



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Local Government, Housing and Planning Committee

**Tuesday 30 April 2024**

**Session 6**



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**Tuesday 30 April 2024**

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**LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE**  
**13<sup>th</sup> Meeting 2024, Session 6**

**CONVENER**

\*Ariane Burgess (Highlands and Islands) (Green)

**DEPUTY CONVENER**

\*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

**COMMITTEE MEMBERS**

\*Miles Briggs (Lothian) (Con)

\*Stephanie Callaghan (Uddingston and Bellshill) (SNP)

\*Pam Gosal (West Scotland) (Con)

\*Mark Griffin (Central Scotland) (Lab)

Gordon MacDonald (Edinburgh Pentlands) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Stuart Black (Highlands and Islands Enterprise)

Professor Russel Griggs (South of Scotland Enterprise)

Ronnie MacRae (Communities Housing Trust)

Ailsa Raeburn (Community Land Scotland)

Pauline Smith (Development Trusts Association Scotland)

Mike Staples (South of Scotland Community Housing)

**CLERK TO THE COMMITTEE**

Euan Donald

**LOCATION**

The David Livingstone Room (CR6)



## Scottish Parliament

### Local Government, Housing and Planning Committee

*Tuesday 30 April 2024*

*[The Convener opened the meeting at 09:30]*

#### Decision on Taking Business in Private

**The Convener (Ariane Burgess):** Good morning, and welcome to the 13th meeting in 2024 of the Local Government, Housing and Planning Committee. I remind all members and witnesses to ensure that their devices are in silent mode. Pam Gosal joins us remotely and we have received apologies from Gordon MacDonald.

Under agenda item 1, does the committee agree to take item 3 in private?

**Members indicated agreement.**

## Rural and Island Housing

09:30

**The Convener:** Under item 2, we will take evidence on rural and island housing from Stuart Black, who is the chief executive of Highlands and Islands Enterprise; Professor Russel Griggs, who is the chair of South of Scotland Enterprise; Ronnie MacRae, who is the chief executive officer at the Communities Housing Trust; Ailsa Raeburn, who is the chair of Community Land Scotland; Pauline Smith, who is the chief executive of the Development Trusts Association Scotland; and Mike Staples, who is the chief executive of South of Scotland Community Housing.

I warmly welcome all our witnesses. We have a number of questions for you. There is no need for you to turn on your microphones, as we will do that for you. I will begin with a broad question to set the scene, and we can then get into the detail.

I am interested in hearing from each of you what challenges we face with regard to place making and housing across rural Scotland. If you feel that your points have been covered, you do not need to comment. There will certainly be time for you to give your views throughout the morning. I also ask you to give a brief overview of your organisations' roles so that we understand whom we are hearing from, the areas that you cover and what you consider to be the main housing challenges. I will come to you in the order in which I introduced you.

**Stuart Black (Highlands and Islands Enterprise):** Good morning—madainn mhath. Housing is a very significant issue for the Highlands and Islands. In many places, we have a growing economy, but housing is acting as something of a constraint on economic growth. Highlands and Islands Enterprise supports communities and businesses to grow, sustain and make successful the region that we are based in. As an agency, our aim is for our area to become a leading net zero region. For that to happen, we need to have a successful economy, and we need housing that will support that economy. In many parts of our region, the lack of housing is a barrier to economic growth because it is constraining businesses from expanding.

The main issue is that, in general, housing is provided to tackle homelessness rather than to support the economy. In our region, people in rural areas often do not present as homeless, because they do not think that housing is available. People tend to present as homeless in urban areas rather than in rural areas. Many of the affordable homes that are provided are in urban areas, which pulls people into those centres. It pulls many young

people into the centres of population rather than enabling them to stay in rural locations.

We recently had a board meeting on Harris. Businesses there said that, in the next five years, they could take on an extra 200 people but there is simply no housing for them. Harris has a population of 2,000 and its population has been falling. We have the irony that, in the past, jobs were lacking and people left whereas, now, jobs are available but there is insufficient housing to accommodate the people who want to come.

In a nutshell, that is our challenge. We need more housing for economic purposes in order to support and sustain populations and reverse some of our population decline.

**Professor Russel Griggs (South of Scotland Enterprise):** I am here on behalf of not just South of Scotland Enterprise but the South of Scotland Regional Economic Partnership, which includes both councils in our region, both national health service boards, the colleges, the academic institutions and everybody else. Last year, at the convention of the south of Scotland, we declared housing to be one of our key challenges.

I have been asked many times whether I am concerned about housing in the south of Scotland. I am not concerned; I am terrified. In the south of Scotland, only four communities have populations of more than 10,000. We have a lot of tiny communities. When the private house builders came to the convention, they said that they were not interested in building anything less than 100 units, or 50 on a good day. Such numbers would be applicable in only a small number of our communities. Our issues are similar to Stuart Black's in that, as we grow the economy, we need to think about where we will put the people who we will bring to the region to run businesses and be part of them.

Rural Scotland is not a cohesive mass. We all need to get our heads around that. The areas are not all the same, and we need to recognise the regional differences. Neither council in my region is involved in housing. We have seven local registered social landlords that look after all our affordable and social housing in the south of Scotland, and they have very different issues and approaches with regard to where they want to go and how they will bring their plans forward. If we want to grow the economy in the south of Scotland and, more important, keep our young people in the region, we must have somewhere for them to live. That is a big challenge, especially when we look at things such as the growth of second homes. In Gatehouse of Fleet and other areas, second homes account for 30 per cent of the housing stock, so we just do not have enough places for young people.

**Ronnie MacRae (Communities Housing Trust):** Communities Housing Trust operates north of the central belt and our role is to support communities specifically with place making, as many of our projects demonstrate. Over the past two or three years, the Scottish Government has had some positive policy and action plans but, unfortunately, they are not working because they are seen in isolation. Until those things can be joined together, we will struggle to make any progress. That has been challenging. As we have heard, the need and demand from communities, service providers and businesses is growing, but delivery of all housing, not just affordable housing, is slowing severely, predominantly because of high costs. Our feeling is that that is clearly because of a lack of labour.

Going back to policy and action plans, I add that we have issues with depopulation and repopulation. There are policy plans for community wealth building and community empowerment, and there are massive opportunities to grow the rural construction sector. However, that needs to be done through different procurement routes. The Scottish Government and the rural and islands housing fund need to be more flexible, and we need to expand the range of tenures and finance models that can be used—there are many models available. For the smaller communities that we work in, the crux of the issue is to ensure that we repopulate and that we regenerate the rural construction sector.

**Ailsa Raeburn (Community Land Scotland):** Thank you for the invitation to speak at this meeting. I am chair of Community Land Scotland, which is the membership organisation for community landowners across Scotland. I am also chair of Isle of Eigg Heritage Trust. The Isle of Eigg community is successful, but it is struggling day to day with housing. The key issue for it and the other communities that we represent is that we know that young people want to stay in those communities or want to be able to return to them after they have gone away for their education. We also know that people want to come and live in our communities.

As Stuart Black said, we know that there is huge demand, that there are jobs and that we can address the depopulation and other demographic challenges that rural areas are facing, but all of that hinges on having the right housing in the right places, whether that is affordable housing, social housing, or housing of all tenures. We know that the people who want to live in our communities want to have the housing opportunities that people have in other areas. They want to be able to buy houses and they may want to build houses.

The lack of housing also means that communities suffer from a loss of services and key

businesses, which takes me back to the point about the need to link housing with employment and the economy. The impact of second homes and short-term lets has also been mentioned. It is really good that there is now a focus on that issue with regard to our housing stock, but more needs to be done.

With the support of organisations such as Ronnie MacRae's and Mike Staples's in the south of Scotland, many communities are leading on delivering housing at a small scale because there is complete failure in the private sector, and largely in the public sector, with regard to housing provision in small rural communities. The only bodies that are active are community trusts, and we know that they are active not because they really want to get involved in housing—they are not housing experts—but because they are very outcomes focused in ensuring that their communities can grow and thrive. One of our big calls today is for all partners in the provision of housing to be outcomes focused and look at what they are trying to achieve in delivering more housing, whether it is public or private. It is about tackling depopulation, addressing demographic challenges, allowing the economy to grow and ensuring that we do not lose key services.

At the moment, a lot of the policy focus on housing is very narrow. It is about how many units can be delivered, and it is obviously much cheaper to deliver 100 units in Stornoway than to deliver 10 lots of 10 units across the Western Isles. We need a change in the thinking about what housing does, what it can be and how it can support thriving and sustainable communities. To achieve that, we need to think much more about the outcomes of housing development, rather than being narrowly focused on unit numbers.

**Pauline Smith (Development Trusts Association Scotland):** DTAS represents about 350 development trusts across Scotland. Building on what Ailsa Raeburn said, I note that the development trusts that are involved in housing did not really get into it by choice; they were set up because of issues in their neighbourhoods that they wanted to overcome. Years ago, we did not think that they would get into housing but, because of the failures, they have had to step in, get involved and take it forward. Many of our members have said to me that they could create hundreds of jobs as well as businesses but that there is nowhere for anyone to live.

There is a massive problem with allocation processes, which is why development trusts have got involved. Often, an elderly resident has to move out of an area because they cannot stay there, and young people cannot move in because there is no single occupancy. Last week, I walked through one of the villages, and every home apart

from two on the main street was a second home. Only two homes on the main street remained for people who live there, which is really sad.

As Ailsa Raeburn said, on the planning side, some of the developments are really small scale with, perhaps, three houses. There are the bigger ones that HIE mentioned, with about 100 houses. At the moment, however, planning and other processes do not seem to be going along with what communities are doing. The powers in the legislation and the access to funding and finances do not seem to be moving along with what communities are responsible for these days. We must look at the empowerment side and say, "This is empowering you, because you're building the houses and you're running the shop." The powers and finances need to go alongside that to make it easier for communities. We will probably come on to that when we talk about the housing funds.

