



THE HIGHLAND COUNCIL

**CAITHNESS AND SUTHERLAND
LOCAL DEVELOPMENT PLAN**

**MONITORING STATEMENT – ADDENDUM:
HOUSING BACKGROUND PAPER
(Committee Version)**

November 2015



CONTENTS

1	INTRODUCTION.....	3
2	THE 2015 HIGHLAND HOUSING NEED AND DEMAND ASSESSMENT.....	3
3	POPULATION PROJECTIONS	4
4	FUTURE HOUSING REQUIREMENT	5
5	PROJECTED FUTURE HOUSEHOLD COMPOSITION	7
6	COMPARISON WITH 2010 HNDA	7

Table 3-1	Projected Populations for Caithness and Sutherland Housing Market Areas.....	4
Table 3-2	Projected Population by Age Band 2015 to 2035.....	5
Table 3-3	Projected Change in Population by Age Band 2015 to 2035 as a percentage of the 2015 population.....	5
Table 4-1	New Housing Requirement (All Tenures) – Effective Housing Units	6
Table 4-2	Need for Social Rented Housing	6
Table 4-3	Housing Requirement as Houses to be Built, Taking Ineffective Stock into Account	6
Table 4-4	Housing Land Requirement (including allowances for ineffective stock and flexibility / market choice)	7
Table 5-1	Estimated 2015 and Projected Households and Household Composition for the Plan area.....	7
Table 6-1	Comparison of High Migration Scenario with 2010 HNDA, 20 Years for LDP	8

CAITHNESS AND SUTHERLAND LOCAL DEVELOPMENT PLAN

MONITORING STATEMENT – ADDENDUM: HOUSING BACKGROUND PAPER

1 INTRODUCTION

The Monitoring Statement for the Caithness and Sutherland Local Development Plan (*CaSPlan, or the Plan, for short*) published in October 2014 presented in Section 12 information on the likely future need for additional housing in the Plan area. This information was based on our 2010 Housing Need and Demand Assessment (HNDA).

Since the Statement was published, the Council has started consultation on a revised Highland-wide Local Development Plan (HwLDP) and has prepared a new HNDA. This addendum to the Statement presents information from the new HNDA which supersedes Section 12 in the Monitoring Statement.

2 THE 2015 HIGHLAND HOUSING NEED AND DEMAND ASSESSMENT

The full revised HNDA has been prepared in accordance with Guidance¹ issued by the Scottish Government's Centre for Housing Market Analysis (CHMA) and gives detailed information for all ten Housing Market Areas (HMAs) in Highland. It is available here:

[2015 HNDA](#)

In preparing the HNDA the Council has examined three future scenarios for population and household growth based on scenarios prepared by National Records of Scotland (NRS) for Council areas in Scotland, and applied 'in-house' to the ten Highland HMAs. These three scenarios – principal, high migration and low migration – are based on a continuation of trends in the five years leading up to the base date for the projections of mid 2012, which is a period of low economic growth as it contained the credit crunch and subsequent prolonged recovery. The Council believes that, of the three scenarios prepared by NRS, the high migration scenario is closest to the rate of growth that we will see in the future. This scenario assumes that Highland will gain 1,100 people per year overall, slightly higher than the historic average over the last 20 years, but results in a rate of household growth that is much lower than the historic rate.

The Council is concerned that if this lower growth rate was to be used as the basis for a housing supply target that is too low there would be a risk of constraining economic growth through increased house prices, low population growth and skills shortages. In developing both our HwLDP and this Plan for Caithness and

¹ <http://www.gov.scot/Topics/Built-Environment/Housing/supply-demand/chma/hnda>

Sutherland we therefore also consider the level of development that would be needed to support continued growth.

At the time of preparing this background paper, our 2015 HNDA has been submitted to the CHMA for assessment against their “robust and credible” criteria. Much of the HNDA has been assessed by them as robust and credible but they have asked for some additional changes to improve the clarity of the document. We have made the changes suggested and submitted them to the CHMA but they have not completed their assessment.

In the Main Issues Report for our revised Highland-wide Local Development Plan² we are consulting on two scenarios:

- A ‘low’ scenario: The NRS high migration scenario gives a baseline used as the “low” scenario in our HwLDP Main Issues Report. This scenario has been assessed as robust and credible by the CHMA, and has been used as the basis for the population and household projections in Table 3-1, Table 3-2 and Table 3-3 below.
- A ‘high’ scenario: The housing supply targets given in Table 4-1, Table 4-2, and Table 4-3 below are based on continued growth and have been taken from the “high” scenario in our HwLDP Main Issues Report. This scenario has not been assessed by the CHMA against their criteria for robust and credible status as it is policy based and outwith the scope of the Guidance.

