

# Operation of Housing System within Loch Lomond & Trossachs National Park

## Final Report

## November 2022



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## 1 Introduction and Project Methodology

In April 2022, Loch Lomond and Trossachs National Park Planning (LLTNP) Authority commissioned Arneil Johnston to carry out research into the operation of the housing system in the Park area.

This research study provides an evidence base offering the latest insights on housing affordability, house price inflation, affordable housing pressures, second homes and the operation of the short-term lettings sector. This evidence will inform policy direction within the new Local Development Plan and assist with the Park's approach to the designation of Short-term Let Control Areas (where evidence of housing market operation suggests that secondary letting is having a negative impact on the sustainability of communities and places). It is also anticipated that the analysis will help to inform LLTNP's affordable housing policy and other housing supply interventions which seek to improve housing system balance and market operation.

A key aspect of this study has involved evidencing and better understanding the relationships between housing affordability pressures and housing inflation/market operation, second homes and the operation of the short-term lettings sector.

The study has also provided an opportunity for engagement with community representatives and housing market partners to build contextual analysis of local housing system drivers and to identify and assess future planning and housing supply interventions.

### 1.1 Project Methodology

The project methodology has been designed to deliver robust and credible housing market evidence on:

- housing market operation including containment and migration analysis, house sale volumes, and prices
- housing affordability analysis including the proportion of existing households who can/cannot afford the full range of housing tenures available in the LLTNP area
- housing pressure analysis including demand ratios, market inflation, affordability outcomes, and linkages to concentrations of second homes/short term lets
- meaningful engagement with local housing system stakeholders to explore housing system imbalances, housing market drivers, and potential interventions to address unmet housing need.



## 2 Validating Housing Market Sub-areas

### 2.1 Validation Exercise for Containment & Migration

At an initial stage in the project, analysis was performed to validate functional Housing market sub-areas (HMSAs) across the national park boundary; to test whether the spatial structure agreed in 2012 continues to provide a credible basis to assess housing system operation and produce housing estimates.

The purpose of the validation exercise was to:

- determine whether any statistical evidence would justify a change to current housing market area boundaries (established in 2012)
- validate the functional market area boundaries operating across the national park boundary to provide a spatial basis for housing pressure analysis.

As there is no single method for establishing HMSAs, the Scottish Government recognise that different approaches are required in different areas. The Scottish Government HNSA Guidance refers to the Local Housing Systems Analysis (LHSA) Good Practice Guide<sup>1</sup> which lists the following potential approaches:

- analysis of the origin and destination of house buyers
- Travel to Work Areas, mainly defined using census data
- community boundaries such as Community Council areas
- pre-defined boundaries such as Structure Plan boundaries
- local knowledge or instinct based modelling.

Some of the key features of HMSAs are:

- They are a compromise between theoretical appropriateness and practicality in terms of data availability and robustness
- They must be at a scale which allows quantitative estimates to be made of current and future economic growth, demographic change, migration; and for housing requirements to be demand, rather than supply, led
- The concept works best in urban areas. Difficult issues in rural areas include low market activity; sales to long distance retirees and second homeowners; and highly localised demand, particularly for affordable housing. Rural HMSAs "...may be more easily identified using qualitative or predominately consultative approaches, or primary school catchment areas" (LHSA Good Practice Guide).

A housing market sub-area (HMSA) is a geographical area where the demand for housing is relatively self-contained, i.e., where a large percentage of the people moving house or settling within the area have sought a dwelling only within that area. They represent a spatial area where households live or work and where they would also be willing to search for accommodation. Functional Housing market sub-areas can be measured by analysing the

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<sup>1</sup> Local Housing System Analysis Good Practice Guide, Communities Scotland, 2004

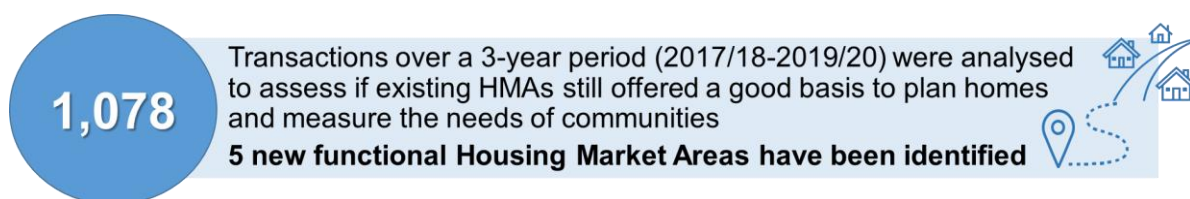


movement patterns of house purchasers using transaction data from National Registers of Scotland.

Containment and migration analysis identifies the origins of households purchasing homes within the National Park to track the proportion of sales in or around the LLTNP area and from those moving into the Park from out-with the area. Previous Housing market sub-area boundaries (HMSAs) provide a baseline position to track the movement patterns of households and to test whether these existing functional areas continue to provide a credible basis for analysis.

In addition to identifying purchaser origins within each existing housing market area, more detailed analyses took place at boundaries and in locations where cross-boundary links were possible, for instance, between the Loch Lomondside HMA and Balloch settlement. The findings from this exercise were informed by local knowledge and triangulation using wider housing system datasets.

The validation began with the LLTNP functional market area boundaries established in 2012 and undertook origin-based containment analysis using Registers of Scotland data for private house sales over the last 3 years of available transactions, namely: 2017/18 – 2019/20.



This analysis resulted in the definition of the following functional HMSAs as follows:

- Balloch HMSA - a separate functional HMSA (2022) not operating as part of the wider Loch Lomondside HMSA which previously including Arrochar.
- Breadalbane HMSA (unchanged from 2012) including Killin, Tyndrum and Crainlarich.
- Callander and Aberfoyle HMSA (unchanged from 2012) including Callander, Aberfoyle, Kinlochard, Gartmore, Lochearnhead, Strathyre, Balquhidder
- Cowal HMSA (unchanged from 2012) including Lochgoilhead, Blairmore, Kilmun, Strone and Ardentinnny.
- Loch Lomondside HMSA – Loch Lomondside combining Loch Lomondside and wider Loch Lomondside from 2012 to include Arrochar but excluding Balloch settlement.



## 2.2 Revised Housing Market Sub-areas: Containment & Migration

Analysis of the origins of households purchasing residential properties in each LLTNP Housing market sub-area reveals that 56% of all purchases are made by households **in or around the LLTNP boundary** and therefore be described as self-contained sales.

Table 2.1 provides a broad summary of the origin of purchasers in each HMSA in the period between 2017/18 and 2019/20.

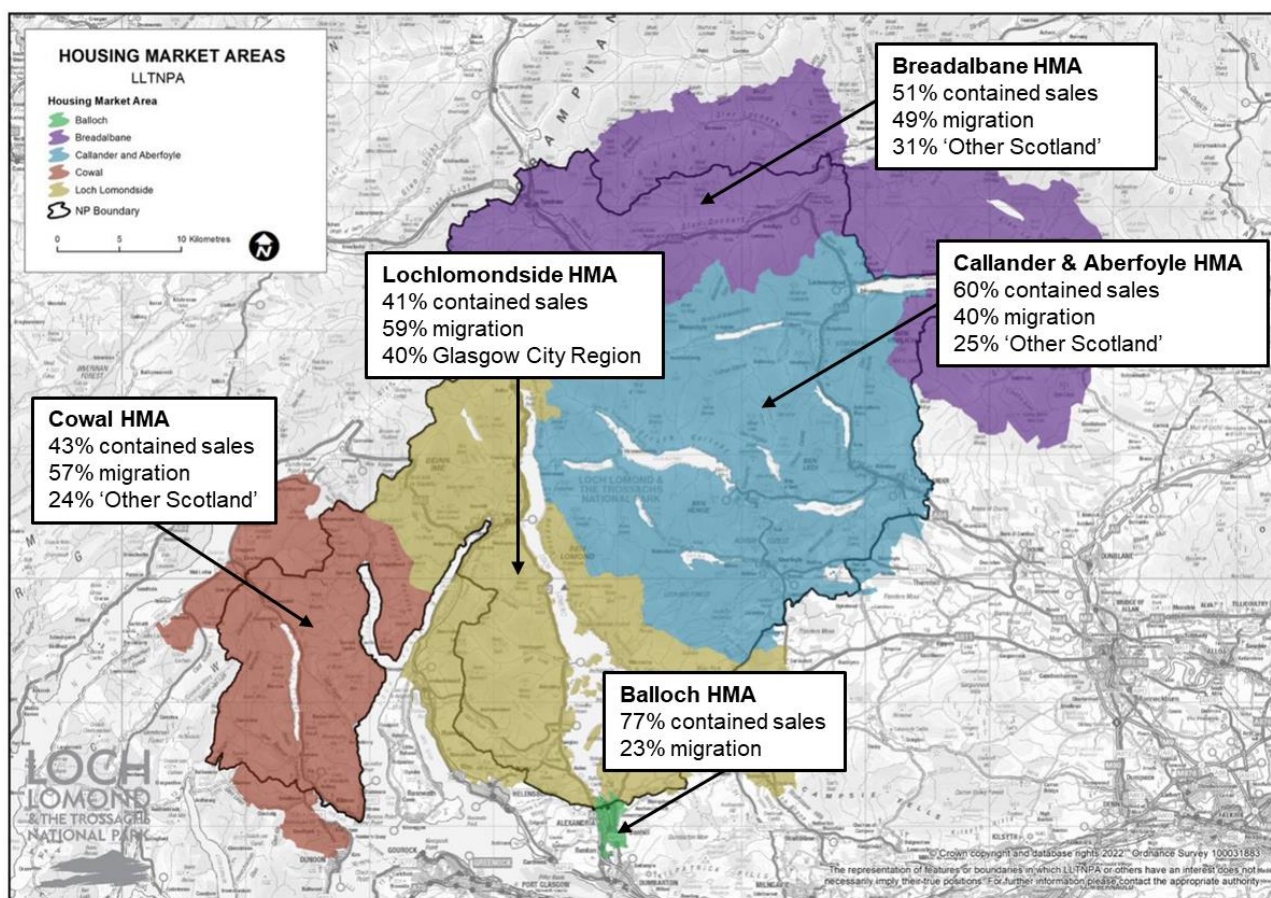
Purchaser Origin	Breadalbane	Callander and Aberfoyle	Cowal	Loch Lomondside	Balloch	Total
LLTNP	3%	28%	7%	8%	7%	14%
Adjoining Councils	49%	32%	36%	34%	71%	42%
<b>Self-Containment</b>	<b>51%</b>	<b>60%</b>	<b>43%</b>	<b>41%</b>	<b>77%</b>	<b>56%</b>
<b>Inward Migration</b>	<b>49%</b>	<b>40%</b>	<b>57%</b>	<b>59%</b>	<b>23%</b>	<b>44%</b>
Glasgow City Region	7%	12%	13%	40%	11%	17%
Edinburgh	13%	4%	2%	1%	1%	3%
Other Scotland	11%	9%	9%	7%	6%	8%
UK & Elsewhere	18%	15%	33%	10%	5%	16%
Total	100%	100%	100%	100%	100%	100%

**Table 2.1: Summary of Containment & Migration Analysis by LLTNP HMSA**

Between 2017/18 and 2019/20, just 14% of sales came from households within each HMSA in the Park, with the most internal containment levels evident in the Callander and Aberfoyle HMSA at (28%). The majority of internal sales (42%) came from households in adjoining local authority areas (Stirling, Argyll & Bute, Perth & Kinross and West Dunbartonshire). Purchasers originating from adjoining local authority areas make up 75% of self-contained sales from in or around the LLTNP boundary.

Inward migration accounts for 44% of all sales in the Park boundary with 17% arising from the Glasgow City Region, 11% elsewhere in Scotland and 16% coming from elsewhere in the UK.





**Graphic 2.1: LLTNP HMA containment & migration key findings**

Balloch represents the HMA with the greatest degree of self-containment, with 77% of house sales originating in or around the Balloch boundary. Of the 207 transactions considered, 71% came from the adjoining local authorities, with 62% originating in West Dunbartonshire.

In Callander and Aberfoyle, 60% of sales originated within or around the LLTNP HMA boundaries. Of the 351 transactions analysed, 28% of purchasers originated from within the HMA itself, with a further 27% originating from Stirling. A quarter of all sales in the Callander & Aberfoyle HMA were made from households elsewhere in Scotland, with 15% from elsewhere in the UK.

51% of house purchases were from households within or around LLTNP HMA boundaries in Breadalbane during the period. Of the 111 transactions analysed, 49% originated in adjoining local authority areas, and of these sales, 57% of sales originated from Stirling (31) and 37% from Perth & Kinross (20). 31% of all sales were from elsewhere in Scotland, with Edinburgh City making up 13% of those outside the LLTNP boundaries.

In Cowal fewer purchases were contained within or around the LLTNP HMA boundaries (43%) than is the case for sales arising from in-ward migration (57%). Of the 187 transactions analysed, 36% came from adjoining councils with 95% of sales originating from Argyll and Bute. 29% of total transactions originated elsewhere in the UK or out with the UK (3%), with 24% of purchasers originating from elsewhere in Scotland.



Loch Lomondside has the lowest level of self-containment of all the HMSAs at 41%. Of the 222 transactions analysed, almost half (48%) came from elsewhere in Scotland, with 40% originating from the Glasgow City region. 1 in 10 sales in the Loch Lomondside HMSA were made by purchasers originating from elsewhere in the UK.

### **2.3 Key Findings: Validating Housing Market Sub-areas**

The majority of property sales (56%) are contained within the LLTNP and from households living in adjoining local authority areas. On this basis, technically, the Park area could be described as self-contained.

However, there is significant inward migration from households moving into the Park area from elsewhere in Scotland (28%), across the UK and from foreign buyers (16%). The housing market sub-areas where in-migration is greatest are Loch Lomondside, where 59% of house sales are to purchasers out with the Park area, and Cowal (57%). In Loch Lomondside, 48% of demand arises from the Scottish domestic market whereas, Cowal has the greatest level of demand from outside Scotland (33%).

The level of external demand in HMSAs could be a contributing factor in inflating house prices and amplifying housing affordability pressures within LLTNP, which will be explored in more detail in Chapter 4.

### 3 Dwelling Estimates

#### 3.1 Dwelling Estimates by HMSA

The 'Small Area Statistics on Households and Dwellings'<sup>2</sup> produced by the National Records of Scotland (July 2021) provide details of the occupancy profile of residential dwellings in the LLTNP area. To achieve an accurate estimate of the number of dwellings within the park boundary, further analysis of the NRS dataset was performed using Ordnance Survey Address Base statistics to estimate the percentage distribution of **residential** dwellings across each HMSA.

Using the Ordnance Survey Address Base analysis there is some variation across the five HMSAs in relation to the proportion occupied dwellings, however, in all sub-areas occupied dwellings make up the most substantial proportion of properties.