**Mike Staples (South of Scotland Community Housing):** South of Scotland Community Housing is the community-led housing enabler that works across southern Scotland, to the south of the central belt. We work in partnership with Communities Housing Trust to provide support across the country. Our focus is on working with community organisations to provide life-cycle support, to understand the local needs and to focus on the holistic view around the contribution that housing makes to place and regeneration.

I will reiterate some of Russel Griggs's points. We are experiencing extreme housing pressure in the rural communities in the south of Scotland. Many of the issues that we face have been exacerbated recently, and they are very similar to the issues that are faced in the Highlands and Islands. We have seen a significant increase in demand for our services. Many communities want to tackle the issues and, between us, we are building a significant pipeline of potential new projects. However, we are finding an imbalance between that and deliverability at this time. As Ronnie MacRae said, that is acutely driven by development costs, the construction market and the position on construction skills, but there is a huge opportunity among all of that.

The process involves a very strong policy framework, with the rural and islands housing action plan and the rural and islands housing fund, but the deliverability is a significant challenge at present.

**The Convener:** Thank you for your opening comments. They were very helpful and they form a useful starting point. I will now bring in Miles Briggs, who has a number of questions.

09:45

**Miles Briggs (Lothian) (Con):** Good morning to the witnesses, and thanks for your initial thoughts.

Collaboration between partner organisations and community engagement are key to building rural homes. You have all touched on that. How are local authorities, especially large rural councils, which many of you will be working with, supporting community-led development of houses?

**Ailsa Raeburn:** I can start, but I know that Ronnie MacRae and Mike Staples have regular contact with local authorities, as well.

Local authorities are now starting to recognise the role of partnership in a way that perhaps they did not until recently. There is a recognition that we all need to work together and that all of the players here are needed. There are the regional economic partnerships, which Stuart Black and Russel Griggs have talked about. At the agency level, it is about what they can do to unlock some of the issues. Local authorities have access to strategic housing investment plan funds, as well as to the second home council tax, which some of them have now started to reinvest in the provision of affordable homes. That is really helpful.

From a community's perspective, on the funding side and the policy side, local authorities are trying to be as helpful as they can be. There are still the planning issues, which Mike Staples raised and are perhaps worthy of a separate discussion. However, communities do not have access to huge amounts of funds. Most of the funding for community-led development comes via the Scottish Government, and that is where we need a bit more collaboration. I will let colleagues speak about that in more detail.

**Professor Griggs:** As I said at the beginning, our housing challenges are a joint challenge for all of us, including the two south of Scotland councils. The two councils are working very closely with us on this. On the planning issues that have been raised, the chief planner, Fiona Simpson, made the point in simple words: we need all our planners to become enablers, rather than disablers. That is where we need to get to with a lot of them.

We are now seeing joint recognition of what the big problems are, including the whole issue around second homes, about which we need to have a different discussion at another time. It is interesting that although there are issues with some of the funds that we need to talk about, in the south of Scotland we do not think that it is a funding issue. We do not think that it is a land issue either; we have plenty of land. The issue is getting the communities together, which comes back to the convener's earlier point.

In our view, where the local authorities in the south of Scotland are doing a very good job is in place planning. It is about every community putting together really good place plans that include housing. Local authorities are not just asking the community, "What would you like to see in five or 10 years?"; they are asking, "What infrastructure and what type of houses do you need?"

The point been made that it is not just about affordable houses. We need houses for doctors, teachers and all sorts of other people who come into the area. At the moment, Dumfries and Galloway NHS Board has an accommodation shortage of 160 homes for its staff. One of the universities has stopped bringing masters students in because it is difficult to house them. In my view, the local authorities have not stepped up to the plate, and there is more to do with planning. There are some big issues out there that we need to deal with.

**Ronnie MacRae:** In general, we work with a number of local authorities, and they are supportive and helpful. We have the rural and islands housing fund, which has guidance that clearly sets out that it is to provide housing that assists communities. I think that there can be a bit of confusion there, not just in local authorities but across Scottish Government. The lines are blurred between the mainstream housing fund, which has—quite rightly—a very strong focus on homelessness, and the rural and islands housing fund, which is very much about community and place making. Mixing the two has caused problems, and we need a clearer definition and understanding of the two different funds. The irony is that if they both work as they are intended to work, we will deliver bigger impacts on homelessness and on community wealth building and empowerment. There is a bit of work to be done there.

Consideration should be given to the creation of a rural-focused governance board made up of representatives from communities, service providers and businesses, to sharpen the focus of the rural and islands housing fund and ensure that the lines are not blurred, because Scottish Government area teams can get confused about what sort of housing they are trying to deliver, and we are missing opportunities to work in partnership.

**The Convener:** On your point about there being confusion, could you say a bit more about what happens on the ground? Does the confusion slow things down? How do the two different pieces come up against each other?

**Ronnie MacRae:** On occasion, partnerships are not encouraged. A lot of our developments have included social housing providers—housing associations or the council—business housing and



community-led housing, but the feeling more recently is that we are moving away from that, with the focus being more on the homelessness element. We are forgetting about the community empowerment and community wealth building elements and the benefits that those can bring. We are missing an awful lot of opportunities, especially to work with businesses and to use finance opportunities. We could do an awful lot more with a bit more flexibility and stronger understanding.

**Mike Staples:** On local authority support, particularly for community-led housing, the attitude and the enabling approach of the local authority are vital aspects. I reiterate that such things need to be applied consistently. To support what Russel Griggs said, I note that our experience shows that Dumfries and Galloway Council and Scottish Borders Council are extremely supportive and proactive in relation to community-led housing, but that approach to supporting the rural and islands housing fund and supporting communities must be mirrored elsewhere.

Ailsa Raeburn mentioned the use of council tax funds. I give a quick shout-out to Dumfries and Galloway Council, because its ring-fenced fund from council tax on second homes, which communities can access, has been vital in enabling a range of community-led projects when there has been a gap in funding. We see that as best practice in relation to local authorities' attitude to the sector.

**Stuart Black:** Highlands and Islands Enterprise covers just over half of the land mass of Scotland—51 per cent—from Shetland down to the Mull of Kintyre, and we work with seven councils. Orkney Islands Council has some really good practice. On the outer islands, there are a lot of development trusts, some of which have their own wind energy, which provides a source of income. Producing revenue for communities is fundamental. Orkney Islands Council is working very closely with the local development trusts to create more housing, particularly on the outer islands, and it is talking about potentially providing some finance, so that is good practice.

For community groups, the challenge is that the housing project that they are involved in is often their first one, so what happens depends on whom the group gets to speak to at the council and how it builds relationships. Often, a group does one project and that is it, because it might have taken it up to 10 years to get that project done, so the group is pretty tired.

Councils tend to work quite well with different communities, but communities find the process very slow, which causes frustration, and some of that can be reflected in the relationships. However, there are good examples. Right across our patch,

communities are working with councils and other partners. We have a regional economic partnership group that focuses on housing, because it is such an important issue for us. There is good collaboration, but the experiences of each community on the ground are probably different, depending on where they are. The point has already been made about having more consistency.

**Miles Briggs:** It has been a year since the Scottish Government established a £25 million rural key workers housing fund. According to the most recent data, which I asked the Scottish Government for, that fund has not delivered a single home. Can you outline the role that rural housing enablers play in that? The Government established the fund, so why is it not being accessed? Is the Government not providing the money in the best way? How could the fund be better utilised to take into account the very different needs of the communities in your areas?

**Ailsa Raeburn:** The eligibility criteria for the fund is too limited. It is only open to RSLs and local authorities, but development trusts are absolutely champing at the bit to get at it. We have hundreds of examples of when we could use the fund to acquire housing and, via local allocation policies, address the loss of teachers, nurses and doctors. We know how communities can do it. We asked for the fund criteria to be widened to include development trusts. They all have asset locks, good governance and financial records, so the money would not be at risk in any sense. The ask to the Scottish Government to broaden the eligibility criteria is on the table. Pauline Smith has examples to talk about.

**Pauline Smith:** Ailsa did a fabulous job of explaining the exact problem, so what more can I add? The "Housing to 2040" strategy only mentions RSLs and local authorities. Where are the development trusts? They prove their worth when the money is on the table. It is about local governance, to be honest. The local governance review is key, because people being able to control money at the more local level gives the ability to use it and flexibility in the ways that it can be used. The key worker fund is an easy one to sort; open it up. We have been asking for that for a long time. It would open up the market for development trusts across Scotland.

**The Convener:** You say that you have been asking for that for a long time. Do you mean before the money was in place, or have you been asking for the £25 million and the criteria for that to be opened up since the fund was announced? It was announced a year or so ago.

**Pauline Smith:** Our development trusts have been calling for the fund to be changed—maybe

not in a forum such as this, but they have been lobbying for change for a while.

**The Convener:** Do you have a sense of why there is resistance to do it? Is it a slow Government process?

**Pauline Smith:** No, I do not know why there is resistance.

**Ailsa Raeburn:** One issue is that if there is a housing need in the community, it is thought that the local authority or the RSL can deal with it. However, what is happening on the ground shows that that is not happening because, understandably, local authorities and RSLs do not want to deal in single units because of the management costs. They would, rather, have a group of houses together, because it makes it easier for them to manage. Communities are stepping into the breach, because in small communities four houses will make all the difference. I am sure that Ronnie MacRae would also say that RSLs are only interested in housing on that scale if it is in partnership with someone else.