The Proposed CaSPlan uses the continued growth figures. Reasons in support of this approach are provided within the Council’s documented response on the issue of “Housing needs in Caithness & Sutherland”, following consultation on the CaSPlan Main Issues Report.

3 POPULATION PROJECTIONS

The population projections are based on the NRS 2012 projections for the high migration scenario in which an average of 1,100 people move into Highland each year, slightly higher than the average rate over the preceding 20 year period. This is a net gain of around 75 people per year to the Plan area: 5 to Caithness and 70 to Sutherland. Table 3-1 below shows that under this scenario the population is expected to fall by 2,031 (5.1%) over the next 20 years with a slightly higher percentage fall in Caithness.

Table 3-1 Projected Populations for Caithness and Sutherland Housing Market Areas

Housing Market Area	2015	2020	2025	2030	2035	% change 2015 to 2035
Caithness	26,154	25,970	25,680	25,227	24,618	-5.9
Sutherland	13,827	13,740	13,664	13,543	13,332	-3.6
CaSPlan Area	39,981	39,710	39,344	38,770	37,950	-5.1

Source: Highland Council 2012 Series Population Projections, high migration scenario

² <http://consult.highland.gov.uk/portal>

Table 3-2 and Table 3-3 below show that over the next two decades the relatively modest change in the total population is expected to be accompanied by a significant change in the age structure. The number of people in all of the under 65 age groups is expected to fall, with increases in the number of people of retirement age. In particular, the number of people aged over 85 – the age group with the most significant care needs – is expected to increase from 1,150 to 3,047 (165%).

Table 3-2 Projected Population by Age Band 2015 to 2035

Age band	2015	2020	2025	2035
0-14	5,718	5,413	5,146	4,757
15-24	4,051	3,708	3,399	2,983
25-44	8,100	8,023	8,098	7,337
45-64	12,284	11,764	10,666	8,907
65-74	5,464	5,665	5,796	6,168
75-84	3,214	3,631	4,329	4,750
85+	1,150	1,506	1,909	3,047
All Ages	39,981	39,710	39,344	37,950

Source: Highland Council 2012 Series Population Projections, high migration scenario

Table 3-3 Projected Change in Population by Age Band 2015 to 2035 as a percentage of the 2015 population

	2015 to 2020	2015 to 2025	2015 to 2035
0-14	-5.3	-10.0	-16.8
15-24	-8.5	-16.1	-26.4
25-44	-1.0	0.0	-9.4
45-64	-4.2	-13.2	-27.5
65-74	3.7	6.1	12.9
75-84	13.0	34.7	47.8
85+	31.0	66.0	165.0
All Ages	-0.7	-1.6	-5.1

Source: Highland Council 2012 Series Population Projections, high migration scenario

4 FUTURE HOUSING REQUIREMENT

Our HNDA covers the period from 2015 to 2035 and gives information on the number of new homes we will need together with a tenure breakdown. Despite the fall in the overall population, additional new houses will be required throughout the first 15 years to meet the demand from a combination of the falling household size and eradicating the backlog of need for affordable housing. During the final five years of the Plan the rate of fall in the number of households in Caithness outstrips the rate at which household sizes are falling and no new houses are required. Table 4-1 below shows that 457 houses will be required in the first five years of the Plan, and 371 during the second with only 205 during the final ten years.

Table 4-1 New Housing Requirement (All Tenures) – Effective Housing Units

Housing Market Area	2015 to 2019	2020 to 2024	2025 to 2029	2030 to 2034	20 Year Total
Caithness	254	196	72	0	498
Sutherland	203	175	103	30	510
CaSPlan Area	457	371	175	30	1,008

Source: Highland Council Housing Need and Demand Assessment 2015

Table 4-2 below shows the need for social rented housing during each five year period. The figures assume that the current backlog of existing need of 55 in Caithness and 54 in Sutherland is removed during the first ten years of the Plan period.

Table 4-2 Need for Social Rented Housing

Housing Market Area	2015 to 2019	2020 to 2024	2025 to 2029	2030 to 2034	20 Year Total
Caithness	89	74	21	0	175
Sutherland	80	74	36	11	201
CaSPlan Area	169	148	57	11	376

Source: Highland Council Housing Need and Demand Assessment 2015

Table 4-1 above refers to the number of effective occupied houses and to estimate the number of homes to be built we need to adjust these figures to take account of ineffective stock in each HMA (6.1% in Caithness and 16.3% in Sutherland, mainly vacant stock and second / holiday homes respectively). The results of this calculation are given in Table 4-3 below and show that in order to deliver the housing requirement as fully effective stock we need to build 1,140 houses over the 20 year period.

