

# Making homes for a fairer Scotland

A UNISON policy paper  
on Scottish housing

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## Homes for a fairer Scotland

**Our homes are not just buildings in which we sleep and eat - they are much more than that. Our homes are the bases from which we create our own lives, our families and our communities, our culture and our society.**

**Improving housing is essential if we are to make Scotland a fairer more socially just place to live. Housing must provide a safe, affordable and sustainable environment for people to thrive - with sufficient space for privacy and intimacy, and also shared space for social interaction amongst friends and family, neighbours and other people.**

**A recent report by Demos places overcrowding and poor neighbourhood among the seven criteria of disadvantage.**

**Any plan to achieve social justice must have housing at its core.**

## Scotland's housing crisis

Scotland is facing a housing crisis. There are over 180,000 people on local authority waiting lists alone. While attention is rightly focused on the bedroom tax, and its arbitrary under occupancy measure, almost 60,000 homes are overcrowded, the vast majority of these are families with children.

People can't afford to buy homes and private sector rents are skyrocketing.

Investment in social housing is the obvious solution. It will provide affordable secure homes for our citizens and ensure that public money is well spent as authorities will have increased revenue from rents. There will also be the added benefit of restoring the social mix of tenants.

In the not too distant past, all political parties competed on their promises of extra and improved social housing. Sadly this is no longer the case. Housing is left to the market - with social housing seen by many as the tenure of last resort, merely a safety net for those who need it.

Until the 'right to buy' was introduced it was the

norm for ordinary working families to live in social housing. Now, the Scottish government describes social landlords as 'the providers of homes for the most vulnerable in society' and as 'a safety net at a time of personal crisis' and as 'a first home before entering owner occupation'.

**Improving the availability and the quality of social housing will restore it to being the tenure of choice and bring vast improvements to the lives of our people.**

## Shortage of homes

Scotland has a growing population. We are living longer and having more children than in recent decades.

Household numbers in Scotland have grown by 8 per cent (180,530) since 2001, much more rapidly than the population as a whole. The number of people over 80 has grown by 19 per cent while the number of under-5s has increased by 6 per cent.

There are approximately 1.5 million owner-occupied homes, 290,000 privately rented homes, 275,000 homes rented from housing associations and 320,000 homes rented from local authorities. There are also 87,000 empty homes across Scotland.

There is an acute shortage of homes. The most recent figures show 335,000 households on social housing waiting lists across Scotland. In local authorities 157,700 people were on waiting lists and 30,200 were on transfer lists. 71,000 households were overcrowded - 65 per cent of which included families with children.

Shelter Scotland estimate that we need to build a minimum of 10,000 affordable homes a year, almost twice the current level of social house building.

The shortage of housing is about more than a growing population. The latest (2011) census found that single person households are now the largest group of householders at 35 per cent. In 1961 this was the least common household. In Glasgow 43 per cent of all households contain only one person.

## Overcrowding

There are simply not enough smaller homes to meet existing demand. The depressed state of the housing

market also means that many people who would wish to downsize are having difficulty selling their current homes.

The new 'bedroom tax' - as well as being grossly unjust in itself - will add to this increasing competition for the already scarce, smaller homes in both the private and social rented sector.

As well as the 75,000 households officially designated as overcrowded on local authority waiting lists there are overcrowded households in the private rented and owner occupied sectors.

Larger numbers of people are living at home with parents for much longer than in the past and many people are also sharing with non family members to cut the high cost of private rents. They would live alone if they could find affordable accommodation.

There is a wider cost as people continue to live longer with their parents. These households are less able to downsize their accommodation, which means that there are fewer 'family sized' homes available to buy or rent for families who are suffering overcrowding.

Housing shortages increase the cost of homes to buy and rent in the private sector and increase waiting lists in social housing.

## Housing needs

Size is not the only issue with current housing stock. There is a range of differing housing needs for people living with disabilities or other requirements for support. Many people who in the past would have lived in institutions or with family have specific needs for housing design, to support independent living or provide space for carers and support workers either within the home or nearby.

