
CAIRNGORMS NATIONAL PARK AUTHORITY

FOR INFORMATION

**Title: SUMMARY OF THE HIGHLANDS AND ISLANDS
ENTERPRISE REPORT: STIMULATING HOUSING
GROWTH IN THE HIGHLANDS AND ISLANDS**

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Purpose

To provide the Planning Committee with an update on recent research into the housing market of the Highlands and Islands and the recommendations of Highlands and Islands Enterprise (HIE) to the Scottish Government.

Background

1. Earlier this year, Highlands and Islands Enterprise commissioned Ipsos MORI, working in partnership with Anna Evans and Mandy Littlewood, to undertake research into the main features of the housing system in the Highlands and Islands. The Report was published in September.
2. The CNPA was involved in the research process, providing information and case studies (Ardgeal and Community Workarounds) to be incorporated within the report.
3. The specific objectives of the study were to:
 - a) Assess the current housing policy landscape in Scotland, identifying policies to support housing development in the Highlands and Islands;
 - b) Provide an overview of the current housing stock, housing market and demographic trends;
 - c) Explore the barriers and challenges to housing development, highlighting differences across the Highlands and Islands;

- d) Investigate mechanisms to encourage and increase housing development across the Highlands and Islands, in remote and rural communities, highlighting areas with the greatest potential;
- e) Provide a range of case studies of different approaches to housing development in remote or rural areas that have been significant for community sustainability.

Summary of Findings

Housing Need and Demand

- 4. Across the Highlands and Islands, there is a significant gap between housing need, demand and supply. It is estimated that just over 1,800 new properties are needed each year across all tenures made up of an estimated 1,071 affordable homes and 742 market properties. An average of around 992 affordable properties a year are planned across all the local authorities in the Highlands and Islands and this will deliver 79 fewer properties than needed each year.
- 5. Housing supply and its affordability has a critical influence on the ability of businesses to recruit and retain staff, with business expansion affected by these issues. This is particularly problematic in areas where tourism and second homes put pressure on accommodation, and other areas of seasonal or cyclical employment.
- 6. The current process of assessing need entrenches past trends and fails to reflect the aspiration in many communities to reverse these, rather than incorporate them into future plans. This means the level of need and shortfall in supply may be even greater, if the needs of hidden, and 'young and stuck' households were considered.
- 7. More generally, the research highlights that the system of needs assessment and the subsequent translation of those needs into strategy and investment plans fails as the additional housing need is whittled through supply target setting that incorporates (or accepts) all the constraints that make it impossible to meet the identified level of need.

Land Infrastructure and Regulatory Constraints

- 8. Land supply is not generally problematic, but credible, effective land is short.
- 9. There is considerable cost in opening up sites due to infrastructure requirements, and costs associated with planning, building and road construction regulatory burdens, some of which disadvantage the rural and remote context, particularly where there is rigid application of regulations with little flexibility for the individual context.

10. These constraints, exacerbated by lack of economies of scale means the risks are often too great for private developers to supply in rural and remote areas.

Communities, Support, Resources and Funding

11. Housing need in small fragile communities is identified through a bottom-up approach, rather than the systematic assessment of need. This has often been supported by enabling third sector organisations but the processes can be complex and time consuming, and applying to various fragmented funding streams can be tortuous.
12. While there are examples of success, the resources of communities and enabling organisations are often thinly spread, and further investment will be critical in encouraging community-led development in fragile areas.

Leadership and Enabling Roles

13. The Scottish Government Planning Review encourages local authorities to take a leadership role in enabling development, and coordinating action with public and private partners. The emphasis on regional working provides an opportunity to formulate what that partnership working may look like. The example of the Highland Housing Hub shows what can be achieved with very intense collaborative working, and while this might be difficult to replicate across all geographies, other structures with similar aims and focus might also work.
14. The public sector finance context means there is currently little scope to allow 'speculation' in the public sector to drive private sector investment. The Scottish Housing Regulator focus on viability leads to risk-averse decision-making among the RSL sector, which stifles innovation. This means 'riskier' innovations may need additional resource or special policy provisions if the gap between housing demand, need and supply is to be met. It is here where the combined forces of the skills and resources in the public sector should support delivery.
15. Community-led development in the context of rural and remote communities is critical but can be very time-consuming and frustrating for the volunteers involved. More support is needed to help communities navigate the housing supply system.

Recommendations of Report

- a) **Assessing Need and Demand** - Changing to an assessment method which reflects the aspirations of communities for growth and development, rather than

relying on projected figures. There also needs to be systematic methods to identify need well below housing market area level.

- b) **Matching HNDAs with Investment Planning** - The current Housing Supply Target and Strategic Housing Investment Planning (SHIP) approach sets targets on what housing supply is achievable rather than required. This should be refocused to meet need and demand, rather than to reflect their constrained capacity to supply.
- c) **LDPs to Facilitate Development-ready Land** - The Scottish Government planning review proposals are likely to encourage more development-ready land. Ideally, developer investment and risk would be minimised upfront to incentivise housing investment particularly where the risks are greater in more fragile areas.
- d) **Infrastructure Fund** - Public sector partners should explore the criteria of 'strategic sites' for infrastructure funding with Scottish Government, to ensure that they include smaller sites which contribute to sustaining fragile communities.
- e) **Infrastructure Levy** - Scottish Government's plans for an infrastructure levy should cater for the needs of smaller sites in the rural and remote context.
- f) **Self-build** - Despite the Self Build fund, self-build supply has struggled since 2008. There is potential for LDPs, serviced sites for self-build and housing investment policy to encourage greater supply. Loans for site acquisition is one element that could be incorporated into self-build loans.
- g) **Stimulating of Entry Level, Low Cost Private Housing** - Public sector partners should discuss how LDPs can encourage the supply of smaller properties, and encourage the Scottish Government to modify Building Regulations to relieve the constraints on the provision of low cost starter homes.
- h) **Supporting Communities and Enablers** - Community needs assessment and housing development requires more support and resource.
- i) **Funding** – Funding is complex, fragmented and most funds are centralised through the Scottish Government. The application of these funds should be simplified and applied more flexibly, based on the needs of local communities.

- j) **Leadership and Enabling** - HIE should support the local authorities in their lead role as regional enablers and regulators of housing development particularly as each of the local authorities develops its 'refreshed' role as the Planning Review proposals are implemented. All public sector agencies should ensure the regional leadership framework supports community-level leadership resources.

Implications for CNPA

16. The study reinforces the evidence gathered by the CNPA for the NPPP and LDP and supports the CNPAs preferred approach to affordable housing as set out within the Main Issues Report.
17. The majority of recommendations however, sit beyond the discretion of the National Park Authority. For example, the CNPA is not able to influence the way Local Authorities carry out HNDA's to meet the recommendations of the report. This ability lies with the Scottish Government. Most recommendations have resource implications that are also currently beyond the CNPA and its constituent Local Authorities and require higher level strategic support to deliver.
18. As things stand, the main benefits for the CNPA come through highlighting issues around the delivery of housing, particularly affordability housing, in a rural area and the issues surrounding the cost of associated infrastructure.

Read the full report: <http://www.hie.co.uk/regional-information/economic-reports-and-research/archive/stimulating-housing-development-in-the-highlands-and-islands.html>

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