



# Islay Strategic Housing Overview



This report was commissioned by Argyll & Bute Council and prepared by Community Housing Scotland

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## Introduction

The Highlands Small Communities Housing Trust, trading as Community Housing Scotland was commissioned by Argyll and Bute Council to explore the existing and future housing demand driven by businesses on Islay to inform their Local Housing Strategy.

The work included a business survey that was distributed via social media, discussions with strategic bodies e.g. Scottish Water and the Local Planning Department and discussions with key employers and community representative groups. There was a good response to the business survey with over 30 of Islay's largest employers and businesses involved, as well as, responses from five community groups. Therefore, the information gathered in the report is a strong representation of local housing needs and opinions from a business perspective.

The objective is to establish effective and deliverable ways in which to overcome the difficulties experienced and the barriers to delivering housing on Islay through a collaborative approach and by exploring new funding models and partnerships.

## Executive Summary

The following key points are summarised:

- Central and South Islay have demonstrated the highest demand in terms of locations for new housing.
- Affordable rented housing and low-cost home ownership were the most favoured models to alleviate the housing shortage.
- Anecdotal evidence suggests that hidden homelessness and overcrowding are common issues.
- The average house selling price is £159,930.
- There are 87 empty homes registered on Islay.
- Second homes represented approximately 22% of housing stock (Islay, Jura and Colonsay). This is significantly higher than the number of Scottish second homes, 1.5% and Highland of 5.7%. (Census 2011)  
[https://www.argyll-bute.gov.uk/sites/default/files/00000000000001\\_argyll\\_and\\_bute\\_local\\_housing\\_strategy\\_2016\\_to\\_2021\\_0.pdf](https://www.argyll-bute.gov.uk/sites/default/files/00000000000001_argyll_and_bute_local_housing_strategy_2016_to_2021_0.pdf)
- There was a strong demand evidenced from businesses who require more affordable housing in order to attract and retain a skilled workforce, the lack of which is restricting their growth and expansion.
- Planned expansion by the whisky industry on Islay could generate the requirement for new employees many of whom may require housing.
- Existing businesses reported a current housing requirement for 47 employees. They also recorded that expansion plans for their businesses would lead to additional demand for housing over the next 5 years.
- Anecdotal evidence suggests that build costs on Islay are 30 – 40% higher than mainland equivalents due to the freight costs, site conditions and rurality.
- There are water capacity constraints in certain areas which may curtail short term development.
- New sites have been identified that may be suitable to be included in the local plan.

# 1. Current, Planned and Potential Opportunities

## 1.1 West Highland Housing Association

West Highland Housing Association (WHHA) have a total of 62 established social rent units on Islay. These units are located throughout the four main settlements on the island; Bridgend, Bowmore, Port Charlotte and Port Ellen. Appendix 1 illustrates existing WHHA stock.

The focus for providing this social housing was in response to the younger generation of Islay residents relocating to the mainland due to high house prices, which in turn triggered outmigration, depopulation and an ageing demographic.

In addition to the WHHA's 62 established units, phase 2 at Imereval, Port Ellen, is currently under construction on site. This housing development is planned to deliver a further 8 units comprising of 6 for shared equity (SE) units and 2 social rent (SR) units. These 8 properties will be evenly split between 2 and 3 bed units and are due for completion in 2019/20.

WHHA have ownership of a large site at Port Charlotte with capacity for 30 units, see Appendix 2. It remains uncertain whether this will be developed as it has been expressed that a further development at Port Charlotte would depend on interest from stakeholders such as local businesses and other relevant statutory agencies that highlight a housing need. This area of land is to be retained in the Local Development Plan 2 (LDP2).

On Islay, WHHA have worked in partnership to deliver viable projects to support the local community. For example, they worked closely with the MacTaggart Trust and Argyll & Bute Council on the old Port Ellen police station. The unused police station was renovated to deliver 6 x 1-bed flats for those aged between 16 – 25, homeless or local residents on low incomes.

## 1.2 Argyll Community Housing Association

Argyll Community Housing Association (ACHA) also have a strong presence on Islay. ACHA have a total of 320 units on the island with the majority of social rented properties located in Bowmore and Port Ellen. The site at Bowmore was delivered through three phases of 10, 20 and 10 units and it is understood that ACHA have plans to progress with phase 4 of the development to deliver a further 16 to 22 units by March 2021. Appendix 1 illustrates ACHA's stock.

The provision of affordable housing supplied by Registered Social Landlords have typically been geared around the main settlement areas on Islay. However, a total of 4 units are planned to be delivered in the small village of Keills on the North East of the island, also by March 2021. This development is a result of demand through Home Argyll and is possibly in partnership with Dunlossit Estate.

The Bowmore development was made attainable by ACHA working together in partnership with Islay Estate. It was advised that this partnership could continue to deliver a phase 5 at Bowmore with a mixed tenure of social rent and private lets. In regard to land, ACHA stated to have various site opportunities on Islay that are not listed in the Strategic Housing Investment Plan (SHIP) situated in Portnahaven and Port Charlotte.

## 1.3 Trust Housing Association

Trust Housing Association have stock in Port Ellen (15), Bowmore (21) and Bruichladdich (4), see Appendix 1. The majority of stock is aimed at those aged 60 & over. Recently, Port Ellen and Bowmore have had 'general needs' allocations policy introduced to the first floor properties. Between 3 – 5 vacancies are made vacant per annum in each settlement and it was advised that properties in Port Ellen are increasingly difficult to let despite extra efforts in marketing. This is thought to be down to those aged 60 and over not wanting to live near homeless or young individuals. Trust Housing Association have no plans for further development on Islay and do not have ownership of any land on Islay.

## 1.4 Land Opportunities

1.4.1 The availability of land out with the LDP is limited due to the presence of six estates on the island. However, it would be prudent to understand what sites may be available on the island. Some listed in this report will have potential, however others could have planning issues. The new LDP2 will make the case clearer and ultimately will have to address the formal findings of the next HNDA once completed. It should be noted; that estates have played an important part in the delivery of affordable housing to the main settlement areas; ACHA's development at Bowmore for example. Furthermore, Dunlossit Estate has formed a charity called 'Dunlossit Community Trust' and it was highlighted by the estate manager that housing was high on the priority list for supporting the local community. There is speculation that Dunlossit Estate and ACHA may work together to deliver the four units planned in Keills.

1.4.2 The business survey also identified four businesses that have land on Islay which could potentially be used for an affordable housing development. This would be subject to suitability being established as Planning and other statutory agencies would need to be consulted in terms of the feasibility of these sites. Only three stated they would consider entering a joint venture. The first survey participant was Bruichladdich Distillery located east of Port Charlotte, the second was Kilmeny Guest House situated on the outskirts of the village of Ballygrant, the third was Cresswell Cars in Glenegedale and the final participant with land was another farmer located on the outskirts of Port Charlotte.

1.4.3 In addition to the above, Highland & Islands Airport Ltd (HIAL) expressed their serious staffing issues and shared that HIAL are exploring their options with unused airport ground with an appointed consultant. Although HIAL own the land, the airport service is operated by the public sector indicating that capital is not readily available for such a venture therefore it was implied that other businesses on Islay could be candidates for investment and partnerships.

1.4.4 The Machrie Hotel is also in possession of land near Glenegedale that they would consider utilizing for a housing development. Furthermore, the hotel has land that borders with HIAL and both entities stated they would consider a joint venture to resolve their staff accommodation difficulties. This presents an opportunity for the two and perhaps other businesses struggling to find staff accommodation on the island.

## 1.5 Islay Housing Market

1.5.1 From the four estate agents contacted, all four indicated that the Islay housing market is a micro-climate that has been uninterrupted regardless of UK mainland economic climate. The market is buoyant and properties advertised are usually sold within 2–3 weeks however it was advised that many properties on Islay are sold through 'word of mouth'. Furthermore, purchasers are often from England that relocate in pursuit of a different lifestyle and who are in a financial position to outbid first time local buyers on Islay.

