



**Falkirk Council**  
Corporate & Neighbourhood Services

# INCREASING AFFORDABLE HOUSING SUPPLY

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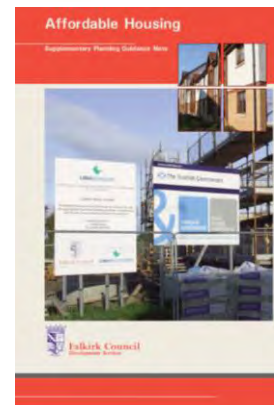
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# What is Affordable Housing?

## Scottish Planning Policy 3 (SPP3) Planning for Homes defines affordable housing as:

*“Housing made available at a cost below full market value, to meet an identified need. It includes social rented accommodation, some private sector rented accommodation, and publicly subsidised housing for sale. It may also include unsubsidised entry-level housing for sale where it can be demonstrated clearly that the homes are affordable to low-income groups of households”.*

Affordable Housing is further defined in PAN 74 & in individual LA Affordable Housing Policies (SPGs)

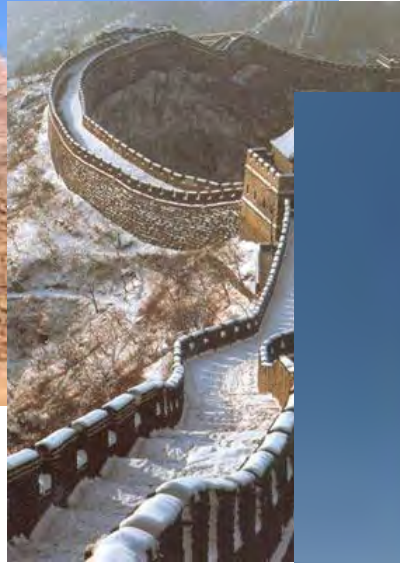


# Affordable Housing

Is enough being done to increase the supply of affordable housing in Scotland?



# Affordable Housing



# Affordable Housing

Key components to increase the supply of Affordable Housing:

- ❖ Scottish Government Support
- ❖ Increased efficiency & effectiveness
- ❖ LA's Corporate Goals & Visions
- ❖ Sufficient land
- ❖ Adequate funding
- ❖ Innovation

# Affordable Housing Policy

## Scottish Government Policy:

The Vision:

*“Good quality, affordable housing is fundamental to our wellbeing and success as individuals, communities and as a country”.*

- ❖ Firm Foundations
- ❖ Investment Reform



# Affordable Housing Policy

## Firm Foundations:

The future of housing in Scotland

- ❖ Launched in Oct 2007
- ❖ Increase the rate of supply to 35,000 a year
- ❖ Set realistic housing supply targets through local housing strategies
- ❖ Sets out the vision for the future of housing in Scotland



# Affordable Housing Policy

## Firm Foundations:

The future of housing in Scotland

Set out the Scottish Government's vision for the future of housing in Scotland:

- ❖ Increased supply
- ❖ More choice
- ❖ Sustainable mixed communities
- ❖ Better value



# Affordable Housing Policy

## Investment Reform:

The future of housing in Scotland

Set out the Scottish Government's vision for the future of housing in Scotland:

- ❖ Launched in Dec 2008
- ❖ The Way Forward – June 2009
- ❖ Housing Task Group Established
- ❖ Working Groups Established

INVESTING IN  
AFFORDABLE  
HOUSING:  
A CONSULTATION



# Affordable Housing Policy

## Investment Reform:

The future of housing in Scotland

### The Way Forward:

- ❖ The Credit Crunch and the Recession
- ❖ The role of the RSL sector
- ❖ A more strategic approach to prioritising investment
- ❖ Setting standards
- ❖ Collaborative structures
- ❖ Long-term funding
- ❖ Efficiency, effectiveness and best practice

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HOUSING:  
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# Efficiencies & Effectiveness

On 25 June 2009, the Scottish Government issued a statement on the Way Forward for its investment in affordable housing. This encapsulated six principles to promote efficiency and effectiveness:

