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**Firm Foundations: the future of housing in Scotland**

## RESPONDENT INFORMATION DETAILS

Name: Murray Richardson  
Organisation: Cloch Housing Association  
Address: 6 Regents Street, Greenock  
Postcode: PA15 4PL  
Email: office@clochhousing.org.uk  
Telephone Number: 01475 783637  
Responding as: on behalf of a group or organisation  
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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***

It is a good ambition to have. However, the push to achieve this using less money per unit should not be at the expense of the very successful Scottish model of small locally controlled Housing Associations. We should not be watering down the high standard of Housing (new and rehabilitated) achieved over the last 20 years. How was the calculation

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| <p><b><i>necessary political context for acceleration in housing supply?</i></b></p>   | <p>made? The capacity of the building industry is not geared to this number due to a shortage of skilled trained labour. In addition there are a number of competing priorities for these builders (apart from housing).</p>  |
| <p>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?</p> | <p>New models of achieving improvements in Housing Supply should be tried out; but not as the exclusive model. Existing and successful delivery systems should run in tandem; at least until the new models have shown a proven success all over Scotland. We believe that we are in danger of repeating old mistakes of supply over quality; and in particular centralising control of that product away from local Communities. Local Authorities have to work together strategically since areas for development are often on boundaries of 2 or more Local Authority areas</p>  |
| <p><b><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></b></p>  | <p>The Housing Corporation in Scotland was the main driver of the new and successful model of Community Based Housing Associations and their successful and sustained work in Housing Action Areas in Scotland (a success that has stood the test of time in most areas). There was a better sense of accountability at the time; which appears to have been lost over time with the transition to Scottish Homes and then Communities Scotland. There is always a role for a national housing organisation that can pull together national priorities and targets. Scottish Homes and Communities Scotland continued this success until the heavy hand of bureaucracy and over regulation destroyed their good relationship with Housing Associations. There must be some method to co-ordinate this and it was considered Communities Scotland carried this out well. A strategic controller will have to be developed either through COSLA or the Scottish Government.</p> |
| <p>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?</p>  | <p>A better working relationship between all the agencies involved (especially the utility companies). This probably needs legislation or regulation to make agencies co-operate. A bigger problem is the price of land and land banking by major companies (many with no housing interests or plans). The targets in the document (e.g., 35,000 houses) have to realistically allow for the present planning process which can take many years.</p>  |
| <p><b><i>Question 5: We have proposed that much</i></b></p>  | <p>This may work in or near large cities; but will be difficult to achieve in smaller urban areas</p>   |

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| <p><i>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></p> | <p>(like inverclyde) and especially in rural areas. The history of new large residential settlements is not littered with many successful examples. Even totally owner occupied settlements have suffered if they are over ambitious in scale.</p>  |
| <p>Question 6:How should different types of assistance within LIFT be targeted??</p>   | <p>The old Tenant Incentive Scheme was a great success; at both targeting low income households and first time buyers. Low Cost Home Ownership Initiatives since then have not really produced what it said. They seem to be subsidies to builders to provide housing at market value. However,Shared Ownership and its successor Homestake are good examples of helping people get on the owner occupied ladder. However, there doesn't seem to be much evidence of many of those buyers taking the next step to full owner occupation. We feel a more direct subsidy would be best to avoid either a contractor or home buyer benefiting from the system.</p> |
| <p><b><i>Question 7: How could the Government stimulate more innovative mortgage and related products and services to assist people in purchasing their first home?</i></b></p>  | <p>The market should be left to provide these products; possibly encouraged by government to be more innovative. Government incentives should be given directly to buyers; by (say) better tax incentives to low income households and first time buyers. Help with the first purchase (as with the Tenant Incentive Scheme) is probably the key to getting more people past the "offers over" hurdle in the current house price inflation hothouse. A fixed loan method would bring quicker finalisation of payment and ensure uniform payment rates.</p>  |
| <p>Question 8: Should the Government provide direct cash grants to first-time buyers?</p>  | <p>Yes; see above. This should be done through tax incentives not direct subsidy.</p>   |
| <p><b><i>Question 9: How can the private house-building sector play a bigger role in providing, without public subsidy, increased provision of affordable starter homes?</i></b></p>                                       | <p>Legislation. Voluntary arrangements have never worked. There are the odd moments of philanthropism from some companies; but they are few and far between. Companies are landbanking and also controlling the supply of new housing to maximise price, and therefore profit. There should be limitations on how key areas of land in some areas are controlled by private businesses. Local Authorities should be allowed to instruct development and given stronger powers to have land sold/ transferred to those that can develop it.</p>  |
|  | <p>The lack of security of tenure in these properties; and the (generally) high levels of rent. There are very few large and long established landlord companies. Many</p>  |

