



The Scottish Parliament
Pàrlamaid na h-Alba

Local Government, Housing and Planning Committee

Housing Emergency Inquiry

Report on Committee visit to Argyll & Bute Council, 25th November 2024

Introduction

Argyll & Bute council was the first local authority to declare a housing emergency in Scotland. The purpose of the visit was to explore how the council is responding to that emergency, to help inform the Committee's inquiry into the national housing emergency.

Members of the Local Government, Housing and Planning Committee visited Oban to meet with the council's leader Jim Lynch, CEO Pippa Milne, other senior council officials, and representatives from the Link Housing Group together with a representative from the Colonsay Community Development Company. The day also included a visit to the Dunbeg Corridor housing development.



Background: Housing in Argyll & Bute

Argyll & Bute is the second largest local authority area by geography, with one of the sparsest populations, and nearly 74% of the population living in remote or very remote locations. 10% of households live in private rental properties (compared with 13% nationally). Rent increases between 2022 and 2023 were the 3rd highest after Greater Glasgow and Lothian.

Argyll and Bute is a stock transfer authority so it does not own any of its own housing stock. Just under 20% of households live in social rented housing provided by social landlords in the area.

It was the first local authority to declare a housing emergency, in June 2023. Since then, a further 12 have declared emergencies, the most recent being East Lothian Council on 12 November 2024.

When declaring a housing emergency Argyll & Bute Council cited a rise in homelessness post-pandemic and a lack of housing choice which has had an impact on property prices and private rental levels. As a result, housing availability has decreased despite a social rent build programme, and local wages have not kept up with inflation.

The Council subsequently held a [summit with its partners in November 2023](#) and have used the outcomes from that to develop an [action plan](#).

The council [wrote to the Local Government, Housing & Planning Committee](#) in response to the Committee's inquiry into the housing emergency. Key points about the situation in Argyll & Bute include:

- Reduced housing supply but increase in demand
- Increase in property values above national and local wage increases
- Smaller percentage of housing stock available as socially rented accommodation due to changes in local economy
- Significant construction inflation, particularly on islands
- Labour and skills shortages
- Highest proportion of second homes in Scotland – 11%
- Local businesses cannot recruit, with services having a shortage of staff
- Local people being priced out of market
- Young people leaving due to lack of housing options

The council has funded [research into the challenges faced by rural landlords](#) which highlighted that the private rental sector is increasingly being used to provide long-term accommodation for vulnerable groups including families with young children, who might previously have been able to access local authority or housing association accommodation.

The research concluded that some landlords are exiting the sector due to a number of factors including lack of tradespeople, increasing costs, the legislative burden, and the availability of alternative investments.

Further information on the plans for affordable housing development are set out in the council's [Strategic Housing Investment Plan](#).

Presentation and discussion with council leader and officials

The following key points were made by council representatives:

Background:

- Housing is essentially an economic issue and underpins all the council's key priorities.
- It also presents a sustainability challenge; companies are under-investing in the authority area because they struggle to recruit employees due to the lack of housing available.
- The housing emergency was a crisis of many years - if not decades - in the making. For example, the financial crash in 2008 had an impact on the capacity of the SME building sector which hasn't since recovered.
- The solutions are medium-long term, but using the language of 'emergency' raises expectations of a quick fix.
- Signs of failure included anticipated private new-builds failing, with only 17% of those expected for a population of Argyll & Bute's size actually completed.
- Housing availability is complex and multi-tenure, with numerous factors impacting on availability of housing stock including empty homes, second homes, shrinking PRS, market failure, and more single people needing homes
- Particular challenges in Argyll & Bute include the size of the local authority, the availability of suitable land for building, depopulation, and the varied nature of the housing market in different locations.
- There is increasingly good data on the housing sector, particularly on second homes and short term lets. The second-home Council Tax premium has 'shifted the dial' a bit, however it's likely that for some the premium is not enough of a disincentive.

Argyll & Bute Council's response to the housing emergency:

- Partnership work is critical to tackling the emergency, for example with health and social care partners. The council held a Housing Summit in November 2023 in order to bring partners together.
- The council are also working with Scottish and Southern Electricity Networks (SSEN) and other companies to increase levels of key worker housing, required for developments such as new windfarm sites.
- The council is taking a more whole-system approach to housing in the area, with all tenures a focus rather than just social housing.
- A housing delivery officer post has been funded.
- The council is operating more flexibly, eg with a Strategic Housing Fund, leading to more planning consents, higher housing density, and flexibility in planning requirements.
- Argyll & Bute's housing emergency has a different focus to those in large urban areas (for example Glasgow where the priority is homelessness and housing asylum seekers)

