The Highland Council

Agenda Item	**7**
Report No	**SR/28/25**

Committee: **Isle of Skye and Raasay**

Date: **1 December 2025**

Report Title: **Short Term Let Control Area**

Report By: **Assistant Chief Executive - Place**

1 Purpose/Executive Summary

1.1 At the meeting of The Highland Council on 18 September 2025, Members considered an item setting out the process and options for implementing further Short Term Let Control Areas (STLCAs). The regulatory process to designate a STLCA follows three steps: notification and consultation; submission to, and approval from, Scottish Ministers; followed by public notice of the designation. Reaching a decision on whether to progress with the implementation of a STLCA will require a number of decision points to consider; the supporting evidence, the analysis of the outcome of consultation, and whether ultimately to designate an area. A new structure for how such decisions can be reached was agreed by members, where:-

i. Area Committees will first decide on whether to progress with the introduction of a STLCA covering all or part of their area;
ii. The Economy and Infrastructure (E&I) Committee take the decision to formally commence the process with the evidence gathering and consultation;
iii. The E&I Committee, having taken into account the evidence and feedback, decide on whether or not to continue with the process;
iv. The final decision to designate a STLCA is for E&I Committee; and
v. That a report would come to the next E&I Committee that explored the options for the Council to work in partnership with the UK and Scottish Governments to include Rural Housing in any new growth deal for the Highlands. With the aim to bring additional finance for housing delivery; identify and remove barriers across public agencies that currently hindered development; act as an enabler for innovative community-led housing solutions; and unlock development opportunities where these were supported by local communities.

1.2 This report summarises the prevalence of Short Term Lets (STLs) in Skye and Raasay specifically. Relative to other areas of Highland, and to Highland as a whole, there is a high rate of potential dwellings being used as STLs in Skye and Raasay, particularly in the most western areas. Newbuild housing completions are being transferred to short-term letting at a higher rate (15.5%) than Highland as a whole (5%). An assessment of the Skye and Lochalsh Housing Market Area undertaken as part of the Highland Housing Need and Demand Assessment (HNDA) indicates that the area's housing market is not relatively contained, with less affordable properties than other areas of Highland, and higher proportions of sales to those outwith the local area, which indicates that the area is subject to influence from external pressure. There is one registered Local Place Plan (LPP) in Skye and Raasay – Broadford and Strath - where communities have presented evidence and concerns on short term let matters in relation to housing challenges. Skye and Raasay also have an Area Place Plan – Skye and Raasay Future - which has highlighted demand for short term let accommodation linked to the tourism sector.

1.3 On balance, the evidence at this time indicates that the establishment of a STLCA may be justified in Skye and Raasay. Members were informed of the process to designate further STLCAs in September, which involves a mandatory process of consultation with communities potentially affected by the proposal. Should the Area Committee decide to progress with the process of considering the introduction of a STLCA covering all or part of the area, this would be referred to the E&I Committee to formally commence the process and would afford communities in the area with the opportunity to participate in that process.

2 Recommendations

2.1 Members are asked to:-

i. **Note** the evidence presented demonstrating the degree of prevalence of STLs within Skye and Raasay;
ii. **Note** that this evidence, demonstrates that the housing market within parts of Skye and Raasay, is subject to significant pressure, exacerbated by high rates of potential dwellings being converted to STLs;
iii. **Note** that the designation of any new STLCA will have no retrospective impact on existing STLs where no material change of use had occurred at the time of establishment and will therefore only require planning permission from new STLs established after a STLCA comes into force;
iv. **Note** that should the E&I Committee formally commence the process of introducing a STLCA, this will initiate a process of further evidence gathering and public consultation with communities;
v. **Agree** that the Skye and Raasay Area Committee therefore seeks to progress with the process of considering the introduction of a STLCA covering all or part of the Skye and Raasay area; and
vi. **Agree** that progressing with consideration of a STLCA enables communities within the area to participate in that consultation at the appropriate stage.

