

Local Government, Housing and Planning Committee
Tuesday 12 November 2024
30th Meeting, 2024 (Session 6)

Housing inquiry

Introduction

1. At this meeting the Committee will hold its second session in this phase of its housing inquiry. At this meeting the Committee will hear from two panels. On the first panel the Committee will hear from:
 - Professor Duncan MacLennan, Emeritus Professor of Urban Economics, Glasgow University and Adjunct Professor of Housing Economics, CHEC, McMaster University, Ontario.
2. On the second panel the Committee will hear from:
 - Callum Chomczuk, National Director, Chartered Institute of Housing Scotland;
 - Sharon Egan, Head of Housing Services South Lanarkshire Council, Association of Local Authority Chief Housing Officers (ALACHO);
 - Eilidh Keay, Member, Living Rent;
 - Jennifer Kennedy, Director of Public Affairs, Homes for Scotland;
 - Carolyn Lochhead, Director of External Affairs, Scottish Federation of Housing Associations (SFHA);
 - Gordon MacRae, Assistant Director (Communications & Advocacy), Shelter Scotland
3. Submissions from the Chartered Institute of Housing Scotland and Homes for Scotland are attached as an Annex to this paper.
4. The purpose of this paper is to provide background information to inform this session.

Background

5. The Committee has considered housing issues throughout the session. Most recently the Committee took evidence from a range of stakeholders on the Scottish Government's Housing to 2040 strategy at its meetings of 20 February and 27 February and on rural housing issues on 30 April. In addition, the Committee wrote to the Scottish Government on 4 June following up on issues arising in the sessions.
6. In [June the Scottish Parliament agreed to a Scottish Labour motion \(S6M-13197\)](#) supporting the declaration of a national housing emergency.
7. [As part of its work programme discussion before summer recess](#) the Committee agreed to issue a call for views to shape the next steps in its housing inquiry work. In particular, the Committee asked about voids, acquisitions, and responses to the housing emergency.
8. Having reflected on the responses received, the Committee agreed to a short inquiry focussed on the following questions:
 - How effective are the actions of local authorities and the Scottish Government in responding to the immediate housing emergency including homelessness?
 - How can social landlords make best use of existing stock to respond to the housing emergency?
 - What do we need the housing system to look like in Scotland to prevent future housing emergencies and homelessness?
 - What should the role be of the social and private rented sector in providing affordable housing choices in Scotland?
 - How can we create a sustainable and affordable housing market?
 - How effective are local authorities' and the Scottish Government's current actions in working towards achieving the housing system we need in the longer term?
9. This is the Committee's second session. You can read the official report of the first meeting at the following link:

<https://www.parliament.scot/chamber-and-committees/committees/current-and-previous-committees/session-6-local-government-housing-and-planning>
10. The Committee will reflect on its next steps after this meeting.

**Committee clerks,
November 2024**

The Housing Emergency, November 2024

Response submitted to the Scottish Parliament 01 November 2024

Key messages

- The Housing Emergency has accelerated over recent months. The vote in the Scottish Parliament to confirm there is a national housing emergency was welcome but since then more local authorities have declared their own local emergencies. The decisions were compounded by the most recent homelessness and supply figures which show supply levels continuing to fall and homelessness levels continuing to rise.
- We recognise work has been done at both a local and national level to address the emergency and are encouraged that there appears to be a single national action plan led by the Scottish Government which will complement the work at local authority level.
- After a period of falling the size of the PRS appears to be stabilising in Scotland. However to ensure the PRS is seen and utilised as a vital, dynamic, accessible part of Scotland's housing system local authorities need resources to invest in supporting landlords and the sector needs a period of certainty and stability with a PRS strategy informed by both evidence and agreement with landlords about its size, scope and its contribution to the housing system
- We believe the Housing to 2040 still provides the correct framework to inform housing policy in Scotland, however we would encourage the Scottish Government to provide greater clarity on staging of priorities, likely resource allocations and desired outcome from housing policy to create a shared commitment to what investment in housing can achieve.
- Over the remainder of this Parliament should be focused on how government can support all local authorities, whether they have declared a housing emergency or not. In addition it must seek to restart the process of operationalising Housing to 2040, sets out a timetable for delivery, and communicates the cross governmental responsibility for its delivery.
- The UK Government budget announcement last month provides some welcome flexibility for the Scottish Government as we seek to end the Housing Emergency. An additional £1.5bn this year and £3.4bn for next year provides an increase for both capital and day to day spending. The Finance Secretary previously cited housing as her priority ahead of March 2024 UK Budget which did not deliver any capital uplift. Now that an increase has been confirmed we hope that social and affordable housing spending will remain the priority for the Scottish Government so that the sector can get building, get buying and deliver the affordable homes Scotland needs to end the Housing Emergency.

1. How effective are the actions of local authorities and the Scottish Government in responding to the immediate housing emergency including homelessness?

Overview

Twelve councils have formally declared a local housing emergency. The first declaration was made by Argyle and Bute Council in June 2023. This was followed by two more declarations in November of that year by Glasgow and Edinburgh City Councils.

Nine further councils declared housing emergencies between May and September 2024 and it's understood that at least three more may be considering making a declaration in the near future. The Scottish Government declared a national Housing Emergency in mid-May 2024.

Significant work has been done locally and by the Scottish Government in recent months but has not, as yet, been brought together in a single Scottish action plan or response, although that does now seem to be in progress.

