

## RURAL HOUSING

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The Scottish Parliament Rural Affairs and Environment Committee will undertake an inquiry into Rural Housing, starting in April 2008. This briefing provides an overview of housing in rural Scotland and outlines relevant policy initiatives.



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## KEY POINTS

- Recently there has been a considerable amount of interest in the availability of affordable housing in rural Scotland.
- The housing sector in rural areas exhibits distinct characteristics compared to the rest of Scotland. There is generally a lower proportion of social rented housing and a higher proportion of private rented accommodation and owner occupation.
- Several factors influence the availability of affordable housing in rural areas including external demands from second home owners and retirees, weak rural economies, planning considerations, and land availability.
- Certain rural areas have experienced some of the highest increases in house prices in the last few years.
- The quality of housing, particularly in relation to energy efficiency, is likely to be poorer in rural areas.
- Approximately 25% of all UK CO2 emissions come from housing. The poor energy efficiency of the majority of rural housing as well as high emissions from transporting goods long distances and from people driving to access services, mean that many are now arguing for the sustainability of housing design and settlement location to be a key priority.
- The ownership and availability of land, as well as the planning system play a central role in ensuring a supply of affordable housing.
- Local authorities play a key role in planning for housing in their areas; including the provision of a strategy for an area's development (Structure Plan), more detailed policies and specific proposals for the development and use of land (Local Plan), as well as the interpretation of Government planning advice notes which guide day-to-day planning decisions.
- There are at least seven different planning advice notes and policies with relevance to rural housing and rural development; there is evidence to suggest that these are inconsistently applied.
- Local authorities also have a responsibility to carry out a housing needs assessment and to prepare a local housing strategy for their area. They are also responsible for assessing applications from those claiming to be homeless or threatened with homelessness.
- There is a range of Scottish Government initiatives aimed at housing in rural areas. The Government has recently carried out a consultation on the future of housing in Scotland; many of the issues discussed in this document are relevant to rural housing. Ministers are currently considering responses to the consultation.
- The current budget proposes to invest £1.2bn in affordable housing over the next 3 years.

## INTRODUCTION

Over recent years, the wide ranging issue of sustainable rural development has attracted a considerable amount of research and discussion. Within this there has been a specific focus on the role that housing plays in sustaining Scotland's rural communities (Shelter 2004, Communities Scotland 2005, Gallent et al 2005, Communities Scotland 2007a, and Satsangi 2007). In particular, there has been media coverage of Scotland's "rural housing crisis" (BBC News 2004, Sunday Herald 2007). The independent Rural Housing Service (2007) states:

"The lack of affordable housing in rural Scotland is the most important issue in rural Scotland today. Rural Scotland is undergoing a renaissance; the population is increasing; half of all business start-ups take place in rural Scotland; broadband has increased the scope for education and employment; and young people are choosing to remain or return to rural communities. The quality of life in our rural communities means that more and more people are choosing to live in rural Scotland. This should be positive news, but with this population growth has come huge growth in house prices and a lack of affordable rural housing, resulting in people who grew up or who work in rural Scotland not being able to afford to live there: whilst a shortage of social housing means there are few alternatives to buying a house."

Housing availability and markets in rural areas are affected by a number of varied and changing and interdependent circumstances. Nevertheless, some broad categorisations are as follows (Communities Scotland 2007b):

- buoyant areas with population, economic activity and housing pressure all increasing, while supply is constrained (including the Inner Moray Firth, and rural central Stirling)
- pressured areas where population and housing pressure are increasing; (a) some with indigenous economic growth, some with increased demand from external markets (notably Skye, Strathspey, Highland Perthshire, Mull and Iona, and mainland Orkney); (b) some areas of increased commuter pressure (e.g. rural south-west Stirling, north Tweeddale and north Ettrick and Lauderdale)
- fragile areas with limited economic growth and emigration of young families; but pressure on housing supply, particularly of rented housing; includes areas with much ineffective or poor quality housing (including Sutherland, Caithness, outer islands of Orkney, mid Argyll, North Uist and Berneray)
- regeneration areas – low pressure areas with declining economic bases (including Irvine Valley, Cumnock, lower Nithsdale)

The Scottish Government (2007a) has recently published a consultation paper on housing. This recognises rural housing as a priority for action and states:

"Rural Scotland has not been immune from the increased house prices seen elsewhere in Scotland. In remote areas, these price increases can have a magnified effect due to sparse supply in those locations. Lack of housing that is affordable may prevent local people from staying in their home communities and reduce the ability of local business to attract new employees. This can and does affect the growth, development and cohesion of rural communities."

## BACKGROUND

Richards and Satsangi (2004) examine characteristics of rural housing markets, and note that in some instances, in-migrants regularly out-bid long-term residents, resulting in house prices which exclude locals from the private property market. This is thought to jeopardise the survival

of communities, local businesses and services, and to impact on the most vulnerable (Shelter 2004). Others, however, recognise the positive effects that in-migration can have in aiding the viability of local businesses and services, in spite of the perceived changes to the socio-economic and demographic balance of the area. Fragile areas suffering economic decline need to attract and retain businesses and people. In-migration in areas with a constrained housing supply is a double edged sword, boosting the local economy but also exacerbating affordability problems for locals (Hunter 1995 & Satsangi 2008).

Gallent et al (2005) argue that weak rural economies and misjudged policy interventions pose a significant threat to rural communities, and that house price inflation is associated with planning constraints and low levels of house building. Furthermore:

“Second homes are often convenient scapegoats [for a] declining farming sector, low wages, failing services, unaffordable housing, homelessness, in-migration, out-migration, and a gentrification of some villages, and unrest amongst local voters.”

A specific concern therefore, has been ensuring an adequate supply of affordable housing in the face of relatively high development and land costs and competition for housing as set out above (Richards and Satsangi 2004). This is reiterated by the Scottish Government (2007b) which notes that there is a lower proportion of social housing for rent than in urban areas.

In conjunction with external demands, the restricted supply of housing can be compounded by planning policies designed to maintain and enhance the landscape quality and biodiversity which make certain areas desirable. New housing development is associated with an increase in water use and volume of effluent, increased traffic, habitat destruction and increased production of waste. However, new, affordable housing which provides a viable alternative for people on lower to medium incomes ranks as a high priority for rural communities (Communities Scotland 2005, Ferguson and Forster 2005). Therefore, aspects of development may lead to conflict between communities and the conservation of biodiversity. It is likely that these tensions are greater in areas with higher ‘environmental value’.

“Here, not only is externally generated housing demand likely to be greater than in similarly-located but less scenic areas, but also housing supply is less likely to be (able to be) responsive, because of more restrictive planning policy.” (Richards and Satsangi 2004)

Delivery of sites for affordable housing in rural areas can be limited by physical constraints such as water, drainage and site conditions. These constraints can increase the cost of delivering sites, so they are no longer financially viable. This is particularly true in rural areas where sites are often small.

This briefing provides an overview of the housing sector in rural Scotland and policy initiatives used to address the issues raised.

