



Evidence submitted by Chartered Institute of Housing Scotland: 7 August 2020

About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world including over 2,000 in Scotland.

Further information is available at: www.cih.org

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1. General comments

1.1 CIH Scotland welcomes the opportunity to contribute to the committee's pre-budget consultation. As the professional body for housing, our response will focus on the need for funding certainty to support the delivery of new homes, homelessness services and other services that are vital to supporting people to live well and independently. Programmes which contribute to the public finances while also addressing social need.

2. Affordable Housing Supply Programme

2.1 The continued delivery of affordable homes and sustainable communities is fundamental to achieving all the Scottish Government's National Outcomes and responding to the pandemic. Good quality, affordable homes improve physical and mental health and wellbeing, provide a safe and stable platform for employment and education as well as supporting jobs in the building and maintenance industry. The provision of affordable housing also has a key role to play in tackling poverty and child poverty in particular. In Scotland, 15% of households live in absolute poverty increasing to 18% when housing costs are taken into account. The difference is even more stark among households with children where 22% are classed as living in absolute poverty after housing costsⁱ.

2.2 As the committee knows in 2015 the Scottish Government committed itself to building 50,000 affordable homes between 2016 and 2021 and figures show that we were on track to meet this target. Just under 40,000 grant-funded affordable homes had been approved in Scotland from the beginning of 2016/17 until December 2019ⁱⁱ. However due to the lockdown and the pause on construction activity the 50,000 target will not be reached by March 2021.

2.3 Unfortunately, despite record levels of investment in affordable housing over the last four years, waiting lists remain too high at 158,000 in March 2019ⁱⁱⁱ and homelessness is again on the rise^{iv}. This highlights the need for ongoing investment in social and affordable housing.

2.4 We note the recent HARSAG report has called for the utilisation of the 20/21 Affordable Housing Supply Programme (AHSP) underspend to be used on the second-hand housing market, a recommendation we endorse. This report and its recommendations have now been accepted in principle by the Government and we would welcome investigation from the committee on:

- The flexibilities in the spending of this year's budget?
- How much this might be?
- How many affordable and social homes it expects to buy across 20/21?
- Final outturn of the 2016-2021 AHSP programme

2.5 We would suggest there may be private landlords who have managed holiday lets or private tenancies that are now looking to sell and we would be keen to see how the Scottish Government can best support local authorities to access this supply of housing. For example, there exists an LBTT additional dwelling supplement for local authorities that wish to purchase homes, which does not exist for RSLs. This surcharge unfairly penalises councils seeking to make targeted acquisitions as part of their strategic housing plans, and we would encourage the Scottish Government to remove this charge on local authorities.

- 2.6 We note the major impact the existing AHSP has on both social and economic indicators. The cumulative impact of the 50,000 homes included in the 2016-2021 Affordable Housing Programme, was on track to raise around £37m in additional council tax revenue and £97m in rents each year once complete.
- 2.7 While the anti-poverty charity Joseph Rowntree Foundation reported that the scale of our social housing programme has been a significant factor in slowing down the rise of poverty in Scotland compared with England.^v
- 2.8 In addition, each new home built in Scotland supports four jobs across the economy (over 80,000 jobs in total each year)
- 2.9 And by matching the money provided by the Scottish Government, councils and housing associations are making a significant investment in the construction sector and demonstrating their role as a catalyst for public- private collaboration. At time when major infrastructure programmes face significant obstacles, the deliverability of affordable housing should be commended and expanded.
- 2.10 CIH and our members are also keen to understand the Scottish Government's plans for the next Affordable Housing Supply Programme, post 2021. The committee may be aware that a report launched in June 2020 by CIH Scotland, Scottish Federation of Housing Associations and Shelter Scotland called for 53,000 social and affordable homes to meet Scotland's housing need over the period 2021-2026^{vi}. A programme we estimate would cost the Scottish Government at least £3.5bn although as noted above would be matched by social landlords. We believe that alignment of the recommendations from HARSAG and any Scottish Government post COVID priorities will only be met if we have enough supply of social rented homes. To ensure we don't lose further capacity the housing sector needs early clarity on the affordable housing supply programme. We would be keen to see early response from the Government to this recommendation so that local authorities and housing associations can make their housing development plans appropriately.