**Ronnie MacRae:** Yes, definitely. When we talk about the rural construction sector, it is not only about building housing, but about maintaining and repairing houses, as well. If there is not a rural construction sector, the economics of owning a property is an issue. The fund allows purchases off the shelf, and that can be an issue, because housing might not be at the required standard, which means taking on liabilities for having to repair and maintain the housing. However, more flexibility and opening the fund up to communities would use up the money very quickly, and a bit more flexibility around the rural and island housing fund would get an awful lot more projects going. However, we need to deal with the underlying problem, which is the lack of a construction sector. Having that would create an opportunity to repopulate and regenerate as well.

**Mike Staples:** Through the rural housing fund, communities in our smaller rural areas have demonstrated that one property can make a huge difference to a small place, as it can bring in the right people and the right services can be provided. As Pauline Smith said, community development trusts are best placed to intervene using the fund, but they are not being given the opportunity to do so.

10:00

**Pam Gosal (West Scotland) (Con):** Good morning, convener, and good morning, panel. Thank you very much for the opening statements, which have been helpful. You will obviously have heard the First Minister announce a U-turn on cuts from the housing budget through a pledge of an

extra £80 million over the next two years. However, that does not negate the fact that that is less than the nearly £200 million that was cut from the affordable housing budget last December. What does the overall cut mean for rural housing?

In addition, although many people are generally supportive of the aims of the 2040 strategy, we have heard previously that they feel that it is undeliverable and we have heard that again from you. Are the Scottish Government's housing to 2040 strategy and other policies sufficiently coherent and deliverable? You touched on that, Mike, so could you come in on that question?

**Mike Staples:** The work that we are doing with the rural housing fund is our key focus and it has not been impacted in the same way, so others might be better placed to come in on cuts to the affordable housing budget.

The deliverability side of things is certainly not in the policy framework or in the pipeline of potential projects. We feel that there is a significant opportunity to do more there, particularly through non-traditional delivery routes, such as communities and employers. For us, the critical element is around deliverability.

Ronnie MacRae has mentioned the construction sector many times and the impact that cost is having on developments. For the work that we are doing in southern Scotland, we really welcome the approach that is being taken through the regional economic partnership, as we think that partnership is vital to all this and to addressing the skills shortfall.

On the challenge around costs and deliverability, we feel that aspects of the process at the moment, particularly around the rural housing fund, could be shifted quite easily to assist deliverability. In particular, we want to highlight that there has been a change whereby a full grant application into the rural housing fund is now being taken only once projects have been fully tendered, which has not been the case up to this point. We are deeply concerned that that transfers the profile of risk to the community organisations that are being asked to deliver key needs for their place, which is likely to have a detrimental impact on the future programme.

**Professor Griggs:** If you look at the evidence, which is always a good thing to do, and you go back to 2008 in the south of Scotland at the time of the last financial crash, the building of private and affordable and social housing was going up along the same lines. After 2008, the line for social housing kept going, but the one for private housing collapsed. It goes back to the point that Ronnie made, which is that we lost an awful lot of SME builders in 2008 that have never come back again, so there is a big gap in the private market.

It was really interesting when all the private sector builders—and I do mean all of them—came down to be with the Deputy First Minister in Dumfries over a year ago. They all said, “If we’re not making a profit, we’re not coming.” I think that another witness said that a profit means no fewer than 100 houses. Therefore, as Ronnie said, unless we start to create our own new SMEs and a business in rural Scotland that will support not just the building of affordable houses but, as I keep saying, that of unaffordable houses—I do not mean that the way it sounds; I mean houses that we know that people can buy. We need, in essence, to bring back the builders in rural Scotland who will support whatever strategy the Government puts in place, whether for 2040 or beyond.

We work closely with Mike Staples, and we always have challenges when we come to build small numbers of houses. I can give one example that illustrates why we all have to remember what the real output is. About two and a half years ago, the local community of Kirkhope, away up at the top of the Ettrick valley, had a real problem, which was that the number of pupils in the primary school had fallen to such a level that the school was about to shut. Everybody would have had to go 21 miles down the road to Selkirk to go to school. We worked with the community to convert an old steading into five houses, with some incubator space. The total cost of doing all that was probably about £2 million; we put in some money from South of Scotland Enterprise. The community was then able to bring in five families with children, and that put up the numbers in the rural school again. We have to remember how important the economic output will be in tiny little rural communities such as that, but there is also the social outcome of ensuring that people can still live there. If that primary school had effectively moved down to Selkirk, that would have discouraged people from coming in and the young people would not have wanted to stay in the area.

The impact of such actions and of the small things that are done around them in communities is really important. Whether or not we have the fund, and whether we or the local council take the measures, we are not talking about huge sums of money in some communities, but the outcome, especially when working with Mike Staples and his team, can be quite transformational.

**The Convener:** That story is certainly one that I have heard across the Highlands and Islands.

**Ronnie MacRae:** A reduction in a budget is never particularly welcome, but the bigger impact that we are finding is from the current build costs, which are huge, at between £300,000 and £400,000 for an affordable home—and that has more than doubled over the past five years. That

is having the biggest impact on deliverability, and it is unsustainable, unless we increase grant levels. That would reduce the numbers, however. Meeting the housing to 2040 figures is highly unlikely now, given build costs like those.

As I said earlier, the policies look reasonable in their own right but, from our experience, I do not see that many of them will work unless we can break down some of the silos within the Scottish Government and do more cross-portfolio working. Then, those policies really would have a strong chance of working. As Mike Staples says, the Scottish Government is placing much of the risk on communities and that does not chime with community wealth building or community empowerment. There needs to be more collaborative working there. If we are able to do that and to be a bit more cohesive with our policies, there could be huge opportunities in using different finance models to work with the business community and service providers to deliver a lot more homes.

**The Convener:** We have talked in the past about the idea of building at scale, and it would be good for the committee to hear more about that idea. Stuart Black mentioned your thoughts about the north-west Sutherland area. It would be interesting to hear about where you got to with that, and whether you still think that that is a useful way to proceed. That also touches on what Russel Griggs was talking about: the need to rebuild SMEs after losing them. The approach that you have mentioned could be a way to encourage them, so I ask you to explain that idea.

**Ronnie MacRae:** There are or microregions, as we call them, all the way round our area. There are two specific ones in north-west Sutherland, and there is potential to deliver about 60 housing units across a number of communities, and there are about 80 housing units across a number of communities in Wester Ross. We are speaking to a number of big powerful businesses that are all at least prepared to engage in discussion about providing finance to create a local construction market, which would bring costs down—not just for affordable housing but for public housing, for service providers, for building new schools or for the businesses themselves, which need facilities. A lot of economic development is happening in those small rural areas. However, we need to co-ordinate all the policies and create a sector—especially a construction sector—that can help to deliver all that and maintain it.

We have increasing build standards, which are laudable but unviable unless you have a sector to deliver them. For example, with regard to new net-zero heating and sprinkler systems, if north-west Sutherland has to drag somebody from Glasgow to service those systems once they have been

installed, it just does not make sense, and it will not be viable for two or three houses in Durness and another three or four houses in Bettyhill. That makes the economy of owning property unviable. Therefore, again, we need to deal with the underlying problem, which is the construction sector.

**The Convener:** I would like a bit more detail on that. For example, can you say a bit more about builders merchants?

**Ronnie MacRae:** Again, our feeling is that we are not using enough local materials and we are not creating a circular economy. Communities are keen and they have facilities, such as old fish markets, which are not being used to their maximum potential. Therefore, the facilities are there. Using private business finance to stock those buildings with pre-purchased materials for house builds can bring costs down but it can also enable the growth of smaller businesses, because they do not then need to worry about the cash flow with regard to materials, which can be a big risk for a small business.

That would require infrastructure such as main contracting role support, because the smaller businesses will potentially struggle with the paperwork involved and with procurement, but communities are up for that. For example, in Lochinver, they are really, really keen to see something like that move forward, and businesses are keen to support it. There are some big and wealthy businesses in those areas that are prepared to share the money, and they can benefit from that, too.

**The Convener:** You said that we need to co-ordinate that. I am paraphrasing you, but you used the word “we”. Who is we in that case? Does the Scottish Government need to take that on or would it be HIE? I am sorry to throw work at your door, but who is we?

**Ronnie MacRae:** I will go back to the policies and the action plans: I think that that role lies with Scottish Government. We need more flexibility in the policies and action plans. I think that a rural board, if you like, that includes businesses, service providers and key stakeholders would benefit the Scottish Government, clarify the issues and be able to take a different approach to things—a more impact-based approach to delivery. If we do not start delivering very soon, rural areas are going to struggle and we will miss opportunities in the economy.

**Stuart Black:** Ronnie is talking about much better co-ordination. North-west Sutherland is a repopulation area, for example, so it has a specific focus on growing the population. We have economic opportunities through tourism investment. We also have the spaceport under

development, so there are a number of significant economic opportunities. We need to see housing policy and economic development being joined up much better. At the moment, they sit in two separate parts of Government, and joining those together is fundamental, particularly in order to address depopulation and the economic opportunities side.

Housing in general is a great way of stimulating the economy. House building is good news in terms of the multiplier effect that it has, particularly in rural communities. Bringing together smaller construction projects will mean that, instead of developments of fives and 10s you can create developments of 50s and 100s, which will stimulate the market and provide more certainty. Bigger contractors might then come in and form partnerships with local subcontractors. At the moment, a small number of units is not attractive to bigger construction companies.

As Russel said, the smaller companies just are not there, so we need something to get that going again. The idea of collaborating across a number of locations within a specific geography will increase the numbers, which will stimulate the market.

10:15

Housing and economic policies need to be joined up better, because they are quite separate at the moment. We need housing to support the economy and vice versa. For example, we know that the green freeport in and around Inverness and the Cromarty Firth will create a significant number of jobs, and we have already attracted Sumitomo and hundreds of jobs to that area. More jobs are coming, but we need to get the housing side sorted out, too, so that we can take full advantage of that opportunity. As I said, this is all about joining up and co-ordinating things.