- ❖ Continuing to develop a strategic approach to prioritising investment through local authority SHIPs;
- ❖ Setting standards for those who develop new stock;
- ❖ Support for collaborative initiatives between RSLs and between RSLs and other bodies;
- ❖ 3-year programme agreements for selected developers;
- ❖ Better identification and sharing of best practice within the social housing sector; and
- ❖ A continued focus on value for money and efficiency, through improved procurement, asset management and cost control

# Efficiencies & Effectiveness

Following the Scottish Government's consultation on investment reform and its Statement about the way forward on 25 June 2009 two working groups have been established:

- ❖ Working Group 1 - The purpose of Working Group 1 is to focus on exploring the opportunities for collaboration; and to consider how to achieve more efficient and effective procurement of new stock.
- ❖ Working Group 2 - The purpose of Working Group 2 is to develop advice on: setting a Standard for development; and assessment of organisations against the Standard who wish to receive subsidy to build new affordable homes.

# Affordable Housing Policy

## Falkirk Council's Corporate Vision & Goals:

Embedded in all our Strategic Plans is the vision to:

- ❖ Increasing the supply of affordable housing
- ❖ Increase affordable housing options
- ❖ Improve access to permanent housing
- ❖ Alleviate homelessness
- ❖ Meet the special housing needs of our citizens
- ❖ Promoting investment & partnership working



# Affordable Housing Policy

## Falkirk Council's Corporate Vision & Goals:

**We will achieve this by :**

- ❖ Participating in the provision of new social housing;
- ❖ Continuing our investment programme in our housing stock;
- ❖ Working with private landlords to ensure private tenants have appropriate standards of accommodation that are safe and legal;
- ❖ Working in partnership to provide new and affordable housing;
- ❖ Ensuring the provision of a diversity of housing to meet the needs of people with special needs;
- ❖ Implementing our homelessness strategy; and
- ❖ Developing plans for our villages.

# Increasing Affordable Housing



# Land Supply

The availability & price of land are two critical factors in delivering more affordable homes



# Land Supply

## Availability & Sources of Land:

- ❖ **Local Authority Land**
- ❖ **Joint Working with other Public Bodies**
- ❖ **Open Market Land**
- ❖ **Partnership with Private Developers**
- ❖ **Scottish Planning Policy**
- ❖ **Affordable Housing Policies**
- ❖ **Special Planning Initiatives**
- ❖ **New Development Planning Framework**
- ❖ **CPO**

