

Your details

Please complete the following details below. It is essential that we have a name and the name of any organisation if you are responding on their behalf. Contact details would be helpful if we need to follow up on any points.

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Would you like us to keep your response confidential:	No.

Consultation questions

Below you will find response boxes for each of our consultation questions. If possible, please base your response on answers to these questions.

Some questions may be somewhat irrelevant to your interests, in which case please feel free to answer as many or as few as you like. And please feel free to offer other comments if you think they are relevant to our remit. There is space at the end for you to do so.

You can skip to the section(s) that you wish to respond to through the links below:

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Section 1: Our assessment of the importance of housing for wellbeing in Scotland

Q.1. Has our assessment of housing and wellbeing missed any important benefits and, if so, which benefits and what is the evidence for this?

The Commission on Housing and Wellbeing (CHW) assessment of housing and wellbeing strikes us as being a welcome, informed and helpful contribution to the discussion on how we might enrich the life of Scotland's citizens by making Scotland a happier and more prosperous place to live. ALACHO welcomes the opportunity to respond.

Q.2. Has our assessment exaggerated any of the benefits of housing for wellbeing and, if so, in what respects and what are your reasons for saying that?

We think not. It is in our opinion difficult to overstate the benefits that well designed and located housing, appropriate to household requirements, with good links to neighbourhood and other services, can contribute to the lives of human beings and to functional societies.

The report articulates a comprehensive and accurate list of factors fundamental to human happiness and wellbeing, which we concur are difficult if not impossible to achieve in the absence of decent housing. This applies not only in the general sense of everyone being entitled to a decent place to live, but also in quite specific circumstances for particular vulnerable groups, where appropriate housing can have significant preventative benefits for not only its inhabitants but for society in general in terms of future public expenditure.

Section 2: Does Scotland invest enough in housing?

Q.3. Do you agree with our assessment of the current position on investment in housing?

Yes. Scotland as a whole clearly does not currently invest enough on housing, whether on existing stock or new build. The CHW report sets out some of the evidence demonstrating this to be so (housing output relative to household formation, numbers on housing waiting lists, and continuing high incidence of homelessness being three key factors) Several other recent reports, e.g. from Audit Scotland and the recent report from RICS Scotland, have done likewise. Both note significant shortfalls between the need for new housing and current housing output. Similarly, the Scottish House Condition Survey and returns to SHR record the extent to which Scotland falls short of meeting housing standards such as the SHQS.



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Q.4. Do you agree with our brief assessment of current policy on investment in housing?

We agree that, rather than be governed by need, in the in the field of publicly subsidised new housing at least, current investment policy is determined, and essentially constrained by, government resources available for investment in any funding cycle. We can understand government reluctance to set funding or output targets outwith their perceived ability to deliver, but this should not prevent a willingness to identify outstanding housing needs and demands at a range of income levels, and consequently empirical shortfalls in investment in both new and existing housing. The latter is of course as much a task for local government through an effective housing needs and demand estimation process.

However, it is one thing identifying and quantifying shortfalls but quite another to set output targets when resources do not exist to ensure delivery, and we would caution against this approach.

5. Do you agree with our suggestions for further action in the area of investment in housing?

In broad terms we do. Most commentators agree that we need a major step change in housing investment if we are to make progress in ensuring that our citizens are adequately housed at a price they can afford without neglecting other vital necessities such as food and fuel.

In this context we agree wholeheartedly that the Scottish government should give greater priority to affordable housing investment in the overall capital budget.

We also agree that existing organisations with capacity to invest in new housing must redouble their efforts to explore innovative ways of raising finance for new affordable housing. The recent announcement that the Wheatley Group have issued a successful bond for £300m is very welcome and we hope that the SFHA's HARIS proposal aimed at raising so an ambitious £500 million, is also successful.



