Argyll & Bute Island Housing Market Study

Final Report

On behalf of **Argyll & Bute Council**

Project Ref: 332610247 | Rev: B | Date: May 2024

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A	December 2023	Draft Report	BD AD	AD	LF
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1 Introduction

1.1 Preamble and Commission

1.1.1 In June 2023, Argyll and Bute Council (A&BC) took an unprecedented step to become the first local authority in Scotland to declare a **Housing Emergency** in response to a consistent fall in housing supply, a steady increase in demand for different types and tenures of housing and increasing levels of unaffordability[1].

1.1.2 Across the region, the above issues have had a direct impact on property prices and private rental levels in recent years which, coupled with high levels of inflation, has led A&BC to take action to help alleviate the situation. The Council is actively working on several strategies and considering the need for direct intervention, including more radical housing delivery models and funding mechanisms such as the Rural Growth Deal and Rural Housing Fund.

1.1.3 Whilst such issues are widespread across the region, the impact within rural, remote and island communities is often more profound and complex – influenced by a range of social, economic, environmental, and geographical factors.

1.1.4 As part of a consultation exercise carried out by the Council in 2023 to inform the emerging Local Outcome Improvement Plan, residents were asked to rank several themes in order of priority. Across the region, housing came out on top as the most important issue in need of improvement. At the island level, the result was the same, with respondents ranking housing above other issues such as transport infrastructure; financial inclusion; community wellbeing; and creating a diverse economy and skilled workforce.

1.1.5 To this end, A&BC commissioned Stantec in Autumn 2023 to undertake a high-level market study exploring issues related to housing demand and delivery across the three main island Housing Market Areas in the region, namely:

- Coll & Tiree;
- Mull & Iona; and
- Islay, Jura & Colonsay.

1.2 Strategic Housing Authority

1.2.1 A&BC is the Strategic Housing Authority for the region with a number of statutory duties and responsibilities in relation to the delivery of and investment in affordable housing, as well as improving housing conditions across all housing sectors. In fulfilling these obligations, A&BC produce a series of plans and strategies which set out how they intend to address housing issues across the region:

- Local Housing Strategy;
- Housing Need and Demand Assessment; and
- Strategic Housing Investment Plan.

1.2.2 Each of the documents referred to above are considered in more detail in **Chapter 2 – Housing Policy Review**.

[1] Argyll & Bute Council (2023). Council declares housing emergency in Argyll and Bute. Available online at: https://www.argyll-bute.gov.uk/news/2023/jun/council-declares-housing-emergency-argyll-and-bute

1.2.3 As the Strategic Housing Authority, A&BC plays a fundamental role in ensuring that the provision and supply of housing meets the needs and demands of local residents, within the context of a dynamic and geographically varied housing market. Indeed, the regional housing market is split into several Housing Market Areas (HMA) in recognition of the local differences in terms of the supply of and demand for housing, as well as the associated challenges.

1.3 Island Context

1.3.1 Each of the islands included in this study are characterised by their own distinct economies, geographies, and people. In considering the housing market across each of the islands, it is important to be cognisant of the differences between islands. This section provides a brief contextual overview of each island HMA:

- **Coll and Tiree**: located west of Mull, Coll and Tiree are characterised by their relatively low-lying, fertile landscape. The main economic activities on the islands include crofting, agriculture, fishing, tourism, and renewable energy. In 2021, the islands had a combined population of 794 residents, a 5.4% decrease since 2011 (834 residents)[2];

- **Mull and Iona**: the isle of Mull is the second largest island of the Inner Hebrides and is geographically accompanied by a collection of small islands including Iona. Economic activity is primarily centred around tourism, farming, aquaculture, and forestry. The largest settlement on Mull is Tobermory, known for its fishing port and whisky distillery. In 2021, Mull and Iona had a combined population of 3,101 residents, a 2% increase since 2011 (3,038 residents)[3]; and

- **Islay, Jura and Colonsay**: Islay is the southernmost island of the Inner Hebrides. Key economic activities on the island include whisky production (with nine active distilleries on the island), tourism, farming, and fishing. Jura lies adjacent to Islay and is one of the least densely populated islands. Residents on the island tend to work in the agriculture and tourism sectors. Colonsay is one of the smallest inhabited islands in Scotland, and the main economic activities include tourism, aquaculture, and farming. In 2021, the islands had a combined population of 3,431 residents, a 2% increase on 2011 (3,500 residents)[4].

1.3.2 A map denoting each of the three island HMAs is presented below (see **Figure 1**).

1.4 Purpose of the Study

1.4.1 The purpose of this market study exercise is to examine and provide an overview of the housing market across each of the identified Island HMA's, building on wider work and research conducted by A&BC. The report consists of five further sections, as follows:

- **Section 2** presents a review of all relevant national, regional, and local housing related public policy, assessments, and strategies;

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[2] Scottish Government (2021). Population Estimates Summary (Key Geographic Boundaries). Coll and Tiree defined as the following 2011 Data Zone: Mull, Iona Coll and Tiree – 01. Available online at: https://statistics.gov.scot/resource?uri=http%3A%2F%2Fstatistics.gov.scot%2Fdata%2Fpopulation-estimates-2011-datazone-linked-dataset

[3] Scottish Government (2021). Population Estimates Summary (Key Geographic Boundaries). Mull and Iona defined as the following 2011 Data Zones: Mull, Iona Coll and Tiree – 02, 03, 04 & 05. Available online at: https://statistics.gov.scot/resource?uri=http%3A%2F%2Fstatistics.gov.scot%2Fdata%2Fpopulation-estimates-2011-datazone-linked-dataset

[4] Scottish Government (2021). Population Estimates Summary (Key Geographic Boundaries). Islay, Jura and Colonsay defined as the following 2011 Data Zones: Whisky Isles – 01, 02, 03, 04 & 05. Available online at: https://statistics.gov.scot/resource?uri=http%3A%2F%2Fstatistics.gov.scot%2Fdata%2Fpopulation-estimates-2011-datazone-linked-dataset

- **Section 3** provides a detailed housing baseline, including an overview of the existing housing stock, residential development completions, and all current (under construction), planned, consented, and designated residential developments;

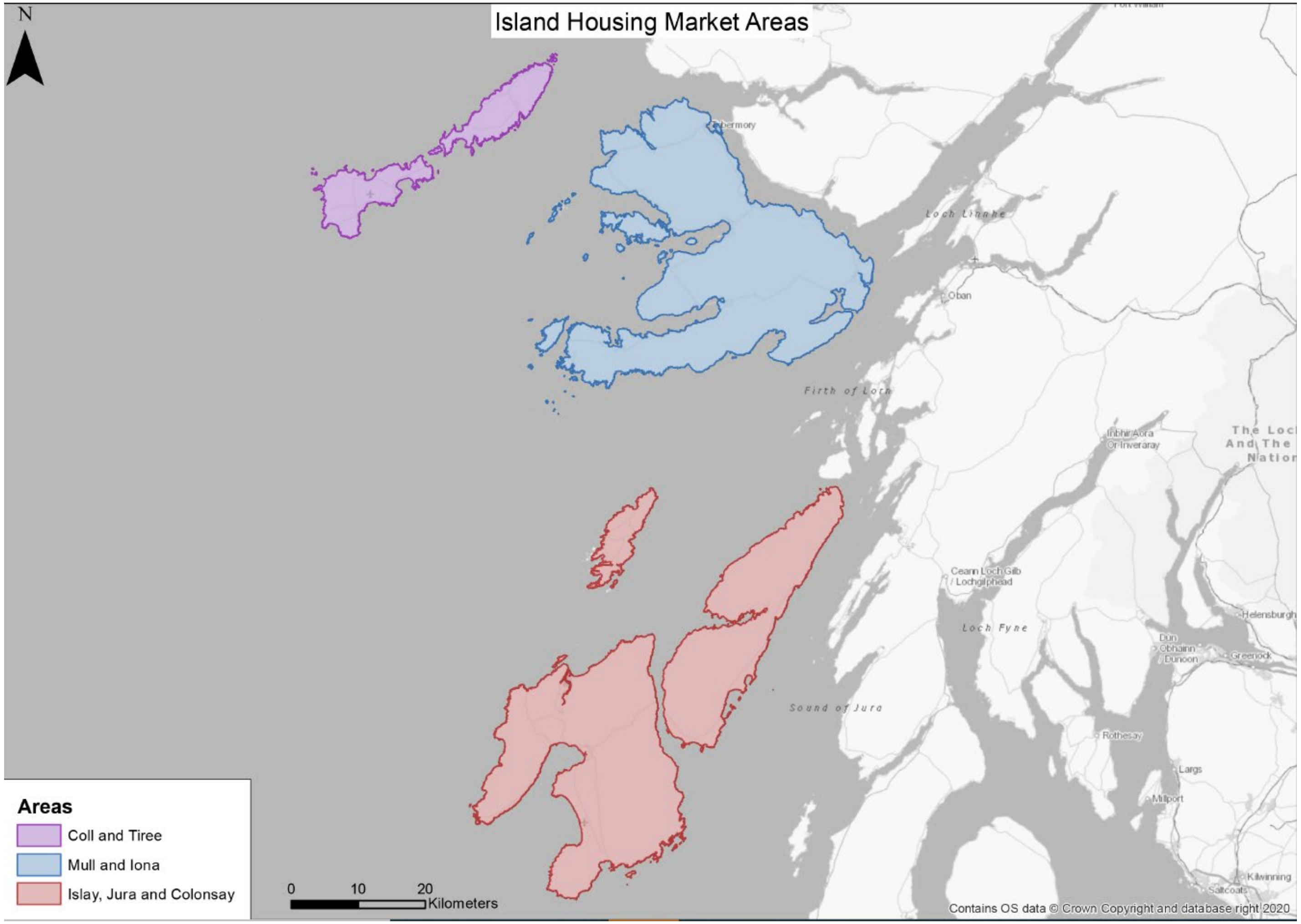
- **Section 4** summarises the key findings from a series of in-depth one-to-one interviews with key island housing stakeholders – particularly key employers, housing associations, community development organisations, and contractors;

- **Section 5** summarises some of the key factors influencing the delivery of housing on the islands;

- **Section 6** presents the evidence for market failure in the islands housing market; and

- **Section 7** sets out the conclusions of the analysis and contains a series of brief recommendations to help alleviate challenges associated with the housing market.

Figure 1 - Argyll & Bute Island Housing Market Areas



Source: Stantec (2023)

1.5 Definitions

- **Affordability Ratio**: multiple of average household income compared with average house price.

- **Social Rented Housing**: lower cost rental housing provided by landlords registered with the Regulator of Social Housing, known as social landlords who are the local council or a housing association.

- **Private Rented Housing**: private rented properties are those which are let by a tenant through a private landlord under a private residential tenancy of which the requirements are detailed in the Private Housing (Tenancies) (Scotland) Act 2016.

- **Long Term Empty**: property that has been empty for six months or more and is liable for Council Tax.

- **200% Council Tax Levy**: a double charge of Council Tax applied to homes that have been empty for more than twelve months.

- **50% Council Tax Reduction**: a default 50% reduction in Council Tax that can be applied to second or empty homes at the discretion of the Council.

- **Ineffective Housing Stock**: the combined term for long term empty and second/holiday homes as defined in the Argyll & Bute Local Housing Strategy Annual Report 2022.

- **Mid-Market Rent**: a type of affordable housing that targets households who cannot afford to buy or rent in the private market, but who may not be eligible or have a priority need for social housing. Such properties tend to be funded by a combination of grant funding, loan finance and financial guarantees.

- **Small Windfall Sites:** land with planning consent for residential development of less than 5 units.

- **Large Windfall Sites:** land with planning consent for residential development of 5 or more units.

2 Housing Policy Review

2.1 Scotland

National Planning Framework 4 (2023)

2.1.1 Adopted by Scottish Ministers in February 2023, National Planning Framework Four (NPF4)[5] forms part of the statutory development plan. NPF4 is the national spatial strategy for Scotland and sets out the spatial priorities for land use and development, and national planning policy.

2.1.2 NPF4 emphasises the need to develop homes that meet the diverse needs of the Scottish population and policy 16 (Quality Homes) makes direct reference to *"encouraging, promoting and facilitating"* the increased delivery of high quality, affordable and sustainable homes.

2.1.3 Within NPF4 the 'North and West Coast and Islands' are designated as a regional spatial priority. Within this section it is seen that housing, including its affordability, is a significant challenge for the region. Furthermore, it is acknowledged that there is a need for increased provision of affordable housing tenures. Although a broad geographical area in terms of its categorisation, housing affordability and availability within island communities has formed part of the national strategy for Scotland.

2.1.4 The Spatial Planning Priorities for the North and West Coast and Islands include the need for a greater choice and more flexible and affordable homes to support the varying needs of the region. It details how refurbishment of the existing housing stock as well as delivery of new affordable housing units will be required to meet the housing need of the region. In addition, NPF4 acknowledges the additional costs of housebuilding and general development within the region and the challenges that may be incurred through delivery of net-zero.

2.1.5 Most relevant to the Island HMA's assessed in this study is Policy 17 (Rural Homes) which in similar fashion to Policy 16 (Quality Homes) places a focus on *"encouraging, promoting and facilitating"* the delivery of high quality, affordable and sustainable housing but with a focus on the rural environment and the associated challenges. The key policy outcomes are as follows:

- Improved choice of homes across tenures so that identified local needs of people and communities in rural and island areas are met;
- Homes are provided that support sustainable rural communities and are linked with service provision; and
- The distinctive character, sense of place and natural and cultural assets of rural areas are safeguarded and enhanced.

2.1.6 NPF4 encourages Local Development Plans to set out tailored approaches to rural housing, guided by local circumstances, and with locally appropriate delivery approaches. In summary, NPF4 supports high quality, affordable, mixed-tenure housing in rural areas. It also identifies several key issues faced by rural communities, such as a lack of housing and depopulation.

2.1.7 NPF4 also notes a number of potential solutions, aimed at improving access to mixed-tenure, affordable housing in support of the local economy. These solutions include the development of temporary worker housing in remote areas or allocating housing for key workers.

[5] Scottish Government (2023). National Planning Framework Four. Available online at: https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2023/02/national-planning-framework-4/documents/national-planning-framework-4-revised-draft/national-planning-framework-4-revised-draft/govscot%3Adocument/national-planning-framework-4.pdf

Housing to 2040 (2021)

2.1.8 Published by the Scottish Government in 2021, Housing to 2040[6] sets out the long-term vision for housing in Scotland with an accompanying route map that details the long-term priorities and required delivery mechanisms. It was labelled as Scotland's first ever long-term national housing strategy and formed the basis from which a number of funding mechanisms were developed. The strategy makes a long-term commitment to investing in the supply of affordable housing across Scotland, with the total investment package estimated to be around £16 billion.

