Scotland's rural and island housing: A briefing of key policies, challenges and opportunities

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In May 2024 the Scottish Parliament declared a nationwide housing emergency as a response to a series of crises related to the availability of good quality affordable housing across Scotland. These crises include a shortage of available land for house building, a lack of construction of new affordable housing, a prevalence of holiday/ second homes (especially in certain areas) and a lack of support (e.g. affordable mortgages) to help first-time buyers join the property ladder. Often these issues are felt acutely in rural and remote Scotland where housing stock/quality is already lower, and their cost of living tends to be higher than urban areas. The declaration of the housing emergency has been an attempt to improve the housing situation for those in precarious housing situations across Scotland.

This short policy brief highlights the findings from a review of current policies and expert interviews around rural and island housing in Scotland (hereto referred to as rural housing). This work was carried out between July 2023 and July 2024. It forms part of a larger research project exploring 'Scotland's Rural and Island Futures' (2022-2027) which is funded by Scottish Government's RESAS programme. We first summarise the key policies that inform the current issues and opportunities for Scotland's rural and island housing; then highlight the methods of data collection and analysis. We offer findings around: the importance of housing in relation to wider services; the importance of having a choice in the type and tenure of available housing; and the importance of ensuring that policies are appropriate for rural and remote communities. Finally, we summarise and propose seven recommendations to improve the provision of affordable housing across rural Scotland.

Current policies

Housing is a key socio-economic issue connected to multiple facets of everyday life (e.g. care, poverty, jobs, transport, community). Policies and strategies directly related to housing in rural Scotland are detailed below.

> **Scottish Policies Directly Related to Housing**
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> **National Planning Framework 4 (NPF4):** Scotland's national spatial strategy aiming to deliver sustainable, liveable and productive places.
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> **Housing to 2040**: Scotland's long term national housing strategy prioritising choice, quality and affordability of housing.
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> **More Homes:** seeks to deliver more, quality, affordable housing via policy actions including the Housing and Planning Delivery Framework, Empty Homes and Rural and Islands Housing Funds.
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> **Rural and Islands Housing Action Plan:** focuses on addressing the unique yet interrelated housing challenges faced by rural and island communities.
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> **National Islands Plan:** a comprehensive framework for improving policy, governance and outcomes via place-based strategy and implementation.
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> **Social Housing:** seeks to increase quantity, quality and access to social housing by supporting social landlords to provide affordable housing based on needs.

National Planning Framework 4 (NPF4)

NPF4 outlines the national spatial strategy for Scotland to 2045 and details national planning policies within three themes: Sustainable Places, Liveable Places and Productive Places. NPF4's key outcomes include: "Meeting the housing needs of people living in Scotland including, in

particular, the housing needs for older people and disabled people; Improving the health and wellbeing of people living in Scotland; Increasing the population of rural areas of Scotland; Improving equality and eliminating discrimination; Meeting any targets relating to the reduction of emissions of greenhouse gases; and Securing positive effects for biodiversity." (Scottish Government, p95).

It has a vision for placemaking and community building shaped by a built environment that facilitates these priorities. NPF4 also highlights the role of planning policy in delivering more quality, accessible, adaptable and affordable homes that "meet our diverse needs" and provide the "right type and mix of homes in the right locations" (Scottish Government, p.14).

Housing to 2040

Housing to 2040 details the long-term national housing strategy for Scotland. The strategy outlines a vision for safe, affordable homes that meet people's needs and are desirable places to live. The strategy is divided into three priority areas: affordability & choice, affordable warmth & zero emission homes, and improving quality of all homes. Within these, various policies are incorporated to drive implementation for these priority areas. Polices include the Rented Sector Strategy, the Housing Bill, and the Short-term Lets Licensing Scheme among others. A key ambition within Housing to 2040 is to provide 100,000 affordable homes by 2031/32 and prioritise 70% of these homes for social rent tenure (Scottish Government, p.9). Notably, Housing to 2040 considers "the unique challenges faced by our rural and island communities" and as such aims to "take specific action to support housing development in these areas, helping to stem rural depopulation and supporting communities to thrive" (Scottish Government, p.9).

More Homes

More Homes aims to increase the quantity, quality and access to affordable, needs-accommodating homes. The policy actions covered within More Homes are numerous. The Housing and Planning Delivery Framework aims to improve the efficiency, compatibility and responsiveness of the housing and planning systems. Local Housing Strategies and Housing Need and Demand Assessments (HNDA) are key tools set to facilitate the smooth delivery of housing supported by this framework. The Affordable Housing Supply Programme covers funding mechanisms to facilitate the delivery of affordable housing supporting various tenure types (such as social rent, low-cost home ownership and mid-market rent). Notably, within the target delivery of 100,000 affordable homes by 2031/32, 10% of these will be prioritised for remote, rural and islands communities. The Rural and Islands Housing Funds (2016-2021) were set to support the affordable housing supply across all tenures, including the refurbishment of existing empty homes. The funds were extended beyond 2021 and are accessible to a variety of housing stakeholders whether that be community organisations, development trusts, private landlords, private developers and other traditional housing providers. Empty Homes recognises the negative impact that unoccupied housing can have on local communities and housing availability. The Scottish Empty Homes Partnership was established to provide advice.

