

HOUSING EMERGENCY – WORKER ACCOMMODATION PROPOSALS

1.0 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to provide information on worker accommodation proposals in areas of Argyll and Bute to enable essential services to be delivered to our communities and to request Strategic Housing Fund grants to support these proposals.
- 1.2 The report confirms the requirement for the Council to work with partners to enable innovative housing solutions on Coll, Tiree, Mull and in the Lorn area.
- 1.3 It is recommended that Council:-
- i. Approve a grant of £100,000 from the Strategic Housing Fund to enable 2 NHS properties on Coll to be brought back into use for HSCP staff delivering health and social care services on the island.
 - ii. Approve a grant of £160,000 from the Strategic Housing Fund to enable a Council owned property on Tiree to be brought back into use for HSCP staff delivering health and social care services on the island.
 - iii. Approve a contingency of up to £250,000 from the Strategic Housing Fund to enable the important first phase of delivering worker accommodation properties at Tobermory on Mull.
 - iv. Approve a grant or loan of £200,000 from the Strategic Housing Fund to enable the refurbishment of an ACHA owned 4 bedroom property in Lorn and enable accommodation for HSCP staff and staff contracted by the HSCP to deliver care to households in the community.
 - v. Delegate to the Executive Director with responsibility for Development and Economic Growth, in consultation with the Executive Director with responsibility for Legal and Regulatory Support, the terms and conditions to be attached to any grant and / or loan agreement required as a consequence of this report.

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2.0 INTRODUCTION

- 2.1 As the strategic housing authority for Argyll and Bute, the Council has a statutory duty to assess the need and demand for housing in the area and to ensure that any unmet need for housing is addressed through the Local Housing Strategy (LHS) and the Strategic Housing Investment Plan (SHIP).
- 2.2 The Council declared a housing emergency in June 2023. One of the main issues identified was the lack of worker accommodation in Argyll and Bute. If the lack of worker accommodation is not addressed there will be a serious impact on the general economy but more specifically there will be a risk that essential health and social care services will not be delivered in communities across the local authority area.
- 2.3 A housing summit took place in Oban on 27th November 2024. The 4 broad themes of the summit focused on the delivery of more market homes, the delivery of more affordable housing, the delivery of more workforce housing and how partners make best use of existing housing. The proposals in this paper will help to tackle the issue of delivering more workforce homes through a combination of making best use of existing housing and also delivering more affordable housing.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Council:-
- i. Approve a grant of £100,000 from the Strategic Housing Fund to enable 2 NHS properties on Coll to be brought back into use for HSCP staff delivering health and social care services on the island.
 - ii. Approve a grant of £160,000 from the Strategic Housing Fund to enable a Council owned property on Tiree to be brought back into use for HSCP staff delivering health and social care services on the island.
 - iii. Approve a contingency of up to £250,000 from the Strategic Housing Fund to enable the important first phase of delivering worker accommodation properties at Tobermory on Mull.
 - iv. Approve a grant or loan of £200,000 from the Strategic Housing Fund to enable the refurbishment of an ACHA owned 4 bedroom property in Lorn

and enable accommodation for HSCP staff and staff contracted by the HSCP to deliver care to households in the community.

- v. Delegate to the Executive Director with responsibility for Development and Economic Growth, in consultation with the Executive Director with responsibility for Legal and Regulatory Support, the terms and conditions to be attached to any grant and / or loan agreement required as a consequence of this report.

4.0 DETAIL

Background: The Housing Situation on Coll

- 4.1 There are around 145 homes on the island, of which 25% are deemed ineffective in terms of meeting local needs, i.e. 34 are second/holiday homes and a further 2 are empty/long term unoccupied. In addition there are a number of short term holiday lets. ACHA and Trust Housing Association currently provide 16 properties for social rent; which amounts to only 11% of the total dwelling stock or 15% of the occupied stock. This is well below national levels and indicates a potentially imbalanced housing system with scope for further growth in the Registered Social Landlord (RSL) sector.
- 4.2 Affordability on the open market remains a significant issue for local residents. The average achieved house price achieved on Coll is £185,000 which would require a household income of £52,857 to be considered affordable. 62% of residents on the island cannot afford to purchase on the open market; and therefore require alternative affordable options such as social rent and shared equity.
- 4.3 Expressed demand for RSL housing is registered via the HOMEArgyll waiting list, and currently there are 10 active applicants with Coll as first or second area of preference. 7 of the 10 applicants have been awarded housing need points (HOMEArgyll Waiting List, December 2023). Turnover of social rented property has been low on the island resulting in a pressure ratio of 2 applicants to every allocation rising to 4 applicants for every allocation of a 1 bedroom property.
- 4.4 In March 2022 the HSCP in partnership with the Coll Collaborative Working Group published a Health and Social Care Needs Assessment. This document clearly outlines an expectation that there will continue to be a requirement for health and social care on the island. Due to the nature of the provision of such services in remote island location it is essential that the HSCP is able to provide accommodation for key workers.

