



**Arran Development Trust**

**Input to**

**Arran Affordable Housing Task Force**

Arran Development Trust  
March 2023

## **Table Of Contents**

- 1. Arran Development Trust Summary.**
- 2. The Big Idea.**
- 3. The Journey so far.**
- 4. The Cookbook.**
- 5. Lessons Learned and Recommendations.**
  - a. The Community.**
  - b. Central Government Agencies.**
  - c. Local Government,**
  - d. Collectively.**
- 6. Recommended Changes in Housing Demand Assessment.**
- 7. Ideal Ingredients for Arran's affordable housing.**
- 8. Summary Recommendations.**
- 9. Background Numbers.**
  - 10 . Economic and Business Trends.**
- 11. Summary ADT Survey Results.**
- 12.0 Background information from Previous Work.**

## **1. Arran Development Trust Summary**

Our primary objective remains to increase the supply of affordable homes directly and indirectly. The strategic discussion is how we can best do this.

In summary , it is clear that by joining up various strands of Public Sector funding with Community Priorities and Private Sector finance we can go a long way to solving the affordable housing crisis on Arran and other Islands.

We will obtain £4m in funds from the Government and a Commercial Bank to build 18 affordable homes and 25 serviced self-build plots. This is the biggest Private, Public and Community affordable housing building project on any Scottish Island. It would not have happened without the perseverance of our small Island team. Specific recognition was given by the BoD for hard and smart work, flexible approach and financial assistance. A few far sighted individuals within the Public Sector should also be commended for their vision and support.

The primary focus of the Officers and Directors will be the delivery of 18 affordable homes and 25 serviced self-build plots. However, this £4m milestone allows us to take stock of what we have learned, the direction of travel in the Island economy and develop a plan to deliver even more homes, directly and indirectly, as well as potential infrastructure projects.

The attached document forms the bones of the Journey so far, lessons learned and recommendations for change . Details can best be added with interactive discussion.

## 2. Arran's Plan: ( The Cookbook)

**A Big Idea is a non-essential ingredient but very helpful in the dark days.**

### **Ingredients**

- 1) Community Trust with a vision for the future and a BOD with skills, energy and above all perseverance.
- 2) Public Sector support for the community to develop the vision into a series of measurable actions. That is, a Community owned Plan.
- 3) Baseline data to determine the start point and agreed target and time to achieve.
- 4) Community and Public Sector Resources to Deliver the Plan.
- 5) Open and transparent engagement and governance process.

### **The Big Idea.**

Arran is a world class place to Live, Work and Visit, balancing Community, Environment and Economy.

**How:** Community group optimise existing public sector infrastructure improvement (Broadband and Ferry Terminal) and identify others to achieve the Vision.

**Metrics:** 1) Revenue Growth. 2). Quality of Life 3) Population in total and improving demographics.

**Outcomes:** Through the last decade: Revenue growth at 2% approx. Quality of Life shows Arran in the top 10% in Scotland. Population and demographics still a problem.

**Primary Reasons for Population issues :** The lack of Affordable Housing has been identified in every independent Professional Study and Community priority setting programme since 2007.

**Response:** Community embarks upon a journey to increase the supply of Affordable Housing, increase working population and promote economic growth and community sustainability. This is one of several journeys.

### **3. Arran's Affordable Housing Journey so far:**

#### **Current State:**

Insufficient supply of affordable housing to Arran over the last 20-years has created an affordable housing crisis, driving depopulation and risking the sustainability of the Island Community and Economy.

#### **Future State:**

Agreement between the Arran Community and NAC on the demand and supply of affordable housing on Arran, with funding and a build plan which matches supply to demand.

#### **How do we move from Current to Future State: (Phase 1)**

Commission a study to define affordable housing demand based on Economic need. **2015**

Study defines affordable housing demand at 200 units. NAC's Strategic Housing Investment Plan (SHIP) moves from 0 to 54. **2016**

Establish Arran Development Trust to increase the number of affordable homes on Arran to match identified demand, through influence and direct action. **2017**

ADT secures funds to identify land and projects to close the supply gap. **2018**

ADT puts the house build plan to competitive tender. **2018**

ADT secured a conditional Regional and Island Housing Fund (RIHF) for £3.5m to build 45 houses in Lamlash. **2019**

ADT failed to secure a Scottish Land Fund grant to purchase the required land **2019**

ADT reconfigures the plan to build 18 affordable homes and 25 serviced plots. **2020**

ADT Receives final approval, sign off and private funds of £2.5 m to add to the £1.5m from RIHF the to build 18 affordable homes and 25 serviced plots. **2022**

NAC completed 34 of the 54 houses in Brodick identified in 2016 SHIP **2022**

**After 8 years affordable housing demand remains significantly ahead of supply causing depopulation, and significant risk to the sustainability of the Island.**

e

3 Continued

**Phase 2**

NAC/Islands Team/ADT commission study to determine affordable housing demand on Arran based on socio-economic need. **Start 2022/Done 2023**

ADT Build 18 affordable homes and 25 serviced plots **Start 2023/ Done 2024**

Trust Housing build 25 affordable homes. **Start 2025/ Done 2027**

**Phase 3**

New Demand Assessment and SHIP established. ?

