

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 25 FEBRUARY 2020

HOUSING TO 2040 CONSULTATION RESPONSE

REPORT BY DIRECTOR OF COMMUNITIES

ABSTRACT

This report outlines Angus Council's proposed response to the Scottish Government's consultation on Housing to 2040.

1. RECOMMENDATION

It is recommended that the Committee:

- (i) approves the proposed consultation response provided in Appendix A.

2. ALIGNMENT TO THE ANGUS LOCAL OUTCOMES IMPROVEMENT PLAN/CORPORATE PLAN

This report contributes to the following local outcomes contained within Angus Local Outcomes Improvement Plan 2017-2030:

- More opportunities for people to achieve success
- Safe, secure, vibrant and sustainable communities
- Improved physical, mental and emotional health and well being

3. BACKGROUND

3.1 The Scottish Government recognise that housing has a vital role to play in meeting many of our ambitions for Scotland, including eradicating child poverty and homelessness, ending fuel poverty, tackling the effects of climate change and promoting inclusive growth.

3.2 In 2018, the Scottish Government engaged widely with the housing sector on its ambitions for Housing Beyond 2021. This led in 2019 to the publication of a draft vision and principles for Housing to 2040. The draft vision describes in detail what the Scottish Government want the housing system to look and feel like in the future. The draft principles are intended to sit under the vision and provide a high level guide to policy decisions that might be needed to make the vision a reality.

3.3 At its highest level the vision is for a well functioning housing system; high quality sustainable homes; sustainable communities and; homes that meet people's needs. There are 15 principles which underpin this vision.

3.4 The Scottish Government is now consulting on the draft vision and principles while asking for proposals on how this will be achieved. The consultation closes on 28 February 2020.

4. CURRENT POSITION

4.1 The draft principles aim to guide housing policy towards a system which will contribute to social change within Scotland. The key themes are that housing should be more tenure

neutral with renters offered more of the benefits of owner occupiers, a move away from housing being used as a means to store wealth, and more consideration given to supporting communities when taking decisions about housing development and associated infrastructure.

- 4.2 To inform our consultation response, two internal consultation sessions were held with colleagues across the Council and the Health and Social Care Partnership. This included representations from Housing, Planning, and Assets, as well as Learning Disability and Mental Health services.

5. PROPOSALS

- 5.1 The proposed consultation response is provided in Appendix A.
- 5.2 The response states that Angus Council broadly agrees with the draft vision, However we highlight that there are complex relationships between housing, planning and the economy, covered within the draft principles, and suggest that the roadmap needs to give more consideration to how some of the conflicts with other areas of Scottish and UK Government policy will be resolved. The response suggests that better links be made between the role of housing and health and wellbeing at an individual level. The response also highlights a need for people to be encouraged to take responsibility for considering their own housing needs, particularly as they get older.
- 5.3 The response highlights a number of key issues with the constraints which need to be more fully considered in determining how to achieve the vision and for the overall impact of the policy changes to be fully outlined. The response also notes some contradictions between the identified constraints and the principles, and the potential for negative impacts in the short and medium term which need to be considered.
- 5.4 The response makes a number of proposals to help deliver the vision for the housing system, focusing particularly on improving the relationship between the different housing tenures, rather than concentrating on a specific tenure. The consultation sessions also highlighted a number of actions which the Council could consider in the short to medium terms and further work will be undertaken to investigate these.

6. FINANCIAL IMPLICATIONS

There are no direct financial implications as a result of this consultation.

NOTE: The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

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List of Appendices:

Appendix A – Consultation Response: Housing to 2040

Consultation Response: Housing to 2040

Questions

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

Earlier this year we published our [draft vision and principles](#).

Please be specific and identify what you would change and why.

Overall the draft vision provides a clear indication of what the housing system needs to provide, in order to meet people's needs. There is very little to disagree with in terms of the vision; to have a well-functioning housing system, high quality sustainable homes, homes that meet peoples needs and sustainable communities. It would be useful to see a greater link made between the role of housing and health (both physical and mental) because although there is some mention of this, it is in a very broad context and linked to communities more than individuals.

