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**From:** Phil Rowsby [phil.rowsby@srpba.com]  
**Sent:** 25 January 2008 13:13  
**To:** Housing Consultation 2007  
**Subject:** Firm Foundations response from the SRPBA

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Dear Becky

Please find attached a letter and our response in a separate document.

Please confirm receipt of this submission.

Thanks

Phil

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**SRPBA**

SCOTTISH RURAL PROPERTY AND BUSINESS ASSOCIATION

Our ref: S/H/FF  
Date: 25 January 2008

Ms Becky Smith

(via email: [housingconsultation2007@scotland.gsi.gov.uk](mailto:housingconsultation2007@scotland.gsi.gov.uk))

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Dear Ms Smith

**FIRM FOUNDATIONS: THE FUTURE OF HOUSING IN SCOTLAND – A DISCUSSION DOCUMENT - CONSULTATION PAPER**

Please find attached a copy of the Scottish Rural Property and Business Association's response to the Scottish Government Consultation on Firm Foundations: the Future of Housing in Scotland.

If you require any further clarification on any of the points raised in this response please do not hesitate to contact me.

Yours sincerely

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## **FIRM FOUNDATIONS: THE FUTURE OF HOUSING IN SCOTLAND**

The Scottish Rural Property and Business Association (SRPBA) welcomes the opportunity to comment on the Scottish Government discussion paper Firm Foundations: the future of housing in Scotland.

The SRPBA would like to make some general comments on the paper before answering the specific questions:

### **1. The private rented sector (PRS):**

The fact that the discussion paper identifies that the private rented sector (PRS) has an important role to play in meeting housing needs in rural Scotland is to be applauded.

In more general terms, we have concerns that the Scottish Government merely views the PRS as a solution to meeting the homeless targets for 2012 rather than approaching the sector as one which can provide a range of housing solutions across Scotland.

The Scottish Government must ensure that as well as supporting the private sector at a national policy level, in terms of the provision of affordable housing, the sector is supported financially. The private sector must also be fully recognised at a local level in Local Housing Strategies (LHS) and by planners in terms of affordable housing policies.

From the document it is apparent that the Scottish Government should obtain greater information on the PRS, the SRPBA looks forward to working with the Scottish Government on this issue and on the review of the PRS. We have already contacted, and are in discussions with, the Private Rented Sector Team at the Scottish Government in relation to the provision of information from our members to inform the review.

We feel that there should be a balance between the rights and responsibilities of landlords and tenants. Recent legislation, such as the requirement to register under the Antisocial Behaviour, Etc. (Scotland) Act 2004, has had a huge impact on landlords.

The Government's pledge to engage further with those involved in delivery of housing in rural areas is most encouraging and the SRPBA strongly believes that the organisation and its members have a critical part to play in this area.

## 2. Cost effectiveness:

The SRPBA has slight concerns about the emphasis placed on cost effectiveness within the document. This issue has been the subject of a number of Scottish Government announcements, presentations and associated press coverage since the new administration was formed.

The aim of achieving value for money is to be applauded and supported but should not lead to a cost cutting exercise. Value for money should not lead to the delivery of the cheapest housing development option. Other factors such as location, need and quality should be given equal importance, these are of particular relevance in rural areas. For example, the most economic method of meeting the needs of 20 families looking for houses in 5 small villages around a larger settlement would seem to be to build 20 properties in the town. The reality is that the families require housing in the villages and small scale development in each would be the correct option for the families and for the sustainability of the communities. This would not provide the same value for money in respect of build costs but would be essential for the future of the village, especially when considered along with the use and retention of local services.

## 3. Rural 'v' urban priorities:

The SRPBA are concerned that many of the proposals contained within the document may lead to an uneven distribution of resources to urban areas to the detriment of rural areas. Although the document does recognise particular rural issues, the tone of the document is very urban driven.

One of the most significant differences between rural and urban housing developments is associated with infrastructure. The difference between these costs in the rural setting, as opposed to urban, for a similar development may make the urban one the preferred option due to obtaining better value for money as in the example given above. The SRPBA recommends that infrastructure and the other construction costs should be separated to ensure that infrastructure costs do not prevent housing building in rural areas.

Again from a rural perspective, the SRPBA would like to draw attention to the fact that small rural communities will require a disproportionate amount of housing to make a substantial difference to housing need requirements. To ensure that rural areas are not disadvantaged, we recommend that resources are ring-fenced for rural areas.