In Balloch, 99% of dwellings are occupied compared to Cowal where only 81% of dwellings are occupied, with the overall position across all HMAs is outlined below in Tables 3.1 and 3.2 below:

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<sup>2</sup> <https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/households/household-estimates/small-area-statistics-on-households-and-dwellings>



Area	Breadalbane	Callander & Aberfoyle	Cowal	Loch Lomondside	Balloch	Total
Total Dwellings	434	2877	1032	2761	467	7571
Occupied Dwellings	390	2710	838	2630	463	7031
Second Homes	32	113	179	82	1	407
Empty Dwellings	12	53	15	49	3	132

**Table 3.1a: In-effective Housing Stock LLTNP<sup>3</sup>**

In-effective Housing Stock	Scotland
Total Dwellings	2,674,993
Occupied Dwellings	2,562,668
Second Homes	23,990
Empty Dwellings	43,766

**Table 3.1b: In-effective Housing Stock Scotland (NRS Household Estimates 2021)**

Table 3.2 tells us that Cowal has the greatest proportion of second homes at 17% whilst the Balloch HMSA appears to have no second homes. Furthermore, the number of empty dwellings across the park area is consistent at between 1-2% with only Breadalbane slightly above this proportion at 3%. Ineffective stock i.e. homes not used to meet the housing needs of the settled community (second homes and empty homes combined), ranges from 19% of all dwellings in Cowal to only 1% of all dwellings in Balloch. This highlights the impact of ineffective housing on communities in areas with particularly high levels of second homes. The data on second homes may or may not include some short-term letting properties. Most short-term letting properties are registered for business/non-domestic rates and this do not appear in this data and this will be discussed in section 8 later.

<sup>3</sup> It should be noted that the HMSA area used in this analysis does not include data from outside the National park area. Data outside the Park was only used for analysis of sales and containment in Section 2.



Area	Breadalbane	Callander & Aberfoyle	Cowal	Loch Lomondside	Balloch	Total
Total Dwellings	434	2877	1032	2761	467	7571
Occupied Dwellings	90%	94%	81%	95%	99%	93%
Second Homes	7%	4%	17%	3%	0%	5%
Empty Dwellings	3%	2%	1%	2%	1%	2%
In-effective stock	10%	6%	19%	5%	1%	7%

**Table 3.2: % Ineffective Housing Stock LLTNP**

Table 3.3 provides an outline of the tenure profile across LLTNP, illustrating that Loch Lomondside has the highest concentration of privately owned homes (81%) followed by Callander & Aberfoyle (72%) and Balloch (73%).

Whilst Loch Lomondside has the highest proportion of private ownership (81%), it also has the highest average local house price (£281,506). Furthermore, there are limited affordable housing options which indicates a likely affordability challenge for low income households who would like to live in this area.



Equally, the two areas showing over 70% of private ownership (Callander & Aberfoyle and Balloch) have the second and third highest average house prices along with limited proportions of affordable housing, again suggesting a link between low affordable housing options and house price inflation.

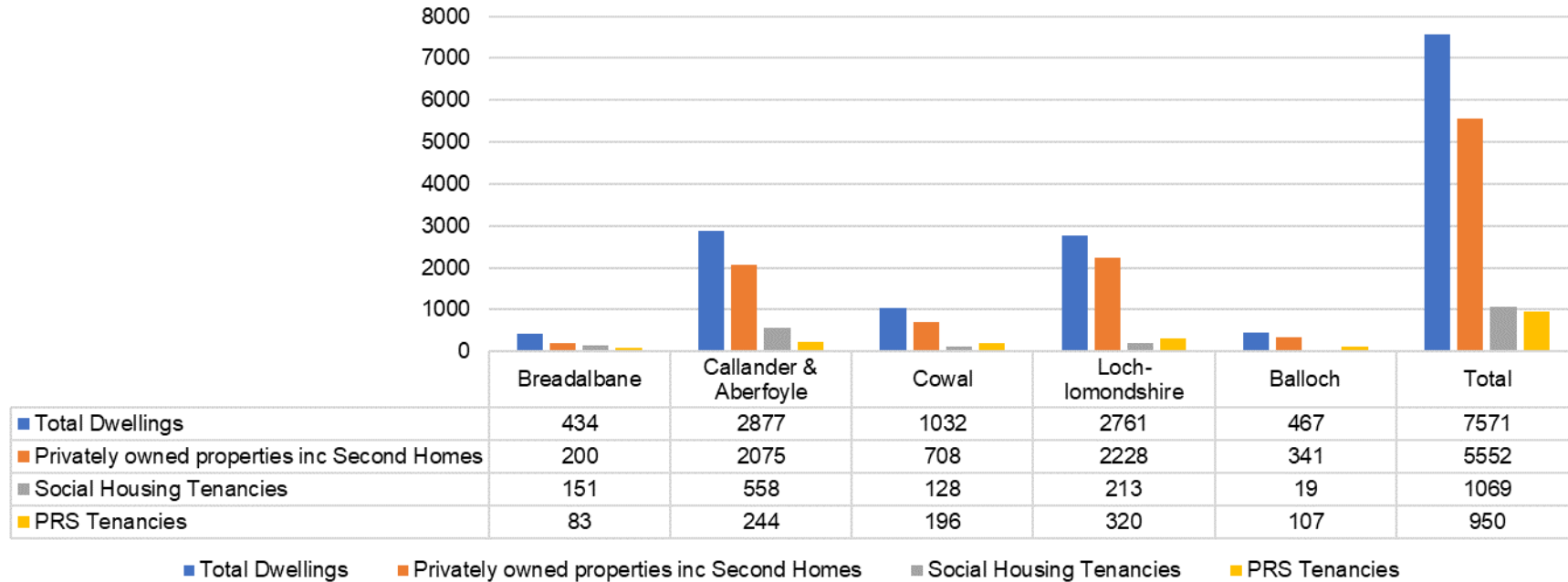
Area	Breadalbane	Callander & Aberfoyle	Cowal	Loch Lomondside	Balloch	Total
Total Dwellings	434	2877	1032	2761	467	7571
Social Housing Tenancies	151	558	128	213	19	1069
PRS Tenancies	83	244	196	320	107	950
Privately owned properties including Second Homes	200	2075	708	2228	341	5552
Social Housing Tenancies	35%	19%	12%	8%	4%	14%
PRS Tenancies	19%	8%	19%	12%	23%	13%
Privately owned properties including Second Homes	46%	72%	69%	81%	73%	73%

**Table 3.3: Tenure Split Numbers**

Graph 3.1 below provides a good visual aid to demonstrate the number of dwellings in each HMSA and the current tenure split. In terms of overall volume of dwellings, the greatest proportion of owner occupation is within Loch Lomondside HMA, which makes up 40% of all privately owned properties in the Park area.



### LLTNP Housing Tenure Split 2022



**Graph: 3.1: LLTNP Number of Dwellings by Housing Tenure**





### 3.2 Household Projections

National Records of Scotland 2018-based household principal projections (2022-2037) show household projections for LLTNP in 2022 as 6,757. The number of households appears to remain relatively static over the period 2022-2037 with only a 1% increase projected 2022-2027. Table 3.4 below demonstrates the relatively static household position over the next 15 years.

Year	2022	2027	2032	2037
NRS Household Projection	6,757	6,811	6,825	6,833
% Household Increase	~	1%	1%	1%

**Table 3.4: LLTNP Household Projections 2022-2037**

Given the population projections indicate that the number of households is likely to remain stable over the next 15 years and the Park already appears to be experiencing pressures on affordable housing it is clear that the current level of affordable housing is insufficient to meet the required demand due to limited provision.

### 3.3 Key Findings: Dwelling Estimates by HMSA

There are 7,571 residential dwellings within the Park area with 93% of these being occupied, 5% second homes and 2% empty homes. This means that 7% of properties in the Park area (539) are ‘in-effective’ and not in use as residential dwellings for the local population.

Across the HMSAs the position varies with Cowal having the least occupied dwellings (81%) and the greatest proportion of ‘in-effective<sup>4</sup>’ homes (19%). In contrast to this, Balloch has a 99% occupancy level and only 1% of ‘in-effective’ stock.

LLTNP has 14% of properties in the Park area within the social rented sector and 13% PRS properties. This ranges considerably across HMAs with Balloch having only 4% of dwellings within social rented sector compared to Breadalbane with 35%. Despite Balloch having a lower proportion of social housing it has the greatest proportion of PRS properties (23%) with Callander and Aberfoyle having least (8%).

The position varies considerably across the Park area in relation to size of the social housing sector and PRS, however, all HMAs have significantly higher levels of privately owned properties than any other tenure. This indicates a lack of tenure choice for households who want or need to move within or into the Park area.

With a relatively stable household base over the next fifteen years, further consideration is required to understand the future levels of housing need across all tenures given the limited range of housing option on offer.

<sup>4</sup> ‘In-effective’ homes does not include short-term lets which are let for more than 140 days and registered as commercial properties. ‘In-effective’ stock relates to second, empty and vacant homes only.



## 4 Housing Market Activity, Inflation and Affordability

As well as assessing containment and migration patterns within the LLTNP boundary, analysis of the volume of house sale transactions within each sub-market area was performed. This evidence provides important insight into the extent, nature and drivers of housing market activity within the Park. Furthermore, detailed analysis of house prices was carried out for each housing market sub-area, tracking inflation over 2017/18 – 2019/20. This evidence is important in building insight into housing system operation and housing affordability pressures.

The analysis provides useful evidence of market demand within each HMSA and offers insight into how house prices vary across the Park area. The ability of households to access the housing market within the LLTNP is then considered by benchmarking house prices to the value of local incomes. Finally, this data is used to assess extent and nature of market affordability pressures in each HMSA and the extent to which this may be influenced by inward migration from house sale purchasers.

### 4.1 Housing Market Activity: Volume of Residential Property Sales

Following recovery from the housing market crash in 2009, there has been a significant increase in housing market activity rates in the LLTNP area. Sales have increased by 89% in LLTNP in the last 10 years, from 197 transactions in 2009/10 to 372 in 2019/20.



Graph 1: Volume of Residential Property Sales in LLTNP (Register of Scotland)

Analysis of sales volumes by HMSA

suggests that most transactions took place in the Callander & Aberfoyle area (33%) between 2017/18-2019/20, with just 10% of total transactions made in the Breadalbane. The remaining HMSAs account for approximately 20% of transactions each.

Purchaser Origin	Breadalbane	Callander & Aberfoyle	Cowal	Loch Lomondside	Balloch	Total
No. transactions	111	351	187	222	207	1,078
% transactions	10%	33%	17%	21%	19%	100%

Table 4.1: Number and % of house sale transitions by LLTNP HSMA (2017/18-2019/20)

Between 2017/2018 and 2019/20, there has been a 12% decline in the number of homes purchased in the Breadalbane HMSA, while all other areas have experienced a growth in sales volume. In particular, Balloch has experienced notable volume growth, with a 69% increase in housing transactions across the same period.

	Breadalbane	Callander & Aberfoyle	Cowal	Loch Lomondside	Balloch
% change in sales volumes	-12%	4%	21%	32%	69%

Table 4.2: % change in volume of house sale transactions by HMSA (2017/18 – 2019/20)



## 4.2 House Price Analysis by Housing market sub-area

In 2019/20, the average house price in LLTNP was £215,889 which is significantly beyond the Scottish average house price at £182,357. Loch Lomondside had the highest average house price at £246,276, while Balloch offered the lowest price at £159,846. There was a £819,000 difference between the lowest and highest house prices in LLTNP in 2019/20, providing an indication of the diversity of properties available across housing market sub-areas.

Table 4.3 below provides a summary of house all house sales by HSMA for 2019/20:

HMA/Price	Median House Price	Average House Price	Lower Quartile House Price	Maximum House Price
Breadalbane	£210,000	£220,410	£158,500	£412,050
Callander & Aberfoyle	£199,750	£231,678	£115,562	£695,000
Cowal	£170,140	£186,007	£128,375	£555,000
Loch Lomondside	£246,276	£281,506	£150,000	£772,000
Balloch	£127,000	£159,846	£75,000	£849,000
<b>LLTNP</b>	<b>£190,633</b>	<b>£215,889</b>	<b>£125,488</b>	<b>£656,610</b>

**Table 4.3: House price benchmarks by LLTNP HSMA (2019/20)**

Market affordability analysis reveals that households must spend up to 5.1 times the median income in the Park to afford the median house price. In some HMSAs this increases to almost 6 times, well in excess of the typical 3.9 X's multiplier used for mortgage lending purposes.

	Median Income	Median House Price	Income to Price Ratio
Breadalbane	£35,244	£210,000	6.0
Callander & Aberfoyle	£36,945	£199,750	5.4
Cowal	£31,302	£170,140	5.4
Loch Lomondside	£40,576	£240,750	5.9
Balloch	£37,513	£127,000	3.4
LLTNP	£37,359	£190,633	5.1

**Table 4.4: Median house price to income ratios by LLTNP HSMA (2019/20), CACI LLTNP Paycheck Director (2022)**

Furthermore, access to the housing market in the Park is extremely challenging at market entry level. Using the Scottish Government's methodology to test market entry (benchmarking lower quartile incomes to lower quartile house prices), reveals that households must spend over 5.2 times their income to purchase a home. Home ownership is out with the reach of local households on lower incomes, which is particularly challenging given the dominance of home ownership in the area.



	Lower Quartile Income	Lower Quartile House Price	Income to Price Ratio
Breadalbane	£20,024	£158,500	7.9
Callander and Aberfoyle	£21,852	£115,563	5.3
Cowal	£18,487	£128,375	6.9
Loch Lomondside	£24,200	£152,125	6.3
Balloch	£22,284	£75,000	3.4
LLTNP	£22,096	£115,938	5.2

**Table 4.5: Lower quartile house price to income ratios by LLTNP HMSA (2019/20)**

Market entry is extremely challenging in the Breadalbane and Cowal HMSAs, where households with lower quartile incomes would have to spend 7.9 times and 6.9 times their income (respectively) to achieve market entry. Table 4.6 below provides a breakdown by HSMA for income to price ratios across Median, Average and Lower Quartile incomes.

	Median Income to Price Ratio	Average Income to Price Ratio	Lower Quartile Income to Price Ratio
Breadalbane	6.0	5.2	7.9
Callander & Aberfoyle	5.4	5.2	5.3
Cowal	5.4	4.9	6.9
Loch Lomondside	5.9	5.9	6.3
Balloch	3.4	3.6	3.4
LLTNP	5.1	4.8	5.2

**Table 4.6: House price to income ratios by LLTNP HMSA (2019/20)**

Property in Breadalbane is the least affordable for lower income families as the lower quartile price of £158,500. Similarly, in both Cowal and Loch Lomondside HMSAs, market entry prices would require households with lower quartile incomes to devote almost 7 times their income to access the market.

Home ownership in Breadalbane, Callander & Aberfoyle, and Loch Lomondside would also appear to be out of reach for households with average incomes, who would require to spend at least 5 times their income to access the average house price. It is notable that house sale volumes are lower in the Breadalbane area potentially driving house price inflation limiting market access for those on low to moderate incomes. In contrast, sale volumes have been increasing at a notably faster rate in Balloch over the last three years, with access to the housing market more attainable for households with low to average income. Access to the housing market for local households would appear to be challenging across all HSMA's at both the mid and market entry points, with the exception of the Balloch sub-area which achieves an income to price ratio within the accepted mortgage income multiplier of 3.9 times income.

Undoubtedly, a contributing factor to poor market accessibility in the Park has been recent house price inflation with house prices growing by 9% between 2017/18 and 2019/20. Loch Lomondside has the highest rate of inflation in LLTNP at 22%, followed by Callander & Aberfoyle at 21% and Cowal at 13%. Balloch is the only area to experience falling house prices across this period with a 26% reduction across the 3 year period.



Table 4.7 below provides a breakdown over the three year period by HSMA of average prices, inflation and migration levels. This analysis demonstrates that there are some links between above average house prices and inward migration. This is particularly stark for the Loch Lomondside HMSA.