That will require not only the Scottish Government’s input but local agencies such as HIE, the council and, indeed, communities to work together. That sort of thing can happen; indeed, there are examples of where that has happened and where we have made things work effectively.

**Ailsa Raeburn:** I want to come back to the original question, although I should say first that I agree with my colleagues.

I think that the “Housing to 2040” document was of its time. Things have moved on quite a bit since it came in, even though we are talking about a relatively short period, and the fact is that it was not sufficiently nuanced for rural areas. I come back to Stuart Black’s point about housing and the economy being so closely linked in rural communities in a way that it might not be in urban communities, where there is much more emphasis

on addressing homelessness. In urban areas, the private sector market will act, because of values and the fact that costs are lower; however, in rural communities, the private sector is not acting. What we are trying to do is squeeze an urban system into those communities, and it is just not working.

We need to step back and say, "We need a different approach in rural areas." We will need a whole-partnership approach; indeed, I would say, from a communities perspective, that communities only ever deliver things in partnership. They have fantastic experience in that respect and a great willingness to do that, but, as I said, we need to take a step back. I come back to the idea of a rural funding body, whether it be an agency or funding board, that recognises the differences in rural areas and ensures that, instead of trying to squeeze our problems into urban solutions, we actually find some rural solutions.

**The Convener:** Thank you. I will bring in Russel Griggs and then go back to Pam Gosal, who I think has another question.

**Professor Griggs:** I just want to build on the remarks that have been made to try to answer Pam Gosal's question.

Any change in Government funding will affect everybody, particularly the housing sector. Housing companies, whether they be RSLs or companies that build private housing, are always planning for the future, and when you start to tinker with funding mechanisms, you start to introduce uncertainty into their future, their pipelines and so on. I therefore counsel anyone, not just those in Government, to look at how we fund all this to ensure that we are talking about building the houses not of today, but of the future.

I was about to say that it is not the quantum that matters as such; what matters is what changes the uncertainty. We have heard from our own RSLs that the constant changes in funding arrangements do not help them to plan for the future, so my counsel—my colleagues will probably throw things at me in a minute—is that I am not so sure that this is about the quantum. This is all about having some consistency to ensure that, when we plan housing for the future, we have a certain stream of funding. Indeed, if we are going to encourage our SMEs back, they will need something that de-risks what they do in future. We need some certainty in that respect.

**The Convener:** I will bring in Pam Gosal now. If anyone has anything to add, they are welcome to tuck their comments into their responses to the next questions.

**Pam Gosal:** I thank the panel for their helpful responses. We have touched on the importance of rural housing to economic growth, and we are well aware that, certainly in remote areas, the

renewables and space sectors, for example, show great promise for growth. When I have spoken to local authorities in rural areas, they have said that there are a lot of opportunities for growth, as our panellists have said.

Recruitment to public services such as teaching and healthcare has been tough because of housing shortages. I therefore ask the panel how the rural housing situation is affecting growth in public services in your areas. What role do enterprise agencies play in that?

**The Convener:** As the enterprise agencies have been picked out, I will bring in Stuart Black and Russel Griggs.

**Stuart Black:** Being a rural area and having a shortage of homes definitely affects the ability to recruit to public services. Public sector recruitment is challenged by housing availability, particularly in places such as the Isle of Skye, which is popular for tourism but where it is a challenge to recruit nurses, police officers and people in teaching professions.

Enterprise agencies do not directly provide housing, but we work with a lot of businesses and community groups. As I said in my written evidence, we are working with about 50 community bodies, and about half of them are working on housing projects. Some of those housing projects are mid-market rent projects, which are available to professionals in the public service as well as in the private sector.

I will touch on a successful example, which comes from Fort William. Five or six years ago, there was potential for a big industrial expansion in Fort William through the smelter. A task force was put together, and housing came up as one of the things that was really challenged. Over the past five years or a bit longer, about 700 houses have been built in Fort William. That has been an example of good collaboration and success.

A partnership approach is needed to tackle the issue. One opportunity arises from the rural delivery plan that the Government is working on. Housing should be key to that plan. It needs to be fundamental, because housing challenges are definitely affecting recruitment to the NHS, the teaching profession and a range of public services.

We also need to think about childcare, which is another issue that we are working on. We are doing a lot on that in rural communities, because the issue is not just the house but the employment opportunity and the associated childcare. There are a range of factors. In Fort William, I would point to strong partnership and strong collaboration. There was leadership from the Scottish Government, which was helpful. Lots of houses have been delivered there.

**Professor Griggs:** I mentioned in my opening remarks that NHS Dumfries and Galloway needs 160 properties for the nurses and surgeons who come in. If the board brings in locums, they have to rent property that is on the holiday market. They are paying holiday rates, which does not encourage them to come in.

Where enterprise agencies play a role, which we are now doing all the time, is in ensuring that housing is the first option when we repurpose buildings in rural areas. A lot of buildings across rural Scotland are repurposed. We are looking at a building in the centre of Dumfries that is a large site. It could be repurposed into a number of homes for professional people of all varieties—for the public sector and so on.

When our communities tell us that they want help to repurpose a building, we focus on ensuring that housing is the first thing that they look at. We are also working on that through our community benefit work, which is very important to the south of Scotland. Between now and 2050, we will have almost £1 billion coming into communities in the south of Scotland from community benefit. That will go a long way towards solving some community problems.

As enterprise agencies, we have a role in encouraging communities to look not just at building another arts centre—I have nothing against arts centres in the community—but at whether, if they have properties that they can repurpose, that can be part of the solution to the housing problem.

**Mike Staples:** I will raise a point quickly that I know you have heard before, convener. We face an issue, particularly in the south of Scotland, in how we define what is rural relative to the funding streams. Eligibility for the rural housing fund applies to communities of below 3,000, but it also applies to communities of up to 10,000 that are more than half an hour's drive from a community with a 10,000 population.

As Russel Griggs said earlier, the south of Scotland has only four communities—only two are in Dumfries and Galloway—that are above 10,000, but none of the other communities meets the half-hour-drive classification. It would be impossible to characterise any of those places as having anything other than a rural economy. In all those places, there are communities that seek to tackle housing issues—particularly in town centres and through empty buildings—but they do not have that funding opportunity.

To link that back to the issue of key workers and employment in key services, we find that, more often than not, those individuals want to live in the smaller towns, but those communities lack eligibility to intervene in housing in those locations.

**The Convener:** Do we need to do a bit of work on improving that definition so that it really reflects the situation?

**Mike Staples:** That would be welcome.

**The Convener:** When I say “we”, that means the Scottish Government, but we can see whether the committee could take that on, too.

**Ailsa Raeburn:** We have made the point about the key workers fund, but the people who suffer most from not having a teacher, a doctor or a nurse are in the local communities. They see those issues at first hand and they are absolutely desperate to provide housing so that they can keep their local teacher, doctor or nurse.

If we were able to open up eligibility for the key workers fund to development trusts, that would have a massive impact. Ronnie MacRae mentioned that base costs for building are now £300,000, which could go up to £400,000 or £500,000 on the islands, yet you could probably buy a house for £250,000. The issue is that the private market is not working because values are much lower than the actual costs of building. Why do we not buy existing houses when they come on the market? Why can we not use the key workers fund to buy existing houses? There is also the work that has been done on short-term lets. If there was an opportunity to do more work on second homes, we might bring in more of those houses.

We could deal with a lot of the issues by buying existing stock. There would be an added benefit to doing that because of the planning rules for new housing, which can be a bit tricky, and the new building warrant rules. Not only that, but there is embedded carbon in existing housing. If existing housing is used for a short-term let or a second home and is only in occupation for 20 weeks of the year, that is a really poor use of our assets in Scotland. We need to make much better use of existing assets.

There is not just one solution that will deal with everything; there are lots of opportunities in relation to things that are happening that could be scaled up without a greater call on existing budgets. We just need a bit more flexibility. It comes back to the point that we have all been making—the approach needs to be outcomes focused. What are we trying to achieve? It is not about numbers of units. What is the long-term outcome of the work that we are all doing? There are lots of different ways of getting to the outcome; it is not all about new build.

**The Convener:** I really appreciate you making the point that we have existing housing stock. The issue is about how we make that work better and how we help people who are stuck in houses that

are too big for them and want to downsize. How do we create space to enable people to move?

We are facing a climate emergency, so we need to be looking at the existing housing stock in Scotland and the whole piece around the need to retrofit 80 per cent of that. That is another bit of the puzzle that is really quite challenging in rural communities.

**Ailsa Raeburn:** I also meant to mention the whole issue of rural housing burdens, which we have not really touched on. That is another function that is already available; we know that it works and we could make much better use of it.

In a community that I am involved with, there is a house owner who has had that house as a second home or a holiday home and they are keen for it to go to the community. It would be good to have a way of scaling up the use of rural housing burdens to keep houses in permanent residential use. As I have said, we have a lot of these things already, and we need the flexibility to scale them up.

**Ronnie MacRae:** Our experience is the opposite of what Russel Griggs was talking about. Rather than having to encourage communities to work with service providers, we find that communities are keen to provide support. They want to create placemaking opportunities. For example, Strontian has built a community-owned school and Staffin has built a community-owned health centre.

I go back to the point about different portfolios and silos. If we can get all the different agencies working better with communities, there could be a lot more delivery and a lot more efficiencies for all the sectors, whether we are talking about health, education or housing. Staffin has a bit of everything. It was supported by HIE; it has economic and health elements and it has different tenures of housing. The models are there, as we are hearing—communities are able to do it.

