

EXECUTIVE NOTE

THE REGISTERED SOCIAL LANDLORDS (PURPOSES OR OBJECTS) (SCOTLAND) ORDER 2006 SSI/2006/ 211

The instrument was made in exercise of the powers conferred by Section 58 of the Housing (Scotland) Act 2001. The instrument is subject to negative resolution procedure.

Policy Objectives

The 2004 Affordable Housing Review examined the functioning of the Scottish housing market and its impact on housing affordability; assessed affordable housing requirements; and considered measures to improve supply and affordability; and ways to address the imbalances between supply and requirements in local areas.

Evidence considered by the Review showed a growing affordability problem. Independent research on housing need and affordability indicated that there could be a significantly enhanced role for low cost home ownership provision to meet the need for affordable housing.

Many contributors to the 2004 Affordable Housing Review supported the concept of a shared equity scheme to meet identified housing needs. Shared equity as it will operate with the assistance of Executive funding is where an owner has full title to a property but shares the equity with a grant funded body. Shared equity has the advantages of:

- (a) simplicity – shared equity should be simpler than shared ownership for owners, Registered Social Landlords and Grant Providers, that is Communities Scotland and the city councils in Glasgow and Edinburgh.
- (b) flexibility – shared equity should be suitable for a wide range of different scenarios.
- (c) value for money – shared equity should provide value for money when houses are developed/procured and should also provide a long-term return to the public purse.

The majority of shared equity grant funding will be directed towards increasing the level of affordable housing through the strategic targeting of new supply.

Consultation

Policy on this instrument was consulted on formally in the document ‘Shared Equity – A discussion paper’ published in November 2004. Fifty-nine responses to the discussion paper were received and there was general support for the proposals put forward. The outcome of this consultation was published in March 2005 as ‘Shared Equity – Discussion paper report’.

Financial Effects

The instrument is not expected to have an adverse impact on the Scottish Executive’s resources. It will enable more homes to be provided to meet housing need than present grant mechanisms for a given level of funding.

Communities Scotland
18 April 2006