Rural and Islands Housing Action Plan

Island Communities Impact Assessment

October 2023

Scottish Government
Riaghaltas na h-Alba

Island Communities Impact Assessment Template

Please ensure this template is completed in conjunction with the Island Communities Impact Assessment (ICIA) Guidance on the <u>Scot Gov Website</u>

Name of Policy, Strategy or Service

Rural and Islands Housing Action Plan

STEP ONE – DEVELOP A CLEAR UNDERSTANDING OF YOUR OBJECTIVES

What are the objectives of the policy, strategy or service?

The Programme for Government and the Bute House Agreement include a commitment to develop a Rural & Islands Housing Action Plan ('the Action Plan'), to meet the housing needs of, and retain and attract people to, those communities. The Action Plan was also included in the First Minister's Policy Prospectus in April 2023.

The Action Plan will be jointly delivered by the Minister for Housing and the Cabinet Secretary for Rural Affairs, Land Reform and Islands.

The Action Plan will seek to identify the key barriers to housing delivery in remote, rural and island communities with joint action and solutions to address these. It will also strategically align to key policies including Housing to 2040, National Planning Framework 4, the National Islands Plan and the Population Strategy.

What are the intended impacts/ outcomes and how do these potentially differ across the islands?

We have engaged with remote, rural and island stakeholders for the formulation of the Action Plan in seeking to identify the key barriers to housing delivery. We have since developed joint action and solutions to address these. We recognise there may be particular considerations when looking at delivery of affordable homes on the islands specifically but the impacts or outcomes of the Action Plan would only be positive and will work to bring island delivery in line with other remote-rural areas. By increasing the provision of affordable housing in island communities, people can better meet their housing needs within their local communities.

STEP TWO – GATHER YOUR DATA AND IDENTIFY YOUR STAKEHOLDERS

What data is available about the current situation in the islands?

Two key sources of data have been gathered on the differences that occur in island communities, and between island groups, in contrast to mainland Scotland. Firstly, insights gathered from stakeholders in island communities and secondly from published research and statistics.

Extensive engagement regarding housing in the islands was undertaken through the consultation and development process for the Housing to 2040 strategy. There was

also engagement with relevant island stakeholders as part of the National Islands Plan. As part of the development of the Action Plan engagement was also carried out with relevant rural and islands stakeholders. This evidence was also considered in the formulation of the Action Plan.

Differences have been identified in:
- Housing supply, building costs and maintenance;
- Short-term lets and second homes; and
- Wellbeing and community.

1.1   Housing supply, building cost and maintenance

Responses to stakeholder engagement and consultation exercises between 2018 and 2020 for the Housing to 2040 strategy emphasised that the availability of affordable homes in island communities was insufficient. This view was also reflected in responses to the consultation for the National Islands Plan[1]. This was echoed in discussions as part of the Action Plan engagement.

Although current policy encouraging new and improved housing is seen as a positive step, respondents reported that the availability of affordable, fit-for-purpose housing on Scottish islands presents a challenge for island communities. This was in turn reflected in responses to the engagement with stakeholders specifically for the Action Plan.

Access to housing affects population decline and influences the decisions of young people to leave or return to island communities. This in turn affects the sustainability of local services, especially schools. Lack of accessible and affordable housing was considered to be a barrier to attracting families to island communities. It is also associated with various manifestations of rural poverty and general inequality, including homelessness and hidden homelessness.

Consultation responses to the Housing 2040 strategy also indicated that the cost of building and maintaining a home on Scotland's islands was higher than in more urban areas as economies of scale could not be replicated in rural and island areas. Given that in April 2022 the UK BEIS reported material price increases for construction work of 24.5% from the year before across the UK as a whole, rural and island communities are likely to be hardest hit. Housing construction on the islands is often more complicated and difficult than in many mainland areas due to transportation costs and distances, adding significant cost on the price of building, with the level of complexity varying between islands. Issues such as transport challenges, weather, availability of workforce and land for construction and accommodation for workforce were all outlined as additional contributing factors.

1.2   Short-term lets and second homes

Second homes and short-term lets bring benefits to those who own them and the tourism businesses they support. But we know that, in some communities, these kinds of ownership patterns impact on the availability of homes to meet local needs and on community sustainability.

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[1] National Islands Plan – island reports

In certain island areas, particularly tourist hot spots, high numbers of short-term lets and second homes can make it harder for people to find homes to live in.

We have limited data at present on short-term let numbers by island, and the data we have relates only to Airbnb accommodation[2]. Our new Short-Term Let Licensing Scheme[3] will help to ensure the safety of guests and local residents across Scotland, as well as give local authorities the powers to respond flexibly to local needs. Additionally the licensing scheme will provide clear data on the exact number, type, and location of every short-term let across Scotland. However, even from the limited data available, it is clear that the intensity of activity varies significantly from island to island.

