

# BUILD TO REBUILD

A Housing Manifesto for the  
North East and for Scotland's Economy  
2016 Scottish Parliament Election





## INTRODUCTION

The North East economy is at the heart of Scotland's prosperity but it needs people and they need a place to live they can afford. However the Aberdeen housing market is not delivering.

Lack of low cost housing is one of the principle constraints on the economy, on the efforts of industry to modernise and change. It undermines public services and is a brake on innovation and diversification. It is in no-one's interests to allow this situation to continue.

Members of the business community have come together with local housing associations to make the case for a national rethink on affordable housing. This document calls for a Manifesto commitment from all parties and a promise from the next Holyrood Government to improve the planning process and double affordable housing investment in the North East in support of the economy and growth and to help working families and employers in the region make the best of their talent and ambition.

We urge Parliamentary candidates to use this Manifesto to inform their housing priorities for the North East. The proposals have a local focus, but the outcome is national and it is vital that action is taken now.

Edel Harris  
President of Aberdeen and Grampian Chamber of Commerce  
Chief Executive of Cornerstone (care agency)

“ This document calls for a Manifesto commitment to improve the planning process and double affordable housing investment in the North East in support of the economy and growth, and to help working families and employers in the region make the best of their wealth of talent and ambition. ”

## EXECUTIVE SUMMARY

The North East employs people from all over Scotland. Its economy is vital to the Scottish economy but as a result of shortage and cost, the housing market is failing the region and its people.

An alliance of housing associations and business leaders calls on all parties to commit to investing more in new affordable housing for working families in the greater Aberdeen Housing Market and improve both the planning process and access to land for affordable housing providers. This funding is in addition to the social justice aspects of Government investment through the Strategic Housing Investment Plan (SHIP) in recognition of the particular needs of the North East economy.

To achieve this, Scotland needs Holyrood political commitment to:



**Fund 3,500**  
new affordable homes



**for working families in the North East**



- Recognise economic development, sustainability and growth as dependent on affordable housing and funding it in addition to its social justice role.
- Fund 3,500 new affordable homes for working families in the North East, additional to existing spending over the next 5 years and pledge at least 50% for social rent.
- An infrastructure fund to make larger sites ready to build on, without having to wait for house sales;
- Local government using all of the planning powers it has to ensure the quick delivery of housing.
- Pilot a body to register and assemble effective housing development land in public and common ownership in the North East.
- Invest in the Aberdeen City Region Deal to modernise and adapt the local housing market.

Scotland goes to the polls on 5 May 2016 in the Holyrood election; affordable housing needs to be in everybody's mind. We want Government to recognise that the high cost of the open housing market constitutes systematic failure and needs the kind of intervention that typified government action in 1919, 1945 and in the 1970s in the North East with the arrival of oil. We will measure success by: a sustained reduction in the cost of renting privately to near the national average; better employer recruitment and retention across all sectors, but especially in areas of high pressure like the NHS; and lastly see Government investment in subsidised housing, for rent and ownership rise above the current welfare provision. Set out in this document is a route map. Get it right and this is a huge win for the Scottish Government, whichever parties are in power.



Gordon Edwards  
Chairman of Grampian Housing Association  
(on behalf of Registered Social Landlords in the North East)



# WHY INVESTING IN AFFORDABLE HOUSING INFRASTRUCTURE IS SO IMPORTANT FOR THE ECONOMY



## 1. Private sector (energy)

The energy sector is coming to terms with a sustained lower oil and gas price, higher extraction costs in the North Sea and the challenges of decommissioning. The sector sells services across the globe but is starting to export work previously done in Aberdeen to cheaper places like India and Malaysia. If this becomes a permanent arrangement, it will undermine Aberdeen's hub status and reduce both employment and revenues. If Aberdeen and Scotland wish to continue exploiting the country's oil and gas fields and be a global and European energy hub, then it has to reduce salaries and for this to be acceptable to new employees, there needs to be a similar reduction in the cost of living and especially housing costs. In addition to a change to the business model, the energy sector relies on a generation of experienced professionals, many of whom are already retired but continuing in a consultant capacity, others nearing retirement. There needs to be new blood, but given opportunities elsewhere, who would come to live in Aberdeen's over-priced housing market?



## 2. Private sector (other areas)

Other private sector employers, in hospitality, construction and development, in transport, catering, tourism, agriculture and fisheries and a host of other commercial activities, rely on low wages and find recruitment and retention difficult in the North East because the cost of living is too high and especially the cost of housing. Ambitious plans to expand both the airport and create a second harbour are inspiring and hopeful but in order to be effective in boosting tax revenues, they will need affordable housing to support job creation and enterprise.