1.5.2 This is a major contributing factor to the housing issue on Islay and should not be ignored. The second contributing factor to the housing issue as advised by estate agents is the holiday home and let market and the distilleries purchasing properties for their employees. Estate agents were unable to provide data on the ratio of such categories in comparison to purchases for residential purposes only. However, registered holiday homes account for over 10% of the housing stock on Islay but this percentage may be higher as some holiday lets can be unregistered for example, through Airbnb.

1.5.3 In March 2019, the average house price on Islay was £159,930, which is a decrease of 0.12% from December 2018. However, over the past five years Islay has experienced an overall increase in house prices by 21% equating to £27,790.

1.5.4 When estate agents were asked how they predicted the housing market on Islay would unfold in a further five years, three said that the market would continue to grow due to the increase in the whisky industry, tourism, and the location that attracts retirees.

1.5.5 One estate agent stated that first time local buyers on Islay ‘had no chance of getting a property’ and that ‘properties always go for more than the asking price’.

Table 1. House trends on Islay over five years

Property Type	Average Cost	% increase / % decrease	Number of sales
Detached	£262,804	+ 22.63%	23
Semi-detached	£134,272	+ 22.05%	19
Terraced	£130,824	+ 18.81%	17
Flats (10 years)	£81,167	+22.65%	6

Reference: [https://www.zoopla.co.uk/house-prices/isle-of-islay/?property\\_type\\_code=D](https://www.zoopla.co.uk/house-prices/isle-of-islay/?property_type_code=D)

## 2. Business Activity on Islay

2.1. According to Global Tourism Solution (2016), in 2016 the number of visitors to Islay grew by 3.8% in comparison to the previous year. The number of the day visitors decreased by 5.8% however the number of visitors staying overnight on Islay increased by 15% and the length of stay increased by 11.1%. This indicates that tourism on Islay is growing. The same report demonstrated that the provision of serviced accommodation increased by 19.8% in comparison to the previous year. Most significantly, direct employment from serviced accommodation on Islay increased by 4.3% and had a direct economic impact of £1.7m.

2.1.2 In addition to Islay’s nine distilleries there are plans within the industry for further expansion and the creation of new distilleries primarily in or around Port Ellen. There is no credible evidence available to predict what impact that opening additional distilleries will have on the Islay economy and its existing resources, however there is clearly the potential for an increase in the number of employees being required, this may place further pressure on housing need.

2.1.3 Highland and Islands Airport Ltd (HIAL) are increasing the number of flights per week to meet tourism demand. This will provide 2,600 flights per annum and catering to 36,000 passengers.

2.2 A total of 32 businesses operating on Islay participated in the business survey. Of the 32 businesses, the most common sector was hospitality (8), which corroborates the findings of Global Tourism Solutions (2016) in that this is a growing sector on Islay. Other sectors included distilling (5), agriculture, forestry and farming (3), tourism (3), construction (2), transport (2), public health (1) and 8 opted for ‘other’. In addition to the 32 businesses, a total of five community groups participated in our study ranging from community councils, development and energy groups.

2.3 Of the 32 respondents, two operate on a seasonal only employment basis, six employ a mixture of seasonal employees and 15 do not employ any seasonal employees. Businesses that employ during the season only are in hospitality and tourism.

2.4 Most businesses (16) recruit from the local area only. Others recruit from the Highlands (1), UK wide (3) and the EU (2).

2.5 When asked what was the most limiting factor to growing their business, 16 businesses highlighted the availability of skilled workers and 13 stated a lack of affordable housing on Islay. Collectively, this represents 18 business in total of which 16 have plans to expand their business over the next five years and subsequently increase staff numbers.

2.6 The majority of respondents (21) stated to have experienced difficulties in recruiting staff due to a lack of housing on Islay. Businesses advised they are frequently forced to recruit from the mainland due to a lack of available skilled staff but stated that this arrangement often fails due to no available accommodation on Islay. These employees return to the mainland in pursuit of alternative work.

2.7 Unemployment on Islay is less than 1% (HIE 2018), which contributes to the staffing issues experienced by local businesses. There is an aspiration for economic growth within the business community on the island and as mentioned in point 2.5, a total of 16 businesses plan to expand in the next 5 years creating further employment opportunities.

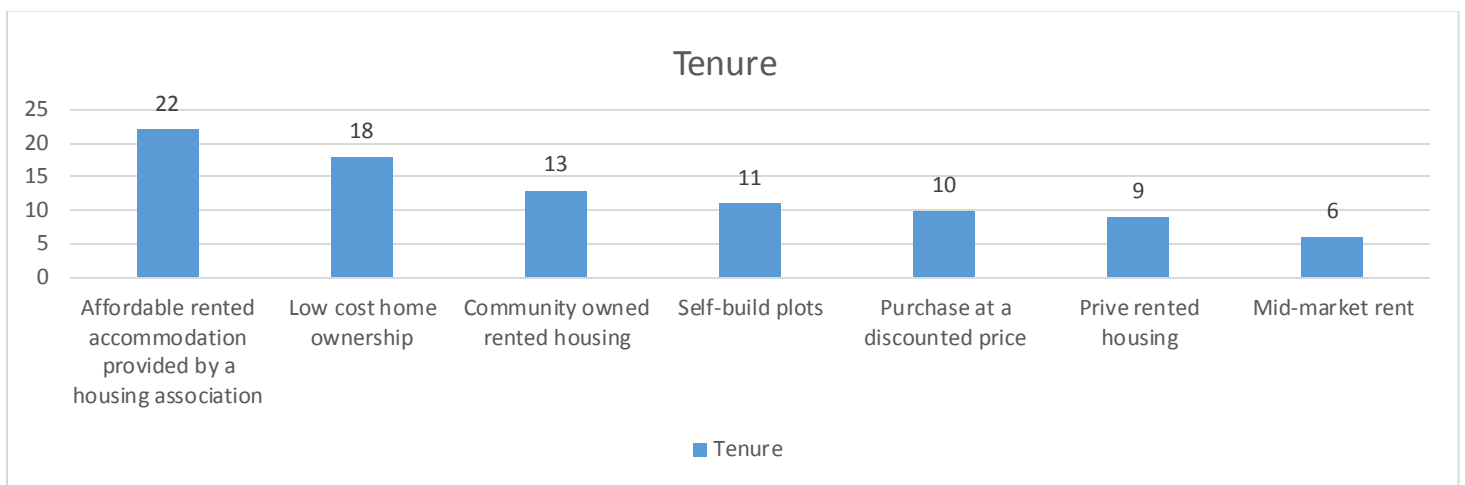
2.8 Out of the 32 business survey participants, 14 claimed to have employees that are in current need of housing, equating to 47 individuals. This represents existing demand. Some statements from employers include:

*‘We have five staff living in rooms in other peoples’ property desperate for accommodation of their own’*

*‘I rely on local folks accommodating workers i.e. sleeping on settees’*

2.9 Business survey participants were asked what tenure would be most effective in providing a solution to the housing problem on Islay. Affordable rented housing provided by a housing association was selected by most (22), followed by low cost home ownership (18) and community owned rented housing (13). It was common for participants to select more than one option. Diagram 1 illustrates fully the results from business owners.

**Diagram 1. Most suitable tenure to resolve housing problem on Islay**



2.11 Four participants selected ‘other’ and provided comments on overcoming the housing problem on Islay. The comments received were:

*“Do not allow home owners to also have eligibility to have a Council house”*

*“HMO social housing with no deposit or long-term commitment to promote seasonal workers”*

*“Restrict sales to those with jobs and no home”*

*“A range of single apartments to family housing is required to attract more people to Islay to live”*

*“Stop people who do not live in the area buying up houses and renting them out for a holiday house plus, planning for distilleries must include them building houses for workers”*

2.12 Business survey participants were asked to complete employee salaries to help identify the most appropriate housing tenure. The most common annual salary was £17,501 – £20,000, accounting for 25 employees. The second most common salary was £20,001 - £25,000 (20) followed by £15,001 – 17,000 (19).

