Argyll & Bute

Argyll & Bute LHS Development

Draft LHS Structure

The Local Housing Strategy will set out the vision for housing supply and housing services in Argyll & Bute over the next five years

Argyll & Bute LHS Development: Main Issue 1

Demographic & economic profile

How is the population & household profile projected to change in Argyll & Bute & what does this mean for housing supply?

How might the economy of Argyll & Bute have an impact on housing supply?

Housing stock profile

What's the profile of the existing housing stock in Argyll & Bute?

How effective is Argyll & Bute's housing stock in meeting housing need?

Housing market profile

How healthy is the housing market in Argyll & Bute?

How does this influence the ability of local households to meet housing need?

Housing affordability profile

Are housing options affordable in Argyll & Bute?

Where is there evidence of housing affordability pressures?

Affordable housing profile

Is there evidence of a need for more affordable housing in Argyll & Bute?

Where is there an imbalance between housing need and supply?

Housing need profile

Does analysis of housing need & demand in Argyll & Bute suggest that new housing supply is needed?

What housing is needed and where?

New supply profile

What future plans are in place to increase the supply of housing in Argyll & Bute?

What are the barriers to delivering new housing supply?

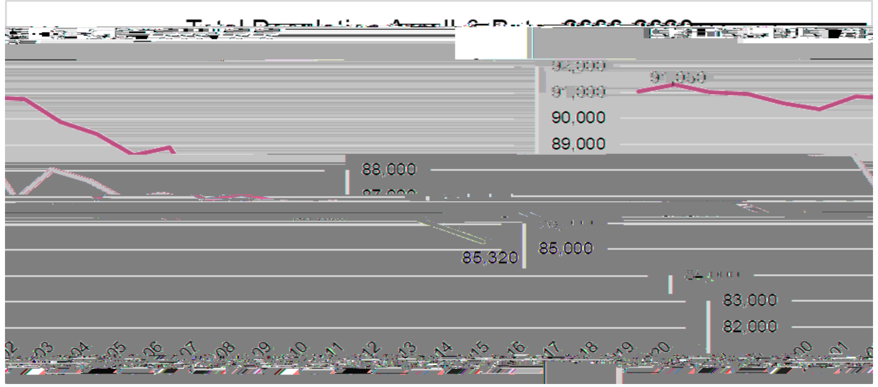
Placemaking profile

How can housing support the development of sustainable places to live by supporting economic growth?

LHS Main Issue 1: Supply & Placemaking

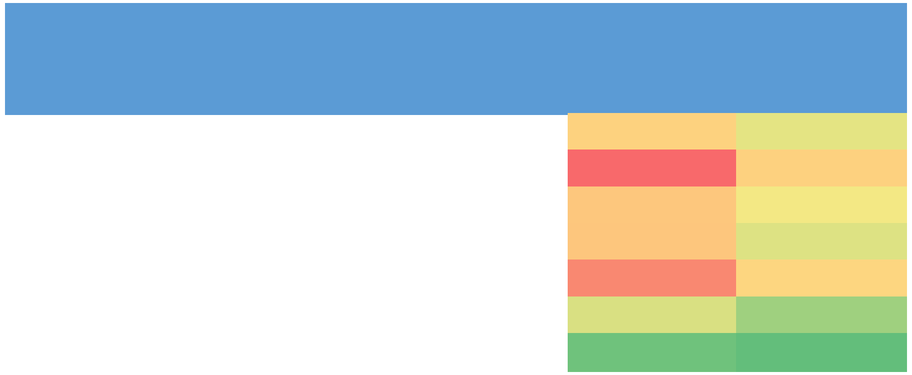
Demographic Profile: Population change

Between 2000 and 2020, there has been a steady decline in the population of Argyll and Bute, which is in contrast to the rest of Scotland. In 2020, the population of Argyll and Bute was estimated at 85,320 people.



Between 2018 and 2028, the population of Argyll and Bute is projected to decrease by a further 6% from 86,260 to 81,197 people

This decline by 6% compare to a



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Economic Profile

? Economic profile & performance

Pre-2020 Economic Profile

- Gross Value Added per head is growing (£43,202 in 2018) but at 13% less than Scotland (29% less in 2012)
- GVA reliant on (1) agriculture/forestry/fishing; (2) public admin/defence; (3) tourism; and (4) real estate
- 90% firms are micro-businesses with <9 employees
- Higher % population economically active but lower % in full-time employment
- Unemployment rate in 2018 was 2.9% (Scotland 4.3%)
- 33% local employment is in the public sector, followed by tourism (12%)
- Much higher rates of self-employment than nationally

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Housing Stock Profile

Analysis of the Council Tax Register in 2020 reveals that 11% dwellings in Argyll & Bute can be classified as ineffective (either empty homes or 2nd homes). This is significantly higher than is the case in Scotland (4%). The scale of ineffective housing stock has a significant impact on the ability of local households to meet housing need.

