

"For economic growth and stability: affordable housing wanted!"



The Scottish Perspective

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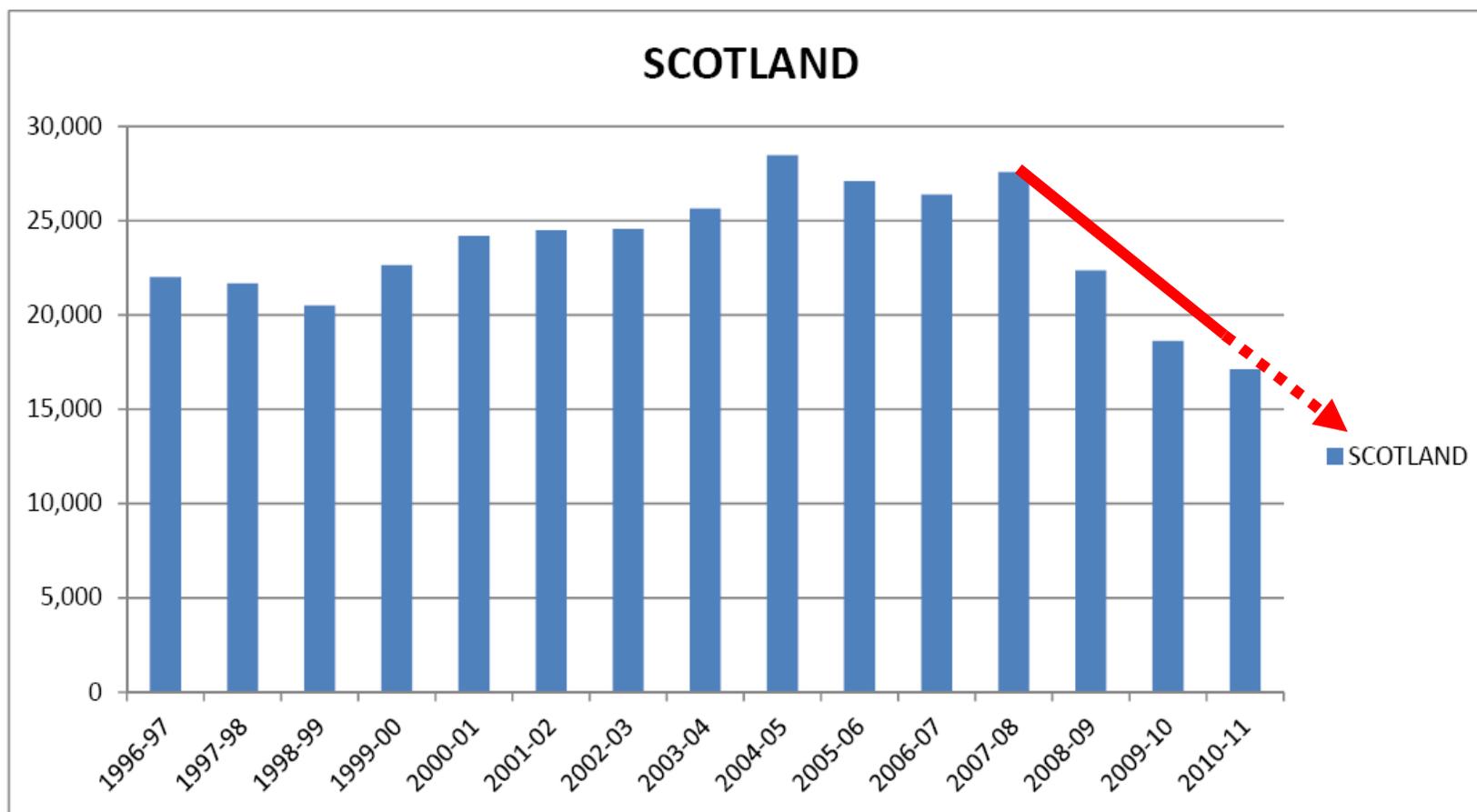
Scotland Facts

- Part of the UK with devolved administration (housing)
- 5.2m population (2.3m households)
- Unemployment 8.1% (22.9 per cent of those aged 16-24)
- 143,800 (March 2012) claiming jobseekers allowance (*this is 5100 higher than in March 2011*)
- The net value of new building and repairs, maintenance and improvements combined is just under £11.6 billion, which is 14.0% of Scottish GDP in 2006
- C. 60% of people working on a Scottish site are Scottish. The other 40% is largely made up of other European nationalities.



New Housing Supply

1% new building rate is very low by international standards. It is similar with that for the UK as a whole but the UK rate is one of the lowest of all the European Union economies.



(Source: Scottish Government New Housing Supply)

