

Affordable housing in scotland economics essay



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Introduction

The aim of this essay is to compare and contrast the Scottish and Greek planning policy and practice regarding Affordable housing. To have a better understanding on the subject there is an urgent need to examine a variety of factors that have effected the birth and implication of such policies in these countries; such as economical, political, cultural and historical factors. The interest of this comparison stems from a huge diversity in policy and practice between two countries that are both part of the European Union. Although the EU, have set certain goals and legislation, it is very often hard for them to be achieved and implicated due to the differences that countries have. Therefore it is unlikely that what seems to work for one country will certainly work for another. A productive comparison though, can help us understand the state each country is at the moment, the gap between policy and practice, and what is yet to be done.

CECODHAS Housing Europe, is the federation of public cooperative and social housing in Europe. A non profit organisation based in Brussels with a vision to “ provide access to decent and affordable housing for all in communities which are socially, economically and environmentally sustainable and where all are enabled to reach their full potential.” (CECODHAS Housing Europe 2012, available: [http://www. housingeurope. eu/about/our-vision](http://www.housingeurope.eu/about/our-vision)). CECODHAS is a multi-membered organisation. within which smaller divisions operate to deliver affordable social houses in Europe. It is linked with Scotland’s SFHA (Scottish federation of Housing Associations) and was almost entirely involved with the provision of affordable houses in

Greece. Therefore it would be interesting to examine their view on the matter of affordable housing.

Affordable Housing in Scotland

The major economic crisis that started on the beginning of 2008 and still progresses, fueled the need for a different perspective regarding affordable housing. The crisis in the credit system and the general economic difficulties, forced the UK government to implicate huge cuts to public spending.

That put the whole housing market in struggle. As the crisis deepens and the wages lower year by year, the need for affordable houses grows bigger. The Scottish government driven by the above factors, felt the need to adjust previous housing policies and development schemes to fit the latest circumstances. On February 2011, the Scottish government published “Homes Fit for the 21st century, The Scottish Government’s Strategy and Action Plan for Housing in the next decade: 2011-2020. Based on the above document, Scotland’s population is constantly rising in numbers but also in age. Whilst, the size of households and the number of existing owners is falling continuously. Housing supply is crucial to reform in a way that will meet the public needs. One of the key objectives of this plan is to encourage the building of more new affordable houses designed

with high quality principles. The amount of new houses provided by the private sector is decreasing and combined with the ongoing reduction on public funds by the central government creates a need for new methods of funding. Homes Fit for the 21st century(2011) action plan, clearly identifies that this could be achieved with the collaboration of different councils,

housing associations investors developers and the private sector. According to the above document, Scottish government will continue to support multi-tenure developments, focused on private sale to help and relieve the social sector. Furthermore, housing associations, developers and investors will be encouraged to cooperate in shared-funding housing developments under the name Innovation and Investment Fund in an attempt to expand the funding for affordable homes. This together with National Housing Trust (a strategic plan for the development of new houses) and the New Supply Shared Equity scheme is expected to deliver 18,000 new affordable houses until 2014. An increase of council taxes on long term empty households is expected to generate a certain income that will help the provision of new affordable homes (Homes Fit for the 21st century, 2011). In this action plan, it is mentioned that new houses must meet high quality design principles to satisfy the needs of the people today but also in the future. An increase in supply of affordable households though, must not have a negative impact on quality. In addition, new housing units should be designed in a way that also serves the special needs that older and disabled people have. The SPP (Scottish Planning Policy) 2010, identifies different types of affordable housing. “ Affordable housing may be in the form

of social rented accommodation, mid-market rented accommodation, shared ownership, shared equity, discounted low cost housing for sale including plots for self build, and low-cost housing without subsidy” (Scottish Planning Policy, 2010, p17). Affordable Housing and Housing Land Audits PAN (2/2010) identifies that homes can be social rented, low cost subsidised for buying, unsubsidised low cost houses for sale and intermediate rented. In

the case of social rented, tenants will pay a considerably lower rent which will be estimated by the RSL (Registered Social Landlords). In the case of low cost subsidised houses available for sale, buyers are able to choose between houses sold in an affordable price, share ownership by purchasing a part of the unit while paying an amount to the RSL or purchasing the majority of the dwelling with the remaining part belonging to the RSL. Unsubsidised low cost houses for sale can be either units available for buying at an affordable price without public subsidy or with shared equity where the buyer and the developer share different parts. There is also the possibility of dwelling rented in a price lower than the market levels. According to the SPP (2010), 25% of house units in every new housing development should be affordable. This is a general rule though and the actual amount of affordable houses could vary according to the needs of the local communities and the demand of the market. Further issues regarding affordable housing are assessed in the Scottish Planning Policy 3: Planning for Homes (Revised 2008). It is stated that in cases where there is a shortage of affordable houses, the provision of them must be part of the general housing development plan and if possible, they should be located within the local housing market limits. According to the above document, specific land areas must be allocated by the local planning authorities for the development of new affordable house units. This policy mostly refers to developments inside or around villages.