There is some evidence of a link between inward migration levels and the rate of house price inflation in LLTNP, although this is not consistent across all HMSAs. The Loch Lomondside HMA has the highest average house price (£284,372) in the LLTNP area and experiences the highest proportion of buyers moving into the area. The reverse is true for the Balloch HMSA where lower inward migration would appear to have influenced house prices in a largely internal market.

However, despite almost 50% inward migration in Breadalbane, inflation in house prices was considerably lower at 8%.

Year	Breadalbane	Callander & Aberfoyle	Cowal	Loch Lomondside	Balloch	Total
2017/18	£204,626.65	£191,570.46	£164,414.26	£230,026.86	£215,527.46	£199,042.46
2018/19	£207,608.70	£213,057.45	£181,715.86	£244,406.00	£181,535.00	£208,134.78
2019/20	£220,410.00	£231,678.44	£186,007.21	£281,506.00	£159,846.50	£216,044.83
Inflation 2017/18 - 2019/20	8%	21%	13%	22%	-26%	9%
Inward Migration	49%	40%	57%	59%	23%	44%

**Table 4.7: Average house prices, inflation and inward migration rates by LLTNP HMSAs (2017/18-2019/20)**



### **4.3 Key Findings: Housing Market Activity, Inflation and Affordability**

There has been significant increase in housing market activity in the LLTNP over the period 2017-2020 in comparison to 2009/10 levels, with sales increasing by 89% in the last ten years.

Between 2017-2020 the majority of sales were within Callander & Aberfoyle (33%) with least activity taking place within Breadalbane (10%). This is reflected in the level of inflation seen within these areas with Callander & Aberfoyle seeing 21% inflation in house prices during this time and Breadalbane only 8%. Furthermore, the volume of sales in Breadalbane has declined by 12% while all other HMAs have experienced growth in sales volumes. Balloch in particular has seen the largest growth in sale volumes (69%) but has saw a 26% reduction in average house prices over the last three years. In comparison to the other areas and the Park as a whole, Balloch has the lowest level of in-migration (23%) with most areas seeing in-migration of between 40-59%.

House prices appear to have a direct impact on volume of sales, inflation and in-migration. The average house price in LLTNP in 2019/20 was £216,044, however there is a significant range in average price across HMAs with Loch Lomondside achieving an average price of £281,506 and Balloch £159,846.

In order to afford the average house price within LLTNP, a household on an average income would require a 4.8 income to price ratio, whilst a household on a lower quartile income requires to spend 5.2 income to price ratio to afford lower quartile house prices. This analysis offers clear evidence that households on low to moderate incomes are less able to access owner occupation as a tenure of choice unless they have access to a large deposit.



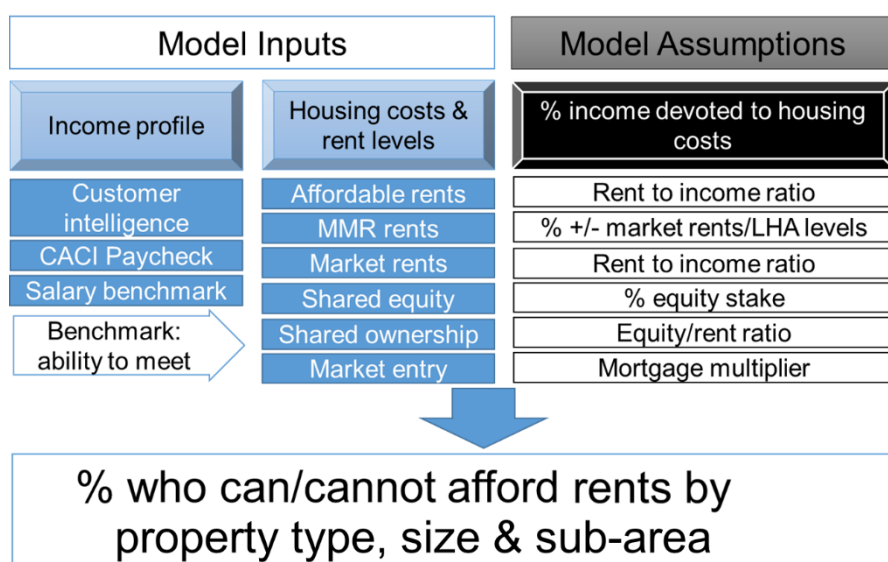


## 5 Housing Affordability Analysis

Housing affordability analysis provides important insight into housing market pressures and is a key aspect of the evidence base to inform the future LLTNP affordable housing policy. As part of the research methodology, Arneil Johnston developed a bespoke modelling tool to comprehensively assess housing affordability by benchmarking the profile of local incomes to the full range of costs across housing tenures and by HMSA.

### 5.1 How the Model Works

The housing affordability model works by benchmarking the value of local incomes to housing cost benchmarks across a range of housing tenures. This analysis is disaggregated by the model so that housing affordability can be tested by housing market sub-area and property size. The following diagram illustrates how the model works in practice:



The model is populated with a range of data inputs and intelligence on the costs associated with various housing tenures including:

- Social rent levels for locally operating local authorities and RSLs
- A snapshot analysis of PRS rents by size and property type through local residential vacancies
- Mid-market rent levels set at various benchmarks, e.g., 85-95% of the Local Housing Allowance
- Shared equity prices, including LIFT scheme open market and new build variants as published by the Scottish government
- Market house prices (lower quartile and weighted average).

The affordability of housing costs is assessed by testing a range of income to rent ratios (the proportion of household income to be devoted to housing costs) and residual income measures (using equalised incomes to test housing induced poverty). The model also tests the housing affordability of low income households such as those earning the Scottish Living



Wage or national minimum wage. Furthermore, using a banded income profile from CACI PayCheck, the model can calculate the proportion of households who can/cannot afford housing costs across a range of housing tenures and across each housing market sub-area.

## 5.2 Housing Cost within Private Rented Sector

To assess the affordability of housing costs in LLTNP, analysis of current rental values was assembled for the PRS, using 2021 survey data from the Scottish Government PRS statistics by Broad Rental Market Area (BRMA). This provided a sample of 2,915 households from across the 4 Broad Rental Market Areas that surround and incorporate LLTNP including Argyll and Bute, Forth Valley, Perth and Kinross and West Dunbartonshire. To determine rental values by property size for each HMSA, the proportion of properties from each BRMA within in the HMSA was used to generate a weighted average. For instance, in the Breadalbane HMSA, 3% of properties are located in Argyll and Bute, 83% in Forth Valley, and 14% in Perth and Kinross. These proportions were applied to BRMA rental values and aggregated to produce a rental value by property size for the Breadalbane area.

To supplement this data and provide a current snapshot of PRS rental values, rental values were assembled for the PRS by tracking market vacancies. This analysis allowed a profile of average PRS rental costs to be established by property size and housing market sub-area. To assemble the data, web-based analysis of private rented sector vacancies using online platforms which advertise private lets (such as S1 Homes, Right Move, Zoopla, Prime Location, Gumtree and Nestoria) were carried out. Vacancies were captured at separate intervals including 23rd February 2022, 16th March 2022, 23rd March 2022, 5th and 6th April 2022, 15th April 2022, 3rd May 2022, and 17th May 2022. Table 5.1 details the distribution of PRS sample rents across each HMSAs by property size and shows that 55% of market vacancies were located in Callander & Aberfoyle, with 30% in Balloch. 47% of PRS vacancies in LLTNP were 2 bedroom properties, with 21% being 3 bedroom properties.

HMA	1 Bed	2 Bed	3 Bed	4+ Bed	Total	Total
Balloch	17	18	9	5	49	30%
Callander & Aberfoyle	12	46	20	11	89	55%
Cowal	2	4	0	0	6	4%
Loch Lomondside	3	9	6	1	19	12%
LLTNP	34	77	35	17	163	100%

**Table 5.1: PRS vacancy sample: March – May 2022**

At the time this snapshot analysis was undertaken, there was no rental vacancies advertised in the Breadalbane HMSA and low number of 4-bedroom properties. To determine a PRS housing cost profile across all HMSAs and property sizes, data from the Scottish Government PRS Sector Survey (2021) was also used to triangulate findings and build a complete profile.

## 5.3 Market Rent Comparison

The average market rent in LLTNP is £681.82 per month in 2021. This varies significantly across property sizes from an average of £360.10 for a studio apartment to an average of £1,172.38 for a 4-bedroom property. The Callander & Aberfoyle sub-area offers the highest average market rent of each of the HMSAs at £718.20, followed by the Breadalbane HMSA (£718.20).

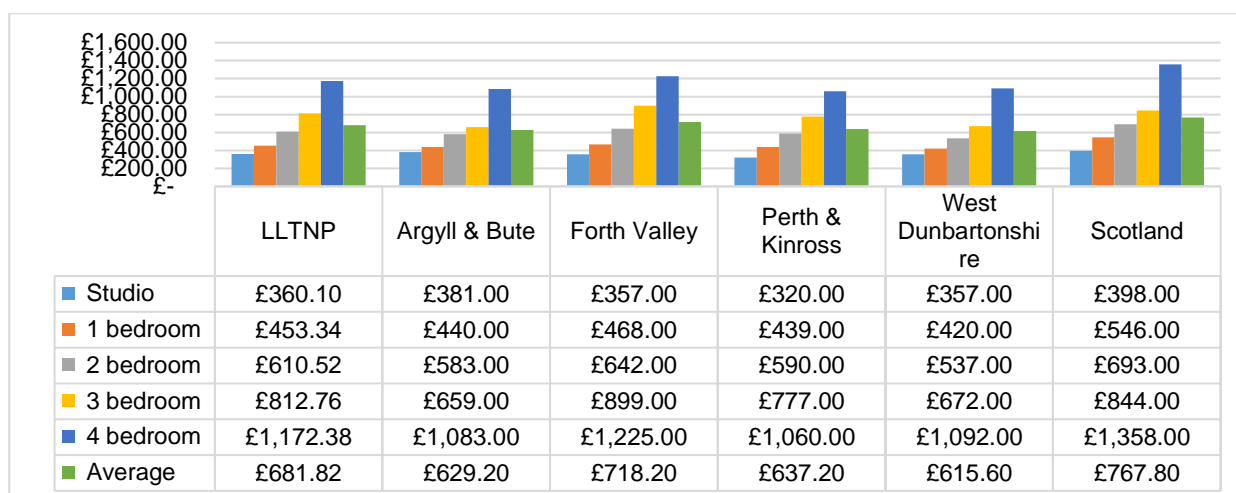


Property Size	Breadalbane	Callander and Aberfoyle	Cowal	Loch Lomondside	Balloch	LLTNP
Studio	£352.21	£357.00	£381.00	£363.48	£357.00	£360.10
1 bedroom	£463.00	£468.00	£440.00	£446.68	£420.00	£453.34
2 bedroom	£632.80	£642.00	£583.00	£595.96	£537.00	£610.52
3 bedroom	£874.71	£899.00	£659.00	£769.24	£672.00	£812.76
4 bedroom	£1,197.01	£1,225.00	£1,083.00	£1,148.60	£1,092.00	£1,172.38
<b>Average</b>	<b>£703.95</b>	<b>£718.20</b>	<b>£629.20</b>	<b>£664.78</b>	<b>£615.60</b>	<b>£681.82</b>

**Table 5.2: Average PRS rental values by HMSA and property size**

There is less variation in rents for 1 bedroom properties across each of the HSMAs. However, this is not the case for 2 and 3 bedroom properties where there are considerable differences, with the Breadalbane and Callander & Aberfoyle sub-areas demonstrating significantly higher rents than the other HSMAs and the LLTNP average.

To contextualize these rental values, average market rents in LLTNP are presented in the graph below alongside the value of market rents in neighbouring Broad Rental Market Areas (BRMAs). Average market rents in LLTNP were 2nd highest relative to surrounding BRMAs in 2021. However, rents in LLTNP were on average 13% lower than was the case across Scotland in 2021.



**Graph 5.1: PRS rent values in LLTNP and neighbouring Broad Rental Market Areas**

The Local Housing Allowance (LHA) for LLTNP has similarly been derived using a weighted average of each of the rates applicable to BRMAs at housing market sub-area level. The LHA rate in LLTNP is 7% less than average market rent levels. The LHA is almost equal to the market rate for shared properties in LLTNP.

However, market rates for all other property sizes exceed the LHA rate. This is particularly acute for 3 bedroom properties where the LHA rate is 14% lower, 2 bedroom properties (8% lower), and 4 bedroom properties (7% lower). Whilst this is a smaller margin than other local



authority areas in Scotland (where market rents can be as much as 20% higher than LHA subsidy levels); there is a notable gap in meeting the costs of private renting in the Park for those reliant on welfare subsidies.

Property Size	LLTNP	LHA	Difference	% Difference
Shared	£360.10	£366.00	£5.90	2%
1 bedroom	£453.34	£449.69	-£3.65	-1%
2 bedroom	£610.52	£567.25	-£43.27	-8%
3 bedroom	£812.76	£713.09	-£99.67	-14%
4 bedroom	£1,172.38	£1,091.33	-£81.05	-7%
<b>Average</b>	£681.82	£637.47	-£44.35	-7%

**Table 5.3: Comparison between PRS rent levels and Local Housing Allowance rates by HMSA and property size**

#### 5.4 Social Rent Comparison

The average market rents in LLTNP are compared to rent levels in the social housing sector. Social housing rent levels are calculated using data submitted by Registered Social Landlords (RSLs) to the Scottish Housing Regulator (SHR) in 2020/21 as part of the Annual Return on the Charter (ARC dataset). Social rents were also derived by taking a weighted average across the local authority areas which comprise each housing market sub-area. A weighted average of RSL rents was then calculated by applying the proportion of properties in LLTNP attributed to each HMA. Table 5.4 details social housing rents within the park boundary by HMSA and property size:

Property Size	Market Rents	RSLs	Difference	% Difference
Shared	£360.10	£252.07	-£108.03	-43%
1 bedroom	£453.34	£333.48	-£119.86	-36%
2 bedroom	£610.52	£368.67	-£241.85	-66%
3 bedroom	£812.76	£406.41	-£406.35	-100%
4 bedroom	£1,172.38	£433.23	-£739.15	-171%
<b>Average</b>	£681.82	£364.28	-£317.54	-87%

**Table 5.4: Comparison between PRS rents and social housing rents by HMSA and property size**

Table 5.4 shows that market rents in LLTNP are significantly higher than social rents, with the difference ranging from 36% for 1 bedroom properties up to 171% higher for 4 bedroom properties. On average, market rents exceed social rents by 87%. This demonstrates the considerable differential in housing costs for those households in PRS.



## 5.5 Benchmarking Rents: Alternative Tenures

In addition to benchmarking to social rents, PRS rent levels are also assessed against the affordability of rents in intermediate housing tenures. The table below shows the differential between market rents in LLTNP to Mid-Market Rent levels (MMR), where MMR values are set at 85%, 95% and 100% of the Local Housing Allowance rate.

LHA rates are relatively close to PRS levels for 1-bedroom and shared properties. However, as overall LHA rates are 7% less than market rents, MMR housing options have the potential to make a positive contribution to housing affordability in the Park area. To ensure that lower income households are able to access shared and 1-bedroom properties it may be prudent to set MMRs under the LHA threshold, potentially in the region of 95%.