2.13 A total of 44 employees were on annual salaries of less than £17,501 whilst 67 employees were on annual salaries of more than £25,000 reaching up to £40,000.

2.14 The CACI 2018 records evidenced that the mean *household* income on Islay is £30,242. This is higher than the most common salaries provided in the survey however, CACI results illustrate *household* incomes whereas the survey illustrates *individual* incomes.

2.15 The salaries identified in the survey are relatively low and therefore this should be considered when looking at future affordable housing options for Islay. At the time of writing this report, there were six properties for sale on. Table 2 provides further details.

Table 2. Property for sale on the open market <https://www.rightmove.co.uk>

Location	Details	Price
Main Street, Port Charlotte	3-bed end of terrace house	Offers over £220,000
Flora Street, Bowmore	3-bed semi-detached house	Offers over £170,000
Kilchoman	3-bed detached house	Fixed price £150,000
Bridgend	2-bed semi-detached house	Offers over £135,000
The Oa	4-bed cottage	Offers over £135,000
Port Wemyss	1-bed cottage	Offers over £95,000

2.16 As Banks typically lend around 3 times a household income as a mortgage, which amounts to £90,762, most of the properties for sale locally are out with the reach of most average local households to purchase unless they have large capital deposits or collateral.

2.17 A number of respondents claimed that they had land which could be used for affordable housing development. However, these businesses would need to establish the suitability of any such land through the formal planning process before it could be considered.

2.18 Following the identified requirement for more housing to assist local businesses to operate on Islay, survey participants were asked whether they would consider a joint venture. Businesses that answered yes (7) were asked to provide some initial thoughts:

- *'Yes, help in any way'* – A Guest House based in North Islay.
- *'Shared ownership'* – Transport & Distribution business located in Central Islay and an employer of 45 employees.
- *'Not in a financial position to offer help but would volunteer time to help with self-build projects'* – A construction business located in Central Islay.
- *'Happy to be involved in anything'* – Hotel located in South Islay.

2.19 A second survey targeted at community groups on Islay was also conducted as part of this study.

2.20. Five community groups responded to the community survey: Islay Community Council, Islay Development Initiative, South Islay Development, Islay Energy Trust and one remained anonymous. The opinions of all the community groups were very similar throughout the survey.

2.20.1 The main areas of the island that the community groups felt would benefit from new housing were Port Ellen, Bowmore, Bridgend, Keills and Ballygrant. All the community groups highlighted that low cost home ownership would be beneficial to the island and all but one thought the same about social rented homes. This would require further formal examination and consideration through the HNDA and SHIP processes.

2.20.2 All respondents acknowledged that the planned expansion of the whisky industry would increase the need for new housing.



2.20.3 In addition to stating that Islay requires more housing, several of the groups emphasised the need for better roads, infrastructure, connectivity and ferry links: *'Appalling roads, unreliable ferries so connecting with the mainland is difficult. No decent broadband (via BT) for the very rural areas (like mine), so have to rely on very expensive satellite broadband'*.

2.20.4 Of the five respondents, only the Islay Development Initiative indicated that they have land. They have approximately 300 acres near Port Ellen, which they attained by using the Scottish Land Fund. They hope to use it to provide mixed tenure housing in time as well as a small area for business units. The land is not identified as suitable for housing at this stage, is quite rural and out with any established development area. Their ambitions will have to take account of the LDP, be evidenced by credible need and demand statistics as well as participating in statutory planning process. Significant funding challenges will also have to be overcome it therefore unlikely that any development here will be achievable in the short to medium term. See Appendix 4 for location.

2.21 Service provider Caledonian MacBrayne were contacted however no information was able to be provided as they advise a Freedom of Interest request would need to be submitted in order to acquire the relevant information about their experience and any staffing concerns they may have. This situation delayed receiving any response from Caledonian MacBrayne.

2.22 The education department also did not respond to contact requests therefore CHS were unfortunately unable to obtain any information or staffing issues they may have.

### 3. Local Development Plan (LDP) & Other Relevant Parties

3.1 Within the transition of the existing LDP to the LDP2 the planning department are proposing to remove Potential Development Areas and Housing Allocations that have remained unused or deemed too large for practical development on Islay. This approach has been advocated in an attempt to focus on deliverable allocations, and encourage incremental development that is deliverable in the lifetime of the LDP2 and strategically build on the provision of infrastructure including water, sewerage, power and roads. Table 3 below illustrates current approved sites in the LDP and the amber sites under consideration for the LDP2. It is worth noting that the number of units being carried forward on the sites in Table 3 is regarded as an estimate at this time.

Table 3. Approved existing and potential sites being carried forward for development on Islay

Location	LDP area	Capacity / Units
Port Ellen	PDA 10/15	22
Port Ellen	H-AL 10/8	40
Port Charlotte	H-AL 10/7	30
Bowmore	Site 75, 751 (MU3002) & 752	40
Keills	H-AL 10/6	22

3.2 Site PDA 10/15 in Port Ellen has been sought by Macleod Construction for the development of two units with parking. This site has also undergone a masterplan that has been approved by Argyll & Bute Council. To the left of PDA 10/15 remaining within the settlement zone, WHHA have commenced the development of eight units under a design and build approach with Macleod Construction at Imereval Phase 2. See Appendix 5.

3.3 West Highland Housing Association applied for and received planning permission in principle for 30 dwelling on H-AL10/7

3.4 The call for sites for LDP2 highlighted sites 75, 751 and 752 in the MIR. The existing LDP already made provision for some of this area under MU3002. These amber sites are situated in Bowmore and site 751 has been selected by ACHA

for phase 4 of the Shoreline development. This is a greenfield site with good connectivity to previous housing developments.

3.5 H-AL 10/6 located in Keills is part of a tenanted farm and the tenant does not want to lose this land. The tenant could exercise their 'right to buy' at which the owner must sell in accordance with the Agriculture Holdings (Scotland) Act 2003. Connectivity to neighbouring developments are good as the site is beside the settlement zone and has good road access.

## 4. LDP Capacity

4.1 The Business survey results suggested that a number of their employees currently require housing on Islay. Businesses also reported that they will require additional employees over the next 5 years should their growth forecasts be realised. If planned expansion in the whisky industry comes to fruition this is also likely to create further demand for housing over the coming years. The Home Argyll waiting list in February 2019 stood at 150 applicants, however, it should be noted that a more detailed needs analysis would be required in order to accurately evidence true housing demand surrounding the applicants and their eligibility. In addition, a more comprehensive engagement with businesses forecasting growth would have to be undertaken in order to establish robust and credible evidence surrounding anticipated workforce numbers, timescales and housing need.

4.2 The Council's Main Issues Report explored the potential to remove certain development sites which have been considered ineffective for development either through size, infrastructure or other constraints. The intention was to focus on the most deliverable sites, although still to maintain flexibility within the Plan by retaining sites within settlement areas, therefore potentially allowing them to come forwards as housing windfalls at some time in the future.

4.3 The locations of all the LDP sites can be seen in Appendix 6, along with all the additional private sites highlighted in this report.

