



membership resources

Briefing 10/45 August 2010

Housing: Fresh Thinking, New Ideas.

To: All Chief Executives, Main Contacts and Email Contacts (Scotland)

CC: All Chief Executives, Main Contacts (England, Northern Ireland and Wales)

Briefing of Report by the Scottish Government

Key issues

- The Scottish housing need and demand; the changing picture of future housing need, house prices in Scotland, housings impact on the wider economy, targeting government support and complex and changing housing needs.
- Increasing the supply of affordable housing; new models of funding and delivery, imaginative solutions and innovation and increased efficiency.
- Choice, fairness and making better use of housing; improving choice, a more personalised service, a fairer deal on rents, and housing and support for independent living.
- Sustainable quality houses and places; housing quality, flourishing and sustainable places and meeting climate change obligations.
- Future excellence across the housing system; the Housing (Scotland) Bill, raising standards in the private rented sector, affordable housing investment reform, home reports, the planning system, design and the challenge facing each part of the system.

Introduction

This briefing highlights the Scottish Government view on Housing in Scotland.

The Scottish Government accept that housing is at the heart of everyday life, that it binds communities, contributes to well being, stores wealth, drives energy consumption affects job and health opportunities. They are also aware that getting housing “right” could have advantages, such as, ensuring access to good quality housing for all, contributing to sustainable economic growth, providing better education and employment opportunities, healthier lives and a generally more prosperous and equal society.

As with many other areas, the economic crisis has put pressure on the housing system, including providers of social housing and the building industry in general. The Scottish housing system is facing major challenges. Focused effort will be required if the 2015 Scottish Housing Quality Standard and 2012 Homelessness and Emission Reduction Targets are to be met, particularly as household numbers are predicted to increase by an average of 19,000 per year.

Investment in housing is a key feature of the Scottish Governments Economic Recovery Plan and has led to accelerated capital expenditure, funding to kick-start council house building, the Home Owners Support Fund, plus new forms of investment in Shared Equity. However, the Scottish Government is now warning that Scotland is likely to face the prospect of a sustained and substantial reduction in the capita resources available.

The Scottish Government believes that the housing system must improve its responsiveness to individuals, albeit in a realistic manner. The scale of unresolved challenges facing housing in Scotland means that simply carrying on as we have been, is not an option. To progress, the way housing is produced, allocated and priced must be changed.

Scottish Housing Need

Local authorities are making good progress in working towards the 2012 homelessness target. Statistics for April-September 2009 show that:

- 9,322 households secured a social rented tenancy as a result of their homelessness application, an increase of 6% over the same period in 2008
- In five councils, over 90% of homeless assessments were accorded priority, including Angus where 100% were accorded priority and
- in 17 Councils, between 80%-90% of homeless assessments were accorded priority

The Scottish Government acknowledge that local authorities strive to enable the operation of a housing system that delivers for everyone, however there is currently not enough affordable homes. As such the Scottish Government believes the supply of affordable housing must be increased alongside the need to better utilise the existing housing stock. Local Government is best placed to measure need locally, but tough decisions will be required nationally on how funds are distributed and prioritised, particularly for social housing.

The majority of social housing lets are to households in the poorest fifth of the population. The Government has attempted to help those on low to moderate incomes by subsidising low-cost home ownership. However, with public finances constrained, the Scottish Government is going to have to consider how expenditure should be distributed between different groups. One major issue is that as people live longer, the proportion of one person households will increase meaning that homes will need to be built or adapted in order to help those individuals live independently.

Fundamental questions have also been raised regarding the role housing plays in the wider economy. Housing was both a principal cause and principal casualty of the credit crunch and recession. Many of the policy levers available to manage the housing market are reserved to Westminster. The Scottish Government has suggested that the UK Government could do more to address Scottish housing need, such as making changes to the taxation system to reduce instability in the housing market, support economic growth, address housing wealth inequalities and ease affordability pressures.

Increasing the Supply of Affordable Housing

Although challenging at a time of public sector spending restraint, the Scottish Government views new models of funding and delivery as essential in addressing the housing need and ensuring that there are considerable increases in the number of affordable homes.

Methods of securing investment in affordable housing include the current Council house building incentive scheme, leverage models, shared equity scheme, co-operative models, the use of planning agreements and cross-subsidy models.

The Scottish Government, like APSE, intends to work with and encourage local authorities and housing associations to adopt best practice and find ways in which to make their resources go further. They are currently openly encouraging imaginative solutions, to bring more money into the system and to reduce costs.

Choice, Fairness and Making Better Use of Housing

The Scottish Government also holds the view that more action needs to be taken to improve choices across all parts of the housing system and that better use must be made of the existing housing stock.