2.1.9 The strategy directly refers to island and rural communities, with Action 6 noting that the Scottish Government will enhance support for the delivery of housing in rural and island communities to help stem depopulation and support communities to thrive. It specifically earmarks funding through the Affordable Housing Supply Programme and Rural & Islands Housing Fund to aid the delivery of new homes.

2.1.10 In addition to increasing the availability of funding for affordable housing, the document also commits to bringing forward further regulation for short-term lets, which will allow A&BC and other local authorities to better balance the housing needs of local people and communities with wider tourism and economic interests.

National Islands Plan (2020-2025)

2.1.11 Published in 2019, this five-year plan[7] sets out the Scottish Government's framework for improving outcomes for island communities. Developed following the passing of the Islands (Scotland) Act 2018, this plan sets out 13 strategic objectives in relation to transport, climate change and energy, digital connectivity, and housing among other things.

2.1.12 Informed by an extensive public consultation exercise, the plan recognises that in spite of the influence of recent policy encouraging new and improved housing on the islands, the supply and availability of affordable, fit-for-purpose housing remains a clear and present challenge for island communities. Furthermore, it recognises a number of associated challenges faced by island communities including inflated construction costs, attracting and retaining people to live on the islands, the regularity and reliability of ferry services, the availability of adequate worker accommodation and a high proportion of short-term let / second home ownership.

Rural and Islands Housing: Action Plan (2023)

2.1.13 Published in October 2023, this document[8] sets out a strategic action plan which seeks to ensure that rural and island communities have access to high quality affordable and market housing. The plan has been developed to support the national level commitment of 110,000 new affordable homes by 2032, of which there is a commitment that 10% will be in rural and island areas.

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[6] Scottish Government (2021). Housing to 2040. Available online at: https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2021/03/housing-2040-2/documents/housing-2040/housing-2040/govscot%3Adocument/housing-2040.pdf

[7] Scottish Government (2019). Scotland's National Islands Plan (2020-2025). Available online at: https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2019/12/national-plan-scotlands-islands/documents/national-islands-plan-plana-naiseanta-nan-eilean/national-islands-plan-plana-naiseanta-nan-eilean/govscot%3Adocument/national-islands-plan-plana-naiseanta-nan-eilean.pdf

[8] Scottish Government (2023). Rural and islands housing: action plan. Available online at: https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2023/10/rural-islands-housing-action-plan/documents/rural-islands-housing-action-plan/rural-islands-housing-action-plan/govscot%3Adocument/rural-islands-housing-action-plan.pdf

2.1.14 It identifies several action areas that were developed in conjunction with the wider Housing to 2040 strategy following a period of consultation with local communities and stakeholders from remote, rural and island geographies. The key action areas are summarised below:

- **Delivering the right homes in the right places** – ensuring the right type of homes are developed in the right locations is essential to supporting rural communities. Indeed, the action plan emphasises the need for targeted place-based approaches that consider current and future housing requirements, as well as tenure and affordability, alongside amenities and the required supporting infrastructure;

- **Enabling the delivery of more high-quality affordable homes** – access to developable land, in the right location, is fundamental to the delivery of housing. As such, the Scottish Government have committed to working with partners to monitor and identify any surplus land and/or building assets that could accommodate new affordable housing;

- **Making best use of existing homes and support for home ownership** – as well as enabling the delivery of new homes in remote, rural and island communities, the action plan notes the need for local authorities to make the best use of existing housing stock. Furthermore, the action plan states that the Scottish Government is committed to bringing forward secondary legislation that will enable local authorities to apply for an up to 100% premium on council tax rates for second homes from April 2024;

- **Supporting community-led development** – the Scottish Government committed to strengthening the ability of community groups to deliver housing by continuing the Rural and Islands Housing Fund. Moreover, the action plan notes that Local Housing Strategy and Strategic Housing Investment Plan Guidance will be updated in 2024 to include a focus on community-led housing; and

- **Housing and local economies** – the action plan recognises the role of housing in supporting local economies and communities. As such, the Scottish Government has committed to working with local authorities to better understand the housing requirements of key sectors and industries. Furthermore, the Scottish Government has ringfenced new funding to deliver Rural Affordable Homes for Key Workers and has also committed to ensuring better, more effective engagement between employers and registered social landlords to identify the need for additional homes for key workers.

2.2 Argyll and Bute

Argyll & Bute Local Development Plan 2 (2024)

2.2.1 A&BC's proposed Local Development Plan 2 (LDP2) was amended following examination by Scottish Ministers and adopted in February 2024 Contained within the modified version of LDP2 are a number of policies directly pertaining to housing development. These policies are presented below.

Table 1 - Summary of LDP2 Housing Related Policies

Policy Name	Description
Policy 01 – Settlement Areas	In summary, development with defined settlement areas will be supported where: • It is located on an area of land allocated for the proposed use in LDP 2 and complies with any development brief prepared by the Council; • It is on a site which is the redevelopment of a brownfield;

Policy Name	Description
	• It is on a non-brownfield site, and the proposal is considered acceptable in relation to the overall land supply of the proposed use; • It is compatible with the surrounding uses; • It is of an appropriate scale and fit in relation to the surrounding settlement and respects the character and landscape of the surrounding townscape; and • It complies with all the relevant Local Development Plan 2 policies.
Policy 02 – Outwith Settlement Areas	In summary development outwith defined settlement areas will only be deemed acceptable where it can be demonstrated that it accords with either an existing allocation contained within LDP 2 OR the criterion associated with "Countryside Areas" in which there is a presumption in favour of sustainable development where it is appropriate to the countryside location/setting. Specific categories of development within so-called 'Remote Countryside Areas" will also generally be supported, including: • Renewable Energy; • Telecommunications / Digital Infrastructure; and • Development directly supporting agriculture, aquaculture, or other recognised countryside activity. Critically, this policy does not appear to include any provisions which would allow the development of housing within Remote Countryside Areas.
Policy 64 – Housing Development on Allocated Sites	Residential development on sites identified for housing in the Local Development Plan 2 settlement maps will normally be permitted where it complies with other policies; particularly the terms of the LDPs allocation schedules; and the mini development brief for each allocation provided in the action programme which accompanies LDP2.
Policy 66 – New Residential Development on Non-allocated Housing Sites Within Settlement Areas	Proposals for residential development within settlements must demonstrate compliance with NPF4 Policy 16 (f) which outlines a list of "limited circumstances" in which development on land not allocated for housing will be supported. LDP2 then goes on to outline further criteria under which new buildings will be permitted in relation to the layout, density, plot ratio, scale, form, and materials of any proposed development, as well as other standard requirements around the provision of suitable access, integration with the surrounding area, and the protection of local amenity. Moreover, it requires that any new residential development is not detrimental to the overall housing land supply of the LDP2.
Policy 67 – Provision of Housing to Meet Local Need Including Affordable Housing	Notes that new housing developments of eight or more units will generally be expected to contribute a proportion of affordable housing, with the benchmark figure set at 25% of the total number of units within the development as set out within NPF4.

Argyll & Bute Local Housing Strategy (2022)

2.2.2 Published in 2022, the Local Housing Strategy outlines the council's vision and investment[9] priorities for housing across the region over the five-year period between 2022 and 2027. As part of the process of preparing the Local Housing Strategy, A&BC and other key stakeholders identified the five key housing challenges facing the region, which are as follows:

- Shortage of social rented housing;
- Limited options for young people/families and elderly ageing population;
- Impact of ineffective housing stock (empty/second holiday homes);
- Poor energy efficiency of dwellings and climate change challenges; and
- Shortage of affordable private rented housing.

2.2.3 These five key challenges are summarised into the following broad categories: affordability, housing stock and empty homes. Specific issues pertaining to each category are outlined in **Table 2** below:

Table 2 - Summary of Key Local Housing Issues

Category	Summary of Key Issues
Affordability	• Local house prices exceed local incomes. • Low levels of containment and high levels of house sales to non-resident purchasers. • Increasing number of local residents unable to afford market prices and private rents.
Housing Stock	• High levels of second / holiday homes and vacant stock. • Localised imbalances in proportionate tenure provision. • Impact of short-term letting on permanent private rented sector. • Significant levels of disrepair and poor condition. • Lengthy waiting times in many HMAs for social rented housing. • Mismatch in supply and demand (in terms of size, type and location of housing stock).
Empty Homes	• High proportion of empty and vacant homes.

Argyll & Bute Housing Needs and Demands Assessment (2021)

2.2.4 The Argyll & Bute Housing Needs and Demands Assessment (HDNA)[10] published in 2021 sets out the issues to be addressed in the Local Housing Strategy and Local Development Plan. In relation to this particular study, the key headline issues are summarised as follows:

- **Demography** – declining population;
- **Economy** – fragile economic base, reliance on public sector and vulnerable tourism and hospitality sectors, high levels of seasonal, part-time, multiple, and self-employed jobs;
- **Affordability** – local house prices exceeding local incomes, high levels of house sales to non-resident purchasers, and market prices unaffordable to local residents; and

[9] Argyll and Bute Council (2022). Local Housing Strategy. Available online at: https://www.argyll-bute.gov.uk/housing/local-housing-strategy-and-housing-need-and-demand-assessment

[10] Argyll and Bute Council (2021). Housing Needs and Demand Assessment. Available online at: https://www.argyll-bute.gov.uk/housing/local-housing-strategy-and-housing-need-and-demand-assessment

- **Housing Stock** – localised imbalances in proportionate tenure provision and a mismatch in supply and demand (in terms of house sizes, types, and location).

2.2.5 In the HNDA, A&BC acknowledge that *"options for directly influencing the open housing market are relatively limited"* but commit to promoting a balanced and accessible housing system through the implementation of *"effective strategic interventions and measures to reduce inequalities based on affordability and constrained supply"*.

2.2.6 Specifically in relation to affordability as a key issue, the HDNA refers to the need to increase the supply of affordable and intermediate tenures (such as low-cost home ownership; shared equity; mid-market rents; and self-build models) in order to address the identified affordability gap in the housing market. It also sets out the economic and demographic implications of a shortfall in housing supply.

Argyll & Bute Strategic Housing Investment Plan 2022/23 – 2026/27

2.2.7 The Strategic Housing Investment Plan (SHIP)[11] is a key local authority document which identifies priority housing projects to support the delivery of local and national housing targets. It is an operational document and sets out the strategic investment priorities for affordable housing, and other tenures, over a five year-period. In summary, the SHIP presents affordable housing delivery targets for the region which are as follows:

- At least 550 new affordable homes over five years;
- At least 80% of which should be for social rent; and
- 10% should compromise some form of specialist provision (e.g., wheelchair accessible, supported, amenity or sheltered).

2.2.8 A&BC aims to maintain an appropriate balance of housing provision across the region that reflects the affordable housing requirement identified in the HDNA. Within each of the HMAs, investment is targeted at communities exhibiting the greatest affordable housing pressures. As such, the plan recognises the importance of investing in smaller, more fragile rural and island communities as well as larger urban settlements.

2.2.9 If the SHIP Core Programme is successfully delivered in full, it would provide up to 1,076 new affordable homes across Argyll and Bute by March 2027, of which over 38% would be in rural mainland, island and/or fragile communities.

HOME Argyll Housing Allocations Policy (2020)

2.2.10 HOME Argyll is a partnership between each of the Housing Associations operating in the region, providing and maintaining one Common Housing Register (CHR) for the A&BC area. the HOME Argyll allocations policy uses a quota-based system which divides applicants into the following groups and allocates properties on the basis of need:

- Statutory Homeless Applicants;
- Direct Waiting List Applicants; and
- Transfer Applicants.

2.2.11 The allocations policy sets out a reasonable minimum accommodation size, based on the size of the applicant's household. Through use of a point-based system, applicants are scored

[11] Argyll and Bute Council (2021). Strategic Housing Investment Plan. Available online at: https://www.argyll-bute.gov.uk/housing/local-housing-strategy-and-housing-need-and-demand-assessment

against several criterion based on their current circumstances and needs. As and when properties become available, applicants will be matched with a property that suits their requirements. The points-based system in operation was developed in accordance with the Housing (Scotland) Act 2014 which amended Section 20 of the 1987 Act and outlines three categories of applicants that should be given ‘reasonable preference’ and therefore prioritised. These include:

- Homeless persons and persons threatened with homelessness who have unmet housing needs;

- People who are living under unsatisfactory housing conditions and who have unmet housing needs; and

- Tenants of houses held by a social landlord, which are considered by the landlord to be under-occupied.

3 Housing Market Baseline

3.1 Overview of Existing Housing Stock

Total Number of Residential Properties

3.1.1 A&BC Council Tax records show the overall number of residential properties across the island HMAs. Of the island HMAs included within this study, the majority of housing stock is on Islay, Jura and Colonsay (46%), followed by Mull and Iona (40%), and Coll and Tiree (14%).

Table 3 - Total Number of Properties by Housing Market Area (2019 & 2023)

Housing Market Area	Total Number of Properties (2019)	Total Number of Properties (2023)	5 Year % Change
Coll and Tiree	681	702	+3%
Coll	141	145	+3%
Tiree	540	557	+3%
Mull and Iona	1838	1940	+6%
Mull	1738	1843	+6%
Iona	100	97	-3%
Islay, Jura and Colonsay	2198	2219	+1%
Islay	1934	1940	0%
Jura	162	175	+8%
Colonsay	102	104	+2%

Source: Argyll & Bute Council (2023)

3.1.2 The number of properties on the islands increased slightly over the 5-year period from 2019 to 2023. Council Tax records show that Coll and Tiree added 21 units, Mull and Iona added 102 units, and Islay, Jura and Colonsay added 21 units in this period. This represents an increase of 3%, 6% and 1% respectively.

Empty and Vacant Residential Properties

Table 4 – Empty and Vacant Residential Properties by Housing Market Area (2023)

Housing Market Area	Long Term Empty	200% Levy	50% Discount	Total	% of Total Number of Properties (2023)
Coll and Tiree	2	16	2	20	2.8%
Coll	1	3	1	5	3.4%
Tiree	1	13	1	15	2.7%
Mull and Iona	13	47	2	62	3.2%
Mull	13	45	2	60	3.3%
Iona	0	2	0	2	2.1%
Islay, Jura and Colonsay	19	64	0	83	3.7%
Islay	17	53	0	70	3.6%
Jura	1	10	0	11	6.3%
Colonsay	1	1	0	2	1.9%

Source: Argyll & Bute Council (2023)

3.1.3 The data pertaining to empty and vacant residential properties presented in **Table 4** above is derived from A&BC's Council Tax records for the island HMA's and demonstrates the different classifications/tax mechanisms imposed on empty and vacant homes. Definitions for each of the different (i.e., long-term empty, 200% levy and 50% discount) is presented in **Chapter 1 – Introduction**.

