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Highland Council Considers Region-Wide Short-Term Let Control Zone Amid Housing Crisis

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Highland Council is set to debate a proposal that could introduce a region-wide control zone for short-term lets, such as Airbnb-style holiday rentals, in an effort to ease growing pressures on housing availability across the Highlands.

The proposal, put forward by Inverness councillors Michael Gregson and Duncan Macpherson, comes amid increasing concern about the shrinking supply of long-term rental

properties and the need for over 24,000 new homes in the region within the next decade. Currently, 7,011 short-term let (STL) licences have been granted across the Highlands, while only four applications have been refused raising questions about the effectiveness of the existing regulatory system.

Short-term lets are not banned in designated control zones, but operators are required to obtain both a licence and planning permission, giving local authorities greater oversight. The proposal follows the introduction of the Highlands' first STL control area in December 2023, covering Badenoch and Strathspey. Councillors believe this pilot scheme provides a model that can be expanded to address housing stress in other parts of the region.

In a paper to be presented at the full council meeting, Gregson and Macpherson warn that the long-term private rental market has “shrunk disastrously,” with estate agents withdrawing from lettings due to the lack of available housing stock. They suggest that the council should urge the Scottish Government to revisit the idea of including an “overprovision policy” in the STL legislation. If that proves unfeasible, they propose seeking approval for a Highland-wide control zone designation.

“We have already implemented a control zone in Badenoch and Strathspey and gained valuable experience,” said Gregson. “The powers can be used where appropriate to help manage housing, infrastructure, and local services.”

However, the proposal has sparked criticism from property owners and representatives of the tourism sector, who argue that such measures will harm small-scale operators and fail to address the root causes of the housing crisis.

John Gordon, a property owner in Portree, Isle of Skye, said delays in securing a licence have already cost him thousands of pounds. “Tourism continues to be blamed, but it’s small, independent operators like myself who are bearing the burden,” he said.

The Association of Scotland’s Self-Caterers (ASSC) described the proposed region-wide control zone as “regulatory overreach.” Chief Executive Fiona Campbell stated, “Self-catering accommodation contributes £200 million annually to the Highland economy and supports 7,000 jobs. Imposing further restrictions without clear evidence of benefit risks damaging a vital sector.”

Highland Council officials have acknowledged that such a move would carry significant financial and administrative implications, including the potential for legal challenges similar to those faced by the City of Edinburgh Council, which was forced to amend its STL licensing scheme following a court ruling.

As the council prepares to review the proposal, the outcome could set a precedent for how rural communities across Scotland balance the economic benefits of tourism with the urgent need to secure affordable housing for local residents.