# Land Supply

## Availability & Sources of Land:

### Local Authority Land

- ❖ Land surplus to operational requirements



# Land Supply

## Availability & Sources of Land:

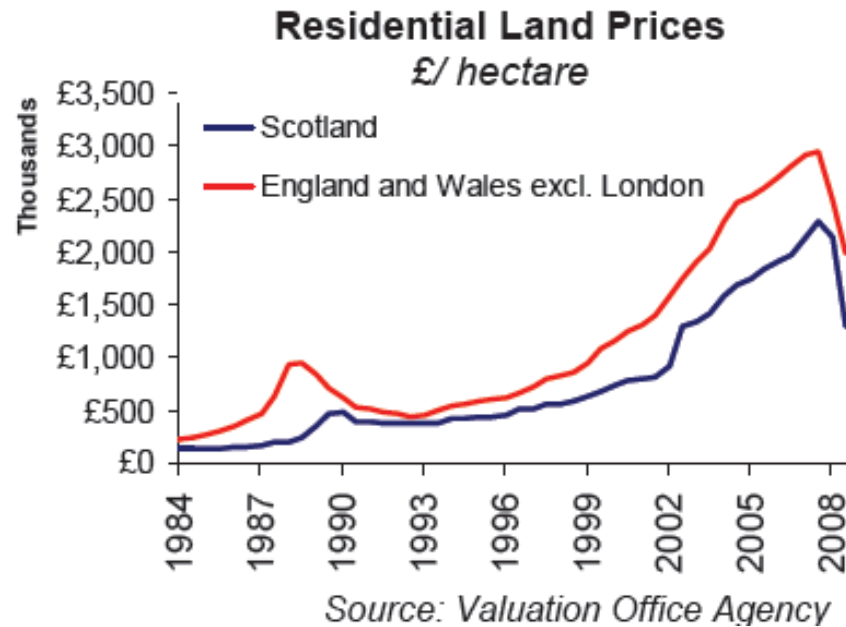
### Local Authority Land

- ❖ Stock rationalisation



# Land Supply

**Land Prices:** Taken from the Scottish Housing Market Review Report Dec 2009

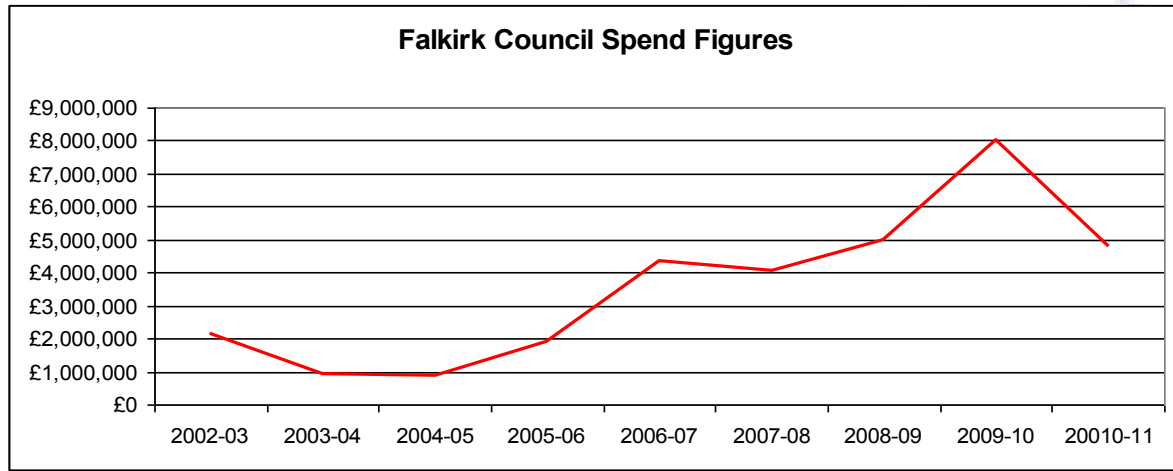
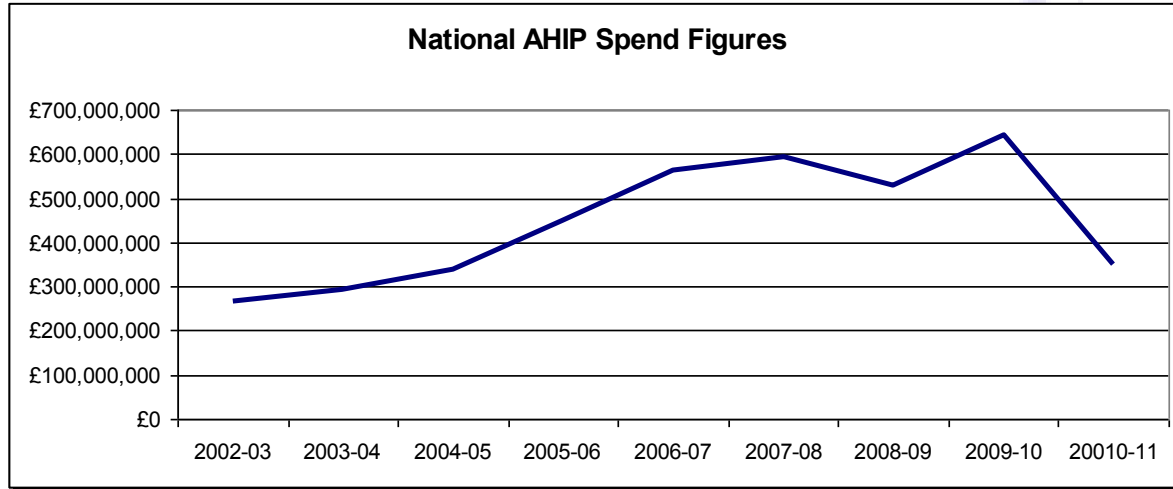