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| <p>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?</p>  | <p>properties are let by owners who own one or two properties. In either case the long term viability of any one let is uncertain at best; particularly if tax and Housing Benefit restrictions bring fluctuations in the numbers available. This sector should be used for short term and emergency lets at best.</p>   |
| <p><b><i>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?</i></b></p> | <p>The only way you can do that is to regulate the Private Rented Sector the way you regulate Housing Associations and Councils. It is not a market that can be relied on to provide long term solutions for people who cannot buy their own homes. This market will always achieve its full potential; depending on issues like house prices, tax incentives, cheap loans, Housing Benefit levels, etc. New Landlord Registration and Common Maintenance requirements are already having an impact on numbers (downwards) in some areas. It will naturally fluctuate as the economy changes. It is not a stable market. Housing Associations are more than just landlords; we provide a more personal and caring service to our tenants. We are not for profit organisations.</p> |
| <p>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?</p>  | <p>No. There is a need for more regulation of the private sector. However, this will not lead to an increase in supply; quite the opposite in fact. There should be more uniformity between the good practice and standards expected e.g. a code of expected standard of property; its management and maintenance.</p>   |
| <p><b><i>Question 13: What other options should we consider for increasing the supply of private rented housing for low income and homeless households?</i></b></p>  | <p>Increase the supply of Social Rented Housing and strengthen the role of good Housing Associations and Councils; instead of gradually destroying one of the really successful models of Community Regeneration and control in Scotland?</p>  |
| <p>Question 14: How could more private landlords be encouraged to let to tenants on benefits and homeless households</p>   | <p>Help with deposits has improved access to this sector. Nevertheless, we repeat our assertion that this sector cannot be seen as a major solution to housing need.</p>   |
| <p><b><i>Question 15: What other schemes or incentives might help us to recycle empty properties more effectively?</i></b></p>   | <p>Bring back improvement grants; and also introduce stronger regulation to make landlords invest in their properties. There is no doubt that some properties are held back by a lack of investment; particularly where the landlord does not have the resources or the will to invest. Improvement and Repair Grants are certainly needed again and it is suggested that they are related to the equity of the property in</p>  |

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|   | early sales.  |
| Question 16: Do you agree that we should exempt new build social housing from the Right to Buy?   | Yes. It should be extended to all Social Housing at some future stage. The Right to Buy has blighted Social Housing in many areas by removing the best houses from letting. However, no new Social Housing developments should be allowed to be exclusively rented; unless there is a robust owner occupied sector close by. Existing properties in shared blocks should also be exempt.  |
| <b><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></b> | Yes. Good Councils should be allowed to continue to build and manage Social Rented Housing.   |
| Question 18: Do you agree that we should introduce large-scale competitions for subsidy?  | It should not be an exclusive model of housing provision. There may be areas and markets where this will work. However, the successful model of Community Based/Controlled Housing Associations (particularly in the West of Scotland) should not be destroyed in the pursuit of more houses per pound. Many years ago there was an awareness of the social cost savings achieved by the work done by these Associations through improved housing, improvements in health, educational achievement, sustainable communities, reduced crime, improved social networks (voluntary groups etc), and so on. It now appears that the government only wants to concentrate on the individual unit cost of each Association; without recognising the impact that bureaucracy and increasing regulatory burden has had on administrative costs. It also does not recognise the social support work of these Associations in the high deprivation areas they work in. There is a concern that the quality of housing, quality of estate design and the effective location of houses could be affected by competition |
|   | The existing and very successful model should not be ended; until new models have been thoroughly tried and tested. House building costs have not risen because of poor tendering and cost management systems in the Housing Association Market. They have risen because of private sector pressures and a lack of contractors (and tradesmen) interested in bidding competitively to build these houses. Builders make a lot more money building for sale than for rent. Cross subsidy has been  |