The issue is similar with the rural housing burden. The rural and islands housing action plan promised to help with it but, unfortunately, that has not happened and we do not yet have a designated person in the Scottish Government to speak to about that.

We are pushing hard, because we need to get that discussion going. We have developed a legacy model. As Ailsa Raeburn suggested, a lot of altruistic people want to transfer houses into the affordable market but, without assistance and improvements in lending for rural housing burdens, that will not happen. We need Scottish Government assistance in discussion with lenders, but they need us as part of that discussion. We get the feeling that they do not want us at the table to discuss the issue, but we have to be there.

10:30

**The Convener:** Are you saying that you get the feeling that the Scottish Government does not want you at the table to discuss the issue?

**Ronnie MacRae:** Yes.

**The Convener:** Okay—I was clarifying that. You say that you have a sense that you need a designated person from the Scottish Government to discuss the benefits that rural housing burdens could bring.

**Ronnie MacRae:** Yes.

**Pauline Smith:** There are lots of great suggestions about funding, planning and various other things that need to be improved for communities. However, one thing that I want to stress—I was going to mention it earlier—is that communities need support. People can and will do such work, and I have prime examples that involve building schools, houses, key worker accommodation and so on. However, that is a lot of hard work for communities. We hear from all over about burn-out, fatigue and so on.

The legislative changes on funding and planning need to happen quickly so that there is not more of a burden on and a disempowerment of communities, given the stress that people go through. I want to sell the point that communities can do it and to celebrate how much communities are achieving, but I also stress that we cannot keep putting more on to communities without extra support, advice and legwork. People need advice to navigate the process, because it is not easy. We are talking about local people who are not specialists in housing. They are learning as they go, and they need proper support. When that support is provided, we have the success stories.

I stress that there has to be a support mechanism—it does not just happen. We have some really good suggestions about housing, local boards, planning and various other things that need to be improved, but let us not forget that support is required for people to navigate the process.

**The Convener:** I absolutely take that on board.

I will bring in Willie Coffey in a moment to pursue the planning issue a little, but I want to pick up on economic development, which we have explored a bit. I think that we are going to talk more about the rural and islands housing funds in a moment. HIE's submission talked about a strategic planning exercise, which was interesting. We have touched on the idea of a more joined-up approach and working together with stakeholders. The submission states:

"This would include ministers or officials from the Economy, Planning, Business Support, Rural and Homes divisions, all in the same room at the same time to consider

a joined up strategic response to both the economic boom and the rural housing crisis that we face.”

Somewhere in our papers, I read that the Scottish Government indicated that it is working with HIE and SOSE on economic and housing issues. Have you had any traction with the idea of a strategic planning exercise?

**Stuart Black:** We are undertaking research on the scale of the economic opportunity in the Highlands and Islands. We have many growth sectors, including renewables in particular. To be frank, for Scotland to get to net zero, it needs the Highlands and Islands energy supply, and the same applies to the United Kingdom. Huge amounts of renewables will come from our region, which will power the economy, but that will not work unless we have the people there to staff the industries to drive that change.

We are undertaking a piece of research on the scale of the job numbers that will come. Those jobs will create demand for temporary accommodation as well as permanent accommodation and new homes. That research will feed in through our regional economic partnership. The Scottish Government is now placing more emphasis on regions through a refresh of the national strategy for economic transformation. We are saying that the strategy needs to have a strong regional focus, because it needs to reflect the needs of all of Scotland and not just those of the central belt.

We are optimistic that the research will create more inroads into Government policy than has happened in the past. I mentioned the need to join up the different strands of Government. We had J P Marks, who is the head of the civil service in Scotland, in Inverness last summer; we talked to him about the scale of the opportunity, and he talked about the need to bring together housing, transport and the economy, so I am optimistic that that will happen.

We need to undertake the research, but we are talking about several thousand jobs—possibly into the tens of thousands—that will be needed to support the renewable energy change that we are undergoing and to support the coming sector. We have already seen some inward investment, and there is more to come, so we need housing, the economy and transport to be joined up.

**Professor Griggs:** The convention of the south of Scotland and the regional economic partnership decided that housing would be one of our grand challenges, and the previous Deputy First Minister gave me the personal objective of solving housing in the south of Scotland, which was nice of him. Since then, we have had a team—Garry Legg, who is sitting behind me, is part of it—looking at all that, and we will launch our regional housing plan

through the REP in June. We have had great support from Scottish Government officials in doing that, and we have spoken to everybody there ever was in housing, infrastructure and so on; Mike Staples has played a good part in that, too.

We are now at the point where we think that we can see a way of doing this, but it will not be short term—it will take time. It is about building our SMEs, focusing all our investment better and creating the right conditions. That goes back to planning and making sure that we have the right people, and it is about training. In June this year, we will launch the south of Scotland housing action plan, which is a subset of the regional economic strategy that we have in place, and it will move that approach forward. The plan is based on a huge amount of evidence that we have pulled together, which we will be happy to share with the committee if you would like us to do so.

**The Convener:** Thank you for that. Willie Coffey has a couple of questions.

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** As I have listened to the evidence this morning, I have sometimes wished that I could transport us back 40 years so that the decision makers back then, who embarked on a process of selling off 500,000 houses in Scotland, could see the impact of that. All your discussions around the table are about that crisis—about building more homes in Scotland and making them available.

One of the elephants in the room, as we all know, is the huge cut in the capital budget, which would otherwise allow us to recover the housing position slightly, or even get close to the targets that we all seek. There is quite a bit of ingenuity spread around the table, and it is great to hear that, but do you think that the range of ingenuity in different areas will be sufficient to get us to where we need to be? We have talked about funds to reacquire empty properties—as Pam Gosal mentioned, the First Minister announced an extra £80 million for that. Last year, the acquisition programme was introduced with £60 million and it bought back 1,000 properties at a relatively low cost.

Earlier, Ronnie MacRae told us about the cost of constructing a new house, but there are other ways of trying to address the problem. Will the range of different measures that are available to us be sufficient to get us to where we want to be? For example, Mike Staples mentioned that the council tax supplement in Dumfries and Galloway is helping to put funding in a certain place, which helps to build up numbers. You have also all mentioned long-term voids and second homes, which you have all mentioned. Russel, I am prepared to bet that many of those former council houses in Gatehouse of Fleet are now second



homes. Do we need to be more innovative about the measures that we can deploy to try to improve the situation? Perhaps Russel Griggs can start.

**Professor Griggs:** Goodness me—I do not think that there is a simple answer to your question. I am not trying to avoid answering it, but this is a very complex subject. People need housing and—as Stuart Black eloquently put it—both our economic development agencies will fail over the next few years if we do not have housing in which to put all the people who want to come to the area, and we will lose our young people. It is a big issue.

It is about building the right housing. A month ago, I was speaking to a friend who runs one of the biggest RSLs in the UK, and I asked him, “What is the issue with the housing market in the UK?” He said, “We’ve got all the wrong types of houses and they’re all built in the wrong place.” A whole part of this is about asking whether we really need to think about the type of housing that we want to have, looking at each area, across the whole of Scotland. For example, New Galloway, which will probably need only 12 houses over the next 10 years, will encourage self-builders to come in, because they want people who will be part of their community. Other communities will grow small RSLs. Would more money help? Maybe, is the answer. I am not trying to avoid the question, because, as Ronnie MacRae mentioned eloquently many times, without the people and without the SMEs to build all the houses, we will struggle. We have the land; we will not have any issues with land.

The problem is complicated. We took a year out to think about it because there is not an easy answer and it will take a long time. We have not even got on to the subject of retrofitting, which I think Ailsa Raeburn raised. The RSLs in the south of Scotland reckon that if we want to do that properly—Mike Staples can put me right if I get this wrong—it would cost around £30,000 to retrofit a pre-1980 house to get it up to the standard that we want.

More capital budget could do more, but there is not a simple answer to your question. I was not trying to avoid answering it—I just think that it is complicated.

**Pauline Smith:** I will not comment on the type of housing, because I do not know the ins and outs of all that, but I will talk about the finance. We are being creative, and communities are looking at community shares and community bonds. We are looking at community wealth funding and various other things in order to match funding from the Scottish Government. There is creativity there. That is not all the answer, but we are going some way towards it.

There are some prime examples across Scotland of community share programmes raising finance in alternative ways. Downstairs, before I came up to this room, I mentioned the Scottish National Investment Bank. I do not know what its role is in any of this, but it should have a role, which would make things much more affordable. In a few meetings that I go to, everyone groans when SNIB gets mentioned, not really knowing what to do about the issue. There is surely an answer in there involving matched funds, community shares and various other finance models that communities have to make this happen.

**The Convener:** Great. Thanks very much for bringing community shares and SNIB into the conversation. Perhaps we can come back to SNIB.

**Ailsa Raeburn:** We do not need to keep reinventing the wheel. We always talk about innovation because we have not solved the problem. Do we need to innovate? Actually, we do not—we just need to scale up current successes.

Pauline Smith talked about community finances. Communities are brilliant at raising money from all sorts of different sources, so how do we make that easier for them? How do we make it easier for us to use the existing funding to buy existing properties? How do we scale up the work that the CHT and South of Scotland Community Housing are doing, because that is proven to deliver?

We should not always be looking for the next new thing. We should be looking at what is working and then thinking, “How do we use the budgets that we have, which are constrained?” Nobody is saying that we want billions more. How do we use that money better? We can do that only at the regional level. We cannot do it at the national level because, as Russel Griggs said, the problems in the south of Scotland are different from the problems in the Highlands and Islands. The south of Scotland does not have a land issue, but there is an issue in the Highlands and Islands, where access to land is a problem.

