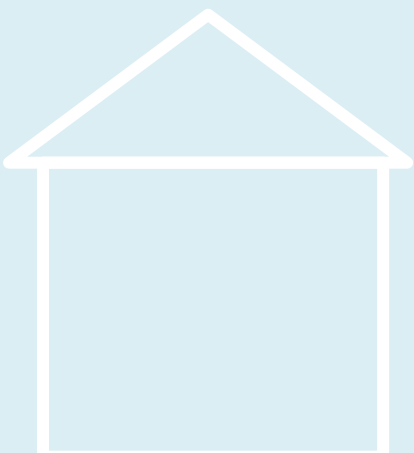


Scottish Parliament Cross Party Housing Sub Group Report

**A collective practitioner
response to the Housing
to 2040 debate**



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1 Foreword

Housing is a human right and deserves to be far higher up the political agenda than it currently is.

Young people struggle to obtain secure and affordable housing. There are too many people of all ages who don't have a permanent home and we are not doing anything to deal with the ticking timebomb that is property maintenance, especially in tenemental properties.

That is why this report, from the Scottish Parliament's Cross Party Group on Housing, is so important. It covers a wide range of housing matters in some detail.

Although we may not all agree with everything in the report we hope that policymakers will take note of it and that political parties pay particular attention as we head towards the Scottish Parliamentary elections in 2021.

We would like to thank the members of the sub group that drafted this report and all who contributed to it for their efforts in assembling this substantial contribution to the Housing to 2040 consultation.



Andy Wightman MSP

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2 Preface

The Scottish Parliament's Cross Party Group (CPG) on Housing is a forum for the exchange of knowledge between housing practitioners and Members of the Scottish Parliament. Parliamentary CPGs provide an important opportunity for Members of the Scottish Parliament and Scottish council

representatives to hear directly from people who are daily engaged in their subject matter. This knowledge transfer platform provides an invaluable informed evidence resource that should help the democratic process and political decision making.

The co-authors of this paper are all members of the CPG on Housing, representing a wide range of public and private interests and having a deep knowledge and experience of the Scottish housing system.

Bringing together such a wide range of practitioner interests is a unique independent apolitical housing forum for Scotland. With such an abundance of skills and experience, the CPG on Housing decided to utilise such knowledge by producing this paper in order to help inform the Scottish Government's Housing to 2040 debate¹. The CPG members who contributed to this report and who this has been published in collaboration with are provided at Appendix 1.

This paper seeks to put forward arguments and propositions based on empirical evidence along with sound knowledge and experience from those that know what works, what doesn't work and how best to put ideas into practice. Its focus is objective and practice based, rather than being a broad aspirational utopian notion of where ideally we would like to be.

This paper is not an examination of the next 20 years by simply putting forward solutions based on issues that apply in 2019. It considers trends, forecasts and expectations that might occur between now and 2040. A fundamental consideration is one of ecology where science continually highlights that we have moved from 'climate change' to 'climate emergency'. Certainly, this means within the next 20 years we have to radically change the way we live and behave. Housing is central to the need to adopt radical ecological improvements irrespective of our general experience and values of living in a comfortable, convenient and familiar manner.

A key aspect in preparing this paper is that it reflects a range of housing interests. The authors understand the importance of the interaction and inter-dependence of sectorial interests and a recognition that a quality housing system can only be realised by recognising how well it fits within the context of wider political, social, economic and environmental considerations.

In order to have smarter inclusive housing investment, we need to find inter-connected co-operative solutions that stem growing inequality, maximise people's functioning and wellbeing and live in an ecological manner.

¹ Housing to 2040: a conversation <https://www.gov.scot/publications/housing-to-2040/>



3 Introduction

The public policy emphasis on Scottish housing is largely focussed on social and other forms of affordable housing tenures that are determined by people's needs. Much of that investment is targeted by using multiple deprivation indices and analysis but, if we are to address inclusive sustainable economic growth, affordable housing must also be aligned to the needs of industry and commerce and be located in areas of economic expansion. Therefore, future public housing investment should be better connected with wider public investment initiatives by adopting a whole place approach to policy making and investment.

The location of private housing investment should be a matter for the spatial planning system but this has largely been a reactive rather than proactive process. We have over the last 50 years struggled to provide housing in locations which are close to where people work. This is economically inefficient, socially fragmented and ecologically unsound.

Housing to 2040 is intended to be a 'vision' document but this paper is practice orientated, examining how things can be delivered within the context of wider national and local aspirations. The importance of a 'whole approach' is an underlying message ensuring that our deliberations are about investing in housing solutions that enable people to live well and contribute towards the ecological sustainability of our planet. To this end, this paper does not restrict itself to a narrow silo view of housing but seeks to examine and make propositions on the connections between:

- Housing and place
- How housing is shaped by both public and private finance
- How good housing contributes to our citizen's health and wellbeing
- How good housing contributes to the climate emergency agenda

Creating a housing system that meets the needs of all people across Scotland as well as good stewardship of our planet is essential to achieving the Scottish Government's national outcomes and will have wide ranging benefits across Government portfolios including:

- Improving the health and wellbeing of our population
- Preventing and alleviating homelessness
- Reducing poverty and inequality
- Reducing fuel poverty and carbon emissions
- Supporting skilled trades, providing employment and boosting the economy

The housing system is complex, with neither the market nor the state being able to independently address such complexities. The system can only function well when the private and public inputs of the state, the market and the community are better aligned and balanced. The power of collective action is required from all parties and recognition that the housing system is more likely to function well when it is better connected with matters of health, education, commerce and place.

A well planned and managed housing system that is supported by public and private long-term investment will help to ensure that resources are applied in the right places so that supply anticipates and responds to the needs and demands of both people and business.



Priority should be given to evidence informed planning that plays a more proactive role in shaping, facilitating and managing our places so that greater clarity and certainty exists for all investors. Investment in housing by an assessment of numbers alone is inadequate and insufficient. While a national assessment of housing need contributes towards the understanding of the scale of the challenges along with the required funding investment, the approach to delivery must be more nuanced, by recognising that there are differing local circumstances, conditions and priorities not only in terms of housing numbers but of the type of accommodation that is required.

Typically and consistently, critical housing challenges include:

- Increasing homelessness
- Long social housing waiting lists creating
- Increased demand and subsequent rental pressures in the private rented sector

Such matters cannot be addressed by short-term crisis management interventions. These issues require a long-term political and resource investment in higher levels of social housing to address decades of deficit.

Many of the issues in the housing system are a consequence of a lack of housing and will not be meaningfully addressed until social and affordable house numbers are increased and sustained at those increased levels. To address such matters, in-depth rigorous research is required to provide an evidence base that allows an informed judgement as to what is actually the right amount of housing and where the right places are to locate such housing. Such locational assessments should reflect both geographical and political boundaries, the areas of economic influence and social circumstances.

While we recognise and support the need to assess and plan for housing need based on robust evidence, the current system often lacks detail on the types of homes that are needed and can result in homes being built in locations that are convenient to build on rather than the locations that really require more homes. To be a well-functioning country we need good places to live that have convenient connections and a greater social balance commitment that provides good housing choice and accessibility irrespective of a person's circumstances.

In developing this report, the group set out 10 key points that the Scottish Government must take into account when finalising the vision for Housing to 2040. These ideas and others are explored in greater detail in the main body of the report. The main report is also summarised in a synopsis which you can find at the end of this document.



4 The report's 10 key points

1. Housing must be recognised as a long-term investment. This applies to the use of 'patient capital' in public interest led development as well as having long-term affordable housing budgets that go well beyond five years.
2. Affordable housing investment must continue at current levels but greater focus should be given to the types and choice of housing rather than just a focus on numbers. This includes recognising that some of our unsustainable post war stock may need to be replaced within the next 20 years.
3. We need to adopt a 'whole approach' within our political system backed by a 'whole resource' that addresses all of the Scottish Government's National Performance Indicators. Building trust and gaining consensus needs to be the cultural norm.
4. All policies should demonstrate 'climate emergency first'. Radical steps must be taken to address the climate emergency by improving our existing housing stock and new build design and specification. This is not just about buildings but must address behaviour with policies reflecting the need to live in the right places that easily connect to public transport networks and our places of work.
5. Routine, robust and rigorous research is required to evidence base all policy preparation and decision making.
6. Housing officers acting as a first call to support residents need closer ties and relationships with health and social care colleagues. However, better support for people in private housing is needed as that is where the majority of older people live.
7. Housing space standards should be re-assessed with greater commitment to accessibility than currently provided. Adaptation can be helpful but other housing choices are required.
8. While the trend is for migration to urban areas we must continue to ensure that there are sufficient resources to have good housing in our more remote rural places.
9. Funds and improved partnering processes must be made available to train a skilled construction workforce to build and maintain all of our housing to a quality standard.
10. Public interest led development should be fronted by public organisations to ensure that there is good housing choice that is well balanced between affordable housing, private speculative housing and smaller local tailor made housing such as self-build and co-housing.



5 Housing as a 'rights based' issue

Good housing is vital to our wellbeing and survival, and the lack of it can have a significant impact on our current and future health, education and prosperity. Reflecting this, the right to adequate housing has been recognised globally as a human right within the international human rights framework and the treaties which have been ratified by the UK.

The existing human rights framework

The Universal Declaration of Human Rights states that 'everyone has a right to a standard of living adequate for the health and well-being of himself and of his family, including...housing...' ² and the International Covenant on Economic, Social and Cultural Rights ³ defines this further as a binding commitment. Furthermore, housing must meet several conditions for this right to be considered as being fulfilled.

Having appropriate housing is recognised by the United Nations Committee on Economic, Social and Cultural Rights and in 1991 referenced in their General Comment ⁴ that provides a commitment to such matters as everyone having a security of tenure and having access to services such as water, heat, light and sanitation. The UN Committee highlighted that housing should be at a cost that allows people to afford other essential goods and services and protection should be provided to tenants to avoid unreasonable rent increases. Importantly, the UN Committee refers to having a housing system that allows people to access housing that is appropriate for their requirements and to meet the needs of all groups including homeless people, older people and disabled people. However, how housing is recognised as a human right is complex and cuts across a number of different conventions, treaties, and legal systems.

In summary, it is not enough just to have access to a house, particularly for older and disabled people. People need to be able to use all of their home, to access and use facilities such as the kitchen and bathroom to have a basic quality of life. They also need to be able to get in and out of their home to be able to access employment, socialise and take part in their community. This means we need to ensure that homes are not just adapted to suit needs on the inside but that they are accessible from the outside and well connected to public transport for those that can use it, or private transport for those who can't.

The case for human rights to be enshrined in Scottish law

While successive Scottish administrations have addressed many of the above issues, there remains a number of gaps within our housing system where people are disadvantaged whether through economic, social or health circumstances. The Chartered Institute of Housing (CIH) Scotland and others promoted 'housing as a human right' as a central theme to mark Scottish Housing Day 2019⁵. CIH Scotland is seeking to establish to what extent Scotland's housing meets the issues raised by the UN and any matters where we fall short, as well as what can be done to meet these gaps.

² <https://www.un.org/en/universal-declaration-human-rights/>

³ <https://www.ohchr.org/en/professionalinterest/pages/cescr.aspx>

⁴ <https://www.refworld.org/docid/47a7079a1.html>

⁵ Scottish Housing Day Report: Housing as a Human Right <http://bit.ly/35hNPEO>



There is still work to do for this right to be realised in Scotland, and to make sure that everyone has access to a safe, secure and affordable home. Organisations such as Shelter Scotland continue to campaign to ensure that the right to housing is central to the Scottish Government's proposed Act of the Scottish Parliament on human rights⁶. It is critical that the central role housing plays in the country's health, wealth and wellbeing is recognised as well as its role in achieving National Performance Indicators. Distinction should clearly be made between housing need and housing aspiration with focus being made on where there are identified inadequacies which can be both practically and economically resolved.

In essence, further emphasis should be placed on strengthening the connections between housing, health and wellbeing. To this end, housing need and having appropriate choice are major considerations which fit with the changing demographic conditions and household profiles so that we have the right type and size of housing in the right place. The right place means better connections to amenities, public transport and green spaces (nature). Such considerations should include existing and new build housing together with ensuring that all this contributes to good quality places.

However, the principle and aspiration of realising the human right to adequate housing is not simply about the provision of a house or even a house in the right place. Instead, all elements of the housing system must work together to ensure there is support available for individuals to find and keep a home which meets their needs. This should include, for example, financial support through the social security system, support relating to tenancy sustainment, and a consideration of the other systems which feed into this are not limited to transport, employment, education, healthcare, and mental health support.

We welcome the work recently commissioned by the Scottish Government to consider options for a public sector duty to prevent homelessness. This approach has the potential to further strengthen existing statutory homelessness duties and must be considered in the context of developing a legislative framework for human rights in Scotland.

Key points

- Everybody has a human right to a house that meets their needs inside the home and allows for participation outside the home.
- Housing must be a central feature in the proposed new human rights legislation. This should be aligned with activity that is already underway to consider options for a wide-ranging public sector duty to prevent homelessness.
- Establishing a human right in legislation provides a baseline on the importance of housing as a human right. However, this needs to be backed up with obligations to address such matters in practice by clearly defining the responsibility of bodies for ensuring such rights are realised.

⁶ https://scotland.shelter.org.uk/professional_resources/policy_library/policy_library_folder/housing_is_a_human_right



6 Housing is a home not an unearned wealth creator

A dwelling should be first and foremost a place of habitation and home ownership plays an important role in meeting society and community needs. Asset ownership provides a stake in a place as well as a home and brings certain responsibilities while allowing opportunities. However, super profits through the unearned wealth of housing assets highlights that the system may function well for some but it doesn't for others. A well-functioning housing system needs a greater balance than currently exists.

Housing demand and house price inflation

Successive Governments have recognised through their housing policies that home ownership is a public good by providing a variety of tax and other subsidy incentives. However, in the last 30 years, private housing has for some become recognised not only as a place of habitation but an investment asset class that has produced significant levels of unearned wealth. House price inflation has occurred for a variety of reasons with the historic connections between earnings and prices now being supplemented with inheritance funds, lower cost of finance, financial deregulation and easier accessibility to finance for those who can provide the required deposit.

However, house prices should not be purely seen from a national perspective as house prices can significantly vary depending on their location. The increase in demand for private housing puts pressure on the supply side with some places being significantly under provided.

With a worldwide move towards urban living, particularly metropolitan cities where economic investment and production is greatest, it largely follows that demand for housing will be greater than in other areas. With such demand, a failure to provide sufficient supply will inevitably drive house prices higher and increase household indebtedness. This trend is typical across most capital cities and is the case in Edinburgh which has struggled to provide sufficient housing within the city and relies on contributions from regional supply in the Lothians, Fife etc. Politicians and planners have been slow to recognise and plan for the demographic and economic migration towards urban locations. Given the global forecasts, this trend for people moving to live in cities is likely to continue and we need to have an informed discussion as to how urban Scotland will take shape over the next 20 years.

Planning to meet demand

Before the Planning (Scotland) Act 2019, housing supply issues were largely a matter for local authorities where political and planning judgement was often exercised through debates between the need for growth and protecting greenbelts. Rather than localised consideration around protection or expansion, there is compelling evidence that there is a need to be more radical in the planning of our cities and respond to the wider inclusive economic growth agenda. We do not just need economic functioning, we also need this to be delivered to the highest ecological standards and in a way that supports sustainable behaviour. If marginal planning changes continue, then it is highly likely that house prices will continue to rise in some places which will inevitably increase inequality for some and unearned gains for others.



To have a well-planned Scotland we need to plan to build houses in the right place that meet our national and local economic and ecological requirements with greater involvement by the state in public interest led development. This means a greater longer-term commitment to urban renewal and regeneration.

Addressing the deficiencies in our current model of housing delivery is likely to require both a more proactive approach to public interest led delivery as well as fiscal interventions that remove the incentive to treat housing as a speculative investment. A greater involvement by the state needs to be longer-term and along the lines of previous new town development approaches and those adopted in continental northern Europe.

Shaping the housing market

Rapidly escalating house prices might please those with the benefit of owning a housing asset, yet it can have implications on the wider economy as well as excluding sections of our society. Macroprudential policies are available such as loan to value (LTV) ratios to regulate and manage markets so that they do not become over heated, but such instruments were not overly evident prior to the financial crisis in 2008. Subsequently, the Bank of England introduced mortgage stress test assessments although, compared to a number of other European countries, more prescriptive LTVs have not been applied.

While macroprudential policies can shape markets, this does not take account of regional variations in market performance. As discussed earlier, house price growth tends to be at its greatest in capital cities and other major urban conurbations with high levels of economic activity. Applying a national macroprudential policy to slow down house price growth in Edinburgh is not likely to assist people living in places with a static market. Therefore, applying some form of regional or local macroprudential policy could be required where there is large house price growth. Alternatively, taxation can be used to smooth out personal gains although this would be a radical and risky political intervention and also ignores the significant geographical differences in market performance.

It is recognised that it may be a political challenge to seek to apply focussed macroprudential and taxation instruments by postcode and that there could be unintended consequences of doing so. Altering LTV ratios at a local level, for example, could be particularly difficult as lenders would be required to change their policy for different areas. It also runs the risk of disadvantaging first time buyers struggling to save a deposit in different areas.

Notwithstanding the consideration of policy instruments to shape markets, the fundamental route to a stable housing system must be through stable employment and ensuring that earnings can keep pace with the price of goods and services. In addition, the shaping of markets to manage increasing inequality by way of taxation devices also provides additional revenue that could be used to develop more affordable housing or invested in health and social care services that are coming under increasing strain from our ageing population. Where capital gains were applied, this could be at a rate that is palatable to citizens and include some form of tax break incentive that is tied to improving the ecological footprint of the home.

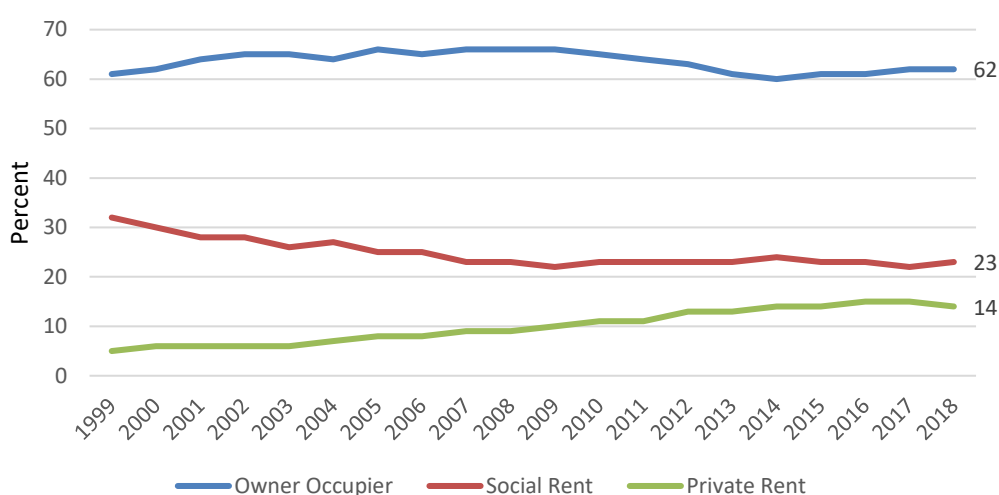


A lack of housing choice risks inter-generational injustice

While Help to Buy has supported people into home ownership, it has also had some consequential impact on house prices. However, those unable to qualify for mortgages or a housing deposit subsidy are closed out of home ownership and have to seek either scarce affordable housing or privately rented accommodation. In places of high demand, such as Edinburgh, people struggle to buy a dwelling or afford increasing rental levels.