3 Implications

3.1 **Resource** – Any decision taken to progress work on bringing into effect a STLCA will have resource implications that will not be met through existing budgets. This will relate to officer time and consultancy fees in establishing a control area and, if agreed, thereafter its implementation. While fees can be recovered for any subsequent processing of planning applications, these do not necessarily result in full cost recovery, and it is likely to result in a significant increase in enquires where fee income will not cover cost.

3.2 **Legal** –The Council has the power under Section 26B of the Town & Control Planning (Scotland) Act 1997, as amended by the Planning (Scotland) Act 2019, to designate a STLCA. Potential risks of legal challenge can be mitigated by careful consideration of the evidence to support such proposition.

3.3 **Risk** – Any decision taken to progress with a STLCA may be subject to legal challenge. This risk can be mitigated by careful consideration of the evidence to support such proposition.

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – No implications.

3.5 **Gaelic** – There are potentially disproportionate impacts on specific Gaelic-speaking communities stemming from a lack of housing availability and affordability in some areas of Highland. Any evidence in relation to STLs and their impact on housing availability may therefore have related impacts on specific Gaelic-speaking communities.

4 Impacts

4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.

4.3 This report does not relate to the formal implementation of a STLCA but considers whether there is an evidence base that would justify progressing to a full evidence gathering and consultation phase, and therefore an impact assessment is not required. If a decision was taken to progress to the next stage, which would involve evidence gathering and consultation, an impact assessment would be required in order to inform the decision on whether to progress with such a scheme.

5 Background

5.1 Members will recall from the previous report to Highland Council in September 2025 that The Planning (Scotland) Act 2019 introduced provision for Planning Authorities to designate all or part of their area as a STLCA:-

- To help manage high concentrations of STLs (where it affects the availability of residential housing or the character of a neighbourhood);
- To restrict or prevent STLs in places of types of building where it is not appropriate; and
- To help local authorities ensure that homes are used to best effect in their areas.

5.2 There is currently one STLCA within Highland, established in Ward 20 Badenoch and Strathspey. Members were reminded in the previous report to Highland Council in September 2025 of the scope of what development would and would not be considered within an STLCA. In summary:-

- Within an STLCA, a change of use of a dwellinghouse to STL (as defined) will be deemed to be a material change of use and so require planning permission;
- However, this only applies to new STLs established after an STLCA comes into force and cannot be applied retrospectively;
- A STLCA will therefore not be able to control existing STLs where no material change of use had occurred at the time of establishment, or other types of short-term accommodation such as guest houses, B&Bs, annexes and pods;
- It would also have no effect on second homes, empty homes or purpose-built holiday accommodation; and
- STLs are also subject to separate licensing requirements. Following the designation of a STLCA, the Council, as licensing authority, will require evidence that planning permission has been sought or is in force for when granting future STL licences within a STLCA.

5.3 Members were reminded of the process of designating an area as a control area essentially follows three steps as set out in regulation 3 of The Town and Country Planning (Short-term Let Control Areas) (Scotland) Regulations 2021. Should the E&I Committee take the decision to formally commence the process with the evidence gathering and consultation described in Para 1.1 (ii), the Planning Authority must undertake:-

- Notification and consultation: Publish notice of their proposal to designate a control area and consult on the proposal;
- Submission and approval: Submit their proposal to the Scottish Ministers and obtain their approval; and
- Publicity: Subject to approval of the Scottish Ministers, the planning authority must give notice of the designation, setting out the area to be covered and the date on which the control area will come into effect.

5.4 Using records from the mandatory STL Public Register, the previous report to Highland Council in September 2025, detailed initial analysis undertaken on STL prevalence to allow consideration of impacts on the availability of residential housing, as informed by the Short-Term Lets and Planning Circular 1/2023. Across Highland 6% of potential dwellings are licensed as STLs, and around 5% of new housing completions across Highland within the last 5 years are now licensed STLs, yet it is evident that there were marked differences across the authority as a whole. This report provides greater assessment of this analysis as it relates specifically to the Skye and Raasay Area to support Members decide whether to progress to the first stage of the implementation of a STLCA, namely the evidence gathering and consultation phase.

