Constraints and Barriers for New Housing for Communities of Northwest Scotland

Summary

Communities in the Northwest Highlands have been experiencing population loss for the last 140 years. However, the communities are reaching the point where the provisions of services are under threat, and these fragile communities are highlighting the need for affordable housing for young families and the demand for local affordable housing.

Housing development in the Northwest Highlands is constrained by:

- Limited housing sites
- Project development costs
- NPF4 planning policies
- Transport Management traffic regulations
- Higher building efficiency standards to be phased in 2028
- Increase in construction costs
- Housing Need and Targets for social housing

Limited Housing Sites

> *"The knock and lochan topography of the gneiss landscape … as hard and uncompromising as the mountains themselves"*[1]

Highland communities are characterised by the context of their surrounding topography to the extent that some communities are constrained by slope or soil type. These communities are further constrained by national and international land designation that require increased diligence (and cost) for construction.

The Northwest2045 area has designated areas covering Sites of Scientific Interest (SSSI), Special Protected Areas (SPA), Wildland Areas, World Heritage Site, National Scenic Areas (NSA), Special Landscape Areas (SLA), and National Trust Conservation Areas. Cumulative these designations cover 86.3% of the NW2045 area, including the majority of the settlements and townships.

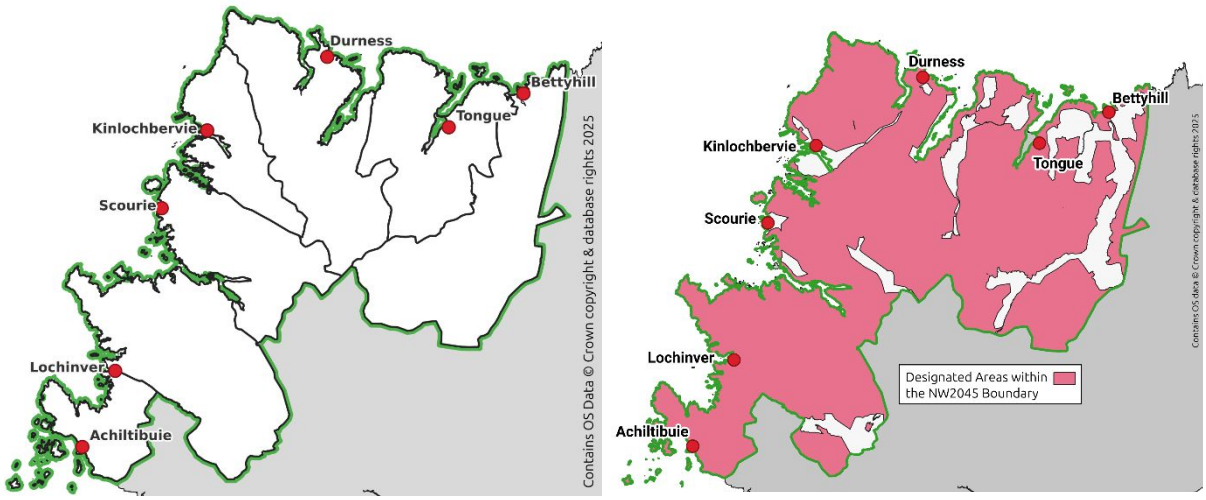

Figure 1. NW2045 Map and Map of Designated Areas in the NW2045 Area

[1] "The special qualities of the National Scenic Areas" (PDF). Scottish Natural Heritage. 2010. pp. 217–222. Retrieved 16 May 2018

Often flat or shallow sloped agricultural land is suited to house construction. Within the James Hutton Institute Land Capability for Agriculture (LCA) National Cover (1:250,000) Map[2] flattish, drained land is equivalate to Class 1-3. The LCA map classes no land in the Northwest 2045 area as Class 1-3 but rather as Class 4-7 made up of:

- 16.2% (approx. 45,000ha) Squelchy, Mid-Range of Slope or Elevation.
- 79.8% (approx. 226,000ha) Upland.
- 4.2% (approx. 12,000ha) as other (lochs and open water).

At 1:250,000 scale the map misses small pockets of land suitable for construction. However, the added requirements of finding suitable building sites proximate to a public road and services diminishes the number of new sites available.

Finally, many the Highland communities boarder the coast. SEPA guidelines on flooding prevention were most recently updated in 2025[3]. Some housing sites that were previously intended for housing may not meet the new regulations, and conversion of use of existing buildings for housing may not be permitted.

Project Development Costs

Project development costs have increased in recent years with the rigours of environmental regulations and higher exacting standards. New planning standards can require a variety of surveys including potential flooding, impact on trees, or concerns with carbon soil and add significant cost to pre-construction development costs. Ongoing Community Housing in the Northwest quote Project Development Costs ranging from £340k - £500k for projects for 10 affordable housing units to attain planning. These are the costs associated to achieving planning consent and projects still need to raise funds for the cost to submit for building warrant.