- There needs to be more flexibility from other public sector bodies eg Transport Scotland, Scottish Water, SEPA.
- Shortages amongst key professions (such as planning) present a challenge.
- The council has been facilitating more land and planning consents, such as at the HMNB Clyde site and a recent approval of 639 bedsits, but there is still a need to get development actually started on the ground.
- There are numerous funding streams to consider including £20m community regeneration funding from the UK Government. However there is a lot of competition for this funding.
- Oban needs to expand but is limited by a lack of developable land to build on. A strategic study is looking at options, including a development road outside existing area in order to expand the town.
- There are challenges with accessing land which is suitable for building across the region. The Council has focussed on key sites, but each has its issues.
- Registered social landlords are looking to buy back empty homes or homes that come back on the market.
- Regulatory changes are being utilised, for example looking at planning control zones in relation to short term lets.
- The council has funded an officer to get owners of holiday homes to convert properties to privately let.
- Measures are being taken to proactively prevent homelessness.

Actions suggested for the Scottish Government:

- Market failure needs intervention and radical thinking, and there needs to be a long-term and continuous approach to housing.
- More funding flexibility is required, such as with the housing infrastructure fund (HIF). Devolution of funding to councils could be considered.
- The council would like to be able to accrue funds from underspend in the Affordable Homes Supply Programme (AHSP).
- There needs to be advance investment in critical infrastructure (such as a new access road to Dunbeg in Oban).
- The AHSP Grant Benchmark threshold is too low to buy back properties – there needs to be a higher % of funding.
- Community housing trusts are looking to deliver housing, but without expertise in development they need support and seed funding.
- Key worker housing is important, and the council needs to be able to provide shorter tenures and dispose of sites. However, funding through the AHSP and other funds will not allow this.
- A pilot of shorter tenures is taking place in Mull, which the council would like to fund through Resource Planning Assumptions.
- Regulations on housing and planning need to be more joined-up in order to tackle a complex system, considering the impact of regulation on the whole system (such as a possible cladding levy negatively impacting on housing supply).
- For example, currently an increase in council tax for second homes can be avoided by property owners registering their main residence in another authority (which is not charging increased council tax) as their second property; a combined approach across authorities may therefore be needed.

- Consideration of a new Planning Use class for ‘non-principal homes’ would augment provisions for increased council tax, short-term let licensing and planning control areas.
- Need for compulsory sales orders and for a land and property tax, which could lead to less people likely to ‘sit’ on land and property.

The need for flexibility in funding and regulations:

- With the Rural and Islands Housing Fund completions need to take place pre-election, which limits the feasibility studies that can be carried out now (as any project is unlikely to be completed pre-election). This demonstrates the need for long term certainty of funding, and the hope is that the fund will be reinstated post election.
- There need to be more flexible grant conditions in the Affordable Housing Supply Programme and other funds.
- Important to avoid unintended impacts of legislation e.g.:
 - Infrastructure levy would have negative impact on builds
 - Cladding levy – would be unfair for local developers who haven’t used cladding
 - Passivhaus standard – there are few contractors available, and they would not go to remote builds. Something instead ‘near’ Passivhaus would be sufficient and more cost effective.
- Investment in renewals and transmission to the national grid could have an impact on housing – local distribution of renewable energy is needed.



Link Housing Group - Dunbeg housing development:

- The site is the largest in the area and has successfully provided significant numbers of additional homes for Oban.
- Phase 3 was completed in 2023, funded by the Link Group with the Scottish Government and Argyll & Bute Council, consisting of 260 homes for affordable rent and 40 for New Supply Shared Equity (NSSE) and mid-market rent.

- Phase 4 is due to begin in 2025, with planning for private housing and apartments, social rent, mid-market rent and NSSE housing and apartment blocks, an elderly-living apartment block, a student housing block, and a commercial area – key to place making.
- There have proved to be many challenges to development of the site, which have required strategic leadership, collaboration, and investment in infrastructure (which is common to sites across Argyll & Bute).
- The National Planning Framework has presented challenges, with the presence of peat on the site, and an identified flooding risk. NPF4 needs more flexibility and guidance, so that issues can be addressed on a local basis and with a rural 'lens', enabling officers to take a local approach.
- The use of modern construction methods (for example some kit work is taking place onsite) helps with difficulties getting enough construction workers for such a large site.
- A new trunk road roundabout is needed for essential access, but a question of how this will be funded and delivered is still to be resolved.

Colonsay Community Development Company:

- Housing development on the island is part of a bigger strategy to make the island sustainable. Colonsay is suffering from depopulation, an ageing population, a high proportion of second homes and the local school is at risk.
- It has been an overly long process to get the land and to develop the housing. Various agencies are involved including the council, HIE and Community Land Scotland and Communities Housing Trust advice. There are 5 major funders.
- Development has involved houses for rent and low cost home ownership, and three houses for a fish production company.
- Many volunteer hours have been involved. It needs to become sustainable in longer term.
- Allocations of homes have helped to sustain the local school and reduce homelessness.