

Report

Building pressure: access to housing in Scotland in 2009

From the Shelter policy library

July 2009

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Shelter

Building pressure

Summary

Scotland needs more affordable homes. After thirty years or more where the building of affordable homes has lagged behind need, there are increasing signs of pressure in the Scottish housing market. That pressure is building just at the time when Scotland is due to meet its internationally-acclaimed commitment on homelessness.

- Scotland has the most ambitious homelessness commitment in the world. Good progress is being made towards the pledge to equalise homelessness rights. By 2012, all homeless people will be eligible for a permanent home. Scotland is more than four-fifths of the way there. But the pace of progress needs to be sustained.
- There are 142,000 households on council house waiting lists: enough to form a queue from Glasgow to Edinburgh and back again. House waiting lists have risen by 15 per cent since 2000.
- There are fewer social homes for rent than at any time since 1959. Most of that decline has been a result of Right to Buy. Since 1998 alone, 135,000 homes have been sold through Right to Buy.
- The number of lets of social housing has been declining as well as the total number of homes. In 2001, there were 3.9 people on council waiting lists for every let coming up. By 2008 this had risen to 6.6. This is a bit like saying it would take well over six years to house everyone on waiting lists, even if lists were completely closed to new entrants.
- Adding councils and housing associations together, the total number of new lets of social housing has fallen eight per cent since 2004-05.
- By 2008, despite house price inflation being checked, it was still 16 per cent harder for a first time buyer to buy a home than it was in 2001.
- The number of people stuck in temporary accommodation, like hostels, bed and breakfast hotels and short-term lets, has soared by 135 per cent between 2001 and 2008. This is mainly because of logjams in the provision of permanent housing to move on to. There are almost enough people in temporary accommodation to fill Tynecastle Stadium in Edinburgh. This includes 7,000 children.
- The number of lets of council homes going to homeless people has increased by 15 per cent since 2001. However, these lets now take up a much larger **proportion** of all council lets: two in every five by 2007-08. Although homelessness demand has risen a bit, this is not nearly as significant a factor as the fall in lets. It is the fall in the overall number of lets which lies behind the rising shares of lets being taken by homeless people.

- Taking into account lets to housing associations as well, three in every ten lets go to a homeless household.
- Over 3,500 households lost their homes in 2007-08 as a result of legal action by social landlords.

Public policy has not ignored these signs of pressure. New initiatives to build homes, increase the flow of lets and prevent homelessness are welcome. But a lot of that good work will be undercut if investment in housing is not protected and enhanced.

1. Introduction

Scotland needs more affordable homes. There is scarcely a corner of the country which cannot tell of acute pressures faced by people trying to get into a home owned by councils and housing associations; and of problems faced in trying to buy one's own home.

The roots of the problem go back a long way. Over thirty years or more, Scotland has presided over a housing market that consistently failed to build enough homes; which has sold off many of the best public sector homes that **were** built; and, perhaps most damningly, has allowed owning a home to become, for some, a high-stakes gambling game.

The private housing market's faultlines have dragged down the whole economy with the UK facing the worst recession for decades. In contrast to some earlier downturns, Scotland's housing market is no longer insulated against the chill winds of economic failure.

In order to stave off some of the worst effects of the recession the Scottish Government has redistributed some of its spending on housing. By bringing forward some investment that was earmarked for next year, public agencies have been able to retain skilled jobs in building that would otherwise have been lost while private order books sit idle. However, the other side of the coin is that, next year, as things stand, just when investment momentum needs to be sustained, there will be a dramatic drop in money for new homes.

Over the summer, Shelter Scotland, along with all of the main housing organisations, will be lobbying hard for the budget for 2010-11 to be protected and enhanced. In this report, 'Building pressure' we seek to describe some of the different symptoms of the current crisis. In our next report, 'Building solutions', later in the summer, we describe how a sustained programme of housing investment can lead a way out of recession.

Following the breakdown of her relationship with her partner, Elaine¹, 31, took up a tenancy with a housing association in November 2008.

Once she had signed the tenancy agreement, she discovered severe dampness and wet and mouldy walls. Elaine, who has two children aged 4 and 2, felt unable to live there, especially because her son has chest problems which the dampness could seriously affect.

