# David Hume Institute calls for bold reform as Scotland’s housing crisis deepens



A new report from the David Hume Institute has raised urgent concerns regarding the state of Scotland's housing system, advocating for "bold, disruptive change" amidst warnings of an impending crisis. The report, titled ‘Prosperity begins at home: Scottish housing policies for faster, fairer economic growth’, emphasises that Scotland’s housing problem is not merely one of supply, but should be perceived as essential economic infrastructure, alongside transport and digital connectivity. Professor Duncan Maclennan from the University of Glasgow, the report's author, underscores the critical need for immediate reforms in land usage and housing policy, labelling the current system as lacking coherence.

Professor Maclennan warns that the housing sector is at "the edge of a precipice to an even bleaker future" unless significant actions are undertaken quickly. He highlights the demographic challenges facing Scotland, stating that older generations have disproportionately shaped a housing landscape that increasingly disadvantages the younger population. Over the years, home ownership rates among those under 50 have declined sharply, with many electoral areas shifting toward a majority renter demographic. This trend mirrors a broader societal shift in perceptions of housing—a transition from a nation of renters to one predominantly of homeowners, as only 23% of Scots now reside in social housing while private rentals have risen significantly.

Over the last 35 years, there has been a notable reduction in the reputation of social housing, which is often viewed as a less desirable option. Since the introduction of the Right to Buy legislation in 1980, over half a million council and housing association properties have been sold, yet the replacement of these homes has lagged dramatically. By 2015, only a fraction—163,000—had been replaced, leaving a substantial gap in the market as demand for affordable housing continues to grow. The private rental market has expanded alarmingly, with average rents soaring, exemplified by a two-bedroom property now costing around £595 monthly, compared to £300 in the social sector.

This crisis has left local authorities grappling with escalating debts, which hit a staggering £5.775 billion by the end of March 2023—a figure nearly double that recorded a decade earlier. The rising council housing debt is attributed to increased borrowing for new builds and renovations, compounded by decreasing sales revenues. At the same time, the number of households in temporary accommodation has surged to over 15,000, signalling a dire need for effective housing solutions.

The current landscape is further complicated by inflationary pressures and budget cuts that threaten the Scottish Government's ability to achieve its affordable housing targets. The Chartered Institute of Housing Scotland cautions that without immediate funding and a comprehensive review of the housing delivery framework, the increasing demand for affordable homes will not be met, leading to greater homelessness rates. As communities continue to be challenged by inadequate living conditions, the demand for social housing will only intensify.

The findings of the David Hume Institute report resonate deeply within this context, calling for a government-led transformation of the housing policy framework. Initiating effective land reform is critical, as highlighted by land reform expert Andy Wightman, who noted the lack of a comprehensive land information system in Scotland, a gap that stifles innovation and efficient policy-making. Establishing such a system could enhance transparency and streamline processes, enabling more informed decisions on land use and housing.

As society confronts these formidable housing challenges, the need for a coherent and effective response becomes increasingly clear. Professor Maclennan's assertion that without a significant change, many households will be "priced out of opportunity" echoes as a call to action for policymakers and stakeholders alike, emphasizing that the path forward must be one that prioritises the provision of affordable, quality housing for all.

### Reference Map

* Paragraph 1: [[1]](https://www.heraldscotland.com/news/25154418.call-disruptive-change-scottish-housing-system/?ref=rss), [[2]](https://www.heraldscotland.com/news/25154418.call-disruptive-change-scottish-housing-system/?ref=rss)
* Paragraph 2: [[1]](https://www.heraldscotland.com/news/25154418.call-disruptive-change-scottish-housing-system/?ref=rss), [[2]](https://www.heraldscotland.com/news/25154418.call-disruptive-change-scottish-housing-system/?ref=rss)
* Paragraph 3: [[3]](https://www.heraldscotland.com/life_style/14257992.social-housing-revolution-changed-scotlands-heart-soul/)
* Paragraph 4: [[5]](https://www.heraldscotland.com/news/24062891.scots-councils-hit-rising-6bn-housing-debt-mountain/)
* Paragraph 5: [[6]](https://www.heraldscotland.com/news/24117901.builders-warn-scots-home-affordability-crisis-homelessness-rise/)
* Paragraph 6: [[4]](https://davidhumeinstitute.org/latest-news/2023/3/6/press-release-siloed-land-information-is-holding-back-scotland)
* Paragraph 7: [[2]](https://www.heraldscotland.com/news/25154418.call-disruptive-change-scottish-housing-system/?ref=rss)

