

REPORT TO: HOUSING, DUNDEE CONTRACT SERVICES AND ENVIRONMENT SERVICES COMMITTEE – 28 JANUARY 2008

REPORT ON: RESPONSE TO CONSULTATION DOCUMENT, FIRM FOUNDATIONS: "THE FUTURE OF HOUSING IN SCOTLAND"

REPORT BY: DIRECTOR OF HOUSING AND DIRECTOR OF PLANNING AND TRANSPORTATION

REPORT NO.: 4-2008

1. **PURPOSE OF REPORT**

1.1. To seek approval of the proposed response to the consultation document issued by the Scottish Government titled - Firm Foundations: The Future of Housing in Scotland.

2. **RECOMMENDATION**

2.1. It is recommended that the Committee approves the proposed response – Firm Foundations: The Future of Housing in Scotland - which is outline at Appendix 1 of this report.

3. **FINANCIAL IMPLICATIONS**

3.1. None.

4. **MAIN TEXT**

4.1. The Scottish Government released **Firm Foundations: The Future of Housing in Scotland**, a discussion paper on the future of housing policy in Scotland on 31 October 2007.

The discussion document set a number of questions and this report, prepared by the Director of Housing in association with the Director of Planning and Transportation, outlines the proposed response of Dundee City Council.

Firm foundations focus on a number of priority areas identified by the Scottish Government:

- Priorities for action on housing supply
- Assistance for first time buyers
- The private rented sector

- Social housing
- Protecting tenants

5. **POLICY IMPLICATIONS**

- 5.1. This report has been screened for any policy implications in respect of Sustainability, SAE, Anti Poverty, Equality Impact Assessment and Risk Assessment. There are no major issues.

6. **CONSULTATION**

- 6.1. The Chief Executive, Depute Chief Executive (Support Services), Depute Chief Executive (Finance) and Head of Finance and all Chief Officers have been consulted on this report.

7. **BACKGROUND PAPERS**

- 7.1. "Firm Foundations: The Future of Housing in Scotland" - a consultation document from the Scottish Government.

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**JANUARY 2008**

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**In General**

We welcome this green paper as a positive and innovative attempt to set the Housing agenda. We look forward to taking a positive role in the development of Housing strategy at the local level and joint working within the housing market area. We particularly look forward to a positive role for Council housing including new build to help provide more affordable housing options as part of the regeneration of our communities.

We would welcome more information upon the relevance of the sustainability agenda for housing – we would welcome more discussion on the appropriate uses of building materials and design to make homes more energy efficient and cheaper to run for the tenant. The scope for technologies such as solar power, micro-generation, sustainable use of water and sewerage can be tested in the social rented sector – and are particularly relevant for affordable housing development. The development of new methods (including sustainable re-use and refurbishment of existing buildings) cannot happen without some level of targeted funding.

Specific questions on Improving Access and Choice in Lettings were not posed but we have comments to add. In our experience developing a Common Housing Register (CHR) has been difficult but we are confident that in time we will have a robust and effective CHR. However not all CHRs have been successful and the measure of success has more often been whether a local authority has a CHR rather than whether it has any effect. The Government may wish to consider these and how to measure the success of CHR's and the operational difficulties which many Local Authorities have had before whether the relevant section of the 2001 act should be enforced.

Given the requirements to provide accommodation for Homeless people, the general demand for affordable housing and the need to avoid concentrations of deprivation firm guidance from government on the implementation of letting policies is welcome. In particular the relative importance of meeting the needs of people who are overcrowded or have particular needs or who are homeless would be useful.

The specific questions asked in the discussion document are listed and answered in turn below.

- Q1. Do you agree that aiming to increase the rate of new housing supply in Scotland to at least 35,000 a year by the middle of the next decade is a sensible and realistic ambition, and that this will help set a necessary political context for acceleration in housing supply?**
- A. It is considered that simply introducing a higher target will not in itself provide sufficient context for the acceleration of housing supply. There are many more factors that can affect the delivery of housing both locally and nationally. Simply increasing the target for supply does not mean that planning authorities, infrastructure providers and house builders will respond and increase build rates above what is being produced at present. This issue has been recognised in the Callcutt Report in England and Wales. This Report has highlighted factors that need to be addressed to increase the output of housing. If the issue is to be addressed in Scotland then a similar approach should be considered. It should also be recognised that new build housing only makes up a small proportion of the total housing supply and a whole range of other factors in the housing market are required to improve the quality, choice and affordability of housing in Scotland. A commitment to adequately finance social rented housing and low cost home ownership is also required.