The draft principles have a strong social justice focus and cover a very complex set of relationships between housing, planning and the economy. It is difficult to see how some of this could be addressed within a housing policy context and there is little mention of the overlaps with other policy areas including the local democracy review. If the underlying objectives are to be achieved, there needs to be further consideration of how the principles interact with other areas of Scottish and UK Government policy, and how some of the inherent conflicts will be resolved. Without being open and transparent about this, it will not be possible to set out an achievable roadmap.

Within 'homes that meet people's needs' the principles should reflect the tension that exists between housing needs and desires to remain within a specific home. Within Angus, joint work between the Council and the Health and Social Care Partnership is trying to address the challenges around people considering moving to a home that better suits their needs as they get older, while recognising the importance of individual choice. There is a strong correlation between this and other issues covered within the draft principles, such as housing serving as an asset, and the availability of suitable housing in the right location. It's important this is coupled with an emphasis on individual responsibility to consider their future housing needs and act accordingly.

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

In the main, the constraints appear to cover the broad range of issues being faced within the sector, however it is the combination of these issues that causes the biggest issue. All the constraints are presented as if equal with no commentary on the sum of these issues. There are also clear contradictions between some of the constraints and the principles listed earlier. For example, the constraints talk about ensuring public sector investment doesn't displace private sector investment; however principle 1 seeks a shift away from housing as a means to store wealth which would inevitably lead to changes in investment.

The constraints also fail to take a view on the short to medium term impact of achieving the aims, and it would be useful to know to what extent the route map has been scenario tested. For example, it has been clear for some time now that the Scottish Government wants to drive a change in the profile of the private rented sector. When in the long term this may lead to a more equal and fluid tenure base, it is conceivable that in the short term this could lead to disinvestment in the private rented sector, and consequently more empty properties and a smaller sector, leading to challenges in meeting priorities in relation to Rapid Rehousing. This needs to be reflected within the challenges.

In the financial section, the costs associated with housing delivery are mentioned, however these costs need to be considered more widely. The issues faced by housing and other parts of the

public sector are becoming ever more intertwined, and investing in housing must be seen as a way of tackling what are some of the biggest issues facing the public sector today. That means housing investment must be considered in parallel and not in competition, with spending in areas such as health care, education and criminal justice. The links between housing and other areas of the public sector should be made more explicitly by the Scottish Government, highlighting that a safe and secure home is at the cornerstone of achieving prosperity and equality.

There is also a clear constraint in achieving some of the aims, from the total amount of money in the economy. Many of the aspirations assume a transfer of funding responsibility to individuals. It is not clear where these funds are to come from, whilst an assumption that loans and borrowing may provide a solution seems somewhat unrealistic.

The conflict between the existing built environment and new build should also be reflected within the constraints. Although the draft principles clearly state the application to existing houses it must be recognised that our existing built environment will present significant challenges in achieving the vision. It is also noticeable that within areas such as tenure, energy efficiency/carbon emissions and communities, there is a sense of a more European model for housing. However, this may not translate well into a built environment that is heavily influenced by existing tenure splits, poorly connected communities, a heavy reliance on cars and people's housing aspirations (which are strongly linked to the relationship between homes and wealth).

For questions 3 to 7 below, when making proposals, please be as specific as you can about:

- Who needs to make it happen and what type of action is required? E.g. facilitation, regulatory, financial, infrastructure, training etc.
- How much it costs and who will pay?
- Who is needed to do the work (workforce)?
- How long the proposal would take to implement and whether it is a temporary or permanent measure?
- When in the period 2021 to 2040 should it begin and does anything need to be done first?
- Who will benefit (who is it for)? And who might lose out and how could this be mitigated? (Think about equality groups and different types of organisation and geography and the impact on the wider community.)
- How does it help deliver the draft vision? Does it align with the draft principles?

