

REPORT TO COMMUNITIES COMMITTEE – 20 FEBRUARY 2020

HOUSING TO 2040: DRAFT CONSULTATION RESPONSE

1 Reason for Report / Summary

- 1.1 Members are asked to consider and approve the draft response to the Scottish Government consultation on its Housing Vision to 2040.

2 Recommendation

The Committee is recommended to:

- 2.1 Consider and approve the draft consultation response.**

3 Purpose and Decision Making Route

- 3.1 The Scottish Government has developed a draft vision and set of principles on the future of housing up to 2040. It is consulting on outline policy options for housing.
- 3.2 Once approved the draft consultation response will be submitted to the Scottish Government.

4 Discussion

- 4.1 Since late 2018 the Scottish Government has consulted with a wide range of stakeholders to develop a draft vision and set of principles for the future of the housing system in Scotland. The vision focuses on the themes of a well-functioning housing system, high quality sustainable homes, sustainable communities and homes that meet people's needs. Underpinning the vision is a set of 15 principles which are laid out below:

Well-Functioning Housing System

1. The housing system should supply high-quality affordable homes for living in, to shift the balance away from the use of homes as a means to store wealth.
2. Government policy (including taxes and subsidies, for example) should promote house price stability, to help underpin Scotland's standard of living and productivity and promote a Fairer Scotland.
3. Everybody should be able to save for the future (as well as be secure in their home and make significant changes to it) whether they rent or own.
4. Housing provision should be informed by whole life economic costs and benefits in the round and help to address inequalities in health, wealth and education.

High Quality Sustainable Homes

5. Tenure-neutral space and quality standards for new homes (and existing homes where possible) should be set specifically to improve and protect quality of living and of place.
6. Government policy should promote a greater diversity of home builders and broader availability of land for development to reduce prices and improve building quality.
7. All tenures should apply the same high quality and safety standards and levels of consumer protection.
8. New homes for sale should be built to high standards, defects should be identified and remedied quickly and all owners should be required to maintain the condition of their home.
9. Decisions around the quality, location and utilisation of existing stock and new build should be ambitious in enhancing biodiversity, promoting Scotland's energy security, and be consistent with the target for Scotland's emissions to be net zero carbon by 2045.

Sustainable Communities

10. New housing, and the required community resources, should only be provided where they help to create safer, stronger, attractive, sustainable and integrated communities.
11. Local communities should be empowered to respond to housing need in their area, as part of a coherent regional economic approach (creating and maintaining jobs) and supported by provision of the right infrastructure.
12. Government intervention should help existing and new communities to be physically, digitally, culturally and economically connected within a coherent geographic region; this includes retaining and attracting vibrant communities in areas facing depopulation.

Homes That Meet People's Needs

13. Government should ensure that there are affordable housing options across Scotland for households at all income levels.
14. Housing and the housing market should be highly flexible to enable people to meet their changing needs.
15. Everyone has a right to an adequate home.

Further detail on these principles can be read at <https://www.gov.scot/publications/housing-to-2040/pages/housing-to-2040-principles/>

- 4.2 The delivery of these principles will be affected by a range of constraints and drivers of change that stakeholders and the Scottish Government have identified. These are set out here: <https://www.gov.scot/publications/housing-2040-consultation-outline-policy-options/pages/4/>
- 4.3 As a result, the Scottish Government seeks feedback and suggestions for policy options to overcome these constraints and deliver the vision. The consultation

closes on 28 February 2020. Members are encouraged to comment on the draft response prepared in **appendix 1**.

5 Council Priorities, Implications and Risk

- 5.1 This report influences the delivery of the Council Priority to have the right mix of housing in Aberdeenshire.
- 5.2 This report relates to the Aberdeenshire Local Housing Strategy 2018-2023 and will have a significant impact on future housing strategies.
- 5.3 The table below shows whether risks and implications apply if the recommendation is agreed.

Subject	Yes	No	N/A
Financial			x
Staffing			x
Equalities			x
Fairer Scotland Duty			x
Town Centre First			x
Sustainability			x
Children and Young People's Rights and Wellbeing			x

While the Scottish Government's housing vision and principles to 2040 will have a far-reaching impact on each of the above, this report solely concerns the submission of a consultation response.

