios (house price to average earnings).

**TABLE 3.14: Least Affordable LADs for first-time buyers, Scotland, 2019**

Local Authority District	Average house price (£s)	Average Earnings (£s)	House Price to earnings ratio
Midlothian	£174,033	£33,319	5.2
East Lothian	£182,922	£35,510	5.2
City of Edinburgh	£211,307	£41,369	5.1
Shetland Isles	£161,298	£34,097	4.7
Angus	£148,350	£31,981	4.6
Highland	£150,485	£33,473	4.5
Glasgow city	£153,125	£34,241	4.5
<b>Argyll &amp; Bute</b>	<b>£131,882</b>	<b>£29,696</b>	<b>4.4</b>
Dundee city	£133,943	£30,381	4.4
Moray	£141,150	£32,148	4.4

Source: Halifax housing data, 12 months to November 2019, ONS

3.10.9 Whilst the local housing market has shown positive growth in Argyll & Bute in the last 5 years, the market is patchy at a sub-market area level. House

prices have grown steadily in Argyll & Bute, and by 13% over the last 5 years; with house price inflation peaking in Mid Argyll (23% growth) and the islands (17%). House price inflation has been particularly evident since 2017 and continued in the first two quarters of 2020, despite the Covid-19 pandemic and temporary freezing of market transactions.

3.10.9 Market affordability analysis reveals that households in Argyll & Bute must spend 5 times the average local income to afford the average house price, well in excess of the standard x3.5 multiplier. Affordability however varies considerably by HMA. Historically at least, market housing affordability is particularly poor in island communities (apart from Bute) and in the Lorn Housing Market Area.

**TABLE 3.15: Affordability (Average Price: Income ratios) by HMA**

HMA	Income	Average Price	HMA Affordability Ratio
Bute	£25,813	£98,735	3.8
Coll & Tiree	£34,085	£164,500	4.8
Cowal	£31,739	£137,373	4.3
H&L	£42,772	£196,886	4.6
Islay, Jura & Colonsay	£32,345	£200,485	6.2
Kintyre	£28,015	£109,842	3.9
Lorn	£38,224	£186,411	4.9
Mid Argyll	£35,508	£161,357	4.5
Mull & Iona	£37,488	£192,091	5.1

Source: RoS & CACI Paycheck, 2020

Results of a recent survey of local residents and engagement with estate agents and solicitors suggests that the house prices are increasing in some areas as a result of Covid 19; as households choose to move into the area. This may further restrict the affordability of the housing market to local households. Representative responses to the council’s LHS Early Engagement Survey in 2020, included the following views:-

*“The market is currently overheated and there is great demand for rural housing with the potential for office accommodation. This demand cannot be met. There is also demand for houses with garden”*

*“In the short term we have seen a large increase in enquiries for private rental properties on Bute. There is increased demand from people wanting to move to the area away from towns and cities. This is an opportunity for the area to grow and investment is needed in local infrastructure and town centre improvement schemes to support this growth.”*

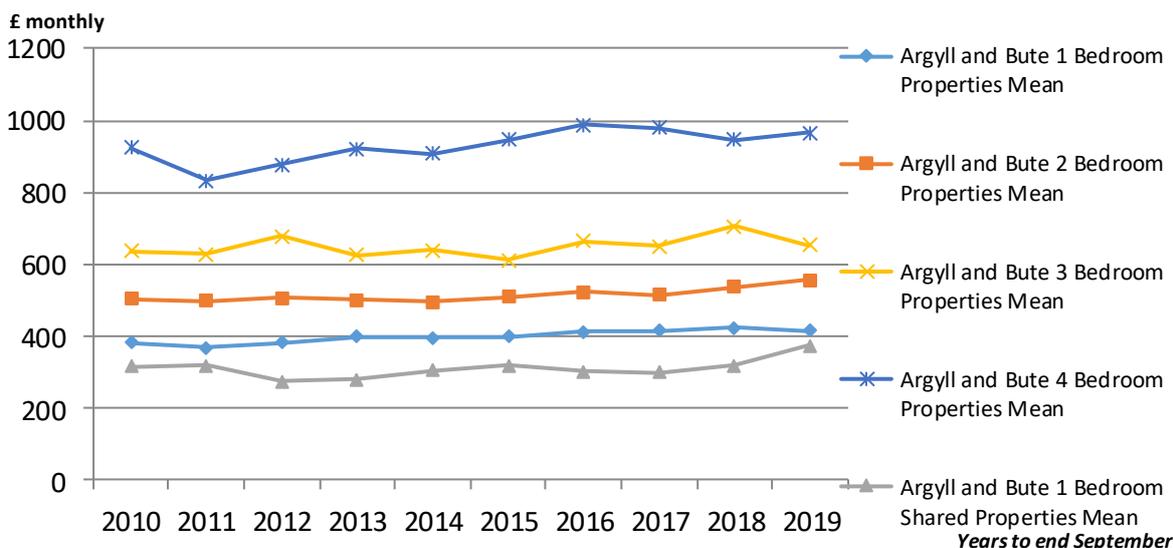
### 3.11 PRIVATE RENTS & AFFORDABILITY

311.1 Between 2010 and 2019, average rents in Argyll & Bute increased for all property sizes, ranging from 2.6% for 3 bedroom properties to 18.5% for 1 bedroom shared properties, which compares to CPI inflation of 20.8% across this time period. Three, four and one bedroom shared properties all saw



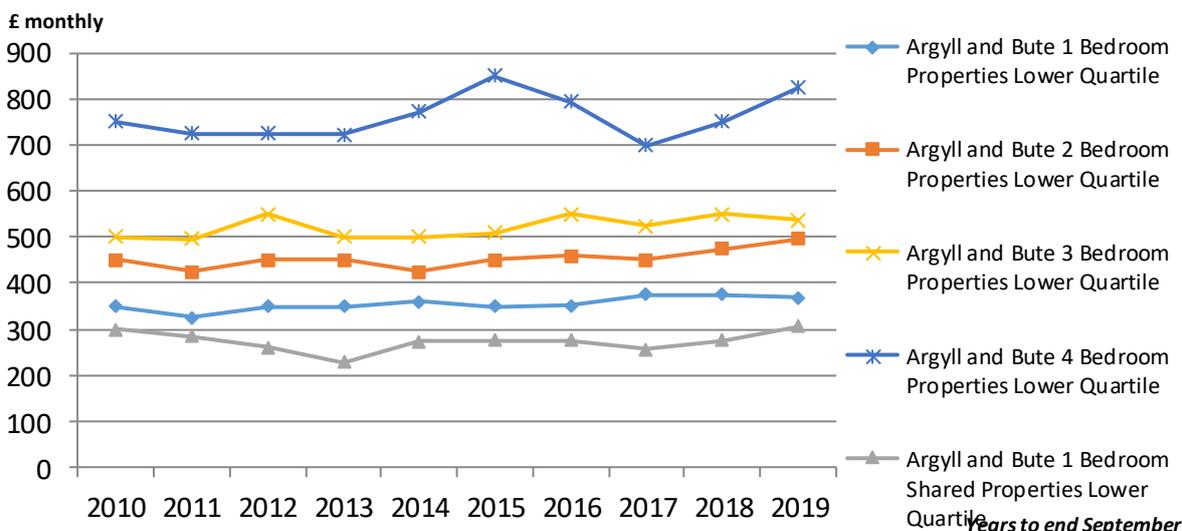
some variation each year since 2010 in the gap between the higher end (upper quartile) and lower end (lower quartile) of the market, although the gap narrow slightly in 2019. Average 2 bedroom rents have been lower than the Scotland average in each year since 2010. Although the gap has grown over the years, this had decreased slightly in 2019, with the average rent then being £557 per month, compared to the Scotland average of £668.

**FIGURE 3.16: Mean Monthly Private Rents, Argyll & Bute, 2010-2019**



Source: Scottish Government Analysis 2019

**FIGURE 3.17: Lower Quartile Monthly Private rents, Argyll & Bute, 2010-2019**



Source: Scottish Government Analysis 2019



3.11.2 Argyll and Bute has seen average private rents increase at a rate below the national average and well below the CPI over the last decade, but the % change in 2018 and 2019 (using 2 bedroom properties, as an exemplar) was actually the highest of any local authority in the country apart from Glasgow.

**3.11.3 LOCAL HOUSING ALLOWANCE**

Local Housing Allowance rates are set in relation to market rents across eighteen Broad Rental Market Area's (BRMA) in Scotland, and across five bandings reflecting accommodation size, ranging from the cost of sharing accommodation or leasing a single room to the cost of rent on a home with four or more bedrooms. These rates are used to set the maximum payable under housing benefit. The rate payable is set in relation to household size, not the property itself. The lowest rate is the Shared Accommodation Rate (SAR) available to single adults under the age of 35 without dependents. The levels are set for a financial year, and following a four year freeze, the LHA for Argyll & Bute was increased in 2020/21 (albeit there was no commitment to reverse the real terms cuts to LHA rates and years of losses). Coupled with the unpredictability of rents, it is impossible to accurately forecast the future impact of LHA policy. However, within the proposed final year of the benefits freeze, LHA rates in the majority of areas across Scotland are significantly lower than what is needed to cover rent on at least 30% of homes. This means it is increasingly hard for private renters to access homes where the rent is within the LHA rate, increasing the risk of homelessness and destitution. The research commissioned by the Council into affordability and the PRS (see HNDA Technical Supporting Paper 05), found that the Local Housing Allowance (LHA) for Argyll and Bute is almost equal to market rent levels. On average, market rents are just 1% higher than the LHA rate. Nevertheless, whilst all market rents by property sizes exceed the LHA rate in Argyll & Bute; this is particularly the case for 1-bedroom (10% higher) and 2-bedroom properties (7% higher). This is however a smaller margin than other local authority areas in Scotland where market rents can be as much as 20-30% higher than LHA subsidy levels.

**Table 3.16: Monthly PRS Rents Comparison with LHA rates**

Property Size	Average Market Rents	LHA	Difference	% Difference
Shared	£ 365.75	£ 315.21	-£ 50.54	-16%
1 Bedroom	£ 409.52	£ 373.97	-£ 35.55	-10%
2 Bedroom	£ 534.73	£ 498.64	-£ 36.09	-7%
3 Bedroom	£ 583.18	£ 548.51	-£ 34.67	-6%
4 Bedroom	£ 951.43	£ 897.52	-£ 53.91	-6%
Average	£ 532.11	£ 526.77	-£ 5.34	-1%

Source: Argyll & Bute Private Rented Sector Study, Arneil Johnston, 2020/21 (Snapshot).

3.11.4 In Argyll and Bute there is a single BRMA, contiguous with the local authority boundaries; consequently, given the wide variation in market rents across the 9 HMAs within this authority, the standard LHA will be significantly lower in many local HMAs and the disparity will be even greater than the overall averages summarised in Table 3.16 above.

### 3.12 SOCIAL RENTS AND AFFORDABILITY

3.12.1 Affordability in the social rented sector is usually measured by looking at rent to income ratios or considering how much residual income is a household has after rent has been paid. Table 3.16 indicates variations by HMA.

**TABLE 3.17: RSL Rent to Income (LQ) by HMA (est. based on ACHA's rents 2019)**

HMA	Average Rent	Lower Quartile Income	Rent: Income	Rent as % of Income
COWAL	£4,603.04	£14,617	3.2	31.5%
BUTE	£4,181.84	£11,093	2.7	37.7%
COLL & TIRREE	£4,644.12	£16,644	3.6	27.9%
HELENSBURGH & LOMOND	£4,336.28	£19,508	4.5	22.2%
ISLAY, JURA & COLONSAY	£4,643.08	£15,208	3.3	30.5%
KINTYRE	£4,404.92	£12,449	2.8	35.4%
LORN	£4,475.12	£17,892	4.0	25.0%
MID ARGYLL	£4,468.36	£16,507	3.7	27.1%
MULL & IONA	£4,691.44	£18,189	3.9	25.8%
ARGYLL & BUTE	£4,500.62	£15,987	3.6	28.2%

Source: RSL Annual Return & CACI Income Report, 2020

3.12.2 As ACHA have the majority of RSL stock in Argyll & Bute, and the widest distribution by HMA, their average rents are used as a proxy for the affordability analysis of this sector as a whole. Given the general profile of RSL tenants, analysis was carried out on the basis of lower quartile rather than average incomes in order to provide a more realistic assessment of affordability in the social rented sector. On this basis, while the social rented sector is markedly more affordable than the private rented sector, and is substantially more affordable for the general population, it does nevertheless present issues for the section of the population who are most reliant on this tenure and are most economically vulnerable.

#### 3.12.3 RENTAL AFFORDABILITY IN ARGYLL & BUTE

Based on secondary data analysis and primary research set out in HNDA Technical Supporting Papers, the following key points have been identified:-

- Average social housing rents are £388 per month;
- The average PRS rent is £532 per month, 18% lower than Scotland;
- The single Local Housing Allowance (LHA) for Argyll and Bute does not reflect the wide variation in HMA market rent levels;
- The median income is £29,418, similar to Scotland at £30,666;

- 42% of households earn less than £25K per annum with lower quartile incomes at £16,673.

3.12.4 As part of the primary research, the Council developed a housing affordability model with consultants Arneil Johnston, to test the value of local incomes to meet housing costs across a range of housing tenures. The analysis demonstrates the affordability pressures faced by local households:

- RSL rents are affordable for 4/5<sup>ths</sup> of households in Argyll & Bute without subsidy;
- A household requires an annual income over £21K to be able to afford the average PRS rent, if they devoted 30% of their income to housing costs;
- PRS rents are only affordable to 2/3<sup>rds</sup> of local households, and out of reach for low income households e.g. those earning minimum or living wage levels;
- Almost 50% of households could not afford to access Low Cost Home Ownership (LCHO), new supply shared equity (NSSE) or lower quartile market housing options.

In summary, there are clear affordability pressures locally, particularly for those on low household incomes. Almost 50% of households in Argyll & Bute cannot afford to access the housing market, even at market entry level.

### 3.13 Note on the impact of Coronavirus on the local Housing Market.

3.13.1 At the time of writing, a great deal of uncertainty still remains regarding the long term impact of the pandemic on the local housing market. Projecting future trends on the basis of the unprecedented experience of 2020 would be difficult at best, and could not be deemed robust and credible at this stage. Data for this turbulent year is limited and incomplete, and the immediate implications of the pandemic look set to continue well into 2021/22.

3.13.2 The Registers of Scotland have released some high level statistics on house sales, on a monthly basis for most of 2020, although data is incomplete for the final quarter. As expected, market activity declined sharply after March (when essentially sales were frozen and movement was curtailed) and remained suppressed in the following months, but thereafter there was a significant increase particularly in August and September, as restrictions eased and a backlog of sales were completed.

3.13.3 In terms of house type, all properties followed a similar price trend in 2020. The average price for semi-detached properties was more or less contiguous with the average price of all property types combined, which is why that line is not visible in the following graph. Despite the market decline during the



first wave of the pandemic and the initial lockdown period, by November average prices for all property types had risen above the average at the start of the year, pre-Covid.

**FIGURE 3.18: Average Monthly House Price, Argyll & Bute 2020**



Source: Registers of Scotland, 2021

3.13.4 In summary, following the initial re-opening of the housing market at the end of June 2020, the sector reported record levels of property movement. Much of this may be attributed to pent-up demand. However, the pandemic may also have influenced a potential behavioral shift for many people who were led to re-evaluate their lifestyles, aspirations and priorities in the longer term. Households therefore may want to move home for many different reasons.

**3.14 Summary: Core Output One - Key Housing Market Drivers**

Chapter 5 of this report sets out the agreed inputs and assumptions for running the HNDA Tool in order to produce the estimated requirements for new build housing in the future. Based on the foregoing evidence and analysis in this chapter, the following template summarises the key issues and implications for the LHS; and highlights the assumptions which will be used to inform the Tool settings, in relation to Demography, Economy and Affordability in Argyll and Bute.



**Key Issues & Implications for LHS and LDP:**

LHS & Development Plan	Key Issues Identified in the HNDA
<p><b>Demographic issues for the local housing market(s)</b></p>	<ol style="list-style-type: none"> <li>1. All official, default scenarios derived from the NRS 2018-based demographic projections suggest a significant, ongoing decline in the total population and in the number of households in Argyll and Bute over the next 10 -20 years; however there are variations across the HMAs. In most areas the rate of decline will vary, while in Mull &amp; Iona the principle projection is for a static and stable population. If accepted and unchecked, this overall trend in depopulation would result in minimum need for new build housing in the short term, and zero newly-arising need in the future.</li> <li>2. As per the previous HNDA in 2016, the population profile will continue to age almost exponentially with more, older households who will represent an increasing share of the total number of households; with consequently significant decline in both younger persons and the economically active age cohort. The population of Argyll and Bute is set to age at an even higher rate than the national trend, and primary research indicates that the majority will continue to live in their own homes and primarily occupy the private sector as they age. While there will be a need, therefore, for additional purpose-built, accessible housing to meet the particular needs of older persons, the main strategic implications are likely to focus on improving existing stock and for the repair and maintenance of properties, particularly in the private sector, as well as the provision of care and support services required to enable this. See also Chapter 5, on Specialist Provision.</li> <li>3. The decline in younger persons and particularly those of working age, who contribute to the funding of service provision as well as to staffing relevant workforces, and also to the overall health of a balanced housing system and to the sustainability of local communities, will also present real challenges.</li> <li>4. Single person households are currently the largest category within Argyll and Bute and are set to remain so in the foreseeable future. Therefore, there will be a requirement for a range of flexible options available to accommodate predominantly smaller household units, primarily one and two bedroom properties; albeit a small need for larger, family sized properties will also be required particularly to stimulate and sustain growth in this particular demographic.</li> <li>5. The ethnic minority component of the local population remains statistically and numerically very small, and the ongoing trends for these groups generally do not indicate any significant implications for the HNDA or LHS, or additional distinct needs that would vary from those of the general population; nevertheless this should</li> </ol>

continue to be monitored regularly and on a case by case basis.

6. The decreasing and ageing population is likely to change the ideal mix of housing provision; and developments which allow older households to downsize (in the private sector as well as social rented sector) can have multiple benefits such as: releasing existing stock suitable for family occupation; providing capital to fund higher living standards in retirement; and more suitable accommodation for older people that reduces the burdens on the care system. Increased availability of affordable family-sized accommodation is likely to provide one of the key attractions to potential migrants to Argyll and Bute. It is evident from current population profiles and projections that natural, internal trends (e.g. mortality over birth rates) cannot mitigate the significant population decline, and promoting net in-migration is the only real solution. Housing must play a role in supporting this policy objective.
7. **DEMOGRAPHIC IMPLICATIONS FOR THE HNDA TOOL:** With this in mind, the council has also considered more positive but still feasible and realistic population growth scenarios. This is justified in relation to a range of practical factors (set out in the body of this report and in supporting technical papers) as well as the overarching strategic aspirations of not only the council and local community planning partners but also the Scottish Government, to promote rural and island repopulation and community sustainability based on robust economic growth.
8. Having considered a range of alternative demographic projections, the council and its partners agreed that a consistent 0.5% annual growth rate across the whole authority area for at least 15 years is the most appropriate scenario to reflect the impact of a) the level of resources and funding available to support and sustain business growth for instance (in particular the £30m Rural Growth Deal); b) the development of the HMNB naval base at Faslane; and c) behavioural shifts in home/work patterns arising from the pandemic; among other potential opportunities. A steady annualised 0.5% demographic growth allows for a potentially higher rates of growth in the future to be evenly distributed across short term projections in the early years of the planning period in a reasonable, judicious and balanced fashion.
9. On the basis of this realistic, in-house, 15 year growth scenario, Argyll & Bute could see an estimated 550 net new households over the first 10 years, as opposed to the default estimate of 0 newly-arising need; and consequently substantially increasing the new build requirement across all HMAs.