Supply

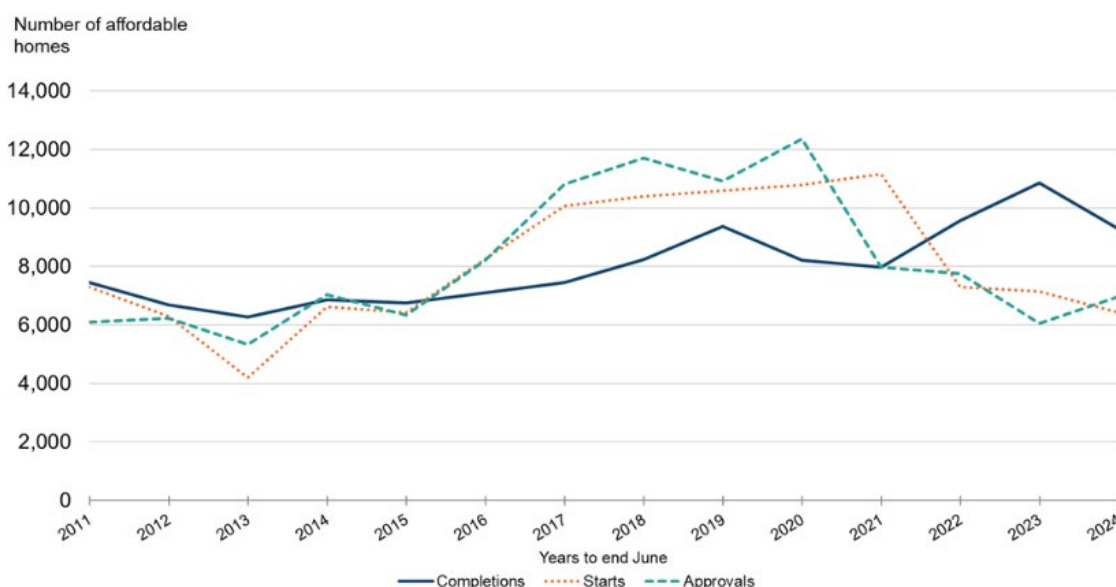
The Scottish Government has set a target to deliver 110,000 social and affordable homes across Scotland by 2032. Of the 110,000, 70 per cent should be for social rent and 30 per cent "other affordable tenures" such as mid-market rent (MMR) and low-cost home ownership. 10 per cent of the homes should be built in remote, rural and island communities.

The reduction in the Affordable Housing Supply Programme (AHSP) funding in the 24-25 draft budget is already having an impact on delivery in the short to medium term and makes the target to deliver 110,000 homes challenging, if not impossible. This is evidenced by the response from social landlords who have reduced or stopped their development programmes, and further evidenced by the latest Affordable Housing Supply Programme statistics which give us information on the supply of homes for social rent, affordable rent and affordable home ownership. For example

- Seven local authorities built no homes in the year to the end of June 2024 (Angus, Clackmannanshire, East Dunbartonshire, Orkney Islands, South Lanarkshire, Shetland Islands and West Dunbartonshire).
- In May of this year, the City of Edinburgh Council announced that it does not expect to approve any new affordable homes for at least the next year after a cut to the Scottish Government's housing budget left the local authority £11 million worse off.ⁱ
- The Scottish Housing Regulator's report on RSL loan portfolio returns,ⁱⁱ published on 10 October 2024, shows that during 2023/24, there was a reduction in both the number of RSLs arranging new borrowing and the level of new finance being put in place compared with 2022/23.

While statistics published in September 2024ⁱⁱⁱ show that affordable housing supply approvals were 44% lower than the peak in approvals in June 2020. Starts were the lowest since the year to end of June 2015 and completions were the lowest since 2021. Specifically, in the year to end of June 2024, there were 6,966 approvals, 6,422 starts, and 9,295 completions of affordable homes. This includes off the shelf purchases and rehabilitations as well as new builds.

By June 2024, 22,743 affordable homes have been completed towards the target of 110,00 by 2032. This means that 87,000+ are required over the next eight years to meet the objective.



As noted in our response to the committee in February, in a [2023 FOI request](#), the Scottish Government confirmed a higher average cost of around £190k to build each new affordable home, and at a grant rate of 55 per cent, this would mean an increase in funding to £104.5k per home.

In addition, due to increasing costs associated with labour and materials, higher standards of energy efficiency and fire safety, and increased complexity in relation to procurement, feedback from CIH members suggests average build costs of some homes in some parts of the country far exceeding the average figures published in the AHSP out-turn. An [ALACHO/SOLACE paper from June 2023](#) also notes higher building costs in rural parts of the country, with a cost of around £300,000 per home compared with an average of £200,000 across the country.

However, even in accepting an average build cost of £190,000, and a grant rate of 55%, as per the most recent out turn report, a reduction of £156m in 24-25 will lead to 1,493 fewer affordable homes being built this year.

As part of the Scottish Government’s Programme for Government announcement, ministers confirmed £100m to support the construction of around 2,800 mid-market rent homes across Scotland. This appears to be a separate MMR-specific fund drawn

down from the AHSP. This is not new money for affordable housing in Scotland. We recognise the ambition from the Scottish Government to ensure that public money is maximised to deliver the largest number of affordable homes, however, we are concerned that this may signal a shift away from the delivery of social housing as the dominant aspect of the AHSP. Indeed, we do note other workstreams in development by the Scottish Government and comments from the housing minister noting the benefits of greater financialisation (borrowing) to support the delivery of the AHSP, which may suggest a greater future reliance on MMR rather than social housing. These include:

- Housing Investment Taskforce chaired by the housing minister^{iv}
- An internal review of the Affordable Housing Supply Programme.

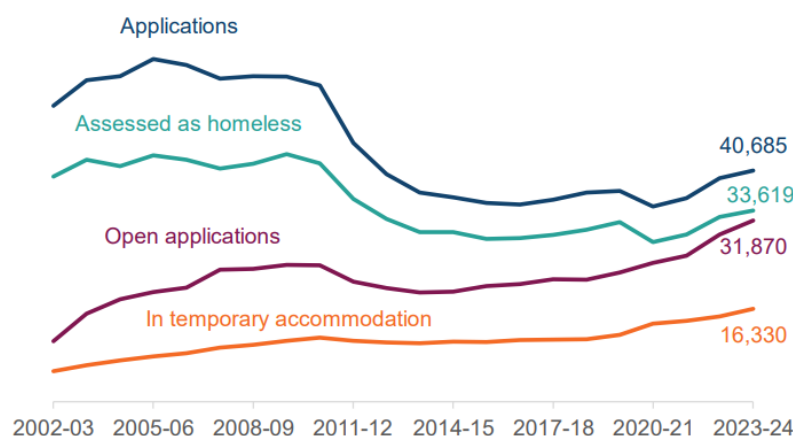
We recognise that MMR is useful in certain markets and provides much needed housing for some people but it is a very different product from social housing with a different purpose and we believe that it should be used to compliment social housing, rather than replace it.

