

# Local Government, Housing and Planning Committee

## 23rd Meeting, 2022 (Session 6)

Tuesday 27 September 2022

## Pre-Budget Scrutiny – Affordable Housing

### Introduction

1. At its meeting on 14 June 2022 the Committee agreed to focus its pre-budget scrutiny on funding for affordable housing, continuing its exploration of this issue.
2. This paper sets out the focus of the Committee's work, issues arising and the evidence the Committee will be taking to inform its consideration

### Background

3. 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. [The 50,000 target was reached during March 2022.](#)
4. 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 £831 million is available in 2022/23.
5. Budget scrutiny is an ongoing process. The Committee has already taken evidence on affordable housing supply and the budget. The Committee held an initial session on committee priorities with stakeholders on [28 September 2021](#), a session on affordable housing on [17 May 2022](#) and a session on housing as part of the draft NPF4 scrutiny on [1 February 2022](#).
6. At its meeting of [28 September 2021](#), housing stakeholders spoke positively of the ambition in the Scottish Government's affordable housing programme, but at the same time they expressed reservations about the financial viability of the programme.

7. On 6<sup>th</sup> September 2022, the Committee heard from Homes for Scotland, Community Land Scotland, COSLA and ALACHO, Scottish Federation of Housing Associations and Professor Kenneth Gibb.
8. Ongoing themes highlighted by witnesses have included:
- increased costs of construction and the adequacy of the grant funding regime (particularly for rural areas)
  - the competing priorities social landlords face including the need for social landlords to invest to decarbonise their stock
  - the capacity for social landlords to invest to meet all their capital commitments while maintaining tenants' rents at affordable levels
  - the importance of rural housing enablers and community led approaches to develop new homes in rural areas
  - whether housing needs are being met adequately and placemaking objectives are being achieved
  - the adequacy of housing numbers in relation to the Minimum All-Tenure Housing Land Requirement (MATLHR) set out in draft NPF4 and the Housing Needs and Demand Assessment (HNDA) tool.

## Focus of scrutiny

### *Delivery and funding of the affordable housing programme*

9. At a most basic level the Committee is considering whether there is adequate funding in place to deliver on the Scottish Government's affordable housing programme.

10. In particular, the Committee is keen to explore the impact of increasing costs for housing development programmes and how the revised grant subsidy framework is working in practice to mitigate those increased costs.

11. The Committee wants to understand the extent to which different ways of financing and delivering affordable homes can contribute to meeting the targets for affordable house building in Scotland and more generally meeting housing needs in Scotland. The Committee is also keen to hear about the contribution of the private sector to the affordable housing supply programme

12. The Committee also wants to understand how local authorities are meeting the demands of the affordable housing programme whilst at the same time maintaining existing housing stock and meeting the demands of decarbonisation.

### *Impact of spending on the delivery of outcomes*

13. The Committee wants to hear views on how funding could be best used to meet housing needs and deliver on placemaking objectives. The Committee wants to understand if the building of 110,000 affordable homes is meeting Scotland's housing needs.

14. The Committee also wants to hear how funding for affordable housing is contributing to the delivery of the national outcomes in the National Performance Framework.

15. In addition, the Committee wants to hear about how resources could be prioritised to best meet housing needs if there are reductions in the capital spend for affordable housing.

*Proposed changes*

16. Finally, the Committee wants to hear if there are changes that should be made to the level of funding for the affordable housing programme or if there are changes required in the ambitions for that programme.

## Evidence programme

17. The Committee asked for written evidence from local authorities and the witnesses it agreed to invite to give oral evidence to inform the Committee's consideration of this issue. Copies of those responses can be found in last week's meeting papers. These can be accessed at the following link:

<https://www.parliament.scot/~media/committ/3787>

18. At the meeting on 6 September the Committee took evidence from the following:

- Mike Callaghan, Policy Manager, Communities Team and Gary Fairley, Midlothian Council, Director of Corporate Services, COSLA;
- Professor Ken Gibb, Director, UK Collaborative Centre for Housing Evidence, University of Glasgow;
- Aaron Hill, Director of Policy and Membership, Scottish Federation Of Housing Associations (SFHA);
- Fiona Kell, Director of Policy, Homes for Scotland;
- Sherina Peek, Acting Policy Manager, Association of Local Authority Chief Housing Officers (ALACHO);
- Ailsa Raeburn, Chair, Community Land Scotland

19. The Committee will hear this week from the Cabinet Secretary for Social Justice, Housing and Local Government and her officials.

**Clerks,  
Local Government, Housing and Planning Committee**