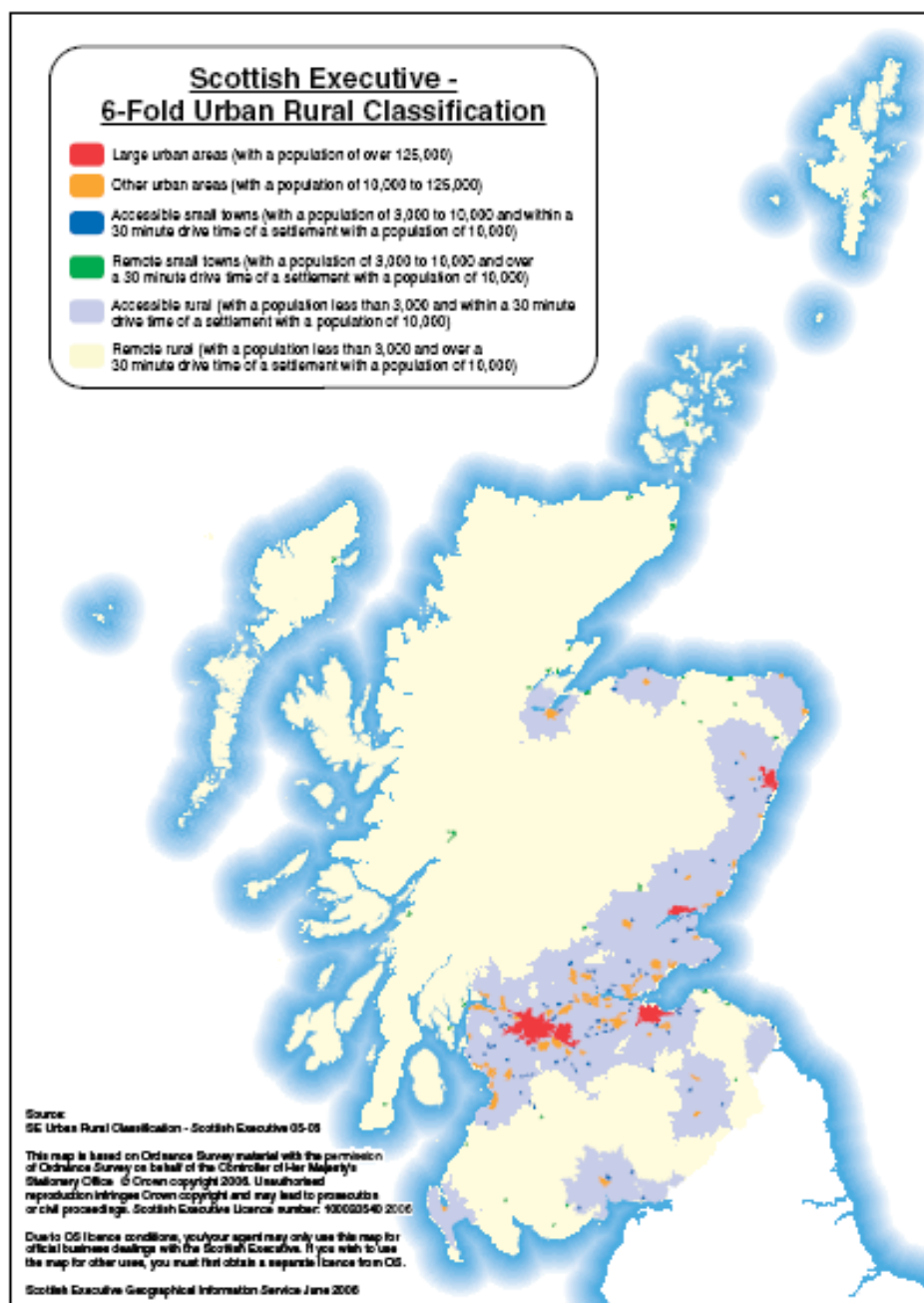
## **Rural Scotland**

Nearly 1 million people live in rural Scotland, which contains the most sparsely populated parts of the UK. Whilst rural Scotland differs from the rest of Scotland there are also differences within it. The Scottish Executive (2004a) gives an urban-rural classification based on settlement size and travel times. Whilst more detailed definitions are used, depending on different policy initiatives, the standard definition of rural is settlements of less than 3,000. Classifications have been made with this approach, using different travel time categories:

- accessible rural – within 30 minutes drive of a town of 10,000 or more
- remote rural – over 30 minutes drive of a town of 10,000 or more

Fourteen<sup>1</sup> of Scotland's 32 local authority areas are considered to be mostly rural; however, settlements such as Inverness, Kirkwall, Stornoway and Lerwick are classified as urban within this broad definition (Scottish Executive 2004a). Rural Scotland accounts for 95% of the land of Scotland but only 18% of the population. Of this 18%, 6% live in remote rural areas while the rest live in accessible rural areas. Between 2001 and 2006 the population of Scotland grew by 1%, with the greatest increase in accessible rural areas, 6.3%, compared to an increase of 4% in remote rural areas. Figure 1 shows standard urban/rural classifications (Scottish Government 2007b):

Figure 1: Urban / Rural Classifications



<sup>1</sup> Highland, Eilean Siar, Argyll & Bute, Shetland, Orkney, Borders, Dumfries & Galloway, Perth & Kinross, Aberdeenshire, Moray, Stirling, Angus, South Ayrshire, East Ayrshire

## HOUSING OVERVIEW

Housing in rural Scotland is varied but there are some discernible trends compared to the rest of Scotland.

**Figure 2: Differences in tenure of remote and accessible rural areas compared to the rest of Scotland**

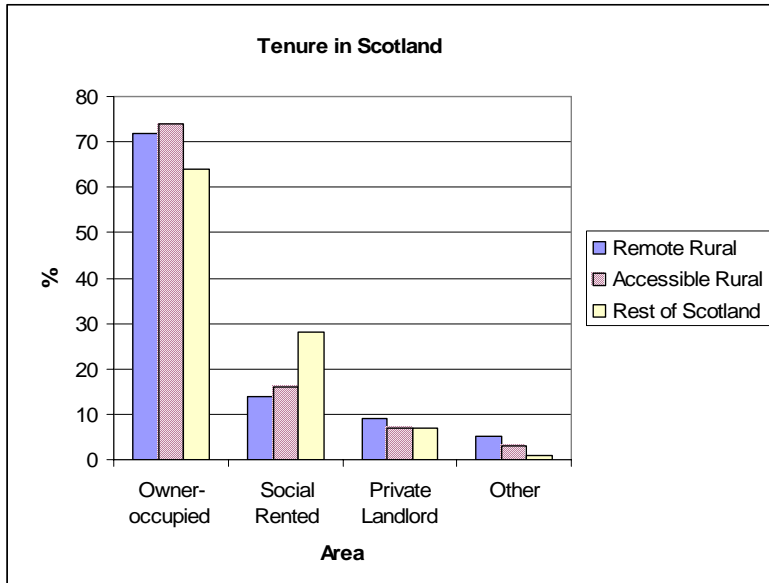


Figure 2 (Scottish Government 2007b) shows that levels of owner occupation are higher in rural areas relative to the rest of Scotland: 74% in accessible rural areas and 72% in remote rural areas compared to 64% in the rest of Scotland. There is also less social rented housing i.e. provided by local authorities and registered social landlords; 16% in accessible rural areas, 14% in remote rural, and 28% in the rest of Scotland. The number of people renting from a private landlord also increases with distance from urban centres; 9% in remote rural areas, compared to 7% in the rest of Scotland. Within remote rural areas, there are geographical variations and in some places the private rented sector is even more significant. This is considered in more detail below, under Private Rented Sector Housing.