Elaine and her children lived between her Mum's and her Dad's houses and reported the problems with the property to the housing association. However, these were not addressed and no offer of alternative accommodation was made. Elaine had continued to pay rent on the property despite not living there.

In April 2009, Elaine was left with nowhere to go as her Dad was away and her relationship with her Mum had broken down. Elaine was forced to go to the council and make a homeless application. The council could not accept Elaine as being homeless because she already had the housing association tenancy – despite it being uninhabitable. Elaine and her family were forced to move to temporary accommodation. Around this time Elaine had to give up her job as the situation had become too much and she could not manage to attend all her appointments on top of working.

The stress of all of this has taken its toll on Elaine and has been very difficult for her children too, who have been moved from pillar to post and feel very unsettled.

Elaine said:

'Being without somewhere to call home has been a nightmare. I know through harsh experience now that bad housing wrecks lives. I just want somewhere for me and my children to be able to call home.'

Elaine and her family are still stuck in temporary accommodation at the moment. Shelter has been working with Elaine and the agencies involved to reach a solution and to help Elaine and her children find a permanent home.

In this report we focus on Scotland as a whole. Of course, Scotland is more than one housing market and for everything we describe **on average**, there will often be dramatic variations in different parts of the country and even between one landlord and another.

¹ Names of all Shelter clients in this report have been changed to protect identity.

2. The 2012 homelessness commitment: progress and challenges

By 31st December 2012 all local authorities will have to give equal priority to all homeless people. At that point all homeless people will be eligible for a house.² Councils are also required to meet a target to get 'halfway' to 2012 by March 2009. Although we are now past March information has not yet been published to show us how much progress councils have made. However, we can look at information up to September 2008 and project that forward to make an estimate of how much progress has been made³.

Overall, Scottish councils are making good progress towards the 2012 commitment and that progress has accelerated over the most recent six months. A year ago, only seven councils were on track to meet the commitment. This is now up to 13. A year ago, seven councils were further back than where they were in 2003-04. This has now dwindled to four.

On average, across Scotland as a whole, councils now assess 83 per cent of applicants as being in 'priority need' and therefore eligible for permanent accommodation (this varies from 62 per cent to 96 per cent). By March 2009, they need to be assessing, on average 86.5 per cent of applicants in this way. At current rates of progress they will fall only a little short of that target, but if the accelerated progress shown in the first half of 2008-09 is continued into the second half, then that small gap can be bridged. As things stands, Scotland's progress to 2012 is like a 20 cylinder engine, where only 17 of the cylinders are in use: good, but not quite fully-firing.

Despite this commendable progress, the 2012 homelessness commitment remains very challenging. Local authorities are rising to that challenge so far. But their ability to continue that progress at the same or an even faster rate depends on how much scope they have to both prevent homelessness and provide more homes. As the rest of this report shows, there are already signs of real strain in the housing system.

² Strictly speaking, this should read all 'unintentionally' homeless people. However, since there will be a recurring duty to accommodate intentionally homeless people, there is little difference in practice.

³ We fully recognise that this is quite a mechanistic way of assessing progress to 2012. It simply identifies what percentage of people were assessed by any council as being in priority need in 2003-04 and projects how this figure should have risen by 2009. It then measures actual progress against that benchmark. However, it takes no account of **how** councils are making progress. For example, Council A could be working really hard to prevent homelessness more effectively and to identify other sources of accommodation; Council B could be managing the process by 'gate-keeping' applicants out of getting a service. However, the measurement method set out above has the merit of being able to be applied consistently to all councils.

3. House waiting lists: a system straining at the seams

Tens of thousands of households are stuck on house waiting lists. 142,000 households are on waiting lists for a council home: enough to form a queue from Glasgow to Edinburgh and back again. A further 60,000 current tenants are on the list for a transfer to another council home, often because their current home is too small or unsuitable.

Tina has been living in poor quality temporary accommodation for nearly four years because a lack of decent family-sized housing means there is nowhere for her to be housed permanently.

Forced to relocate to Scotland for her own safety, under the protection of the police, Tina was hopeful she and her family could make a new life for themselves.

Now, with her and her nine children forced to live in an overcrowded four-bedroom because there's no alternative housing for them, she says she has given up hope of ever getting a permanent house.