6. Do you have any other suggestions that we have not mentioned in relation to investment in housing?

We believe that Scotland's local authorities could do more to maximise their borrowing potential. Historically the Public Works Loans Board is a cheap and secure way for public bodies to borrow for public infrastructure. Compared with other sectors rents in Scotland's local authorities are relatively low, with a range around £50-£90 per week and an average around £64. This is significantly below the average RSL rent in Scotland and average council rent in England, despite average incomes being broadly comparable. ALACHO has recently carried out some work with HouseMark which suggests that there may be scope for increased borrowing funded by higher rents in some areas, without compromising affordability. We recognise however that rents are politically determined at local level and this would need to be factored in to any proposal.

In relation to affordability we would also suggest that a study of regional income distributions based on existing housing markets would generate helpful, indeed essential data on what products might be demanded at particular income levels in the housing market. In relation to affordable housing specifically, there is a surprising dearth of research on the characteristics of those living in this tenure and the impact which particular levels of rent have on affordability when set against expenditure on other household essentials.

Section 3: Getting a better fit between housing and the economy

Q.7. Do you agree with our assessment of the current position regarding housing and the economy? What more would you add?

We agree with much of the CHW's assessment of the current position regarding housing and the economy, but believe there may be a good case for placing some of the Commission's long term recommendations within a short term prospectus for action. It seems clear that the long run preference for owner occupation among those who can afford to buy is based on an accurate belief that, over time, capital gains on housing, coupled with favourable tax treatment on capital appreciation, more choice over location and home alterations is always likely to give this tenure an advantage over renting. However if government is genuinely concerned about fairness and equity and a policy of decent housing for all, the capital gains made on housing investment may have to be mediated through taxation. Such gains are after all unearned income, and a case can be made that they should be treated as such through the tax system. A tax imposition of say 10% on housing capital gains ring fenced for an affordable housing programme would be one way of achieving greater resources for investment in new and genuinely affordable. The tax advantages accruing to private landlords should also be considered in the process.

Although this is not a formal ALACHO policy position we feel that the current situation is of sufficient gravity as to merit consideration of ideas such as these. After all, it is not so long ago that the abolition of MIRAS was considered politically unachievable.

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8. Do you agree with our assessment of the current situation of UK Government policy with regards to the housing market and the economy?

Yes. See above.

Q.9. What are your views about the five areas of policy reforms suggested here?

We are content with the areas suggested for policy review and potential reform. However we would suggest these should be in the context of a full review of the costs and benefits of Scotland's housing system. This should include a full assessment of who pays for, and who gains most under the current arrangements. By way of example it was interesting to see one large Scottish housing developer recently express delight in a national newspaper that their profits were rising again, and that their margins were "now in excess of 25%" on average sales value of £350,000. Before arguing that Help to Buy must be sustained by government to continue this trend ! A full assessment of the equity, value for money and economic efficiency of Scotland's housing system is long overdue.

Section 4: Getting a better fit between housing and welfare policy

Q.10. Do you agree with our assessment of the current position regarding housing and welfare benefits? What more would you add?

Yes. See below for more information.



Q.11. Do you agree with our assessment of the current situation of government policy at UK levels and the possible outcomes post-referendum? What more would you add?

Yes. Landlords are rightly concerned about the impact of Universal Credit on housing benefit should the rollout proceed as currently planned. The prospect of rent being paid direct to tenants, and the consequential impact on both council and tenant finances (and potentially tenants security of tenure should significant rent arrears accrue) is of particular concern, but so too is the potential impact on council services if revenues are cut as a consequence of UC, including the provision of temporary and supported accommodation. It is worth noting that some council estimate revenue reductions in the region of 10%.

Councils are already dealing at considerable cost with the current consequences of welfare reform. This includes the cost of support to mitigate the bedroom tax and other deleterious measures such as JSA sanctions, but current levels of mitigation expenditure are unlikely to be sustainable even in the short - medium term.

Q.12. What are your views about the medium term policy options presented here? What other ideas and issues strike you over this time frame?