3.1.4 In 2023, Islay, Jura and Colonsay had the largest proportion of empty and vacant residential properties accounting for 3.7% of the total housing stock within the HMA. This was followed by Mull and Iona (3.2%) and Coll and Tiree (2.8%). Such properties are not actively used as primary residences and are considered ineffective (alongside second homes) by A&BC.

3.1.5 In terms of long-term empty properties (i.e., those empty for a period of 6-months or more), the figures above demonstrate that Islay, Jura and Colonsay had the largest number of properties falling under this bracket (19), followed by Mull and Iona (13) and Coll and Tiree (2).

3.1.6 Properties empty for a period of 12-months or more (and not actively marketed for sale or for rent) are liable for a Council Tax surcharge referred to as the '200% Levy'. In 2023, Islay, Jura and Colonsay had the highest number of residential properties paying the double Council Tax charge (64). This was followed by Mull and Iona (47) and Coll and Tiree (16).

3.1.7 A small number of empty properties are eligible to receive a 50% reduction in Council Tax, at the discretion of A&BC. In 2023, Coll and Tiree had two properties that were eligible for this discretionary discount, and there were two further properties on Mull and Iona.

Second Home Ownership

3.1.8 According to the Scottish Government (2023)[12], second homes are defined as *"a dwelling which is no one's sole or main residence and that is lived in for at least 25 days during the 12-month period of the Council Tax charge"*. A&BC Tax Data from April 2023 shown in **Table 5** below provides an insight into second home ownership across each of the island HMA's.

Table 5 – Number of Registered Second Homes by Housing Market Area

Housing Market Area	Number of Second Homes (2019)	Number of Second Homes (2023)	% of Total Number of Properties (2023)
Coll and Tiree	181	**186**	**26%**
Coll	30	30	21%
Tiree	151	156	28%
Mull and Iona	173	**198**	**10%**
Mull	163	188	10%
Iona	10	10	10%
Islay, Jura and Colonsay	260	**254**	**11%**
Islay	199	192	10%
Jura	35	32	18%
Colonsay	26	30	29%

Source: Argyll & Bute Council (2023)

3.1.9 **Table 5** above indicated that the proportion of properties classified as second homes on Coll and Tiree (26%) is more than double that of which is observed on Mull and Iona (10%) and Islay, Jura and Colonsay (11%).

3.1.10 From 2019 to 2023 there was an increase in the number of registered second / holiday homes within the Mull and Iona HMA (+15%) and Coll and Tiree HMA (+3%)[13]. That these figures do not however convey higher spatial concentrations of second / holiday home ownership within specific settlements on each of the islands where localised pressures exist.

[12] Scottish Government (2023). Council tax for second and empty homes, and thresholds for non-domestic rates: consultation analysis. Available online at: https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2023/10/council-tax-second-empty-homes-thresholds-non-domestic-rates-consultation-analysis/documents/council-tax-second-empty-homes-thresholds-non-domestic-rates-consultation-analysis/council-tax-second-empty-homes-thresholds-non-domestic-rates-consultation-analysis/govscot%3Adocument/council-tax-second-empty-homes-thresholds-non-domestic-rates-consultation-analysis.pdf

[13] It is however important to note that a trend of properties reclassifying as self-catering under non-domestic rates for taxation and lending benefits may be an influencing factor on five-year change figures for this sector.

Short Term Let Accommodation

3.1.11 A&BC has a license scheme in place for premises operating as short term lets, as required by the Scottish Government. As of 1st April 2024, the Council had received a total of 3,037 short term let (STL) applications from across the region[14]. Whilst the number of STL applications is not yet available at HMA level, it is likely that a not insignificant proportion of STL properties will be located on the islands.

3.2 Housing Rental Market Overview

3.2.1 Private and social rented housing accounts for a significant proportion of the total housing stock in Argyll and Bute and across each of the island HMAs. Data for both the private and social rented sector, as presented below, were provided by A&BC and HOME Argyll.

Social Rented Housing

3.2.2 Social housing stock in Argyll and Bute is owned and managed by a small number of Housing Associations which operate as Registered Social Landlords (RSLs). The figures set out below, provided by A&BC and HOME Argyll, present an overview of the existing RSL stock for each of the island HMAs broken down by size of property.

Table 6 - HOME Argyll Housing Stock by Property Size (2023)

	1 Bed	2 Bed	3 Bed	4 Bed	5+ Bed	Total
Coll and Tiree						
Total RSL Stock	11	21	18	0	0	50
HOME Argyll Lets	1	1	1	0	0	3
HOME Argyll Waiting List	16	5	4	1	0	26
Mull and Iona						
Total RSL Stock	36	53	40	1	0	130
HOME Argyll Lets	7	8	1	1	0	17
HOME Argyll Waiting List	83	21	6	1	3	114
Islay, Jura and Colonsay						
Total RSL Stock	92	239	134	12	2	479
HOME Argyll Lets	12	31	12	1	1	57
HOME Argyll Waiting List	119	43	26	7	0	195

Source: Argyll & Bute Council / Home Argyll (2023)

Total RSL Housing Stock

3.2.3 Data provided by Home Argyll (2023) shows that there were 659 RSL housing units spread across the island HMA's. 73% of the total RSL housing stock was located across the Islay, Jura and Colonsay HMA, with a further 20% across Mull and Iona, and 8% across Coll and Tiree. The significantly higher proportion of RSL housing stock on Islay, Jura and Colonsay compared to Mull and Iona is somewhat surprising given the similarities between both HMAs in terms of population and economic activity.

3.2.4 In terms of house size (number of bedrooms), RSL housing stock across each of the island HMAs is relatively well distributed, however there was a clear shortfall in the supply of both 4-bed and 5-bed (plus) family sized social housing units. Across the board, there was a higher number of 2-bed and 3-bed properties. From this data, it is not possible to ascertain the proportion of specialist properties on each island HMA (e.g., adapted or specialist housing).

[14] Argyll & Bute Council (2024). Short Term Lets Licence. Available online at: https://www.argyll-bute.gov.uk/licences/short-term-lets-licence

3.2.5 A full breakdown of all RSL / Housing Association stock provided by West Highland Housing Association, Argyll Community Housing Association, and Trust Housing Association, for each of the island HMAs is presented in **Appendix B** for additional context.

RSL Waiting Lists

3.2.6 **Table 6** above also presents the number of people registered on the social housing waiting list by the size of house they require. It shows that across the island HMAs, 1-bedroom properties were in most demand – accounting for 62% of applicants registered on the waiting list in Coll and Tiree, 61% in Islay, Jura and Colonsay, and some 73% in Mull and Iona.

3.2.7 Waiting list data provided by HOME Argyll (see **Table 7** below) is further broken down into the following categories:

- **General List**: comprised of applicants with a range of diverse housing needs;
- **Homeless List**: comprised of applicants understood to be legally homeless; and
- **Transfer List**: comprised of individuals residing in a social rented property but who wish to re-locate to another property.

Table 7 - HOME Argyll Waiting List by Housing Market Area

Housing Market Area	General List	Homeless List	Transfer List	Total
Coll and Tiree	23	1	2	26
Mull and Iona	101	2	11	114
Islay, Jura & Colonsay	148	13	34	195

Source: Argyll & Bute Council and HOME Argyll (2023)

3.2.8 Figures presented in **Table 7** above show that as of April 2023 Islay, Jura and Colonsay had the longest social housing waiting list of the HMAs (148 people of which 9% were registered as homeless). It is important to note, that the waiting list figures outlined above only reflect the individuals that have gone through the formal application process with A&BC and Home Argyll, and as such the actual number of people in need of social housing may be different to those that are presented above.

Private Rented Housing

3.2.9 Private rented properties are those which are let by a tenant through a private landlord under a private residential tenancy agreement. Analysis across each of the island HMA's indicates that a small private rental market exists within each island HMA, based on the number of private rented sector properties as a proportion of total housing stock. As of April 2023, private rented sector properties accounted for 14% of the total housing stock on Mull and Iona, and 11% on Islay, Jura and Colonsay as shown in **Table 8** below.

Table 8 – Private Rented Properties by Housing Market Area and Island

Housing Market Area and Island	Number of Private Rented Properties	% of Total Properties
Coll and Tiree	47	7%
Coll	14	10%
Tiree	32	6%
Mull and Iona	278	14%
Mull	262	14%
Iona	16	17%
Islay, Jura and Colonsay	246	11%
Islay	195	10%
Jura	32	18%
Colonsay	19	18%

Source: Argyll & Bute Council (2023)

3.2.10 There is limited data on rental costs being charged for housing in the private rented market at HMA level and across the islands. Scottish Government data for Argyll and Bute as a whole (defined as a Broad Rental Market Area)[15] shows that in 2023 the average private rent in the region was £723 per month compared to the Scotland average of £841. Of note, the average monthly private rent for a 2-bed property in Argyll and Bute has been lower than the national average in each year since 2010.

3.2.11 Stakeholder evidence from the engagement exercise conducted as part of this study would suggest that the average private sector rent on the islands is higher than the average rental values on the mainland, driven by the lack of housing over inflating the prices paid by some tenants on islands.

3.3 Residential Property Market Overview

Residential Property Prices

Table 9 - Median Residential Property Price and 10 Year Percentage Change

Housing Market Area	Median Property Price (2022)	10 Year Percentage Change
Coll and Tiree	£312,364	+132%
Mull and Iona	£265,863	+38%
Islay, Jura and Colonsay	£282,287	+108%

Source: Scottish Government (2023)

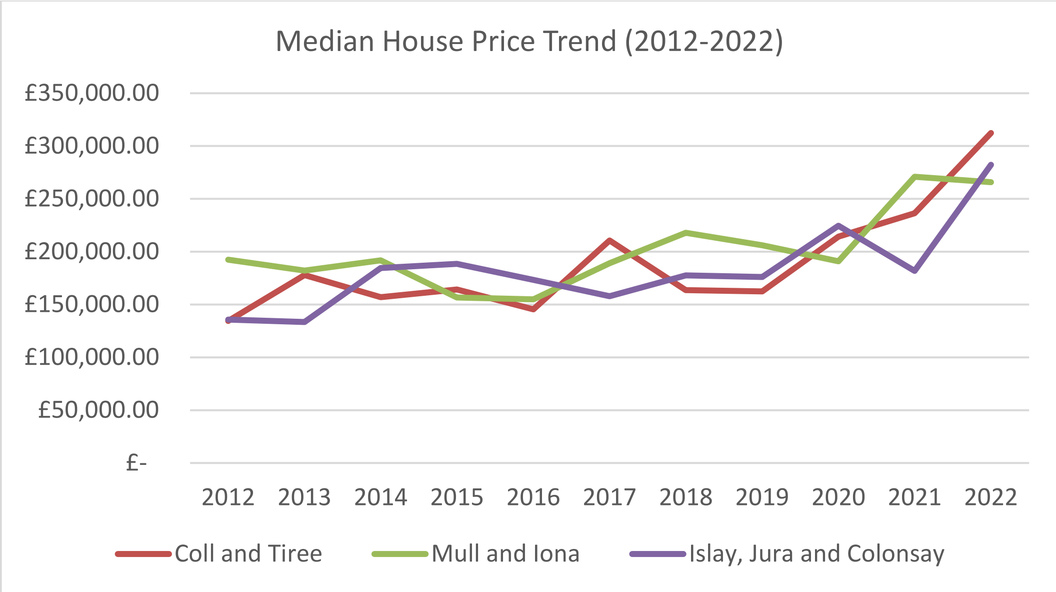
3.3.1 Figures presented in **Table 9** above show that in 2022 the median residential property price was highest on Coll and Tiree (£312,364), followed by Islay, Jura and Colonsay (£282,287) and Mull and Iona (£265,863)[16].

3.3.2 Over the 10-year period spanning from 2012 to 2022, the median residential property price has risen significantly across each of the island HMAs. The largest percentage increase over this period was observed on Coll and Tiree, which saw the median price grow by a staggering 132%. A similarly high increase took place across Islay, Jura and Colonsay (108%). A much smaller increase in comparative terms was observed on Mull and Iona (38%) which is more reflective of the wider Argyll and Bute region and Scotland (44% and 39%) over the same 10-year period.

[15] Scottish Government (2022). Private Rent Sector Rent Statistics, Scotland, 2010 to 2022. Available online at: https://www.gov.scot/publications/private-sector-rent-statistics-scotland-2010-2022/

[16] Scottish Government (2023). House Prices – Residential Properties Sales and Price. Available online at: https://statistics.gov.scot/resource?uri=http%3A%2F%2Fstatistics.gov.scot%2Fdata%2Fresidential-properties-sales-and-price

Figure 2 - Median House Price Trend (2012-2022)



Source: Scottish Government (2023)

3.3.3 Whilst house price inflation is not uncommon, it can have a disproportionate impact on first-time buyers, young people, and lower income households. House price inflation on the islands is likely to have been driven by a number of factors including the number of second / holiday homes on some islands and the limited amount of housing stock available driving competition.

Residential Property Sales

3.3.4 The figures presented in **Table 10** below demonstrate the number of residential properties sold on a yearly basis over the 10-year period from 2012 and 2022[17]. Although these could be used to demonstrate property market activity at HMA level, it is important to note that these figures are heavily influenced by external factors and market conditions such as the downturn in 2020 as a result of the COVID-19 pandemic, high interest rates, and the recent cost of living crisis.