## Affordability issues for the local housing market(s)

1. Affordability remains a critical issue across the housing system and across most HMAs. Owner occupation is likely to remain an unachievable aspiration for many local households and there will be a need to ensure that the rented sectors have sufficient capacity to meet levels of demand.
2. Property sales levels in Argyll & Bute have largely followed the wider national trends, until very recently. Levels in the local authority area reached a peak figure of 681 in Q4 2006 before falling sharply, due to the impact of the previous financial crisis, to a trough of 206 sales in the first quarter of 2009. Since then there was steady market recovery, matching the Scottish levels of growth, until the coronavirus pandemic struck in early 2020.
3. Average prices in Argyll & Bute have historically tended to sit around national levels. However, the price growth recorded in Scotland prior to covid was not matched by Argyll & Bute. This led to a gap in average prices between the two areas, with the Q1 2019/20 Argyll & Bute average of £164,743 being around £14,089 below the corresponding Scottish figure. Market turnover has followed a similar pattern to transactions in both Argyll & Bute and Scotland, with growth following the recession.
4. Pre covid, Rettie & Co anticipated that average house prices would rise in Scotland by around 19% over the next five years, despite economic downside risks, as the market was expected to remain in a condition of excess demand. The Argyll & Bute market was expected to see average price increase too, but probably in a more limited fashion, as has been the case in recent years.
5. The after-shock of the pandemic and resultant economic recession, along with the subsequent policy responses, could continue to restrict the availability of mortgage finance for some time. First-time buyers who do not have family assistance are faced with barriers from higher deposit requirements and increasing property prices as purchaser priorities and aspirations evolve.
6. The private rented sector has always had a significant role within Argyll & Bute, especially for younger households and it has been estimated that the sector now houses the majority of young households across Scotland. Many households on below-average incomes in this sector experience significant affordability issues, with poorer households paying on average about half of their income in rent. Although aspirations for home ownership remain, without assistance from parents or others, these households will struggle to accumulate sufficient savings for the level of deposit now required to become home owners.
7. At the local level, affordability remains a critical issue across the housing system and across the HMAs. Owner occupation is likely to remain an unachievable aspiration for many local households and there will be a need to ensure that the rented sectors have sufficient capacity to meet levels of demand. Impacts such as mortgage restrictions continue to affect the market.
8. If the social rented sector is seen primarily as a safety net for those



in extreme housing need; and private market renting or ownership is beyond the means of a large proportion of households, then there is a strong case for expanding the role of intermediate or alternative tenures, such as shared equity, low cost home ownership, or, where valid, mid-market rents.

9. Options for directly influencing the open housing market are relatively limited; however the council and its partners do aim to promote a balanced and accessible housing system, and should therefore promote effective strategic interventions and measures to reduce inequalities based on affordability and constrained supply, as far as possible.
10. Given the trend of increasing divergence between local household incomes and local house prices or rent levels, effective interventions are likely to fall into two broad categories: reducing costs of accessing accommodation, and maximising household income where possible. Potential options for consideration in the LHS would include the following.
11. Basic market forces indicate that increasing supply should effect prices/rents within a local housing system. It would be necessary however to ensure that a significant proportion of any new build supply or consequential stock remains affordable for long term/permanent occupation and is not disproportionately acquired as either second/holiday homes or for the short-term letting sector. A key need and demand has been identified from primary research and stakeholder consultation, in terms of intermediate households, often in secure employment and with reasonable incomes, who nevertheless lack the wherewithal to access open market properties or to rent privately, but who also would not be deemed to meet the criteria for housing need required to access the safety net of the social rented sector. In these instances, increasing the supply of affordable, intermediate tenures such as subsidised, low-cost home ownership; shared equity; mid-market rents; and self or custom-build models; would have a positive impact and address an identified gap.

## **12. ECONOMIC AND AFFORDABILITY IMPLICATIONS FOR THE HNDA TOOL:**

While the longer term implications of the pandemic, as well as the ongoing economic impact of Brexit, on employment, incomes and market prices remain uncertain at this time; the historic trends and analysis of evidence summarised above and detailed throughout this chapter help to inform decisions about the most appropriate scenarios and reasonable inputs for running the HNDA Tool. A mid-point, trend growth rate for future house prices is in line with the recent actual market activity compared to national trends, and potential future projections. Similarly, while local incomes could suffer low growth or even below real terms growth given the range of potential factors impacting on local economies, it is reasonable to adopt a moderate real terms growth scenario to reflect the positive opportunities and resilience identified via the Rural Growth Deal for instance, and recent Economic studies for Argyll & Bute (e.g. EKOS reports).

## Economic issues for the local housing market (s)

1. The declining and ageing population will have a critical impact on the economic base within Argyll and Bute and this could well be compounded by the immediate and lasting effects of the global pandemic and the UK exit from the European Union. The working age sector of the local population is set to reduce significantly and natural factors alone will not be sufficient to counter this trend. Net in migration is the key solution.
2. However, as well as the ongoing challenges and constraints, the council and its partners, including HIE and the local business sector, have identified a range of potential opportunities and strategic interventions that could stimulate and sustain growth via the Economic Development Action Plan, the Rural Growth Deal, and the wider recovery plans for both Argyll & Bute, and Scotland.
3. **Employment** – Overall economic activity has been relatively healthy in Argyll and Bute, with consistently low, and decreasing, rates of unemployment in comparison to Scotland as a whole. However, the nature and pattern of employment is significantly different from the national situation and presents real risks. High levels of part-time and seasonal working, plus significant levels of self-employment could undermine a fragile economic recovery and in current circumstances this sector of the workforce is exposed to greater economic (as well as health) risk associated with the pandemic; and in terms of the housing market this can also have a negative effect on lenders' willingness to make mortgages available.
13. **Occupations** – Key local employment sectors which previously exhibited relative buoyancy including tourism-related services such as accommodation & food services are also particularly vulnerable to the various negative impacts of both Brexit and the Coronavirus pandemic; and local economies may actually face a worse situation now than that of the previous recession and market crash in 2008.
14. **Productivity** – While local commentators acknowledge the entrepreneurial culture in Argyll and Bute, combined with self-reliant attitude and a degree of economic resilience, it is also recognised that this may not have been fully exploited or harnessed to generate and sustain growth in the past.
15. The housing sector has an important contribution to make to the sustainability and growth of the local economy, particularly in terms of helping small to medium sized businesses attract and retain sufficient staff to grow; and to ensure that the essential incoming workers necessary to help sustain fragile rural communities can access suitable, affordable accommodation in appropriate locations. This means, in addition to addressing immediate and backlog needs, the development strategy and housing management policies must facilitate aspirational growth in supply of housing for young families and working age households.
16. There is a danger that lower housing needs assessments, predicated on declining population and economic trends, will lead to a self-fulfilling spiral of downward investment which in turn further stifles potential household formation and in-migration. It is



important that housing investment is maximised and innovative funding models and sources of investment are proactively pursued, and that more positive growth scenarios are utilised when setting Housing Supply Targets and Housing Land Supply Requirements in the LHS and relevant LDPs.

17. In general, as identified in previous iterations of the HNDA, housing can make a significant contribution to the economic well-being of an area, and to the GDP. It helps to increase employment opportunities; supports stability across the housing market; helps to facilitate mobility in the workforce; contributes to the general perceptions of an area's attractiveness; and also impacts on the carbon footprint and fuel poverty. Investment in housing has a recognised multiplier effect on local economies, and public sector investment in housing attracts significantly higher levels of private finance.

## 4. HOUSING STOCK PROFILES, PRESSURES & MANAGEMENT ISSUES

### 4.1 INTRODUCTION

This chapter provides a detailed profile of the general dwelling stock in Argyll and Bute, across all tenures, and highlights the main pressures particularly within the social rented sector; including mismatches of supply and demand, ineffective stock, and poor condition. As well as identifying priorities for future stock management, this will help to inform policy decisions and potential actions for the LHS and LDP. The focus of this chapter is on issues that can be addressed in situ and by managing existing stock, for example through transfers, improving house conditions, or stock restructuring. Adaptations are considered separately in Chapter 6, and any issues which would require an additional house are dealt with in the existing need section of Chapter 5 (using the HNDA Tool).

The specific requirements of the HNDA guidance for this section are:

#### **Core Output 4: Housing stock profile, pressures and management issues:**

Consider what existing housing stock is available to meet the housing needs of the local population. This should identify any under-supply or surplus of certain types of housing. This will demonstrate where the existing housing stock may be pressured and where that stock may need to be managed in order to meet the housing needs of the local population. The types and number of in-situ solution used should be evidenced. Stock should be considered by size, type, condition, occupancy, concealed households and turnover (relets and voids). These should be considered by tenure and location as appropriate.

The structure of this chapter, therefore, is as follows:

#### **a) Stock**

- Estimates of total and ineffective dwellings, tenure and changes over time
- Physical Characteristics: Dwelling Size; Type; age and condition

#### **b) Pressures**

- Waiting Lists and pressure ratios; Turnover (relets & voids); Homelessness; Occupancy (overcrowding); Concealed households

#### **c) Stock Management**

- In situ/management solutions

#### **d) Key issues for the LHS and LDP**

- In situ/management solutions

**HNDA Technical Supporting Paper 06 provides further detailed analysis on these issues, including all assumptions, methodologies, data validation, and quality assurance underpinning this chapter; and is available on the council website at:**

<https://www.argyll-bute.gov.uk/housing/housing-strategies-consultations-and-research-0>



**4.2 STOCK ESTIMATES AND RECENT TRENDS**

4.2.1 Current housing stock estimates, derived from the annual local authority council tax register, indicate that there were 48,285 dwellings in Argyll and Bute in 2020; an increase of almost 5% since 2011. Over the last four years, since 2017, the council tax figures indicate an increase of almost 3%. Changes in total dwellings varied considerably across the 9 HMAs within the authority area over the last four year period from 2017 to 2020; ranging from an increase of only 0.4% in Coll & Tiree to an increase of 7% in Helensburgh & Lomond, as the following table illustrates. However, the data also suggests that most HMAs actually experienced a slight *decrease* in stock in 2019/20 (possibly attributable to some actual stock rationalisation and demolition; but may also be due simply to procedural changes in data recording or cleansing.)

**TABLE 4.1 – Total Housing Stock in Argyll & Bute, changes 2017 – 2020.**

HMA	Total Dwellings				% change 2019-20	% change 2017-20
	2017	2018	2019	2020		
Bute	4,184	4,282	4,424	4,247	-4.0%	1.5%
Coll & Tiree	677	682	681	680	-0.1%	0.4%
Cowal	8,653	8,711	8,878	8,722	-1.8%	0.8%
Helensburgh & Lomond	11,378	11,981	12,152	12,171	0.2%	7.0%
Islay, Jura & Colonsay	2,110	2,155	2,198	2,180	-0.8%	3.3%
Kintyre	4,127	4,213	4,316	4,171	-3.4%	1.1%
Lorn	8,498	8,575	8,679	8,604	-0.9%	1.2%
Mid Argyll	5,523	5,598	5,740	5,659	-1.4%	2.5%
Mull & Iona	1,797	1,817	1,838	1,851	0.7%	3.0%
<b>Argyll &amp; Bute</b>	<b>46,947</b>	<b>48,014</b>	<b>48,906</b>	<b>48,285</b>	<b>-1.3%</b>	<b>2.9%</b>

Source: Argyll & Bute Council Tax Register, Annual Reports.

**4.2.2 INEFFECTIVE STOCK**

With around 11% of the total housing stock defined as long term vacant and second or holiday homes, Argyll & Bute has nearly three times the proportion of “ineffective” stock (i.e. properties unavailable to meet local housing need – excluding tied homes) than Scotland as a whole (approximately 4%). This is due mainly to the number of holiday and second homes in the area. Table 4.2 below indicates that the highest concentration by far is on Coll & Tiree where 32% of properties are deemed to be ineffective. The other island HMAs also exhibit significant proportions of ineffective stock, as do many mainland HMAs. Helensburgh and Lomond conversely, has the lowest proportion of ineffective stock with only 4.7%, closer to the national average.



**TABLE 4.2: Total Dwelling Stock, April 2020 (% of HMA)**

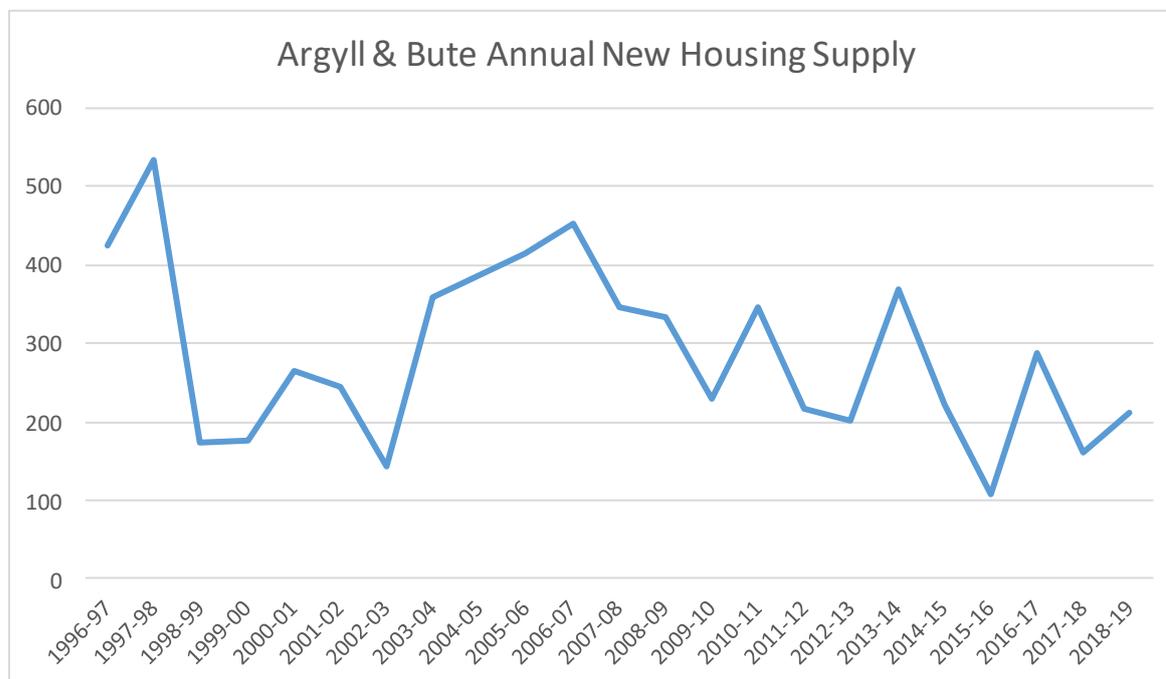
CTR Property Status (HMA %s)	Bute	Coll & Tiree	Cowal	H&L	I, J & C	Kintyre	Lorn	Mid Argyll	Mull & Iona	Total
Occupied	80.9	67.5	86.8	90	83.3	88.8	91.4	86.7	85.1	87.6
Empty (with 200% levy)	4.8	4.6	2.8	1.8	3.3	3.4	2.0	3.7	3.6	2.8
Second/holiday home	10.2	26.3	6.8	1.5	11.9	5.0	5.0	7.4	9.5	6.0
Tied (job-related/barracks & forces accommodation)	0.4	0.6	1.8	5.1	0.5	0.5	0.4	0.6	0.3	1.9
Other (empty exemption)	3.7	1.0	1.8	1.4	1.1	2.5	1.2	1.5	1.5	1.7
Total Ineffective stock	18.7	31.9	11.4	4.7	16.3	10.9	8.2	12.6	14.6	10.5
Total Dwelling Stock	100	100	100	100	100	100	100	100	100	100

Source: Argyll & Bute Council Tax Register, April 2020

### 4.2.3 ANNUAL NEW SUPPLY

The Scottish Government records statistics on annual New Housing Supply by local authority area. The latest data available as of 2020, is illustrated below. The rate of new build housing has declined overall during the last two decades

**Figure 4.1: Argyll and Bute New Housing Supply, 1996/97 – 2018/19**



Source: Scottish Government Annual Housing Statistics. 2020.

4.2.4 Table 4.4 provides a breakdown of new housing supply by tenure and activity (new build, conversion and refurbishment) over the last decade. According to these figures, there were 2,352 new homes delivered in Argyll and Bute over that period, of which 52% were in the private sector and 41% were in the RSL sector. 2% were refurbishments while almost 6% were conversions.

**TABLE 4.4: ANNUAL NEW HOUSING SUPPLY, 2009/10 – 2018/19**

Argyll & Bute	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
New Supply	229	346	218	202	370	221	108	287	160	211
Private New Build	185	152	126	95	206	119	54	128	54	95
RSL New Build**	28	191	19	96	153	97	48	141	90	91
Refurbishment	7	3	41	0	2	0	0	0	2	0
Conversions	9	0	32	11	9	5	6	18	14	25

\*\*RSL New Builds as recorded by Scottish Government do not tally exactly with Council’s internal SHIP records for completions due to variances in recording date of completion/phased units across years.

Source: Scottish Government Housing Statistics, 2020

### 4.3 Tenure

4.3.1 Currently, private ownership remains the predominant tenure within Argyll & Bute, at 58% of all households which is comparable to the national average of 59%. However, when the second/holiday home ownership and vacant private properties are included, this sector rises to 70% of all dwellings in Argyll & Bute. The Private Rented Sector is below the national average (12% compared to 14%), and the RSL sector is significantly lower (18% compared to 23%). The main difference relates to the much higher proportion of ineffective stock in this authority. Tenure varies significantly across the local HMAs, as illustrated in the following table, which derives from in-house analysis of the council tax register, annual RSL stock returns, and the Private Landlord Register for 2020; and assumes that all residual occupied stock sits within the private ownership sector.