**In short, we need more housing, we need the right housing, we need houses that people can afford rent (or buy) and we need housing to an appropriate standard.**

In 1981 52 per cent of Scottish dwellings were council houses. By 2006 this had reduced to 15 per cent while another 10 per cent were rented from housing associations.

There are more than 200 Registered Social

Landlords (RSLs) - over 80 per cent of which manage stock of less than 2,000 homes.

Of Scotland's 32 local authorities, 26 still retain their social housing function. Glasgow, Dumfries and Galloway, Inverclyde and Scottish Borders Councils who transferred their stock to RSLs make up the bulk of the dwellings in the Scottish RSL sector.

There is a single Scottish secure tenancy - created in 2001 - which means there is no difference in tenants' rights across the social sector, whether in local authorities or housing associations.

Antisocial behaviour is a key issue for social housing residents. The fact that flats make up over half of public sector housing places and added burden on local authorities and RSLs. They need to ensure that communal areas and public space in general are safe and of a standard to ensure that residents and their children have secure space in which to play and generally enjoy their lives including access to outdoor experiences.

## Building the future

**Not enough homes are being built in Scotland to meet the demand.**

In 2011-12 there were 10,039 dwellings built by the private sector, 4,776 dwellings built by housing associations, 1,085 dwellings built by local authorities. At this rate it will take almost sixty years just to house those on waiting lists.

**The private sector cannot deliver. The latest report from the House of Commons Treasury Committee was scathing of the UK government plans to use public money to support private sector housing.**

Building social housing will provide secure affordable homes and ensure the best use of public money. It will also create and secure well paid skilled jobs. An expansion of social house building and upgrading brings a range of job opportunities for directly employed council staff in designing, building and refurbishing properties, and also workers in the private sector and RSLs.

It will support apprenticeships at a time of high youth unemployment. House builders, whatever the sector, must ensure that steps are taken to avoid the

continued gender segregation in the workplace and that young women are encouraged to take up training opportunities which lead to skilled well-paid jobs.

Many of the homes that we do have are in poor condition. 298,000 homes in Scotland are affected by dampness or condensation. A total of 62 per cent of Scotland's social housing currently falls beneath the new Scottish Housing Quality Standard.

Many homes have very expensive heating systems - and payment methods - leaving those on the lowest incomes with very high bills.

## Solving the crisis

Building more social housing was the solution for the post-war housing crisis - and it is the obvious choice now.

The recession caused by the banking crisis means that there is little private house building - in fact house building levels haven't been this low since 1945.

The mortgage market has also been transformed - making it harder to get loans and requiring substantial deposits from first time buyers. House builders also struggle to get loans.

**There is a clear need for government action - but if the public sector is to fund housing expansion it is crucial that money is not lost to the private profit of house builders or home owners.**

Building social housing means that people benefit through improved housing choice. Meanwhile, the reduction in housing benefit bills and the income from rents to local authorities can be reinvested.

The government has taken action to restrict the right to buy but more needs to be done, particularly around private landlords buying up social housing and charging very high rents.

New builds require land and planning permission. Converting non residential property and refurbishing derelict and empty properties is a relatively quick way to increase housing supply. Until the financial crash in 2008 there was a thriving market in warehouse and office conversions for the luxury market. Local authorities and

housing associations own buildings which could be suitable for conversion into social housing.

The public space around these may also require additional investment to ensure that the areas are suitable. This will support wider regeneration initiatives. The loss of green space could therefore be avoided or minimised.

## Secure and affordable

At a time of falling real wages and welfare benefit cuts, housing costs are stretching many families' finances to breaking point.

The average house price in Scotland has increased from £73,570 in 2001 to £179,863 in 2011, an increase of 144 per cent.

The average weekly local authority rent in Scotland has risen from £39.30 in 2001-2002 to £59.94 in 2011-12, an increase of 53 per cent.

The UK government is focusing on helping people buy homes (whether they already own one or not) when the more cost-effective option is more social housing.

Social housing offers secure, affordable and sustainable accommodation and it should be available to all who want it. An expansion will also ensure a better mix of households in social housing.