#### **4. Arran Development Trust Cookbook ( What made it work so far) Batch: 18 Affordable Homes and 25 Serviced Plots.**

##### **Ingredients:**

**It should be recognised that many key ingredients are vanishingly rare. More sustainable ingredients are being sought for our next batch. More on this later.**

- Cohesive Community with a shared vision for the future.
- Charitable Trust with wide Community Support focused on increasing the Supply of affordable housing.
- Trust BoD with extensive experience in Building and/or Housing Association, finance and lived experience of housing demand. Above all, the BOD will need perseverance.
- Members of the BOD prepared to loan funds to maintain the project.
- Access to Public Sector Grants to identify land and projects.
- Access to Public Sector Grants to part pay for Affordable Homes Development.
- Employ a few very good people.
- Flexible employees, prepared to go the extra mile on part time wages.
- Flexible landowners with regard to timing of full payment for land.( Loans)
- Flexible Service Providers who completed work at risk to move the project on.
- Support from Local Authority in deferring service charge payments.
- Private Finance that is prepared to chance investment in an organisation with no assets and no track record of housing development.
- Extensive consultations, reviews, press communication and solid hard work.

##### **Step 1 ( 8 Years)**

- a) Add ingredients into a medium sized Island and stir vigorously for 8 years, adding encouragement and support as required. Avoid cynics and doubters near the process during this critical phase.
- b) Identify how all of the above could be improved

##### **Step 2 ( 18 months)**

- a) Apply the contents to two sites covering 4 acres and apply the additional contracted ingredients of building skills and site management.
- b) Apply the lessons learned in Step 1 a) to future projects.

##### **Step 3 ( 2024)**

- a) Populate 18 affordable houses with working families on Arran or families with job offers on Arran.
- b) Sell 24 Plots with a Rural Housing Burden to 24 families from Arran or families with job offers on Arran.

## **5. Arran Affordable Housing: Lessons Learned:**

### **a. Community:**

- “Help is not coming”( Darren McGarvey Reith Lecture). A more complete statement is: Help is only coming when sought by an energized focused and persistent community.
- Creation of a community supported Trust with Charitable Rural Housing Status is essential.
- The Trust needs paid employees. A voluntary BoD will not get this to the line.
- Trust BoD requires energy and persistence as essential prerequisite. If you do not have people on the BoD with extensive experience in Building and/or Housing Association and finance, do not even start the process.
- Landowners and BoD members worked at risk of losing substantial monies if the project could not be funded. This is not repeatable.
- Keep the Community informed at every stage.

### **Lessons Learned:**

- Identified fundamental disconnect between Community and Local Authority view of the demand requirement for Affordable Housing sooner.
- Using one builder for the overall contract makes building on the island unaffordable. Projects need to be broken into individual work packages and managed on the Island.
- The Arran Island Plan needs to be delivered.
- The right Trust BoD is essential.



## Lessons Learned Continued.

### 5 b) Central Government Agencies:

- To be clear, we could not have got to where we are without support from Government Agencies at every step.
- Grant processes seem unnecessarily complicated and time-consuming causing many small volunteer-based community projects to fall at the first hurdle.
- Government agencies do not seem connected. We received a building grant from RIHF but failed to secure the funding from the Scottish Land Fund to purchase the land. This created a two year delay in obtaining private finance.

## Recommendations/Asks:

- 1) Simplify/shorten the application process.
- 2) Create Best Practice Cookbook for increasing supply of affordable housing on Islands.
- 3) Join up agency funding around a specific theme e.g. population or affordable housing. For example ; if Regional and Island Housing Fund (RIHF) part fund the build, there needs to be a very good reason why Scottish Land Fund (SLF) does not part fund the land purchase. They should connect with each other.
- 4) Funding agencies give priority to programmes that seek at least 50% of funding from Private Sector. Better leverage Public Finance.
- 5) As the name suggests RIHF support Rural and Island. Although rural cost will be higher than non-rural, Islands have 30% cost premium for building, which is not taken into account in the grant.
- 6) **RIHF can pay 'abnormal costs'** incurred at the end of the project. This can put small community projects in jeopardy through cash flow issues. Pay 'abnormal costs' at the various building stages in which the costs are incurred.
- 7) **Much of RIHF is left unclaimed.** This is caused by the practical difficulties small organisation have in completing projects. Either fund professional services to support projects, from planning to financing or use £45m fund to leverage private funding and provide a combined Public/Private £130m fund.