Property Size	Market Rents	MMR 100%	Difference	100% Difference	95% Difference	85% Difference
Studio	£360.10	£366.00	£5.90	2%	-4%	-16%
1 Bedroom	£453.34	£449.69	-£3.65	-1%	-6%	-19%
2 Bedroom	£610.52	£567.25	-£43.27	-8%	-13%	-27%
3 Bedroom	£812.76	£713.09	-£99.67	-14%	-20%	-34%
4 Bedroom	£1,172.38	£1,091.33	-£81.05	-7%	-13%	-26%
Average	£681.82	£637.47	-£44.35	-7%	-13%	-26%

**Table 5.5: Comparison between PRS rents and MMR rent scenarios by property size**

## 5.6 Model Assumptions: Income to Rent Ratios

A key model assumption relates to the proportion of household income that an individual must devote to meet housing costs. Housing affordability analysis measures a person's ability to pay for housing. It is a complex issue influenced by local housing and labour markets as well as wider economic, environmental and social factors.

The housing affordability model tests the interaction between housing costs, household incomes and the proportion of income that households are typically willing or able to devote to rent or mortgage payments. When households struggle to meet the costs of housing because they are devoting unsustainable levels of income to meet the costs, they are typically described as experiencing housing induced poverty.



Measures of housing affordability are a topic of debate. UK social policy since the 1980s has typically used a percentage of income spent on housing costs to estimate the number of households experiencing difficulties. Generally, those who require to spend more than 25-30% of their household income on housing costs are regarded as experiencing



affordability difficulties; although in highly pressured housing markets, housing consumers may opt to spend well in excess this benchmark in order to meet their housing needs.

A key aspect of model development has been to scenario test the proportion of household income required to meet the costs at a 25% and 30% income to housing cost ratio.

### 5.7 Income Profile: CACI Paycheck Data

Establishing the income profile of local households is an important element of assessing the affordability of each housing tenure at a sub-market area level. To achieve this, analysis of CACI Paycheck data was performed to profile the value and distribution of local incomes by standard income banding. CACI Paycheck data also provides the lower quartile income levels for the LLTNP area.

Analysis of Paycheck data reveals that the median income in LLTNP is £37,359, which is higher than the median income for Scotland at £29,876. However, there is evidence of a notable proportion of households across LLTNP who have household incomes below the median benchmark. 31% of households in LLTNP earn less than <£25K per annum. In each of the HMSAs, approximately 30% of households earn less than this benchmark, with Cowal having the greatest proportion of low income households at 38%.

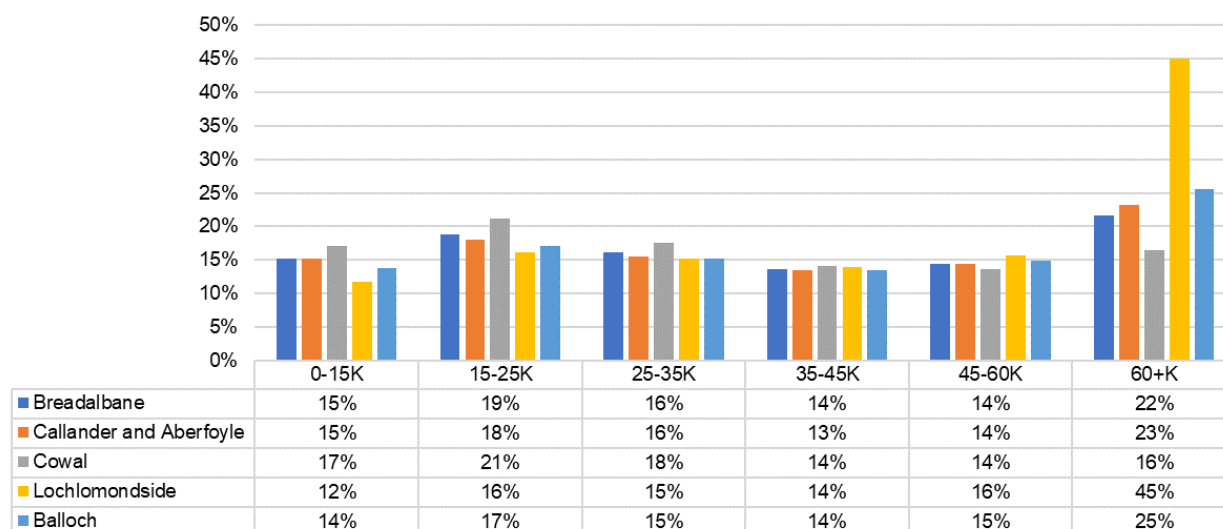
The lower quartile income for households living in LLTNP is £22,096, which again is higher than is the case for Scotland (at £16,497). Graph 5.2 below details the profile of incomes across LLTNP by HMSA and banded increments.

The Loch Lomondside HMSA has a notably greater proportion of high income households with 45% earning more than £60k per annum, than the wider Park area; whilst other HMSAs have on average 22% of households in this category. In contrast, whilst Cowal has the greatest proportion of households earning between £0-£15K per annum at 17%, Loch Lomondside has the smallest proportion at 12%.





LLTNP CACI Income Profile 2022



Graph 5.2: Banded income profile by LLTNP HMSA (CACI Paycheck Data 2022)

## 5.8 LLTNP affordability outcomes by housing tenure

The assessment of housing affordability is further developed by using the CACI Paycheck income profile in each area to assess affordability of the full range of housing tenures across each sub-area, including RSL rents, MMR (set at 100% of the LHA), lower quartile market sale and average market sale. The assumptions used to model housing cost benchmarks for the various housing tenures under consideration are set out below:

<p><b>Local authority rents</b></p> <ul style="list-style-type: none"> <li>• Average LA rents per area</li> <li>• 30% income devoted to rent</li> <li>• Annual income to afford = £10,083</li> </ul>	<p><b>RSL rents</b></p> <ul style="list-style-type: none"> <li>• Average RSL rents per area</li> <li>• 30% income devoted to rent</li> <li>• Annual income to afford = £12,620</li> </ul>	<p><b>Market rent</b></p> <ul style="list-style-type: none"> <li>• Average Market rents per area</li> <li>• 30% income devoted to rent</li> <li>• Annual income to afford = £27,273</li> </ul>
<p><b>Mid market rent</b></p> <ul style="list-style-type: none"> <li>• 95% LHA rate per area</li> <li>• 30% income devoted to rent</li> <li>• Annual income to afford = £25,498</li> </ul>	<p><b>Lower Quartile Price</b></p> <ul style="list-style-type: none"> <li>• LQ price per area</li> <li>• 15% deposit</li> <li>• 3 X's mortgage multiplier</li> <li>• Annual income to afford = £32,849</li> </ul>	<p><b>Average Market Price</b></p> <ul style="list-style-type: none"> <li>• LQ price per area</li> <li>• 15% deposit</li> <li>• 3 X's mortgage multiplier</li> <li>• Annual income to afford = £61,213</li> </ul>

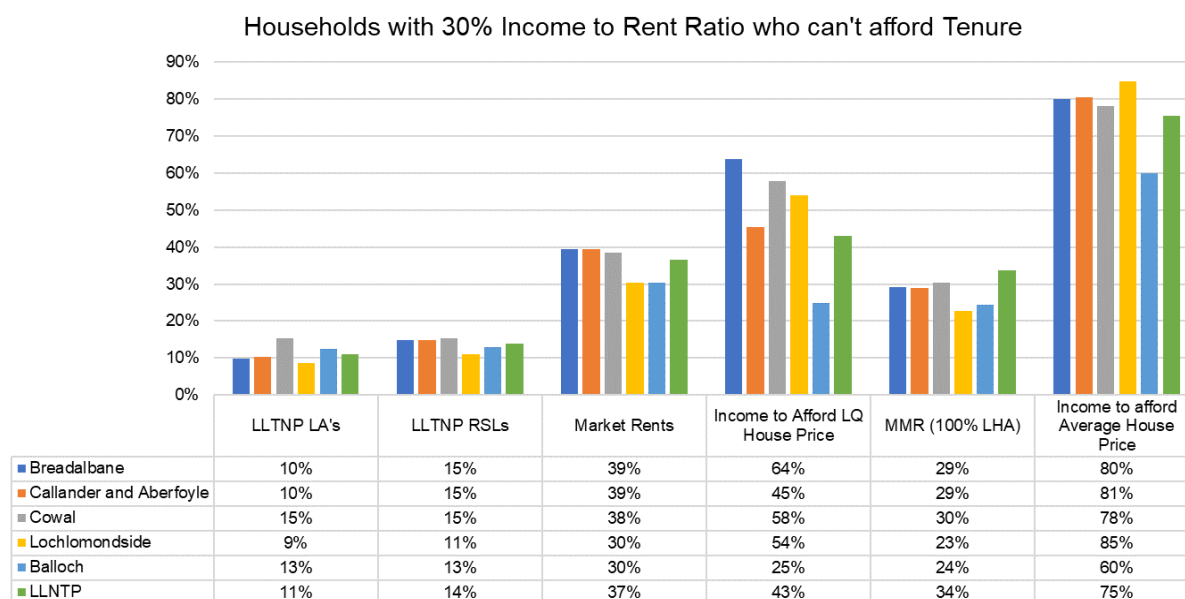
Graph 5.2: details the proportion of households per housing market sub-area who cannot afford each housing tenure when devoting 30% of their income to benchmark costs. This analysis shows that on average across LLTNP 14% of households are unable to afford RSL rents (without subsidy) in comparison to 37% of households who cannot afford market rents.

Homeownership is extremely challenging for households on local income to achieve in LLTNP, with 43% of households unable to afford a property at the lower quartile house price. This varies significantly by HMSA, with 64% of households in Breadalbane are unable to achieve



low-cost home ownership in the area, followed by 50% of households in Cowal and Loch Lomondside.

Moreover, a staggering 75% of households on local incomes are unable to afford the housing costs associated with the average house price. This rises to between 80 – 85% in Loch Lomondside, Callander & Aberfoyle and Breadalbane. This is particularly notable given the higher income levels in areas in Loch Lomondside where 45% households earn in excess of £60k per annum.



**Graph: 5.3: % households who cannot afford housing tenures when devoting 30% of income to rent by HMSA**

In summary, the outcomes of housing affordability modelling across LLTNP show that

- 11% **cannot** afford LA housing without subsidy / 88% **can** afford LA housing
- 14% **cannot** afford RSL housing / 86% **can** afford RSL housing
- 34% **cannot** afford Mid-Market Rent housing / 66% **can** afford MMR
- 37% **cannot** afford PRS housing / 63% **can** afford PRS
- 43% **cannot** afford LQ House Price housing / 57% **can** afford
- 75% **cannot** afford average House Price / 25% **can** afford.

## 5.9 Key Findings: LLTNP Housing Affordability Analysis

Whilst the median income in LLTNP is £37,359, which is equivalent to Scotland (£37,942), there is evidence of a notable proportion of households living in the Park area who have limited household incomes, with 33% of the population earning less than £25K. Cowal has a greater proportion of low income households relative to other areas at 38%.

The lower quartile income in LLTNP is £22,096. Loch Lomondside has the smallest proportion of low income households at 12% earning less than £15K, while 45% earn more than £60K



The PRS is found to be unaffordable to households earning minimum and living wage and to older households across LLTNP, when 30% of income was devoted to housing costs.

Evidence suggests that homeownership is out with the reach of many local households in LLTNP with 43% of households are unable to afford a property at the lower quartile price of £115,937.50. Over 50% of households in Breadalbane, Cowal and Loch Lomondside are unable to afford home ownership at market entry level

Moreover, 3/4 of local households are unable to afford a property at the average house price of £216,044.83. This rises to 80/85% in the Loch Lomondside, Callander & Aberfoyle and Breadalbane housing market sub-areas. Given the dominance of home ownership as a tenure option in the Park area, these affordability outcomes suggest an extremely challenging housing landscape for households on low to moderate incomes who wish to live and work in the Park area, with reliance on a limited rental market their only option in meeting housing need.



## 6 Affordable Housing Pressures Analysis in LLTNP

### 6.1 Social Housing Stock

Social housing is a comparatively scarce but an extremely valuable resource in meeting housing need in LLTNP, particularly for local households with low to moderate household incomes. The social housing sector (from the data provided by partners) accounts for just 13% of all dwellings in the Park area and is significantly smaller in size than the social housing sector in Scotland (24%).

Most social landlords operating in the Park area completed stock proformas indicating that there are 980 social rented properties within LLTNP, with the majority of this stock (35%) located in the Breadalbane HMSA.

Whilst it has not been possible to assemble stock, turnover and waiting list information for all social landlords in the Park area, the research has prepared case study analysis using data provided by Rural Stirling Housing Association and Home Argyll partners (including Dunbritton Housing Association and ACHA) to highlight social housing pressures for 2020/21.

Table 6.1 below provides a summary of social housing tenancies by HMSA for social landlords who returned proformas (Cube HA, Perth & Kinross Council, West Dunbartonshire Council, Stirling Council, Home Argyll partners and RSHA), detailing the proportion of social tenancies in comparison to overall dwellings within the park area.

Area	Breadalbane	Callander & Aberfoyle	Cowal	Loch Lomondside	Balloch	Total
Total Dwellings	434	2877	1032	2761	467	7571
Social Housing Tenancies	153	508	91	183	45	980
Social Housing Tenancies	35%	18%	9%	7%	10%	13%

**Table 6.1: Social Housing Tenancies as % of all Dwellings in LLTNP**

Social rented properties make up 13% of all dwellings within the park area (980 units), however, in Breadalbane just under a third of all dwellings are social housing tenancies. This compares to the Loch Lomondside HMSA where social housing accounts for 7% of all dwellings in the Park. Balloch has social rented stock provided by West Dunbartonshire and Council and Cube Housing Association (45) within the park boundary, however, it should be noted that the majority of social rented stock in Balloch is located outside the National Park boundary, in Balloch itself and the rest of the Vale and Dumbarton. This is similar to Cowal where there is considerable social rented stock available just over the boundary in Sandbank and Dunoon.



Table 6.1 above demonstrates the limited number of social housing tenancies available across all HMSAs in comparison to overall dwelling figures. This highlights the potential difficulties households face when trying to access affordable housing. At present there are just over 700 applicants seeking social housing from the three providers who returned waiting list information. This is equivalent to just under half the current stock profile.

Social Housing Tenancies are considerably more affordable than PRS tenancies, with local authority rents being slightly more affordable than housing association rents.

Rent Comparison	£
Average local authority rent 2022	£315.51
Average RSL rent 2022	£364.28
Average social housing rent	£339.89
Average market rent	£681.82
% difference social housing and market rents	50.1%

**Table 6.2: Rent Comparison**

This tenure is therefore an attractive option for lower income households who need and want to live and work in the park area and those households on median incomes who have insufficient housing points to be allocated a social housing tenancy.

## 6.2 Evidence of social housing pressure

In order to better understand social housing pressures, analysis was undertaken of datasets from Home Argyll partners, Rural Stirling Housing Association and Stirling Council to consider:

- Housing list data
- Housing stock and turnover data
- Ratios of housing applicants to turnover.

This snapshot pressure analysis provides clear evidence of the extent of unmet need for affordable housing in the Park area. Tables 6.3a, 6.3b and 6.3c below provide pressure ratios for Home Argyll landlords, Rural Stirling Housing Association and Stirling Council.

There is also a summary of stock held by West Dunbartonshire Council, ACHA and Link with LLTNP area.