	Number of Dwellings	% Dwellings
Total Dwellings	48,285	100%

Most homes in Argyll & Bute are located in the owner occupied sector (70%). The social housing sector accommodates almost 1 in 5 households with a further 12% living in the private rented sector.

	Number of

The current LHS has pursued an ambitious empty homes strategy bringing 188 dwellings back into use utilising Private Sector Housing Grant and Conservation Area Regeneration Scheme funding to support renovation.

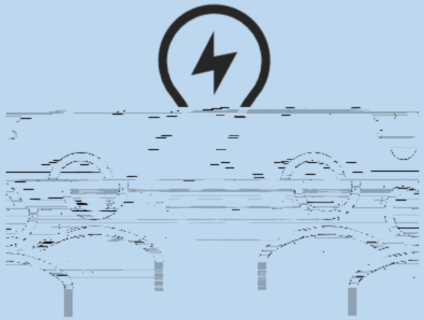
In 2019/20 the Council also concluded its first Compulsory Purchase Order to bring a residential flat on Bute back into use, using legislative powers where there was no alternative viable use.

LHS early engagement survey 2020

Local residents and community groups were asked to rank the top housing challenges currently facing Argyll & Bute. The 3rd ranking issue in the top ten challenges was:

38%

3. Impact of empty properties, second & holiday homes in meeting need



Pause & reflect: The impact of demographic change on the Argyll & Bute housing system

Bringing empty homes back into use is a key action of current LHS. Utilising existing stock not only increases supply of local housing but improves condition of housing stock, removes the blight in our neighbourhoods, and helps to regenerate communities.

There are also substantial cost and environmental benefits to utilising existing stock. For every £1 spent renovating an empty home, it is estimated that £1.60 can be generated within the local economy. Whilst the average cost of a new build home is in the region of £120,000+, the average costs of bringing empty homes back into use can be as low as £12-30k depending on the scale of work required. There are also significant reductions in the carbon footprint of renovation.

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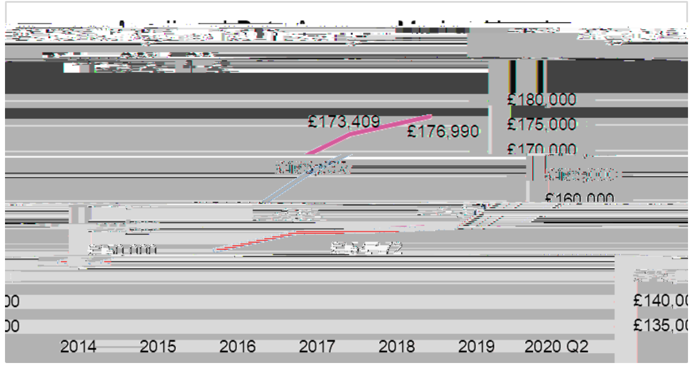
Housing Market Profile

House prices have grown steadily in Argyll & Bute and by 13% over the last 5 years. Housing price inflation has been particularly evident since 2017 and has continued in the first 2 quarters of 2020 despite the Covid-19 pandemic



Median house prices vary significantly by HMA with house price inflation peaking in Mid Argyll, Helensburgh & Lomond and the islands

Median Price	2014	2018	% change 2014-18
Bute	£73,250	£76,000	4%
Coll & Tiree	£183,750	£171,250	-7%
Cowal	£110,000	£115,000	4%
Helensburgh & Lomond	£145,000	£166,000	13%
Islay, Jura & Colonsay	£163,250	£192,500	15%
Kintyre	£77,500	£85,000	9%
Lorn	£135,000	£161,624	16%
Mid Argyll	£109,000	£141,750	23%
Mull & Iona	£160,000	£192,500	17%

Source: Register of Scotland (Council analysis of LVIU/Propvals reports)

Market affordability analysis reveal that households must spend 5 times the average local income to afford the average house price, well in excess of the typical

Market housing affordability is particularly poor in island communities and in the Lorn Housing Market Area

The results of the 2020 LHS engagement survey suggests there is evidence of housing price inflation in Argyll & Bute fuelled by inward migration from Covid-19. This may further restrict the affordability of the housing market to local households

In the short term we hav[illegible]

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Housing Affordability Profile

Housing Affordability Headlines

- Average social housing rents are £388 per month
- The average PRS rent is £532 per month, 18% lower than Scotland
- The Local Housing Allowance (LHA) for Argyll and Bute is almost equal to market rent levels
- The median income is £29,418, similar to Scotland at £30,666; HOWEVER…
- **42% of households earn less than <£25K per annum with lower quartile incomes at £16,673**
- RSL rents are affordable for 4/5 households in Argyll & Bute without subsidy
- A household requires to >£21K to be able to afford the average PRS rent if they devoted 30% of their income to housing costs
- PRS rents are only affordable to 2/3 households, and out of reach for low income households
- Almost 50% of households cannot afford to access Low Cost Home Ownership (LCHO), new supply shared equity or lower quartile market housing

The Council have developed a housing affordability model to test the value of local incomes meet housing costs across a range of housing tenures