**TABLE 4.3: Estimated Housing Tenure as a % of all stock**

Tenure Nos & %	Bute	Coll & Tiree	Cowal	H&L	I, J & C	Kintyre	Lorn	Mid Argyll	Mull & Iona	Total
Total CTR Stock	4,247	680	8,722	12,171	2,180	4,171	8,604	5,659	1,851	48,285
RSL Sector (nos)	1,054	54	1,476	1,538	505	1,084	1,649	1,033	236	8,629
RSL Sector (%)	24.8%	7.9%	16.9%	12.6%	23.2%	26.0%	19.2%	18.3%	12.7%	17.9%
PRS Sector (nos)	549	50	1,046	1,227	243	476	1,280	690	261	5,822
PRS Sector (%)	12.9%	7.4%	12.0%	10.1%	11.1%	11.4%	14.9%	12.2%	14.1%	12.1%
Ineffective (nos)	813	221	1,155	1,193	365	469	744	752	276	5,988
Ineffective (%)	19.1%	32.5%	13.2%	9.8%	16.7%	11.2%	8.6%	13.3%	14.9%	12.4%
Private Owned (nos)	1,831	355	5,045	8,213	1,067	2,142	4,931	3,184	1,078	27,846
Private Owned (%)	43.1%	52.2%	57.8%	67.5%	48.9%	51.4%	57.3%	56.3%	58.2%	57.7%

Source: CTR/Annual RSL returns/PLR, 2020

For comparison, the latest national tenure split in Scotland is estimated as: 59% private owned, 14% PRS, and 23% in the RSL sector; with 4% ineffective stock (Scottish Government Housing Statistics, 2019).



4.3.2 The table above illustrates that both Bute and Kintyre have an RSL sector that is proportionately greater than the Scottish average, while the Islay, Jura & Colonsay HMA is in line with the Scottish average (due in part to significant, historic development programmes in these areas), and at 24% or more of their respective total stock this implies a potential imbalance and even a latent oversupply in these local housing systems. The lowest reliance on social rent is apparently within Coll & Tiree (8%), Helensburgh & Lomond and Mull & Iona (both 13%), which might be considered insufficient to provide a balanced housing system. The private rented sector provides an important option within Argyll & Bute but remains proportionately lower than the national average across all local HMAs except for Lorn and Mull & Iona (15% and 14% respectively).

4.4 Dwelling Characteristics and Stock Condition

4.4.1 The age of the local housing stock is summarised in the following table (according to the Scottish House Condition Survey Local Authority Report 2016-2018, published in 2020). This indicates that in general Argyll and Bute now has a comparatively similar stock profile to Scotland as a whole, with 29% of local properties (all tenures) being built pre-1945, compared to 31% nationally; and conversely, the percentage of the remaining stock built post-1945 is marginally higher in Argyll & Bute at 71% than the Scotland average, of 69%. Argyll and Bute has a higher proportion of houses but a lower proportion of 1 or 2 bed properties.

**Table 4.4: Summary Dwelling Characteristics – age, type & size (%)**

	Age of Dwelling		House or Flat		No of Bedrooms	
	Pre-1945	Post 1945	House	Flat	1 or 2	3+
<b>Argyll and Bute</b>	29%	71%	71%	29%	48%	52%
<b>Scotland</b>	31%	69%	64%	36%	51%	49%

Source: SHCS 2016-18 – LA Tables (2020)

4.4.2 In terms of accommodation type, over a third of households in Argyll and Bute (35.8%) occupy detached houses which is significantly higher than the Scottish figure of 21.9%. Conversely, Argyll and Bute has proportionately less flatted or tenement properties than Scotland as a whole (23.8% compared to 34%). The following table summarises the stock by accommodation type as of the 2011 Census.

**Table 4.5: Accommodation type (%) Argyll & Bute & Scotland, 2011**

	Percentage of households				
	Detached house	Semi-detached house	Terraced house	Purpose-built block of flats or tenement	Other
Scotland	21.9	22.8	18.6	34.2	2.5
<b>Argyll &amp; Bute</b>	<b>35.8</b>	<b>21.5</b>	<b>12.8</b>	<b>23.8</b>	<b>6.2</b>

Source: 2011 Census



- 4.4.3 The property type split does vary by tenure, with almost half of the social rented sector (49%) being flatted and 45% comprising houses (detached, semi-detached or terraced); while 6% are “other” property types. Conversely, Argyll and Bute has a higher proportion of dwellings in the private rented sector which are houses (60%) as opposed to flats (40%), which is the inverse of the national PRS dwelling profile. An updated estimate of the property type split in the owner occupied sector is also available from the dedicated household survey carried out for this HNDA, and this indicates that only 16% of this sector is flatted properties, while 36% are detached houses, 12% are semi-detached, 12% are bungalows, and 13% are terraced, with 1% other.
- 4.4.4 In terms of condition and quality, 11% of Argyll and Bute stock has a low energy efficiency rating of F or G compared to 4% nationally. 51% of local stock fails the overall Scottish Housing Quality Standard, which is higher than the national average of 42%. Only 1% of Argyll & Bute stock is Below the Tolerable Standard (BTS) compared to 2% nationally. (At the time of the last HNDA, BTS levels in Argyll & Bute were estimated at 4%). 25% of Argyll & Bute stock is in urgent disrepair compared to 29% nationally. As might be expected, older properties tend to exhibit higher incidence of disrepair than newer properties; and there are also variations across accommodation types. Dampness occurs in only 2% of properties which is slightly lower than the national figure of 3%, and condensation occurs in 5% of properties compared to 8% nationally. Condensation occurs more in the RSL Sector with 8% compared to only 4% in Owner Occupied properties.

HNDA Technical Supporting Paper 06 includes detailed analysis of property conditions and attributes, including assessment of Fuel Poverty, and is available at: <https://www.argyll-bute.gov.uk/housing/housing-strategies-consultations-and-research-0>

#### 4.5 OWNER OCCUPIED SECTOR

4.5.1 In 2020 there was an estimated 27,846 properties in the private, owner occupied sector. This amounts to 58% of the total housing stock in Argyll and Bute and 66% of all occupied properties. In the 2001 Census, the sector was estimated to comprise 25,162 homes and amounted to 65% of all dwellings in Argyll and Bute. This indicates a numerical increase of 11% in the sector over the last decade, although proportionately it has remained relatively consistent, at approximately two thirds of the total dwelling stock. While this tenure remains predominant throughout the authority area, it does vary proportionately across the HMAs; from 77% in Coll & Tiree and 75% in Helensburgh & Lomond, to only 53% on Bute.

**Table 4.6: Owner Occupied Sector by HMA, 2020**

HMA	Bute	Coll & Tiree	Cowal	H&L	I J C	Kintyre	Lorn	Mid Argyll	Mull & Iona	A&B Total
Owner Occupied Stock	1,831	355	5,045	8,213	1,067	2,142	4,931	3,184	1,078	27,846
As % of all Occupied HMA Dwellings	53%	77%	67%	75%	59%	58%	63%	65%	68%	66%

Source: Council Estimates derived from CTR 2020, adjusted with Annual RSL returns & PLR

4.5.2 Helensburgh & Lomond has the largest number of owner occupied homes, with almost 30% of the sector in Argyll and Bute. Conversely, with only 355 properties in this tenure, Coll & Tiree has just over 1% of the authority’s total. This tenure constitutes a key element of the local housing system, and continues to be an aspiration for many; however it remains realistically beyond the means of a significant proportion of local residents, particularly the young and households on low or insecure incomes. In many areas it also appears to be inaccessible even for those in permanent, full time employment with reasonable incomes, due to the levels of house price inflation.

4.5.3 The HNDA Household Survey in 2018/19, provides a robust and credible profile of the owner occupied sector in Argyll and Bute, based on a sample of over 2,640 interviews with home owners. This indicates that the main property type in this sector is detached houses (36%), while flats make up only 16% of the tenure.

**Table 4.7: Estimated Owner Occupied Sector by Property Type, Argyll & Bute**

Property Type	Flats	Detached House	Semi-Detached	Bungalow	Terraced	Other
% of Sector	16%	36%	21%	12%	13%	1%

Source: Argyll & Bute HNDA Household Survey, Research Resource, 2019

4.5.4 The study revealed that levels of outright ownership are very high in Argyll & Bute, with around 61% of owner occupiers owning their home outright. A further 39% were buying their property with a loan/mortgage; while the incidence of shared ownership/ shared equity was negligible. As a proportion of all households in all tenures, the study estimated that around 46% owned their home outright and 29% were in the process of buying with a loan/mortgage. This indicates that in Argyll and Bute as a whole there is now evidence of fairly high levels of property equity.

4.5.5 In terms of property size, the study suggests that 2 and 3 bedroom homes are most common in the owner occupied sector by far.

**Table 4.8: Estimated Owner Occupied Sector by Property Size, Argyll & Bute**

Property Size (no. of Bedrooms)	1 bed	2 beds	3 beds	4 beds	5+ beds
% of Sector	11%	36%	37%	12%	3%

Source: Argyll & Bute HNDA Household Survey, Research Resource, 2019

4.5.6 The study also provides a profile of households in the owner occupied sector, with the biggest cohort comprising households with at least one person aged 65 or over (64%). Households comprising 2 adults, irrespective of age, constitute the main group (47%); however almost a quarter of the sector (24%) is made up of single person households.

**Table 4.9: Estimated Owner Occupied Sector by Household Size, Argyll & Bute**

Households: Nos of Persons	1 person	2 Persons	3 persons	4 persons	5+ persons
% of Sector	24%	48%	13%	10%	4%

Source: Argyll & Bute HNDA Household Survey, Research Resource, 2019

4.5.7 Almost half (49%) of owner occupiers are fully retired and 48% are fully or partially employed. Overall, the HNDA Survey found that the overwhelming majority of households in this sector are very or fairly satisfied with their home (97%) while only 1.5% stated that they were dissatisfied. The remainder were unsure or did not state a view.

4.5.8 The HNDA Study found that more than half of owner occupiers had lived in their current home for 15 years or longer (52%) and a further 39% had resided in their current home for 5-15 years; while 8% had lived there for less than 5 years. Less than 9% expressed intentions of moving within the next 2-7 years; the vast majority were satisfied to remain in their current property.

## 4.6 PRIVATE RENTED SECTOR

4.6.1 There are over 5,800 properties available for private rental within Argyll and Bute as of 2020, according to the Private Landlord Register and as detailed in the following table. As might be expected, the largest number of PRS units are found in Lorn, Helensburgh & Lomond, and Cowal; however, as a proportion of the total stock within each HMA, the highest level of provision is on Mull & Iona, Bute and Lorn; while Helensburgh & Lomond actually has the lowest proportionate PRS sector.

**TABLE 4.10: Private Rented Sector Stock by HMA, 2020**

HMA	Private Rented Units	Total Number of Households/ Occupied Dwellings	Private Rented Units as % of All (occupied) Dwellings
Bute	549	3,434	16%
Coll & Tiree	50	459	11%
Cowal	1,046	7,567	14%
Helensburgh & Lomond	1,227	10,978	11%
Islay Jura Colonsay	243	1,815	13%
Kintyre	476	3,702	13%
Lorn	1,280	7,860	16%
Mid Argyll	690	4,907	14%
Mull & Iona	261	1,575	17%
<b>Argyll &amp; Bute</b>	<b>5,822</b>	<b>42,297</b>	<b>14%</b>

Source: Private Landlord Register & Council Tax Register, 2020

4.6.2 Since 2012 the sector has seen further expansion of 19%, according to the current Private Landlord Register figures. However in the last couple of years the sector appears to have contracted again. There appear to have been significant variations however at HMA level; with Lorn growing by almost 40%, while in contrast the Islay, Jura & Colonsay HMA saw only 3.4% growth.

**TABLE 4.11: Private Rented Properties by HMA, 2012-2020**

HMA	2012	2020	Change	% Change
Bute	465	549	84	18.1%
Coll & Tiree	43	50	7	16.3%
Cowal	856	1,046	190	22.2%
Helensburgh & Lomond	1,104	1,227	123	11.1%
Islay, Jura & Colonsay	235	243	8	3.4%
Kintyre	414	476	62	15.0%
Lorn & Inner Isles	915	1,280	365	39.9%
Mid Argyll	644	690	46	7.1%
Mull & Iona	217	261	44	20.3%
<b>Argyll &amp; Bute Total</b>	<b>4,893</b>	<b>5,822</b>	<b>929</b>	<b>19.0%</b>

Source: Argyll & Bute Private Landlord Register Annual Reports

4.6.3 Research commissioned by the council in 2019/20 found that the profile of the PRS properties in Argyll and Bute differs from the national profile, with houses being the predominant dwelling type rather than flats. Around 51% of the local stock comprises houses compared to only 37% in Scotland as a whole. Almost half the local PRS properties are two-bedrooms (43%), with one-bedroom homes making up a further 25%. This is fairly similar to the national size profile, at 49% and 24% respectively.

### 4.6.4 The PRS Tenant Profile

Based on the extensive Household Survey and PRS research carried out in 2018/19 and 2019/20 by the council, the PRS is a diverse sector with a broad customer base, reflecting its role in meeting a wide range of housing need and demand across Argyll and Bute. It is acknowledged to provide a good housing option for those requiring flexibility in terms of employment and for those setting up home for the first time. In recent years the sector has also become a housing option for those seeking longer term accommodation. While nationally the PRS is dominated by single and two-person households (42% & 27% respectively), the local profile shows a different picture with 36% of households indicating they are single persons and 36% also being two-person households. The analysis reflects a shift in household composition since 2013: the number of couples increased by 10% while single persons fell by 10%. Conversely, households with children (couples with children, single parents and other families) account for only 15% of all PRS tenants; a decrease of 8% since 2013. Most noticeable is the increase in 3+ adults from only 3% in 2013 to 14% in 2019. This shift may indicate that more households are choosing to cohabit in the sector to share housing costs or as a result of limited housing options locally. Equally, it may also suggest that move-on options are limited for younger people and this is limiting household formation, with more remaining in family or parental homes for longer periods. Analysis of the RSL waiting list supports this view, given the number of applicants seeking new social rented properties who are currently living with family/friends or are “sofa surfing”.

Further detailed analysis of the PRS in this authority is presented in the HNDA Technical Supporting Paper 05: “Argyll and Bute Council, Private Rented Sector Research” produced by Arneil Johnston in December 2020. This report is available along with all other HNDA Technical Supporting Papers at: <https://www.argyll-bute.gov.uk/housing/housing-strategies-consultations-and-research-0> or on request or from the council website

The table overleaf summarises key findings from this bespoke research.

- The PRS in Argyll & Bute accommodates 14% of resident households
- The PRS in Argyll & Bute has increased by 19% from 4,893 registered dwellings in 2013 to 5,822 in 2020
- Argyll & Bute has a higher proportion of PRS dwellings that are houses (60%) as opposed to flats (40%) which is the inverse of the national profile
- The PRS in Argyll & Bute is dominated by 1-bedroom (25%) and 2-bedroom properties (43%)
- 19% of PRS tenants in 2019 report outstanding maintenance issues in their home, a decrease of over 20% since 2013. This suggests an improving stock condition profile, reflecting significant levels of investment via Private Sector Housing Grant allied with a range of regeneration programmes such as CARS and THI.
- The proportion of households in fuel poverty in the PRS is lower (37%) than the proportion of all households in fuel poverty in Argyll & Bute (42%)
- The PRS in Argyll & Bute mainly accommodates single (36%) and 2-person households (36%).
- There have been notable decreases in the number of families residing in this sector since 2013 and a significant increase in the number of 3+ adult households.
- 71% of PRS tenants in Argyll & Bute are in employment, with two thirds of these in full-time employment (pre-Covid results)
- 15% of PRS tenants in Argyll & Bute rely on Local Housing Allowance to subsidise their housing costs
- 64% of PRS tenants have lived in their current home for more than 5 years
- 57% indicate that they don't want or need to move within next two years, a decrease of 17% since 2013
- Satisfaction levels with current PRS home have increased from 75% in 2013 to 89% in 2019, and the proportion of PRS tenants very satisfied has increased by 20% from 38% to 58%.
- High satisfaction rates coupled with increasing tenancy durations suggest that the PRS in Argyll & Bute is a sustainable and effective housing option for many local households.

**Nevertheless, affordability remains an issue in this tenure.**



4.6.5 THE IMPACT OF SHORT-TERM LETS

In recent years the impact of the short-term letting market and the rise of online platforms such as Airbnb have presented significant challenges for the traditional private rental sector and for the overall capacity of local housing systems to deliver long term housing solutions to address local need and demand. The council commissioned dedicated research into this issue and the private rented sector in general, in 2019/20, however given the current constraints regarding data on the short-term letting market in this authority and problems of data sharing with the council’s Private Landlord Register, detailed analysis has been limited.

New legislative proposals regarding the level of detail to be recorded by landlords on their properties, and greater access for authorised researchers and councils in monitoring the sector, should address these issues in the future and will facilitate improved evidence collation for HNDA and strategic planning purposes. Despite these data issues, the Scottish Government conducted independent research on the sector in 2019, which provides an indicative snapshot of all Airbnb listings by local authority area. In May 2019, seven local authorities accounted for 75% of the sector; and with 1,932 units in total Argyll and Bute had the fourth highest provision (6%), after Edinburgh (31%), Highland (19%) and Glasgow (7%),. This comprised:

**TABLE 4.12: Active “Airbnb” listings by local authority area, May 2019**

Local Authority	Entire home/apt	Private room	Shared room	Total 2019	% of Scottish Total
Argyll & Bute	1,468	450	14	1,932	6.07

Source: The Impact of Short Term Lets on Communities across Scotland, Scottish Government, May 2019.

This would equate to approximately 4% of the total dwelling stock in Argyll and Bute, and around one third of the long term private rental sector in this area. It remains to be seen whether the unprecedented experience of 2020 has affected this sector in the longer term and also what the impact of statutory legislation and enhanced monitoring will be on landlords in the future. The immediate impact of lockdown and travel restrictions may be a temporary blip on behaviour and economic sustainability, however more rigorous conditions placed on the operation of this market may have greater and longer lasting implication, potentially driving casual landlords out of the sector or reverting to permanent private renting. For further analysis of this sector see the Arneil Johnston report on the Argyll and Bute PRS, December 2020.

**4.6.6 HOUSES IN MULTIPLE OCCUPATION (HMOS)**

Houses in Multiple Occupation are not a significant feature of the Argyll and Bute housing system, with only 57 licensed properties recorded in 2020. This is more than five times the number recorded in 2008, mainly due to an increase in the number of licenses issued for flats or houses let as a whole. The following tables summarise a) the breakdown by type of property and b) by size/number of occupants.

**TABLE 4.13(a): HMOS by Property Type, 2008-2020**

Type of HMO	Licenses in Force (as of March)		
	2020	2015	2008
Landlord with lodgers	0	2	2
Bed-sits	0	1	1
Flats or houses let as a whole	17	16	3
Nurses homes	0	3	0
Student halls of residence	1	0	0
B&Bs, Hotels & guesthouses	3	3	4
Hostels	1	0	0
Sheltered Accommodation	13	1	0
NHS Hospitals – employees resident	0	1	1
Other employee residences	22	1	0
All types of HMO (totals)	57	28	11

Source: Council Returns to Scottish Government, Analytical Services, May 2020

**TABLE 4.13 (b): HMOS by Number of Occupants, 2020**

Nos of Occupants	3	4	5	6-10	11-20	21-100	>100
Nos of Properties	14	5	12	17	8	1	0

Source: Council Returns to Scottish Government, Analytical Services, May 2020

Despite the increase in licenses between 2008 and 2011, overall this type of accommodation remains relatively limited in the Argyll and Bute context, and there is no evidence to suggest that this is likely to change significantly in the immediate future.

