

Local Government, Housing and Planning Committee

15th Meeting, 2021 (Session 6)

Tuesday 17 May 2022

Affordable Housing

Introduction

1. The purpose of this paper is to provide information for the Committee's evidence session on affordable housing.
2. At this meeting, the Committee will take evidence from two panels of stakeholder witnesses as follows—

Panel 1 (Rural Focus)

- Donna Birrell, Chief Executive Officer, Rural Stirling Housing Association;
- Roslyn Clarke, Director, Applecross Community Company;
- Mark Rodgers, Executive Chief Officer for Housing and Property, Highland Council;
- Mike Staples, Chief Executive, South of Scotland Community Housing.

Panel 2

- Pam Humphries, Head of Planning and Regeneration, North Lanarkshire Council;
 - Tom Norris, Managing Director, Places for People Scotland;
 - Frank McCafferty, Group Director of Assets and Repairs, and Stephen Henderson, Group Director of Finance, Wheatley Group;
 - Colin Proctor, Director, Construction Industry and Delivery, and Neil Rutherford, Senior Associate Director, Housing and Economic Investment, Scottish Futures Trust;
 - Elaine Scott, Head of Housing, Strategy and Development, City of Edinburgh Council.
3. It is expected that the Committee's consideration will focus on the following key themes—

- Progress towards the Scottish Government's affordable housing supply commitment and the extent to which good quality homes that contribute to sustainable communities are being developed;
- The impact of increasing prices on housing development programmes and how the revised grant subsidy framework is working in practice; and
- The scope for different ways of financing and delivering affordable homes to be achieved.

Background

4. In the previous parliamentary session, the Scottish Government planned to deliver 50,000 homes, of which 35,000 would be for affordable rent. However, completion was delayed due to the COVID-19 pandemic.
5. Between April 2016 and December 2021, 47,404 affordable homes were completed, of which 32,361 were for social rent. The Scottish Government and its partners are working to complete the remaining 3,596 affordable homes.
6. The Scottish Government's current commitment is to deliver 110,000 affordable homes by 2032, of which 70% will be available for social rent and 10% will be in remote, rural and island communities. The Scottish Government plans to invest around £3.6 billion in its affordable housing supply programme during the current parliamentary term. A total of £832 million is available in 2022/23.
7. At its meeting of 28 September 2021, the Committee took evidence from housing stakeholders during which there was some discussion about the affordable housing programme. The official report is available via the following link: [Meeting of the Parliament: LGHP/28/09/2021 | Scottish Parliament Website](#)
8. While witnesses spoke positively of the ambition in the Scottish Government's affordable housing programme, they also expressed some reservations about the financial viability of the programme. Witnesses were doubtful about the capacity to deliver the promised programme and were also concerned that the costs of the building programme, including meeting the Energy Efficiency Standard for Social Housing (EESH2) would be passed onto tenants. Concerns were also expressed to the Committee on the impacts of the increasing costs of materials and skill shortages, particularly in a rural setting.
9. The majority of the affordable housing supply programme is funded via Scottish Government grants (accounting for around 56% of total costs) along with contributions from councils and Registered Social Landlords.

10. Following the September evidence session, in October 2021, [the Scottish Government implemented a revised grant subsidy regime](#) which resulted in an increase in grant subsidy levels. At the same time, the Scottish Government is also advancing continuous improvement with the sector. The Scottish Government confirmed that the use of a “value for money in new affordable homes” tool and the participation of housing specialists in a programme of procurement support would become part of its approach.
11. The [Housing to 2040 Strategy](#) sets out the Scottish Government’s plans for continuing to pursue innovative approaches to delivering the non-social rented element of the programme (including the open market shared equity scheme). It states that it will “explore the possibility of cross-subsidy models with interested councils to support the funding of more social rented housing in mixed-tenure communities.” It further notes the need to encourage private investment to help deliver more homes because:

“the challenges ahead mean that we need to accelerate private investment in housing programmes and projects and in the transition to decarbonised heat, using it to complement and add value to public investment and deliver better outcomes for people and communities.”
12. The Housing to 2040 Strategy also sets out the Scottish Government’s plans to extend the use of modern methods of construction to help overcome some of the delivery challenges. The Scottish Government has started work to develop a [national strategy](#) focussing on greater use of offsite construction. This work is being jointly led by the Scottish Government More Homes Division and the Scottish Futures Trust and is supported by a range of partners.

Conclusion

13. The Committee is invited to consider the above information in its evidence session with stakeholders.

**Committee Clerks,
May 2022**