Homelessness

As expected with affordable housing completions not meeting previous levels, there has also been an increase in homelessness over the past 12 months. Statistics from September 2024 show:

- The number of applications (40,685) and households assessed as homeless (33,619) are the highest since 2011-12 at, up 4% and 3% respectively in the last year.
- The number of open homelessness applications is at the highest in the time series (back to 2003) at 31,870, up 8% in the last year.
- Temporary accommodation is also at its highest level since current recording series began in 2022, with 16,330 households in TA, up 9% in the last 12 months.

Homelessness applications, assessments, open applications, and households in temporary accommodation: 2002-03 to 2023-24



There are also other increasing pressures on local authorities' homelessness capacity which are systemic and not as a consequence of policy failure. These include but are not limited to:

- The emergency release of short-term prisoners in response to prison overcrowding. At the end of this programme, during which 372 inmates serving short sentences were released, the prison population was 7,822. As of end of October, it stood at 8,227 and the announcement of the reintroduction of early release for long term prisoners (abolished in 2016) and a further emergency release of around 300 prisoners planned for 2025.
- Concerns about private landlords leaving the sector, increasing the risk of homelessness for existing tenants and reducing the supply of residential housing. 68 per cent of respondents to a CIH Scotland online survey said that there has been an increase in private landlords leaving the market in their area and 47 per cent were concerned about increasing homelessness presentations from the PRS.^v
- Concerns about the deliverability and cost of the homelessness prevention and rent control measures included in the Housing (Scotland) Bill.
- The emergence of locally significant challenges with RAAC in both social rented and private sector homes which may limit available residential accommodation.
- The implications for the sector as a whole from the Grenfell Inquiry report.

More recently in its annual report the Scottish Housing Regulator warned that there is a "systemic failure" in the delivery of homelessness services by some local authorities and said that the last year has been the most challenging for social housing since the Regulator was formed in 2012^{vi}. The regulator stated that for some councils the number of people who are homeless and their level of need exceed capacity in the system to respond and this issue is particularly pronounced regarding the availability of suitable temporary and permanent accommodation.

2. How can social landlords make best use of existing stock to respond to the housing emergency?

Social stock

Workforce and skills shortages in the construction and housing support sectors are limiting the capacity of social landlords to maximise the utility of existing housing stock.

The annual return on the Scottish Social Housing Charter shows that homes were, on average, empty for 57 days in 2023/24, which is up marginally from the previous year but significantly from the 32 days recorded in 2019/20. Councils have increased time for relets from 67-73 days, whereas RSLs have seen a reduction to 39 days from 44 days in the previous years. Particularly in the context of the housing emergency, social landlords recognise their responsibility to further reduce voids and utilise existing stock. For example:

- In October 2024, Falkirk Council announced it would pause all non-emergency repairs in order to prioritise the refurbishment of its own stock. This follows on from South Lanarkshire Council taking a similar approach last year.
- Fife's Housing Emergency Action Plan has a dedicated strand on better use of existing stock and prescribes actions such as enhancing approaches to address damp and mould, better use of SMART technology and promoting allocations policy flexibilities.
- Edinburgh's Housing Emergency plan also has a focus on improving the standard of repairs and repairs responses for council housing, resolving damp and mould issues in council housing and improving tenancy management in council housing to reduce the level of repairs required once a tenancy is terminated.

In addition, in the year 23-24, 2,347 homes were purchased through the affordable housing programme. This is the second highest level of off the shelf purchased since 2016, demonstrating the responsiveness of social landlords to utilising existing stock.

PRS

Responding to CIH Scotland's RRTP survey in 2021, 70 per cent of local authorities said that to meet RRTP ambitions while social and affordable housing supply remains significantly short of meeting demand, we need to make better use of the PRS. However, in order for it to be a viable and attractive housing option, the homes on offer need to be affordable, secure, and good quality. That is why landlords are taking a range of measures to support access to the PRS across Scotland, although the lack of lack of resource makes it difficult for many. Nonetheless such measures include:

- A long term empty homes strategy in order to better utilise the stock that already exists.
- Successfully establishing private letting agencies, such as PKC Lets run by Perth and Kinross Council, a well-established service launched in 2010 and Your Choice Lettings and Property Management which was set up by South Ayrshire Council in 2021.
- Creating clear pathways to advice, information and support regardless of how it is provided or who is providing it. Additional resources to provide advice and support for both tenants and landlords can help with early intervention and homelessness prevention. This includes Fife Council's dedicated service, Fife Private Rental Solutions, which supports landlords and tenants

The recent Rent Better report^{vii} highlights that the number of homes in the Scottish private rented sector had been reducing in the five years until 2022 but has now stabilised. It concludes that there was a reduction of between 5-13% and this is confirmed by the Census data for 2022 which shows a more recent drop in the proportion of households in the PRS. The report also concludes that the number of

homes available to let to tenants has reduced by 17% since 2020^{viii}, although Scottish Landlord Registration data for 2022-2024 shows a 3% increase in the stock figures.

This evidence from Rent Better reinforces the conclusion of CIH Scotland's R RTP report from March 2024 which stated that *"reactive policymaking in the absence of robust data has created uncertainty and may risk the loss of residential accommodation if landlords decide to leave the market in significant numbers"* and the need for the Scottish Government to set a clear vision for the sector and publish a rented sector strategy that is based on evidence and informed by discussions with landlords.