6 Assessment of Short Term Lets in Skye and Raasay

6.1 Conducted as part of the ongoing HNDA a robust 'containment analysis' of sub-Highland Housing Market Areas (HMAs), highlights areas with a high proportion of sales to those outwith the local areas, the Highlands or indeed outwith Scotland. While some degree of transfer between HMAs is expected in a large authority such as the Highland Council, high proportions of external sales completed to buyers outwith the Highlands, Scotland and the UK could indicate that the local housing market may be distorted owing to increasing external demand.

6.2 Five HMAs of Highland have relatively low levels of containment revealing high levels of demand for housing from those outwith the local area, including Skye and Raasay. The Skye and Raasay Area is within the Skye and Lochalsh HMA. This HMA has a low level of containment at 45%. In the Skye and Lochalsh HMA, 41% of homes were purchased by buyers already living in Skye and Lochalsh. A further 4% of sales were purchased by buyers from elsewhere within the Highland Council, while 55% were purchased by buyers outwith Highland, Scotland, or indeed the UK as shown in Table 1. Skye and Raasay is also an area where average house prices and market entry house prices are both less affordable than in other Highland Housing Market Areas.

Table 1 Skye and Lochalsh Housing Market Areas (Skye and Raasay Area)

	Skye and Lochalsh	**Highland**
HMA Containment	**45%**	**71%**
HMA Internal Self-Containment	41%	
HMA Containment Highland	4%	
Sales from Scotland, UK & Elsewhere	55%	29%
Average House Price	£239,636.95	£209,125.12
Income Required to Afford Average House Price	£63,653.56	£55,548.86
% CAN'T afford Average House Price	**71%**	64%
Market Entry House Price	£159,500.00	£132,310.00
Income Required to Afford Market Entry House Price	£42,367.19	£35,144.84
% CAN'T afford Market Entry House Price	50%	41%
Empty Homes	6%	5%
Second Homes	7%	3%
Short Term Lets	**17%**	**5%**

6.3 In Skye and Lochalsh, 17% of potential dwellings are currently licensed STLs, which is higher than 5% across Highland as a whole. The overall indicators as shown in Table 1 indicate that in general Skye and Lochalsh Housing Market Areas is less affordable and has higher rates of STLs and second homes than Highland as a whole. Instances where higher shares of house sales to buyers outwith the local area, where median incomes may be higher, provide indications of where housing markets may be distorted due to external influence.

As Skye and Lochalsh has a higher share of house sales to buyers from outwith Highland, Scotland and the UK, this is interpreted as meaning that such impacts are significantly felt in Skye and Raasay, in contrast to other areas of Highland.

6.4 The Highland Short Term Lets Map uses records from the STL Public Register and the National Records of Scotland Small area Statistics on Households and Dwellings 2024) to identify concentrations of STLs within small statistical areas known as data zones which illustrate precise areas where STLs are concentrated. A breakdown of registered STLs in Eilean a' Cheò Ward 10 as of 30 July 2025 is shown in Table 2. The majority of STLs in Skye and Raasay are detached dwellings, followed by unconventional accommodation (pods and chalets). Within Portree STLs types are varied, with a high proportion of semi-detached houses, standalone dwellings, self-contained flats and unconventional accommodation. Sleat has a high proportion of unconventional accommodation STLs. A map depicting the most common forms of STLs across Skye and Raasay is shown in **Appendix 1.**

Table 2 Profile of Skye and Raasay (Ward 10) STLs

	Ward 10 Total
Detached House STLs	989
Semi-Detached House STLs	102
Terraced House STLs	26
Self-Contained Flat STLs	71
All Potential Dwelling STLs	**1188**
Unconventional Accommodation STLs (Pods, chalets etc)	370
All Short Term Lets	**1558**

6.5 Unconventional accommodation STLs (pods, chalets and other forms of accommodation not transferrable back to housing stock) are excluded to arrive at the Adjusted Rate of STL, which reflects the potential dwellings used as STLs. In Skye and Lochalsh HMA 17% of potential dwellings are used as STLs. At smaller data zone level, a Map is provided in **Appendix 2**, which illustrates that all data zones in Skye and Raasay had Adjusted Rate of STLs higher than the Highland average (5%). Skye North West – 04 data zone had an Adjusted Rate of STL over 23.35%.