Increasingly social housing is seen as a safety net rather than tenure of choice for ordinary working people. This needs to change.

## Funding Scotland's homes

Cuts to the Scottish block grant and budget choices made by the Scottish government - together with the banking sector's reluctance to lend - have had an impact on the funding available for housing.

The Scottish government is working with the RSL sector to identify further funding opportunities such as a Scottish Housing Bond, through which a number of Scottish landlords would jointly access bond finance.

The Scottish Federation of Housing Associations state that "it is hard now to see where the next house building projects are coming from in future

years, as subsidy options, bank lending terms and regulation issues make housing delivery very difficult.”

The Scottish Government has announced an Innovation and Investment Fund. It is open to any constituted body to provide new affordable housing for any type of tenure and will be designed to support entirely new approaches to funding and delivery of new affordable homes.

For RSLs this signals a move away from subsidy calculated at individual project level - and will require them to contribute substantially increased resources from borrowing capacity across existing stock, from reserves or by cross-subsidy of activities.

The National Housing Trust (NHT) for Developers Scheme is aimed at getting stalled housing developments back on track, and bringing these properties into the mid market rental stream. These properties are rented for between five and ten years, with the rental income covering the borrowing costs.

A number of RSLs are also looking at a variant of this option (the newly launched NHT for RSLs Initiative) to deal with an increasing demand for mid market properties and the option of using this to cross-subsidise their social rented properties.

## Social housing is key

While these initiatives are welcome, they are not at the scale required to tackle Scotland's housing crisis.

The Scottish government's action plan for housing, *Homes Fit for the 21st Century*, falls considerably short of that.

The Future Homes Commission (2012) argued that Britain needs a revolution in the scale, quality and funding of home building. They recommend a kick-start from an independent Local Housing Development Fund, financed and owned by local authority pension funds.

Not dealing with this problem also has substantial financial as well as human costs. Local authorities in the UK's 12 biggest cities have spent almost £2 billion in the last four years placing households in temporary housing. This year Glasgow has spent over £24 million and Edinburgh over £30 million.

**Building new social housing is a far more cost effective solution to our housing problems.**

## Pension funds

Pension funds are in need of secure long term investments. UNISON has drawn up a proposal to encourage them to invest with one or more RSLs. RSLs have always represented a very low risk to lenders and this was reflected, pre credit crunch, in extremely low margins, in some cases as low as 20 basis points. Loans were for 30 years with the ability to fix. This reflects a number of factors including:

- Assets of around £7.125 billion as against debt at £2.6 billion
- A huge demand for social rented housing with a waiting list of 335,000
- Projected new supply of around 6,000 per year
- Good performance in housing management, maintenance and refurbishment
- Indirect government regulation
- Government intervention in the event of individual RSL encountering difficulties, essentially making RSL lending 'sovereign debt'
- Historic above-inflation rent increases unlikely to change in the future

However, since the financial crisis, banks have experienced a lack of capital with which to lend. Coupled with more stringent conditions under the Basel Accords on banking finance, banks are less likely to lend at all, let alone at previous margins.

At time of writing, the cost of borrowing is largely the same as before the crisis. RSLs now experience much higher margins with much lower rates. Furthermore, lending is made available for ten years at most, with a five year review. RSL financial models are geared towards repayment of loans over 30 years or more. Clearly this represents a risk. There are challenges, but there is merit in exploring the possibility of using pension funds to support an expansion of social housing.

## Building the right homes

Increasing housing supply is essential but new housing needs to be the right housing. The homes need to be sustainable and suitable in terms of size, design, space and mobility standards as well as being energy efficient both in terms of their construction and to live in.

The 335,000 people on waiting lists prove the high demand for social housing in Scotland. There needs to be a programme of building new stock for local authorities. They should, as a minimum, be able to access the same amount of central government support as housing associations.

Flats are an efficient use of space but people still need outdoor space which is safe, green and fun. There is high demand for allotments and other imaginative ways of growing food and flowers.