Rural and Islands Housing: Action Plan

This Action Plan outlines the strategy and policies aimed at improving the quality, affordability and provision of housing in rural and island areas to support thriving rural communities and economies. The strategy has four priorities: delivering the right homes in the right places, enabling the delivery of more high-quality affordable homes, making best use of existing homes and support for home ownership, and supporting community-led development. It

highlighted six themes related to the delivery of housing: the interconnected nature of housing delivery with issues of place economy and community; the lack of private housing in rural areas as a barrier to home ownership; challenges identifying suitable land for development; the impact of construction capacity and supply chains on delivering housing while managing costs and time; the potential role of community-led housing as a solution; and the need to manage all housing tenure/ types to meet all needs (e.g. existing, empty, second and short-term let homes).

National Islands Plan

[This Plan](#) details the comprehensive place-based framework for action to address challenges and improve outcomes for Scottish Islands communities. The plan recognises that all aspects of island life are inextricably linked and therefore action on specific areas whether it focuses on transport, healthcare, housing or any of the other strategic objectives, must work to consider the potential wider implications of such actions. Strategic Objective 4 recognises "affordable, fit-for-purpose" housing as a necessity for many island communities and lack of this has been identified as impacting population decline, the sustainability of local services, and rural poverty and homelessness (p35). Challenges such as the cost and difficulty associated with construction, and short-term lets and second homes diminishing housing availability further shape the problem of housing provision for Scottish Island communities.

Methods

Scoping interviews were conducted online across February 2024. In total nine stakeholders[1] were interviewed, representing various professionals and practitioners working in the housing sector in rural Scotland. The organisations represented included housing associations, public sector organisations and local authorities. The topics covered in the interviews included: background on the participant's role in their organisation, an exploration of the policy context for rural housing in Scotland, discussion of the current situation regarding rural housing, reflections on the key housing challenges and opportunities, and perspectives on how to define a thriving and resilient rural community. The interviews were transcribed and collaboratively analysed guided by insights from an initial literature and policy review.

Key findings

Rural housing and key services

'Scottish Government...aren't focusing on the whole wellbeing of people that want to move and live [here]'

Rural communities need more affordable and appropriate housing to ensure they can thrive. They need a range of wider services and infrastructures (e.g. healthcare services, schools and childcare, good public transport, digital infrastructure), to support their continued survival. Many remote and rural areas are struggling to maintain their school roles and healthcare services, often linked to a lack of affordable and available housing. The interviewees recognised that current funding for public services was particularly low due to high energy costs, sustained impacts of BREXIT, COVID-19 and the climate emergency. But there was a feeling that further funding of services (including housing) would be beneficial to Scotland's rural economy. For example, discussing broadband provision in remote areas:

'It's not very hard to reach- it's expensive to reach'

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[1] *Interviewees included housing experts from Local Authorities, Community-led housing, Rural Housing, Housing associations, Development organisations, and Business-focussed organisations.

Many remote and rural communities have a range of relatively high-quality jobs, especially in healthcare and the transition to net-zero, but they often lack affordable housing options to sustain this workforce. However, in other sectors, such as the construction industry, there remain a national focus on centralised construction sites (e.g. outwith remote rural locations), rather than localised hubs for either building or longer-term maintenance of housing. The interviewees also spoke of the pressure that may come from a well-meaning focus, by policymakers, on empowering remote and rural communities to maintain and regain key services and infrastructures that would be automatically provided in a more urban area.

Community-led housing initiatives were commended as being tailormade to fit the needs of their community. However, there was also recognition that the current process for delivery is long and cumbersome, often reliant on volunteers from development trusts for instance to obtain the funds smaller developments. For example,

'There may be ways of some sort of hybrid, that you've got a community trying to help but not having to take on the risk and ownership'.

Reducing the risk undertaken by community members in trying to obtain funding, for keystone services would allow these individuals to focus their expertise and energy on other issues. Many of the community-led and community-informed housing developments are focussing not only on the housing, but the wider services that create and sustain a community. Examples include, [Communities Housing Trust](#), [Smart Clachan](#) in which community living, digital infrastructure and opportunities for remote/ co-working are considered alongside the housing developments.

Enabling choice of tenure & type

The lack of affordable housing availability in rural Scotland contributes to the ongoing challenges of depopulation, (key)worker retention and hidden homelessness. However, interviewees also highlighted that the challenge is not simply confined to the quantity of housing available in rural areas, but rather the lack of variety and quality in the housing mix. These conditions of the rural housing market mean that those seeking to move into or within rural areas face little to no choice in terms of housing tenure and housing type. Interviewees generally shared an understanding that *'what might suit one person might not suit someone else'*. However, often within housing developments and planning, the importance of choice and the necessity of variety are often neglected in favour of 'mono-tenure' housing built to meet the needs of a limited demographic.

