



Making Housing a National Priority

A Joint Statement by:

The Scottish Building Federation

The Scottish Federation of Housing Associations

Glasgow and West of Scotland Forum of Housing Associations

July 2011

Picture shows Sonja Aitken (Dunbritton Secretary & ACHA Management Committee Member) affixes the good luck branch watched by David Robertson from the Forestry Commission and Richard "Rikky" Wilson from John Brown (Strone) Ltd the builders



Making Housing A National Priority

The time is right to invest in affordable rented housing developed by housing associations and co-operatives. There are three principal reasons to invest now:

- **To support economic recovery, growth and jobs**
- **To meet housing need, which is reaching crisis levels in Scotland**
- **To improve equality of opportunity and achieve wider social benefits, helping to regenerate Scotland's poorer communities**

Supporting economic recovery, growth and jobs

Housebuilding is a labour intensive industry – 40% more so than manufacturing and 75% more than business services and finance, for example.¹ According to research for the Scottish Government last year, investing in affordable housing is an effective way to boost jobs and stimulate the economy.² Furthermore, housing association new build makes an extremely important contribution to employment and output in the construction sector. As a proportion of total new build completions in Scotland, the quantity of new build homes completed by Scotland's housing associations has almost doubled from 16% in 2006 to 31% in 2010. So in a period when far fewer houses have been built in Scotland overall across all the tenures, housing association and co-operative contracts have helped to sustain the construction industry as private housebuilding levels have collapsed.³ Investment in affordable housing also supports high quality apprenticeship opportunities in the construction sector - between April and December 2010, 32% of all Modern Apprentices that successfully completed their training in Scotland did so in construction or one of the associated trades (e.g. plumbing, electro-technical services).⁴

Housing associations and co-operatives are well established as the principal providers of social rented housing and other forms of affordable housing. They are well placed to do so in future, because of their capacity to lever in substantial levels of private finance to boost public investment.

¹ L.E.K Consulting, (2009), *Construction in the UK economy: The Benefits of Investment*, London, UK Constructors Group in conjunction with the CBI, p.20. Available at [http://www.cbi.org.uk/ndbs/press.nsf/0363c1f07c6ca12a8025671c00381cc7/1b0460221653edd28025765c005a5db8/\\$FILE/UKCG%20L.E.K%20report%2028.10.09.pdf](http://www.cbi.org.uk/ndbs/press.nsf/0363c1f07c6ca12a8025671c00381cc7/1b0460221653edd28025765c005a5db8/$FILE/UKCG%20L.E.K%20report%2028.10.09.pdf) (accessed 6th July 2011)

² Monk, S, Tang, C and Whitehead C (2010), *What does the literature tell us about the social and economic impact of housing?*, Edinburgh, Scottish Government. Chapter 2. Available at <http://www.scotland.gov.uk/Resource/Doc/1125/0099401.doc> (accessed 6th July 2011)

³ Scottish Government,(2011), *Housing Statistics for Scotland – Housing Association New Build April 2011*. Available at <http://www.scotland.gov.uk/Topics/Statistics/Browse/Housing-Regeneration/HSfS/NewBuildHA> (accessed 6th July 2011)⁴ Skills Development Scotland, *National Training Programmes Performance Report*, April to December 2011. Available at

<http://www.skillsdevelopmentscotland.co.uk/media/3749/MAG%20Quarter%203%202010-11%20All%20MAs.pdf> (accessed 6th July 2011)

⁴ Skills Development Scotland, *National Training Programmes Performance Report*, April to December 2011. Available at <http://www.skillsdevelopmentscotland.co.uk/media/3749/MAG%20Quarter%203%202010-11%20All%20MAs.pdf> (accessed 6th July 2011)

Housing associations and co-operatives have a major role to play in reducing fuel poverty and combating climate change. They have the most energy efficient housing in Scotland⁵ and are well placed to lead on energy efficiency improvements and generation of renewables, cutting fuel poverty, creating jobs and training opportunities.

Meeting housing need

Housing need is reaching crisis levels - there are currently almost 200,000 households on council housing lists across the country⁶ and almost 335,000 on housing association lists.⁷ With the effects of recession and with first time buyers having difficulty accessing mortgages⁸ to purchase housing, the need for quality affordable housing for rent has never been greater. The looming Scottish Government 2012 homelessness target to find all homeless applicants settled accommodation brings this need into even sharper focus.