#### 4.7 SOCIAL RENTED STOCK – SUMMARY PROFILE

This section summarises the detailed analysis of the social rented sector set out in HNDA Technical Supporting Paper 06 (available at <https://www.argyll-bute.gov.uk/housing/housing-strategies-consultations-and-research-0> ).

- 4.7.1 There were 8,630 units of social rented housing in Argyll & Bute in 2020, and approximately 10% (800-1,000) becomes available for letting each year.

**TABLE 4.14: RSL STOCK by Size & HMA , March 2020**

HMA	0/1 bed	2 beds	3 beds	4 beds	5+ beds	Total	% of A&B Total
Bute	492	403	131	27	1	1054	12.2%
Coll & Tiree	14	24	16	-	-	54	0.6%
Cowal	636	497	295	44	4	1476	17.1%
H&L	432	653	399	53	1	1538	17.8%
I,J & C	128	230	133	12	2	505	5.9%
Kintyre	298	488	271	27	-	1084	12.6%
Lorn	521	699	390	35	4	1649	19.1%
Mid Argyll	212	522	275	23	1	1033	12.0%
Mull & Iona	88	91	56	1	-	236	2.7%
<b>A&amp;B Totals</b>	<b>2,821</b>	<b>3,607</b>	<b>1,966</b>	<b>222</b>	<b>13</b>	<b>8,629</b>	<b>100.0%</b>

Source: Argyll & Bute Council (Annual RSL Returns, 2020)

- 4.7.2 In 2019/20, the turnover rates was actually one of the lowest in recent years, at 810 lets (while 2020/21 was even lower due to the constraints on letting during the pandemic). Bute had 21% of the total lets; while Lorn had over 17% of the lets in that year and Cowal had 16%. In terms of size, 1 bedroom units (including bedsits/studios) accounted for almost half (47%) of the total lets in that year, while two bedroom properties accounted for a further 40%.

**TABLE 4.15: RSL LETS, 2019-2020, BY SIZE & HMA (all RSLs)**

HMA	0/1 bed	2 beds	3 beds	4 beds	Total	% of A&B Total
Bute	112	44	14	2	172	21.2%
Coll & Tiree	0	3	0	0	3	0.4%
Cowal	76	33	19	3	131	16.2%
H&L	44	57	16	5	122	15.1%
Islay Jura & Colonsay	15	10	2	0	27	3.3%
Kintyre	40	29	14	3	86	10.6%
Lorn	56	63	19	1	139	17.2%
Mid Argyll	24	73	11	2	110	13.6%
Mull & Iona	10	8	2	0	20	2.5%
<b>A&amp;B Totals</b>	<b>377</b>	<b>320</b>	<b>97</b>	<b>16</b>	<b>810</b>	<b>100.0%</b>

Source: Annual RSL Returns, 2020



4.7.3 The supply of social rented housing has fallen overall since 2001, mainly as a result of the Right to Buy policy; with over 50% of the original stock being lost since the introduction of this national policy in the 1980s. Following the changes to this legislation in 2016, however, there has been an increase in provision by housing associations in Argyll and Bute, delivered primarily via the council's Strategic Housing Investment Plan. This has seen over 1,200 new builds completed in the sector over the last decade; and there is currently scope for over 900 further new builds to be delivered via the SHIP over the next 5 years, with potential for that figure to increase to more than 1,000.

4.7.4 **RSL Stock Condition.** While the SHCS reports that 50% of the RSL sector fails to meet SHQS, revised and updated figures, based on actual data from the main HOMEArgyll associations in Argyll and Bute suggests that non-compliance has been reduced significantly albeit this excludes a proportion of exemptions and abeyances which cannot be brought up to the standard for various technical/cost reasons relating to specific properties or types. The main category of failure again relates to heating/ energy efficiency which is difficult to treat in rural/off gas grid areas.

**TABLE 4.16: SHQS Compliance in RSL Sector (HOMEArgyll only) 2019/20**

ARC: 6.2.1 - Self-contained units meeting SHQS year end - Argyll & Bute*			
RSL	Total Units within scope of SHQS 2020	Total Units Meeting SHQS at year end	% of eligible stock meeting SHQS at year end
ACHA	5,196	2,958	56.9%
Dunbritton*	828	789	95.3%
Fyne Homes	1,560	1,486	95.3%
WHHA	793	763	96.2%
A&B Total	8,377	5,996	71.6%

(\*Dunbritton data includes West Dunbartonshire stock.)

Source: Scottish Housing Regulator, ARC data, 2020

**4.7.5 Energy Efficiency Standard for Social Housing (EESH).**

As of March 2020 the main RSLs in Argyll and Bute recorded their EESH-compliant status as follows (in their annual statistical returns to the Council):

**TABLE 4.17: EESH Compliance in the RSL Sector, Argyll & Bute, 2020**

EESH	ACHA	DHA	Fyne	WHHA	HOMEArgyll
Homes raised to standard in 2019/20	332	20	21	5	378
Homes meeting EESH at March 2020	3,333 (56%)	423 (88%)	1,529 (98%)	769 (97%)	6,054 (75%)
Homes failing EESH at March 2020	1,863	23	31	18	1,935
Exemptions	0	37	0	6	43

#### 4.8 Stock Pressures in the social rented sector

4.8.1 Demand for affordable housing in Argyll & Bute clearly outstrips supply, with around 2,470 waiting list applicants in 2020 (this total includes transfer applicants and those receiving nil points via the allocation policy); giving roughly 3 applicants for every social tenancy that becomes available.

**TABLE 4.18: Common Housing Register by HMA & Size, 2020**

HMA	0/1 bed	2 bed	3 bed	4 bed	5+ bed	Total Applicants	% of All Applicants
Bute	79	42	20	7	-	148	6.0%
Coll & Tiree	15	<5	-	<5	<5	19	0.8%
Cowal	213	115	54	15	3	400	16.2%
H&L	305	124	76	12	7	524	21.2%
I J C	111	49	21	5	-	186	7.5%
Kintyre	58	35	22	6	-	121	4.9%
Lorn	398	213	89	32	5	737	29.9%
Mid Argyll	124	52	30	13	2	221	9.0%
Mull & Iona	78	22	9	<5	<5	113	4.6%
<b>A&amp;B Totals</b>	<b>1,381</b>	<b>654</b>	<b>321</b>	<b>93</b>	<b>20</b>	<b>2,469</b>	<b>100.0%</b>

Source: HOME Argyll Waiting List, Abritas Report, April 2020 (all active applicants, including transfers & 0 points; minimum bedrooms required)

4.8.2 While the current HNDA process would suggest that only around 12% of the active waiting list would directly generate a need for a new build home, the council and RSL partners would argue strongly that many of the applicants residing with parents, family or friends should have the option to live independently and form a new household and could therefore also generate a direct or indirect need for additional housing in the area.

4.8.3 It is also acknowledged that while the RSL waiting list register is a primary source of robust evidence regarding the extent and nature of housing need in an area, there are limits to the comprehensiveness of the data, particularly in a dispersed rural and island authority such as Argyll and Bute where many residents may choose not to register their need for various reasons. Conversely, the official waiting list statistics do tend to include applicants who may have no actual need, or may not even intend to accept an offer if made, or who are future-proofing against possible need arising at some unforeseen time yet to come and which may never materialise. The council seeks to address these data quality issues by undertaking extensive primary research into housing need and demand, as well as triangulating research across different datasets and information sources. Nevertheless, the waiting list remains a crucial and key source of evidence for the HNDA.

4.8.4 Analysing pressure ratios by property size (number of bedrooms), provides more detailed evidence of mismatches in supply and demand by HMA. The

number of applicants per available home indicates major pressure in island communities, Helensburgh & Lomond and the Lorn housing market areas. Furthermore, there are clear pressures for 1-bedroom and 4+ bedroom homes across Argyll & Bute.

**TABLE 4.19: Pressure Ratios by HMA and Property Size, 2019/20**

HMA	0/1 bed	2beds	3beds	4beds	5+ beds	Totals
Bute	1:1	1:1	1:1	4:1	n/a	1:1
Coll & Tiree	15:0	1:1	n/a	1:0	1:0	6:1
Cowal	3:1	3:1	3:1	5:1	3:0	3:1
Helensburgh & Lomond	7:1	2:1	5:1	2:1	7:0	4:1
Islay Jura & Colonsay	7:1	5:1	11:1	4:0	n/a	7:1
Kintyre	1:1	1:1	2:1	2:1	n/a	1:1
Lorn	7:1	3:1	5:1	32:1	5:0	5:1
Mid Argyll	5:1	1:1	3:1	7:1	2:0	2:1
Mull & Iona	8:1	3:1	5:1	2:0	2:0	6:1
A&B Totals	4:1	2:1	3:1	6:1	20:0	3:1

Source: Council Abrisas CHR Reports & Annual RSL Returns, 2019/20

NB. Pressure ratios should be treated with some caution, particularly where numerical values (actual cases) are low; and cannot be used in isolation of other evidence and analysis. A change of only one or two lets (up or down) over the course of a year could have a significant statistical impact on the ratios, therefore analysis should be considered over a period of years and in general is used as purely indicative of possible trends/relative pressures.

4.8.5 A snapshot of the current HOMEArgyll waiting list provides intelligence on the nature as well as the extent of need for social housing across Argyll & Bute including:

- Health or disability issue that would be helped by a move (17%)
- Home is under occupied (15%)
- Home is overcrowded (15%)
- Needs to be nearer family or friends to give or receive support (14%)
- Experiencing harassment (7%)
- Needs to move to take up employment (6%)

4.8.6 In preparation for developing the Local Housing Strategy, residents and community groups were asked to rank the top housing challenges currently facing Argyll & Bute. 45% identified the top housing challenge as a shortage of social rented housing. The impact of Covid-19 on jobs and incomes, plus evidence of housing market inflation were identified as triggers in increasing demand for affordable housing and central to sustaining communities and the local economy



**4.8.7 POTENTIAL DEMAND FOR ALTERNATIVE (“INTERMEDIATE”) TENURES**

As well as registering need for social rented housing, the HOMEArgyll common housing register allows applicants to express potential interest in other forms of affordable housing which RSLs may also deliver. These include models of New Supply Shared Equity, Open Market Shared Equity, Low Cost Home Ownership, and subsidised Mid Market Rent among other models. Applicants can select more than one option and this is purely a subjective statement of interest; it does not indicate the actual level of eligibility or financial viability for these intermediate housing models. Nevertheless it does provide an initial estimate of potential demand. Mid Market Rent is a popular option with RSL waiting list applicants although in practice this may prove less realistic and more challenging to deliver in parts of Argyll and Bute, dependent on the local housing market and on development costs; and may not prove popular with all social landlords..

**TABLE 4.20: Applicants Interested in Alternative Tenures by HMA, 2020**

*Applicants Expressing Interest in:-	Bute	Coll & Tiree	Cowal	H&L	I J C	Kintyre	Lorn	Mid Argyll	Mull & Iona	A&B
Mid-Market Rent	9	2	49	78	45	14	139	25	24	385
Shared Ownership	11	3	48	71	39	9	142	21	29	373
Shared Equity/ LIFT	14	3	35	50	14	5	94	8	15	238

(\*N.B. Applicants can select multiple options)

Source: HOMEArgyll Waiting List, April 2020

4.8.8 A preliminary review of the table above suggests that there would be a level of valid demand for alternative affordable tenures in Lorn and Helensburgh & Lomond in particular, but small scale provision could also be viable and meet a specific need in other HMAs too. Further detailed analysis of this issue is included in a separate HNDA Technical Paper on Housing Market Affordability and was the subject of a detailed research project which the council commissioned from independent consultants, Arneil Johnston in 2019/20. Both papers are available on request or on the council website.

NB. As detailed later in this HNDA, the CHMA Tool allows estimates of new build requirements to be disaggregated by tenure, including a “Below Market Rent” proxy for these intermediate affordable tenures, based on assumptions about local property costs (purchase or rent) and household incomes; and proportions of those in need who could afford each tenure.

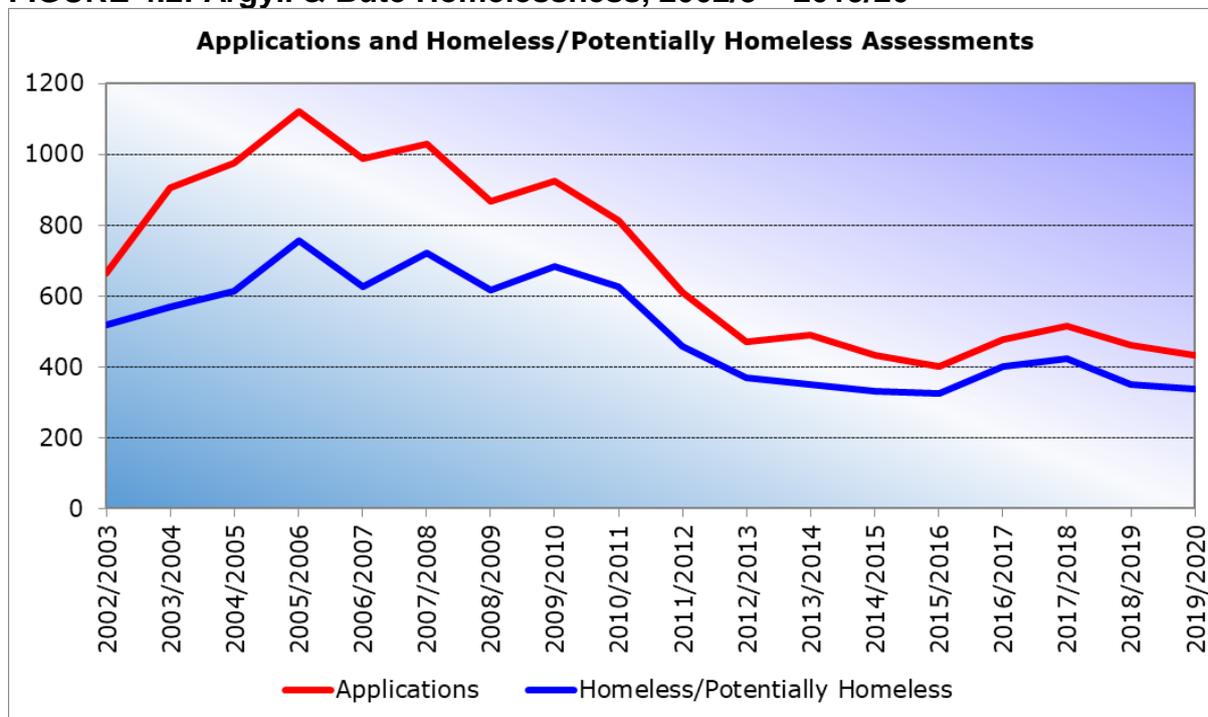


**4.9 HOMELESSNESS**

4.9.1 As an instance of extreme housing need, homelessness is obviously a key indicator of potential pressures within the housing system. In line with HNDA guidance, this would tend to be one category of need which would require an additional, new build solution (not necessarily to be provided as a bespoke option for individual homeless households – the new build units would stimulate movement within the local housing system freeing up consequential lets) and as such would be dealt with under Core Output 2 (“existing need”), however there are also potential in situ solutions that may be relevant in addressing this issue, and a clear understanding of the nature, causes and profile of homelessness will help to identify possible alternative strategic interventions.

4.9.2 In 2019/20, 432 households made applications for assistance under the homeless legislation in Argyll & Bute, down 6% on the previous year. On average, over the last 5 years, approximately 450 households seek assistance under the homeless legislation each year. Almost 2/3rds of applicants are aged between 25 and 59. The highest concentration of homelessness was in Helensburgh & Lomond (26%); Lorn (23%); and Cowal (21%).

**FIGURE 4.2: Argyll & Bute Homelessness, 2002/3 – 2019/20**



Source: Scottish Government Annual Report for Argyll & Bute, 2019/20

### 4.9.3 Summary of Homelessness in Argyll & Bute

- The majority of homeless applicants are single people (68%), with 47% of all applications coming from single men. Single parents made up 18%; couples made up 8%; and households with children comprised 6% of cases.
- The incidence of rough sleeping in Argyll & Bute is higher at 12% than is the case in Scotland at 8%. At any one time, roughly 120-130 homeless households in Argyll & Bute will be residing in temporary accommodation.
- The incidence of repeat homelessness in Argyll & Bute is lower at 4.6% than Scotland as a whole (4.8%).
- The main reason for homelessness in Argyll & Bute in 2019/20 was relationship breakdown, experienced by 1 in 4 people who approached the service. Beyond the main reason, 18% of homeless households were asked to leave their current accommodation, with a further 12% experiencing action by their landlord to terminate their tenancy; and 8% suffered a violent or abusive dispute within their current home.
- Seventy percent of applicants were assessed as unintentionally homeless and in priority need for rehousing. 10% of applicants resolved their homelessness prior to the assessment process fully completing.
- The average time to discharge the homeless duty from application to final outcome in 2019/20 was 37 weeks. This is an increase on 2018/19 at 35 weeks.
- 87% of homeless households secured a positive housing outcome including accessing a Scottish Secure Tenancy, the private rented sector or remaining in their current home with support.

4.9.4 **Housing Options, Information & Advice** - In 2018/19, 1,438 households approached the housing options service for assistance with homelessness information, advice or assistance which is 27% lower than the previous year. Of this group, 38% households were seeking general housing options advice, with a further 24% at risk of eviction or repossession. 31% of households seeking assistance were RSL tenants; 18% were tenants in the private rented sector; 14% were living in family home; 10% were owner occupiers; and 7% were living with friends/partner. 67% of those seeking assistance from the Housing Options service achieved positive outcomes in 2019/20, with 48% of households enabled to remain in their current accommodation. Homelessness prevention activities focus on information and advice (52%) and advice on making a homeless application (29%). Twenty percent of households who approached the Housing Options service, went on to make a full homeless application.

**Further homelessness analysis is included in HNDA Technical Supporting Paper 06, and 08 which includes reference to specialist accommodation, tenancy support, temporary accommodation, and support for complex health and addiction issues.**



**4.10 OVERCROWDING AND CONCEALED HOUSEHOLDS**

Overcrowding and concealed households are a particular concern within the formal HNDA framework. Around 596 waiting list applicants are overcrowded in Argyll and Bute (approximately 24% of the total active list in 2020), as determined by the common allocation policy based on household size, ages and relationships, and number of bedrooms in a property.

