

Advisory Group on Economic Recovery report: Social Housing Resilience Group response

Introduction

The Social Housing Resilience Group (SHRG) was convened by the Scottish Federation of Housing Associations (SFHA) in March 2020, in response to the coronavirus outbreak. As well as SFHA, the SHRG comprises Scottish Government, Public Health Scotland, Scottish Housing Regulator, Wheatley Group, Glasgow and West of Scotland Forum of Housing Associations, Chartered Institute of Housing Scotland, Convention of Scottish Local Authorities (CoSLA) and the Association of Local Authority Chief Housing Officers (ALACHO). It aims to deal with the significant challenges the outbreak is causing so that social landlords can continue to provide the support their tenants and communities need.

Thus far, the SHRG has dealt with, and aimed to find solutions to issues including continuity of key services, PPE, rents and evictions, maintaining financial resilience, empty properties and allocations, domestic abuse, and the challenges caused by multi-storey and high-density buildings. A number of practical resources have been created for the sector, including guidance on the restart of services and letting of empty properties to homeless and other vulnerable people.

Response to report of the AGER

“Housing is central to the Scottish economy and to our wellbeing”

The SHRG welcomes the AGER’s recognition of the crucial role of housing, and affordable housing in particular, in its recommendation that the Scottish Government should develop mechanisms to accelerate investment in the delivery of housing. In June 2020, SFHA (in partnership with CIH Scotland and Shelter Scotland) published research (Affordable Housing Need in Scotland Post-2021) which found 53,000 additional affordable homes are needed over the period 2021-26 in order to meet both the backlog of need and newly arising need. Our ask is that the Scottish Government commits to another Affordable Housing Supply Programme (AHSP), an investment of £3.4bn, which would deliver these homes.

In doing so, progress would be made across each of the four pillars of capital identified in the AGER’s report:

Business

“The construction sector is a major source of employment and makes an important contribution to Scotland’s GDP”.

The current AHSP (2016-21) had had a significant impact on one of Scotland’s key industries, construction. Clearly, the pandemic has had a negative impact on the construction industry and the indications are that job losses within the industry are likely to be among the highest. The Scottish Government’s own figures estimate its investment in the current programme supports around 10,000 to 12,000 jobs per annum in the construction and related industries in Scotland. By showing a clear commitment to maintaining this level of investment in the delivery of affordable housing, the Scottish Government will secure jobs and ensure our economic recovery.

The report of the AGER recommends the use of “policy and funding interventions to leverage private finance wherever possible”. Under the current AHSP, RSLs and LAs have more than doubled the

investment from the Scottish Government by securing an additional £3.2 billion – at least - from private investors. Private investors rely on Scottish Government investment in the sector; without the confidence that this will continue post-2021, we risk the reduction or loss of private investment in the economy. We note the AGER's recommendation around there being an important role for the Scottish National Investment Bank (SNIB) to help ensure that viable housing and infrastructure projects do not decline as a result of a lack of available capital. We are open to explore what this might look like in practice and how it can best align with current arrangements.

People

“But more important than its direct impact on jobs and finances, everyone in Scotland should have a home that is warm, affordable and accessible”.

COVID-19 has only reinforced what was already known across the housing sector: for those living in vulnerable circumstances, it is only when they are able to access safe, affordable and stable housing that other issues can begin to be addressed. How different might things have been if we were all able to endure the current crisis from secure and affordable housing?

Affordable housing is not just about the bricks and mortar; providing access to this contributes to a range of other outcomes on the Scottish Government's National Performance Framework: child poverty, educational attainment and fuel poverty are among these. In addition, many RSLs provide housing support and care services and have therefore directly contributed to the pivotal health response to the pandemic.

In 2019, the Joseph Rowntree Foundation found that levels of poverty were lower in Scotland as a result of lower housing costs. RSLs have continued to support their tenants as they usually do, providing assistance with income maximisation, energy supply and food. Through the SHRG, guidance was created to support RSLs to continue making empty properties available to homeless people and those fleeing from dangerous situations including domestic abuse. RSL tenants have benefitted from this support due to their ability to access affordable housing; further investment in the sector would mean that many more will be able to do so.