As shown in graph 1 below, the last 20 years has seen a reduction in owner occupation from a high of 66% before the economic crash to 62% as of 2018 along with a reduction in social housing from 32% to 23%. During the same time the PRS has nearly tripled in size, currently accounting for 14% of all homes in Scotland despite a recent slight decline.

Graph 1: Tenure of Households in Scotland (%) 1999-2018



Source: Scottish Household Survey: <https://www.gov.scot/publications/scotlands-people-annual-report-results-2018-scottish-household-survey/>

While some people choose private renting, many have little option due to the lack of accessibility in the owner-occupied sector and severe shortage in social housing. With the increase in demand in the PRS, there has been some significant rental rises in places such as Edinburgh. The failure to provide a balanced choice of housing accommodation in response to excess demand has enabled some to enjoy unearned growth in their assets while others without the benefit of asset ownership get left behind in a world of increasing inequality.

With the lack of a balanced housing choice, there is a risk of significant inter-generational injustice as those who bought their home some decades ago have seen prices rise and the younger generation struggle to buy. An increasing number of older people feel they have no choice but to remain in their home, even once it has become unmanageable or unsuitable for them due to a lack of alternative choices. Many older people are asset-rich but income-poor and so are not able to afford more suitably sized accommodation which may cost more than their existing home. This poses an important question about what the nature of the challenge we are facing is. The answer is unlikely to simply address a shortage of housing but to examine the totality of how wealth is distributed within our society.



A more connected approach

In recent years the Scottish Government has increased its commitment to the provision of new affordable housing with a greater emphasis on the social housing sector. However, further initiatives will be required to avoid people being excluded from private tenures as a result of a range of economic, social and health circumstances. In previous market recessions Governments have provided targeted development subsidies to get the construction sector building, act as regenerative capital and be more creative in hybrid tenures such as shared equity, to address barriers to accessing home ownership. This connected approach managed by public agencies sought to accrue added aggregated value from public subsidies, but this has largely been replaced by a locally targeted and heterogeneous approach.

Rather than operating in a sector silo, we need better connections and understanding of how all our housing tenures operate and how they inter-relate. There should be a recognition that people should have the flexibility of moving between tenures for whatever reason. Achieving stability is not just about having the right 'home' but also having a stable community. Good places provide housing choices that allow a person that wants or has to move home an opportunity to remain within their community. Such matters are particularly important for older people and this has been recognised through 'ageing in place' policies although putting such policy into project action has been a struggle.

Achieving financial sustainability is a central component of Scotland's sustainable growth agenda. Therefore, for the next 20 years we should be planning to have a stable housing system which is free from peaks, troughs and speculation. Fundamentally this means ensuring that demand and supply, as far as possible, remain close to equilibrium. This requires proactive public interest land management planning so that reasonable need and demand can be accommodated. In particular, irrespective of housing tenure, stability can only be realised by ensuring there is a much closer correlation between house prices and rental levels with people's income. Failure to do this will mean that there is a significant risk that the investment component of housing value will continue to have a disproportionate impact on driving value.

We currently lack an agreed definition of what 'affordable' housing looks like across different tenures and this needs to be addressed before effective interventions can be made. Tenants living in the PRS who claim benefits provide a stark example of the disconnect between market prices and income.

Local Housing Allowance (LHA) which helps with housing costs in the PRS was reduced by the UK Government as part of welfare reform measures and has been frozen since April 2016. LHA is intended to cover the cheapest 30% of privately rented homes in the local area but, as rents have increased while LHA has remained static, a widening gap has emerged between LHA and the actual cost of renting. Currently LHA only covers 30% of the market in 11 out of 90 areas and the cash shortfall between LHA and the 30th percentile in the worst affected area is between £18.03 and £114.31 per week⁷ depending on the size of home.

There is clearly a need to ensure that the social security system is realistically aligned with

⁷ <https://www.gov.scot/publications/housing-social-security-second-follow-up-paper-welfare-reform/pages/8/>



housing costs but with social security being only partially devolved, the Scottish Government has limited levers in this respect. UK Government welfare reform measures continue to undermine Scottish housing policy and increase the risk of homelessness.

An important question for any vision document is what role should the state undertake in the delivery of new housing and the proper stewardship of Scotland's stock and places? The following chapters consider the role of the state in driving housing investment and delivery.

Key points

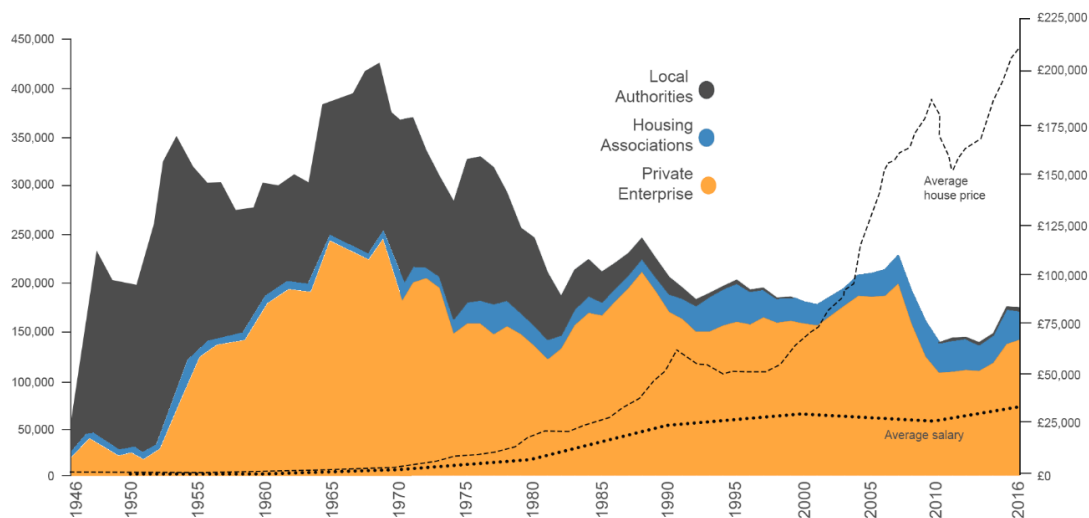
- The private housing market is imperfect highlighted by the fact that it can provide opportunities for earning higher profits and encouraging short-term speculation.
- Imperfect markets allow prices to be established by price makers rather than demand.
- Excess housing demand highlights an imperfect market that creates higher barriers of entry thereby fuelling a potentially inequitable system.
- Private housing has now two elements; (i) a place of habitation and (ii) an investment asset class.
- Housing as an investment asset class has allowed some people to enjoy high levels of unearned wealth while others do not.
- The existence of an imperfect market that has a detrimental impact on part of society requires some form of intervention by the state either by way of monetary or fiscal policy or through market regulation. Such state intervention can only work by a political will to determine a long-term commitment to informed and appropriate interventions.
- Correcting excess demand and resulting high levels of value growth can to some extent be shaped by a more proactive planning system. Essentially the planning system has, with political support, a hugely important role to ensure that we have the right housing in the right place.
- Given economic growth is likely to occur within urban locations, having houses in the right places requires a greater involvement by the state in investing in urban renewal and regeneration programmes.
- A good housing system can only operate well by having long-term stable investment market conditions which will limit short-term speculative behaviour.
- The challenge for government is to create a stable sustainable housing system that can only realistically work where there is a cross party commitment to invest in the long-term.



7 Public housing investment focussed on housing needs

The first half of the last 100 years of housing saw a significant commitment to municipal housing to meet housing needs. However, this declined over the latter half of the 20th century, generally replaced by community-based housing associations and market driven solutions. Graph 2 demonstrates the relationship between housing delivery, the average salary and average house price.

Graph 2: UK house building, average house prices and average salaries 1946-201



Source: Image produced by Sam Foster Architects with data from London Review of Books and Office for National Statistics (ONS).

Notwithstanding the decline of municipal housing there has been an increase in housing development activity by local authorities since 2015/16. Scottish housing associations significantly increased their stock in the last 20 plus years when Scotland's former national housing agency and some local authorities transferred their stock to alternative registered social providers. The loss of 500,000 socially rented homes in Scotland through Right to Buy and the demolition of stock no longer fit for purpose means that despite the Scottish Government's target to deliver 50,000 affordable homes over the course of this Parliament, we are only just reaching a point where overall supply of affordable homes can start to increase.

While stock transfers significantly changed social housing in the last 20 years, housing delivery through smaller community-based housing associations has largely given way to development by larger housing associations. At the same time, many small builders have either disappeared or morphed into large volume enterprises. There is a dichotomy between community empowerment (small action) delivery and the need for scale economies (big action) begging the question, which approach should be favoured in the next 20 years? The answer should not be one or the other but ensuring that the right community-based approach exists to enable connections between those that deliver and or own the homes and those who occupy them.

An evidence-based supply programme

The Scottish Government's Affordable Housing Supply Programme (AHSP) should be based on clear evidence-based housing need rather than how many units can be achieved within



a given timescale and budget. Analysis of progress towards the current 50,000 homes target demonstrated a lack of information about the types of homes being built and their location. This was highlighted in Shelter Scotland's Review of Strategic Investment Plans for Affordable Housing in 2018⁸.

Analysis commissioned by the Homelessness and Rough Sleeping Action Group (HARSAG) has also highlighted a significant shortfall in the supply of one-bedroom homes for people experiencing homelessness against a backdrop of increasing single person households. It recommends refining HNSA methodology to ensure that analysis considers the needs of households by type, size and tenure and is fully aligned with evidence on the needs of homeless households⁹.

Research published by Crisis in 2018¹⁰ demonstrated the need for a sustained programme of investment to deliver social housing over the next 15 years to increase the supply of social lettings and reduce the flow of homeless households. Organisations including Audit Scotland, Shelter Scotland, CIH Scotland and SFHA are also undertaking reviews on how to improve the identification of housing needs and how we should be planning to address such needs. The latter focuses on repeating and refining the research published by Shelter Scotland, CIH Scotland and SFHA in 2015 identifying the level of affordable housing needed to provide an up to date figure¹¹.

If Scotland is to deliver the right level of affordable housing, it requires consistent contributions from all of its developing registered social housing providers. In order to achieve this, social landlords need long-term financial commitment from the Scottish Government which will in turn enable them to lever in the private finance required to deliver new homes.

Funding affordable homes and providing value for money

Cheaper finance can increase capacity, but housing associations, like many others, are vulnerable to the instabilities of the financial market. While associations have seen the positive impact of cheaper European money via the Housing Finance Corporation (HFC), traditional debt has largely become short-term although this remains useful in managing the vagaries of a development programme. The bond market is currently the best place to find long-term finance, and it is possible for small associations and co-ops to access this through aggregators like the HFC.

Many Scottish housing associations were founded on the strength of their community-based connections. This connection certainly needs to continue and, arguably with community empowerment, there is a greater role for associations to maximise their contributions on housing, place stewardship and service support. Larger associations may have greater profile and overheads, but smaller organisations make an invaluable contribution which proportionately is often similar to the outputs of larger players. Inevitably, in a world of

⁸https://scotland.shelter.org.uk/_data/assets/pdf_file/0005/1488560/Shelter_AffordableHousingReport_Feb18.pdf/_noc_ache

⁹<https://social-bite.co.uk/wp-content/uploads/2018/06/RRTP-Analysis-and-Review-JUNE-2018-pubv1.pdf>

¹⁰<https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/housing-models-and-access/housing-supply-requirements-across-great-britain-2018/>

¹¹https://scotland.shelter.org.uk/professional_resources/policy_library/policy_library_folder/affordable_housing_need_-_final_report_september_2015



'more for less' all stakeholders have to be guarded against detachment as a result of chasing scale economies.

Associations do require support to develop a more strategic view of their business model and how they might create more capacity. Without alternatives and a better understanding of the business, a change to a less generous grant regime, which was suggested in the Scottish Government's original discussion paper, *Housing Beyond 2021*¹², will only lead to associations stepping back from development thereby potentially reducing future capacity and an ability to meet local requirements.

One way to improve matters is for the Scottish Government to be more directly involved in addressing the bigger issues that individual associations find a struggle. This may start with having a creative discussion with associations of differing scales and local authorities to establish what interventions or initiatives work for them what form of operating models might improve outputs. Such strategic interventions could include:

- The use of government guarantees to lower investment risk and enable wider financial participation on more favourable terms.
- Scottish Government co-ordinating a move to off-site construction and use of aggregated procurement to provide the tipping point for a greener, more efficient approach to building new homes.

Without strategic level intervention, the housing sector and local government will continue doing their own thing which lacks efficiency, stymies innovation and ignores the benefits of co-operation.

Scottish Government has regularly indicated that affordable housing grant levels are flexible enough to deal with difficult sites and to provide 'specialist' accommodation. However, such discretion on benchmark levels is inconsistent. This may be a consequence of limited funding and the overriding requirement to meet an overall numerical target.

Meeting needs, not just targets

Such a requirement for unit numbers has had a consequential impact on brownfield development, conversion, remote rural and island, and specialist developments. Such activity may well cost more and rental income may not always cover the funding gap but such investment is often required to save buildings and the character of our places, drive regeneration in a deprived area, keep employment in an island hamlet or meet the needs of those with physical and other disabilities. There is significant evidence that well considered capital subsidy investment makes more sense in terms of the return from social and economic benefit.

There are examples of housing to meet specific needs that have been delivered through an investor model with the asset being owned by a financial institution and managed by a housing organisation that takes the risk on rents and operating costs. Such developments may be at higher rent levels than those prescribed under some LHA rates, but nevertheless they provide accommodation at 'affordable' rates that are under open market rental levels.

¹² <https://www.gov.scot/publications/housing-beyond-2021/>



This approach with local tenant, housing management agent and an institutional landlord is somewhat different to a traditional community housing-based practice but it provides choice for people such as 'key workers' who may not qualify for mid market rent (MMR) projects. Such institutional participation will be subject to investment criteria that is subject to market performance and would not necessarily be an in perpetuity commitment.

A traditional grant-based model can guarantee affordable rents, assists operational risk, and supports a commitment to local delivery. Unless there is a return to a municipal approach adopted by post war UK Governments, then there is a need to produce and maintain a range of delivery models. However, to be consistent with the Scottish Government's thrust for social justice and community empowerment commitments, further consideration should be given as to how public agency support can be provided for community owned assets and local investment that provides local public benefit. Such an approach is being operated in Preston where there is a recognition that a local commitment is not a panacea for housing but forms part of a blended production that includes larger and smaller participants.

There should also be a long-term funding commitment for affordable housing beyond a five-year cycle and tied with the new local planning authority's 10-year local development plan (LDP). Such commitment should include:

- An equitable solution for raising debt finance providing efficient co-operation between local authorities and housing associations; and
- Encouraging additional institutional funding such as local authority pension funds investing in the affordable housing sector.

The adequate provision of affordable housing also has links to Scottish Government ambitions to move away from the use of temporary accommodation and to prevent and eradicate homelessness – including approaches such as rapid rehousing and Housing First. These matters are also relevant to reducing child poverty and inequalities and achieving many of the elements of the National Performance Framework. A longer-term approach in favour of affordable housing investment rather than housing benefit expenditure will go a long way in achieving a more sustainable approach to affordable housing.

Key Points

- Scottish Government must continue to support affordable housing development through the traditional grant model, but subsidy rates need to be regularly reviewed in order to cover the shortfall between the capitalised net rental values and development costs.
- Housing associations and local authorities would both benefit from longer-term planning and financial investment commitments and certainty about future targets.
- Affordable housing investment plans must be driven by clear, evidence-based needs assessment, not how many units can be achieved within a certain budget and timescale. This must take into account homeless households and other groups whose needs are not currently being adequately identified through HNDA.
- Scottish Government should explore, with local authorities and housing associations, how innovative funding and partnership working can help to maximise delivery and value for money. However, it must be recognised that the lowest possible benchmark figures will not necessarily produce the best results. There must be greater discretion in funding to reflect housing need circumstances as well as locational factors.



8 Statutory policy and regulation

The planning system and building standards are long established statutory devices for good land use management and ensure quality and safety standards.

A well-functioning planning system should ensure that we get the right types of housing in the right types of places. The requirement for private landlords to meet certain criteria for renting their properties to tenants, such as being on the landlord register and other compliance obligations, again reflects the important role of the state in ensuring a working housing market and the provision of homes that meet certain needs. However, such statutory matters still require political commitment and resources to be able to enforce them. More than ever such regulations should be instrumental in achieving high standards of ecological sustainability.

The need for more robust data

Spatial planning is a key agent for housing delivery and new legislation should provide further focus on Local Development Plans (LDPs) and in particular, having a more robust Housing Needs and Demand Assessment (HNDA) to inform:

- Housing Strategies for local authorities and housing association investment and their inter-relationship and inter-dependence as part of LDP policy.
- Housing land requirements for private development including opportunities for wider participation such as self, custom and collective build (including rural housing).

While HNDAs provide vital data to inform local housing strategies and development plans and they do work well in some areas, it is clear that the process can be improved. HNDAs often lack detail on particular needs and can rely on assumptions that may not take account of future directions in population change, external factors and policy changes. For example, if there is a trend in rural depopulation then this may be exacerbated by reducing the supply of new affordable houses. Recent evidence in Highland and Aberdeenshire areas highlight the extent of hidden housing needs that included a trapped generation of young people that were not identified by the HNDA.

The HNDA can often be weak when identifying the numbers and needs of older and disabled people with impairments or long-term conditions. A more proactive way of meeting the needs of an ageing population may be required through changes to building regulations and reviewing affordable housing subsidy levels for fully wheelchair accessible homes. While we acknowledge that additional funding can be granted for wheelchair accessible homes, this is not enough to deliver the volume of accessible homes required.

The Planning (Scotland) Act 2019

Housing is also an important consideration in the Planning Act provisions for:

- **Masterplan Consent Areas (MCAs)** – a device where local authorities can create a master plan that establishes design and development principles for a particular place or project which thereafter assumes that a developer that complies with the requirements of the approved master plan will be able to obtain an easier and quicker planning consent process.



MCA should be used as a planning tool to inform the capturing of some of the uplift in land value for public benefit. The assessment of the uplift in value requires masterplans to be much more than a drawing plan. Best practice sustainable masterplans should be informed by a combination of design, technical assessment and economic analysis of the infrastructure and development costs and value. All of these elements are required to establish project viability and land value as well as determining the amount that should be captured for public benefit.