Table 10 – Annual Residential Property Sales by Housing Market Area (2012-2022)

Housing Market Area	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Coll and Tiree	12	12	17	21	28	17	15	10	17	29	13
Mull and Iona	42	56	66	49	64	74	65	89	33	87	72
Islay, Jura and Colonsay	49	49	66	48	65	53	45	56	31	42	57

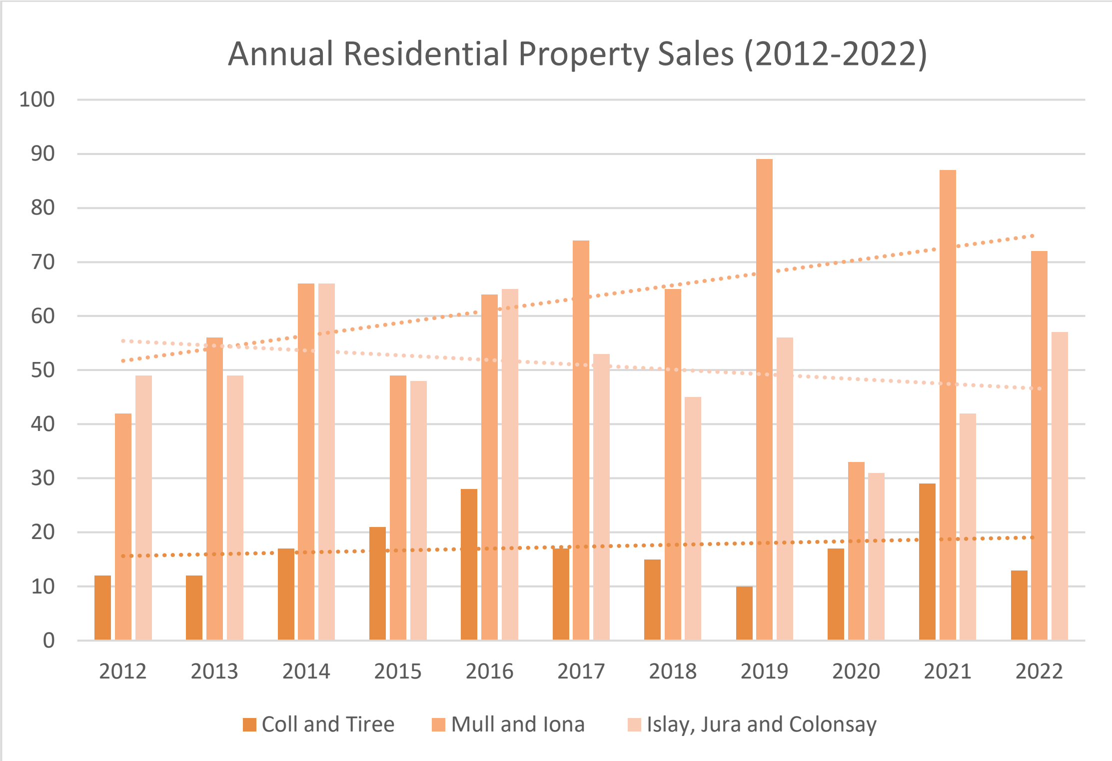
Source: Argyll & Bute Council (2023)

3.3.5 The figures demonstrate that sale activity over the 10-year period was most prominent on Islay, Jura and Colonsay and Mull and Iona in terms of the volume of transactions. It should however be noted that comparatively, the higher volume of property transactions will be driven by the larger number of properties in these two HMAs, compared to Coll and Tiree. It would appear that there was a reduction in the volume of residential sales in 2020 due the impact of

[17] Scottish Government (2023). House Prices – Residential Properties Sales and Price. Available online at: https://statistics.gov.scot/resource?uri=http%3A%2F%2Fstatistics.gov.scot%2Fdata%2Fresidential-properties-sales-and-price

COVID-19 on the market, however higher 2021 and 2022 figures suggest that the housing market returned to near pre-pandemic levels.

Figure 3 – Annual Residential Property Sales (2012-2022)



Source: Scottish Government (2023).

3.4 Housing Affordability

3.4.1 According to CACI (2023) data[18] for each island[19] (as shown in **Table 10**), average household incomes were much higher on the islands of Iona (£58,300) and Jura (£48,600), followed by Coll (£47,900), Mull (£47,300), Colonsay (£43,500), Tiree (£42,500) and Islay (£40,200). In comparison, the Argyll and Bute regional average household income was £43,823 in 2023.

3.4.2 At the most granular level, there is a notable difference in average household income within each island HMA. For example, the difference in household income between Mull and Iona was £11,000 in 2023. Similarly, there was a difference of around £8,400 between Islay and Jura, and a difference of £5,400 between Coll and Tiree. This demonstrates the variation in incomes even within the same HMA. This variation in average household income is further explored in the wider affordability analysis presented below, with some islands and HMAs facing a more sizeable housing affordability gap than others.

[18] CACI (2023) Household Income 'Paycheck' Dataset courtesy of A&BC.

[19] Calculated for each island by aggregating CACI (2023) household income data by post code.

Table 11 – Housing Affordability by Island (2023)

	Coll and Tiree		Mull and Iona		Islay, Jura and Colonsay		
	Coll	Tiree	Mull	Iona	Islay	Jura	Colonsay
Average Household Income (2023)	£47,900	£42,500	£47,300	£58,300	£40,200	£48,600	£43,500
Average House Price (2023)[20]	£185,000	£224,115	£239,875	£240,000	£270,475	£355,000	£343,333
Affordability Ratio	4	5	5	4	7	7	9
Household Income to Afford Average House Price	£52,857	£64,032	£68,535	£68,571	£77,278	£101,428	£98,095
% of Local People Unable to Afford Average House Price	62%	78%	76%	63%	87%	93%	92%
Affordable House Price	£167,650	£148,750	£165,550	£204,050	£140,700	£170,100	£152,250

Source: CACI (2023); Argyll & Bute Council (2023)

3.4.3 **Table 11** above presents the average house price on each island in 2023. Provided by A&BC, this data represents a snapshot of average house prices and was determined following a high-level desk-based exercise which examined residential properties for sale on each island.

3.4.4 It shows that the average price of a house was significantly higher on the islands of Jura (£355,000) and Colonsay (£343,333), followed by Islay (£270,475), Iona (£240,000), Mull (£239,875), Tiree (£224,115) and Coll (£185,000). There was a vast difference in average house price between the most expensive on Jura and the least expensive on Coll (£170,000). It is important to note however that the accuracy of the average house price data used is dependent on the volume of residential sales per annum (i.e., fewer sales and less market churn may result in average house prices being skewed by a small number of outlying, high value, transactions or vice versa).

Housing Affordability Ratio

3.4.5 By calculating the housing affordability ratio for each island, using average household income figures alongside average house price data as set out in **Table 11** above, Colonsay is seen to be the least affordable island, with the average priced property costing more than 9 times as much as average annual household earnings. Indeed, house prices across the Islay, Jura, and Colonsay HMA are too high for most households.

3.4.6 The housing affordability ratio for both the Mull and Iona, and the Coll and Tiree HMAs is also significantly high – with the average priced house costing between 4 and 5 times the average household income.

[20] Average house price data for 2023 was provided by Argyll and Bute Council and was determined following a desk-based research exercise which examined residential properties for sale on each island.

Average Household Income Required to Afford Average House Price

3.4.7 Based on the latest Housing Need and Demand Assessment mortgage impact modelling guidance published by the Scottish Government[21], an affordable house price is assumed to be no more than 3.5 times the annual incomes of an individual household. As such, by using the 3.5 affordability multiplier, it is possible to determine the household income required to afford the average priced property on each island[22].

3.4.8 As expected, based on the ratio of affordability noted previously, purchasing a house within the Islay, Jura and Colonsay HMA would require the largest household income – in the region of £101,428 on Jura, £98,095 on Colonsay and £77,278 on Islay. The lowest required income to afford the average price is on Coll at £52,857 which is driven by the substantially lower average property price of £185,000.

3.4.9 However, despite demonstrating higher average household incomes compared to both the Argyll and Bute and Scottish average, it would appear that the majority of households do not have a large enough annual income to support the purchase of a property in any of the HMAs.

Proportion of Local People Unable to Afford Average House Price

3.4.10 Based on the CACI 2023 average household income data provided by A&BC (shown in **Table 11**) it is evident on all seven islands, and across each HMA, over half of the resident population are unable to afford the average priced house. This is particularly acute within the Islay, Jura and Colonsay HMA where only 1 in 10 local households had sufficient enough annual income to purchase a residential property in 2023[23].

3.4.11 As previously presented in **Table 11**, 62% of households on Coll, 78% on Tiree, 76% on Mull and 63% on Iona respectively were unable to afford the average priced house in 2023. Whilst proportionally, Coll and Tiree, and Mull and Iona have a higher number of residents with the requisite household income to purchase a residential property at the average price, there are still significant affordability issues albeit not as extreme as on Islay, Jura and Colonsay.

Affordable House Price

3.4.12 Again, by using the affordability multiplier of 3.5 it is possible to determine the affordable house price for the majority of residents on each island[24] as presented in **Table 12** below. Further, comparing the affordable house price with the average house price demonstrates the difference or 'affordability gap' between the average house price and the value considered to be affordable to the average local resident. The affordability gap (i.e., the difference between these two values) is shown in **Table 12** below.

Table 12 - Average House Price Compared to Affordable House Price

Island	Average House Price (2023)	Affordable House Price (2023)	Affordability Gap (£)	Affordability Gap (%)
Coll	£185,000	£167,650	£17,350	10%
Tiree	£224,115	£148,750	£75,365	51%
Mull	£239,875	£165,550	£74,325	45%
Iona	£240,000	£204,050	£35,950	18%

[21] Scottish Government (2023). HNDA Modelling Mortgage Impacts: Guidance. Available online at: https://www.gov.scot/publications/hnda-modelling-mortgage-impacts-guidance/pages/background-and-historic-data/

[22] Calculated by dividing the 2023 average house price on each island by 3.5.

[23] As presented in Table 11, some 92%, 93% and 92% of residents on Islay, Jura and Colonsay respectively were unable to afford the average priced house in 2023 according to data provided by A&BC.

[24] Calculated by multiplying the 2023 average household income on each island by 3.5.

Island	Average House Price (2023)	Affordable House Price (2023)	Affordability Gap (£)	Affordability Gap (%)
Islay	£270,475	£140,700	£129,775	92%
Jura	£355,000	£170,100	£184,900	109%
Colonsay	£343,333	£152,250	£191,083	126%

Source: Argyll & Bute Council (2023)

3.4.13 **Table 12** demonstrates the differences in affordability between each island. Across each HMA there is a significant gap between the market value (or sale) price of residential property and sale price that would result in the property being deemed affordable to the average island resident based on 2023 average income figures.

3.4.14 Of the islands contained within the scope of the study Coll can be seen to have the least variation between average house price and affordable price with a difference of £17,350 (10%). The most significant variation between the values is observed on Colonsay with a difference of £191,083 (126%) between both values.

3.5 Allocated and Planned Housing Sites

Allocated Housing Sites

3.5.1 This section lists the sites within each HMA designated for residential development in the latest Argyll and Bute Housing Land Audit (2022)[25]. Based on the data provided by A&BC, it is possible to show the total capacity, total completions, and remaining capacity of these sites[26].

Table 13 – Argyll & Bute Housing Land Audit Allocated Sites (2022)

Housing Market Area	Number of Sites	Total Capacity	Total Completions	Remaining Capacity
Coll and Tiree	2	19	0	19
Islay, Jura and Colonsay	12	365	72	293
Mull and Iona	17	324	56	268

Source: Argyll & Bute Housing Land Audit (2022)

3.5.2 According to the Argyll & Bute Housing Land Audit published in 2022, there was a remaining capacity for 580 new housing units across the island HMAs. These units were distributed as follows: 3% in Coll and Tiree, 51% in Islay, Jura and Colonsay, and 46% in Mull and Iona. Housing units were allocated over 31 different sites, split across each island HMA (see **Table 13**). A number of units categorised as 'remaining capacity' in the 2022 Housing Land Audit have since been completed.

3.5.3 Completion data provided by A&BC shows that all recently completed housing developments (see total completions in **Table 13** above) took place across both the Mull and Iona HMA (56 new units) and Islay, Jura and Colonsay HMA (72 new units). There were no completions across the two sites on Coll and Tiree included in the Housing Land Audit.

Planned and Consented Housing Sites

3.5.4 Each of the sites included in the 2022 Housing Land Audit were at different stages of the planning and consenting process, as summarised in **Table 14** below.

[25] Argyll & Bute Council (2022). Housing Land Audit. Available online at: https://www.argyll-bute.gov.uk/housing/housing-land-audit

[26] This dataset includes all completions made prior to 31st of March 2022. A small number of completions have been made following this date but are not included in the data presented.

Table 14 – Allocated Sites by Planning Status

Housing Market Area	Allocated Sites	Sites with Planning Permission	Sites with Planning Permission in Principle	Sites with No Consent
Coll and Tiree	2	1	0	1
Islay, Jura and Colonsay	12	7	2	3
Mull and Iona	17	10	4	3

Source: Argyll & Bute Council (2023)

3.5.5 Of the 31 sites allocated for residential development spread across each of the island HMAs, only 14 had been granted full planning permission, while 3 had received planning permission in principle. A large proportion of the sites included in the 2022 Housing Land Audit (44%) had no planning consent.

Site Development Status

3.5.6 Each of the sites included in the 2022 Housing Land Audit were also at different stages of construction / build-out, as summarised in **Table 15** below.

Table 15 – Allocated Sites by Development Status

Housing Market Area	Sites	Under Construction (Full Site)	Under Construction (Part of Site)	Part of Site Completed	Not Started	Stalled
Coll and Tiree	2	0	1	0	1	0
Islay, Jura and Colonsay	12	1	2	1	8	0
Mull and Iona	17	2	1	1	10	3

Source: Argyll & Bute Council (2023).

3.5.7 As shown in **Table 15**, the HMAs of Islay, Jura and Colonsay and Mull and Iona have more house building activity than Coll and Tiree. However, of the total number of sites included in the 2022 Housing Land Audit, a significant majority (71%) were categorised as either ‘stalled’ or ‘not started’. This could be due to a number of different factors, including lack of developer interest, challenges associated with individual sites, or not having the requisite consents and permissions to commence development.

3.6 Residential Development Completions

3.6.1 Five year housing completion data, from 2018/19 through to 2022/23, was provided by A&BC for each island HMA and shows the annual change in residential development activity (i.e., the rate of development activity). **Table 16** below displays the total number of unit completions for all types of residential development by year.

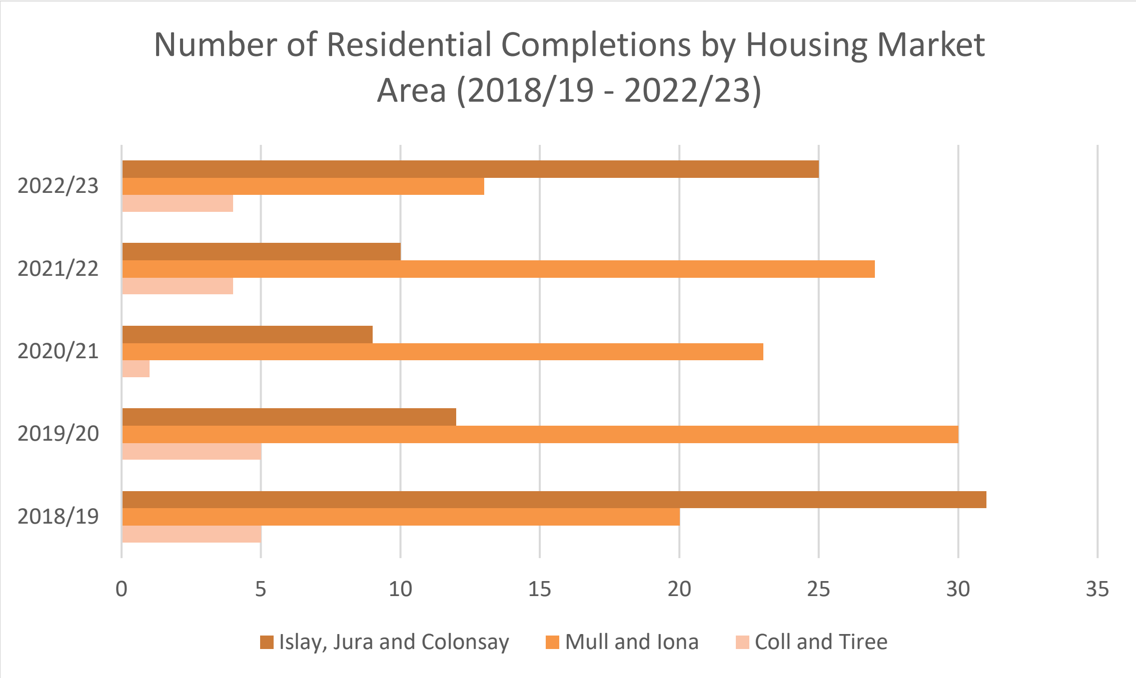
Table 16 – Residential Development Completions (2018/19 – 2022/23) by Housing Market Area

Housing Market Area	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Coll and Tiree	5	5	1	4	4	19
Mull and Iona	20	30	23	27	13	113
Islay, Jura and Colonsay	31	12	9	10	25	87

Source: Argyll & Bute Council (2023)

3.6.2 From 2018/19 to 2022/23, there were 219 residential (unit) completions across the island HMAs. The majority of these completions (113) were concentrated within the Mull and Iona HMA, followed by Islay, Jura and Colonsay (87). A further 19 residential units were completed across the Coll and Tiree HMA over the 5-year period.

