



SCOTTISH CROFTING FOUNDATION

Submission Of Evidence To Scottish Parliament Rural Affairs And Environment Committee's Rural Housing Inquiry

Introduction

The Scottish Crofting Foundation (SCF) is pleased to offer the following evidence to the Scottish Parliament rural housing enquiry.

SCF is the only representative organisation for crofters and crofting in Scotland. There are approximately 18,000 crofts in the 'crofting counties' of Inverness, Argyll, Orkney, Shetland and Eileanan an Iar. Crofters and their families comprise around 10%, or 30,000, of the Highlands and Islands population forming 30% of households on the mainland and 65% of households in Skye, Eileanan an Iar and Shetland. Average crofting household income is £21,000, and crofting provides around 30% of that income¹. 25% of agricultural land in the Highlands and Islands is under crofting tenure. Crofting has been successful in maintaining populations in some of Scotland's most remote areas by giving people access to land, homes and jobs. Housing support given to crofters has historically given excellent value for public money in rural housing provision, but that support has been massively devalued over the last twenty years.

In some areas there is intense pressure on crofting land for housing, as can be seen from the volume of decrofting applications being dealt with by the Crofters Commission. Usually these applications are for housing which is far from affordable and which does not contribute to the sustainability of crofting communities. However there is no doubt that crofting can contribute significantly to affordable housing provision and to building balanced and sustainable communities.

This paper will deal with support specifically for crofter housing, and with the potential for crofting land to be utilised for affordable housing within the crofting areas.

¹ Survey for Committee of Inquiry on Crofting 2007

Summary of main points

- Government support for crofter housing through the Crofter Building Grants and Loans Scheme (CBGLS) and its successor the Croft House Grant Scheme (CHGS) has not increased in cash terms since 1986, when it covered 82% of average total building costs². It now covers 14% of average costs.³ RHOGS, which gives a higher level of means tested support, is not available to crofters.
- The removal of the loan element from crofter housing support is now generally acknowledged to have been misguided.
- The Crofter Building Grants and Loans Scheme was regarded as being the best value for public money in rural housing provision.
- When considering what is meant by affordable housing one has to bear in mind the nature of the economy in remote areas where incomes tend to be low, irregular or seasonal and building costs well above average.
- Crofting land can potentially supply sites for affordable housing provided the best quality land is protected. See our 'Houses on Crofting Land' report.
- Crofting communities should be assisted to formulate their own development plans including assessment of and provision for their housing needs.
- In order to address escalating building costs and skills shortages, there is a need for innovation in building design and construction techniques, also recognising the high levels of fuel poverty in the north and west.
- There is a need for further research into, and support for, local and private services (water, power, sewage) "The Unplugged House / Community".
- Support is needed for individual and community self-build (self-managed and D.I.Y.)
- Planning policies need to recognise the special circumstances of crofting e.g. dispersed development, new crofts, woodland crofts.
- There is a need for planning and regulatory protection for the best crofting land (the 'inbye').
- The Scottish Government is Scotland's largest land owner (and crofting landlord). We need to see more community-involved, proactive management of Government estates for whole community benefit, including affordable housing⁴.
- Crofters have always responded to the need for land for socially useful purposes – road and water schemes as well as affordable housing – often for little compensation. If this is to continue, crofters need reassurance that the land they give up will not be traded on the open market⁵.

² Mark Shucksmith, Report on CBGLS for Scottish Crofters Union, 1987

³ On the basis of a build cost of £125,000 plus site servicing

⁴ The Scottish Ministers' crofting estates have the highest number of absentee crofting tenants.

⁵ A large number of plots of land formerly under crofting tenure that had been gifted or sold for a nominal sum by crofters were recently sold on the open market by Scottish Water.

Crofter Housing Support

In 1986 the average building cost for a croft house was £27,860⁶. Government support through CBGLS was £22,200 (£8,700 grant plus £13,500 loan at 7% for up to 40 years). These levels of support remained unchanged until 2004 when CBGLS was abolished and replaced by CHGS. The loan element was done away with and grants were set at £22,000 (high priority area), £17,000 (standard) and £11,500 (low priority). At the same time, grants for roads and water supplies were abolished. In 1986, Government support covered 82% of building costs⁷. In 2008, on the basis of a small house in the Highlands costing in the region of £125,000 to build, the rate of support has dwindled to 14%. Road and water supply costs are no longer supported, so are additional. Also in 1986, the 40 year public sector cost of a croft house in the Western Isles was calculated at £12,289. The cost of an equivalent council house in the same area was £41,713⁸. The CBGLS was therefore excellent value for public money and it also provided a stream of work for small contractors in the crofting areas, retaining income and skilled workers in the local community.