The SRPBA would welcome the appointment of a Rural Housing Expert or Group, to ensure rural Scotland is treated equitably with urban Scotland. We would also recommend the establishment of a Cross Party Group on Rural Housing.

The SRPBA has long been in contact with the Princes' Foundation's Affordable Rural Housing Initiative referred to in the paper, and has carried out work in Scotland comparable to that carried out in England and Wales by this organisation. We urge the Scottish Government to support us in continuing and increasing this work.

The SRPBA would also like to highlight the work carried out by Rural Housing Enablers (RHE) and urges the Scottish Government to formalise their support of them. The

SRPBA is a partner in the Aberdeenshire RHE project, co-ordinated by the Rural Housing Service, we are keen to see this valuable facilitation service extended throughout rural Scotland.

#### 4. The role of planning in the delivery of housing

The SRPBA has concerns that the discussion paper, does not refer to planning in any great detail. We welcome the review of Scottish Planning Policy 3 (SPP3) and look forward to taking part in the stakeholder group associated with it. We would like to draw the Scottish Government's attention to the fact that a number of issues are outwith the control of those trying to deliver affordable housing. The SRPBA are conscious that there is a general lack of acknowledgement of:

- Scottish Planning Policy 15 (SPP15).
- SPP3.
- The use of Section 75 agreements.

In respect of SPP15, we recommend that the Scottish Government ensure local authorities do consider it as a 'material consideration' when reviewing planning applications. The use (and non-use) of SPP15 varies greatly across the country. The SRPBA would welcome additional guidance for local authorities in relation of the importance of SPP15.

We are a long way from seeing the effective use of Section 75 agreements to deliver affordable housing, and recommend that work in this area is progressed as a priority by the Scottish Government.

#### 5. The delivery of housing

At the moment there are too few instruments available for the delivery of affordable housing. We believe that the continued use of the term social house to refer to affordable housing has a detrimental impact and urge the Scottish Government to take a tenure neutral stance and refer to affordable rented housing rather than social housing.

With reference to the section Public Sector Land on page 19 (paragraph 3) of the discussion paper, the SRPBA has concerns in relation to the potential impact on the housing market if central government begins to purchase land directly for affordable housing. If other proposals contained within the document are taken forward and implemented effectively there should be no need for this measure.

**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?**

As a member organisation representing rural Scotland the SRPBA is concerned that with the easier option of development in urban areas, completions in rural areas may not increase proportionally.

The Scottish Government's aim of increasing new supply to 35,000 properties per year is a sensible figure to aim for, although the SRPBA would question whether or not it is realistic in the current house building climate. We believe that this figure has been based on English parameters and applied to Scotland without robust analysis being carried out.

Building 25,000 in the central belt and 10,000 in larger settlements throughout Scotland, is a possibility - but is this realistic? This could be conservative in terms of the most recent housing need figures. Such an increase is a modest increase, which may be ineffectual as developers are unable to build due to obstacles such as protracted planning procedures and lack of necessary infrastructure. An increase in the rate of new housing supply in Scotland will not necessarily increase the house-building rate as the factors that impede house building need firstly to be addressed. The problems associated with infrastructure provision and the role of the Scottish Environment Protection Agency (SEPA) need to be addressed before completion rates will be increased. The issue of obtaining planning permission and then developing houses without connection to the mains supplies needs to be addressed with SEPA.

We are also concerned that by using a 'too achievable' target the risk may be that housing development becomes a simple numbers game. The location of properties needs to be factored into the equation. We have concerns that setting a figure for total house building will not automatically increase the provision of affordable housing. The application of affordable housing policies and use of Section 75 agreements to deliver affordable housing must be more effective if this increase in house building is to contribute to meeting housing need.

**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?**

Before considering regional co-operation, the SRPBA would like to draw the attention of the Scottish Government to the fact that joint working across departments in individual local authorities is variable throughout Scotland. This needs to be encouraged before encouraging local authorities to operate regionally.

Regional co-operation in setting realistic housing targets will coincide with strategic development plans. This should be achievable but from current experience of the local authority sector it is often difficult to get departments within local authorities to work together closely. At the current time certain areas do work closely on certain issues, but achieving consensus on larger issues may be more difficult.

