

# **CHARTERED INSTITUTE OF HOUSING (CIH)**

## **WRITTEN SUBMISSION**

### **Introduction**

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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 and growing membership of more than 22,000 people who work in both the public and private sectors, in 20 countries on five continents across the world.

### **1. General Comments**

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CIH Scotland welcomes this opportunity to contribute to the scrutiny of the Scottish Government's budget proposal for 2015/16. In our capacity as a housing sector organisation and given the stated parameters of the ICI Committee's scrutiny of the draft budget, our response focuses primarily on housing, energy efficiency and welfare reform. We believe that increased investment in these areas is essential to the development of successful, sustainable communities and a thriving Scottish economy.

### **2. Investment in Housing**

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CIH Scotland welcomes the Scottish Government's recognition of the value generated through housing investment, and we are particularly buoyed to see the budget openly recognising that every £100 million of investment in housing supports £180 million of economic activity and 1,300 jobs. It should also be noted that new homes built to modern standards are warmer and more efficient than traditional buildings and make a significant contribution towards reducing Scotland's carbon footprint and improving public health.

The draft budget delivers good news on the growth of Scotland's economy with GDP now reaching pre-recession levels. The house building industry has a vital role to play in this ongoing recovery: investing now will help to boost economic recovery further at the same time as providing people with the warm, safe, affordable homes they need to build successful lives and make positive contributions to their communities and the economy.

We welcome the Scottish Government's commitment to build a further 6,000 affordable homes next year with a view to delivering 30,000 affordable homes

over the life of the current Parliament and note that this target is being met. We were also encouraged by comments from the Housing and Welfare Minister during the recent Parliamentary debate on Housing Supply which suggested that the Scottish Government's intention is to exceed its housing supply targets<sup>i</sup>.

However, we believe that the current targets fall significantly short of what is required to meet housing need and the suggestion that these targets may be exceeded is simply not good enough. The Scottish Government must commit to more ambitious targets for housing supply, supported by the financial means with which to deliver these homes in order to make progress towards reducing homelessness, meeting the needs of Scotland's growing population and providing the right mix of housing options to support the working population. CIH Scotland's submission to the Smith Commission outlines how we believe changes to fiscal responsibility can help to support house building in Scotland.

During scrutiny of last year's budget, CIH Scotland submitted proposals for the delivery of 8,000 affordable homes, including a mix of social housing, mid market rent and shared equity homes, with a view to increasing delivery to 10,000 per year in the future<sup>ii</sup>. The call for more ambitious supply targets is echoed across the housing sector and it is disappointing to see that the issue has not been addressed by the Scottish Government's draft budget.

Without greater investment in new, affordable housing supply, the housing crisis in Scotland will continue to hold back the economy and add further unnecessary and avoidable cost to health and social care and other related public expenditure budgets. Some 28,500 households were assessed as homeless in Scotland in 2013/14<sup>iii</sup>. Demand for social housing far outstrips supply. At March 2014, there were nearly 180,000 households registered on local authority housing lists in Scotland<sup>iv</sup> and even more will be registered with individual housing associations. In addition, increasing rent levels in the private sector and high house prices are limiting the options available to low and middle income households.

More work needs to be done to explore the options for delivering a range of housing options to meet the needs of Scotland's people, particularly in relation to intermediate tenures. Intermediate level provision (whether that be

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<sup>i</sup> [Meeting of the Scottish Parliament, 30 September 2014, Housing Supply Debate](#)

<sup>ii</sup> [CIH Scotland Budget Submission to the Scottish Government, September 2013](#)

<sup>iii</sup> [Scottish Government Homelessness Annual Reference Tables 2013-14, Table 1](#)

<sup>iv</sup> [Scottish Government Housing Statistics for Scotland, Housing Lists, Table 2](#)

in the form of mid market rent or low cost home ownership opportunities) provides a much needed alternative to expensive open market housing and alleviates the pressure on the limited, existing supply of social rented housing.