Community

“[...] support for housing is vital to help our most disadvantaged communities and create sustainable, attractive places”.

Enhanced by additional funding from the Scottish Government, RSLs' role as community anchor organisations has been pivotal throughout the crisis. The nature of their service delivery has meant that communities are strengthened. . This has been particularly true of those living in our most deprived communities, who have been the most negatively impacted by the virus.

In calling for 53,000 additional affordable homes to be built, we are not calling for simply a number of units. As seen under the current AHSP, investment in affordable housing creates communities; you need only look at the transformation of areas such as Pollokshaws and the Gorbals, for example. The sector knows that the next AHSP must be a more finely grained one, and is fully committed to using it to deliver places that people want to live in, where communities can be formed, expanded and strengthened. Further investment would also allow the delivery of homes that enable inclusive living

(e.g. with adaptations built in from the start) in order that all tenants have the opportunity to participate in their communities.

Environment

“Investment in housing has an important part to play in supporting Scotland’s recovery, in supporting jobs, creating confidence and contributing to both social policy and climate change goals”.

Due to RSLs having to meet higher targets around energy efficiency (ESSH) than other tenure types, investment in affordable housing accelerates progress towards overarching climate and energy targets. RSLs deliver some of the most energy efficient homes in the country, and are at the vanguard of low carbon technology and initiatives including air source heat pumps, district heating and renewable energy. There are many examples of RSLs trialing innovative methods such as Passivhaus and Enerphit under the current AHSP, as well as green infrastructure developments. Continued investment in the delivery of these types of developments can be made through an additional AHSP.

The 53,000 additional affordable homes needed will not only be delivered through the construction of new builds; investment in existing stock is also crucial and has clear benefits for the environment. With an underspend in the current AHSP due to COVID-19, supply could be accelerated in the coming months through a specific programme of supporting RSLs to purchase homes on the open market, rehabilitate them and allocate them to homeless households and others in acute housing need. The approach taken in Glasgow in recent years, where the full cost of purchase and 50% of the rehabilitation costs have been funded, has been very successful.

As well as quickly boosting social housing supply, such acquisitions also help local authorities and housing associations address poor standards in privately owned flats by helping them gain greater – or full – control over tenement blocks. Furthermore, the work required to bring properties up to the necessary standard will generate employment in the home maintenance and improvement sector. It would also allow further testing of approaches to retrofit, for example, the learning from which would be beneficial for the next AHSP and for the housing and construction sectors overall.

In a similar vein, the underspend on the current AHSP could also be used to further expand the use of offsite construction in Scotland. The restrictions necessary due to COVID-19 offer an opportunity to expand the deployment of modern methods of construction; again, the learning from this would be valuable for the next AHSP but also beneficial for the construction industry at this time and in terms of progress towards carbon reduction targets.

Tackling poor conditions in Scotland’s privately owned tenements will also represent a significant contribution to carbon reduction and climate change targets. The 75% of the nation’s housing that is privately owned is, on average, in much poorer condition than the 25% which is social housing and which generally meets high standards of energy efficiency.

In conclusion

The Scottish Government should [...] also accelerate investment in housing, in particular through the Scottish National Investment Bank.

We welcome the AGER's clear recognition of the crucial role of the delivery of housing in support of our economic recovery from COVID-19. If we are to truly 'build back better', then there is no better way to kickstart this than a commitment to another affordable housing supply programme.

Investing in affordable housing has been proven to make economic sense; a study by the Fraser of Allander Institute in 2019 found that the activities of Glasgow Housing Association (GHA) (part of the Wheatley Group and Scotland's largest social landlord) alone contributed £153 million in GDP to the Scottish economy, helping to support 2,575 full-time equivalent jobs.

The housing and construction sectors are both ready and able to deliver even better homes and better places than have been achieved in the last five years; we look forward to a commitment from government soon that they are ready, too.