



(Photo: <http://westraypapawestray.co.uk/westray/>)

A report for the Westray Development Trust considering future
development opportunities for the island.

2016

Index	Page
1. Map and background	3
2. Introduction	4
3. Methodology	4
4. A report of the land availability, currently marketed or otherwise	5
5. An options appraisal for each area of identified land	6
6. A report of funding opportunities	6
7. An appraisal of the current and future employment needs	18
8. A comparative study of current market values for properties	23
9. A report on the community engagement regarding housing options	29
10. A report on management agencies costs for both domestic and commercial properties	34
11. An exploration of the opportunities to link with local or national projects	36
12. Identification of areas of land & properties with potential for community ownership	40
13. Exit strategies	52
14. Recommendations	55
15. References	56

Tables	Page
1. Plots of land currently marketed for sale	5
2. Land currently un-marketed with potential for future development	5
3. Open market shared equity thresholds for Orkney and Shetland	7
4. List of facilities	18
5. Number of employees	19
6. Business housing need	20
7. Market values for properties 2016	23
8. Allocations	28
9. The size of properties required	29
10. Westray social housing	31
11. Population	32
12. Age structure 2011 census	32
13. Westray property sales	32
14. Management agency costs	34
15. The Loan: site appraisal	43
16. Schoolbrae: site appraisal	45
17. North Cottohowan: site appraisal	46

Examples	Page
1. Scottish Land Fund and Islands Housing Fund	9
2. A project using community shares, cross-subsidy and the Infrastructure Fund	11
3. Partnership approach on Westray	13
4. Utilising long leases with empty properties on Westray	15
5. An example of how the Rural Housing Burden suppresses the house price	16
6. Westray self-build	26
7. Westray community-owned housing	37
8. Bed & breakfast business	51

1. Map and background



(<http://westraypapawestray.co.uk/map/>)

The island of Westray is located to the north west of the Orkney Mainland. It has a population of around 600 residents in 280 households and an area of around 18.2 square miles. The main settlement is Pierowall. The island benefits from rich farming land and therefore agriculture is one of the main industries. The island is famed for its beautiful unspoiled scenery rich archeological heritage, fishing heritage and abundant wildlife. This means that Westray is a popular destination for tourism related to these fields.

Westray has an airport with daily Loganair flights to and from Kirkwall, and the shortest scheduled flight to and from the neighbouring island of Papa Westray. A vehicle ferry operated by Orkney Ferries runs several times a day between Kirkwall and Rapness. A passenger ferry from Westray to Papa Westray called the Golden Mariana provides a lifeline service to school pupils, GP's and medical professionals who provide services there.

The island has the benefit of its own development trust, the Westray Development Trust (WDT). The Trust was established in 1998 and has grown to be one of Orkney's largest Development Trusts.

Their vision is:

“To develop the economic, social and cultural sustainability of our community by harnessing the quality of our resources, people and island environment” (<http://westraydevelopmenttrust.co.uk/>)

The 8 key themes for development identified in the “Westray Local Development Plan - A Framework for Development” are:

- Housing
- Industry & Business (including Farming and Fishing)
- Youth & Children
- Health & Care
- Environment
- Recreation, Leisure & Voluntary Groups
- Transport
- Education & Training

2. Introduction

The Highlands Small Communities Housing Trust has been commissioned to provide a detailed study into the opportunities available to help to progress the aims and objectives of the Westray Development Trust. The report will provide an overview of the development opportunities for land, commercial properties and for housing. More detailed consideration will be given to the most suitable sites, and the main findings from a series of community consultation exercises will be explored. The report will also investigate potential partnerships and examples of funding mechanisms to aid the delivery of the most viable projects identified.

3. Methodology

- Conduct a desktop study of existing housing both public and private considering all tenures
- Conduct a desktop study of existing social and economic facilities
- Produce a desktop evaluation on previous reports and studies
- Identify a list of possible sites
- Review of local plans and discussions with planners
- Discussions with all identified and agreed key partners
- Community consultation on housing based on attendance at the annual Westray Regatta in July 2016
- Draft report looking into options for discussion with WDT
- Open day with various exhibits by key partners to encourage discussion

4. A report of the land availability, currently marketed or otherwise

Table 1: The plots of land currently marketed for sale by the local estate agents in November 2016

	Agent	Location of land	Size	Price	Development opportunity	Comments	Suitability for WDT development
A.	Orkney Property Centre	Breck of Aikerness, Westray	0.33 acres	£25,000	Derelict property. Plot suitable for a dwelling.	UNDER OFFER	No, as under offer.
B.	Lows, Law Property Finance	Hillside, Rapness, Westray	2779 sqm	Offers over £60,000	Derelict property & outbuildings. Substantial refurbishment required.	Former cottage, byre and stables. Mains electricity and water.	Due to the condition of the property it is unlikely to be suitable for an affordable development.
C.	Drever & Heddle	Teing, Westray	589 sqm	Offers in region of £20,000	Planning in principle for dwelling house	Price reduced.	Suitable for a house plot. WDT could offer self-build support and this may assist someone to purchase the plot.
D.	Lows, Law Property Finance	2 areas of ground, School Brae, Westray	Both over 1,000 sqm	Offers in excess of £15,000	No planning in place. 2 house plots.	Middle plot sold, although may be possible to purchase this from the current owner.	Suitable for development by WDT.
E.	Lows, Law Property Finance	The Loan, 4 acres or thereby, Pierowall, Westray	4 acres or thereby 16,187 sqm	Offers in excess of £30,000	Expired planning consent for a dwelling. Ruin on plot at present.	Ruin on site but large enough for other developments to take place.	Suitable for development by WDT.

Table 2: Land currently un-marketed with potential for future development

Landowner	Location of land	Size	Price	Development opportunity	Comments	Suitability for WDT development
Christopher Bain	School brae	Approx. 1,000 sqm	Tbc – est. £15,000	Mixed tenure	Could be developed with the adjoining school brae plots	Yes, if seller is willing
Uka Summers	North Cottohowan	Approx 4,000 sqm	tbc	Refurbishment and possibly new build	Need to check feasibility of site	Potential partnership option

Please see section 12 for a detailed consideration of the options for the plots and some potential development options.

5. An options appraisal for each area of identified land

Please see section 12.

6. A report of funding opportunities

The funding opportunities for community projects are varied and the information below is not exhaustive. We have selected the opportunities which are the most relevant to Westray at this time.

6.1 The Rural Housing Fund & Island Housing Fund

The Rural Housing Fund is a £25m fund launched by the Scottish Government in April 2016, with a further £5m specifically earmarked for island communities, The Islands Housing Fund, announced in September 2016. The aim is to support development in rural areas by making grants and loan funding available to viable rural and island housing developments.

The Islands Housing Fund: £5 m over 3 years from 2016.

The Rural Housing Fund: 2016 £6 m, 2017 £8 m and 2018 £11m, totaling £25 m.

There are two categories of the fund a) feasibility funding of up to £10,000 and b) the main fund.

Westray is classified by the Scottish Government's 6 fold classification as a remote rural area "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" and therefore would be eligible in geographic terms to make an application for the funds. <http://www.gov.scot/Resource/0046/00464803.pdf>

Applications are open to a range of legally constituted bodies, such as registered companies, a partnership or a registered charity. The Westray Development Trust would therefore be able to apply alone or as part of an agreed partnership.

In order to make a successful application the project has to demonstrate support from the local authority and evidence of demand. This support needs to be combined with a clear and robust value for money case with the appropriate exit strategies identified.

Some key points to note from the guidance are as follows:

- a. Detailed planning permission and necessary building warrants in place.
- b. Detailed information on their engagement with the local community on the development of their project

- c. Applicants can apply for a grant, loan or a combination of the two.
- d. Applications are assessed on; Deliverability, Housing demand/strategic fit, value for money, community engagement and participation, and sustainability & wider economic benefits.
- e. All completed houses need to meet the Scottish Housing Quality Standard (SHQS), Repairing Standard, Energy Efficiency Standard for Social Housing (EESH) and Housing for Varying Needs (HfVN).
- f. Realistic risk register which identifies any significant risks to the project and how these may be mitigated.
- g. A sound business model showing how the houses are delivered and how the loan is repaid.
- h. Complete an annual return to the Scottish Government.

Housing rent levels must be affordable and rents can be set no higher than the relevant Local Housing Allowance level (the maximum payable for applicants who claim housing benefit) at first let. This equates to what is generally known as an intermediate or mid-market rent. Information about how completed properties will be managed and maintained, including anticipated costs are required at application stage. This may be done by an external party where considered appropriate.

Housing for sale is also permitted within these parameters: For existing properties, the selling price must be no higher than the relevant maximum threshold price that has been set for the Scottish Government's Open Market Shared Equity Scheme. However, for the Rural Housing Fund and the Islands Housing Fund the maximum price for each area will be set at the 4 apartment maximum threshold price. The Open Market Shared Equity threshold prices vary by area and size of property and have been set to represent the entry level price for a property on the open market. In Orkney Islands Council area the thresholds are as follows:

Table 3: Open Market Shared Equity Scheme thresholds for Orkney and Shetland

Area	Number of apartments	Maximum threshold
Orkney & Shetland	2	85,000
	3	120,000
	4	150,000
	5	175,000
	6	200,000

The number of apartments in a property is the number of bedrooms plus living areas, so typically a 4 apartment property will have 3 bedrooms and a lounge. The number of apartments excludes the kitchens and bathrooms.

Houses funded by grant must remain affordable in perpetuity. This may be achieved by placing a Rural Housing Burden on the title (see 6.6). Houses funded only by loan must remain affordable for at least a 10 year period or for the duration of the loan period, whichever is longer.

If the houses can no longer be provided as affordable housing, grant recipients must repay the full grant to the Scottish Government. As explained above, loan recipients must keep properties affordable for at least 10 years and for as long as the loan is being repaid. In practice this means that the repayment profile for the first 10 years cannot be altered. Any repayment of the loan within the first 10 years would result in an early redemption fee being charged.

In the case of houses for outright sale, there will be requirements of the Scottish Housing Quality Standard, Repairing Standard, Energy Efficiency Standard for Social Housing and Housing for Varying Needs which will not be relevant (for example relating to ongoing repairs, maintenance or provision of appliances). However, relevant requirements must be met.

Valuation of completed houses for affordable sale is required.

The Scottish Government will issue its approval of funding in the form of a legally binding grant and/or loan offer.

Applicants should note that the Scottish Government cannot provide grant or loan payments until a written acceptance of the offer of grant or loan has been received and until security documentation has been completed.

