

RURAL & ISLANDS HOUSING FUNDS

Neil Moir

More Homes Division

Inverness Office



Overview

- Background
- Aims and key features
- Activity so far
- Eligibility
- How to apply
- Assessment
- Conditions/obligations
- Top tips
- Contact details



Dormont, Lockerbie (Rural Homes of Rent)

Rural housing issues

- Land ownership different
- Less speculative house building
- Less RSL / council delivery
- More second homes and holiday homes
- More empty properties
- Employment structures different

Rural Housing Sounding Board



Key features

Aim : to increase the supply of long term affordable housing of all tenures in rural areas. **£25 million** over three years.

Two components:

- Main fund -capital funding to enable the provision of affordable housing
- Feasibility fund providing a contribution (up to £10k) to feasibility studies.
- **Additional £5 million** for Islands Housing Funding
- Administered by the Scottish Government directly
- Applications are being assessed on an on-going basis
- Supports new build, conversion or refurbishment / renovation

Activity so far



- 84 EOIs, 58 invited to apply
- 19 feasibility applications, 15 approved
- 11 main fund applications, 8 approved (36 units in total)
- Almost 50% EOIs from community-led organisations, 25% landowners/farmers, 10% developers.
- Around 40/60 split on conversion/refurb and new build
- 70% level 6, 25% level 5 and 5% level 4 of 6-fold classification
- Target - 200 unit approvals this financial year

Eligibility

- Organisations, not individuals
- Projects cannot receive funding via the AHSP
- Housing remains affordable long term.
- Empty homes must be empty for 6 months
- Must be in an eligible rural area.....

Scottish Government 6 fold Urban Rural Classification	
1 Large Urban Areas	Settlements of 125,000 or more people.
2 Other Urban Areas	Settlements of 10,000 to 124,999 people.
3 Accessible Small Towns	Settlements of 3,000 to 9,999 people and within 30 minutes drive of a settlement of 10,000 or more.
4 Remote Small Towns	Settlements of 3,000 to 9,999 people and with a drive time of over 30 minutes to a settlement of 10,000 or more.
5 Accessible Rural	Areas with a population of less than 3,000 people, and within a 30 minute drive time of a settlement of 10,000 or more.
6 Remote Rural	Areas with a population of less than 3,000 people, and with a drive time of over 30 minutes to a settlement of 10,000 or more.

“Affordable in perpetuity”

“Affordable”: **rent** – no higher than LHA at 1st let
sale – not sold at more than Open
Market Shared Equity (OMSE)
threshold for area

AND must be allocated to those most in need

- For rental properties : annual rent increases no higher than CPI + 1%. Rents must never exceed the median point for BRMA
- For sale: consider use of rural housing burden, golden share to maintain the home in affordable sector

Feasibility fund – what can be supported?

Work which contributes to understanding the feasibility of the project....

- Community engagement work
- Housing need and demand survey
- Architect's design drawings
- QS cost estimates
- Specialist advice on environmental impact
- Feasibility ground works
- Project business planning
- Exchange visits
- Planning application
- Building warrant application