### **5 c) . Local Authority: Lessons learned.**

- Local Authorities benefit from central government affordable housing grants but have no obligation to support the development through funding planning permission, building warrants or direct support for projects.
- To be clear, NAC deferred payment on planning and building warrants which was of great assistance.
- Local Authority demand assessment is too heavily weighted to the Common Housing Register. This does not work well for Island Communities and Economies.
- Points Allocation Process tailored to social need rather than community need.

### **Local Authority Recommendations/Asks:**

- 1) *Initiate Affordable Housing Demand Review*** to reach agreement between the Arran Community and Local Authority, considering economic and community needs, over the next 10 years.(More detail on input to this separately)
- 2) *Create Affordable Housing Task Force*** to look at all aspects of Demand and Supply of housing on Arran. Use learnings to support other Island Communities.
- 3) *Arran Affordable Housing Fund.*** Funded by Second and Empty Homes Council Tax income. 25% of housing stock is Second and Empty homes. 40% of NAC Second Homes are on Arran. Show how Second Homeowners contribute to solving the critical housing shortage. Increase Council Tax on Second Homes.
- 4) *Arran Affordable Housing Demand Assessment follows***, including critique of Common Housing Register from an Island Perspective and the use of other Island demand indicators like Tied Accommodation, Void Rates, Business and Public Services vacancies and the 10 year plan.
- 5) *Pay for Planning and Warranty charges*** to support RIHF affordable housing projects.
- 6) *ADT's should have access to income from the Second Homes fund.***
- 7) *Points allocation process*** tailored to Community Need.

**5 d).                    Collective Focus on Priority Issues:**

- 1) **Ambition based joint resources, Community, Public and Private sector.**  
Engage the power of the community and the private sector to set jointly achievable goals that lever additional funds to deliver the Strategic Objectives of the Islands Plan.
- 2) ***Incentives for Local Authorities*** to support Island Affordable Housing Demand. New carrots or sticks. e.g., bigger housing funding allowance for Local Authorities with Island Populations: (Island build cost means less electoral bang for the Island buck, means less affordable houses built).
- 3) **Increase pace**, measurement, and delivery: Days, weeks, months rather than months, quarters, and years, to solve this critical problem.

## **6. Recommended Changes Housing in Demand Assessment**

The Arran Development Trust has identified several additional pieces of data required to supplement the Housing Register method of determining Social Housing Demand on Islands generally and Arran in particular. The data required for demand assessment is probably Island specific. For Arran it is outlined below.

### **Problems with the Housing Register Method**

#### **a) Lack of affordable housing supply creates a lack of use.**

- Identifying demand through the Housing Register requires seekers to believe there is a chance of obtaining a house. This works in the mainland with a 5 to 8 % void rate and new affordable houses delivered every year. Arran's void rate is consistently under 1 % with an 11-year gap in the provision of affordable housing. New housing in 2022 and proactive work will help but still a major problem.

#### **b) Assumes easy movement between locations:**

The Housing Register method assumes the existence of a public and private transport network that allows easy movement between locations for employment. That is, people in low rent areas with low levels of economic activity, can service economic and public service demand in areas of high economic or public service activity. This is not the case on Arran. There are no low rent areas. There is a closed transport network dependent on a poor ferry service and limited public transport. This directly impacts the ability of the economy and public services to react to increases in demand.

### **10 year economic and public sector plans, need to play major part in the demand assessment for affordable homes.**

Ten year trend analysis on tourism, which is the major economic sector on the Island, suggests a 20% increase in the volume of tourists. CalMac are using this 100,000 increase in passengers in their long term planning. Based on the Fraser of Allander study, this could represent a 150-200 increase in the number of employees required. The population increase in this sector alone, will have knock effects on Education and Health and Social Services. This does not include the demands of an aging population (33% over 65) and most likely growth in other sectors.

## 6 Continued.

### **Void Rates should be indicators of latent demand on Islands**

- Demand for Private and Public Sector employees happens in real time. Job offers are made and accepted or rejected based on the availability of affordable accommodation. Applying to the housing register at that time, with 1 void in 293 houses (0.3%) is meaningless. Lucrative short terms let means very limited private long term let. The result; lost vital employment in critical sectors. Mainland Social Housing at 8% void rate and lower cost to buy or rent, negates this problem.
- Given all the above, it is essential that: **Projected ten year economic and public sector demand, the volume of tied housing, the void rate as well as the Housing Register** should determine the demand for affordable housing on the Island. Weighting of each will change in time and should be discussed and agreed.