3. What do we need the housing system to look like in Scotland to prevent future housing emergencies and homelessness?

There is limited scope for cost free measures that will improve outcomes for homeless applicants or resolve the systemic failures in the housing system. Housing to 2040 remains a good overall framework for understanding where we need to move to, but we need a coherent action plan to drive change and many recent policy changes have been made without a clear understanding of likely impacts, costs or relative priority. As a sector we need to focus on:

- Immediate measures that will maintain the supply pipeline, maximise the use of existing stock and where possible, reduce the risk of homelessness;
- Medium term measures to increase the supply of lets (new and second hand) in the social sector and commit to funding for homelessness services; and
- Longer term systemic and strategic asks to rebalance our housing system, create the necessary governance and structures to meet housing need and deliver on shared housing outcomes.

The repeated failure of our housing policy over the decades has been to look at it as a tenure or sectoral issue rather than a systemic issue. We can't ignore the fact that we are part of a wider UK housing sector with social security, monetary and fiscal policy all reserved to Westminster, and we can't ignore the fact that changes to one part of the housing sector, have consequences across it all. That's why by shifting our policy focus to housing outcomes we want to achieve rather than housing outputs, we can start to prevent future housing emergencies.

However, we also suggested, as per the Housing Emergency Action plan paper^{ix}, that there are a number of indicators which can demonstrate progress in addressing the housing emergency in the short term:

- Reducing the number of children in temporary accommodation by 25% compared to 2024.

- Eliminating breaches of the failure to accommodate duty in local homelessness services.
- Reducing the number of households being kept in temporary accommodation which is unsuitable to their needs for longer than 7 days.
- Reducing the average time that households with children spend in temporary accommodation.
- Optimising the number of social homes allocated to homeless households.
- Increasing the number of newly built homes of all tenures started and completed by 10% year on year.
- Increase the number of new social homes being started to at least 5,500.

4. What should the role be of the social and private rented sector in providing affordable housing choices in Scotland?

Social housing is foundational in providing affordable housing choices in Scotland. It exists to address the market failure in our housing system and is essential in providing a genuine choice, and we know from JRF research that the provision of social housing has previously limited the rise of household poverty in Scotland compared with other households across the UK.^x We also know from an Audit Scotland report in 2020 that there is evidence that investment in affordable housing has allowed councils to meet some housing needs in their areas as well as there being some evidence of wider positive benefits to tenants, local communities, and the economy.^{xi}

In addition, in our RRTP report from March 2024, we strongly state that the PRS is an essential part of our housing system and can play a positive role in providing housing options for people who are experiencing or at risk of homelessness. PRS homes can provide a wider range of choices and potentially help to avoid or reduce time spent in temporary accommodation, but only if steps are taken to make sure the PRS is a viable and attractive option, and the government is clear about its vision for the PRS and the steps it will take to support it.

5. How can we create a sustainable and affordable housing market?

We have to first recognise the interconnected nature of the UK housing system. Investment, regulation and new legislation impacting one part of the system will have a knock-on effect elsewhere. We also have to recognise both the power and limitations that the Scottish Government has to deliver a sustainable and affordable housing market.

Beyond this, we also need to recognise that we have an existing vision, Housing to 2040, which remains relevant for both the sector and for decision makers in Scotland. The strategy sets out an ambitious programme of desirable housing outcomes, including meeting affordable housing need, raising standards and rights across the housing system, piloting housing's contribution to meeting net zero, and ending homelessness, and underpinning this were principles such as ending the

link between housing and wealth and progressively realising the human right to adequate housing.

However, since its publication in March 2021, there has been a lack of progress on the delivery of Housing to 2040, with COVID, the cost of living crisis and the declaration of housing emergencies by 12 local authorities all having an impact. Additionally, financial decisions since 2021 have made the delivery of the vision challenging; firstly, the initial disagreement with the sector about the actual cost of development when benchmark rates were set in Autumn 2021 and then a cut from the 24/25 AHSP budget. While other initiatives have hampered the delivery of a more sustainable and affordable housing market, including proposed rent control provisions in the Housing Bill deterring MMR investment by social landlords.

As such, we would encourage the Scottish Government to provide much earlier clarity about its budgetary intentions for housing programmes and what areas it wants landlords to prioritise and postpone. Providing clarity about the action and inactions of the government will give landlords and other housing organisations greater scope to reflect government priorities in their own actions. We note the recommendation from the Audit Scotland report in 2020^{xii} with regards to the previous social and affordable house building programme that there is no evidence available to show that councils' assessments of need informed the specific numbers and tenure balance of the Scottish Government's target and that the Scottish Government did not clearly set out the wider outcomes it intended to achieve from its investment in its 2016-2021 programme. No wider outcomes have been set for the 110,000 affordable homes target up until 2032 and we would agree that greater clarity as to how delivery of the target will address housing need would be advantageous to determine how policy and funding is addressing a systemic need.

If such expected outcomes are clearly communicated, we believe it can have a catalysing effect across national government and the broader housing sector about the collective need to focus on housing delivery and its role in supporting economic growth, health and wellbeing and delivering on net zero.

6. How effective are local authorities' and the Scottish Government's current actions in working towards achieving the housing system we need in the longer term?

In the short term, the priority for both the Scottish Government and local authorities has to be addressing the Housing Emergency. The Scottish Housing Regulator flagged the scale of the risk in February 2023^{xiii} when it declared that a number of Councils were at risk of "systemic failure" in their response to homelessness. This assessment was upgraded^{xiv} to an observation that systemic failure was a reality for an unspecified number of Councils.

A RAG report conducted by ALACHO in November 2023 and June 2024 confirmed the scale and widespread nature of the pressures across local authorities and with 12 local authorities and the Scottish Government now declaring Housing Emergencies, it is appropriate and correct that energy and prioritisation is given to addressing the emergency and its consequences in the short term to the following three areas:

1. Maintaining affordable housing supply
2. Making best use of existing properties
3. Enhancing housing access and prevention of homelessness

Our work over the remainder of this Parliament should be focused on how government can support all local authorities to maximise these three priorities. However, as we make progress in addressing the housing emergency, it is important that the government seeks to restart the process of operationalising Housing to 2040, sets out a timetable for delivery, and communicates the cross governmental responsibility for its delivery. As noted above, it is vital that the outcomes the Scottish Government wants to achieve are established before any actions are confirmed.