While detail has yet to emerge, it has been suggested that the MCA is a matter for the local planning authority rather than local communities, although sufficient capacity, resource and skills have to be established. Good master plans will inevitably have a mix of uses and activity. Therefore, assuming such a planning provision will be embraced by local authorities, a significant amount of housing will be procured in future years through MCAs. If this is the case, then communities should play an active participatory role in the establishment of that master plan rather than acting as a reactive consultee within a prescriptive process.

- **Local Place Plans (LPPs)** – a plan that is intended to set out what a community may wish for its own place. While detail is yet to emerge, it is believed that this will not be a statutory document, but local planning authorities will be obliged to consider such plans. Given housing is an essential part of any place, this is an important aspect of housing provision over the next 20 years. However, the legislation still provides the decision on the LPP to be made by the local authority rather than giving discretion to the decision being made at the most decentralised level.
- **Infrastructure investment and place making / Place Standard** – the planning system is the public organisation that identifies the framework for land use and management and how all uses and activities are connected. Spatial planning is a vital policy and regulatory function in the delivery of all housing in Scotland either through the market or affordable housing mechanisms. How we deliver housing in the next 20 years is dependent on having a proper functioning planning system that proactively plans and is efficient. Further commentary is provided later as to the role of the state in public interest development and how it might directly invest in housing and places that are better linked to amenities, public transport and nature.
- **Land Value Capture (LVC), affordable housing and other planning gain instruments** – this has been subject to significant debate amongst practitioners and Members of Scottish Parliament. The planning system provides an opportunity through such devices to shape the property market and create solutions that are for the public benefit. Land value and planning gain instruments are charges on the additional value that may accrue from the use of land and property as a result of a planning consent. Such charges should be relevant and be of public benefit and preferably be associated with the locality of where a planning consent has been granted.

Increasingly, affordable housing commitments are delivered through a planning gain policy, but this leaves affordable housing programmes vulnerable and dependent on market conditions and supply side behaviour. The planning definition for affordable housing is inadequate and lacks clarity and certainty. If we are to plan for the next 20



years of housing in Scotland it is important to devise clear mechanisms whereby one part of the housing system is not dependent upon the other. We need to get to a system where all housing functions are regarded as homogeneous and inter-dependent upon each other.

Converting residential accommodation into short-term lets

The success of online platforms such as Airbnb which has grown threefold in Scotland from 10,500 lets in 2016 to 32,000 as of May 2019 has prompted serious discussion on the role of regulation and how homes can be used. Such a trend in short-term lets (STLs) is not occurring in urban areas alone. Although Edinburgh has the most by number, the highest concentrations can be found in Skye (19%) Edinburgh city centre (17%) Fort William (10%) East Neuk of Fife (6%) and Glasgow city centre (3%) against a Scottish average of 1%.

Analysis of the impact of STLs has shown that 70% of Airbnb lets are for entire homes and 62% of hosts surveyed said that the home they let was not their primary residence. It also showed some evidence of illegal sub-letting of social and affordable homes¹³.

While, in principle, it may be acceptable for occupiers to support the shared economy through the use of a spare room or letting while away for a short period of time, there have been a number of significant problems including:

- Conversion of homes from residential to STLs reducing choice for long-term residents and in some cases, increasing prices.
- Antisocial behaviour, loss of community cohesion and security risks for residents in shared stairways with multiple keys being given out.
- Lack of regulation posing a safety risk due to the lack of consistent standards. This can encourage existing residential private landlords to let through an online platform, allowing them to avoid registration as well as potentially generating more income.

Effectively, the use of the dwelling as an STL has moved from a housing use to a leisure-based activity for commercial purposes. The Scottish Government in the recent Planning (Scotland) Act 2019 acknowledged the issues of STLs by including the following amendments to the Town and Country Planning (Scotland) Act 1997 by:

- A planning authority having the ability to 'designate all or part of its area as a short-term let control area'.
- Within a short-term let control area, the use of a dwelling house for the purpose of providing short-term lets is deemed to involve a material change of use of the dwelling house. Various exclusions are provided relating to tenancies and resident landlords, occupiers etc. It remains to be seen whether local planning authorities employ this legislative provision and how they might manage this in future.

It is recognised that STLs have some benefits, such as supporting tourism, and this is a global phenomenon. However, increasing numbers of STLs inevitably impact on local residents and the supply of housing for longer-term occupation. Therefore, rather than exclude such a provision, the state through the involvement of the local planning authority and other public departments will need to regulate the supply of STLs within a given area. Both national and local government, in particular Edinburgh City Council, are currently exploring the use of the planning system to manage the huge growth in STLs across the country. This should be

¹³ <https://www.gov.scot/publications/research-impact-short-term-lets-communities-scotland/>



encouraged given the known community and societal impact of the rise in STLs, particularly in certain localities, and the effect this has on the housing market. However, it will be important to ensure that adequate resources are available to enforce regulations.

Making the best use of empty homes

The state already attempts to influence use of existing homes, for example, through regulations, licensing requirements, and the planning and taxation systems. There are currently over 39,000 privately-owned homes in Scotland that have been empty for six months or more. Local authorities have the power to charge up to 200% council tax for these properties with the aim of encouraging owners to take action to bring their property back into use, reflecting the societal cost of the lost housing stock as well as the implications of an empty home on the local community. This type of 'stick' should be encouraged where it comes with the 'carrot' of support offered to the owner by the local authority. Investment in initiatives such as the Scottish Empty Homes Partnership¹⁴ to make best use of existing stock should be continued in addition to the focus on new build to ensure maximum return on any investment and best outcomes for communities and individuals.

Preventing homelessness and improving services

HARSAG has recommended that more needs to be done to reinforce the prevention of homelessness and the Rapid Rehousing agenda through practice guidance for local authorities and through the work of the Scottish Housing Regulator (SHR). These recommendations have been reflected in the Scottish Government's Ending Homelessness Together Action Plan¹⁵. There is a clear role for the regulation of social housing in embedding homelessness prevention and ensuring the needs of homeless people and prospective tenants are met as well as the needs of current tenants.

Key points

- Statutory spatial planning is a key state function to ensure that we get the right new houses in the right place. This requires more robust research and analysis as to where the right places are to build our future housing.
- The planning of our new housing and making better places should be informed by a greater commitment to community involvement and allowing people to determine their own places.
- Statutory policy and regulation are required to ensure that our homes are built and maintained to a high standard and that the best use is being made of our housing.
- Effective regulation needs to be informed by robust data and requires resources to be effectively enforced.
- There is a clear need for new regulation to manage STLs and minimise the impact on local communities. The increase in demand for leisure-based accommodation highlights the need for greater inter-relationship and cross working between those responsible for policy and regulation in planning, housing and tourism functions.
- There is a role for the SHR in assessing local authorities' performance relating to their statutory homelessness duties but also in embedding the homelessness prevention and Rapid Rehousing agendas.

¹⁴ <https://emptyhomespartnership.scot/>

¹⁵ <https://www.gov.scot/publications/ending-homelessness-together-high-level-action-plan/>



9 Sustainable development to meet a climate emergency and improve our health

The debate around how to achieve a more sustainable housing system has been around for a long time, but so far any attempt to achieve higher sustainable housing standards have been determined largely by small gestures rather than significant beneficial improvements. If we are to meet the Scottish Government's ambitious statutory targets on carbon emissions and fuel poverty, more radical action is required.

Housing's role in climate change

Most approaches to sustainable development have been through design and specification leaving behavioural aspects largely untouched. However, our levels of housing consumption such as carbon emissions and general use of resources, continue to have a significant detrimental ecological impact on our environment. Construction, maintenance, heating and lighting is known to be responsible for over one quarter of Scotland's carbon dioxide emissions¹⁶. Scotland's construction industry is responsible for 45% of all waste generated¹⁷ and current rates of consumption rely on the equivalent output of three planets¹⁸.

The housing delivery system is significantly determined by market mechanisms regulated by reactive public planning that has contributed towards housing supply that can be poorly designed and not always located in the right places, leaving people to travel increasing distances to their places of work and to undertake other activities. The end result is that private transport journeys have significantly increased, along with associated traffic congestion, all of which increases carbon emissions, pollution and ill-health. None of this is beneficial to the well-being of humans or the planet.

Having failed to get to grips with climate change, it is acknowledged that we are now rapidly moving into a 'climate emergency' period which requires a crisis management approach and radical solutions for the built environment. Recent moves towards 'sustainable construction' have adopted a dangerously narrow focus on achieving 'zero carbon'. To be effective any solution must respond equally to a number of issues, including energy and carbon impact of construction materials and processes, energy and carbon impact of building operation, the health of building users and impact on local and global biodiversity.

It is imperative that we address the issue of the climate crisis in everything we do. With housing contributing 22% of all emissions there is a fair way to go to achieve the Scottish Government's target of carbon neutrality. Such emission targets need to be addressed within the same period as the 20 year vision for housing. This is no longer a requirement for talking, action is needed otherwise our children will not determine the way they live but nature will.

Good quality homes are better for our health and wellbeing

Living in poor housing, including in cold, damp and mouldy conditions is strongly linked to poor health, exacerbating respiratory illnesses and contributing to excess winter deaths¹⁹. It is estimated that poor health made worse by bad housing conditions costs the NHS in Scotland

¹⁶ https://friendsoftheearth.uk/sites/default/files/downloads/home_truths.pdf

¹⁷ http://www.parliament.scot/S5_Environment/General%20Documents/20170630_-_ZWS_additional_WE_on_Waste.pdf

¹⁸ <http://www.scotlandsfootprint.org/>

¹⁹ [Winter Mortality in Scotland 2018/19](#)



between £48 million and £80 million per year²⁰. This is evidenced in evaluations of energy efficiency programmes in Scotland²¹ which showed that improving the energy efficiency of homes contributed to better living conditions, improvements in cold-related health conditions and savings for the NHS in Scotland. Overcrowding, poor air quality, dust mites and allergens have also been linked to poor health outcomes.

Around 25% of households in Scotland are living in fuel poverty and 7% are living in extreme fuel poverty²². One in 10 homes have some form of damp or condensation and half have disrepair to critical elements²³. We must invest in our existing homes to ensure they are fit for purpose.

The quality and type of housing and the surrounding environment have also been shown to have an impact on people's mental health with one study highlighting the detrimental impact that high rise housing can have on mothers with young children²⁴.

The Scottish Government funded GoWell project²⁵ aims to investigate the impact of investment in housing, regeneration and neighbourhood renewal in Glasgow on the health and wellbeing of individuals, families and communities. Early findings suggest that mental health outcomes are generally poorer among high rise residents and that smoking, diet and exercise are worse than for people in other types of housing.

With such strong links between housing and health, it is essential that we ensure our existing homes meet minimum standards of energy efficiency and that health and wellbeing is taken into account during the design of new communities and throughout regeneration projects.

Planning for urban migration and reducing derelict land

"The world faces a climate emergency – but cities offer national governments a solution. Rising temperatures are already causing serious loss of life and threatening vital ecosystems. Further increases pose an existential threat to entire cities and countries. The battle for the planet will be won or lost in cities. Over half the world's population lives in urban areas, which produce 80% of gross domestic product and three quarters of carbon emissions from final energy use"

Climate Emergency Urban Opportunity Report, 2019,

<https://urbantransitions.global/en/publication/climate-emergency-urban-opportunity/>

We know that the world economy is driven by competitive urban based investment which is fuelling urban population migration. 73% of all jobs in Europe are in urban or suburban locations and more than 70% of European citizens live in an urban area. Over the next 30 years or so the UN predicts that urban living will rise to 80%. This urban move is contrary to how we have built housing for the last 40 plus years. For Scotland to have a thriving

²⁰ [Economic impact of improving the energy efficiency of fuel poor households in Scotland](#)

²¹ http://www.healthscotland.scot/media/2218/4_elaine-caldow_cassandra-dove.pdf

²² <https://www.gov.scot/news/no-real-change-in-fuel-poverty-in-2017/>

²³ <https://www.gov.scot/publications/scottish-house-condition-survey-2017-key-findings/>

²⁴ <https://spsli.onlinelibrary.wiley.com/doi/abs/10.1111/1540-4560.00074>

²⁵ <https://www.gowellonline.com/>



competitive economy in the next 20 years, our cities need to compare favourably with other metropolitan competitors including other UK cities.

Despite having our roots in an urban industrial economy, Scotland has become more dispersed in its population which has led to substantial increase in commuter travel where those with sufficient wealth move out of urban conurbations, and those with little wealth stay behind. This pattern, and the problems it causes, have been recognised by the UN, whose Goal 11 Sustainable Cities and Communities aims to support the development of making cities and human settlements inclusive, safe, resilient and sustainable²⁶.

Approximately a third of Scotland's population lives within 500 metres of a derelict site, a figure that almost doubles in areas of multiple deprivation. Research has shown that living close to dereliction harms community wellbeing, local economy, environment and health. These places of market failure have no attraction for private investment. Understandably developers avert their concentration towards easier green fields that are not tarred by the stigma of post-industrial decline. Bringing these neglected sites back into productive use, such as for residential development, valuable greenspaces and renewable energy projects, can therefore have a huge potential to contribute to inclusive growth, tackling climate change and addressing inequalities.

The state must intervene by making good the dereliction and re-creating the components for a competitive city which includes incentivising the market to develop at the right densities and with the right social balanced mix in urban places that are well connected by public transport to nearby centres of employment and supporting public services.

Given that over two thirds of Vacant and Derelict Land (VDL) is in current or former public sector (or now privatised) ownership, the public sector can play an even greater role in pro-actively bringing such sites into productive use, such as for housing, which is the most popular type of VDL re-use²⁷. However, utilising derelict land to produce mono tenured municipal housing does not create a socially balanced mix which is required to make places work, more creative use of land is required. Examples such as Clyde Gateway and the Athlete's Village in Dalrnarnock demonstrate that by taking a long-term approach to investment, land assembly and infrastructure, such sites offer significant potential.

Despite the potential locked in vacant and derelict land, over 3,500 sites still remain on the Scottish VDL Register in 2019. Where land values are low and a challenging proposition for investors, enabling a long-term investment approach driven by the public sector can increase the viability of such sites for a multiple of end uses, including housing.

Evidence gathering and use of that data along with the alignment of public funding and informed policy decisions is required. To bring forward vacant land the enabling state needs to act as a market maker to tackle planning and infrastructure investment that will encourage participation from private and community interests to support the regeneration of Scotland's problematic sites.

²⁶ <https://sustainabledevelopment.un.org/sdg11>

²⁷ <https://landcommission.gov.scot/wp-content/uploads/2019/08/Phase-One-Report-Ryden-June-2019-Final.pdf>



Sustainable building standards for new homes

Building standard regulations have somewhat slowly endeavoured to improve sustainable building fabric and performance levels but such improvements have been shaped by political judgement, industry lobbying, priorities, economics and bringing about change within the development industry. As a consequence, Scotland's building regulations for energy efficiency are among the poorest in Europe. They have failed to implement the EU's mandatory target of all new buildings being 'nearly zero energy' by 2020²⁸.

Innovation in sustainable design has largely come from relatively small-scale inputs, mainly from designers seeking to apply good practice. For example, 'Passivhaus' standards and other airtight systems that reduce their energy demand are more widely employed in places such as Germany and Scandinavia. Technical innovation carries some risks but we have been reluctant to invest in research and development to bring innovation into the mainstream delivery programmes. The cost of sustainable housing has long been cited as a prohibitive burden to housing delivery and the fact that market values have been slow to evidence the beneficial impact of such a specification. A growing number of towns and cities are now requiring new housing to meet higher levels of energy efficiency and health, including Exeter, Dublin and Brussels²⁹.

Improving the energy efficiency of our existing homes

Improving the sustainability of new housing alone is insufficient, as this represents a small fraction of Scotland's housing stock. It is incumbent on us all to ensure that our existing housing is fit for purpose and can be well managed and improved to meet appropriate standards over the next 20 years. Improving fabric standards in our existing stock can present difficult technical and economic challenges particularly where investment in improvement works is in excess of the value of that property. Recent industry-led refurbishment programmes including the 'Green Deal' and ECO (Energy Company Obligation) have largely failed to deliver any significant reduction in household energy use and have often created more issues than they solved. However, there is a strong knowledge base of how to undertake effective refurbishment to drastically improve energy efficiency and ensure occupant health³⁰.

To date, improvements in the energy efficiency of our existing homes have been largely driven by the social housing sector where statutory minimum standards for energy efficiency have been required through the Scottish Housing Quality Standards (SHQS), Energy Efficiency Standards for Social Housing (EESH) and proposals for a new standard, EESH2 from 2020. However, social housing only makes up about a quarter of all housing stock, and there is a growing recognition of the need to ensure that homes across all tenures have high standards of energy efficiency and this will require intervention in the private market.

²⁸ <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings>

²⁹ <https://www.apse.org.uk/apse/index.cfm/news/articles/20181/passivhaus-exeter-city-council-leading-by-example/>
<https://passivehouseplus.ie/news/government/dublin-city-council-votes-to-make-passive-house-standard-mandatory>
<https://passivehouseplus.ie/magazine/insight/how-brussels-went-passive>

³⁰ <http://www.thepebbletrust.org/sustainablerenovation.asp>



Minimum energy efficiency standards for the PRS are due to come into force in 2020³¹ but as yet, no such standards for the owner-occupied sector have been announced. We recognise that introducing regulations for home owners may not be popular, but it will be essential to ensure that our homes are fit for the future. Encouraging improvements in the PRS and owner-occupied markets will require a mix of regulation, advice and information and financial support in order to be effective.

To reshape thinking, landlords and owners need evidence that there are benefits to investing in their homes and these will ultimately have a beneficial impact to their quality of life (the comfort and health benefits of living in a warm home and reductions in their fuel bills) and on their assets. To assist in such matters there needs to be a greater understanding of the cost in use which could involve the creation of housing version of the MOT log book that highlights building performance in the same way as the car industry has been regulated to improve fuel economy and carbon emissions. Currently the EPC rating system has shown little impact on market behaviour and value. Where there is a positive change in public opinion for increased ecological design, it is likely that both the political will and supply generated production will also change to accommodate citizen and consumer preferences. Within the next 20 years one would expect that such preferences will be required.

The Existing Homes Alliance has set out a range of measures required to ensure homes across tenures achieve minimum energy efficiency standards, that low income households are not disadvantaged and that the housing sector is geared up and supported to move towards the use of renewable energies³².

Despite energy efficiency being designated as a national infrastructure priority in 2015 and the First Minister declaring a “climate emergency” during the SNP conference in 2019, Scottish Government investment in the energy efficiency of our homes has remained static at around £119 million per year. The ambition to end fuel poverty and achieve net zero emissions must be matched by actions on the ground.

Key points

- Good quality sustainable homes are essential to our planet and to our health and wellbeing. More radical action from Scottish Government is required to address the climate crisis and to meet statutory targets to eradicate fuel poverty by 2040 and reach net zero carbon by 2045.
- A whole system approach is needed, involving urban planning, better use of vacant and derelict land, higher standards for new build homes and regulation and support to bring existing homes across all tenures up to a minimum energy efficiency standard.