Rural development will lose out if the focus is on creating city regions favouring housing land supply in existing commuter areas. An approach conducive to long term social, economic and environmental benefits should be developed at a local strategic level in rural areas allowing community involvement in decisions regarding integration of land use to provide opportunities for a range of work and lifestyle choices.

Local authorities should be encouraged to set aside a percentage of new housing supply specifically for rural areas where sustainable communities can be promoted by way of development opportunities for employment and housing. Resistance to this type of community orientated development in smaller settlements will be minimal as community planning, local developers, local businesses and community members can be utilised to achieve co-operation. However, potential conflict with sustainable transport strategies may have to be addressed in areas to allow this development to take place.

If this co-operation is to be promoted it will require careful monitoring to ensure the local authorities are indeed operating in this manner rather than 'passing on' the responsibilities without any one local authority taking to lead in such a situation. Local authorities should be enabled so that they can co-operate if they want to in the best interests of their region. They should not be forced to unless there is mutual benefit to be gained. Despite this there is a need for co-operation between small rural regions.

It must be ensured that strategic plans have input from the private sector and house-builders, both at strategic and implementation level.

Another issue which must be considered is that, local authority boundaries are arbitrary which often do not reflect housing market areas.

The SRPBA is aware that inter-regional work is taking place in England, an example of this is the work being undertaken by the North West Regional Assembly.

**If so, what arrangements should be put in place to support and provide incentives for such co-operation between relevant local authorities?**

There should be no need to incentivise local authorities to carry out their statutory duties. There does need to be clear guidance on partnership working and support from central government to establish effective partnerships.

**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?**

There is a role for a specialist national function to provide expert support for local authorities in strategic planning for housing, comparable to the role provided by Communities Scotland.

Given the lack of awareness of national policy and innovative delivery mechanisms for the delivery of affordable housing at local authority level, we suggest that there is a need for a specialist national strategic planning function (acknowledged by local authorities).

This function would recognise the knowledge of all sectors, delivery mechanisms, current and emerging policy, guidance and good practice from elsewhere.

The expertise should not simply consist of a group of strategists based in Edinburgh. Any national strategic group should consider the balance between European and National policies and the needs of people living in Scotland. The current impediments to house-building generally involve public bodies such as local authorities, Scottish Water and SEPA. These organisations need to be represented in the specialist national function for it to be effective in supporting local authorities. There should also be provision for involvement of developers. The body should co-ordinate and regulate all service suppliers where they are involved in meeting our nations requirements. Bodies responsible for electricity, drainage, roads and other services all currently contribute to difficulties in releasing land for housing.

The expertise should also consist of local authority officials working at a practical level with issues relating to planning, housing and house-building. Any specialist national function must be in touch with development practice in order to provide proper support. The aim of any specialist national function providing expert support for local authorities should be that: accountability, clarity and openness permeate to provide concise plans and policies that enhance certainty for developers and communities.

The SRPBA contends that presently some local authorities lack the expertise to carry out the necessary research to properly inform their local housing strategies (LHS). As a result few develop robust strategies for dealing with the PRS and especially the rural PRS. The development of methodologies to investigate the market for rural housing for rent would enable local authorities to assess both demand for, and supply of, housing for rent so that they could develop robust strategies for dealing with deficiencies in availability and stock condition and offer solutions. New guidance on the methodology for carrying out Housing Needs Assessments needs to specifically refer to the PRS. Expert guidance on the PRS must come from experts within the field – especially in respect of differences between the rural and urban PRS.

The Scottish Government planners do have the expertise and national strategic view required, but local authority planners are so busy dealing with planning applications that they appear to be unable to keep abreast of policy changes. This has been particularly true with reference to SPP15 and associated Planning Advice Notes (PAN). Increased Continued Professional Development (CPD) and additional staff at a local level are required as well as a clear programme of training, seminars, peer group awareness sessions which could be run by the national function. This should be aimed at local councillors as well as local authority staff.

**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?**

Development is presently frustrated by infrastructure constraints, lack of certainty as regards protracted planning processes and, in the case of rural development, lack of acknowledgement of the role of SPP15 in the decision-making process.

In aiming to achieve targets it should be noted the new requirements for inclusive planning under the Planning (Scotland) Act 2006 (2006 Act) which further extend consultation requirements. The allocation of spending by Scottish Water to increase capacity for water supply and sewage also substantially affects achievement of housing supply targets. In rural areas SPP15 should be afforded significantly more status as this would allow a more integrated approach towards housing and employment in the countryside.