As a condition of the grant or loan offer, the Scottish Government will request recipients to confirm the estimated site start and completion dates for the project.

Both the Rural Housing Fund and the Islands Housing Fund follow the same guidelines. Due to the particular difficulties of developing on the islands however, there may be higher levels of grant support available to eligible projects.

6.2 Scottish Land Fund

The Scottish Land Fund is designed to allow communities across the whole of Scotland, the opportunities to enable communities throughout rural and urban Scotland to purchase land and buildings to create independent, resilient communities.

Community groups can apply for assistance with projects from £10,000 to £1m.

The Scottish Land Fund objectives are that:

1. Our communities will achieve more sustainable economic, environmental and/or social development through ownership of land and buildings.
2. Our communities will have a stronger role in and control over their own development.
3. Our communities own well managed financially sustainable land and buildings.

Grants of up to 95% are available to support eligible community projects which deliver the maximum community benefit, although projects requiring less than the maximum grant may be preferred.

"Development funding is available to help you prepare to purchase an asset. We expect most development grants to be between £10,000 and £30,000. We can fund up to 100% of your

development costs. Development grants can fund specialist advice and/or professional fees, and other revenue costs associated with preparing to make an acquisition. We will not fund salary costs for a staff post or capital expenditure with a development grant”.

The application process is in two stages. The first (development funding) is to allow for investigative work prior to the purchase of an asset and the second is to allow the purchase of the asset along with the associated legal fees.

A maximum grant of 95% is available to purchase assets, and support is available for running costs (e.g. development worker costs) after the initial purchase.

For further details on the fund please refer to their website: <https://www.biglotteryfund.org.uk/scottishlandfund>

Example 1: Joint Islands Housing Fund and Scottish Land Fund project.

A project on Westray could utilise both the Scottish Land Fund and the Islands Housing Fund.

The land is identified and a desktop feasibility study is carried out along with a clear strategy for development.

The Scottish Land Fund could provide a maximum of £30,000 for feasibility works. This fund could be used to carry out the studies required to establish ground conditions, environmental constraints, flood risk, costs of connections to services, archaeological surveys etc.

An expression of interest could be made to the Islands Housing Fund, to register the project.

The Scottish Land Fund approves the feasibility works and this is carried out demonstrating that the land is suitable to build upon for the desired uses. The second stage application to purchase the land is submitted.

An application to the Islands Housing Fund is made to build 6 new properties.

The Scottish Land Fund application is approved and the land is purchased.

The Islands Housing Fund grant and/or loan offer is received. (Maximum grant level shown below)

Tenders for the work are issued and then evaluated, resulting in the contract being awarded.

Building begins on site. Properties completed then let or sold as agreed.

Funding example: 6 properties (based on 80% SLF award)

Feasibility studies	£ 25,000	Scottish Land Fund (£25,000)
Land purchase	£ 30,000	Scottish Land Fund (£24,000, WDT £6,000)
Legal fees	£ 3,000	Scottish Land Fund (£2,400, WDT £600)
Build costs	£720,000	Islands Housing Fund (£536,280 max grant)
		WDT (£183,720 investment)
<u>Total</u>	<u>£778,000</u>	<u>Total WDT investment £190,320</u>

6.3 Community Shares

Community Shares can part fund development costs, where shares are offered to members of the community in order to raise the required finance for development. Restrictions on withdrawal to safeguard the community organisation would be necessary to protect the liquidity of the organisation until reserves were built up from surplus income in order to buy back the shares.

A modest return on the shares would be payable from rental revenues on the properties.

Prior to engaging in the community shares process, the organisation may have to amend its Memorandum and Articles of Association.

For further information:

<http://communitysharesscotland.org.uk/>

<http://communityshares.org.uk/node/4486>

Communities who have successfully launched community shares in 2016 are:

Strontian <http://www.sunartcommunityrenewables.org.uk/background.html>

Applecross <http://www.applecrosshydro.scot/>

6.4 Cross-subsidy

Where we define cross-subsidy we take this to mean the sale of an asset or part of an asset to provide funding to support the delivery of an objective which requires additional funding support. For example, as part of an overall funding proposal for an affordable housing development, there may be 4 properties available for rent. Part of the site could be sold as an open market self-build plot to pay for a new road to be constructed into the development. This would help to make the development for the rented properties more viable as a result. There are many different combinations and scenarios where this type of funding could be considered although in some cases it may not be possible. For example, if land is purchased originally using grants, it may not be possible to sell part of the site at full market value. However, it may be possible to negotiate a varying of terms if a solid case is made which demonstrates the necessity to facilitate the affordable units. If the sale is from a private landowner who has provided the land at a discounted price, we suggest obtaining their agreement in the first instance by demonstrating that the project would not be possible without cross subsidy funding and ensuring that they understand that the community organisation are not profiting from the development.

Example 2: A project using community shares, cross-subsidy funding & Infrastructure Fund.

A development of 6 houses on Westray.

Following on from feasibility studies and quotations for all of the development work required, a budget for the overall development is established.

WDT launches community share event to raise £600,000.

Serviced plots are marketed for sale at £25,000 each to raise £50,000.

Scottish Government Infrastructure loan fund application for £100,000.

Funding all in place and building commences.

There are several ways in which to fund the project and this is an example only.

Funding example: 6 properties (based on 80% SLF award, stage 2)

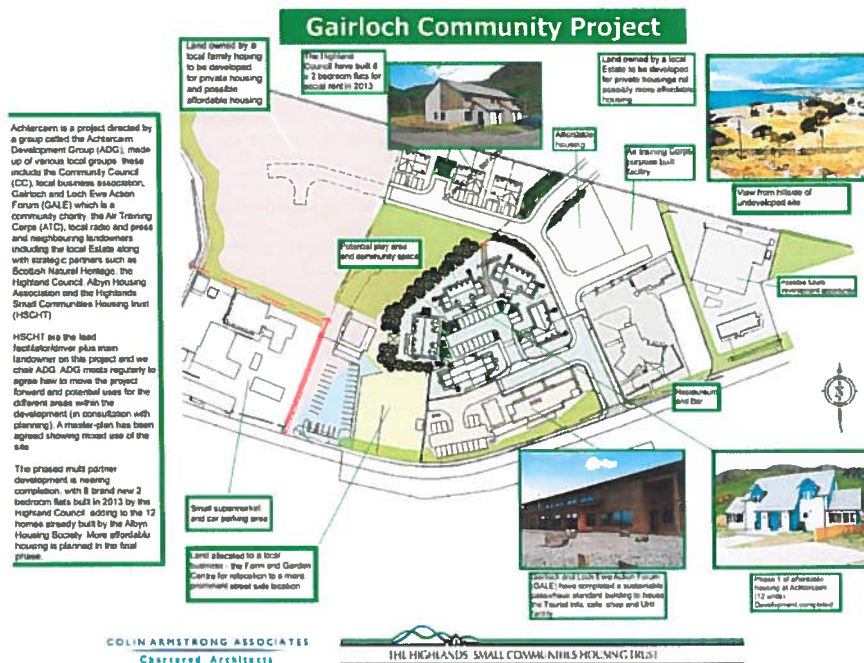
Feasibility studies	£ 25,000	Scottish Land Fund (£25,000) – stage 1
Land purchase	£ 33,000	Scottish Land Fund (£26,400, WDT £6,600)
Build costs	£720,000	Community shares £600,000
		Open market plots sales (cross-subsidy) £50,000
		WDT investment £170,000
New access road and sewer	£100,000	Scottish Government's Infrastructure Loan Fund
Total	£878,000	WDT £176,000 potential investment

The appendixes provide more detailed examples relevant to specific sites on Westray.

6.5 Partnerships

Securing partnerships can be essential to delivering a project. Some examples which are relevant and can be replicated in Westray and where partnership working has played a key role in making projects viable are as follows:

6.5.1 Gairloch – Achtercairn Development



Outline: A development in the north west coast community of Gairloch has transformed a brownfield site into a mixed use community village centre. The project has delivered 20 affordable homes, with plans for 4 more in 2017. The community has benefitted from a new Tourist Information facility with a café and shop along with a University outreach hub. Others to benefit from the regeneration are the Air Training Corps who have built a new centre, the Farm & Garden Store who built a new shop, a Fundraising Charity who temporarily rent a building and two landowners, who have gained vehicle access to their land through the development.

Partnership elements: A steering group was set up and was facilitated by H-SCHT. The group was a vital part in allowing local voices to be heard, to discuss any issues which arose and to enable a strategic and holistic approach.

Westray: A steering group approach has significant benefits in order to represent and take account of all stakeholders' views and to get the best overall results.

Example 3: Partnership approach on Westray

A development of 6 houses on Westray with a community owned building for rent and a new footpath/cycle network.

A steering group including WDT, housing association, local authority, local business and other relevant parties is established. The masterplan is agreed with community, allowing flexibility.

Development consists of:

- 2 community owned houses
- 2 low-cost homes provided by housing association
- 2 key worker houses, including investment from a local business in return for priority allocations
- 1 community owned building for commercial rent
- 1 footpath/cycle network to connect with school

Following on from feasibility studies and quotations for all of the development work required, a budget for the overall development is established.

Funding all in place and building commences.

There are several ways in which to fund the project and this is an example only.

Funding example: 6 properties, community owned building for rent and footpath/cycle network

Feasibility studies	£ 25,000	Scottish Land Fund (£25,000)
Land purchase	£ 33,000	Scottish Land Fund (£26,400, WDT £6,600)
Housing Build costs	£720,000	£240,000 each for WDT, HA and Business
Commercial Building costs	£500,000	Depending on use – up to 90% grant funding may be available from HIE or other sources, Local Authority, NHS, Police, Fire, businesses etc.
Footpath/cycle network costs	£ 50,000	Sustrans or other funders who support this
New access road and sewer	£100,000	Cost shared between WDT, HA, business and commercial development
Total	£1,428,000	WDT investment depends on funding split

The appendixes provide more detailed examples relevant to specific sites on Westray.

6.5.2 Lochaline – Ardtornish Estate partnership

Outline: A phased development with 20 houses planned over a number of years by an estate in Lochaline, Ardnamurchan. The Section 75 agreement for affordable housing allowed HSCHT to secure land for 2 properties initially. The properties are now occupied by local families and there is a long-lease agreement for 21 years between the owners (the estate) and HSCHT. At the end of the lease the properties revert back to the estates for their own use. A further 5 plots will be provided which will allow HSCHT to offer different housing tenures i.e. self build plots, rented housing or rent to buy.

