

MEMBERS' PAPER: HOUSING SUPPLY BEYOND 2021

This paper seeks to stimulate a discussion with you about the options for the approach to housing supply after 2021.

More Homes Scotland is our overarching approach to bring together all activity to increase supply across all tenures. At the heart of that sits our commitment to deliver at least 50,000 affordable homes over the course of this Parliament, with 35,000 of these for social rent, backed up by investment of at least £3 billion. Last year, all Councils received long term resource planning assumptions totalling £1.754 billion to March 2021 - providing the certainty stakeholders told the Scottish Government was needed to deliver our ambitious targets. As we approach the end of the second year of this Parliament, and given the long lead-in time for housing delivery, it is time to look at the challenges we face and begin to think about housing delivery beyond 2021.

There are a number of **Scotland-wide challenges** which our approach beyond 2021 needs to address:

- An **ageing population**. By 2030, there will be over 600,000 people aged 75 or over. We will need more suitable housing and services to help individuals to continue to live independently at home. As a society, we will need to spend more on health and social care.
- The **UK Government's welfare reforms**. The UK Government has been steadily chipping away at the support it provides and the Scottish Government works to mitigate the worst impacts, but this isn't a sustainable or efficient use of public money in the long term.
- **Tackling and preventing homelessness**. The Homelessness and Rough Sleeping Action Group is now examining longer term actions to end rough sleeping for good and make homelessness a thing of the past and we will need to deliver these.
- **More than one in four children live in poverty** in Scotland, and this is increasing. We must meet the challenge of combating child poverty.
- Although we are confident in our **fire safety and Scottish building standards**, we are not complacent and we will need to make improvements as necessary.
- Finally, with regard to **Brexit**, the UK Government wants to leave not just the EU but the Single Market, threatening jobs and prosperity in Scotland. Our assessment of the impact is in our publication, ***Scotland's Place in Europe: People, Jobs and Investment***.

We understand that there are also particular **challenges facing housing in rural and island communities**, as highlighted when Scottish Government launched the Rural and Islands Funds and through recent research completed by Highlands and Islands Enterprise:

- Increased costs of developing due to transportation and accessibility.
- Limited number of local contractors, with smaller contractors not being on stakeholder procurement frameworks.
- Less viable land supply and more infrastructure constraints.
- Higher numbers of empty homes and poorer condition of existing housing stock, leading to higher levels of fuel poverty.

- Less access to affordable home ownership.

We are committed to continue to promote increased supply across all tenures and build on our More Homes Scotland approach. To meet the challenges above, we need to consider how future government-led interventions in the housing market after 2021 could be broadened out beyond traditional subsidy for social rented homes.

There are plenty of **opportunities and experience** to build our new approach on:

- **Experience of scaling up delivery** - over 10,000 homes delivered towards the target by September 2017.
- **Using public sector land** for housing.
- **Expansion of housing association activity into new geographic areas.**
- Experienced **RSLs partnering** those with limited or no development experience; and RSLs and councils partnering with developers.
- Grant from the **Housing Infrastructure Fund** unlocking housing development (e.g. 300 affordable homes in Dunbeg on the outskirts of Oban).
- The **Rural Housing Fund and Island Fund** worth £30 million over 5 years for Communities and Landowners to deliver affordable housing.
- The **Self-Build Loan Fund** pilot running in the Highland Council area.
- The **Croft House Grant Scheme**, increasing the range of housing options for our communities.
- The **Scottish Empty Homes Partnership** and a network of dedicated Empty Homes Officers across Scotland bringing more than 2,800 empty homes back into use and dedicated funds - the **Empty Homes Loan Fund** and the **Town Centre Empty Homes Fund**.
- The **shared equity schemes supporting homeownership** - Help to Buy, Smaller Developers Schemes, Open Market Shared Equity and New Supply Shared Equity.
- The changes to **Land and Building Transaction Tax** that support first-time buyers.
- Our track record in **innovative interventions** we have pursued over recent years, including the charitable bond model the use of loans and guarantees. The **Rental Income Guarantee Scheme** will boost the build-to-rent sector.
- The **Planning Bill** to facilitate delivery of the right types of homes in the right places.
- The **Building Scotland Fund**, which will be operational in 2018/19.
- The **Scottish National Investment Bank**, which will be able to support financing of new models of housing and housing-related infrastructure.
- Research from the **UK Collaborative Centre for Housing Evidence**.
- Work of, and recommendations from, the **Scottish Land Commission**.

Over the course of 2018, we are looking to engage across the housing sector and beyond to develop some outline options. The discussion today should focus around:

- What other challenges or opportunities do you foresee?
- What principles or ideas might inform the approach beyond 2021?
- What would you need to do to make them work in your area?