

Housing Supply Task Force - Initial submission: August 2007

Summary of main points

- The Task Force is welcome, but as **complementary** to, not a **replacement** for, increased levels of public spending on housing in the 2007 Spending Review.
- The land-use planning system can be used more effectively to increase housing supply generally and the number of affordable homes in particular. There needs to be a broader-based approach to designating green-field and brown-field sites.
- Land held by a range of public bodies can be better used to support housing supply, while private land-banks would benefit from greater competition.
- There needs to be better matching between housing and land-use plans and the investment plans of Scottish Water.
- As part of delivering 30,000 social rented homes over the next three years it is legitimate to look at the most cost-effective means of doing so, but not at the cost of individual housing standards.
- At the same time as investing in new affordable homes, reforms are needed to **retain** affordable housing within reach of people on modest incomes.
- There needs to be careful consideration of the housing market implications of abolishing council tax.

Shelter welcomes the Housing Supply Task Force. At this early stage we want to set out some of the priorities that we think the Task Force should have; while wishing to contribute more fully as the group proceeds.

The Task Force is expected to conclude its work in the first half of 2008. This is well beyond the timescale for the Strategic Spending Review, in the autumn of 2007. The Task Force will be a vital **complement** to the Spending Review: ensuring that much-needed additional investment in housing can actually be effectively **delivered**. However, the Task Force must not become a means of kicking into the long-grass vital decisions on spending priorities. For that reason an immediate priority of the group must be to press ministers to establish the level of investment needed in new affordable rented homes, such that it can feed into the overall Spending Review estimates for public expenditure on housing.

Shelter believes that priority should be given to specific policies to increase the supply of social housing, albeit within the context of increased general housing supply. While we support increases in overall housing supply, for reasons outlined later in this submission, we see no evidence that this

alone will improve access to housing for those who are struggling most¹. **Increases in housing supply overall must be accompanied by increases in the availability of social housing specifically.**

1. The planning system

The land-use planning system has a key role to play in addressing affordable housing needs within the wider economic environment that determines house prices and affordability.

Shelter has joined with the RTPI, CIH and SFHA to welcome the review of Scottish Planning Policy 3 – ‘Land for Housing’. In recent years, SPP3 has established the provision and retention of affordable housing as a legitimate planning concern: this means that it is quite proper for planners to consider **who** will benefit from development, not just more traditional planning concerns such as layout and density and so on. Development plans must identify enough land for affordable housing where need has been identified, integrate work on housing needs assessments through local housing strategies and development plans, and utilise powers under the Planning etc (Scotland) Act 2006 for ministers to intervene when a development plan does not reflect housing need. Specifically, Planning Advice Note 74 ‘Affordable Housing’ should provide clearer guidance on the definition of affordable housing² and the definition of need, as well as methods of valuing land.

Planning policies which require a percentage of development to be affordable (typically 25 per cent) have the potential to increase the supply of land specifically for social housing; and also to ensure that new housing schemes have a mix of provision for different needs. However, the policy is not delivering anything like the number of homes on the ground, as developers withhold land from the market or negotiate alternative arrangements. It should also be recognised that the slow process of statutory plan-making means that needs assessments are often well out of date and so makes it more difficult to persuade developers to deliver affordable homes in the short term.

We also recognise that some planning authorities have developed specific policies to earmark sites solely for affordable housing and we would welcome evidence on the extent to which these policies are in place and their effectiveness.

There is a particular issue with green versus brown-field land. Shelter has supported the greenbelt’s historical role in containing urban sprawl and we support the present policy commitment to prioritise brown-field land for development (as well as environmental benefits this is also consistent with commitments to building more sustainable neighbourhoods). However, we find that the designations are now too rigid. A strict greenbelt policy – that is, a belt of land around a town or city – can lead to green-belt “hopping”³: the pressure to develop beyond the belt and therefore with longer commuting times and increased carbon emissions. Meanwhile, it can put additional pressures on green or open land *within* settlements. Indeed some land which is designated brown-field can often offer higher amenity to local residents than distant low grade greenbelt land.

¹ This is because only around 1 per cent of the housing stock is new supply: so it would take a very large amount of new supply to make even a dent in house prices across the market as a whole.

² Some clarification is much-needed as part of the Task Force’s deliberations. An item on ‘affordable’ self build in a national newspaper on 11 August talked about plots which were available at £300k!