## OWNER OCCUPIED HOUSING

Figure 2 shows that almost three quarters of households in rural areas are owner-occupied. A key issue over the last few years has been increasing house prices and concerns over affordability. House prices in Scotland have risen particularly sharply since 2001, fuelled by low interest rates and rising incomes. The average house price in Scotland in 2007 was around £145,000, a rise of 13% from the previous year. House price growth rates are slowing now and an annual 4% rise in prices is predicted for 2008 (HBOS 2007).

Table 1 shows that there are wide geographical variations in house prices. However at a general level, house prices tend to be higher in rural areas compared to the rest of Scotland (with the exception of Edinburgh). The highest average price of £164,695 is in accessible rural areas, 8% higher than the rest of Scotland.

**Table 1: House Sales (Average Prices and Total Number) by Geographic Area, 2006**

	Remote Rural	Accessible Rural	Rest of Scotland
Average price (£)	156,679	164,695	128,642
Total number of house sales	8,403	17,814	141,613

(Scottish Government 2007b) These prices are based only on properties sold, and not values of all properties in the area. The prices will also depend on property type which this is not adjusted for.

Table 2 outlines average property prices in certain rural areas.

**Table 2: Housing Affordability in Rural Areas 2007 (12 months to June)**

Local Authority <sup>2</sup>	House Prices in 2007 (£)	Annual Average Earnings (£)	Price to Earnings Ratio
East Lothian	195,983	30,283	6.5
Scottish Borders	174,472	27,980	6.2
Highland	155,982	26,412	5.9
Moray	149,766	26,707	5.6
Aberdeenshire	198,011	35,857	5.5
Argyll and Bute	161,351	29,687	5.4
Dumfries and Galloway	143,700	27,034	5.3
East Ayrshire	133,669	28,296	4.7
Eilean Siar	110,015	25,459	4.3
<b>Urban Areas</b>	<b>157,519</b>	<b>30,292</b>	<b>5.2</b>

Source: Bank of Scotland 2007

House prices in rural areas are 5.8 times average earnings compared with a ratio of 5.2 in urban areas (Bank of Scotland 2007). It has been argued that looking at mortgage servicing costs (i.e. monthly payments) to income ratios is a better indication of affordability than the house price to earnings ratios. Mortgage servicing costs to income ratios remained largely constant in the period 2000-2005, although since 2005 evidence suggests that buyers' mortgage servicing costs are "pushing upwards" (Scottish Government 2007c). Furthermore, even though mortgage servicing to income ratios have remained fairly static there is evidence that purchasers are putting down bigger deposits, either through savings or from borrowing from friends or family (Scottish Government 2007c).

Accessing the housing market has become increasingly difficult for first time buyers (FTBs) and this has been reflected in a drop in the number of FTBs as a proportion of all purchasers. Across the UK it has been estimated that the number of FTBs is 44% lower than 2002 (HBOS 2007b). In Scotland there tends to be a smaller proportion of FTBs in rural areas, accounting for only 18% of all buyers, compared with 31% in Scottish urban areas (Bank of Scotland 2007). The average price paid for a property in 2007 by FTBs was around £123,213 – a 115% rise over five years.

The Scottish Government's housing market review (Scottish Government 2007c) identified the Highland Council area (in addition to the Edinburgh area) as "consistently amongst the least affordable local authorities," according to various analyses of house price data. It suggested that prices could have been "driven up by purchasers with earning capabilities detached from local labour markets, pushing up prices and therefore increasing the affordability constraints facing local residents". The review suggested that "barriers to home-ownership can limit labour mobility, reduce economic competitiveness and skew wealth towards the top of the housing ladder".

## PRIVATE RENTED SECTOR HOUSING

Figure 2 (above) shows that the private rented sector is more prevalent in remote rural areas, at 9% of all households. These averages mask geographical variations and in some areas the private rented sector is even more significant. For example, in communities of less than 1000 people, 11% of all households rent for from a private landlord or letting agency. In these smaller communities the private rented sector accounts for 53% of all rented housing (GROS 2001).

<sup>2</sup> Under the Bank of Scotland analysis East Lothian is considered to be a rural area, however it is not considered to be rural under the Scottish Government (2007b) definition outlined above. Only 9 local authorities were included in the analysis.

Since April 2006 all private landlords renting property have been required to register with their local authority where their properties are situated. This has helped local authorities to gather further information about the size of the sector in the area. Some local authorities have been undertaking additional work to gain a better understanding of the characteristics of the sector in their area and the role it performs.

Independent research for Scottish Homes (Satsangi et al 2000) considered the views and behaviour of landowners in selling and developing land for renting and low cost home ownership. The survey generated 780 responses, representing some 30% of the total non-urban land in the country. Responses showed that “the majority of landowners do not have many dwellings – the ‘average owner’ has eight houses, and 80% of owners have ten or fewer. At the same time, however, there is some evidence of concentration at the upper end of the scale” i.e. 60% of the housing stock is owned by 16% of landowners. The survey found that owners’ motives for providing housing fell into two groupings, “for the majority, the prime concern is covering their costs, if not making a surplus, with support for the community a valuable secondary”.

Detailed investigation in eight case study areas revealed that generally, landowners expressed a preference for having some influence over the choice of tenants occupying rented housing on their land. There was some interest amongst landowners in becoming more involved in the provision of affordable housing although the research claimed, “it is not clear that any one incentive would suit all solutions.”

The Scottish Rural Property Business Association (SRPBA) has argued that there should be greater government support to private landlords in rural areas to provide rented housing. They make the point that government housing policy should focus on delivering the product (quality affordable housing meeting standards of maintenance and management), rather than focussing almost exclusively on one method of delivery (Housing Association Grant). They claim that greater efficiencies in terms of value for taxpayers’ money can be achieved by private landlords than by RSLs in rural areas (as demonstrated in a research project in the Kincardine Estate in 2000 where a grant rate of 32% was achieved compared to a usual 65% grant rate).

The SRPBA has been working on proposals for a ‘New Build for Rent’ grant mechanism to be provided by the Government. Under this proposal private landowners would be able to access public funding to develop affordable rented housing. The property would have to remain in the affordable rented sector for a minimum of 30 years and meet certain other conditions. These proposals were consulted on in the Scottish Government’s housing consultation paper *Firm Foundations: the Future of Housing in Scotland* (2007a) and in March the Scottish Government announced that £5m would be made available for a pilot ‘New Build for Rent’ grant over three years (Scottish Government 2008a).

Other Scottish Government support for the private rented sector in rural areas includes Rural Empty Properties Grants. The aim of these is to help increase the supply of affordable housing by making grants to landlords for improvements to empty properties, which are then rented to local tenants at affordable prices. However, these grants have supported a relatively small number of units over the years – since 1989 ninety-one homes have been made available for occupation (Scottish Parliament 2007a). The Scottish Government also supports ‘lead tenancy schemes’ whereby properties in the private sector are leased to the social landlord to rent out to waiting list or homeless tenants.

The Scottish Government’s housing consultation paper also proposed a review of the private rented sector. The review will particularly consider the role of the private rented sector in

housing low-income families and individuals on benefits, including those presenting as homeless.

## **SOCIAL RENTED SECTOR HOUSING**

Levels of social rented sector housing in rural areas have historically been lower than in the rest of Scotland. Throughout Scotland the size of the social rented sector has declined partly because of the right to buy (RTB).