**Q2. Do you agree that, to give practical effect to the ambition, local authorities should co-operate regionally in setting realistic housing targets for housing market areas, and in enabling the delivery of these targets? If so, what arrangements should be put in place to support and provide incentives for such co-operation between relevant local authorities?**

A. It is considered that Local Authorities should co-operate regionally in setting realistic housing targets for housing market areas. This has taken place through the existing Structure Plan process and will be further undertaken and developed through the Strategic Developments Plans for the new City Regions. Any duplication of this role would just increase bureaucracy and is considered unnecessary. Outwith the City Regions there may be a case for some co-ordination on a more regional basis. To achieve this co-ordination in a Social Housing context, Local Authorities should be allowed to develop Strategic Commission Partnerships. These partnerships will be able to control financial resources to ensure that budgets are managed in a flexible manner to meet the requirements of programme delivery across the whole housing market area. There should also be scope to link these to joint procurement initiatives where they exist. Such boards have to be sensitive to the needs of individual local authority areas and avoid concentration of investment purely for growth's sake.

**Q3. Is there a role for a specialist national function to provide expert support for local authorities in strategic planning for housing? What expertise do you think this function would require.**

A. It is considered that there is no need for a new government agency to perform this function. This function can be done through the issuing of best practice guidance and advice as at present, e.g. SPP's and PAN's. There is, however, a need for Government Departments to have a better understanding of the realities of implementing policy from a local perspective. Similarly, Central Government need to clearly articulate their direction by direct contact with Local Authorities, Housing Associations and other housing providers. This should be enabled by more direct and formal contact and ensuring that civil servants have an understanding of how Local Government and the private sector function. The primacy of the Development Plan and Local Housing Strategy in determining a housing strategy and development must be recognised and maintained.

**Q4. Even when land has planning permission there are still blockages that prevent new housing being built. What additional arrangements would, or could, accelerate development on land with planning permission to help ensure that future housing supply targets are met?**

A. As already outlined above the Callcutt Report has reviewed this issue and made recommendations in England and Wales. A Green Paper published by the Department for Communities and Local Government has taken these forward. The recommendations included the definition of a substantial start to implementing a planning permission to avoid major sites being held up by long delays, the publication of developers landbanks and the withdrawal of planning permission if developers do not begin a project within a certain timescale. It is considered that these recommendations should be considered for Scotland as well. Provision of services and utilities often pose difficulties and considerable expense for developers and Local Authorities. Timescales for the consideration of plans and responses by Utilities should be linked to the Planning process. Some utilities companies can cause unnecessary delay and expense through inability to remove redundant facilities within programmed activity timescales.

- Q5. We have proposed that much expanded or new, standalone settlements may be a valid solution. How should we best encourage the development of new, sustainable communities that are sympathetic to Scotland's landscape and environment?**
- A. Any new housing settlement should be identified through the development plan process. It is also considered that new settlements are only one option to address providing new housing in areas where it is difficult to expand existing urban areas. Consideration should be given to improving strategic transport links to reduce journey times between urban areas and expand existing settlements with the capacity to accommodate further development. Any new standalone settlements should occur only where supplies of brownfield land have been exhausted. Where settlements are proposed care should be taken to ensure that they do not cause imbalances in the housing market (i.e. they must not detract from the sustainability of existing settlements or parts of them).
- Q6. How should different types of assistance within LIFT be targeted?**
- A. We welcome the principle of the proposed Scottish Housing Support Fund but have concerns that it may fuel market inflation and will have no long term or sustainable effect. Instead finance would be better focussed on the provision of social rented housing or shared equity schemes.
- Q7. How could the Government stimulate more innovative mortgage and related products and services to assist people in purchasing their first home?**
- A. It is important that financial options are available to support the variety of affordable housing options which are available. Care must be taken that any options do not simply encourage further growth in house prices.
- Q8. Should the Government provide cash grants to first-time buyers?**
- A. See Q6.
- Q9. How can the private house-building sector play a bigger role in providing, without public subsidy, increased provision of affordable starter homes?**
- A. We are of a view that this ambition cannot be realised without either subsidy or reducing the cost or quality of the product. There always have been and will always be a "market" of people who aspire to own property but who do not have the means. These people's needs have traditionally been met by renting or more recently through shared ownership - Government needs to give a clear indication on where the threshold between the sectors lie and hence the balance of supply.
- Q10. What issues do you consider should be taken into account when considering the increased use of private sector lets to house low-income and homeless households?**
- A. Increasing numbers of homeless people require social support, and close management. Private sector tenancies are unlikely to be sustainable for these people given the relatively light touch of housing management in the sector. As homeless legislation currently stands, private sector lets do not discharge the local authorities duties as the permanent accommodation duty to homeless households require that a secure tenancy is provided. PRS give short assured tenancies therefore is greater use is to be made of the PRS in housing homeless households the legislation will have to be changed to enable the local authority to discharge its duty. However, for some homeless households a private tenancy would be appropriate and there is little doubt that private landlords would be keen to engage with leasing schemes such as Lead Tenancies. Rent deposit and guarantee