7. How can we ensure councils and their partners have the certainty to plan for, and invest in, housing in their areas to meet local needs?

As recognised by the committee, there are range of barriers to the delivery of affordable housing These can be political, financial, lack of capacity, planning and infrastructure, amongst others. The joint housing emergency action plan from CIH, ALACHO, JRF, HFS, SFHA and Shelter Scotland notes some of the specific measure we would like to see prioritised by the Scottish Government to help local authorities better invest in their areas.

However, after the publication and implementation of a Scottish Government led national housing emergency action plan, we would be keen to see the Scottish Government work with the housing sector to agree to the best way to operationalise Housing to 2040 and how all partners can work together to deliver the shared vision. The housing sector is looking for Scottish Government to provide leadership and to set out its priorities, its funding commitment, and its cross-directorate commitment to Housing to 2040 going forward. Equally, landlords need to understand what is not a priority so, that time and resource can be focused and targeted on meeting the shared objectives of the whole housing sector.

About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals and their organisations with the advice, support, and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: www.cih.org.

Contact:

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CIH Scotland

01 November 2024

ⁱ <https://www.scottishhousingnews.com/articles/edinburgh-has-no-budget-for-new-affordable-homes-this-year>

ⁱⁱ <https://www.housingregulator.gov.scot/landlord-performance/national-reports/financial-analysis/our-annual-analysis-of-rsls-annual-loan-portfolio-2024/>

ⁱⁱⁱ <https://www.gov.scot/publications/quarterly-housing-statistics-september-2024/pages/affordable-housing-supply/>

^{iv} <https://www.gov.scot/groups/housing-investment-taskforce/>

^v <https://www.cih.org/news/report-shows-lack-of-strategic-direction-in-the-private-rented-sector-is-fueling-scotland-s-housing-crisis>

^{vi} <https://www.housingregulator.gov.scot/about-us/what-we-do/our-performance/annual-report-and-account-2023-24/>

^{vii} <https://rentbetter.indigohousegroup.com/wp-content/uploads/sites/3/2022/05/Wave-3-Executive-Summary.pdf>

^{viii} <https://rentbetter.indigohousegroup.com/wp-content/uploads/sites/3/2022/05/Wave-3-Executive-Summary.pdf>

^{ix} <https://www.cih.org/publications/national-housing-emergency-action-plan-for-scotland-joint-statement/>

^x <https://www.jrf.org.uk/uk-poverty-2019-20>

^{xi} https://audit.scot/uploads/docs/report/2020/nr_200409_affordable_housing.pdf

^{xii} https://audit.scot/uploads/docs/report/2020/nr_200409_affordable_housing.pdf

^{xiii} <https://www.housingregulator.gov.scot/landlord-performance/national-reports/thematic-work/homelessness-services-in-scotland-a-thematic-review-february-2023/>

^{xiv} <https://www.housingregulator.gov.scot/landlord-performance/national-reports/thematic-work/update-to-our-february-2023-thematic-review-of-homelessness-services-in-scotland-december-2023/#:~:text=Since%20the%20publication%20of%20the,are%20spending%20longer%20in%20such>



**Homes for Scotland
Written Evidence on
Scotland's Housing Emergency prepared for the
Local Government, Housing and Planning Committee**

6 November 2024

Scotland's Housing Emergency

As the representative body for those delivering the vast majority of new homes of all tenures, Homes for Scotland (HFS) welcomes the opportunity to inform the Local Government, Housing & Planning Committee's Housing Emergency inquiry.

Context: How did we get here?

Scotland's national housing emergency did not happen overnight. HFS has consistently highlighted the long-term structural and systemic challenges facing the Scottish housing market for years. Successive decades of housing policy, planning and strategy have failed to ensure sufficient high-quality, sustainable and energy-efficient homes that meet the needs of our population and that they can afford. This is reflected in the deficit of over 110,000 new homes which has accumulated since 2008, the net result of which is homelessness and record numbers of households and children in temporary accommodation.

The consequences of this cascade across the Scottish Government's entire policy portfolio, negatively impacting health outcomes, educational attainment, fair work and employment, fuel poverty reduction targets and the transition to net zero. It also inhibits social justice and inclusive economic growth. In blunt terms, none of the National Performance Framework outcomes can be achieved unless Scotland's chronic undersupply of housing is adequately addressed.

Key challenges directly impacting the delivery of more homes of all tenures include:

- The 26% cut to the Affordable Housing Supply Programme funding in the last Scottish Budget which has seen the stalling of 5,000 new homes, including 1,800 designated as affordable.
- The unacceptably long time it takes to process major planning applications. New figures are due to be published on 11 November but latest available statistics show that despite a 41% drop in the volume of applications, the average processing time has increased to 62 weeks against a statutory timeframe of 16 weeks. This is undoubtedly driven by inadequate resourcing of the planning system and lack of clarity over the policy intent of National Planning Framework 4.
- A regulatory environment which currently serves to hamper the delivery of new homes rather than promote them, with the cumulative estimated cost of new and proposed regulation estimated to be adding +£30k to the costs of building a new home (See Appendix A).
- The decline of SME home builders which are vital for both rural and brownfield development. Independent research published this year shows that the proportion of new homes sold by SMEs has fallen from c.40% in 2017 to 20% in 2023, and the number of SMEs being dissolved has increased with 2023 levels 45% higher than those in 2019.

All of the above can be addressed by a supportive policy environment and strong, pragmatic leadership.

As the below table shows, what we have seen over the last twelve months is a housing system no longer able to paper over the cracks that have been building for decades essentially reach a tipping point.