³¹ <https://www.gov.scot/publications/energy-efficiency-private-rented-property-scotland-regulations-2019-consultation/pages/5/>

³² <http://existinghomesalliancescotland.co.uk/news/alliance-sets-out-pathway-to-zero-carbon-homes-by-2045/>



10 National and local government playing the role of leader, facilitator and agent

A housing system has complexities with a range of elements that are inter-connected. It is wrong to seek to operate such a system with a silo of individual components. To have a good functioning system one has to manage how the elements inter-relate. The system needs to be directed and orchestrated by good leadership of practice as well as policy.

In an attempt to address underperforming delivery targets a number of professional property and environment bodies have suggested that delivery could be improved by having a national housing agency to help facilitate delivery. There have been various investigations into why delivery is such a problem and attempts to address these challenges including a co-produced Scottish Government Joint Housing Delivery Plan for Scotland published in 2015³³ but details of how actions will be continued beyond the five year timeline of the plan are not yet clear. To have credibility and confidence we need to have a dynamic informed process that enables policy to be quickly driven into practice.

Well experienced and skilled people have pointed to the fact that some of the best Scottish housing in the twentieth century was delivered through Scottish Housing Corporations, the Scottish Special Housing Association and New Town Development Corporations. All these agencies were operated by very skilful professionals in an era where there was greater discretion to agency staff to get things done.

Some 15 years ago a relatively short-term national commitment to a regeneration 'pathfinder' programme was undertaken by Urban Regeneration Companies (URCs) which resulted in some good practice such as Clyde Gateway URC. Another example of good practice and expeditious co-operative delivery between private and public sectors was at the former Commonwealth Athletes' Village in the east end of Glasgow. However, such efforts in delivering 'pathfinder' projects have largely been abandoned in favour of a shorter-term smaller scale focus which is more difficult in deriving integrated and wider regenerational beneficial impact. Unfortunately, local discretion has given way to a more centralised approach that has, as a consequence, curtailed creativity and innovation. The state needs to do more than strategic policy by enabling things to happen through a stronger emphasis of promotion and brokering action. Unfortunately, as a result of the switch from municipal delivery to market delivery, governments have lost the skills, experience and ability to be 'action makers' and have become somewhat detached from real production.

Whether one is in public housing or private housing there is a need for champions who act as impresarios, leaders and orchestrators. All these functions are essential in delivering successful outcomes. Such conditions can be found in regular cited housing exemplars in northern Europe and were employed in post war Scottish municipal housing programmes.

Key points

- The housing sector would benefit from a stronger sense of leadership and direction which could be provided by the creation of a national housing agency.
- If such an agency was created, it must have a clear role to facilitate housing development, not to centralise delivery or stifle local creativity.
- Short-term, small scale projects can make useful contributions but to generate confidence and impact, such action should be part of a wider regeneration focus.

³³ <https://www.gov.scot/groups/joint-housing/>



11 Scotland as an entrepreneurial state with long-term investment commitment

In many continental European countries that have large scale projects often cited as exemplars within Scottish planning policy guidance, the local state plays a pivotal and facilitative role in the identification, assembly, servicing and allocation of housing land. This is often achieved through land acquisition and infrastructure investment. This provides a wider and more diverse contribution of housing providers, a greater emphasis on housing quality, more innovation, and a wider range of housing models to meet local needs.

The state as a leader

Such countries deliver such large projects by the state taking the leading role. With the state acting as the champion project leader there is no need to contort around planning gain, battle with developers around who pays for what, or introduce a complex mechanism for land value capture (LVC). The state buys the ground and provides the infrastructure, thereby de-risking and simplifying the supply of land for builders and social landlords, potentially increasing the number of small and medium enterprises (SMEs) as well as community bodies and individuals all of whom provide a greater retention of local investment.

Such conditions create certainty for landowners, albeit with the prospect of less profit from the sale of their land, as well as reducing land speculative action. Such an idea for developing larger strategic projects could be implemented in Scotland and significant literature has been developed and promoted in the last ten years or so but without any significant success. The failure to embrace what professionals have been promoting has been put down to an environment that is largely risk averse.

Local authorities are nervous due to the risks, uncertainties and cost of taking compulsory purchase action. Such nervousness also includes the length of time and the amount of effort and skill required to pursue compulsory purchase in the face of concerted resistance from landowners who may naturally have a different opinion of value to that of the purchaser. However, Scottish local authorities and public agencies have taken such action in the past when it was determined that there was a need for intervention on the grounds of public benefit. Dundee City Council had the political courage and official leadership skills to apply such an approach for their Waterfront Dundee project.

How can we change attitudes to land and ownership?

All of the above requires a substantial change in thinking and requires political and official champions and leaders within our national and local governments. However, such change will, if we can replicate the exemplar continental European projects bring a confidence and positive impact on the economy, on quality, on the viability of social housing development, climate risk reduction, and rural sustainability. Such practice could be on the basis of a Local Asset Based Vehicle (LABV) model whereby the state shares the risk through a joint venture of asset/equity ownership investment in projects. LABVs have been in action in various local authorities in England where such local authorities have a financial or asset stake in the project and play an active role in its delivery.



To ensure public interest led development, the state should widen its involvement in place investment. Place investment lies at the very heart of any initiative for inclusive sustainable economic growth.

The public sector should act as the agent and facilitator directly engaging in infrastructure investment creating a framework that allows wider participation from both large and small organisations. Such investment will steer activity towards the right choice of housing in the right place. The state needs to consider its role as a market shaper through its own investment that encourages wider private participation in market failure regeneration areas.

Investing in people and places does not equate to State aid

The state can be more than a regulator and financier, it can be a 'doer'. Municipal housing is just one approach, but public commitment is required to invest in infrastructure to allow smaller participants to be involved. This is the northern European model often exercised in Scandinavia. It is recognised that the Scottish Government often cites Scandinavia as an economic and social model that Scotland should consider adopting.

Despite state infrastructure being carried out in many northern European countries, in Scotland it is often argued that public investment is not possible due to 'state aid' EU rules although a variety of specific infrastructure projects have clearly demonstrated national and local social, environment and economic benefits. If such state interventions are carried out in other EU countries, then it is difficult to understand why public servants suggest that rules prevent our own direct intervention. Investment in public place infrastructure is not a subsidy but shareholding stake in a project that requires a return on that investment however such return might be measured. The only aid that the State is seeking is one that aids its people. The involvement by the state is well argued by Scottish Government's own economic advisor, Professor Mariana Mazzucato in her book 'Entrepreneurial State'.

The objective of the state is to put in capital and assets not as grant but as investment where the state gets its money back with the benefit of additional social return. Infrastructure does not necessarily have to be grant model but could be a public interest state investment led delivery vehicle. UK Treasury has provided a loan infrastructure fund guarantee for the Countesswells large scale housing development in Aberdeenshire which provides an illustration of how the State can liberate front end infrastructure investment. However, the State should do more than just acting as a guarantor for others to action. Power to do the right thing requires real participation and an ability to control, manage and shape beneficial action.

While northern European models of housing and place delivery are often cited in public policy documents, there are very few references made to how such delivery takes place. One such important delivery mechanism is the commitment to local action by having supporting local funds. Northern European countries have a significant benefit from having municipal and mutual banking structures which support local housing participation as well as other local interventions. These include Rabobank (Dutch credit union confederation) Credit Agricole (French credit union), Denmark's Kommunekredit, Sweden's Kommuinvest Sverigige AB; Germany's Sparkassen KfW; Netherlands' Bank Nederlandse Gemeenten (BNG). While Scotland has the oldest building society in the world it sadly has only one Scottish based mutual society, the Scottish Building Society. The development of a Scottish National



Investment Bank has the potential emulate the European municipal banking approach to support both new publicly-led housing delivery and refurbishment of the existing housing stock.

The traditional funding of housing associations is a form of 'blended capital' with the combination of public subsidy and private finance (debt). Blended capital as an approach in social investment is globally expanding and has significantly expanded in the last ten years. Private institutional investment should be encouraged to participate in blended finance arrangements due to the benefits of risk mitigation. Such an approach is happening worldwide and Scotland needs to be part of the growth in this funding approach. In the next 20 years, as community empowerment evolves and gives confidence for communities to undertake their own projects, it makes sense that Scottish Government plays an enabling role in establishing a municipal and mutual banking structure that includes community development banks where the blended capital of community shares, crowd funding equity, private finance and subsidy can enable projects to flourish.

Key points

- There is a strong case for the state to play more of a role not only in planning housing developments but proactively facilitating development through land assembly and investing in service infrastructure and allocating land for development.
- With the state taking a greater active role by investing in developments, it enables a significantly greater level of development participation both for small businesses as well as community groups and individuals.
- The ability to provide more participants also provides wider housing choice in terms of housing types, design and specification. This leads to greater variety enabling people to have an alternative opportunity to live in their own tailor-made places
- To achieve an active and enabling State, investment is not just required in infrastructure but also in skill resources.
- Rather than directly enacted by public resources there is an opportunity for the State to implement such an approach by way of a partnership approach that calls upon financial and skilled inputs from private investment as undertaken in a Local Asset Backed Vehicle (LABV).
- The above proposals are not new but have been previously carried out in new town developments and successful regeneration projects such as Crown Street Regeneration Project, Waterfront Dundee and Clyde Gateway. Such practice is commonplace in the Netherlands, Germany and Scandinavian countries.



12 Improving and maintaining our housing assets

It has been said that 80% of our existing housing stock in Scotland will still be occupied in 2040. Therefore, any visioning and strategy over the next 20 years must provide significant importance to what we already have and the need to consider carefully how to repair, maintain, refurbish and repurpose our existing housing.

Dealing with existing housing is more challenging and needs more skills than building new. Choosing to build new is regarded by many owners, contractors, developers and professional consultants as easier, faster and cheaper. This view is also assisted by the provision of new build subsidies such as 'Help to Buy' and the inequitable VAT rules.

Property investors also have a preference for new build investment highlighted by property yields, lease terms, facilities management and marketing. Assessing benefits of new build can occur as greater focus is given to the initial capital costs than the cost of a building's 'investment life'.

Preference for new build is also linked to the current favoured procurement strategy where developments are often delivered by a contractor design and build, fixed lowest cost price and the transfer of risk. Such risk may be apparent through the building phase but assessing occupation risk and out-turn costs has less attention.

To undertake work on existing buildings will inevitably require a greater awareness from 'informed clients'. Likewise, the contractor needs sufficient skills, experience and funding to build efficiently to a high level of quality and economic price. Unfortunately, with over 20 years of contractor led design and build procurement that favours new build solutions, many skills have been lost. A procurement mission of transferring as much risk to contractors has marginalised the activity of the supervisory professional expert leaving potentially a greater risk once occupation has occurred.

Reviewing the next 20 years of housing requires a re-examination of the current procurement strategy so that we can tackle some of the core issues in our built environment and address the challenges of the climate emergency. This needs a greater understanding of the inherent value that can be obtained from maintaining, improving and reworking our existing buildings.

Before removing an existing building we should apply a simple question; can an existing property asset be saved and re-used in a way that meets the required standards and contributes to social and economic benefits? Yes, the initial cost may be greater but what is the whole life cost and whole life value of the existing building in comparison to a new build solution? It is not a sustainable argument to make decisions on the basis that new build is cheaper and easier to build as the building's purpose has only just started.

Are we building the right types of home?

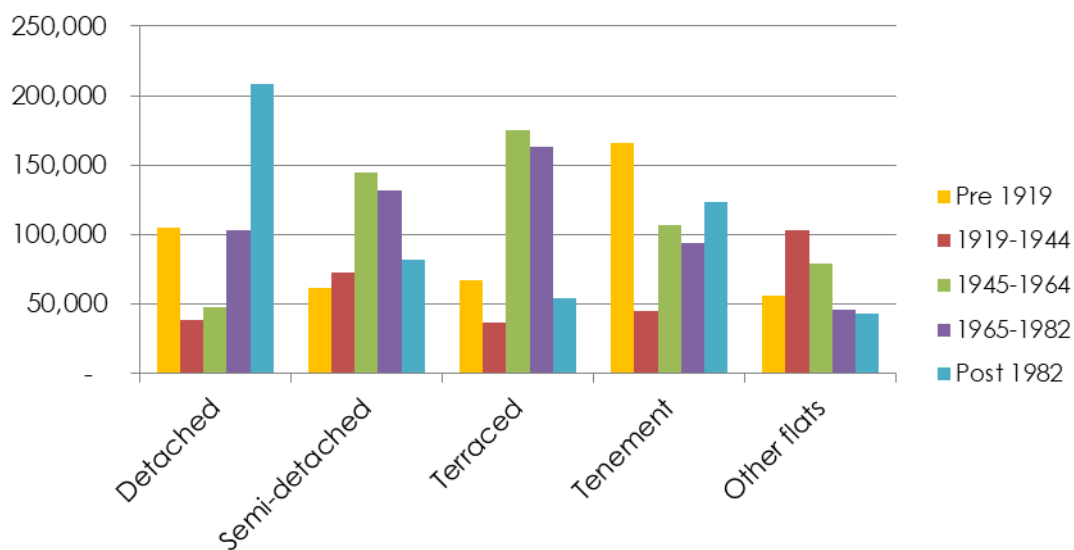
Currently, Scotland's housing stock and the number of households is relatively close to equilibrium. However, a key issue is that not all of the homes are in the right place and a greater commitment is required to improving our existing stock so that it is fit for purpose, meets peoples' needs and is environmentally sustainable.



Census data highlighted that there were 101,000 unoccupied household spaces in Scotland with just over a third either being second homes or holiday accommodation. With the growth of holiday accommodation through digital platforms such as Airbnb this figure is likely to significantly increase. Census data also indicates that there are around 1.6 million households under-occupying their homes (66% of Scottish housing stock) and the number of single households has significantly increased to over 40% of the population. In addition, there are over 39,000 privately owned homes lying empty in Scotland.

The Scottish dwelling types making up the national housing stock are as follows:

Graph 3: Scottish housing stock by age and category



Source: Scottish Government

Scottish housing stock is broadly two thirds housing and one third flatted accommodation. Despite the average household size being less than two persons, since 1982 new accommodation has been focussed on family dwellings rather than smaller households with 57% of all new build housing being either detached or semi-detached housing. Inevitably, such housing is at lower densities despite appropriate land being a scarce resource.

Matching people with the right size of home

Some 37% of households in the UK under-occupy, with half of those being in households headed by those within the 50 - 69 years age group. Currently the options to 'downsize' or 'rightsize' are severely limited through the lack of choice in age-appropriate or adapted housing that people could move to. Unsurprisingly, people overwhelmingly prefer to move to a home within their community, preferably also on one floor and well-connected to public services. In addition to this, there is little fiscal incentive for under-occupying homeowners to downsize. A lot of the housing 'shortage' is due to this inefficient distribution of existing stock.

While there are a significant number of households of all ages living in accommodation with empty rooms, it is not appropriate to require people to downsize. However, downsizing could be incentivised, an approach which is being currently explored in Glasgow. Giving people a choice to move will be dependent on the custodians of the housing and planning systems to shape new housing production towards what is what is required at sustainable densities close to amenities and areas of employment.



The mismatch between household size and housing type is particularly evident with an ageing population. Surveys have highlighted that while many people want to stay in their existing home there is a significant number of older people who would like to move but are unable due to inadequate choice or not having practical support with moving. This is particularly the case in the owner-occupied sector which accounts for around three quarters of older people's accommodation.

The evidence is very clear that the Scottish Government needs within the next 20 years to plan for a wider choice of appropriate accommodation for older people. Such accommodation should not always be deemed as 'specialist' but simply well designed to meet the needs of older people who may experience age related health conditions such as frailty and dementia. Having well designed housing, which is appropriate for older people, could reduce the risk of falls which is a significant factor in hospital admissions. Having the right dwelling to return home following a hospital admission is also an important consideration in endeavouring to reduce hospital delayed discharges. See chapter 14 for more detail on homes to meet the needs of older people.

There is also a need to have a stronger commitment to ensuring better standards of stewardship of both our housing and our places. Currently, public austerity puts our public spaces at risk but these could, if necessary, be controlled and managed by other public interest entities such as community trusts.

A renewed focus on investing in regeneration

Most of the investment focus for affordable housing solutions is on new stock which is not always well connected and out with existing neighbourhoods. In the 1970s and 80s Scotland produced some excellent work in regenerating older stock and their neighbourhoods through policy devices such as Housing Action Areas and General Improvement Areas. Places such as the Glasgow neighbourhoods of Partick, Dennistoun and Fairfield in Perth all highlight that regeneration successes can be achieved by other means than new build.

Re-modelling older stock in well located places can be a highly sustainable method of meeting housing and wider human needs as well as maintaining the essence, heritage and character of our places. Such places will inevitably include our town centres that have significantly declined in recent years. By their nature, individual areas and buildings undergo regeneration and refurbishment on an infrequent basis. For this reason, it is essential that such projects have high ambition and aim to deliver positive social, environmental and economic improvement across a number of fronts.

The consequence of an *unambitious* approach is the 'lock in' effect, where potential savings in, for example, energy or social mobility will effectively be lost for the decades until the next regeneration or refurbishment period³⁴.

Regeneration in town centres and the potential for community housing

Town centres need to improve which means increasing patronage which includes a greater commitment to town centre living. The Scottish Government has general policy to encourage investment in town centres. An example of this is a planning policy 'town centre

³⁴ <https://www.greenbuildingadvisor.com/article/the-lock-in-concept-and-passivhaus-construction>



first' principle. This is a good general policy but in practice the principle is frequently not followed.

For town centres to improve they need to have a policy stimulus for increasing town centre populations by improving town centre housing supply. Community Development Trusts who have been established to undertake local regenerative action in their town centres such as the excellent community group, Mid Steeple Quarter in Dumfries, are finding it difficult to access housing grants due to inflexible rules. This inability for local community groups to participate in housing is contrary to what exists in England where there is significant activity through ventures such as the Community Land Trust and involving community shares such as that employed by 'Leeds Community Homes'³⁵.

At present, Scottish legislation prevents residential leases longer than 20 years and while this is in place for good reasons, the consequential impact is that it removes common ownership by community means such as a Community Land Trust vehicle. This barrier to community housing ownership also applies to co-housing where people want to undertake rentals rather than home ownership. Notwithstanding the 20 year residential leasing rule, it is understood that some flexibility has been considered for publicly backed historic shared ownership schemes which are now reaching a 20 year occupation period.

If community groups are able to participate in housing propositions with housing subsidy this would allow them to become more meaningfully involved in mixed use renewal responses. The failure to provide a housing subsidy input to regeneration projects is a major impediment to well established principles of good practice urban regeneration.

Furthermore, grant rules more often than not inevitably focus on 'new build' solutions and it is understandable that many registered housing associations prefer the clarity and lower risk of new build developments than regenerating and converting existing buildings. While it may indeed be a riskier practice, nevertheless developing our existing urban fabric is frequently more sustainable, more sociable and economically beneficial.

One solution would be to promote and provide public subsidy for local community house building undertaken by community bodies whether such community custom build projects are for home ownership, rent or some form of co-ownership. Such encouragement is available through rural housing initiatives such as the 'rural housing fund' and such an approach and investment commitment for town centres would be a wholly equitable proposition.