There are no clear national patterns that emerge when considering the number of RTB sales geographically. The impact of RTB sales will also vary between areas depending on the relative scale of unmet affordable housing need in those areas. However, its effects are often felt most acutely at the community level and it has been argued that, "in rural areas where stock levels are low, the level of need for social rented housing may be exacerbated disproportionately by the potential sale of any of that stock" (Scottish Executive 2006a).

RTB sales have been declining in the last couple of years in line with the introduction of the "modernised" right to buy and the associated less favourable terms and conditions. Landlords can also apply to the Scottish Ministers to introduce a "pressured area" designation where right to buy sales are suspended (see below for further details).

In addition to the relatively lower levels of social rented housing stock in rural areas there are relatively lower rates of turnover in the social housing sector. This can exacerbate the need for alternative low cost home ownership or private rented housing options.

### ***Homelessness***

Local authorities must assess applications from those, in their area, claiming to be homeless or threatened with homelessness. The Housing (Scotland) Act 2001 and the Homelessness (Scotland) Act 2003 have expanded the rights of homeless households. The long term aim, by 2012, is to provide permanent accommodation to all those households assessed as unintentionally homeless.

Over the last few years increasing numbers of homeless applications have been made to local authorities. Across Scotland, between 2000-01 and 2006-07, there was a 31% rise in homelessness applications to 59,096. In the last couple of years this upwards trend has levelled out. Nationally there was a 2% drop in applications from 2005-06 to 2006-07. However, there are considerable geographical variations. For example, this figure ranged from the highest increase of 17% in the Shetland Isles to the greatest decline of 29% in Perth and Kinross (Scottish Government 2007d).

Not all homeless applicants will be entitled to be re-housed in permanent accommodation. However, in line with legislative changes, local authorities are making an increasing number of lets to homeless households, and an increasing use is being made of temporary accommodation. The Scottish Government expects that by 2009, the proportion of applicants being assessed as 'non-priority homeless' should be reduced by 50%.

In 2006-07, 34% of all local authority lettings were to homeless households, compared to 32% for 2005-06. This represents a substantial increase compared to the situation a decade ago - 12% in 1996-97. Again there are geographical variations and in a number of rural authorities this figure is higher, for example, in the quarter ending 31 March 2007, 60% of lets in Angus were made to homeless households (Scottish Government 2007e).

Although homeless households are legitimately in housing need, there may also be concern from local communities about relatively high numbers of allocations of social rented housing to homeless persons (Sunday Herald 2007). In some cases social landlords have the perception “strategic” applications are made to homeless teams in recognition that this would bring them greater priority for rehousing (Scottish Government 2007f).

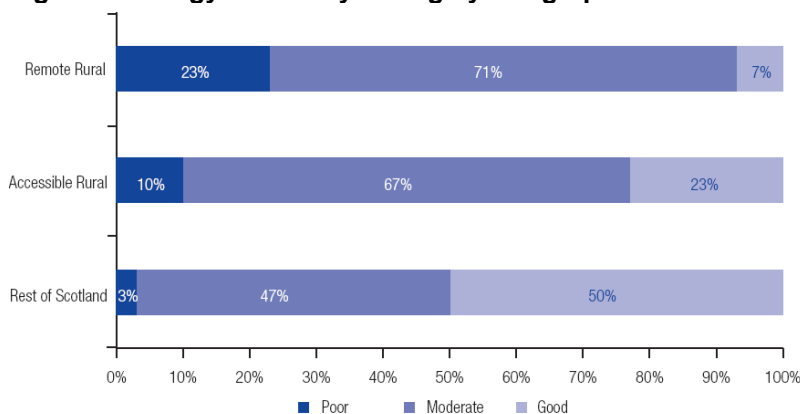
## HOUSING QUALITY AND FUEL POVERTY

In 2004/05 the Scottish House Condition Survey (Scottish Government 2007b) found that rural stock was likely to be in poorer repair than urban housing stock; this particularly affects the energy efficiency of the unit, especially in older properties. A high proportion of these units are hard to heat because stone construction means that there are no cavity walls to insulate (WWF 2007). Highland Council (2007) states:

“There is significant evidence of high levels of poor housing conditions and also fuel poverty<sup>3</sup> in Highland’s rural communities alongside considerable numbers of owners with low / insecure incomes and low property equity.”

Private rented properties are in a particularly poor state of repair. Many do not have central heating, and a lack of access to gas networks in rural areas means that fuel costs are very high (Highland Council 2007). Across all of rural Scotland, households are more likely to be classed as being fuel poor, or extremely fuel poor, than in the rest of Scotland. A quarter of accessible rural and 40% of remote rural Scotland falls within one of these categories, compared to 16% for the rest of Scotland (Scottish Government 2007b). The Scottish Government has undertaken to eradicate fuel poverty “as far as is reasonably practicable” by 2016 (Scottish Parliament 2007b).

**Figure 3: Energy Efficiency Rating by Geographic Area**



This figure (Scottish Government 2007b) shows that houses in rural Scotland are much less energy efficient than those elsewhere in Scotland. In remote rural areas, 7% of houses were classified as having a good energy efficiency rating compared to 50% in the rest of Scotland.

Source: Scottish House Condition Survey, 2004/2005  
(Based on Scottish Executive Urban Rural Classification, 2005-2006)

## VACANT DWELLINGS AND SECOND HOMES

In March 2007 the General Register (2007) published revised household estimates. The report found that in 2006, 101,000 dwellings in Scotland were vacant or second homes (one in every 24 dwellings). The areas with the highest proportion of vacant properties and second homes (between 7 and 13% of all dwellings) are the island local authorities (Eilean Siar, Orkney and Shetland), Argyll and Bute, Highland, Dundee City and Scottish Borders.

<sup>3</sup> ‘Fuel poverty’ refers to where a household cannot afford to heat their home to an adequate level i.e. if it requires to spend more than 10% of income on all household fuel. ‘Extreme fuel poverty’ refers to a required spend of more than 20%.

Generally in these areas the number of vacant dwellings and second homes has remained stable or dropped between 2001 and 2006. There has been considerable debate about the impact of second homes in rural communities, and as previously noted, this is considered to be a double edged sword (Satsangi 2008). On the positive side it has been argued that they can bring in important income into rural areas. On the other hand they could be viewed as problematic where there is a shortage of affordable housing. A key theme arising from case study interviews in research on the impact of second and holiday homes in Scotland (Communities Scotland 2005) was the need for the development of more affordable housing. A crucial aspect of this accommodation should be that it remains affordable and accessible for households on low incomes in perpetuity.

## **HOUSING NEED**

There have been debates around quantifying the extent of actual levels of housing need in particular areas. This is a complex area and local authorities are expected to undertake detailed housing needs assessments and have a statutory requirement to produce local housing strategies. Work by Professor Bramley on a local housing need and affordability model, on behalf of Communities Scotland, has informed local analysis. An updated version of the model was published in late 2006 (Communities Scotland 2006a). At a broad level the report showed that 25 local authorities came out showing a positive need. In all there was an estimated shortage of around 8,000 units. In considering longer term trends Bramley estimated that there was a general decrease in need levels although rural areas showed less of a reduction in need compared to urban areas.

There have been some concerns over the consistency and quality of local housing needs assessments and the Scottish Government has stressed the need for greater integration of these assessments and development plans (Scottish Government 2008). Work is on-going by the Scottish Government to prepare Strategic Housing Need and Market Guidance for local authorities. It is expected that this will be published in spring 2008.