We recognise you may not be able to answer all of these questions – please do not let that put you off responding to us with your proposals.

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

House-building

The issues of: building for need; creating more mixed developments beyond 'family housing'; more one beds for single households; adapted housing; and more attractive housing for downsizers; has been identified as an overlapping issue. The Council consider this could enable a more fluid market and drive down the cost of housing for sale which is currently impacted by a lack of supply. Greater restrictions around land banking are required to ensure that housing supply is dictated by demand. While this has been covered within the recent planning bill, to some extent there is some concern that the housing and planning issues are being considered in isolation and opportunities to twin track priorities are being missed. There are opportunities within local development plans, and on individual planning decisions, to ensure an appropriate housing supply, but this could be further supported nationally.

The Scottish Government should review the links between the process for identifying housing need, the national planning framework and the LHS/SHIP. This relationship appears to have been lost to some extent as a result of the recent Planning Act.

It is noted that local house builders often develop with a more local market in mind and Scottish Government and local authorities should give consideration to harnessing this type of development.

Fuel Poverty

The cost of heating a home is a key consideration when thinking about affordability and while there is a recognition that help is available there is often a lack of awareness of schemes and the number of schemes makes it very complex. There are also a number of known scams and disreputable traders which reduce trust overall.

A drive towards minimum standards needs to be coupled with appropriate financial assistance to ensure support is provided for those trying to keep pace with increasing standards. Consideration could be given to utilising winter fuel payments in a more effective manner by means testing and reinvesting savings in greater assistance for those in need, rather than financial assistance to all.

Consideration needs to be given to the balance between energy efficiency and maintaining the aesthetics of historic or listed buildings. At present, when it comes to improvements, the priority is predominantly on the fabric of the building which may be at the expense of the occupants.

Empty / 2nd homes

Further consideration of 2nd home ownership and more expansive empty homes initiatives are required to maximise use of existing housing and to increase supply. This will have positive impacts on affordability and carbon reductions. Consideration could be given to implementing 'Empty Dwelling Management Orders' that are currently available in England and Wales, or creating a Scotland specific version, to take control of empty properties and bring them back into use.

The vision and principles outlined by the Scottish Government demonstrate a move away from housing being retained as an asset, so further intervention to reduce the number of empty homes aligns with these principles.

Intermediate tenures

Consideration should be given to assessing affordability for intermediate tenures in a more sensitive that takes account of individual circumstances and are more flexible. At present intermediate tenures are typically based on gross income which does not take account of the household circumstances and therefore some families may have too high an income for intermediate tenures but their outgoings are too high to access mortgage finance.

There are also a vast array of intermediate tenure models which can be confusing and the differences between them may not be well understood. Consideration should also be given to developing an online assessment tool which allows people to get information on what products would be suitable for them based on their circumstances.

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)?

Well-designed homes

There is a need to ensure that homes across all tenures meet people's needs and standards for new build should be tenure blind. The Housing for Varying Needs Standard needs to be reviewed and it should be incorporated into Building Standard Regulations. There needs to be a single standard for amenity and wheelchair accessible housing which applies to all tenures. These standards should be developed collectively by the housing sector/industry but consideration should be given to the timing of when the new standards are introduced. They should include elements such as durability of elements like flooring in wheelchair standard housing.

Work to standardise house types in Angus Council, has shown that wheelchair accessible housing does not always need a larger build footprint. Standardising properties could also reduce costs through economies of scale.

This work should be led by Scottish Government through amendments to Building Standard Regulations. This is a short term action which could be delivered within 5 years.

Accessible housing for home ownership

While local authorities are being asked to set targets for delivery of wheelchair accessible housing within the private sector it is difficult to determine whether this is the main barrier to homeownership. Disabled households face other barriers which affect affordability and consideration needs to be given to the relationship between other equality issues in areas such as employment and the impact this has on housing options.