# Funding



- ❖ Year-on-year increases
- ❖ Increased from £267m in 2002/03 to a record high in 2009/10 of £644m
- ❖ Completions in 2002/03 were 5068 which increased to 6260 in 2008/09
- ❖ Funding more than doubled but completion only rose by 20%
- ❖ Average HAG in 2002 was £52k and in 2009 it is now £85k
- ❖ Current subsidy levels are unsustainable
- ❖ Looming cuts in national budgets

# Funding



# Funding

## HEALTH AND WELLBEING

### Schedule 3.2 Housing and Regeneration Details of Proposed Budget

Proposed Budget	2009-10	2010-11		
	Total £m	Operating £m	Capital £m	Total £m
Gross Expenditure	656.7	465.5	12.5	478.0
<i>Less:</i> Retained Income	-30.0	-30.0	0.0	-30.0
Capital Receipts Applied	0.0	0.0	0.0	0.0
	<b>626.7</b>	<b>435.5</b>	<b>12.5</b>	<b>448.0</b>
<b>Budget Analysis</b>				
Affordable Housing Investment Programme	525.0	339.4	12.5	351.9
Private Housing	10.2	18.8	0.0	18.8
Communities Analytical Services	4.4	4.9	0.0	4.9
Scottish Housing Regulator	4.7	4.7	0.0	4.7
Tackling and Preventing Homelessness	0.6	0.4	0.0	0.4
Central Heating Initiative/Warm Deal	50.9	45.9	0.0	45.9
Home Insulation	0.0	15.0	0.0	15.0
Housing Voluntary Sector Grant Scheme	2.4	2.4	0.0	2.4
Wider Role	12.0	10.0	0.0	10.0
Community Engagement	3.4	1.8	0.0	1.8
Regeneration Programmes	42.6	21.7	0.0	21.7
Social Housing	0.5	0.5	0.0	0.5
<i>Less:</i> Income	-30.0	-30.0	0.0	-30.0
<b>Net Expenditure</b>	<b>626.7</b>	<b>435.5</b>	<b>12.5</b>	<b>448.0</b>

Source: Scottish Government's Draft Budget 2010-11, Published September 2009

# Increasing Supply

- ❖ Highest level since 1995
- ❖ 21,384 new houses were built over the last year
- ❖ 6,260 new affordable homes were completed last year (2008/09)
- ❖ £644m has been allocated for affordable housing this year (2009/10)
- ❖ 2,297 new council houses supported by £50m of central government funding
- ❖ New Housing Bill – Abolition of RTB
- ❖ Exploring new forms of Affordable Housing

# Increasing Supply

## Forms of affordable Housing:

- ❖ Social Rented (RSLs & Council)
- ❖ Shared Ownership
- ❖ Low Cost Home Ownership
- ❖ Rural Home Ownership
- ❖ New Supply Shared Equity
- ❖ Open Market Shared Equity
- ❖ Mid-market Rents
- ❖ Private Developer Shared Equity Schemes
- ❖ Private Rented Sector
- ❖ AH without Subsidy
- ❖ New Initiatives (NHT)

# Increasing Supply

## AFFORDABLE HOUSING INVESTMENT PROGRAMME 2008/09

Supplier/Grant Type		2008-09	
		Actual Completions	%
Housing Association Rent	General Needs	3,245	51.8 %
	Particular Needs	1,063	17 %
Other Suppliers – Rent	General Needs	12	0.2 %
	Particular Needs	2	0.03 %
Housing Association Low Cost Home Ownership	(New Supply)	802	12.8 %
Private Developers: GRO Grants		125	2 %
Individuals - Rural Home Ownership Grants		49	0.8 %
Individuals - Improvement and Repair Grants		32	0.5 %
Glasgow Housing Association (GHA) Reprovisioning		185	3 %
Home Owners' Support Fund - Mortgage to Rent		233	3.7 %
Open Market Shared Equity Pilot		512	8.1 %
<b>Total</b>		<b>6260</b>	