This is despite Tina having been on the waiting lists of several housing associations for nearly four years.

But Tina is really worried now, having recently been diagnosed with rheumatoid arthritis and a condition that affects her lungs and breathing. She says she cannot live in the temporary housing much longer.

She said:

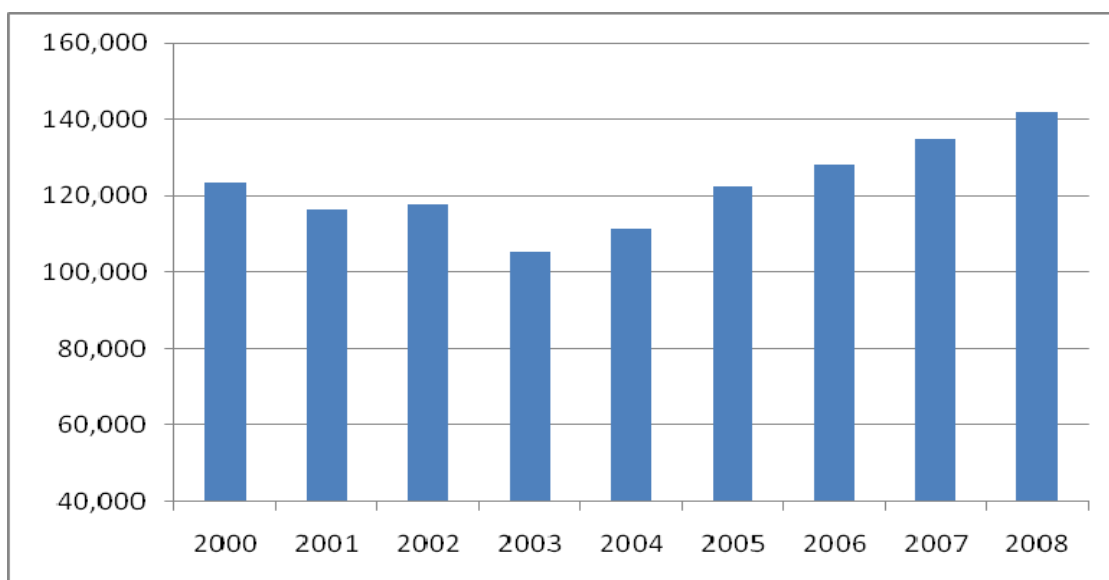
'It's 30 stairs to the front door of the house and it's getting harder every time I have to do it. I'm not sure how much longer I can live here, or what the future holds. I'm pretty desperate now.'

There are also tens of thousands of people on waiting lists held by housing associations (Registered Social Landlords - RSLs). We have not included them here as there will be some element of double-counting. Many, but not all, people are on waiting lists with both councils and RSLs, while, in some areas RSLs and councils operate a 'common housing register'.

The official statistics show that waiting lists have gone down and then up again since 2000, with the new peak at 2008 not yet as high as the 2000 level. However, this is a statistical quirk, caused by the fact that six councils have transferred all their homes to other landlords since 2000, meaning that they no longer operate a waiting list.

The graph below strips out these six councils and shows clearly that waiting lists have risen by 15 per cent over the last eight years⁴:

The number of households on local authority house waiting lists (removing six councils which have transferred stock)



The picture is even starker when one looks at waiting lists relative to homes. In 2000 there were 3.7 homes for every household on the waiting list; by 2008 this had declined to 2.3. This, in effect, says that housing availability has declined by over a third since 2000.

Of course, there are not actually 2.3 homes available – this figure refers only to the stock of all socially rented homes, when it is only actual vacancies or lets that really matters. We look at this more fully in the next section.

4. Fewer social rented homes than at any time since the 1950s.

By 2008 the total number of socially rented homes was 599,000: a fall of 18 per cent from the 1998 total of 729,000.