## **LAND, PLANNING, AND SUSTAINABILITY**

### **LAND TENURE**

Whilst Scotland has undergone a programme of land reform since 2000, it still has “a highly concentrated system of landownership that is largely feudal in origin” (Satsangi 2007). Over 85% of rural Scotland is “in the ownership of private interests” (Wightman 2002).

At present, data on the attitudes of owners to housing development does not exist for approximately two-thirds of rural land.

As previously noted, independent research for Scottish Homes (Satsangi et al 2000) gained information from those owning approximately 30% of rural Scotland. More detailed consideration of eight case study areas found that these landowners were almost universally positive towards local people and the local area, and were keen to be socially responsible not just towards estate employees and tenants but towards the wider community in general. In most cases, local tenants were thought to be equally if not more desirable, and those surveyed commonly charged lower rents to people with local ties than to tenants drawn from a wider market.

Satsangi (2007) suggests that a broad spectrum of attitudes towards housing and development exists amongst landowners. The “dominance of large areas of the country [...] by [a] landed

monopoly [...] has created fertile ground for the thriving of benevolent paternalism”. However the concentrated system of land ownership also “allows a jealous guarding of power and privilege and a denial of community aspiration, be that in respect of housing or any other development”.

Both the Scottish Estates Business Group and the Scottish Rural Property and Business Association are active in promoting the development and maintenance of housing to their members.

## **LAND AVAILABILITY**

Shortages in the supply of affordable housing can be caused by various factors such as a lack of available land and insufficient resources to purchase and develop land. Research has identified a range of issues that affect the availability of sites for affordable housing development (Scottish Executive 2006b). These are summarised below:

- In rural areas, a small number of people may own a high proportion of the land. In remote rural areas this is a particularly marked pattern. Therefore, the role of the laird can be very important in the delivery of sites and the development of affordable housing. Some may have concerns about the future sustainability of rural communities and about local labour supply, and may therefore be willing to sell land for affordable housing at reduced values. They generally want these properties to be held as affordable in perpetuity and provided specifically for local residents. But this can be difficult to achieve in practice.
- Not all rural landowners will be willing to act in an altruistic way – some estates are run very much as businesses which aim to be as profitable as possible. The scale of landholdings is often such that the release and delivery of land for housing in a particular area may be significantly influenced by the perspectives of the individual landowner.
- Infrastructure constraints such as a lack of water and drainage systems can make development in some areas prohibitively expensive. Sites may also be difficult to develop because of landscape or topographical conditions.

In summary the research found that, “the key underlying issue is the scale of market demand relative to the available and effective sites, but infrastructure issues are also very important.”

## **THE PLANNING SYSTEM**

The planning system plays a central role in maintaining a well-functioning housing market, by ensuring an adequate, effective supply of land. In the last few years there has been increasing interest in the role of the planning system in allowing the supply of affordable housing.

Local authorities produce two different types of development plan. Structure Plans provide a broad strategic overview of an area’s development covering a period of at least 10 years. Structure Plans encompass large geographic areas and usually involve joint working between local authorities. Local Plans set out detailed policies and specific proposals for the development and use of land to guide day-to-day planning decisions.

### **SPP3 and PAN 74**

Scottish Planning Policy SPP 3 Planning for Housing (Scottish Executive 2003) (which is being reviewed) states that affordable housing is a legitimate housing concern and that “Development plans should allocate sufficient land overall to ensure land is available to meet requirements including affordable housing needs.”

Where a housing needs assessment within a local housing strategy identifies a shortage of affordable housing, this is a material consideration<sup>4</sup> in the planning process, which should be addressed as the opportunity arises through reviews of structure and local plans.

Section 75 of the Town and Country Planning (Scotland) Act 1997 enables local authorities to enter into planning agreements with developers for a variety of purposes. SPP 3: Planning for Housing supports the use of planning agreements whereby developer contributions can help the supply of affordable housing. Where there is evidence of a shortage of affordable housing, development plans should set out a policy, explaining how planning agreements are used to deliver affordable housing.

Planning Advice Note (PAN) 74 (Scottish Executive 2005a) states that, “Policies in local plans may seek affordable housing contributions as part of housing development proposals, with the inclusion of a percentage figure. The benchmark figure is that each site should contribute 25% of the total number of units as affordable housing.”

As a guide, for sites in urban areas local authorities should seek to achieve on-site provision for developments of 20 or more units, but on smaller sites off-site provision or commuted sums could be allowed<sup>5</sup>. In rural areas where the general scale of development is smaller, a lower threshold for on-site provision may be appropriate in order to make affordable housing available in a range of locations.

The PAN envisages that the form of contribution should normally be the provision of serviced land which can be developed by an RSL. Sites will not always fall within areas that will secure development funding from Communities Scotland. In these circumstances other contributions, such as market housing at discounted prices, houses for shared equity ownership, land elsewhere or a commuted sum could be negotiated. All of these should be of a value equal to the cost of providing the percentage of serviced land required by the policy.

Local authorities can set an affordable housing contribution benchmark figure if they wish although developers have argued that high proportions can adversely affect the viability of development in areas of high land value and on brownfield sites.

Research has found variation in local authorities’ affordable housing policies. Chartered Institute of Housing (Scotland) (CIH 2008) research found that, as of September 2007, “most Scottish local authorities had decided to pursue the implementation of affordable housing policies, but interest is lower amongst authorities covering the urban core of the Clyde Valley.” There were also significant differences in both the quotas sought and the size of site on which they are applicable. For example:

- in Aberdeenshire the quota is 30%, no threshold is set and the contribution is decided on a site by site basis
- in Argyll and Bute there is no target quota, the threshold is 5 properties (in priority settlements). Quotas of up to 25% have been sought in priority settlements
- in Scottish Borders the quota is 15-25% and a financial contribution is sought from developers of small sites (2-4) properties

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<sup>4</sup> a planning matter relevant to an application i.e. planning guidance or policies, representations made by the public or statutory or non-statutory consultees

<sup>5</sup> a commuted sum is a monetary equivalent to the value of the land that would otherwise be provided  
*providing research and information services to the Scottish Parliament*

It is difficult to quantify the number of affordable housing units delivered through affordable housing policies (CIH 2008). This is partly related to the fact that there are few comprehensive monitoring systems in place, in spite of the monitoring requirements set out within PAN 74. The Scottish Government has acknowledged this problem, and has recently engaged with local authorities to address it through the annual housing land audit process. The CIH research suggested that, “the policy will deliver very modest levels of affordable housing completions for at least the next three to five years, and we suspect probably for much longer” (CIH 2008).

There has been debate over the use of the planning system to contribute to affordable housing provision, both in terms of the theoretical and the practical issues. The CIH research was critical of the current framework and concluded:

“Overall the current policy framework seems badly flawed. It has emerged (and is still emerging) incrementally in order to secure poorly articulated and ill thought through policy objectives. The economically inefficient, convoluted and downright tortuous process embodied in this policy framework is currently delivering comparatively little in Scotland at considerable cost in terms of time and money for both the public and private sectors. Having taken nearly two decades to become established in England, the policy framework seems to be adding little to the stock of available affordable housing there, while delivering mixed community benefits of dubious value. It is a policy system that seems designed to generate maximum pain for minimum gain” (CIH 2008).

The research suggested a number of actions to overcome some of the identified problems. These included a dispute resolution system, improved good practice and in the long term a “more root and branch approach to improving the current state of affairs in Scotland”.