The 2006 Act makes provision for development to be started within 3 years. This should be sufficient incentive. No further 'arrangements' are necessary – indeed if pressure is put on developers to bring forward land faster it will impact on their ability to land bank and in the longer term house completions will fall.

An integrated approach toward communication between government organisations, statutory consultees, local authority departments and developers would promote an open approach toward housing land supply and subsequent development. This would clarify inclusive planning requirements and accelerate development. Promotion of the supply of rural land for affordable self-build homes would also encourage development and would be attractive to developers as consultation requirements are less onerous.

There is a need to look at the weight of statutory consultees and in the cases of failure of them to respond or consider solutions e.g. SEPA. At times the requirements of local communities need to be put before environmental issues.

The SRPBA would like to suggest the promotion of good practice in terms of involving stakeholders in the Housing Land Audit process. Scottish Borders Council ensures that developers, Registered Social Landlords (RSL), landowners and others participate in annual Housing Land Audit discussions to identify and address blockages. This approach should be promoted and applied throughout Scotland.

There is also a need for:

- Improved affordable housing policies.
- Increased use of rural exceptions policies.
- Increased use of development briefs, so all parties are aware of barriers and solutions from an early stage.
- Increased discussions between all parties.

**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?**

The SRPBA believes that simply expanding a suburban settlement or creating a new one next door is not sympathetic to Scotland's landscape and environment. Encouraging affordable new builds in the countryside and imposing the use of renewable and clean energy technologies, such as community boilers and micro-turbines will show a commitment to building a sense of community and environmental well being. Affordable housing in rural areas should be made available to a wide-ranging mix of people that choose to live in the countryside and rural settlements.

Focus should be afforded to rural settlements that already offer employment opportunities. Encouragement of development of new, sustainable communities should look beyond tourism and should be considered notionally alongside larger rural diversification proposals and proposals for new businesses in smaller settlements.

A new settlement should be viewed as a facilitator to other economic benefits and not be just a case of building houses but developing houses and industry together. There needs to be a system to manage the economy and housing with other aspects such as environmental concerns. The SRPBA believes that the use of market towns strategies would assist developments in rural areas.

The work of the Princes' Foundation for the Built Environment and use of their design briefs, when developing new settlements, is recommended by the SRPBA. The Association strongly believes that community engagement and early involvement from all stakeholders is essential.

The SRPBA would like to underline that the key is 'sustainability'. There should be provision not just for housing but for employment and amenity. This does not mean that settlements have to be large. The development of a small number of houses may be enough to save local facilities, with the incorporation of a small amount of business space. Sympathy with landscape and environment can be achieved with the production of development/design briefs.

The separate zoning of land for housing and employment must be abandoned.

#### **Question 6: How should different types of assistance within LIFT be targeted?**

The SRPBA suggests that means-testing of applicants and targeting the grant to those areas with greatest income to house price ratios. Not all First Time Buyers (FTB) require assistance and those who do need it may require more than £2,000.

It should be noted that the modern aspiration of everyone to own their own home may be unachievable. We already have a very high proportion of owner occupation when compared to other countries. People may not be able to maintain properties once they own them, and we must therefore consider continued affordability rather than simply the initial purchase price.

We would support the expansion of open market shared equity rather than the use of a grant payment.

#### **Question 7: How could the Government stimulate more innovative mortgage and related products and services to assist people in purchasing their first home?**

The SRPBA recommend that the Scottish Government discuss this issue with the CML.

There are lessons to be learned from England and other areas. The SRPBA has held discussions with a number of financial institutions both in Scotland and England and believes that commitment to assisting FTBs and developers already exists.

The SRPBA believe that it is economically dangerous to encourage people to buy when they can only marginally afford to. Such households will be the first to suffer in an economic downturn and the least able to maintain their houses in such times. The Scottish Government, through the Housing (Scotland) Act 2006 is trying to ensure that private property owners are responsible for carrying out repairs and maintenance at their own expense.

The SRPBA has been researching the expanded use of Rural Home Ownership Grants (RHOGs) and are keen to discuss this further with the Scottish Government, particularly in relation to issues raised by members and potential solutions. We suggest that the recommendations made in Communities Scotland Report 59 'Evaluation of the Communities Scotland RHOG Mechanism should be put into practice to ensure the grant is viable.

