



Report of the first SIF
knowledge exchange meeting on
island housing

Island Housing

Community-led Initiatives



SIF Member Session – 21 March 2022

WHAT'S HAPPENING IN THE ISLANDS?

Helen MacDonald, Mull & Iona Community Trust (MICT)

MICT is one of Scotland's longest established development trusts and currently owns and manages 7 rental properties in Mull. The first of these involved building 2 family homes at Ulva Ferry in response to the threatened closure of the local primary school. A lack of housing had been causing outmigration, particularly of families, and the local community asked MICT for support to explore housing options. MICT secured funds through the Scottish Land Fund (SLF) to buy a plot of land and Helen was appointed as project officer 2014.

MICT appointed a local architect and builder and secured a complex funding package including the Rural & Islands Housing Fund, mortgage, loan as well as over £60,000 in donations. The houses offer social rent levels, secure tenancies and as built to passivhaus standard, low heating costs of around £350 per year.

It was a massive learning curve. The school role increased by 50% and the demand for the housing gave MICT the impetus to take forward phase 2 which included a further 4 houses.

This time, funding was secured for a robust feasibility study and it was decided to opt for a design and build contract which was less risky and gave more cost certainty for applying for funds. The funding package was a lot simpler, mostly through the Rural & Island Housing Fund and the Wee House Company, a modular contractor based in Ayrshire, was awarded the contract. The houses were 90% complete in the factory. Infrastructure costs were about a third and included in application.

31 applications were received for the 4 homes and the school role rose by a further 50% enabling the school to employ a second teacher for the first time ever.

Looking at wider housing options in Mull, last year MICT bought a house to rent out, ensuring it wasn't lost to the second house market. Funding for the purchase came from the Council, Scottish Land Fund and a mortgage through the Ecology Building Society. Energy efficiency was improved, and an air source heat pump fitted.

An important consideration for communities taking forward housing, is who will undertake the ongoing management such as the day to day running, first point of contact for tenants, emergency contact, organising repairs and all the admin involved. The community can take this on itself, and this is what MICT does, or contract a letting agent although the budget tends to be very limited when social rent is charged and there is a mortgage to pay.

MICT became a registered private landlord and does all the management itself as well as the housing allocation. A steering group is in place to review the rent each year. MICT also works with a local housing association which provides some support with allocations and emergency out of hours cover. It's very important as a landlord to understand the legislation and responsibilities involved and MICT is a member of the Scottish Association of Landlords which provides a lot of useful advice, training, and templates.

What's next for MICT: there is undoubtedly a need for more affordable housing in Mull and Iona. Housing Associations can be reluctant to invest in islands and therefore MICT would advocate for further funding and support to enable communities to take housing projects forward themselves.

Looking at the bigger picture, over the last 5 years, Mull has seen a 40% increase in short-term lets and for those 100 homes lost, only around 21 new houses have been built. At Ulva Ferry, in the time MICT has built 6 new homes, 5 others have been lost to short-term let. Collectively there is an urgent need to address the wider issues of second houses, high house prices, ferry issues and planning. MICT is currently working on a whole range of things, not only building more houses.

Rebecca Long, Isle of Eigg Heritage Trust (IEHT)

IEHT has owned and managed Eigg on behalf of its residents since the community buy out in 1997 - 25 years this year!

The island has a mix of housing – 10 homes are managed by IEHT, 7 have been built through the IEHT shared equity policy, 5 housing association homes, a mix of private homes and handful of second houses. 15% of the population of 110 are still living in substandard or temporary accommodation. The Trust is currently working on building 2 new affordable homes.

Prior to the buyout, lack of tenure was a big issue for island residents and with the community purchase came a portfolio of property, much of which was in urgent need of being brought up to a liveable standard. Funding was secured and the community developed a housing allocation policy.

There is an ongoing challenge of repairs and general maintenance and the associated cost of bringing contractors to the island, particularly for the 6 months reduced timetable. The Trust is looking at ways of building skills in the island as well as working towards energy efficient standards to meet carbon net zero goals.

The shared equity policy offers land for free to build a house with the Trust retaining the value of the land. Each plot is about a quarter of an acre and there is a masterplan of plots across the island. The cost of connection to water and electricity can be a challenge and for a spell there was a moratorium on new development due to the limited grid capacity.

The house must be used as a primary home and the value of the house must exceed the value of the land to give the owner a controlling stake within the shared equity. It works fairly well although there can be challenges in accessing a mortgage as banks often insist on the whole property for security.

New homes – the old surgery project is currently in development which involves 2 new homes for affordable rent, including one conversion and one new build. The building and land was acquired from the NHS and the Rural & Island Housing Fund has supported the feasibility stage. Although an easier site than in previous projects, infrastructure costs are still a challenge. Linking in with CARES projects will enable the Trust to introduce electricity for heating through air source heat pumps. The project is at the building warrant stage and it is the hope that the work will go out to tender soon.

In general terms, trying to match lower rents with the mortgage costs is quite a challenge.