- 5.4 An equality impact assessment is not required because the recommendation in the report does not have a differential impact on any of the protected characteristics.
- 5.5 The following Risks have been identified as relevant to this matter on a Corporate Level:

- [ACORP002](#) – changes in Government legislation, policy and regulation. These will be monitored and reported to the Communities Committee as appropriate.

The following Risks have been identified as relevant to this matter on a Strategic Level:

- [ISSR005](#) – affordable housing – the vision will help to inform manifesto commitments for the Scottish Parliamentary elections in 2021 around the availability of resources to support the delivery of affordable housing, tackle homelessness and improve energy efficiency.

6 Scheme of Governance

- 6.1 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and had no comments to make and are satisfied that the report complies with the Scheme of Governance and relevant legislation.
- 6.2 The Committee is able to consider [and take a decision on] this item in terms of Section D.1.1.d of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to housing policy.

Stephen Archer, Director of Infrastructure Services

Report prepared by Ally Macleod, Housing Strategy and Building Standards Manager
21 January 2020

List of Appendices – Appendix 1 - draft consultation response

Appendix 1: Draft Consultation Response

1. Do you have any comments on the draft vision and principles?

Aberdeenshire Council supports the vision and 15 principles. These align with the direction set out in the Council's Local Housing Strategy, Rapid Rehousing Transition Plan, Local Development Plan and Council Plan. Nevertheless, there remains a sector-wide concern in Aberdeenshire of the ability to fund such an aspirational housing system, particularly in the context of reducing grant levels and restricted public sector budgets. Specific comments on the principles not covered in the rest of the response are as follows:

- Increasing the availability of land in principle 6 may not necessarily make housing more affordable and this issue requires a more nuanced assessment.
- Although it is always preferable to house people near work, education and other services as set out in principles 11 and 12, high demand areas in a market-led system are likely to prevent this from being attainable on every occasion.

2. Do you have any comments on the scenarios and resilience of the route map or constraints?

The drivers of change and constraints identified are comprehensive. It is helpful that there is an understanding over the need to phase the delivery of future priorities and of some of the challenges that will be faced in different labour markets. Further constraints not reflected in the consultation paper include the capacity of the grid to take on the additional energy generated by renewable technologies, and the capacity of the water network that has proven such a blockage to delivery to date. Additional rural-proofing would be welcomed, particularly in the areas of technology, communications and transport.

3. Do you have any proposals that would increase the affordability of housing in the future?

The affordability of social housing will be dictated by the rents that landlords need to charge to meet their management and capital investment requirements. Any new policy proposals around accessibility, energy efficiency, space and safety must be carefully considered in partnership with local providers and their tenants. Ultimately tenants will have to pay for the delivery of future initiatives such as meeting Energy Efficiency Social Housing Standard 1 and 2, the provision of wheelchair-accessible housing and improvements in safety and space standards. Social landlords must shape their business plans over a 30-year period and need to phase investment to ensure that they can balance borrowing with income to keep both rents and the business plan affordable. This can only happen if the Scottish Government and social landlords work together across all housing policy to agree shared priorities that can be delivered on a phased and proportionate basis.

The inability to meet housing need when subsidy was previously discontinued generated a significant backlog that has taken many years to recover from. It is critical that the momentum gained over the past four years is not lost. Continuing to deliver affordable housing will require grant to reflect higher regional development costs. The Scottish Housing Investment Framework sets the criteria to allocate grant across local authorities but does not address the significant variation in land and construction costs between different parts of the country. The availability of subsidy that reflects development costs should be part of a systematic framework to support local authorities and RSLs to plan and invest with confidence. Currently, local authority led organisations that provide mid-market rent cannot access any grant. Equity over grant availability between local authorities and RSLs as well as the access to grant that reflects higher regional development costs would help to enable greater delivery.