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| <p><b><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></b></p> | <p>achieved where the builder has used a Housing association as a lever to access certain urban sites. There are many examples of these same builders then not being interested in tendering for any further exclusively rented developments. There are fewer and fewer large scale builders available to tender against each other for large scale developments (apparently there will soon be only ten large scale builders in the whole of Britain). How price competition can be achieved with so few builders (controlling the market) will be an interesting exercise. Presumably smaller building companies will not be able to bid for the new large scale contracts. The efficiency of the building industry has always been a concern and lessons could be learned from better production methods in Scandinavia and North America.</p> |
| <p>Question 20: Do you agree that we should subsidise the development of houses for mid-market rent?</p>   | <p>There is only going to be a small market for this type of housing in most areas (with the exception of the larger cities). It is usually one where the tenant(s) do not expect to be long term; so may be a better Private Sector option. Any attempt to expand beyond the limited market of tenants who are willing to pay these rents would hit that old problem of Housing Benefit subsidy and restrictions (possibly tightening in the future?). We do not think they should be subsidised and should be self financing.</p>   |
| <p><b><i>Question 21: If so, should the subsidy be awarded as part of the competitive regime for awarding HAG that we are proposing?</i></b></p> | <p>We doubt if this will be a long term or large market area. Why not try a bit of both competitive HAG and normal HAG?</p>   |
| <p>Question 22: If not, how would you increase variety in social housing?</p>  | <p>There is plenty of variety already happening all over Scotland. The Government just doesn't seem to appreciate what they've got; and are pushing for a new homogenised housing product (including management). You can drive around Scotland and be hard pushed to identify Housing Association built housing from the private sector (it often looks better!). Beware of re-introducing "municipal" housing types with large scale common house types; probably of a reduced standard to meet new reduced subsidy levels. There are undoubtedly pressures and demands on resources to provide much needed new houses for rent. There should be a number of methods used to achieve this (depending on local needs and markets). Don't do a "one size fits all" solution. Don't reduce</p>   |

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|   | <p>the variety that exists to try and improve numbers and unit costs. If social housing was protected from RTB and integrated into all areas in small numbers a variety would arise to suit the needs of particular area e.g. flats (more centrally) and semis (in the suburbs).</p>   |
| <p><b>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?</b></p> | <p>Yes. Again we point to the success of West of Scotland Community Based/Controlled Housing Associations in achieving exactly that kind of mix and (more importantly) sustainability. The biggest mistake in Britain's housing since the First World War was high concentrations of one type of house/tenure. Planners are to blame with their "Brookside" estates where all houses must match.</p>   |
| <p>Question 24: Do you think that subsidies for development should be provided to bodies other than registered social landlords?</p>  | <p>We have concerns about putting all our eggs in a new basket of unproven cartels and merger vehicles? The only success we have seen in the new development bodies is as a vehicle for mergers. The expected reductions in costs and improved competition have not materialised (except through cross subsidy from large associated private developments). The facts and figures on unit costs associated with these bodies have not been made widely available. We do know that they have struggled to find suppliers and builders willing and able to cope with the scale of development/work being offered. A danger here is that the private sector would squeeze out the excellent development work carried out by charitable not for profit community based HA's.</p> |
| <p><b>Question 25: What sorts of protections should be offered to tenants in these circumstances?</b></p>   | <p>A good locally controlled Housing Association as a landlord. The housing provided must pass to a HA for management.</p>   |
| <p>Question 26: Do you think that the Scottish Government should vary Right to Buy discounts by (a) locality and/ or (b) type of property?</p>  | <p>All of the above. Most areas have lost their best houses to Right to Buy. Therefore, the ability to retain what is left for Social Rent should be paramount. These may be where a direct subsidy (LIFT) should be targeted; to tenants who have lost the Right to Buy. The Right to Buy should be related to property value and the actual rental payments over the years paid by that Tenant.</p>  |
| <p><b>Question 27: Do you agree that ALMOs can provide a satisfactory alternative to stock transfers?</b></p>   | <p>Council Housing, ALMOS, Stock Transfers are all answers to housing problems. Good Councils should be allowed to continue as landlords. ALMOS and Stock Transfers should be used where appropriate to help improve services or release funding for improvements.</p>   |