schemes can be beneficial. Landlords we have encountered are very interested in "tenant accreditation schemes".

**Q11. How should we ensure an appropriate balance between safeguarding tenants' rights and encouraging the private rented sector to achieve its full potential in Scotland's overall housing market?**

A. There has been a lot of additional regulation for private renting recently - future changes should focus away from additional regulation and move toward encouragement (e.g. Accreditation Schemes) and enforcement. If private landlords are to be asked to play a greater role for homelessness then direct payment of Local Housing Allowance to tenants will be questioned. To protect tenants' rights, extension of a secure tenancy for use by private landlords should be considered.

**Q12. Do you think that there is sufficient engagement between the public sector and private landlords? If not, what else should national and local Government be doing?**

A. It can be difficult to get engagement with private landlords as there is no single representative body. However, given the diverse nature of private landlords and their interests, it is best left to each local authority to decide on the best approach to engagement in their area. There should be a requirement for Local Authorities to engage with private sector landlords to encourage compliance with regulation/legislation.

**Q13. What other options should we consider for increasing the supply of private rented housing for low income and homeless households?**

A. As previously stated, doubtless there would be interest from private landlords for leasing schemes as long as their investment (income stream and protection of the property from disrepair) is protected.

**Q14. How could more private landlords be encouraged to let to tenants on benefits and homeless households?**

A. As Q13.

**Q15. What other schemes or incentives might help us to recycle empty properties more effectively?**

A. The focus should not solely be on empty properties. The ability to bring properties into more effective use (e.g. integration) requires a focus on groups of properties which are in disrepair. Often it is mismatch of need and availability that adversely affects best use of property. It should not be forgotten that in some circumstances demolition and then new build will be the most effective and efficient solution.

**Q16. Do you agree that we should exempt new build social housing from the Right to Buy?**

A. Yes, new build Social rented housing should be protected. In addition the Government should consider allowing Local Authorities to decide on how to deal with the right to buy in their local area. This is the most cost effective way to preserve affordable rented housing.

**Q17. Do you agree that we should subsidise local authorities in areas of need to use their prudential borrowing capacity to build new council houses?**