Solution

- 4.5 The Strategic Housing Fund grant will enable the HSCP to bring 2 NHS owned properties back into use for HSCP staff or staff from other organisations contracted by the HSCP to deliver health and social care services on the island. The total cost of the project is £480 000. The HSCP will contribute £380 000 and the Strategic Housing Fund will contribute £100,000 (21% of the total project cost).

The project will result in a 2 bedroom property being brought back into use and also a 4 bedroom property being brought back into use – both for HSCP staff who would require accommodation on the island to deliver essential health and social care service.

Background: The Housing Situation on Tiree

- 4.6 There are around 560 homes on the island of Tiree, of which 36% are deemed ineffective in terms of meeting local needs i.e. 167 are second/holiday homes and a further 36 are empty/long term unoccupied. In addition there are a number of short term holiday lets. ACHA and West Highland Housing Association currently provide 40 properties for social rent; which amounts to only 7% of the total dwelling stock or 11% of the occupied stock. This is well below national levels and indicates a potentially imbalanced housing system with scope for further growth in the Registered Social Landlord (RSL) sector.
- 4.7 Affordability on the open market remains a significant issue for local residents. The average achieved house price on Tiree is £227,500 which would require a household income of £65,000 to be considered affordable. In fact the average house price is nearly 6 times the average household income. On that basis, around 80% of local households could not afford to purchase on the open market; and therefore require alternative affordable options such as social rent and shared equity.
- 4.8 Expressed demand for social rented housing is registered via the HOMEArgyll waiting list, and there are 22 active applicants with Tiree as first or second area of preference. 18 of the 22 applicants have been awarded housing need points (HOMEArgyll waiting list December 2023). Turnover in the social rented stock has been low to nil in recent years resulting in a pressure ratio of 9 applicants to every allocation of social housing.
- 4.9 The HSCP has set up an Islands Strategy Working Group to gather information in health and social care on the islands and a Tiree medical practice analysis of out of hours activity report was produced in August 2023. This revealed a high level of calls and required responses by health and social care. There is a clear requirement to provide accommodation for health and social care workers on the island. In addition a recent housing needs report published in June 2023 concluded that Tiree in common with many rural areas in Scotland has a significant shortage of affordable housing which is negatively impacting the community's and local businesses economic and social sustainability.

Solution

- 4.10 The Strategic Housing Fund grant will enable the HSCP to remodel an existing property at the Tigh a Rudah Care Home on Tiree and create a worker accommodation property which will make it more attractive for visiting health and social care staff to work on the island. The re-modelling of the property will deliver two ensuite bedrooms with a shared lounge/kitchen area. The Strategic Housing Fund contribution of £160,000 will complement the capital contribution of £44,000 in relation to roof works already completed.

Background: The Housing Situation on Mull

- 4.11 There are around 1870 homes on the island of Mull of which 16% are deemed ineffective in terms of meeting local needs i.e. 200 are second/holiday homes and a further 98 are empty/long term unoccupied (Council Tax Records December 2023). In addition there are a number of short term holiday lets. ACHA, West Highland Housing Association and Trust Housing Association currently provide 236 properties for social rent which amounts to only 13% of the total dwelling stock or 15% of the occupied stock. This is well below national levels and indicates a potentially imbalanced housing system with scope for further growth in the Registered Social Landlord (RSL) sector.
- 4.12 Affordability on the open market remains a significant issue for local residents. The average achieved house price on Mull is £233,864 which would require a household income of £66,818 to be considered affordable. As a result at least 76% of local households could not afford to purchase on the open market; and therefore require alternative affordable options such as social rent and shared equity.
- 4.13 Expressed demand for social rented housing is registered via the HOMEArgyll waiting list, and there are 112 active applicants with Mull as first or second area of preference. 68 of the 112 applicants have been awarded housing need points (HOMEArgyll waiting list December 2023). Turnover in the social rented stock has been low in recent years resulting in a pressure ratio of 4 applicants to every allocation of social housing.
- 4.14 The Council has worked closely with Mull and Iona Community Trust to establish the requirement for worker accommodation to support the general economy of the island. MICT published a Mull and Iona Key Worker Housing study in 2022 which demonstrated a clear requirement for worker housing after consultation with local businesses. This was followed up by the publication of a Worker Accommodation Economic Impact Assessment in March 2023 which concluded that a shortage of accommodation on Mull and Iona has created a major constraint on the economy.