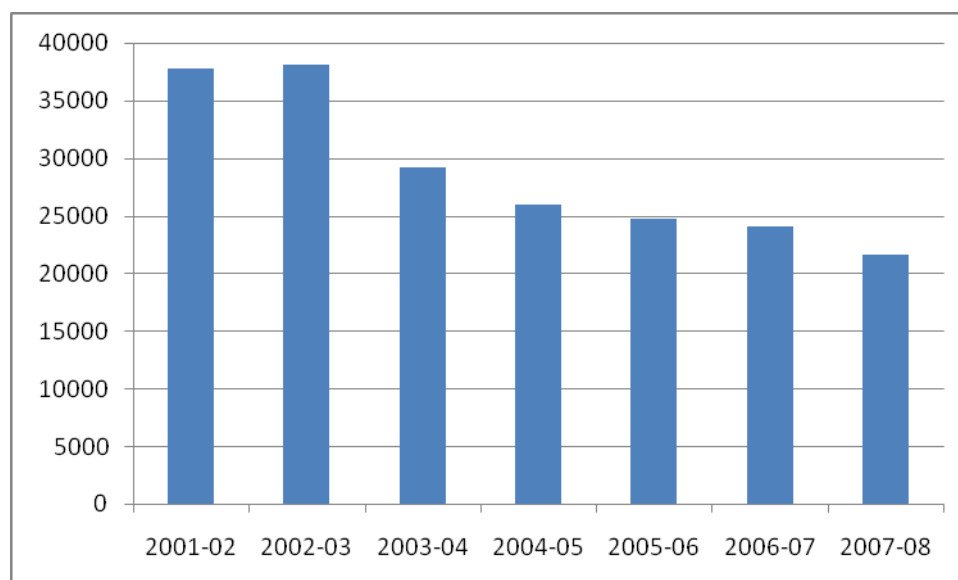
In 1960, the number of socially rented homes passed 600,000 for the first time. So, the current nadir is the lowest point since 1959. One has to go back fifty years to find a time when there were fewer socially rented homes than now.

The main reason for the decline in the number of rented homes has been sale of homes through Right to Buy. Although, this is largely seen as a 1980s issue, in fact, there have

⁴ This is for prospective new tenants only. The data only go back to 2000.

been over 135,000 sales since 1998. Supporters of Right to Buy argue that the home is not lost to the housing stock altogether. The person who was the tenant continues to occupy the property. However, at the point at which the property is vacated it will no longer be available for people on the waiting list but will, instead, be sold to the highest bidder. The effect of this on the number of new lets of council houses is shown below:

New lets of council housing



Going back further to 1998-99, the total number of lettings has declined by 60 per cent from, while the number of council homes has only fallen by 42 per cent. So even allowing for a falling stock level, the number of lets has declined dramatically. This confirms that the underlying trend in lets is downward, even when one 'controls' for the falling number of council houses.

Above we showed that the ratio of stock to waiting lists had declined from 3.7 to 2.3. This is really a theoretical figure as only a fraction of the stock is actually available to let. Therefore it is the ratio of lets to waiting lists that really matters. In 2001 there were 3.9 people on waiting lists for every new let. Now it is 6.6. Very roughly, this is like saying that the time it would take to 'clear' house waiting lists has increased from just under four years to well over six and a half years⁵.

⁵ This assumes no other sources of demand such as homeless households or newly-forming households. In reality, of course, this would not happen: hence the above estimate is very conservative.

All of the above analysis applies only to councils. But housing associations now own almost as many homes as councils. So we can also add in information about housing associations too. Unfortunately, we only have comparable information from 2004-05 to 2007-08, which is not a very long time to see trends. However, even in that short period of time, we can see that the total number of new lets (RSLs and councils added together) fell from 49,742 to 45,668, a fall of eight per cent.

5. Homelessness pressures grow

Social housing is becoming less available at the very time when demand is increasing. For much of the period since 2000, Scotland has been locked into an inflationary housing market, more and more excluding potential first time buyers. Although that bubble has since burst, ironically, the fall in house prices has not been accompanied by easier access to home ownership since it is much harder for first time buyers to get a mortgage.

An 'affordability index' published by Shelter's magazine, Roof, shows that it is 16 per cent harder for a first time buyer to buy a home in Scotland than in 2001. This is itself a decline from the peak period of 2007, but because of the shortage of mortgages that don't require a large deposit, the number of first time buyers has fallen enormously.

Shelter Scotland does not want to see a return to high loan to value lending as a way of easing access to home ownership as this simply stokes up problems for those households in making future payments. The sustainability of home ownership should be as important as access to it.