### **3. Energy Efficiency**

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The Scottish Government has committed to ambitious targets regarding climate change and fuel poverty, promising to:

- Cut Scotland's emissions of greenhouse gasses by 42% by 2020 and 80% by 2050; and
- Ensure that as far as is reasonably practicable, people are not living in fuel poverty in Scotland by November 2016.

Energy use in homes accounted for over 13% of greenhouse gas emissions in Scotland in 2012<sup>v</sup> and 674,000 Scottish households are still living in fuel poverty<sup>vi</sup>. It is clear that bold actions must be taken if the Scottish Government is to deliver on these targets.

Advances in technology and improved building standards mean that new homes are more energy efficient than older, more traditional building types. Increased energy efficiency reduces carbon emissions and the amount of energy needed to run a household. Research suggests that it can cost twice as much to run a Victorian home with some energy efficiency improvements than to run a new build home<sup>vii</sup>. Greater investment in the supply of new energy efficient homes which will help to support Scottish Government targets on reducing carbon emissions and alleviating fuel poverty.

With regards to raising the standards of existing homes, we welcome the allocation of £79 million to support home owners to carry out energy efficiency work through Home Energy Efficiency Programmes for Scotland (HEEPS). However, we do not believe that this is sufficient to meet targets for reduced carbon emission or fuel poverty.

The reduction of the UK Energy Company Obligation (ECO) alone has resulted in the loss of £50 million per year in Scotland which could have been used to support homeowners with some of the most difficult to treat

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<sup>v</sup> [Scottish Greenhouse Gas Emissions 2012](#)

<sup>vi</sup> [Scottish House Conditions Survey Key Findings 2012](#)

<sup>vii</sup> [Zero Carbon Hub, Costing, Zero carbon Housing – Annual Energy Running Costs, February 2014](#)

properties including solid wall, remote and off-gas properties. The UK Committee on Climate Change progress report for Scotland states that there may be a need for the Scottish Government to “increase levels of funding, given the recent reduction in the ambition of the ECO” and that “it is likely that substantial additional policy effort by the Scottish Government will be necessary if it is to meet its insulation and fuel poverty targets”.<sup>viii</sup>

The Scottish Government will also be aware that investing in retrofit measures can only go so far towards reducing fuel poverty and one of the most significant driving factors in fuel poverty is the cost of energy. This is why CIH Scotland’s submission to the Smith Commission calls for greater powers over the energy market to be devolved to Scotland.

#### **4. Welfare Reform**

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Cuts to the value of benefits resulting from UK Government welfare reform measures have reduced the income of some of the poorest and most vulnerable households in Scotland. Reduced income coupled with increasing living costs mean that many households are being forced to make the difficult decision between heating and eating. Cutting back on essentials such as gas and electricity places more people at risk of fuel poverty or inadequately heated homes and the health risks associated with dampness and condensation.

CIH Scotland welcomes the allocation of funding to mitigate the cost of the ‘bedroom tax’ in Scotland for another year which will help to prevent some of the poorest members of society from building up debt or being forced from their homes as well as helping to support the financial stability of social housing providers. However, we are concerned by the short term nature of this solution and the uncertainty that this causes. We are sure that the Scottish Government agrees that the continued use of Discretionary Housing Payments (DHPs) to mitigate the ‘bedroom tax’ is, at best, a short term solution and that social landlords and their tenants would be better served by a system with more long term security.

It should also be noted that the provision of additional DHP to mitigate ‘bedroom tax’ charges going forward will not alleviate historic rent arrears accrued before the Scottish Government committed to its present course of financial intervention. Rent arrears obstruct social landlords’ ability to increase housing supply, to maintain and improve existing homes and to deliver housing services. Inability to recover rent arrears may also contribute to increases in rent. This has a negative impact on all social housing tenants, not

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<sup>viii</sup> [UK Committee on Climate Change Progress Report on Scotland](#)

just those directly affected by the 'bedroom tax'. This is another area in which CIH Scotland believes more powers must be devolved to Scotland.

**Chartered Insitute of Housing**

**31 October 2014**