A household of unrelated adults sharing a kitchen, bathroom or WC with another household but not sharing meals is considered to be a “concealed household”, and analysis of the HOMEArgyll register indicates around 353 applicants sharing amenities such as individual bedrooms, living room, kitchen, bath room or inside toilet with non-members of their household. More generally, across the population of Argyll and Bute, the 2011 Census recorded around 2,597 households (6.5%) living in overcrowded conditions in Argyll and Bute; while conversely 29,488 (73.5%) were under-occupying. There were also estimated to be around 282 concealed households (1.1% of the total) at that time. Households identified as both overcrowded and concealed are considered likely to generate a need for an additional home as they are unlikely to be counted within household projections and they will not release a property for another household’s use when they move on. These are accounted for under HNDA Core Output 2 (“existing need”). However, most households that are *either* overcrowded *or* concealed (as opposed to those who are *both*) will require some other solution.

**TABLE 4.21: CHR Applicants defined as Overcrowded & “Concealed”, 2020**

	Bute	Coll & Tiree	Cowal	H&L	IJC	Kintyre	Lorn	Mid Argyll	Mull & Iona	A&B Total
Overcrowded	26	5	110	119	52	24	202	41	17	596
Concealed	10	3	62	57	42	12	127	21	19	353
Both overcrowded AND concealed	3	2	17	19	8	4	46	7	2	108

Source: HOMEArgyll Common Housing Register (Abitas report, April 2020)

NB. The combined figures exclude applicants who have received points for “unsuitable or insecure housing” in order to remove double counting with those households who are captured under the category of “Homeless households and those in temporary accommodation” in the HNDA Tool calculations for estimating new build requirements (see chapter 6). Alternative estimates for these categories of need have been analysed from the HNDA Household Surveys of 2018 and 2019, using relevant proxy figures. Further details of this calculation and the inputs approved for running the CHMA’s HNDA Tool are set out in a separate Technical Supporting Paper 07 and summarised in chapter 5 below.

### 4.11 IN-SITU / MANAGEMENT SOLUTIONS

- The HOMEArgyll common allocations policy is designed to make best use of existing stock by awarding points to applicants who are overcrowded, under-occupying, or sharing facilities with another household; as well as those with a range of other defined needs.
- Improving and increasing access to the private sector, both in terms of affordable home ownership options and secure private rented tenancies (e.g. via the Rent Deposit Guarantee Scheme), remains an important solution that will meet the needs of many households and help to make more effective use of existing stock across the local housing system
- Reconfiguring existing stock can also have an impact on the healthy balance and functioning of the local housing system. Demolition / restructuring of existing RSL stock has been implemented in recent years and should continue to be considered in tandem with future development programmes as well as regeneration schemes. This would help to ensure that new build does not have an adverse or unforeseen effect, for example, in creating market over-supplies in certain communities, or displacement from existing stock and destabilisation in local systems. Other forms of reconfiguration or remodelling, such as extensions and conversions, where appropriate, can also have a positive impact and may prove a useful mechanism to address particular needs albeit this has not to date had a significant contribution to the overall supply.
- Energy efficiency options to tackle fuel poverty and improve stock condition, along with other mechanisms in support of property maintenance and improvement, are likely to have a major role in maximising the effectiveness of existing stock and helping to alleviate some aspects of housing need, albeit there are a proportion of hard-to-treat or unsuitable properties across the authority area.
- The provision of timely information and advice, and the delivery of a comprehensive Housing Options service, has already proved invaluable in preventing and reducing homelessness in the first instance and addressing wider housing need in the area.
- The implementation of the council's Rapid Rehousing Transition Plan and the promotion of an effective Housing First model are expected to deliver significant positive outcomes for homeless households and some of the most vulnerable individuals in extreme housing need.
- The council's successful empty homes policy has consistently delivered positive outcomes and exceeded baseline targets. In the majority of cases this is achieved with minimal or nil financial assistance from the council, by dedicated housing staff.

- Stock repairs, maintenance and improvement programmes across all tenures are critical measures for maximising the effectiveness of existing homes and ensuring long term sustainability of local communities. The council’s revised Scheme of Assistance will have a central role to play in this activity.
- The provision of aids and adaptations, and, increasingly, new models of Technology Enabled Care in the home, make a major contribution towards addressing particular needs within the existing system and supporting independent living.

4.11.1 Quantifying the potential impact of such in situ/ management solutions and alternative interventions is problematic, and the following summary is purely indicative, based on a professional assessment of recent trends (average outputs over the last 3 – 5 years, for instance) and conservative assumptions on the availability of future resources. These do not necessarily constitute actual or recommended targets for the LHS at this stage.

**TABLE 4.21: Estimated Impact of Alternative Strategic Interventions**

Alternative Intervention (i.e. other than new build solutions)	Potential Impact		
	Annual	5 Years	10 Years
RSL Turnover (average annual relets including transfers, mutual exchanges etc.)	850	4,250	8,500
PRS tenancies (average annual lets to homeless only)	31	155	310
Empty Homes (average completed cases- private sector only)	25	125	250
BTS/PRS/Tenement/Mixed Tenure Improvements (est. average annual units supported via PSHG)	40	200	400
Housing Options / Homeless Prevention – e.g. Rent Deposit Guarantee Scheme; Tenancy Support services, RRTP interventions, Mediation (annual average Information and Advice cases with positive outcomes)	400	2,000	4,000
Aids & adaptations and other Assistive Technology - telehealth/ telecare installations (est. annual average properties supported via PSHG, Care & Repair, or RSL Stage 3 grants)	400	2,000	4,000
Energy Efficiency measures (annual average properties in receipt of HEEPABS; or advice & assistance from agencies such as HES/Allenergy etc.)	280	1,400	2,800
<b>TOTAL</b>	<b>2,026</b>	<b>10,130</b>	<b>20,260</b>

- 4.11.2 On this basis, it is estimated that over 2,000 persons or households can have their particular housing need addressed within the existing housing system through a range of services and strategic interventions, which do not require a new build solution. Over the 5 year planning period for the next LHS this would amount to over 10,100 households in total.
- 4.11.3 In addition, of course, a reasonable number of local residents and in-coming households do still meet their housing needs independently through private market purchases or rentals. Between 2015 and 2019 there were a total of 8,840 house sales in Argyll and Bute, averaging 1,768 per annum. This includes new build and second-hand sales. While it is evident that a significant, though unquantified, proportion of these transactions result in second/holiday homes, or “ineffective” stock, nevertheless open market sales do remain an important factor in addressing demand within the local housing system

### **4.12 Note on the Impact of Covid-19 on the local housing system**

The immediate and potential, longer-term impacts of the coronavirus pandemic, are clearly significant but remain difficult to assess and quantify at the time of writing, as of the end of 2020. Despite the roll-out of an effective vaccine programme in 2021, in many cases serious, and possibly irreversible, damage has already affected many local economies as well as the wider health and well-being of local communities.

Key drivers of the HNDA process, such as demography, population movement, and the economy, will definitely be affected; however it is too early to assess the precise nature and scope of these effects, or the implications for the operation of local housing systems and markets. Potential impacts that could influence some of the trends and analysis outlined in this chapter, might include:

- Increased numbers of households facing difficulties with housing costs, and in extreme cases, loss of their home due to mounting rent arrears or mortgage defaults arising from job losses and/or reduced incomes. Some measures are in place nationally to mitigate these impacts in the immediate term, such as a moratorium on evictions, however in the longer terms there could be an increase in people experiencing or threatened with homelessness.
- Increased incidence of domestic abuse or violent disputes within households. Initial monitoring of cases in Argyll & Bute, following the first lockdown in March 2020, did not indicate abnormal spikes in such presentations, however this will need to be monitored closely on a continuing basis. The Council and partners have made formal commitments to address this issue proactively.



- Anomalous fluctuations in local housing markets, including sudden increased sales activity and increased property or rental prices in areas which have been previously depressed or stagnant. This may reflect the desire for some people outwith the area to secure a safe haven in a perceived rural or island idyll; however it could also indicate increased interest in second/holiday homes which would further constrain access to permanent accommodation for local residents or those wishing to move for employment reasons. Consequently, such behavioural shifts could lead to increased pressures on the local housing system and could undermine local community sustainability in the longer term.
- Issues with service delivery, staffing levels, and disruption to supply chains. This could impact on many of the strategic interventions and activities outlined in this chapter, such as contract work for property repairs and maintenance; the installation of energy efficiency improvements; the provision of professional advice, support and assistance; estate management and housing services; and a range of other functions.

This is not an exhaustive or comprehensive summary of potential impacts. In relation to the HNDA, these issues will need to be monitored, evaluated and reviewed on an annual basis and factored into regular and localised revisions of the assessment of need and demand.



**Summary and Key Issues for the LHS:**

LHS & Development Plan	Housing Stock Profile and Pressures - Key Issues Identified in the HNDA
Housing quality	<ol style="list-style-type: none"> <li>1. There has been significant investment in improvements to the RSL stock condition over the last five years, and, discounting exemptions and abeyances, most individual landlords have effectively met SHQS targets for the majority of their eligible properties. However, energy efficiency remains a concern in this authority and is the criterion against which most fails are recorded. The introduction of the EESSH has helped to stimulate further improvements in this area, nevertheless around one quarter of the RSL properties in Argyll &amp; Bute still failed to comply with the standard as of 2020. This is primarily due to hard-to-treat properties and challenges in engaging with private owners in mixed tenure schemes.</li>   <li>2. In recent years stock condition in the PRS has seen some improvements, despite the age profile of the sector and historic under-investment by a proportion of landlords. In 2013, 43% of survey respondents indicated a need for major repairs while in 2019 this figure had fallen to 23%. Conversely, tenant satisfaction in the PRS has increased from 76% in 2013 to 89% in 2019. In addition, the historic issue in the Argyll and Bute context of BTS failures due to the prevalence of private water supplies particularly in rural stock, also appears to be improving – latest estimates suggest only 1% of dwellings in this authority are BTS, compared to 2% in Scotland as a whole. Nevertheless a proportion of poor stock condition persists in the private sector, and, given the constraints on Private Sector Housing Grant assistance available, this may continue to present a challenge for the future.</li>   <li>3. A significant proportion of the dwelling stock is off the gas grid and/or comprises hard-to-treat construction types. A targeted strategy is</li> </ol>



	<p>necessary to address these issues and to capitalise on the positive impact of schemes such as HEEPS:ABS which have delivered substantial levels of investment across Argyll &amp; Bute for effective energy efficiency measures. Monitoring and quantifying the wider outcomes and benefits to individual households of these schemes should be progressed to ensure investment is being targeted appropriately.</p> <p>4. In addition to the initiatives referred to above, the provision of welfare rights advice and other measures to tackle fuel poverty and support income maximisation and financial inclusion will also be critical, given the significant levels of fuel poverty in the area, and a degree of residual extreme fuel poverty.</p>
<p><b>Housing stock pressures</b></p>	<p>1. Despite the declining population and the successful reduction in both waiting list applicants and homeless presentations over the last five years (combined with a healthy and sustained SHIP development programme that has resulted in increasing RSL stock in recent years), significant mismatches in housing supply and demand remain evident across much of the authority area. Nevertheless, at the same time areas of low demand have been noted and are giving some concern to RSLs. These require to be addressed via particular management strategies, (e.g. void policies, local lettings initiatives, and empty homes procedures) in tandem with regeneration schemes.</p> <p>2. Argyll and Bute has one of the highest levels of ineffective stock in Scotland, and the incidence of second/holiday homes is a particular feature of the local system. While various pros and cons are acknowledged (some welcome the perceived economic benefits), this does mean that a significant proportion of existing stock is unavailable to meet either existing local needs or to attract potential, new, economically active households to settle permanently in the area. The</p>



	<p>Council has introduced measures such as utilising council tax powers to influence this matter with some success and the situation needs to be closely monitored moving forward. A particular evolving issue has been identified in relation to short-term lets, and the “Airbnb” model of provision which can cause destabilisation in localised housing markets and further constrain effective stock available to address permanent housing need and demand.</p> <p>3. Despite the increase in RSL stock in recent years, this sector remains below the national level in some HMAs and this is likely to lead to further imbalances/pressures. The PRS in Argyll and Bute has always made an important contribution towards meeting local need, and the latest data from the council’s Private Landlord Register indicates significant proportionate increases in this tenure over recent years (albeit with a dip in the last couple of years). The focus in the immediate future is likely to be on improving and maintaining quality management, conditions and efficiency in this sector; within the framework of new and emerging legislation for the sector.</p>
<p><b>Size, type, tenure and location of future housing</b></p>	<p>1. The main mismatch in supply and demand is in smaller properties, particularly 1 and 2 bedroom units, however there is also a persistent, unmet need for larger, family size properties in some areas too.</p> <p>2. Housing pressure is evident in a number of HMAs including many of the islands and Lorn; and also within localised sub-areas and settlements across Argyll &amp; Bute. On the other hand, low demand/over supply has been most persistent in Bute and Kintyre and may be emerging in other areas. Careful monitoring on an annual basis is required to ensure these imbalances are managed appropriately. On the other hand, emerging evidence and community perceptions suggest that certain areas which have traditionally been designated as low-demand or stagnant housing</p>



	<p>systems may be starting to exhibit signs of developing a degree of pressure.</p> <p>3. Housing Options, and the delivery of personalised, timeous information and advice, has already had a proven and significant impact both in alleviating and forestalling housing need before it reaches crisis point. This should remain a primary focus of the future strategy and of service providers.</p> <p>4. The overall reduction in homelessness must be sustained but close monitoring is also required to ensure that current systems are not simply “gate-keeping” or artificially restricting entry to the homeless route for rehousing. It is vital to ensure that the significant reduction in presentations is due to positive interventions and genuine, sustainable outcomes for the individuals involved. It is hoped that the implementation of the Rapid Rehousing Plan and a move to the Housing First model will prove beneficial in dealing with extreme instances of housing need, and help to forestall any potential upward trend in homelessness.</p>
<p><b>Sustaining communities i.e. using tenure diversification/ regeneration</b></p>	<p>1. Traditionally, there has been a perception that the demand for affordable, intermediate tenures and the viability of their development may be limited in certain localities within Argyll and Bute, particularly on islands and in remote rural areas; however the council believes these alternative options do have a role to play in a flexible and well-functioning housing system. The structure of the local economy and the operation of local housing markets may preclude the viability of e.g. mid-market rental schemes in some situations; nevertheless there is an increasing interest in shared equity and low-cost home ownership options, as well as self-build or custom-build models particularly for those economically active households who wish to live and work in the area but lack either the ability to purchase on the open market, or the defined needs to qualify for access to the social rented sector. Localised community</p>



housing need and demand assessments, combined with a range of consultations and engagement with the business sector, employers and representative organisations, all indicate significant demand for more housing options to suit households who may be excluded from standard HNDA criteria or may not be captured in normal data sources.

2. Housing can make an important contribution to community sustainability, and in addition to stock improvements and increased supply supporting regeneration, consideration should be given to the need for stock restructuring, demolitions, and reconfiguration particularly in town centres in tandem with new build programmes.
3. In addition, community sustainability requires positive and effective estate management policies; with housing services and schemes which promote community health and safety; and tackle anti-social behaviour.

## 5. ESTIMATING HOUSING NEED

### 5.1 INTRODUCTION

This chapter explains how the council has estimated the additional new build housing units that are likely to be required over the next 5–10 years (and beyond) to meet local need and demand. Where possible this estimate is disaggregated by tenure, based primarily on a household's ability to afford:

- Owner occupation;
- Private rent;
- Below market rent (which is a short-hand “catch-all” category also incorporating other subsidised affordable, intermediate tenures such as shared equity or low cost home ownership); or
- Social rent.

5.1.1 These estimate(s) are based on the outputs of the HNDA Tool, which has been developed by the Scottish Government's Centre for Housing Market Analysis (CHMA) for this purpose. The tool is an Excel-based platform which is “intended to produce broad, long-term estimates of what future housing need might be”. It generates these estimates based on two components –

- a) Existing/backlog need; and
- b) Future demand/newly arising need.

Underpinning this are the primary inputs to the Tool:

- Demographic trends;
- Economic trends;
- Existing need calculation;
- House prices and market rents;
- Income and affordability.

5.1.2 Estimates are developed for each year of the projection (recorded in the Tool output scenarios which are available on request from the council), and reported here for each five year period within the projection, and the cumulative total at the end of the projection. The projection period and geographies used reflect the requirements of the LHS and LDP i.e. estimates covering an initial 5 and 10 year period, and for each of the 9 Housing Market Areas as well as Argyll & Bute as a whole. Estimates for 15 and 20 years are also recorded but the council and its partners consider these to be purely indicative and they will be subject to further regular scrutiny over time.

5.1.3 This section focuses on an estimate of future additional housing units and does not concern existing needs that can be dealt with using in-situ solutions or housing management interventions. Those issues are dealt with in chapter 4, and in full detail in HNDA Technical Paper 06: Housing Stock Profile and Pressures, and HNDA Technical Paper 08: Specialist Provision. Nor does



this section consider future changes in stock e.g. demolitions or planned new build – which forms part of the Housing Supply Target (HST) considerations which are set out with the HNDA process.

5.1.4 The estimate of future additional housing units is purely a mechanistic, arithmetic calculation based mainly on assumptions about future household formation, income and house prices. **This does not equate to the future number or type of housing that will actually be delivered.** That is determined in the HST as part of the policy decisions set out in the LHS.

In summary, the following process has been followed, informed by the evidence set out in preceding sections of the HNDA:

<b>Step 1</b>	Future <b>demographic</b> scenarios that best reflect what may occur in local HMAs.
<b>Step 2</b>	The number of households in <b>existing need</b> that will require a new home, and how many years it will take to clear this backlog.
<b>Step 3</b>	A select range of scenarios which best reflect what may happen to future local <b>house prices and incomes</b> .
<b>Step 4</b>	<b>Affordability</b> assumptions, to split total additional housing units by tenure.
<b>Step 5</b>	Considering how the Tool estimates will inform housing policy (LHS) and planning decisions (LDP) and a summary of <b>key issues</b> .

## 5.2 STEP ONE: FUTURE DEMOGRAPHIC SCENARIOS (NEWLY ARISING NEED)

5.2.1 The basis of the future demographic projections is outlined in chapter 3 of this report, and more fully detailed in HNDA Technical Supporting Papers 02 and 07. A number of potential scenarios were considered for modelling within the HNDA Tool, including the 3 official National Records of Scotland projections. In addition, the council and its partners were strongly of the view that aspirational growth scenarios should also be used when making policy decisions about Housing Supply Targets and a Housing Land Supply Requirement. These alternative scenarios are considered to be absolutely fundamental to the strategic vision and planning objectives for Argyll & Bute moving forward. This strategic imperative is fully endorsed by the Scottish Government in its Housing to 2040 programme; the National Islands Plan; the Planning (Scotland) Act 2019 and rural repopulation agenda; and the



emerging proposals for National Planning Framework 4; among a number of other national legislative and local policy directives. In addition, the supporting papers highlight emerging trends and factors which are likely to impact on actual demographic trends in the future, and could supersede NRS projections. These are also highlighted in Chapter 3 of this report.