Partnership elements: The local estate and HSCHT worked closely together to arrive at a suitable housing model which would offer long-term affordable housing, satisfy their section 75 planning obligations and to provide community benefit. Both parties agreed a suitable funding mechanism, including grants, loans and investments to allow the project to progress.

Westray: Working with landowners or businesses can provide mutual benefits. It would be useful to explore opportunities in Westray for mutually beneficial collaborative working.

6.5.3 Achiltibuie – Schoolhouse

Outline: An ex-local authority schoolhouse in the small village of Achiltibuie is now in ownership of the community company and is being refurbished into much needed affordable dwellings for rent. A different use of a long-lease mechanism has allowed HSCHT to project manage the development and then offer housing management services to the community.

Partnership elements: The community were the drivers of this project and they enlisted other organisations to achieve their goals. The funding to refurbish and transform the property from one property into two properties was sourced through a variety of loans and grant funding by both the Community Company and HSCHT.

Westray: Upgrading property can be an excellent way to achieve solutions to local housing needs. Although in some cases the refurbishment costs can be prohibitive and this model is only suited to certain properties.

Example 4: Utilising long leases combined with empty properties on Westray

A development of 1 house on Westray which requires renovation.

Following on quotations for all of the renovation work required, a budget for the overall development is established.

Principle established with local business and funding mix agreed.

Minute of agreement signed. Local business has long-lease over property for 21 years. Property reverts to WDT ownership on expiry of lease. WDT can then rent or sell the property as required.

Funding all in place and renovation of the building commences.

There are several ways in which to fund the project and this is an example only.

Funding example: 1 property and long lease:

House purchase	£63,000	WDT £63,000
Housing renovation costs	£50,000	Local business investment £30,000
		Empty property grant £20,000
Lease, minute of agreement	£ 1,500	Local business £1,500
Total	£114,500	Total WDT investment £63,000

The appendixes provide more detailed examples relevant to specific sites on Westray.

6.6 Rural Housing Burden

The Rural Housing Burden is a mechanism used to protect the long-term affordability of homes for sale. It is a Title Condition which comprises of two elements a) an equity share and b) a right of pre-emption. The equity share protects the discount given to the initial purchaser by suppressing the selling price in the event of a resale. The right of pre-emption means that Rural Housing Body has the first right to buy back the property when offered for sale, with the aim of securing another local purchaser.

Only Rural Housing Bodies can attach the Rural Housing Burden to the title of land. The Highlands Small Communities Housing Trust is one such organisation and can work on behalf of other organisations to attach the burden to their projects. Usually a minute of agreement is required to set out the process when a home is offered for sale. The Orkney Isles Council is a registered Rural Housing Body or alternatively, the Westray Development Trust or Orkney Housing Association could apply to the Scottish Government to become Rural Housing Bodies and administer the burden on projects.

Example 5: An example of how the burden suppresses the house price on a resale:

Rural Housing Burden:	
Typical open market house value in 2016 (100%)	£175,000
Original discounted house purchase price (80%)	£140,000
Equity share	80%
~~~~~	
Open market house price value in 2026 (100%)	£192,250
House price increase over 10 years	10%
Amount HSCHT can buy back the home for (80%)	£153,800
Owner's Increase (£153,800 minus £140,000)	£ 13,800
(Plus any capital amounts repaid)	

## 6.7 Long Lease

The Housing (Scotland) Act was amended by The Scottish Parliament to allow Rural Housing Bodies to create leases of 21 years or more. This enables private lending to be available to projects involving leases which can be of benefit to many community led projects. For example, a project in Acharacle

has involved a 21 years lease over a renovated property. The local community company owned the building but they were unable to secure funds to renovate it. They entered into a long lease with a Rural Housing Body who brought the house up to standard with a loan and grants.

Meanwhile, the allocations, management and maintenance of the properties is taken care of by a Rural Housing Body providing a rented home to local people on a short assured tenancy for the duration of the lease. This mechanism can also be used for properties requiring upgrading and this may be of interest to the Westray Development Trust and their partners if they wish to consider upgrading some of the existing properties on the island.

#### 6.8 Investment opportunity – e.g. community benefit funds or income from renewable energy schemes

As Westray Renewables Ltd is a trading subsidiary of the Westray Development Trust, there may be some potential to invest in some community projects which include housing or commercial opportunities.

Investing in property is usually deemed a reasonably safe investment and it could be of interest to businesses, community organisations with funds and external investors with an interest in supporting fragile communities.

Grants or loans or a combination of the two can be utilised as part of a funding package. A return on loan investment can be agreed and repaid to the investor, along with their original investment after the agreed duration of the loan. The main benefit in using community funding this way is that it is generating interest and the original long-term investment is eventually repaid. Grant funding however is generally not recouped unless conditions attached to the funding are breached.

#### 6.9 Scottish Government's Infrastructure Fund

(<http://www.gov.scot/Topics/Built-Environment/Housing/supply-demand/housing-infrastructure-fund>)

A new fund of up to £50 m is available in 2016/2017 to assist with projects across Scotland to help the government to reach its target of 50,000 affordable homes by 2021.

The Housing Infrastructure Fund comprises two main elements:

- Infrastructure loans (to non-public sector organisations)
- Infrastructure grant available to local authorities and registered social landlords (RSLs) to support affordable housing delivery

Eligible works will include physical infrastructure generally required to start a project, such as roads, sewers, SUDS ponds, decontamination, flood remediation and demolition work.

Both options are possible for the WDT to access as they could do a joint development with an RSL or local authority or alternatively, access a loan directly.



## 7 An appraisal of the current and future employment needs (Confidential)

It is important that the following information in section 7 is treated as confidential at this stage to protect the interests of the businesses and service providers who shared information during the consultation.

As context, it is useful to consider the range of businesses and services on Westray at present.

Table 4: List of facilities

Organisation	Description
NHS Ambulance	Westray Ambulance Station
Scottish Fire and Rescue Service	Westray Fire Station
NHS Doctors Surgery	General Practitioner services including medical, maternity, immunisation and minor surgery
Police Scotland	Service provided from the mainland by visiting officers
Westray Bus Service	Local transport
Westray Development Trust	Community development organisation. Own office.
Westray Heritage Centre	Museum and shop
Westray Junior School	Nursery, primary and secondary education to 4 th year secondary. Swimming pool. Westray healthy living centre gym. Playpark opposite school.
Kalisgarth Care Home	7 rooms for special needs
Hofn	Youth centre/pop-up cafe
Daniel Marcus Construction	Building Contractors
Rendall R & Co	Road Haulage
Pierowall Hotel	Small hotel with 6 bedrooms, bar and restaurant
Tulloch J C	Shop in Pierowall
Pierowall Fish Ltd	Fish processing, Jack's restaurant and chutney making business
Rendall W I	Shop in Pierowall
Hume Sweet Hume	Designer boutique
WFM Brown	Bakery
Cooke Aquaculture	Fish farm business
Westray Processors Ltd	Fish processors
Westray Digital Art	Design services
Viking New Media	Web design
Westray & Papa Westray Tourism Association	Tourist information
Peter Miller's	Shop
Westray Golf Course	Owned by WDT
Westray Baptist Church	Place of worship
The Old Kirk	Place of worship

In order to assess the current and the future employment needs of Westray, the main employers and service providers on the island were asked their views. Our research has shown that a need for future

housing provision and an exploration of utilising existing buildings is evident. The information below does not reflect the views of every business or service provider in Westray. Although they were invited to engage with HSCHT to discuss their current and future requirements in relation to employment and to express their views on their related housing requirements and aspirations, some did not contribute. The information below reflects our findings to date. It is recommended that further engagement is required as businesses and service providers fully develop their plans and indeed, the WDT evolve their own projects.

## 7.1 Methodology

Employers and service providers were invited to speak to HSCHT staff in confidence. Two meetings were arranged during the annual Regatta weekend at the end of July 2016 at the Westray Development Trust's office and then in the school during the Island Picnic. Along with information on the organisation, HSCHT was able to offer general information on housing options to individuals and to businesses. The possibility of identifying potential partners and suitable development sites for residential and commercial purposes featured highly in this work to explore local views and opinions.

A list of the 42 key businesses and service providers was drawn up and agreed with the WDT.

- Local radio featured the Regatta event inviting Westray residents and businesses to chat to HSCHT staff during both days.
- Posters advertising the events were displayed locally, featured in the local newspaper "What's On, Aff, Been in Westray" and emailed to local contacts.
- Follow up phone calls & emails were made to businesses and service providers where appropriate.
- An email questionnaire was issued to businesses and service providers who wished to contribute more fully at a more convenient time.

The response from the local businesses and the service providers was generally enthusiastic, with 20 responses received over a range of contact methods and from a broad spectrum of organisations.

## 7.2 Summary of responses

The profile of the respondents varied greatly from self-employed individuals with no employees to employers with several employees and service providers. Some already had a well-established relationship with the Westray Development Trust, such as being directors, members, involved with the local tourist association and some who had previously received funding support from the WDT in the form of grants or loans. In order to gauge the size of organisations represented we established the size of the each in the table below:

Table 5: Number of employees based on Westray:

Number of employees	0	1 – 5	6 – 10	11 – 20	21 +
Number of businesses	5	2	5	2	1

The majority of respondents operate small businesses with between 6 and 10 employees. Five respondents had no employees and there was one respondent with over 21 employees.

### 7.3 Housing need demonstrated by businesses and service providers

When speaking to and consulting with the representatives identified we asked a series of questions to establish the current housing needs and the anticipated future housing needs.

When asking about current staff and their housing requirements, one employer said that their employees need 4 houses now and another two organisations need 1 house each.

Within the next 5 years, 7 houses are anticipated, 4 from one employer and 3 different organisations need 1 house each. One employer has expansion plans although their housing requirements are not fully known at this stage.

Table: 6 Business Housing Need

Housing Need	Number of houses
Short-term	6
Long-term	7

In terms of future housing needs it is clear that many businesses saw a direct link between their future growth and expansion and the requirement for suitable housing for their workforce. Some of the comments expressed are below:

- We are in the process of recruiting new staff and also have relief staff that require housing
- Possibly could do with a part-time worker at some point
- That's an unknown, depends on the workload on the island regarding housing or other construction projects
- Two teaching staff – we have no access to other housing if needed
- Yes up to two
- On-going search since winter 2015 to recruit staff and finding suitable housing has impacted on this
- One employer anticipated a need for 4 houses within 5 years
- Three employers anticipated a need for 1 house each within 5 years
- One employer explained that they may require housing for up to 8 new employees, although their plans were not at an advanced stage yet and the recruits may be able to work on a shift pattern rather than needing to reside permanently on the island.
- One respondent anticipated a need for more housing provision in order to continue with their current services.



## 7.8 Potential partnership opportunities

Respondents were asked how their organisation may be able to assist with housing provision. Looking at the options of being able to provide land, information or advice, a potential joint venture and local support, the responses were encouraging.

- 2 respondents could potentially provide land
- 8 respondents could provide information/advice
- 4 respondents could discuss further opportunities for a joint venture
- 7 respondents said they would offer local support

The two organisations who could provide land were potentially the local authority, although they were not sure that they owned any which would be of sufficient size for development. The other landowner is a local shop owner. The options for this site are explore further in section 12.

## 8 A comparative study of current market values for properties

**Table 7: Market values for properties, November 2016**

	Agent	Location of property	Size	Price	Description	Suitability for WDT
A	Lows	Pierowall Hotel, Pierowall	6 bedrooms	£355,000	Hotel with 6 bedrooms, bar and restaurant	Unlikely
B	Lows	Cotterochan, Rapness	3-5 bedrooms, outbuildings and 5.75 acres or thereby	£260,000	Large dwelling house with several outbuildings and land. Previously used for commercial purposes with potential to be so again.	Unlikely
C	Lows	No 1 Broughton B&B & Artists studio, Pierowall	5 bedrooms & studio	£210,000	Centrally located Bed & Breakfast business	Unlikely
D	Lows	The Old Manse, Pierowall	4 bedroom	£180,000 UNDER OFFER	Detached dwelling house	No, under offer
E	Lows	Valdigarth, Skelwick, Westray	1 bedroom	£70,000	Cottage with traditional outbuildings.	Potentially
F	Lows	Ulva Cottage, Pierowall, Westray	2 bedrooms	£115,000	2 storey detached house. Pottery workshop connected.	Potentially
G	Lows	Stenigar, Broughton, Westray, KW17 2DA	2 bedrooms	£120,000	Terraced cottage	Potentially
H	Lows	Quoys, Westray	4 bedrooms	£225,000	Farm extending 65.3 acres, including extensive range of traditional outbuildings and 4 bedroom Farmhouse.	Unlikely
I	Lows	Quoybirse, Westray, KW17 2DP	4 bedrooms	£130,000	Dwellinghouse with outbuildings	No, under offer
J	Orkney Property Centre	Goltaquoy, Westray, KW17 2DE	2 bedrooms	£200,000	Detached stone house, separate one-bedroom cottage, and various outbuildings.	Unlikely
K	Orkney Property Centre	Grotz, Broughton, Westray, KW17 2DA	4 bedrooms	£160,000	Dwellinghouse with outbuildings	Unlikely
L	Lows	Roadmire, Westray, KW17 2DP	Does not state	£40,000 UNDER OFFER	Cottage and outbuildings	No, under offer

Options for the properties Valdigarth, Ulva Cottage and Stenigar are explored further in section 12 as rental opportunities for the WDT.

## **9 A report on the community engagement regarding housing options**

### **9.1 A summary of housing tenures**

Prior to considering the community engagement exercise in 9.3 please find an outline of some common housing tenures which may be currently provided or have the potential to be provided in the future. In considering future sites for housing development in rural areas it is usually beneficial to consider a wide range of housing tenures prior to progressing with a particular route. Many people interpret the term “affordable housing” as social rented housing, although it can be provided through many different avenues including low-cost home ownership and self-build models. Some examples and explanations of the basic principles and housing models are below:

#### **9.1.1 Rented housing – social housing**

Rented housing provided by a registered social landlord (RSL) or the local authority. In the case of Orkney this is provided by Orkney Housing Association and the Orkney Islands Council. Rents are charged at affordable rates and allocations are based on housing need as set out in the Housing (Scotland) Act 2001 and other relevant legislation. Grant funding from the Scottish Government is available to both RSL's and local authorities to build new social housing.

#### **9.1.2 Rented housing – community owned housing**

Since April 2016, new funding streams from the Scottish Government have allowed the potential for community owned housing to increase significantly. The Islands/Rural Housing Fund and the existing Scottish Land Fund can combine to provide a significant level of grant and loan funding to eligible projects. Affordability, good value, community support, local authority support along with a robust partnership must be demonstrated.

