



UK COLLABORATIVE
CENTRE FOR
HOUSING EVIDENCE

April 2021

Housing in Scotland: Evidence for Scottish Government 2021-26



About the authors

Professor Kenneth Gibb is Director of the UK Collaborative Centre for Housing Evidence based at the University of Glasgow. Dr Gareth James is a Knowledge Exchange Associate, also at the UK Collaborative Centre for Housing Evidence based at the University of Glasgow.

Acknowledgements

We are grateful to all of the colleagues within and beyond CaCHE with whom we have discussed these ideas. We particularly thank Bob Smith and Pete Mackie who led the sister Welsh paper and with whom we had several fruitful conversations. We are grateful to input from Lynn Wassell and colleagues at Clyde Valley Housing Association and from Colette Miller at Harper MacLeod. We had helpful comments on earlier versions of the paper from Dorothy McDonald, Suzanne Fitzpatrick and Graeme Roy. We would also like to thank our colleague Kezia Dugdale who first signalled the idea of this paper back in the summer of 2020. Most of all, however, we thank our many colleagues who have worked with us on the projects that provided the evidence.

All opinions expressed here, any errors and omissions, remain our sole responsibility.

The UK Collaborative Centre for Housing Evidence is funded by the Economic and Social Research Council, Arts and Humanities Research Council, and The Joseph Rowntree Foundation. Their support is gratefully acknowledged.

Contents

Evidenced priorities for the incoming Government.....	Page 4
Introduction.....	Page 8
Proposal 1: End-to-end housing evidence.....	Page 14
Proposal 2: A green retrofit recovery.....	Page 15
Proposal 3: Improving the existing housing stock.....	Page 17
Proposal 4: Land, place and supply.....	Page 18
Proposal 5: Design value and neighbourhoods.....	Page 20
Proposal 6: Towards a social housing supply programme.....	Page 22
Proposal 7: Reforming affordable renting and ownership models.....	Page 23
Proposal 8: Regulating private renting.....	Page 25
Proposal 9: Unequal housing and wealth tax reform.....	Page 26
Proposal 10: Preventing homelessness.....	Page 27
Final thoughts.....	Page 30
References.....	Page 31

Evidenced priorities for the incoming Government

This paper covers housing proposals across ten issues for consideration by the new Scottish Government after the election in May. These are put in context and related to research, policy and practice evidence in the main paper. Here we simply list the proposals by issue (edited from the main text). One general issue is that several of the policies proposed in the Housing to 2040 route map as well as also suggested here (end to end evidence, retrofit, existing housing stock, private renting, land and placemaking, design value, and homelessness prevention) require sustained investment in enforcement resource and capacity, often at local government level. This cannot be ducked – effective policy needs to be implemented and enforced, and to do that there needs to be a sustained commitment to deliver it on a longer-term resilient basis.

End-to-end evidence

- Embrace the three key stages of end-to-end evidence : **appraisal** and parliamentary scrutiny; **monitoring** of intervention processes and outcomes; and **evaluation**.
- Invest in systems analysis to inform and complement the work of the HNDA process within local housing strategies and encourage local analytical capacity about what are complex local housing systems.

Retrofit

- Prioritise the development and implementation of a partnership-based, coherent and implementable strategy and taskforce to achieve scaled retrofit (within a series of five year intermediate missions).
- Account for the monetised value of carbon reduction, including embodied carbon, in financial appraisals in order to take proper account of the long-term cost savings associated with these investments.
- Develop a cross-UK What Works in Retrofit initiative to assemble evidence and understand why innovations do or do not work in different local circumstances, evaluate different forms of retrofit intervention and support local take up, local innovation and experimentation.

Improving the existing housing stock

- Establish local authority-level home improvement agencies with the powers to advise clients, blend different programmes and funding routes including means-tested grants and group repair programmes.
- Share capital and running costs with local government, including delivery capacity, to be funded from a combination of grant, Financial Transactions Capital, contributions from councils, and fees and charges associated with the work of the improvement agency.
- Prioritise early legislation on tenement reform but premised on new pre-legislative work to advance solutions regarding transitional support, mechanisms to make sinking fund arrangements low cost, transparent and secure for all investors, providing clarity on low-cost reliable property inspections and bringing forward Scottish tailored versions of internationally respected models of ownership organisations suitable for the tenement built form¹.

Land, place and supply

- Empower local planning authorities to prioritise the re-use of vacant and derelict land and brownfield sites.
- Review the powers available to councils or provide more support to mainstream positive examples to enable councils to implement more active land policies.
- Empower local planning authorities by giving them the resources, skills and training required to pursue an active land policy.

Design value and neighbourhoods

- Enforce neighbourhood urban form principles and lay out parameters upstream in the planning, design and development process for new housing by adopting 'design value standards' that mirror the status of building standards.
- Review the way appeal decisions are determined so that local authorities feel empowered to act on design matters and refuse poorly designed places.
- Utilise tax incentives, government-backed loans and other measures to encourage a more diverse group of housebuilders to enter into the marketplace.
- Facilitate and encourage a wider use of post-occupancy analysis and development monitoring, whereby a selected sample of housing developments in every Scottish local authority should be subject to evaluation and lessons fed back into future upstream planning and design governance practices.
- Better fund design governance capacity in local authorities to directly support design-led plan-making, masterplanning, improved community engagement and leadership.

¹Examples might include but not be restricted to Norway and Canada

Towards a social housing supply programme

- Commit to meeting the Housing to 2040 affordable need target of 50,000 additional units for the next Parliament.
- Guarantee public subsidy for social housing by seeking non-grant approaches to affordable housing supply and increase the social housing share to 80% in the next Parliament.
- Equalise grant rates for council housing new build and housing associations, unless the gap can be justified and regularly re-evidenced.
- Support social housing existing stock retrofit with options such as modest revenue subsidy, consortia bulk procurement of components, and explore using green low-cost borrowing. We note that the Housing to 2040 route map proposes a social housing taskforce that could be aligned to this area.

Affordable intermediate interventions

- Reduce the proportion of the subsidised supply programme that provides affordable products, increasing the share focused on social housing provision.
- Establish a separate fund to shared equity/equity loan products, sourced from FTC resources, which would have the additional value of being a revolving fund with sales leading to shared equity repayments which can then be recycled.
- Proceed with phasing out Help to Buy and steer potential first-time buyers to the remaining equity products that are available.
- Remove grant from MMR and focus instead on affordable rents based on FTC funding in conjunction with patient pension funds/long term bonds, as well as in-kind support (low-cost public land or S75 planning agreements).
- Test and pilot promising further models such as the ideas raised by James, et al (2019) and international models such as from Austria or Ireland (low profit low-cost affordable renting).

Private renting

- Develop a framework, data collection and resources to adequately deliver PRS enforcement and compliance
- Link any possible rent limitation policies in future to a clear understanding of how local rental markets work, in particular, the extent to which these markets are price competitive, because that may limit the effectiveness of such controls.
- Inform regulatory priorities and provide actionable evidence about how the PRS market is working locally by including the PRS in local housing systems analysis.
- Combine this with the proposal (Fair Rent Bill) to augment the LA level landlord registration of the PRS with data on contractual rents and making this publicly available.

Wealth and tax reform

- Implement a genuinely tenure neutral housing policy vision to consciously dilute the myths of home ownership that have so long dominated governmental housing policy.
- Build a political consensus over time about a consumption and affordability-focused housing system that is antithetical to speculation and wealth inequality.
- Examine the scope to promote subsidised national savings products that offer real rates of return to investors.
- Develop a medium term coherent fiscal approach to housing that could seek over time to (a) reform the council tax along the lines suggested by the 2015 Scottish local tax commission; (b) phase out land building transactions tax and (c) replace LBTT with a modest (and initially revenue neutral) land value tax collected by the Scottish government.

Homelessness prevention

- Support and sustain the large volume of social lets going to homeless households through the delivery of Rapid Rehousing Transition Plans.
- Adopt homelessness prevention legislation similar to that in England and Wales, which would instigate strengthened legal duties to prevent homelessness and establish wider-ranging public sector prevention duties to target earlier multi-disciplinary assistance towards high-risk groups.
- Develop new pathways and protocols to ensure nobody becomes homeless after leaving institutions like care or prison.
- Learn the lessons from COVID-19 and ensuring that no-one has nowhere to go the night that they have become statutorily homeless.
- Commit to support health and social services to prevent repeat homelessness and rough sleeping among vulnerable homeless people and committing to greater investment in housing-related support.