## 3. NHS Grampian

Health professionals are not moving to work for the NHS in Grampian because they cannot afford to live here, or because even if they are able to find somewhere they can afford, they will have less disposable income compared with opportunities to start a career elsewhere in Scotland. So why would they move? A third of unfilled NHS vacancies are in the North East, with only 10% of the services and population. And regional hotspots suffer because the NHS and also the broader civil service and local government have national pay bargaining that doesn't reflect market conditions. Grampian has recently struggled to meet its national targets, almost entirely because it cannot find staff in critical areas.



#### 4. Health and social care

In order to cope with a rapidly growing care and health bill, especially but not exclusively for the elderly, the state needs to develop less expensive ways of supporting and caring for people and for many areas, rural and urban, this needs affordable housing for carers and health professionals. In rural communities the overall shortage of affordable housing prevents that need being met. In and around Aberdeen the lack of access and the lack of turnover in affordable housing is compounded by the high price of private sector options. Cornerstone's research into recruitment and retention identified the cost of housing and general cost of living in the North East as a major factor in their struggle to find staff at all levels, but especially those needed to support people with particular needs. Society can only support the vulnerable if it can find people willing to work in caring roles and this means providing key worker housing for them.



#### 5. Other public services

Anecdotally Police Scotland, the Scottish Prison Service and local authority and further education services at all levels struggle to persuade qualified staff, particularly teachers and lecturers, to move into the region because affordable housing is in short supply, in the wrong area, or can only be accessed through the waiting list. This is not an exhaustive list. Services fundamental to a modern society depend on recruiting to these professions. The ripple effect on commerce, other services and quality of life is significant and is unlikely to get better unless alternatives are found.



#### 6. Innovation

Another cause for concern is the vulnerability of research and innovation and the need to diversify the local economy beyond energy. Both in the universities and the private sector these depend on retaining people who study and qualify in the Region, and attracting graduates from elsewhere to develop and translate research into commercial activity, for instance in the building of the bio-medical industries of the future. Having qualified in Aberdeen, most leave to pursue careers in less expensive places. And as with many of the recruitment and retention challenges in other areas of enterprise, getting people to live and work here is extremely difficult.



## WHAT DO WE NEED TO HAPPEN?

The North East  
only delivered

1/2

the number of  
affordable homes  
needed over the last  
5 years, a shortfall  
of almost 2,000.



The North East  
needs as many  
as 23,000 new  
affordable homes  
by 2025

Pledge  
50%

or more of new  
build for working  
households to be  
for social rent.

### 1. We need to reduce housing costs for working households

Enterprise and flair are not enough to boost the economy or adapt services for a growing and ageing population. It needs working people. Whether they are care and health workers, research students, teachers, those working in emergency services, or the hospitality, agriculture and food industries, they need a low cost place to live and crucially, no more expensive than other parts of Scotland. Otherwise industry and commerce cannot attract and retain those with the right skills.

The North East only delivered half the number of affordable homes it should have built over the last 5 years, a shortfall of almost 2,000. Add to that the fact that the North East needs to attract up to 35,000 new workers over the next decade. However, as the price of market housing in 2014 was 50% higher than the Scottish average and is still 25% higher even in the current recession, around two thirds of households in the greater Aberdeen housing market area cannot afford the open market for rent or ownership. There is no priority access to social housing for the low paid and according to employers like the NHS, more than half can afford nothing else. The North East needs as many as 23,000 new affordable homes by 2025 and better access to social rent and low cost home ownership.

To fix this, we want the next Holyrood Government to:

- Invest in 3,500 new affordable homes for working families in the North East additional to existing spending levels.
- Do it now and tackle the shortfall in need for affordable housing for working people, at the latest in the next 5 years.
- Pledge 50% or more of new build for working households to be for social rent.

**25%**  
of new homes  
being affordable

## **2. We need housing infrastructure investment to boost private and affordable house building**

House builders are nervous about the market and planned new homes depend on big sites with expensive infrastructure like roads and utilities. An infrastructure fund will help release investment in house building and indirectly build more affordable housing, with 25% of new homes being affordable. The money spent is paid back and recycled when houses are sold, allowing it to be reinvested in the next site, freeing up land for affordable housing development without relying on market conditions or developers.

To fix this, we want the next Holyrood Government to:

- Start up a cyclical infrastructure fund that pump primes infrastructure delivery, reducing development risk and which can be recycled as housing is completed.
- Support local government to spread the recovery of infrastructure and planning gain investment more evenly over time and over all development sites affected, through a local roof tax on new build.





## Delivery of new homes is hampered by ineffective supply

### 3. We need the planning process to deliver in the North East

Delivery of new homes is hampered by ineffective supply. This can be caused by many things: commercial risk, uncooperative owners, and inadequately resourced and co-ordinated legal and planning processes. The effectiveness of planning is also hampered by national policy, for instance Scottish Water's requirement to meet "5 tests" before committing to its part in the planning process.