## 5. Other relevant parties

5.1 Scottish Water advised the following:

- *'Sites in Port Charlotte, Bruichladdich, Bridgend / Ellabus, Kilmeny / Ballygrant are served by Port Charlotte WTW and currently we have some capacity at the treatment works to allow for some future developments.'*
- *'However, development that is served from the water operational area of Tora is more problematic as there is currently insufficient capacity at the Water Treatment Works and it will need a growth project. Scottish Water is funded to upgrade the treatment works if it's 5 growth criteria is met. However, the timing of these projects for completion may not align with the timescales of development, therefore, early engagement is absolutely critical. This includes the sites within Bowmore, Glenegedale and Port Ellen.'*
- *'In regards to capacity at the Waste Water Treatment Works (WWTW) on Islay, there are currently no major issues with capacity at the WWTW with the current Local Development Plan sites'*

5.1.2 Scottish Water also advised that they are looking at both short-term solution and long-term solutions to improving the water connections on Islay.

5.1.2.1 The short-term solution was investment in the installation of a temporary treatment that is due for completion in summer 2019. This was the agreement for the Port Ellen development for WHHA and Macleod Construction.

5.1.2.2 The long-term solution is investment in a new treatment works proposed to take 3-5 years till completion. This will open up development opportunities.

5.2 Within the sites discussed, only Port Charlotte and Bridgend have no issues with water supply but all other sites are affected.

5.3 In addition to further housing development, expansion plans within the whisky industry could lead to a very high demand for water, this would in turn put extra pressure on Scottish Water unless the industry establishes its own private systems. Scottish Water advised that any distillery would have to work very closely with them if they wanted to build on South Islay for example, Port Ellen.

5.4 Waste Water Treatment Works on Islay have capacity for further housing developments. (At the time of writing we were not able to get a definitive number for number of houses).

## 6. Planning Consents on Islay

6.1 A total of 18 planning permission applications were identified between March 2018 and March 2019. Of the 18, six were for a single dwelling house, four of which have had their applications approved and the remaining two have since withdrawn their applications. Although the reasons for withdrawing are not specified, it has been indicated throughout this report that build costs are higher on Islay than the mainland and this could make self-build a more difficult and unaffordable option for some. Interventions such as discounted plots for sale and self-build loan funding may offer solutions. Furthermore, in the community survey, it was one anecdotal view that there is a three and a half year wait for local builders on Islay, which could also prove problematic for self-build.

6.2 Five of the 18 applications were for holiday lets or holiday accommodation and have all had their applications approved.

6.3 From March 2016 to March 2019 there appears to have only been four planning permission applications for more than two houses:

- Erection of 8 dwellings, Port Ellen. Awaiting decision.
- Demolition of dwellings and outbuildings and erection of 3 dwellings, Bridgend. Application approved.
- Erection of 9 dwellings, Portnahaven – January 2017. Application approved.
- Erection of 20 dwellings. Bowmore – October 2016. Application approved.

6.4 More information on the planning applications can be seen in Table 4.

## 7. Private developer capacity and experience on Islay

7.1 A total of three private developers were identified; Macleod Construction, BL Contracts Ltd and Colin Logan Building Contractors Ltd.

7.2 All developers were actively working on the Islay housing market whether for Housing Associations or private builds and each expressed their interest in continuing in the housing market on Islay. When each contractor was asked if they had capacity, each responded 'yes'.

7.2.1 Macleod Construction have a management team who are based and live on Islay on a permanent basis. Furthermore, this developer works closely with both RSL's building on Islay, WHHA and ACHA in Port Ellen and Bowmore respectively. Macleod Construction are the largest housebuilding firm in Argyll.

7.2.2 BL Contracts Ltd are a firm local to Islay and partake in many forms of construction but have recently been contracted to work with distilleries. BL Contracts claimed to have capacity and plenty of experience operating on Islay. This developer has 7 employees.

7.2.3 Colin Logan Building Contractors Ltd are also local to Islay and mainly operate in residential house building and advised they have capacity to continue contributing to developing new housing on the island. This developer has 16 employees.

Table 4 – Planning Applications

<b>March 2018 – March 2019</b>				
<b>Reference</b>	<b>Location</b>	<b>Nature</b>		
19/00182/PP	Imereval, Port Ellen	WHA - Erection of 8 dwellinghouses	8	Awaiting decision
19/00152/PP	Fhiona, Coullabus	Erection of 2 dwellinghouses	2	Awaiting decision
18/02525/PP	SE of Farkin Cottage	Whisky Distillery, Shop, Café etc.	Multiple Components	Awaiting decision
18/02387/PP	Imereval, Port Ellen	WHA - Erection of 2 dwellinghouses	2	Application Approved
18/02373/PP	6 High Street, Bowmore	Shepherd Hut, conditioned, not suitable as residential	1	Application Approved
18/02236/PP	Ardnahoe Distillery	Whisky Distillery - use part of building for shop, café etc.	Use existing building	Awaiting decision
18/02229/PP	Ballitarsin Farm, Bridgend	Erection of 3 dwellinghouses	3	Application Approved
18/02222/PP	Upper Cragabus	Erection of single dwellinghouse	1	Application Withdrawn
18/02141/PP	Allwynds Lotts	Erection of single dwellinghouse	1	Application Withdrawn
18/01774/PP	Bruichladdich	Erection of single dwellinghouse	1	Application Approved
18/01664/PP	Bruichladdich	Pod in garden, conditioned, not suitable as residential.	Use existing building	Application Approved
18/01582/PP	The Oa	2 bed pod, conditioned, not suitable as residential.	Use existing building	Application Approved
18/01542/PP	Ballymeanach, Portnahaven	Conversion of outhouses to holiday lets and form 2 campervan pitches. Not suitable as residential, condition applied.	3	Application Approved
18/01192/PP	NW of Ballimony Cottage	Erection of single dwellinghouse	1	Application Approved
18/00729/PP	Tarbert House, Bowmore	Conversion of outhouse to form holiday let, not suitable as residential, condition applied.	1	Application Approved
18/00691/PP	North of Keills Cottages	Erection of single dwellinghouse	1	Application Approved
18/01032/PP	Portnahaven	Croft house	1	Awaiting decision
18/00613/PP	Flora Street	Erection of single dwellinghouse	1	Application Approved
<b>March 2016 – March 2018</b>				
17/00341/PP	Bridgend	Two pods for holiday letting	2	Application Approved
16/02521/PP	Portnahaven	9 Houses	9	Application Approved
16/02201/PP	Bowmore	20 houses	20	Application Approved

## 8. Funding & Build Costs

8.1 There are a wide range of housing tenures available which can ultimately offer secure homes for those in housing need. Table 5 below provides a short explanation of housing tenures.

8.2 Rural development frequently requires innovative solutions and a range of housing models to make a project viable, to reduce the risks and to satisfy the demand. Table 6 provides a summary of some tried and tested housing and finance models in other areas.

Table 5. Housing Tenures

Housing Tenures	Description
Social rented housing	The most affordable rented housing option, offering secure tenancies. Provided by Local Authority and Registered Social Landlords.
Mid-market rented housing	Provided by several organisations to provide rented housing at a lower cost than market rent. Provided by Registered Social Landlords.
Community-owned rented housing	A Community Organisation owns the homes and they are rented usually at social housing rent levels. A range of funding is available to support communities achieve this e.g. Rural & Islands Housing Fund.
Market rent / private rent	Provided by Registered Private Landlords. New legislation introduced in December 2017 provides more protection to tenants through Private Residential Tenancies.
LIFT - New Supply Shared Equity (NSSE)	Provided by Registered Social Landlords. This usually forms part of mixed developments including social housing and other tenures. Purchasers can buy an equity share in the property between 60% - 80%.
LIFT – Open Market Shared Equity (OMSE)	Similar to NSSE, although the home is for sale on the open market. Qualifying criteria apply and 60% to 90% equity share is available depending on affordability. Maximum price thresholds apply depending on location.
Discounted homes for sale with a Rural Housing Burden	Offered for sale by HSCHT / CHS. The selling price of the home is discounted by at least 20% and the discount is secured by a mechanism called the Rural Housing Burden (RHB)
Discounted self-build plots	Plots offered for sale at less than market prices. HSCHT / CHS offers a range of self-build plots with discounts protected with a Rural Housing Burden
Market plots	For sale at open market valuation through a range of sellers
Self-build Loan Fund	The Scottish Government’s Self Build Loan Fund offers bridging finance to those finding it difficult to secure through high street lenders <a href="https://www.hscht.co.uk/scotland-self-build-loan-fund.html">https://www.hscht.co.uk/scotland-self-build-loan-fund.html</a>
Community self-build plots	Many community landowners can provide discounted self-build plots for sale as part of their affordable housing strategy
Empty Homes	HSCHT / CHS work with a range of parties to promote and renovate empty properties, including those owned by Communities Organisations, Local Authorities and landowners. Argyll and Bute Council also have a dedicated Empty Homes Officer focused on reducing the number of vacant properties across the region.