Local authorities will also be able to establish control areas covering all or part of their area in which planning permission would always be required for a change of use from a dwellinghouse to secondary letting (a whole property short-term let). For more information, please see the ICIA completed for the short-term let legislation[4].

The April 2023 SPICe report on Second Homes in Scotland reported that according to September 2022 council tax figures[5], there were just over 24,000 (24,287) second homes in Scotland, which equates to 1% of all dwellings in Scotland. But there are wide variations across council areas with clear concentrations in rural and island areas. Around 6% of homes in Argyll and Bute and in Na h-Elieanan Siar, 5% in Orkney Islands and 3% in the Highland Council area are second homes. The latest Scottish Government Housing Statistics from January 2023 show that just under 10,000 (9,911) second homes are in island Local Authorities[6].

On 17 March 2023, the First Minister announced a joint consultation with COSLA on changes to council tax legislation to give councils powers to charge up to double the full rate of council tax on second homes from April 2024. Councils can already charge double council tax on empty homes. The consultation closed in July 2023 and SG will respond in due course.

The consultation also seeks views on further powers to charge more than double the council tax rate on both empty and second homes in future years and whether there should be changes to the definition of when a property offering self-catered accommodation becomes liable for non-domestic rates.

1.3   Community and Wellbeing

A study looking at Scotland's social capital[7] (the social connections that contribute to quality of life, health, safety and wellbeing in the neighbourhoods where people live)

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[2] Research into the impact of short-term lets on communities across Scotland
[3] Short term lets - Short-term lets (campaign.gov.scot)
[4] Found on pages 76 and following in the 2020 consultation report published on 10 December 2020.
[5] Second homes in Scotland – facts, figures and policy – SPICe Spotlight | Solas air SPICe (spice-spotlight.scot)
[6] Housing statistics: Empty properties and second homes - gov.scot (www.gov.scot)
[7] Social Capital in Scotland: Measuring and understanding Scotland's social connections

in 2019 found that overall, people living in rural[8] areas are more likely to report higher than average levels of social capital across most of the social capital measures in the table below, often significantly higher than the Scotland average.

Social Capital by Urban Rural Classification - %	URBAN				RURAL		
	Large Urban Areas	Other Urban Areas	Accessible Small Towns	Remote Small Towns	Accessible Rural	Remote Rural	Scotland
Social Networks							
Could rely on neighbour to help	83	85	90	85	89	93	86
Neighbours would keep an eye on home	81	85	91	89	92	93	85
Could turn to neighbours for advice	75	75	80	76	84	86	77
Would help neighbours	91	89	90	91	93	93	91
Meets socially with friends, relatives, work colleagues at least once a week	75	72	68	77	70	72	73
Felt lonely in the last week	21	23	22	26	15	19	21
Community Cohesion							
Positive neighbourhood rating	93	94	95	96	97	98	95
Neighbourhood belonging	74	78	82	84	82	87	78
Neighbourhood safety	80	80	84	87	90	92	82
Neighbourhood trust	73	75	83	77	88	89	78
Neighbourhood kindness	79	81	86	80	90	89	83
Diverse people get on well together	71	67	73	70	75	75	70
Places to meet and socialise	62	51	67	61	62	66	59
Welcoming places and opportunities to meet new people	55	46	59	56	57	63	53
Social Participation							
Formal and/or informal volunteering	45	48	51	48	53	52	48
Community Empowerment							
Influence on local decisions	21	19	21	23	19	21	20
People improve the local neighbourhood	55	51	66	55	72	73	58

Least positive | Most positive

There are large variations in measures of social capital within and between different geographies, including local authority areas, areas of higher deprivation, and urban and rural areas. The table below shows that residents of some island local authorities rate their neighbourhood significantly more positively than the Scotland average, but conversely, some rural and island residents report higher levels of loneliness[9].

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[8] Rural locations and populations referred to include island communities. More information can be found here: Scottish Government Urban Rural Classification 2016 - gov.scot (www.gov.scot)