## **7 . Ideal Ingredients:Community, Public, Private Affordable Housing**

**If all recommendations are accepted. What could ADT's next batch ingredients look like?**

- Cohesive Community with a shared vision for the future.
- Charitable Trust with wide Community Support focused on increasing the Supply of affordable housing working in conjunction with other affordable housing suppliers.
- Trust BoD with extensive experience in Building and/or Housing Association, finance and lived experience of housing demand. Above all, the BOD will need perseverance.
- The Trust employs good people and creates secondary local employment.

**+**

- Central Government Agencies funding aligns to Island Plan priorities connecting several funds into Arran Affordable Housing building, with access to all partners including the ADT.
- Local Government housing demand assessment created in conjunction with local business, public services, the community, the 10-year plan and Housing Register.
- ADT has access to Local Government Affordable Housing Funds.
- Joining up Government support means private finance partners are easy to find.
- Second and Empty home owners are seen to be contributing towards solving the Islands affordable housing problem through increased Council Tax.
- Points allocation heavily weighted to critical worker needs in public services and business.

### **Step 1 ( 2 Years)**

- a) Add ingredients into a medium sized Island and stir vigorously for 2 years, adding encouragement and support as required. Avoid cynics and doubters as a general rule.
- b) Identify how all of the above could be improved and repeat.

## 8. Arran Development Trust Summary Recommendations

### a) Central Government Agencies:

- 1) **Simplify/shorten** the application process.
- 2) **Create Best Practice Cookbook** for increasing supply of affordable housing on Islands.
- 3) **Join up agency funding** around a specific theme e.g. population or affordable housing. For example; if Regional and Island Housing Fund (RIHF) part fund the build, there needs to be a very good reason why Scottish Land Fund (SLF) does not part fund the land purchase. They should connect with each other.
- 4) **Priority given by funding agencies** to programmes that seek at least 50% of funding from the Private Sector. Better leverage Public Finance.
- 5) **RIHF recognises additional Island Build Costs:** Although rural cost will be higher than non-rural, Islands have a 30% cost premium for building. This is not taken into account in the housing grants.
- 6) **RIHF can pay 'abnormal costs' incurred at the end of the project.** This can put small community projects in jeopardy through cash flow issues. Pay 'abnormal costs' at the various building stages in which the costs are incurred.
- 7) **Public/Private Island affordable housing fund.** For example, RIHF has £45m over 5 years. Local island groups then guddle around to get the balance of funds to build the houses. This could be made easier by a centrally managed private/public fund to lever the £45m to £125m. And/or provide professional support/services to small communitie

## **8b) Local Authority Recommendations:**

- 1) **Initiate Affordable Housing Demand Review** to reach agreement between the Arran Community and Local Authority, considering economic and community needs, over the next 10 years.(More detail on input to this separately)
- 2) **Create Affordable Housing Task Force** to look at all aspects of Demand and Supply of housing on Arran. Use learnings to support other Island Communities.
- 3) **Arran Affordable Housing Fund.** Funded by Second and Empty Homes Council Tax income. 25% of housing stock is Second and Empty homes. 40% of NAC Second Homes are on Arran. Show how Second Homeowners contribute to solving the critical housing shortage.
- 4) **Increase Council Tax on Second Homes and Empty Homes** with the exception of Long Term Lets. To emphasis item 3 and increase affordable Island housing fund.
- 5) **ADT access to income from the Second Homes fund.**
- 6) **Pay for Planning and Warranty charges** to support RIHF affordable housing projects.
- 7) **Island Affordable Housing Demand Assessment:** Separate recommended changes to the Arran Affordable Housing Demand Assessment outlined within this paper.

## **8 c) Collective Focus on Priority Issues:**

- 1) **Ambition based joint resources, Community, Public and Private sector.** Engage the power of the community and the private sector to set jointly achievable goals that lever additional funds to deliver the Strategic Objectives of the Islands Plan.
- 2) **Incentives for Local Authorities** to support Island Affordable Housing Demand. New carrots or sticks. e.g., bigger housing funding allowance for Local Authorities with Island Populations: (Island build cost means less electoral bang for the Island buck, means less affordable houses built).
- 3) **Increase pace,** measurement, and delivery: Days, weeks, months rather than months, *quarters, and years, to solve this critical problem.*