This allows community groups to own their own homes, meet their housing needs, generate a small surplus and have control of their assets. Allocations can be made through an agreed policy which can be out-sourced to a 3rd party.

Alternatively, where the community organisation has funds available to them they could build community-owned housing without grant support and have full ownership of the properties, with greater flexibility in the uses of the properties.

#### **9.1.3 Rented housing – mid-market housing**

Mid-market housing or homes provided to key workers or seasonal-workers is frequently a popular housing tenure. It often provides more flexibility in terms of the duration of leases and also the rent levels are usually higher than social rent but below what one would expect to pay on the open market. They are sometimes referred to as intermediate rents being based at 85% of the local housing allowance rent level (which is the level up to which households can claim housing benefit and it is a recognized Scottish Government limit on affordable rents). This may be of interest to businesses or service providers who struggle to retain key staff.



#### 9.1.4 Low cost home ownership – LIFT Scheme

There are two strands to the Scottish Government's Low-cost Initiative for First-time Buyers (LIFT); NSSE – New Supply Shared Equity and OMSE – Open Market Shared Equity. The NSSE applies to newly built properties by a RSL and the OMSE applies to homes already for sale on the Open Market. In Westray, NSSE properties would be built by Orkney Housing Association.

Eligible applicants are able to purchase between 60% - 80% of the property price, depending on their individual financial situations. The Scottish Government pays the remainder of the price in return for an equity share in the property. Unlike shared ownership schemes, the home owner is responsible for all associated costs in running the home.

<http://www.gov.scot/Topics/Built-Environment/Housing/BuyingSelling/lift>

#### 9.1.5 Low cost home ownership – shared equity

Shared equity homes can be provided separately from the LIFT scheme by a community group or developer. Frequently a Rural Housing Burden is attached to the title of the property at the point of sale to protect the discount offered for future sales. This mechanism can be used on developments alongside rented properties to assist with the funding of the project and also to provide a mixed tenure development. Purchasers have to pay for their property through their mortgage and savings contributions thereby providing instant repayment of any development funding required. This could be a viable option to provide mixed tenures.

#### 9.1.6 Open market housing

With agreement from the landowner it may be appropriate to sell part of a development site at the full open market value. In circumstances where infrastructure costs are high, the sale of an open market plot or home could assist with making affordable housing options possible on the site.

Open market housing can play an important role in the housing system, in that local house values are dependent on a buoyant market and a turnover of properties. In periods of a decline in open market house values, this can impact on the delivery of low-cost home ownership and other housing models such as Rent to Buy and LIFT.

#### 9.1.7 Self-build

The term “self-build” is widely used, although we include this to mean people who employ a builder to build their home from beginning to end; people who have some DIY skills and can use them to decorate their new home; people who have joinery, electrical or plumbing skills and can do some of the build themselves and finally, people who have all of the skills required to build a new home. This is frequently a popular housing tenure in rural and island communities where there are options to access crofting, agricultural land or affordable plots.

Other mechanisms to assist self-build projects are the provision of shells or erected timber kits, which allow the self-builder to complete the home themselves or with the assistance of other professions.

This type of model can be more difficult to fund through traditional high street lending streams and a local approach could assist.

Based on our experience in the self-build sector in the Highlands, the greatest obstacle to prospective self-builders is acquiring the land. A deferred plot payment mechanism whereby the self-builder buys the land for a small deposit, with the bulk of the land price deferred until they complete their build can also be a useful tool to aid self-builders. A standard security and a loan agreement are in place for the duration. In Westray, this could be a potential option on land owned by WDT to facilitate self-build projects.

#### Example 6: Westray self-build fund

##### Westray: Self-build funding example

Exploring the potential of offering self-build assistance on Westray, including a self-build loan fund, deferred plot payment, discounted plot purchase price and grants.

The fund: The WDT board could set aside a fund of £300,000 to provide 2 - 4 loans per year. The loans would accrue interest for the WDT. The legal fees would be paid by the applicants. Draw-downs or staged payments would be made until build completion. Applicant would repay loan with mortgage and WDT can reuse funds.

Deferred Plot Payment: If WDT sell plots for self-build, they could defer the majority of the price until the build is complete to aid those without access to large deposits. A loan agreement and standard security would be set up for both the loan (above) and the deferred plot payment.

Discounted Plot: For lower income households this could offer a way for them to procure their own affordable housing with minimum support or external investment.

Grants: The WDT could offer grant support to projects that need it most. This could be administered by a third party.

##### Measures to protect affordability and grants:

Rural Housing Burden can secure an equity share and a right to purchase the property in the future.

Maximum agreed house sizes restrict future property values.

#### 9.1.8 Co-housing

Co-housing can be a way to achieve low-impact living, affordability and a sense of community in a project. There are various examples of co-housing in the UK and beyond demonstrating that by working together in a collaborative approach can provide suitable homes. The homes are usually together on one site and share some services, perhaps have been built on a collaborative basis and may be funded thus. A common theme is to have central areas to encourage the sense of community



and working together as a group, such as vegetable growing, recycling, shared maintenance responsibilities or having shared laundry spaces.

HSCHT has been closely involved in a project at Rothimurchus near Aviemore in which 4 families are building together on a site owned currently by the local estate. The model allows the estate to sell some land at market value to allow them to offer a discounted price for the affordable plots. Planning has been granted with building due to begin in 2017.

#### 9.1.9 Key worker housing

Key worker housing is mainly used to describe homes that are rented to people who are working in the area from a range of professions, on a short-term basis. This can apply to incoming workers to new employment opportunities. As the objective is for the homes to be used short-term it is important that there are other housing opportunities for the key workers to move onto if they wish to remain in the area, such as, self-build, open market housing or private rent. The need for key worker housing can arise through several different routes for example, from service providers such as the NHS or Education or to accommodate business expansion. Due to the location and the availability of furniture and floorings on Westray, it may be preferable for key worker properties to be let fully furnished.

#### 9.1.10 Refurbishment of empty properties

Refurbishing properties can be a good way of returning existing housing stock back into use, although it is important to recognise that all properties are not suited to being refurbished and then providing an affordable property. For example, the level of work required to bring the property up to the Scottish Quality Housing Standards or Housing for Varying Needs, can be cost prohibitive. On the other hand, improving homes to building standards may be more viable and let on a private rented basis rather than social rent may be achievable. Things to consider are that many improvements to existing properties do not benefit from zero rated VAT, as would be the case in a new build. This can make a significant impact on the deliverability of refurbished properties at affordable rates. At the moment there are grants available to enable a larger degree of empty homes to be brought back into use and there is the potential to access these on Westray or for the WDT to invest in their own right.

#### 9.1.11 Special needs housing

Suitable housing can be driven by the needs of a particular family with particular care requirements, or with mobility issues for example. If they own an existing property which is unsuitable, this could be sold to fund their new build home. Working with an experienced housing partner may achieve a suitable outcome. There are currently 7 properties at Kalisgarth in Pierowall.

#### 9.1.12 Housing suitable for elderly people

Housing for varying needs building standards provides housing suitable for elderly people. Designing new housing suitable for a range of needs including dementia, where level access, flooring, heating & lighting and accessible kitchens are considered at the outset, can save on future resources. Location of properties near facilities is preferred. Houses may be for rent or for sale depending on the funding models available and the household's circumstances.



## 9.2 Allocations

It is useful to have some background on the allocation requirements which are dependent on the tenure of housing provided and by whom it is provided.

Table 8: Allocations

Tenure	Owners	Allocations
Social rented housing	Orkney Isles Council or Orkney Isles Housing Association	Adhere to Housing (Scotland) Act (s) and other relevant legislation. Common housing register. Allocated based on greatest need for housing. Applicants do not need a local connection.
LIFT – provided by Orkney Isles Housing Association	Orkney Isles Housing Association until properties are sold	Adhere to Scottish Government's LIFT guidelines for allocations e.g. social housing tenants, private renters, ex-armed forces & special needs.
Community owned rented housing, refurbished homes, key worker housing, shared equity or discounted housing for sale & other community owned tenures	WDT	Can set local priority need factors. Policy must be fair and robust. Can be managed by 3 rd party on behalf of WDT. WDT must be a Registered Private Landlord with OIC.
Self-build plots	WDT	Agree priority applicants

### 9.3 Westray community engagement

In order to gain the maximum contact with local people to engage with, HSCHT attended the annual Westray Regatta and the Island Picnic on 30th and 31st July 2016. Seven people responded to a short face to face questionnaire the responses were recorded as follows:

A. Do you live permanently on Westray?

All 7 respondents live permanently on the island.

B. Do any members of your immediate family need a new home on Westray?

4 respondents need a new home

3 respondents are not in housing need at present

C. Do you have immediate family members wishing to return to the area to set up a new household?

1 household has family members who wish to return to the island and set up a new home.

D. How many homes may the need?

The total number of homes that may be needed by those interviewed amounts to 6.

E. How many bedrooms?

Table 9: The size of properties required

Size of property	Number of properties
Not specified	1
Two bedrooms	2
Three bedrooms	1
Four or five bedrooms	2

F. What timescale may they need a new home?

One couple will need a bungalow in 1 to 2 years' time.

Two couples may need two bedroom homes in 2 years' time.

One family requires a 3 bedroom home in 3 or 4 months' time.

One family requires a 4 bedroom home but have not specified when.

One family would like a 4 bedroom home (or larger) within 5 years.

G. What housing tenure would best suit their needs?

Please note that the respondents could select as many options as they would consider.

Rent a home from Orkney Council or a Housing Association	3
Rent a home from a private or community landlord	1
Buy a home on the open market	3
Buy a low cost shared equity home	2
Build a home	5
Need a smaller accessible home	1
Studio flats	1
Other	0

Therefore, the most popular housing tenure was to build a new home, followed by renting from the council or housing association in equal measures to buying a property on the open market. Less popular was purchasing low-cost shared equity homes along with the other potential housing tenures.

In the Highlands there is a 2 year Scottish Government pilot scheme to provide loan funding to self-build projects, the Highland Self Build Loan Fund ([www.hscht.co.uk](http://www.hscht.co.uk)). The scheme allows short term loan funding to be provided during the building of the new property which is repaid by traditional mortgage finance on completion. If a similar scheme is offered in Orkney this may assist the prospective self-builders to achieve their aspirations. For further details please refer to example 6 and section 11.1.

#### H. Where should any new housing developments take place?

Suggestions where building of new homes should take place were:

"Wherever people wish to build them"	"Throughout the island"
"Pierowall and close-by"	"Pierowall, with a view"
"Near the village or in out-lying areas"	"In Pierowall"

#### I. Where would you prefer that no development takes place?

No-one specified any areas where they did not want development to take place.

#### J. General comments.

One family suggested that low-cost serviced self build plots would be of interest to them. Another family agreed, explaining that help for self-builders was needed, preferring to pay a mortgage rather than renting.