Key points

- We need to fully evaluate the benefit of retaining and improving our existing housing stock by understanding its lifetime value and costs
- Procurement processes need to measure the whole benefit of a particular delivery approach that includes investment criteria as well as the upfront development production and initial capital.
- There is a significant mismatch between our current housing stock and housing need. This is caused in part by under occupation of homes but also by neglecting to recognise our changing demographics when designing and building new homes.

³⁵ <https://leedscommunityhomes.org.uk/>



- More must be done to incentivise downsizing. This could include financial incentives and help to move but should also focus on ensuring a range of housing choice is available to make the idea of moving more feasible.
- More emphasis should be placed on regeneration to ensure that existing homes and places are fit for purpose, are well connected and provide attractive places where people want to live.
- Community groups should be better supported to create community housing as part of town centre regeneration.



13 Investment through evidence

A successful Scottish housing system can only operate by being well informed through robust evidence. Good judgements come from evidence and analysis but housing practitioners suggest that there is often a lack of available evidence.

For example there are well acknowledged information gaps in private rented sector data with limited information held centrally on things such as rent levels recently highlighted by the difficulties faced by local authorities being unable to build an evidence base for the application of Rent Pressure Zones (RPZs). More robust rental data could also help to ensure that support with housing costs for private renters claiming benefits was better aligned with the cost of renting. Crisis has recommended that landlords' obligations through the landlord registration scheme should be extended to require data on rents to be submitted annually³⁶.

In the past Scottish Homes prepared local housing market reports providing information on local markets which provided detailed evidence base for investment.

Professional property and environment bodies have been put forward proposals calling for a Scottish 'Housing Observatory' and current work is also being undertaken by the UK Collaborative Centre for Housing Evidence (CaCHE) which is a consortium of 14 institutions led by the University of Glasgow.

The CaCHE³⁷ research is funded by the Economic and Social Research Council, Arts and Humanities Research Council and Joseph Rowntree Foundation. It is a five year UK research programme that will produce new evidence on the UK's housing issues at national, devolved, regional and local level. While this research exercise will provide essential evidence to help inform Scottish decisions on its future housing investment and action it is only a five-year academic programme. Information is knowledge and knowledge is power. Therefore, research should be regarded as normal activity if we are going to have the power to make well informed judgements on our housing over the next 20 years and thereafter.

Key points

- The strategic direction of the housing sector over the next 20 years must be informed by robust data gathering and its analysis.
- A commitment should be made to regularly gather and make available data in order for all housing participants to make informed judgements.

³⁶ <https://www.crisis.org.uk/ending-homelessness/the-plan-to-end-homelessness-full-version/>

³⁷ <https://housingevidence.ac.uk/>



14 Improving connections between housing, health and wellbeing

A person's housing situation can be a key determinant on their health and wellbeing and even life chances. Having good housing of the right type and is well connected is essential for all people to be able to achieve their potential and contributes towards good health and wellbeing.

The housing emergency and lack of affordable housing options for people across Scotland is resulting in high levels of housing insecurity, housing poverty and homelessness. The health outcomes for the homeless population in particular are catastrophically poor. Homelessness prevention is critical and needs additional resource and investment. The cost to individuals and public bodies of a high homeless population is one of the greatest failings of the Scottish housing system.

Better partnership working

Co-operative working and service provision is required between Housing and Health to improve outcomes for people living across all housing tenures and specifically to support older people, disabled people and people who are homeless. The importance of co-operation underpinned the purpose of integrated joint boards (IJBs) created through the health and social care integration agenda but good co-operative practice has to include housing organisations. The principle of integrating services is well understood and there are a few good exemplars, however, from a housing practitioners' perspective a change to a more co-operative culture needs further encouragement.

The question arises as to who are the appropriate participants to deliver support services and how these can best embrace housing elements? Traditionally services would be delivered by public organisations but increasingly the third sector is involved but often struggles with inadequate resource and spends significant time seeking short-term funding. The provisions of community empowerment legislation should lead to a greater involvement from community organisations but stability can only arise with adequate long-term investment funding. A better connected and co-operative system could be achieved through some form of community planning partnership but the current system has had significant problems embracing community interests and has not been an 'action making' vehicle.

The Scottish Public Health Network makes a number of local and national recommendations to improve joint working between housing and public health practitioners, including proactively seeking health input to key strategic documents such as Housing Contribution Statements, Local Housing Strategies and Local Development Plans³⁸.

As mentioned in chapter 3, work is ongoing to explore possibilities for a legislative duty to prevent homelessness. A working group has been established to consider the scope of such legislation and how it would be applied to local authorities and other public bodies. Whether or not a legal duty is placed on housing, health and social care services, we must recognise the role that each plays in preventing homelessness and encourage the development of closer working relationships across these sectors.

³⁸ https://www.scotphn.net/wp-content/uploads/2017/03/2017_03_08-HH-Main-Report-Final-1.pdf



The cost of homelessness

Within the housing sector, housing officers are often seen as the front-line for alerting such things as care support intervention but this largely exists within the social housing management framework. There is no such housing management service for the other three quarters of the population who live in private accommodation.

Housing services have demonstrated a greater value beyond the bricks and mortar of housing and make significant contributions to people's health and wellbeing and resulting in savings for health and social care and the criminal justice sector. For example:

- **Links between health and homelessness** - Scottish Government research on health and homelessness clearly shows that homeless households are accessing significantly more NHS services than control groups (inc A&E admissions, acute hospital admissions, prescriptions, addictions and mental health services) making a very compelling case for investing in preventing homelessness and providing support services rather than paying for the consequences through the NHS³⁹.
- **The financial cost of homelessness** - There is a growing body of evidence on the financial savings of preventing homelessness including research into the cost of homelessness by Crisis⁴⁰ and recent research carried out by Heriot Watt showing that after initial investment Housing First savings will result for the public purse⁴¹.
- **Preventing homelessness on release from prison** - A task and finish group with representatives across the housing and justice sector developed a set of standards, known as the SHORE (sustainable housing on release for everyone) standards, intended to improve housing outcomes for people coming out of prison⁴². The Scottish Prison Service acknowledged that people leaving prison, reoffending and ending up back in prison costs something in the order of £3 billion each year. Such expenditure is likely to be driven by people being homeless on release or not having the right support. The research highlighted that around one third of all prisoners don't know where they will be staying on the night they are released.

Given the financial cost of homeless and poor outcomes for individuals, families and wider society, we must continue to move forward with plans to embed Rapid Rehousing, ensuring that where homelessness cannot be prevented, people have access to settled accommodation as quickly as possible and time spent in temporary accommodation is minimised. Housing First should be the default response for people with multiple and complex needs.

We must also ensure that homeless households are able to access effective support tailored to their needs. 47% of homeless applicants report having support needs compared to 34% four years ago. Addressing these needs will help to sustain tenancies and prevent homelessness.

Housing services that support better health and wellbeing

There is an increasing requirement for local authorities and housing associations to partner with community-led initiatives that can empower delivery of local housing solutions for their

³⁹ <https://www.gov.scot/publications/health-homelessness-scotland/>

⁴⁰ <https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/cost-of-homelessness/>

⁴¹ <https://social-bite.co.uk/wp-content/uploads/2018/01/EradicatingCoreHomelessness.pdf>

⁴² <https://www.sps.gov.uk/Corporate/Publications/Publication-5363.aspx>



ageing populations. In rural locations existing older people's housing can become a "community hub" acting as a base from which wider engagement with older people can be achieved.

An example of a housing association supporting health initiatives can be found at Grampian Housing Association where community based innovative practice is being introduced between healthcare, social care and housing.

The model of support has been influenced by the 'Buurtzorg' nursing social enterprise project in Netherlands. This project operates on the basis of residents' families; friends and wider community play a central role in maintaining people's independence. Access to the association's services is digitally aligned with carers as well as being linked to support agencies. Housing professionals have a duty to ensure that a tenancy is sustained and with that the tenant's quality of life. Such an approach fits with a wider association responsibility to protect the health and well-being of the communities it serves. Housing staff are expected to develop deep connections with those communities, across tenures, and act as community anchors alongside other charities and local government.

This project is in its early stages but it is an attempt at a practical decentralised community based approach rather than the current more remote community planning framework process.

Housing associations need to have scope to explore opportunities for innovation, not least in the use of technological solutions, to equip their housing projects in more remote locations with "care ready" support.

Key points

- Good quality housing and support services are essential to our health and wellbeing and in preventing homelessness.
- Housing staff can act as a valuable link between residents and health and social care services. However, this link is much stronger within the social rented sector meaning private tenants and homeowners may be less likely to access the advice and support they need.
- While the significant positive impact of housing has been recognised and there is a growing body of evidence showing the financial savings that housing can generate, this is not being reflected in investment – we need a genuine move towards a 'spend to save' agenda.
- We must continue with the Rapid Rehousing and Housing First agenda to ensure that where homelessness cannot be prevented, people have access to settled accommodation as soon as possible and that they receive the support they need to stay there.
- Housing is not adequately represented through IJBs and there is more work to be done to promote and prioritise co-operation between health and social care and housing.



15 Accessible Housing and Space Standards

The housing system over the next 20 years should seek to develop homes that are more accessible, with adequate space so that they can meet people's changing needs over time. This will ensure that our homes can cater for a range of needs from helping people with disabilities and other health conditions to live more independently, meeting the needs of growing families and households as they get older.

Who pays for accessibility?

The statutory functions of planning and building standards have key roles to play in ensuring that buildings are accessible enough to meet a range of needs and we should explore whether existing standards could be extended to different building types. For example, if commercial property building standards require a lift to all floors then it would seem equitable that this should also apply to housing. Currently the building regulations are inconsistent on accessibility issues.

The recent announcement⁴³ that regulations will be introduced to allow people with disabilities to make changes to common areas around their home to improve access with the support of the majority of neighbours rather than having to gain consent from all owners as is currently the case is welcome. This change in legislation will help people to make changes such as widening paths, installing handrails or ramps more easily – but more still needs to be done.

While additional funding can be made available for wheelchair accessible homes, housing associations do not usually get any extra grant subsidy for 'amenity housing' therefore design often reflects the potential for future adaptation such as wider stairs in flats for a future chair lift installation rather than providing a passenger lift at the outset. The question arises as to who pays for housing adaptation within the common stair of a flatted block and how can this be an equitable arrangement?

The second challenge is the cost of construction. Even with free land, unless we tackle the cost of construction, the cost per square metre will prevent us from designing for need as opposed to budget. The challenge for designing for lifetime flexibility, old age and disability is far easier to meet with more generous floor space.

Relaxing space standards – a race to the bottom?

Much of the UK's municipal post war housing was built to the Parker Morris Space Standards (1961) and became mandatory in New Town developments as well as urban renewal projects. These standards were removed in 1980 as the UK Government sought to reduce public expenditure. This change in regulation highlights the on-going political choice which impacts on housing. As a result of the removal of space standard regulations the UK has some of the smallest dwellings in Europe.

According to research by the University of Cambridge⁴⁴ the average floor area of a dwelling in the UK is 76sqm compared to Germany at 109sqm; Netherlands at 115sqm and Denmark

⁴³ <https://www.gov.scot/news/improving-housing-rights-for-disabled-people/>

⁴⁴ <https://www.cam.ac.uk/research/news/study-finds-premise-behind-bedroom-tax-is-fundamentally-flawed>



at 137sqm. If we have more space we also have greater flexibility to adapt as well as having more desirable living conditions.

The vast majority of homes built by local authorities and housing associations are built to 'Housing for Varying Needs' standards. These standards are often cited as improving dwelling space standards but these are somewhat general and certainly do not address specific health conditions. People's health needs change and while housing might be capable of adaptation, a more efficient approach would be to anticipate such changes at the original production stage. Such matters are more advanced in social housing than in private housing although the vast majority of people live in private housing. For example, research carried out Horizon Housing showed a significant shortfall in wheelchair accessible homes⁴⁵.

The Equality and Human Rights Commission's (EHRC) inquiry into housing in Scotland highlighted that the current system is not meeting the needs of disabled people and made a series of recommendations including that the Scottish Government adopt a target for wheelchair accessible housing⁴⁶.

There is a growing amount of guidance and literature on design criteria on housing for people with disabilities and of an older age. However, the market supply for specifically designed housing to meet such needs is relatively low. Regulation both in terms of planning and building standards have an important role to play and most importantly there should be greater scope for older people and disabled people to be more involved in the design process to better reflect their needs.

Habinteg, a UK charity that promotes accessible homes, noted in its 2017 *Accessible housing policy update* that,

"A three-bedroom home built to [the English] Part M (4) Category 2 costs just £521 more in build costs than its less accessible equivalent."

It advocates using good design to minimise additional space costs and acknowledges that where this is unavoidable it may only cost between £1,100 and £1,400 at the build stage⁴⁷. This is not a prohibitive price to pay for greater accessibility and there is evidence that the benefits of building more accessible homes will far outweigh the costs. The EHRC inquiry mentioned above also highlights that disabled people living in accessible homes are more likely to be in employment, therefore receiving less benefits and making contributions through taxation, and more able to get out and about, reducing social isolation and using less NHS services.

Delivering accessible affordable homes through private developers

Social housing delivered by private housing developers through Section 75 planning agreements are built to statutory building standards but generally have smaller space standards than those developed by social landlords who can choose to build to higher standards.

⁴⁵ <https://www.horizonhousing.org/media/1522/still-minding-the-step-full-report.pdf>

⁴⁶ <https://www.equalityhumanrights.com/en/publication-download/housing-and-disabled-people-scotlands-hidden-crisis>

⁴⁷ <https://www.housinglin.org.uk/assets/Resources/Housing/OtherOrganisation/Habinteg-accessible-housing-policy-update-2017-web.pdf>



An alternative approach would be for the planning system to provide land for the requisite number of social dwellings to enable housing associations and local authorities to provide their own developments to the appropriate space standards. Such land may or may not be within the development site depending on whether the private development site is in a location that fit with the priorities of the social landlord.

Having a more flexible approach provides the opportunity of locating social housing in the right place. For example, typically private housing tends to be on the edge of a settlement when there may be vacant sites within the settlement that could be developed and would provide a more convenient location for residents. Such an approach provides greater accessibility for social housing tenants and could also represent an opportunity for vacant and derelict land to be redeveloped. Settlement centre housing will certainly be more desirable for people with mobility challenges.

Key points

- Building standards should be amended recognising the need to increase space standards and accessibility across all tenures. Investing in accessibility from the start is easier and cheaper than having to carryout significant adaptations at a later date.
- Improving space standards should not be prohibitively expensive and will improve the quality of life for people with different needs and at different life stages.
- More flexibility within the planning system could help to facilitate affordable development on sites that will better meet the needs of future tenants. For example, by being closer to local amenities or transport links.



16 Greater housing choice for older people

It is well understood that Scotland, like most parts of the world, is faced with a rapidly ageing population but at the moment political reaction is slow. It is acknowledged that it may be difficult for an older person to move from a home that might have so many memories and emotional connections even if the move is to a dwelling that better met their specific needs.

Policies have consistently referred to providing for older people to stay within their own home for as long as possible and there is evidence to show that remaining at home is beneficial as long as it is safe to do so. Other policy statements such as 'Ageing in Place' highlight that it is not just about staying in one's home but also being able to stay in the same community and be connected with family, friends and all the familiar aspects of life. However, housing choice for older people is exceedingly limited and there are a significant number of older people who do want to downsize or move to a more suitable dwelling but are unable to do so as there are limited options particularly within their own neighbourhood.

Age friendly design

There have been many studies around the needs of older people and age-related conditions such as dementia which is predicted to increase significantly as our population continues to age. "Dementia friendly" design⁴⁸ guidance for new developments and simple adaptations to existing homes such as lighting, colour schemes, signage and the right flooring can help people with dementia to live well at home for longer.

Despite extensive guidance for older people's housing, very little suitable accommodation is built. It is estimated that between 300-500 dwellings per annum are developed for older people representing around 2% of all new build supply. In 2018 19% of Scotland's population was of pensionable age and this is projected to increase to 23% by 2043. Therefore, within the next 24 years or so there will be 240,000 more people of pensionable age living in Scotland. In very simple terms this growth in older people represents an extra 12,000 people per annum for the period of this Vision to 2040 review. Clearly such data demonstrates the significant under supply of older people's housing that will be further exacerbated by Scotland's increasingly ageing population in the coming years.

Furthermore, some 73% of older people live in owner occupied housing who tend to be more mobile than social tenant occupiers. There is little private older people's housing provision in Scotland and this will now be exacerbated by McCarthy and Stone's decision to withdraw from Scotland. As a result of such inadequate supply older people choosing to move are highly disadvantaged and compromised in the choice of accommodation. This inevitably leads to older people buying housing that is not fit for their later life and frequently means that dwellings are under occupied.

Some initiatives have been introduced such as the Shared Equity for Older People scheme⁴⁹. The Planning (Scotland) Act 2019 also introduced an important obligation for Ministers to consult and report on the needs of older and disabled people and any actions being taken to meet these. The Act also includes a specific requirement for the National Planning

⁴⁸ <https://www.housinglin.org.uk/Topics/browse/HousingandDementia/Design/>

⁴⁹ <https://www.mygov.scot/shared-equity-older-people/>



Framework to contribute to planning for the needs of older and disabled people although the details of how this will be achieved are yet to be set out.

These developments are welcome, but it is clear that radical approaches are required which could include using the planning system to ensure that a Scottish housing supply adequately provides a choice of accommodation to meet the specific needs of the age spectrum. Such a choice is not about expecting older people to compromise, it is about having a sufficient number of dwellings that are well designed to meet the needs or future needs of older people.

Developers of specialist and accessible housing should be more ambitious in the design of their housing and should make use of the HAPPI (the Housing our Ageing Population Panel for Innovation) design criteria for older people's housing⁵⁰. Local authorities and housing associations should require developers to involve older people in the design process, to better reflect their needs.

More choice for older households

Unlike Europe and the United States, the structure of the Scottish housing and land market along with a less than agile planning system has a consequential detrimental impact on competitiveness for acquiring land. Fundamentally, older people are disadvantaged by not having appropriate housing choice for them to live well and independently.

Wider choice of housing for older people is desperately required with a focus on people moving earlier to plan for later life rather than moving later (or even too late) on a 'needs must' basis.

Where there is good housing choice then some older people will wish to move out of larger dwellings which will enable them to be occupied by larger households. The current estimate is that older people on average under occupy their dwellings by over two rooms.

Older people's housing is not just about the right type of accommodation to meet existing or future requirements, it is also about increasing connectivity which can reduce isolation. While telecare can provide significant benefits, older people also want to meet and talk to real people.

There are some good practice examples of how older people live collectively within co-housing and other forms of retirement communities within Europe and the United States. It is estimated that Scotland has around 3% of all retirement communities in the UK highlighting a significant shortfall in supply.

Ageing in rural Scotland

The ageing population in rural areas is of particular concern. It is well understood that rural housing has a greater proportion of housing that is in poor condition and certainly not up to modern specification standards. Also, linked to this are higher levels of fuel poverty particularly in the older population. Therefore, dealing with older people's housing is not just about adapting a dwelling to improve accessibility and other age condition issues it is also about having a dwelling that is sufficiently comfortable and affordable for later life living.