Introduction

In this 2021 Scottish Housing Evidence paper, we draw on the work of the UK Collaborative Centre for Housing Evidence (CaCHE) to suggest ten policy priority areas where the evidence helps propose specific policy innovations for the new Government and Scottish Parliament to consider. These are ideas characterised by being informed by evidence, analysis and research both from CaCHE and beyond. Throughout, our key criteria are about improving the performance of the housing system, delivering more social justice and improving our environment. We are also committed to better understanding housing from a systems thinking perspective, and to promoting the rigorous application of evidence and the culture of appraisal and evaluation of what works when we consider both new and existing housing policy interventions. Of course, these ten proposals are not the only housing questions that should be raised but each one is an important challenge informed by evidence.

Housing policy is an important element of devolved Scotland. This is true in terms of its budgetary commitments, its relative priority with voters and politicians alike, and the substantive difference Scottish Parliament scrutiny, debate and legislation has made to housing in Scotland, taking a quite different path to, and often leading, the rest of the UK.

The relative status of housing politically should not be surprising. Housing is a universal and fundamental issue for all people in the country. We care about our fellow citizens being poorly housed, unable to secure permanent accommodation, dealing with the consequences of unaffordable housing costs and the impacts this has on our wellbeing, our ability to make the most of our lives and expand our capabilities. But housing is also important to the economy, to social coherence, the tax base, productivity and meeting our environmental obligations.

Covid-19 has also shown that when we are obliged to spend more time at home, be it working, home-schooling or just staying safe, both the shortcomings of the existing housing stock and pre-existing problems and inequalities about housing and our wider society become more manifest². In 2021 the housing system will also be asked to be resilient to further shocks in the form of Brexit and, especially, the pandemic and its aftermath. But we should not forget that the housing sector can be an engine for, and a site of, economic recovery through new build housing in the market and non-market sectors, and through carbon reducing retrofit of the existing stock.

The co-production of our initial research priorities with our stakeholders informed us that they want to develop a clear idea about what a good or well-functioning housing system looks like. We have spent time looking at what the vision of a good housing system might consist of and of course we recognise the important work done by the Scottish Government in their Housing to 2040 exercise, in particular the vision and principles document first published in 2019 and renewed in 2021. We welcome Scotland's first long term view (20 years) and the radical aspirations of many parts of the recently published Housing to 2040 route map. We also strongly believe that housing policy needs to be sufficiently coherent, long term and phased if the changes we need are to be achieved. In fact, we think that the Housing to 2040 route map published in March 2021 is a landmark document that is genuinely comprehensive in its coverage. One cannot consider a 'manifesto' for housing without first considering it closely, but also recognising that it raises questions and challenges, too. This is where we start.

² <https://housingevidence.ac.uk/new-project-housing-policies-and-the-covid-19-pandemic/>

Housing to 2040: From principles to a route map of actions

The route map is a wide-ranging document organised around multiple actions with more or less detail and short to long term commitments implied. It is also a housing manifesto for the governing party but is equally the result of three years of extensive consultation and strategy work. Everyone should read it. Here we focus on the actions of the route map and make some general and more specific points.

This is, for Scotland, the first example of long-term strategic thinking about housing. There is a ten year and two parliament commitment to affordable supply (and it intends that 70 per cent should be social housing). We note that while the 2021-26 estimates can be supported by the recent affordable need study, the second 50,000 is literally unevidenced. There is a suite of policies designed to 'end homelessness' which include commissioning research into housing insecurity and hidden homelessness, ensuring the National Performance Framework (NPF) has explicit homelessness indicators; rolling out nationally PRS solutions to legislation providing public bodies with a statutory duty to prevent homelessness, alongside measures to improve learning and integration of services that support tackling homelessness on the ground. There are, thirdly, 20 years of pilots, initiatives and policies towards the housing-related net zero targets estimated to cost £33 billion (e.g. supporting commercial proposals for green investment, working with the Scottish National Investment Bank, delivering a green heat finance task force, as well as policies aimed specifically to decarbonise the housing stock, including a zero emissions social housing task force). There is also a longer-term programme for a tenure neutral Housing Standard for both new and existing homes to begin to be enforced by 2025-30 with targeted support to property owners.

At the other end of the spectrum there are concrete proposals for legislation and regulatory reforms, including a private renting bill; a renter strategy; enacting legislation over tenement reform, an audit of legislation to assess fitness for delivering the right to housing, and phasing out help to buy – all for the next parliamentary term. There are also several still open and uncertain policy areas that are less clearly timed and planned (for instance, a review of housing taxation and the aforementioned enforcement of the new tenure neutral standard). Altogether, there are 20 actions covering the above but also spending and other action commitments for subjects like gypsy travellers, rural and islands affordable housing development, planning and urban design, off-site construction, independent living, inclusive digital connectivity, regulating short term lets, developing new proposals for empty homes, second homes and helping home owners in difficulty, community involvement in placemaking and exploring housing solutions to town centre regeneration.

It is easy to be a little overwhelmed by the volume and ambition of the delivery programme contained in the route map. There is much to like here but also inevitably questions that arise. We here put together a few general reflections that also serve as considerations for our own proposals that follow.

First, the Housing to 2040 approach can be described as a whole system approach – it is about the entire housing sector and is admirably inclusive. However, that does not mean it is based on systems thinking; rather, the 'whole system' is essentially the aggregation of its components. It is not clear consequently how much consideration is given to interconnectedness, to external drivers, to dynamic interactions, learning and feedback loops. This is not an academic point – taking complexity seriously is critical for housing policy systems and is also important for how we monitor and assess policy performance and understand for example resilience to shocks. A concrete example of 'complex' approaches to housing planning would be Local Housing Systems Analysis, which we discuss later³.

³<https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2019/01/local-housing-system-analysis-introduction/documents/lhsa-introduction/lhsa-introduction/govscot%3Adocument/0120791.pdf>

Second, while welcoming a long-term generational perspective over 20 years (something we have long argued for), we do not think the route map is sufficiently explicit about joining intermediate stages up into coherent cumulative 'missions' that can be monitored, assessed, evaluated and modified in the light of developments and shocks that will inevitably occur. There needs to be a dedicated monitoring and evaluation framework around these intermediate goals and this should be in the public domain (and regularly discussed by the joint housing policy delivery team or its successors)⁴. This links closely to the concept we develop below of end-to-end evidence.

Third, again from a systems thinking perspective, we are concerned about the possibility of implementation gaps – that delivery in practice may not meet the achievements desired on paper. This is particularly challenging given the centrality of a wide-ranging set of regulatory powers proposed across the housing system. We are in any case concerned about existing capacity and resourcing for consistent local enforcement and compliance of regulations that are already in place - but we can expect an avalanche of new regulatory actions as suggested by even a cursory glance at the list of actions proposed by the route map: the renting strategy, the quality standard, short term lets, tenement reform, delivering the right to housing, and the local government role in delivering stock decarbonisation. This is more than a step change and careful thought needs to be given to real partnership working, supporting capacity and resourcing.

Fourth, there are a few specific details that need more fleshing out:

- Tenement reform – if the proposed legislative action is to be based around the three proposals contained in the recent parliamentary working group report (regular mandatory inspections, a sinking fund and an ownership association model), we need more detail on how this will work, which models are to be chosen for each and how its delivery fits with proposals for tenement retrofit, as the two are intimately connected, especially around ensuring that all owners in a tenement contribute financially⁵.
- What exactly is proposed in terms of targeted support for owners to help them meet the proposed housing standard?
- What form of help is proposed for owners in difficulty?
- What will be included in the scope of the housing tax review?
- What is the role of physical fabric refurbishment in the government's thinking about retrofit (it is hardly mentioned anywhere in a document focused very much on energy efficiency systems)?

Despite these points, this is a welcome document and one that will be in part supported by all of the main Scottish political parties (with nuances, different emphases and the occasional no-go areas, of course). It is wide-ranging and yet in places feels less well developed than elsewhere. It will inevitably evolve but it is the starting place for consideration of both short-term proposals for the next Parliament and also garnering support for long term proposals for the next 10 to 20 years.