A. We agree, however it is important that it does not reduce the existing funding provided e.g. Social Housing Grant.

- Q18. **Do you agree that we should introduce large-scale competition for subsidy?**
- A. We do not agree with large scale competitions for subsidy. We have seen no evidence for economies of scale which the Government expects. We have concerns that quality of building, diversity and environment will be sacrificed for cost concerns.
- Q19. **If not, how would you ensure that public subsidy is used to build as many good quality RSL houses as possible?**
- A. An element of competition exists within processes currently - Local authorities play a large part in the evaluation of which schemes to progress and where possible local communities are involved in this. The scope for local government to oversee the correct scale of competition and evaluation should be enhanced.
- Q20. **Do you agree that we should subsidise the development of houses for mid-market rent?**
- A. We would welcome further clarification on the meaning and use of the term "mid-market". We assume that a large proportion of privately rented houses are "mid-market". Mid-market rent may have a place in a variety of housing options which may be provided by Housing Associations, the private sector or Local Authorities. While the view that the focus of subsidy should be on the affordable market we consider there may be incidences where subsidy to a range of markets may be beneficial in a local context. Consequently, we would suggest further examination of the concept with particular regard to the implications within the local housing market area.
- Q21. **If so, should the subsidy be awarded as part of the competitive regime for awarding HAG that we are proposing?**
- A. See A20, To ensure a comprehensive and inclusive strategy, awarding of subsidy to any market has to be integrated into whatever regime is developed.
- Q22. **If not, how would you increase variety in social housing?**
- A. Variety in social housing will come from the quality, type, size, location and tenure of the property available and not the price charged.
- Q23. **Do you agree that we should encourage landlords to look at means of adjusting the mix of their stock in the interest of achieving more sustainable mixed communities?**
- A. Sustainability of communities and housing is not necessarily a consequence of tenure mix. Sustainability relies on a range of factors of which tenure mix is only one. For example, owing to the Right to Buy and development of small sites by housing associations there are relatively few communities where some degree of mixing does not exist, but equally some of Britain's most sustainable and stable communities are single tenure. Sustainability relies on residents being able to meet family and social needs within the immediate area or within a distance acceptable to the individual. Action in this area is important but should not over shadow challenge of providing sufficient social rented housing through regeneration activity. It is important that landlords play their part in any regeneration scheme and a willingness to mix stock would be welcome.

- Q24. Do you think that subsidies for development should be provided to bodies other than registered social landlords?**
- A. We see no reason that subsidy should not be provided to others than RSL's. Where this happens the requirements for community engagement and integration with other local other strategies must be explicit and compulsory. The direction for this investment should be determined by the Local Authority as part of it's strategic planning role through the Local Housing Strategy.
- Q25. What sorts of protections should be offered to tenants in these circumstances?**
- A. Tenant should have protection similar to those in the social rented sector.
- Q26. Do you think that the Scottish Government should vary Right to Buy discounts by (a) locality and/or (b) type of property?**
- A. The Government should empower the Local Authority to apply a Right to Buy scheme relevant to the area. A local scheme would take account of local market conditions, the local economy, the supply and demand for social rented housing and the implications for the Local Housing Strategy.
- Q27. Do you agree that ALMOs can provide a satisfactory alternative to stock transfers?**
- A. ALMOs have proven successful in England; there is no reason to suggest they cannot succeed here. However, a similar arrangement for financial support as exists in England would be required including the scope for Local Authority house build within regeneration schemes.
- Q28. Do you think that additional help from Government to enable landlords to meet the SHQS should be linked to improvements in a landlord's performance?**
- A. No, we do not believe that tenants should have to suffer owing to a lack in performance by their landlord.
- Q29. If so, what measures do you think would be beneficial? If not, why not?**
- A. Performance can be measured for it's own sake and through the new arrangements for inspection. A culture of continuous improvement should be encouraged and this can be checked through for example thematic studies and benchmarking.
- Q30. Do you agree that we need to find new ways of focussing on the quality of place/open space and greenspace within deprived neighbourhoods?**
- A. The quality of the environment is very important. Open spaces can be beneficial or a burden to local communities. It is important that long term maintenance is addressed. In some circumstances it may be possible to encourage ownership by local communities through use of land for allotments or community gardens. More consideration could be given to integrating sustainable energy schemes within urban greenspace (e.g. reedbed/willow coppice water treatment, ground source heating). The lead role must be appropriate to the scheme proposed and thus be open to a range of stakeholders.
- Q31. Do you have suggestions for approaches that are not resource intensive and that includes stakeholders?**
- A. As Q30.

Q32. **Do you agree that the lead role (and recipient of any resources) to undertake this work should be open to a range of stakeholders?**

Yes, but the direction and decision making should rest with Community Planning Partnership.

Q33. **Do you agree with the features and principles we have set out here for a modernised regulation framework?**

A. We are in favour of any scheme of regulation which does not prove to be burdensome to landlords and which focuses on poor performers. We are keen that duplication with other regulatory bodies does not happen - collecting information to report to inspection and regulation bodies is expensive and time consuming.

Q34. **How would you like social housing regulation to be organised? (For example, should it be a separate organisation or part of a group of other regulators?).**

A. Regulations should be grouped with other regulators to ensure a cross cutting view allied to concentration on service delivery.