

The Affordable Housing Debate

Nick Wright reports on the West of Scotland Chapter event – 17 April 2008

The massive gulf between house prices and average incomes means that housing is now at the top of the political agenda. The government's recent consultation paper proposes a number of measures to tackle the crisis, including increasing house building rates back towards the numbers being built in the '60s and '70s. Will the government's proposals sort out the crisis? What more needs to be done? And how can planning help?

Liz Shiel of Tribal Consulting, author of recent government research on affordable housing and planning, and **Gavin Corbett**, Head of Policy at Shelter Scotland recently helped around 30 West of Scotland planners get to grips with these issues with insightful presentations, small group discussions and a plenary session.

The scale of the problem – Gavin Corbett, Shelter Scotland

Housing may be cheaper in Scotland than the rest of the UK, but there are still real issues to crack: 200,000 people on Scottish house waiting lists, a doubling in the numbers of people in temporary accommodation since 2001 and average house prices doubling in the last 10 years. All this leads to a host of related problems: increased commuting, carbon emissions, strains on family life as more income is needed for the mortgage and rural facilities under pressure as family accommodation is lost in villages.

Some suggest tackling affordability by releasing more land and deregulating the planning system. But, in a market where 80% of transactions are in the second hand market, we would have to crank up supply enormously to make an improvement.

Shelter Scotland suggests a focused programme of public investment in affordable rented homes, building 10,000 homes a year. The figure is derived from independent academic research - available at www.shelter.org.uk/butwhyhere. This number of affordable rented homes per year is more than at any time since 1977. It is significant but is still only half of the average output between 1945 and 1995, and its additional cost would be less than 1% of the Scottish Government's budget. Most of the 10,000 houses would be delivered as part of mixed tenure programmes through the private sector.

What can planners do to make housing more affordable? Liz Shiel, Tribal Consulting

Liz Shiel took us through three pieces of work on affordable housing by Tribal for the Scottish and English governments from 2006 to 2008.

The supply of land for affordable housing is increasingly difficult in areas of high land values. Policies are not delivering a significant amount of affordable housing, part of a bigger problem of delivery of housing sites which is often related to infrastructure difficulties.

Quota policies have been introduced by most but not all local authorities where land supply is an issue. Tribal's view is that the quota system, not separate allocations for affordable housing, should be the backbone of the affordable housing land supply in Scotland. It can secure mixed communities and affordable housing land at less cost to the public purse, with no greater risk of challenge at local plan inquiries unless landowners are given open market values: that said, there may be a role for separate allocations in fragile rural areas, where sites are small and scarce.

Tribal's research in England suggests that:

- shared ownership affordable housing is viable without grant in all but the lowest value areas;
- social rented housing without grant is also possible, even with quite high quotas and even in moderate value areas; and
- in very high value areas there is considerable scope to bear both affordable housing and other Section 106 requirements.

However, research released this year in Scotland, *All Pain, No Gain* by Newhaven Research for the Chartered Institute of Housing in Scotland, suggests that this English approach involves large hidden costs in justifying and defending affordable housing policies and negotiating individual Section 75 agreements, and that the specific analytical and strategic skills required by local authority planning and housing staff are often lacking. Instead, *All Pain, No Gain* suggests a combination of dispute resolution, model Section 75 agreement, and an economic appraisal of alternative approaches to delivering affordable housing - including some form of mandatory tariff system.

To complicate the array of possible policy responses even further, the Scottish Government's 2007 consultation paper on housing, *Firm Foundations*, puts forward an emphasis on greater efficiency and productivity from Housing Associations, making the point that subsidies are higher in Scotland than England.

So, plenty of food for thought for the ensuing discussion at the meeting - what do you think?

Comments can be passed to Nick Wright via the West of Scotland email address: west.scotland@rpti.org.uk