

Ambitious Housebuilding Programme for Scotland

Debate briefing for MSPs – Wednesday 18 November 2015

Shelter Scotland helps over half a million people in Scotland each year across all housing tenures. We believe that everyone has the right to a safe, secure affordable home and that housing is vital to people and families being able to flourish in their communities. With 150,000 households on council waiting lists, 35,764 homeless applications made in 2014/15, 10,666 households stuck in temporary accommodation and Audit Scotland estimating that 'Scotland will need more than half a million new homes over the next 25 years' it is clear we are in a housing crisis.¹ It is within this context that the supply of affordable housing must be made a national priority in order to start to meet current and future need.

Key points

- New research commissioned by Shelter Scotland, the Chartered Institute of Housing in Scotland and the Scottish Federation of Housing Associations published in October 2015 shows we need 12,000 affordable homes a year in Scotland for the next 5 years to address the backlog of housing need and the needs of new households forming over that period.²
- The current Scotland-wide programme of annual affordable housing supply only produces around half of this number
- In June 2015, the independent [Commission on Housing and Wellbeing](#) found that if we want to ensure that all households have a decent home, making a significant contribution to the nation's wellbeing, we need to build more houses - particularly affordable housing.³
- Based on evidenced need, we are arguing for a shift in affordable housing supply not seen for two generations, and we recognise that although there is a cost-implication to this, we believe the scale of expenditure required is achievable.
- Benefits of an ambitious commitment to building 12,000 affordable homes per year include doubling the money through additional finance levered in, sustaining over 18,000 jobs and supporting other education, health, economic, community and environmental policy priorities.

¹ 'Housing in Scotland' (Audit Scotland, July 2013), p12 http://www.audit-scotland.gov.uk/utilities/search_report.php?id=2295

² 'Affordable Housing Need in Scotland' – report (September 2015) summary also available http://scotland.shelter.org.uk/professional_resources/policy_library/policy_library_folder/affordable_housing_need_-_final_report_september_2015

³ <http://housingandwellbeing.org/>

Meeting Scotland's housing needs

Shelter Scotland welcomes this debate on an ambitious programme of housebuilding for Scotland and the cross-party focus on delivering homes in the run up to the elections in 2016. Shelter Scotland welcomes the commitment from the Scottish National Party (SNP) to build a further 50,000 affordable homes over the lifetime of the next parliament pending the outcome of the May 2016 elections.

The independent Commission on Housing and Wellbeing, focussed on the central importance of having a safe, secure and suitable home that allows people to fulfil their potential. A home that is embedded in and linked to a strong, vibrant local community where people can live good lives. The Commission considered the broader wellbeing benefits from having a home and among many more specific recommendations, its central conclusion was that **if we want to ensure that all households have a decent home, we need to build more houses, particularly affordable housing.**

Shelter Scotland has recently published a detailed report which we commissioned along with the Chartered Institute of Housing in Scotland and the Scottish Federation of Housing Associations, called "[Affordable Housing Need in Scotland](#)". This research report, carried out by an independent team of housing researchers, sets out evidence on the scale of unmet housing need in Scotland, both now and over the next 5 years.

Both the Commission on Housing and Wellbeing and the Affordable Housing Need Report placed the main focus on the chronic undersupply of *affordable homes*⁴ and the research shows that **Scotland needs 12,000 new affordable homes a year for each of the next 5 years to meet backlog need and projected household growth over this period.** This is double the current output and means that much greater attention need to be placed on the affordable housing programme as part of the overall debate about the future of housing supply.

What should we be building?

The correct make-up of an affordable housing programme is vital to ensure that the Scottish Government delivers for those in most housing need. At the moment "affordable housing" is a catch-all term for a range of housing options, the only common theme being that they are below market cost: from council and housing association long-term tenancies to various forms of home ownership or mid-market renting.

⁴ By "affordable" we mean homes which are below market price, from mainstream socially-rented homes provided by councils or housing associations through to intermediate option like low cost home ownership or mid-market renting.

We recognise the case for a continuing mixed programme. However, it is important to anchor current programmes of intermediate housing (mid-market renting or low cost home ownership) in far better evidence of how well they match to the profile of need and the longer term benefits offered. **Shelter Scotland wants to see an affordable housing programme with at least three-quarters of homes provided through social renting.** That gives a programme with a solid backbone of development through the tried and tested model of social housing but still allowing scope for innovation, founded on firmer evidence of demand in the future.

What would an expanded housing programme cost?

The independent housing needs research carried out in 2015 concluded that at current subsidy levels an affordable housing programme to deliver 12,000 homes per year, would cost the Scottish Government around £700 million per year. That represents an investment in the region of £3.5 billion over the lifetime of the next parliament.

What are the benefits of an expanded housing programme?

In addition to addressing the stark need for affordable housing in Scotland, investment in housing brings additional benefits:

- **Investment in housing levers in additional money** - assuming an average build cost of £125,000 and an average grant rate of £58,000, the programme outlined above could draw in additional finance of over £3 billion, whether from private sources, housing association or intermediate housing, or through prudential borrowing, through councils.
- **Sustaining many jobs in a construction sector** - A programme of this scale would, on average sustain at least 16,000 jobs each year directly in the development process or indirectly in the supplier industries.⁵
- **National wellbeing** - The Commission on Housing and Wellbeing pointed to other benefits of ensuring Scotland has enough homes, such as improved outcomes across education, health, reducing crime and antisocial behaviour, community cohesion and environmental sustainability.

Other positive economic impacts include, dampening volatility in the housing market, increasing labour market flexibility and mobility, and providing stable accommodation for some of the most disadvantaged people who are disconnected from jobs, education or training.

⁵ Preparing for Recovery: Update on the Scottish Economic Recovery Programme, Scottish Government, 15 June 2009

What needs to happen next?

A programme of the scale outlined is needed and achievable, but it will take sustained commitment and strong leadership to make it happen. Policy changes in other key areas can play an important role in helping to achieve the step change in supply of affordable homes that we require, such as:

- Access to, and the cost of, land.
- New ways of delivering infrastructure to unlock brownfield sites, accelerate development and support a low carbon future.

Given the scale of affordable housing need with the context of overall housing supply, we welcome the Scottish Government's current review of planning guidance. This must ensure that the delivery of affordable housing is a priority across all sites. If the Scottish Government delivers more allocated funding, then the housing sector has to respond with renewed commitment to make that money achieve real impact for the people who need it. We believe that the housing sector has shown unmatched capacity to innovate and adapt to the challenges set by government and has a track record of delivery.

Scotland's Housing statistics:

- There were 150,000 households on local authority housing waiting lists across Scotland on the 31st of March 2015.
- Every 18 minutes a household in Scotland is assessed as homeless. That's 81 a day.
- The number of households in the private rented sector has doubled in the last decade, with 14% of all households in Scotland now renting privately – and around 85,000 households in the PRS are families with children.
- Over 1 in 10 households in Scotland are affected by dampness or condensation (or both).
- 940,000 households are in fuel poverty in Scotland - 39% of all households.
- 75,000 households are overcrowded in Scotland.
- Homeless children in temporary accommodation missed an average of 55 school days, equivalent to a quarter of the school year.
- Shelter Scotland research published in January 2015 showed that on average, households using temporary accommodation stayed there for 18 weeks. However 1 in 4 households spend over 6 months there, and 1 in 10 spend over a year in temporary accommodation.⁶

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⁶Shelter Scotland Policy Library:

http://scotland.shelter.org.uk/professional_resources/policy_library/policy_library_folder/the_use_of_temporary_accommodation_in_scotland