### **SPP 15: Planning for Rural Development**

Other planning documents are also of relevance. SPP 15: Planning for Rural Development (Scottish Executive 2005b) sets out the approach and objectives for planning policies which guide economic development. It recognises that changes in the rural economy will require new development, and that small-scale housing developments, including clusters and groups in close proximity to settlements, replacement housing, and plots on which to build individually designed homes and holiday homes, will all be necessary. PAN 72: Housing in the Countryside (Scottish Executive 2005c) sets out key design principles which should be taken into account when planning new developments. Additionally, PAN 73: Rural Diversification (Scottish Executive 2005d) aims to assist those who wish to set up new businesses, or diversify from existing ones, in light of a changing rural economy.

More widely, the Planning etc (Scotland) Act 2006 reforms the planning system as a whole. It removes the requirement on planning authorities to produce local plans and replaces this with a requirement to produce local development plans. The Act places each planning authority under a duty to update its local development plan(s) at least once every five years. In addition planning authorities are required to publish, and update, a development plan scheme which outlines its programme for preparing and reviewing local development plans and for engaging the public. Each local development plan must be accompanied by an action programme that must be updated at least once every two years. The intention is that this in turn will play a role in the efficient functioning of the housing market through the release of sufficient land for housing, whilst balancing other considerations.

A recently published report by the Organisation for Economic Cooperation and Development (OECD) has criticised the ability of Scotland’s planning system to address sustainable rural

development (Scottish Government 2008b). It states that (Rural Housing Service 2007) “strict land use regulations in rural areas may make sense in southern England ...but imposing the same regulatory structure in rural Scotland has made land for housing a scarce resource and a real constraint for economic development and the quality of life”. Furthermore, the OECD states that (Rural Housing Service 2007):

“The policies to facilitate or reduce the high cost of making housing and land available in rural areas have not dealt with the issue of land-use regulation, which appears as the cause of the bottleneck between demand and supply... The critical issue here is that these indirect ways have a cost, and do not go to the heart of the matter, which is the rigidity of land-use regulations which are in fact protecting its agricultural use.”

## **SUSTAINABLE RURAL DEVELOPMENT**

Scotland’s Sustainable Development Strategy (Scottish Executive 2005e) states:

“The design, construction and maintenance of the built environment provide significant opportunities to contribute towards a more sustainable future. They have significant implications for energy use as well as health, transport, employment and communities. Safe, warm, dry homes are fundamental to our well-being. Our buildings make a big difference to how communities look, feel and function. They consume natural resources during construction, refurbishment and demolition but their greatest impact is the energy they use in operation. Energy used for heating, providing hot water, cooling and lighting our homes in particular is a major factor in our global environmental impact, accounting for 34% of our total energy consumption and 33% of our greenhouse gas emissions.”

The previous section summarised at least seven different planning advice notes and policies with relevance to rural housing, and rural development. The Rural Housing Service (2007) notes that there is potential for this guidance to be inconsistently applied:

“The emergence of SPP15 was a breath of fresh air in planning – enabling housing development in the countryside to support rural development and recognizing the changing face of rural Scotland. However, some local authorities have chosen to ignore the provisions of SPP15 saying that it doesn’t apply to their area or contradicts [other guidance].”

For example, SPP17: Planning for Transport (Scottish Executive 2005f) guides development to the most sustainable locations, but it also states that “rural development may be permitted on social and economic grounds where regular and frequent public transport cannot be justified”. The Rural Housing Service (2007) gives examples where development has not been permitted due to there not being an adequate bus service, or where a developer willing to put 25% affordable housing into a development was told to pay a commuted sum because it was assumed that people in social housing did not have access to private transport. Furthermore (Rural Housing Service 2007):

“There appears to be a planning default position that assumes that rural communities are basically unsustainable unless they enjoy the full panoply of services – shop, post office, school, pub, public transport... and that, from a greenhouse gas perspective, rural settlements are intrinsically unsustainable.”

## Climate Change and Innovative Design

Greenhouse gas (GHG) emissions (primarily from transport) associated with the overall sustainability of rural settlement patterns are compounded by the poor energy efficiency of the majority of housing stock.

The Scottish Government (2008c) is consulting on a Climate Change Bill which aims to set a mandatory target to achieve an 80% reduction in GHG emissions by 2050. Strategies for both energy efficiency and renewable heat are expected to be published in 2008. The Sustainable Housing Design Guide for Scotland (Communities Scotland 2007c) notes that the housing sector has an important role to play in meeting climate change targets both in terms of housing design, and the structure and location of developments (Communities Scotland 2007c):

- 40-50% of UK CO<sub>2</sub> emissions are attributable to buildings, over half of this to the domestic sector
- 10% of UK CO<sub>2</sub> emissions are due to embodied energy<sup>6</sup> used in the construction process
- Scottish housing emits about 18 million tonnes of CO<sub>2</sub> per annum, an average of 8.5 tonnes per dwelling

Tackling embodied energy and GHG emissions from rural housing in particular, and the siting and design of peripheral settlements in general, poses specific problems. Highland Council (2007) states that:

“There is a tension between providing more affordable homes for less subsidy and improving sustainability (e.g. via carbon-neutral houses) – at least until sustainable solutions are mainstreamed and costs fall.”

Research into the use of sustainable building practices in rural Scotland (Scottish Executive 2001) suggests that the development of more sustainable housing in rural Scotland could contribute substantially to the environment in general, encourage innovation in the Scottish building industry, improve design quality, and provide genuine benefits to the rural environment and rural development process. There are considerable advantages in using traditional materials such as timber, stone and lime, and in applying innovative measures such as energy and water efficiency, breathing wall construction, and south facing glazing.

At present, SPP 6: Renewable Energy (Scottish Executive 2007b) expects developments with a floor area of more than 500m<sup>2</sup> to incorporate on-site zero and low carbon technologies contributing at least an extra 15% reduction in CO<sub>2</sub> emissions beyond 2007 building standards. However, the cost of providing alternative / renewable systems is very high, e.g. ground source heat pumps are currently likely to cost between £17,000 and £25,000 (Highland Council 2007).

The former Scottish Parliament Environment and Rural Development Committee inquiry into Developments in Biomass Industry (2006) found that the use of wood fuel (particularly for heat in rural areas) had considerable potential in terms of reducing emissions, fuel affordability, and economic development. However, an under-developed supply chain and the cost of installation were particular barriers.

In August 2007 the Scottish Government (2007h) established an expert panel to recommend measures to make houses and buildings in Scotland more energy efficient. In particular, this

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<sup>6</sup> the quantity of energy required to build the house, including all materials

aims for new-build houses in Scotland to meet the same energy standards that exist in Scandinavia, allowing householders to significantly reduce their energy use and energy bills.