### Home Argyll Pressure Analysis 2021-22

HMA	Waiting List	Lets	Stock	Pressure	Turnover
Cowal	27	12	91	2.3	13.19%
Loch Lomondside (West including Luss, Arrochar, Tarbet)	59	9	94	6.6	9.57%
Total	86	26	185	3.3	14.05%



**Table 6.3a: Home Argyll Partners Pressure Analysis 2020-21**

Home Argyll has relatively high turnover of social rented properties at 14.05% with a stock level of 185 in the park area. There are considerable more people seeking social rented housing in Loch Lomondside from Home Argyll partners (more than 50%) than in Cowal.

There are 3.3 applicants on Home Argyll’s waiting list for every available let in the Park, there are 86 applicants seeking housing with Home Argyll, 15 of these are transfer applicants.

Of the 94 stock in Loch Lomondside, 29 social rented properties within Luss, 6 of the properties are specialist provision. The majority of stock is provided by Link Housing Association (24 units) with a further 5 units from ACHA.

**RSHA Pressure Analysis 2021-22**

HMA	Waiting List	Lets	Stock	Pressure	Turnover
Breadalbane	52	10	85	5.2	11.76%
Loch Lomondside (East inc Drymen, Croftamie, Buchanan)	51	0	16	-	0.0%
Callander & Aberfoyle	446	77 (of which 50 new build)	291	5.8	26.46%
Total	549	87	392	6.3	22.19%

**Table 6.3b: RSHA Pressure Analysis 2020-21**

Rural Stirling Housing Association has a more acute position with 549 households seeking housing from a stock of 392 units, with only 87 lets becoming available in 2021-22, which includes 50 newbuild properties. The pressure would be considerably greater without the newbuild lets being available in 2021-22 (16.5 rather than 6.3). Despite considerable pressure there appears to be some turnover, with Callander & Aberfoyle experiencing high turnover at 26.46%. However, Loch Lomondside experienced no turnover in 2021/22 with no lets becoming available at all. The overall turnover rate in the table above is 22.19% for RSHA properties within LLTNP boundary, however, if the 50 newbuild properties are removed from this calculation the turnover reduces to 9.4% which is a relatively low rate of turnover, this means a limited number of properties from the total stock portfolio become available each year for let. Breadalbane and Callander & Aberfoyle have similar levels of pressure with c.5 applicants per available let. There are currently 51 households seeking housing in Loch Lomondside and with no lets taking place in 2021-22 this means the pressure here could be viewed as being 51 applicants for any one property that may become available.





### Stirling Council Pressure Analysis 2021-22

HMA	Waiting List	Lets	Stock	Pressure	Turnover
Breadalbane	25	0	66	25.0	0.0%
Loch Lomondside (East including Drymen, Croftamie, Buchanan)	28	0	65	28.0	0.0%
Callander & Aberfoyle	104	8	217	13.0	3.69%
Total	157	8	348	19.6	2.30%

**Table 6.3c: Stirling Pressure Analysis 2020-21**

Stirling Council have 348 units within the Park area. The waiting list for social rented housing within the Park area is 157 applicants. There were 8 lets 2021/22 which means a pressure ratio of 19.6 applicants per available let. The turnover for social housing within the park area is low at 2.3% with Callander and Aberfoyle being the only HMA with any turnover (8 properties). Loch Lomondside and Breadalbane had no properties become available to let in 2021/22. Callander and Aberfoyle appear to have a relatively low turnover rate at 3.69% with 8 of the 56 Council properties becoming available to let in 2021/22.

Overall RSHA and Stirling have a combined stock profile of 740 units and just over 700 applicants between both waiting lists. Some caution should be taken as there may be households on both RSHA and Stirling Council waiting lists and therefore there is likely to be some double counting when looking at the social rented stock available and the number of people seeking house overall in the park area.

### West Dunbartonshire Social Rented Stock within LLTNP

At the time of writing waiting list and letting information for social rented stock within the Park Boundary situated in West Dunbartonshire was unavailable, however, we have included a summary of stock within LLTNP boundary:

Balloch HMA	Stock
Cube Housing Association	27
West Dunbartonshire Council	18
Total	45

**Table 6.3d: Social Rented Stock Balloch**

Loch Lomondside HMA	Stock
Gartocharn	8
Total	8

**Table 6.3e: Social Rented Stock Loch Lomondside**

*\*Properties in Haldane and Gartocharn are West Dunbartonshire Council Stock and New Build are Cube Housing Association which is part of Wheatly Group*



The evidence from this exercise provides a further layer of understanding to the housing system pressures evidenced within LLTNP. Considering this evidence alongside the outputs in relation to market operation/inflation, housing affordability and second homes, we can determine evidence of housing system imbalances within the LLTNP area. The results provide an opportunity to highlight where market or planning policy interventions could be programmed to target local need and enhance the sustainability of communities and places.

In order to fully understand demands on social housing across the Park area a full data set for all social landlords with stock in the area will be required, this includes information by landlord on:

- Stock within the Park area
- Lets within the Park area
- Allocations within the Park area.

Further analysis is required to understand housing choices and the relationship between waiting list applicants and the areas they have chosen, particularly in relation to access to jobs and local services.

### **6.3 Key Findings: Affordable Housing Pressure Analysis in LLTNP**

Social housing (based on the landlord data provided) accounts for 13% of residential dwellings within LLTNP area. The distribution of stock ranges from 7% in Loch Lomondside to 35% in Breadalbane.

This tenure is considerably more affordable than owner-occupation or PRS, with average social housing rents 50% cheaper than average market rents.

Case Study analysis was performed for Home Argyll partners, RSHA and Stirling Council to provide an understanding of waiting list pressures and stock turnover. Those households seeking housing with Home Argyll landlords are facing an average pressure ratio of 3.3 households for every property that becomes available whilst the pressure on RSHA is slight more at 6.3 and considerably higher for Stirling Council at 19.6. There are considerable differences across the three HMAs with Loch Lomondside and Breadalbane experiencing most pressure, for the year 2021/22 some landlords had no properties become available to let in that year.

In order to fully understand pressures on social housing in LLTNP and across individual HMSAs; waiting list, lettings and stock data will require to be provided by all social landlords operating within the Park.



## 7 The Private Rented Sector in LLTNP

The private rented sector (PRS) in LLTNP accounts for 13% of homes in the Park area, which is similar to the scale of the PRS in Scotland (14%). The PRS is an important transitional and flexible housing tenure which offers accessible housing options to local households or those moving in and out of the Park economy. The growth and improvement of the PRS in LLTNP could be an important consideration in future local development planning, tourism and economic development strategies.

Table 7.1 provides a breakdown of the number of PRS properties licensed under the Private Landlord Registration scheme in each local authority covering the Park boundary, by HSMA and for LLTNP as a whole. The PRS properties within Balloch may include a small proportion of postcodes out-with the Park boundary (98) as a full postcode data set was unavailable to allow this analysis.

HSMA	Number of PLR Registrations	% PRS
Breadalbane	73	10.4%
Callander and Aberfoyle	239	34.2%
Cowal	91	13.0%
Loch Lomondside	199	28.4%
Balloch	98*	14.0%
Total	700	100%

**Table 7.1: Private Landlord Registrations LLTNP**

**\*Note: This includes properties inside and outside the LLTNP within the G83 8 as full postcodes were not available.**

Table 7.1 shows that the majority of PRS properties are located within Callander and Aberfoyle (34.2%) and Loch Lomondside (28.4%).

Table 7.2 provides a summary of the number and proportion of PRS dwellings by HSMA across the Park area. Whilst the PRS makes up 13% of all dwellings in LLTNP, this ranges dramatically across housing market sub-areas from 8-23%. Across the Park area, PRS properties account for 13% of all dwellings, suggesting a relatively limited range of housing options for those opting for the PRS as a tenure option, either by choice or out of necessity. This is particularly problematic given the proportion of homes in private ownership in LLTNP (73%) and evidence that accessing the housing market is out of reach for many local households (43%).

Interestingly, the HMSAs with the smallest total dwellings have the highest number of PRS properties within LLTNP.



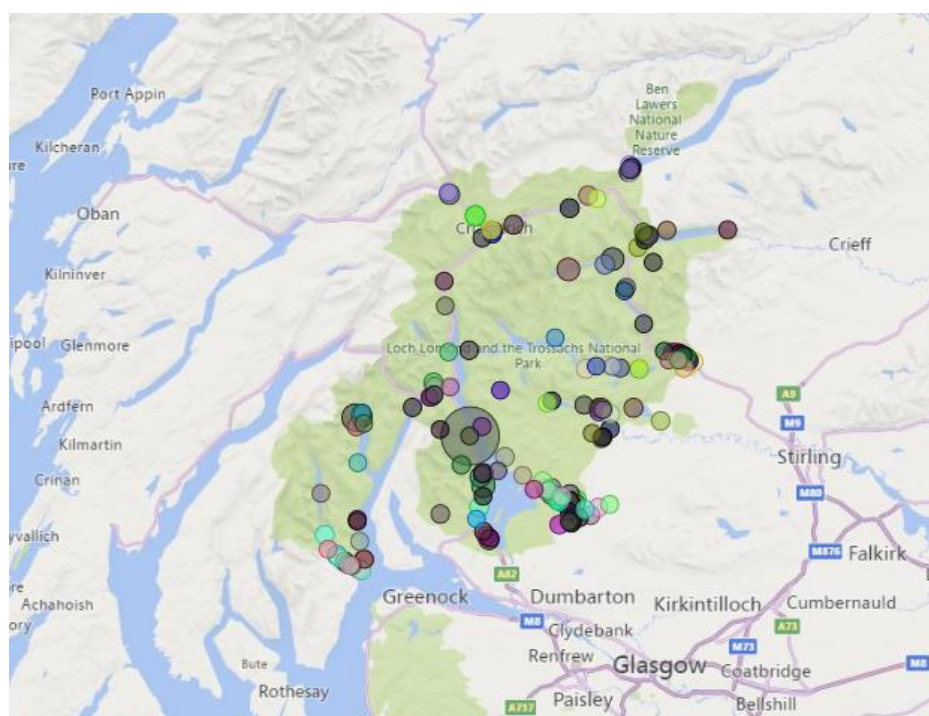
Area	Breadalbane	Callander & Aberfoyle	Cowal	Loch Lomondside	Balloch	Total
Total Dwellings	434	2877	1032	2761	467	7571
PRS Tenancies	73	239	91	199	98*	700
% PRS Tenancies	17%	8%	9%	7%	21%	9%

**Table 7.2: PRS tenancy numbers and % dwellings by HMSA**

Table 7.2 shows that Balloch has a higher proportion of PRS properties than any other HMSA (21%) and also has one of the lowest overall number of dwellings within the Park area (467), however, it should be noted that this is only representative of the proportion of properties within the Park and not Balloch as a whole in terms of Vale of Leven. Also as explained above, this percentage is likely to be lower as it includes properties outside the National Park boundary but within G83 8 postcode.

Loch Lomondside and Callander & Aberfoyle HMSAs have lower proportions of PRS to other tenures than other sub-areas with PRS properties accounting for 7% and 8% respectively. Both, however, have significantly higher proportions of dwellings across the park than the other areas. They also have higher numbers of STLs than in other HSMAs which may be an indicator that properties are being taken out of PRS pool to be used as short-term accommodation. This is set out in more detail in Chapter 8.

Map 7.1 provides a visual aid detailing the distribution of the 700 PRS properties registered in the Park area. The geographical spread across Park shows that there are concentrations of PRS within each of the distinct HMSAs, however, Loch Lomondside and Callander & Aberfoyle HMSAs have significantly greater concentrations of PRS than other sub-areas.



**Map 7.1: Distribution of PRS dwellings across LLTNP**



## 7.1 PRS Housing Affordability Outcomes

The average market rent in LLTNP is estimated at £681.82 per month. The highest average PRS rental value by HMSA is found in Callander and Aberfoyle at £718.20. PRS rents within LLTNP are above LHA rates across all HSMA with Callander & Aberfoyle and Breadalbane demonstrating the greatest variation of c.£100.

Table 7.3 shows that the Local Housing Allowance (LHA) for the LLTNP area is roughly 10-15% below market rent levels, leaving a shortfall for households relying on subsidy to help meet their housing costs in the sector. Variances between LHA rates and market rents range from 6% below in Balloch up to 13% below in the Breadalbane and Callander & Aberfoyle HSMA.

	Local Housing Allowance Rate	Average PRS Rent	Margin between LHA & Market Rent	% Margin between LHA & Market Rent
Breadalbane	£615	£704	£89	13%
Callander & Aberfoyle	£622	£718	£96	13%
Cowal	£580	£629	£49	8%
Loch Lomondside	£598	£665	£67	10%
Balloch	£580	£616	£36	6%

**Table 7.3: Margin between market rents and Local Housing Allowance levels**

Market rents in LLTNP are significantly higher than social rents. On average, social rents are 50% more affordable across LLTNP than market rents. Whilst the sectors are relative similar in scale, access to social housing will be restricted to local households on low to moderate incomes who do not meet the statutory definitions associated with housing need. The PRS is therefore likely to cause significant pressures in relation to housing induced poverty for households with low to moderate incomes.

## 7.2 How affordable are LLTNP market rents to local households?

To determine the affordability of PRS rents for local households, analysis to benchmark PRS rents to local income profiles was performed using the housing affordability model. This model assesses whether those earning minimum income thresholds (without reliance on housing subsidies) could afford market rents, as well as other housing tenures.

Analysis was carried out to measure how much a household in LLTNP would have to earn to be able to afford PRS rents if 25% or 30% of their income was devoted to meeting housing costs.

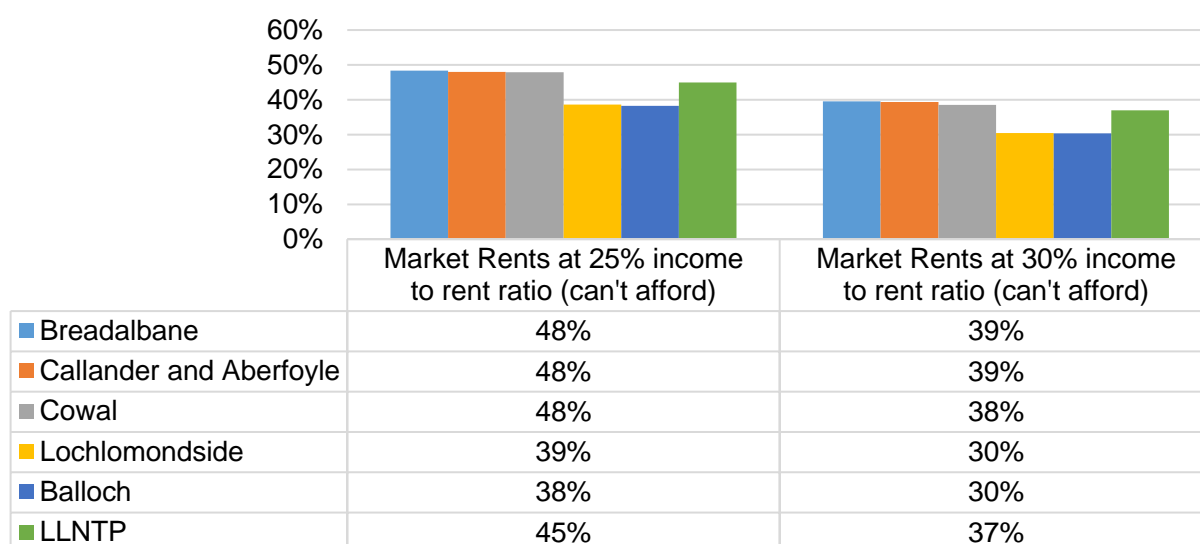
Based on the median income, at a 30% income to rent ratio, annual average market rents in LLTNP require to be no more than £11,207 per annum if they are considered to be affordable. Based on an average monthly rent in LLTNP at £681.82, the average annual PRS rent equates to £8,181.84. Therefore, it could be concluded that households earning the LLTNP median income (£37,359) could comfortably afford the cost of market rents when devoting 30% of household income to housing costs.