NPF4 Planning Policy

The National Planning Framework 4 (NPF4) has introduced 33 policies with which to evaluate planning application. Specific policies that are challenging to the northwest are:

Policy 5 Soils: Policy 5c addresses the issue of limitation of development on carbon rich soils, with accommodation for "Fragile Communities". Policy 5d specifies that where development is proposed on carbon rich soils a detailed survey is required. The NatureScot's Carbon and Peat Map 2016 identifies soil Class 1-3, 5 as carbon rich soils as making up 82.3%, while the majority of settlements making up approx. 0.5% of the area have not been classified. Considering that the NW2045 area is characterised by "Squelchy" soil it is likely that any new building sites in the settlements will be sited on peaty soil.

The NPF4 does not have a definition for "*Fragile Communities*" but may utilise the HIE Fragile Area classification (**Figure 3**). Assuming that the communities of the NW2045 are considered "*Fragile Communities*" (see Appendix 1), sites with carbon rich soils may receive permission to be developed but will require a detailed site specific assessment, incurring increased costs. Guidelines are likely to prohibit building on deep peat (peat depth >0.5m), require deeper peat deposits to be removed, and discourage floating foundations.

Policy 15 Local Living and 20 minutes neighbourhoods: NPF4 states "*In rural areas the approach to local living will be shaped by local context.*" As many of the communities are traditional crofting communities with extended lateral layouts, the

[2] Soil Survey of Scotland Staff (1981). Land Capability for Agriculture maps of Scotland at a scale of 1:250 000. Macaulay Institute for Soil Research, Aberdeen. 10.5281/zenodo.6322683

[3] futurefloodmap_explanatory_note_version_5.pdf

communities may need to define their settlement to provide local context to all the townships. The communities can then adapt the policy for rural contexts by focusing on digital access and mobile services, support community hubs and transport links.

Policy 17 Rural Housing: Policy 5a) supports the reinstatement of a former dwelling or reuse of an existing building. Unless new sites are recognised in the Local Development Plan (LDP), new infill or windfall housing sites will not be supported. Policy 5c)i provides support for "*new homes in remote rural areas*" where the building of new homes "*supports and sustains existing fragile communities*" (see Appendix 1). If communities are not considered as fragile, as the LDP is expected to be valid for a 10 year period, it may be sensible to identify new housing sites for inclusion in the LDP.

Policy 22 Flood Risk and Water Management: SEPA guidelines on flooding prevention incorporate estimations of 200 year flood and sea level change for climate change (dependent on location). Additionally raising the level of the site to mitigate flooding may not be permitted where there is reduction in floodplain capacity, increased risk for others, or a need for future flood protection schemes.

Policy 29 Rural Development: Policy 29d supports the resettlement of previously inhabited areas, if these areas are identified in the LDP.

Transport Management Road Layout Regulations

Traditionally the roads in the Northwest are narrow, with some A-roads (e.g. A838) and many township access roads being single track. Despite the rural locations some development projects have had problems fulfilling the expectations of Traffic Management for providing road infrastructure to rural settlements. The strict implementation of road design regulations that may be more appropriate for urban conditions have added to cost for project development. Communities posit that less elaborate road layouts would be more in keeping with communities served by single track roads and allow extra cost to be kept to a minimum.

Higher Building Efficiency Standards to be Phased in 2028

The Scottish Government is introducing higher building efficiency standards for rental accommodation, to be phased in starting April 2028, with full implementation by December 2033. These regulations are part of the broader effort to tackle fuel poverty, reduce carbon emissions, and support the transition to clean heating. This may lead to a reduction in the availability of rental accommodation as landlord who are unable to upgrade accommodation seek to sell the property or alternatively an increase in rent as landlords seek to recuperate investment in their rental property. If an increased number of older, energy inefficient properties flood the local housing market, there may need to source funding for purchase and upgrading the properties. Alternatively, if landlords seek to raise rents to recuperate property upgrade investments, communities may face an increased need for affordable housing.

Increasing Construction Cost

There has been an increase in tendered construction costs in the Highlands and in particular in in the Northwest. As the tendering process is confidential it is inappropriate to report figures from ongoing tenders. However, a tender that was received in early 2025 and due to the prohibitive cost led to the cancelation of the project is the renovation of a Victorian Primary School building in the Northwest. The building was to be renovated to create three units (2x2bed, 1x3bed), however the final cost including fees was approximately £475,000 per unit which meant the project was not financially viable. Causes of the increase in cost are not restricted to inflation and include:

- Local small contractors do not have the capacity to bid for projects advertised through Public Contracts Scotland (PCS). Larger contractors on the east coast who have the capacity to tender for contracts on PCS but need to include costs for travel and accommodation of their workers.
- Due to a lack of tradespeople, local contractors are constrained by certain trades e.g. joiners, who may be tempted to walk off the job mid project by other better paid jobs elsewhere. Due to the concern of contractual penalties for any delay that may occur, the local contractor needs to build in higher costs to maintain the necessary trades or look at alternative construction methods such as factory manufactured house kits.
- Local contractors who wish to explore alternative construction methods such as factory manufactured house kits are unlikely to have the scale of construction project that would merit trade discounts.

