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Dear Convener,

At the meeting of the Local Government, Housing and Planning Committee on 27 September, I informed members that the Remote, Rural and Islands Housing Action Plan ('the Action Plan') would come forward in Spring 2023 and that I would provide an update to committee on priority work strands by the end of the calendar year.

My officials have engaged with a wide range of stakeholders to seek their views on the issues and potential solutions to the delivery of homes in remote, rural and island communities. These have included community groups, local authorities, registered social landlords, rural housing organisations as well as Highlands and Islands Enterprise, South of Scotland Enterprise, and national agencies.

This engagement has informed the development of the priority work strands that are summarised below.

Land, Planning and Infrastructure

- We will take action to support the identification of viable land opportunities to support housing delivery in rural and island areas including considering how we can bring together relevant organisations to work more collaboratively.
- We will implement revised planning policy and practice to ensure it is directive in shaping existing and new places, in support of housing delivery in remote rural and island communities.

Collaborative Working to Deliver More Homes in Remote, Rural and Island Communities

- We will consider funding arrangements for Community Housing Trusts to ensure they can continue to support the delivery of rural homes.
- We will take action to ensure continued support to enable communities to bring forward their own housing project to meet the needs of local communities.
- We will take action to ensure that the activity of partners in rural and island areas is better targeted and aligned to the delivery of shared outcomes and the development

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of solutions to address barriers to the delivery of more homes in remote, rural and island communities.

Strengthen Links between Housing and Local Economies

- We will strengthen the links at a local level between housing and the economy including through the housing and planning process so that the right homes are being delivered in the right places to enable rural and island communities to thrive and grow.
- Working across Government, key agencies and the housing sector, we will seek to strengthen joint working in support of key workers and employer led housing.
- We will seek specific actions and opportunities to increase construction capacity and skills to support delivery of more homes in remote, rural and island communities.

Home Ownership and Effective and Productive Use of Existing Properties

- We will provide local authorities with additional powers that will help them to manage the number of second homes where these are contributing to housing pressures in their areas. This will be particularly relevant for the rural and island areas.
- We will consider ways in which we can increase the number of empty homes in rural and island communities being brought back into use.
- Recognising that the housing market in rural and island areas operates differently to that in urban areas with fewer new homes and competing demand for existing homes from both tourism and second homes, we will continue to provide support for home ownership in remote rural and island areas including continued support for self-build.

My officials are progressing the development of these priority work strands, engaging across Government and with external stakeholders as appropriate to develop specific actions to be included in the Remote, Rural and Islands Housing Action Plan.

As you will be aware, we have committed to delivering 110,000 affordable homes up to 2032 with 70% of these being for social rent and 10% in remote, rural and island communities. My officials continue to hold regular meetings with local authority officials and local development partners in rural and island communities and in addition to our mainstream rural and islands affordable programme activity we are engaging with a range of organisations on projects submitted to the Rural and Islands Housing Fund which is backed by up to £30 million over the current Parliament.

I am pleased to inform the committee of several other recent activities that we have been able to take forward ahead of plan publication that will support rural and island communities. This includes the Self-Build Loan Fund, the approach to Second Homes taxation, progress on utilisation of Empty Homes, and regulation of the Short-term Let sector:

Self-Build Loan Fund

The Self-Build Loan Fund has been extended for up to 5 years and will continue to offer short-term loan funding of up to £175,000 to self-builders who are unable to access standard bank lending. Particularly in rural areas, self-provided housing offers choice to people who would otherwise have to look elsewhere to meet their housing needs and can help contribute to the resilience of communities.

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Second Homes

The Minister for Public Finance, Planning and Community Wealth wrote to the Committee on 17 November providing an update on the establishment of the Joint Working Group, which is overseeing deliberative engagement on local government funding, including considering the provision of powers to allow local authorities to increase the rate of Council Tax on second and empty homes. The Group has now been convened and my officials will take account of its conclusions in developing proposals for public engagement and consultation.

Empty Homes

As per my correspondence of 1 December 2021, we are in the process of undertaking an audit of our long-term empty homes policy and interventions. This will be to:

- set out the scale of the problem in Scotland (including how this compares to other UK nations) and the factors that lead to homes becoming empty for longer than 6 months,
- identify the learning from various interventions and use of powers across Scotland to bring long-term empty homes back into use,
- review UK and other relevant approaches to tackling empty homes to identify whether any of these might be used to enhance the effectiveness of tackling/ preventing empty homes in Scotland, including the appropriateness across different demographics (urban, rural, islands),
- produce a high quality, balanced and impartial report, ensuring that the full range and nature of underlying evidence and views are presented.

I expect the findings of this audit to be published in Summer 2023. We will use these findings to inform how we can best meet the commitments on empty homes within the Housing to 2040 Strategy.

Short-term Lets

I wrote to the Committee on 7 December 2022 to advise you that we intend to lay an affirmative Scottish Statutory Instrument in January 2023 that will seek to amend The Civic Government (Scotland) Act 1982 (Licensing of Short-term Lets) Order 2022. This is in order to extend the deadline by which existing hosts must apply for a short-term let licence from 1 April 2023 to 1 October 2023.

This one-off six-month extension recognises the wider economic circumstances of the cost-of-living crisis that is placing pressure on existing short-term let hosts and businesses at a time when they are checking they comply with new requirements in order to apply for a short-term let licence.

I hope that you find this information helpful.

Yours sincerely,

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