Figure 4 - Number of Residential Development Completions by HMA (2018/19 – 2022/23)



Source: Argyll & Bute Council (2023).

Windfall Housing Sites

3.6.3 According to the 2022 Argyll & Bute Housing Land Audit[27], any housing sites that are not on an allocation or regarded as Potential Development Areas (PDAs) are known as windfall sites. This section provides a breakdown of all windfall sites across each of the island HMAs.

Large Windfall Housing Sites

3.6.4 An overview of large windfall sites (i.e., land with planning consent for residential development of 5 or more units) across each island HMA is presented in **Table 17** below.

Table 17 – Large Windfall Sites by Housing Market Area

Housing Market Area	Number of Sites	Total Capacity	Total Completions	Remaining Capacity
Coll and Tiree	1	5	0	5
Islay, Jura and Colonsay	2	15	0	15
Mull and Iona	4	21	6	15

Source: Argyll & Bute Council (2023)

3.6.5 There are a small number of large windfall sites across each of the island HMAs. Indeed, the total capacity of each large windfall site is significantly less than the combined capacity of the small windfall sites noted below.

Small Windfall Housing Sites

3.6.6 An overview of small windfall sites (i.e., land with planning consent for residential development of less than 5 units) across each island HMA is presented in **Table 18** below. Small windfall sites account for a significant amount of housing development activity across all three of the

[27] Argyll & Bute Council (2022). Housing Land Audit. Available online at: https://www.argyll-bute.gov.uk/housing/housing-land-audit

island HMA's. These small windfall sites are all less than five units total and as such are not included in the programme of sites contained within the Housing Land Audit.

Table 18 – Small Windfall Sites by Planning Status

Housing Market Area	Number of Sites with Planning Permission[28]	Number of Sites with Planning Permission in Principle	Number of Small Windall Sites Over 3 Years Old	Total
Coll and Tiree	51	28	18	97
Islay, Jura and Colonsay	25	10	8	43
Mull and Iona	25	22	11	58

Source: Argyll & Bute Council (2023)

3.6.7 Small windfall site planning activity was more prominent across the Coll and Tiree HMA – with more than twice as many small windfall sites with planning permission as the larger HMAs of Mull and Iona, and Islay, Jura and Colonsay. This is commensurate with the much smaller population base on Coll and Tiree and is indicative of the type of house building that takes place (i.e., a smaller number of units, on smaller sites – possibly due to a higher volume of self-build properties).

Affordable and Market Completions

Affordable Completions

3.6.8 The total completion data provided by A&BC can be further broken down into two categories: affordable housing units and market housing units. **Table 19** below provides the breakdown of affordable unit completions by island HMA from 2018/19 to 2022/23 based on the figures contained in the 2022 Housing Land Audit.

Table 19 – Number of Affordable Unit Completions by Housing Market Area (2018/19 – 2022/23)

Housing Market Area	2018/19	2019/2020	2020/21	2021/22	2022/23	Total
Coll and Tiree	0	0	0	0	0	0
Mull and Iona	0	19	2	4	0	25
Islay, Jura and Colonsay	25	0	7	1	20	53

Source: Argyll & Bute Council Housing Land Audit (2022)

3.6.9 Between 2018/19 and 2022/23, a total of 78 new affordable housing units were completed. The vast majority of these units (53) were located within the Islay, Jura and Colonsay HMA, whilst the remaining 25 were on Mull and Iona. No affordable housing units were completed on Coll and Tiree during this period.

Market Completions

3.6.10 **Table 20** below provides the breakdown of market unit completions by island HMA between 2018/19 and 2022/23, again based on the figures contained in the 2022 Housing Land Audit.

[28] Some sites with planning permission may be under construction and/or completed. Such sites will be captured within the completions data presented.

Table 20 – Number of Market Unit Completions by Housing Market Area (2018/19 – 202/23)

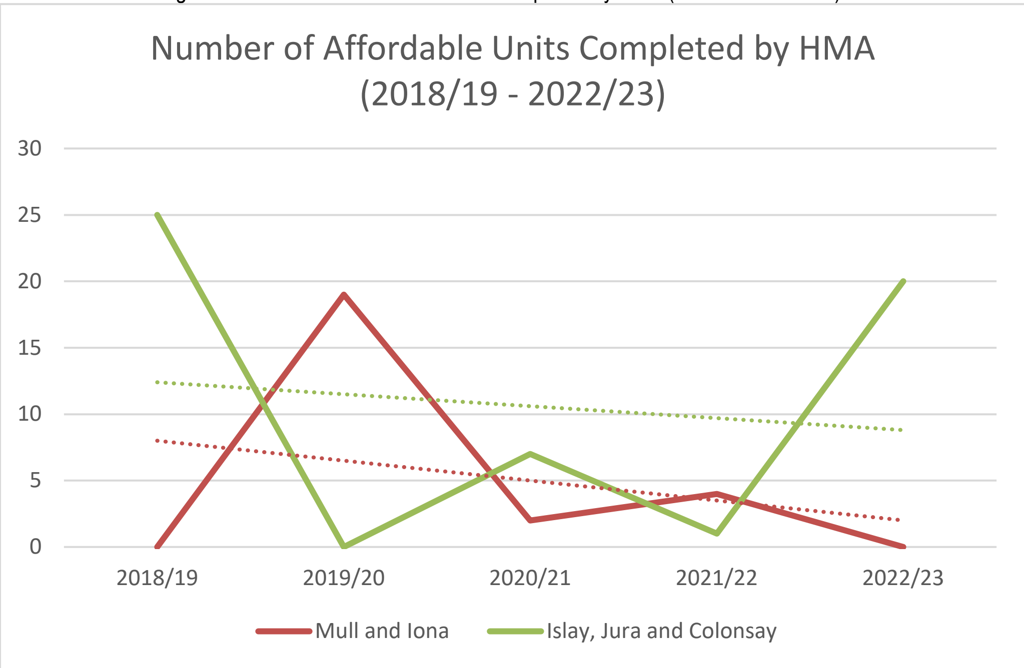
Housing Market Area	2018/19	2019/2020	2020/21	2021/22	2022/23	Total
Coll and Tiree	5	5	1	4	4	19
Mull and Iona	20	11	21	23	13	88
Islay, Jura and Colonsay	6	12	2	9	5	34

Source: Argyll & Bute Council Housing Land Audit (2022)

3.6.11 Between 2018/19 and 2022/23, there were 141 new market units completed. The majority of these market units (88) were located on Mull and Iona, followed by Islay, Jura and Colonsay (34). Coll and Tiree had the fewest market completions (19). It is important to note that whilst presented as 'market' completions, the units presented above do not represent speculative housing for sale – rather built to order homes. Moreover, it is assumed that a not insignificant number of these market completions (often single or double plot developments) are operated as short term lets or used as second homes.

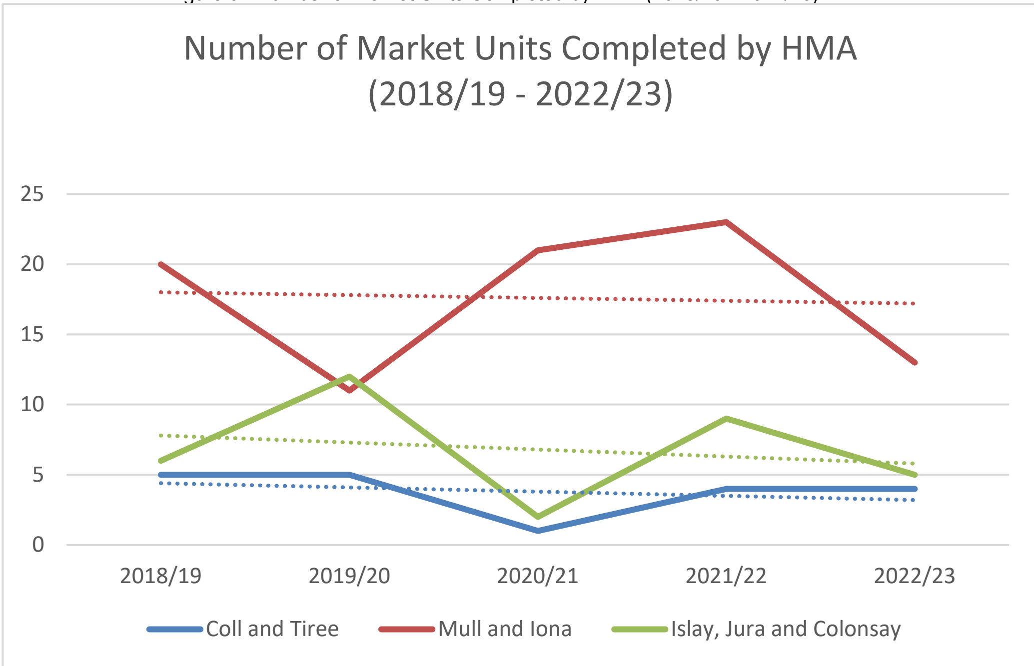
3.6.12 A comparison between the number of market and affordable unit completions is presented in line graph format below (see **Figures 5 and 6)**. Generally, across the island HMAs, there were more market unit completions than affordable in the timeframe presented.

Figure 5 - Number of Affordable Units Completed by HMA (2018/19 - 2022/23)



Source: Argyll & Bute Housing Land Audit (2022)

Figure 6 - Number of Market Units Completed by HMA (2018/19 - 2022/23)



Source: Argyll & Bute Housing Land Audit (2022)

3.7 Summary

3.7.1 In summary, the baseline has demonstrated that:

- Second homes make up a sizeable proportion of the total housing stock within each island HMA – particularly on Coll and Tiree where second / holiday homes account for some 26% of housing stock, more than double what is observed within the Mull and Iona, and Islay, Jura and Colonsay HMAs;

- Median house prices across each of the island HMAs have risen significantly over the 10-year period between 2012 and 2022, driven by a range of factors. The largest observed increase was on Coll and Tiree (+132%), followed by Islay, Jura and Colonsay (+108%), and Mull and Iona (+38%);

- Between 2018/19 and 2022/23, 78 new affordable housing units were delivered, with the majority of these (53) located within the Islay, Jura and Colonsay HMA and the remaining 25 across the Mull and Iona HMA. No affordable housing units were completed on Coll and Tiree during this period; and

- In terms of development status, a significant number of sites (71%) located across the island HMAs included in the 2022 Housing Land Audit were categorised as either “not started” or “stalled”. Moreover, there is no evidence of speculative housing development (i.e., houses built for private sale) across the HMAs.

4 Housing Market Engagement & Analysis

4.1 Introduction

4.1.1 As part of the research and data collection stage of this housing market study, an engagement exercise with island stakeholders across the following categories was undertaken:

- Key Island Employers;
  - Private Sector Businesses;
  - Public Sector Organisations;
- Development Contractors;
- Housing Associations; and
- Community Development Trusts.

4.1.2 The analysis has been informed by 16 one-to-one semi-structured stakeholder interviews with representatives from the public and private sector, as well as community organisations with an interest in the island housing market. The following organisations responded to our request for an interview or provided written input:

- Argyll & Bute Council Education Service;
- Argyll & Bute Health and Social Care Partnership;
- Police Scotland;
- Fyne Homes;
- Argyll Community Housing Association;
- West Highland Housing Association;
- Trust Housing Association;
- Mull and Iona Community Trust;
- Islay Development Initiative;
- TSL Contractors Ltd;
- Island Bakery Organics;
- Scottish Sea Farms;
- Ardnahoe Distillery;
- Machrie Hotel;
- Ardfin Estate; and
- Community Housing Trust.

4.1.3 In order to respect commercial and organisational confidentiality, comments are not attributed to specific stakeholders unless there is a clear reason to do so.

4.2 Key Findings

Key Island Employers: Private Sector Businesses

Overview

4.2.1 As set out in the introduction to this report, whilst each island is characterised by its own micro-economy and business activities, broadly speaking the main economic sectors are agriculture and farming, fishing and aquaculture, tourism, whisky production, and renewable energy.

Attracting and Retaining People with the Right Skills

4.2.2 A considerable majority of the businesses involved in the study highlighted the difficulty in attracting and retaining skilled workers on the islands in the absence of adequate, affordable, housing provision. Indeed, many businesses expressed that they were having to pay far more in staff overheads (including base salary, and in some cases allowances for accommodation, travel, and food) than they would like. Some businesses also shared that they were operating with several unfilled vacancies due to the housing shortage and were having to alter opening / operating hours as a result – leading to lower productivity.

4.2.3 Businesses are often in direct competition with one another for labour, which has led to significant wage inflation in sectors such as whisky production. Consequently, smaller businesses are struggling to compete financially and are being priced-out (in-effect) of recruiting suitably skilled staff.

Key Point: Several businesses expressed that any plans to diversify or expand on the islands is significantly limited by the availability of housing and the shortage of skilled staff. This has a knock-on effect on economic development and countering island depopulation.

Worker Accommodation

4.2.4 In light of a lack of affordable housing, several businesses shared that they will often rent properties (at market rate) and sub-let to staff (at reduced cost) in order to attract people to work on the islands. Businesses with sufficient capital to do so will also purchase properties above market value in key settlements such as Tobermory and Bowmore, to use as worker accommodation. Whilst this provides a solution to the business, it exacerbates the supply issue more widely by removing housing stock from the open market.