⁴This point was originally made by our colleague Duncan MacLennan

⁵Excellent 2019 discussion of these and other critical legal issues by Douglas Robertson at <https://thinkhouse.org.uk/site/assets/files/1345/befs0120.pdf>

A crowded field

A second fact of life at this point in the electoral cycle is that even before the political parties publish their manifesto proposals, the housing sector has been hard at work for several months publishing policy requests for the new government. These reflect the natural constituencies they represent but much else besides. Some are terse and factual; others are glossy; still others are significant pieces of work in their own right. We think this outpouring is informative and teaches us about what is important for many of the key players in the Scottish housing system. For these reasons we think it is worth briefly examining what they say and drawing out recurring themes.

SURF always put together a detailed and well-researched manifesto and 2021 is no exception. Their proposals include a wider housing retrofit role linked to fabric refurbishment as well as proposals to reduce fuel poverty, a green jobs post-covid-19 new deal, more development on brownfield sites and prioritising empty homes⁶.

The Scottish Federation of Housing Associations (SFHA) and the Chartered Institute of Housing Scotland (CIH) (along with Shelter Scotland) were the funders of the 2020 affordable housing need study that proposed the 53,000 affordable need target for the next Parliament. In their manifesto, CIH Scotland⁷ focused on new supply, existing investment (extra investment in energy efficiency but also adaptations and how the higher EPC standards for private renting will be achieved). CIH also highlight their concern with professional standards, concrete steps on enhanced partnership working and legislation to make the right to housing a human right – adequately resourced and enforced. The SFHA⁸ have produced a comprehensive document with specific proposals, many of which are about improving and sustaining engagement and the policy relationship with government but also include growing the rapid rehousing programme for the homeless, investment in refurbishment, climate change retrofit and off-site construction, ensuring EESSH2 investment in social housing is affordable to tenants and further programmes in housing, care and adaptations.

Homes for Scotland argue for at least 25,000⁹ new homes delivered per annum and argue for a number of new policies to support that goal, such as practical support for SME builders, and facilitating support to deliver new housing arising from the new national planning framework, NPF4. They also want to see a national delivery agency that would masterplan and utilise surplus public land, fund infrastructure and provide innovative solutions. More immediately, they (at the time of their manifesto) wanted government to retain the First Home Fund, Help to Buy and extend the LBTT holiday¹⁰. ARLA/Propertymark¹¹ propose regulation of estate agents, reform of LBTT bands, oppose stricter rent control¹², more action to return empty homes to use and a suite of policies to increase investment in housing through fiscal and other measures e.g. last time buyer exemptions from LBTT and reducing the additional property surcharge applied to LBTT. They also support continuation of the affordable new build variant of Help to Buy.

Rural Housing Scotland¹³ propose ten actions to support affordable rural housing and thriving communities. These include - a fair share of the affordable supply programme, growing the Rural and Islands Housing Fund, action on empty homes and short term lets, support for self-builders and proposing a national land banking agency to buy land for affordable rural housing.

⁶ <https://www.surf.scot/projects/2021-surf-manifesto/>

⁷ <https://www.cih.org/news/homes-at-the-heart-cih-scotland-publishes-its-manifesto-for-housing-2021-2026>

⁸ <https://www.sfha.co.uk/news/news-category/sfha-news/news-article/building-our-social-and-economic-recovery>

⁹ <https://homesforscotland.com/politicians-urged-to-unite-around-need-for-25000-new-homes-each-year-to-give-confidence-to-consumers-certainty-for-businesses-and-25-billion-econ-omic-boost-clear-statement-of-intent-required-from/>

¹⁰ Scottish Government says it will phase out Help to Buy and has not extended the LBTT holiday beyond the end of March 2021, unlike the UK Government's treatment of Stamp Duty Land Tax

¹¹ <https://www.arla.co.uk/news/february-2021/propertymark-s-scottish-parliament-election-manifesto-focuses-on-12-key-areas.aspx>

¹² For a contrary position see Living Rent: https://www.livingrent.org/tenants_manifesto_2020_21

¹³ <https://ruralhousingscotland.org/policy-form/buildingourruralfuture>

The Glasgow and West of Scotland Forum (GWSF)¹⁴ seek affordable energy efficiency protecting low-income tenants. They support the implementation of the working party on tenement maintenance (Scottish Parliament, 2019) but also local authority powers to incentivise owners and also government equity loan schemes to sustain multi-ownership tenements. They also support maximising new housing supply but in addition call for reform for balanced housing allocations that allow a wider range of housing needs to be met by social housing.

There are common themes here around new affordable supply, retrofit, and protecting affordability for new and existing households. There are also, not surprisingly, points of contention and different emphasis. Also, some of the discussion found here has been echoed in the Housing to 2040 route map. We will also return to some of the points made in these contributions in our own analysis below.

Covid-19 and housing

The third element of the context for housing in Scotland is of course the Covid-19 pandemic, lockdown and the recovery. At the level of individuals and households but also across Scotland in aggregate, the pandemic has hugely affected our health and wellbeing, the economy and our society. How we recover from this cataclysm and use this opportunity in a smart but also inclusive and transformative way, will be the great challenge of the near future, both for this country and globally.

Housing, at the centre of lockdown lived experience and the basis for many state protective interventions (and market stimuli), has played a critical role throughout this unprecedented period in our lives. It has created much debate about what is wrong with the current housing stock and how fitness for purpose can be regained, as well as the role the sector can play in recovery post-pandemic, notably in terms of green retrofit, new construction opportunities and the future shape of our towns and cities. At the same time, we recognise that the process of unwinding some of the protections put in place raise fundamental questions for policymakers, for instance, the treatment of rent arrears when suspension of evictions finally ends or is phased out¹⁵.

At CaCHE, we have pursued a set of projects relating to different aspects of housing and lockdown policies, including 'everyone-in' street homelessness interventions, eviction suspension, tenant activism, contrasts between the GFC and the current housing responses of market actors, analysis of income protections to manage housing costs, the incidence of harm and the meaning of home, domestic abuse and the lockdown, as well as housing market interventions to support the recovery. We are also undertaking an international comparative study across 6 countries with colleagues at UNSW, Australia¹⁶.

¹⁴ <https://gwsf.org.uk/wp-content/uploads/Manifesto-Dec-2020-final.pdf>

¹⁵ A recent Westminster committee report (MHCLG select committee) suggested a number of proposals to aid this process including a new programme of DWP discretionary housing payments to help private tenants. See: <https://www.propertyreporter.co.uk/finance/clg-committee-urges-government-to-support-private-renters.html>

¹⁶ Current projects can be viewed at: <https://housingevidence.ac.uk/our-work/research-projects/>

What are the emerging themes:

- How are lockdown interventions to be unwound safely and fairly?
- How can the lessons be learned from successful interventions like the public health initiatives to take rough sleepers (and those at risk of such an outcome) into safe non-congregate accommodation?
- Will housing demand change permanently or more temporarily, as reflected in moves away from high density city and town centre housing, evidenced in many countries' housing search patterns, rent and house price indicators? What does this mean for city planning policy and interventions aimed at promoting urban housing density?
- How effective in terms of additionality or deadweight have housing market recovery interventions actually been?
- What are the wider lessons and wider reflections for the next parliament and housing policy?

Our approach

In the rest of this paper, we consider ten issue areas for which we have evidence or good grounds to propose policy ideas that the new Government might wish to consider. For each topic, we consider the nature of the problem, and the basic facts concerning the issue before linking this to research evidence from our programme of work (and, where relevant, beyond as well), before proposing policy actions. We do this within the overarching perspective of systems thinking, the importance of rigorous evidence (and draw on principles of efficiency, fairness/social & environmental justice in achieving climate change targets). We also take account of the above context of Housing to 2040, the impact of Covid-19 and acknowledging also what others are suggesting should be policy priorities. The ten issue areas are:

1. End-to-end evidence
2. Retrofit
3. Improving the existing housing stock
4. Land, place and supply
5. Design value and neighbourhoods
6. Towards a more social supply programme
7. Affordable intermediate interventions
8. Private renting
9. Wealth and tax reform
10. Homelessness prevention

Proposal 1: End-to-end housing evidence

The issue

CaCHE is concerned above all with evidence-influenced policy and practice. The recent context is about longstanding academic criticism of government economic appraisal (e.g. Gibb and Christie, forthcoming, specifically in relation to housing), ongoing revision of the Treasury's Green Book and the UK Government's levelling up agenda, as well as their new (Autumn 2020) commitment to rigorous evaluation of interventions across UK government departments. We think there is a strong case for government investing in similar default evaluative processes in Scotland. We note, currently, the mixed and inconsistent use of impact assessments, the opaqueness of economic appraisal analysis (which should be more widely published in accessible way so we can 'look under the bonnet'), the need to explicitly relate housing investment appraisals to the National Performance Framework ambitions and desired outcomes, as well as the need to pilot and then consistently monitor public investments and longer term policy programmes; as well as to ensure that rigorous published evaluations take place in a timely manner (see Sunstein, 2018). This will create a culture that focuses more on the implementation gap around policy delivery, taxpayer value for money and also what works and why. Good appraisal methods drawing on a broad interpretation of value and cost will reduce bad decisions, while rigorous evaluation can provide end to end assessment. Such a system will encourage policymakers to take innovative intervention risks because the assessment framework will protect them. While this is true across the board, it has important ramifications for housing investments and interventions, in part because of the fundamental characteristics of housing as a commodity.