⁵⁰ <https://www.housinglin.org.uk/Topics/browse/Design-building/HAPPI/>



Inevitably not all dwellings will be suitable for rehabilitation or adaptation. Therefore, there is a need to provide alternative choices where older people can stay close to friends and family. Connections to friends and family are crucial, as they represent the majority of care being provided to those that need support. The inter-dependence between family carers and support services provided by the state and other agencies is paramount.

The recruitment of care workers is increasingly difficult, and the cost of transportation and unproductive time means delivering care services for older people and those that are disabled is a growing challenge. In a rural setting, such provisions could be enhanced by the creation of community 'hubs' that bring together services and support under one roof as well as being easily accessible with well-located new extra care and assisted living accommodation for those whose current home can no longer serve their purpose. To make this happen there is a need for such provision to be an integral part of national housing policy, local authority housing strategy and incorporated in to LDPs.

Supporting community bodies to deliver housing for older people

Given that the current supply of older people's housing is restricted to affordable housing organisations and very few private providers, a more balanced supply is required. It cannot be expected that the market will simply stand up and provide what is a non-traditional approach to development. Therefore, to improve supply there has to be an alternative method of increasing production from a wider range of participants which must include housing associations and community bodies.

To make this work, the rules around qualifying community bodies under the Community Empowerment (Scotland) Act 2015 should be re-examined. At present, community bodies have to demonstrate a geographical tightness of location whereas some community groups have a wider catchment and are disadvantaged as a result of this geographical rule. For example, co-housing groups do not all necessarily live in the same neighbourhood but have a common purpose to live together. While such people might not currently be neighbours, it is their intention to live next to each other in the future. This barrier to being able to live together in a self-supporting community environment appears to go against the founding principle and spirit of what is intended from community empowerment.

In this respect a number of citizen-led third sector groups in Scotland have tried to advance proposals for alternative housing models for older people, including senior co-housing communities. To date there has been little tangible support from the public sector for these initiatives. As a result, Scotland has failed to create the kind of cost-effective and innovative housing models that are commonplace in other European nations.

Key points

- A national housing strategy should recognise the key role of spatial planning in securing quality and appropriate 'age-friendly' housing along the lines of the ten design criteria identified by the 'Housing our Ageing Population Panel' (HAPPI)⁵¹

⁵¹ <https://www.housinglin.org.uk/Topics/browse/Design-building/HAPPI/>



- Given the projected rapidly ageing population over the next 20 years all, or reasonable proportion of new homes, should be built to the Lifetime Homes standards of accessibility that serve the needs of people of all ages.
- National Planning Policy Guidance should provide guidance to Local Planning Authorities on meeting the needs of older people, particularly in rural communities, by either allocating sites in the Local Plan specifically for the housing of older people or by providing a proportion of any housing development to be specifically designed for older people.
- Housing grant subsidy should be sufficient to cover the additional design and specification requirements that provide housing that meets the 10 HAPPI principles.
- National and local authorities should provide appropriate support to enable third sector community groups to provide alternative housing models for older people, such as senior co-housing communities.



17 Widening housing choice for tailor made living

There is a need to widen housing choice by increasing our housing supply and having a wider range of developer participants. While volume supply can satisfy a fair proportion of demand, it nevertheless provides limited choice of housing types. In other countries, particularly continental Europe, there is a far greater commitment to providing a wider range of housing through smaller developers and individual plot developments through a self or custom build process. Current data suggests that around 10% of all UK housing supply is through self-build but no data is available for Scotland.

Who are the self-builders in Scotland?

Those that have been able to undertake self or custom build developments are largely older people with sufficient equity wealth to overcome some of the many barriers to undertake such development. In contrast, self-procurement accounts for 30-50% of new housing in other European countries, where it is often actively supported by municipalities. In countries such as Germany and the Netherlands, co-operative and collective self-build projects, including co-housing communities, are actively facilitated by local authorities, and include people from all backgrounds and income brackets. In Wales the Welsh Government has pro-actively supported a new co-operative housing movement with 8 registered social landlords in a number of pilot schemes⁵².

While in rural Scotland there is a reasonable number of self-build developments, however, such developments are often built at a cost that is greater than its value. Such rural developments are as much about a 'no other choice' approach as understandably volume builders will concentrate on more urban locations where large-scale demand is greatest.

A key reason why self-build is limited is its inability to be competitive in the land market. Securing land for self-build in an urban or suburban context is significantly challenging as those wishing to undertake such development are uncompetitive compared with the resources and skills of a developer. Even with the right skills it is unlikely that one could acquire a self-build site and develop a house that costs less than its completed value.

Of course, self-build developers often accept that the cost of production is greater than the value recognising that the additional cost is a premium worth paying to have the benefit of a house that is tailored to meet one's own requirements. However, such a situation is only available to a limited number of people who have sufficient equity to cover the additional costs over the value.

Having highlighted why there are barriers to adopting a self-build approach, one must ask why it is readily achieved in places such as the Netherlands, Germany and Scandinavia? A key fact is referred to in earlier chapters which consider the role of the Scottish state in delivering new housing. We promoted the idea of the Scottish state being more entrepreneurial by investing in developments by establishing infrastructure frameworks and then disaggregating this framework into serviced land for development by multi participatory means. Some of that multi participation would certainly include self-build plots. This is how self-build is provided in continental Europe with the state being the principle development investor that liberates wider participation and housing choice.

⁵² <http://www.cch.coop/co-operative-housing-in-wales/>



The 'Vinex' national planning framework for the Netherlands (1988)⁵³ highlights such an approach which could be readily reworked by Scotland in its forthcoming National Planning Framework.

Demand for self-build

It is not clear what demand there is for self-build development, partially as a result of little profile, promotion or opportunity. Nevertheless, there is a growing demand for 'collective' self-build in the form of co-housing which includes interest from younger people in search of affordable housing and older people who are looking for tailored made solutions for later life living.

Unfortunately, despite the desire and determination of some of these co-housing groups, they have found a range of barriers such as an inability to secure land, funding barriers and a lack of enthusiasm in support by public officials and politicians for something that is regarded as of marginal interest and somewhat complicated to deliver compared to traditional mainstream approaches. Such barriers highlight that while it is human nature to continue with established practices, Scotland is at risk of getting stuck by not providing the right ground for creative innovation which can assist people to have the right housing, in the right place and to live well.

Support for self-build

The Scottish Government has recognised that more is required to increase self-build development by updating the provisions for self-build housing within its recent Planning (Scotland) Act 2019. This update includes a provision for:

A publication of a list of persons seeking land for self-build housing

- (1) A planning authority are to prepare and maintain a list of persons who have registered interest with the authority with the intention of acquiring land in the authority's area for self-build housing.
- (2) A planning authority is to publish the list in such manner as the authority consider appropriate (as for example by means of the internet).
- (3) For the purpose of subsection (1), self-build housing is where an individual commissions or (whether acting alone or with other individuals) is personally involved in the design and construction of a dwelling that is intended to be the individual's main residence once it is built.

While the new Planning Act legislation provides some additional duties upon local planning authorities, such as including a reference within their new proposals on Masterplan Consent Areas that authorities 'may specify' self-build uses, there are no obligations to undertake specific practical action. The planning system could further help delivery by examining a change to its land use class allocation or provide an allocation of self-build and collective build as part of a wider development project. A similar proposal has also been put forward for allocating housing for older people. All these improvement ideas demonstrate the importance of the planning system's role in improving Scotland's housing supply and choice.

⁵³<https://www.webarchive.org.uk/wayback/archive/20170702014543/http://www.gov.scot/Publications/2010/12/31110906/4#a5>



Economists have argued that a problem with the functioning of any economy is the imbalance created by the activities of the state and the market leaving the community behind. In a housing context we have argued that housing supply is polarised between big market players and few public housing organisations. This trend towards big supply is expected to continue unless the state acknowledges the imbalances and corrects this by enabling greater activity through local action, whether this is organised by community groups, community housing organisations or small local businesses. Frankly, it should be all of them.

Scotland has made a satisfactory start in terms of legislation and policy around community empowerment, but it needs to go much further by creating appropriate mechanisms for the policy ideas to be enacted. To this end, the national housing strategy for Scotland supported by Spatial Planning's National Planning policy should actively seek to make self-procurement a feasible housing option for more people, particularly in rural areas and our small towns. This approach should include enabling a growing co-operative and community-led housing movement to thrive in Scotland. By doing so this would unlock local capacity to create more bespoke and innovative housing solutions beyond that traditionally provided.

State facilitation to unlock local capacity could include:

- Local authorities making provision for self-build, collective and community-led housing projects when drawing up Local Housing Strategies – including reserving suitable sites within Local Development Plans, pro-actively advertising opportunities (such as disposals of local authority-owned sites) and encouraging partnerships between housing associations and community housing groups.
- Creating an equivalent to *Rural Exception Sites* in Scottish Planning Law (small rural sites granted planning consent by exception to normal planning policies because they deliver mostly affordable housing). These can be key to encouraging landowners to release small sites in pressurised areas.
- Local authorities should recognise within defined parameters that fully mutual housing co-operatives can provide social housing (ie; membership criteria can be compatible with housing allocation priorities), and therefore have access to affordable housing subsidy.
- Establishing a Community-led Housing Programme for Scotland, with seed-corn funding and professional support for grass-roots co-operative, collective and community-led housing projects (to assist set-up, investigation, feasibility studies, business planning etc.)
- Equalising the playing field for community-led housing by main-streaming government grant funding for co-operative and community-led projects as part of the Affordable Housing Supply Programme (subject to appropriate regulation).



Key points

- We need to support a wider range of housing to provide for different needs and create wider choice of accommodation.
- Support should be provided to assist smaller organisations who are otherwise unable to compete with larger volume builders.
- There is demand for self-build and custom build housing, but barriers such as access to land, complexity and inflexibility of grant funding that is available and lack of support for community groups mean that this type of development is not common. Often self-build is restricted to older households with the financial means to pursue their ideal home.
- The Scottish state must be more proactive in supporting self-build and custom build housing, including through the accumulation and distribution of land as serviced plots primed for development.
- Local authorities and the planning system can better support self-build and custom build housing by recognising the need for different housing types through Local Housing Strategies and allowing more flexibility within the planning system.



18 Rural Housing

Rural housing in Scotland has its own discrete conditions and circumstances that require a separate analysis and promoting additional approaches to that suggested in urban Scotland.

Rural Scotland accounts for 98% of the nation's landmass, yet only 17% of the population⁵⁴. A poor demographic legacy means that the working-age population of rural Scotland is forecast to shrink by one third by 2046⁵⁵. The Scottish Government has recognised that strategic policy measures are needed to avoid acute depopulation in some remoter areas. Many European nations are facing rural 'desertification', some have chosen to abandon their rural communities to market forces, while others (for example Norway and Finland) have made a concerted national effort to support and retain population in their remoter regions. If Scotland is serious about retaining thriving, viable communities in our rural areas and their associated small towns, housing has a critical role to play.

We agree that the Scottish Government's commitment to "increase the number of people living and working in rural Scotland"⁵⁶ is the right one. Housing policy, addressing the condition of existing rural housing and investing in new homes will be central to this. However, it must be closely linked to land reform, changes in land management, improvements in transport infrastructure and a properly sustainable economic development strategy that moves away from a focus on "visitors" and focuses more strongly on the needs and aspirations of residents."

Assessing housing need in rural Scotland

Scotland's housing provision is dominated by a demand and needs approach, both in terms of tenure ownership and the supply of new housing. This approach works largely on economies of scale with activity focussed where demand and needs are greatest. With some 80% of Scotland's population located within the central belt, places outside the central belt have a different range of economic and social challenges. In particular, some rural areas are depopulating and investment in these places is declining while some rural locations, such as Skye, are in high demand with inward migration and investment such as second homes and holiday homes creating housing access more difficult for the local population.

Anticipating future needs

While housing has to meet the existing needs of the Scottish rural population, such a population does not necessarily stand still. It has been noted that some places are declining while others are growing. All this suggests that a vision for rural Scotland is required that highlights how its future economy can be sustained and grown. From recent evidence there have been some excellent community initiatives where local people have acted as their own place promoters and investors.

⁵⁴ <https://www.gov.scot/publications/rural-scotland-key-facts-2018/pages/2/>

⁵⁵ <https://www.hutton.ac.uk/sites/default/files/files/research/srp2016-21/RD3.4.1%20Note%20WP1-3%20web%20-%20published.pdf>

⁵⁶ <https://www.gov.scot/publications/delivering-today-investing-tomorrow-governments-programme-scotland-2018-19/>



Rural Scotland is best suited to community led activity and power should be decentralised to a community level as evidence suggests that they are best equipped to establish their own vision and make things happen. However, capacity, resource and support are all required from the state to enable local production.

The Rural Parliament has set out what it sees as its priorities:

- Transport
- Broadband and connectivity
- Housing
- Local democracy
- The economy
- Protecting or enhancing local services

While housing is a named priority it is also linked with the other priorities. The approach taken within an HNDA process is that it takes current and historical data as the basis for assessing how planning should respond to need. However, such an analysis is based on what exists today without any reflection of what individuals and communities might want tomorrow. Such wants include economic development, sustainable employment and maintaining existing local schools, services and amenities. All these matters are inter-linked which requires a 'whole approach' to assessing needs and demand and what that might mean in terms of land use, including affordable housing.

Delivering rural housing within a national context

The drive for 50,000 affordable homes by 2021 aided by delivery through the planning gain process of affordable housing has not been particularly helpful for rural housing which is set away from urban development activity. In rural locations there are various significant challenges for delivering affordable housing some of which include:

- Fewer housing providers;
- Development economics that are more challenging as a result of higher production costs and lower values;
- The availability of services; and
- The delivery of housing through planning gain mechanisms that may not be achieved due to scale and lower values.

To overcome some of these challenges grant subsidy is required with most of that grant concentrated on small towns rather than remote villages and development clusters. Given these distinct factors developing housing in rural places requires more patience and creativity in planning and funding projects.

Innovative delivery

On the basis of 'needs must' and lower activity from mainstream suppliers, there is a tendency for greater innovative approaches for developing affordable housing for rent and sale in rural Scotland. Such measures include sweat equity and community or collaborative contributions that are providing exemplar approaches for rural locations.



Research by the Scottish Land Commission on the scale and concentration of ownership found that some rural communities face difficulties in accessing land at an affordable price and that prevented the development of housing. This was a particular issue in some communities where land ownership and decision making power is concentrated.

However, there is potentially a wider spectrum of opportunity from land owners in and around existing communities. These can include public authorities, including health, universities and the Ministry of Defence. Another significant owner of rural assets are Churches.

Many Church denominations are reviewing their property portfolios in a response to rising costs and falling congregations. The majority of churches are within or are close to communities. In 2005 it was identified that since the year 2000, 49 church properties had been developed into 415 affordable houses for some 1,150 people, an average of 8.5 homes per building. Research carried out in 2008 established that there were over 4,000 protected ecclesiastical structures plus an estimated 6,000 to 10,000 unprotected buildings of which the greatest number is owned by the Church of Scotland.

The Scottish Land Commission is considering further research on rural housing to examine some of the challenges in delivering sufficient affordable housing in rural areas with the use of case study analysis as well as identifying potential solutions.

Funding for rural housing

The £25 million Rural Housing Fund and the £5 million Island Housing Fund were launched in 2016 with the aim of creating around 600 new homes by 2021. By July 2019, just 94 homes had been approved and 27 built. The slow delivery has been attributed to bureaucratic processes, inadequate support, tight timelines and restrictive regulations all of which have been barriers for communities utilising this funding.

There is no doubt the objective of having a Rural Housing Fund can make a significant contribution in supporting a diverse sector and that delivery can be made more effective. The largely administrative and management barriers outlined above are capable of being remedied with reference to the principles established within the Christie report⁵⁷. A well-managed permanent fund that is better connected with empowered communities will be of significant assistance to rural investment.

Recognising the rural housing is different, promoters argue that greater flexibility is required in the way that guidance is provided and funds are allocated. This can be seen by the application of the Rural Housing Fund and other initiatives, such as self-build and community housing partnership initiatives. Such partnership initiatives are required to take the lead and act as an agent broker engaging with a wide range of stakeholders from individual interests and small communities to Scottish Government.

⁵⁷ <https://www.gov.scot/publications/commission-future-delivery-public-services/>



Key points

- The Housing 2040 Strategy should include explicit targets for new housing in rural areas, progressively increasing the share of its funding until these areas receive support commensurate to their population (17%).
- Support should be given to the establishment of a network of Rural Housing Enablers, who can make a dramatic difference in facilitating the development of affordable homes by working proactively with communities, landowners, housing associations, and the local authority.
- Re-instate an updated version of the Rural Home-ownership Grant, comparable with the Crofter Housing Grant Scheme, to enable more people on lower incomes to undertake self-build affordable homes in rural areas. A qualifying grant assessment for those wishing to undertake self-build development should be established and targeted in the most pressurised rural areas.



19 Equitable property taxation

We recognise that any proposal that seeks to employ a new taxation charge is likely to spark an emotional human response and will present a difficult political choice. However, national and local governments already employ a number of different tax levers with the understanding that they can assist in creating an equitable balance, maintain economic stability and act as a revenue generator for public benefit. These same principles can be applied to taxation of the housing sector.

This report does not seek to propose a tax solution for the housing sector, but it does set out some basic principles that should be applied to taxation of the housing market and presents some ideas about how the housing system could be improved.

Above all taxation must avoid being prejudicial to investment and productivity as well as taking into account an understanding how people will behave when being presented with a higher taxation liability and the potential consequential impact that might arise.

Encouraging a productive housing environment

A key principle should be to try and design a tax system that assists in the discouragement of non-productive, speculative behaviour in relation to land and at the same time encourages productive housing investment. Further work is required to identify various options by investigating their potential benefits and limitations.

Avoiding unintended consequences

The introduction of Land and Building Transaction Tax (LBTT) in 2015 saw tax revenues decline. While there has been some increase in revenues they remain below forecasted revenues. Property analysts suggest the introduction of LBTT has had a consequential impact on the performance of the housing market above the £325,000 threshold and also point out that the slowing down of the upper parts of the housing market as people 'trade up', will also have an impact on the transactional turnover of lower segments of that market.

Research undertaken by property consultants, Rettie, highlight that in Aberdeen, Edinburgh and Glasgow there has been a slowdown in the volume of property transactions compared to other parts of Scotland. While this might be seen as of marginal consequence, a stalling of property markets in our key cities is prejudicial to economic confidence and growth. Calls for a review of threshold levels have been made to reflect a more equitable apportionment. Certainly, irrespective as to whether the threshold is at the right level, the Scottish Government should annually review house prices in the same manner as retail price and consumer price indices are considered when assessing annual income tax thresholds.