Communities across Scotland are willing, because the issue affects them on a day-to-day basis, so how do we support them better to do more of this? If we could devolve some of this to regional economic partnerships, regional funding boards or whatever the structure, they would say, “These are the 30 options available to us that we know work. What are the best ones for us?” They would be able to do it on a much more local basis, rather than assuming that a national approach is always best, because it is not.

**Mark Griffin (Central Scotland) (Lab):** I will follow up on Willie Coffey’s question on the best use of existing homes. Every member of the panel

has talked about the proliferation of second or holiday homes. The Government has looked at one side of the tax equation—increasing council tax for those who own second homes—but should it also look at the other side of the tax equation, which is when that holiday home is being purchased? An additional dwelling supplement is in place, which means that people who are buying a rental property or other things must pay a supplement on the land and buildings transaction tax. Given the particular issues that you are raising, should there be a specific category of the additional dwelling supplement for holiday homes or second homes? Would that affect behaviour change, particularly in rural settings?

**The Convener:** I will stick with the existing order—I will bring in Ronnie MacRae and then Stuart Black. Do not worry if you do not want to comment on the idea that Mark Griffin suggested in his supplementary to Willie Coffey's original question, because Ailsa Raeburn has already said that, rather than innovation, we simply need to scale up what we are doing.

10:45

**Ronnie MacRae:** I agree with Ailsa—there is no need to reinvent the wheel, because there is a lot of innovation out there and a lot of good projects that we can learn from. I would be confident in saying that we can deliver units, but there needs to be flexibility and a bit of give and take.

For example, businesses want to be involved. They have finance, but they need relaxations in relation to tenure. At the moment, security of tenure is a no-go for the Scottish Government. We understand that but, at the same time, if we are to deliver economic housing, we need to have a slightly more flexible model that will allow businesses to be involved in making sure that there is housing there.

**The Convener:** When you talk about the need for a flexible model, do you mean within the rural and islands housing fund specifically or in general?

**Ronnie MacRae:** I mean in general. Businesses are nervous because, at the moment, they cannot partner with the public sector on the delivery of housing. The ability to use private finance from businesses, alongside an element of public subsidy, would make a lot of projects much more viable and would take a big strain off the public budget, which would mean that we would be able to deliver a lot more. However, that would require the Scottish Government to be more flexible on tenures. I am absolutely not saying that the Government should forget about security of tenure, but there are tweaks that could be made that would work for businesses and the Scottish

Government. For that to happen, flexibility is needed.

**The Convener:** What kind of tweaks are you talking about?

**Ronnie MacRae:** When I took you around Cairngorms national park, I suggested that there could be more area-based security of tenure. For example, people could move jobs, between businesses, as long as they worked in the area. That works with the environment. If someone had to commute too far, they would need to vacate the property. There are halfway houses, if you like. I think that more flexibility would allow businesses to invest and would reduce the burden on public funding.

**Stuart Black:** Willie Coffey's historical reference is interesting. In the 1970s, many thousands of houses were built around the inner Moray Firth area to accommodate workers at Ardersier and Nigg. At one point, those fabrication yards had around 8,000 to 10,000 people working in them, so a lot of housing was produced in a relatively short time. Therefore, I am always optimistic. There are plenty of methods around; we simply need to focus more on delivery. The focus has got to be on actually building more houses. Purchasing existing stock is fine but, in many rural communities, there is not enough stock, so we need more new build. There needs to be a mix.

I am very keen on the regional approach that Ailsa Raeburn mentioned, because it will be a mixed economy. Some of the housing will be delivered by communities, some by councils, some by RSLs and some by the private sector. For example, Scottish and Southern Electricity Networks is talking about building 200 homes in association with its network upgrades, which is excellent.

We need to have a mixed economy approach, but it must have a regional focus. I will mention one tweak that the Government could make. The Scottish Government has an excellent office that deals with homes in Highland, but housing in Argyll and Bute is dealt with from the Glasgow office. If the Highland office, which also deals with the islands, could deal with Argyll, that would solve quite a few issues, because that office is very used to dealing flexibly with island communities, whereas the Glasgow office does not deal with islands very often.

There are some tweaks that can be made. I strongly favour a regional approach. That will involve working through the national strategy for economic transformation on a regional basis, thinking about how many houses we need to produce to support the economy and being focused on delivery. That is what it is all about.

There is plenty of innovation. The businesses in the Cairngorms have worked together. There is great innovation; we just need more of it, and we need to do it more quickly.

**Willie Coffey:** Thank you for those helpful and interesting answers to some of the points that I raised.

The issue of land availability has been mentioned. There seem to be differences in that regard between the situation in the south of Scotland and the situation in the north of Scotland. I invite our witnesses to comment further on those differences and their impacts.

Lastly, what more can we do to tackle the empty houses issue? Russel, you told us that 30 per cent of the housing in Gatehouse of Fleet is second homes. I presume that most of those are empty most of the time. I am not sure whether you can enlighten us about that in particular, but there are plenty of properties that are not lived in in Scotland. There are loads of them, including long-term voids that the councils have. We need a solution for that.

If the witnesses could first address the land availability issue, contrasting for us the situation in the south and the north of Scotland, that would be very welcome.

**Professor Griggs:** Guy, who is sitting behind me in the gallery, is writing my answer on the land question, so let me take the question about the number of empty houses in Gatehouse of Fleet. It is interesting. To answer Mark Griffin's question as well, my personal view is that, to make a real impact, you would have to make the council tax 10 times higher than it is. If someone can afford to buy a second home, doubling the council tax will make no difference one way or the other, in my view.

I think that we have to make an impact on the number of those second homes. A lot of them are empty, and not just in Gatehouse of Fleet. There are streets in Kippford where, if you walk along in the winter, you will see no lights on at all. That does harm to the community over time. That is not an issue just for Scotland—they are dealing with it in Cornwall and Cumbria and all over the place. Whether you tax people when they buy a second home or whether you put in quotas—I hate to use that word—on how many houses can be that way I do not know, but it is an issue.

It is also becoming a divisive issue in communities. I have sat in meetings in town halls at night, where the people who have moved in and bought some of those houses have a totally different view on where they want the community to go to the view of people who are already there. It is causing divisiveness in our local communities. If I may be very direct, I was at a community

meeting in a place not far from Dalbeattie. A person stood up, banged the table and said, "I did not move here so that you could change." That is a big issue that some communities have now. Your point about empty houses is a good one and we must also consider the impact that that has on communities. If we really are going to deal with the issue, we will have to have some big, grown-up, adult discussions about how to do it—whether by trying to interfere in the housing market or by putting severe financial penalties on people who are seeking to buy.

I will now answer the question about land. We have plenty of land, but there is a lack of developers. There has always been land, I suppose, but since 2008 we have lost our SME builders, who would go in and pick up bits of land. Those bits are not big enough for the private developers to pick up, because they only want to build 50 or 100 houses at a time, and these bits are for a dozen houses. Land has always been there; it is just that, pre-2008, we had a group of SMEs who would say, "I can build four houses on that plot of land." A lot of them went, and a lot of those that remain are not willing to take the risk to do that, although we are beginning to see some more of that happening, especially along the Solway coast. However, the answer to that question is a strange answer: the land has always been there, but we have lost those who used to buy the land to build on.

**Willie Coffey:** Is strengthening compulsory purchase powers part of the equation? That is for Ailsa Raeburn.

**Ailsa Raeburn:** [*Inaudible.*]

**The Convener:** I ask that you all indicate clearly when you want to come in. I was going to bring you in anyway, Ailsa. You can say something on the additional dwelling supplement if you want to, because I think you indicated earlier that you wanted to come in on that and I did not catch it. Then you can also address the land question.

**Ailsa Raeburn:** I will address that question first. Russel made the point twice that council tax is neither here nor there, really. It gets a bit of extra income for local authority, but it will not stop people buying second homes, particularly when the house values are so much lower than where their first home is. You can either put in a very punitive rate of council tax, or you can look at the planning system.

Community Land Scotland did some work on the planning system, funded by HIE, about how to identify second homes and putting caps on the number of second homes in certain communities where there is particular housing pressure. That really needs to be considered again, as that is a route that is available to the Scottish Government.

So many short-term lets do not pay council tax or business rates, as they get small business rates relief, so they are not making any contribution. That issue could be addressed really quickly. At least they would then be making a contribution to the local services that their users are using.

Picking up on a point that Russel Griggs made, there are people who buy a second home in a place because they really like that place, and they do not want to see new houses built there. They are not really bothered if the school closes, as they do not use it anyway. It is the same if there is no doctor, as they do not use one there. That comes back to a planning issue: how many second homes and short-term lets are viable in a community? I think that local communities should have the opportunity to comment on that, but they do not have that at the moment. We all have examples, and some have been mentioned from the south of Scotland.

Plockton is a beautiful place, but 40 per cent of the housing stock is short-term lets or holiday homes. Most of the houses on the front street, which is a prime spot, are holiday homes. We have the tools available to us, but we need to support communities in using those tools. That is the second-home issue.

I will make two points on the subject of land. In the Highlands and Islands in particular, we still have a hugely concentrated pattern of land ownership, as you will all be aware. There is a fantastic, vibrant community up in the north-west, where the local estate, which is a charitable trust, owns 26,000 hectares all around the community, but there was no land available for housing, so the community had to buy less than an acre from the NHS to build three small houses. Where is the equity in that, if a charitable trust that owns 26,000 hectares cannot make 1 acre of land available for housing? That absolutely needs to be addressed. The Land Reform (Scotland) Bill will give us some opportunities to do that.

Where communities own their own land—whether in Eigg, Gigha, Knoydart or west Harris—the population is going back up, and the demographics are changing. Those communities see that the big issue is providing more housing of the right type in the right place, and they have the land to do it. Land is a massive issue—but there are solutions.

**The Convener:** Before I bring in Ronnie MacRae I want to ask Ailsa Raeburn about the idea that the planning system could put a cap on second homes. Would you imagine that that sits in local development plans or in local place plans?