One respondent said that there was a need for smaller units to rent for incoming workers, home-leavers and returners to the island and affordable properties for first-time buyers to purchase. One family explained that they would prefer a rented property initially but should they remain on the island longer-term then self-build would be their preference.

One couple wished to build a bungalow in the village in 1 – 2 years' time.

One respondent did not have a housing need but they commented generally that they thought that housing should also be spread throughout the island to reduce the strain on the roads and



infrastructure. They thought that housing assistance should be in different forms including refurbishing existing homes.

#### K. Conclusions of the community engagement regarding housing options:

The discussions with members of the community who attended the Island Picnic were helpful to determine the types, tenures and timescale of the housing required by local people over the next few years. The main preference to satisfy the housing aspirations was for self-build. Unfortunately, without access to land or to available finance this method of providing housing can be difficult to achieve. Therefore, if support mechanisms were available to assist the community then this may be achievable for some families.

Rented housing and purchasing on the open market were the next preferred options with rented housing being more attractive to those who are new to the island, setting-up new households or thinking about returning.

#### 9.4 Westray Housing stock

The information below provides details on the existing levels of social rented housing, special needs housing and other housing tenures available on Westray at present.

Table 10: Westray social housing

Provider	Size/Number	Tenure
Orkney Isles Council (20)	1 bed – 8 properties 2 bed – 4 properties 3 bed – 8 properties	Social Rent
Orkney Housing Association (8)	1 bed – 2 properties 2 bed – 4 properties 3 bed – 2 properties	Social Rent
Kalisgarth Care Centre	5 (1 bed) Flats 2 (1 bed ) cottages Residential care room Staff accommodation	Rent (special needs)

#### Census 2011

Owner occupiers	70%
Private rent	10%
Social rent	9%
Second homes (Westray, Eday and Papa Westray)	11%

## 9.5 Westray demographics & statistics

The census from 1961 to 2011 demonstrates a falling population on Westray, with a small rise in population of 25 in 2011.

Table 11: Population

Year	1961	1971	1981	1991	2001	2011
Population	872	735	702	704	563	588

Average household income in Westray in 2015 was £29,000.

Table 12: Age Structure 2011 Census

All people/588	Number	%
0 – 4	30	5.1
5 – 7	10	1.7
8 – 9	8	1.4
10 – 14	20	3.4
15	13	2.2
16 – 17	12	2.0
18 – 19	10	1.7
20 – 24	29	4.9
25 – 29	20	3.4
30 – 44	79	13.4
45 – 59	156	26.5
60 – 64	43	7.3
65 – 74	87	14.8
75 – 84	52	8.8
85 – 89	14	2.38
90 +	5	0.9

In broad terms, the number of people under 19 is 103, the number of people aged 20 – 64 is 327 and the number over 65 is 158.

(Ref: Orkney Isles Council).

## 9.6 New properties

There have been 11 private sector new build house completions in Westray during the period 2011 to 2014. Ref: Orkney Isles Council.

## 9.7 Sales

The following sales have been recorded on the Registers of Scotland and Rightmove websites from August 2015 to November 2016:

Table 13 Westray property sales

Address	Date of Registration	Price £	Property size, if known
5 Broughton, Westray	18.08.15	33,000	
Craigton Villa, Westray	24.08.15	197,500	2 bedrooms
Lightcost, Westray	06.01.16	135,000	4 bedrooms
The Old Manse Cottage, Pierowall, Westray	20.01.16	125,000	3 bedrooms
4 Lastigar, Westray	03.05.16	42,180	
The Old Manse, Westray	03.03.16	180,000	
W I Rendall, Westray	05.08.16	165,000	Shop
Daisybank, Westray	10.03.16	140,000	
Rose Cottage, Westray	16.06.16	165,000	3 bedrooms
Syllingar, Westray	02.08.16	62,000	2 bedrooms
Field, Westray	18.08.16	136,000	3 bedrooms
Sand-O-Gill, Westray	11.11.16	155,000	
Biggings, Westray	25.10.16	45,000	

While it is difficult to compare the different types of properties, the average price, based on the 3 sales which we know are 3 bedroom properties (highlighted) is £142,000.



## 10 A report on management agencies costs for both domestic and commercial properties

We approached several organisations to provide management costs for properties on Westray. The findings are below:

Table 14: Management agencies costs

Organisation	Housing Management	Repairs and Maintenance	Costs	Contact	Website
Orkney Isles Council	No	No	N/a	luke.fraser@orkney.gov.uk	<a href="http://www.orkney.gov.uk/">http://www.orkney.gov.uk/</a>
Orkney Housing Association	Possibly	Possibly	tbc	craig.spence@ohal.org.uk	<a href="http://www.ohal.org.uk/">http://www.ohal.org.uk/</a>
Orkney Isles Property Developments Ltd.	Yes	Yes	25% of rents	anne@oipdl.co.uk	<a href="http://www.oipdl.co.uk/">http://www.oipdl.co.uk/</a>
Lows Orkney	No	No	N/a	Andrew.Bonner@lowsorkney.co.uk	<a href="http://www.lowsorkney.co.uk/">http://www.lowsorkney.co.uk/</a>
Orkney Leasing	No	No	N/a	info@orkneyleasing.co.uk	<a href="http://www.orkneyleasing.co.uk/">http://www.orkneyleasing.co.uk/</a>
Westray Development Trust	No	Repairs service	tbc	andy@westraydevelopmenttrust.co.uk	<a href="http://westraydevelopmenttrust.co.uk/">http://westraydevelopmenttrust.co.uk/</a>
Lochaber Housing Association	Yes	Yes	12.5% of rent + other costs	info@lhaps.org.uk	<a href="http://www.lochaberhousing.org.uk/lha/property.html">http://www.lochaberhousing.org.uk/lha/property.html</a>

### Orkney Housing Association

OHA currently owns and manages 8 properties on the island for social rent. They may be able to offer housing management services to the WDT, depending on the levels of service required. They would consider this more fully at a more advanced stage of development.

As an employment opportunity, the WDT could consider taking on some elements of housing management locally and OHA are receptive to discussing this in greater detail if required. If the WDT do own other properties including self-catering homes to let, then they may build up knowledge and expertise and be able to offer local employment through this route. Training and development may be required and the Landlord Accreditations Scotland and Scottish Landlords both offer training for registered private landlords.

### Orkney Isles Property Developments Ltd.

The quote for services offered by OIPD is as follows:

Housing management costs (including preparing tenancy agreements, all other paperwork, lodging security deposits, rent collection)	£60 (per tenancy)
------------------------------------------------------------------------------------------------------------------------------------	-------------------

Cleaning charges between tenancies	£50
Advertising	£15
Repairs and renewals	£1,200
Property insurance	£170
Grass cutting	£250
Total	£1,745

They can either charge individually or offer an overall management fee of 25% of the total rental amount collected from tenants.

#### Orkney Leasing

Does not provide property management services to Westray.

#### LHA:

*The rates provided above are for comparison purposes only and LHA does not intend to offer housing management services on Westray.*

## **11 An exploration of the opportunities to link with local or national projects**

### **11.1 Highland Self Build Loan Fund**

The Scottish Government's £4 million Highland Self-Build Loan Fund is providing opportunities for people to self and custom build homes across the Highland Council region, with applicants now being able to apply for up to £175,000 to help towards their builds.

This scheme which aims to revitalise what was once the main housing delivery model in the Highlands, and generate growth in the "self-build" sector again. It is being administered by The Highlands Small Communities Housing Trust, who are now accepting applications.

Launched in April 2016, the fund is a pilot scheme which will run for an initial two years. The Highlands Small Communities Housing Trust will be able to offer loan agreements up until and including March 2018. All outstanding self-build projects will then have until April 2019 to pay back their loans to the Scottish Government.

The fund aims to increase economic activity in the area through the provision financial assistance to people who have in recent years been unable to progress with their self-build projects.

The Highland Self Build Loan Fund is already providing loans which are allowing development to take place across the Highlands, including in smaller rural communities, where new build housing is scarce. This will help meet the housing needs of the community, and will therefore prevent outward migration and boost local employment and skills.

Individuals and families may have found themselves spending years trying to obtain suitable finance to help them build their own homes, many of which may have spent a considerable amount of time in unsuitable living conditions.

This new fund will help these people finally build their own custom homes, and allow them to move into more comfortable surroundings once they have completed their build.

In Westray, it may be worth considering self-build support mechanisms as this was the most popular tenure choice uncovered in the community consultation exercise and also reflects the findings of the recent Housing Needs Survey carried out in 2015. For example, the Westray Development Trust could offer a smaller scale form of loans for house building projects. A bridging loan of up to 150,000 could be offered for up to 1 year and once repaid through a traditional mortgage it could either go towards another self-build project or returned to WDT for other projects if required. Interest rates and arrangement fees could be added. As WDT is already set up to offer loans this is a mechanism which could offer support quickly and without substantial work to establish the process. See example 6.

### **11.2 Community-Led Housing**

Community led housing is becoming an increasingly popular concept, especially for rural areas where typically it can be difficult to secure investment from external agencies. We consider that there are



opportunities for the Westray Development Trust to explore providing community led housing on Westray based on our consultation work.

An example of community owned rented housing is as follows, although the implementation will vary for each community based on its individual characteristics.

Land: must be in community ownership. Could be secured from own funding or through an application to the Scottish Land Fund.

Housing types and tenures: mid-market rent (or local housing allowance) is the maximum level of rent chargeable should grant funding through the Rural Housing Fund be secured. It should be noted that higher grant levels are available to properties provided at social rent levels.

Project management: This may be carried out by an agreed partnership with a minute of agreement in place, or undertaken fully by a third party.

Construction: A recognized construction firm who are able to provide housing to the required standards should be used following a rigorous tender process to ensure best value. Due to procurement rules which apply to local authorities and housing associations a local approach may be more financially viable, along with retaining local employment.

Management: In many cases, the community prefers to outsource housing management, such as rent collection/arrears and allocations. However, an option is to retain the maintenance and repair elements in order to provide local employment opportunities and that only the allocation process is outsourced.

#### Example 7: Westray Community-Owned Housing

##### Westray community-owned housing

An example of using WDT funds to provide community-owned housing for rent and for sale.

4 properties (2 for social rent levels owned by WDT, 2 for low-cost home ownership)

The benefits of providing mixed housing tenures are that it is more flexible and likely to be able to address different needs on the island. The rented properties will be an asset for the WDT and will return a small surplus from the rents each year. The properties for sale can provide a quick return on the initial development funding provided through their sale and therefore reduce financial risks. A rent to buy model may assist households to access home ownership more readily.

### 11.3 Rent to Buy Scheme

Offering a Rent to Buy Scheme can be a cost-effective way of providing new homes on an affordable basis. It offers the maximum levels of support to the individuals while providing a low-risk opportunity

to the developers or community group who are providing the homes. The individuals benefit from lower rent costs, a fixed purchase price, cash-back incentive (where possible) and an opportunity to rent a new home with an option to purchase at the end of the rental period. The developer or the investor is secure in the knowledge that their development funding will be repaid within 6 years (or other agreed term), including any interest accrued on the loan. It should be noted that commercial lending rates are unlikely to make a Rent to Buy Scheme viable and lower interest rate loans of approximately 2% are required e.g. from WDT or through a Rural or Islands Housing Fund loan.

This could be a viable model to deliver homes in Westray, so long as the open market valuations and the project costs allow for a discount to be offered to the purchasers and for the rent levels to be set at mid-market rent level. If the open market valuations are lower than required, consideration could be given to add grant support to the funding model. In many cases, this tenure can be an important part of the overall housing strategy by being attractive to people who have aspirations for home ownership but do not have access to large deposits. Similarly, this model could prove attractive to those who may be interested in self-build projects but are not able to progress with this route.

#### 11.4 Community empowerment

The Community Empowerment (Scotland) Act 2015 was given Royal Assent on 24 July 2015. The Community Right to Buy legislation, Part 2 of the Land Reform (Scotland) Act 2003, has been amended by Part 4 of the Community Empowerment (Scotland) Act 2015.

