

# SCOTTISH HOUSING DAY



# Scottish Housing Day: The value of social housing

## Introduction

Scottish Housing Day is about celebrating the impact that housing makes to the lives of people and communities across the country, as well as communicating with people about their housing options.

This year, for the fifth annual Scottish Housing Day, we are recognising and celebrating the value of social housing and to mark the day, we have written this discussion paper setting out how Scotland can take steps to better value and develop social housing.

As we look to build back better after the pandemic, the future of social housing is becoming a question about what we want the future of our nation to be. With the Scottish Government coming to the end of its current affordable and social housing supply programme, what role should social housing play in our economic and social recovery?

Research from Shelter Scotland, CIH and SFHA in June reported a need for 53,000 affordable and social homes to be delivered over the next five years. Although the likelihood is that after the coronavirus crisis ends, the need for affordable and social housing will be greater.

This doesn't mean a return to the post-war approach when the state provided all social housing. Housing associations, as well as local authorities, have a central role in developing new supply. But we do need a post-war level of ambition for social housing supply and to achieve this the Government must recognise the immediacy of linking social housing to a post-pandemic recovery.

Text by Callum Chomczuk.

The members of the Scottish Housing Day working group are: Association of Local Authority Chief Housing Officers (ALACHO), Chartered Institute of Housing Scotland (CIHS), Scottish Federation of Housing Associations (SFHA), Scottish Government, Shelter Scotland and the Tenant Participation Advisory Service (TPAS) Scotland.

## **Section 1: What is social housing? What is its purpose? Who lives in it?**

The terms affordable and social housing are often used interchangeably. It is often assumed they are the same thing. But they are fundamentally different types of housing that serve different needs.

Social housing refers to secure, relatively low-rent housing, allocated by need and provided by local authorities and registered social landlords (RSLs). Whereas affordable housing is a home not bought privately or rented from a private landlord and includes social housing, and also a range of low-cost homeownership and mid-market rent schemes. In Scotland since 2016 the government uses a benchmark grant of £57,000 for councils and £70,000 for RSLs to build social housing. Although within these benchmarks there are variations to allow for more rural locations and greener standards to be delivered<sup>i</sup>.

Research conducted by the Chartered Institute of Housing in 2018 as part of its rethinking social housing project concluded social housing is overwhelmingly seen as a positive thing and a benefit to both individual tenants and society<sup>ii</sup>. It noted that housing is seen as the “bedrock” of people’s lives – and social housing is seen as fulfilling a valuable role in this. Responses referred to social housing as “enabling” or “empowering” and associate it with positive impacts on other important areas of life such as health and education.

Shelter UK’s commission on social housing<sup>iii</sup>, which reported in 2019, calls for social housing that “meets both needs and aspirations”. It suggests the offer of a secure social home to many more families – and many more people reaching retirement, who would benefit from a lower-cost, secure tenancy. While research conducted by Ipsos Mori in 2018<sup>iv</sup> as part of the CIH project shows a great deal of public support for social housing with:

- 80 percent of people agreeing that social housing is important because it helps people on lower incomes get housing which they couldn't afford in the private rented sector;
- 63 percent supporting more social housing being built in their area; and
- 68 percent agreeing that social housing plays an important role in tackling poverty in Britain.

As well as understanding the role of social housing, we wanted to build up a picture of the people who live in social housing in Scotland. Looking at Scottish Government data<sup>v</sup>, we know that:

- There were an estimated 1.14 million people living in social rented housing in Scotland in 2017, a similar figure to the estimated 1.17 million people in the previous year.
- 29 percent of social rented households in 2017 were single working age adults, an increase from 18 percent in 1999.

- 38 percent of adults in social rented households in 2017 were employed (24 percent employed full time, 11 percent employed part time, and 2 percent self-employed).
- 25 percent of adults were retired from work, 12 percent were permanently sick or disabled, 9 percent were looking after the home or family, and 9 percent were unemployed and seeking work.
- In the period 2013 to 2017, 86 percent of adults in social rented households stated they were 'White Scottish', a higher percentage than private rented households (57 percent).
- In the period 2013 to 2017, 87 percent of adults in social rented households were born in Scotland, 5 percent were born in England, 4 percent were born in the EU (excluding UK and Ireland), and 3 percent were born in the rest of the world.

The role and purpose of social housing has changed over the last 50 years and it continues to change in 21<sup>st</sup> century Scotland. The introduction of the Right to Buy in 1980 which led to the sale of almost 500,000 homes to sitting tenants in Scotland has meant the homes are ever more strictly rationed and in many parts of the country only those in the most urgent need are able to access social housing. Nonetheless, we consider that social housing should meet a range of needs and is:

- A tenure that ensures high standards and widespread affordability.
- Available across the country and tenure of choice for many households
- A home for those in crisis, those with acute housing need.
- Long-term support for those that can't afford a home on the open market.

