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From: brian.gegan@cairnha.com
Sent: 21 January 2008 16:09
To: Housing Consultation 2007
Subject: Consultation Response

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Firm Foundations: the future of housing in Scotland

RESPONDENT INFORMATION DETAILS

Name: Brian Gegan
 Organisation: Cairn Housing Association
 Address: 22 York Place Edinburgh
 Postcode: EH1 3EP
 Email: brian.gegan@cairnha.com
 Telephone Number: 0131 556 4415
 Responding as: on behalf of a group or organisation
 Individual Permission:
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 Group or Organisation: Yes
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Consultation Questions

Firm Foundations: the future of housing in Scotland

Question 1: 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?

It is a sensible aspiration but may not be enough, but the additional 10,000 should be affordable housing to address the affordability crisis. Its realism will be dependent on -

- construction industry capacity
- land supply constraints
- infrastructure capacity
- subsidy availability
- market conditions

Whatever target is adopted, it must be subject to

	continuous review by a party accountable to the Scottish Government and other stakeholders.
Question 2: 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?	Yes, within the context of the national planning framework, relevant development plans and regional housing markets/strategies, all monitored by the accountable party. Incentives could be investment priority or direction by the Scottish Government's accountable party. Housing market/demand across areas is essentially regional/sub regional and local authorities should be required to liaise on this basis.
<i>Question 3: 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?</i>	Yes, notwithstanding the administration's manifesto commitment to reduce quangos etc. • Project management • Mediation • Site assembly and CPO, particularly of surplus public sector land and former public utilities land (railways/fuel boards etc) • Co-ordination of regional investment • Market analysis needs assessment • Community engagement and enabling
Question 4: 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 permissions to help ensure that future housing supply targets are met?	Carrots: • Financial incentives – tax/tax relief/council tax • Investment incentives for early/timeous completions • Preferred partner status for performing HAs/private developers – quality in build • Infrastructure rolling funds Sticks: • Tax penalties • Investment penalties/slow down
<i>Question 5: We have proposed that much expanded or new, stand-alone 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?</i>	In rural areas and on a small scale only, but as an adjunct to existing settlements in urbanised areas. Must be part of the national planning framework. Design should be from natural resources/materials (locally sourced where possible) sympathetic with natural landscape features. Financial incentives (ring-fenced) for eco-friendly components.
Question 6: How should different types of assistance within LIFT be targeted??	Efforts to increase home ownership are likely to push prices up as demand grows. Scarcity of housing is the problem. The Government should aim at solving that by increasing investment and supply across all tenures so that home ownership will become more available/accessible as a result. For 1st time buyers, assistance could take the form of: • Stamp duty reduction • Interest-free loans for a set period of time Consideration should also be given to assisting other vulnerable groups, such as older people who require flexible house purchase arrangements. Consideration could also be given to tackling the second home

	ownership issue with heavier taxation.
Question 7: How could the Government stimulate more innovative mortgage and related products and services to assist people in purchasing their first home?	Re-introduce mortgage interest tax relief for first time buyers only. Mortgage lenders could make available 25-year fixed rate loans.
Question 8: Should the Government provide direct cash grants to first-time buyers?	No. Direct grants are unlikely to make any sort of impact. Irresponsible lending should be tackled instead.
Question 9: How can the private house-building sector play a bigger role in providing, without public subsidy, increased provision of affordable starter homes?	Companies should be compelled to develop their land banks notwithstanding market conditions and consideration could be given to taxing developers on the land on which they have permission to build but are not doing so. Energy efficient, low cost homes (Scandinavian style) should be introduced and encouraged. The planning system must be radically overhauled. The culture needs to change from “no” to “yes” and the authorities act as facilitators of development rather than opposing it as a matter of course.
Question 10: 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?	Promoting and extending public/private renting is a good idea and should be pursued, using tax breaks as an incentive but ensuring that the private rented sector is properly regulated, without onerous administrative burdens.
Question 11: 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?	Enforcement of the relevant regulation requires to be strengthened with realistic penalties imposed on breaches.
Question 12: Do you think there is sufficient engagement between the public sector and private landlords? If not, what else should national and local government be doing?	No. Partnership working is essential. An increase in the number and type of schemes already in use should be pursued. HAs should be incentivised to become involved in private renting via subsidiaries.
Question 13: What other options should we consider for increasing the supply of private rented housing for low income and homeless households?	Support to tenants or subsidy to the landlord could be considered. Leasing properties to HAs who would then manage the stock.
Question 14: How could more private landlords be encouraged to let to tenants on benefits and homeless households	A fully enforced tenants' guarantee scheme or tenants' accreditation scheme could be helpful along with encouragement of the lead tenancy scheme. Rights of both parties can only be recognised along with responsibilities.
Question 15: What other schemes or incentives might help us to recycle empty properties more effectively?	Streamline CPO procedures. Make it faster and more effective. Allow CPO to be used if property lies empty for more than 2 years.