The Act allows a community to register its interest to buy land at market value once it is offered for sale. There are two stages to the process: The community registers and interest in the land and secondly, then the community has the "Right to Buy" once it is offered for sale. Community support must be demonstrated for the proposals and a community body which is compliant with the Act (e.g. a company limited by guarantee, Scottish charitable incorporated organisation or community benefit society) can take forward the proposals. The registration of a community interest in land lasts for 5 years from the date of the Scottish ministers' approval, although the community can register for another 5 years if required. Assets can also be transferred to suitable community organisations following a formal asset transfer process from 23rd January 2017 onwards.

The Scottish Government has a Community Land Team which can be contacted for specific questions relating to the process: [crtb@gov.scot](mailto:crtb@gov.scot) 0300 244 6679. Other useful numbers are:  
HIE Community Assets Team      01520 722 988      Community Land Scotland 01859 502 063

Big Lottery      0300 123 7110

## 11.5 Land Reform

The Land Reform (Scotland) Act 2016 was given Royal Assent on 22nd April 2016.

A Scottish Land Commission is to be established to review changes to law and policy. The Act calls for further engagement of communities in decisions relating to land and guidance is due to be issued on this. The Scottish Ministers will have the ability to force a sale to a community in the interests of sustainable development. All property and land in Scotland will be subject to this right to buy, excluding owner occupied homes and crofts and land belonging to the Crown Estate and other land as designated by the Scottish Government.

The Scottish Government aims to have one million acres of land in community ownership by 2020 and this legislative reform is aimed at delivering this aspiration.

[http://www.brodies.com/sites/default/files/landreformact_brodiesllp.pdf](http://www.brodies.com/sites/default/files/landreformact_brodiesllp.pdf)



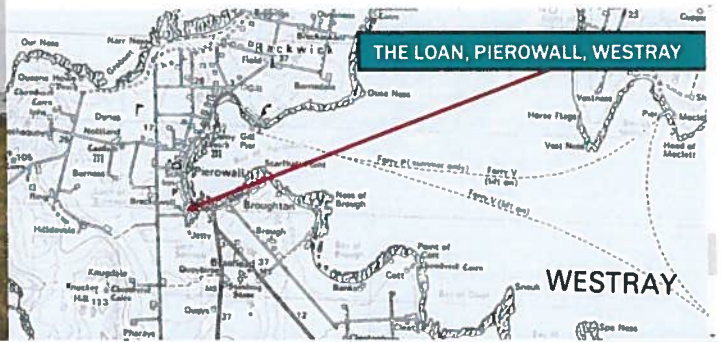
## **12 Identification of areas of land & properties with potential for community ownership**

### **Background**

Part of our process was to discuss potential site with the Orkney Isles Council's Planning Department. They provided some general advice as each planning application would be considered in its own merit. They stated that they were willing to consider developments throughout the island, not only in the main population centre of Pierowall although this would be the preferred location due to the proximity of key facilities such as education, sports, play, GP, shops, employment and therefore allows sustainable development. They intimated that they generally support housing development of which ultimately provides social and economic benefits to the community. In terms of housing types they explained that the need and the location of new development is required to be established through sound research including careful consideration given to the siting and the design of any developments. This broadly echoes the findings of the community engagement exercise although some of the consultees preferred that development was not concentrated in one particular area. One party suggested that the north side of Lastigar should also be considered.

In the analysis below, we have considered the most suitable and viable sites for further consideration. Please note that until further feasibility work is undertaken, e.g. topographical survey, trial pits and site investigation, contamination studies (if required), archeological surveys and a tendering process, the information should be considered as a guide. The properties identified have been appraised on the information available to us and there may be additional costs which are not evident.

## 12.1 The Loan - Pierowall



### Current landowner:

The plot is currently being marketed by Lows, Orkney.

### Address:

The Loan, Pierowall, Westray, KW17

### Size/Area:

4 acres or thereby (16,187 sqm)

### Site Capacity:

The site is of a significant size to allow a multi-use approach or a phased development over several years. Its location is such that it is an obvious extension to Pierowall and it is within easy reach of all facilities in the village. While the Loan is large enough to accommodate around 20 or more houses, the current demand is not sufficient to recommend development to this extent.

The site is not in the current settlement boundary of Pierowall however a Masterplanning exercise, with a local steering group established to investigate the long-term aspirations of the community would be beneficial for this development site (e.g. Gairloch example 6.5.1). This would assist in making a viable case for development. For example, the WDT indicated that a key services building may be required in the future by police, coastguard, ambulance and fire services and this site could be considered further for this use as well as other uses as identified by the community, businesses, service providers and the WDT.

### Tenure options:

In terms of an example for housing, as a first phase the site could accommodate a development of rented properties to accommodate the needs of local businesses and service providers. (The current need identified was 6 properties).

As this site may help to address the needs of the businesses and service providers, there may be the opportunity for investment in return for a priority in allocations.

#### The Loan example – Phase 1: 6 properties for rent

- Rent at social housing rent levels (2 properties, WDT - Rural Housing Fund application)
- Business investment/key worker rented housing/housing association (4 properties)
- All properties managed by a third party

#### Business opportunity – Holiday lets (3)

In order to generate income for the WDT and provide a service to visitors to the islands, as well as offering local employment, consideration could be given to the construction of some new build properties which are mainly used as holiday lets. In our example, we evaluate how 3 properties could be developed and funded.

While the main purpose of the properties is for tourism, if they are owned by the WDT and funded independently, this could assist with the overall site development costs and viability. For example, shared infrastructure costs such as connections to services and access road means that each property has a lesser share and therefore lesser development costs.

The ownership of properties can allow a more flexible approach to letting them, or selling them, on a shared equity or open market basis as the local needs change.

Other potential uses depending on the outcome of the Masterplanning exercise:

#### Services building/office (1)

There may be the opportunity to offer a serviced plot for sale or to create a building to rent for another purpose. More detailed discussions would need to be carried out with the potential users and the funding opportunities.

#### Self build plots

In order to create diversity, self-build plots could be offered for sale. Support mechanisms such as loan funding, deferred plot payment could be offered where appropriate.

#### Footpaths/Cycleway

In our discussions with planning they have indicated that any development on this site should be designed with connections to the other facilities in Pierowall. There may be sources of funding available to assist with providing this network with the remainder of the village.

#### Recreation

Explore the needs of the community in further detail to find out what type of recreation or amenity are would be most popular and fit with the design and sustainability elements of the site.

Masterplanning exercise required for other site uses.



Table 15: The Loan (studies required and Masterplanning exercise)

Site appraisal: The Loan	Comments
Topography:	Flat site, elevated position near village
Site investigation/Trial pit investigation:	Feasibility study would determine the site conditions
Archaeological:	Study may be required by planning
Environmental:	Study may be required by planning
Utilities:	
Water:	According to the information available to us, the site is around 100 metres from the water main.
Electricity:	Main electricity connection runs through the centre of the site. It may be possible to have the access road alongside thereby making both sides of the site developable.
Sewer:	According to the information available to us, it does not appear to have mains sewer in this location, therefore a feasibility study is needed to determine the best solution.
SUDS/Flooding:	Some of Pierowall is within a flood risk zone. A flood risk assessment may be required for this site as part of the feasibility study.
Telephone:	Not investigated
Wayleaves:	May be required in order to connect drainage and water to the site

Potential constraints:

The site is out with the current settlement boundary for Pierowall.

Main sewer located far away from site

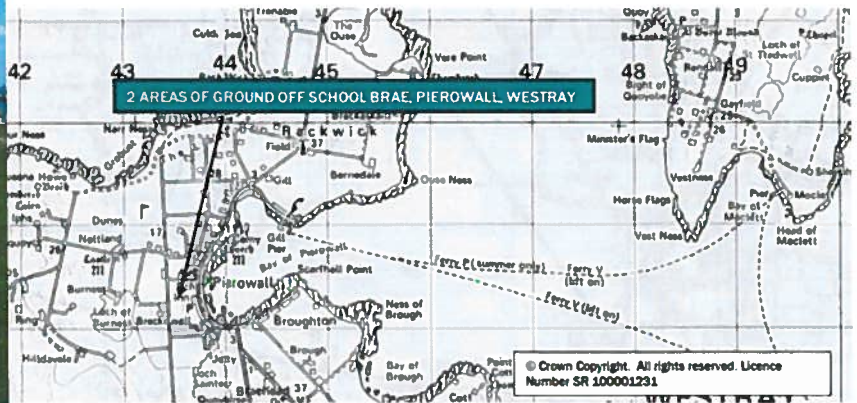
Water main also not adjacent to site

Possible solution:

A Masterplanning exercise is encouraged by the planning authority to explore the potential uses based on community needs.

A detailed feasibility study will determine the best connection points and costs of the connections.

## 12.2 School Brae - Pierowall



### Current landowner:

An individual owns the central plot and indications are there may be a willingness to sell, although they have not been approached at this stage until further consideration has been given to the options by WDT.

Two other plots for sale are being marketed by Lows, Kirkwall.

### Address:

Schoolbrae, Pierowall, Westray, KW17

### Size/Area:

2 x 1,000 square metres and 1 x 1,000 square metres (Total approx. 3,000 square metres)

### Site Capacity:

There are several options which could be considered on this site. Planning consent is not in place at present, although indications are that each plot would be suitable for 1 dwelling house. However, in order to offer a range of housing options, it may be possible to increase development on part of the site to include semi-detached properties.

### Tenure options:

The site is located in a central position in the village within the settlement boundary and it is within easy reach of all services. It could therefore be considered for a range of housing tenures.

Schoolbrae Example: (1 self-build plot, 2 community-owned properties and 1 low-cost home ownership property)

Self-build plot: one plot could be purchased by the WDT to offer it as a “supported self-build” package (see example 6) which may be attractive to some of the families who responded to the consultation.

- Planning consent for a 3 bedroom property (or other size, depending on need and budget)
- Site servicing to include access, drainage, electricity, water and telephone connections
- Offer of a fixed price build quote from contractor
- Offer deferred plot payment, repayable on completion of the property
- Provide a self-build loan facility, repayable on completion of the property
- Protect the on-going affordability of the home with a rural housing burden, to allow it to be purchased at a discount in the future

Community-owned housing: one plot could provide 2 semi-detached properties for WDT to own and rent. These properties could help to meet the fluctuating needs of local businesses and service providers by offering short assured tenancies or sub-lets.

Low-cost home ownership: the remaining plot could offer a property to purchase on a shared equity basis. While this would require initial development funding to build, this would be repaid on completion then sale of the property.

Table 16: Site appraisal: Schoolbrae (Studies required)

<u>Site appraisal: Schoolbrae</u>	<u>Comments</u>
Topography:	The site is a flat field with views to the sea.
Site investigation/Trial pit investigation:	No obvious constraints, although this would need to be determined by a feasibility study.
Archaeological:	Planning may require an archaeological survey to be conducted.
Environmental:	No obvious constraints, although a study may be required.
<u>Utilities:</u>	
Water:	Water main is close to the site
Electricity:	Electricity connection close to site
Sewer:	Sewer is close to the site
SUDS/Flooding:	Some of Pierowall is within a flood risk zone. A flood risk assessment may be required for this site as part of the feasibility study.
Telephone:	Not investigated
Wayleaves:	Unlikely that wayleaves will be required for this site

Potential constraints: Two plots rather than three may be available.

Possible solutions: Negotiate with landowner or develop plans for the smaller area.



### 12.3 North Cottohowan



Current landowner: Mrs Uka Summers

Address: North Cottohowan, Westray

Size/Area: almost 1 acre (4,000 square meters approx.)

Site Capacity: Cottage x 1 which may be suitable for refurbishment. Landowner has suggested building a 3 or 4 bedroom property attached to the cottage allowing the cottage to be used as a granny flat or to let out and the new building to be leased for rent.

Table 17: Site appraisal North Cottohowan

Site appraisal: North Cottohowan	Comments
Topography:	Gently sloping site, elevated position
Site investigation/Trial pit investigation:	Feasibility study would determine the site conditions
Archaeological:	Study may be required by planning
Environmental:	Study may be required by planning
<b>Utilities:</b>	
Water:	None
Electricity:	None
Sewer:	None
SUDS:	None
Telephone:	None
Wayleaves:	tbc

Potential constraints: Access road requires upgrading, or a new connection from the other side of the site. Planning may restrict dense development on this site due to its location and therefore 1 or 2 properties may be the maximum possible.

Possible solutions: An off grid solution may be required for power generation, water and drainage.

Owner is happy to consider options to enable development including leasing.

## 12. 5 Properties for Sale

A number of properties for sale on the open market may be suitable to provide rented housing which is owned by the WDT. Appendix 3 provides an example of the anticipated costs involved and a brief description of each dwelling is below.

