

The Rural Commission

Outside the belt, harnessing the future
economic potential of all of Scotland



Housing Discussion Paper

This paper sets out some of the initial challenges and opportunities we've identified around housing and is designed to help us gather thoughts on solutions that can work in different parts of the country. We're not looking to duplicate the work of others but to identify measures that can be piece of a potential solution. We recognise that this is an area without any clear or simple fix and the solution that might be appropriate for one area might not work for another. We're keen to hear thoughts on what can make the development of housing in rural areas easier, what examples people have of what's worked for them, and what measures would aid the planning and delivery of housing for the long term.

Housing is one of the biggest challenges we face throughout Scotland with many struggling to access a home that is secure, affordable, and accessible for employment opportunities. How we meet that challenge is one of the biggest questions we need to answer if businesses and communities are to ensure that they can retain and attract the people necessary to support our economic growth.

Access to good housing data that is sufficiently localised can be a challenge, but we know that across Scotland some 137,100¹ people were on council housing waiting lists last year.

In 2017 there were 19,700 new homes built across Scotland², with 8,537 affordable homes completed³ as part of that.

Whilst these figures show to some extent the gap between demand and supply they don't paint the picture of what the challenges are in meeting the housing needs of people throughout the country.

Shelter estimated in 2016 there are some 35,727 empty homes in Scotland. This could play a part in meeting the demand, but further steps are clearly needed.

¹ <https://www.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/HSfS/HousingLists> (This figure however does not include those living in areas where housing stock transfers have taken place).

² <https://www.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/HSfS/NewBuildAllSector>

³ <https://beta.gov.scot/news/affordable-housing-approvals-up-14-to-11-680-in-latest-year/>

What are the challenges and opportunities

Availability of affordable and secure accommodation for local economic need

The competition for housing in many areas is fierce, with those working on lower wages or in seasonal employment often struggling to compete against second home properties or properties that can achieve a greater yield being let seasonally rather than year-round.

There is a concern also that since the move to Private Rental Tenancies, property owners could be further incentivised to do seasonal lets over longer term tenancies. Striking the balance in a constrained market between short and long term lets and providing the accommodation necessary to support the differing needs of year round and seasonal accommodation is vital. In some areas partnerships between housing providers and businesses are helping to deliver housing to meet the workforce needs of that business, are there good examples of businesses helping to deliver the housing to meet their needs?

- How do we incentivise longer term private sector lets?
- How do we meet the needs for tourism and longer term accommodation?

Affordable Housing

The Scottish Government's commitment to the delivery of 50,000 new affordable homes is welcome, but there are challenges over how to access funding for rural developments when the benchmark unit figure can be insufficient to deliver housing in many areas which face increased development costs. Providing more flexibility over the benchmark unit grant could help to deliver housing faster and in more locations.

- How do we best deliver more affordable rented accommodation in remote communities?

Refurbishment of older properties and bringing property back into use

Across rural Scotland almost half of all homes fail the Scottish Housing Quality Standard⁴ and the cost of refurbishment is often not supported by property value uplift. The age of housing stock and its construction can also make it prohibitively expensive for energy saving or other measures to be carried out when two in five homes in rural Scotland are considered not energy efficient⁵.

- How do we encourage and support the renovation of property to improve or bring it back into use?
- How do we strike the balance between modern building standards and older properties?
- How do we bring more empty spaces and upper floors back into use?

Access to economically developable land

The cost of bringing land of the right scale into use can be prohibitive with often similar costs being faced around infrastructure as larger developments. Identifying and gaining planning consent can add additional time and cost without the scale or land value to provide a sufficient return. The prioritisation of development sites and clear alignment between developers and the authorities could play a part in better meeting community needs.

⁴ <http://www.gov.scot/Topics/Statistics/SHCS>

⁵ <https://beta.gov.scot/publications/scottish-household-survey-key-findings-2016/>

- How do we identify, prioritise, and bring to market development sites to meet community needs?
- What other barriers do developers face in rural Scotland in opening up sites?

Housebuilders of the right scale for smaller developments

The financial downturn has seen the challenge of builders of appropriate scale being amplified, with many being subsumed by larger developers or unable to survive. This reduced market place limits the number of rural developments coming to market and combined with a tightening of access to finance has seen less self-build properties coming to fruition. Supporting the growth of smaller developers in rural areas to rebalance the marketplace could be necessary.

- How do we better support developers to deliver smaller scale rural housing developments?
- How do we ensure that finance is available for smaller developments?

Please email ruralcommission@scdi.org.uk with your thoughts or call Fraser Grieve on 01463 218666 to discuss in more detail.