6.6 The threshold for a ‘high’ Adjusted STL Rate arrived at is 11.17%. This means that data zones with Adjusted STL Rates above 11.17% are considered to be outside the statistical normal range, relative to Highland as a whole. All data zones in Skye and Raasay exceeds this threshold.

6.7 Officers have also identified areas with the 'fastest growing' Adjusted Rates of STL, by comparing the current rates with those from 2024 and 2023. This highlights areas which may have average or low Adjusted STL Rates but appear to be on an increasing trajectory and warrant observation and monitoring. A map showing where Adjusted Rates of STLs are changing in Skye and Raasay is shown in **Appendix 3**. There were five data zones in Skye and Raasay where Adjusted STL Rates increased faster than the Highland average, and nine data zones where Adjusted STL Rates increased more slowly than the Highland average. The Highland Short Term Lets Map allows users to interrogate specific areas and view the rates of change. Areas where Adjusted Rates of STLs have increased faster than the Highland average for more than 2 consecutive years are shown in **Appendix 4**. In Skye and Raasay there are numerous data zones with Adjusted STL rates increasing faster than the Highland average for 1 year, and for 2 consecutive years only Skye North East - 02 data zone.

6.8 Analysis of Total New Housing Completions and the STL Licence Register reveals that of the total 387 housing completions in Skye and Raasay in the past 5 years, 60 have since become STLs, which equates to 15.5% of completions. This is more than double the Highland average of 5%.

Table 3 Newbuild Completions in Skye and Raasay (Ward 10) since used as STLs

	Ward 10		
Year	**Total Completions**	**Became STLs**	**%**
2020/2021	49	12	24.5%
2021/2022	94	12	12.8%
2022/2023	70	10	14.3%
2023/2024	110	14	12.7%
2024/2025	64	12	18.8%
Grand Total	**387**	**60**	**15.5%**

6.9 A review of registered Local Place Plans (LPPs) has been undertaken to identify communities that have expressed concern regarding prevalence of STLs, or that have explicitly prioritised designation of a STLCA in their area. Planning authorities are to take into account any registered LPP when they are preparing or amending a Local Development Plan. At the time of writing this report, the Highland Council has registered a total of 14 LPPs, and the Local Place Plan Register Map shows the status of areas that have formally registered LPPs, in addition to those that have notified us that they intend to submit one. There is presently one registered LPP in the Skye and Raasay Area – Broadford and Strath - which mention STLs in various ways:-

- Broadford and Strath – Your Place, Your Plan: The rise in tourism has affected the amount of land available for crofting, with areas of croft land being converted to short-term holiday let use. The value of visitor spend within the local economy is clearly appreciated, yet a tourism focused economy brings various negative impacts on quality of life. Highlighted through the consultation were pressure on housing stock and supply of building sites from the demand for visitor accommodation, traffic in Broadford village centre and on single-track township roads, and visitor pressure at tourism hot spots. Clear desire to better manage these negative effects and have a wider conversation within the community about how to do this fairly. Tourism also impacts on the availability of accommodation for short term workers, with hotels and guests houses fully booked for many months of the year. Accommodation is also scarce for seasonal workers in the hospitality business, which has an economic impact. Provision of suitable accommodation should be considered alongside the consideration of housing needs.

