

SHELTER COMMISSION ON HOUSING & WELLBEING

CONSULTATION 2014

SECTION 1.

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?

One of the benefits of an efficient housing system – one that delivers good quality housing in accordance with your definition in Paragraph 1.4 – is its ability to offer choice and your assessment in my view fails sufficiently to acknowledge this. For example in your analysis of the problems facing Scottish households you make the assumption that all households aspire to home ownership. From my 30 years' experience of the private rented sector (PRS) I would challenge that assumption. Indeed, because of the realities of the current housing market, the Government is trying actively to wean the public off this notion. There are households which choose to live in the PRS because they do not want the burden of a mortgage and the cost of insurance and repairs and who also want the flexibility to move – perhaps to take a new job or be closer to relatives who need their support – without the stress and anxiety of having to sell their existing home. For some there is a stigma attached to social housing – often associated with poor quality housing in poor quality neighbourhoods. Many young families, and those with young children, have been purposefully choosing the PRS for many years and will, no doubt continue to do so and would certainly not regard themselves, for that reason, as “housing have-nots”. Besides I am certain that those who bought their homes at the peak of the market and now find themselves in negative equity would disagree with your assessment that, because they own their own home, they are “housing haves”.

Paragraph 1.4 lists the benefits provided by good quality housing. May I suggest that the close proximity of neighbourhood amenities and security from crime are added to that list.

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 this?

For the reasons given above you have, in my view, both misrepresented and exaggerated the benefits of home ownership.

SECTION 2.

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

In Paragraph 2.3 you refer to the Scottish Housing Quality Standard (SHQS) and the potential to apply it to the owner occupied and private rented sectors in order to raise the standard of housing. The SHQS is a requirement only of the social housing sector and, despite large portfolios of many thousands of houses generating many millions of pounds in rental income annually, some social landlords are struggling to meet the standard within the statutory timeframe and this is in the context of many billions of pounds of public money having been invested in the sector over the years. A private landlord with one or maybe two houses (the typical portfolio) has not the resources from rental income to meet challenging improvements. Prior to the recent recession owner occupiers in a rising market had no incentive to improve their properties and with the market now in a slump have no means of financing improvements.

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

You might like to add to your assessment of current policy the misguided view held by government (and, sadly, reinforced by the social housing sector) that the social housing sector is the only appropriate supplier of new affordable housing despite the evidence that the private sector can deliver affordable housing at better value for money and has the expertise, developed over many years of experience (in some cases longer than some social landlords), to manage housing to very high standards.

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

You do not define what you mean by “Medium Term” and “Longer Term” either here or in later sections of the document. Does “Medium” mean, say, 1-5 years which would allow suggestions to be implemented within quite a short timescale or does it mean 5-10 years which would effectively exclude some potentially effective short term suggestions?

For new housing you suggest greater priority be given to funding the social housing sector to provide more affordable housing. Given my response to Q.4. above I suggest this should be extended to include the private sector.

If the Scottish Futures Trust is to play a role in developing new models for funding new housing Government must redefine the Trust’s remit. In some cases new models may not be required as there may be models which have been used in the past which could be adapted to current circumstances – why re-invent the wheel when it is not necessary. The private sector must be brought into this process and be allowed to participate fully in the development/adaption of funding mechanisms for to exclude them would be to miss an opportunity to expand the range of funding streams available and, as pointed out in my response to Q.4. above, enable more houses to be built for the public pound. This should be a short/medium term objective.

In terms of taking action on land supply I am not certain that increasing the supply of land for housing (for example by granting more planning permissions) will enable more houses to be built. Builders will only build if they can make a profit and the price of land is one factor. The price of land for housing will only fall when landholders see no merit in holding onto it and that will only happen if housing land is very substantially in oversupply and likely to remain so for many years to come. What will encourage more house building, in my view, would be if the cost of securing planning permission was greatly reduced, for example by speeding up the process and removing the delays associated with the need to negotiate S75 agreements and appeal decisions. This should be a medium term objective.

For existing housing I do not agree with your suggestion that the private sector be required to meet the SHQS for the reasons given in my response to Q.3. above unless the level of financial support that was (and continues to be) given to the social housing sector is made available. Even if Government was to apply this standard there is no means of monitoring compliance.