In general terms, and largely because of the problems described above which have been created by Westminster reforms, local authority housing practitioners are likely to favour maximum devolution of welfare powers to Scotland post referendum. However, local authorities will rightly be very wary indeed about taking on responsibilities for housing benefit (with or without this being combined with the budgets for new social housing) without cast iron guarantees that resources will be available to meet local needs. Based on past experience, Councils will be unwilling to take on new responsibilities without adequate resourcing.

Q.13. Do you agree that we have a unique opportunity to consider longer term policy options over the next key period in Scotland's history? How do you respond to the options proposed here? Are there other options that should be considered?

Yes, although clearly much depends on the extent to which the Smith Commission's proposals lead to greater autonomy for Scotland to design and implement a humane, fair and affordable benefit system. As Ken Gibb's recent and helpful paper on possible options for the devolution of housing benefit points out, this depends in turn on the *financial settlement* which accompanies post referendum arrangements for welfare benefits. In the event that a more generous welfare system had to be funded from an increase in general taxation, there seems little or no evidence that Scottish taxpayers are prepared to meet the cost, which of course would amount to significantly more than mitigating the bedroom tax, welcome though this measure was.

Section 5: Getting a better fit between housing and the environment

Q.14. Do you agree with our assessment of the importance of housing to the environment?

Yes.

Q.15. Do you agree with our brief assessment of current policy on housing in relation to the environment?

Yes in broad terms. However our understanding is that the government does not yet have powers to compel home owners to install energy efficiency measures but rather will be consulting on Regulations to this end in the Spring of 2015. We also agree that the range of grant schemes could be simplified, and that in many ways the difficult work of improving the energy efficiency of Scotland's hard to heat homes, such as solid wall construction types, is still to come.

Q.16. Do you agree with our suggestions for further action in the area of housing and the environment?

Yes, although here as elsewhere significant *additional* expenditure will be required if the rate of progress in improving the energy efficiency of our homes, and in eliminating fuel poverty, is to be accelerated, which it must be if current targets are to be met. With regard to the latter it may be that government intervention will be required with fuel and energy suppliers to limit fuel price increases, and indeed to secure reductions when wholesale prices fall.



Q.17. Do you have other suggestions that we have not mentioned in relation to housing and the environment?

The solutions to improving domestic energy efficiency are not only technical in nature. A significant degree of behavioural change among consumers of energy will be necessary if the step change in carbon emission reductions essential to achieving Scotland's ambitious climate change targets are to be met. This of course is recognised by government in Scotland's Sustainable Housing Strategy and is the subject of a specific programme of work under the Government's plans to introduce energy efficiency standard for the private housing sector.

Section 6: Housing and Health and Education

Q.18. Do you agree with our on our assessment of the importance of housing to health and education?

Yes, absolutely. Good quality housing is vital to improving Scotland's performance in both of these critical areas.

Q.19. Do you agree with our brief assessment of current policy on housing and health and education?

Yes, in broad terms. This section of course illustrates very well the inextricable links between good quality housing and other critical areas of social policy which directly impact on human health and wellbeing.

Q.20. Do you agree with our suggestions for further action in the area of housing and health and education?

Yes, although we might put greater emphasis on the prospect of the new health and social care partnerships to deliver a joined up approach in localities. The statutory inclusion of housing in the strategic planning process should enable strategic housing authorities and their partners to ensure that the importance of housing is acknowledged in the strategic planning and commissioning process. It should also allow housing to insist that the contribution of other agencies to important functions such as housing support are acknowledged and harnessed in the service of better outcomes for homeless people and other vulnerable groups.



Q.21. Do you have other suggestions which we have not mentioned in relation to housing and health and education?