The increasing variety of housing products, subsidised and unsubsidised, has made decisions about housing increasingly difficult. There is a lack of clarity over which subsidised housing options are available for whom. One option could be to develop a more proactive and planned approach to housing advice based around a “housing health check” at key stages of a person’s life. This would build upon initiatives already operated by some local authorities in Scotland as they aim to ensure that all unintentionally homeless households will have the right to settled accommodation by 2012. This approach could be widened to cover households who are in housing need or adapting to changing household circumstances.

It is important to note that whilst new build housing must meet the needs of disabled people and an ageing population, it is likely that these people will continue to live in existing housing and as such, there should be a focus upon improving access to support adaptations in existing mainstream housing. Support could also be developed through existing technologies such as tele-care and sharing of local best practice.

Greater transparency on rent levels across Scotland would benefit tenants, particularly those who wish to move to find work or live near family. Rents vary across Scotland and between social providers. Housing association rents vary from £52 per week in the Scottish Borders to £63 per week in East Renfrewshire, while Council rents vary from £39 per week in Moray to £60 per week in Edinburgh (2008-2009 figures). Issues of fairness are arguably starker when compared to private sector rents which are roughly double those in the social sector. Rental increases could contribute to ability to build more homes. However, it would perhaps be wise for a balance to be found as rents must remain affordable.

Another option could be the better use of existing social rental stock. The Government does not wish to impinge upon existing tenants rights, but the mobile, fluid household structure in today’s society may pave the way for other approaches to be considered, for example, the Scottish Government has already taking action to address the loss of social housing stock through right to buy and is open to suggestions on further action that they could take. They are also keen for innovative ideas regarding making better use of private housing stock. Currently there are 37,000 properties in Scotland that are second homes, and in some rural areas high levels of housing need sit alongside high levels of second home ownership. There could potentially be a case for allowing local authorities greater flexibility in setting the council tax rate for second homes and long term empty houses in their area.

Currently with Scottish Minister’s consent, local authorities can dispose of housing assets at, or sometimes below market value. One option for the future could be for

local authorities to compile a “real-time” register of assets from which prospective purchasers could select one or more assets and make a bid for them, perhaps by auction. A further possibility could be for Scottish Ministers to give up their role in providing consent, subject to a requirement that assets are sold at prices that maximise the receipts that can be re-invested, effectively allowing Council’s the power to dispose of assets as part of a strategic approach to disposing of surplus.

Some local authorities, such as East Lothian Council, offer grants to council tenants who wish to move to a smaller property owned either by the Council or by a housing association. This payment aims to encourage tenants who are living in properties that are too large for their needs to downsize, freeing up family accommodation for those who need it. Later this summer, the Scottish Government will publish a practical guide to social housing allocations, providing examples of existing practice in this area.

Sustainable Quality Houses and Places

In recent years the quality of Scotland’s housing stock has continued to improve and standards of housing are typically far superior to those of a generation ago. However, social landlords need to accelerate progress in order to ensure that all homes meet the Scottish Housing Quality Standard by 2015. Similarly, continued efforts need to be made to improve the quality of private rented and owner occupied housing.

Despite the difficulties of the economic downturn, the Scottish Government wants new developments to deliver quality homes within well designed communities, creating the types of living and working environments that enable people to flourish.

An important aspect of housing quality is making use of modern, efficient, sustainable energy sources to heat our homes and high quality insulation can reduce carbon emissions whilst keeping people warm and energy bills low.

The Climate Change (Scotland) Act 2009 sets out a legal framework of ambitious annual emission reduction targets which includes new duties on public bodies to act in a way calculated to contribute to the delivery of these targets. Housing will be central to the achievement of these aims.

Our forthcoming Energy Efficiency Action Plan will set out the scale of the task, with an estimated £16billion of investment required to achieve our target of a 42% reduction in greenhouse gas emissions by 2020. While there will be significant costs, efforts to make the existing housing stock greener have the potential to generate thousands of jobs and reduce fuel bills. The Scottish Government intends to seek to influence the UK Government as it develops its approach to the emission saving obligations placed on energy companies and to ensure that support is focused on households that need it most.

Excellence across the Housing System

Government, landlords, lenders and builders all have a part to play in improving the housing system to achieve best value for the people of Scotland. The Scottish Government and others must continue to encourage enterprise and innovation, by supporting social and private landlords in delivering high quality services and by streamlining planning and building regulations. Each part of the system must be involved in identifying, sharing and applying good practice and innovation.

For social landlords, the agenda will include a focus on service delivery to tenants, seeking efficiencies in operations, diversifying funding sources and strengthening methods of work with other organisations within the housing system. Councils may need to review their overall housing role.

Private landlords will also face the challenge of coping with the financial crisis whilst owner occupiers or tenants themselves will have the opportunity and responsibility to influence the housing system for the long term.

APSE Comment

The Scottish Government believe that a new set of policy responses are required, alongside a sustained effort from all stakeholders involved in the housing system if the challenges facing housing in Scotland is to be addressed. Active engagement from all those involved is strongly requested. As such, the Scottish Governments paper, "Housing: Fresh Thinking, New Ideas" is intended to be a starting point of a broad discussion of housing policy, set to take place throughout the summer of 2010. A Policy Paper based in this discussion will be issued towards the end of 2010.