For households excluded from home ownership or for whom owning a home is unlikely to be sustainable, the only other choices are to rent either privately or from a social landlord. Private renting has gone through a minor revival in the last ten years but the Scottish Government's review of the sector shows that most of the growth has been in small scale landlords, fuelled by the buy to let boom. It is not clear that the private rented market can be sustained at the same level.

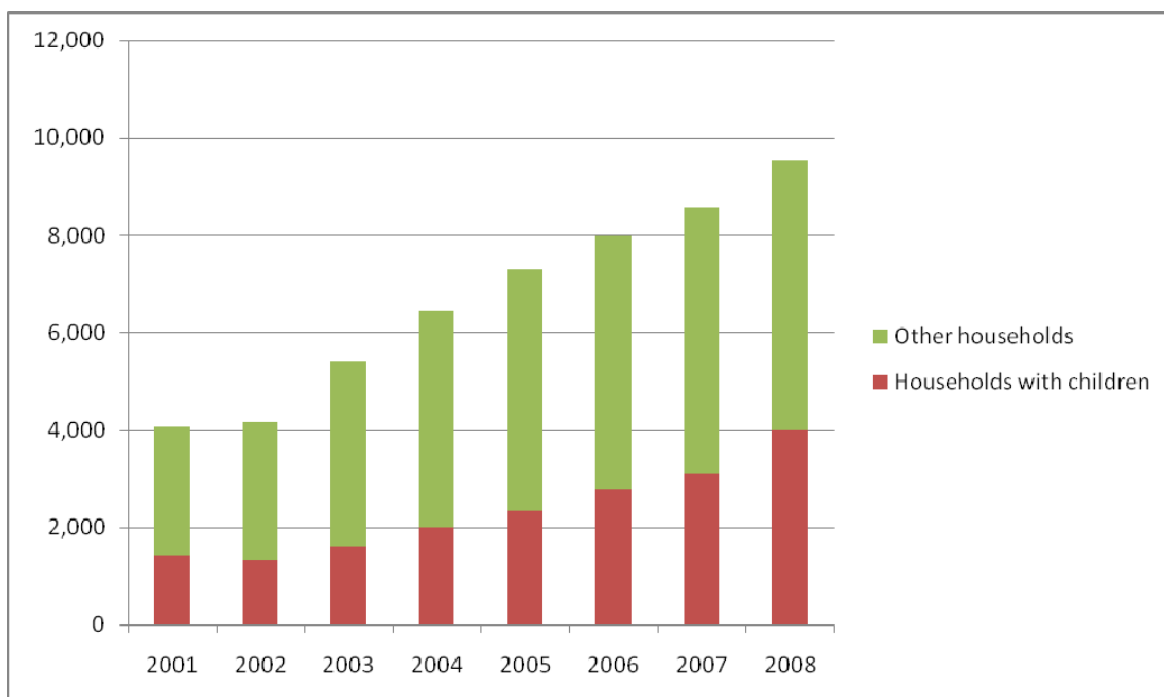
So, all the more pressure is thrown back on the social rented sector: a sector which we have shown is shrinking, both in absolute terms and in the number of lets available.

In that context, homelessness pressure has grown.

6. Temporary accommodation use soars

The most immediate sign of the homelessness pressure has been the increase in the number of homeless households in temporary accommodation since 2001, as shown in the chart below:

Number of households in temporary accommodation: households with children and other households



In 2008, the figures are a bit inflated because of a change in the classification of asylum seekers in Glasgow but this only accounts for just over 500 households. More broadly, the trend is sometimes explained as the application of new rights in 2002 which opened up access to single homeless people. However, as the lower set of bars in the chart show, the increase in the number of families with children in temporary accommodation has been greater (at 177 per cent) than other households (116 per cent). Overall, temporary accommodation use has risen by 135 per cent.

A more plausible reason for this trend, then, is that more people are stuck for longer in temporary accommodation, simply because there is a shortage of permanent homes to move on to.

Susan has three children. They were homeless for two years and stuck in poor quality temporary accommodation, including a flat which was damp, while waiting for a permanent home.

Prior to becoming homeless Susan was living in a private let with dry rot but the landlord refused to do anything to improve the condition of the flat. She tried to buy a one-bedroom flat but could not afford this or get a mortgage on her single wage. She applied as homeless.