The evidence

A key local example of where end-to-end evidence could be improved to the great benefit of housing practice outcomes concerns local housing planning and needs analysis. In the midst of the development of the new National Planning Framework 4 (NPF4), the next iteration of local housing needs and demand assessment (HNDA) proposes that local government partnerships running HNDAs are now expected to find strong evidence to justify deviating from the planning assumptions that the Scottish Government in Edinburgh deems appropriate. This is the latest version of what was once Local Housing Systems Analysis – a locally-led model of housing planning that encouraged deep engagement by local analysts with the different interacting sectors of the housing system in order to help support a more sustainable local housing system and identify where interventions could be most effective (O'Sullivan, et al, 2004). While the HNDA model does a good job providing estimates of local housing need, it is less convincing as a model for working through either the private local housing market or how markets interact with non-market housing. There is also a concern about diminishing analytical capacity, which is further disincentivised by current proposals.

Proposals

We want to promote an environment which provides end to end published evidence and assessment of housing policies, reflecting the complexity of the housing systems they seek to redirect.

- End-to-end evidence means embracing the three key stages: **appraisal** and parliamentary scrutiny (economic, environmental and equalities assessments); **monitoring** of intervention processes and outcomes; and **evaluation** (Scottish government should implement the recent HM Treasury proposal to budget for evaluation within new policies).

- Regarding local housing system research capacity, we propose encouraging investing in systems analysis to inform and complement the work of the HNDA process within local housing strategies, and, in particular, to encourage local analytical capacity about what are complex local housing systems. This would provide a richer analysis of the market side of local housing systems. The locality should provide the default critical assumptions that drive the models of need (and justify them in term of evidence and credibility) but only where justified should national assumptions be deployed (i.e. we would reverse the current proposals). Housing is ineluctably local and that is where evidence needs to be concentrated (within a coherent analytical framework). We of course recognise that this investment has an opportunity cost but the capacity growth in, and payoff from, locally grounded analysis alongside this re-oriented HNDA, would be considerable.

Proposal 2: A green retrofit recovery

The issue

The climate emergency highlights the importance of retrofitting the existing housing stock to make necessary reductions to carbon emissions on the road to net zero. It is also critical to delivering affordable warmth and reducing the large numbers of Scottish households facing fuel poverty (in 2018, 25% of Scottish households were in fuel poverty and 11% were in extreme fuel poverty - both had increased in recent times when analysed experimentally by the Scottish Government in September 2020¹⁷). Social landlords have argued that there is a danger that energy cost savings from fabric and renewables investments must not be at the expense of higher rents required to pay for such ESSH2 programmes. UK policy, Scottish policy and more locally (e.g. the Glasgow City Region) are building evidence and policies to place green retrofit at the heart of Covid-19 economic recovery programmes. At the same time, Glasgow will host the November 2021 COP26 UN climate change conference. The Housing to 2040 route map sets out the scale of the initiative, how it is to be integrated across the Scottish Government and UK-level interventions, as well as promoting both pilots of new mechanisms and governance structures that will help partners meet these very challenging goals. Interestingly, there is also an implicit connection to improving the wider quality standards of private housing and to the need to reform tenement law – both of which appear to be necessary conditions for retrofit to take hold (Preece, et al, in press; Robertson, 2019).

In the last year, think tanks, academics and other stakeholders [e.g. Webb, et al., 2020; Green Finance Institute, 2020; Climate Emergency Response Group, 2020) have promoted the development of essentially a new green construction sector tasked to deliver existing housing retrofit combining fabric renewal (e.g. insulation) as well as renewable energy systems (such as air or ground source heat pumps replacing gas boilers). This is a major challenge which seeks to implement a clear strategy that brings together technical solutions, private funding and public subsidy, turning potential demand into effective demand and triggering the sufficient private sector supply response required which in turn will generate the skills and training programmes required to make retrofit happen at scale and at pace. Both the UK and Scottish government are setting ambitious targets and putting resources into a range of interventions (although we note the recent decision to terminate the non-performing UK Government's Green Homes Grant voucher scheme)

¹⁷ <https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2020/08/scottish-house-condition-survey-additional-analysis/documents/experimental-analysis-of-the-impact-of-covid19-on-fuel-poverty-rates-report/experimental-analysis-of-the-impact-of-covid19-on-fuel-poverty-rates-report/govscot%3Adocument/Experimental%2Banalysis%2Bof%2Bthe%2Bimpact%2Bof%2BCOVID-19%2Bon%2BFuel%2BPoverty%2BRates%2BReport.pdf>

The evidence

We know the existing housing stock dominates the housing system and that more than 80% of the stock today will still be with us in 2045. Glasgow City Region estimates that it needs to retrofit 236,000 properties and that specific tenures and built forms suggest considerable challenges and incentive problems (e.g. private sector housing and traditional tenements). CaCHE is undertaking an ongoing evaluation of a traditional tenement demonstration retrofit to EnerPhit standards in Glasgow. The work so far suggests that while there are many sharable lessons, tenement buildings are highly specific, as is their ownership structure. Common repairs, multiple ownership and condition impinge on retrofit work. The combination of fabric first and renewables is expensive but the societal benefits are huge. There are inevitable trade-offs and a range of stakeholders to satisfy and ultimately align around the retrofit programme. Gibb and Christie (forthcoming) argue that appraisals of retrofit investments should consistently measure the carbon savings attached to these investments as part of the pay-off of such schemes, and this should include the embodied carbon costs of different solutions.

Proposals

- The new government must make it an absolute priority to develop and implement a partnership-based coherent and implementable strategy and taskforce to achieve scaled retrofit (located within a series of 5 year intermediate missions). This must work vertically (with the UK Government and relevant agencies, with local government, including city-regions) and horizontally (with the private sector, with job support agencies, skills and training bodies, with finance and with housing providers and housing strategy functions). There is considerable expertise to draw on (e.g. the Low Carbon Homes network and the Climate Emergency Response Group, to name two).
- Financial appraisal of programmes and projects must consistently take account of the monetised value of carbon reduction, including embodied carbon, in order to take proper account of the long-term cost savings associated with these investments.
- Government must move quickly and learn from further demonstration projects and a range of technical, finance, subsidy and incentive models as to what works and why. To this end, we encourage the development of a cross-UK what works in retrofit initiative to assemble evidence and understand why innovations do or do not work in different local circumstances, evaluate different forms of retrofit intervention and support local take up, local innovation and experimentation. This should draw on evidence and develop a clear priority to disseminate and support promising models.

Proposal 3 looks more closely at renewal and governance of the existing housing stock.

Proposal 3: Improving the existing housing stock

The issue

The Housing to 2040 route map seeks to establish and enforce a national tenure-neutral housing standard for all housing, new and existing, by 2030. It recognises that two critical barriers to higher housing standards across the board for the existing stock concern dealing with private owners and in particular the large numbers of multiple owners in tenemental housing. In short, there needs to be a working, affordable, efficient and fair system of financial support and governance to incentivise and in places subsidise private housing. In the case of traditional tenements, there needs to be legal reforms that set a baseline for good financial management, repairs and ownership of common parts and their upkeep. Both of these issues are major stumbling blocks, although the route map proposes the outline of a system for private owners and a promise to legislate the 2019 Scottish Parliament Working Group proposals on tenement maintenance. The existing housing stock also houses an ageing population, not all of whom are asset rich and for whom house condition is an issue, one exacerbated, post empty nesting, by oversized housing relative to needs, and a lack of options to downsize to in attractive, affordable amenity-rich locations.