APSE welcomes this discussion of housing policy. It provides a means of both engaging stakeholders in the housing debate as well as highlighting some of the problems currently faced by those wishing to improve housing. APSE appreciated the local dimension contained in some of the potential proposals. If local councillors and officers are able to apply their own knowledge of housing circumstances, it could be a further step forward for building and housing services. There is little doubt that Councils would like to take on more responsibility for meeting local needs, but this will depend upon local circumstances and priorities.

If the Scottish Government is serious about successfully combating the effects on housing caused by the current economic climate, APSE would suggest that they must be willing to provide the necessary powers and incentives to local authorities so that they are able to make the contribution that is required. For example, should funding be continued to be made available, local authorities would endeavour to continue to deliver more affordable homes for all.

APSE would encourage the Scottish Government to make access to extra resources as straightforward and as un-bureaucratic as possible for local authorities and that if implementing policy that allows for local authorities to manage their own affairs, there should not be a heavy emphasis on reporting back to Government, however, there should be Government intervention and support made available, should a local authority require it.

The publication of the discussion document *Housing: Fresh Thinking, New Ideas* can be found at (www.scotland.gov.uk/housingpolicydiscussion). It outlines a number of key questions and issues intended to stimulate discussion and promote original ideas. These include:

- Should the Government aim to focus its spending on those households in the lowest income groups and those most in need through rental products, or continue to try and meet the ownership aspirations of lower and middle income groups?
- What policy measures, reserved to Westminster or devolved to Holyrood, might prevent volatile fluctuations in future house prices and promote sustainable economic growth?
- How could public services and Government funded bodies work better together to improve housing and related services to vulnerable groups?
- What is the appropriate balance between Government support for housebuilding, through subsidies and incentives, and Government support for individuals through benefit?
- Which finding and delivery models have the most potential to meet housing need cost-effectively?
- How can we best use tightly constrained public funding to bring additional resources for housing?
- Should Government spend less on building and improving social houses and more on providing the underlying and supporting infrastructure?
- What other barriers to new funding and delivery models need to be removed?
- How can we improve to a 'housing options first' approach, across tenures, so that households can plan for the future and avoid housing crisis and homelessness?
- What further restrictions in tenants' right-to-buy or increases in social landlords' powers to dispose of social rented stock would help social landlords provide a better service to all tenants?
- What ideas do you have for enabling households to change tenure more flexibly or adjust their financial stake in housing whilst staying in their existing homes?
- How might we make progress in improving the fairness of rent structures across the housing system?
- How can we make sure that rents remain affordable for existing tenants but also build more homes for future tenants?
- How could investing in the private rented sector be made more attractive to institutional investors, such as pension fund managers and life insurance companies?
- How can we balance the interests of existing and prospective future tenants by ensuring better and more flexible use of available social rented stock?
- How could the housing system be reformed to encourage greater participation in the labour market?

- How can we work to ensure that vacant or second homes in the private sector contributes more towards meeting local housing need - either in the private rented sector or as affordable housing?
- To what extent should individuals be financially responsible for meeting their own support needs and housing adaptations as they grow older and to what extent should the state support them?
- To what extent should RSL's be expected to meet the cost of adaptations to their stock from their overall rental income, in line with what we expect of Local Authorities? Do current building standards in Scotland meet the needs of an ageing population, and would common standards across tenures make a difference?
- How can we improve the design and sustainability of the places we build to improve our health, wellbeing and environmental impact?
- What can we do to help partners to find, prepare and develop land and provide infrastructure? How can it be funded with reduced resources?
- What more could local communities do themselves to improve the places in which they live and work? How could this be encouraged?
- How can we ensure that homeowners take responsibility for the energy efficiency of their properties?
- How can housing stakeholders and the housing system help to promote the new green industries in Scotland?
- What does the challenge of climate change mean for the balance of investment between new homes and improving existing stock?
- How can the various parts of the system – in particular lenders, social landlords and housebuilders – best work together to support each other's interest and the interests of the system as a whole?
- How can people be empowered to influence performance and housing outcomes?
- How can stakeholders pool knowledge and resources to take forward a more personalised housing options approach?
- What technologies are available that could be exploited further to raise the performance and efficiency of housing and housing services?

The Scottish Government welcomes contributions on any aspect of the Scottish Government's housing policy. APSE would recommend that local authorities access this document (www.scotland.gov.uk/housingpolicydiscussion) and take the opportunity to steer this discussion in order to show that they have the ability, enthusiasm, plans, initiative and drive to react to and address the problems housing will face in the coming years.

We would also be grateful if you could provide your thoughts and comments relating to these questions or your Councils response by sending them to gmooney@apse.org.uk

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