Sandamhor Bothy was a holiday let that became available – the Trust carried out an options appraisal consultation and assessed the required level and cost of work – what it needed was outwith what the Trust could do and therefore it decided to sell. Shared equity policy and a rural burden were included in the sale.

Key worker housing is a huge challenge in Eigg – the schoolteacher had been renting a home but when this was sold, became homeless. Highland Council stepped in and bought a house and have tied it to the school job for the long-term. This was a huge relief for the teacher and island residents.

What's next: small isles maintenance partnership – the Trust manages all its own housing stock and is looking at how to join up with other communities in region. Work with HIE and the Communities Housing Trust is underway to examine the feasibility of looking after housing across the region, how to work together, and upskill in islands.

15% of Eigg resident are still in temporary accommodation, and the Trust is continually looking at ways to build enough houses to mitigate the problem. The population of Eigg has grown and could continue to grow if more housing was available. People are forced to leave due to lack of housing and it's a big loss – every person brings a different skill set and you can really feel the difference even if a few people leave.

Mark Smith, Hope Co-housing, Orkney

Based in St Margaret's Hope, South Ronaldsay, the aim of Hope Co-housing is to create affordable and suitable rental homes for older people as a lasting benefit for the community.

The project arose from a group of women, talking about the challenges and worries of what might happen/had happened to them as they got older, living in their remote setting. All had a background in community action, including setting up a community garden 25 years ago, setting up a craft co-operative which now has 300 members, and it seemed natural to explore solutions through a community initiative.

The group has received a good range of support to develop the idea, in particular from Orkney Island Council (OIC) Housing Department.

The proposal is for 6 houses on a plot near to the centre of the village, and in terraced style to enable and encourage social interaction. This design is also much more heat efficient which has been a key consideration for the group and while they won't be passive haus certified, will be built to this standard.

The site was purchased from and with the support of OIC. The houses will be manufactured off site. They will be joined by a covered walkway with a common space and shared facilities – kitchen, place to eat, laundry - at the centre. There will be a polytunnel and raised beds that will connect to the community garden. The plot is close to the shops, GP surgery and on the bus route. With a view to establishing a car club with 2 electric vehicles, EV charging points will be installed.

The co-housing model has been shown to significantly reduce social isolation and loneliness and fosters mutual aid and wellbeing. Everyone takes a share of the management with each household having one vote on the board which runs the facility, collects rent etc.

The project is currently halfway through and is getting ready for the build. A number of stages have been involved – setting up the organisation, finding and securing the site, building design, planning permission, building warrant and pulling together the financial package, raising the funds – each with time and costs attached. It has cost £150,000 to reach the current stage, with funds coming from OIC, Crown Estate Scotland, Inspiring Scotland and the feasibility costs through the Island Housing Fund. Mark noted that around £100,000 was needed before they could apply to the Island Housing Fund for the main build as it requires a building warrant to be in place.

GOVERNMENT ACTION

Lisa Bullen, Scottish Government More Homes Division

Lisa gave a summary of the key points from the Remote Rural & Island Housing Action Plan:

- The Plan builds on housing strategy work undertaken last year, including, Housing 2040, the long-term SG housing strategy.
- It brings the overall target forward, with an aim to build 110,000 affordable homes by 2032, 10% of which will be in remote areas.
- It aims to address existing supply issues including empty homes, short-term lets and second homes and will bring forward a range of tools to better manage housing pressures.
- The Plan, on its own, won't resolve the issues created by short-term lets but it will form part of a holistic approach, taking forward a range of measures.
- Housing 2040 includes a range of proposals around quality, accessible, energy efficient homes and includes a commitment to developing offsite construction and more modular builds.
- The 2040 strategy is in place and recognising the reach of mainstream support isn't always there for rural areas, the Plan will look at what other actions can be taken forward to make the strategy a reality in rural areas.
- Rural and Island Housing fund has supported a lot of good work to enable development and through this recognises the significant challenges that exist in the nature, scale, location, and costs of rural and island housing development.
- The role that Covid 19 has played in making rural and island living even more desirable than previously and thus pushing up further the cost of buying a house is also recognised.

QUESTIONS & DISCUSSION

- In Mull, the hindrance of lack of affordable housing is significant, and MICT now refers to 'second houses' rather than 'second homes' which better reflects this type of housing. What impact will the action plan have on policy in terms of empowering local communities to take forward their own housing solutions? The aim is very much that the action plan will make a difference and have an impact.
- It was felt to be vital that local Development Trusts are recognised alongside Registered Social Landlords (RSL's) as part of the solution to the Housing Crisis. Too often Development Trusts are not considered when policies are adopted and have to make a "special case" for support.

- Community groups can struggle to source pre-construction funding which can make or break a project and ideally should be part of the R&IHF.
- Noted that due to a range of challenges such as higher costs, difficulty getting contractors, limited opportunity for economies of scale etc, housing associations often find it too difficult to invest in islands, preferring to spend money where it can achieve the most houses.
- Often, housing has to be built 'down' to a certain price rather than up to a high standard and ultimately the true cost is borne by tenants having to pay high heating bills.
- Housing Associations can and do work well but they are addressing problems such as homelessness, while island communities are looking at the quite different developments of repopulation and regeneration.