Susan's children have suffered health problems as a result of the poor condition of the temporary accommodation they lived in. One of her children now has asthma and kidney problems.

In addition the children had a difficult and unsettling time having to frequently change schools as the family had to move areas several times.

Susan said:

'I felt really let down and Shelter was the only place that really helped me and my children. I felt people judged me when I found myself homeless, when in fact it could happen to anyone.'

Susan and her family are now, at long last, settled in permanent accommodation.

There are at least 17,000 individual people (including around 7,000 children) in temporary accommodation: almost enough to fill Tynecastle Stadium in Edinburgh.

7. Lets to homeless people increase

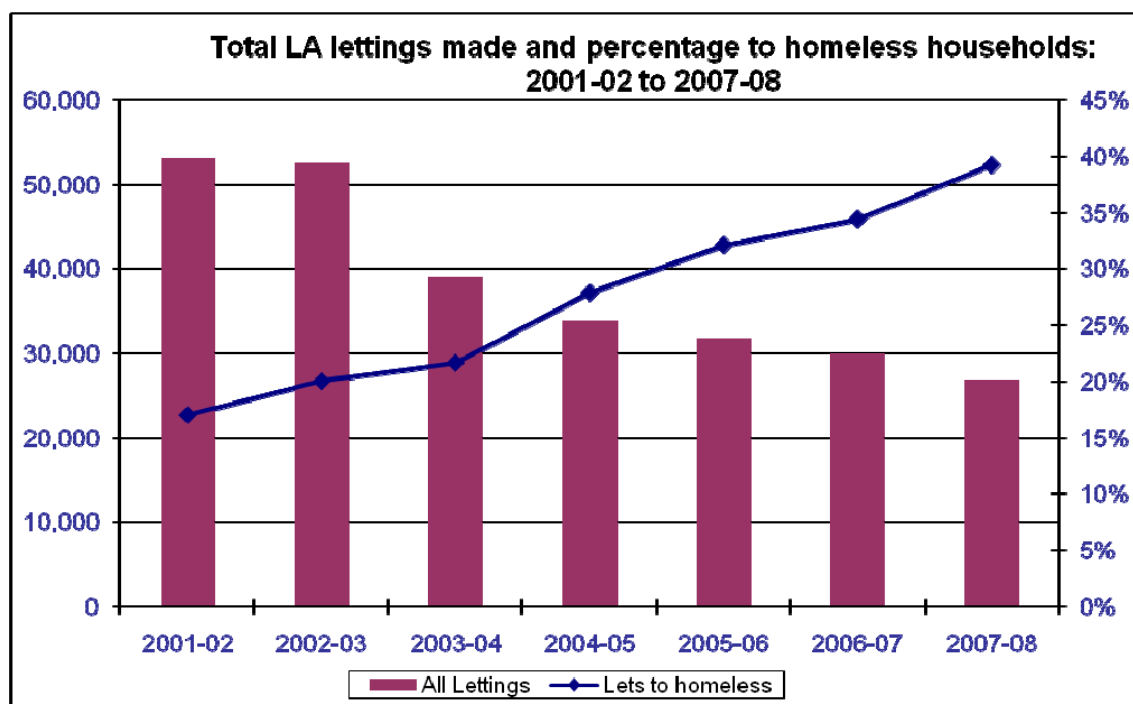
The other main sign of pressure is in the growth of the number of lets to homeless people. The chart below shows the total number of council lets made plotted against the percentage that are allocated to homeless people.

Overall, the **number** of lets to homeless people has increased at a relatively modest rate of 15 per cent from 9,138 in 2001-02 to 10,537 in 2007-08.

However, the graph shows that the **proportion** of lets to homeless people has increased more dramatically from 17 per cent in 2001-02 to 39 per cent in 2007-08. This, in part, reflects the progress that councils are making towards 2012 when historical restrictions on access to housing for some homeless people will be ended. However, much more

fundamentally, it reflects the declining supply of lets as the chart also clearly shows. This is why the **proportion** of lets going to homeless people has increased much more than the **number**.

So the lettings 'squeeze' has much more to do with the fall in supply of lets than with rising demand from homeless people.



Of course, as explained in Section 3, the fall in lets made by councils is partly explained by a statistical anomaly: the fact that some councils transferred their homes to RSLs (housing associations) means that they no longer show up in the council statistics.

