

‘Affordable’ Housing? Aye, wrong...

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Principles (Ideology?)

- The sole purpose of a Government is to redistribute wealth.
- A house is a human right, not a commodity to be traded for personal profit.
- Subsidy for social housing is an investment in the whole nation's economy, health and wellbeing.
- Investment in social housing keeps all prices, costs and poverty in check.
- Investment in social housing adds economic, environmental and social value

Affordable Housing

➤ Rent Levels

- Initial
- Policy

➤ Planning Policy/Approvals

- Strategic targets
- New Supply

New Supply of Social Homes 1989-2021

- 1989 RSLs Developing, LAs not.
- Stock Transfer
- S.75
- Right to Buy (½ M sold).
- 2010 Shelter/CloH/SFHA call for 10k new social homes p.a.
- Best Year- 7k
- 2016 SG Target 50k 'affordable' (inc.35k social) by 2021
(achieved but a year late)
- Only 28k social completions, thanks to COVID19.

Social Housing supply shortfall gets bigger.

New Supply – What now?

- Materials prices and Construction work stops during first lockdown
- Materials prices and operative shortages soar and new works stall
- SG Publishes *Housing to 2040*, committing to 110k new 'affordable' homes in 10 years, 70% of which to be social.
- SG then announces a cocktail of total funding (including £268m cut) and benchmark subsidy rates (average 45%) that makes this target unachievable. Maybe only half that number?
- Worse, some RSLs think they'll soon not be able to build for social rent at all.
- Each new house now costs £200k

Social Housing supply shortfall gets even bigger.

Edinburgh's Housing Crisis

- Highest house prices in Scotland
- Highest PRS (average £1200 pcm, £5k possible), Council and RSL Rents
- Decades-long underinvestment by Westminster/Scottish Governments
- £70m + pa short for 'affordable' housing
- CEC in 2020 - new 'affordable' homes pa needed, half of which social
- Edinburgh Poverty Commission in 2020 :

CEC/RSLs need to build 2000 homes for social rent every year

Results?	705 (2019/20)
	252 (2020/21)
	247 (2021/22)
	391 (2022/23)

Edinburgh Social Rent Supply Stalls

- 48% of new housing is social rent 2016/21.
One of 2 LAs to get <70%.
- Target of 20000 new affordable homes in 10 years to be met at all costs, so:
 - Focus on Build to Rent and student housing (PBSA)
 - 'Intermediate Rents' with no public subsidy.
 - 'Acceptable' - as is MMR – “rents lower than PRS”
 - Adherence to 'benchmark' subsidy levels
 - Insufficiently detailed reporting/feedback to Councillors.
 - Developers manipulating the system -
 - 21 planning applications 2020/21, all meant to include an Affordable Housing Statement - 6 didn't !
 - Applying before the '35% affordable' is required by new Local Development Plan(*City Plan to 2030*)

How much Social? CEC planner response

" Local Development Plan (LDP) policy is for 25% of the units to be affordable housing.

In terms of how many are for social rent then that is negotiated with our affordable housing colleagues, the developer and any affordable housing provider (an RSL). 's.75 legal agreement'.

At this stage it is too early to say."

Committee approves the 25%

But Officials 'negotiate' the proportion which is social ('expected to be 70%)

But don't appear to report back.

LA Affordable Housing Policies/targets

- Edinburgh 35% 'affordable', 70% social. Realistically 725 p.a.?
- West Lothian 20% 'affordable', Bangour Village.
- Inverclyde No, despite 450 new at IBM
- Glasgow Not yet, but SHIP has 4732 social rent completions, 63.3% of the 'affordable' housing total.
- Dundee No, but plenty of social rent ongoing
- S. Lanarkshire LHS 3000 + target, all for social rent.

- **YOURS?**

Housing Needs and Demand Analysis (HoNDA)

- To underpin/justify each LA's Strategic Housing Investment Plan (SHIP)
- Range of processes/scope/control eg ESESCRD- 6 LAs.
- HNDA 2 in 2015 not good enough. Lacks meaningful, localised statistics re. household incomes, rent levels, house sizes, rising housing costs, inadequacies of the welfare system, etc.
- HNDA 3 appears relatively better. Deemed 'credible' by SG.
- ESESCRD's suggests 1100-1900 new social homes pa

(now where have I seen these figures before.....?)