Table 6. Housing Models and Funding Options

Options	Description	Summary	Examples
Long Lease	A 21 year lease can be applied to existing or new build homes	<ul style="list-style-type: none"> <li>- Mortgage finance can be used to fund renovation or build</li> <li>- Can work with partners to deliver e.g. community-owned/estate-owned</li> <li>- Management agreement can be put in place for housing management services</li> </ul>	<a href="https://www.hscht.co.uk/acharacle.html">https://www.hscht.co.uk/acharacle.html</a>
Rent to Buy Scheme	Rent a property for 5 years and then purchase at a discounted price with conditions in place and a cash-back sum for a deposit	<ul style="list-style-type: none"> <li>- Overcomes requirement for immediate deposit when purchasing a home</li> <li>- Offers wider access to low-cost home ownership</li> <li>- Requires a low interest rate on a development loan to build properties</li> <li>- May be attractive to businesses to use capital for a short term and address housing issues</li> <li>- Requires at least 20% difference between market value and project costs to offer discount on sale price</li> <li>- Eligible projects can be topped up with Rural &amp; Islands Housing Fund in areas where house values are lower</li> </ul>	<a href="https://www.hscht.co.uk/rent-to-buy.html">https://www.hscht.co.uk/rent-to-buy.html</a>
Discounted Property Sales	Purchase a discounted property as a new build or renovated property	<ul style="list-style-type: none"> <li>- As above, with no requirement to rent initially</li> <li>- Deposit required by purchaser of minimum 5%</li> <li>- Can be used for selling properties bought back via right of pre-emption</li> <li>- Can be used for Rent to Buy properties which are not purchased by initial tenants</li> </ul>	<a href="https://www.hscht.co.uk/current-opportunities.html">https://www.hscht.co.uk/current-opportunities.html</a>
Joint Development with Registered Social Landlord or Local Authority	Mixed housing tenures	<ul style="list-style-type: none"> <li>- Attracts different funding streams and finance</li> <li>- Spreads the risk in terms of finance</li> <li>- Provides housing for different income levels and needs</li> <li>- Housing management and maintenance shared between organisations depending on tenures</li> </ul>	<p><u>Duror</u></p> <p>A joint development of 6 properties was built by HSCHT for Lochaber Housing Association. 2 properties: Rent to Buy and 4 properties: Social Rent. Funding streams Scottish Government Loan for Rent to Buy and Housing Association Grant and Private Finance for social housing.</p>
Joint Development with Estate or Business	Housing tenures dependent on need	<ul style="list-style-type: none"> <li>- As above</li> <li>- Can help to provide housing for Economically Active Workers</li> </ul>	<a href="https://www.hscht.co.uk/long-lease.html">https://www.hscht.co.uk/long-lease.html</a>

Community Asset Transfer	Community Empowerment (Scotland) Act 2015	<ul style="list-style-type: none"> <li>- Community Organisations can request an asset transfer from various public bodies and a process is followed to acquire the asset</li> <li>- Vacant and abandoned land powers recently came into force</li> </ul>	<a href="https://dtascommunityownership.org.uk/community/community-asset-transfer">https://dtascommunityownership.org.uk/community/community-asset-transfer</a> e.g. NHS transfer to Com. Co. of surplus land in Applecross for affordable housing
Rural and Islands Housing Fund	Scottish Government until 31.03.2021	<ul style="list-style-type: none"> <li>- HSCHT/CHS and Community Organisations can build housing on the same funding terms as Registered Social Landlords</li> <li>- Innovative financial models welcomed</li> <li>- Supports ownership, rent and self-build tenures</li> <li>- Feasibility fund £10,000</li> </ul>	<a href="https://www.hscht.co.uk/blog/category/a-chiltibuie">https://www.hscht.co.uk/blog/category/a-chiltibuie</a> 1st project part-funded by Rural Housing Fund
Scottish Land Fund	Scottish Government	<ul style="list-style-type: none"> <li>- Community Organisations purchase land or asset with up to 95% funding</li> <li>- Feasibility fund £30,000</li> <li>- Community Organisation can sell on land to affordable housing providers to provide mixed tenure developments</li> <li>- Can accompany commercial uses for job creation</li> </ul>	<a href="https://www.pressandjournal.co.uk/fp/news/islands/inner-hebrides/1675995/affordable-homes-for-raasay-following-award-of-land-fund-cash/">https://www.pressandjournal.co.uk/fp/news/islands/inner-hebrides/1675995/affordable-homes-for-raasay-following-award-of-land-fund-cash/</a>
Woodland Crofts	Woodland Croft Partnership to promote creation of new crofts	<ul style="list-style-type: none"> <li>- Can combine environmental benefits of increasing woodland with economic activity</li> <li>- Offers potential for house sites in some locations</li> <li>- Can work with Rural Housing Burden on plots</li> </ul>	<a href="http://woodlandcrofts.org.cp-27.webhostbox.net/">http://woodlandcrofts.org.cp-27.webhostbox.net/</a>
Cross Subsidy	Where 100% affordable housing cannot be provided	<ul style="list-style-type: none"> <li>- Within a development, selling a portion as open market plots</li> <li>- Can open up land for planning gain</li> <li>- Help fund high infrastructure costs</li> </ul>	Rothiemurchus: 2 plots for landowner – open market sales 4 plots – affordable self build
Grant making trusts	Various	<ul style="list-style-type: none"> <li>- Compliments Rural &amp; Islands Housing fund grants</li> <li>- Need to establish why project is not statutory provision</li> </ul>	<a href="http://www.hie.co.uk/community-support/community-projects/helmsdale-and-district-development-trust--community-housing.html">http://www.hie.co.uk/community-support/community-projects/helmsdale-and-district-development-trust--community-housing.html</a>
Community Shares	Investment	<ul style="list-style-type: none"> <li>- Useful for long-term, steady return projects e.g. Hydro schemes.</li> </ul>	<a href="https://communitysharresscotland.org.uk/">https://communitysharresscotland.org.uk/</a>
Diaspora	From overseas	<ul style="list-style-type: none"> <li>- e.g. Part-funding for Ulva community buy-out from Macquarie Group</li> </ul>	<a href="https://www.ruralnetwork.scot/news-and-events/news/want-relocate-island-ulva">https://www.ruralnetwork.scot/news-and-events/news/want-relocate-island-ulva</a>
Crowdfunding	Internet	<ul style="list-style-type: none"> <li>- Can gain public support and raise funds for meaningful projects</li> </ul>	<a href="https://www.crowdfunding.com/">https://www.crowdfunding.com/</a>
Revolving Self Build Land Bank Fund	Bequeathed or Local Authority	<ul style="list-style-type: none"> <li>- Restricted funding pot with agreed criteria</li> <li>- Service and sell discounted self-build plots</li> <li>- Can work with the Self Build Loan Fund</li> </ul>	<a href="https://www.hscht.co.uk/dr-and-mrs-j-steven-faulds-memorial-fund.html">https://www.hscht.co.uk/dr-and-mrs-j-steven-faulds-memorial-fund.html</a>
Development Funding	Local Authority Loans	<ul style="list-style-type: none"> <li>- Can be used to allow site purchases</li> <li>- Development funding for short term projects e.g. Discounted house or plot sales</li> <li>- Preferable interest rates make affordable housing projects viable</li> </ul>	Lochcarron Rent to Buy project was supported by a development loan for 6 years from Highland Council. Loan repaid on sale of properties.