The present framework for the targets for wheelchair accessible housing also does not give any mechanism for the local authority to enforce it. Without this any target is effectively meaningless. In contrast, an enforceable target would allow accessible housing to be treated in the same way as other developer contributions. This may have the effect of lowering the costs associated with wheelchair accessible housing as developers would know from the outset what was required and be able to take this into consideration within their land deals.

Housing adaptations

The approach to funding and delivering housing adaptations requires review. Despite the Adapting for Change programme and delegation of some adaptation functions to Health and Social Care Partnerships, there has been slow progress towards tenure neutral approaches. Angus Council and Angus Health and Social Care Partnership is currently working to establish a tenure neutral approach to housing adaptations for private sector and council tenants, however there remains serious concerns about the ability to meet the needs of disabled housing association tenants due to the current funding models. This is an equality issue. At the same time, demand for adaptations is increasing at a rate which may become unsustainable. Funding for housing adaptations needs to be considered urgently and further consideration given to where responsibility for delivering adaptations should sit.

This work should be led by Scottish Government in conjunction with the housing sector and health and social care partnerships. This is a short term action which could be delivered within 5 years.

Housing choices

Homes for the 21st Century talked about the need for housing health checks at various points in a person's housing journey. This has not been progressed, however the need for people to consider the suitability of their housing and whether it will meet their future needs is critical to reducing demand for adaptations. This can only be delivered if there is suitable housing for people to move to, and must be considered alongside the need for better design and the right homes in the right places, as well as a range of tenure options.

This work should be led initially by the Scottish Government and then taken forward by councils/health and social care partnerships. This is a medium term action as the development of the right models is critical to its success.

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?

The Scottish Government has set out a road map to the 2045 net zero carbon target for housing. Angus Council will respond separately to consultation on minimum standards within the owner occupied sector.

The Council has not identified any proposals which could complement the existing planned activity. There are however concerns over how these improvements will be funded and the potential impact of other priorities including continuing to increase the supply of housing to meet housing need.

As previously noted there are issues around awareness of schemes to support energy efficiency works and number of schemes make the system complex. Work should be undertaken to simplify this.

There are some concerns about the EPC framework and the reliability of assessments. It is understood that the auditing of these surveys has reduced over time and the Council has experience of like for like properties being assessed at different EPC bands. This reduces consumer confidence in the system.

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

Quality and Standards

There is a need to ensure that all new housing is bound by the same (minimum) quality and space standards, enabling flexible living for households both now and in the future. New homes should be well-designed and resilient, so that they can be easily altered for the changing needs of the occupants. Consideration could also be given to introducing AI technologies into new build to allow maintenance standards to be monitored. The Scottish Government could help ensure that developers offer variety in their designs, and encourage developments that include flexibly designed homes.

Repairs

For existing and new housing, consideration should be given to a legal obligation for any properties with common parts to join a property factoring scheme or other tenement management scheme, in order to tackle issues relating to repair. Establishing standard clauses in the missives for all housing would bring parity, both for new and existing builds, ensuring that in the event of repair requirements all property owners would have confidence that defects would be remedied quickly.

The establishment of a housing ombudsman to cover all aspects of the legislative framework which cover repairs and maintenance would also increase the ability of owners and tenants to get essential repairs carried out. Defects in new builds have led to new standard clauses in the missives, however there needs to be tougher inspection and enforcement of these to ensure they are adhered to.

Affordability

Affordability to carry out repairs and maintenance is often raised as an issue for homeowners and mortgage lenders should be encouraged to take account of the whole life costs associated with homeowners when considering mortgage affordability.

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

Right homes in the right places

Critical to sustainable communities is ensuring that when new homes are built these are in the right places and of the type and size required to meet local needs. At present decisions over the location and types of homes built are developer-led and so the types of houses built often don't reflect local need. The appearance of homes often easily distinguishes the affordable housing within new developments. It is essential that communities have access to a range of housing to meet all life stages and to allow people to remain within their community as their needs change. Recent reforms to the planning system have not yet been implemented, however while they make provision for greater community involvement in the planning process, the opportunity for public authorities and communities to have a greater say in the type and location of housing to be built appears to have been missed.