In the view of many experts, Scotland is facing a looming health crisis, with the incidence of dietary and obesity related conditions such as Type 2 diabetes reaching epidemic levels. Action to improve housing and environmental conditions, whilst essential, must also be accompanied by significant investment in health awareness and health improvement programmes. Otherwise the preventative gains obtained from timely investment in housing and related areas will be lost to increased costs incurred by the NHS.

Section 7: Housing and Community Regeneration

Q.22. Do you agree with our on our assessment of the importance of community regeneration?

Yes.

Q.23. Do you agree with our brief assessment of current policy on community regeneration?

In broad terms, yes we do. We particularly concur that the concept of community planning is ill defined, and difficult to operationalize and monitor in its current form. That said, there is no doubt that much progress has been made in regenerating some of our most deprived neighbourhoods, with the community housing associations in Glasgow – New Gorbals HA in particular- providing some fine examples of this . It is not at all clear however that the huge investment and subsequent improvement in housing and neighbourhood regeneration in such areas has been accompanied by associated improvements in other key indicators such as educational attainment, health, mortality , and employment.

Q.24. Do you agree with our suggestions for further action in the area of community regeneration?

We agree with most of the improvement prospectus set out in this section, but would caution against seeing community buyouts or the creation of more tenant management coops as any kind of panacea for improving problematic areas and buildings. As the success of our CBHA movement shows such initiatives can be expensive, and are rarely successful unless backed with resources adequate to deal with the scale of the problem.



Q 25. Do you have other suggestions which we have not mentioned in relation to community regeneration?

No. Aside from the obvious point that effective neighbourhood regeneration is not a cheap option and requires long term commitment and resourcing, we believe the prospectus outlined captures the need for action well.

Section 8: Do we need a more robust private rented sector?

Q.26. Do you agree with our views on the need for a more effective private rented sector which can make a greater contribution to meeting housing needs?

Yes. An effective PRS can act both to improve choice for individuals and act as a buffer between the former twin pillars of housing tenure in the UK, namely owner occupation for those who can afford to buy, and social renting for those who can't. A range of good housing products at varying prices affordable to different households in different segments of the market should be the key policy goal, and this cannot be achieved without a functional PRS.

Q.27. Do you agree with our brief assessment of current policy on the private rented sector?

Yes. We would also give Scottish Government credit for having recognised the importance of the PRS through the development and publication of a coherent strategy seeking to both improve quality and increase supply, and for arrange of measures to support this, including the registration of landlords and letting agents and other measures to improve the position of tenants .

Q.28. Do you agree with our suggestions for further action in the private rented sector?

Yes in broad terms, but with a few caveats. First, it is vital that a supply of good quality affordable PRS stock is maintained to augment the limited supply of social housing for low income households, particularly those lacking access to this at the moment. Local authorities would be concerned if overzealous action relating to rent controls or tenancy conditions governing repossession prompted landlords to leave the sector. We might also be inclined to limit rent controls to situations where public subsidy is required to support rent payments, as is currently the case with Local Housing Allowance. Whilst we agree with the need to protect vulnerable low income households from exploitation, it is difficult for example to see the case for government intervention in contractual relationships at the middle and upper end of the market where contracts are freely negotiated between landlords and tenants. We would also be disinclined to abandon arrangements for landlord registration in all but defined problem areas, which could leave tenants exposed to bad practice.



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29. Do you have other suggestions which we have not mentioned in relation to the private rented sector?

We would be pleased to see housing associations and their subsidiaries play a much greater role in developing and managing properties in the PRS. Their track record in management and maintenance and in protecting tenants rights would provide an ideal basis for participating in this market, and any surpluses generated could be covenanted back to social housing and other community benefits.

Do you have any further comments in relation to the Commission on Housing and Wellbeing's consultation paper?

We welcome the CHW consultation paper as a timely and helpful contribution to the debate.
As the representative body for Scotland's local authority chief housing officers, ALACHO would welcome the opportunity to participate in subsequent stages of the national conversation on how to improve the health and wellbeing of Scotland's citizens.