Examples of good practice in energy efficiency and design to date include:

- Whitegates District Heating Scheme in Lochgilphead. This is the first large-scale wood fuel heating scheme in Scotland. It supplies a local housing association development of 50 residential properties and a respite care home; it was built as a partnership project between Fyne Homes and a local builder. The wood chips are supplied by a family business near Campbeltown which has diversified from farming into sawmilling. All other costs considered, this works out at a cost for heat to the occupiers of 3.7p per kWh, in comparison to 4.31p per kWh for oil (Sustainable Development Commission Scotland 2005).
- The Findhorn Eco-village Project has erected 4 wind turbines as well as 55 buildings using a number of the following features (Ecovillage Project 2004):
  - passive solar gain through orientation and window layout
  - solar panels for domestic hot water heating
  - district heating using a gas condensing boiler for high fuel efficiency
  - super efficient cellulose insulation (made from recycled paper), as well as triple glazing
  - local materials (timber and stone) for simple timber frame construction, suitable for self building
  - 'breathing wall' construction allowing the fabric of the building to interact beneficially with people to moderate humidity and air quality
  - water conservation (showers, low-flush toilets and self-closing taps), collection and recycling of rainwater for garden use, and biological wastewater treatment
  - shared communal facilities e.g. recycling, laundry and transport

“Low and zero carbon homes will mean these homes are affordable, now and in the future, protected from rising fuel prices. ... sensible location of new homes will reduce the need to travel given good access to schools, health centres, and shops while at the same time revitalising communities.” (WWF 2007)

Firm Foundations, the current consultation on housing (Scottish Government 2007a) recognises that action on housing means “not just building enough houses, but the right type in the right place”. Therefore, if units are to remain affordable in perpetuity by abolishing the RTB, there is a strong argument in favour of integrating action on fuel poverty, energy inefficiency, micro-renewables, poor infrastructure, and rural disadvantage. Bryden (2007) notes that the planning of settlements should be re-addressed, and that there is a “need for a bolder approach to settlement development in the countryside.”

## **POLICY MEASURES**

The following summarises some of the key policy measures taken by the previous Executive to address housing issues that are particularly relevant for rural areas:

### **INVESTMENT**

In 2007–08 the rural share of the Affordable Housing Investment Programme was almost £143m, an increase of £24m (20%) from the previous year. According to the Executive, this was “an all time high”, and aimed to secure approximately 2,500 new and improved affordable homes across rural Scotland. However, it has been argued that, in spite of significant increases

to rural populations, this was not proportionate with an urban spending increase of over 27%. Additionally, because rural settlements tend to be smaller, it is harder for developers to achieve economies of scale (Rural Housing Service 2007).

Rural Home Ownership Grants (RHOGs) help local people on low or modest incomes to own their homes and to meet their housing needs within their communities. Over the period 2004-05 to 2007-08 329 RHOG applications were made. Funding of £2m was made available for RHOGs in 2007-08. Their use has been found to be an effective delivery mechanism in some rural areas, particularly in Highland and Orkney (Communities Scotland 2006b). Rural Empty Properties Grants are also available from Communities Scotland; these apply to owners of vacant buildings in rural areas which could be brought back into housing use to meet local needs. Seven of these grants were approved between 2003-04 and 2005-06.

The Croft House Grant Scheme is also available to crofters and cottars from Argyll, Inverness, Ross and Cromarty, Sutherland, Caithness and Shetland. The grant enables crofters to build their own homes, and is provided as a means of overcoming the limited finance available from normal sources as crofters do not usually own the land on which their houses are built.

## **TAX**

Local authorities have been given discretionary powers to reduce the discount on Council Tax for second homes and long term empty properties to as little as 10%. This was introduced on 1 April 2005 (Scottish Executive 2004b). Councils can reinvest any additional money received for affordable housing purposes. As at March 2007, 23 local authorities gave a 10% discount on council tax bills for properties that were second homes.

There has been widespread support for this policy in Scotland. However, in England and Wales there has been some criticism of similar measures. It has been argued that the impact on the second home market is likely to be minimal as, amongst other reasons, council tax represents a small percentage of the total running cost of a second home, and therefore minor tax increases will not affect demand (Gallent et al 2005).

## **PRESSURED AREA DESIGNATIONS**

The Housing (Scotland) Act 2001 allows local authorities to apply to Scottish Ministers for a "pressured area" designation which suspends the RTB for new tenants for up to five years in areas of high housing pressure. It is open to local authorities to apply for re-designation of an area before the expiry of its status if they wish to continue to suspend the RTB in that area. Of the eight local authorities which have now had pressured area status granted, the following are in rural areas:

- Highland (all areas excluding Caithness, Sutherland and some estates in Inverness and Fort William)
- South Ayrshire (much of Prestwick and Ayr, and rural settlements)
- Moray (Elgin, Lossiemouth and Forres)
- Fife (St Andrews, the East Neuk and 13 west Fife villages)
- Dumfries and Galloway (69 rural villages with populations less than 400)
- Perth & Kinross (21 letting areas across Highland Perthshire and in the rural areas around Perth)

Approximately 7,400 tenancies in the above areas are affected (although not all of these will be in rural areas). The Executive's report to the Parliament on the effect of the Right to Buy concluded that, "The pressured area mechanism can be a useful tool for local authorities

experiencing particular pressures on affordable housing as part of a wider, strategic approach to meeting affordable housing need” (Scottish Executive 2006c).

## **INFRASTRUCTURE**

There has been criticism from those involved in housing development that a lack of appropriate water and sewerage infrastructure by Scottish Water (SW) has, in some places, hampered new housing developments. However, anecdotal evidence suggests that SW has more recently been prepared to discuss servicing new developments (Scottish Parliament 2007c).

In 2005, SEPA and SW agreed (SEPA 2005) to maximise the potential for development in areas drained by SW sewers. Further guidance (SEPA 2006) sets out that SEPA expects developments to connect with sewers where there is one, and for private sewage treatment facilities (such as septic tanks and reed beds) to be the norm in rural areas where there isn't one. SEPA (2008) states that “these two documents have very successfully addressed previous concerns over development constraints associated with sewerage infrastructure. Remaining problems are usually associated with local environmental pollution problems where development would compromise other people's enjoyment of the environment.”

The Rural Housing Service (2007) has recently called for flexibility from SEPA and planning authorities over housing with reduced dependence on mains infrastructure (unplugged houses), where septic tanks and sustainable reed bed systems are used for waste water. According to Highland Council (2007):

“The cost of building 4 houses in Edinbane, Skye is likely to be over £1 million as over 15 miles of piping is required to upgrade the current poor infrastructure. The limitations on Scottish Water's budget means the majority of their programme is directed at Part 1 'strategic investment' works and there is very little funding for those classed under Part 2&3. Generally the housing developer would be expected pay / front fund these infrastructure requirements meaning that the development cost would be extremely high and / or unviable. In this case Scottish Water agreed to fund the works as it will benefit the whole community. There is a need for the way in which Scottish Water funds work in rural areas to be changed and also their budget to be increased to take rural infrastructure and housing needs into account.”

The previous Executive increased investment in SW and they have been required to provide sufficient strategic capacity to allow a minimum of 60,000 new housing units and 2,025 hectares of new commercial land to be connected to the public network between 2006 and 2010. A further minimum of 60,000 new housing units and 2,025 hectares of new commercial land is also to be connected between 2010 and 2014.

## **SUPPLY OF LAND**

A scheme has been devised whereby RSLs are given a preferential opportunity to buy surplus Forestry Commission land for affordable housing. Eight surplus forestry plots have been sold in the last three years. Similar arrangements to make use of surplus public sector land for affordable housing are also being considered in other rural areas in Scotland.

Communities Scotland is piloting a landbanking project, whereby funding is matched by Highland Council. This money comes from contributions raised by reducing the council tax discount on second and holiday homes.