The Scottish Government should consider whether the recent Planning Act meets the principles outlined in this consultation.

Open spaces

Greater emphasis should be put on ensuring the provision of good quality open spaces within the built environment rather than individual gardens. Open space should be capable of serving a range of functions including sport and leisure, socialising, habitat creation and food growing. This should include consideration of the role for communities in owning and managing their spaces. Groups identified a strong correlation between access to open space and wellbeing, however the design of open spaces and gardens does not lend itself to supporting communities. Communities do feel a strong sense of ownership of open spaces, but this does not always lead to them feeling responsible for it, and as a result some open space has become neglected.

There was a strong feeling from participants that what's often termed as 'community spirit' has been lost, and individuals often aren't invested in the places they live. It is recognised that the role of the places we live has changed as people now spend much more time away from their homes due to work and changes in leisure/travel habits. Many people do volunteer for local groups and although this tends to be around an interest, (i.e. sports group, school activities, men's shed) it demonstrates there is willingness from people to volunteer for the right cause. All groups identified this change as a loss but there is no magic bullet to reverse this decline.

Consideration needs to be given to how communities can take greater control of their open spaces. Examples such as a community using funding which has come from wind farms to invest in their open spaces, show that with the right conditions communities can take on this role. This should be progressed via the local democracy review but must be done in full co-operation with local communities. There will need to be flexibility in models for community ownership.

Developer contributions

A review of developer contributions should be undertaken to consider whether overall contributions (rather than separate contributions for education/housing/open space) might allow for a better relationship between new build development and community priorities to be established. Developer contributions could be linked to participatory budgeting to give the community more say in how they are used.

Consideration should also be given to basing developer contributions on house size. This would encourage more development of smaller properties and a better link between the contributions and the number of people likely to come into the community. Contributions should be upfront to ensure the needs of the future community are met before the houses are completed.

8. Any other comments?

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Drivers of change

The high level policies to deliver the 2040 vision will, in due course, be included in a route map to 2040. For the route map to have lasting value, it has to be resilient around different possible futures. Some major influencers of the housing system include: population and health; political; economic; technology; transport; energy and climate change; and climate adaptation.

When suggesting your policy proposals, you might like to consider how resilient your proposals are against the following variables or “drivers of change”, noting that change may come faster or slower than forecast or be altogether different. (Note that this is not an exhaustive list.)

Population and health

- More single person households
- Declining working age population
- Current trend of rural to urban migration - areas of rising population and depopulation, especially in rural areas
- Need for inward migration to maintain population
- Falling birth rate
- Ageing population
- The gap between life expectancy and healthy life expectancy

Political

- Increased devolution of powers or full independence for Scotland
- Relationship with the EU
- Role of local government
- Public appetite to pay to fund public services
- Public engagement in decision-making

Economic

- Relative economic performance between Scotland and rUK
- Negative impact of Brexit
- Greater financial innovation, especially “green finance”
- Exchange rates
- Scottish Government borrowing limits
- Balance of imports, exports and internal consumption, e.g. around timber and forestry

Technology

- Increasing automation and artificial intelligence affecting the way we work - different jobs, changing work patterns and skills requirements
- Technology as enabler for communications, care and longevity
- Data gathering and integration to improve policy-making and service delivery
- Balance between on-line and physical interaction, e.g. in retail, and the impact on urban planning
- Speed of technological development and regulatory lag
- Growing need for robust cyber security
- Rollout of 5G and superfast broadband
- Greater customisation and personalisation

Transport

- Increased use of electric vehicles – could mean a way of storing energy for homes or, in the case of autonomous cars, the depot is a storage node on the grid.
- More walking and cycling
- Smart public transport, responding to demand