[9] The complete data for all variables at local authority level can be found at Scottish Household Survey - Annual Report 2018 - LA Tables (nrscotland.gov.uk)
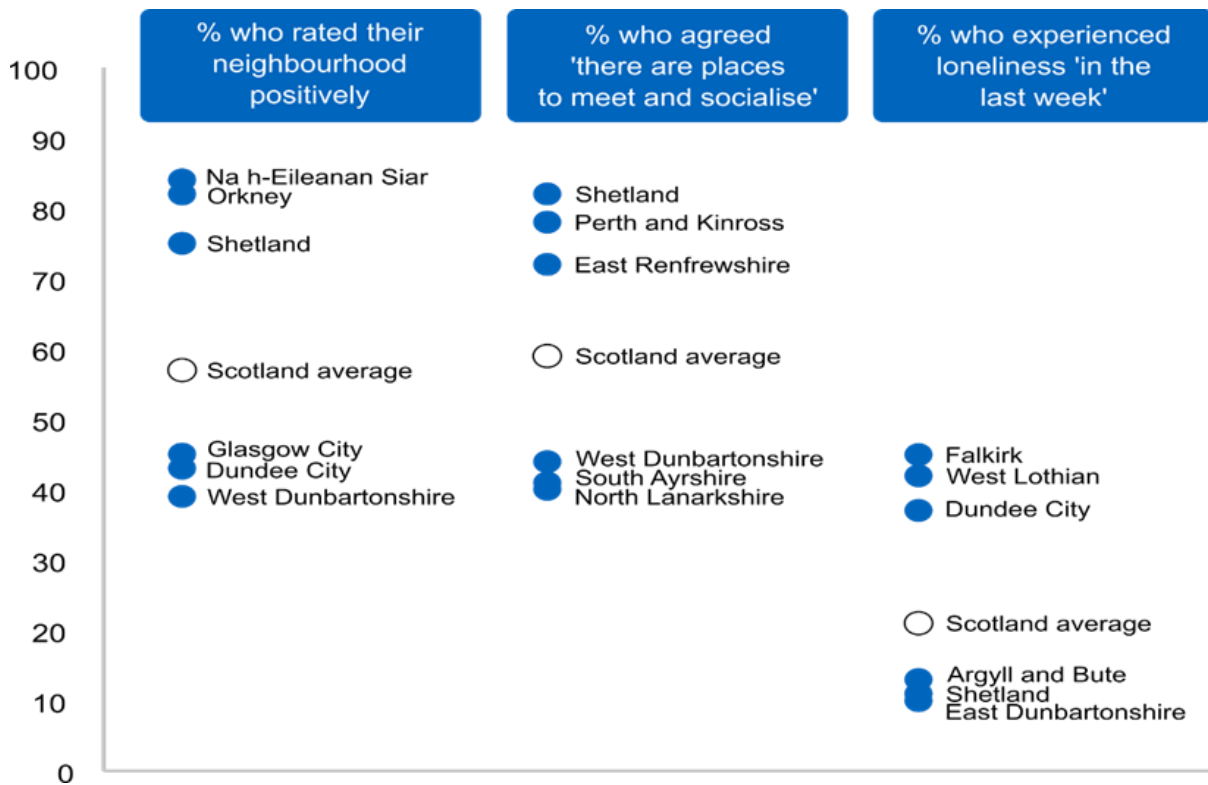
Fig 5. The highest and lowest 3 outlying local authority areas on measures of social capital (Source: Social Capital in Scotland: Measuring and understanding Scotland's social connections (www.gov.scot))

Wider Context

For the purposes of the Action Plan we have focussed on housing supply, building costs and maintenance, short-term lets and second homes, and community and wellbeing in particular but recognise that there are links to other policy areas such as fuel poverty, energy efficiency, and digital connectivity. We acknowledge that there are overarching considerations such as transport and finance which impact on our policy which we are aware of but do not have direct influence over. As the Action Plan is delivered we will continue to engage with policy colleagues in order to view the Action Plan in the wider policy context.

Who are your key stakeholders?

Our stakeholders include local authorities, registered social landlords, SG agencies, tenant groups and organisations including Rural Youth Project and the Young Islanders Network amongst others.

How does any existing data differ between islands?

When looking at data we have looked at the same information where available for all of the islands. Due to differences in population there may be variances in sample size available.

Are there any existing design features or mitigations in place?

The current Affordable Housing Supply Programme (AHSP) operates a flexible grant system and the benchmarks, which relate to the process applications will take and whether technical appraisal is required, take into account the additional costs that may be incurred in remote rural and island areas.

Through the AHSP there is also a Rural and Island Housing Fund which aims to support community groups and smaller housing developers who are unable to access funding for delivery of affordable homes through the main AHSP. It has helped provide support and funds for various homes across a number of islands.

As announced in the FM's policy prospectus, as part of the Action Plan we are making available up to £25 million from our affordable housing supply programme budget to allow suitable properties, including empty homes, to be turned into affordable homes for key workers and others to allow for local housing needs to be met. This fund is only available in rural and island areas, therefore it will help retain or attract key workers to island communities, as well as other remote and rural mainland communities.

STEP THREE – CONSULTATION

Is there information already gathered through previous engagements?

There has already been extensive engagement undertaken with rural and island communities to inform both the development of Housing to 2040, Scotland's long term housing strategy which was published in March 2021, as well as the National Islands Plan, providing a strong policy platform to support further implementation activities. Ministers have agreed that a full public consultation on the Action Plan is not required and therefore we do not intend to formally consult on the plan but instead have undertaken specific targeted engagement to support its development.