Wider social benefits of investing in housing

Investing in affordable rented housing targeted at those on low incomes helps reduce social inequality and has wider benefits for health and education. There are clear relationships between poor housing conditions and poor health, whereas improvements to housing environments (internal and external) can lead to improvements in physical health conditions, mental health and well-being. Both overcrowding and homelessness have a particularly negative impact on children's educational performance, as well as on their physical and psychological health and thus their life chances.⁹ Investing in quality affordable rented housing that is well managed provides wider social and economic benefits and serves the spend-to-save agenda.

Housing associations and co-operatives also play a unique role in community regeneration. Some 75% of associations and cooperatives are involved in wider regeneration activities, delivering employment training, increasing financial inclusion and improving community health and well being. For every £1 invested by the Scottish Government in 2010/11, housing associations and co-operatives leveraged in an additional £2.62.¹⁰

Investing in Affordable Rented Housing – Housing Associations and Cooperatives

⁵ Scottish Government, *Scottish House Condition Survey, Key Findings for 2009*, para. 28 and table 9. Available at <http://www.scotland.gov.uk/Publications/2010/11/23125350/3>, (accessed 6th July 2011)

⁶ Scottish Government, *Housing Statistics for Scotland 2010, Key Trends Summary* (August 2010), page 1. Available at <http://www.scotland.gov.uk/Resource/Doc/1035/0103752.pdf> (accessed 6th July 2011)

⁷ Statistics supplied to SFHA by the Scottish Housing Regulator (5 July 2011) based on data in the 2009-10 Annual Performance and Statistical Return

⁸ Council of Mortgage Lenders, (15 February 2011), CML News, Issue No. 3, *Problems for First Time Buyers*. Available at <http://www.cml.org.uk/cml/publications/newsandviews/83/303> (accessed 6th July 2011)

⁹ Monk, S, Tang, C and Whitehead C (2010), *What does the literature tell us about the social and economic impact of housing?* Edinburgh, Scottish Government, Chapter 4. Available at <http://www.scotland.gov.uk/Resource/Doc/1125/0099401.doc> (accessed 6th July 2011)

¹⁰ Glasgow and West of Scotland Forum of Housing Associations, (2011), Consultation Response to *Building a Sustainable Future*. Available at <http://www.gwsf.org.uk/uploads/GWSFregenmay2011webversion.pdf> (accessed 6th July 2011)

Housing associations and co-operatives can create jobs, meet housing need and improve social equality with the right level of public investment. The Scottish Government has set a target of building 6,000 social rented houses per year and associations and co-operatives have the skills and resources to help them achieve this. This will require a significantly better level of investment in affordable housing, sustainable grant levels and a long term investment framework.

Affordable housing was one of the biggest losers in the 2011-12 Budget. Reported as a drop of 19.4%, in reality it is over 30% when the level of investment in 2010-11 is taken into account.¹¹ The main channel of new funding available to housing associations and co-operatives this year is £20 million through the Innovation and Investment Fund, with a benchmark grant level of £40,000 per unit. This is not a sustainable level of funding: almost three quarters of members who bid this year, tell the SFHA they could not afford to bid again in future.

Future subsidy benchmarks must reflect the costs of providing affordable social rented housing and the long term value that this provides. Otherwise, we will see a long term shift in housing investment with ever higher levels of mid market rent and shared equity housing. Whilst there is a market for these in some locations, their provision must not be at the expense of much needed low cost rented housing for those in greatest need.

Investing in affordable housing both stimulates the economy and provides the benefits of preventative spending for health and education. The additional borrowing powers available through the Scotland Bill present an opportunity to provide long term investment at a sustainable level. We call on the Scottish Government to use these powers to make housing a national priority and invest in affordable rented housing by housing associations and co-operatives.

¹¹Scottish Government, (2011) *Scotland's Spending Plans and Draft Budget 2011-12* Available at <http://www.scotland.gov.uk/Resource/Doc/331661/0107923.pdf> (accessed 6th July 2011)

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