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## Bibliography

* <https://www.heraldscotland.com/news/25154418.call-disruptive-change-scottish-housing-system/?ref=rss> - Please view link - unable to able to access data
* <https://www.heraldscotland.com/news/25154418.call-disruptive-change-scottish-housing-system/?ref=rss> - A report by the David Hume Institute calls for bold, disruptive changes to Scotland's housing system, highlighting its current limitations and the need for overhauls in land reform and planning. The report warns of a bleak future if no action is taken, emphasizing the importance of treating housing as essential economic infrastructure alongside transport, energy, and digital connectivity. Professor Duncan Maclennan of the University of Glasgow, who authored the report, points out the lack of recognition that successive cohorts of over-50s households have been giving the under-30s a housing 'haircut' for the last half century. The report notes that home ownership rates are falling for every age bracket under 50, with more electoral wards and parliamentary constituencies moving towards electorates with a majority of renters. Titled 'Prosperity begins at home: Scottish housing policies for faster, fairer economic growth', the report states that housing policy by both the Scottish Government and the UK Government has 'lost any coherence', with private landlords plugging gaps in provision but also subject to increasing controls. Professor Maclennan warns that without a step-change in approach, Scotland will see worsening housing unaffordability, declining regional cohesion, and underperformance in key sectors of its economy. More and more households will be priced out of opportunity, while communities continue to struggle with poor-quality homes and fraying infrastructure.
* <https://www.heraldscotland.com/life_style/14257992.social-housing-revolution-changed-scotlands-heart-soul/> - Over the past 35 years, Scotland has undergone a significant transformation from a nation of renters to a nation of homeowners, with 62% of Scots now owning property. This shift has led to a decline in the dominance and reputation of social housing, with only 23% of Scots living in social housing and the remaining 15% in privately rented accommodation. Housing associations, rather than councils, now build social houses, and residents often face higher unemployment rates and lower incomes. The perception of council housing has changed, with many viewing it as a last resort, leading to stigmatization of its residents. The Right to Buy legislation, introduced in 1980, has resulted in the sale of half a million council and housing association properties, but only 163,000 of these homes were replaced by 2015, with authorities legally prevented from reinvesting the profits back into council housing. The private sector has grown exponentially, but many homes remain out of reach for many, especially since the booming market of the early 2000s sent prices rocketing. The number of people renting privately has nearly tripled from 120,000 to 330,000 between 1999 and 2014, resulting in a lack of properties and a hike in rents. The average monthly rent for a two-bedroom property in Scotland is £595, compared to £300 in the social sector. The housing benefit bill now stands at £1.8bn a year, almost double what it was in 2000. The Conservative government that introduced Right to Buy believed the need for social housing would diminish as people bought their own homes and moved up the ladder. However, many others weren't able to get on it in the first place, leading to a full circle situation where the need for social housing is once again pressing.
* <https://davidhumeinstitute.org/latest-news/2023/3/6/press-release-siloed-land-information-is-holding-back-scotland> - A report by the David Hume Institute and Built Environment Forum Scotland, authored by land reform expert Andy Wightman, highlights the lack of a fully functioning land and building information system in Scotland. Despite a Scottish Government commitment in 2015 to deliver a comprehensive Scotland Land Information Service (SCOTLIS), this has yet to be met. The absence of an integrated land and building information system hampers businesses, policymakers, academics, and the general public, as essential data on land ownership, property values, building types, energy efficiency ratings, vegetation cover, and flood risk areas is not easily accessible. Establishing a comprehensive land and building information system would enable users to quickly and easily access information about any piece of land or property in Scotland through a single online source, leading to simplified property transfers, better policy and decision-making, improved accountability and transparency, and more innovative use of data for wider social and economic benefit. Andy Wightman suggests that a new, fully functioning version of Scotland’s land information system could be in place by 2025 if there was the political will to make it happen, emphasizing the need for political leadership to establish the necessary governance framework.