## **Community Trusts**

The Land Reform (Scotland) Act 2003 has enabled a number of communities to purchase their land, and undertake various forms of development. In particular on Gigha, a buyout was completed in March 2002. Satsangi (2007) notes that between 1981 and 2001 the population had declined from 180 to 110, with just seven pupils at the school. 48 of the island's 67 houses were owned by the laird, and only one of these met the national "tolerable housing standard", with tenants experiencing damp, inadequate heating/insulation and dry rot. Since 1971, no new housing had been built and minimal investment in the maintenance of existing stock had taken place. In 2005, six individual plots were sold for house building, as well as two parcels of land to Fyne Homes, a social housing developer eligible for capital subsidy, who has built 18 new homes. This is significant because it is thought that current or anticipated need amounts to only eight units, and efforts are being made to attract new residents. The Gigha Heritage Trust has a six year plan to rehabilitate the island's estate houses, and land has been sold to allow two small workspaces to be developed. Three community owned wind turbines have also been erected. Future land sales are now likely to be limited, suggesting a strong desire to maintain social landlordism and to restrict private renting, owner occupation and second homes. Financial surpluses from these ventures are to be used for community benefit rather than individual profit.

"The island's population is now 135 and the primary school has 15 children (with four more in the nursery), indicative of optimism rather than the island in decline four years ago." (Satsangi 2007)

Whilst broad differences may not allow a direct comparison, there is evidence to suggest that other community groups are struggling to emulate Gigha. The Scottish Community Land Network (2007) states:

"No significant community renewable energy project has happened anywhere in Scotland since Gigha's outstanding success. Instead of getting closer to their aims to sustain fragile communities, up to 6 significant community projects find that their goals are getting further from their grasps with additional hurdles being constantly added...

... Gigha's modest 3 turbine windcroft has transformed their island's demographics with new homes, new families, new jobs and lots of children..."

The Rural Housing Service (2007) has called for community trusts to be supported by grants to build and renovate housing, enabling community ownership of housing. It is thought that this approach will save money as land does not need to be bought by a different housing developer. It would also make allocations more local and responsive to community needs, and help deliver a greater diversity of providers of affordable rural housing to increase the supply – particularly in small rural communities.

## **SCOTTISH GOVERNMENT POLICY**

Many of the above policies remain in place, and a number of new developments have been announced by the Scottish Government. In particular, the Housing Supply Task Force has been charged with "tackling obstacles that are hampering the provision of more homes" (Scottish Government 2007a). The Task Force first met in August 2007 and will be focussing on practical solutions to encourage the supply of housing in all tenures. The Scottish Government published a housing consultation, *Firm Foundations: the Future of Housing in Scotland*, (Scottish Government 2007a) in October 2007. Key proposals are:

- increasing the rate of new housing supply
- launching a Scottish Sustainable Communities Initiative
- establishing a low cost initiative for first time buyers
- offering incentives to councils to build new homes
- improving housing association provision and introducing incentives to build units for mid market rent
- ending the right to buy for all new homes
- review of the private rented sector
- learning lessons from good practice in other rural areas
- achieving higher environmental standards by improving energy efficiency and settlement design

A revised SPP3: Planning for Housing was published for consultation on 7 January 2008 (Scottish Government 2008d). Its proposals include greater integration between local housing strategies and development plans along with improved housing needs assessment, quicker release of land for housing and promoting the more effective use of existing housing land allocations. It is anticipated the finalised version will be published in May 2008.

## THE BUDGET

The Scottish Government's spending plans for the next three years were set out on 14 November 2007 (Scottish Government 2007h). Table 5 shows planned spending on selected central government programmes in real terms.

**Table 3: Housing Spending Plans – Real Terms £m**

	2007-08	2008-09	2009-10	2010-11
Affordable Housing Investment Programme	387.2	364.07	423.8	436.7
Modernising Private Sector Housing	10.2	9.93	14.4	14.06
Tackling and Preventing Homelessness	0.6	0.58	0.6	0.56
Central Heating Initiative/Warm Deal	59.9	44.69	43.5	42.46
Housing Voluntary Sector Grant Scheme	2.4	2.34	2.3	2.22

The proposed budget on affordable housing investment (which is mainly distributed by Communities Scotland) is £1.2bn over the three years. Planned spending is £364m in 2008-09 which is a 6% decrease from 2007-08, although investment over the three year period is set to rise by 12.8% overall. There will be further detail on what the budget will provide following the outcome of the current housing consultation exercise.

Local authority revenue expenditure on council housing must be financed through the Housing Revenue Account which is separate from local authority general fund resources. Local authorities have previously been restricted from building new houses because of constraints on public sector borrowing. Only 6 new local authority houses were completed in the three years to 2006. The prudential borrowing framework, in place from April 2004, has allowed local authorities greater freedom to borrow. While some local authorities have been making use of this to build new houses it is likely that overall numbers of new builds will still be relatively low. This is because there is a low level of existing housing debt.

## RECENT DEVELOPMENTS

There have been various projects and initiatives taking place in rural Scotland to help tackle specific housing issues. A brief overview of some of these is given below:

The Highland Housing Alliance is a not for profit development company that has been set up to help build more new affordable and private houses for people in the Highlands. The Alliance works with the Highland Council, housing associations, landowners and private developers to ensure as many sites as possible are used for new homes. They also work with Communities Scotland and Highlands and Islands Enterprise to link public agencies' efforts in new housing provision. The Highland Small Communities Housing Trust and the Highland Housing and Community Care Trust are also members. Key activities include:

- purchasing land from landowners who have housing development sites available
- developing and selling self build plots for sale at fixed prices on sites acquired
- selling land ready for development to housebuilders or registered social landlords
- developing efficient and locally applicable procurement solutions e.g. a joint project for the procurement of 150 'pod' houses to include renewable energy heating components, water conservation measures and use of Scottish timber

There are 7 Highland Local Housing Development Forums which meet regularly and bring together all public organisations involved in developing housing including the council, housing associations / trusts, land planners, Scottish Water, Local Enterprise Companies. They aim to enable the effective and smooth delivery of affordable housing; activities include:

- developing strategic and site specific approaches, including jointly funded solutions and enabling 'added value' investment
- prioritising communities for housing investment and bringing projects forward early in the development process
- liaising with partners to monitor and risk manage the development

In November 2007 Scottish Borders Council announced that it was setting up a small team, dedicated to examining the provision of affordable housing in the Borders. The team, made up of elected members from the Council's Administration, will be studying approaches from across the UK to find solutions to the lack of affordable housing in the Borders. The team is working to a 12 month timescale (Scottish Borders Council 2007).

Aberdeenshire Council has appointed a planning gain co-ordinator to facilitate negotiations on affordable housing contributions from developers. The Aberdeenshire local plan allows the council to seek affordable housing contributions from both residential and non-residential developments. These contributions can take the form of affordable housing units, serviced developable land or a financial contribution. Having one member of staff dealing with developer contributions has the advantage that there is an experienced point of contact within the Council, and developers are encouraged to begin discussions with the planning gain co-ordinator before buying land. This helps to speed up negotiations on individual developments and ensure that Section 75 agreements (Town and Country Planning (Scotland) Act 1997) can be concluded as swiftly as possible.

Rural Housing Enablers (RHE) provides independent advice and support to enable communities to establish affordable housing. They aim to raise awareness of housing options and help develop new housing in villages by deploying a multifaceted approach to housing provision such as Rural Home Ownership Grants, Rural Empty Property Grants, and community housing initiatives as well as housing association development. There are over 40 centrally funded RHEs working in England, and it has been claimed that pilot projects in Argyll and Aberdeenshire have demonstrated their benefits in Scotland (Rural Housing Service 2007 and Shelter 2007).

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