Accepting the rising costs in providing new affordable housing, the Scottish Government should lead on a full-scale review of the development cycle for new build to establish opportunities to remove cost. Firstly, affordable housing rarely stacks up when land or buildings are acquired at market value, but there are no policy solutions in sight that attempt to overcome this blockage. Compulsory purchase, compulsory sales orders and public sector asset transfer at market value typically are too expensive to make affordable development viable. Secondly, construction costs have risen sharply during the current Scottish Parliamentary term. There should be a greater emphasis and support for innovative mechanisms of delivery such as off-site, modern methods of construction and housing delivery companies. The same principle of innovation and flexibility should apply in future funding that providers can access including the housing infrastructure fund. Enabling change in a traditional industry will require strong leadership at a national level.

4. Do you have any proposals that would increase the accessibility and/or functionality of existing and new housing (for example, for older and disabled people)?

To enable true collaboration between health and social care partnerships and housing services the role of aids and adaptations in enabling independent living has to be embraced. National leadership and funding is vital in ensuring that all partners play their part. There needs to be greater impetus placed on a tenure-neutral approach to enable equity of outcomes for tenants of Council, RSL or private housing. There is strong evidence that minor home adaptations are an effective and cost-effective intervention for preventing falls and injuries and improving wellbeing and mental health. Ensuring sufficient resources are in place to adapt existing housing is integral to enable people to live independently and to reduce pressure on acute services.

Increasing subsidy to enable the use of sensors in new build has the potential to provide significant benefits in asset and health monitoring. There is an emerging body of pilots that have demonstrated likely savings for health and social care services.

5. Do you have any proposals that would help us respond to the global climate emergency by increasing the energy efficiency and warmth and lowering the carbon emissions of existing and new housing?

There appears to be wide national variations in the cost of meeting the energy efficiency standards that will become such a central investment priority over the next decade. Clarity and standardisation of the costs that tenants and landlords are expected to bear to deliver the new fuel poverty legislation and strategy would be much welcomed.

Local authorities must enforce the new energy efficiency standards in a proportionate manner. There must be a recognition of the wider impact on the housing system. This may help to overcome unintended consequences such as incentivising a switch from private rent to short-term lets or creating empty homes as a result of burdensome energy efficiency requirements. This is particularly relevant in rural areas where much of the stock is off the gas network and will be difficult or logistically impossible to meet high standards.

Technological innovation must be supported and embraced to create the conditions where meeting the future standards becomes viable for landlords and homeowners. There are some promising examples coming forward such as insulation robots and battery storage. In the social sector, this is likely to be the only way that landlords can viably ensure that tenants benefit from reduced fuel bills while keeping rents affordable. The Housing Revenue Account guidance is clear that any investment in assets must provide a direct benefit and financial return for tenants. This principle must continue to apply to 2040.

6. Do you have any proposals that would improve the quality, standards and state of repair of existing and new housing?

Levels of disrepair in the private sector housing stock are stark. The majority of local authorities do not use the discretionary powers contained within Section 71 of the Housing (Scotland) Act 2006 to provide homeowners with financial assistance to enable them to address disrepair and critical repairs. This is typically a result of financial constraints and a similar picture is reflected in the reluctance for Environmental Health and Building Standards services to use enforcement powers such as Works Notices, Defective Building Notices and Demolition Orders. Creating the budget will allow local authorities to use these powers as a last resort should the homeowner not comply.

In the private rented sector it is important that local authorities have sufficient capacity to take a proactive approach to driving up standards. Aberdeenshire Council has introduced routine compliance checks to ensure properties meet the repairing standard. We aim to check at least 10% (around 300 properties per year) of new or renewal landlord registration applications to ensure that they meet the repairing standard and have all safety certificates and smoke detection in place.

7. Do you have any proposals that would improve the space around our homes and promote connected places and vibrant communities?

Connected places and vibrant communities are the product of strategic and local collaboration. Continuing to deliver on the recommendations in the Christie Commission, the housing sector must be part of place planning at a settlement level. A joined-up approach will integrate development planning and community planning. This can apply both at the development stage when designing new communities or at the review-and-improve stage when housing providers should be directly involved in local conversations. Given the cross-tenure and cross-provider mix of housing in any place, all tenures and providers of housing should be able to engage to improve their shared physical environment and prioritise social regeneration.

8. Any other comments?