## **Section 2: Social value and impact of affordable housing**

Social housing makes an important contribution to tackling poverty and supporting good health and wellbeing in Scotland.

Research by JRF in 2019<sup>vi</sup> showed that the higher levels of social house building in Scotland relative to England had a material impact on Scotland's respective poverty rates and that social renting was vital for people who were trying to escape poverty by seeking and staying in work. Homes for social rent cost on average £75 less per week than homes in the private rented sector<sup>vii</sup>.

According to the most recent quarterly housing statistics, we are only now stabilising stock levels and replacing the social homes lost to Right to Buy, through which 500,000 were lost in Scotland. The most recent figures show there were 596,000 social homes in Scotland in 2017<sup>viii</sup>, but almost 160,000 people still on waiting lists for social housing. The demand is still there and likely to increase, as social housing continues to play a key role in supporting people out of homelessness and into permanent accommodation.

It is also important to note that the development of social housing contributes significantly to the achievement of various Scottish Government outcomes. For example, the Child Poverty Action plan requires the Scottish Government to reduce the number of children who live in poverty and by 2030 to ensure fewer than 10 percent of children are living in families in relative poverty. As noted above with regards to the research from JRF, social housing is a contributory factor in addressing child poverty.

In addition, housing has a key role to play in meeting climate change and fuel poverty targets. We know that while housing generates 16 percent of all emissions across Scotland<sup>ix</sup> it has been the social housing sector that has made the greatest progress to improve the condition and energy efficiency of our homes. Between 2015-16 and 2018-19, social landlords invested over £373 million from their own resources towards meeting Energy Efficiency Standards for Social Housing (EESH), 86 percent of the total spend<sup>x</sup>.

Finally, recently published research by CaCHE and HACT highlights the importance of social housing in Scotland's recovery from the COVID-19 crisis. The report<sup>xi</sup> concludes that social housing investment provides significant economic benefits in relation to jobs and inclusive growth while also helping to tackle inequalities by reducing child poverty and homelessness and by providing inclusive,

sustainable housing options. It reports on the social value of well-designed housing improvements and how these can positively impact on health outcomes and contribute to reducing the fundamental causes of health inequality. Furthermore, the research shows that social housing can also play a critical role in supporting successful placemaking and making communities more resilient, particularly in rural communities where the provision of low-cost housing for young people helps to sustain vital public services and employment. This re-iterates the importance of social and affordable housing being an integral part of the national recovery from COVID-19 and strategies for economic and social renewal.

### Testimony- Angus Council tenant

*'Being a council tenant has value, as a tenant you have a right to repair which is set out by your landlord as to what they will do and what the tenant is responsible for. The cost of replacement kitchen, bathrooms and windows is covered by your rent whereas owners must find the money for all of these. So, for people with limited means, social housing gives them an affordable home to live in'.*

### **Section 3: Economic value and impact of affordable housing**

The current Affordable Housing Supply Programme (AHSP) has done more than deliver homes for those who need them, or act as a vehicle of regeneration. Recent findings show the significant contribution that house building makes to job growth and to our economy, for example:

- Each new home built in Scotland supports four jobs across the economy (over 80,000 jobs in total each year).<sup>xii</sup>
- Home building in Scotland contributes circa £570m annually to government finances.

In addition, the cumulative impact of the 50,000 homes included in the 2016-2021 AHSP was on track to raise around £37 million in additional council tax revenue and £97 million in rents each year once complete. While research from CIH, SFHA and Shelter Scotland estimates that if Scotland was to build 53,000 affordable and social homes over the next five years it would be:

- creating more than 200,000 jobs in construction and related industries;
- contributing more than £2 billion additional output per annum; and
- bringing £100 million into the Scottish economy in extra annual tax revenues.<sup>xiii</sup>

However, the economic impact of social and affordable house building is not hypothecated. It has a demonstrable impact as a catalyst for social and private sector collaboration and as an anchor of local economic activity. For example:

- An independent report for Kingdom Housing Association set out over a 12-month period showed that the association created 700 jobs and generated £40 million for the Fife economy. In addition, it has saved the NHS and local councils an estimated £48 million by enabling vulnerable people to live in their own homes independently.<sup>xiv</sup>
- While the Fraser of Allander's January 2019 assessment of the economic contribution of just one housing association, Glasgow Housing Association (GHA), found that the organisation's investment programme (in new build and upgrading existing stock) contributed £2 billion to the country's GDP, and that GHA activities contributed £153 million to the Scottish economy in 2016/17.