Other examples of products and services, which the SRPBA suggests are worthy of further exploration are:

- Higher mortgage assistance within the protection of the overall valuation of the property but no resale to the open market within 10 years.
- Increased use of Shared Equity.
- Subsidised loans/mortgages – like the local housing allowance for tenants.
- The expansion of open market shared equity.

**Question 8: Should the Government provide direct cash grants to first-time buyers?**

The SRPBA does not support blanket direct cash grants to FTBs. The Association believes that these should be targeted as detailed in our response to question 6. We also are concerned that this approach will simply inflate prices by the amount of the grant.

**Question 9: How can the private house-building sector play a bigger role in providing, without public subsidy, increased provision of affordable starter homes?**

The SRPBA strongly believes that the private sector can play a bigger role in providing affordable housing.

The private house-building sector should be involved from inception. The private sector must be involved in LHS processes and Housing Land Audits. The potential role of the sector needs to be recognised and supported by local authorities. Developers often feel forced to hand over land to RSLs rather than exploring other delivery mechanisms. Shared Equity and Low Cost Home Ownership (LCHO) can easily be delivered by developers as part of larger developments. To achieve this, there needs to be a use of stronger Section 75 agreements.

Developers require certainty in the conditions of the planning permission before they purchase land. Only through a robust planning system, which gives certainty to

developers, will they be able to buy land economically enough to be able to cross subsidise the provision of affordable starter homes.

The SRPBA would pose the question: *Why would the private sector try to compete with RSLs without funding or public subsidy?* The SRPBA contends that in certain situations the Scottish Government should make public subsidy available to the PRS.

The SRPBA recommends that current good practice should be promoted, such as the partnership working between Aberdeenshire Council and private developers working in their area. The council operates a policy which supports low cost housing for sale subsidised directly by the developer. The developer agrees to sell the house at say 70% of the market value to someone nominated by the Council. If this person wishes to sell on they must sell at 70% of the then market value again to someone nominated by the Council. If the Council does not nominate a person the house is sold on the open market and the 30% is returned to the Council to be invested in affordable housing.

The SRPBA had commenced discussions regarding the publication of a guide on the development of affordable housing (subsidised and unsubsidised) for the rural private sector, akin to that produced south of the border by the Prince of Wales's Affordable Rural Housing Initiative. A cross sector group was established and a need for the promotion of private sector delivery routes for affordable housing was clearly identified. This work was put on hold until proposals from the new administration have been progressed.

The SRPBA, and its partners, remains fully committed to this project and would welcome the opportunity to discuss it further with the Scottish Government.

**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?**

**Question 13: What other options should we consider for increasing the supply of private rented housing for low income and homeless households?**

**Question 14: How could more private landlords be encouraged to let to tenants on benefits and homeless households?**

Due to the fact that questions 10, 13 and 14 are very similar we have grouped them together and provided one response to these questions.

Before responding to the questions, the SRPBA would stress that although the PRS does have a critical role to play in providing housing for low-income and homeless households, the main route for housing these client groups must continue to be through the social rented sector.

Local authorities and RSLs must continue to be supported in providing this crucial social function. There are concerns that the use of the PRS is merely a panic reaction to realistic fears that local authorities will be unable to fulfil their homeless obligations. Although the PRS undoubtedly has a part to play it must not become a dumping ground and easier solution than increasing funding to RSLs and local authorities.

Local authorities must take a holistic approach to providing housing for low-income and homeless families and ensure that adequate quality housing is provided in totality with all sectors playing a part.

In terms of the issues which must be considered we must ensure that risks are reduced for all parties:

- Risks associated with security of tenure for tenants must be addressed, if landlords are providing properties then a Short Assured Tenancy (SAT) of at least 1 year must be provided.
- Other risks to tenants regarding quality of management should be addressed by ensuring that any landlord providing housing to these client groups is accredited. To further underline this commitment to good quality accommodation, local authorities must effectively comply with their duties under the Antisocial Behaviour, Etc. (Scotland) Act 2004 and begin to use the legislation to rid the sector of bad landlords. All the legislation appears to have achieved to date is to identify and charge responsible landlords – this was not the purpose of the scheme. We encourage the Scottish Government to ensure registration fees are used to promote positive engagement/services for private landlords.
- Risks to landlords of rent arrears must be addressed by encouraging the development of more rent deposit guarantee schemes - indeed the SRPBA suggests that there should be a duty on local authorities to develop these schemes. Dealing with the many issues surrounding the Housing Benefit system must be a priority. There are real fears that the introduction of the Local Housing Allowance (LHA) will discourage landlords from housing tenants in receipt of this benefit.
- Risks to landlords of tenants, particularly those housed through the homeless route. Tenants who abandon properties, engage in antisocial behaviour and cause other management problems usually due to a lack of support from local authority social work departments must also be addressed. The SRPBA suggests that any allocations made in the PRS must be carried out in line with a formal nominations agreement and any information relevant to the person's housing situation must be disclosed by the local authority. In addition, any support requirements must be identified and formalised. This will assist in preventing repeat homelessness and encourage more landlords to provide housing.

The SRPBA is working in partnership with the Scottish Association of Landlords (SAL) to address standards in the PRS through Landlord Accreditation Scotland along with individual discussions with local authorities.

Other issues which must be addressed:

- A SAT must be acceptable in terms of a local authority discharging its duty under homeless legislation.
- As outlined previously, as well as using current PRS stock to provide housing for these groups, funding must be made available to the private sector for affordable new build housing to allow them to compete on a level playing field with RSLs.

How can the private sector be asked to play a social role but not receive any public funding?

- The SRPBA suggests that taxation is a major barrier to provide affordable rented housing and strongly argues that there is a case for changes in a number of areas. We have prepared a paper in conjunction with the CLA in England, for submission to the Treasury and would welcome an opportunity to discuss this further with the Scottish Government. We are also developing a members questionnaire on taxation and housing.
- Rent Deposit Guarantee Schemes for particular groups must not be confused with the introduction of a mandatory rent deposit scheme which has been introduced in England and provided for in the Housing (Scotland) Act 2006. The SRPBA does not support the introduction of a similar scheme in Scotland.

The SRPBA would question whether or not private Sector Leasing (PSL) and similar schemes are cost-effective if managed externally.

**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?**

The SRPBA welcomes the review of the PRS. The Association has already contacted the Private Rented Sector Team at the Scottish Government on the role the SRPBA can play in this review. The SRPBA has already conducted research into the renting activities of members and are keen to discuss this in further detail with the Scottish Government.

Tenants rights:

The SRPBA believe that tenants have already got sufficient rights due to the recent Housing (Scotland) Act 2006. These have increased dramatically but the Scottish Government must ensure that local authorities enforce the legislation to allow landlords operating to a good standard to be recognised.

There is evidence in England that the introduction of a tenant's deposit scheme has lead to the withdrawal of some landlords and deterred other from entering the sector. The SRPBA would not support the introduction of a similar scheme in Scotland.

PRS achieving its full potential:

First of all we would like to pose a few questions in relation to this issue:

- Is the Scottish Government aware of what the full potential of the PRS could be?
- How many empty properties (residential and commercial) are there to be let?
- How many new properties could come into the market for let if the conditions were right?

Economics is the main driver with management and maintenance costs eating into gross rent before a net return is made. Reducing bureaucracy will help reduce management costs.

A shift in attitudes within the Scottish Government and officials that the PRS is a valid part of the housing delivery system is required. We hope the review of the PRS will assist with this. Similar opinions are also expressed by the social rented sector. The social rented sector, local and national government should acknowledge that like RSLs and local authorities some private landlords do not operate services as well as others whilst others provide a very high quality of property and management service to tenants.

A change in the taxation system is required. The renting of housing should be regarded as a business.

Grants should be made available to the PRS to develop new housing for rent, where it can deliver value for taxpayers' money.

The Scottish Government must support the PRS by:

- Ensuring landlords are supported in dealing with problematic tenants.
- Ensuring landlord registration legislation is being implemented correctly by local authorities.
- Acknowledging and rewarding good landlords through the support of accreditation.

**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?**

The SRPBA does not believe that there is sufficient engagement between the public sector and private landlords, although it has improved in recent years. Local and national government still need to find out more about the sector – registration and accreditation will be beneficial in this respect.

A major part of the remit of the SRPBA Housing Strategy Officer post is to engage with local authorities. This area of activity was a key part of the project in 2004-2007 and was met with enthusiasm and support by a number of local authorities. However, many local authorities are only now beginning to acknowledge the role of the private sector in the LHS process and address this through engaging with organisations such as the SRPBA and Homes for Scotland. This is evident by the lack of reference to the PRS in LHSs, or instances where actions are attributed to the PRS without any discourse or resources.