### 12.5.1 Valdigarth, Skelwick ([www.lowsorkney.co.uk](http://www.lowsorkney.co.uk))



#### Description of Valdigarth

A one bedroom property (37 sqm) located mid-way between Pierowall and Rapness, this cottage could offer potential to be rented out by the WDT. The occupants would require access to a car and therefore this property may be less favourable than others in Pierowall. The heating is solid fuel and a new system may be preferable if the property is rented. The condition of the property on the home report shows some category 2 repairs which would require attention prior to letting the property.

For sale at £70,000 (+ legal fees and cost of improvements)

### 12.5.2 Ulva Cottage and Westray Pottery, Pierowall ([www.lowsorkney.co.uk](http://www.lowsorkney.co.uk))



#### Description of Ulva Cottage

A two storey detached house with an outbuilding which is currently used as the Westray Pottery. The house is spacious and it has two bedrooms and a small garden. Heating is provided by a ground source heat pump which supplies 5 radiators and the kitchen boasts a solid fuel Rayburn stove. The property may require a degree of modernization as the EPC is F.

The location is within walking distance of all main facilities in Pierowall and could offer a business opportunity for a pottery or its conversion into another use. This property may offer a good opportunity for the WDT to own and rent a property. The bedrooms are located upstairs and therefore the property may not be suitable for all users.

No home report available as property has a commercial use.

For sale at £115,000 (+ legal fees)



### 12.5.3 Stenigar, Broughton, Pierowall ([www.lowsorkney.co.uk](http://www.lowsorkney.co.uk))



#### Description of Stenigar

A single level dwelling with 2 bedrooms in Broughton, which is located a short walk from the main centre of Pierowall. The property appears to be in good order throughout with modern fittings and finishings and a back garden. Heating is provided by electric storage heating and a fire in the living room. Bedrooms have panel heaters.

The condition of the property is good apart from category 3 repairs require in the roof due to "Severe condensation mould was noted in the roof void. High moisture meter readings were noted in the ingoes of the Bedroom windows and also those of the Shower-room". The guttering also requires repairs. (Home report)

For sale, offers over £120,000. (+legal fees and some upgrading)

## 12.6 Commercial property: No 1 Broughton, B&B ([www.lowsorkney.co.uk](http://www.lowsorkney.co.uk))



### Description of No 1 Broughton

A 5 bedroomed property, which is currently used as an artist's studio and a Bed and Breakfast business. The property is well located within Pierowall and there is easy access to the shops, hotel and other facilities. The condition of the building appears to be in good repair having undergone a refurbishment around 6 years prior.

No home report available as property is for commercial use.

For sale: £210,000 Fixed price (+Legal fees)

### Application for WDT:

This could be a business opportunity for the WDT and assist with local employment and attracting or retaining families on the island.

### Example 8: Bed & Breakfast Business

The WDT could purchase No 1 Broughton and operate this as a business.

This property is in good condition and it known and recognized as a bed and breakfast business on Westray. In order to continue to provide suitable accommodation for visitors to the island the WDT may consider protecting the use of this business rather than it potentially becoming a second home or holiday house.

WDT could encourage local employment by employing a manager who could live in the property.

It may be attractive to the WDT and the salaried employee to have a profit share incentive scheme in place.

The property could be sold in the future or used for other uses by the WDT should the demand for this service change.



### 13.Exit strategies

We have split the identified risks into several categories below:

#### 13.1 Pre-development exit strategies

Identified risks	Possible outcomes	Action required
Community support	Unsupportive of development	Strong community engagement in early stages. Further consultation on sites and uses. Explanation on need, tenures & benefits to long-term sustainability.
Planning	Sites not considered suitable	Check site suitability in advance of submitting applications. Involve planners in Masterplanning exercise.
Feasibility studies	Unsuitable ground conditions. Unobtainable or expensive connections to utilities.	Some projects may abort at this stage if the ground conditions prohibit the required development to take place. Obtain detailed quotes from utility providers where possible.
Archaeological studies	Sites or objects of significance uncovered	Liaise with appropriate specialists before development.
Land purchase	Note expressions of interest in suitable sites. Agree/secure funding.	Access issues, boundaries discrepancies, unusual title conditions can all arise during legal work. Identify as much information as possible about the land prior to engaging solicitors to reduce risks and costs.
Development funding	Explore options to secure funding at the outset.	Prepare detailed financial plans at the outset and make funding applications and/or agree loans or grants in advance.
Budget	Where possible agree fixed costs using professionals	Re-evaluate costs and make savings. Secure additional funding if required. Delays or worst case scenario the project put on hold or stopped completely.

### 13.2 Development exit strategies

Identified risks	Possible outcomes	Action required
Unforeseen costs	Budget increases from original estimates.	Obtain fixed cost quote where possible in advance. Retain a contingency in the budget for unforeseen costs. Negotiate with contractors regarding increases. If necessary, source additional funding.
Contractor goes out of business	Establish staged payments	By paying for work on its completion this offers the contractor security over cash flow. It also means that any work done will have been paid for and another contractor could be engaged if necessary.
Defects/maintenance issues	1 year defects liability period in contract	Ensure that there is a suitable clause to allow for all defects to be made right by the contractor. This should include latent defects after the 1 st year.
Heating/ventilation/water/sewage	Ensure systems installed are suitable for property and for users	At the design stage consider most suitable systems, including user and maintenance. Provide user instructions and training to occupants. Set up maintenance contracts where required.
Difficulties in obtaining completion certificates	Engage with contractor and local authority	The contractor is responsible for ensure that the building meets the planning and building warrant requirements and obtains the completion certificate.
Delays in grant funding/loan payments	Financial planning	Prior to development begins establish a cash-flow which includes all funding streams and payments. Include an element of contingency.
Delays	Agree build schedule	Delays can impact on many aspects. Some contracts have penalties for delays but this can add costs to the contract sum.

### 13.3 Post development exit strategies

Identified risks	Possible outcomes	Action required
Inability to sell properties or plots	Alter the tenure of the homes	Agree with housing partners e.g. OIC and OIHA the possibility of them purchasing property to rent properties. For plots, consider alternatives e.g. building on plots rather than offering self-build. Or sell to a housing partner to land bank.
Inability to rent properties	Approach housing suppliers and businesses and service providers to check their needs. Option to sell properties. Option to use homes for alternative uses e.g. tourism	Widely market the properties. Build in an element of finance for void periods for rented homes. Subject to agreement from funders, agree to use properties for other uses or to sell as the last resort.
Void properties (costs)	Market properties widely to all contacts on each relet	Usually around 3% of annual rental should be set aside
Repairing obligations	Service agreements and call out agreements with local contractors	This may be done by WDT or by the management provider. In either case, a structured approach to on-going maintenance and repairs is required. E.g. Annual servicing of boilers/heating systems. Have a policy for emergency repairs.
Fire/theft/damage to properties	Insurance	Ensure that the insurance policy taken out is suitable for renting properties including void periods
Issues with property management provider	Minute of agreement	It is advisable to have a minute of agreement with the management provider that both parties agree on at the outset.
Major repairs	Set aside a sinking fund	Usually around 10 - 15 % of annual rental income should be set aside to cover for major repairs
Letting	Register with the local authority as a private landlord.	Guidance is available to private landlords. Notice can be issued to tenants who do not follow the tenancy agreement. Seek legal advice where appropriate.



## 13 Recommendations

Our original thoughts were to hold an open day with key partners during the process of investigating the most suitable sites on Westray, however as the process has evolved and information has been evaluated, we recommend that an open day discussion is held to discuss the findings of the draft report and to agree some action points thereafter. This could take place on Westray in the New Year once the report has been distributed.

While we have been to Westray and investigated the views of people with a housing need and spoken to most of the businesses and service providers, we suggest that a summary of the key sites suggested for development is shared with the wider local community to gauge their views and preferences following, on from the open day with strategic partners. In particular, the Loan site requires a Masterplan to be created in order to have this site connected with the village as it is out with the settlement boundary.

Having carried out a desktop evaluation of the options on Westray for future development, we recommend progressing to a further stage with the following projects to explore their viability:

- School Brae – Feasibility, land purchase (s), agree housing tenures.
- The Loan – Feasibility, land purchase, Masterplanning exercise with planners and community. Agree long-term strategy for this site, including linking with the main village.
- Investigate options for North Cottohowan further
- Property purchases – explore viability of Valdigarth, Ulva Cottage & Potter and Stenigar for renting out.
- WDT establishes supported self-build mechanisms either in conjunction with another organisation or as a stand-alone project for Westray.

We also suggest:

- Establish a steering group to take forward development of the sites identified.
- Share the report with the local community and encourage other businesses to engage in the process where possible.
- WDT explores utilizing its own funding to attract match funding to projects where possible.
- As many of the grants available are time limited, it is important to maintain a momentum
- Explore options of collaborating with other areas in Orkney for joint construction procurement

There are clearly some exciting opportunities for the future development of Westray to enable the community grow and expand at a scale which meets local needs. This will help to provide opportunities for young people to remain on the island, incoming workers to have suitable housing options enabling those who wish to stay longer term to do so and to support existing local businesses and services providers.

## 14 References

<https://en.wikipedia.org/wiki/Westray>

<http://westraydevelopmenttrust.co.uk/>

Westray Local Development Plan

<http://westraypapawestray.co.uk/westray/>

<http://www.lowsorkney.co.uk/>

<http://www.dandhlaw.co.uk/>

<http://orkneypropertycentre.co.uk/>

<http://www.scotlandscensus.gov.uk/>

<http://www.orkney.gov.uk/Service-Directory/H/council-housing.htm>

<http://www.ohal.org.uk/housing/properties/>

<https://www.biglotteryfund.org.uk/scottishlandfund>

<http://communityshares.org.uk/node/4486>

<http://www.sunartcommunityrenewables.org.uk/background.html>

<http://www.applecrosshydro.scot/>

Westray Housing Needs Survey Report, 5th February 2015

<http://www.legislation.gov.uk/asp/2016/18/part/5/enacted>

Community Right to Buy: An information leaflet for community bodies, landowners and other interested parties for applications made on or after 15 April 2016. The Scottish Government.

[http://www.brodies.com/sites/default/files/landreformact_brodiesllp.pdf](http://www.brodies.com/sites/default/files/landreformact_brodiesllp.pdf)

<http://www.gov.scot/Topics/Built-Environment/Housing/supply-demand/housing-infrastructure-fund>

<http://www.landlordaccreditationscotland.com>

<http://www.scottishlandlords.com>

**Potential Project Assessment with NO GRANT (for illustrative purposes only)**

<b>Development Costs</b>		2 bedroom	3 bedroom
Land		7,000	7,000
Servicing		15,000	16,000
House Build Costs		102,000	110,000
On costs	7.5%	7,650	8,250
<b>Total Costs</b>		<b>131,650</b>	<b>141,250</b>
<b>Rental Income</b>		<b>4,440</b>	<b>5,040</b>
<b>Property Expenses</b>			
Repairs (% of rental income)	13%	555	630
Insurance		165	180
Management (% of rental income)	15%	666	756
Long Term Maintenance (% of rental income)	13%	555	630
Voids (3%)	3%	133	151
<b>Total Property Expenses</b>		<b>2,074</b>	<b>2,347</b>
<b>Surplus Income</b>		<b>2,366</b>	<b>2,693</b>
<b>% Rate of Return in Investment</b>		<b>1.8%</b>	<b>1.9%</b>

**Potential Project Assessment with RHF GRANT (for illustrative purposes only)**

<b>Development Costs</b>		2 bedroom	3 bedroom
Land		7,000	7,000
Servicing		15,000	16,000
House Build Costs		102,000	110,000
On costs	7.5%	7,650	8,250
<b>Total Costs</b>		<b>131,650</b>	<b>141,250</b>
<b>RHF Grant Maximum</b>		<b>89,380</b>	<b>94,710</b>
RHF Grant applied	35%	31,283	33,148.50
<b>Total Project Costs after RHF Grant</b>		<b>100,367</b>	<b>108,102</b>
<b>Rental Income</b>		<b>4,440</b>	<b>5,040</b>
<b>Property Expenses</b>			
Repairs (% of rental income)	13%	555	630
Insurance		165	180
Management (% of rental income)	15%	666	756
Long Term Maintenance (% of rental income)	13%	555	630
Voids (3%)	3%	133	151
<b>Total Property Expenses</b>		<b>2,074</b>	<b>2,347</b>
<b>Surplus Income</b>		<b>2,366</b>	<b>2,693</b>
<b>% Rate of Return in Investment</b>		<b>2.4%</b>	<b>2.5%</b>

Westray Development Trust: considering development opportunities on Westray 2016