NPF4 consultation responses

"Developers are viewed as the main customers in the planning system. Communities are left far behind. New developments to be subject to a public interest test." *Planning Democracy.*

" Local authorities to lead" *Scottish Land Commission*

" Homes should be a recognised asset and valuable part of infrastructure. SG should give substance to an 'infrastructure-first' approach to development." *BEFS*

Terminological Inexactitude

NPF4 defines 'affordable' housing as:

" Of a reasonable quality that is affordable to people on low incomes. This can include social rented, mid-market rented, shared ownership, shared equity, housing sold at discount, self-build plots and low-cost housing without subsidy. "

- None offers security of tenure apart from social housing.
- Intermediate rent is missing.

Rent and 'Subsidy' Levels – 1989-2008

- 1989 RSLs Borrowing.
- 'Mixed funding' working
- Cheap/long-term (30-yr) loans,
- HAG rates high (up to 90%),
- Rent levels kept pace with inflation.
- Relatively low utilities and repairs costs
- Social Security

Commitment to Social Housing

Rent and 'Subsidy' Levels – 2008-2020

- 2007/8 Financial Crash, Credit Crunch
- 2009 'Firm Foundations' - Bulk Procurement
- 2010 HAG Competition - £40k/% RSL, £30k/% LA.
(a new house cost £100k)
- **Austerity**
- 2013 WELFARE Reform
- Brexit eg RSLs lost access to cheap EIB funding.
- RSL Grant Rates Up – £58k/% RSL
- Rents increasing above inflation to £87pw or more as costs increase but HAG rates flatline
ie tenants increasingly subsidising new homes

Commitment to Social Housing

Are Social Rents 'Affordable'?

For 100 years, a range of ratios and measures have included :

- 25% of the average wage (*Edinburgh Corporation, 1925*)
- 25% of weekly wage of £3 (*Manchester Corporation, 1930*)
- 25% of disposable income ie. inc. Utility costs, council tax (*SFHA, 1990s*)
- 25% of gross income ie. 2 (+) earners (*Various academics*)
- '30% of income' (*SRAB, 2021*).
- 35% of household income (*HNDA3*)

- Wages, benefits and savings 'frozen' while social rents increase by 2% per annum or 15% above inflation in eight years to over £100 pw in Edinburgh, where a **family with one wage-earner is already paying 34% of its income on rent alone in a council house** before service charges, gas/electricity, council tax, rampaging COL, etc.
- SG nationwide benchmark rents issued last week.
£101pw, £10 pw higher than average.

More Terminological Inexactitude

" Rents will be capped based on Broad Rental Market Area (BRMA) 30th percentile. The Council have (sic) confirmed that the average household income in the city is £44,000 per year. Rents at the BRMA 30th percentile are considered to be affordable to those earning below the average income."

The MEDIAN income of a tenant in Edinburgh is £19k
A senior care worker earns £21k.

The 'BRMA 30th' rent is £184 per week

Local Housing Allowance (LHA) cap is £154 per week.

Affordable? Aye right....

The Graphic Equaliser

- Establish a database of all properties – full profile, rents, condition, quality, etc.
- Establish a common understanding/definition of ‘affordable’
(SG AHWG ‘missing’ but it will need defined for Human Rights Bill)
- Increase investment in SOCIAL housing – transfer MMR subsidy to social.
- SG enforce LAs reporting split between ‘affordable’ and ‘social’.
- Other funding - PWLB (half council/RSL rates?), council pension funds, developer contributions, City Region Deal
- Reduce costs
- Rent ‘freeze’ and linking rent increases to CPI/RPI not the answer
- Focus on current and future rents ie long-term
- Reform social security
- Re-distribute income eg progressive taxation reform – Council, land value, income and wealth tax
(to ‘promote house price stability’ – H22040)
- Progress Universal Basic/Citizens' Income/Services, Minimum Income Guarantee
- Recognise links between Affordable Housing Supply and Child Poverty
- Establish an honest, transparent commissioning and procurement system for delivering quality public services
- Treat social housing as infrastructure, thereby recognising its importance and accessing City Region Deal funding.
- Pay attention! Question, challenge, monitor and evaluate incessantly

Conclusions?

- Too many are asleep at the wheel
Make sure you're not!
- Discuss?

Other Reports

- [Poverty and Inequality Commission Child Poverty Scrutiny Report 2022-23 - Poverty & Inequality Commission \(povertyinequality.scot\)](https://povertyinequality.scot)