Source : Scottish Government, Housing & Regeneration Directorate

# Increasing Supply

## AFFORDABLE HOUSING INVESTMENT PROGRAMME 2008/09

### Historical Trends (Grant Per Unit)

	2006/07		2007/08		2008/09	
	Average Cost Per Unit	Average AHIP Grant	Average Cost Per Unit	Average AHIP Grant	Average Cost Per Unit	Average AHIP Grant
		Per unit (%)		Per unit (%)		Per unit (%)
HA Rent only	£114,805	£76,917 (67%)	£126,954	£85,390 (67%)	£130,717	£78,441 (60%)
All Grants	£115,071	£69,705 (61%)	£127,131	£76,507 (60%)	£126,972	£70,814 (56%)

Source : Scottish Government, Housing & Regeneration Directorate

# Increasing Supply

## Falkirk Council's Twin track approach:

- ❖ Traditional Partnerships with RSLs
- ❖ Council New Build Programme



# Increasing Supply

## Traditional Partnerships with RSLs:

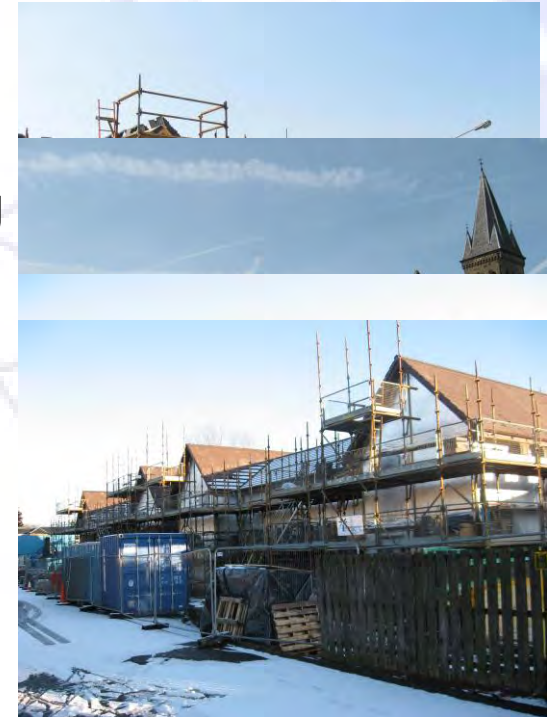
- ❖ Our HAG allocation this year (2009-10) is £8m
- ❖ We have already completed 32 units this year and have a further 206 under construction
- ❖ The 238 new units are made up of:
  - ❖ **190** – Social Rented
  - ❖ **26** – Shared Ownership
  - ❖ **16** – NSSE
  - ❖ **6** – Mid-market Rented
- ❖ Total Grant requirement – c. £16.5m
- ❖ Total Investment – c. £32m
- ❖ Additional 20 units through OMSEP
- ❖ 2009 SHIP Assumptions - £5m/annum & 60 units/annum



# Increasing Supply

## Council New Build Programme:

- ❖ 2008-09 - 7 special needs homes
- ❖ Incentivising New Council House Building
- ❖ Abolition of RTB
- ❖ 100+ units over 3 years
- ❖ Successful bid for Government funding:
  - Round 1 – 54 units - £1.35m
  - Round 2 – 42 units - £1.05m
  - £25k per unit maximum grant
- ❖ 12 units on site
- ❖ 54 units will be on site by 31<sup>st</sup> March 2009
- ❖ Round 3 – Subsidy increased - £30k per unit



# Increasing Supply

## What else can be done?

- ❖ Explore new forms of affordable housing
- ❖ SG Working Group's
- ❖ Expand Council new Build Programme
- ❖ Improve access to private finance
- ❖ Explore new innovative funding packages
- ❖ Housing without subsidy

## Affordable Housing

Is enough being done to increase the supply of affordable housing in Scotland?



# Workshop Discussion