## 9. Background Numbers - Arran Affordable Homes Summary Info

### The Start Point

	Scotland	Arran	Comment
Social Housing as % of total: the national average	24%	11%	Less than half
Second Homes as % of total: second homes	1.1%	25%	Arran has 40% of NAC <sup>3</sup>
Average House Prices: (2021): are half that on Arran	£205k	£273k	North Ayrshire prices

- In 2015 the North Star study on economic need for affordable homes on Arran, identified, through extrapolation, the need for a minimum of 200 new affordable homes on Arran.
- The Social Investment Housing Plan (SHIP) for Arran changed from 0 to 54. 34 of these homes have been delivered by North Ayrshire Council (NAC). The other 20 are due from \*Trust Housing by 2024. (\*Trust Housing is a Housing Association, not connected to the Arran Development Trust).
- Since 2015 Long Term Lets from the private sector have declined as legislation to enhance security of tenure coincided with house price increases and growing demand for holiday lets.
- The 1991 Census showed Arran with 22% of its Housing Stock as Second Homes. Anecdotal evidence suggests a history of second homes going back decades. Our tourist sector is largely dependent upon them for visitor accommodation. Can tax income from second homes do more to support affordable house building and rents on Arran?
- On average, 25% of Arran's housing stock is second and empty homes. Some villages have as much as 37 to 47% of their housing stock as second or empty homes.
- NAC has an affordable housing fund financed by Council Tax from second homes.
- 40% of Second Homes in North Ayrshire are on Arran.
- Arran in 21/22 contributed approximately £879,000 Council Tax income from Second Homes to North Ayrshire Council.
- In addition, there are 139 houses on Arran registered as businesses and therefore paying no Council Tax. If they were, it would add a further £200,000 approx. to the £879,000 above.
- NAC provides 72% of Social Housing in North Ayrshire and 9% on Arran.

## **9 Continued.**

NAC social housing rents are the lowest in North Ayrshire. Arran's main providers charge higher rents. Trust Housing (Nov 21) charges 28% more for three-bedroom house. Irvine Housing Association is 19% higher. These are not the worst examples.

In summary, a study completed in 2015 suggested Arran needed a minimum of 200 more affordable homes. We have built 34. There are nearly twice as many second homes as social homes on Arran. If you can get a social home, it will cost more than the mainland. The lack of affordable housing remains a critical constraint on population retention and growth, and economic development, as outlined by the 2015 North Star Study and more recently by the Fraser of Allander Study in 2020.

## 10. Economic and Business Trends Impacting Demand

*Change is inevitable. We can shape it by understanding the direction of travel.*

### Arran Development Trust Purpose:

The Arran Development Trust (ADT) will increase the supply of affordable homes, directly and indirectly, for the Arran community, to the point where demand and supply are in balance. It will do this by working with the private and public sector to raise funds, improve processes and build homes. In addition, the ADT will support other infrastructure projects that increase the sustainability and prosperity of the Island. It will do all of the above, while working to maintain the Island Economy, Community and Environment in Balance.

### Direction of Travel:

- 1) If we only grow tourism at historic level, we will attract 100,000 new visitors and an extra £20m by 2032. Equal to two Auchrannies ? (20% annual increase).
- 2) The addition of another 1000 passenger ferry and improvements in the application and development of digital technology will support migration to Arran.
- 3) There will be other infrastructure developments. e.g. (Marina, Distillery, Timber Processing, Tourist Accommodation) which will require infrastructure and labour.
- 4) Transport movements on and off the Island have increased by 43% since 2010. Repeating this growth over the next 12 will see an additional 50,000 vehicle movements by 2030. Do we have the infrastructure for it ? Is this desirable ?
- 5) Assuming we staff up to support the above, population will stabilize and then increase with the injection of new social and private housing. Target the 2001 level of 5,000 by 2030 ? What house building programme supports this
- 6) Public Sector funds for social/affordable will become harder to obtain. We need to find new creative ways of matching public and private sector funding to deliver our affordable housing needs.
- 7) Second Homes will remain at around 23% -25% of housing stock by 2030 ? 40-year trend. Possible source of funding for affordable homes support (Wales and North Yorkshire).
- 8) Population Increase will mean 230 more 0 -15 year olds and 111 more 65+ by 2030 (32% of Population ). Are we resourced for it (schools, early learning, care) ?
- 9) Personal, local, national, global reactions to climate change will drive all aspects of life and business over the next 10 years...What does this mean for Arran?
- 10) The Island Bill implies more Island consultation and control over our local services and environment. What does this mean for Arran?

