



RURAL HOUSING SCOTLAND

Rural Housing Scotland response to Development of the Islands Bond consultation.

What are your initial thoughts on the proposed criteria of the Islands Bond?

The bond is a welcome development. We're pleased to see a proposal for a mechanism to stem depopulation and enable young people and families to remain, return or move to island communities.

However, the funding commitment is limited and could only support 20 households a year. If the bond was one of a menu of options available to support households build or buy housing, or start business, then this level of support would be viable.

As it is, the main home ownership support mechanisms offered by the Scottish Government are not fit for purpose in our islands. More Homes Division do not meet island circumstances. Open Market Shared Equity is grossly underspent in island areas (in remote rural Scotland in 2019/20 - it was just half of what it should be) because the opportunities to buy aren't there (homes are too expensive as OMSE thresholds are based on mainland or island town house prices; and in some islands there isn't the turnover to buy property). The other support options - New Supply Shared Equity, Help to Buy and First Time Homes Fund - depend on developer activity and their application has been very rare in island locations.

If the share of support for low cost home ownership, which should be spent in island locations was actually being spent in these locations, the islands could expect upwards of £5 million per year. Added to this, the Islands Bond would be sufficient but on its own, without the root and branch reform of SG grants and support for housing, it is not enough. Scottish Government grants for housing have to be adequately "island proofed" and they need to learn and adapt when it's clear the grant mechanisms aren't working. More Homes seem to be unwilling to learn.

If you are a resident of an island, what do you think are the most significant population challenges in your area and why?

Rural Housing Scotland is based in the Isle of Mull with staff based here, and in Jura. Our work takes us across Scotland, including its archipelagos.

Depopulation is a significant challenge in most island communities, and in most island communities, whether they are losing population, stable or growing, the depopulation of the younger population is linked to the growth of the older population. Young working age people are being displaced by

older cash-rich people moving to the islands for an "escape to the country" or a supposed post-COVID rural idyll.

The ageing population and depopulation is driven both by local demographic factors - people living longer, smaller households and out-migration of younger people, but all these factors are exacerbated by the in-migration of older households inflating local housing markets.

If you are a resident of an island, are there any particular demographics underrepresented in your area that you think the Islands Bond should target?

Young people and working aged adults.

Please set out your reasons and try to be specific about the demographic or demographics you refer to:

The islands face a demographic time bomb if the younger population are not able to make their homes and live on the islands. The "dependency ratio" in some islands is already 100 and projected to get much worse, with a 33% decline in the working age population.

This requires concerted action to enable younger people to stay in all of our island and remote rural communities - otherwise service provision and delivery will become unsustainable in these locations.

Islands Bonds need to be part of a toolkit of support for affordable housing provision in the islands.

What do you think should be the priority focus for the Islands Bond?

The main priority should be enabling the existing population to remain but also to encourage in-migration where it is required.

What additional capital investment through the Islands Bond would most influence people's decision to stay or move to our Islands?

Purchase of existing housing or land and construction costs of new build.

Do you agree that there would be a need for an advisory service to support those relocating to island communities?

Agree.

In your opinion, what should be the main purpose and role of an advisory service to support those relocating to island communities?

A resettlement service should help identify housing to enable the relocation to take place; drive take up of grant support for housing in island locations and report on blockages to the use of grant; report to local and national government the difficulties those relocating face in securing housing; enable the development of housing to create opportunities for people to relocate and remain in island communities.

Who should be involved in the delivery of an advisory service to support those relocating to island communities?

Local community development trusts, Highlands & Islands Enterprise, and local authorities.

If you are an individual with lived experience of, or an organisation with experience of, challenges related to protected characteristics, how positive do you think the impact of the Islands Bond may be?

Positive.

Any other comments on the Islands Bond

We suggest that the re-introduction of Rural Home Ownership Grants (RHOGs) could achieve the same important goal as the Islands Bond, without the complexities of developing entirely new scheme.

RHOG's subsidised the cost of building a home (relative to the size of your household) by making up the difference between what you could secure as a mortgage & the cost of building.

RHOG's could be modernised by making the grant an equity share in the home. This would keep the price low whilst benefitting more people.

RHOGs ended almost 10 years ago in favour of Open Market Shared Equity which hasn't worked in remote rural & island communities due to lack of availability of eligible housing. The Scottish Government's own data demonstrates the lack of traction of this programme in rural areas.

Whilst many national housing grant & support programmes have potential to help tackle our rural housing crisis, these areas tend to miss out, as the circumstances surrounding housing differ to those of urban areas and the schemes often fail to take this into account.

It is great to see recognition through the Islands Bond that rural & island areas require different support to urban areas, but by adapting past/existing schemes to serve rural & island needs, perhaps more people could benefit.