While public policy has its own view on 'affordable housing' all citizens have their own affordable circumstances which determine their market behaviour and preferences. These preferences can be influenced by tax policies that generate a behavioural reaction and, on some occasions, this can be contrary to what the financial revenue assessors predict. Higher threshold LBTT bands require people to pay significantly higher levels of tax as part of their acquisition costs. This could impact on a person's decision to stay in one place or another.

For example, a consequential impact of LBTT could arise in high value places such as Edinburgh, as people migrate to suburbs and places that are further afield in order to acquire housing under the LBTT threshold. We previously stressed the importance of having a



well-balanced social mix in our urban housing offer. The downside of not having a balanced housing mix was clearly demonstrated by the outward migration of people from Glasgow to outlying new towns with a subsequent loss of taxation revenues as well as significantly increasing traffic movements between home and work.

Given our remarks on sustainability and encouraging people to live in the right place with a lower reliance on private vehicle journeys, LBBT can have a negative consequential impact that sees people's travel journeys increase at a time when we want to see this decrease.

Incentivising investment in energy efficiency

It is argued that housing is undertaxed because it is a place of habitation and social benefit and not just an 'investment good'. However, some economists have suggested that capital gains could be employed to mitigate against significant increases in house prices that contribute to higher levels of personal indebtedness as well as reducing access for first time buyers. However, the use of capital gains on main residence dwellings has been avoided largely due to political risk and economic consequences. Rather than seek to tax gains, a priority could be to persuade people who enjoy monetary gains to invest this in improving the property's carbon footprint and general maintenance.

Such an approach could be applied if LBBT was a charge to the seller rather than the purchaser. In such a case, if a seller could demonstrate that works were carried out to improve the carbon footprint of the dwelling then this could generate some form of tax break against LBBT. Of course, such a move could reduce taxation revenues, but this could persuade people to invest in their home and thereby improve housing stock quality and reduce our nation's carbon emissions. All of these factors would help to contribute towards our wider public policy objectives.

Value Added Tax

The issue of Value Added Tax (VAT) being applicable on existing housing but not on new build housing has been debated for many years without resolution. Applying VAT on housing repairs, refurbishments, conversions of existing property and not on new build is both inequitable and inevitably has a material negative impact on demand for undertaking regeneration development. Such taxation is contrary to good sustainable principles of maintaining resources within our existing communities and the policy objectives around resolving issues around vacant property and dereliction. With changes in devolved responsibility for VAT from next year, the Scottish Government may be able to address and rectify the inequity of VAT liabilities on existing buildings.

Key points

- Taxation can be a useful tool to incentivise or discourage behaviour and raise revenues that can be used for the public good.
- A thorough understanding of how taxation may affect spending and other behaviours must be taken into account when considering changes to taxation or the introduction of any new tax.
- LBBT and VAT could be used as powerful tools to incentivise investment in maintaining and improving homes.



20 Housing construction – the availability of labour, skills and training

Throughout this report we have stressed the importance of adopting a 'whole approach' in public policy making. This means recognising the inter-dependence that our housing system has with other functions. One such function is the Scottish construction sector which accounts for around 10% of Scotland's workforce and 10% of Scotland's GVA.

Shaping market production processes to deliver social outcomes

Public policy on housing is largely focussed on social policy but delivering physical elements for social outcomes will be dependent on a market production process shaped by procurement policy and regulation. This dependency not only occurs in terms of new build outputs, it equally applies to the good management and stewardship of our existing stock. Therefore, for our housing system to be in good health we also need a well-functioning construction sector.

Who builds our homes?

Scottish housing production is provided by both UK and Scottish regional house builders who do not usually employ their own direct labour force. A main contractor is an organiser of production through project management, technical support staff and supervisors who direct works by using sub-contracting trades. Some regional SME main contractors may employ some labour and train apprentices, but the industry is reliant on specific sub-contract trades and how they organise and train their labour. Therefore, the actual building operations are largely undertaken by a range of separate sub-contractors all managed by main contractor representatives. Such a fragmented system of production makes it challenging to train and skill the workforce.

The current condition of construction in the Scottish housing sector

Several major studies have been undertaken into the state of the housing and construction industry in recent years highlighting current as well as future expected skill shortages.

In a report 'New Housing and Future Construction Skills' published by the Scottish Government⁵⁸ it was noted that Scotland has led many of the changes in the UK for offsite construction, particularly for timber-based homes. Compared to England, Scotland has for some time engaged more in timber structured construction and innovative practices including investment in manufacturing facilities for offsite construction. Much of this innovative practice is small scale and requires scaling up to address actions associated with the climate emergency.

Investing in off-site manufacturing processes is expensive and requires clarity and commitment for future production activity as well as future skills investment. For example, Campbell Construction Group (CCG) was more confident in investing in offsite manufacturing as a result of their involvement in the Commonwealth Villages large scale development. Given recent large-scale land releases in Scotland for new communities in excess of 4,000 dwellings, it may well encourage other housing developers to follow CCG's

⁵⁸ [New housing and future construction skills: report - gov.scot](#)



approach. Additional training support is required for both new entrants and upskilling existing staff in both offsite and onsite construction approaches.

Linked to obtaining clarity and commitment to encourage construction organisations to invest in off-site manufacturing processes, public sector procurement processes must be assessed and evaluated to ensure that such processes will encourage innovative approaches rather than simply requiring a safe proven approach to construction.

Research carried out by the Construction Industry Training Board (CITB) for the period 2019-23 highlighted that in Scotland during that period 13,950 additional construction workers will be required. This research also highlighted that housing was the key sector for growth⁵⁹.

The Local Construction Skills Needs research carried out on behalf of CITB provides evidence of the construction skills gaps on a regional basis across Scotland⁶⁰.

This evidence will allow CITB, in partnership with industry and key stakeholders, to develop regional skills action plans that will seek to address existing and emerging occupational shortfalls. With overall demand in 2018 estimated at 247,300 workers and an existing workforce of nearly 241,000, the overall workforce in Scotland is estimated to need some 6,400 additional workers representing a current shortfall of 3%.

The report highlighted the following key findings:

- Construction skills pressures in areas such as the Highlands and Islands and south east Scotland.
- Shortfall of workforce numbers in the Highlands and Islands.
- Potential shortages in painting and decorating and plumbing trades.
- Need for support staff who work in the supply chain - IT specialists, researchers, lawyers, procurement experts - further emphasising that construction is a career for more than 'builders'.

A well trained and qualified skilled workforce is essential for a good Scottish housing system

Construction training needs to be supported by a well-resourced and well-functioning levy/grant system probably organised and managed by appropriate training agencies.

It takes two to four years to train a new entrant in their respective skills to experienced worker level. Given the transient and fluid nature of the industry, the concept of paying a levy and getting reimbursed in support grants where apprenticeship training is undertaken by a firm ensures that costs are shared by the sector, even if a contracting business does not train its own workforce they would be obliged to pay a levy.

Construction Skills training can be done 'on the job' with an evidenced based vocational qualification or it may be carried out at colleges or other training centres on a day or block

⁵⁹ <https://www.citb.co.uk/documents/research/csn-reports-2019-2023/construction%20skills%20network%20report%20for%20scotland%202019%20-2023.pdf>

⁶⁰ <https://www.citb.co.uk/about-citb/construction-industry-research-reports/search-our-construction-industry-research-reports/skills/local-construction-skills-needs-for-scotland/>



release basis. There is also scope to increase an accelerated skills training programme whereby semi-skilled workers can be upskilled into supplementing the skilled workforce. All of this requires a significant funding commitment and programmed over a sustainable period. Failure to invest in future skills prejudices both the contracting sector and its customers, many of whom are housing providers.

In the social housing sector, contractual community benefits clauses provide scope for apprenticeships and or trainee graduate recruitment although social housing contracts are more likely to be shorter-term projects than those in the private housing sector which may impact on apprentices being able to complete their training. With many local authorities seeking to address housing land supply issues through large scale land releases, this presents an opportunity to introduce community benefit 'training and development' clauses within planning policy and planning gain requirements.

Creating a process that optimises local resources to reduce emissions

"In the UK, the construction industry accounts for 60% of all materials used, while creating a third of all waste and generating 45% of all CO2 emissions in the process."

Oliver Wainwright, Guardian, 13/01/20

<https://www.theguardian.com/cities/2020/jan/13/the-case-for-never-demolishing-another-building>

Construction industry processes generate a significant level of carbon emissions. This is not just a matter of design and the production process but materials, labour and plant have to be sourced from wide geographical locations. Scotland is particularly vulnerable to high haulage transportation with many construction materials being produced elsewhere. There are some initiatives seeking to place a greater emphasis on local production methods such as the Dutch 'Madaster Platform' a material passport within the construction process⁶¹.

It is believed that such a material passport approach could be readily accommodated within the existing 'Building Information Modelling' (BIM) process currently used to share information and decision making on a building asset.

To tackle the climate emergency applying 'bolt on' solutions will be insufficient. We need to build things differently but within price parameters that make operations viable. All this will have a substantial impact on construction production as well as skilling our labour force.

In terms of labour, currently house builders may seek to utilise local sub-contractor suppliers. However, is often not possible and many site personnel travel long distances to and from construction sites. A key challenge is how can Scotland optimise the sourcing of skilled local labour, materials and plant and help to reduce construction and transportation emissions as well as decreasing road congestion?

⁶¹ <https://www.madaster.com/en/newsroom/blog/material-passport-product-passport>



An effective contracting service for building maintenance and small-scale action

Like many other parts of the economy, contracting organisations have grown and procurement processes have not helped small scale operators who generally lack capacity and resources to allocate time in public tender submissions. Indeed, many of the small-scale operators will make a conscious decision to concentrate on other opportunities rather than seeking to participate in public tender projects. It would be in the best value interest of the public sector to examine a method of procurement that seeks to grow contractor competition to undertake housing small works and housing maintenance programmes.

In some parts of Scotland it is difficult for private households to secure the services of trades people to undertake small maintenance jobs. Understandably, contractors are more likely to focus on larger opportunities that provide continuity and clarity of work orders whereas small scale reactive maintenance is logistically more challenging and likely to be less profitable. Such conditions are prejudicial to good stewardship of our existing private housing stock. A solution to increasing contractor participation in small works will not be easy but consideration needs to be given to such matters as the Scottish Government pushes forward with proposals to see private housing conditions improved and further housing stock improvements carried out to address climate emergency matters.

Key Points

- Construction processes generate significant carbon production and changes to design, specification and production methods will need to be made to achieve climate emergency targets. This will include skilling our construction workforce beyond traditional construction capabilities as radical changes are made to our building fabric and environment.
- Like many other sectors, construction has an ageing workforce. Therefore, there needs to be training and funding commitments from the construction sector and the Scottish Government.
- Procurement methodologies should be regularly reviewed to ensure public processes optimise participation from a wide a range of contractors.
- In order to have a properly maintained Scottish housing stock, the Scottish Government should find ways and means to encourage and increase access to qualified small scale contractors that can carry out small scale maintenance and improvement works on individual properties as well as housing developments.



21 Synopsis, including key points and conclusion

As set out in the introduction, the CPG on Housing brings together a unique set of expert practitioners from a wide variety of backgrounds. With many organisations contributing to this report, we acknowledge that it is a lengthy document. This chapter summarises the content of this report and sets out ten key points that the Scottish Government must take into account when finalising its vision for Housing to 2040.

1 Housing policy should focus on need, support economic activity and save our planet

The public policy emphasis on Scottish housing is largely focussed on social and other forms of affordable housing tenures that are determined by people's needs. Much of that investment is targeted by using multiple deprivation indices and analysis but, if we are to address inclusive sustainable economic growth, then affordable housing must also be aligned to the needs of industry and commerce and be located in areas of economic expansion. Therefore, future public housing investment should be better connected with wider public investment initiatives by adopting a whole place approach to policy making and investment.

The group were clear that affordable housing needs to be better defined and a recognition that good quality housing that people can afford is a pre-requisite for a properly functioning inclusive Scotland.

Currently the housing system is polarised between suppliers of social and affordable housing and speculative private production needs to be both better balanced and more nuanced with a determination to bring wider and more varied participation and investment within the system. This requires commitment to more radical practices, policy regulation and taxation.

We need to be radical simply because if we seek to massage the edges of current practice then we will fall short of achieving good housing for all of our citizens and, more importantly, we will not be addressing a climate emergency that will render uncomfortable living for future generations.

The location of private housing investment should be a matter for the spatial planning system, but this has largely been a reactive rather than proactive process. We have over the last 50 years struggled to always provide housing in locations which are close to where people work. This is economically inefficient, socially fragmented and ecologically unsound.

Housing to 2040 is intended to be a 'vision' document, but this paper is practice orientated, examining how things can be delivered within the context of wider national and local aspirations. The importance of taking a 'whole approach' is an underlying message ensuring that our deliberations are about investing in housing solutions that enable people to live well and contribute towards the ecological sustainability of our planet. To this end, this paper does not restrict itself to a narrow silo view of housing but raises issues relating to:

- Housing that is affordable and well located in good quality places;
- How affordable housing is shaped by both public and private finance;
- How good housing contributes to our health and wellbeing;
- Housing is aligned with other policies such as welfare reform, child poverty; and



- How housing must contribute more to the climate emergency agenda.

Creating a housing system that meets the needs of all people across Scotland, as well as good stewardship of our planet, is essential to achieving the Scottish Government's national outcomes and will have wide ranging benefits across Government portfolios including:

- Improving the health and wellbeing of our population;
- Preventing and alleviating homelessness;
- Reducing poverty, particularly child poverty, and inequality;
- Reducing fuel poverty and carbon emissions; and
- Supporting skilled trades, providing employment and boosting the economy.

2 Everything we do is linked and inter-dependent.

At the outset we wish to stress the importance of adopting a 'whole place approach' in any evaluation of the Scottish housing system and what will be the issues and action required for the forthcoming 20 years. Everything is linked and as a high-level consideration we all must strive to be more co-operative in the way we work.

The housing system is complex with neither the market nor the state being able to independently address such complexities. The system can only function well when the private and public inputs of the state, the market and the community are better aligned and balanced. The power of collective action is required from all parties and recognition that the housing system is more likely to function well when it is better connected with matters of health, education, commerce and place.

'Collaboration' and 'working with' are typical policy buzzword expressions but by collaborating we all need to go beyond these well intended buzzwords and share the challenge and equally share in making something happen. For example, housing policy officers need to have a greater understanding of planning processes, health processes and economic drivers just as other officers responsible for these functions need to have an understanding of housing processes. All those engaged in the housing system have their specific functions to attend to. However, successful outcomes have a better chance of being achieved by co-operating with those with different functional responsibilities within the same system.

From our discussions in preparing this report, it was widely recognised that we have to improve our co-operation and our collaboration. This means synchronising our activity through developing stronger inter-relationships and trust rather than operating within a silo of rigid job descriptors.

Housing also goes beyond the envelope of four walls and a roof. Housing plays an important role in people's health, wellbeing and economic productivity. Therefore, those within the housing system must be more aware of being part of a wider approach.

We have called this 'a whole approach' recognising that housing is inter-dependent and inter-related to other functions. No longer can it be acceptable for us to work within an environment bounded by tight walls of responsibility. We all need to be much more aware of the linkages that make things work well. This paper has been authored by a range of housing



representatives with many differing interests and motivations but working together this has demonstrated how greater co-operation can work.

3 Housing is an investment that requires a long-term commitment

A well planned and managed housing system that is supported by public and private long-term investment will help to ensure that resources are applied in the right places so that supply anticipates and responds to the needs and demands of both people and business.

Priority should be given to evidence informed planning that plays a more proactive role in shaping, facilitating and managing our places so that greater clarity and certainty exists for all investors. Investment in housing by an assessment of numbers alone is inadequate and insufficient. While a national assessment of housing need contributes towards the understanding of the scale of the challenges along with the required funding investment, the approach to delivery must be more nuanced. It must recognise that there are differing local circumstances, conditions and priorities not only in terms of housing numbers but of the type of accommodation that is required.

Many of the indicators of the housing emergency – including homelessness, high pressure and increasing rents in areas of the private rented sector (PRS), long social housing waiting lists – must be addressed by a long-term political and resource investment in the building of high levels of social housing to address decades of deficit. Many of the issues in the housing system are a consequence of a lack of housing and will not be meaningfully addressed until social and affordable house numbers are increased and sustained at those increased levels.

4 Informed decisions can only come from sound evidence

In-depth, rigorous research is required to provide the necessary evidence base to make an informed judgement on what is actually the right amount of housing of the right type and where the right places to locate such housing are. Such locational assessments should not be constrained by political boundaries, they should examine the areas of economic and social influences.

While we recognise and support the need to assess and plan for housing need based on robust evidence, the current system often lacks detail on the types of homes that are needed and can result in homes being built in locations that are convenient to build on rather than the locations that really require more homes. To be a well-functioning country we need good places to live that have convenient connections and a greater social balance commitment that provides good housing choice and accessibility irrespective of a person's circumstances.

5 We need a 'hive switch' to address the climate emergency

The next 20 years of housing in Scotland is likely to witness radical change as a result of the climate emergency. For the last 20 years changes have been marginal despite the increasing calls from those engaged in climate change. We have now moved on from 'climate change' to 'climate emergency' and our Scottish Ministers recognise that much more has to be done to address what the economist, Joseph Stiglitz, described as our "Third World War".



It is right to now talk about an 'emergency' and recognise that everyone has to come together and play their part. Psychologists call this a 'hive switch' where there is greater cohesive action and group co-operation.

Housing, both in production and in use, creates a significant amount of carbon emissions. However, this is much more than the fabric of our buildings; it is also about our behaviour and consumption within and outside these buildings. While there have long been calls for building at more sustainable densities on brownfield ground there has only been a modest change in bringing back vacant and derelict urban land into use. With housing developments increasingly spread further afield this has had a material impact on the way we live and move about. Such behaviour has significantly increased carbon emissions as well as road congestion leading to further mitigating expenditure all of which does little for our well-being or our economy.

6 Housing has to be responsive to a changing economy

According to the United Nations, our global urban population is growing by 65 million people every year. Concentrated urban places are more productive and play a fundamental role in pursuing economic growth. Economic growth that is planned for inclusive and sustainable benefits is a key matter for Scotland. Housing is an important and integral part of our economy and we must recognise that the assessment of housing need and demand is not just generated from surveys, demographical modelling and trends from historic action. We need to reflect our future housing requirements by trying to understand the characteristics of a changing economy that is going to generate greater levels of need and demand for urban living over the next 20 years.

7 Everyone has a right to a home

Housing is a human right. Clearly, any civilised society should be capable of housing its population and shelter, along with food, water and clothing, has always been recognised as an 'essential need'. However, housing as a human right does not just mean that a person has a right to shelter.

A person's home must be suitable for their needs meaning that they can use all of the facilities within their home and be able to access amenities and take part in the community outside of their home. The need for support to remain at home and maintain a tenancy has been recognised by the Scottish Government in current work to explore possibilities for a legal framework for the prevention of homelessness. Housing and the prevention of homelessness must form a core part of the vision for Housing to 2040 and the Scottish Government's work on embedding human rights within Scottish legislation.