Many brownfield sites would be suitable for conversion to allotments or green space. Children need safe space to play. Adults also need space to enjoy life outdoors. This doesn't just mean parks but streets and communal gardens. This space needs to be adequately supervised and maintained to ensure its continued safe use.

As well as issues round smaller homes there is still a shortage of family accommodation. Many siblings share rooms, and few homes are big enough to accommodate multigenerational families or people with disabilities requiring care.

While smaller families are most common, there are still plenty of people with more children. The high cost of bringing up children means that affordable housing is very important for such families. More five and six apartment homes in social housing are required to accommodate their needs.

Many people who would once have lived in institutions and care homes now live in the community. This requires much more purpose built housing, and adaptation of current properties. This means more than just providing access ramps. With the correct adaptations, many people could live independently for more of their lives. Others require higher levels of care or support directly at hand.

## Fuel poverty and security

Fuel poverty clearly has damaging implications to health and educational achievement for those who experience it. There are also implications for the maintenance of the public sector housing asset. The solution requires improved property standards, insulation and access to cheaper heating.

Local authorities should take up the opportunities offered for green energy production to produce and

sell energy. There is a range of options including wind farms and bio-fuels. Much of our waste, instead of being a costly headache, could generate fuel, reducing household costs and providing incomes to authorities. Taking energy firms back into public ownership would greatly expand the opportunities to reduce household bills and consumption of scarce energy resources.

While there is financial support available for loft, wall and door insulation, these are not always suitable for much of Scotland's housing stock - particularly our tenements. Funding to repair and draught proof sash windows or for new windows where applicable would be the most effective way of reducing fuel bills for many. This would cut carbon emissions and save money at the same time.

Money from energy production could be used to improve the local authority housing stock and reduce energy use and tenants' bills.

Private owners and landlords could also benefit. Glasgow has in the past regenerated much of its private housing stock via grants for repairs (which also created much needed jobs).

Local authorities could offer interest free loans to home owners and reduced rates of interest to private landlords to enable them to improve their stock too. This will help achieve carbon reduction targets and reduce energy bills across the country.

## Effective use of stock

In Scotland 94,000 claimants will be affected by the bedroom tax. UNISON opposes the bedroom tax. The tax is about demonising benefits claimants under the guise of cutting the bill for housing benefit. It is neither an effective solution to the cost of benefits or to under-occupation. The best way to cut housing benefit costs is rent control.

We do need to make better use of current housing stock. Over the past decade overcrowding has been rising within both the social rented and private rented sectors - while at the same time under-occupancy is growing across all sectors.

The most detailed figures available for under-occupation in the private sector are for England.

The rate of under-occupation there is much higher

in the owner-occupied sector than in the other two main tenures:

- 46.9 per cent of owner-occupiers were under-occupying compared to 11.2 per cent of social renters and 16.0 per cent of private renters
- 7.6 million households (35.4 per cent) had one bedroom more than they needed under the bedroom standard; 5.4 million of these households were owner-occupiers

There is no reason to believe that the picture is substantially different in Scotland.

## Rent, heating or food?

Scarcity keeps house prices high in the private sectors and increases waiting lists for social housing. There is a huge risk to the funding for local authorities and housing associations if the Scottish government doesn't act to replace income lost through the bedroom tax. Shelter estimate £50 million is required. Campaigners have rightly highlighted the impact on tenants. Many will find themselves in arrears and at risk of losing their homes.

The introduction of universal credit will mean that housing benefit is paid to landlords instead of being direct to claimants. Local authorities and housing associations expect this will also lead to an increase in arrears, as people on such low incomes will be forced to choose between rent, heating and food - a tough choice that rent won't always win.

The impact goes beyond those individuals - the build up of arrears will mean there is less money to pay for services and repairs. All tenants will suffer unless the government acts.

The level of threat from the bedroom tax and universal credit combined means that jobs are at risk - not just those directly employed in housing in local authorities and housing associations, but across the public, private and voluntary sectors.

## Eviction and homelessness

If tenants are evicted this will increase costs elsewhere in the public sector.