<p>Question 16: Do you agree that we should exempt new build social housing from the Right to Buy?</p>	<p>Yes. It should be extended to new tenancies and ultimately ceased altogether within a short timescale. The emphasis however should remain on investing in new supply.</p>
<p><i>Question 17: Do you agree that we should subsidise local authorities in areas of need to use their prudential borrowing capacity to build new council houses?</i></p>	<p>No. If there are already too many HAs developing, adding LAs into the pot for subsidy will not bring about efficiencies. In addition, LAs have lost development experience and awarding subsidy to LAs could be seen as rewarding poor past performance. However, if subsidy for local authorities is introduced it must be additional to the housing association investment programme.</p>
<p>Question 18: Do you agree that we should introduce large-scale competitions for subsidy?</p>	<p>Yes. Although a phased introduction would be necessary due to existing commitments to next year's programme. Competition should be simple and clear as, too often in the past, it was felt that Communities Scotland found reasons to award Grant to the HA that it hoped would win. If quality standards etc were a given, then financial competition could result in real value for money.</p>
<p><i>Question 19: If not, how would you ensure that public subsidy is used to build as many good quality RSL houses as possible?</i></p>	<p>Clearly defining minimum standards of quality, and a rigorous follow up check of projects (post-completion), coupled with suitable sanctions for failure to comply, could ensure quality was achieved. Sanction could be a failure to receive Grant for a prescribed period.</p>
<p>Question 20: Do you agree that we should subsidise the development of houses for mid-market rent?</p>	<p>If ambition is to achieve mixed communities, then yes. Those who can't afford to buy, or who move around, may be happy to pay mid-rent that is not the same as social housing. This may offer more choice within the rented sector however, there is the risk that social housing will become residualised further to those mainly on full housing benefit.</p>
<p><i>Question 21: If so, should the subsidy be awarded as part of the competitive regime for awarding HAG that we are proposing?</i></p>	<p>Yes, once market for mid-rent is fully assessed. To test market, part of the existing Homestake programme could be used, with the fall-back position being that poor take up could lead to reversion to Homestake.</p>
<p>Question 22: If not, how would you increase variety in social housing?</p>	<p>N/A</p>
<p><i>Question 23: Do you agree that we should encourage landlords to look at means of adjusting the mix of their stock in the interests of achieving more sustainable mixed communities?</i></p>	<p>Yes. Need to be wary of potential housing management issues and ensure charitable HAs' status is protected.</p>

Question 24: Do you think that subsidies for development should be provided to bodies other than registered social landlords?	Yes. To achieve ambition, let's see if others can deliver the same, or better, for less public subsidy. However, the emphasis needs to remain on quality.
Question 25: What sorts of protections should be offered to tenants in these circumstances?	Existing rights/tenancy should be protected or improved. Those receiving subsidy would need to abide by these rights and any landlord function should be subject to the same rigorous regime as HAs and LAs. This may result in developers looking to appoint HA partners.
Question 26: Do you think that the Scottish Government should vary Right to Buy discounts by (a) locality and/ or (b) type of property?	No.
Question 27: Do you agree that ALMOs can provide a satisfactory alternative to stock transfers?	No. The voting rights in stock transfers should be redesigned to allow other stakeholders to have a weighting. This way, stock transfers to HAs is still a good thing.
Question 28: 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?	Yes, but the same criteria should be applied to all landlords whether LAs or RSLs.
Question 29: If so, what measures do you think would be beneficial? If not, why not?	Direct financial subsidy.
Question 30: Do you agree that we need to find new ways of focussing on the quality of place/open space and greenspace within deprived neighbourhoods?	Yes. But the emphasis must always be on longer term maintenance and its funding to avoid previous mistakes.
Question 31: Do you have suggestions for approaches that are not resource intensive and that include stakeholders?	The whole emphasis should be on community engagement that gives something back to improve the chances of those who are disadvantaged. By this we mean employment and education opportunities.
Question 32: Do you agree that the lead role (and recipient of any resources) to undertaken this work should be open to a range of stakeholders?	Yes, particularly if they are able to match cash given or bring something else to the table. However there should always be full partnership of anyone involved in the process.
Question 33: Do you agree with the features and principles we have set out here for a modernised regulation framework?	Yes.
Question 34: 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?)	For generic aspects of the organisation, for example, finance, governance and management, it could be part of the same organisation. However there should be a specialist inspection for housing services.

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