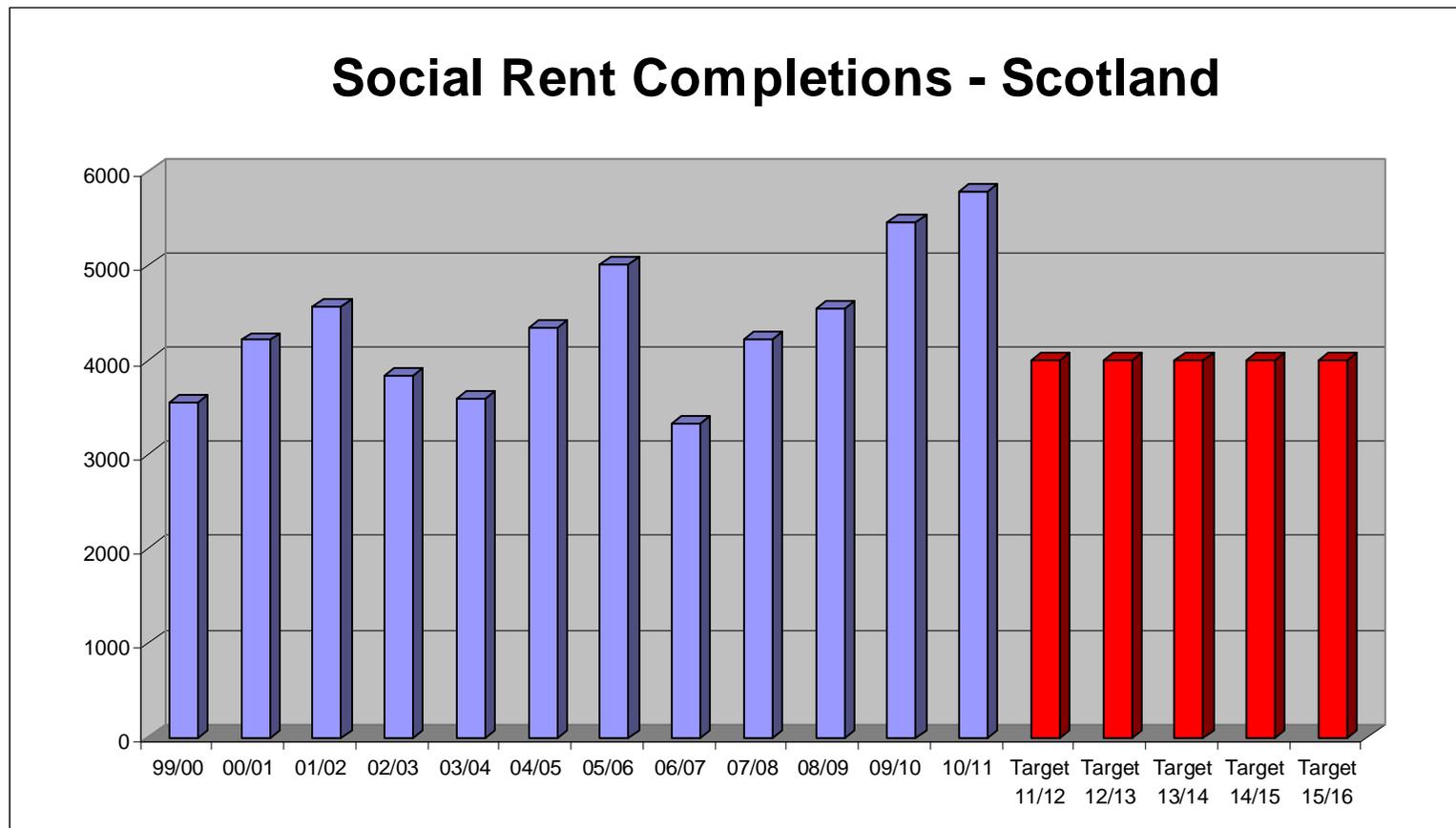
What Housing Supply?

- The Scottish Government Discussion Paper issued in 2007 Firm Foundations stated that: “35,000 new homes are needed each year to reverse declining affordability.”
- The overall amount of funding available for new investment in housing has been cut by over 30% and subsidy levels were cut for 2011-12 by around 48%

“The last time housing production in Scotland dropped as low as this was 1926” *(outturn figures)*

Some More Facts

- 30,000 new affordable homes...said the SNP
- 20,000 for social rent and 10,000 "affordable"
- BUT...335,000 Scottish households on waiting lists



Why invest in housing?

“Across Scotland as a whole, for every £100 of public money invested by Local Authorities in capital projects, the construction industry is generating more than £300 of added value to the local economy.” *(Scottish Builders Federation)*

The reality?

- 49 **Scottish** construction companies went into compulsory liquidation in Q3 2011, up 63% on Q3 2010
- 40,000 construction jobs **in Scotland** have been lost since the downturn
- Homes for Scotland estimate **half** of private house building jobs have been lost since 2007
- Many more jobs lost that are indirectly related.

- **ECONOMIC BENEFIT**

Construction is one of the best ways of stimulating economic activity

- **EMPLOYMENT FOR DEPRIVED COMMUNITIES**

Construction provides benefits for lower skilled and young workers who have relatively few alternative opportunities

- **SOCIAL RETURN ON INVESTMENT**

Construction is also investment rather than consumption, providing significant long-term social benefits.

Supporting Evidence

£1 spent on construction output generates a total of £2.84 in total economic activity (i.e. GDP increase)



Direct impact

Wage income and corporate profit generated in the construction sector, plus spend on non-labour inputs

Indirect impact

Supply chain impacts of construction and their knock on effects, i.e., increase in output and income up and down the supply chain
 Sectors that benefit from increased construction output include manufacturing (especially of building products and equipment), real estate, business services (including architecture, planning and surveying), mining and quarrying, and transportation

Induced impact

Increase in household income as a result of increased employment / income in construction and other sectors leads to increase in spending and demand / output in the overall economy

Invest now to...

- Supply economic recovery, growth, training and **jobs**
- Reduce the number of people relying on benefits
- Meet housing need which is reaching **crisis** levels
- Achieve **wider social benefits**, helping to regenerate the poorer communities
- Spend to Save agenda
- Improve energy efficiency of homes – reducing fuel poverty.

