



# Evidence submitted by Chartered Institute of Housing Scotland: 27 February 2019

## About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world including 2,000 in Scotland.

Further information is available at: [www.cih.org](http://www.cih.org)

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**1. General Comments**

- 1.1 CIH Scotland welcomes the opportunity to contribute to the discussion on the future of Scotland's tenements. The Scottish House Condition Survey clearly highlights the need for action to be taken now with 76% of all flatted properties showing some sign of disrepair, 56% with disrepair to critical elements and 34% in urgent disrepair.
- 1.2 Poor quality homes can have a significant impact on people's physical and mental wellbeing. In addition, if the Scottish Government is to meet the new target for radically reducing fuel poverty, currently making its way through Parliament in the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill, homeowners and private landlords need to be supported to invest in making improvements to their homes.
- 1.3 We support the introduction of measures which will streamline the process for maintaining or improving common areas in mixed tenure buildings. These should benefit owner occupiers, private and social landlords and their tenants. However, it is equally important to ensure that any measures that are introduced are proportionate, enforceable and affordable.
- 1.4 We do have some concerns about how some of the proposed measures would be monitored and enforced without additional resources, particularly where it is suggested that local authorities should play a role. It is also unclear how owners would be supported to understand and comply with any new obligations.
- 1.5 Comments and queries on specific areas covered within the interim recommendations are set out below.

**2. Owners Associations**

- 2.1 The establishment of compulsory Owners Associations could help to formalise the process for dealing with repairs and maintenance and encourage members to be more proactive in managing their own buildings. However, we have some concerns around monitoring and enforcement.
- 2.2 The paper published by the [Owners Entity Sub Group](#) suggests that lack of an Owners Association could be marked down in Home Reports or that a duty could be placed on Factors to ensure that Associations are established. But it is unclear how this would be enforced or how Factors would be expected to deal with lack of engagement from owners.
- 2.3 It is also unclear how owners would be supported to understand their obligations in relation to a compulsory group.

### **3. Sinking Funds**

- 3.1 In principle, sinking funds should help to spread the cost of repairs and remove the issue of one or more owners having to pursue others for payments. However, we do have some concern about how these will work in practice and how the obligation to contribute will be balanced with the ability to contribute. Ensuring a fair system for all owners will be key to successful implementation.
- 3.2 Many home owners, particularly older owners, can be asset rich and income poor and may have difficulty making regular payments to a sinking fund. In the scenario set out in the [Sub Group's paper](#), the payments would be deferred until the point of sale. We agree that this will help to protect those who cannot pay but there seems to be little incentive for those who simply choose not to pay – although we hope that this will be a small minority. We note the suggestion of interest plus a fine to be added at the point of sale but it is not clear whether this would encourage payment, especially for those with little equity or other outstanding debts.
- 3.3 It is unclear how easy it would be to recover funds at the point of sale (especially as other debts would have to be recovered first) or how significantly this might affect the value of a property, assuming that the new owner would have to cover the deficit.
- 3.4 The paper states that owners who do pay into a sinking fund should not be penalised by the fact that others may not but it is not clear how this can be achieved without more proactive enforcement for those who are able to pay.
- 3.5 It is not clearly set out in the paper why social landlords would not be expected to contribute to a sinking fund on a regular basis in the same way as the other owners.
- 3.6 The paper also raises the issue of privacy. Any potential purchaser of a home that carried a sinking fund deficit would have to be made aware of this, but should potential purchasers of other homes (without a deficit) in a building where one or more homes is carrying a deficit be made aware of this?

### **4. Five Yearly Inspections**

- 4.1 Five yearly inspections should help to ensure that any repair issues are identified and dealt with at as early a stage as possible, preventing critical disrepair and saving money. However, we do have some concerns about how the reports will work in practice.
- 4.2 The suggestion that reports would be publicly accessible for free would help to increase transparency around the condition of tenements but it is unclear how this would be funded or where responsibility for maintaining the database would sit.

- 4.3 It is not clear who would be responsible for ensuring that inspections were carried out, especially in buildings with low levels of owner engagement. The paper published by the [Inspections Sub Group](#) suggests that owners would have to allow access to common areas but it is not clear how this would be enforced or what the consequences of failing to allow access would be. For example, if an owner failed to allow access to a common area, would this result in the inspector having to return on another occasion? Would there be costs associated with this and if so, would other owners potentially have to cover additional charges?

## 5. Other Potential Approaches

- 5.1 Options to help owners to finance repairs and maintenance such as low or no interest loans, similar to those available for energy efficiency measures, should also be explored along with other financial and fiscal incentives. Grants for those who are unable to pay would help with the issue of fairness regarding sinking funds where owners who can pay may end up covering the cost of those who can't. We recognise that local authorities are operating within a very challenging financial climate but if the Scottish Government is serious about tackling the disrepair in our tenements, radical steps must be taken.
- 5.2 There were significant issues with the City of Edinburgh Council's statutory repairs scheme but elements of it did work well. There is scope for exploring how a similar scheme where an authority takes the lead on arranging maintenance and repairs on behalf of owners could work in the future. This would of course be dependent on building a transparent service that could be trusted by members of the public and on sufficient resources being available to create an efficient service.