5.2.2 As noted previously and as summarised in the table below, the three key official projections for Argyll and Bute (principal, high and low migration) indicate a steady decline in the number of households. Beyond the official NRS projections, a range of alternative in-house scenarios were considered, including stabilising and growth projections. In line with strategic aspirations and the anticipated positive factors outlined in chapter 3 and the relevant technical supporting papers, the council and its partners agreed that the growth scenarios were most pertinent and credible when determining future housing requirements.

5.2.3 It has been assumed that the household population in Argyll & Bute could grow by 0.5% each year for (a) 5 years; (b) 10 years; and (c) 15 years. The latter growth scenario is the only version which sees a growth in household numbers between Year 1 and Year 15; with positive increases evident every year across the 15 year projection period.

5.2.4 In summary, the following table highlights variant changes in the “least bad” official, default scenario (i.e. high migration) and select in-house growth scenarios over 5-15 years.

**TABLE 5.1: Argyll & Bute Household Projections, Changes 2022-2037.**

Scenarios	2022	2037	15 Year Change
2018 High Migration (NRS)	41,640	39,907	-1,733
2018 Growth 0.5% 5 years	41,816	40,206	-1,610
2018 Growth 0,5% 10 years	41,816	41,468	-348
2018 Growth 0.5% 15 years	41,816	42,527	710

5.2.5 The Scottish Government NPF4 calculation for Minimum All-Tenure Housing Land Requirement (MATHLR) tracks population change over a 15 year period, zeroing out any negative annual projections and totalling any remaining annual positive increases. This total figure is then divided by 15 to give an annual estimate and then multiplied by 10 to give a 10 year estimate. As the 2018-based principle, low and high migration scenarios result in a consistent decline in household numbers across the 15 year projection period, net 10 year newly forming household estimates also total zero.

- 5.2.6 However, using the in-house growth options results in the following outputs:
- Household growth scenario (a) projects a **200** increase in the number of newly forming households in Argyll and Bute over a 10 year period (which is derived from positive growth in Years 1-5 only).
  - Household growth scenario (b) projects a **400** increase in the number of newly forming households in Argyll and Bute over a 10 year period (which is derived from positive growth in Years 1-10).
  - Household growth scenario (c) projects a **550** increase in the number of newly forming households in Argyll and Bute over a 10 year period (which is derived from positive growth in Years 1-15).
- 5.2.7 To validate the reasonableness of household increases associated with Scenario (c), this 10-year estimate is compared to the number of new build completions achieved in Argyll & Bute over the last 10 year period (2,025). On this basis, the estimate is extremely conservative accounting for just 27% of the housing output delivered over the last 10 years. Given the growth ambitions of the Council, this estimate is considered to be moderate, prudent and a more realistic proxy for a 10-year estimate of newly forming households. Therefore, this scenario will help to inform the council's Housing Supply Targets and Housing Land Supply Requirement.

### 5.3 STEP TWO: ESTIMATE OF EXISTING/ BACKLOG NEED

- 5.3.1 Existing need is driven by several factors such as homelessness; insecurity of tenure; overcrowding; concealed or latent households unable to move out of a primary household; poor quality housing; lack of amenities and access to services or facilities; particular care and support needs; and fuel poverty, among many other needs. Most existing need is met using in-situ solutions as outlined in chapter 4 of this report e.g. through aids and adaptations to existing properties, transfers or mutual exchanges within existing homes, property repairs and improvements, timeous support and advice, as well as regular turnover within existing stock. However, a proportion of need must be met through **additional housing units** where an in-situ solution cannot be found e.g. for homeless households.
- 5.3.2 The CHMA's default estimate for existing need which requires a new build solution is based on the HoTOC model (as explained in HNDA Technical Supporting Paper 07) and summarised as follows:



**TABLE 5.2: The HoTOC Model of calculating Backlog Need**

HoTOC (Existing Need) Components	Concealed and Overcrowded HH From the Census (2011) Uprated to the (SHS 2016-2018) Estimates	Total Households In Temporary Accommodation at 31 March 2020 (HLN1)	HoTOC Total
<b>Scotland</b>	<b>4,000</b>	<b>11,665</b>	<b>15,665</b>
Argyll & Bute	31	117	<b>148</b>

Source: HNDA Tool, CHMA, 2020

5.3.3 The CHMA guidance however acknowledges that this estimate is merely a starting point for discussion and there is an explicit expectation that most local authorities will wish to adjust the estimate based on local knowledge, professional judgement and a credible local evidence base. The council and the local housing market partnership in Argyll and Bute do not consider the default estimate to be realistic or a true reflection of the level of existing need in the area. Consultation with partners in March and April 2021 (following a programme of stakeholder engagement in previous years) confirmed this consensus view, and this was formally agreed at a meeting on 1<sup>st</sup> June 2021. The council therefore triangulated a range of local datasets including the HNDA Household Surveys carried out in 2018 and 2019 by independent consultants Research Resource (with a robust and credible sample of 3,498 households across Argyll and Bute, giving an extremely high confidence rate of 1.8%); the HOMEArgyll Common Housing Register (with 2,469 active waiting list applicants in 2020); and council homeless statistics (referred to as HL1 data returns). The following table summarises the in-house approach to calculating the components of existing need. Full details of the methodology are set out in HNDA Technical Supporting Paper 07.

**TABLE 5.3: Backlog Need Calculation (for full methodology see HNDA Technical Supporting Paper 07)**

<b>1a. Homeless Households in Temporary Accommodation</b>	<b>132</b>
<b>1b. Insecure tenure</b>	<b>223</b>
<b>2. Concealed Households</b>	<b>225</b>
<b>3. Overcrowding</b>	<b>726</b>
<b>4a. Aids &amp; Adaptations</b>	<b>366</b>
<b>4b. Specialist Housing</b>	<b>260</b>
<b>4c. Floating Support Needs</b>	<b>306</b>
<b>5. Poor Quality Housing</b>	<b>145</b>
<b>PROVISIONAL TOTAL</b>	<b>2,383</b>
<b>In Situ Adjustment</b>	
<b>6. Households who require installation of aids or adaptations in their current home; and number of homes where aids &amp; adaptations have been installed given current annual budget available (PSHG)</b>	<b>-690</b>
<b>7. Adjustment to reflect Overcrowding and Concealed (from 2 &amp; 3 above)</b>	<b>-951</b>
<b>8. Net Adjustment (steps 6+7)</b>	<b>-1,641</b>
<b>9. Adjusted baseline (2,383 – 1,641)</b>	<b>742</b>
<b>10. Add waiting list estimate for OVERCROWDED PLUS CONCEALED (minus insecure housing points to avoid duplication)</b>	<b>108</b>
<b>FINAL BACKLOG NEED CALCULATION (steps 9 + 10)</b>	<b>850</b>

5.3.4 This level of backlog need, **850**, equates to just over a third of the total expressed demand as registered on the RSL waiting list (34%), and to only 2% of the population of Argyll and Bute as a whole. This maximises the input

for the overall HNDA calculation while avoiding either an under or over-estimation of existing need. It is derived from triangulation of robust evidence bases and the output is credible, indeed conservative, in the view of local housing professionals. In particular, it is noted that the HNDA guidance assumption that all unmet need for aids and adaptations or arising from poor condition properties can be addressed in situ is not valid or realistic in an area such as Argyll and Bute where a significant proportion of existing stock is just not suitable for improvement or fit for adaptation; nor can it be re-provisioned, re-configured or adequately refurbished to meet certain specialist and particular needs. Nevertheless, the proposed estimate of backlog need is deliberately moderate and significantly reduced from the initial potential calculation. It is therefore still in full accordance with the CHMA assumption that the majority of housing need and demand in an area will not require a new build solution.

- 5.3.5 The council believes these categories of need are in accordance with the general principles of the CHMA's revised HNDA Guidance and have excluded all other categories of need on the waiting list, or identified in the HNDA Household Surveys, which are dealt with under Core Output 4 (see chapter 4). The needs outlined in Table 5.3 above could therefore all result in a net requirement for a new, permanent home and would not generate an effective vacancy within existing dwelling stock if the applicant was rehoused. Moreover, it is agreed by local partners that these categories of need should inform a policy decision when setting Housing Supply Targets (which are not necessarily equivalent to the HNDA calculation).

### 5.3.6 STEP 2B. USE OF AFFORDABILITY MODEL FOR EXISTING NEED

The HNDA Tool provides a function that distributes existing need across tenures, e.g. social rented sector, private renting and home ownership, based on an affordability calculation. However, given that the existing need figure is contrived mainly from households experiencing homelessness, as well as general waiting list applicants for RSL housing, it is likely that they would require their housing needs to be met mainly within the social rented sector. The Argyll & Bute HNDA Working Group agreed upon a core assumption that these households identified as in existing need would be unable to meet their needs within the current housing market. Therefore, it was concluded that the default affordability model would **not be** applied to existing need and that all existing need would be allocated to the social rented sector in the HNDA Tool.

### 5.3.7 STEP 2C. TIME PERIOD TO CLEAR EXISTING NEED

The HNDA Tool default time period to clear existing need is five years. This can be varied in the tool as required. It is considered that even for the "higher"



assessment of existing need, i.e. 850, five years is a realistic and appropriate time period to clear this backlog. This equates to 170 completions per annum, which is above the previous LHS target and average historic rate of new build in recent years. However, given the approved commitments and potential for additional projects within the current SHIP programme, of more than 900 units, this figure and timescale while certainly ambitious and challenging are reasonable and not undeliverable.

5.3.8 It should be noted that this figure refers solely to the **backlog** need and future or newly arising demand (from STEP 1 above) still has to be factored into the final calculation for the overall HNDA figure. Therefore, the Working Group agreed that in terms of scenario testing, existing need should be cleared overall in 5 years and this has been incorporated into the HNDA Tool.

**5.4 STEP THREE: FUTURE MARKET TRENDS – HOUSE PRICE AND INCOME SCENARIOS**

5.4.1 Chapter 3 summarises key economic drivers and house price and income trends which influence the local housing market. Detailed data analysis on economic factors is set out in HNDA Technical Supporting Papers 03 and 3a, and affordability trends in the housing market and local rental markets are also available in HNDA Technical Supporting Papers 04 and 05. These factors will feed into the calculation for new build housing. Based on the analysis of the available data and drawing on the work of colleagues in economic development, it is proposed that the following inputs should form the basis of the economic/income component of the HNDA.

5.4.2 The HNDA Tool is pre-programmed with five income scenarios that provide a range of income growth projections for average (median) household income. These are based on the economic outlook produced by Scottish Government Economists in 2020. At the time of writing it is too early to make robust and credible predictions about the full, long-term impacts of the Covid-19 pandemic, although the council has made provisional assessments based on available information in the aforementioned economic supporting papers for the HNDA. In summary, the default Tool scenarios are:-

**TABLE 5.4: Potential Income Growth Rate scenarios, Argyll & Bute**

Income Scenarios	Annual rate of growth
High Real Terms Growth	3.5%
No Real Terms Growth	2.0%
Moderate Real Terms Growth (Core Default)	2.5%
Moderately Below Real Terms Growth	1.5%
Below Real Terms Growth	0.5%

Source: CHMA HNDA Tool, 2020

5.4.3 The CHMA HNDA guidance summarises the core/default scenario as follows:

### **Moderate Real Terms Growth (Tool Core/Default)**

Household income growth is assumed to grow at 2.5% per annum in nominal terms. Assuming that inflation is at 2% per annum over the forecast horizon (Bank of England's inflation target) then in the long run this scenario assumes that there is real terms income growth of 0.5% per annum.

Over the past ten years, the average growth rate of (gross) earnings in Scotland has been 2.0% per annum (or -0.2% per annum in real terms). This is below the rate of real terms growth in earnings in the ten years prior to the 2008 financial crisis, when real household earnings in Scotland increased at an average annual rate of 1.8% per annum. The Scottish Fiscal Commission's latest (pre-Covid) forecast predicted that real household earnings growth would pick up over the forecast period, increasing at 1.2% per annum from 2022 to 2024. However, it is likely that unemployment will rise (and subsequently put downward pressure on real wage growth) as a result of Covid-19 and Brexit. As such, the suggested core scenario is for a more moderate rate of real terms growth over the forecast horizon, of 0.5% p.a.

It is the view of the council's HNDA Working Group that the default scenario of Moderate Real Terms Growth, is a reasonably credible assumption, based on robust datasets and modelling, and reflects what might happen to incomes in the local authority area in future years. At this time therefore the council has no compelling evidence to deviate from these default projections.

### **5.4.4 INCOME DISTRIBUTION**

The CHMA HNDA Tool is also pre-programmed with three income distribution scenarios that are designed to reflect, for a given growth rate in average (median) household income, different income distributions. The scenarios are defined in terms of how household income at the 10<sup>th</sup> and 90<sup>th</sup> percentiles grow relative to median household income (i.e. the 50<sup>th</sup> percentile), where the median household income growth rate has been selected as outlined above. The HNDA Tool will then automatically calculate growth rates at intermediate percentiles using a pro rata adjustment. These distribution scenarios include:

**Greater equality; Greater inequality; or No change (Tool core/default)**

Under the latter default scenario (No Change), the incomes of the least affluent (represented by the 10<sup>th</sup> percentile of the income distribution) and the most affluent (represented by the 90<sup>th</sup> percentile of the income distribution) increase at the same rate as median household income. The gap in the income distribution between the most and least affluent will not change over time.

As there is no clear evidence available to support any particular scenario over another in Argyll and Bute, the council proposes that the HNDA calculation for this authority area is run using the default scenario for income distribution to influence the affordability component of the HNDA calculation.



**5.5 AFFORDABILITY AND HOUSE PRICE TRENDS**

5.5.1 The HNDA Tool is pre-programmed with 5 house price scenarios, as summarised in the following table:

**Table 5.5: Annual House Price Scenarios, Argyll and Bute**

Scenarios	Annual Change
High Growth	2.9%
Moderately High Growth	2.3%
Trend Growth (Core Default)	1.6%
Moderately Low Growth	0.7%
Low Growth	0.3%

5.5.2 The core/default house price scenario, **Trend Growth**, is defined as follows: House price growth is equivalent to the annualised growth rate of the average Scottish house price (UK HPI) over the last ten years, which is 1.6% per annum. In the lead up to the 2008 financial crisis, the growth rate of the average Scottish house price was persistently high (around 15% year on year growth in the three years prior to the 2008 financial crisis, according to the UK HPI). However, in the aftermath of the 2008 financial crisis, a combination of reduced mortgage availability and increased unemployment put downward pressure on the average Scottish house price. Over the past ten years though, volatility in Scottish house price growth has moderated, with a fairly stable average growth rate of around 1.6% per annum. The latest Scottish Fiscal Commission forecast of house prices (published in February 2020, pre-Covid-19) predicts that the year-on-year change in the Scottish house price will be 1.9% from 2021-22 until the end of the forecast period (2024-25). The HNDA core/default setting is slightly lower; however, owing to the adverse economic effect of Covid-19 that has transpired since this forecast was produced. This is a reasonable, long-term assumption. If it is assumed that CPI is 2% per annum over the HNDA projection period (the Bank of England’s inflation target), then this scenario assumes that house prices will gradually fall in real terms, by 0.4% per annum. Having considered local market analysis, as set out in the relevant technical supporting papers, the council and its partners have accepted the default scenario for use in the HNDA Tool.

5.5.3 As well as determining market house price trends, the HNDA Tool requires the local authority to decide how rental prices are likely to change over the course of the projection period e.g. 2021-2031 and beyond. As with the house price assumptions, the Tool is pre-programmed with five future rental price scenarios that are designed to offer users a range of options. These scenarios are identical to the house price scenarios set out above, with the assumption that over the long run, rental prices are likely to track trends in house prices.



5.5.4 As outlined in HNDA Technical Supporting Papers 04 and 05, prices in Argyll and Bute, in general, have followed the trends for Scotland as a whole. Following a period of substantial price inflation between 2001- 2008 (the average price rose by 125%; the lower quartile by 139% and the median price by 117% in Argyll & Bute) there was a significant decline then a period of stabilisation and more recently prices do appear generally to be on an upward trend again. Therefore, for projected house price growth in the HNDA Tool, the default assumption of the Office for Budget Responsibility (OBR) estimates has been retained. If a stronger economic growth scenario is achieved for Argyll and Bute, it might be argued that higher migration levels would push up house prices along with incomes at a faster rate, however, there is no firm evidence to support this assumption at present. Anecdotal evidence and local perceptions suggest an anomalous spike in housing market transactions as an immediate consequence of Covid-19, in 2020/21, with potential to drive up house prices at an increased rate, particularly in previously stagnant or suppressed housing market areas, such as Bute, however this will require regular, longer term monitoring and analysis; and therefore the current assumption is to accept the default scenario in the HNDA Tool for both house price and rental projections.

### 5.6 STEP 4: AFFORDABILITY ASSUMPTIONS – TENURE SPLIT

5.6.1 In this stage the overall estimates of additional housing required are split into households who are able to afford each of the four prescribed tenures. In this instance the default process as pre-programmed into the CHMA's HNDA Tool has been adopted.

- a) **Home Ownership** - The default (core) assumption is the 25<sup>th</sup> percentile house price; 3.9x lower quartile income. All households whose income is above the threshold which allows them to afford a lower quartile house price are considered to be suitable for home ownership. The next stage is to make an assumption about the proportion of households that can purchase, who actually do. This relates to a wealth affordability constraint. The default starting point of 60% of households is deemed a reasonable minimum in the local context and this has been used to run the preliminary scenarios within the Tool. This assumes that, of those who can afford mortgage repayments, only 60% also have the deposit to actually go on to buy.

As recorded in HNDA Technical Supporting Papers 04 and 05, detailed affordability analysis by tenure and HMA was carried out; and in addition a number of variant scenarios were run in the Tool; however, it was the considered opinion of the HNDA Working Group that the CHMA's default

assumptions were valid at the local level, and these have therefore been retained as the basis of the HNDA outputs. Local evidence and affordability analysis (including results of the HNDA Household Surveys, on previous household behaviour and likely future trends) supports this default assumption as reasonably robust and credible at the local level. This has the added benefit of minimising variances from the CHMA's "robust and credible" default baseline inputs, as far as possible.

### b) Affordability: Rental thresholds

The next stage is to set two affordability thresholds to split the remainder of the need into three rental sectors.

- The first threshold determines those who can afford to rent in the **private sector**;
- The second threshold determines those who can afford **below market rent**;
- The remainder of the need (i.e. who cannot afford the private rent or below market rent) are apportioned to those who can afford **social rent**. This arises from above calculation and does not require a third threshold.

5.6.2 The Tool examines rental affordability by looking at income level in relation to both median and 30th percentile market and social rents. Those with incomes nearer the 30th percentile are more likely to need social rents and those nearer the median (i.e. 50<sup>th</sup> percentile) to afford private rents, with intermediate rent falling somewhere in between.