Table 4-3 Housing Requirement as Houses to be Built, Taking Ineffective Stock into Account

Housing Market Area	2016-2020	2021-2025	2026-2030	2031-2035	20 Year Total
Caithness	271	209	77	0	530
Sutherland	243	209	123	36	609
CaSPlan Area	513	418	200	36	1,140

Source: Highland Council Housing Need and Demand Assessment 2015

A further consideration is the additional margin that needs to be added to provide flexibility for changing local circumstances and market choice, and therefore Table 4-4 below is based on Table 4-3 and includes an additional allowance of 20% to give the housing land requirement.

Table 4-4 Housing Land Requirement (including allowances for ineffective stock and flexibility / market choice)

Housing Market Area	2016-2020	2021-2025	2026-2030	2031-2035	20 Year Total
Caithness	325	250	92	0	636
Sutherland	291	251	148	43	731
CaSPlan Area	616	501	240	43	1,368

Source: Highland Council Housing Need and Demand Assessment 2015

5 PROJECTED FUTURE HOUSEHOLD COMPOSITION

The average household size has been decreasing for a number of years and is expected to continue to decline in the future as a result of two main factors: first the increasing divorce rate and number of single parent families, and second increased life expectancy which will increase the number of older single and two person families. These trends would generate a significant requirement for new housing even without any population growth. Table 5-1 below shows that the number of 3+ person all adult and 2 adults plus children families is expected to decrease, with increases in all other types and the largest increase in one person male and female households (20.3% and 9.6% respectively).

This points to a possible requirement for smaller houses in the future, but the demand for larger houses may continue as people value generous living space and the opportunities this gives for (eg) having visitors to stay in our increasingly mobile society.

Table 5-1 Estimated 2015 and Projected Households and Household Composition for the Plan area

		2015	2025	2035	% Change 2015 to 2025	% Change 2015 to 2035
1 person	male	2,898	3,240	3,485	11.8	20.3
1 person	female	3,596	3,847	3,943	7	9.6
2 person	2 adult	6,708	7,112	6,987	6	4.2
2 person	1 parent	539	571	606	6	12.4
3+ person	all adult	1,473	1,297	1,104	-12	-25
3+ person	1 parent	418	446	465	6.7	11.3
3+ person	2 adults + children	3,153	2,765	2,544	-12.3	-19.3
	Total	18,786	19,278	19,134	2.6	1.9

Source: Highland Council 2012 based household projections, high migration scenario, using NRS headship rates

6 COMPARISON WITH 2010 HNDA

Table 6-1 below compares need and requirement (as effective stock) for the high migration scenario with equivalent figures from our 2010 HNDA, which were based on the 2006 series of population & household projections and net inward migration to Highland of 1,650 per year. They show a significant reduction in growth figures due

to changes in both methodology and assumptions (figures quoted below are Highland totals):

- In 2010, the backlog of existing need was significantly higher as it was based on all high priority needs and was not confined to need that could only be met through an addition to stock. The total backlog of need fell from 4,606 to 2,144 and in each case the assumption is that it will be removed over a 10 year period.
- The population growth is lower than in 2010, due mainly to a lower figure for net inward migration (1,100 and 1,650 per year respectively) but also a result of the ageing of our population in the intervening period and the increasing margin of deaths over births through the projection period.
- The 2011 Census has resulted in a revision of the assumptions on the way household composition and size is expected to change in the future. The rate at which household size is falling is lower than it was, and revised headship rates mean that Highland is now expected to have the second slowest rate of falling household size of all 32 Council areas (on a like for like population basis).
- Much of the analysis for 2010 was carried out by Heriot Watt University and their analysis of need was more sophisticated, including an analysis of turnover rates in HMAs with high stock relative to demand (applied particularly to Caithness, Sutherland to a lesser extent) and the financial resources of families moving into Highland.

Table 6-1 shows that although the need for social rented housing has increased, the total housing requirement over the 20 year period has fallen by more than half, from 1,556 to 712.

Table 6-1 Comparison of High Migration Scenario with 2010 HNDA, 20 Years for LDP

	Need (Social Rented)		Total Requirement	
	2010 HNDA	2015 HNDA	2010 HNDA	2015 HNDA
Caithness	0	136	656	354
Sutherland	146	150	900	358
CaSPlan Area	146	286	1,556	712

- Source: Highland Council Analysis and 2010 HNDA
-