## 9. Cost uplift of building on Islay

9.1 Three private developers and one consultant were asked what contributed to the high build costs on Islay. Two were able to provide an uplift percentage from experience of operating on the mainland as well as Islay. In their opinion the uplift was between 30 – 40%.

9.2 Building contractors noted that the following factors contributed to higher build costs;

- Transport of materials from the mainland
- Plant transport and repositioning
- Lack of available vehicle space on ferries due to tourist demand
- Lack of available accommodation for mainland labour, especially in summer months
- Weather disrupting builds
- Limited service connections
- Higher labour rates due to low unemployment
- Unreliable ferry service e.g. breakdowns or ferry required elsewhere to cover a breakdown
- Disruption associated with plant breaking and lack of immediate replacement or repair available

9.3 When asked what could alleviate some of these issues in order to reduce high build costs one respondent suggested that a ferry service for industries only out with the current timetable would benefit developers and other businesses as this would mitigate delays in deliveries.

9.4 The second and third contractor advised improved infrastructure such as service connections and water and sewage availability and supply would reduce building costs on Islay.

9.5 It would be reasonable to assume that the island's remote location and lack of local contractor capacity are the largest contributing factors to high build costs on Islay. The limited capacity of existing services for new connections also contributes to the increased costs.

## 10. Existing Stock

10.1 In March 2019, there were a total of 87 empty homes on Islay. Settlements with the greatest number of registered empty homes were Port Ellen (22) and Bowmore (16). These are areas of Islay that business survey respondents highlighted to be the most suitable areas for a further affordable housing, Central Islay (13) and South Islay (8).

10.2 Of the 87, 41 were subject to a 200% Council Tax charge due to the long period of time spent empty. A high proportion of these properties were located in Port Ellen (11) and Port Askaig (10). This is not in the owner's interest and these properties should be investigated due to being located in high demand areas.

10.3 The 22 empty properties at Port Ellen should be investigated following the acknowledgement that three distilleries are planned for the area and other businesses such as HIAL and The Machrie Hotel are seeking alternative solutions for staff accommodation.

10.4 The Empty Homes Officer advised that there are no specific issues with bringing empty homes back into use on Islay as the housing market on the island is vibrant and properties are in high demand.

10.5 It was advised that one of the main challenges on Islay is trying to secure contractors to undertake works as they are either too busy or do not respond when asked to provide quotes for work. The high costs and lack of capacity to build or undertake repairs no doubt has a detrimental effect on home owner's ability to bring existing housing stock back into use.



10.6 Communication with contractors should be considered to discuss these issues and explore possible solutions to overcome them and how contractors can be assisted to improve the appeal of working on Islay.

Table 7. Empty homes on Islay, March 2019

Settlements	Empty	200% charge	Exempt & Empty	Totals
Ballygrant	2	1	1	4
Bowmore	5	6	5	16
Bridgend	4		1	5
Bruichladdich	2	3	1	6
Port Askaig	3	10	1	14
Port Charlotte	3	2	2	7
Port Ellen	7	11	4	22
Portnahaven	2	8	3	13
<b>Total</b>	<b>28</b>	<b>41</b>	<b>18</b>	<b>87</b>

## 11. Home Energy Efficiency

11.1 According to recent statistics, 53% of households on Islay are affected by fuel poverty. This percentage is greater than the Argyll and Bute fuel poverty rate of 44%, and significantly higher than that of Scotland, 27%.

11.2 There are various reasons that are thought to contribute to the high rate of fuel poverty on Islay for example, a high proportion of properties are built pre 1919 meaning they have a solid wall structure. This type of property is hard to heat and difficult to improve in energy efficiency. Two further difficulties in achieving fuel poverty targets are finding mainland contractors willing to visit Islay to receive a quote for works and restrictive heating tariffs due to no competition and no gas mains.

11.3 The Home Energy Efficiency Officer advised two solutions to achieve fuel poverty targets. The first solution is to achieve additional resources to improve the supply chain and building fabric. Similar to private developers, an uplift is currently endured for operating on Islay. Improving building fabric would ensure that completed works would be suitable to withstand the weather that Islay is exposed to.

11.4 The second solution is to subsidise contractors to encourage a stronger uptake of work on Islay.

11.5 The Home Energy Efficiency Team are currently facing the unknown due to the new definition of fuel poverty and Brexit. The new fuel poverty definition is currently going through parliament making it unclear how this will impact fuel poverty levels and delivery. The uncertainty surrounding Brexit imposes a possible increase in tariffs for materials sourced from outside the UK.

## 12. Housing Advice

12.1 Argyll and Bute Council provide a range of advice and information in relation to housing. This includes online and telephone housing options as well as regular island visits to provide housing surgeries and individual interviews if required.

12.1.1 The council also fund the provision of Housing Support via dedicated support agencies such as Carr Gomm who provide surgeries and drop-in facilities on the island.

12.2 ACHA have an office on Flora Street in Bowmore that is open to anyone on Islay pursuing information and advice on Islay. Home Argyll is an online service by which any individual seeking housing advice can access.

12.2.1 On Islay, ACHA's team are usually contacted by those seeking housing by phone, email or in person.

12.2.2 An improvement that could be considered is the ACHA team holding open days annually or every six months in the settlement areas other than Bowmore for example, Port Charlotte, Port Ellen and Bridgend. This would provide those who do not live or work in Bowmore to learn about housing opportunities and future projects that could benefit them. Furthermore, it would encourage community engagement and knowledge sharing.

12.3 WHHA do not have an office on Islay however their three housing officers visit twice a year and notify all tenants in advance should they wish to meet.

12.3.1 For housing advice, WHHA recommend anyone to visit ACHA's office in Bowmore and the two housing associations liaise with one another by sharing one application system, Home Argyll.

12.3.2 As an improvement, WHHA could hold surgeries in each settlement area on Islay to provide information on opportunities and new developments, and communicate directly with the local communities to acquire local knowledge beyond the HNDA.

## Recommendations

- The most popular tenures for future affordable housing developments were; social rent supplied by the Local Authority or Housing Association and low-cost home ownership models. Elsewhere tried and tested models and tenures include; Rent to Buy, Discounted House Sales, Discounted Self-build plots, renovations, business partnerships, live / work units or long leases. A review of the range of housing models that are relevant to Islay should be considered along with raising public awareness of the options available.
- Where appropriate, explore the option of prioritising those already living on Islay or those who are relocating to take up employment on the island through an allocations policy for non-mainstream housing models (i.e. Discounted Sales, Rent to Buy, Mid-market Rent, Renovations, Community-owned housing etc.)
- Given the high degree of seasonal workers on Islay, Houses of Multiple Occupation could be considered to accommodate the seasonal working pattern. Careful consideration to an appropriate funding and occupancy strategy is required to reduce void periods and financial uncertainty.
- Liaise closely with Scottish Water at early stages of any potential development that would connect to Tora Water Treatment Works due to restricted capacity.
- Maintain close communication with Highlands and Islands Airports Ltd. regarding land at Islay Airport for development and encourage communication with The Machrie Hotel to explore and provide solutions to their shared housing needs for employees.
- Work closely with Empty Homes Officer and empty home owners to overcome challenges related to securing contractors to carry out works to bring homes back to use. It would be especially useful to review this for Port Ellen due to the number of empty properties and the demand for housing.
- Promote new skills in the construction and supporting sectors to increase competition and to encourage competitive pricing. Our research suggests that workers in the Trades are in high demand and more skilled people would benefit the whole island.
- Consider ways of maximizing bulk procurement of construction materials perhaps utilising a framework agreement.
- Consider establishing a base on Islay for off-site construction and the manufacture of house kits and SIPs (Structural Insulated Panels) to increase local skills, reduce construction time and increase the rate of house delivery to meet the increasing demand
- Explore opportunities of a dedicated freight ferry with HIE, Ferry Companies and relevant parties