Energy and climate change mitigation

- Growing public support for climate action
- More renewable energy generation and changes to energy infrastructure
- Improved energy performance for homes and businesses
- Future of the gas grid – closed or repurposed?
- Carbon capture and storage
- Changing patterns of land use and farming methods, re-wilding, re-planting forests, protecting peat lands
- Changing patterns of consumption of food and other goods

Climate change: adaptation

- Increased flood risk from sea level rise and excess rainfall
- Prolonged periods of low rainfall with increased drought and fire risk
- Higher temperatures and greater need for cooling measures
- Changes to land use

Constraints: financial and labour market

Financial

Scottish Government's capital budget of over £827 million for the Affordable Housing Supply Programme in 2019-20 represents 16% of the total capital budget¹. The current level of funding, however, will be difficult to sustain, especially considering the number of demographic, societal and fiscal challenges we face.

In the course of this Scottish Parliamentary term (2016-2021), it is anticipated that the Scottish Government will spend over £4 billion on housing in Scotland, primarily through affordable housing supply, shared equity schemes, energy efficiency measures and mitigating UK Government welfare cuts. The UK Government will spend over £8 billion on housing in Scotland, primarily through housing benefits and energy efficiency measures. This brings the total government spend to around £13 billion. Householders and the private sector will have made significant investment in housing infrastructure over this period too; publicly-funded housing infrastructure also attracts at least 50% private finance.

There are four major areas of investment and activity required in housing infrastructure in the period to 2040:

- delivering more homes across all tenures;
- adaptations of (some) existing homes to make them more accessible for disabled persons and appropriate for an ageing population;
- delivering the Energy Efficient Scotland targets through retrofitting energy efficiency measures in our existing homes; and
- addressing the backlog of major improvements, maintenance and repairs to existing homes across all tenures, but especially owner occupied homes.

¹The total capital budget is £5,106 million, including Financial Transaction Capital.

The total cost of all this work might be expected to be of *order of magnitude* £100 billion² over the 20 year period, apportioned between the public and private sectors and households. (By way of comparison, the total Scottish Government budget for 2019/20 is around £34.7 billion³.) One important constraint is the need to spread the cost of this work equitably across all sectors and distribute sensibly over time. In particular, public sector costs must be bearable and also take account of any revenue impact (positive or negative) from the policy options.

A whole systems approach to housing delivery needs to take account of all public sector housing-related costs and receipts. We need to bring more new and innovative forms of finance into the housing system and make sure that public investment complements, rather than displaces, private investment.

Labour market

Similarly, the work will need to be done by an evolving workforce and different skills will be required in different combinations for each activity. The planning and sequencing of the work in the route map will need to take account of the availability of people with the right skills in the different regions of Scotland. For example, there may be only so many electricians available at any given time in the Highlands and they cannot be overcommitted. This is a second important constraint.

Some important factors affecting availability include: the overall workforce size, shaped by demographic changes, including an ageing population and migration to, from and within Scotland; worker mobility across Scotland and between sectors of the economy; opportunities for training and re-training; the need for skills to evolve to suit new and emerging technologies; and the latency of the system –recruitment and training take time.

We also need to be active in shaping the future workforce to deliver the route map and the vision for 2040. For example, Scottish Government is already considering the future skills requirements to deliver new housing and more broadly⁴.

We need to think about efficient deployment too – if a home needs adapting and retrofitting, then it might make better use of skilled workers to do this in a combined effort. This is in line with the Place Principle⁵, requiring a more joined-up, collaborative, and participative approach to services, land and buildings, across all sectors within a place.

When we consider the sequencing of options, both these constraints need to be borne in mind.

² This means closer to £100 billion than either £10 billion or £1 trillion.

³ DEL only, i.e. excluding AME.

⁴ See the New Housing and Future Construction Skills Report, May 2019, and the Future Skills Action Plan, September 2019.

⁵ See the Scottish Government's Place Principle.