## 11. ADT Survey Results ( Press Release)

November 8<sup>th</sup>

97% of residents on Arran, who completed a recent survey, agreed the Island needs more affordable housing. 96% felt the lack of affordable housing threatens the community and economy of Arran. This is no surprise, *every Arran priority survey and professional research since 2008 has identified the lack of affordable housing as the biggest constraint on economic development and the primary cause of young and working age migration.*

Opinion was also sought on what could be done to improve the situation. 90% of the participants agreed the island needs an Arran Affordable Housing Fund, funded by income from Second and Empty homes, and used to alleviate Arran's chronic housing shortage. 25% of Arran's Housing stock are Second Homes, the largest proportion in Scotland. The fund, administered by the Local Authority, would be used to cover the extra cost of building on the Island and potentially, provide some rent subsidy for key workers.

A significant majority is in favour of increases in Council Tax on Second Homes (88%) and Long-Term Empty houses (78%). Second Homes were not seen as the major problem but as a means of helping to fund more affordable homes.

*The local authority, North Ayrshire Council have recently completed 34 social houses in Brodick. These are the first Local Authority houses on Arran in a generation. The Community appreciate them, allowing families to stay on the Island and provide hope for the families still desperately seeking accommodation.*

*The fact is Arran needs a lot more affordable housing, with the survey suggesting 197. To this end, the Arran Development Trust will obtain funds from the Scottish Government Regional Island Housing Fund and match them with private funding, to create 18 affordable homes and 25 serviced plots for self-build, over the next two years. It is still not enough.*

*There were several other suggestions made by Islanders that the Arran Development Trust will continue to discuss with the Local Authority. The biggest task will be to agree the affordable housing demand with the Local Authority and then finding a way to build the homes.*

*Of many comments to the survey, this one best articulates the feeling of the respondents: "Teachers, nurses, doctors, care staff cannot find permanent places to live, be it renting or buying. Bus drivers, supermarket staff, hotel and catering staff have no hope of buying, and rentals are like hen's teeth. One recent case saw a new member of staff at Montrose House Care Home asked for somewhere to pitch the trailer tent she was living in. How can this be normal?"*

*The Arran Development Trust and the Arran Community does not accept that this is "normal" and will continue to work with local and central Government to find short- and longer-term solutions.*

12.

## **Back ground Information from 2019 through 2021: Recommendations and supporting data.**

### **Arran's Housing Crisis and what we do about it:**

The Arran housing crisis is deepening. It is probably the biggest example of a Public Service Inequality on our Island. The lead time to create sufficient affordable housing to resolve the crisis is too long. Remedial action is required now to mitigate the worst impacts of the crisis. The remedial action can run in parallel with an urgent building programme and yes, we do appreciate NAC's 34 social houses in Brodick. It provides a slight glimmer of hope.

Much of this information was put together in August 2019. Most of it will be depressingly familiar and is still directionally correct. I have updated where appropriate.

#### **Contents:**

- 1) Summary; The Problem, Objectives, Potential Solutions, Timings and Owners.
- 2) Background numbers and Social housing providers, weekly rent comparisons 2021.
- 3) House Price and Second Home Comparison. Scotland, NAC, Arran.
- 4) Arran Housing Stock by Village: (Empty Homes, Second Homes).
- 5) Second Homes by Rate Band and Income. Bus Rates Accommodation by Village.
- 6) Empty Homes: Extract from NAC Document to aid understanding.
- 7) 2019 to 2024 Social Housing Investment Plan (SHIP) Summary and notes.
- 8) Governments Rural and Island Housing Fund Overview.

## Prepared from various declared sources by Tom Tracey: Chairman Arran Development Trust November 2021.

**The Problem:** Rapid increase in house prices further exacerbated the existing chronic lack of affordable housing, impacting; public services, population and GVA. We need urgent action now from the Community and Government Agencies.

**Objectives ( Strategic):** Create a demand/supply balance for affordable housing.  
(Tactical): Encourage private sector housing into long-term letting and create an affordable housing fund to support strategic and tactical objectives.

### How do we achieve the objectives?

What ( Strategic) Who		When
1) Increase SHIP to 100 units and deliver:	2024 - 2027	NAC/ADT
2) Deliver 18 affordable homes and 25 affordable plots:	2023 – 2024	ADT
3) Islands Team, additional funds for No1 Island priority: SG/HIE	2023 - 2024	
(Tactical)		
4) Island affordable housing fund: £879k from Arran from Second Homes Council Tax/annum:	2023	NAC
5) Review Self Catering Small Business Rates Relief. Ensure Genuine small business (139 = £203k potential for item 4):	2024	SG
6) Use income from Affordable Housing Fund to subsidise rents for key workers and build houses:	2024	NAC
7) Investigate high quality modular temporary ( Not fixed Foundations) accommodation.	Nov – Ongoing	ADT
8) Offer landlords/tenants Council Tax reductions, up to 50% for providing Long Term Lets (LTS):	2023.	NAC
9) Business rates claims in domestic zones require 'Change of Use' Planning Permission. (e.g. Edinburgh):	2023.	NAC
10) Communicate plans for "licensing" SLT including plans monitor 70-day occupancy.	2023.	NAC/SG

2 cont..