5.6.3 NOTE: Whilst "below market rent" does refer to the need for some form of subsidized private rent, it may also be viewed as a potential indicator of demand for alternative shared equity products, or other forms of intermediate tenure, that are used to support home ownership. As such, this council assumes that HNDA results which highlight a potential requirement for "below market rent" may be used as a proxy estimate for the wider range of intermediate requirements when setting Housing Supply Targets; and in this case the council will explore further analysis of this need at a local level.

5.6.4 The default thresholds in the CHMA's HNDA Tool are set as follows:

- If a household spends less than 25% of their income on rent the Tool assumes they can afford to rent in the private sector. This threshold has been used historically as the threshold for PRS affordability.
- If a household spends between 25% - 35% of their income on rent the Tool assumes they are suitable for below market rent.
- If a household spends more than 35% of their income (including housing benefit) on rent the Tool assumes they are suitable for social rent.



5.6.5 From the extensive primary research into the Private Rented Sector (see HNDA Technical Supporting Paper 05) and the cross-tenure affordability analysis carried out in HNDA Technical Supporting Paper 04, the council is of the view that the default scenarios and assumptions set out above and included in the HNDA Tool are robust and credible reflections of the local context in Argyll and Bute. While there are certain constraints regarding delivery of intermediate tenures, or “below market rent” at some localised HMA levels within this authority area, there is also evidence that these products and options would benefit a proportion of the local residents and positively help to address some of the unmet need. Therefore, the council and its partners accept the general principles of setting these affordability thresholds to determine potential tenure split in the new build housing estimates (albeit further market testing and analysis at sub-HMA level would be required when specifying BMR/Shared Equity needs and targets for individual settlements or community areas).

### 5.7 STEP 5: TOOL OUTPUTS – HNDA RESULTS

5.7.1 Running the various inputs through the HNDA Tool for each selected scenario provides a range of outputs/projections of the total requirement for additional housing over the next 5, 10, 15 and 20 years. In all default scenarios (using official NRS demographic projections – principle, low and high migration - and the CHMA estimate of backlog/existing need) the tool projected negative or minimal outputs across Argyll and Bute indicating a potential over-supply, arising mainly from the substantial level of population decline and the consequent release of available existing stock within the housing system. Following the guidance of the CHMA, negative numbers in the Tool are adjusted to ‘zero’ in the calculations. The key results are summarised in the following tables.

#### i) Default Tool Scenarios

##### **Scenario 1 (Principle household projection & CHMA backlog need)**

Results from the main scenario show that with a serious population decline overall reducing any newly arising demand to zero, and minimal backlog need, there will be a total requirement of **70 additional units** across the whole of Argyll and Bute over the first five year period and nil requirement over the subsequent five year periods. In this scenario there are three HMAs which indicate no need while the majority of need is located in Helensburgh & Lomond (20 units). High or low migration variants do not produce significantly different outputs; and whatever the chosen income scenario, the tenure split



varies only marginally and suggests no need for private renting or purchase (unsurprisingly, as all backlog need is assigned to social rent).

Scenario 1: Core Tool Default Settings Argyll & Bute					
	Tenure	2021 - 2025	2026 - 2030	2031 - 2035	2036 - 2040
Constrained Tenure Results	Social rent	70	0	0	0
	Below Market	0	0	0	0
	PRS	0	0	0	0
	Buyers	0	0	0	0

NB. The constrained tenure results take the Summed results and constrains them to Top Level Total. The Constrained results are used because they more accurately account for regional differences.

Scenario 1: Core Tool Default Settings HMAs (all tenures)									
Years	Bute	Coll & Tiree	Cowal	H&L	I J C	Kintyre	Lorn	Mid Argyll	Mull & Iona
2021-2025	0	0	10	20	5	0	15	10	10
2026-2030	0	0	0	0	0	0	0	0	0

As stated throughout this report, the council and local housing market partners do not accept this scenario as a robust or credible estimate of actual need in the area and hence this will not be used to set Housing Supply Targets.

ii) Council Adjusted Tool Scenarios

a) Scenario 2 (Default household projection & Council Backlog Need)

In this scenario, most of the default settings are retained and the principle 2018-based population projection is used; however the estimate of backlog need is replaced with the council's in-house calculation. This results in an overall requirement for around **760 additional units** across the whole of Argyll and Bute over the first five year period and nil requirement over the subsequent five year periods. As this need is determined wholly by existing/backlog need (newly arising need remains at zero due to the continuing demographic decline), it would all be assigned again to social rent, and as with all default scenarios there would be no requirement for private units for rental or purchase. Once the backlog of need has been cleared over the first five years, the declining demographic would result in no further need in later years.



<b>Scenario 2: Principle Household Projection &amp; in-house backlog need calculation, Argyll &amp; Bute</b>					
	Tenure	2021 - 2025	2026 - 2030	2031 - 2035	2036 - 2040
Constrained Tenure Results	Social rent	760	0	0	0
	Below Market	0	0	0	0
	PRS	0	0	0	0
	Buyers	0	0	0	0

Under this scenario, all 9 HMAs would exhibit some requirement for new build housing, with almost one third of the need in Lorn (245 units), around 21% in Helensburgh & Lomond (160 units), and 16% in Cowal (120 units).

<b>Scenario 2: Principle Household Projection &amp; in-house backlog need calculation, HMAs (all tenures)</b>									
Years	Bute	Coll & Tiree	Cowal	H&L	I J C	Kintyre	Lorn	Mid Argyll	Mull & Iona
2021-2025	40	5	120	160	60	30	245	60	35
2026-2030	0	0	0	0	0	0	0	0	0

While this scenario is an improvement on the default baseline, it still does not reflect the true level of potential future demand in Argyll and Bute, in the professional assessment of the council and its strategic partners. Therefore, again, this will not be used in setting Housing Supply Targets in the LHS or Housing Land Supply Requirements for the LDP.

**b) Scenario 3: (Stabilised demographics & Council backlog need)**

The **Stable Scenario** is an in-house assumption based on a demographic projection that is sustained over the next 5 years at the estimated 2021 baseline level (i.e. experiencing no further decline but also achieving no new growth). This scenario also uses the in-house calculation for the backlog need figure.

As a result, in effect, there will be a slight increase between this scenario and the default scenarios, where the negative figures arising from a declining demographic were simply zeroed in the HNDA Tool outputs. Thus, a stable demographic, with no newly arising need, results in a five year requirement for around 850 new build homes, all for social rent. On average, this would be 170 units per annum for five years.



<b>Scenario 3: Stabilised Household Projection &amp; in-house backlog need calculation, Argyll &amp; Bute</b>					
	Tenure	2021 - 2025	2026 - 2030	2031 - 2035	2036 - 2040
Constrained Tenure Results	Social rent	850	0	0	0
	Below Market	0	0	0	0
	PRS	0	0	0	0
	Buyers	0	0	0	0

The HMA profile of need for this scenario is similar to that for the default scenarios, with Lorn having the greatest need by far (255), and then Helensburgh & Lomond and Cowal with the next highest requirements (180 and 140 respectively).

<b>Scenario 3: Stabilised Household Projection &amp; in-house backlog need calculation, HMAs (all tenures)</b>									
Years	Bute	Coll & Tiree	Cowal	H&L	I J C	Kintyre	Lorn	Mid Argyll	Mull & Iona
2021-2025	50	5	140	180	65	40	255	75	40
2026-2030	0	0	0	0	0	0	0	0	0

NOTE: When setting Housing Supply Targets and the Housing Land Supply Requirement, outwith the baseline HNDA, the council and the local housing market partnership also considered an alternative scenario for population retention and to sustain household stability. Derived from demographic projections produced by the James Hutton Institute on behalf of the Scottish Government, this focused on designated Sparsely Populated Areas and estimated net migration required to halt the demographic decline projected in official NRS estimate. When input as the newly arising need component of the HNDA calculation, this results in significantly higher level of new build housing need in Argyll & Bute. This scenario was used generally as a further benchmark/triangulation figure, but ultimately has not been considered within the HNDA baseline outputs or as a key scenario for establishing HSTs. See Technical Supporting Paper 11 for further details.

**d) Scenario 4 (Growth and Council Backlog Need)**

This scenario is based on the assumption of a modest annual 0.5% rate of growth in the population across Argyll and Bute, in line with local and national strategic imperatives to repopulate rural and island areas, and to sustain local communities, businesses and services. It also utilises the council’s in-house estimate for the backlog of need. All other settings within the HNDA Tool are retained as default. This would generate a



potential requirement for up to 1,435 new homes over the first five year planning period, and cumulatively up to 1,615 over the next decade. Of these, more than two thirds (965 in first five years) would be for social rent, and around 8% (110 units over the initial period) could be for intermediate tenures such as below market rent or shared equity. After the initial five year period, once the backlog of need has been addressed, the requirement for new build solutions would reduce significantly, even under this growth scenario, and it could be argued with some justification that even greater aspirational targets for new build development would not be unreasonable in future revisions of the HNDA and LHS.

This would also be in accordance with historic new build rates in Argyll and Bute, and well within effective land supply allocations within the LDP. It is also anticipated that if Scottish Government core funding is sustained at equivalent levels to recent Resource Planning Assumptions for this authority, along with a range of additional resources identified by the council and its partners (e.g. the Rural Growth Deal, the Rural & Islands Housing Fund, and many others), then this requirement for new build housing could be easily delivered.

<b>Scenario 4: (0.5% Growth per annum, Argyll &amp; Bute)</b>					
	TENURE	2021 - 2025	2026 - 2030	2031 - 2035	2036 - 2040
<b>Constrained Tenure Results</b>	Social rent	965	35	50	50
	Below Market	110	30	50	55
	PRS	150	50	80	95
	Buyers	210	65	110	130
	<b>Totals</b>	<b>1,435</b>	<b>180</b>	<b>290</b>	<b>330</b>

Under the growth scenario, over the first five year period, the greatest need would be in Helensburgh & Lomond (23% of total requirement) and Lorn (22%); with Cowal having 17% of need. There is however some degree of need across all 9 HMAs.

<b>Scenario 4: 0.5% growth per annum, HMAs (all tenures)</b>									
Planning Period	Bute	Coll & Tiree	Cowal	H&L	I J C	Kintyre	Lorn	Mid Argyll	Mull & Iona
2021-2025	98	13	241	337	88	96	319	183	60
2026-2030	15	2	32	48	8	16	20	33	7

NB. This is an indicative estimate of HMA need and does NOT refer directly to the actual distribution of Housing Supply Targets that will be delivered; a number of practical factors, including the construction sector capacity and economic opportunities, as well as strategic aspirations will determine this.



Summary and Key issues for Estimating Housing Need and Demand:

**HOUSING REQUIREMENT: ESTIMATING HOUSING NEED AND DEMAND - Key Issues Table**

LHS & Development Plan	Key Issues Identified in the HNDA
<ul style="list-style-type: none"> <li>• <b>HNDA Inputs - Existing Need &amp; Future Need</b></li> </ul>	<ol style="list-style-type: none"> <li>1. An estimated <b>850</b> existing households would generate a requirement for a new build home in Argyll &amp; Bute. This is significantly higher than the default figure of 150, but nevertheless is still a conservative estimate, given that there are at any point 2,500 - 3,000 active waiting list applicants, and bearing in mind that within the wider population there will be additional households who are in need but fail to register this as they perceive limited opportunities within the existing stock, particularly in rural and island areas. In addition, a significant proportion of the apparent crude surplus of existing stock cannot be adapted, improved or utilised to address unmet need.</li> <li>2. Based on variant household projections, there could be either 0 new households in Argyll &amp; Bute over the life of the next LHS and beyond, i.e. over the next 10–15 years; or alternatively anything from <b>550 to over 800</b> additional households. The 0 estimate is based on official trends (Main, low and High Migration NRS projections); while the latter estimates reflect the potential impacts of policy drivers and strategic aspirations (HST Growth scenarios).</li> <li>3. Setting locally adjusted Housing and Land Supply Targets would also require an additional flexibility factor (or “generosity” assumption), and the council and its partners accept that the Scottish Government’s higher allowance for rural areas, at +30% (compared to 25% for urban areas), is reasonable &amp; appropriate.</li> <li>4. The core HNDA output under the growth scenario approved by the council and partners, indicates a baseline need for 1,435 new homes over 5 years; 1,615 over 10 years; and 1,905 over 15 years. When the 30% land supply allowance is factored into the calculation, the overall estimate is for 1,865 units over 5 years; 2,100 over 10 years; and 2,477 over 15 years.</li> <li>5. In terms of tenure split for the new build housing need, the higher growth scenario generates a shortfall across all 4 tenures, and this will vary by individual</li> </ol>

- owner-occupation
- private rent

HMA. The tenure requirement will also vary over time: Over the first 5 year period around 67% of need will be for social rent; with 8% being some form of intermediate affordable tenure (below market rent or shared equity for instance); 10% being private rented; and 15% for owner occupation.

Over 10 years, this tenure profile is adjusted slightly with social rent making up 62% of the total need and other affordable tenures such as below market rent amounting to 9%; while 12% would be for private rent, and around 17% for owner occupation.

**Private Sector – Owner Occupation & Private Rent**

1. The long term growth scenario would require rates of private sector new build of between 70-90 per annum over the first 5 years, which is realistic in the current environment and well within historic outputs.
2. Argyll & Bute has not seen the same degree of tenure shift towards private renting in recent years as the rest of the country, due to the already high baseline from which it started. Additional growth in this sector is possibly more likely to arise from changes within existing stock rather than from new build homes for let. A key factor here will be the longer term impact of the short-term letting sector (e.g. Airbnb type provision) which may have been suppressed by the impact of the pandemic and the constraints of emerging legislation and regulation. This will need to be closely monitored over time.
3. It will also be critical for the LHS and LDP to ensure that there are appropriate checks and balances on the development of additional “ineffective” housing i.e. disproportionate and unsustainable increases in second/holiday homes in particular areas. In addition, aspirational growth must be managed strategically in order to avoid speculative new build creating undesired imbalances in the local system and unintended consequences for existing stock (such as

- below market rent
- social rent

increases in long-term voids and/or costly demolition programmes).

#### **4. Affordable Housing – Social Rent & Below Market Rent**

1. The delivery of affordable subsidised housing has fluctuated in recent years but overall the trend has been for growth. The growth projection in the HNDA Tool would suggest that in the future around two thirds of all new builds could be targeted at social rent, given that the bulk of backlog need will be met in this tenure. A smaller proportion of all new builds should be targeted at below market rent, shared equity or similar intermediate tenures, on a scheme by scheme, settlement by settlement basis. This would be feasible given current and projected resources; and would help to support the strategic objectives of the council and its community planning partners as well as being in accordance with the aspirations for the repopulation and regeneration of rural and island communities across Argyll & Bute in future years. As a minimum therefore it is recommended that the LHS and LDP should aim to deliver the modest growth projection over the next 5 years and for a further 10-15 years at least. This would incorporate provision for a generous supply of land over and above the baseline HNDA requirement, which is a realistic assumption given current allocations. The spatial distribution of the new build estimates should be apportioned at least initially in accordance with the HMA outputs from the Tool, and reflect basic levels of need as identified via registered waiting list demand and other relevant data sets; but it should also take account of requirements to sustain fragile communities and stimulate growth in both the current centres of employment and population growth as well as in remoter communities.



**6. SPECIALIST PROVISION**

**6.1 INTRODUCTION**

This section concerns the contribution that Specialist Provision plays in enabling people to live well, with dignity and independently for as long as possible, in accordance with the national Health and Well-being Outcomes. It identifies potential gaps in that provision, and the future provision required to address likely need and demand in Argyll and Bute over the next 5–10 years. The Scottish Government guidance notes that people may have similar needs, despite their individual illness, health condition or equality characteristic; and therefore the focus of the HNDA is on understanding and, as far as possible, quantifying, the implications for support and accommodation provision. In this context Specialist Provision refers to three broad forms of need covering six types of housing or housing-related provision, as follows:-

**TABLE 6.1: Specialist Provision Typology**

Category of Housing Need	Type of Housing Provision
Property Needs	1. Accessible and adapted housing 2. Wheelchair housing 3. Non-permanent housing e.g. for students, migrant workers, asylum seekers, refugees
Care and Support Needs	4. Supported provision e.g. care homes; sheltered/very sheltered housing; hostels and refuges 5. Care/ support services for independent living
Locational or Land Needs	6. Site provision e.g. sites/pitches for Gypsy/Travellers and sites for Travelling Showpeople

Source: HNDA. A Practitioner’s Guide, Scottish Government/CHMA, Nov. 2020

6.2 Local stakeholders, including the Health and Social Care sectors, tend to use a range of definitions and categories of specialist provision which can overlap and/or appear confusing and complex. The following table summarises the council’s working assumptions on the relation between variant categories and the specialist provision typology as set out above.

**TABLE 6.2: Matching Local categories to HNDA types of Specialist Provision**

CHMA/ HNDA	1.Accessible & Adapted	2.Wheelchair	4.Supported
RSLs’ Stock Categories	Adapted Amenity Ambulant Disabled Medium Dependency Mobility Other Specially Adapted	Wheelchair	Sheltered Very Sheltered Extra Care Retirement



NB. Historic terminology including “Progressive Care Centres” is not currently utilised in this authority. HSCP residential care homes would be included in HNDA type 4: Supported Provision.

- 6.3 To evidence need for the above, as a minimum, the following key equalities groups, should be considered: older people; people with a physical disability; people with a mental health condition; people with a learning disability; homeless people; people fleeing/ at risk of domestic abuse; people requiring non-permanent accommodation e.g. homeless people, students, migrant workers, asylum seekers, refugees, care leavers, or ex-offenders; armed forces communities (and veterans); minority ethnic people (including Gypsy/ Travellers); and Travelling Show People.
- 6.4 The aim of this element of the HNDA is to: provide a set of detailed Specialist Provision templates; provide appropriate evidence of the scale and type of Specialist Provision in the local area; demonstrate a clear understanding of the current scale and type of unmet need, and provision required in future; identify key issues to inform the LHS and LDP; and to document engagement with external stakeholders

**NB. To avoid duplication and keep this core HNDA document as succinct as possible, the detailed evidence base, full data analysis, assumptions, quality assurance, and extensive, individual specialist provision templates are contained in the following supporting materials which should be considered in conjunction with this summary chapter.**

- HNDA Technical Paper 08: Specialist Provision in Argyll & Bute
- HNDA Technical Paper 09: Veterans and Armed Forces’ Housing Needs
- HNDA Technical Paper 10: Gypsy/Travellers’ Housing Needs
- HNDA Technical Paper 11: Wheelchair Users’ Housing Needs

In addition, reference should also be made to the first “Health, Care and Housing Needs Assessment”, produced jointly by Argyll and Bute Health and Social Care Public Health and Argyll and Bute Housing Services in 2018.