## Appendices

### Appendix 1 – WHHA , ACHA and Trust Housing Stock



WHHA Stock locations	Development	Tenure	Size	Count	Notes
<b>Bridgend</b>	School Gardens	SR	2 bed	2	
	Newton School House	SR	3 bed	1	
<b>Port Charlotte</b>	Bruach Gorm	SR	2 bed	8	
	An Cregan	SR	2 bed 3 bed	4 2	
<b>Bowmore</b>	Ceol na Fairge	SR	2 bed 3 bed	8 4	
	Flora Street	SR SO	3 bed 3 bed	1 1	SO is being sold
	School Lane	SR SR	2 bed 3 bed	4 3	1 3-bed is leased to NHS
<b>Port Ellen (Phase 1)</b>	Imereval	SR	1 bed	4	
			2 bed	10	
			3 bed	4	

ACHA Stock locations	Tenure	Size	Count	Total
Bowmore	SR	1 bed 2 bed 3 bed 4 bed	21 45 24 1	<b>91</b>
Bridgend	SR	1 bed 1 bed 2 bed	2 3 3	<b>8</b>
Ballygrant	SR	1 bed 2 bed 3 bed	2 10 7	<b>19</b>
Port Charlotte	SR	1 bed 2 bed 3 bed	2 10 11	<b>23</b>
Portnahaven	SR	1 bed 2 bed 3 bed	3 1 1	<b>5</b>
Port Ellen	SR	1 bed 2 bed 3 bed 5 bed	29 76 41 2	<b>148</b>
Bruichladdich	SR	1 bed 2 bed 3 bed	2 8 5	<b>15</b>
Kilchoman	SR	4 bed	1	<b>1</b>

Keills	SR	1 bed 2 bed 3 bed	2 6 2	<b>10</b>
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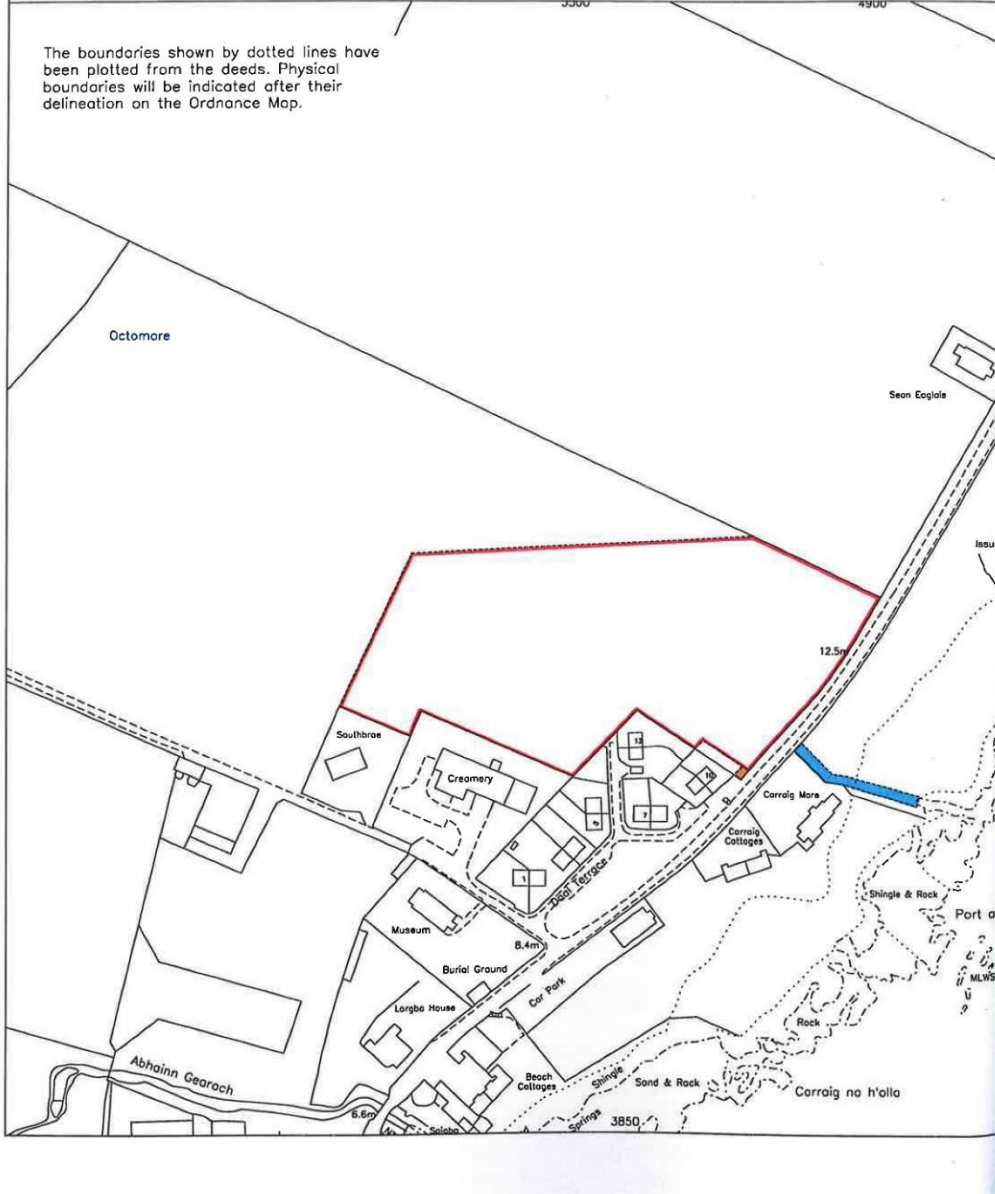
<b>Trust Housing Stock locations</b>	<b>Tenure</b>	<b>Size</b>	<b>Count</b>	<b>Total</b>
Bowmore	Retirement Housing	1 bed	2	<b>3</b>
	General Needs	1 bed	1	
Port Ellen	Retirement Housing	1 bed	13	<b>16</b>
	General Needs	1 bed	2	
	General Needs	2 bed	1	
Bruichladdich	Amenity	1 bed	4	<b>4</b>