## Case Study – Champion Homes

For over 30 years Champion Homes have been building high quality homes on behalf of housing associations and local authorities in Fife. Nearly 1,800 properties have been constructed and handed over with over 350 currently on site and 164 to commence. These range from social rent to mid-market rent and low-cost ownership offering families modern, energy efficient homes which address fuel poverty. Over 7,000 people have benefitted from the affordable housing options designed and developed. This offers local people the opportunity to live in the area where they grew up and the developers also support local employment with 20 apprenticeships to date, with a further six to begin later this year.



## Section 4. What we need in Scotland

Before COVID-19 halted non essential construction, we were on track to deliver the Scottish Government's target of 50,000 affordable homes, including 35,000 social homes by 2021. The social housing sector, matching the £3.5bn investment from the government to enable construction, should be proud of the progress made. However, we still face a significant shortfall of housing across all tenures as our population is expected to continue increasing and ageing, with more people living alone or in smaller households. Between 2016 and 2041, our population is expected to increase by five percent while the number of households is expected to increase by 13 percent<sup>xv</sup>.

Research published in June 2020 by CIH Scotland, Shelter Scotland and the Scottish Federation of Housing Associations shows that we need to deliver at least 7,400 social homes each year over the next five years to meet existing and future housing needs<sup>xvi</sup>. These finding broadly align with the 2018 Bramley report on affordable and social housing need where the report estimated a need of 5,500 social homes per year, which is at the lower end of the CIH/Shelter/ SFHA report conclusions.

However, if we want social housing to play a larger role in our economic and social life, then we need to make the case for it and share the strong evidence to support it. If we believe that a safe, affordable and sustainable housing option is a right for everyone then we need the build the political and legal structures that will deliver more social housing. This firstly involves working with the general public to ensure there is greater understanding of the role and value of social housing and the benefits it confers on society at large but secondly it means reconstructing our housing system and putting human rights at the centre of our housing policy.

In Scotland we are in a good position to undertake such a reconstruction. The Scottish Government has made a commitment to incorporating economic, cultural and social rights into domestic law - including the right to a home. While there is arguably a lack of housing across all tenures it is evident that an increase in the supply of social housing, in places that people want to live, must be at the centre of allowing people to realise their right to a home.

But the delivery of more social homes doesn't happen by itself. They are built to meet the specific needs identified in local housing plans and strategic housing investment plans and are in turn funded by both Scottish Government grant and through existing tenants' rents as landlords borrow in order to build. This is the right thing to do but we have seen over the last few years that many social tenants are seeing rent rises regularly above inflation as landlords need to meet the cost of building

new homes and making other improvements to existing stock<sup>xvii</sup>. If social housing is to continue to have that key role of supporting those on low incomes to have a place to call home, then it is vital that there is the appropriate uprating of grant rates in Scotland. This will ensure social housing remains a tenure of choice that ensures high standards and widespread affordability.

### Testimony- Midlothian Council tenant

*'I love my flat which is in an upper villa and had I bought it, I would not have been able to afford the new kitchen, shower room, boiler and lately new windows. I have seen people who bought their property not realising they would have to pay buildings Insurance and still thought the council should maintain their building and those in shared property unwilling to pay their share when works need done – these of course are in the minority.*

*'I'm happy living in council housing and am fortunate to be in a lovely area of Midlothian and the council look after their Tenants very well and I am on the Scrutiny and Tenants Panels to make sure they continue to do so. '*

## Section 5. Where do we go from here?

This paper highlights the benefits that can be obtained by investing in social housing and the impact it can make to individuals, to the economy and society at large. The Scottish Government's recent track record in social housing is something to be proud of and the target to build 35,000 social homes over five years was only thwarted by the pandemic.

However, we need assurance that investment in social housing was not a one-parliamentary term priority. We need cross-party, cross-society commitment to invest in, manage and build more social housing over the next five, 10, 15 years.

Having considered what the evidence tells us, we offer recommendations for both the housing sector and Scottish Government on how we can safeguard and enhance social housing in Scotland today.