8 The delivery of affordable housing is dependent on the private market working well

Affordable housing planning policies are now a major element in delivering both social housing and other forms of 'affordable' accommodation. Such a policy has been developed over the last 20 years and, while it makes a significant contribution to the delivery of affordable housing, it is dependent on the locations generated by market motivations which do not always reflect 'housing need' considerations.



Those living in social housing may not have the means to be as well connected to places as those living in private accommodation and their needs may be better met by having accommodation closer to amenities and employment. Greater flexibility in the application of planning policies could ensure affordable housing is planned and located in the right place.

9 We need to do more regeneration and have the right tools to rebuild our town centres

It is not only cities that require more urban living as we need to see housing being well connected to town centre services and amenities. Of course, it is more complicated to consider town centre development by converting or renewing upper floors and derelict buildings in our high streets, but such interventions will encourage housing to be more accessible to amenities, help generate greater levels of town centre patronage and much needed economic and social activity in our town centres.

Affordable housing in town centres is an important aspect of our wider regeneration programme, but there needs to be greater flexibility in the way we provide housing subsidy to support reclamation and conversion projects. Of course, funding and cost certainty around 'new build' is generally an easier thing to do. However, when considering the long-term sustainable investment of total assets, new build might not always be the right choice if one factors in social implications and the whole life costs associated with buildings and spaces.

A significant contribution to regeneration activity can come from community groups who have already demonstrated an ambition to get involved at the local level. Again, such activity is not the easiest solution but such a matter has benefits beyond housing. Good public commitment to such a programme will help to stimulate wider economic activity within our towns and will be a social stimulant for people to get a greater sense of ownership and connection as well being more engaged in community activities.

10 We must deal with the inequity of Value Added Tax charges on works to existing buildings

It is recognised that working on existing stock is likely to be more complicated. However, it is further challenged by an inequitable Value Added Tax (VAT) policy whereby new build is not liable for VAT but it does apply to works to existing housing. Such a matter is illogical, unsustainable and unfair. A change in the VAT of buildings should be remedied as quickly as possible.

11 We can use taxation to shape market behaviour

Public taxation is, in addition to raising revenues, used to incentivise or discourage behaviour. It can also be used to rebalance unearned wealth generated from housing assets. However, property tax has traditionally been applied by politicians in a light way, and many economic commentators have pointed to house price inflation making a significant contribution towards an increasingly unequal society. How one seeks to re-balance housing wealth is certainly a political choice which housing practitioners recognise would be a difficult matter.



12 Housing investment is good value in a competing environment of scarce funds

The amount of public housing investment will inevitably have to compete with other demands on finite government resources. It is recognised that with various bidding for funds, housing has to demonstrate good value, but this must never be confused with lowest price.

Delivering public housing is an investment process and there is a need for housing grant levels to be regularly reviewed to consider ever changing circumstances. Investment considerations should not only include the entry price, but also the cost of maintaining that asset over perpetuity. For this reason, dwellings need to be well designed, built, maintained and be adaptable. With a reliance of some 3,000-5,000 affordable housing units being delivered in Scotland through planning policy mechanisms, the delivery of public housing is materially impacted by market considerations which can make it more difficult for future planning and arranging longer-term financial investment.

13 Getting the right housing in the right place depends on good proactive planning

While the number of Scottish households largely equates to our number of dwellings, it is recognised that we need more housing because not all of our housing is in the right place or of the right type.

The average household size in Scotland is around two persons, yet for over 30 years we have built more detached houses than any other housing type. Our room sizes are small compared to European examples and many people buying a house will seek to have additional rooms for flexibility. Placing the right housing in the right place is a difficult challenge and may cause some tensions, but these must be addressed. With urban populations continuing to grow we need to have new types of housing within urban places much nearer the places where we work. This is particularly important in our core Scottish cities that have to compete with their counterparts in other parts of the UK and Europe.

The planning system is a key statutory policy and regulation device to shape how and where private housing is delivered. In the last thirty years the planning system in Scotland, like that in other parts of the UK, has become more of a reactive process. If Scotland wishes to have a greater commitment towards public interest led development, then greater planning emphasis will be required towards investing in a proactive plan led system.

A plan led system is not a centrally planned municipal approach to housing delivery, but it should set out what and where development is needed and is appropriate. In addition, a plan led system should be about setting the framework parameters for the design and implementation of making good quality places. Such a plan led approach needs to be informed by deeper evidence of all the social, economic and environmental elements and embrace a greater democratic involvement in not just generating ideas but allowing greater participation by communities in the plan led process and its delivery.

The National Planning Framework should be an important policy document that needs to reflect on how we can adjust and invest in the way we are going to live given our earlier observations of a move to a denser urban economy.



14 Public interest development can only be led by an enabling state

The state needs to have a greater commitment to public interest led development by the setting of clear development framework parameters. On strategically important sites we believe the state needs to go further and act as the 'enabling state' by directly investing in projects and sharing risk. Again, this is not a device where we are suggesting a municipal approach to housing delivery, but we do believe that the state's involvement is required if we are going to achieve developments that embrace the wider public interest.

Serving the wider 'public interest' is unlikely to be a motivation for the private sector but they are well skilled and equipped to react and deliver buildings when the conditions are right. This is exactly how the waterfront project is being implemented in Dundee with the Council orchestrating and conducting the lead role in the project investment with private investors filling in the service site plots. The clarity and confidence generated from such an approach enables a wider variety of participants as well establishing good competition and a high quality standard.

Much of the best practice referred to by research experts points to European exemplars where the state has been involved as a participating investor. Such a role is not to do everything but should involve organise public assets and infrastructure leaving the developers and builders to do what they do best; build houses.

European municipalities see their involvement less as a cost matter and more about participating in generating value that has public interest benefit while getting a financial return on their investment. This approach is what public authorities used to do in the UK but, apart from a few exceptions, most of the tasks have now been transferred to the private sector. As a consequence, even if the Scottish Government agreed to an investment role for public authorities, there is a lack of a skilled resource to undertake such an approach. Pragmatically, it would make more sense to undertake such a public interest led development approach through the use of some form of joint venture partnership model where the state can invest assets into the project with private organisations utilising their development skills and financial resources with the support of a public sector covenant.

Local asset backed vehicles (LABVs) have been widely practiced in England but this partnership investment model has had limited application in Scotland. Scotland has generally preferred to separate the responsibilities for delivery with public organisations being the instigator perhaps carrying out some enabling works and following promotion, pass control and responsibilities to the private sector for implementation.

On some occasions, local authorities have funded infrastructure through competitive 'prudential' borrowing but fiscal rules will inevitably limit the amount a local authority can borrow. However, risks can be shared with the public sector making use of its financial covenant strength to have additional activity by blending capital and assets with private funds. The financial investment market is conditioned by risk and it is likely that it will remain interested in participating in activity that is shared with public organisations.

It is not advocated that such mechanisms as LABV replace traditional approaches, rather it can be used to complement and supplement investment opportunities to drive additional activity.



15 Good housing is healthy and contributes to higher levels of wellbeing

As part of the Cross Party Sub-group's deliberations there was a significant push for greater awareness of the impact that good quality housing can have on people's health and wellbeing. Such deliberations included having accessible housing for people with a range of health conditions. While 'lifetime homes' can improve accessibility, it remains a general device and it should never be treated as a panacea that fixes all needs.

For this reason, there has to be a greater commitment for providing the right choice of accommodation for people who have disabilities and also older people who wish to live in suitable accommodation for their later life. 'Adaptation' is the principal policy and public investment device to help people stay in their home for as long as possible, but interventions come at the time of a person's need which can be a harrowing experience.

The devastating impacts of homelessness have also been well documented in terms of the human cost and financial cost to the NHS, housing and criminal justice services. There is a clear need to focus on prevention of homelessness wherever possible, and to continue to embed the Rapid Rehousing and Housing First approach where homelessness cannot be avoided.

16 Older people need greater housing choice within a supportive environment

Not all older people want to stay within their existing home. Some, particularly the three quarters of older people who live in private accommodation, recognise that their home is no longer suitable for their later life with some wishing to move before a crisis occurs. These people would like to plan well ahead of a potential future crisis but unfortunately they have little suitable housing choice. Housing provision for older people and those with disabilities have flat lined for some time but with the Scottish population increasingly ageing, a concentrated effort is required to provide wider choice.

Having sufficient space to enjoy our external and internal housing environment is important. However, in comparison to the rest of Europe, we have some of the smallest dwellings. Increasing space standards would not just improve living conditions for people, but would also contribute towards easier accessibility around the home. This in turn can help to prevent trips and falls that account for a significant number of hospital admissions.

While social housing providers have increasingly been aware that they act as a 'front line' in identifying and assisting those with conditions, and can engage with social and health services for people to have the right support, around 750,000 older people live in private housing where there is no housing person to 'look out' for them.

'Front line' services for older people living in private accommodation are largely reliant on charitable services with limited capacity and resources. However, public support could assist health preventative measures as well as providing solutions to early hospital discharge. For this reason, we believe greater collaboration is required between housing representatives, third sector organisations and those engaged in the integrated joint board services.



17 Housing must be closely connected to excellent natural spaces

Housing that is well connected and situated in a healthy quality environment is essential for people to enjoy a good sense of wellbeing. The environment around our homes, and our ability to access it, is essential to our physical and mental health. We have known about these beneficial connections for generations, but the provision of accessible good quality green spaces has not been a significant priority largely being relegated to some mathematical planning calculation for left over land that few choose to use.

18 Housing choice will be improved by including a 'tailor made' approach

One way of allowing people to live in spaces that suit their requirements is to support them to organise the building of their own accommodation. Again, compared with the rest of Europe we have one of the worst records for self-build and custom building. The reason for this poor achievement is largely down to the lack of available land, a lack of supportive planning policies and the availability of finance. The opportunity to acquire suitable land can easily be fixed by having a sympathetic planning policy to ensure sufficient land is allocated for such purposes.

19 An enabling state approach allows wider development participation and choice

If the state got more involved in investing in projects then they could act as 'master developer' allocating serviced ground for self-build purposes. Building one's own home is not just an individual task but could be organised on a collective basis. This is usually referred to as co-housing which is growing in interest in the UK with a number of recent developments in England. There is also a demand for this form of living in Scotland but, so far, initiatives have floundered largely due to the lack of suitable land. The ability to source land is not just down to the fact that it is scarce but also due to the fact that self-build, custom build and co-housing have little or no chance of competing for land against wealthy commercial development companies.

20 Scotland will become more urban but we still need to invest in rural housing

Much of Scotland's self and custom build housing can be found in rural Scotland. This is partially down to the fact that there are fewer housing delivery choices as developers are not usually organised to operate at small scale in more remote parts of the country. Largely due to its remoteness, rural housing is difficult to deliver on the basis of a traditional economic model. Frequently the cost of production is greater than the value of private housing or the costs of servicing debt for affordable housing as it costs more to procure than in other parts of Scotland.

While some investors may be happy to pay a cost greater than its value, this is not a sustainable model for rural housing at large. Given values are likely to remain lower than costs, public subsidy will be required for affordable housing and such subsidies are likely to be greater than those in more accessible urban locations. To sustain our rural places there is a need to encourage our younger population to stay and play an active role in growing the rural economy. To do this, rural Scotland needs more support for affordable accommodation.



Financial assistance is required to bridge the viability gap. In addition, there is a need for a network of enablers who can make a dramatic difference in facilitating affordable housing developments. An enabling mechanism that is supported by an updated version of the rural homeownership grant comparable to the crofter housing grant scheme would go some way to increasing a much needed supply of affordable rented accommodation.

21 A good quality housing system needs well educated and trained people

Having shelter is an essential human need and that must be our starting position. To be well functioning and fit for purpose for the next 20 years and beyond, we must have a system where all people can readily access housing that meets their needs irrespective of personal or family circumstance. It is also about having our housing that is structurally sound and with good fabric and services that meet climate emergency targets. To achieve such essential elements, we need those engaged within the housing system to have the education, training and skills to deliver high quality buildings and manage and provide high quality services.

22 A well-functioning Scottish housing system is dependent on the right political choice

To get housing delivered there has to be a commitment to proper long-term resourcing. Decisions as to the course of direction over the next 20 years will eventually come down to political choice. However, as practitioners we hope that such choice is from informed judgement based on evidence rather than ideology. We believe that this pragmatic approach should attract all party support which would allow a commitment to be made over 20 years rather than the usual political cycle.

Housing investment over five years or less is insufficient. A short-term funding initiative might deliver a specific urgent objective but cannot be described as well planned investment. In reality, successful outcomes take much longer, and need a patient capital approach that is resourcefully managed. Therefore, as practitioners we are calling for our Scottish politicians to endeavour to find common ground and seek to bind themselves to an all-party resolution to jointly commit to a long-term investment programme in good quality housing for Scotland.

23 Conclusion and Key Points

This synopsis report is a summary of our in-depth main report. Both reports have been prepared over some six months with practitioners providing inputs, discussing and debating the issues. This process has demonstrated a willing ambition for a range of organisations to examine how their own specific issues and motivations can be synchronised with other people's objectives. This approach has brought about a general consensus between the contributors and highlights how all housing practitioners could be encouraged to work together and share experience and knowledge to help improve our housing system. We certainly encourage such an approach in developing the Vision for Housing to 2040.



To summarise our synopsis, we set out the following 10 key points.

1. Housing must be recognised as a long-term investment. This applies to the use of 'patient capital' in public interest led development as well as having long-term affordable housing budgets that go well beyond five years.
2. Affordable housing investment must continue at current levels but greater focus should be given to the types and choice of housing rather than just a focus on numbers. This includes recognising that some of our unsustainable post war stock may need to be replaced within the next 20 years.
3. We need to adopt a 'whole approach' within our political system backed by a 'whole resource' that addresses all of the Scottish Government's National Performance Indicators. Building trust and gaining consensus needs to be the cultural norm.
4. All policies should demonstrate 'climate emergency first'. Radical steps must be taken to address the climate emergency by improving our existing housing stock and new build design and specification. This is not just about buildings but must address behaviour with policies reflecting the need to live in the right places that easily connect to public transport networks and our places of work.
5. Routine, robust and rigorous research is required to evidence base all policy preparation and decision making.
6. Housing officers acting as a first call to support residents need closer ties and relationships with health and social care colleagues. However, better support for people in private housing is needed as that is where the majority of older people live.
7. Housing space standards should be re-assessed with greater commitment to accessibility than currently provided. Adaptation can be helpful but other housing choices are required.
8. While the trend is for migration to urban areas we must continue to ensure that there are sufficient resources to have good housing in our more remote rural places.
9. Funds and improved partnering processes must be made available to train a skilled construction workforce to build and maintain all of our housing to a quality standard.
10. Public interest led development should be fronted by public organisations to ensure that there is good housing choice that is well balanced between affordable housing, private speculative housing and smaller local tailor made housing such as self-build and co-housing.



Conclusion

For well over 20 years, housing has been delivered by a form of 'game theory'. That is a strategic interaction whereby stakeholders with differing interests affect each other by the actions and counter actions that they take. In private housing, the interface between those that act for profit and those who regulate has been frequently in tension and often adversarial all of which has diminished trust. As a consequence, the housing system has become polarised and imbalanced through differing and often conflicting objectives.

Happiness for any society is essential and it is good to hear the First Minister in her TED Talk⁶² suggesting that "We must put wellbeing at the heart of everything we do". However, how can this be achieved at the same time as economic growth? It is unlikely that such matters can be achieved by massaging of the edges of current practices; this needs radical thought and action starting with a recognition that everything is linked.

Happiness whatever a person's circumstance has to come from providing people with support and opportunity to be able to function well through their own capabilities, whether individually or through community co-operation. In terms of housing, we can start by significantly widening choice beyond the current polarisation of supply. This means enabling broader participation from those who want to engage in housing delivery but who are currently locked out of the process.

In searching for our wellbeing, for the next 20 years, we must improve our inter-action and become more co-operative and trusting of each other. Lots of references are made to the sensible high-quality housing approaches adopted by the likes of Germany, the Netherlands and Scandinavian countries. A key common element within these countries is that they often have a more co-operative political system that creates clarity through an all-party investment commitment for its housing. The question is whether Scotland can emulate such a political consensus, to support a long-term funding commitment with well-defined objectives that balance individual choice with societal benefit as well as robustly getting to grips with protecting our planet from disaster? This Cross Party group certainly hopes that it can.

⁶² https://www.ted.com/talks/nicola_sturgeon_why_governments_should_prioritize_well_being?language=en



Appendix 1: Developing this report

Background to the consultation

The Scottish Government launched a discussion on priorities for Housing Beyond 2021 (now called Housing to 2040) at a stakeholder event on 25 September 2018. A [discussion paper](#) was also published setting out some of the key challenges for the housing sector and inviting views on how these might be overcome. In May 2019, a [report](#) summarising feedback received to date was published and this formed the basis for a [draft vision for Housing to 2040](#) and the launch of a formal Scottish Government consultation.

Forming the subgroup and developing the report

At the Cross Party Group (CPG) on Housing meeting on 22 May 2019, CPG member Steven Tolson suggested that the CPG should take a proactive role in contributing to the Scottish Government's consultation on Housing to 2040. Andy Wightman MSP (convenor) agreed to the suggestion and invited Steven Tolson to chair a sub group with support from the Housing CPG secretariat, CIH Scotland.

Following this agreement, all members of the Housing CPG were invited to take part in an initial meeting to agree the remit of the group and approach to developing a report with the intention of submitting this to the Scottish Government as part of the Housing to 2040 consultation. The group met in person (or via Skype) three times:

- 9 August 2019
- 22 October 2019
- 22 January 2020

Between meetings, contributions were made via email. Steven Tolson, acting as editor, collated comments from all participating members using these as the basis for the main report and synopsis.

Progress on drafting the report was presented to the full Housing CPG meetings at the Scottish Parliament on 18 December 2019 and 19 February 2020. At the meeting on 19 February 2020 it was agreed that the report should be submitted to the Scottish Government on behalf of the CPG.

Contributing members

CPG members gave their time and expertise to developing this report and the contents is drawn from the contributions of all members of the sub group listed below. As a diverse group, there were some challenges in reaching consensus on all aspects of the report and as such, not every member may agree with every point in the report. It should also be noted that several of the organisations that contributed to this report have also submitted their own responses to the Scottish Government consultation which may vary in some details from this report. In any case, the group agreed in the value of working together and bringing together different perspectives to produce this report.



Organisations that contributed to the report are as follows:

- **Steven Tolson, RICS, chair of the subgroup**
- **CIH Scotland, secretariat and contribution to the report**
- **Age Scotland**
- **Association of Local Authority Chief Housing Officers (ALACHO)**
- **Crisis**
- **Edinburgh Solicitors Property Centre (ESPC)**
- **Glasgow Centre for Inclusive Living (GCIL)**
- **Grampian Housing Association**
- **Joseph Rowntree Foundation (JRF)**
- **NHS Health Scotland**
- **Sam Foster Architects**
- **Scottish Association of Landlords (SAL)**
- **Scottish Churches Housing Action**
- **Scottish Federation of Housing Associations (SFHA)**
- **Scottish Land Commission**
- **Shelter Scotland**
- **The Vivarium Trust**