**Ailsa Raeburn:** Local place plans often set out numbers of short-term lets and second homes. There was a proposal under short-term let

licensing to include limits, but that was taken out, almost at the last minute. It would be good if that could be reintroduced when the short-term lets review takes place, so that communities could say that, although they all know that they need short-term lets, which are an integral part of the tourism industry, there needs to be a limit on them. Communities cannot just keep having more and more of them, and local place plans often talk about that. There is a function through short-term let planning control area orders to implement that, which is now being tested in Edinburgh and by Highland Council. There are other communities that also want that.

To return to a point that Pauline Smith made, it is communities that have to push that. Groups of volunteers have to make the point that their communities are dying, as 40 per cent of their houses are not used. They have to push local authorities and the Scottish Government in the face of massive industry pressure, and a lot of personal grief comes the way of communities that want to do that. We need to make that system easier.

All the tools are available; we just need to think about how we can make it easier and more flexible for people to have a say over what is happening in their local community, rather than just being subject to all the external forces over which they have no control.

**The Convener:** We are almost coming up to 11.00, and I would like to extend this evidence session by 15 or 20 minutes, if that is okay with everybody. We have a few more questions, the witnesses certainly have plenty more to say and it is important for us to get it on the record.

**Ronnie MacRae:** Land reform has certainly helped—perhaps not so much in practice, but the fact that it is there can assist in negotiations with landowners. Similarly to the proposal on working with businesses, there needs to be a bit of flexibility in this respect. We have examples in places such as Rothiemurchus, where, working with the landowner and using a planning system that was prepared to work with the landowner, we were able to deliver 66 per cent affordable housing, protected at 65 per cent of the market value. That was enabled by the rural housing burden and it required no public subsidy at all. There was a benefit to the landowner, but there was also a huge benefit to the public sector and the affordable housing sector. There are more examples of that happening and other places where it could happen.

11:00

On empty homes, again, more flexibility is required. There are models that can be used in

relation to that issue, and we have proposed a repairing lease model, which is almost like a self-build approach for existing housing. We have not been able to get that through the system, but there are models that can help. There is no silver bullet, but a mix of all the different options could really impact on empty homes. Things such as the legacy fund can play a part, but we need flexibility.

**The Convener:** Before I bring in Mike Staples, I want to probe that answer a little more deeply. At the Rural Housing Scotland conference that many of us attended, I was talking to an architect based in England—I think that his name is Craig White—who told me that there is a piece of legislation in England that requires local authorities to keep a register of land that is available specifically for self-build and community build. Do we have something like that in Scotland?

**Ronnie MacRae:** There is a requirement on Scottish planning departments to keep a register of land for self-build.

**The Convener:** So, if a community wanted to do a self-build, it could ask the planning authority where the available land is and the planning authority would have to show it that?

**Ronnie MacRae:** I am pretty sure that that is the case.

**The Convener:** I might need to follow up on that.

**Mike Staples:** I do not want to contradict Russel Griggs's view about there being land for development, but, with regard to the conversation about potential barriers to delivery, it is important to remember that, in many of the projects that we are supporting with communities, the communities are tackling sites that are by no means straightforward. Very often, they are dealing with the most difficult sites—a lot of our work with communities has been on long-term vacant and derelict buildings in rural town centres. Communities are tackling sites that nobody else will tackle, perhaps because they are not commercially attractive—there is a reason why the private development market, RSLs and so on are not stepping in and tackling a three-unit rural town centre site or a hotel that has been semi-derelict for 30 years. To place all that risk on the community and make it more difficult for the community to find its way through that process is obviously counterproductive.

I am not suggesting that the land is not there, but it is important to remember that the projects where communities are intervening in a site are not always either the most deliverable or the most straightforward, but they are ones that have significant regenerative and placemaking impact.

**The Convener:** Yes, communities are making a herculean effort.

Does anyone else want to come in on either the land issue or the additional dwelling supplement?

**Stuart Black:** On land supply, it is important to distinguish between land that is allocated and land that is effective, because infrastructure costs can be significantly higher in some places, particularly in west-coast locations where there is a lot of peat and a lot of rock. Land might be allocated, but can it actually be used?

The other thing that we have not touched on is the issue of infrastructure costs. The cost of power, water, sewerage and so on can be significantly higher in those areas, which means that, although land might be allocated, using it might not be economically viable.

Community empowerment can work positively but, as has been touched on, there can also be negatives, with anti-development voices holding up effective house delivery. We see that in some communities where groups of residents decide that they do not want any more housing or any affordable housing, and that can stop progress. Community empowerment needs to be careful to strike a balance that takes into account the needs of people who are voiceless or are not there, by which I mean the young folk who cannot move into that community because there is no housing.

As Ailsa Raeburn mentioned, with regard to land supply in the Highlands and Islands, a lot depends on the owners and their attitude. If the landowner is positive and wants to support the community—the school, for example—land can be made available. However, if the opposite is the case, we will see communities being stymied and stifled. The community ownership model has transformed places such as Eigg and Gigha, the populations of which are twice what they were under private ownership.

I absolutely agree with Mark Griffin's point about the additional tax on second homes—particularly if that money is ring fenced for new-build housing and more development, because the key is increasing the supply of housing in many of these locations. Therefore, it would be good if that additional money could be used to support further development. Highland Council used the second-home tax for many years on second and holiday homes. There was an option to give a discount, but Highland Council did not offer that and instead used that money to build more housing.

**The Convener:** That is great. Stephanie Callaghan is next.

**Stephanie Callaghan (Uddingston and Bellshill) (SNP):** I will direct my first question to Mike Staples and Russel Griggs, but I am happy

for anybody else to comment. The rural community housing bodies have been awarded funding of £960,000 jointly by the Scottish Government and the Nationwide Foundation. The funding is over three years and is for the Communities Housing Trust and South of Scotland Community Housing to deliver housing projects. What have you been able to plan to do with that money?

**The Convener:** I just want to clarify that you meant that your question was for Mike and Ronnie rather than Mike and Russel.

**Stephanie Callaghan:** Yes—I am sorry.

**Mike Staples:** The two enablers entered a three-year funding package from June 2023. We are immensely grateful for that. That continues our long-term relationship with the Nationwide Foundation. What is significant about that funding is that it allows us to support our organisational resource, which has been massively stretched relative to the number of communities that we have been engaging with. The funding is oriented towards developing a significant pipeline of new projects that will lead to future applications to the rural housing fund.

With regard to the impact at this stage, I shall let Ronnie MacRae speak for himself but, between the two organisations, we are developing a significant pipeline of new projects. SOSCH is engaged with about 50 individual communities and we have 30-odd individual projects in development. Therefore, it has been really positive.

At the moment, as we develop that pipeline, our concern is the challenges, particularly driven by cost, that we are facing around deliverability and getting future projects to site and through the system. However, what the development of the pipeline is clearly demonstrating is that there is huge potential to upscale the process and do more. I reiterate the point that we do not need to reinvent the wheel on this. There are so many communities but also employers and charitable trusts that want to engage with the process and the rural housing fund in order to deliver localised solutions. We need to be able to capture that potential effectively.

**Stephanie Callaghan:** Has part of that been about supporting the building of capacity in communities themselves? Has that been a factor?

**Mike Staples:** Yes. Again, I shall let Ronnie speak for himself, but we work with communities throughout the whole process. We engage with communities to help them to develop the project and give them that consistent support and expertise around capacity building.

**Ronnie MacRae:** As Mike Staples said, we are extremely grateful for that funding. Our major concern is about delivery, because we can build that pipeline and there are hundreds of houses across hundreds of communities that are waiting to go. We just talked about 60 in north-west Sutherland and 80 in Wester Ross, and that is just a small snapshot of the projects that are there waiting to be delivered.

The land has been identified, as have the tenures, so we know what is required, but delivering it is a worry for me, as the chief executive officer of an enabler. We do not like building up expectations and then not delivering, especially when the need is so great. As I said, the demand and the need are growing, but the delivery is slowing. We need to work very quickly now to grow the construction sector, repopulate and regenerate areas and get housing delivered.

**Stephanie Callaghan:** The Scottish Government is looking for rural community housing bodies to become self-sufficient. How realistic do people think that aim is, and if it is realistic, how could it be achieved?

**Ronnie MacRae:** I think that it is very realistic. Under the current systems, it is not, but with flexibility and the ability to use a range of delivery models that have been tried and tested, we can do it.

Especially before Brexit, the CHT was able to grow its incomes from models. We did not need funding from the Scottish Government or the Nationwide Foundation to do that. Because projects were on the ground, we had a sustainable model that could bring us an income. Inflexibility and the problems in the construction sector mean that that model is not working at the moment, but we are quite confident that it could provide an opportunity for communities to be a lot more sustainable. Systemic change needs to happen quickly, though.

**Mike Staples:** I will reiterate that point. We are both working on our business models constantly. It is important that we are clear that we have to achieve a balance in where our income comes from, because our organisations cannot operate as consultancies. We have to be able to work with communities. It has been mentioned that projects can take a very long time. If we are going to provide consistent support during three, four or five years with a community organisation, we cannot limit our support to the consultancy-fee model. There are fee-earning opportunities for us, but they come at the delivery stage, so we need to progress projects in order to build.

**The Convener:** We are coming to the end. I will bring in Mark Griffin—although I think that we have touched quite a lot on the area that he is going to

bring up—and then we will go back around and find out whether there is anything else that witnesses think we need to hear about. I am giving you all a little alert about that.