6.10 There are two notified LPPs in the Skye and Raasay area – Sleat and Uig:

- Plana Àite Ionadail Shlèite / Sleat: Housing is a critical priority, with particular emphasis on balancing tourism accommodation with residential needs. Key challenge is the imbalance created by holiday homes and STLs. Crofting land should be kept for crofting, not holiday accommodation or second homes. Sleat is the southern gateway to Skye and tourism plays a vital role in Sleat's economy, with cafes, five hotels with restaurants and two pubs serving the area, as well as many privately operated STLs. Notably and highly significant for Sleat given the level of tourism in the area, private rented accommodation in the community has fallen by 13% between 2001 and 2022. It is also notable that 77% of households comprise two people or fewer. It is difficult to determine how much of the property market in Sleat is unavailable for permanent occupation, however, a 2019 Scottish Government report suggested that 19% of housing stock in Skye was in use as STLs (versus 1.2% nationally). In a survey carried out by Highlands and Islands Enterprise in 2022, 85% of respondents on Skye said there were too many second homes and 81% that there were too many STLs.
- Uig: Notification of intent to prepare a LPP submitted

6.11 A LPP can only be placed on the register if it is valid, meaning if the requirements for LPPs set out within paragraphs 1(4) and 2(1) of Schedule 19 of the Town and Country Planning (Scotland) Act 2019 as amended, and Regulations 2, 3, 4 and 5 of The Town and Country Planning (Local Place Plans) (Scotland) Regulations 2021, have been complied with in relation to it. Communities may wish to come forward in due course with further LPPs, which would be duly considered at the appropriate stage, but at the present time, only registered LPPs in Skye and Raasay can be taken into consideration regarding STLs in their communities.

6.12 The Skye and Raasay Area Place Plan 'Skye and Raasay Future' was adopted on 30 August 2021. It identified that housing issues are exacerbated by the strong tourism sector and the demand for short-term let accommodation.