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| <p>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?</p> | <p>Performance or unit costs? Are higher cost landlords poor performers? What about those landlords operating in previous difficult to let and high deprivation areas; where the day to day management resources needed are necessarily higher. Grants should be tied to quality of housing and the cost of work required. Landlords should be asked to explain why they cannot fund the work from their own resources. Good Landlords are always looking to improve performance anyway. There is nothing wrong with the existing Major Repairs Grant process; that could be used for certain high expense SHQS jobs. It is not considered help is appropriate but landlords should be able to retain RTB sales for this purpose (ring fenced).</p> |
| <p><b><i>Question 29: If so, what measures do you think would be beneficial? If not, why not?</i></b></p>  | <p>The existing regulatory framework is geared to encouraging constant improvement. This should remain the vehicle for tackling poor performing landlords. SHQS grants should be a resource issue not a performance issue.</p>  |
| <p>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?</p>            | <p>These are high cost issues; certainly going to clash with reducing unit cost pressures. Greenspace, open space, and Play Areas are all essential attributes of a good estate. However, they reduce density and increase unit costs; as well as increasing running costs. It will be interesting to see how they survive any new hard nosed approach to unit costs. Open space has to be carefully planned in terms of maintenance and potential anti social use. Bigger gardens could be the answer; with parks for wider localities.</p>  |
| <p><b><i>Question 31: Do you have suggestions for approaches that are not resource intensive and that include stakeholders?</i></b></p>                                  | <p>Locally controlled and accountable Housing Associations. They are a proven and successful model for regeneration and building new homes. Each community has different needs and aspirations and development should be channeled through it by either a community council or community based HA.</p>  |
|  | <p>What is wrong with the existing model of local control and accountability? Some of us have been around long enough to have seen a few cycles of decentralise, centralise, decentralise, centralise, etc. Various models have been tried (neighbourhood offices etc); all cogently argued in their time. Community Based and locally controlled Housing Associations have been the one model of consistent success over that time. Especially those involved in area</p>  |

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| <p>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?</p>                       | <p>regeneration on the West Coast of Scotland (eg in Glasgow). Stock Transfer Housing Associations have not all been able to replicate this success. This is largely due to the poor financial modeling used at the time of transfer (using models provided by the Government of the day); and a shortsighted restriction on access to HAG and Major Repairs Grant for transfer properties. However, there are some notable successes (e.g. Berwickshire HA). The Local Authority should take the lead role in its area co-ordinating housing demand and need, planning, etc.</p>   |
| <p><b>Question 33: Do you agree with the features and principles we have set out here for a modernised regulation framework?</b></p>  | <p>No. See all above. The process must focus on outcomes and not be intensely focused on bureaucratic systems. HA's should be allowed flexibility of governance to meet their outcomes whilst remaining accountable to tenants.</p>   |
| <p>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?)</p> | <p>There was nothing wrong with the format operated by Scottish Homes. Communities Scotland took the bureaucracy of regulation too far; and had a heavy handed approach to Inspection. It used to be based on a culture of encouraging improvement; but it became far too onerous and seemed to be based on a "catch you out" format. A far too literal approach to legislation and regulation was being applied. In terms of merging regulation with other bodies, we can think of one area where a merger has not improved things. Housing Associations used to have a close awareness of and relationship to the work of the Housing Association Ombudsman; who also delved into low level complaints (to help improve the Associations' attitudes to Customer Service and Complaints). The new Scottish Public Service Ombudsman is definitely a more distant relationship. Even with much stronger powers of intervention we don't think it has the same influence as before. We fear the same result should Housing Inspection and Regulation be merged with any other multi agency regulator. The Housing Corporation in Scotland was an amazingly successful innovator and it may be time to look at re-inventing that model. The system requires some remedial adjustment not total surgery and there appears to be a lack of knowledge of what failed in the past by placing all aspects in a few or even one organisation.</p> |

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