Solution

- 4.15 The Council has agreed as part of the Rural Growth Deal to deliver worker accommodation on Mull. A Council owned site has been identified at Rockfield Road, Tobermory and the intention is to deliver 4 properties for workers on the island through the Rural Growth Deal as a first phase of developing the site. The Council has secured £700k Island Infrastructure funding from the Scottish Government (and an additional £100k from Crown Estate Funding and Place Based Investment Fund) to assist with the design and infrastructure works for the whole site which will ultimately deliver 12 properties for workers in a phased manner. A condition of this grant is that a contract for the first phase of infrastructure work is agreed by 31st March 2024. The tendering process is currently under way. There is a marginal risk, particularly in view of the recent experience of high Island construction costs, that the tenders which are received for the works are above the level of grant award. In this instance unless that

potential gap cost can be covered, it would not be possible to award a contract within the due date, and the grant funding could be lost. To mitigate this risk it is recommended that a contingency for this project of up to £250,000 from the Strategic Housing Fund be agreed, to be used in the eventuality outlined above. Were this grant to be utilised, it is considered likely that it could be recovered from the Rural Growth Deal funding at a later date. The grant from the Strategic Housing Fund is an important contingency to ensure continued progress in delivery of this phased housing project which is vital to provide worker accommodation and tackling the housing emergency.

Background: The Housing Situation in Lorn

- 4.16 There are around 9080 homes in the Lorn area of which 11% are deemed ineffective in terms of meeting local needs i.e. 452 are second/holiday homes and a further 506 are empty/long term unoccupied (Council Tax Records December 2023). In addition there are a number of short term holiday lets. ACHA, West Highland Housing Association and LINK Housing Association currently provide 1709 properties for social rent which amounts to 19% of the total dwelling stock or 21% of the occupied stock (RSL Annual Returns 2023). This is below national levels and indicates a potentially imbalanced housing system with scope for further growth in the Registered Social Landlord (RSL) sector.
- 4.17 Affordability on the open market remains a significant issue for local residents. The average achieved house price in Lorn is £186,410 which would require a household income of £53,260 to be considered affordable. As a result at least 75% of local households could not afford to purchase on the open market; and therefore require alternative affordable options such as social rent and shared equity.
- 4.18 Expressed demand for social rented housing is registered via the HOMEArgyll waiting list, and there are 589 active applicants with Lorn as first or second area of preference and have been awarded housing need points (HOMEArgyll Waiting List December 2023). The demand for social rented stock in recent years has resulted in a pressure ratio of 3 applicants to every allocation of social housing.
- 4.19 The Council has recently appointed an Empty Homes Officer to focus on bringing empty properties back into use for accommodation for HSCP workers. Initial work with HSCP has identified a pressure in the Lorn area. A shortage of workers to deliver health and social care in the community is putting the hospital under pressure as patients cannot be discharged back to their homes due to a lack of care provision.

Solution

- 4.20 The Empty Homes Officer has worked with Argyll Community Housing Association (ACHA) to identify an empty 4 bedroom property in the Lorn area. The grant or loan from the Strategic Housing Fund will enable this property to be brought back into use as a Housing of Multiple Occupation for the exclusive use of health and social care workers. There is an estimated £250,000 of work

required to bring the property up to standard including roof replacement and a new heating system. The Strategic Housing Fund will contribute a grant or loan of £200,000 to the project and ACHA will contribute the rest of the costs.

Strategic Housing Fund

- 4.21 The closing balance of the Strategic Housing Fund in 2023 was £10.1m as shown in the table below which was reported to Council 29th June 2023.