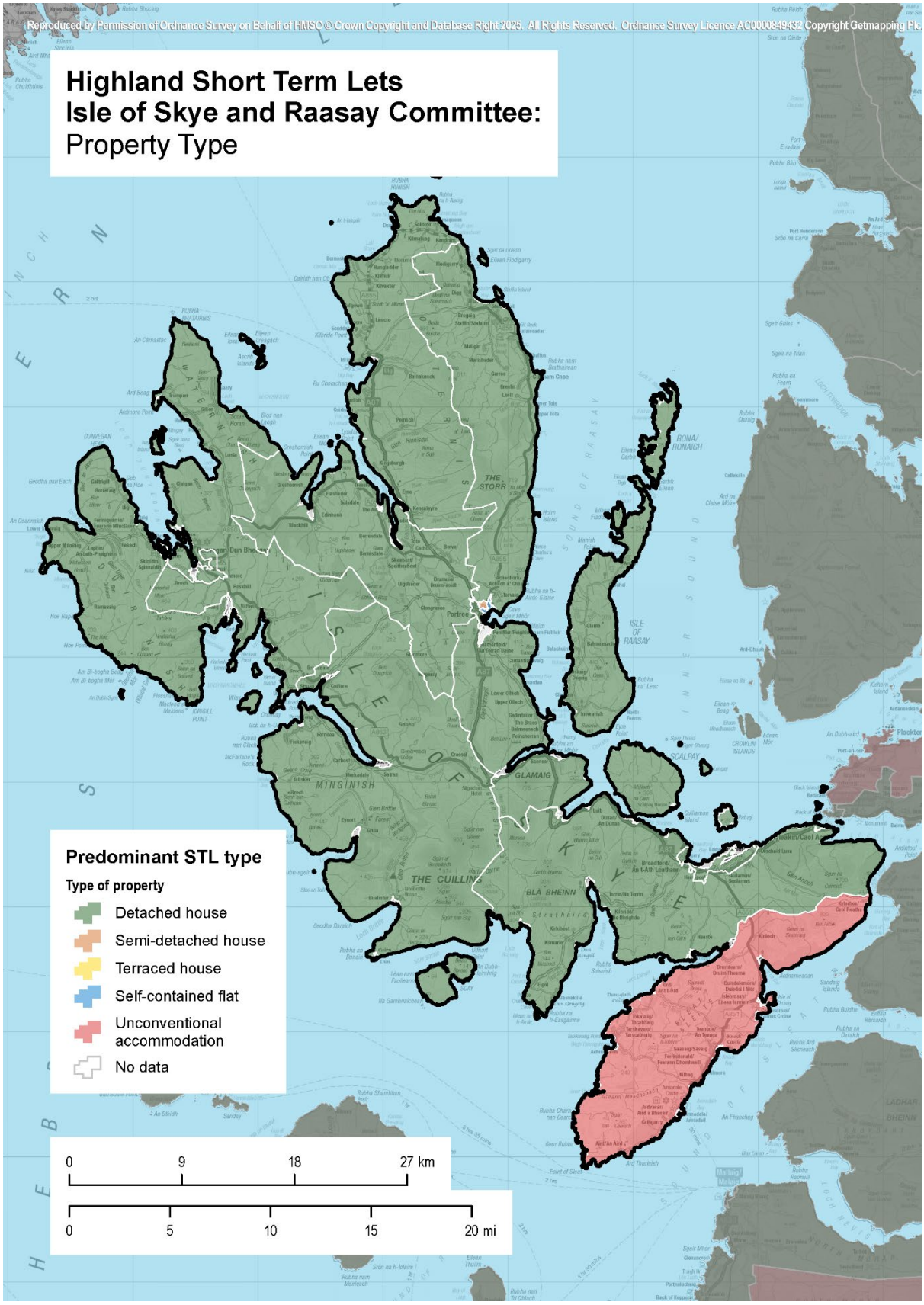
7 Conclusion

7.1 This report summarises the prevalence of STLs in Skye and Raasay and potential impacts on availability of residential housing in Skye and Raasay specifically. Relative to other areas of Highland, and to Highland as a whole, there is a high rate of potential dwellings being used as STLs in Skye and Raasay. While there is growth occurring in almost all areas, prevalence is higher in the northeast and central areas (excluding Portree). There are indications that newbuild housing completions in the area are being transferred to STLs at a faster rate than Highland's overall completions. An assessment of the Skye and Lochalsh HMA undertaken as part of the HNDA indicates that the area's housing market is showing signs of this pressure, are relatively uncontained, with less affordable properties than other areas of Highland, and higher proportions of sales to those outwith the local area. There is one registered LPP and an Area Place Plan in Skye and Raasay where communities have expressed concerns on these matters, which are borne out in this instance by empirical evidence.