People with disabilities being cared for by partners will end up being cared for by professionals in institutions as they will no longer be able to provide

that care even if they are able to relocate to smaller homes. Others will either end up rough sleeping, in shelters, overcrowding other's homes or some will be placed in costly temporary accommodation.

Homelessness adds huge costs to the budgets of a range of public sector organisations though poorer health, support from social work and advice agencies. The £50 million Shelter is calling for will save money even in the relatively short term.

Workers in housing are already dealing with increased stress from both the increased workload and the pressure of dealing face to face with individuals who are angry and upset about changes to their benefits.

Workload is increasing rapidly as tenants have been seeking advice, asking to be re-housed or failing to pay rent and other bills due to the cuts in their income. This will increase as the cuts continue to bite and are then followed by the Universal Credit changes.

Workers need increased support and protection to deal with these situations. Risk assessments need to take place particularly round the potential for increased violence and aggressive or threatening behaviour from clients. Workers need training and clear guidelines on how they are to respond to these changes.

Under-occupancy does have social and financial implications and so requires appropriate action. It will help across all sectors if people use housing space more efficiently. Even if the benefits changes are overturned, living in a house bigger than you need or want has a cost - even for those on housing benefit. They need heating, furnishing, cleaning and maintaining.

But homes are more than bricks and mortar - they contain memories, they are links to community, friends, family and places.

If people are to choose to go through the upheaval of moving to free up larger homes, whatever the sector, they will need support and advice in order to make informed choices.

Most will not want to lose their community links. The ability to stay in their own neighbourhoods will be essential to improving stock use in the long term.

Downsizing is impossible without enough of the appropriate properties - but extra homes on their own will not be enough to facilitate the change required. People will need incentives and support.

Trade unions and employers should ensure that pre-retirement support at work includes discussion about getting the right housing for your needs in later life.

Moving house is one of life's most stressful experiences. It is no wonder that both home owners and tenants dread the process. Funding should be made available to subsidise the costs of moving house for those on low incomes and to provide support and care to help people through the process.

## Private rented sector

Private sector tenants need secure affordable homes too. This requires a proper system of rent control, improved regulation of landlords and decent housing standards. Taken together, these would improve the lives of tenants and also bring enormous economic benefits for society as a whole.

Of course, rent controls, regulations and standards are only effective as long as they are enforced.

Research by the IPPR indicates that 40 per cent of housing benefit goes to private landlords. Rent control would not only reduce the housing benefit bill more effectively and fairly than the bedroom tax, but would also mean increased disposable income for workers living in this sector.

The IPPR 'benefits to bricks' proposal suggests devolving housing benefit to local government and allowing them to use this money to fund house-building. Local authorities would be able to decide which houses were most needed for their areas.

Currently only 5 per cent of government housing spending goes on house building - the rest goes to landlords. Increasing the supply of rented homes will reduce rents. This, though, needs to be strengthened through statutory rent controls.

Landlords and letting agencies need to be registered and regulated to protect tenants. A recent report by Shelter found that complaints to the property ombudsmen have risen by 123 per cent in the last five years.

Regulations must cover: property standards, safety, occupancy rates, tenancy agreements and repairs. Standards must also include investment in the upkeep of communal areas in flats.

Standards and registrations need to be monitored and enforced. This should be the responsibility of local authorities. Landlords themselves will also benefit from regulation of letting agencies.

All tenants should have access to advice agencies in order to ensure they are aware of and able to access their rights.

## Conclusion

**Housing is a key policy area for any country that aims to reduce poverty and inequality, and their long-term effects on health and wellbeing.**

**Improving our housing requires investment from the public sector.**

**Housing has been left to the market for too long. The market has failed to deliver.**

**The investment we need to make in housing would provide a massive boost to our economy by creating skilled jobs, increasing labour mobility and increasing the disposable incomes of ordinary workers.**

**Done properly it would also reduce carbon use through better insulation and reduced use of energy to heat inefficient homes.**

**Most importantly it will transform the lives of hundreds of thousands of ordinary people by providing a safe comfortable home so that they and their families, their communities and ultimately our society can reach their full potential.**

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