- 11) Planning Permission only granted for Social or Affordable Housing when second and empty homes exceed 35% of stock. 2023. NAC
- 12) A non-commutable sum of 25% of value applied to new Planning Permission on residential property: ( Affordable Housing Fund). 2023. NAC
- 13) Allow NAC to increase Council Tax at 100%/annum for Long Term Empty Houses after year two: 2023. SG
- 14) Provide conversion support for people in large houses that Want to convert part to LTL accommodation. 2023. NAC
- 15) Assuming all/some of the above, make the community aware That Second Homes are contributing to Affordable Homes. 2023 ADT/NAC

**Notes:** North Ayrshire Council (NAC): Arran Development Trust (APT): Scottish Government (SG): Highland Islands Enterprise ( HIE): Item 9, Edinburgh City Council plans: Item 10, Government plans: Item 11, Variation on St Ives/North Wales/Peak, Lake Districts models. General point: Reduce Income Tax on LTL. E.G. France, 10%. Germany 2.7% SGov/UKGov.

3.

## NAC Social Housing Weekly Rent Comparisons for 2018

### Background to Social Housing in North Ayrshire and Arran:

There are 342 social houses on Arran. The primary social housing provider is Trust Housing. This is the third year that these comparisons have been made with similar results. This analysis does not address the critical shortage of social housing on Arran, only the significant disparity in rents between Arran and the mainland.

There are two social housing providers on Arran. Trust provides 283 and Irvine providing 59 (1). Trust provides the leads in setting Arran rents

### Conclusions:

- 1) Housing Association rents on Arran are expensive, compared to North Ayrshire.
- 2) The provision on 34 NAC housing on Arran will highlight the major discrepancy in social rents for the other 342 Island residents in Social Housing.
- 3) Arran is 12 miles off the mainland. This variations in social rent would not be allowed in local areas 12 miles apart on the mainland. It is a clear example of Public Sector inequality for an Island Community and Economy.

### Social Weekly Rents for North Ayrshire

	1 apt.	2apt.	3 apt.	4 apt.	5 apt
NAC	(ii) £58.6	£74.8	£75.9	£72.0	£78.1
ANCO	(iii) £61.1	£71.2	£82.4	£93.7	£102.8
Irvine.	£62.6	£79.7	£89.8	£93.9	£99.6
Cunningham.	£64.1	£77.9	£95.2	£102.8	£109.5
Trust	£131.3	£120.9	£95.1	£95.6	£92.5
<b>Arran % rent more than best in NAC.</b>	<b>124%</b>	<b>61%.</b>	<b>25%.</b>	<b>33%.</b>	<b>19%</b>

Source: (i) Housing Study  
(ii) NAC: NAC website.  
(iii) IHA Comparison Website.

Note: It is assumed that Trust Housing 1 and 2 Apartments provide additional services or at least they did when the rate was set.





4.

## Arran's Housing Stock including Long Term Empty, Holiday and Second Homes. Updated Information from NAC Available separately

### Arran Housing Supply Analysis February 2023 (Source NAC)

#### Summary of Arran Housing:

- 56% are privately owned.
- 26% of Arran homes as Empty, Second or Business.
- 21% Of Arran homes rented ( 12% Social / 9% Private)
- Demand of 91 is filtered from the General Housing Register by NAC.

Area	Private Landlord	Social. Housing.	Empty. Homes.	Second Homes.	Private Owners.	Total.	Demand
Blackwaterfoot	32	10	5	53	196	296	5
Brodick	68	113	29	106	387	703	36
Corrie.	12	36	10	53	53	164	7
Kilmory.	19	19	4	6	70	118	3
Lamlash.	58	149	33	139	400	779	18
Lochranza.	18	6	6	53	85	168	3
Pirnmill	7	9	3	20	54	93	3
Shiskine.	23	11	7	23	133	197	4
Whiting Bay.	45	28	39	146	387	645	12
<b>Total</b>	<b>282</b>	<b>381</b>	<b>136</b>	<b>599</b>	<b>1765</b>	<b>3163</b>	<b>91</b>
<b>% of Total</b>	<b>9</b>	<b>12</b>	<b>4</b>	<b>19</b>	<b>56</b>	<b>100</b>	
<b>Business Rates</b>				<b>139</b>		<b>3302</b>	
				-----			
				<b>738</b>			
<b>% of Total Plus Empty</b>				<b>22</b>			
				<b>4</b>			
				----			
				<b>26%</b>			

## 5.

### Arran House Scheduled for Business Rates: (Included on previous page)

Blackwaterfoot :	8,	Lochranza:	4.	
Brodick:	26.	Machrie:	7.	
Corrie:	6.	Pirnmill:	1.	Total Number =139
Kildonan:	7.	Shannochie:	3.	Council Tax Loss = £203k/an.
Kilmory:	6.	Shiskine:	13.	
Lamlash:	44.	Sliddery:	2.	
		Whitingbay:	12.	