How will you carry out your consultation and in what timescales? Public meetings/Local Authorities/key Stakeholders

An informal series of engagements has been carried out with stakeholders across remote rural and island areas. Discussions have also taken place with relevant internal SG colleagues whose work intersects.

Our engagement involved a series of Microsoft Teams meetings with key stakeholders including local authorities, registered social landlords, SG agencies, tenant groups and organisations including Rural Youth Project and the Young Islanders Network amongst others.

As part of engagement during summer recess 2023, the Minister for Housing met with Scottish Islands Federation, Rural and Islands Housing Association Forum, Scottish Crofting Federation and National Farmers Union Scotland.

The engagement helped inform the development of a range of actions in the Action Plan.

What questions will you ask when considering how to address island realities?

Questions were asked relating to what stakeholders identified as the main challenges with regards to accessing or delivering affordable housing on the islands.

Separate consultation events for Island communities/Local Authorities?
Separate discussions took place with relevant islands stakeholders.

STEP FOUR – ASSESSMENT

Does your assessment identify any unique impacts on island communities? (Further detail in the Guidance):
- **Demographic**
- **Economic**
- **Gaelic**
- **Social**

Within the wide consultation as part of the Housing to 2040 strategy development there was a strong call to recognise the distinct needs of island communities. There was clear recognition of the role that housing plays in addressing depopulation and in creating more sustainable communities, and in the need to take a holistic approach including improving accessibility, broadband, infrastructure, renewable energy technology, transport and investment. Following the engagement in relation to the Action Plan which focussed on housing and identifying barriers to delivery of affordable housing in particular, the following areas were identified as being the distinct needs of island communities:

1. A lack of affordable housing, with short-term lets and second homes contributing to a shortage of housing.

2. High development costs and lack of skilled labour, and the need to be more energy efficient and sustainable in the way we build.

3. A lack of land for affordable housing.

The objective, to help support the delivery of affordable homes, is the same for island communities as it is for the other remote rural communities, if anything it will be the mechanisms that differ slightly for islands so this should not have a significantly different effect. Any impacts are expected to be positive.

Does your assessment identify any potential barriers or wider impacts? Are there mitigations already in place for these impacts raised?

The plan aims to address the barriers to the delivery of affordable housing set out above. We will address these by ensuring joined up coherent working with other areas in both Scottish Government and relevant island stakeholders. It is expected that by addressing challenges in the delivery of affordable housing on the islands that this may have wider positive impacts on island communities including economic and social impacts.

Is a full Island Communities Impact Assessment required?

You should now determine whether, in your opinion, your policy, strategy or service is likely to have an effect on an island community which is significantly different from its effect on other communities (including other island communities). To form your opinion, the following questions should be considered:

Are there mitigations in place for the impacts identified and noted above from stakeholders and community consultations? (If further ICIA action is not required, complete the section below and publish).

No

Does the evidence show different circumstances or different expectations or needs, or different experiences or outcomes (such as levels of satisfaction, or different rates of participation)?

No

Are these different effects likely?

No

Are these effects significantly different?

No

Could the effect amount to a disadvantage for an island community compared to the mainland or between island groups?

No

If your answer is 'no' to the above questions, please complete the box below.

If the answer is 'yes', an ICIA must be prepared and you should proceed to Step 5.

A full Islands Community Impact Assessment is NOT required

In preparing the ICIA, I have formed an opinion that our policy, strategy or service is NOT likely to have an effect on an island community which is significantly different from its effect on other communities (including other island communities). The reason for this is detailed below.

Reason for not completing a full Islands Communities Impact Assessment:
- The Action Plan is not likely to have any effect on an island community which is significantly different from its effect on other communities, including other island communities.

- Any impacts will be positive. By increasing the provision of affordable housing in island communities, people can better meet their housing needs within their local communities.
- ICIAs will be considered at the relevant stage of policy development for any actions which will lead to significant policy changes.

Screening ICIA completed by: Craig Stevenson
Position: Housing Co-ordinator, More Homes Division

Signature and date: **Craig Stevenson** 16/08/23

ICIA authorised by: Joe Brown

Position: Deputy Director – Ukraine Resettlement

Signature and date: 05/09/23

STEP SEVEN – PUBLISHING YOUR ICIA

Does your ICIA need to be presented in Gaelic or any other language?

No – the final Action Plan will be available in Gaelic. If requested, we can provide the ICIA in Gaelic.

Where will you publish your ICIA and will relevant stakeholders be able to easily access it?

The ICIA will be published on the gov.scot website alongside the Acton Plan.

Confirm appropriate level of sign off?

Deputy Director – Ukraine Resettlement

ICIA completed by: Craig Stevenson

Position: Housing Co-ordinator, More Homes Division

Signature and date: **Craig Stevenson** 16/08/23

ICIA authorised by: Joe Brown

Position: Deputy Director – Ukraine Resettlement

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