The evidence

For more than a decade the presumption has been that owner-occupiers and private landlords are primarily responsible for repair and improvement of their housing. For many decades before that formalisation of policy, however, considerable sums were spent on private sector housing repair and improvement, peaking under the Thatcher government in the 1980s. While it remains the case that local authorities use their powers to intervene in private markets, this is done selectively and inconsistently across Scotland depending on resource, priority and urgency. Recent work, in press, by CaCHE (Preece, et al, 2021) looks at English private housing and the damaging consequences, particularly for older poorer home owners, of the absence of preventative housing repairs and improvements. It suggests that a programme of works could be organised by local housing improvement agencies providing means-tested repair grants, low-cost loans for improved thermal efficiency and group or enveloping neighbourhood level repair programmes. These would be focused on working with residents to target key quality shortcomings around safety risks at home and cold. To work, these initiatives would need enforceable regulatory powers and capacity – implying resources from government (perhaps co-funding between the different tiers) but some of this would be recoverable if the improvement agencies could generate modest income streams from their work. The Housing to 2040 route map proposed an unspecified form of targeted support to help home owners raise their housing quality standards up to the new proposed level. We think that much more needs to be done.

The Holyrood cross party working group on tenement maintenance (2019) argued that the law needed to change in three key ways: compulsory regular property inspections, a sinking fund contributed to by all owners to tackle major repairs and the consistent governance of an ownership association. Robertson's (2019) cogent analysis of the housing quality problems associated with multiple ownership of tenements indicates how challenging this will be to do comprehensively and fairly. However, if green retrofit is to work, we need to find ways to enable the governance and funding of both private sector repair programmes and common works in tenements (around a quarter of all housing in Scotland and more than 75,000 pre-1919 tenements in Glasgow alone).

Proposals

For private repair and improvement, we propose that the reforms proposed for England should be considered for Scotland as well:

- Establishing local authority-level home improvement agencies with the powers to advise clients, blend different programmes and funding routes including means-tested grants and group repair programmes.
- Holyrood and local government should share capital and running costs, including delivery capacity and this could be funded from a combination of grant, Financial Transactions Capital (paying for low-cost loans), contributions from local government linked to extra funding from Holyrood for the purpose, and fees and charges associated with the work of the improvement agency.
- The programme should be piloted and lessons learned and this should include monitoring and evaluation (including whole government measurement of the preventative benefits associated with improved conditions e.g. on NHS budgets and household heating costs).

For tenement reform, we propose:

- Prioritising early legislation on the three elements of tenement reform but premised on new pre-legislative work to advance solutions regarding transitional support, mechanisms to make sinking fund arrangements low cost, transparent and secure for all investors (e.g. trusted third parties to run such funds at cost e.g. credit unions, housing associations, trade bodies, deposit schemes, etc.), providing clarity on low cost reliable property inspections and bringing forward Scottish tailored versions of internationally respected models of ownership organisations suitable for the tenement built form¹⁸.

Proposal 4: Land, place and supply

The issue

We need to address the way that land is allocated for future housing and placemaking in Scotland. Too often local authorities, in the local development plan, allocate large out-of-town greenfield sites for housing development because it is the simplest route to meeting housing delivery targets. However, meeting housing land supply requirements by large-scale site allocations can restrict development production to a small number of developers who have the capacity and knowledge to deliver such projects. The consequential impact of such an approach can limit the participation of smaller developers thereby reducing competition, the pace of housing supply delivery and consumer choice. In practice, large-scale allocations tend to drive a relatively low density, predominantly 2-storey, detached housing typology that often falls short of the principles of good housing and neighbourhood design (see proposal 5).

In addition, we must tackle land market failures if we are to deliver more high-quality homes and create places that work for everyone in Scotland. As Land Commissioner and CaCHE Co-Investigator David Adams wrote in a recent blog, "how land intended for new housing development is bought and sold can have a crucial impact on when development takes place, what form it takes, and crucially on whether new homes are priced at affordable levels.

¹⁸ Examples might include but not be restricted to Norway and Canada

The evidence is that housing land markets are not working well and that this has negative consequences for housing markets more generally¹⁹. Most housebuilders acquire land through conditional contracts or options agreements with landowners (Payne, et al. 2019) and the dominant models of real estate development for new housing in Scotland are not well-positioned to deliver the type of well-designed, mixed use places that we need to be building now and in the future (White, et al., 2020).

The evidence

A recent report by CaCHE and its partners draws on case study research to explore how different approaches to land allocation, acquisition and assembly can shape housing development and placemaking outcomes in Scotland (James and Tolson, 2020)²⁰. Each of the five case studies in this report represents a different approach to land, whereby different market actors play the role of 'place promoter'. The research contributes to a body of work (e.g. Adams, Tiesdell & Weeks, 2011; Tolson & Rintoul, 2018; Satsangi et al. 2020) which provides a sound evidence base, drawing on UK and European exemplars, for public-interest led development (PILD), which occurs when the public sector takes the lead in assembling land and driving development in order to achieve public policy outcomes. Historically, such enabling action was undertaken by urban development agencies, but this function was transferred to local authorities (with just Clyde Gateway remaining). PILD also often involves partnerships with the private sector, landowners, developers and investors. A good recent example, which is included in the CaCHE study cited above, is the Commonwealth Games Village, which helped to transform a large-scale site in the East End of Glasgow which had stood vacant for over 30 years. The role of the Scottish Government and Glasgow City Council helped shape market confidence leading to a very successful mixed tenure outcome. Lessons from this exemplar project have been applied to other neighbouring parts of the East End of Glasgow and are being promoted through Clyde Gateway URC. However, so many of the ambitions of the Housing to 2040 and NPF4 proposals require a well-resourced and empowered public sector, which we simply do not have at present²¹.

Proposals

Scottish Government should:

- Empower local planning authorities to prioritise the re-use of vacant and derelict land and brownfield sites. In the route map, the Government notes the desire to expand brownfield relative to greenfield sites, to support vacant and derelict land for housing through extra funding (£50m). However, a radical shift is required to alter the status quo which continues to facilitate greenfield or edge-of-settlement development that is mono-use, poorly connected to local services and built at densities that are far too low to function as '20 minute neighbourhoods' (see proposal 5).
- Review the powers available to councils or provide more support to mainstream positive examples to enable councils to implement more active land policies because land assembly and PILD can shape markets and reduce risk for developers.
- Empower local planning authorities by giving them the resources, skills and training required to pursue an active land and delivery policy. This could be in part achieved through providing a more straight forward Local Development Plan (LDP) Action or Delivery Programme Fund, bringing multiple funding sources together in one place for delivering LDPs.

¹⁹ https://www.landcommission.gov.scot/news-events/news/tackling-land-market-failures-is-essential-to-getting-more-homes-built-in-scotland?p_slug=news

²⁰ <https://housingevidence.ac.uk/publications/delivering-more-homes-and-better-places/>

²¹ <https://housingevidence.ac.uk/delivering-on-our-planning-visions-in-scotland/>

Proposal 5: Design value and neighbourhoods

The issue

There is already a raft of design policy and guidance at both national and local levels in Scotland which shows strong commitment to design dating back to the early 2000s, and Scottish Planning Policy (soon to be merged with NPF4) emphasises the need to consider design at every stage of delivery. We welcome the recognition in NPF4 of housing and neighbourhood design quality as fundamental to addressing the climate emergency and creating places that support people’s long-term health and wellbeing. These issues are also foregrounded in the Housing to 2040 route map. The Scottish Government intends to promote the principle of ‘20 minute neighbourhoods’, encourage community participation through a design standard, roll out demonstrator projects of renewed town centres, as well as raising new build design standards. NPF4 also seeks to focus planning on placemaking and quality issues.



Figure 1. The leaky bucket of design value

We support these ambitious plans, in principle. The concept of 20-minute neighbourhoods, for example, has the potential to drive the type of behaviour required to reduce emissions. If it can be achieved, it will significantly reduce the reliance on private motor vehicles to reach essential day-to-day places, including schools, health services, open spaces, and shops.