I am interested in how the housing needs and demands assessment works for rural areas. I am also interested in hearing about an upcoming asset transfer review. I spoke with one of Ailsa Raeburn's colleagues, Carey Doyle, who mentioned the need for a coherent framework for all the tools for communities. It would be interesting to hear a little bit about that, and about the difficulties relating to the fact that communities need to be able to look at and read legislation to understand what they are supposed to be doing. I would like to know whether we can make that easier. Those are just a few areas, and witnesses might want to talk about other things that we have not gone into at all, but I want to give them an opportunity to talk about such things.

11:15

**Mark Griffin:** As the convener has said, we have already touched on the Government's affordable housing supply programme. The Government's long-term target is to build an additional 110,000 homes by 2032—and I note that, this year's budget aside, it has said that it still plans to hit that target—but I am more interested in the 11,000 rural homes target. Does the panel think that that target is still feasible? If not, what needs to change to make it happen? Perhaps I can go from left to right, starting with Ronnie MacRae.

**Ronnie MacRae:** At the moment, I would say that it is not feasible, because there is not enough flexibility, and there is too much confusion arising from mixing the mainstream budget with the rural and islands housing funds budget. There needs to be clarity in that respect, as well as more flexibility and less risk for communities, and there needs to be a bit of give and take with regard to landowners and businesses.

Perhaps some of that can be tweaked. We are not talking about massive changes here; indeed, this sort of thing has been in place and has worked before, and if we can get back to that, the target will be deliverable. It would also bring costs down and budgets would not be as strained.

**Ailsa Raeburn:** I suppose that my question would be: is this the right target for now? We have already said that it was set several years ago, and Stuart Black has mentioned the massive opportunities that now exist in the south of Scotland and the Highlands and Islands. Given the work that HIE and, no doubt, South of Scotland Enterprise are doing on thinking about that demand, we might actually need more than 11,000

homes, as that figure will have been based on need.

I come back to the convener's point about the housing need and demands assessment. At the moment, the system is needs led; in other words, it is all to do with the need in a community. If no one has said, "I am homeless", there is no need, but as we know, that will mask huge issues as well as opportunities with regard to demand.

My questions, therefore, are these: is this the right target? How are we thinking about the target now? We have talked a lot about community-led housing, but we also need to think about all-tenure housing, how we encourage more private sector delivery and what the mechanisms are in that respect. I do not think that that issue was really addressed at all in either strategy.

I would also go back to other things that we have mentioned, such as the prospect of making more land available, potentially via the lotting process set out in the Land Reform (Scotland) Bill. That will bring some more opportunities as well as more land—and, indeed, more land that is suitable for development. As Stuart Black has pointed out, sometimes the land that is allocated is not suitable for development, and the lotting process in the bill could identify land that is.

As has been mentioned, tools already exist that we need to think about in more detail, but the 11,000 target might need to be looked at again. I am not convinced that we will meet it, given all the issues that we have identified today, but there are opportunities to change things.

**Stuart Black:** The target needs to be looked at again, given the strength of the opportunity in the Highlands and Islands economy. We have around 8 per cent of Scotland's population, but, as far as housing is concerned, we need far more than, say, 8 or 10 per cent of the overall target, and I would like it to be increased.

**The Convener:** But, as we have been saying, if we are going to increase the target, we will need to iron out all the other wrinkles very quickly. Otherwise, we can increase the target and say that it will be met by a certain date, but we will still not meet it.

**Stuart Black:** I am talking about not just an increased target but an increased focus on delivery. That is what it has to be about. My chairman and board set us stretching targets that we try to get to, and we need to ensure that there is delivery to back up those numbers.

**Pauline Smith:** It sounds to me as if a review is needed. The demand and need are there, there is a desire to do this work, and lots of communities have plans and aspirations in this respect. However, the problem is all the blockers that we

have talked about today, and if they are removed, you will be able to increase the targets, the numbers and the delivery. As I have said, the target needs to be reviewed.

**Mike Staples:** If we are to get anywhere near these numbers, all the different pieces of the jigsaw, of which community-led housing is just one piece, will be required to come together. As for communities leading on their own needs, it is important to remember that it is not always best to drive targets by unit numbers. As has been said this morning, small numbers of new homes can have a big impact on communities. Specific rural communities do not always need bigger numbers of homes; what they need are the right houses in the right places.

Having said that, loads of opportunities are being driven by community-led housing initiatives. Allowing communities to drive the agenda through place planning in order to bring housing into community ownership and catalyse other types of development and delivery by promoting partnerships will be key to getting the numbers up. Certainly, we would like to see the development agencies playing a role in helping to enable those partnerships, which is already being done.

**Professor Griggs:** I think that we need a different target, if I can put it that way. It is not just about affordable homes, but about all the homes that we need. It goes back to the point that you have made several times, convener, about knowing what the demand is. We need to know what we need to supply for all housing tenures, whether that is affordable, social, private or rented homes.

In rural areas, we need a different target, which is why I think that place planning is so important. That process will get every community to look at where they are so that we can better address the problems. Focusing on only one bit of the challenge is the wrong answer, because that will not give us what we want, which is places for people to stay across the whole gamut of housing types.

**The Convener:** Does anyone have anything else that they think that we need to cover? I realise that there is a whole other topic that we could be talking about, which is the challenge of retrofitting. I will not open up that topic, but we have touched a little on areas such as the shortages of the supply of people who have traditional building skills. Is there anything else that you think needs to be highlighted before we close the meeting?

**Professor Griggs:** I hope that Ailsa Raeburn might say the same thing as I said. We place a lot of emphasis, quite rightly, on communities. I was with volunteers from 12 communities last week to

discuss something that was nothing to do with housing; it was about whether they wanted to buy a share in a wind farm. We are putting a huge burden on communities without looking at the bigger picture: how we build their capacity to deal with issues, and how we make people available to support them.

From listening to the conversation that I had a couple of weeks ago, I know that part of the challenge is that we are getting volunteers to commit their communities to projects with timelines that are 10, 15 or 20 years ahead. That is difficult for a group of volunteers to do. In all that we do, not just with housing, we need to start thinking about how we build capacity in our communities to do all the things that, quite rightly, we think that they should be involved in.

**Ailsa Raeburn:** I could not have put that better myself. I am sure that Pauline Smith would agree with me.

I will reiterate a point that I made at the start of the meeting. Communities are stepping in because the private sector has failed and the public sector has failed. The public sector has been funded to do the work for a very long time, and we are now seeing communities as a cheap solution. I was a bit disappointed by the question on whether we should expect SOSCH and the Communities Housing Trust to be self-sustaining. Of course we should not expect that, because they are providing a public service and we should recognise that—they are addressing the issues that no one else seems to be able to address. Sometimes, we lose sight of that and think, “Oh well, no one can do it, so let’s let the communities deal with the derelict hotel, or the housing issue.” The communities might be prepared to step up and do those things, but we need to recognise that they are providing a public service and that they should be rewarded or funded accordingly. We should not just assume that they are always the cheap option.

**The Convener:** Russel Griggs brought up building capacity for communities. Do you or Pauline Smith have thoughts on what we need to be doing to build that capacity? Where do we need to start?

**Pauline Smith:** It is about putting trust into communities and investing in them. I said earlier that communities know what is best, but there have to be support mechanisms around them in order to let them do what they need to do. We need to invest in the infrastructure and the support mechanisms for communities, rather than just expecting them to do things. We have talked about funding, but we talk about investment a lot more these days.



Communities are setting up complicated businesses; they are not just running a lunch club, for example. They are running buildings, pubs, schools and houses. They need to be respected in the same way that other businesses are. We have the answers and we have the blueprints for how communities can do those things. There are endless stories of what they can do, but the job is not easy. It takes trust and investment from the Scottish Government in community infrastructures.

NSET has been talked about, and there are some answers in some of the NSET papers and working groups. It is about the transformation of our country. I will say again what I said about the local governance review: I think that extra governance reviews need to be added to local government structures in order to give them the powers and the finances to do what they really need to do.

**The Convener:** Where should the support mechanisms that need to be wrapped around communities sit?

**Pauline Smith:** I think that you have the evidence—it should sit with the Communities Housing Trust, the Rural Housing Trust and others out there who have the expertise. We get calls about housing daily, but we are not experts. We are there to support our members. We need people to be able to refer to that expertise—for the two houses in Cromarty or the 100 houses in Mull. Other places need to be able to get that expert help and support.

**The Convener:** Could local authorities play more of that kind of supporting role?

**Pauline Smith:** That is a possibility, but some of our members say that local authorities will not even adopt roads when they have built the houses, so there is a lot more underlying the local authority support that needs to be sorted out. They might be keen to support, which is what people have said, but there are problems where the authority does not want to take any extra burden—where the community has built the house and redone the road, but the authority still will not adopt the road to maintain it. There are some big issues there that need to be resolved.

**The Convener:** Thanks. Does anybody else want to come in with a final point?

**Stuart Black:** I welcome the session today. Housing has a huge role to play as an economic enabler. We think of it as something that is meeting the needs of communities, but it is actually fundamental to the economic growth and future of the Highlands and Islands, in particular. If we are going to take advantage of the new job opportunities around renewables, we need housing to back that up.

Last week, I was at the opening of Stornoway harbour, which is a £48 million investment. The Western Isles have had a falling population, but the harbour can be part of the rebirth of that economy if housing is provided for the people, including people who will work in the renewables sector in future.

**The Convener:** Okay, I think that we are done. That was a tremendous session, and at the end we started to highlight some more things that we could touch on, such as the role of the private rented sector and aspects of retrofitting.

Thank you so much for joining us this morning. It has been really helpful to have this conversation to identify some of the areas where the Scottish Government could smooth the way and remove the blocks—I think that the word blocks was used. We very much appreciate that you have joined us and given us evidence.

As we agreed at the start of the meeting, we will take the next item in private.

11:27

*Meeting continued in private until 11:51.*



This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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