Housing Need and Affordable Housing Targets

The cost of house construction requires that excess units are not built in communities where they lie empty. The present metrics for estimating housing need are imperfect and make construction decisions difficult. Housing Need Assessments are based on surveys of present residents, as it is hard to target future residents who might wish to move to a community. Alternatively, the Highland Housing Register (HHR) through which individuals request housing, may miss applications from local residents who know there is no available affordable housing in their community. Local communities maintain that there is a high demand for housing. The forthcoming Scouriemore Housing Project for 10 houses in Scourie has already elicited 21 registered parties who wish to rent one of these houses. Although the communities of the Northwest have not had recent Housing Need Analysis Surveys, evidence of need is summarised in Appendix 3.

The 2022 census categorises the household tenure in the Northwest[4] with a significantly lower percentage of social housing compared to the Highland Council (**Figure 2**Figure 1**Error: Reference source not found**), and the majority of other Local Authorities in Scotland (**Appendix 2**).

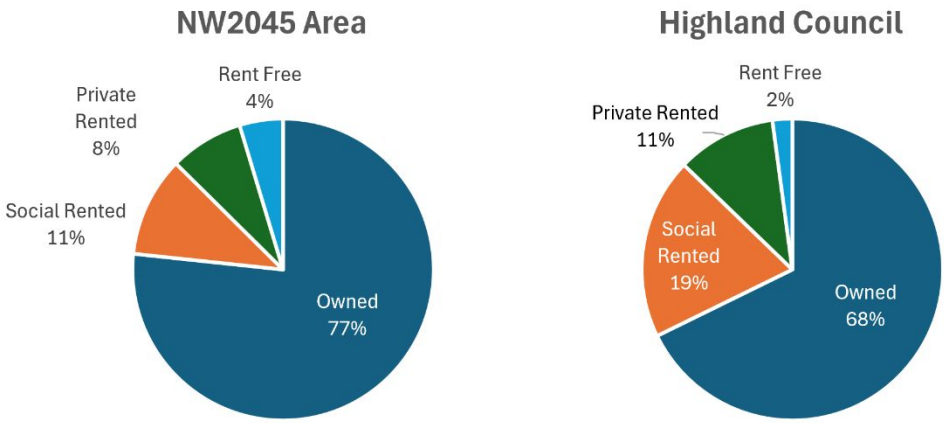

Figure 2. Occupied Household Tenure NW2045 Area and Highland Council (Census 2022)

[4] Scottish Government 2011 Data Zones: S01010811 Sutherland North and West – 02, S01010812 Sutherland North and West – 03, S01010813 Sutherland North and West – 04, S01010814 Sutherland North and West – 05, S01010815 Sutherland North and West – 06, S01010693 Ross and Cromarty North West - 04

Figure 3. Map of HIE Fragile Areas in the Highland Council Boundary

Appendix 1. Fragile Communities

In the National Planning Framework 4 (NPF4) planning regulations there are special dispensations for Fragile Communities, however NPF4 does not provide a single, rigid definition of Fragile Community in its Glossary of Definitions. The term is commonly used in planning policy to describe rural or island communities far from major urban centres that are vulnerable to depopulation and socio-economic decline. Using the HIE Fragile Areas (2015) classification (**Figure 3**) the NW2045 communities may be characterised as distant from urban centres, declining population, essential services at risk, or economically limited with few employment opportunities or reliance on seasonal industries.

Community Council Area	Rural Urban Class[5]	Declining Population since 1842	Declining Population 2011-2022	Essential Services at Risk: Primary School Roll 2024[6] as a % of Capacity	Economic Mainstay
Coigach	Class 8.[7]	-86.1%	8.7%	32%	Summer Isles Enterprise, Tourism, Crofting
Assynt	Class 8.	-64.7%	-8.7%	41%	Harbour, Tourism, Crofting
Scourie	Class 8.	-54.6%	14.3%	40%	Tourism, Crofting
Kinlochbervie	Class 8.	-54.6%	-14.0%	26%	Harbour, Tourism, Crofting
Durness	Class 8.	-69.7%	-13.6%	17%	Tourism, Crofting
Tongue	Class 8.	-70.9%	-10.9%	60%	Tourism, Crofting
Berryhill, Strathnaver & Altnaharra	Class 8.	-77.8	4.1%	62%	Thurso commutable area, Tourism, Crofting

The communities of the Northwest are by these definitions Fragile. These communities have identified at least two key constraints to their sustainability. These are:

Maintaining Healthy Primary School Roll: without a primary school young families will leave the community, and new families will not move to the area.