The Loss of the Loan Element

The justification for removal of the loan element was that, at the time (2004), commercial mortgages could be had more cheaply. Recent history has proved the folly of that. In any case, crofters with low, irregular and seasonal incomes would always find it hard to access mortgages. Additionally, because of their lack of understanding of crofting tenure, mortgage lenders require title to be taken for the house site. This results in further expense for the crofter and the severance of the house / croft tie. The former loan was affordable and could be budgeted for. The rate of interest was fixed at 7% and the loan could run for up to 40 years provided it was paid off by the time the borrower was 71. Mysteriously, loan repayments were not credited back to the scheme, so the total sum of crofter housing support was regarded as Government expenditure.

Conclusions on Crofter Housing Support

If crofter housing support is justified at all it must be index-linked. We would argue that its justification is that it has helped, along with the crofting system itself, to maintain populations in some of Scotland's most remote areas; it has provided a good standard of housing while giving excellent value for public money; it has allowed economically active people and key workers to build houses for themselves in some of Scotland's house price hot-spots.

Building Costs

In Skye and Lochalsh for example, new build costs are in the region of £1,300 per square metre, and rising. This is at least 50% above the Scottish average. This results from the amount of high-cost construction going on, and from skills shortages. This in effect puts new-build out of the reach of people on average incomes, even if they can find an affordable plot that can be serviced at reasonable cost. Therefore we consider that there is a need for research into innovative housing designs and construction methods that also address fuel poverty issues⁹, also support for community and individual self-build.

⁶ Department of Agriculture and Fisheries for Scotland statistics

⁷ Shucksmith, *ibid.*

⁸ Shucksmith, *ibid.*

⁹ Shetland has the worst fuel poverty in Scotland, followed by Eileanan an Iar.

'Houses on Crofting Land' Report

SCF has recently published the above report which was commissioned to investigate the means whereby crofting communities could make land available for affordable housing while safeguarding crofting interests. The report is available at www.croftingfoundation.co.uk/index.php/publications/66. SCF is developing a programme, 'Growing Crofting Communities', which will assist townships to assess and take action on their own development needs, including affordable housing.

Main Themes of the Rural Affairs and Environment Committee's Rural Housing Inquiry

- 1. Role of the Planning System.** We wish to see the planning system take more account of the nature of crofting settlement, including dispersed development. Legislation now allows for the creation of New Crofts and Woodland Crofts, which will play an important role in community regeneration and maintaining populations. We will need planners to recognise the potential benefits of these developments and apply policies to enable them to succeed. We wish to see planning policies that protect good quality crofting land (the inbye) from exploitation for speculative housing, and permit development on sites, particularly on common grazings, identified by crofting communities for affordable housing.
- 2. Supply of Land and Infrastructure.** Affordable housing needs affordable land. Our report 'Houses on Crofting Land', referred to above, addresses ways of making affordable land available within the crofting areas. Over-specification of access roads is tilting the balance away from affordability in some cases, introducing suburban standards for carriageways and footpaths to a rural setting. The failure of Scottish Water to secure adequate supplies (in the wettest area of Europe!) is a well-documented constraint to development, particularly, but not exclusively, in Skye and Lochalsh.
- 3. Funding Considerations.** Support for crofter housing, and its potential for good-value provision, is referred to above.
- 4. Affordability.** We refer to this above. Our 'Houses on Crofting Land' report deals with ways of retaining housing in the affordable sector.
- 5. Environmental Sustainability.** We refer above to the need for research into innovative solutions, both in terms of cost and energy efficiency. Our neighbouring countries to the north can probably point us in the right direction. Sustainable energy can come from a variety of initiatives enabled by community land ownership, such as wind, hydro and biomass. Woodland crofts and other community forestry projects will be able to exploit brush and short-rotation willow coppice as fuel sources. Looking further ahead, the absence of main drainage could be turned to advantage by the development of biogas digesters, which could also deal with animal waste. Other environmental measures, such as rainwater harvesting, solar and ground-source heating and woodfuel boilers should be encouraged through specific financial assistance.

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