The challenge with these sorts of ambitions, however, is in the implementation. How can we realise the vision and put it into practice? Scottish Planning Policy has long stated the ambition to deliver ‘sustainable well-designed places’ yet the evidence that we (and others) have collected suggests this rarely happens in practice.

The evidence

Research has long shown that good quality housing and neighbourhood design positively impacts health and wellbeing, the economy, and environmental sustainability (Carmona, 2019). Our research revealed a sophisticated understanding of design and its potential to deliver value through the housebuilding process, but this exists alongside a general failure to deliver good design in practice (White, et al. 2020). White et al. (2020) present evidence that shows how current planning, design and development practice in Scotland falls far short of creating the type of well-design and sustainable places that meet the objectives set out in NPF4 – planning for net-zero emissions, resilient communities, a wellbeing economy, and better, greener places. The report, which was published with the support of the Scottish Government at the end of 2020, identifies a series of barriers to the delivery of consistent well-designed housing, which are characterised as a ‘leaky bucket’ as shown in the image below.

Proposals

Having identified the barriers to delivering design value, White et al. (2020) make 12 recommendations for policy and practice. Here we emphasise five key priorities for the next government to consider. The Scottish Government should:

- Enforce neighbourhood urban form principles and lay out parameters upstream in the planning, design and development process for new housing by adopting ‘design value standards’ that embed the economic, social and environmental value of design at the heart of housebuilding and design governance. These should mirror the status of building standards. A national design value standard should be specifically focused on delivering the 20 minute neighbourhood concept. It must be simple and concise so it can be readily translated by local planning authorities into more detailed and contextually-sensitive design policies that are appropriate for the diverse towns, cities and rural areas of Scotland. We note the Government’s aim, as stated in the NPF4 position statement, to ‘refresh’ Designing Streets. This document provides just the right template to begin developing a design value standard which might be renamed, Designing Neighbourhoods)²².
- Review the way appeal decisions are determined so that local authorities feel empowered to act on design matters and refuse poorly designed places.
- Utilise tax incentives, government-backed loans and other measures to encourage a more diverse group of housebuilders to enter into the marketplace. One way to create a more diverse housebuilding industry could be to require a minimum number of small- or medium-sized developers on larger multi-developer sites.

²²This idea came originally from our colleague James White

- Facilitate and encourage a wider use of post-occupancy analysis and development monitoring, whereby a selected sample of housing developments over a certain size (e.g. 25 dwellings) in every Scottish local authority should be subject to evaluation and site monitoring so that lessons can be learned about the resilience and quality of new homes and neighbourhoods and fed back into future upstream planning and design governance practices that support net-zero planning and design outcomes.
- Better fund design governance capacity in local authorities to directly support design-led plan-making, masterplanning, improved community engagement and leadership positions within local authorities.

Proposal 6: Towards a social housing supply programme

The issue

The case for a 2021-26 programme of new social supply began with the new national affordable needs study (Dunning, et al, 2020) proposing a programme of 53,000 additional units. This study, co-authored by two colleagues from CaCHE, is a methodological re-run of the earlier 2015 study that was accepted by Government and other opposition political parties as credible and a target to work with. The call for such a programme now can be put in the context of the success of the two earlier affordable supply programmes (2011-15 and 2016-21) which lead the way in the UK (research by Gibb, 2021, indicates that, per capita, Scotland has generally produced more affordable housing than England since 2011). These programmes included a distinctive role for council housing investment as well as the housing association sector.

There was a damaging hiatus around the consultation over the Housing to 2040 programme which initially suggested retreating from future programmes, but this has now been addressed to the extent that the current government, if re-elected, has committed to a further programme for the 2021-26 Parliament and the one after (2026-30). This goes well beyond simply catching up with recent Covid-19 lockdown reductions in planned supply (which is also intended). Of course, such a further programme would also play an important counter-cyclical role as part of the Covid-19 recovery (see the recent paper by Boyle and Husband, 2020). There is also an important specific (rapid rehousing) homelessness argument for additional social housing magnified by Covid-19. The Housing to 2040 route map envisages two successive programmes of 50,000 units each, again with 70% of the new supply general needs social renting.

The evidence

A recent study by CaCHE and HACT (Gibb, et al, 2020) laid out the considerable, multiple positive impacts of social housing investment and activity. Critically, this also connects housing interventions by specific providers directly to the national policy ambitions of the refreshed national performance framework (also located in UN Sustainable Development goals). This also implies that by using this evidence systematically, housing associations' strategic and operational plans will be directly relevant to improving outcomes across the economy, society and community, sustainable development and wellbeing. It will also embed evidence and accountable evaluation. Boyle and Husband's recent paper provides a complementary argument that supports this high impact case for more social housing investment. Savills (2019), in an English context, also make a strong argument that counter cyclical social or affordable housing investment is strongly additional²³, reflecting arguments that can be found in the MHCLG economic appraisal guidance (2017).

²³That is it does not merely substitute for market provision but rather is 'additional' to what would be built by the private sector for the market

Proposals

- Pre-election, the political parties should commit to meet the Housing to 2040 affordable need target of 50,000 additional units for the next Parliament. This should then be guaranteed in the first post election annual programme for government. We note that while the 2021-26 programme is evidenced by Dunning et al (2020), there is no such evidence base for the commitment to the same programme in 2026-30. Progress on meeting need should be monitored and a further national affordable need study carried out for the 2026-30 Parliament.
- The Northern Ireland Assembly government has recently pledged to guarantee public subsidy for social housing by seeking non-grant approaches to affordable housing supply. We think this is an attractive principle (see Proposal 7 below) and would propose that in Scotland the programme focuses more on social housing specifically, with a separate and more modest (in public finance terms) commitment to affordable rental and home ownership products. We think this is prudent and goes with the trajectory of the last two programmes which has increased the social housing share in the total programme. The social housing share should therefore be raised to 80% in the next Parliament.
- Council housing new build receives a lower grant rate than housing associations. This is implied to be due to an assumed lower cost of borrowing and availability of low-cost council-owned land. There appears to be no published documented justification for the differential and we note that it can mean a higher requirement on borrowing for councils and their tenants facing consequently higher rents. We need a careful, like for like comparison of costs and if it lacks evidenced justification, it should cease and grant rates be equalised. At the least, the gap should be justified and regularly evidenced.
- Alongside, new build, social housing has to lead on existing stock retrofit by demonstrating how this can be done and by finding innovative ways to resource such programmes that will increase affordable warmth without simply making rents less affordable. Solutions may include options such as modest revenue subsidy, consortia bulk procurement of components, and exploring using green low-cost borrowing by providers. A partnership between government, housing trade bodies and major stakeholders should be set up to focus on resolving these important trade-offs and challenges, drawing in part on the lessons from wider green retrofit research, demonstration projects and pilots.

Proposal 7: Reforming affordable renting and ownership models

The issue

Affordable rent and low-cost home ownership (LCHO) are important niche products and can offer housing and income mix on specific developments, support access to home ownership and address housing access in high-cost locations for those unable to secure social housing or wholly market housing (Whitehead and Williams, 2020). These programmes have come under pressure of late because of cut backs in Financial Transactions Capital (FTC), the impact of Covid-19 on the housing market, the continuing constraints imposed by mortgage regulation across the UK, and the high demand for specific products like the First Home Fund.

LCHO, primarily forms of shared equity or equity loan programmes, played a significant role in the last two affordable supply programmes, as Mid-Market Rent (MMR) has also begun to do so in the current Parliament. Scotland also has delivered tailored Help to Buy programmes with prices capped and using approved builders. It is funded by Financial Transactions Capital rather than grant. Government also has used FTC to fund the popular First Home Fund for first

time buyer offering up to £25,000 in shared equity provided there is a 5% deposit paid (and the SG contribution is no more than 49% of property valuation). Outside of specific innovations by Castle Rock Edinvar, MMR is funded by large up front capital grants with rents set around the local housing allowance and a client group targeted at key workers with income ceilings with tenancies based on the new Scottish private rental tenancy law. The LAR housing trust²⁴ programme established by Scottish Futures Trust also shows that affordable rent to scale can be generated without grant (in this case a mix of FTC and private debt finance).