The Scottish Housing Emergency in 2024	
January	<ul style="list-style-type: none"> • Three Local Authorities in Housing Emergency • 28% of Scottish households (693,000) identified by independent research as being in some form of housing need
February	<ul style="list-style-type: none"> • Planning statistics show average processing times for major housing development of over a year on average. • 43% Budget cut for planning and 33% drop in funding for More Homes passed by the Scottish Parliament • HFS, Shelter, Scottish Federation of Housing Associations, Chartered Institute of Housing Scotland and Joseph Rowntree Foundation come together to urge the Scottish Government to think again on the cuts being proposed to housing and planning budgets.
March	<ul style="list-style-type: none"> • Four Local Authorities in Housing Emergency • Deputy First Minister and Finance Secretary describes restoring cuts to affordable housing as her number one priority if more capital funding made available by the UK Government. • Statistics show completions and starts across all sectors falling by 11% and 24% respectively in the year to end December 2023. • Housing association starts at their lowest since 1988, while private sector drops to 2013 levels (when discounting the COVID-19 impact on 2020).
April	<ul style="list-style-type: none"> • As the Scottish Government announces it can no longer fulfil its commitment of a 75% reduction in greenhouse gas emissions by 2023, HFS highlights long-standing sector concerns over timescale viability and calls for a clear roadmap for the delivery of low carbon new homes at scale and pace. • Scottish Government announces extra £80m to bring properties into use as affordable housing
May	<ul style="list-style-type: none"> • Seven Local Authorities in Housing Emergency • Proposal for standalone National Outcome on Housing announced by the Scottish Government. • National housing emergency declared. • HFS calls on the Scottish Government to move forward with the home building sector to deliver clear actions.
June	<ul style="list-style-type: none"> • Ten local authorities in housing emergency. • Housing coalition comprising HFS, Shelter, Scottish Federation of Housing Associations, Chartered Institute of Housing Scotland, Joseph Rowntree Foundation and the Association of Local Authority Chief Housing Officers calls on the Scottish Government to "change course" and submits an action plan setting out four priority areas of focus. • Independent research finds that the proportion of housing delivered by SME home builders has fallen by half since 2017, with planning and consenting systems identified as having a hugely detrimental impact. • Statistics show starts and completions across all sectors have fallen by 15% and 17% respectively in the year to end March 2024.
July	<ul style="list-style-type: none"> • UK General Election sees major focus on home building with initiatives around this announced within 72 hours of the new government being formed. • HFS research finds 5000 all-tenure homes stalled by budget cuts to the Affordable Housing Supply Programme, 1800 of these designated "affordable".
August	<ul style="list-style-type: none"> • HFS spotlights the vital role of SME home builders in the context of their importance in delivering rural housing and unlocking brownfield urban sites.
September	<ul style="list-style-type: none"> • Twelve Local Authorities in Housing Emergency • Deputy First Minister addresses HFS Annual Conference, identifying need for "affordable actions" that deliver the biggest impact. • Lowest starts for all-tenure homes across quarters one and two since records began. • Over half the Scottish population living in local authority areas with a housing emergency. • Statistics reveal number of children and households in temporary accommodation at record high as all-sector housing starts and completions to year end June 2024 fall by 17%. • Scottish Government announces £100m investment in mid-market rent
October	<ul style="list-style-type: none"> • As a result of the Westminster Budget and consequential funding as a result of Barnett, it is announced that Scotland will receive £3.4bn in capital funding in the next financial year and an additional £1.5bn in the current financial year. • Appeals for over 3000 homes dismissed

Scotland's Existing Housing Need <i>National Overview of Number of Households</i> (See Appendix B for an overview of Local Authorities)			
Scotland	Total	693,000	Contextual Information <ul style="list-style-type: none"> • All sector completions dropped by 12% between 2022 and 2023. • All sector starts dropped by 23% between 2022 and 2023. • Figures for Q1 and Q2 2024 show the lowest ever number of all tenure starts since records began.
	Homeless/Temporary	15,000	
	Unfit Properties	85,000	
	Require Adaptions	85,000	
	Overcrowded	123,000	
	Financial Struggling	185,000	
Concealed Household	373,000		

Response to the Housing Emergency

Since the declaration of a national housing emergency in May by the Scottish Parliament, the home building sector is yet to see a detailed, robust and evidenced action plan from the Scottish Government that can tackle the root causes of the housing emergency over the short, medium and long-term and give this the same priority as both the nature and climate emergencies.

We have already seen many of the local authorities, such as Argyll and Bute, Edinburgh, Fife and West Dunbartonshire that have declared local housing emergencies publish their own dedicated Action Plans which have been designed to take account of their local needs.

The Scottish Government should explore, in detail, the specific policies, regulation and funding mechanisms that both support and guide our housing system in the context of the current regulatory framework stifling growth and disincentivising housing investment in Scotland.

Whilst we welcome May's proposal for a standalone National Outcome on housing (for which Key Performance Indicators and measurements are awaited) and the recognition given to housing as a core economic enabler within the National Strategy for Economic Transformation, alongside the use of a more positive tone and language regarding the importance of housing of all tenures, this same approach needs to be replicated across all areas of the regulatory landscape impacting new housing delivery.

The Scottish Government must also acknowledge the clear interdependencies that exist between the delivery of private homes for sale and social homes with recognition of the requirement for an all-tenure approach. The provision of both public and privately built new homes of all tenures is so interconnected that housing needs to be seen and valued in terms of its overall social and economic contribution. Our own research found that, in the year up to August 2022, 30% of all affordable homes in Scotland were delivered as a direct result of a Section 75 contribution through privately built homes. This increases to 90% when factoring in companies acting as contractors. This highlights the interconnected nature of housing and that without the provision of private housing, the delivery of more Affordable Housing would be severely limited.

Scottish and UK Budget:

The cuts made in the last Scottish Budget, which included 43%, 33% and 26% reductions across the Planning, More Homes and Affordable Housing Supply Programme budgets respectively have already had significant impacts on the housing sector in Scotland.

In July, HFS published the findings of a survey of members which revealed over 1,800 new affordable homes have been stalled as a result of funding cuts to the AHSP. Members reported that 5,000 new, high quality, energy efficient homes (1,826 of which are designated as affordable housing) are on sites that have stalled because of cuts to the AHSP and confirmed the interdependencies between public and private sector housing delivery.