Links – Scottish Land Fund

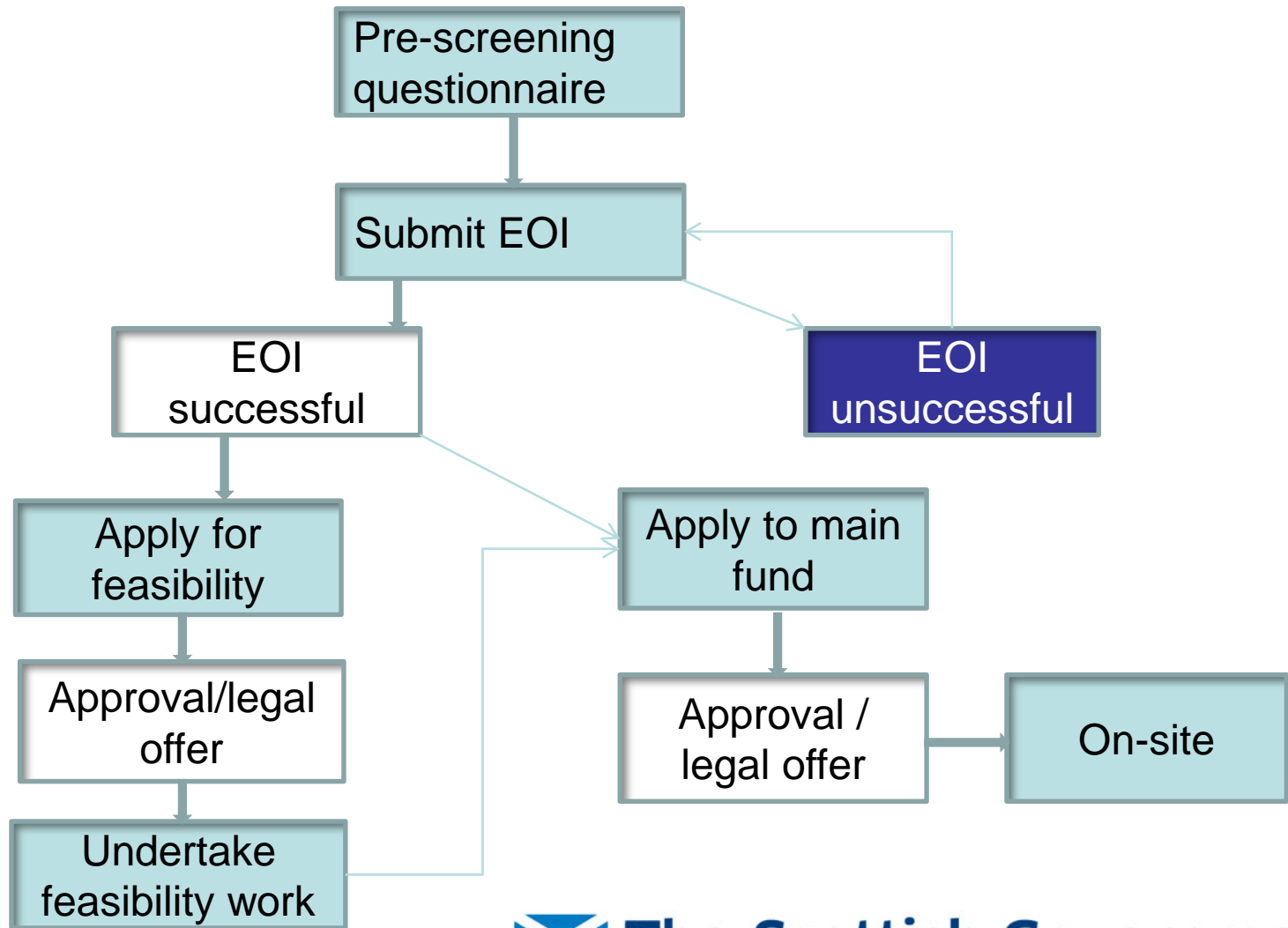
- £10m per year
- Delivered by HIE and Big Lottery
- Support rural and urban communities to become more resilient through the ownership and management of land and land assets

Can potentially support:

- Technical assistance costs prior to feasibility stage, or not covered by RHF stage 1 but required to present business case
- Land purchase up to full market value
- Purchase of time-critical land/property that will not meet timescales of RHF
- Mixed use acquisition projects with a housing element

NB: Cannot support capital development costs

How to apply?



What do we look for at EOI stage?

- **Is there housing need and demand (size of development)?**
- **Is the Council supportive?**
- Due diligence checks
- Track record
- Realistic, deliverable?
- Costs, expected public sector subsidy
- Links, support

Assessment of applications

Feasibility

- Cost
- Type of work
- Council's views
- Timing

Main

- Deliverability
- Housing need /demand and strategic fit
- Community engagement / participation
- Sustainability & wider economic benefits
- Value for money

AHSP Benchmark subsidies

	West Highland, Island Authorities and remote and/or rural Argyll	Other rural
Social rent	Up to £82,000 (3 person equivalent)	Up to £72,000 (3 person equivalent)
Mid-market rent		Up to £44,000 (3 person equivalent)
Low cost home ownership		Up to £40,000 (3 person equivalent)

Conditions and Obligations

Feasibility

- Work must be undertaken within 12 months
- Share results with the SG
- No obligation to pay back grant if project fails to progress

Main fund

- Standard security and certificate of title
- Ensure housing is affordable long term
- Managed and maintained in line with application
- Allocated to those in most need
- Supply monitoring information to SG
- If not, grant / loan clawback.

Top tips

- Take the time to read the guidance and application forms
- Check you're using up-to-date docs
- Keep things simple, where possible
- Link with experienced organisations/Council
- Ask, if you're unsure of anything

Neil Moir

Tel: 0131 244 0119

rhf@gov.scot

www.mygov.scot/rural-housing-fund/