Housing providers need the planning system to be pro-development, a critical friend and facilitator, with agencies and departments co-operating and committed to delivery as a shared corporate goal.

Scottish planning policy already has some of the solutions needed, for instance, the promotion and use of sites not in the local plan by community groups, providing settlements with additional opportunities to meet affordable housing need. Building on the Community Empowerment Act, this approach could also be used in urban areas.

To fix this, we want the next Holyrood Government to:

- Make government departments and utilities involved in the planning process collaborate as a team on schemes of strategic importance, actively freeing up sites that are stuck in the planning process.
- Provide extra resources to those parts of planning and legal services that underpin the quick delivery of housing for private and affordable uses.
- Promote the use of "exception" sites (those outside the local plan) in rural areas identified by community partnerships to deliver affordable housing and pilot extending this to urban areas in need.



#### **4. We need to invest public sector land in the delivery of affordable housing**

Affordable housing supply is passive and difficult to manage because it largely depends on private sector delivery, especially in an uncertain market. There are potential solutions: a pilot of an “affordable housing” land use category in local plans, the use of Compulsory Purchase (CPO) powers to create a new affordable housing “infrastructure” land bank, promoting free land for off-site contributions, but the most directly effective would be a consistent release of public sector land for affordable homes, including sites owned by quasi-public sector partners like the universities.

The Scottish Government has called for a register of all land owned by public bodies, but there are limited resources to make this happen. A strategic housing land agency that co-ordinates the efforts and records of agencies and departments across public and voluntary sectors could help deliver this. Drawing on past experience in Scotland and current good practice in Europe, a new town/urban expansion policy could give local authorities opportunities to assemble land and plan for a range of housing provision, through housing associations, local authorities and the private sector, but also explore ownership and rental co-operatives and self-build.

To fix this, we want the next Holyrood Government to:

- Pilot a strategic land agency in the region, to compile a register of effective development land in public and quasi-public ownership and promote sites suitable for the delivery of affordable housing.
- Insist on a consistent release of land for affordable homes across the public sector and promote this approach for sites owned by quasi-public sector bodies.
- Support the use of CPO powers to provide housing infrastructure land in the City Region.
- Promote the use of free or cheap land in delivering planning requirements for affordable housing in agreements with house builders.

**Addressing the economy's needs for affordable housing supports the Government's aim to tackle poverty and inequality, because for many industries and parts of the public and voluntary sectors, we are talking about providing homes for working people on low incomes.**

## **5. We need government to change the way it thinks about affordable housing and the economy**

When sharing out the national subsidy pot for affordable housing or commissioning the research that backs it up, Holyrood needs to ask different questions for the North East economy and perhaps for Scotland's economy as a whole. The focus is on the "social justice" aspects of government investment. There is no mention of the importance of affordable housing to economic growth and sustainability, despite most working households having little chance of their needs being met by social housing.

Addressing the economy's needs for affordable housing supports the Government's aim to tackle poverty and inequality because for many industries and parts of the public and voluntary sectors, we are talking about providing homes for working people on low incomes. Even with a higher minimum wage and promotion of the living wage, this problem will persist until there are enough low cost homes. Housing in a vibrant economy is also important to productivity through improved health and reduced commuting and can ease labour mobility. It is even more important in rural areas and is integral to ambitions for improved transport links and Aberdeen's second harbour, for radical change in health and social care and a restructuring and reskilling of the energy industry.

We also need affordable housing policy to link with the other concerns of Government, like the Economic Strategy, and the involvement of agencies supporting business like Scottish Enterprise.

To fix this, we want the next Holyrood Government to:

- Implement a national allocation of investment that recognises economic development, sustainability and growth as dependent on affordable housing infrastructure.
- Fund low cost housing for working households in addition to its social justice role.
- Invest in the Aberdeen City Region Deal to modernise and adapt the local housing market and support industry to adapt and diversify in response to the low price of oil.

“ **Some of the proposals listed could be implemented now, others will take time and depend on the political and budget process, but the point of this Manifesto for growth and sustainability is to find practical ways of delivering a more balanced and supportive housing market within the term of the next Holyrood Parliament, for both the Aberdeen City Region and rural areas.** ”



designed by foyer graphics



[www.agcc.co.uk](http://www.agcc.co.uk)



[www.a-h-p.org.uk](http://www.a-h-p.org.uk)



[www.castlehillha.co.uk](http://www.castlehillha.co.uk)



[www.grampianhousing.co.uk](http://www.grampianhousing.co.uk)



[www.langstane-ha.co.uk](http://www.langstane-ha.co.uk)



[www.m-h-p.org.uk](http://www.m-h-p.org.uk)