The evidence

A feature of devolution is that there is an expanding set of affordable housing products across the UK. England, for instance, has a new variant of shared ownership as well as a proposal to use affordable housing planning obligations to support in perpetuity a discounted (30%) first time buyer new build product. In Scotland, there are a number of novel ideas on the table to widen the range of intermediate tenures (James, et al, 2019). With a few honourable exceptions, there is little substantial evaluative research on how affordable (whatever that actually means)²⁵, or what the viability, additionality and value for money outcomes are for different intermediate options²⁶.

Proposals

- Reduce the proportion of the supply programme that provides affordable products, increasing the share focused on social housing provision. We argue that affordable rented product like MMR should stay in what would become a rental programme, with MMR offering specifically affordable solutions (also consistent with the route map proposal for an integrated rental strategy)
- Funding for home ownership in particular shared equity and equity loan products are, we argue, more about an access than an affordability constraint since it is the high deposit burden rather than repayment constraints in practice that is the main barrier. A separate fund, sourced from FTC resources, would have the additional value of being a revolving fund with sales leading to shared equity repayments which can then be recycled. As with all such policies, appraisal would need to reassure that this would not distort markets (we note for instance the modest equity share cap and the targeting limits placed on the First Home Fund).
- According to the route map, Help to Buy is to be phased out and we would support this development and steer potential first time buyers to the remaining equity products that are available. We do not think these products should be available to buyers other than first time purchasers.
- We think that the high cost of grant for MMR suggests that there is a strong case to Remove grant from MMR and focus instead on affordable rents based on FTC funding in conjunction with patient pension funds/long term bonds, as well as in-kind support (low cost public land or S75 planning agreements).
- We also think government should be willing to test and pilot promising further models such as the ideas raised by James, et al (2019) and international models such as from Austria or Ireland (low profit low cost affordable renting).

²⁴ A charitable trust based on the SCIO model regulated by OSCR

²⁵ We note that the route map contains an action to review the meaning of affordability

²⁶ We note on going to press that the UK government has reintroduced a low deposit mortgage guarantee scheme that offers 95% loans on properties of up to £600,000. This is a demand side policy that risks putting upward pressure on prices and of course other prudential affordability constraints may still apply.

Proposal 8: Regulating private renting

The issue

Private renting's extraordinary growth in the last two decades has been accompanied by a range of regulatory measures and new tenancy arrangements. This has been widely welcomed, even if elements of the reforms have been less successful than others. However, Scotland has undoubtedly led the way in the UK through its reforms, in particular through its open-ended tenancy with specific rules for repossession and the end of no-fault eviction, as well as the expectations raised by its expanded first tier tribunal and regulation of letting agents, among other things. Less successful has been the local rent pressure zones to curb excessive rent increases – with at the time of writing no example of any deployment of such measures. Two major challenges remain: first of all, as elsewhere in the UK, there is a problem ensuring adequate compliance and enforcement of the regulatory framework across the country (Harris, et al., 2020)²⁷; second, rents are rising in specific urban areas relative to incomes and to benefits. The Housing to 2040 route map recognises the latter point and proposes a private renting Bill in the new Parliament to tackle issues with rent pressure zones (without telling us how).

The evidence

The PRS in Scotland has undergone considerable change in recent years, not least the 2016 Act and we welcome the Nationwide Foundation three-year project being carried out by Indigo House²⁸. CaCHE has undertaken several relevant studies, one with SPICe and UBDC which is reflected in the recent private member Fair Rents (Scotland) Bill in terms of the proposal to make landlord registries include rent information and be public databases. We note also that Bill's proposals to set a national rent increase ceiling and create rights of appeal to reduce rents if specific regulations are not being complied with. CaCHE research on enforcement and compliance indicates to us that much more care needs to be taken with the interaction of price and non-price regulation, that we need to understand the underlying philosophy and perspective on regulation and compliance in operation locally (because it varies considerably), that enforcement needs to be resourced to a sufficient capacity level if it is to be effective, and that much greater priority and evidence gathering is required to ensure effective and comprehensive enforcement and compliance.

Proposals

- Develop a framework, data collection and resources to adequately deliver PRS enforcement and compliance consistently. Link any possible rent limitation policies in future to a clear understanding of how local rental markets work, in particular, the extent to which these markets are price competitive, because that may limit the effectiveness of such controls.
- The PRS should be a pivotal part of local housing systems analysis and that evidence base should inform regulatory priorities and provide actionable evidence about how the market is working locally. This can be combined with the proposal (Fair Rent Bill) to augment the LA level landlord registration of the PRS with data on contractual rents and making this publicly available.

²⁷ <https://housingevidence.ac.uk/publications/improving-compliance-with-private-rented-sector-legislation/>

²⁸ <https://rentbetter.indigohousegroup.com/>

Proposal 9: Unequal housing wealth and tax reform

The issue

In its statement on principles and vision, Housing to 2040 argues clearly that speculative investment in housing is damaging, reinforces inequalities (including intergenerationally) and that instead housing should be primarily viewed as a consumption activity wherein policy should in part seek to maintain stable real house prices and reduce demand for speculation. By doing so, more stable housing market outcomes will reduce our tendency to use housing excessively as a store of wealth. While we think this long-term aim of policy is a welcome one (there is multiple evidence indicating the economic and social damage associated with volatile housing markets and existing incentives to hold a relatively undiversified housing wealth portfolio), we also recognise that it is a hugely challenging policy to deliver. This is true both because of the levers available to a devolved country per se but also because, regardless of governance, it is fundamentally difficult to achieve both conceptually and operationally. Difficult electoral politics and complex policy making probably accounts for why the route map consigns this principle merely to a review of housing taxation in the next parliament.

The evidence

CaCHE carried out an evidence review on housing wealth inequality for the Scottish Poverty and Inequality Commission (Soaita, et al, 2019). Housing wealth distributions unfold over time and across space – their drivers are many and interact in complex ways. However, the fact of housing wealth inequality is undeniable. It is also important to stress that housing wealth inequality reinforces existing structural inequalities in society. The evidence review concluded that housing markets produce unfair outcomes across multiple dimensions that constitute material barriers to social mobility, are unjust and arbitrary, but are also damaging to economic performance. The research was sceptical about the ability of housing wealth to act as a coherent and consistent form of asset-based welfare (particularly where so many are financially excluded from asset ownership). Housing wealth appears to impact on health and wellbeing outcomes though analysis does not always convincingly control for all relevant factors. Private renting has become more significant as a form of housing asset ownership and raises concerns about rentier capitalism though most landlords have small portfolios and are often only modestly wealthy. There is limited though compelling evidence about the social mobility impact of intergenerational inequalities and growing international evidence that housing wealth impacts adversely on macroeconomic stability and also at regional economy levels.

Proposals

If the instability and risks of concentrated wealth holding in largely unproductive second-hand housing are to be reduced in Scotland, given the levers of power open to government – what policy options might help de-speculate the housing system?

- A genuinely tenure neutral housing policy vision is required to consciously dilute the myths of home ownership that have so long dominated governmental housing policy. This implies a much more positive and de-stigmatised approach to both market and non-market rental, as well as a more neutral approach to housing taxation. The Visions and Principles statement from Housing to 2040 and the proposed unitary rented housing strategy in the route map are a start but we need to go further.
- Government should intentionally go forward to build a political consensus over time about a consumption and

affordability-focused housing system that is antithetical to speculation and wealth inequality. This will focus more on the housing needs of young people and evidences the damage that the status quo does to both current and future generations.

- Following both the IFS Mirrlees review (Mirrlees, et al, 2011) and the work of Tony Atkinson (2015), examine the scope to promote subsidised national savings products that offer real rates of return to investors.
- Develop a medium term coherent fiscal approach to housing that could seek over time to (a) reform the council tax along the lines suggested by the 2015 Scottish local tax commission; (b) phase out land building transactions tax and (c) replace LBTT with a modest (and initially revenue-neutral) land value tax collected by the Scottish government. Not only will this normalise housing taxation and make the market more efficient, there will also be a redistribution of the tax base in Scotland rebalancing from primarily income tax towards land and property. This could create the opportunity in due course to increase land taxation with a view to maintaining revenues as a whole by reducing reliance on more mobile income taxation.