BREAKOUT DISCUSSION

Key discussion questions:

1. What is the one best thing that your group is doing right now that is making the biggest difference with regard to housing?
2. From your own and group perspective, what are the biggest barriers and blockers that are holding you back?
3. If you had a magic wand, what would be the one wish you would like to see granted to your group? What more support is required and what role can others play to support (e.g. local authorities, housing associations and housing enablers?)

Feedback:

- **Covid:** covid had caused a lot of delays to housing projects, not only during lockdown, but also ongoing ferry disruption due to covid (and other factors), difficulty accessing material and contractors, rising cost of material, lack of accommodation for contractors etc.
- **Streamlining:** building a more streamlined and less bureaucratic process for island community housing development would be a welcome outcome of the Remote Rural & Island Housing Action Plan. Planning consent is quite constrained, and it can be difficult for communities to influence the Local Development Plan. The 3 quotes rule doesn't work in small island situations.
- **Support:** support for a shared resource of island specific advice, expertise and learning would be welcome. Suggestions included housing boot camp to access expertise and learning, more networking and support, better circulation of relevant news, policy, funding etc, and, developing a pool of professionals with experience in island housing.

- **Rural housing burden:** felt to be a useful tool along with shared equity, possibly in conjunction with the Islands Bond, in suppressing market value and ensuring that homes are permanently lived in but makes it difficult to access a mortgage – potentially something the Action Plan could unlock.
- **Land ownership** can be an issue and is another area that the Action Plan could explore.
- **Allocation process for community housing** - the fear of damaging relationships and causing friction in the community is a big area of concern for many. In Eigg, a points based system has been developed and an independent director appointed from off island.
- **Community capacity** is often the limiting factor for housing development. Additional and longer term staffing and resources could unlock a lot of potential within housing (and many other developments). Exploring solutions for this through the Action Plan would be strongly supported. In Eigg, for example, there is just one development officer to deal with all the Trust's projects including housing. In terms of succession, when just one member of staff builds up the expertise and knowledge, it can have a huge impact if they move on to something else.
- **Island over cost:** the cost of building in islands is estimated to be at least 20 to 22% higher than on the mainland. Could the Action Plan look at ways to overcome this barrier? For example, could the cost of the ferry be reduced, or RET introduced for commercial traffic? In Harris, for example, this was felt to be one of the biggest barriers to development with single housing units costing around £250,000. Camille mentioned that in Finland, it is free to bring building material to islands.
- **Workforce:** difficulty getting contractors is a big issue for islands - costs of the boat, accommodation, willingness of contractors to come to islands, the higher cost they charge etc, all leads to higher costs and long delays. Renovations are painfully slow and hard to co-ordinate the different trades. Modular housing is becoming more popular, and its development could be supported in islands.
- **Ferries:** ferry unreliability is another major barrier that needs to be considered within the Action Plan. Regular ferry cancellations, difficulty getting a booking, potentially not being able to get back when planned etc are massive disincentives for contractors to take up island jobs.
- **Demonstrating need:** the need for housing is often invisible as, for a number of reasons, not many people are on the council housing register. Could the Action Plan look at ways to support local community anchor organisations to raise awareness and encourage people to do this? For example, previously in Yell, North Yell Development Council did some work on this and it led to 6 houses being built. In Arran, the Local Authority believed there was

demand for around 50 houses but when the local development trust worked across the island to explore housing need, this indicated over 200 homes were needed.

FURTHER WORKING EXAMPLES OF COMMUNITY-LED HOUSING:

- **Sanday Development Trust** is taking forward a model, similar to South Ronaldsay. Working on island housing renovation and looking to move towards a project to build tailored housing and care facilities to enable older people to remain in the island. This will have the additional benefit of potentially releasing existing housing stock. Kieron mentioned that higher quality remote working jobs are helping to repopulate Sanday.
- **North Yell Development Council** is at the very start of housing development and is exploring use of profit from its community windfarm.
- **Islay Development Initiative** is working on building 12 houses in its community forest as well as releasing plots. Housing for key workers is a massive issue and IDI is also trying to acquire empty properties that the Housing Association will not take on due to required improvements.
- **Uist and Barra** - there is ongoing work to refurbish properties and in particular making them more energy efficient, but they have faced problems with access to long-term equity.
- **Southwest Mull & Iona Development** had a plan for woodland crofts which would have enabled housing to be built but it has taken so long that those originally interested have had to move on.
- **Arran Development Trust** is currently working on a development of 18 houses and 25 serviced plots.
- **West Harris Trust** has built 10 homes over the last 5 years and has plans for a further 10.
- **The Isle of Kerrera Development Trust** is in the early stages of housing development.

NEXT STEPS

The suggestion of a further meeting and possibly a working group as a next step for island housing was supported, with several participants volunteering to explore this further.

Thanks to all for taking the time to take part and contribute, Helen, Rebecca, Mark and Lisa for their great presentations, Sandy for facilitating so well and to Lisa, John and Erica for listening and discussing with us our experiences, thoughts, ideas, worries as well as solutions.