The development of specific local authority services for the PRS should be encouraged by the Scottish Government.

The SRPBA believes that there remains a persistent negative view of PRS within elements of the public sector. For too long the public sector has been recognised as 'good' whilst the PRS is labelled 'bad'. The development of the national accreditation scheme will help to establish better dialogue, but there has to be political will at a local level, for this to happen and this is partly driven by resources.

With respect to local authorities the SRPBA wishes to make the following comments:

- The level of engagement varies across the country, this is despite the Housing (Scotland) Act 2001 and the duty local authorities have to engage with the sector.
- Guidance on LHS production needs to stress importance of multi-tenure approach.
- The private sector should be more fully represented on LHS implementation groups.
- Landlord Forums should be held at least annually in local authority areas to provide an update on the LHS and other issues. Often actions are attributed to the PRS without any engagement with the sector taking place.
- The Scottish Government should ensure that local authority registration fee income is used to further enhance engagement with the sector and promote Landlord Accreditation Scotland.
- Page 30 of the discussion paper refers to the City of Edinburgh Council. The SRPBA (and SAL) are aware of, and involved with, a wide-range of local authorities who are developing initiatives for private landlords. For example:
  - Falkirk Council – local accreditation scheme developed by the SRPBA and SAL.
  - Orkney Council – have a landlord newsletter and hold forums.
  - Angus Council – developing engagement with the PRS through the use of registration fee income.
  - Perth and Kinross – developing a local accreditation scheme.
  - Aberdeenshire Council – developing links with the PRS through forums focusing on the local housing allowance. Further events are currently being considered.

Too often urban examples are provided of good practice, when rural local authorities have a more difficult task in engaging with a wide range of landlords in a wide range of locations.

**Question 15: What other schemes or incentives might help us to recycle empty properties more effectively?**

The Scottish Government needs to establish why properties are empty, once this information is available and owners have been contacted the correct mechanisms can be identified.

In terms of existing mechanisms the grant levels for Rural Empty Property Grants (REPG) must be set as realistic levels. The project in the Cairngorms National Park Authority (CNPA) which we have been working on with the Park Authority has found that despite around 60 properties being put forward, only 2 to 4 are likely to be brought back into use through the REPG mechanism. This is solely due to the level of grant being so low that the projects are not financially viable. The SRPBA and CNPA are currently working on an evaluation of the project and will make findings available to the Scottish Government once it is completed.

The SRPBA has a number of members in the Lothian and Borders area who wish to bring forward properties through REPG but they are not encouraged by Communities Scotland. Small scale delivery through this must be seen as just as important as 20 unit RSL development.

Leasing schemes, such as that operated by the Highland Council should also be promoted.

**Question 16: Do you agree that we should exempt new build social housing from the Right to Buy?**

Yes. The SRPBA agrees that the Scottish Government should exempt new build social housing from the Right to Buy (RTB).

**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?**

Yes, but only in situations where the solution delivers the best value for money.

The SRPBA strongly contends that the delivery routes for affordable housing must be increased and if the local authority can build new houses then they should be supported in doing so.

**Question 18: Do you agree that we should introduce large-scale competitions for subsidy?**

The SRPBA would support this approach as long as such an approach was not to the advantage of urban settings and disadvantage of rural areas. We would suggest that a proportion of subsidy should be directly to rural areas.

**Question 19: If not, how would you ensure that public subsidy is used to build as many good quality RSL houses as possible?**

The SRPBA has no specific suggestions to make.

**Question 20: Do you agree that we should subsidise the development of houses for mid-market rent?**

Yes, this type of housing meets a demand which can assist in freeing up affordable housing for those in need.

The Scottish Government must look at the market in its totality. However, this housing must only receive subsidy if it plays an effective part in meeting housing need and must be allocated in terms of an agreed allocations policy. If properties are to be subsidised they must remain as mid-market rent for the long term.

**Question 21: If so, should the subsidy be awarded as part of the competitive regime for awarding HAG that we are proposing?**

It may be appropriate to ring fence a small amount of subsidy for this type of development rather than awarding the grant as part of the competitive HAG regime proposed.