³ One of the best examples of this is the pressure the Edinburgh market places on west and central Fife and the impact on traffic volumes over the Forth crossings.

We believe a modern approach to green spaces needs to be more holistic: offering additional protection to valued green and open space within cities and towns while recognising the case for developing on some lower grade peripheral land which is currently designated green belt. A green 'wedges' or 'spokes' model as adopted in other European cities such as Copenhagen has much to commend it: offering new sources of land for housing while also enhancing the value of green space within and around major settlements.

2. Land availability and supply

Scotland is not short of land! Less than 3 per cent of land is built upon. However, the availability of land for housing purposes varies across Scotland. There are particular difficulties in securing sites for affordable housing in areas of economic and population growth and in rural areas. A priority for the Task Force should be to identify alternative mechanisms to address issues of land availability.

Some of these mechanisms might relate to public land held, for example, by health authorities or other public bodies. It is frustrating to see these sites, when surplus, sold off to the highest bidder, usually well beyond the reach of social housing providers. We understand the need of public bodies to maximise receipts in order to fund their own future investment programmes but that is in danger of becoming a rationale in its own right rather than looking, case-by-case, at what is in the best public interest. For example, in some cases it might be better to have new affordable homes on a site because of limited access to land than to sell it to fund a new outpatient centre.

We also believe that the extent to which public authorities, including local authorities, understand the asset value of the land that they hold is, at best, mixed. So we would like there to be greater scrutiny of and accountability for public land that is sold. This could include:

- Each public agency to audit its current land-holdings.
- A cost benefit analysis to the public sector **as a whole** of the potential best use of the land.
- Where land is sold to maximise receipts, consideration of conditions that might be applied to the sale: for example, pace at which the land is developed and commitment to work with social housing bodies to provide some homes at lower cost.

We would also like to see appraisal of ownership models which might act as long-term land-holders (see further section 7 below) or intermediaries (in effect, land-banking).

In general, however, most land which is held for housing purposes will be in private hands. Public agencies express frustration about land which is earmarked for housing but which is not being developed, sometimes for years. At least one developer has conceded to Shelter that the profit in the business lies in trading land - that is, in the timing of decisions on purchase and sale - not in building homes. As well as potentially distorting the land market, this has also has serious implications for the attention which is paid to the quality of homes that are built.

Shelter supports a range of measures to increase the flow of land to be developed – these could include carrots such as tax incentives or sticks such as, where necessary, public purchase powers. We believe that, in general, increasing the flow of planning consents for housing land will promote competition among developers and reduce incentives to hold onto land for long periods of time.

3. Services and infrastructure

Planning for infrastructure is essential to ensure a supply of affordable housing. Developers identify that particular constraints are imposed by the water and sewerage system. Scottish Water is undertaking a £2.4 billion investment programme over the next four years which consists of more than 2000 projects across Scotland to allow increased capacity to support new development. The impact of this programme will depend on local authorities working proactively with Scottish Water to identify priority projects and to ensure that the necessary infrastructure is taken into account in investment plans. The Task Force must look at how to encourage better alignment between Scottish Water's investment plans and land use planning, local housing strategies (and the new strategic housing investment plans⁴) and investment programmes of social and private developers. This would make the provision of homes on the ground so much smoother as money, planning consents and infrastructure could come together.

4. Building and development industry capacity

This is not an area in which Shelter can profess any expertise but we want to note that even in more modest investment programmes such as the Central Heating Initiative, concern was expressed about the availability of skilled labour to respond to increased demand. A programme of increased housing supply needs to have a parallel increase in capacity to deliver it. For this reason we believe that employers, trade unions and the public organisations promoting skills need to have a direct feed-in to the Task Force.

A similar point relates to public organisations, however. Many of the changes in working practice that are likely to be sought can only happen if there is a step-change in planners' and housing strategy managers' skills and confidence to deal with major housing market trends. Part of the discussion about the future functions of Communities Scotland should be an appraisal of how local authority staff can be supported more effectively.

5. Social housing investment levels and delivery

In our detailed submission to the 2007 Spending Review we called for investment to provide 10,000 affordable rented homes each year 2008-09 to 2010-11. This was based on the Scottish Executive's own commissioned estimates of need in the most sophisticated exercise undertaken. We costed the programme based on prevailing levels of funding and grants in the housing association sector.