However, based on the lower quartile income benchmark in LLTNP (£22,096), at a 30% income to rent ratio, annual average market rents in LLTNP would require to be no more than £6,628.80 per annum. As the average PRS rent exceeds this at £8,181.84, the evidence suggests that PRS rents are not affordable to households on low incomes in LLTNP.

In short, a household requires to earn up to £26k to be able to afford the average PRS rent if they devote 30% of their income to housing costs. This is significantly beyond lower quartile incomes in LLTNP (£22,096) rendering PRS rents out of reach for many low income households.

Analysis was performed using the CACI Paycheck data 2022 at HMSA level to assess the proportion of households across sub-areas who can/cannot afford average PRS rents in LLTNP based on a 25% and 30% income to rent ratio. Graph 7.1 illustrates the proportion of households who cannot afford the average market rents per sub-area at 25% and 30% income to rent ratio. On average 45% of households cannot afford the market rents when devoting 25% of their income to housing costs. At a 30% income to rent ratio, on average 37% of households cannot afford PRS rents.



**Graph 7.1: % households who cannot afford PRS rents when devoting 25% and 30% of income to rent by HMSA**

PRS housing affordability is most challenging in the Breadalbane and Callander & Aberfoyle sub-areas, with 39% of local households unable to afford PRS rents whilst devoting 30% of income to housing costs. This is likely to be driven by higher than average market rents, as well as the income profile of local households (a third of households earn less than £25K per annum) in both areas. A higher proportion of low income households in the Cowal sub-area (17% earn less than £15K per annum), is likely to drive poor PRS affordability outcomes with 38% of local households unable to meet the costs of market renting at a 30% income to rent ratio.



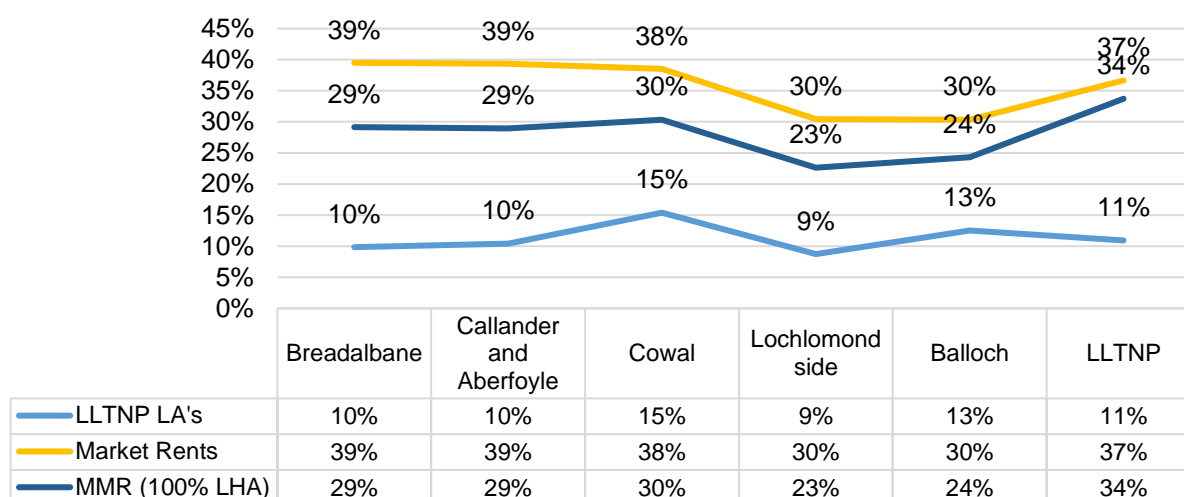


### 7.3 Impact of Mid-Market rent on PRS affordability

Further analysis was performed to examine the impact of mid-market rental costs on housing affordability across LLTNP. Mid-market rent (MMR) is a type of affordable housing, with rents lower than in the private market, but higher than in the social housing sector.

MMR aims to help households on modest incomes, who have difficulty accessing social rented housing, buying their own home, or renting privately. According to a CACHE<sup>5</sup> report in 2018, “Mid-market rent housing provides an alternative to the private rented sector but with high quality, grant-funded new units with rents at or around the same level as the Local Housing Allowance”.

Graph 7.2 illustrates the proportion of households who cannot afford RSL, market and mid-market rents (set at 100% of the LHA) by HMSA. This analysis shows that mid-market rent improves affordability for those who cannot afford the PRS across all housing market sub-areas in the Park area.



**Graph 7.2: % households who cannot afford RSL, market and MMR by HMSA**

When compared across HMSAs, mid-market rents make a positive contribution to housing affordability across the Park as it would appear c.10% of households find MMR more affordable than PRS. Access to this tenure choice could improve access to affordable housing across all HMAs.

Mid-market rent could therefore provide an effective housing option in LLTNP housing market sub-areas which markets rents are least affordable. The provision of mid-market rents could also be targeted at meeting the needs of key client or economic groups such as working age households or essential workers.

### 7.4 Key findings: The PRS in LLTNP

The PRS within LLTNP (9%) is slightly smaller in size to the social housing sector (13%) in the Park and representative of the scale of the PRS in Scotland. There are areas where PRS

<sup>5</sup> UK Collaborative Centre for Housing Evidence



properties represent greater proportions of residential dwellings such as in Balloch where almost a quarter of homes are within the PRS and in both Breadalbane and Cowal where 17% of homes are within PRS.

Market rents are on average £682 per month with Balloch having the lowest PRS rent (£616) and Callander & Aberfoyle the highest (£718). PRS rents across all HMAs are consistently higher than the LHA rate making the sector unaffordable to 37% of households within the park area when meeting a 30% income to rent ratio. The PRS is unaffordable to around a third of households in all HMSAs with the Callander & Aberfoyle and Breadalbane areas both above average at 39%.

Mid-market rents make a positive contribution to housing affordability across all sub-areas, improving affordability by as much as 10% in the Breadalbane and Callander & Aberfoyle HMSAs, and by 8% in Cowal.

The stakeholder engagement activities also provide a qualitative and lived experience perspective to this analysis, namely, that local households are experiencing challenges in accessing PRS properties which is further impacting on local businesses and their ability to retain and recruit staff. This is further detailed in Chapter 9.





## 8 The Impact of Short term Lets on the LLTNP Housing Market

A key research question which underpins this study relates to the extent to which the private lettings sector and other tenures such as home ownership have been affected by the growth of short term lets (STLs). Building on research into the ‘Impact of short term lets on communities across Scotland’ (Scottish Government 2019), work was undertaken to assess the extent to which there was local evidence of private landlords ‘flipping’ residential tenancies into short term lets in the LLTNP area. A dataset of short term let advertised vacancies across the LLTNP area was created using AirBNB sites, holiday letting sites and other local tourism websites. This was assembled by address, property type, property size and rental value over a 4-week period through completing a weekly snapshot analysis of vacancies and provided a relatively robust sample across all HSMAs within LLTNP.

In addition to the 4-week snapshot of vacancies dataset LLTNP Planning Authority provided data on known short-term lets from an external contractor. This was combined with a PRS market vacancy snapshot assembled by Arneil Johnston. Analysis was carried out to ascertain the degree of overlap between the STL and PRS markets and determine whether rental prices in towns with higher levels of STLs had significantly higher PRS rents as a result.

The data was analysed based on properties that could have been used as a home.

In total, 393 snapshot vacancies in LLTNP were analysed, with 310 (79%) being STLs that could have potentially been suitable as residential properties. 100% of vacancies in Breadalbane were STL’s, with 91% in Loch Lomondside, 83% in Callander and Aberfoyle and 90% in Cowal. Balloch had just 13% of all vacancies in the STL market. It should be noted however, that high proportions of STL’s may be a function of the sample, rather than an indicative distribution of rental properties in the area.

HMA	STL	PRS	Total	% SLT
Balloch	6	41	47	13%
Breadalbane	36		36	100%
Callander and Aberfoyle	133	28	161	83%
Cowal	55	6	61	90%
Loch Lomondside	80	8	88	91%
Total	317	83	393	79%

**Table 8.1: Vacancy Snapshot<sup>6</sup>**

Table 8.1 demonstrates that the snapshot sample indicates the highest proportion of STL vacancies (in April-May 2022) was in Callander and Aberfoyle (83% which is 161 properties). The snapshot suggests that STL vacancies dominated PRS vacancies except in Balloch where 87% of the vacancies were in the PRS. As the turnover rates of STL properties will be highly accelerated in comparison to the PRS, this snapshot offers a simple indicative profile of STL concentrations by HMSA.

<sup>6</sup> STL figures represented properties that have potential to be suitable as a residential property



In addition to considering the STL and PRS snapshot analysis an exercise was carried out to assess the number of known STL dwellings against, registered PRS, second and empty homes. Table 8.2 provides a breakdown by HMSA of STLs, PRS properties, Second Homes and Empty Homes in comparison to the total number of dwellings for each HMA.

HMA	STL (snapshot)		PRS (PLR)		Second Homes (NRS/OSAB)		Empty Homes		Total Dwellings
	No	%	No	%	No	%	No	%	
Balloch	6	1%	107	23%	1	0%	3	1%	467
Breadalbane	36	8%	83	19%	32	7%	12	3%	434
Callander & Aberfoyle	133	5%	244	8%	113	4%	53	2%	2877
Cowal	55	5%	196	19%	179	17%	15	1%	1032
Loch Lomondside	80	3%	320	12%	82	3%	49	2%	2761
Total	310	4%	950	13%	407	5%	132	2%	7571

**Table 8.2a: STL Snapshot, PLR Data and Second/Empty Homes Comparison**

HMA	No STLs	No PRS	Total Potential PRS (incl STLs)	%
Balloch	6	98*	104	6%
Breadalbane	36	73	109	33%
Callander & Aberfoyle	133	239	373	36%
Cowal	55	91	146	38%
Loch Lomondside	80	199	279	29%
Total	310	700	1,011	31%

**Table 8.2b: STL Snapshot, PLR Data**

**\*Note: This includes properties inside and outside the LLTNP within the G83 8 as full postcodes were not available.**

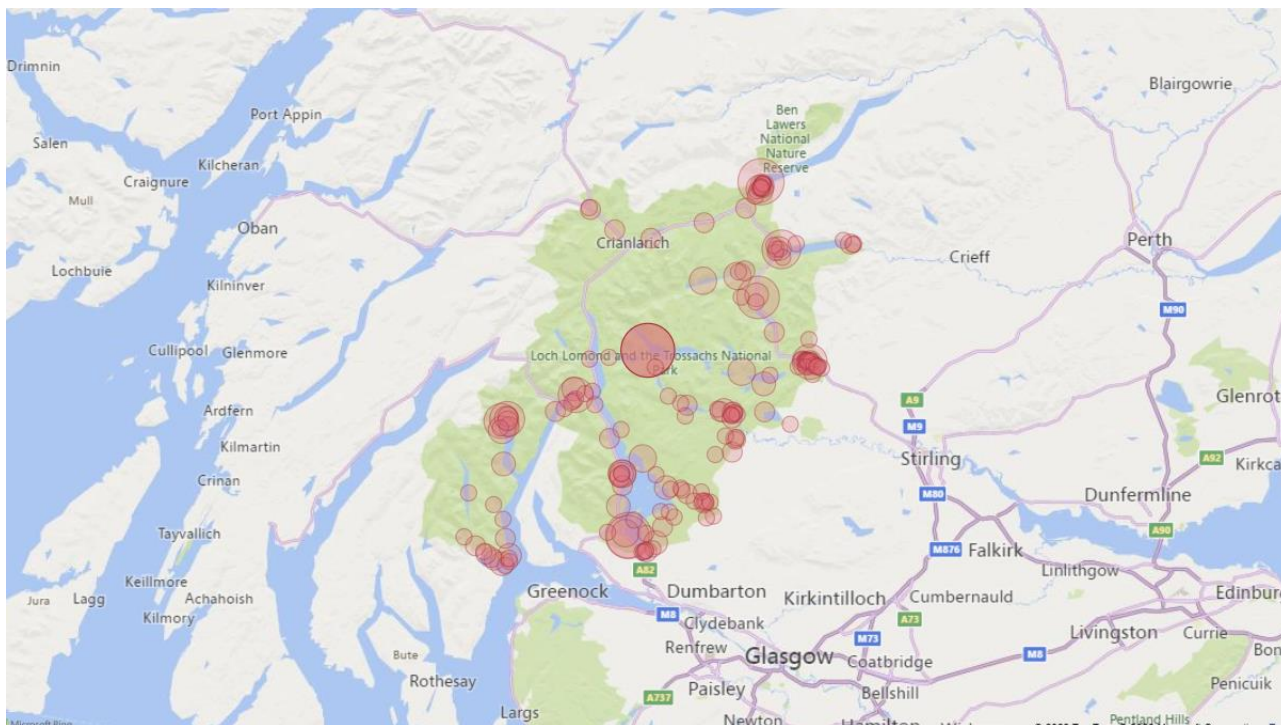
Table 8.2a above shows that there are considerably more PRS properties across all HMSAs than STLs, however, Callander & Aberfoyle has the highest number of STLs (133) which could indicate that potential PRS properties have been flipped into the short-term lettings market to meet demand within this area.

In most HMAs, with the exception of Balloch (6%), STLs account for between 29-38% of rental properties available, Table 8.2b provides a breakdown by HMA. In areas, such as Callander & Aberfoyle where there are small proportions of rental properties, the impact of STLs can potentially remove a significant number of residential dwellings from the market for households



who want to reside on a permanent basis. The impact of this alongside limited social rented housing stock, second and empty homes means reduced housing options in these areas.

The snapshot of STL dwellings has been mapped to provide a visual aid in relation to the distribution of STLs across the park area.



**Map 8.1: Distribution of STLs across LLTNP**

The ‘bubbles’ in red within Map 8.1 indicate the distribution of STLs, with ‘bubbles’ of increasing size showing areas where there are greater concentrations of STLs.

Analysis of STL properties and ineffective housing stock (i.e. second and empty homes) account for c.22% of all dwellings in the Cowal area, whereas in other areas such as Balloch (2%) and Loch Lomondside (7%) where there appears to be less dwellings not in use as residential properties. Whilst there may be STLs within the ineffective stock count (within the second home category), Table 8.3 provides a guide as to the volume of STLs from the snapshot in comparison to the overall volume of In-ineffective stock by HMA.

Area	Breadalbane	Callander & Aberfoyle	Cowal	Loch Lomondside	Balloch	Total
STLs (Snapshot)	7%	4%	3%	2%	1%	3%
Ineffective Stock (Second and Empty Homes)	10%	6%	19%	5%	1%	7%



**Table 8.3: % STLs and ineffective housing stock<sup>7</sup>**

This indicative analysis suggests that there is a greater proportion of ineffective dwellings across all HMSAs than STLs and that second and empty homes may be having a greater impact on accessing residential accommodation than STLs. This is particularly the case in Breadalbane, Callander & Aberfoyle and most significantly in Cowal sub-areas.