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

In a difficult economic situation where public expenditure is under pressure the use of appropriate taxation should be considered to incentivise investment at both company and individual level. Despite tax currently being a reserved matter Scottish Government does have some fiscal levers it can use for example in its new LBTT and through Council Tax.

SECTION 3.

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

I think your assessment is flawed for the reasons I gave in response to Q.1. above.

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

You state quite correctly that housing is a major part of the economy. In response to the economic downturn Government has tried to encourage increased house building activity as an economic stimulus. Held to ransom by the industry Government postponed a proposed increase in energy efficiency standards required for new housing due to be introduced in 2013. Whilst this may have increased the pace of new building it allowed the industry to continue to build to low energy efficiency standards.

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

The Consultation Document I have suggests 6 areas of reform – two medium term and 4 longer term.

Taxation can be a powerful tool and Government should use every fiscal lever at its disposal to stimulate new housing development and encourage improvement in the existing stock. Reduced Council Tax, and lower rates of LBTT, for the most energy efficient homes would be an excellent start.

Master planning of new communities may have a role but delivery of any new homes – even if master plan led – will be market driven. The application of the Enterprise Zone principle to housing, where sites are already serviced, have planning permission and have tax breaks, should be considered.

Improvements in the PRS can be achieved by requiring that landlord accreditation accompanies the grant of any public money.

SECTION 4.

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

Housing benefit payments support the cash flow of private as well as social landlords. You suggest that HB has contributed to house price inflation but present no evidence to support that. It is the shortage of housing, complemented by the cheapness of loan finance, which has been the principal driver. HB may have had an influence on raising rental levels though this is now constrained by caps on HB payments.

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 would you add?

You refer to the possibility of discussions around welfare reform post referendum but what will emerge from these, if anything, is at present unclear

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?

It is impossible to predict what new fiscal powers will be granted to Scotland over the next two years. Housing is highly political so that the policy decisions, and the investment that flows from them, will determine the direction of travel. The only certainty is that the SNP government is likely to remain in power until the next Holyrood elections in 2016 (unless deaths or defections remove its majority). The complexion of the administration at that point – and its policies on housing – is anybody's guess. Much of what can be delivered therefore depends on what further powers may, or may not be, devolved and the policy agendas of the political parties.

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?

No. We don't know yet what opportunities we are going to have to consider longer term options. The Smith Commission needs to gather its evidence and then report but there is no guarantee yet that the UK government, of whatever colour it may be post the 2015 general election, will implement any of the recommendations. It's pointless, in my view, considering options when we don't know what the political environment is going to be in even 6 months' time.

SECTION 5.

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

Your assessment of the environmental impact of housing, as it affects sustainability, concentrates on two elements – energy and land use.

In your assessment of energy you refer to energy consumed within the home and in transport to and from the home. To reduce energy consumed within the home you are quite right to suggest that new housing must be built to higher standards. But to suggest that more energy should be supplied from micro-renewable sources without first reducing the energy consumed in homes (through better insulation and draught proofing) is quite wrong. Why substitute non-renewable energy with renewable energy when some of that energy is wasted through poor insulation? The greenest kilowatt hour is the one you do not use and the fabric-first approach is the lasting one.

The decisions households make on where they live depend on a number of factors. The cost of transport to and from work, shops, schools and leisure activity is always a trade-off with amenity of location. Households cannot be forced to live in a certain location because that is where their work is so commuting is always going to be a feature of people's lives. Indeed Scottish Government in National Planning Framework 3 recognises and understands that car dependency will remain high, particularly in rural areas. The answer is better public transport and encouragement for car sharing or lower energy vehicles.

Building houses to higher densities will not reduce the need for commuting by car even if it is more resource efficient. Much as one might like to implement this on policy grounds the consumer generally doesn't like being crammed into little boxes on former brownfield sites. Besides, much brownfield land exists because of its abandonment by industry and is frequently heavily contaminated leaving it with a negative value, even for housing. At the same time this land is close to large areas of housing (some of it quite old) and commercial buildings (also quite old) which are costly to heat so why not use this land for renewable energy schemes, for example wind or solar farms, thereby bringing cheap energy close to those who need it most

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

No.