However, we also believe it is right to examine whether more homes could be built per pound of public subsidy. As well as looking at potential efficiencies in the way that housing associations build homes, it is also time to look at other possible investment vehicles, including the scope for councils themselves to be providers of new affordable homes. The introduction of prudential borrowing, greater flexibility over use of receipts and changes to right to buy all make this possible in a way that has not been the case for almost thirty years.

⁴ From 2009 onwards strategic housing investment plans will inform the distribution of money between and within local authority areas. These SHIPs are seen as a more focused supplement to local authorities' housing strategies which set out a wider range of policies in the local housing market.

Although we see scope for efficiencies in procurement and in organisational models we do not want to see individual house standards squeezed. Indeed, the imperatives of making homes more accessible for people with disabilities and greener point in the direction of standards being enhanced.

6. Retaining affordable housing stock

The sale of social rented homes through the Right to Buy scheme is continuing to reduce the amount of affordable housing available to let, even after allowing for changes introduced in 2002 to limit maximum discounts. In 2012, the Right to Buy will be extended to many more housing association tenancies. The Right to Buy creates particular problems for local authorities in planning for housing need. Shelter is encouraged to see that the Scottish Government has committed to review the Right to Buy and has indicated support for making it more responsive to local needs by giving local discretion over how it applies.

While the Task Force may not look at Right to Buy in detail, it can give impetus to the scope and timing of future reform, acknowledging that measures to build more affordable homes need to be accompanied by measures to keep them in that market, unless local circumstances dictate otherwise.

Shelter believes that all landlords who have to work with Right to Buy should have greater discretion to determine its scope. The starting point would be that all tenants with current eligibility would have the right to apply to buy their home at a discount. However, landlords would have powers to vary the terms, including the right to decline to sell where evidence on the local market justified it.

The Task Force should also highlight alternative mechanisms for retaining affordable housing within the reach of lower income households. Mechanisms could include title conditions such as the Rural Housing Burden which set pre-emption rights on sale. We are interested in various forms of community land trust which could act as vehicle for retaining land in the long term while still allowing individual householders to share in rising values.

7. Empty and second homes

In looking at housing supply we believe that the Task Force must appreciate the importance of supply from within the existing built environment. As well as being a practical response, it is also about credibility: nothing more fans the flames of local opposition to new development than the persistence of empty or unused stock nearby.

Shelter is disappointed that its proposals to include empty dwelling management orders in the Housing Bill in 2005 were not adopted by the previous Executive. These would have given public authorities powers to make use of long-term empty property for limited periods of time.

Second homes are a particular case in point. Since April 2005, councils have had the power to reduce the discount on council tax for second and empty homes. All the additional proceeds are earmarked for affordable housing. Over the first two years this has raised almost £32 million for affordable homes but will potentially be lost if there is a change away from council tax being the source of local government finance.

Shelter recommends that the housing market implications of changing local government finance be considered by the Task Force.

We would also like to see a better understanding of the relationship between new housing supply and demolitions. It is one thing to have new housing supply which is a net addition to the housing stock; quite another if new supply is taken as an opportunity to demolish housing which is obsolete or too unpopular to use. No-one wants to see a return to grandiose demolition plans but the age profile of Scotland's housing stock and some significant problems of quality mean that demolition needs to be on the radar in coming decades. And it needs to be better factored into analysis of the impact of new supply.

8. Building public support for new housing supply

One of the potential brakes on delivery of new housing supply is community opposition to development. New measures to increase participation in the planning system may have an impact although it is likely that this will be longer term.

Over the last year, Shelter has been developing a resource pack for use by social developers in combating community opposition to controversial developments such as supported accommodation for homeless people. It may be that some of the lessons we draw out have more general application.

However, it is also important that pro-active approaches to building support are considered. For the last six years Shelter has run the Shelter Housing Action with Rural Communities (SHARC) project in rural communities in South-West Scotland. The bread and butter work of that project is community housing needs studies, conducted with and on behalf of community groups. Our experience is that the process of engaging communities themselves in assessing the **need** for new housing greatly eases the transition into development itself.

The SHARC project has now come to an end but Shelter is actively looking at how it can be replicated in other areas. Although other such models have been developed in Scotland, in general, access to rural housing enablers is much more patchy and less well-funded than in England and is something that we believe the Task Force should highlight.

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