So, we can add in RSL information too. It is not easy to reconcile council and RSL data on lets to homeless people in an exact way. RSLs let around 22 per cent of their homes to homeless people, compared to 39 per cent for councils. Taking both together, we can conclude that 30 per cent of lets of social housing go to homeless people. This has risen in recent years and in some areas the average will be very much higher than this. But for every three homeless people housed by councils or RSLs, seven are housed from normal house waiting lists.

Amanda is 33 has three daughters aged under 13 years old. All three of the children have complex allergies, including asthma. Amanda was referred to Shelter in April 2008 after presenting as homeless.

The family were stuck in a housing association flat riddled with damp and rats for three years. This seriously affected the children's health. Amanda was also concerned for the safety of her family because one of her neighbours had threatened her. She repeatedly requested to be moved to a different property but was told there were nowhere available.

The family then moved to a privately rented flat but were forced to leave after six months when the owner sold the house. They then moved in with Amanda's mum and presented as homeless, and were referred to Shelter.

Living at her Mum's was very overcrowded and Amanda used Shelter's advice services and did a lot of self-advocacy before finally being given a suitable home last year.

Shelter helped support Amanda and her children.

Amanda said:

'When I was homeless I didn't know where to turn, and I wish now I had got in touch with Shelter sooner, as they really helped me and my family. It is fantastic to finally have our own home.'

8. Evictions and repossessions

In December 2008, Shelter Scotland's report into evictions by social landlords showed that councils and housing associations took over 20,000 tenants to court and this resulted in 3,573 tenants losing their homes in 2007-08. The rate of evictions is higher than four years earlier.

Almost all of these evictions were for rent arrears: fewer than three per cent were for anti social behaviour. Social landlords are twice as likely to obtain a decree of eviction against their tenants than a mortgage lender is for a private homeowner.

Evictions at this level are hard to explain away as all being a last resort. Social landlords are under pressure, as never before, to prevent avoidable homelessness, but they also see increasing competition for fewer lets perhaps there is a pressure to free up vacancies.

The other pressure that landlords cite is the pressure to collect rents. However, Glasgow Housing Association has recently revamped its processes leading to a big reduction in the number of tenants taken to court and it is doing this at the same time as reducing rent arrears. Meanwhile, Stirling Council has recently said that it will no longer seek to evict tenants for rent arrears.

Much greater attention has been paid in recent months to the problem of mortgage repossessions. The information on repossessions specifically for Scotland is not very reliable and the best estimate of the number of repossessions taking place in Scotland in 2009 is around 6-7,000. This compares to around 3,000 a year in 'normal' times.

9. What can be done?

This report shows that pressure is building. It shows that Scotland's internationally-acclaimed commitment⁶ to equalise homelessness rights is being taken seriously by Scotland's local authorities. It also shows, however, the improvement in rights has not yet been matched by a comparable improvement in capacity to meet those rights. And that this mismatch is resulting in the kind of pressure we show in this report: lengthening waiting lists, more use of temporary accommodation, increasing competition for a dwindling number of lets, rising levels of evictions.

It would not be fair to say that Government has ignored this. There has been increasing attention placed on prevention of homelessness, with specific initiatives on mortgage repossessions and evictions, for example. There has been constructive discussion about the role of housing associations and private landlords in providing more homes for homeless people. Council housing has even made a comeback. There has been a commitment to take still further reforms to Right to Buy, in order to retain some of the rented homes which would otherwise be lost. All of these things can be expected to improve the prospects for homeless people.

But when MSPs voted overwhelmingly to put the 2012 commitment into law they also signed an implicit deal: to match rights with resources; to provide money for the new homes that are needed to house the increasing number of homeless people who need them. The Scottish Budget this autumn will set spending plans for the years 2010-11, 2011-12 and 2012-13. That means it is the first budget to cover the period during which the homelessness commitment must be met. However difficult the public spending backdrop, investment in homelessness services and in new homes must be a priority.

With the clock now ticking towards 2012, the eyes of the world are on Scotland.

⁶ The 2012 target has now been emulated by France, has featured consistently in international journals and conferences about social policy and as recently as May 2009 was applauded as an exemplar by the United Nations' Economic and Social Council.