### 8.1 Does the market for Short Term Lets influence market rental values?

Average monthly costs for STLs were found to range from £3,255 in the low season to £4,781 in high season, compared to the average rent in the PRS was £681.82.

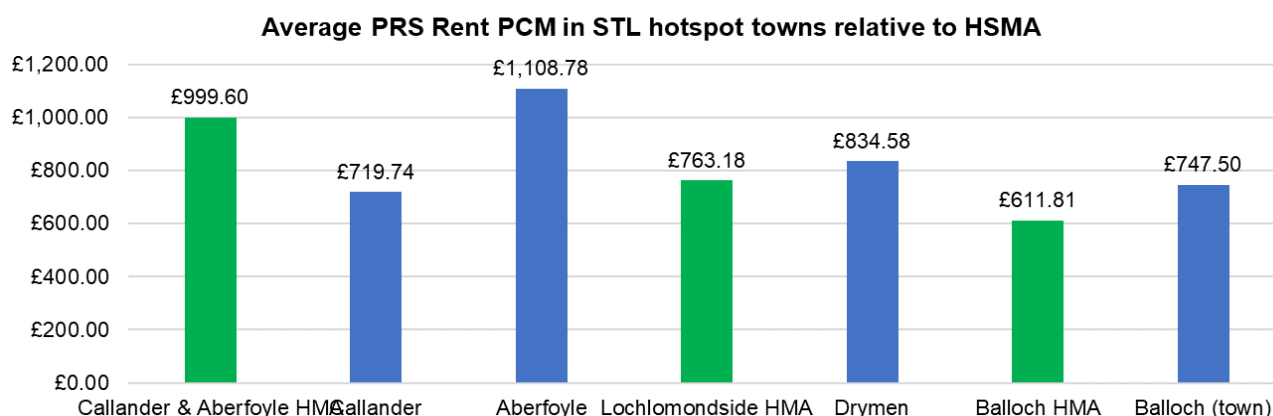
The property size profile of the short term lettings sector may be a factor in the analysis, with a significantly higher number large properties available to accommodate events. However, overall, the margin between STL and PRS rental income can be as high as £6,000 per month in high season in some HMSAs. The table below demonstrates the disparity in rents per calendar month for STLs and PRS vacancies. PRS rates were obtained via the snapshot analysis of current vacancies.

	Low Season Average PCM	High Season Average PCM	PRS Average PCM	Difference PRS - High Season
Breadalbane	£1,576	£2,536	£704	-
Callander and Aberfoyle	£2,615	£3,977	£718	£2,977
Cowal	£2,411	£4,626	£629	£3,946
Loch Lomondside	£3,877	£6,086	£665	£5,323
Balloch	£5,796	£6,682	£616	£6,070
LLTNP	£3,255	£4,781	£682	£4,579

**Table 8.5: Average PRS Rents**

In Breadalbane and Callander & Aberfoyle where there STL vacancies are greatest PRS rents were found to be 10-20% higher than the average found within the HSMA overall. This appears to indicate that where the number of STLs are high as % of dwellings, the PRS is slightly lower proportionally. A lower number of PRS properties could be a driver to these areas having higher PRS rents. It is worth noting that the sample analysed in this case was small, therefore findings should be interpreted cautiously regarding trends in the wider area.

<sup>7</sup> Some second homes may be operating as short-term lets, however, most short-term lets are registered for Business Rates



**Graph 8.1: Average PRS Rent PCM in STL Hotspot Towns**

From the snapshot STLs made up c.16% of properties within the rental market across LLTNP, however, in Loch Lomondside they account for 43% which means they are potentially impacting on the availability of PRS properties for local households. From the snapshot analysis available there is a range of difference of £3,212 - £5,421 per calendar month in terms of income that can be generated for properties in Loch Lomondside between STL and PRS properties.

**It would appear that there is some correlation between the market for short-term lets influencing market rental values** as higher PRS rents are more prevalent in areas with higher value STLs.

## 8.2 Key Findings: The impact of Short Term Lets on LLTNP Housing Market

The snapshot sample of rental vacancies indicated there were 310 STLs available to let within the Park area, with just over a third of these being in Callander & Aberfoyle HMA (133). At Community Council level the greatest number of STL vacancies was in Balquidder, Lochearnhead and Strathyre (51) with Callander, Lochgoil and Luss & Arden all making up just over 10% each of the vacancy snapshot.

The rental costs of STLs vary considerably across LHMA and from low to high season (£1,576 - £6,682). The costs should be considered with some caution as there are a small number of larger 'event' type properties within the sample that could overinflate average rental benchmarks. However, the analysis still demonstrates the significant uplift in income generated by renting a property as an STL, as the lowest average STL rent per calendar month is £1,576 in Breadalbane whilst a PRS rent in this HMA is £704 and average PRS across the park area are £682. This indicates that there is potential for residential dwellings to generate significantly higher income for property owners as an STL rather than as a PRS property and in areas where there are higher volumes of STL there appears to be a knock on effect with higher PRS rental costs.

Overall, there are more PRS properties registered (700) than STL dwellings in the snapshot (310). In areas such as Callander & Aberfoyle where there are higher volumes of STLs and higher PRS rents it could be an indication that properties suitable as residential homes have been taken out of this pool to become STLs. Furthermore, in areas where there is already a



limited supply of residential rental properties, even a small number of dwellings converting to STLs could have a disproportionate impact on meeting housing need.

When considering 'ineffective' stock levels within the Park, whilst there may be some overlap between the second homes and the STLs identified, the overall numbers suggest the volume of properties removed from residential dwellings could be estimated at c11%. This is more acute in areas such as Cowal (22%) and Breadalbane (17%), which could have a significant impact on the supply and affordability of residential homes.





## 9 Engagement with housing system stakeholders

### 9.1 Workshop Outcomes

To validate the housing market analysis and provide crucial contextual information on housing market operation, a series of qualitative workshops were held with community representatives and housing market partners to examine:

- Housing market drivers including migration, second homes, development, local tourism or economic development strategies
- Functional housing market areas and their unique characteristics
- Unmet need for social or affordable housing
- The operation of the private rented sector
- Appetite for/impact of introducing short-term control areas
- The effectiveness of current development planning and affordable housing policies.

The workshops tested key issues emerging from the housing market analysis group perceptions of potential planning interventions and responses. A full consultation report detailing the outcomes of the workshops has been prepared (Appendix 1).

### 9.2 Key Findings: Engagement with housing system stakeholders

There was clear consensus from housing market partners that the evidence of housing market pressure emerging from the research, reflects local experiences of living, working or operating in the local park economy. Analysis of stakeholder consultation feedback has enabled several key themes to emerge, which should influence and guide the definition of main issues within the Local Development Plan process, as follows:

- There is evidence that housing affordability is a major issue, with a substantial proportion of local households on low incomes unable to afford market entry or average house prices.
- There is significant pressure on the limited social housing that is available. Further analysis of waiting lists and lettings across the whole park area would be beneficial.
- Evidencing the need for and potential housing market impact of intermediate housing options is required.
- Understanding the role of the private rented sector and the risk of decline is a priority.
- Businesses are at risk and not fulfilling their potential as they are unable to recruit and retain staff due to accommodation challenges.
- Short-term lets and second homes are seen by many as impacting on communities by driving house-price inflation and limiting community sustainability. It should also be recognised however, that short term lets are an important contributor to the local economy.
- Better understanding of the impact of empty and second homes on the effectiveness of the housing stock in local communities should be central to future housing and planning policy.
- There is a need for innovation in developing accommodation for key client groups in the park population. This is central to supporting the park economy and communities and





should include key workers, essential workers, seasonal workers, younger people and older people.

- Land supply is constrained and there are rising development costs making housing development increasingly challenging.



## 10 Key Findings and Conclusions

### 10.1 Key Findings

Loch Lomond and the Trossachs National Park has 7,571 residential dwellings, 93% of which are occupied as residential dwellings with the remaining 7% (539) defined as 'in-effective'<sup>8</sup> and not in use as permanent homes.

The occupancy of residential dwellings varies across the HMAs with Cowal having the least number of occupied dwellings (81%) and the greatest proportion of 'ineffective' homes (19%). This is in contrast to Balloch where 99% of dwellings are occupied and only 1% of homes are 'ineffective'. The majority of residential dwellings within the Park area are therefore actively used as homes.

House sale transactions over a three year period (2017-20) indicate that there is a buoyant housing market in LLTNP with 1,078 house sales taking place. Analyses of the sales identified five new functional housing market sub-areas as follows:

- Balloch HMSA - a separate functional HMSA (2022) not operating as part of the wider Loch Lomondside HMSA
- Breadalbane HMSA (unchanged from 2012)
- Callander and Aberfoyle HMSA (unchanged from 2012)
- Cowal HMSA (unchanged from 2012)
- Loch Lomondside HMSA – combining Loch Lomondside and Wider Loch Lomondside areas including Arrochar from 2012 but excluding Balloch settlement

The majority of property sales (56%) which took place, were to those living within the LLTNP boundary and adjoining councils. Having said this, the analysis highlights that there is significant demand for homes arising from elsewhere in Scotland (28%), across the UK and from foreign buyers (16%). The areas where demand from those living outside the Park is greatest are the Loch Lomondside and Cowal HMAs. In Loch Lomondside, 48% of demand arises from the Scottish domestic market whereas, Cowal has the greatest level of demand arising from outside Scotland (33%). The level of demand from households not currently residing in the Park area could be viewed as a driver in increasing house prices with local households being unable to afford or access the properties which become available.

House prices appear to have a direct impact on the volume of sales, inflation and in-migration. The average house price in LLTNP in 2019/20 was £216,044, however there is a significant range in average price across HMAs with Loch Lomondside having an average price of £281,506 and Balloch £159,846. In order to afford the average house price within LLTNP, households on an average income would require to devote 4.8 times this income to the average price whilst a household on a lower quartile income requires to spend 5.2 times their income, well in excess of the typical lending multiple of 3.9 times. This means that many households on low to moderate incomes in the park area are unable to access owner

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<sup>8</sup> In-effective stock includes second homes, empty homes and vacant dwellings, if short-term lets are included the figure rises to 11%



occupation as a tenure of choice. For those households unable to access owner occupation there are limited alternative housing options.

Whilst the median income in LLTNP is £37,359, which is similar to Scotland as a whole (£37,942), there is evidence of a notable proportion of households living in the Park area who have limited household incomes, with 33% of the population earning less than £25K. Cowal has the greatest proportion of low income households relative to other areas at 38%. The lower quartile income in LLTNP is £22,096. Loch Lomondside has the smallest proportion of low income households at 12% earning less than £15K, while 45% earn more than £60K. The average salary for workers in hospitality is c. £25,000 which would indicate that these households will have affordability challenges. This is a key issue given reported recruitment crisis and challenges relating to accommodation for staff, particularly in the more remote areas of the Park.

Housing affordability analysis suggests that homeownership is out with the reach of many local households in LLTNP, with 43% of households unable to afford a property at market entry level (£115,937.50). Over 50% of households in Breadalbane, Cowal and Loch Lomondside are unable to afford home ownership at the lower quartile house price.

Moreover, 3/4 of local households are unable to afford a property at the average house price of £216,044.83. This rises to 80/85% in the Loch Lomondside, Callander & Aberfoyle and Breadalbane housing market sub-areas. Given the dominance of home ownership as a tenure option in the Park area, these affordability outcomes suggest an extremely challenging housing landscape for local households on low to moderate incomes who wish to live and work in the Park area, with reliance on a limited rental market their only option in meeting their housing need.

For those households unable to access owner-occupation there are limited rental market solutions in terms of social rent, PRS and mid-market rental homes. Social rented housing account for 13% of properties and PRS 9% of properties within the Park area. The tenure split ranges considerably across HMAs with Loch Lomondside having only 6% of dwellings within social rented sector compared to Breadalbane with 35%. Loch Lomondside also has the smallest proportion of PRS properties (7%).

The levels of social housing and PRS differ across the HMAs, however, all areas have significantly higher levels of privately owned properties, indicative a significant lack of tenure diversity for households living in the Park area. With a relatively stable population position over the next fifteen years further consideration is required to understand the future levels of housing need across all tenures given the affordability and accessibility issues identified.

In order to understand demand for social housing it is important to have a full dataset across all social housing landlords operating within the Park area in relation to stock, lets and waiting lists. For the purpose of this study, it was not possible to complete the full analysis, however, case studies were carried out for Home Argyll, RSHA and Stirling Council to provide an indication of waiting list pressures and stock turnover. Those households seeking housing with Home Argyll providers in the Park area, compete within a pressure ratio 3.3 housing applicants for every available let. Households seeking homes from RSHA have to compete with 6.3 applicants for every available let and Stirling Council have considerably greater pressure with 19.6 applicants for every let.



The PRS plays an important role in meeting housing need within LLTNP and accounts for only 9% of residential homes, which is a smaller proportion to the social rented sector, and is less than the scale of the PRS in Scotland (14%). Callander & Aberfoyle and Loch Lomondside have significantly low levels of private rental accounting 8% and 7% respectively.

Market rents are on average £682 per month with Balloch having the lowest PRS rent (£616) and Callander & Aberfoyle the highest (£718). PRS rents across all HMAs are higher than the LHA rate and social rents. Housing affordability analysis indicates that 37% of households within the park area unable to afford the PRS when they are required to spend 30% of their income on housing costs. Mid-market rents make a positive contribution to housing affordability across all sub-areas, improving affordability by as much as 10% in the Breadalbane and Callander & Aberfoyle HMSAs, and by 8% in Cowal.

In order to accommodate demand arising from the tourism industry, the Park has a vibrant Short Term Lets market. Due to the currently unregulated nature of STLs there is no register to quantify the numbers, however, a snapshot of STL vacancies identified 310 STLs, with further analysis carried out to consider volume and rental costs by HMA. The rental costs of STLs vary considerably across HMSAs from low to high season (£1,576 - £6,682). The costs should be considered with some caution as there are a small number of larger 'event' type properties included within the snapshot that may overinflate rental averages. However, the analysis still demonstrates the significant uplift in income generated by renting a property as an STL as the lowest average STL rent per calendar month is £1,576 in Breadalbane whilst a PRS rent in this HMA is £704 and average PRS rents across the park area are £682. This indicates that there is potential for residential dwellings to generate significantly higher income for property owners as an STL rather than as a PRS property and in areas where there are higher volumes of STL there appears to be a knock on effect with higher PRS rental costs.

Overall, there are more PRS properties (700) in the Park area than STL properties (310). In areas such as Callander & Aberfoyle where there are higher volumes of STLs and higher PRS rents it could be an indication that properties suitable as residential homes have been converted to STLs. Furthermore, in areas where there is already a limited supply of residential rental properties, even a small number of dwellings converting to STLs could have a disproportionate impact on meeting housing need.

When considering 'ineffective' stock within the Park, whilst there may be some overlap between second homes and the STLs, the analysis suggests the volume of properties unavailable as residential dwellings within the Park (11%). This is more acute in areas such as Cowal (22%) and Breadalbane (17%) which impacts on the supply and affordability of residential homes.