The analysis demonstrates the affordability pressures faced by local households:

- Whilst RSL rents are affordable for 4/5 households in Argyll & Bute, market rents are only affordable to 2/3 households
- Market rents are out of reach for those households on lower incomes.
- Almost 50% of households in Argyll & Bute cannot afford to access Home Ownership at market entry levels

22% can't afford — CAN'T afford RSL Housing (without subsidy)

33% can't afford — CAN'T afford Mid-Market Rent

35% can't afford — CAN'T afford PRS Housing

49% can't afford — CAN'T afford Low Cost Home Ownership

50% can't afford — CAN'T afford New Supply Shared Equity

52% can't afford — CAN'T afford Market Entry Level Housing

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Affordable Housing Profile

Pause & reflect:

In preparation for developing the

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Housing Need Profile

The Housing (Scotland) Act 2001 requires the Council to prepare an LHS informed by an assessment of housing need so that unmet need for housing can be estimated. Equally, the new National Planning Framework will deliver ‘targets for the use of land in different areas of Scotland for housing’.

To produce the evidence required to calculate local housing and land requirements, the Council has produced a Housing Need & Demand Assessment (HNDA)

The Scottish Government has developed an HNDA calculation tool. The tool produces an estimate of the additional housing units needed locally. Estimates for new housing are calculated by housing tenure by assessing whether local households can afford:

- Market housing
- Private rented sector
- Below market rents
- Social rent

The HNDA tool works by projecting the number of new households who will require housing in Argyll & Bute. This is based on household projections and economic scenarios produced by the National Records of Scotland (NRS)

Three scenarios have been developed based on the 2016 population projections published by NRS

Argyll & Bute	Principle Projection		Low Migration		High Migration	
	Year 1-5	Year 6-10	Year 1-5	Year 6-10	Year 1-5	Year 6-10
Social Rent	1263	-77	1213	-144	1322	3
Below Market Rent	-23	-94	-92	-175	60	5
PRS	-28	-109	-120	-202	82	6
Buyers	-13	-48	-54	-89	37	3
Total	**1199**	**-328**	**948**	**-610**	**1502**	**17**

The new Local Development Plan (LDP2) and the Single Outcome Agreement for Argyll & Bute stresses the links between future economic prosperity and growing the areas population. Housing is acknowledged to play a key role in achieving this.

If we assume that housing requirements will be based on a growing population scenario through high migration, Argyll & Bute will require additional housing in the region of 1,500 units over the next 10 years.

Almost 90% of this additional housing requirement is for affordable

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New Supply Profile

Strategic Housing Investment Plan

The Strategic Housing Investment Plan (SHIP) sets out the investment priorities for affordable housing and

Housing supply increase

Over the last 5 years (2015-2019), the number of housing completions across Argyll & Bute has totalled 1,035 comprising 595 market completions and 440 affordable homes

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Placemaking: Housing & the Economy

Pause & reflect:

The role of housing in supporting economic growth in Argyll & Bute cannot be overstated.

A housing and development stakeholders network was established 2018 to examine the relationship between housing and the business sector. A survey delivered in 2018 and reported that over

80% of businesses cited lack of housing

Argyll & Bute LHS Development: Main Issue 1

Housing Supply & Placemaking: What are the issues?

Demographic &

Housing affordability

Low household incomes, drive housing affordability pressures. Whilst RSL rents are affordable for 4/5 households in Argyll & Bute, market rents are only affordable to 2/3 households. Almost 50% of households in Argyll & Bute cannot afford to access the housing market, even at market entry level.

Housing need

If we assume that local housing requirements will be based on a growing population scenario as a result of high migration, Argyll & Bute will require additional housing in the region of 1,500 units over the next 10 years. Almost 90% of this additional housing requirement is for affordable housing.

New supply

Over the last 5 years (from 2015-2019), the total number of housing completions across Argyll & Bute has totalled 1,035 comprising 595 market completions and 440 affordable homes. The new Local Development has allocated land to deliver over 4,500 new homes across Argyll & Bute in the next 10 years.

solve?

To build a new Local Housing Strategy, Argyll & Bute Council need to prioritise the main housing issues that need to be tackled to set local priorities that will guide action, partnership and investment moving forward. This briefing has focused on housing supply and placemaking in Argyll & Bute, presenting evidence on the extent and nature of the problem and progress in tackling it since 2016.

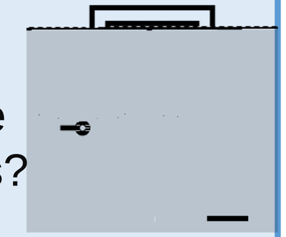
The purpose of the LHS conference is to finalise the main housing issues that require intervention in Argyll & Bute, examine the main issues in detail and generate ideas for action and investment. Key issues for consideration in the Housing Supply & Placemaking Workshop are:

1

Is increasing housing supply & creating sustainable places a continued LHS priority?

2

What are the main challenges we face in increasing supply and promoting sustainable places & communities?



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What's been proven to work and what are our priorities for action?