3. Extending the emergency protections for renters created for the coronavirus pandemic

- 3.1 There is a growing body of evidence that demonstrates the financial and health benefits of preventing homelessness or providing the right support for people who do become homeless.
- 3.2 Research published in 2017^{vii} states that following initial investment, Housing First^{viii} has the potential to generate significant savings across criminal justice, social work, housing and other services. The publication cites research based in England demonstrating that the UK Government could save up to £200 million each year by implementing Housing First^{ix} and a study in Liverpool which indicated replacement of 1,500 units of supported housing would generate savings of £4 million^x.
- 3.3 Research into the links between health and homelessness published by Scottish Government^{xi} again presents strong evidence to support the case for greater investment in preventative spend:
- Homeless people were almost twice as likely (1.9) to attend Accident and Emergency services than the most deprived cohort (MDC) and three and a half times (3.5) more likely than the least deprived cohort (LDC).

- Acute admissions to hospital for homeless people were 1.7 times higher than the MDC and 3.1 times higher than the LDC.
- Outpatient appointments for homeless people were 1.6 times higher than the MDC and 2.3 times higher than the LDC.

3.4 As such stopping arrears-based evictions into homelessness in the midst of a pandemic is right thing to do for the 920,000 households who are tenants of private or social landlords in Scotland.

3.5 A key part of the hardship and suffering during the crisis has been the struggle to pay rent and people worrying if they will be able to keep their home. We are now seeing people lose their jobs as the furlough scheme winds down and is ultimately withdrawn in October. Without further tenancy protection we may see a massive number of eviction actions within a short period of time. This would not only overwhelm our homelessness system which is now supporting almost 14,000 households in temporary accommodation, but it would take away the foundation of a secure home that people require to rebuild their lives as we come out of the pandemic.

3.6 Eviction protection is not a rent holiday; however the likelihood is that many social and especially private landlords may find themselves managing unanticipated arrears as a consequence of this policy, putting their sustainability at risk. This burden cannot simply be put onto landlords. While they can be expected to play a role, the diverse nature of landlords means that blanket solutions (such as a freeze on all rent payments during the crisis) are not practicable: they could lead to defaults on mortgages, loss of credit rating and even enforced sales which could deplete the sector just when tenancies are most needed.

3.7 Instead, if a government mandated extension to protections from eviction is to be agreed then it is vital that the Scottish Government provides financial backing for such a policy. This may include:

- Extending the private rented sector (PRS) loan scheme so landlords can use funds against more than one property and require any landlords given mortgage holidays on rented properties to pass relief onto tenants.
- Provide one-off payments to stabilise social landlord accounts where these can be shown to be needed and a compensation scheme to apply to local authority HRAs and RSL accounts for the year 2020/21 where the landlord can show that it has a potential serious deficit that cannot be eliminated by making other reasonable savings.

3.8 We do however note the difference between arrears-based eviction and behaviour-based eviction and believe that landlords should no longer need to wait three months before they can progress an eviction due to poor behaviour. This may not necessarily be into homelessness and we would hope that landlords can manage to find new accommodation for those in breach of their tenancy on behaviour grounds.



4. Budget recommendations post COVID

- 4.1 Clarity over use of 20/21 AHSP funding to purchase homes on market and legislative change to stop local authorities paying LBTT on individual purchase.
- 4.2 Confirmation about level of 2021-26 AHSP programme and commitment to deliver 53,000 social and affordable homes.
- 4.3 Ongoing moratorium of arrears-based eviction and financial support for landlords as required.

ⁱ <https://www.gov.scot/publications/poverty-income-inequality-scotland-2015-18/pages/3/>

ⁱⁱ <https://www.gov.scot/publications/housing-statistics-scotland-quarterly-update-march-2020/pages/6/>

ⁱⁱⁱ <https://www.housingnet.co.uk/pdf/housing-statistics-scotland-2019-key-trends-summary.pdf>

^{iv} <https://www.gov.scot/publications/homelessness-scotland-2018-2019/>

^v <https://www.jrf.org.uk/report/poverty-scotland-2019>

^{vi} <http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/Affordable%20Housing%20Need%20in%20Scotland%20Post-2021.pdf>

^{vii} <http://social-bite.co.uk/wp-content/uploads/2018/01/EradicatingCoreHomelessness.pdf>

^{viii} A homeless intervention that provides a home and wrap around support for people with complex needs.

^{ix} Joseph Rowntree Foundation (2016), *UK Poverty: causes, costs and solutions*, York: JRF

^x Blood, I., Copeman, I., Goldup, M., Pleace, N., Bretherton, J. & Dulson, S. (2017), 'Housing First Feasibility Study for the Liverpool City Region', London: Crisis

^{xi} <https://www.gov.scot/publications/health-homelessness-scotland/>