In addition to the desk-based analysis, considerable stakeholder consultation and engagement has taken place with a wide range of stakeholders including households currently living in the park, businesses, landlords and services operating in the Park area. The stakeholder engagement activities have provided qualitative and lived experience perspectives to this analysis, namely, that local households are experiencing challenges in accessing PRS properties which is further impacting on local businesses and their ability to retain and recruit staff.

Stakeholders indicated that the pressures evidence in relation to market accessibility and affordability of housing, reflected their experiences of living, working or operating within the local Park economy. Analysis of stakeholder consultation feedback has identified several key



themes which should influence and guide the definition of main issues within the Local Development Plan process going forward.

One of the major challenges identified by stakeholders relates to housing affordability, participants felt there were local households on low incomes unable to afford market entry or average house prices and this was further compounded by the significant pressure on the limited social housing and private rented properties that are available. There was considerable interest and support in considering the potential of intermediate housing options to alleviate the current pressures.

Discussions around the private sector mainly related to the potential risks of losing homes from this sector to the STL market. With the already limited supply of residential homes, businesses indicated that they were at risk and are currently not fulfilling their potential as they are unable to recruit and retain staff due to accommodation challenges.

Short-term lets and second homes were seen by many as impacting on communities by driving house-price inflation and limiting community sustainability. However, participants also recognised that STLs are an important contributor to the local economy and that there requires to be some balance. Stakeholders also expressed that an improved understanding of the impact of empty and second homes on the effectiveness of the housing stock in local communities should be central to future housing and planning policy.

Stakeholders were keen for an innovative approach to developing accommodation for key groups in the park population. This is central to supporting the park economy and communities and should include key workers, essential workers, seasonal workers, younger people and older people.

There was an understanding that land supply is constrained due to a number of factors and alongside this there are issues around rising development costs, availability of materials and workforce, which combined make housing development increasingly challenging within the Park area.

## **10.2 Conclusions**

The housing system operating in LLTNP is complex with a range of factors influencing residential housing opportunities. The research and evidence base that has been developed provides an improved understanding in relation to housing affordability, house price inflation, affordable housing pressures, second homes and the operation of the short-term lettings sector.

The HMA summaries below provide an at a glance position for each area operating within LLTNP.



**Breadalbane**

Measure	Output	Conclusions
Total Dwellings	434	<p>Breadalbane accounts for just under 6% of dwellings within the Park area. The majority of dwellings are occupied (90%) with 10% of properties being in-effective stock in comparison to 7% across the Park as a whole.</p> <p>There are 153 social rented dwellings in Breadalbane, this is 16% of all social rented properties across the whole Park, given Breadalbane has the smallest proportion of dwellings within LLTNP the proportion of social rented properties located here is significant.</p> <p>PRS dwellings account for 17% of the whole stock within the Breadalbane. There is less PRS provision in Breadalbane than anywhere else in LLTNP (73 dwellings).</p> <p>There are 200 privately owned dwellings in Breadalbane, which accounts for just under half of all properties in this HMA. Privately owned dwellings are the prominent tenure.</p> <p>House Sales have decreased by 12% between 2017-2020 with 111 sales taking place during this period. House prices in Breadalbane have increased by 8% during this period which is slightly below the Park average (9%) and significantly below Loch Lomondside which has seen a 22% inflation. The average house price in Breadalbane is £4,000 more than the average for LLTNP as a whole.</p> <p>Households on median incomes require to spend a 6.0 income to price ratio and those on lower quartile incomes 7.9 times income to access the market. Both ratios are higher than the requirement for the Park overall which is 5.2.</p> <p>Rural Stirling Housing Association indicated that there are currently 52 households on the Waiting List for social housing and they have 85 social rented</p>
Occupied Dwellings	390 (90%)	
Second Homes	32 (7%)	
Empty Homes	12 (3%)	
In-Effective Stock	10%	
Social Rented Dwellings	153	
PRS Dwellings	73	
Privately Owned Dwellings	200	
House Sales 2017-20	111	
Decline/Increase House Sales 2017-20	-12% Decrease	
House Prices	Median £210,00 Average £220,410 Lower Quartile £158,500	
Incomes	Median £35,244 Lower Quartile £20,024	
Income to Rent Ratio	Median 6.0 Lower Quartile 7.9	



Social Rented Waiting List	52 (RSHA) 25 (Stirling)	properties in this area. Stirling Council have 25 households on the waiting list and they have 66 social rented stock in the area.
Local Housing Allowance	£615	Social Rented Housing is significantly more affordable (£340pcm) than PRS (£704pcm). The PRS average rent pcm is more than LLTNP Local Housing Allowance of £615 which means this is not an affordable option for lower income households.
Average RSL Social Rent	£368	
Average PRS Rent	£704	Analysis indicates there are 36 properties available as STLs. This accounts for 10% of all the STLs dwellings.
No. STL Vacancies Snapshot	36	
STL Rent Range pcm	£1,576 - £2,536	Breadalbane is the smallest HMA within the Park area with just under half of all dwellings being privately owned. There is a substantial social rented sector, however, demand for housing is high. In-effective stock makes up 10% of properties with some STLs potentially being within the second homes count. Given the small PRS sector it is possible some owners have decided to let their properties as STLs which has the benefit of generating a higher income yield for them but removes a potential residential dwelling from the housing system.





### Callander & Aberfoyle

Measure	Output	Conclusions
Total Dwellings	2,877	38% of dwellings within the Park are located in Callander & Aberfoyle with 72% of homes in this area being privately owned. The majority of homes are occupied within effective stock being 6% which is comparable to the Park as a whole.
Occupied Dwellings	2,710 (94%)	
Second Homes	113 (4%)	
Empty Homes	53 (2%)	18% of homes within Callander & Aberfoyle are social rented properties and it has the greatest number of social rented units in comparison to all other HMAs. In contrast only 8% of properties within this HMA are in the PRS, however, this HMA has the second highest number of PRS properties within the Park area as a whole.
In-Effective Stock	6%	
Social Rented Dwellings	508	
PRS Dwellings	239	The greatest proportion of homes are privately owned (72%) with 351 sales taking place 2017-2020. This area had the greatest number of sales across the Park during this period but had one of the lowest inflation changes (4%).
Privately Owned Dwellings	2,075	
House Sales 2017-20	351	Average house price is £15,000 above LLTNP average; however, lower quartile house prices are £10,000 under the Park average with those on a lower quartile income having to achieve a 5.3 income to rent ratio to access the market. Those living in Callander & Aberfoyle have a slightly lower average lower quartile income than the Park overall.
Decline/Increase House Sales 2017-20	4% Increase	
House Prices	Median £199,750 Average £231,678 Lower Quartile £115,562	There is a considerable waiting list for social housing in Callander & Aberfoyle with 35% of all applicants for RSHA seeking social housing here.
Incomes	Median £36,945 Lower Quartile £21,852	
Income to Rent Ratio	Median 6.0 Lower Quartile 5.3	Social rents are almost half PRS rents with PRS rents above the LHA for the HMA.



Social Rented Waiting List	RSHA 446 Stirling104	Analysis indicates that there are 133 STLs in Callander & Aberfoyle which is the highest density of STLs within an HMA in the Park. STLs rents pcm in Callander & Aberfoyle are lower than LLTNP as a whole and second lowest overall.
Local Housing Allowance	£622	
Average RSL Social Rent (LLTNP)	£368	
Average PRS Rent	£718	
No. STL Vacancies Snapshot	133	
STL Rent Range pcm	£2,615-£3,977	



**Cowal**

Measure	Output	Conclusions
Total Dwellings	1,032	There are 1,032 dwellings in Cowal which account for 14% of all dwellings in the Park area. The number of occupied dwellings is lowest at 81% with 19% in-effective stock. This is significantly more than any other HMA.
Occupied Dwellings	838 (81%)	
Second Homes	179 (17%)	
Empty Homes	15 (1%)	There are 91 (9%) social rented homes and 91 (9%) PRS tenancies in Cowal. In comparison to LLTNP as a whole, the proportion of social rented properties is similar but there are greater proportions of PRS properties.
In-Effective Stock	19%	
Social Rented Dwellings	91	69% of properties are privately owned compared to 73% across LLTNP.
PRS Dwellings	91	There were 187 house sales between 2017-2020 making up 17% of house sales for the Park during this period, with Cowal seeing a 21% increase in housing prices.
Privately Owned Dwellings	708	
House Sales 2017-20	187	The median and average house prices in Cowal are below LLTNP average whilst the lower quartile price is slightly above. Overall Cowal has the second lowest average house price in comparison to other HMAs within the Park.
Decline/Increase House Sales 2017-20	21% Increase	Affordability is still challenging with households requiring 5.4 income to house price ratio to afford median house prices and 6.9 lower quartile prices.
House Prices	Median £170,140 Average £186,007 Lower Quartile £128,375	There are 27 households seeking social housing with Home Argyll and there is 2.3 people on the waiting list for every available let in this HMA making turnover relatively low at 9.5%.
Incomes	Median £31,302 Lower Quartile £18,487	
		RSL rents are almost half those of the PRS with PRS rents being above the LHA rate. PRS rents in Cowal are the second lowest across the Park as a whole.



Income to Rent Ratio	Median 5.4 Lower Quartile 6.9	There were 55 STL vacant properties in Cowal at the time of the analysis with the range of pcm rents for this HMA being below those for LLTNP as a whole.
Social Rented Waiting List	Home Argyll 27	
Local Housing Allowance	£550	
Average RSL Social Rent	£354	
Average PRS Rent	£629	
No. STL Vacancies Snapshot	55	
STL Rent Range pcm	£2,411 - £4,626	



### Loch Lomondside

Measure	Output	Conclusions
Total Dwellings	2,761	36% of all dwellings within the Park area are within Loch Lomondside.  The majority of dwellings in Loch Lomondside are occupied with only 5% of properties being in-effective stock, the second lowest proportion of in-effective stock across the Park.
Occupied Dwellings	2,630 (95%)	
Second Homes	82 (3%)	
Empty Homes	49 (2%)	There are 183 social rented dwellings making up 7% of properties in this HMA compared to 13% of properties being social rented within LLTNP. This is the lowest levels of social rent as a percentage of properties compared to other areas of the Park.
In-Effective Stock	5%	
Social Rented Dwellings	183	
PRS Dwellings	199	Loch Lomondside has 199 PRS tenancies, however, at 7% of all dwellings in this HMA it is the lowest proportion for an HMA within LLTNP.
Privately Owned Dwellings	2,228	
House Sales 2017-20	222	There were 222 house sales between 2017-2020 resulting in a 32% increase in the number of sales during this period. Sales in Loch Lomondside account for 21% of all sales transactions in LLTNP. Loch Lomondside has the highest median and average house prices within LLTNP, significantly more than the Park average with households on a median income requiring to spend 5.9 times their income on the median house price and those on lower quartile incomes, 6.3 times the lower quartile price. This is those living in the HMSA having the highest median and lower quartile incomes across the Park.
Decline/Increase House Sales 2017-20	32% Increase	
House Prices	Median £246,276 Average £281,506 Lower Quartile £150,000	
Incomes	Median £40,576 Lower Quartile £24,200	There is a very small social rented sector (8%) with 138 applicants seeking housing from Home Argyll, Stirling and RSHA who have a combined stock total of 183 social rented units.
Income to Rent Ratio	Median 5.9 Lower Quartile 6.3	



Social Rented Waiting List	Home Argyll 59 Stirling Council 28 RSHA 51	<p>Social housing rents are almost half those of PRS properties in the area with PRS rents being above the LHA rate.</p> <p>Analysis indicates there were 80 STL properties available at the time of the research with rents ranging from £3,877 - £6,682, well above the average for the Park as a whole.</p>
Local Housing Allowance	£598	
Average RSL Social Rent	£362	
Average PRS Rent	£665	
No. STL Vacancies Snapshot	80	
STL Rent Range pcm	£3,877 - £6,682	



## Balloch

Measure	Output	Conclusions
Total Dwellings	467	There are 467 dwellings within Balloch with 99% being occupied, the highest occupancy rate across the Park.
Occupied Dwellings	463 (99%)	
Second Homes	1 (0%)	There are very few empty or second homes making in-effective stock only 1% and the lowest within LLTNP.
Empty Homes	3 (1%)	
In-Effective Stock	1%	Balloch has 10% of social rented properties within the Park area although there are higher numbers of social rented properties immediately outside the National Park boundary and still within Balloch HMA. It has the highest proportion of PRS properties (23%) as a percentage of dwellings within the area. The PRS as a sector within Balloch is 10% larger than the Park overall. 73% of dwellings are privately owned which is comparable to LLTNP as a whole.
Social Rented Dwellings	45	
PRS Dwellings	98 * <i>This includes properties inside and outside the LLTNP within the G83 8 as full postcodes were not available..</i>	There were 207 sales between 2017-2020 accounting for 19% of all Park sales. Balloch saw the greatest price inflation in house prices at 69%, this is significantly more than all other areas with the next highest inflation being in Loch Lomondside at 32%.
Privately Owned Dwellings	341	
House Sales 2017-20	207	House prices in Balloch are considerably lower than all other HMSAs and for LLTNP as a whole. The lower quartile house price is £50,000 less than that for LLTNP.
Decline/Increase House Sales 2017-20	69% Increase	
House Prices	Median £127,000 Average £159,846 Lower Quartile £75,000	Incomes within Balloch are higher than across other HMSAs with the median income similar to that for the Park as a whole. Median income levels are second highest within this HMA with only Loch Lomondside higher at £40,576. There is a similar position with lower quartile incomes.
Incomes	Median £37,513	





	Lower Quartile £22,284	<p>Social rents are the most affordable tenure in Balloch at almost half the cost of PRS rents. LHA rates do not cover PRS rents with Balloch achieving the second highest PRS rent across LLTNP.</p> <p>Analysis indicates that there were 6 STL vacancies at the time of the exercise with the rent range pcm being the highest within the Park area. Caution is required when considering this information as a number of properties are of considerable size and are 'event' properties.</p>
Income to Rent Ratio	Median 3.4 Lower Quartile 3.4	
Social Rented Waiting List	Unknown	
Local Housing Allowance	£580	
Average RSL Social Rent	£360	
Average PRS Rent	£616	
No. STL Vacancies Snapshot	6	
STL Rent Range pcm	£5,796 - £6,682	



The research, analysis and consultation carried out for this study indicates that there are considerable housing pressures across LLTNP including affordability and limited housing choice for a significant proportion of households living and working in the park area.

Around 33% of the Park population earn less than £25,000 making owner occupation at the average lower quartile house price (£115,937) unaffordable. Privately owned dwellings are the dominant tenure within LLTNP which means access to owner occupation is extremely challenging for low to moderate income households.

This combined with the limited supply of both social and PRS dwellings compounds the difficulties households face when seeking housing in the Park area.

The key findings and HMA conclusions can be used to inform policy direction within the new Local Development Plan and assist with the Park's approach to the designation of Short-term Let Control Areas if this is identified as being required.

The analysis also provides an evidence base to inform LLTNP's affordable housing policy and other housing supply interventions which seek to improve housing system balance and market operation.

Furthermore, the evidence highlights the need for innovative solutions and the opportunity to further investigate and develop alternative affordable tenures such as Mid-Market Rent, Low Cost Home Ownership and Shared Ownership that could meet the needs of households unable to access affordable housing solutions at present.

The study has enabled community representatives and housing market partners to have their voice heard and their ideas and solutions discussed. These more qualitative findings can be used to build contextual analysis of local housing system drivers that will identify, assess and support future planning and housing supply interventions.