Affordable Housing in Greece

Greece right now is one of the countries that are affected the most by the economic crisis that started in 2008. With an economy struggling to survive and the majority of jobs being low-wage nowadays provision of affordable

housing is urgent. Urgent but extremely difficult for the Greek government to satisfy the peoples needs. One fundamental difference with the Scottish planning system, is that all action on the matter of affordable housing were exclusively done by the public sector. That means that provision of affordable houses in Greece was always a government's task. As the Federation of Public, Cooperative & Social Housing of Europe(CECODHAS) in it's 2012 review explains, Greece does not operate a Social Rental Sector (unlike every European country) and the supply of affordable houses was solely executed by the Worker's Housing Organisation (ÎŸÎ•ÎŸ). OEK is an organisation that works under the Ministry of Labour and Social Security but it's financed on his own. It is financially autonomous by contribution of the workers in the private sector (1% on their salary) and also by contribution of their employers (0, 75% on their wage bill). Only those who make contributions to OEK can be benefited by the program. OEK's action plan(2009), also include numerous policies regarding financial assistance to workers with low income, families with more than two kids and people with special needs; such as disabled and elder people. OEK in it's 55 years of activity provided loans for the construction of new houses, renovation of damaged ones and to extend the building size. OEK delivered entirely new houses to people who applied by carrying out a draw. The draw was set in a way that people with severe financial problems would have certain priority. Financial assistant is provided to elder people and low-income families to cover rents and house expenses. OEK's design policy was focused on building high quality-energy efficient new affordable houses under the latest international technological and architectural principles using latest technologies. As mentioned in OEK's Action Plan(2009), in housing

developments that cover large areas, public infrastructure must also be part of the development. That means that green open spaces, schools and transport infrastructure (new roads, pavements, increasing the accessibility of the area by public transport) must be included in the development plan. In every settlement OEK provides, house units should cover 20%-30% of the landscape. Buildings must have various designs to promote the diversity of the scenery. The size of units vary from 80-130 square meters and must be designed in a way that serves people with disabilities. The center of interest is to create homes that not only cover the need for shelter but also promoting high living quality. As stated in OEK Action Plan (2009), the organisation managed to deliver 1500 new houses every year. OEK played an active role in the organisation of the 2004 Olympic Games, by constructing the Olympic Village. That was a development of 2.300 new housing units which after the games were used to shelter families with multiple children, and low-income workers.

The new austerity measures that were implemented in Greece by the European Union very recently, resulted to the closure of Worker's Housing Organisation (OEK). OEK as already mentioned was the one and only organisation responsible for the provision of social houses. Its place is taken by a temporary committee obligated to maintain OEK's work till further notice. An article in one of the larger selling newspapers in Greece "ÎæÏ'Î-ÎœÏ'" 10/02/2012 describes that shutting down OEK will bring an end to financial rent assistance for thousands of families, stop the construction of new houses and will cancel loans for purchase and property repair.

Comparison

In the previous part of the essay i tried to describe the main policies and practice regarding affordable housing in Scotland and Greece. A fundamental difference between these two systems is that in the case of Scotland both the public and the private sector are involved in the provision of affordable households while in Greece (until recently) it was only based on OEK which is a public organisation working under the national government. That largely narrows funding sources for new developments in Greece. On the other hand the Scottish system is focusing more and more on the collaboration of local councils, housing associations, private investors and developers to relieve the pressure of the public sector. Even worse, nowadays, after OEK shut down Greece is left with none responsible for the provision of affordable houses. Another major difference is that the Scottish planning policy focuses on the construction of new affordable housing units, trying to fit them in every big housing development, while Greece's policy on the matter is more focused on subsidising living costs for the low paid workers and families and people with special needs by providing loans and grants. The Scottish point of view, unlike Greece, is to make 25% of new housing developments “affordable” instead of building exclusive large settlement, areas for workers. As a result, it is hard to identify which house is affordable which is not. That benefits to the uniformity of the neighborhood and diminishing discrimination between the residents. In Greece the construction of affordable houses consists of large settlement areas located mostly in the peripheral of the cities. That makes access to the city center and work places difficult and results to social separation between people with different income. As mentioned above, there is a large variety in different types of

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tenure in Scotland. That gives a range of choices to tenants and occupiers and serves both in choosing a type that benefits them the most. In Greece things are different. Occupiers and tenants, as described above, must financial contribute to OEK to be able to purchase grants, loans, and residence. That basically means, that OEK is recycling existing money to provide affordable houses and services to the people. Both policies examine the matter of quality and sustainability with great interest. They are focused on the construction of energy efficient high quality living spaces with the implication of new technologies. Theory though is very often different from practise.

Conclusion/Recommendations

In 2012, as a result of the new austerity measures in Greece, the Worker's Housing Association (OEK), stopped operating. As we previously identified this will put the provision of new affordable houses and financial assistance on halt. This is maybe the most difficult time that this sector experiences. It is therefore essential for a reform of the whole Greek policy and practice to give birth to solutions and new strategies. Supply must meet the demand which constantly grows bigger as wages lower and difficulties rise. It was also mentioned in the introduction though, that successful strategies and plans in one country will not necessarily work for another. Thus, Greece adopting the Scottish policy entirely may not have the desired outcome. On the other hand, it would be helpful adopting certain features of the Scottish strategy. The provision of affordable housing in Greece would benefit from the involvement of the private sector. This will result in raising funds by private investors and developers and releasing the pressure from the already

financially exhausted public sector . Affordable houses must be part of the existing housing market. The Greek planning policy must learn from the Scottish example and establish a certain percentage for affordable houses in every large housing development. Percentages may vary between countries depending on demand. Furthermore, Greek policy should try to diminish social discrimination between people with different income by making affordable houses, when possible, a living part of the city center, promoting equality and convenience. As we examined, Scottish policy includes a wide range of different tenure types. It will also be beneficial for the Greek government to consider adopting those who fit in the socio-economic characteristics of the country allowing people to choose what serves them the most. Greek policy, should also consider carrying out public inquiries to get direct information on peoples needs. Both planning policies though, must be more coherent, inclusive and comprehensive on the subject of affordable housing.

The ongoing economic crisis is effecting people lives every day. The credit crunch has made mortrage payments imposible and