**Question 22: If not, how would you increase variety in social housing?**

The SRPBA suggests that it would be helpful to refer to 'affordable housing' in this context rather than social housing.

Using such a term would allow subsidies to be made available to a range housing providers. For example:

- RSLs.
- Local authorities.
- Private rented sector.
- Housing Trusts, and other bodies.

Affordable Housing policies must encourage a range of affordable housing delivery routes to be used in developments. The SRPBA has long contended that a willingness to embrace diverse and innovative mechanisms is sorely lacking at local authority level and must be encouraged, indeed insisted upon, by the Scottish Government.

**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?**

Yes, both in terms of the mix of tenure types for new developments and also looking at the use of current stock.

**Question 24: Do you think that subsidies for development should be provided to bodies other than registered social landlords?**

The SRPBA has always believed that more sustainable communities can be achieved by having a mix of tenures providing affordable housing rather than simply considering social housing through HAG. We suggest that subsidies should be offered to the private sector to enable them to deliver quality affordable housing, which meets housing need and is cost effective to the public purse. In many instances, the private sector can provide better value for money than an RSL or local authority. This is particularly true in rural areas where the landowner can provide the land for development.

In 1999 Kincardine Estate in Aberdeenshire, a member of the SRPBA, developed 14 affordable rented houses with a grant that would have only delivered 8 houses if that same public money had been given to an RSL.

Following this example, landowners should be given the opportunity to develop affordable rented housing as per the SRPBA 'New Build for Rent' proposal currently being considered by the Scottish Government. We do not perceive a need to repeat the arguments made in this proposal but are keen to progress this delivery mechanism

which would assist in meeting housing need throughout rural Scotland on a cost effective basis.

**Question 25: What sorts of protections should be offered to tenants in these circumstances?**

In the proposal referred to above the SRPBA outlined a number of areas of action which could be taken to provide tenants with protection, these included:

- Grant tie in for the landlord of a period of 30 years.
- Developing the properties in line with Housing for Varying Needs or other RSL standards to ensure comparability of housing product.
- Longer SATs.
- Allocations agreements agreed with the local authority prior to development of the properties.
- Formal nominations agreements.
- Subsidies only being provided to landlords who have attained accredited status.

This would of course be in addition to the protection afforded to tenants through recent legislation.

The majority of landlords are responsible. Tenant satisfaction is of great significance when the profitability and reputation of a business are concerned. Content customers/tenants leading to longer tenancies and a good reputation leads to people actively seeking out landlords who operate to a high standard.

With regards to concerns raised regarding the use of SATs, a number of pieces of research have been undertaken which show that most tenants with SATs feel perfectly content e.g. Scottish Homes Report 83, The Dumfries & Galloway Private Rented Housing and Fuel Poverty Report from February 2004.

**Question 26: Do you think that the Scottish Government should vary Right to Buy discounts by locality?**

No.

**Do you think that the Scottish Government should vary Right to Buy discounts by type of property?**

No.

**Question 27: Do you agree that ALMOs can provide a satisfactory alternative to stock transfers?**

We recommend that the Scottish Government further examine the English situation before making a decision on this issue. If an ALMO can be used to address property conditions and ensure local authority stock meets the SHQS this should be supported,

as we would question whether or not some local authorities have the required expertise and resources to go down this route.

**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, any assistance must be able to have an impact on services. It will be very important to have an effective evaluation framework in place to monitor performance levels.

**Question 29: If so, what measures do you think would be beneficial? If not, why not?**

The SRPBA would recommend the following are considered:

- Accredit RSLs on the same basis as private landlords.
- Provide grants and preferential loans linked to quality standards in both physical and management.
- Recognition of lower void levels.
- Recognition of tenant satisfaction.
- Provide rewards for increased levels of energy efficiency.

**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.

**Question 31: Do you have suggestions for approaches that are not resource intensive and that include stakeholders?**

The SRPBA has no specific suggestions to make.

**Question 32: 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.

**Question 33: Do you agree with the features and principles we have set out here for a modernised regulation framework?**

Yes, if they reduce bureaucracy. The proposal seems fairly well thought out and we would recommend the implementations of Crerar Review. The SRPBA does believe that a separate organisation should undertake the regulation of social housing.

**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?)**

The SRPBA recommends that this should be part of group of regulators, because it brings the whole system under one regime and gives consistency to the way regulation is applied across the sector in Scotland.