Source: Scottish Assessors

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### Second Homes by Band and Council Tax Contribution:

Council Tax Band.	Number of Properties.	Tax Rate.	Tax Contribution
A	67	£895.	£59,965
B	70	£1,044.	£73,080
C	101	£1,193	£120,493
D	132	£1,342	£177,144
E	154	£1,764	£271,656
F	64	£2,182	£139,648
G	14	£2,692	£36,806
	-----		-----
602	602		£878,79

#### Note:

- North Ayrshire Council currently uses 40% of this income along with the income from mainland and Cumbrae second homes (905) to create an Affordable Homes fund. Various questions arise: Why is it not 100%? How is it distributed? Can we have an Island Specific allocation please, as this is where the problem is?
- Tax Rate is the NAC Council Tax Rate for 2021/22.
- Source: NAC.

### NAC 2019 to 2024 Social Housing Investment Plan (SHIP) Summary Notes:

( Data from 2019 Analysis still used as it is still directionally correct)

7.

**The NAC Social Housing Investment Plan (SHIP) establishes operating principles. Practises and numbers. It will be a good guide as we plan ahead.**

**Some highlights I have extracted:**

- Social housing in NAC amounts to 17,645 homes.
- NAC owns 73% of all North Ayrshire social housing.
- Cunningham HA are the biggest HA in NAC with 12% of the housing stock.
- Within NAC, Trust housing **only** operates in Arran with 283 houses. Irvine HA providing the other 59 houses.
- NAC, with partners, will provide 1000 houses by 2022 and 1732 by 2024. NAC will provide 68% new build. Irvine and Cunningham will be 15 and 14% respectively)
- Housing Needs Demand Assessment (HNDA) Highlights 66% of people requesting 1 bedroom and 20% two bedroom. For flexibility reasons this is reversed in the SHIP with 20% one bedroom and 60% two bedroom. This is similar to our assessment for Arran.
- SHIP only allocated Arran 50 houses to 2024 (NAC and Trust). Despite NAC's warm support for ADT work this may be an issue in our RIHF discussion with SG. In effect, we are saying the New SHIP is wrong and the ink is not dry. On the other hand, we have been told we will be able to adjust annually.
- NAC get £57 -£59k Government funding for house building. Housing Associations get £72k per house. This may be indicative of what we will get for our development although the documentation suggested we will not be limited to this.

8.

### **Rural and Island Housing Fund:**

The Scottish Government recognised the special needs of Rural and Island communities. Specifically, that the cost of operating in these areas for Housings Associations and Local Authorities could be prohibitive, adding to the housing shortages that already existed in these areas.

In February 2016 the Government announced The Rural Housing Fund, followed later that year by The Island Housing Fund. For all intent and purpose, these funds are managed as one; The Rural and Island Housing Fund (RIHF).

This was announced through press releases and although no formal targets were set the announcement of £25M for Rural and £5M for Island anticipated creating 600 affordable homes in rural and Islands communities by 2021. The £30m Fund is managed by the Housing Minister, through an extension of Highland and Islands Enterprise.

This fund is now closed but a further £45m has been allocated to provide Rural and Island Housing Fund support.

### **How is the Fund did against its objectives?**

Freedom of information requests obtained by James McEnaney informs us that the fund processed grants to build or convert 73 rural homes and 13 Island homes. They had processed applications for a further 12 homes but they did not proceed.

Based on the information from the FOI in March 2019, they have created 86 homes in Rural and Island localities against a press release target of 600. Being generous they may go up to 100 if the 12 come back in and they find another couple under the sofa.

On the money side, it looks like they have processed grants for around £5.3 million against a budget of £30 million. Most of the applications are small scale with the largest being 12 homes in Highland Region.

It was to this fund (RIHF) that we (ADT) have now processed applications for grants for 18 affordable homes. We have private financial companies prepared to provide development and exit funding including an additional 25 serviced affordable plots for self-build.

In summary, our plan is well scoped. Funds are available. We will work with RIHF and other Government agencies to help the process achieve its objectives.