4.2.5 Many businesses, particularly multi-nationals in the whisky production and aquaculture sectors, have also started developing their own worker accommodation to attract new and retain existing staff (see **Case Study 1** below). As well as doing so voluntarily to facilitate growth, businesses are being asked to provide worker accommodation via planning condition as part of any major new development or business expansion plans. Whilst some businesses have welcomed this type of intervention as a novel approach to deliver new housing on the islands, many shared their concerns – primarily the financial outlay required. Depending on the scale of development, the additional capital costs would be out-of-reach for many island-based SMEs leading to additional borrowing in order to facilitate the required works.

4.2.6 In addition to the need for new affordable, mid-market housing (of different types and sizes), many businesses expressed the need for stepping-stone accommodation and starter homes. A starter home is a relatively affordable house that meets the basic needs of first-time buyers or people wishing to relocate. For many businesses, this would go a long way to supporting people relocate to the islands for work, who perhaps want to test island life before committing to a longer-term residence.

4.2.7 There is also a high demand for additional temporary worker accommodation across the islands. Many businesses shared that the price of short-term accommodation (i.e., short-term lets) for staff is over inflated, driven by the tourism industry, and unsustainable.

Case Study 1 – Community Housing in Scalasaig, Colonsay

As part of a collaborative funding effort involving the Scottish Land Fund, Highlands & Islands Enterprise (HIE), A&BC, and industry partner MOWI, the Colonsay Community Development Company (CCDC) have been able to acquire two sites in Scalasaig for housing in 2020.

Phase one is underway and will result in the development of a mix of house types of different tenures, including: low-cost ownership, affordable rent, discounted self-service build plots and worker accommodation (which will revert to community housing if MOWI cease operating on the island). MOWI played a key role in funding the enabling works and infrastructure.

Developments such as this provide evidence that this type of public-private collaboration can be successfully implemented to deliver housing that meets the needs of different stakeholders on an island setting.

Key Island Employers: Public Sector Organisations

Overview

4.2.8 Key public sector employers across the islands include A&BC, NHS Highland, and Police Scotland among others. Each organisation plays a vital role in the delivery of critical, often lifeline, public services for people living in remote and rural locations.

4.2.9 Across the islands in 2022, those employed by the public sector accounted for over one fifth (21.4%) of total employment[29]. Broken down by island HMA, some 34.2% of those employed on Coll and Tiree[30] worked in the public sector, followed by 20.5% on Islay, Jura and Colonsay[31], and 19.5% on Mull and Iona[32].

Attracting and Retaining People to Support Critical Public Services

4.2.10 The public sector offers stable and rewarding employment and career opportunities, helping to attract and retain people living on the islands – particularly young people and families. People are vital to the day-to-day functioning of the public sector, delivering key services for residents under challenging conditions. The provision of high-quality, suitably located, affordable housing is therefore critical to the functioning of a high-performing public sector. Engagement with key public sector agencies suggested that the availability of housing is a major determining factor in attracting people from the mainland to take up opportunities in teaching, healthcare, and policing.

[29] NOMIS (2022). Business Register and Employment Survey Public / Private Sector. Available online at: https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=190

[30] Defined as the following 2011 Data Zone: Mull, Iona, Coll and Tiree – 01

[31] Defined as the following 2011 Data Zones: Whisky Isles – 01, 02, 03, 04 & 05

[32] Defined as the following 2011 Data Zones: Mull, Iona, Coll and Tiree – 02, 03, 04 & 05

4.2.11 However, many expressed that the lack of available housing is having a detrimental impact on the public sector's ability to recruit and provide core services. A number of public sector agencies noted that recruitment and filling key worker roles, such as teachers, doctors, and nurses, has always been a challenge. One agency noted that current island vacancies can take up to 12 weeks to fill.

4.2.12 Whilst organisations including A&BC, Police Scotland and NHS Highland own a number of residential dwellings on the islands for use as worker accommodation, many shared that their estate footprint on the islands had fallen significantly in recent years as a result of increasing maintenance costs and overheads.

Demand for Affordable and Accessible Housing

4.2.13 A majority of public sector organisations indicated the need for more affordable housing of different types and tenures in order to improve access to the housing market for workers on lower incomes. According to Scottish Annual Business Survey data from 2021[33], the average gross salary of an individual employed in education, health and social work in Argyll and Bute was £14,998 –some 34% less than the average gross salary per head of £21,134. Access to affordable housing is a fundamental requirement for those working in these sectors.

Key Point: A lack of high-quality, affordable housing is a consistent challenge faced by island communities – limiting the ability of islanders, particularly young people, to live, work and stay in their local area. Many employers raised this as an issue in terms of retaining and attracting people to work on the islands.

Development Contractors

Overview

4.2.14 Construction projects across the islands are serviced by a somewhat limited number of local firms that have established relationships with the island communities, as well as the necessary experience, expertise and equipment required to traverse the terrain and weather conditions.

4.2.15 Two of the largest firms are TSL Contractors Ltd. (based on Mull) and MacLeod Construction Ltd. Both firms take on a range of private and public sector build contracts of different scales – ranging from commercial and industrial through to residential and community buildings. In addition to the larger operators, there are several SME and sole-trader contractors across the islands. Such firms are more likely to take on smaller scale contracts for householders and local enterprises, as opposed to large commercial or public sector projects which often involve a more prolonged procurement and tendering process.

Key Point: Limited contractor capacity and availability is a key issue on the islands, with only two contractors realistically capable of overseeing and delivering any development at scale.

Shortage of Skilled Workers

4.2.16 It was also noted that there is a growing shortage of construction related skills across the islands, particularly in terms of specialist trades such as plumbers and electricians. Despite efforts to combat this via recruitment drives and encouraging local young people to pursue careers in construction, there is the risk of a contraction in the island labour market.

[33] Scottish Annual Business Survey (2022). Gross Wages & Salaries Per Head. Available online at: https://statistics.gov.scot/resource?uri=http%3A%2F%2Fstatistics.gov.scot%2Fdata%2Fannual-business-survey

4.2.17 Contractors noted that in order to attract appropriately skilled people to work on island-based projects, they often have to pay significantly higher labour costs than would often be the case on the mainland – typically £8-10 extra per hour for a tradesperson.

Pipeline of Residential Development Activity

4.2.18 There is an ambition to increase residential development activity in the coming years to develop new housing to meet the needs of local residents and accommodate individuals attracted to the islands to take up job opportunities in the growing tourism, whisky, and renewable energy sectors.

Housing Associations

Overview

4.2.19 Mainstream housing association activity on the islands is delivered by Argyll Community Housing Association and West Highland Housing Association, with Trust Housing Association also providing specialist and adapted housing. Each of the above organisations operate as Registered Social Landlords (RSLs)[34]. It is worth noting that A&BC no longer has its own housing since transferring stock to Argyll Community Housing Association in 2006.

4.2.20 A full breakdown of all RSL / Housing Association stock across each of the island HMAs is presented in **Appendix B** for additional context.

Demand for Affordable Housing

4.2.21 Engagement with housing associations operators highlighted that there is strong demand for a mix of affordable house types across each island HMAs. Demand is however more acute on Islay and Mull. Many attributed this demand to recent economic growth on both islands led by the distilling, manufacturing, and renewable energy sectors coupled with a shortfall in existing housing stock.

4.2.22 Moreover, each of the Housing Associations that took part in this research expressed that the current Home Argyll waiting list (see **Chapter 3 – Housing Baseline**) does not capture the true housing need in island communities. Local residents do not apply to the waiting list due to the well-known lack of available housing on the islands.

Key Point: There is widespread demand for housing, but it is important to be cognisant of the varied needs of specific localities and settlements on each island HMA. Moreover, Home Argyll waiting lists are an underestimate of the actual level of housing demand on the islands.

Delivery of Affordable Housing

4.2.23 Housing associations acknowledged the key role they can play in delivering affordable housing in the absence of any private or speculative housing development across the island HMAs. Indeed, many housing associations noted that they were exploring a range of options to raise capital for development, including re-financing their existing housing stock in order to grow and reinvest.

4.2.24 In terms of developing and delivering new homes, one Housing Association shared that they will often offset the high cost and burden of developing on the islands with lower risk, higher reward projects on the mainland – in effect balancing the financial investment.

[34] A registered social landlord is an organisation or company that does not trade for profit. Their objects or powers include the provision, construction, improvement, or management of housing accommodation. A registered social landlord is registered with and regulated by the Scottish Housing Regulator.

4.2.25 Several Housing Associations also shared that they have considered using alternative, modern, methods of construction such as modular and prefabricated housing units in the absence of traditional contractors with sufficient capacity. Such alternatives can significantly reduce the length of a build programme, helping to keep development costs low.

Allocation of Housing

4.2.26 RSLs are regulated by the Scottish Housing Regulator and must comply with certain rules and standards. One such rule is that they must allocate their stock according to a policy that is fair, transparent, and based on housing need (see **Chapter 2 – Policy Review** for further context). Whilst each application is based on its circumstantial merits, RSLs are required by legislation[35] to provide 'reasonable preference' to the following groups:

- Homeless persons and persons threatened with homelessness (with unmet needs);
- People who are living under unsatisfactory housing conditions (with unmet needs); and
- Tenants of houses which are held by a social landlord, which the social landlord selecting its tenants considers to be under-occupied.

4.2.27 Some housing associations expressed that the statutory obligation to allocate housing for those most in need means that it is difficult to use housing stock to help address the demand for worker housing provision. In light of this, one Housing Association stakeholder suggested that Community Development Organisations could play a greater role in providing key worker housing, as well as accessible, affordable community housing. A number of stakeholders also flagged a lack of clarity from A&BC when it comes to defining a key worker – particularly on remote, island communities where the needs of people and industry varies from the mainland.

Community Development Organisations

Overview

4.2.28 Across each of the island HMAs there a number of Community Development Organisations operating as trusts, companies, social-enterprises, and charities. Such organisations aim to improve the quality of life of local people and address some of the challenges associated with island communities, including connectivity, energy, environmental management, and housing.

A number community-led housing projects have taken place on the islands in recent years in response to the lack of affordable and suitable housing. Community housing, whilst initiated and controlled by local communities, is often funded with support from a number of different partners in the form of capital grants, loans, and donations. A summary of some of the main public sector funding streams available is presented in Appendix A).

Case Study 2 – Ulva Ferry, Mull

As part of a collaborative effort between Mull & Iona Community Trust (MICT) and the Ulva School Community Association (USCA), two (3-bed) housing units were developed at Ulva Ferry on Mull – the first affordable rental housing to be built in the area for decades.

Geographically isolated and with limited affordable housing stock available for local people, the local school was threatened with closure in 2010. As such, this housing project was driven by the local community's campaign to keep the school open and attract/retain local residents.

[35] Scottish Government (2014). The Housing (Scotland) Act 2014.

MICT supported USCA with the project by acting as an anchor organisation. In doing so, MICT employed the Housing Project Manager, and have taken on the responsibility of owning and renting both properties as a registered private landlord.

The project was funded by a range of partners including: the Scottish Land Fund; the Trusthouse Charitable Foundation; Quaker Housing Trust; Rural Housing Fund; Triodos Bank; Argyll & Bute Council; USCA; and £22,500 in local donations raised through crowdfunding.

Demand for Affordable Housing

4.2.29 As with Housing Associations, community development organisations suggested that current Home Argyll waiting lists do not capture actual housing demand on the islands for the reasons previously presented. Many shared that there is consistent demand from local residents and businesses for community housing, but that further research would be required to in order to determine which types of houses are in most demand (i.e., number of bedrooms, family housing, worker accommodation).

4.2.30 Community housing can take a variety of forms such as self-build, renovation/restoration of existing building stock, or new-build development. Such housing can also accommodate a range of tenures including, but not limited to:

- **Affordable Renting;**
- **Mid-Market Renting;**
- **Shared Ownership;**
- **Low-cost Home Ownership;** and
- **Rent to Buy**: helping people on modest incomes to become homeowners by returning a cash-back sum to the tenant at the end of a 5-year rental period if the tenant wishes to purchase the property. This sum can then be put toward the deposit required to secure a traditional mortgage.

4.2.31 Crucially, community housing for affordable rent is treated as private rented sector (PRS) accommodation and is therefore not subject to the same level of control as RSL operators in terms of allocating housing. Community housing operators can therefore be more flexible in terms of tenants and their stock can be used for worker accommodation.

Island Construction Capacity

4.2.32 It was noted that contractor availability is a significant issue due to the high volume of commercial and industrial development on many of the islands. Some also indicated that commercial and industrial build contracts are often more lucrative (i.e., higher value) than contracts to deliver housing. Larger construction firms are therefore far more likely to pick and choose higher value build contracts over residential.

Key Point: Community Development Organisations can play a critical role in providing high-quality, affordable housing on the islands. Unlike Housing Associations (RSLs), community housing operators can be more flexible in terms of how they allocate stock.

5 Factors Influencing Island Housing Delivery

5.1 Higher Build Costs on Islands

5.1.1 Contractors and other stakeholders indicated that the following key factors contribute to higher build costs on an island setting:

- Weather and climate disrupting build programmes;
- Limited service / utilities connections (including water and sewage);
- Transporting of building materials and equipment (plant) from the mainland due to height and weight restrictions on some ferry routes, as well as the unreliability of ferries;
- Unreliable connectivity with the mainland, especially ferry services as a result of ageing infrastructure/vessels and the halting of some crossings;
- Relatively low levels of island unemployment have resulted in an over reliance on agency workers from the mainland who are provided subsidies accommodation, food allowances and travel which altogether becomes a significant outlay; and
- Lack of available accommodation for mainland workers (typically more specialist workers such as plumbers, electricians, and engineers) throughout the year but particularly during the peak summer tourism season.

Key Point: Building on any remote island (particularly those which are more difficult to access such as Coll, Tiree and Colonsay) is not as commercially viable as building on the mainland – with construction costs estimated to add upwards of 30-40% on the price of the building[36].

5.2 Planning and Consenting

5.2.1 Stakeholders expressed that A&BC is broadly supportive of delivering more island housing, and that the Council play a constructive advisory role during the pre-application process – recognising the importance of such projects for the local community and economy.

5.2.2 However, many advised that the lengthy timescales for planning decisions to be made can often lead to contractor tender prices needing to be recalculated, which further delays the delivery of housing on islands, as well as add to the capital build cost. Some stakeholders suggested that social, community and affordable housing on islands and in remote areas should be prioritised within the planning system.

5.3 Availability of Funding

5.3.1 Housing Associations, Community Development Organisations and public sector bodies all acknowledged the positive steps being taken to strengthen the availability of funding for affordable housing in Scotland and credited the Scottish Governments commitment to developing new innovative financing models to increase housing supply.

5.3.2 However, several organisations expressed that there is an urgent need for capital and revenue funding support from the Scottish Government if the housing emergency is to be addressed.