Following the UK Government's Autumn Statement, it is crucial that the increased consequential funding coming to Scotland, which will see an additional £1.5bn and £3.5bn over the course of the current and next financial year respectively across capital and resource spending is prioritised for the restoration of the Scottish Housing Budget. The Scottish Government previously stated that the reversal of the cuts to the Affordable Housing Supply Programme Budget would be its "number one priority".

In September, the Deputy First Minister recently spoke of the need to identify 'affordable actions that can have the biggest impact' at the HFS Annual Conference. In this context, our key asks of the Scottish Government ahead of the Scottish Budget this December are listed as follows:

Priority 1 – Core Budget Funding

Affordable Housing Supply Programme, More Homes and Planning Budget Restoration

Restoration of the Housing and Building Standards budgets following the cuts announced in 2023, and fulfilment of the Scottish Government's commitment to prioritise any new additional funding coming to Scotland as a result of UK Budget 2024 for the Affordable Housing Supply Programme.

Priority 2 – Housing Targets

25k All Tenure Housing Target

The Scottish Government to declare and support an annual target to deliver 25,000 new high-quality, energy-efficient homes across all tenures. This is fundamental to achieving Scotland's National Strategy for Economic Transformation (NSET) which recognises new housing delivery as a core economic inhibitor and central to the newly proposed National Outcome on Housing. This requires a partnership working approach with the home building sector, which can share both the responsibility and risks associated with delivery of the target and jointly work together to remove the barriers to new housing delivery.

Priority 3 – Market Support

First Time Buyers and LBTT Incentivisation

Reinstatement of targeted First Time Buyer support schemes such as the First Home Fund.

Aligning LBTT to the energy efficiency of properties to increase consumer confidence in, and demand for, more efficient homes which support the transition to net zero.

Priority 4 – Resource Allocation

Resourcing of Policy, Regulatory and Planning Workstreams

Reallocation of Scottish Government resources to accelerate activity focused on prioritising the delivery of more new homes across tenures, specifically:

- Digital Planning
- Expansion of the Planning Hub to support new build applications within six months

Priority 5 – Regulatory Delays

Regulatory Review of Timescales

Pause and review (in collaboration with the home building sector) the viability and potential unintended consequences of introducing:

- Scottish Equivalent to Passivhaus [Energy Standards]
- Scottish Accessible Homes Standard
- Scottish Building Safety Levy
- Scottish Infrastructure Levy

Key solutions for tackling the Housing Emergency

- The home building sector requires leadership at the highest levels of government to drive the reform and culture change necessary to effectively tackle the housing emergency, aligning from national policy with local decision-making.
- The Scottish Government should reflect on the ambition of the UK Government's housing and planning proposals to accelerate consenting processes and the introduction of mandatory housing targets.
- Planning and regulatory regimes need to be streamlined to recognise the specific challenges home builders, especially SMEs, face.
- There needs to be a greater understanding of the interdependencies between the delivery of private homes for sale and social homes with recognition of the requirement for an all-tenure approach.
- As identified by our SME report, [Scotland's SME Home Builders 2024: Data Review and Industry Insights](#) the Scottish Government must enact changes across government to enhance the viability of sites for SMEs, to help reduce costs and increase the certainty required to deliver more homes. This includes a simplified development management approach and proportionate developer contributions.

What does Scotland look like outside of a National Housing Emergency?

- Scotland returns to consistent levels of all-tenure housing delivery reaching 25,000 new homes per annum, to address the significant unmet existing housing needs and realise the potential socio-economic benefits to the Scottish economy, which include:
 - **87,330 jobs** (direct, indirect, induced) and an additional **575 apprenticeship placements**
 - **£3.7bn in economic output** to the wider Scottish economy
 - **£562m** collected through Section 75 contributions to support investment in affordable housing provision, healthcare and wider community infrastructure
 - **£31m** raised annually in council tax receipts
 - **£23m** raised annually in LBTT receipts
- A growing, healthy SME home builder sector which is supported by proportionate and flexible approaches to planning policy and wider regulation to facilitate the increased delivery of high-quality new homes across all tenures and across urban and rural brownfield sites, in turn supporting local employment and supply chain opportunities and meeting local communities' housing needs.
- A strong, healthy and well-functioning housing market that provides range and choice for every stage of people's housing journeys.

Homes for Scotland Research

[Scotland's SME Home Builders 2024: Data Review and Industry Insights](#)
[Existing Housing Need in Scotland](#)
[The Social and Economic Benefits of Home Building in Scotland](#)

Appendix A – Cumulative Cost of Regulation

Regulatory Burden*		
2023 Building Standards	≈£5000	Implemented April 2023
Gigabit Broadband	≈£2000	Consultation concluded 2024
EV charger	≈£2000	Implemented April 2023
Accessible Homes Standard	≈£4000	Consultation closed 2024
New Build Heat Standard	≈£8000	Implemented April 2024
Building Safety Levy	up to £5000	Consultation September 2024
Passivhaus Equivalent Standard	≈£8000	Consultation September 2024

*SME home builder approx. estimates at September 2024; not fully verified

Appendix B – Existing Housing Need (Local Authorities)