	Opening Balance at 1 April 2022 £m	Income 2022-23 £m	Expenditure 2022-23 £m	Closing Balance at 31 March 2023 £m
Earmarked Balance in General Fund	6.592	2.231	1.574	7.248
Useable Capital Receipts Reserve	2.878	0.057	0.000	2.935
TOTAL	9.470	2.288	1.574	10.183

- 4.22 It can be seen from the table below that there is an estimated surplus in the SHF over the next five years and Council could give consideration as to how this could be used to support the housing emergency that has been declared including the requests within this report which will make a valuable contribution to tackling identified needs for worker accommodation in the short term.

	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m
Opening Balance	7.248	5.840	4.670	3.968	3.252
Estimated Income - Second Homes	2.230	2.230	2.230	2.230	2.230
Expenditure					
SHIP Profile	(2.136)	(2.964)	(2.484)	(2.484)	(1.404)
Outstanding Commitments	(1.079)	0.000	0.000	0.000	0.000
Staffing Contribution	(0.423)	(0.435)	(0.448)	(0.462)	(0.476)
Estimated Closing Balance	5.840	4.670	3.968	3.252	3.603

- 4.23 Officers are undertaking an assessment in regard to subsidy control issues and this will be completed and issues addressed prior to issuing any third party grant or loan approved by this paper.

5.0 CONCLUSION

- 5.1 The Council is asked to approve the recommendations set out in Section 3.1 based on the evidence supplied within this document with the purpose of enabling the delivery of worker accommodation on Coll, Tiree, Mull and the Lorn area which

will enable the phased delivery of 20 worker accommodation properties. The Strategic Housing Fund was created to allow for allocations in support of priority projects emerging from the Local Housing Strategy and the requirement to address the shortage of worker housing is not only identified within the Local Housing Strategy but has emerged as a key priority in addressing the Housing Emergency which was declared in Argyll and Bute in June 2023.

6.0 IMPLICATIONS

- 6.1 Policy - The proposal is consistent with current Council policy including the SHIP which supports the Local Housing Strategy vision and outcomes which are directly aligned with the overarching objectives of the Outcome Improvement Plan, in particular Outcome 2 – we have infrastructure that supports sustainable growth. The proposal does exceed the delegated Officer approval for the use of the Strategic Housing Fund to enable the delivery of affordable housing which is £12,000 per unit.

The Council declared a Housing Emergency in June 2023 and 1 of the 4 main areas of concern was the lack of accommodation for workers. The proposals in this paper address this issue and enable the Council to work with partners to deliver increased accommodation options both on the mainland and on the islands in the short term.

- 6.2 Financial - There are sufficient funds in the Strategic Housing Fund to support the proposal as articulated in paras 4.21 & 4.22 and an assessment of Subsidy Control is being undertaken.
- 6.3 Legal - None.
- 6.4 HR – Early engagement with NHS and Council HR colleagues indicate need and demand for worker accommodation in the 4 areas of the local authority identified in this report. Workforce planning with HSCP and within Council Services has identified difficulties in recruitment directly due to lack of available and suitable accommodation.
- 6.5 Equalities (Fairer Scotland Duty) - The proposals are consistent with aims and objectives set out in the local housing strategy, which is subject to an EqSEIA.
- 6.5.1 Equalities – protected characteristics - There are targets set within the SHIP to deliver housing which meet the needs of specialist groups
- 6.5.2 Socio-economic Duty - The delivery of affordable housing across Argyll and Bute facilitates socio-economic opportunities for all.
- 6.5.3 Islands - The Housing Needs and Demand Assessment process takes full account of housing need on the islands. This proposal will enable the delivery of affordable housing in remote, fragile island communities within the local authority area.

- 6.6 Risk - Risk assessment is an integral part of each affordable housing development. The risk of not approving the Strategic Housing Fund request contained in the report is that the 20 worker accommodation properties in Lorn and the Isles will not be delivered.
- 6.7 Climate Change: The improvement and refurbishment work carried out the properties detailed in this report will improve energy efficiency with an ambition to deliver the properties to the current Energy Efficiency Standards for Social Housing.
- 6.8 Customer Service - The proposals will deliver increased access to a range of suitable, affordable housing options.
- 6.9 Rights of the Child (UNCRC) – None.

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