[36] Scottish Government (2018). The National Islands Plan. Page 35. Available online at: https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2019/12/national-plan-scotlands-islands/documents/national-islands-plan-plana-naiseanta-nan-eilean/national-islands-plan-plana-naiseanta-nan-eilean/govscot%3Adocument/national-islands-plan-plana-naiseanta-nan-eilean.pdf

Shortfall in Funding for Mid-Market Rental Properties

5.3.3 Mid-market rental properties qualify for less funding (i.e., subsidy) support from the Scottish Government than other housing tenures, such as social rent, because they are expected to yield higher rental incomes. Such properties are intended to support individuals / households which, despite being unable to afford private rental rates, do not qualify for social housing which is typically reserved for the most vulnerable and disadvantaged households.

Complexity of Funding Packages

5.3.4 A combination of several different sources of funding, including grants; loan finance; donations; and financial guarantees, is often required in order to make development on the islands viable. Indeed, many stakeholders shared that such funding arrangements can be complex and difficult to manage, particularly when many organisations are already heavily under resourced (e.g., Housing Associations and Community Development Organisations). Some Housing Associations also shared that capital funding allocations are not being fully spent, in part due to difficulties in making projects on the islands commercially viable.

5.4 Availability of Developable Land

5.4.1 Naturally, the amount of land available for development on each of the islands is significantly constrained. As well as physical island geography, there are several factors that contribute to the short supply of developable land, including:

- Lack of land with the required infrastructure and services (such as roads, water supply, electricity, and broadband). Again, this results in higher development costs;
- Complexities associated with land ownership and management, as well as a small number of landowners unwilling to release land for those looking to develop housing; and
- High proportion of land that is designated for environmental or cultural protection, such as Sites of Special Scientific Interest, Special Protection Areas, and National Scenic Areas.

6 Evidence of Market Failure

6.1 What is Market Failure?

6.1.1 According to the UK Government, market failure can be described as *"the various forms of shortfall in market welfare optimisation"* [37]. In other words, a set of circumstances whereby the market creates outcomes that are sub-optimal for society. Examples of the causes of market failure tend to include:

- **Imperfect or Asymmetric Information**: functioning markets require both buyers and sellers to have access to perfect information. Any imbalance in the information available is regarded as asymmetric and confers advantage to one side leading to unfair outcomes;
- **Market Power**: an imbalance in the market resulting from insufficient competition whereby buyers and sellers have an unfair advantage (e.g., anti-competitive behaviour);
- **Externalities**: the costs or benefits of an economic activity that affects those who are not directly involved in said activity. When externalities are present, the market price does not reflect the true social cost or benefit of the good or service; and
- **Incomplete Markets**: markets where some goods or services are limited or not traded, or when market agents (e.g., individuals or businesses) face constraints or externalities preventing them from full participation.

6.2 Failure in the Island Housing Market

6.2.1 There is evidence that the island housing market is unable to satisfy local need and demand. As previously outlined, the supply of housing is constrained by a number of factors including the availability of land, contractor capacity and a lack of competition among developers, but primarily high construction costs. This shortfall has, over a prolonged period of time, resulted in over inflated house prices and rental values, reducing overall affordability.

6.2.2 As previously set out, median house prices across each island HMA increased significantly over the 10-year period between 2012 and 2022, with the largest observed increase on Coll and Tiree (+132%), followed by Islay, Jura and Colonsay (+108%), and Mull and Iona (+38%). However, despite demonstrating higher average household incomes compared to Argyll and Bute as a whole, the majority of households do not have sufficient annual incomes to support the purchase of a property in any of the island HMAs. It is also likely that many local residents on lower incomes are being 'priced-out' of the housing market by off-island house-buyers with greater purchasing power[38].

6.2.3 The situation on the islands is made more challenging by the high proportion of housing stock classified as 'ineffective' by A&BC – particularly houses that are left empty and vacant for long periods of time. Such houses are, in effect, underutilised from a market perspective and could be sub-let by the owner. Indeed, houses used for short term lets or as holiday homes are no longer available as primary residences. These are strong examples of where the market alone does not always achieve the optimal allocation of resources. A number of other market issues are presented in **Table 21** below.

[37] HM Treasury (2022). Green Book Guidance. Available online at: https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020

[38] Based on anecdotal evidence provided by island stakeholders as part of the engagement exercise.

Table 21 - Market Issues

Market Issue	Description
Public Goods	• High demand for affordable housing of varying types and tenures. • Long waiting lists and high demand for social/community/worker housing. • No private sector residential development sites across the island HMAs.
	Engagement with RSLs and community housing providers identified significant viability challenges associated with progressing new residential developments, and concerns around rising construction and labour costs on the islands.
	Lack of available shared equity, mid-market rent or specialist housing stock to support different household choices and attract / retain economically active people (particularly key workers) to live and work on the islands.
Negative Externalities	High proportion of second / holiday homes limits the ability of island residents (or those choosing to relocate from the mainland to pursue employment) to access housing.
	Inability for people to access housing is limiting local economic development, business success, and the delivery of public services – a significant constraint on island economic growth.

6.2.4 With evident traces of market failure, there is a clear rationale for public sector intervention. Public sector support, in the form of funding and other initiatives to deliver a range of housing, would go some way towards addressing the housing market failure.

6.2.5 If the intended effect of intervention is to enable the delivery of affordable housing solutions in response to high local demand, then it will achieve a positive outcome for island communities. Indeed, research by the Scottish Land Commission found that in order to deliver more homes and address areas of market failure, it is necessary for the public sector to play a full role in shaping local housing markets and enabling new development[39].

6.2.6 Direct intervention in the island housing market is key to local economic development and is required to address a range of economic, social, and environmental challenges facing island communities. Intervening in the market will help address some of the following:

Housing Market Affordability

6.2.7 The delivery of new affordable housing, either fully or part funded by the public sector, will help address the housing needs of local people and/or those looking to move to the islands. Whilst this type of intervention will not change the long-standing issues associated with the market (i.e., unresponsive to the needs of local / prospective residents), it will help to alleviate the risk of compounding systemic unaffordability.

Equal Access to Housing

6.2.8 Supporting the delivery of affordable housing in remote and rural island communities, where there is more market failure than on the mainland, will support access to housing. Indeed, the provision of affordable housing should include a mix of types and tenures to support different groups including young people / first time buyers (directly helping to stem rural depopulation); those seeking family homes; and older people.

6.2.9 Islands have a significantly higher proportion of adults aged over 60 compared with the average population profile for mainland Scotland. This brings with it a number of challenges from a housing perspective. At present, the housing market does not cater for specialist and/or adapted housing for older people. Older people should have access to affordable, accessible,

[39] Scottish Land Commission (2023). Review of Land for Housing. Available online at: https://surf.scot/wp-content/uploads/2023/04/Land-for-Housing-Review-FINAL.pdf

and adaptable housing which enables them to age at home whilst managing mobility or other health related issues – allowing individuals to live safely in their communities for longer.

Tackling Fuel Poverty

6.2.10 Fuel poverty on islands is also a significant issue linked with housing provision. At present, the housing alone is unable to provide energy efficient housing comparable to the type of housing which is delivered by housebuilders on the mainland. This puts island residents and potential buyers at a disadvantage in terms of energy costs and consumption. Public sector investment to deliver new, high quality and energy efficient homes, will help alleviate the issue.

Supporting Economic Activity & Public Services

6.2.11 Increased affordable housing provision will help to both attract and retain economically active people living on the islands. As stated in a number of interviews with key island employers, a shortfall in adequate housing supply is severely impacting business operations and affecting the delivery of key lifeline and public services such as the NHS and local schools.

6.2.12 The provision of new housing, of the required type and tenure specific to each island, will help accommodate people looking to relocate for work as well as retain existing residents wishing to upsize or downsize without moving off-island.

7 Conclusions

7.1 Summary

7.1.1 Island communities face unique challenges in delivering enough housing to meet local need and demand. Capital build costs (including infrastructure costs) are considerably higher, and land values lower, meaning that the traditional private sector led model of housebuilding does not occur and no speculative housing development takes place on the islands.

7.1.2 A lack of affordable housing is one of the most pressing issues facing island communities. This is particularly problematic in terms of attracting and retaining people to live and work on the islands and sustaining a virtuous cycle of economic activity. Indeed, a survey conducted by Highlands and Islands Enterprise found that for many parts of the region, strong economic growth prospects are endangered by a lack of affordable housing of all tenures[40].

7.2 Recommendations

7.2.1 Having considered the evidence gathered through this process, it is apparent that there is a need to deliver a range of affordable housing solutions of different types and tenures across each of the island HMAs.

7.2.2 We have developed a series of brief recommendations for the Council to explore in order to help to address some of the most pressing issues associated with housing market failure on the islands as highlighted throughout this report. These are as follows:

- Community-led housing has in recent years become a proven model for delivery in remote, rural and island areas and should be further supported by the public sector in terms of funding and resourcing, but also planning and consenting;
- Consider broadening the Council's definition of a 'key worker' to account for private sector workers who are integral to the day-to-day functioning of key island sectors;
- Explore the range of options (in terms of resourcing, financing, and planning) available to help address the objectives related to the Housing Emergency, and to facilitate innovative solutions to deliver housing. Such options may include:
  - Preparation of Supplementary Planning Guidance to support existing housing policy, and as a basis for taking a more nuanced, flexible approach to delivery specific to local settlement and island requirements (e.g., ensuring housing remains in primary occupancy and affordable);
  - Strengthening procedures to support consistency in approach to determining planning applications within the target timescales, including a focus on effective pre-application and use of Processing Agreements, where appropriate;
  - Explore how the existing and emerging regulatory regime can be better utilised to address concentrated levels of ineffective housing stock across each island;
  - Explore the use of public sector funding to purchase property and transition existing ineffective housing stock back into primary occupancy;
  - Explore a range of public sector interventions to support the provision of private and mid-market rented housing and de-risk development (e.g., land assembly / purchase);

[40] Highlands and Islands Enterprise (2022). My Life in the Highlands and Islands Survey.

- Building on precedent, the Council should continue to apply the commensurate use of planning conditions requiring worker housing and/or accommodation provision for any major development activity on the islands;

- A lack of adequate infrastructure provision (e.g., limited public utilities connections such as water supply, sewage, and electricity) is a significant impediment to housing delivery. Pump-prime public infrastructure investment would enable housing to be developed at a greater scale, without lengthy lead-in times;

- Explore innovative funding solutions with a range of bodies and organisations, including the Scottish Government and Highlands and Islands Enterprise particularly where there is a direct correlation between the need for additional homes and growing key sectors; and

- Explore the legal means and mechanisms available to achieve planning gain from renewable energy projects which require deemed planning consent (as well as approval under Section 36 and 37 of the Electricity Act 1989).

Appendix A Funding Mechanisms Summary Table

Options	Description	Summary
Rural Growth Deal	£70 million investment package which intends to "turning economic potential into a successful future for Argyll and Bute". Through the 'Housing to Attract Economic Growth' programme of the RGD, A&BC intend to allocate investment in projects designed to provide affordable housing of the right type and right location to support the growing business sectors.	Part of the funding (circa £3 million) will be used to support the delivery of a range of housing tenures, specifically to accommodate local workers and support business growth in areas of high demand on Mull and Islay.
Housing Infrastructure Fund	Offers loan and grant funding to support the delivery of housing across Scotland. The fund is now in round two as of 2021/22 with the previous round of funding providing £50 million in financial support for the delivery of housing across Scotland.	Introduced to support Scottish Government Housing to 2040 ambition which set out target of 110,000 affordable homes by 2032. Intends to support key strategic housing projects that are blocked or unable to proceed due to the level of investment required to deliver related infrastructure works.
Rural and Islands Housing Fund	Islands Housing Fund has previously been scheduled to run from 2016/17 to 2021 but has now been continued. The fund directly references islands with 5 million made available to increase the supply of affordable housing across Scotland.	Main fund offers capital support (grants and loans) for new affordable housing development and refurbishment/improvement works to existing properties. Also includes a small fund which contributes to feasibility studies related to housing development. Open to a wide range of applicants including community organisations, development trusts, private landowners, private developers, and traditional housing providers.
Scottish Empty Homes Partnership	Formed in 2010 the partnership aims to encourage private sector long-term empty properties back into occupied homes as social and affordable wherever possible. Role exists more in an advisory setting rather than as a funding mechanism.	Number of key objectives outlined such as encouraging councils to have a dedicated Empty Homes Officer, encouraging engagement in empty homes work across all sectors, encouraging councils to mainstream empty homes work and deliver tailored advisory service to all sectors.
Partnership Support for Regeneration	The scheme provides eligible developers with the minimum level of gap funding which bridges the gap between the cost of	The maximum level of grant payable is 60% of the total project costs.

Options	Description	Summary
	a development project and the sales value of the houses of completion.	Typically, for standard projects, the scheme expects to provide a maximum level of 40% grant for projects in the top 15% Scottish Index Multiple Deprivation areas and 33% for all other projects. The scheme is not available for social rented housing as these are out with the scope of the scheme.
Scottish Land Fund	Funded by the Scottish Government and delivered in partnership with the National Lottery Community Fund and Highland and Islands Enterprise.	Grants of up to 1 million offered to communities. Main intention is for these funds to be used to purchase land or buildings of importance to the local community. Also offer practical support to develop viable projects on purchased land.
Scottish Government Islands Programme	Announced in January 2023 the Islands Programme makes available a 4 million funding package to help improve infrastructure on Scotland's islands.	The funding is part of the 25.8 million Islands Programme established to support the implementation of the National Islands Plan. The programme is being delivered on a competitive bid basis and opened for applications for the financial year 2023/24 in January 2023. Applications are not restricted in geography, size or type of project and rather are assessed on the extent to which they meet the aims and objectives of the fund and meet one or more objectives from the Islands Plan Strategic Objectives. Local authorities are limited to five applications each with no financial limit set.
(Thriving Investments) Places for People Capital	New Avenue Living Fund launched in March 2019 and aims to forward fund, lease, and hold affordable housing with a specific emphasis on high quality, sustainable and energy efficient properties. The organisation has a strategic target of delivering 20,000 affordable homes across the United Kingdom over the next decade.	200 million of funding available. Properties let at a discount to open market rents (Mid-Market and Rent tenure).