- **Increase the supply of social homes:** No one tenure should dominate discussions as improvements in availability, affordability and accessibility are needed across all sectors, but many housing problems can be linked to the shortage of social homes. The Scottish Government should commit to part funding at least 37,000 social homes over the next five years as per the CIH, Scotland, SFHA and Shelter Scotland report.
- **Keep social homes affordable:** Much work has been developed setting out affordable and social housing need in Scotland. However, without assurances over the grant rate provided to landlords, they will not have the confidence or resources to build the social homes the country needs. The Scottish Government must work with the sector to establish appropriate grant rates for the next five years that reflect costs of building new homes, repairs and improvement, voids and arrears.
- **Improve the quality of existing social homes:** To tackle fuel poverty and climate change, we must ensure that our existing social homes are energy efficient. However, so that the costs do not fall onto tenants and push them into fuel poverty, we need to see the budget for energy efficiency measures increased to at least £240 million per year in the first instance.
- **Support housing practitioners:** The Scottish Government's vision that everyone in Scotland should live in high quality, energy efficient homes that are affordable and that meet their needs is one that will only be realised if we have a high performing housing workforce. As we look towards the challenges of the next two decades in housing, there is a need to attract, retain and develop talented people for a range of roles offered by the sector and for

the Scottish Government to work with the sector to develop a workforce development strategy to build the homes and provide the services that tenants and customers expect.

## 6. Conclusion

Social housing has a unique and positive part to play in housing people, helping to create thriving, mixed communities, and meeting needs that the market will not. Done right, it does great things for our economy, for our society, for our people. And as we look to respond to the pandemic what could be more important than giving everyone a safe, affordable place to call home.

We have made a number of asks of the Scottish Government and we believe that state led intervention is paramount in building back better. But there is also a key role for the housing sector in providing leadership on the issues that are holding back the development of social housing. In the words of former CIH President Jim Strang, “we must now reclaim social housing as a pillar of the society we want to be, along with free healthcare and education” – and it must be at the centre of Scottish government plans to rebuild after the pandemic.

Scottish Housing Day is a chance to reflect on the success and achievements of our housing sector, our tenants and housing professionals but there is much more we can do. With a Scottish election just over seven months away, we will never have a better opportunity to make the case for social housing to decision makers. And while our asks may appear lofty or grand, in reality we are asking for the Scottish Government to build just one more social home per day than they are currently committed to; to ensure that the cost of rebuilding the country does not fall on the backs of tenants; and to work with us to plan for the future of our sector. We want your support this Scottish Housing Day to make sure that both politicians and the public understand the value of and the need to invest in social housing.

- 
- <sup>i</sup> <https://www2.gov.scot/Topics/Built-Environment/Housing/investment/ahsp/2015-subsidy-working-group>
  - <sup>ii</sup> <http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/Final%20Rethinking%20social%20housing%20report.pdf>
  - <sup>iii</sup> [https://england.shelter.org.uk/support\\_us/campaigns/a\\_vision\\_for\\_social\\_housing](https://england.shelter.org.uk/support_us/campaigns/a_vision_for_social_housing)
  - <sup>iv</sup> [http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/CIH\\_Public%20support%20for%20social%20housing.pdf](http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/CIH_Public%20support%20for%20social%20housing.pdf)
  - <sup>v</sup> <https://www.gov.scot/publications/social-tenants-scotland-2017/pages/4/>
  - <sup>vi</sup> <https://www.jrf.org.uk/report/poverty-scotland-2019>
  - <sup>vii</sup> <https://www.gov.scot/publications/social-tenants-scotland-2017/pages/7/>
  - <sup>viii</sup> <https://www.gov.scot/publications/housing-statistics-stock-by-tenure/>
  - <sup>ix</sup> Reducing emissions in Scotland 2018 progress report to Parliament: <https://bit.ly/2OctVEK>
  - <sup>x</sup> EESSH guidance for social landlords revised 2020: <https://bit.ly/2BMQBsj>
  - <sup>xi</sup> The Impact of Social Housing Report – Executive Summary: <https://www.sfha.co.uk/mediaLibrary/other/english/66628.pdf>
  - <sup>xii</sup> <https://www.rettie.co.uk/articles/the-value-of-residential-development>
  - <sup>xiii</sup> Dunning, R, et al (2020) *Affordable Housing Need in Scotland post-2021*. Chartered Institute of Housing Scotland/Shelter Scotland/Scottish Federation of Housing Associations

<sup>xiv</sup> <https://www.kingdomhousing.org.uk/wp-content/uploads/2018/07/Kingdoms-Social-Economic-Impact-Report.pdf>

<sup>xv</sup> Projected population change by age group across the UK, mid-2018 to mid-2043: <https://bit.ly/3glj4OW>

<sup>xvi</sup> Affordable Housing Need in Scotland post 2021: <https://bit.ly/30nMGMI>

<sup>xvii</sup> <https://www.housingregulator.gov.scot/media/1262/shr-national-panel-2019-report-3-rents-final.pdf>