All of these supporting materials can be accessed on the council website at: <https://www.argyll-bute.gov.uk/housing/housing-strategies-consultations-and-research-0>

- 6.5 In completing this element of the HNDA council housing practitioners and planners have engaged with a range of partners and stakeholders; in particular health and social care partners as well as relevant client groups themselves; in order to share evidence, identify needs and plan for solutions across health, social care and housing sectors. The Housing Contribution Statement, incorporated in the HSCP’s Joint Strategic Commissioning Plan, has been one key focus of these discussions, supplemented with the



deliberations of the ad hoc Housing & Health Working Group; and the HSCP’s Care Homes & Housing work strand which is currently ongoing.

6.6 The following paragraphs simply summarise key results from the extensive evidence base, which is detailed in full in the supporting technical papers. HNDA Technical Supporting Paper 08, in particular, provides the primary evidence base and includes the expanded Specialist Provision Templates which underpin this component of the HNDA. Each of these templates follows a similar format, summarised as follows:

a) Strategic Framework	National and local policies and strategies
b) Property needs	The model of accommodation or type of service
c) Client group	Who the provision is suitable for
d) Evidence	Current type and level of needs and provision; Any gaps or shortfalls in needs & provision; Future type & level of demand & provision required
e) Consultation	Stakeholder engagement: who, how & key findings

The technical supporting paper, including these templates, is available on the council website at: <https://www.argyll-bute.gov.uk/housing/housing-strategies-consultations-and-research-0>. In addition to the evidence summarised below, the supporting material includes further analysis of: dementia; learning disability; autism; homelessness; armed service personnel and veterans; and other key groups.

**6.7 Specialist Provision: Key issues for the LHS and LDPs:**

LHS	Specialist Provision - Key Issues Identified in the HNDA
<b>Accessible and adapted housing</b>	<p>1. There are roughly 4 applicants per available let in the RSL accessible housing stock, and consultation clearly indicated that persons with low to medium dependencies prefer mainstream homes. Current building standards include enhanced accessibility and adaptability standards; and the vast majority of affordable new builds delivered via the SHIP are compliant with barrier-free, lifetime standards, which has delivered significant improvements in the overall accessibility profile of the stock. Needs should continue to be monitored on a site by site basis; and the overall provision of a range of models of specialist housing (including wheelchair and sheltered/supported accommodation) should be increased in line with current targets i.e. 5% of total new builds delivered via the SHIP and, where possible, via private developments should comprise accessible, adapted or supported accommodation (that is, over and above the accessible mainstream housing); and 5% of total new builds should be</p>

fully wheelchair accessible and habitable.

2. There is evidence of ongoing need and demand for adaptations to existing properties in both the private and social rented sectors. Research suggests less than 2% of households may require some form of adaptation, which equates to over 700 across Argyll & Bute. This is likely to increase over time as the population ages. Historically, public sector investment in adaptations has managed to address private sector need but more recently there is evidence of delays and lengthening waiting times in this sector and current levels of Private Sector Housing Grant may need to be enhanced to sustain the delivery of adaptations in this sector over the next 5 years. There is also a persistent need to secure additional funding to address the level of potential demand in the RSL sector.

3. A national register of adapted properties (all tenure) has been developed by Glasgow Centre for Independent Living, as a resource to enable disabled people to better match their requirements to the properties available. It was recommended in the previous HNDA that the HOMEArgyll partnership should pursue this approach at a local level, to develop an effective database of adapted properties and monitor use over the life of the next LHS, and that this should inform future relets. Little effective progress has been achieved on this action over the last 5 years, and so this remains a priority recommendation for the next LHS.

4. The previous HNDA also recommended that the Council and its RSL partners should work to develop and promote a standard definition of the types of housing for older people and particular needs generally, so that applicants fully understand the options available to them and reporting and monitoring systems can be standardised. It was recommended that these definitions be based on those set out in the Scottish Government 'Age, Home and Community: A Strategy for Scotland's Older People' and should also reflect the categorisation set out in the HNDA guidance (as utilised in the templates for this chapter). Much discussion followed this recommendation during the last 5 years, and some progress has been made however further work is required to clarify and rationalise definitions, terminology and understanding across housing, health & care sectors, as well as between providers and client groups.

5. Research findings indicated that some RSLs experienced lower demand for amenity housing in certain rural and island communities. This was confirmed by the waiting list demand and re-let figures. Ongoing monitoring should continue to be undertaken to fully



	<p>understand the future demand for this specialist housing in these settings and whether current provision represents an oversupply. A further review of existing stock is required to ensure it is fit for purpose to address current and emerging needs, either through a programme of refurbishment and reconfiguration, or a policy of rationalisation.</p>
<p><b>Wheelchair housing</b></p>	<p>1. Positive progress has been made in collating, monitoring and assessing data on this client group, however there is still a need to continue to evaluate and improve the quality of data in respect of wheelchair provision in Argyll and Bute, early in the life of the next LHS.</p> <p>2. Up to 80 households with a wheelchair user could have an unmet housing need, and while the majority of need could be met via adaptations and turnover in existing stock, there is likely to be a small-scale requirement for new build solutions. A generous target for new build wheelchair housing has been set at 5% of public subsidised completions, and it is recommended that this is also applied to private sector development in principle, as far as possible. All SHIP schemes should as a matter of course therefore consider any potential requirement for wheelchair units in discussion with the Council and the Health &amp; Social Care Partnership and the dedicated Housing OT.</p>
<p><b>Non-permanent housing</b></p> <p>e.g. for students, migrant workers, homeless people, refugees, asylum seekers</p>	<p>1. There has been an overall decrease in the number of homeless households living in temporary accommodation and minimal or nil use of unsuitable B&amp;B accommodation. While pressures on this sector therefore have reduced significantly (excepting the anomalous and potentially short-term impact of the coronavirus pandemic in 2020/21), there remains a requirement to sustain an adequate supply of temporary accommodation, particularly in the key towns. In principle, private sector accommodation and local authority leased properties should continue to be preferred and the focus should be on smaller units, primarily for single persons.</p> <p>2. The incidence of persons fleeing violence and domestic abuse has remained relatively low, contrary to expectations of a spike in cases predicted during the period of lockdown in 2020/21; but current provision for this group must be retained, and the Council should continue to monitor and support agencies such as Women’s Aid, and sustain the</p>



	<p>improved partnership working that has been achieved, particularly within the context of delivering the Rapid Rehousing Transition Plan and the Housing First policy.</p> <p>3. The success of the Syrian refugees re-settlement programme on Bute is considered an exemplar, and currently no need for additional specialist provision for refugees, asylum seekers or migrants has been identified. Similarly, there is no evidence of unmet need among the resident student population, however, future plans such as the promotion of a university campus in the Lorn area could generate new demand and therefore this should continue to be closely monitored over the life of the next LHS.</p>
<p><b>Supported Provision</b></p> <p>e.g. care homes, sheltered housing, hostels and refuges</p>	<p>1. It is expected that most needs of the ageing population will continue to be met from existing homes and in the private sector. The delivery of adaptations and care &amp; support services will help to alleviate much of this need and should minimise the requirement for new build solutions. With up to 4 applicants per available let in this sector of the RSL stock, demand is moderately high. It is however a continuing policy decision to prefer alternative models of supported accommodation, rather than sheltered housing as it has been historically defined.</p> <p>2. Overall, it is suggested that the current target of ensuring that around 10% of all new build should cater for particular needs (i.e. should comprise either, supported, accessible or wheelchair housing) should be retained, but reviewed on an annual basis via the SHIP process. A degree of provision is likely to be required across all HMAs, but Lorn, Cowal and Helensburgh &amp; Lomond are potential priority areas.</p> <p>3. Despite demographic trends, there has been a decline in the need and use of Care Homes in this authority, and it is anticipated that this trend will continue. It is crucial that the Housing sector should continue to liaise with Health &amp; Social Care to monitor and address any potential unmet need in the future; and current emerging need must be confirmed and specified by the HSCP as a matter of urgency. This should include specific locational, design and capacity requirements for “core &amp; cluster” models of provision where RSL</p>



	<p>involvement is likely to be required.</p>
<p><b>Care/ support services for independent living at home</b></p> <p>e.g. home help, Handyperson, Telecare</p>	<ol style="list-style-type: none"> <li>1. The continuing shift away from institutional models of support and the increasing ageing population suggests that there will be a need for a greater level and range of care and support for people to maintain independence for as long as possible in their home or community.</li> <li>2. Telecare/Telehealth services (TEC) should be sustained and potentially increased.</li> <li>3. There is a modest unmet need from around 1% of the population in Argyll &amp; Bute for specialist forms of care and support, including regular contact with social services, health or other caring organisations. Cowal has the highest need for home care but a small degree of unmet need is apparent in several HMAs.</li> <li>4. The main services required across Argyll &amp; Bute are home care (primarily with housework but also to lesser extent with personal care); help with shopping; OT and physiotherapy; and support from local voluntary &amp; community organisations or carers. Use of these services should be closely monitored to ensure a good understanding of the demand; what unmet needs persist; and the most sustainable model to meet these needs, to ensure homes remain sustainable for all residents.</li> <li>5. There may be a potential gap in relation to information and advice on available housing options for older people, and others with particular needs, though less than 1% of those who would like or need to move cited lack of information as the main reason for not moving. The previous HNDA recommended that both the LHS and the HSCP Strategic Plan should include the development of an enhanced housing options approach for older people, and others with particular needs; and highlighted the need for support through informal networks of family and friends, alongside provision of high quality information and advice services at a local level. While some positive progress has been achieved in this area over the last 5 years, further work would be beneficial to improve</li> </ol>



	<p>these services.</p> <p>6. Recruitment and retention of home care and support staff continues to be challenging across Argyll &amp; Bute, particularly in rural and island localities. All relevant agencies should ensure through procurement procedures that salaries and terms and conditions are not affected to the extent that it prohibits recruitment, or quality of care and retention of staff. Suitable, affordable accommodation, both permanent and also possibly on an interim basis, will also be an important factor in addressing the needs of these essential workers.</p> <p>7. Persons with Learning Disabilities and those on the autism spectrum constitute a small but significant client group presenting a degree of persistent unmet need. This could be delivered via “core &amp; cluster” model housing and enhanced levels of personal support in existing stock. Liaison with RSLs in order to assess the potential for reconfiguration of existing units for this purpose should be carried out and any specific needs should be identified early in the SHIP process when new build proposals are being developed. The early involvement of specialist support providers for complex conditions like Autism could also possibly prevent some individuals being placed out of area, and help with repatriation of individuals currently placed outwith the authority who need or would like to return.</p>
<p><b>Site provision</b></p> <p>e.g. sites/ pitches for Gypsy/ Travellers</p> <p>and</p> <p>sites for Travelling Show People</p>	<p>1. While the evidence suggests that the existing official Gypsy/Traveller sites should be sufficient to meet demand, there is a potential need to increase the number of available pitches on or adjacent to these sites, at least back to recent historic levels, with a minimum of 22 pitches.</p> <p>2. Unauthorised camping is not particularly prevalent or problematic, and there is no demand for transit sites or interim stopping places to be made available on a regular or full-time basis; but the council policy on this should be reviewed, updated as required and maintained as effective.</p> <p>3. There is however a need to ensure that the existing sites fully meet the standards set out in the national guidance and that adequate communal facilities, infrastructure and access</p>



	<p>are maintained. In addition, consideration should be given to supporting residents to utilise nationally available resources to develop facilities such as play areas within existing sites.</p> <p>4. Care and support needs should be sustained at least at current levels, in particular as delivered by MECCOP and the Advanced Nurses-Vulnerable Groups.</p> <p>5. A formal, dedicated working group including key partners and stakeholders should be established to oversee and monitor delivery of the above recommendations and to improve provision in general for this client group.</p> <p>6. Requirements for particular needs both on and off site should continue to be monitored and assessed.</p> <p>7. Future reviews of the RSL common allocation policy and application process should ensure that due consideration is given to the diverse needs of the Gypsy/Traveller community.</p> <p>8. Further research should be carried out on the needs of transient households.</p>
<p><b>Development Plan</b></p>	<p><b>Specialist Provision: Key Issues Identified in the HNDA</b></p>
<p><b>Strategic planning for housing for Specialist Provision housing</b></p> <p>e.g. any additional locational/ spatial considerations.</p>	<p>1. Findings and recommendations from the previous HNDA generally remain valid. The majority of older people in Argyll &amp; Bute will not move or will choose to meet their needs in the private market by moving to smaller/more manageable accommodation or to be closer to family to receive support.</p> <p>2. This is particularly true of the more affluent owner occupiers who are likely to have sufficient equity in their existing homes to meet their need in the private market. However, we know that suitable, appealing homes for those wishing to downsize are in limited supply and that new supply in the private market is unlikely to directly address the needs of older people without intervention, rather it will develop mainly to meet the need of family</p>



	<p>households and first time buyers. Overall there are a limited range of available options within the owner occupied and private rented sectors.</p> <p>3. Promotion of development in planning terms rests with the local authority (and National Park in designated sub-areas of Cowal and Lomond), however delivery does not. Given this and that over time much new housing is likely to be delivered on private developments, it is recommended that the use of planning policy should be considered to encourage the provision of homes suitable for older households and others with particular needs as part of new build developments. Delivering the LHS wheelchair and specialist provision targets (10% of new builds) in private sector developments will best be achieved via LDP housing policies. Clearly there will be challenges in developing and implementing such a policy as the provision, particularly of bungalows, is seen as an inefficient use of available development land and may reduce the number of homes delivered overall; as will higher development costs required to deliver specialist models of provision to higher specifications, in particular wheelchair housing.</p> <p>2. A significant proportion of new housing delivery and therefore new housing for older people and those with particular needs in the area will likely be in the form of private development and we will need to ensure that new provision is of a good standard and design. Given that the retrofitting and subsequent removal of aids and adaptations in existing homes is often not cost effective, developers of new build schemes should be encouraged/required to consider development to the criteria in the Lifetimes Homes Standard across all tenures; and in all medium to large scale projects consideration must be given to the delivery of the 5% target for fully accessible and habitable wheelchair accommodation. On smaller sites, the requirement should be applied flexibly as appropriate.</p>
<p><b>Site provision</b></p>	<p>1. There are currently no requirements to allocate additional land for new sites however existing site capacity should be</p>



e.g. sites/ pitches  
for Gypsy/  
Travellers and sites  
for Travelling Show  
People

increased and planning policy should support the provision of additional pitches on or adjacent to these sites.

2. Access roads and infrastructure for existing sites should also be assessed.



Appendix One: Data Quality Assurance Template

Data Type	Source	Quality Control	Issues/Constraints
Primary Data	ABRITAS – Council Information Management System (includes comprehensive and current HOMEArgyll CHR; HOMEArgyll lets; Homeless & Housing Options data e.g. HL1 & PL1; Housing Support; PSHG; Empty Homes etc)	Data/Reporting procedures are tested rigorously by experienced staff from Council & RSLs who also conduct external & internal data audits. The system itself is upgraded/ revised by IT providers as necessary. Detailed training is provided. Individual RSLs have also engaged third party scrutiny of the CHR data used to complete their ARC returns. A full Information Security Policy ensures compliance with information security standards. In addition there is a data sharing protocol signed by all HOMEArgyll partners. Analysis of the data is overseen by experienced HNDA Officers; reviewed by Housing Management Team, and approved by Strategic Housing Forum	<p>CHR in particular was cleansed as it was migrated from partners’ original systems to the new bespoke system (e.g. “deadwood” records removed) and a small number of records with missing fields (c. 160 out of 3,500) have been reviewed and updated.</p> <p>The system and resultant reports are significantly more robust and effective than historic data reports, and allow for more accurate, flexible and detailed analysis.</p> <p>During 2020 the whole system was further upgraded and enhanced, along with improvements to the data inputting &amp; recording processes. This ensures, e.g., that analysis of Areas of Preference for CHR applicants accurately reflects the applicant’s choice and therefore the housing need in each area is more robustly recorded and reported.</p>
	RSL Annual Statistical Returns (stock, turnover, waiting lists etc: covers	RSLs confirm data submissions which are then validated by Council staff against historic data & other national sources e.g.	Provides a snapshot in time. Consistent format for returns aims to ensure accuracy over time and across organisations,



	HOMEArgyll and other national, specialist RSLs)	ARC. Analysis overseen by lead HNDA Officer.	however there are still variations, e.g. in definitions, which can create issues for robust analysis. Access to key data via the Abrisas system helps to address these issues and enables data triangulation.
	<p>Commissioned Research</p> <ul style="list-style-type: none"> <li>• Helensburgh &amp; Lomond Housing Market Study</li> <li>• HNDA Household Survey</li> <li>• Private Rented Sector &amp; Affordability Study</li> <li>• LHS Early Engagement Survey</li> <li>• Mull &amp; Iona Housing &amp; Business Strategic Review</li> <li>• Islay Housing &amp; Business Strategic Review</li> </ul>	<p>Studies carried out by experienced, independent consultants in accordance with professional sector standards, codes of conduct and good practice. Results verified by stakeholders and project steering groups. Achieved requisite sample responses to ensure robust &amp; credible analysis at local authority level and detailed disaggregation of data at HMA level; and supplements/ fills gaps in national datasets (see below).</p> <p>See also individual research reports/ outputs for statements on data quality assurance and validity of methodologies.</p>	Snapshot in time. Potential bias addressed by weighting survey results and triangulation with alternative sources.
Secondary Data	<ul style="list-style-type: none"> <li>• 2011 Census</li> <li>• SHCS</li> <li>• Register Of Sasines</li> <li>• NRS</li> <li>• CHMA Datapacks</li> <li>• Council Tax Register</li> <li>• Public Health data</li> </ul>	Analysis carried out by experienced members of LHS Team and colleagues, and validated by Housing Management Team and external subject-expert partners (Corporate statistician; HIE Economists; Public Health data managers & statisticians etc).	Certain limits when disaggregating national datasets at or below LA level e.g. small sample base for SHCS. Requires triangulation with local datasets. Delays and/or data gaps in for instance sasines data – again triangulation across varying sources enhances analysis.



<p>HNDA Tool</p>	<p>The Tool was designed by the Scottish Government (CHMA) specifically to aid LAs in calculating new build requirements. Several iterations have improved and upgraded the model.</p>	<p>Council staff have attended training and liaised regularly with the CHMA to validate inputs &amp; outputs. Results have been discussed in detail by key partners and wider stakeholders.</p> <p>Commissioned consultancy support provided detailed and bespoke validation of TOOL inputs &amp; outputs; and helped identify and resolve inherent glitches in early versions of the draft Tool with CHMA.</p>	<p>Certain issues were identified when applying the Tool to the unique circumstances in this authority – specifically in respect of the massive population decline producing negative outputs. There is also a problem in relation to the small numbers involved in at least one of the HMAs, making robust disaggregated projections problematic. Close liaison with the CHMA sought to address this and an approach agreed that allowed for a best-fit output. HSTs will be driven by strategic imperatives for growth but will utilise indicative outputs from the Tool.</p>
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