'Single people and couples [often] get forgotten about and it's very heavily focused on family'.

Interviewees emphasised that diversity in housing type and tenure are fundamental to developing and sustaining diverse thriving communities. Housing needs change over time, and as people go through different phases of life a smaller/ larger house may be more suitable for their needs. Housing tenure variety can serve to suit the needs of households at different life stages. For example, a young person moving out of their family home may want to rent before buying a house, or households hoping to move to rural or island communities may wish to 'trial' living in the community short-term initially.

Choice and variety, to meet diverse changeable housing needs, are considered essential qualities to future rural housing provision. The "home for life" principle was discussed as interviewees noted that in some cases the housing itself should be adaptable to the changing needs of individuals throughout their lives, suggesting that *'the house can be changed rather than the person needing to change house'*. This was primarily discussed when reflecting on the provision of amenity standard housing to meet mobility support needs. Contrastingly, the more traditional "house for life"

(or "forever home") mentality was discussed as a barrier to housing provision and thriving places. with some residents 'stuck' with(in) the house they are initially able to secure in their area of choice. For some people this might mean not downsizing when no-longer needing a family-sized home, and for others this might mean not being able to move into a larger house as a family grows. A diverse housing mix, alongside a mindset change, is required to address this challenge of stagnation.

'The challenge is the availability of good quality housing that meets the standards that we would all aspire to be living in today.'

When considering how to address the multifaceted challenges of rural housing, interviewees highlighted the important role of variety in both housing tenure and housing type. Some interviewees discussed the role of planning and constructing housing developments themselves in rural housing provision, including the potential to bring disused buildings back into use, delivering a housing mix that can accommodate different levels of occupancy (i.e. single people, couples, families), and building houses that can be physically adapted over time (e.g. modular housing, amenity standard housing).

Other interviewees highlighted the value of mobilising housing tenure models to facilitate access to housing by a wide variety of people. Housing tenure model examples include rent-to-buy, long-lease, mid-market rent, gateway housing, social housing, affordable housing, shared-equity, self-builds, rural housing burdens. This variety in tenure models, is viewed as a key opportunity for enabling quality and more equitable housing provision in rural areas. The use of tenures such as gateway housing and rural housing burdens may also help to prevent the overrepresentation of second homes and holiday homes in rural communities. Interviewees asserted that social housing should not be 'the only choice' for individuals to access rural housing,

and instead, a housing mix should be "multi-use", "multi-partner" and "multi-tenure".

From one-size fits all plans, to action

There was consensus that *'policy-wise...rural housing does seem to be more joined up than it ever was'*, but confusion remains amongst some of our interviewees over where responsibility lies within some of these new policies. There are also concerns over the ability to build a sustainable quality and quantity of affordable housing in remote and rural Scotland, in which the development of new housing could ensure the survival of these communities, rather than further additional housing in more accessible rural areas. In addition, there are continued concerns over having 'fewer plans/policies and more action' (i.e. getting on with building') however there is also a lack of enabling capacity to develop, build and maintain new housing.

Ensuring policies are relevant not only to rural Scotland, but particularly to remote and island Scotland, where many impacts connected to the housing emergency are felt most acutely is vital.

'Whatever policy you've ... agreed in Edinburgh, doesn't necessarily mean it's the right policy for folk ... in the most rural and most remote parts'

Several interviewees emphasised the need for more flexible housing policies in remote and island communities, e.g. enabling tenancies that allow incomers to 'trial island life' for 12 months before committing to the island long-term. Increased recognition and acceptance by mortgage providers of 'Rural Housing Burdens' may help to ensure that more remote and island properties remain as permanent homes for existing/new residents. Altering the practice of 'housing lists' towards 'a list of housing demand' was also suggested to emphasise the specific housing challenges faced by remote and island communities. These suggestions may help ensure future housing policies are adequately

flexible and context specific for Scotland's most rural communities.

Conclusions

Throughout this report we have highlighted the key policies currently informing housing provision in rural Scotland. We subsequently presented three key findings from recent interviews with rural housing experts. Taken together, we offer seven recommendations to improve the provision of affordable housing across rural Scotland as a means of conclusion.

Recommendations

Establishment of **building merchants** in remote/island communities for local housing development and maintenance

Allow communities to **'take risks'** with funding for housing developments (e.g. trial new ideas)

Ensure there is a **good mixture of housing developments** in rural and island areas (e.g. private and social housing developments) of mixed household size and tenure

Establish **'transition housing'** in remote and island communities to allow for 12-month maximum tenancies so that new potential residents can trial rural/island living

Recognising **importance of housing with other key services** in maintaining individual and community wellbeing

Ensure affordable housing in rural areas can **support and maximise the benefits of new investment** in rural Scotland (e.g. through green economy jobs)

Work with mortgage lenders to strengthen support for the **Rural Housing Burden** scheme.

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