Legislation requiring homeowners to install energy efficiency measures has not yet been introduced. The Climate Change Act gives the Government the power to introduce regulations that will require homeowners to install measures but there is no duty on the Government to introduce these.

Higher standards of energy efficiency have not yet been set for new housing. New standards to be introduced in 2016 are currently being discussed and higher standards still are not being proposed until 2019.

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

There is a need not only for simplification of grant schemes but for much greater confidence that they will continue beyond just the 1 year of their original term.

To implement regulations to improve energy efficiency sounds simple but it isn't. It is a hugely complex area not just in identifying what measures are most appropriate, particularly for traditional stone built houses, but also in sourcing the skills required and the finance to pay for the work and then in enforcing the regulations.

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

Reducing the impact of climate change brings not just private benefits but public benefits too. To depend on private finance to implement these reductions is clearly inequitable. The Government must decide, and decide quickly, just how much of a priority this is and devote public money accordingly out of general taxation. Requiring energy companies to fund measures is effectively a tax which is inevitably passed on to consumers which, in turn results in additional hardship for those already struggling with their energy bills.

SECTION 6.

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

Yes, in terms of health. Don't know in terms of education

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

Yes

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

Yes

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

You refer to the encouraging of the social housing sector to build a greater number of larger houses. But why not encourage the PRS as well?

SECTION 7.

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

Yes

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

Yes

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

Yes

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

No.

SECTION 8.

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?

I think your assessment is weak. The PRS already makes a very significant contribution to meeting housing needs – in some parts of rural Dumfries & Galloway 45% of households live in the PRS. The success of the Rural Homes for Rent pilot grant scheme introduced in 2008 indicated a huge appetite to build new homes for affordable rent and to very high quality standards. The success of the Landlord Accreditation Scheme demonstrates the commitment of the PRS to high standards of property quality and tenancy management.

Your call for evidence of the contribution that housing makes to wellbeing received 17 submissions in total. Paul Bradley's Summary listed 13 of these, 2 of which were from the PRS (and indeed the only new build projects listed in the Summary). Also submitted was evidence of the significant investment in improvements made by one private landlord though this was not listed in the Summary paper for some reason whereas the improvement works undertaken by GHA were.

You refer to the role of the PRS in other European countries but fail to describe the different legislative, fiscal and cultural environment in which the sector thrives in these countries.

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

The Housing (Scotland) Act 1988 introduced the short assured tenancy for which the minimum term is at least 6 months. Not all tenancies are for this initial term – some are for longer. The houses I let are on 3 year SATs with some on 5 year terms and some on 10 year. Houses built under the Rural Homes for Rent grant scheme are let for 20 years – the maximum allowed in law.

Scottish Government's blinkered view that only the social housing sector manages rented stock well (in spite of the evidence) and should therefore be the only sector trusted with the task of building new stock with the aid of subsidy is misguided as my comments above in relation to the Rural Homes for Rent scheme prove.

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

I agree wholeheartedly with your suggestions that landlord registration should be replaced with a more targeted approach and that institutional investment should be encouraged. You suggest that housing associations should be encouraged to develop market rent housing but do not explain why you think the PRS should be excluded from support of this kind when the evidence is that it can deliver more houses for the public pound.

If the tenancy regime is to be reformed there must be much speedier and cheaper ways in which landlords obtain vacant possession if they need it. The degree of security of tenure and the period of notice required to be given by the landlord needs to be proportional to the length of lease term. A landlord that has given the required notice should be entitled to vacant possession at the end of that term.

If rents are to be capped who decides what is, or is not, a fair rent?

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

I would like to suggest that Shelter uses the money donated to it to buy a number of houses across Scotland and rent them out to private tenants at affordable rents (or at least with a voluntary cap) on the terms it believes should be applied to all private landlords, and improves the wellbeing of those tenants with the kind of improvements to the fabric of the building that it is proposing should be applied to all private owners, particularly in the realm of energy efficiency. This would allow Shelter to say to private landlords that there is no reason why they cannot improve the wellbeing of their tenants because it had done it and could prove that it worked. This would be at no cost to the public purse and would enhance Shelter's status in the housing community. I have no doubt that Shelter will argue that its constitution prevents it from doing this but, as RSLs have been so adept at doing, there is no reason why it could not set up a subsidiary for that purpose.