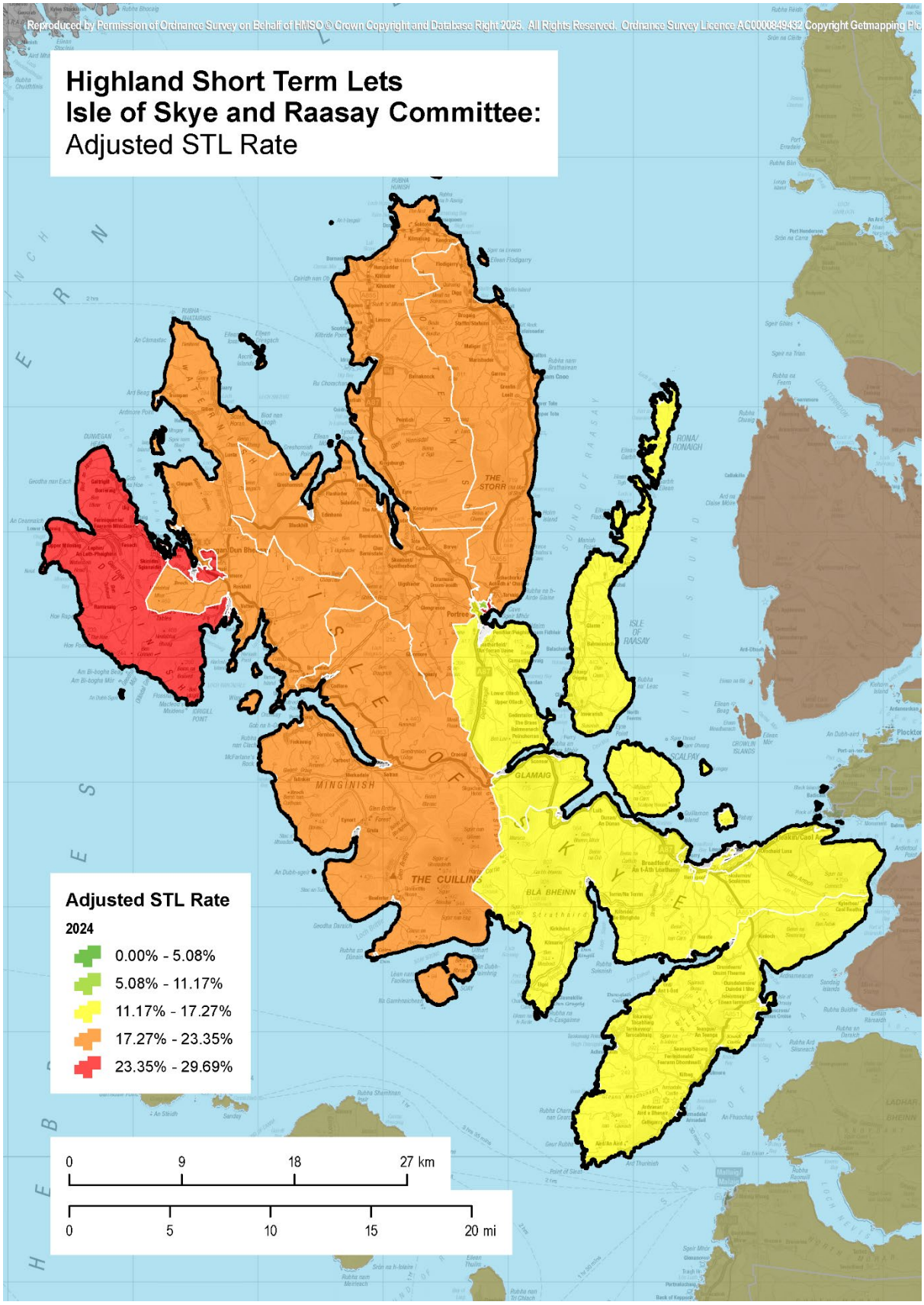
7.2 On balance, the evidence at this time indicates that further consideration of a STLCA would be justified in Skye and Raasay. Progressing with further consideration of a STLCA enables communities within the area to participate in that consultation at the appropriate stage and would define the exact boundaries of any proposed STLCA for further consideration, which may not cover all of the Ward, owing to the variation within it. While there is undoubtedly strong tourist demand in the area, further purpose-built tourism accommodation could be provided following the usual planning process. Housing is evidently a finite resource and continued loss of housing stock in an area characterised by little volume housebuilder development interest has significant potential to exacerbate housing availability in the area.

Designation:	Assistant Chief Executive - Place
Date:	7 November 2025
Authors:	Meadhbh Maguire, Principal Planner Meredith Dale, Graduate Planner
Background Papers:	Short Term Let Control Area Report
Appendices:	Appendix 1 - Short Term Lets Predominant Property Type Appendix 2 - Adjusted Short Term Lets Rates by Data Zone Appendix 3 - Adjusted STL Rate Change 2023-2024 Appendix 4 - High & Fastest Growing Adjusted STL Rates