Affordable Housing: where there is demand, the construction of new affordable housing directly correlates with increase in school rolls[8]. To ensure continuing sustainable school rolls will require a pipeline of affordable housing projects into the foreseeable future supported by active economic development.

[5] Scottish Government Urban Rural Classification

[6] Primary School Roll as Percentage of school capacity

[7] Class 8. Very Remote Rural Areas

[8] School Pupil Product Ratio Review, Nov 2023. Highland Council

Appendix 2. Council Area by Percentage Household Tenure

Source: "Scotland's Census 2022 - National Records of Scotland, Table UV404 - Household tenure – Households, All occupied households"

Local Authority	% Household Owned	% Household living in Social Rented Housing (LA & HA)	% Household living in Private Rented Housing	% Household Rent Free
Aberdeen City	56.5%	22.4%	19.8%	1.3%
Aberdeenshire	73.9%	15.4%	9.1%	1.6%
Angus	67.1%	19.3%	11.8%	1.8%
Argyll and Bute	67.3%	19.0%	11.6%	2.0%
City of Edinburgh	60.1%	15.7%	23.1%	1.1%
Clackmannanshire	63.0%	26.8%	8.9%	1.4%
Dumfries and Galloway	65.0%	19.1%	13.5%	2.4%
Dundee City	51.6%	26.2%	21.1%	1.1%
East Ayrshire	63.5%	25.7%	9.5%	1.2%
East Dunbartonshire	82.5%	10.9%	5.8%	0.9%
East Lothian	67.8%	22.4%	8.5%	1.3%
East Renfrewshire	82.6%	10.8%	5.7%	0.9%
Falkirk	65.6%	24.9%	8.3%	1.3%
Fife	65.3%	21.9%	11.6%	1.3%
Glasgow City	46.7%	34.9%	16.9%	1.5%
Highland	67.8%	19.5%	10.7%	2.1%
Inverclyde	63.3%	25.1%	10.6%	0.9%
Midlothian	68.3%	23.0%	7.7%	1.0%
Moray	67.0%	19.2%	11.9%	1.9%
Na h-Eileanan Siar	74.4%	17.1%	5.7%	2.8%
North Ayrshire	62.4%	26.4%	9.9%	1.3%
North Lanarkshire	62.4%	27.8%	8.6%	1.2%
Orkney Islands	70.0%	16.9%	9.6%	3.5%
Perth and Kinross	67.8%	16.4%	13.7%	2.1%
Renfrewshire	66.7%	21.2%	11.0%	1.0%
Scottish Borders	62.9%	20.9%	13.7%	2.5%
Shetland Islands	68.1%	22.7%	7.0%	2.2%
South Ayrshire	70.1%	17.9%	10.6%	1.5%
South Lanarkshire	69.6%	19.7%	9.5%	1.2%
Stirling	66.7%	19.0%	12.7%	1.6%
West Dunbartonshire	57.0%	33.8%	8.2%	1.0%
West Lothian	65.2%	24.5%	9.2%	1.0%
Scotland	63.2%	22.5%	12.9%	1.4%

Appendix 3. Summary of a selection of Housing Need Assessment Survey Results

Community Council	HNA	Comment	Employment
Assynt	2019	• The majority of the community supported the need for both more affordable homes to rent or to buy with priority for these homes for local people and local people with young children. • 10 non-resident respondents would like to live in Assynt looking for 2-bedroom property. • 38 respondents said that they had family members or friends that have moved away from the area because they could not find suitable accommodation	• 9 employer respondents having difficulty recruiting or retaining staff due to housing shortages. • Businesses identified that a total of 8 houses are required now and further 6 would be needed in 5 years' time. • 17 businesses anticipate that if more housing is not provided in the community it will impact on the operation of their business with 1 business saying they may have to leave the area and 3 stating that they may have to reduce staff numbers.
Scourie	2021	• 8 households are considering moving and want to stay locally. • 12 future potential home leavers would like to stay in Scourie. • 15 non-resident respondents would like to live in Scourie.	• Clear support for the provision of additional housing in Scourie and evidences the fact that the area is at risk of losing crucial business and local employment opportunities if suitable housing is not provided in the short-term. • 3 out of 4 businesses have staff that require housing in Scourie • 3 businesses aim to expand within 5 years, requiring more homes for employees
Kinlochbervie	2013	• The community at large strongly supports the need for additional affordable housing for rent and sale.	• In 2022 5 posts accepted but not taken up due to lack of accommodation. • 2022 Seasonal Ranger unable to find accommodation within CC area. • in 2022 3 employers reported 5.9% of 63 employees living outside KLB.