Appendix 2 – WHHA Site in Port Charlotte

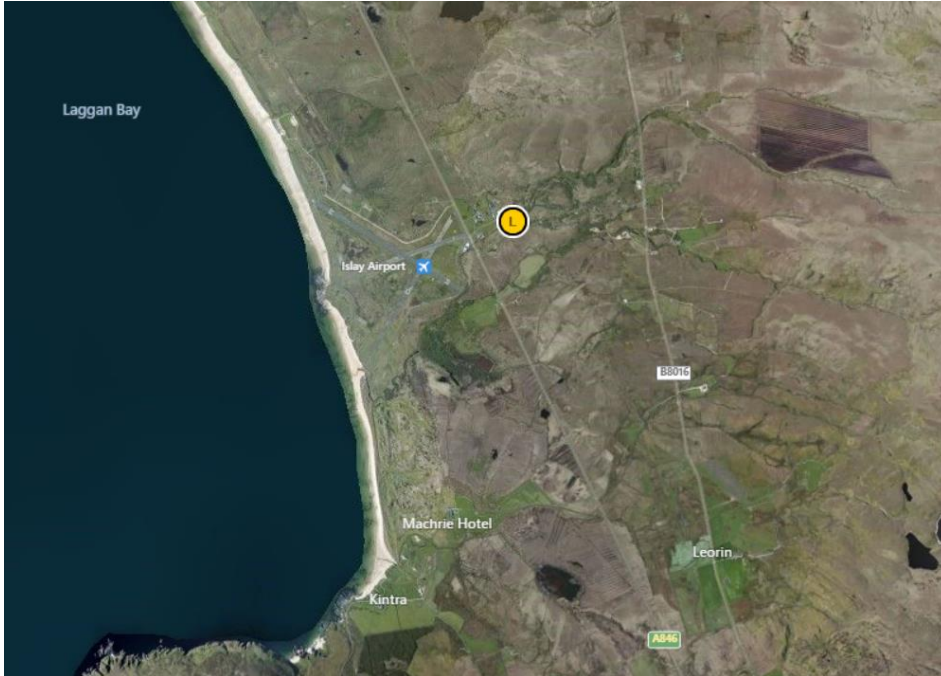
 <b>LAND REGISTER OF SCOTLAND</b>	Officer's ID / Date	TITLE NUMBER
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 <b>ORDNANCE SURVEY NATIONAL GRID REFERENCE</b>	Scale	
	1/2500	
<b>NR2558 NR2559 NR25NE</b>	Survey Scale	
	1/2500	

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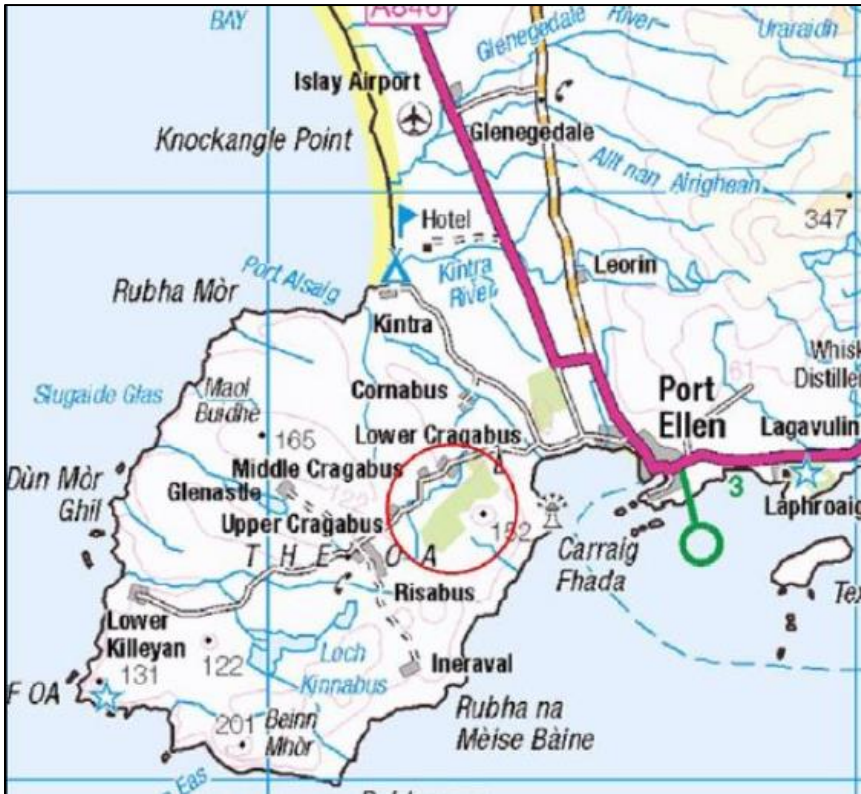
The boundaries shown by dotted lines have been plotted from the deeds. Physical boundaries will be indicated after their delineation on the Ordnance Map.



Appendix 3 – Cresswell Cars proposed site for sale in Glenegedale



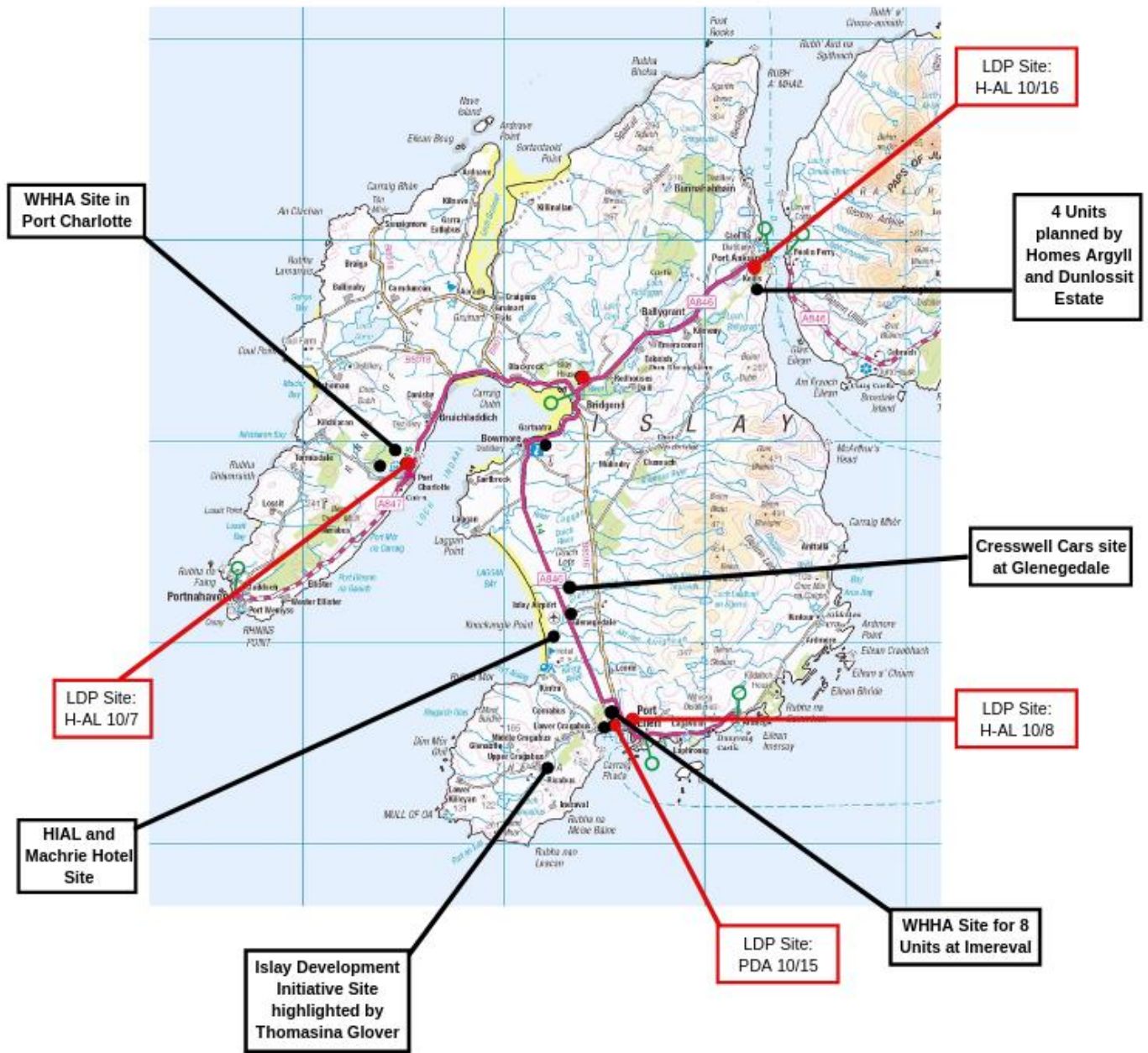
Appendix 4 Islay Development Initiative Site



Appendix 5 – WHHA Site Layout for 8 units at Imereval, Port Ellen



Appendix 6 – LDP and potential new development sites







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<https://www.hscht.co.uk/chs.html>