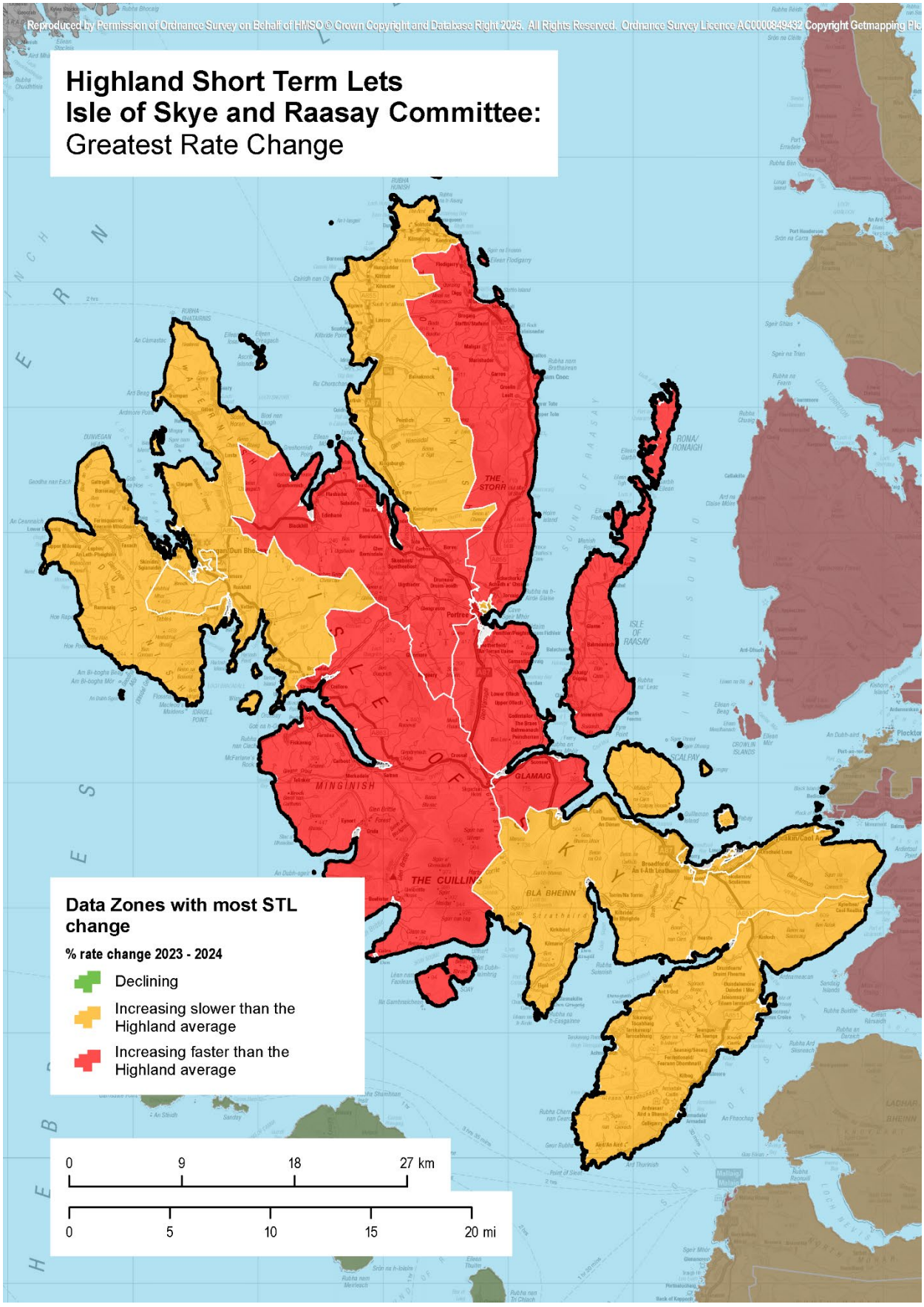
Appendix 1 - Short Term Lets Predominant Property Type



Appendix 2 - Adjusted Short Term Lets Rates by Data Zone



Appendix 3 - Adjusted STL Rate Change 2023-2024



Appendix 4 - High & Fastest Growing Adjusted STL Rates