Options	Description	Summary
		Details how the approach forward funds market value developments and converts them into key worker housing.
Community Asset Transfer	Part 5 of the Community Empowerment Act (2015) gives community bodies the right to make requests to all local authorities, Scottish Ministers and other public bodies for any land or buildings they feel they could better utilise.	Argyll and Bute Council received no formal asset transfer requests in 2022/23. They did however receive 14 expressions of interest in this period which may indicate a potential willingness from some groups to utilise this method.
Long Lease	This approach involves providing accommodation on long term leases (typically 20 years and more) with the rent for the unis determined by the association and is a charge for the right to occupy the property.	Mortgage finance can be used to fund renovation or build with the potential for work with partners in delivering additional units. Often a management agreement is put in place with tenants charged or specific property related services.
Joint Development with Registered Social Landlord and Local Authority	RSL and local authority in partnership to raise funding to deliver housing units of mixed housing tenure.	This process may allow for different funding streams and finance to be utilised as well as spreading the risk of the project.
Joint Development with Estate or Business	Opportunity to work with estates to identify and purchase required land for housing delivery.	There are existing examples of landowners/estates in the island community gifting or heavily discounting land to allow for housing delivery. There may perhaps be opportunity to build on these relationships and explore similar opportunities.
Croft House Grant Scheme	Scottish Government funding offered to crofters to improve and maintain the standards of crofter housing – introduced to attract and retain individuals in the crofting areas of Scotland.	Funding areas are split in to two areas “high priority” which is eligible for maximum of £38,000 of funding and “standard priority” which is eligible for a maximum of £28,000. Funding is available for a variety of project types such as rebuilding and improvement, construction of a new house and installation of energy efficiency measures.

Appendix B Housing Association Stock Tables

B.1 Trust Housing Association

Stock Location	Island Name	Development	Tenure	Unit Size	Number of Units
Port Ellen	Islay	Retirement / General Needs	RSL	15 x 1 bedroom 1 x two bedroom	16
Bowmore		Retirement/General Needs	RSL	20 x 1 bedroom 1 x 3 bedroom	21
Bruichladdich		Amenity	RSL	1 bed bungalow	4
Dervaig	Mull	Amenity	RSL	3 x 1 bed bungalow 1 x 2 bed bungalow	4
Tobermory		Retirement	RSL	12 x studio flats 5 x 1 bed flats 1 x 2 bed flat 3 studio bungalows 3 x 1 bed bungalows 1 x 2 bed bungalow 1 x 3 bed bungalow	25
Arinagour	Coll	General Needs	RSL	4 x 1 bed bungalows 2 x 2 bed bungalows	6

B.2 Argyll Community Housing Association

Island	Settlement / Location	Development Name	Tenure	Unit Size (No. Bedrooms)	Number of Units	Unit Type (e.g., Family, Specialist, Adapted Living)
Coll	Arinagour	**Carnan Road**	RSL	2	2	House Semi Detached
		Gordon Lea	RSL	3 3	3 1	House Semi Detached House Detached
Tir	Scarinish	**Rudha Cottages**	RSL	1	6	Elderly Support Ground
		Cornaigmore	RSL	2	1	House Semi Detached
		Ruaig	RSL	1	2	House Mid/End Terrace
Jura	Craighouse	**Burnside**	RSL	2 4	2 1	House Semi Detached House Semi Detached
		Woodside	RSL	1 4	2 2	House Semi Detached House Semi Detached
Colonsay	Scalasaig	**Hill Cottage**	RSL	2	1	House Detached
		Hotel Cottage	RSL	2	1	House Semi Detached
Mull	Aros	**Ardmor Road**	RSL	2 3	2 2	House Semi Detached House Semi Detached
		Bentalla Crescent	RSL	1 2 3	1 4 8	House Semi Detached House Semi Detached House Semi Detached

Island	Settlement / Location	Development Name	Tenure	Unit Size (No. Bedrooms)	Number of Units	Unit Type (e.g., Family, Specialist, Adapted Living)
		Jarvisfield Road	RSL	1 2 3	3 3 5	1x Semi Detached, 2x End Terrace 1x Semi Detached, 2x End Terrace 2x Mid Terrace, 3x End Terrace
		Jarvisfield Place	RSL	2 3	1 2	1x Mid Terrace 1x Mid Terrace, 1x End Terrace
		Morven View	RSL	3	1	Upper Flat
	Bunessan	**Fountainhead**	RSL	2	5	House Semi Detached
		MacDougall Place	RSL	1	6	Sheltered Housing Ground
		Millbrae	RSL	2	2	House Semi Detached
		The Flats	RSL	2 3	2 2	Flat Tenement Upper Flat Tenement Upper
		The Village	RSL	2	3	2x Ground Floor Flat, 1x Upper Flat
	Craignure	**Java Houses**	RSL	2 3	6 5	House Terrace House Terrace
		Java Place	RSL	1 3	2 2	1x Semi Detached, 1x End Terrace 1x Mid Terrace, 1x End Terrace
		Kirk Terrace	RSL	2	2	House Semi Detached
	Dervaig	**Monadhbeg Houses**	RSL	3	3	House Semi Detached

Island	Settlement / Location	Development Name	Tenure	Unit Size (No. Bedrooms)	Number of Units	Unit Type (e.g., Family, Specialist, Adapted Living)
	Fionnphort	**Tormore View**	RSL	2	1	House Semi Detached
	Tobermory	**Albert Street**	RSL	3	1	House Semi Detached
		Craigspuir Terrace	RSL	3	1	House Semi Detached
		Jubilee Terrace	RSL	3	1	House Mid Terrace
		Rockfield Road	RSL	1 2 3 4	1 4 6 1	House Semi Detached 1x House Semi Detached, 3x Flat Flat Upper/Lower House Semi Detached
		Ruarigan Terrace	RSL	2	1	House Semi Detached
Islay	Ballygrant	**Gartness Cottages**	RSL	1 2 3	2 10 7	House Semi Detached 6x House Semi Detached, 4x House Terrace 1x House Semi Detached, 6x House Terrace
	Bowmore	**Beech Avenue**	RSL	2 3	4 3	4x House Terrace 2x House Semi Detached, 1x Terrace
		Birch Drive	RSL	4	1	House Semi Detached
		Broomhill	RSL	2	6	2x House Semi Detached, 4x House

Island	Settlement / Location	Development Name	Tenure	Unit Size (No. Bedrooms)	Number of Units	Unit Type (e.g., Family, Specialist, Adapted Living)
		Elder Crescent	RSL	1 2 3	10 2 2	Sheltered Housing Ground House Semi Detached 1x House Semi Detached, 1x House Terrace
		Flora Street	RSL	1 3	4 2	House Terrace 1x Flat Upper, 1x Terrace
		Hawthorn Terrace	RSL	2 3	11 2	Flats Upper/Lower 1x Mid Terrace, 1x End Terrace
		High Street	RSL	3	1	House End Terrace
		Jamieson Street	RSL	2	2	House Semi Detached
		Main Street	RSL	2 3	2 1	1x Mid Terrace, 1x End Terrace 1x End Terrace
		Moss Road	RSL	3	2	House Mid Terrace
		Stanalane	RSL	1 2 3	6 10 11	Semi Detached 8x Mid Terrace, 2x End Terrace 5x Mid Terrace, 6x End Terrace
		Sealladh Na Mara	RSL	1 2 3 4	10 14 1 2	Flats Upper/Lower 10x Flats Upper/Lower, 4x Terrace End Terrace House Detached
		Ceol A Chuain	RSL	3	2	House Semi Detached

Island	Settlement / Location	Development Name	Tenure	Unit Size (No. Bedrooms)	Number of Units	Unit Type (e.g., Family, Specialist, Adapted Living)
		Sealladh Loch Na Dala	RSL	1 2 3 4	2 8 6 2	End Terrace Mid Terrace End Terrace Semi Detached
		Willow Bank	RSL	4	2	3x Semi Detached, 1x End Terrace
	Bridgend	**Glen Road** **Newton Cottages**	RSL RSL	1 2 3 2 3	2 2 1 2 1	House Semi Detached House Mid Terrace House End Terrace House Semi Detached House Semi Detached
	Bruichladdich	**Burnside**	RSL	1 2 3	2 8 5	House Semi Detached 6x Semi Detached, 1x Mid Terrace, 1x End Terrace 2x Semi Detached, 2x Mid Terrace, 1x End Terrace
	Port Charlotte	**An Creagan Place** **Daal Terrace** **Nerabus Cottages** **West End**	RSL RSL RSL RSL	1 3 2 3 3 2 3	2 1 2 4 2 8 4	House Mid Terrace House Mid Terrace House Semi Detached House Semi Detached House Semi Detached 2x Semi Detached, 3x End Terrace, 4x Mid Terrace 1x Semi Detached, 3x End Terrace

Island	Settlement / Location	Development Name	Tenure	Unit Size (No. Bedrooms)	Number of Units	Unit Type (e.g., Family, Specialist, Adapted Living)
	Port Ellen	**Antrim View**	RSL	1 2 3	1 5 7	Semi Detached 2x Semi Detached, 2x Mid Terrace, 1x End Terrace 6x Mid Terrace, 1x End Terrace
		Ardview	RSL	2 3	10 7	3x Flat Upper/Lower, 3x End Terrace, 3x Mid Terrace, 1x Semi Detached 4x Semi Detached, 2x End Terrace, 1x Mid Terrace
		Church Way	RSL	2 3	4 4	Flat Upper /Lower Mid Terrace
		Bayview	RSL	2 3	10 4	5x Mid Terrace, 4x End Terrace, 1x Semi Detached Semi Detached
		Cnoc-Na-Faire	RSL	1 2 3	4 10 3	Semi Detached 9x Mid Terrace, 1x End Terrace 3x Mid Terrace
		Corrsgeir Place	RSL	2 3 5	12 3 1	3x End Terrace, 9x Mid Terrace 2x End Terrace, 1x Mid Terrace End Terrace
		Frederick Crescent	RSL	1 3	11 1	6x Flat Upper/Lower, 4x Mid Terrace, 1x End Terrace Upper Flat

Island	Settlement / Location	Development Name	Tenure	Unit Size (No. Bedrooms)	Number of Units	Unit Type (e.g., Family, Specialist, Adapted Living)
		Lennox Street	RSL	3	1	Ground Floor Flat
		Mansefield Terrace	RSL	2 3	8 8	4x Mid Terrace, 3x End Terrace, 1x Semi Detached 5x Semi Detached, 2x End Terrace, 1x Mid Terrace
		Northbay	RSL	2 3	2 1	Semi Detached Semi Detached
		Tarsgeir	RSL	2	6	Flat Upper/Lower
		Texa Crescent	RSL	1 2 3 5	13 9 2 1	4x End Terrace, 9x Mid Terrace 3x End Terrace, 6x Mid Terrace 2x Mid Terrace 1x End Terrace
	Portnahaven	**Campbell Place**	RSL	1	3	1x End Terrace, 1x Mid Terrace, 1x Semi Detached
		Shore Street	RSL	2 3	1 1	House Semi Detached House Semi Detached

B.3 West Highland Housing Association

Island	Settlement / Location	Development Name	Tenure	Unit Size (No. Bedrooms)	Number of Units	Unit Type (e.g., Family, Specialist, Adapted Living)
Mull	Bunnessan	Ardmeanach View	Social Rented	1 bed 2 bed	4 2	6 General Housing
	Bunnessan	Millbrae	Social Rented	2 bed 3 bed	2 4	6 General Housing
	Craignure	Bowman Court	Social Rented	1 bed	12	11 Wheelchair Housing 1 Ambulant Disabled
	Craignure	Bowman Court	Lease	1 bed 2 bed 3 bed	1 1 1	1 Wheelchair Housing 1 Ambulant Disabled 1 General Housing
	Dervaig	Kilmore Terrace	Social Rented	2 bed	4	4 General Housing
	Fionnphort	Monadh Mor	Social Rented	2 bed	8	8 General Housing
	Lochdon	Lochdon School House	Social Rented	3 bed	1	1 General Housing
	Lochdon	Swan Drive	Social Rented	2 bed 3 bed	4 2	6 General Housing
	Tobermory	Druimfin Gardens	Social Rented	1 bed	12	21 General Housing

Island	Settlement / Location	Development Name	Tenure	Unit Size (No. Bedrooms)	Number of Units	Unit Type (e.g., Family, Specialist, Adapted Living)
				2 bed 3 bed	7 2	
	Tobermory	Morvern Drive	Social Rented	1 bed 2 bed	4 16	20 General Housing
	Tobermory	Struan Crescent	Social Rented	1 bed 2 bed 3 bed	8 4 6	17 General Housing 1 Ambulant Disabled
	Tobermory	The Old Bond House	Social Rented	1 bed 2 bed	7 4	11 General Housing
	Tobermory	The Old Bond House	Shared Ownership	2 bed	1	1 General Housing
	Ulva	Ulva School House	Social Rented	3 bed	1	1 General Housing
Colonsay	Dunoran	Dunoran	Social Rented	2 bed 4 bed	3 1	4 General Housing
	Scalasaig	Scalasaig	Social Rented	3 bed	3	3 General Housing
	Scalasaig	Scalasaig	Lease	3 bed	1	1 General Housing
Iona	The Glebe	The Glebe	Social Rented	2 bed 3 bed	2 2	4 General Housing
	The Glebe	The Glebe	Lease	2 bed	1	1 General Housing
Islay	Bowmore	Ceol Na Fairge	Social Rented	2 bed	8	10 General Housing

Island	Settlement / Location	Development Name	Tenure	Unit Size (No. Bedrooms)	Number of Units	Unit Type (e.g., Family, Specialist, Adapted Living)
				3 bed	4	2 Wheelchair Housing
	Bowmore	Flora Street	Social Rented	3 bed	1	1 General Housing
	Bowmore	School Lane	Social Rented	1 bed 2 bed 3 bed	2 4 2	8 General Housing
	Bowmore	School Lane	Lease	3 bed	1	1 General Housing
	Bridgend	Newton School House	Social Rented	3 bed	1	1 General Housing
	Bridgend	School Gardens	Social Rented	2 bed	2	2 General Housing
	Port Ellen	Dail Na Mara	Social Rented	1 bed 2 bed 3 bed	8 10 6	24 General Housing
	Port Ellen	McKerral Road	Social Rented	4 bed	2	2 General Housing
	Port Charlotte	An Creagan Place	Social Rented	2 bed 3 bed	4 2	6 General Housing
	Port Charlotte	Bruach Gorm	Social Rented	2 bed 3 bed	8 4	12 General Housing
Jura	Craighouse	Croft Park	Social Rented	2 bed 3 bed	4 2	6 General Housing
	Craighouse	Croit a Chala	Social Rented	1 bed	5	5 Ambulant Disabled

Island	Settlement / Location	Development Name	Tenure	Unit Size (No. Bedrooms)	Number of Units	Unit Type (e.g., Family, Specialist, Adapted Living)
	Craighouse	Croit a Chala	Lease	1 bed	1	1 Ambulant Disabled
	Craighouse	Otter Brae	Social Rented	2 bed 3 bed	8 2	8 Amenity Housing 2 General Housing
	Craighouse	Small Isles Cottages	Social Rented	2 bed 3 bed	2 2	4 General Housing
Tiree	Scarnish	Pier View	Social Rented	2 bed 3 bed	10 6	16 General Housing

Stantec