Existing Housing Need in Scotland																							
Local Authorities with declared housing emergencies																							
Aberdeen	<table border="1"> <thead> <tr> <th></th> <th>Total</th> <th>23,400</th> </tr> </thead> <tbody> <tr> <td>Homeless/Temporary</td> <td>400</td> <td></td> </tr> <tr> <td>Unfit Properties</td> <td>3,000</td> <td></td> </tr> <tr> <td>Require Adaptations</td> <td>2,000</td> <td></td> </tr> <tr> <td>Overcrowded</td> <td>5,000</td> <td></td> </tr> <tr> <td>Financial Struggling</td> <td>7,000</td> <td></td> </tr> <tr> <td>Concealed Household</td> <td>11,000</td> <td></td> </tr> </tbody> </table>		Total	23,400	Homeless/Temporary	400		Unfit Properties	3,000		Require Adaptations	2,000		Overcrowded	5,000		Financial Struggling	7,000		Concealed Household	11,000		<p>Contextual Information</p> <ul style="list-style-type: none"> All sector starts dropped by 61% between 2022 and 2023. All sector completions dropped by 61% between 2022 and 2023.
	Total	23,400																					
Homeless/Temporary	400																						
Unfit Properties	3,000																						
Require Adaptations	2,000																						
Overcrowded	5,000																						
Financial Struggling	7,000																						
Concealed Household	11,000																						
Angus	<table border="1"> <thead> <tr> <th></th> <th>Total</th> <th>16,100</th> </tr> </thead> <tbody> <tr> <td>Homeless/Temporary</td> <td>100</td> <td></td> </tr> <tr> <td>Unfit Properties</td> <td>2,000</td> <td></td> </tr> <tr> <td>Require Adaptations</td> <td>2,000</td> <td></td> </tr> <tr> <td>Overcrowded</td> <td>4,000</td> <td></td> </tr> <tr> <td>Financial Struggling</td> <td>4,000</td> <td></td> </tr> <tr> <td>Concealed Household</td> <td>8,000</td> <td></td> </tr> </tbody> </table>		Total	16,100	Homeless/Temporary	100		Unfit Properties	2,000		Require Adaptations	2,000		Overcrowded	4,000		Financial Struggling	4,000		Concealed Household	8,000		<p>Contextual Information</p> <ul style="list-style-type: none"> All sector starts increased by 27% between 2022 and 2023. All sector completions dropped by 40% between 2022 and 2023.
	Total	16,100																					
Homeless/Temporary	100																						
Unfit Properties	2,000																						
Require Adaptations	2,000																						
Overcrowded	4,000																						
Financial Struggling	4,000																						
Concealed Household	8,000																						
Argyll & Bute	<p>Contextual Information</p> <p>(To note: data sample for Argyll & Bute not large enough to produce estimates of housing need)</p> <ul style="list-style-type: none"> All sector starts increased by 11% between 2022 and 2023. All sector completions increased by 178% between 2022 and 2023. Housing emergency action plan published, with progress reports scheduled to monitor performance. 																						
Dumfries & Galloway	<p>Contextual Information</p> <p>(To note: data sample for Dumfries & Galloway not large enough to produce estimates of housing need)</p> <ul style="list-style-type: none"> All sector starts decreased by 39% between 2022 and 2023. All sector completions dropped by 55% between 2022 and 2023. 																						
Edinburgh City	<table border="1"> <thead> <tr> <th></th> <th>Total</th> <th>66,600</th> </tr> </thead> <tbody> <tr> <td>Homeless/Temporary</td> <td>3,600</td> <td></td> </tr> <tr> <td>Unfit Properties</td> <td>7,000</td> <td></td> </tr> <tr> <td>Require Adaptations</td> <td>7,000</td> <td></td> </tr> </tbody> </table>		Total	66,600	Homeless/Temporary	3,600		Unfit Properties	7,000		Require Adaptations	7,000		<p>Contextual Information</p> <ul style="list-style-type: none"> All sector starts decreased by 30% between 2022 and 2023. 									
	Total	66,600																					
Homeless/Temporary	3,600																						
Unfit Properties	7,000																						
Require Adaptations	7,000																						

	Overcrowded Financial Struggling Concealed Household	17,000 24,000 28,000	<ul style="list-style-type: none"> All sector completions decreased by 20% between 2022 and 2023. Housing emergency action plan published
East Renfrewshire	Total Homeless/Temporary Unfit Properties Require Adaptations Overcrowded Financial Struggling Concealed Household	9,100 100 500 1,000 1,000 1,500 7,000	Contextual Information <ul style="list-style-type: none"> All sector starts decreased by 51% between 2022 and 2023. All sector completions dropped by 15% between 2022 and 2023.
Fife North	Total Homeless/Temporary Unfit Properties Require Adaptations Overcrowded Financial Struggling Concealed Household	12,500 200 600 1,500 1,900 3,200 6,600	Contextual Information <ul style="list-style-type: none"> All sector starts increased by 25% between 2022 and 2023. All sector completions dropped by 5% between 2022 and 2023. Housing emergency action plan published.
Fife South	Total Homeless/Temporary Unfit Properties Require Adaptations Overcrowded Financial Struggling Concealed Household	35,000 600 3,000 3,000 6,000 7,000 23,000	
Glasgow City	Total Homeless/Temporary Unfit Properties Require Adaptations Overcrowded Financial Struggling Concealed Household	86,000 3,200 16,000 13,000 19,000 29,000 37,000	Contextual Information <ul style="list-style-type: none"> All sector starts decreased by 35% between 2022 and 2023. All sector completions increased by 9% between 2022 and 2023.
Scottish Borders			Contextual Information <i>(To note: data sample for Scottish Borders not large enough to produce estimates of housing need)</i> <ul style="list-style-type: none"> All sector starts decreased by 70% between 2022 and 2023. All sector completions decreased by 26% between 2022 and 2023.
South Lanarkshire	Total Homeless/Temporary Unfit Properties Require Adaptations Overcrowded Financial Struggling Concealed Household	40,000 700 7,000 6,000 10,000 14,000 21,000	Contextual Information <ul style="list-style-type: none"> All sector starts decreased by 56% between 2022 and 2023. All sector completions dropped by 28% between 2022 and 2023.
West Dunbartonshire	Total Homeless/Temporary Unfit Properties Require Adaptations Overcrowded Financial Struggling Concealed Household	13,300 300 3,000 2,000 1,000 3,000 7,000	Contextual Information <ul style="list-style-type: none"> All sector starts decreased by 17% between 2022 and 2023. All sector completions dropped by 52% between 2022 and 2023. Housing emergency action plan published.
West Lothian	Total Homeless/Temporary Unfit Properties Require Adaptations Overcrowded Financial Struggling Concealed Household	22,700 700 2,000 2,000 3,000 7,000 14,000	Contextual Information <ul style="list-style-type: none"> All sector starts decreased by 2% between 2022 and 2023. All sector completions increased by 5% between 2022 and 2023.