* <https://www.heraldscotland.com/news/24062891.scots-councils-hit-rising-6bn-housing-debt-mountain/> - Official returns from local authorities have revealed that the estimated £5.775bn council housing debt registered by the end of March 2023 has nearly doubled since 2012, when it was at £2.69bn. The debt has risen by nearly £800m in just a year. Part of the rise in debt is attributed to increased borrowing by councils to meet the capital costs of new build housing and improvements to existing houses, along with cuts in receipts from the sale of homes. In 2023/24, loan charges to councils are estimated at £357.9m, a rise of nearly £70m in a year. North Lanarkshire Council has the highest level of housing debt in Scotland at nearly half a billion pounds, with a debt of £498m, nearly treble that recorded in 2012. The City of Edinburgh has a debt of £496m, over £150m more than in 2012, and Aberdeen City is sitting on an estimated £399m of housing debt, nearly double that seen 12 years ago. Over the ten years, average weekly rents have risen by 38% from £59.73 to £82.46. The level of rent debt has varied from 16.5% of annual income expected in Midlothian to 1.2% in East Renfrewshire. As of the end of March 2023, there were 111,618 council tenants in arrears, an increase of 1,272 tenants on the year before. The Herald revealed that local authorities are already sitting on a council tax debt mountain of over £1.3bn after warning they were at risk of bankruptcy if funding from the Scottish Government was not improved. The debt mountain equated to nearly half the £2.837bn expected to be collected in council tax from Scots households in 2022/23. At the end of the financial year, council tax outstanding within the 12 months had risen by over 12% since the pandemic from £96.947 in 2018/19 to £108.771m in 2022/23. At March 31, the end of the 2022/23 financial year, Scotland's cumulative council tax debt mountain recorded from 1999/00 had grown to £1.343bn, up from £1.157bn in 2019/20. Sean Clerkin, campaign coordinator for the STO, stated that immediate watertight rent controls in the social rented sector, allied to homeless prevention measures, are needed, as it is more expensive to evict tenants and their families than keeping them in their homes, hence the declared housing emergencies by local authorities across Scotland.
* <https://www.heraldscotland.com/news/24117901.builders-warn-scots-home-affordability-crisis-homelessness-rise/> - The Chartered Institute of Housing Scotland has warned that cuts combined with inflationary pressures on building costs mean that the affordable homes target is highly unlikely to be met. Ministers have been cautioned that missing the target will lead to increasing housing need and rising homelessness, with many local authorities at risk of being overwhelmed by demand unless there is front-loading of money from the Scottish Government and a fast-track review of how to deliver the affordable homes programme up to 2032. Official data shows that the overall number of affordable homes being started for build, including for rent in the social sector, has dropped to the lowest annual level in eight years. In the year to the end of September, only 6,302 affordable homes were begun, a 24% drop from the previous year. The number of homes approved for grant funding in the same period was 6,178, down 14% from the previous year and the lowest equivalent annual figure since 2013. This decline contrasts with the number of open homelessness applications in Scotland, which have soared by 30% since the pandemic began, from 22,754 in March 2020 to 29,652 in 2022/23. The number of homeless households being forced into temporary accommodation, such as hotels and bed and breakfasts, has increased from 11,807 to 15,039. Tenants' union Living Rent has warned that private tenants are facing significant rent rises and mass evictions as emergency protections expire at the end of next month. A 3% cap on all in-tenancy rent increases in the private rented sector, as well as protections against eviction, were first introduced in September 2022. Despite the bill curbs, the average private sector rent across Scotland has soared by up to 22% in a year. The official figures for the year to September 2023, based predominantly on advertised rents, put the average rent for a two-bedroom in Scotland at £841, up £105 compared with the previous year. Housing minister Paul McLennan stated that the Scottish Government has led the UK in housing by delivering more than 126,000 affordable homes since 2007, over 89,000 of which were for social rent, including almost 24,000 council homes. He emphasized the commitment to invest £556 million in affordable housing in 2024-25, the majority of which will be for social rent. However, he also highlighted challenges such as the UK Government's failure to inflation-proof their capital budget, resulting in nearly a 10% real terms cut in UK capital funding between 2023-24 and 2027-28, as well as the impact of Brexit on construction supply chain issues, labor shortages, and inflationary pressures driven by UK Government financial mismanagement. The Scottish Government remains focused on delivering 110,000 affordable homes by 2032 and plans to bring forward the review scheduled for 2026-27 to 2024, concentrating on deliverability. Efforts are also being made to boost private sector investment to help deliver more homes.