Proposal 10: Preventing homelessness

The issue

Post devolution, statutory homelessness policy has diverged significantly across the UK. In Scotland, unlike the rest of the UK, the priority need criterion was abolished in 2012, meaning that all unintentionally homeless households are now entitled to settled housing. However, unlike in England and Wales, no prevention-focused legislation has yet been instigated in Scotland. Instead, local councils have been encouraged to use the non-statutory Housing Options approach to prevent those at risk of homelessness from losing their home, while a legal right to temporary accommodation is supposed to act as a safety net to prevent rough sleeping while homeless households wait for permanent accommodation. In practice, however, some local authorities have stepped back from prevention work after a Scottish Housing Regulator report in 2014 cast doubt on the lawfulness of some Housing Options activities. This became a key driver toward prevention-oriented reform. Councils have sometimes failed to meet their temporary accommodation obligations and those who are offered temporary accommodation often have to stay there for a long time before they are offered a suitable and permanent home.

At the onset of COVID-19, the Scottish Government's focus was on transitioning to a Rapid Rehousing and Housing First approach, and work was already underway to tackle and prevent homelessness through the Ending Homelessness Together action plan, published by the Scottish Government and COSLA. While the public health response to the pandemic lockdown, which showed it was possible to find temporary housing solutions for essentially all of those at risk of rough sleeping or in communal shelters, this of course begged the question of what to do next in terms of longer-term solutions. The fallout from COVID-19 prompted the Government to reconvene the Homelessness and Rough Sleeping Action Group in June 2020 and review the recommendations it made in 2017/18.

In the Housing to 2040 route map, the Government identifies a number of programmes and activities that when combined, they contend, will serve to end homelessness as we know it by 2040. Our focus here is on the prevention agenda. To this end, the Government proposes a number of actions including:

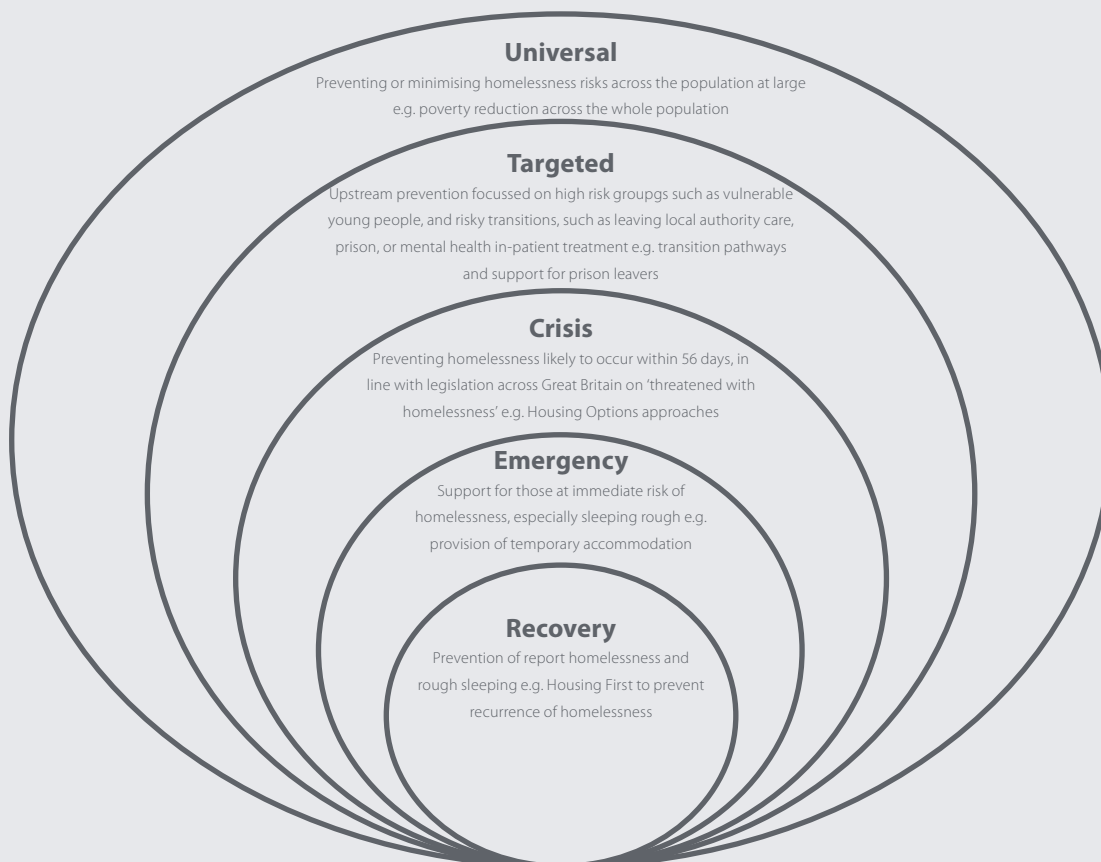
- Continue to implement the Ending Homelessness Together Action Plan
- Develop homelessness prevention legislation to ensure public bodies across Scotland have statutory responsibilities to prevent homelessness
- Establish a national learning network to ensure a more joined up approach to homelessness

Here, we focus on homelessness prevention.

The evidence

We know that poverty²⁹ is the most important long term or upstream driver of homelessness (Bramley and Fitzpatrick, 2016, in Housing Studies)³⁰. Poverty erodes the material and social resources that support people in transitions and crises that can trigger homelessness. The availability and affordability of accommodation is also an important driver (Bramley 2017). Statutory homelessness data for 2019-20 shows that, as of 31st March 2020, the number of households in Scotland assessed as homeless and those living in temporary accommodation had increased by 4% (to 31,333) and 6% (11,665), respectively, on the previous year. While swift action in response to COVID-19 saw rough sleeping numbers across Scotland reduced almost to zero, the number of households living in temporary accommodation increased by a further 22% (to 14,229) between March and October 2020. Permanent lets to homeless households have started to increase again, but there is now a backlog due to lockdown which means more people are spending longer in temporary accommodation, including hotel rooms and B&Bs, which is not always suitable and can negatively affect wellbeing. As noted above, the Welsh and the English have enacted legislation strengthening statutory duties for local authorities to help people at risk of homelessness. This is welcome but it is clearly far downstream relative to more upstream drivers such as poverty and limited supply of social housing.

In their study, Fitzpatrick, et al (2019)³¹ distinguished different components of a preventative typology for homelessness, drawing on evidence from across the UK. They identify five key elements in a comprehensive preventative approach: universal, targeted, crisis, emergency and recovery (see diagram).



²⁹Including negative impacts of welfare benefit systems

³⁰<https://www.tandfonline.com/doi/full/10.1080/02673037.2017.1344957>

³¹<https://housingevidence.ac.uk/wp-content/uploads/2019/07/Homelessness-Prevention-in-the-UK-Policy-Brief-July-2019-final.pdf>

Proposals

We acknowledge the considerable work underway and planned by the Scottish government to attack rough sleeping and unsatisfactory temporary accommodation outcomes. Our emphasis here is on prevention and is consistent with the recommendations of the independent Prevention Review Group convened by Crisis and chaired by a CaCHE colleague . We propose :

- Supporting and sustaining the large volume of social lets going to homeless households through the delivery of Rapid Rehousing Transition Plans.
- Adopting homelessness prevention legislation similar to that in England and Wales, which would instigate strengthened legal duties to prevent homelessness and establish wider-ranging public sector prevention duties to target earlier multi-disciplinary assistance towards high risk groups.
- Developing new pathways and protocols to ensure nobody becomes homeless after leaving institutions like care or prison.
- Learning the lessons from COVID-19 and ensuring that non-one has nowhere to go the night that they have become statutorily homeless.
- Committing to support health and social services to prevent repeat homelessness and rough sleeping among vulnerable homeless people and committing to greater investment in housing-related support.

Final thoughts

The 2021 election is taking place against the backdrop of the Covid-19 pandemic, unprecedented challenges for the economy and society, the aftermath of Brexit, and consequently, also at a time when many people are reconsidering their relationship with their homes and the housing system. Into this unique context, the Scottish Government has produced the Housing to 2040 route map which is a parliamentary policy programme but also one that extends longer, in some cases for 20 years. The route map meets many of the policy ‘asks’ found across the housing sector’s manifestos discussed in the introduction. There is much in it to recommend and we have also incorporated several of the proposals. But we have also identified areas of shortcoming, less progress, or indeed silence.

There are implementation gaps. Sometimes this is because the means by which specific ends will be met are as yet undecided. We cannot for instance tell just how rent pressure zones are to be made effective, how tenement reform will be delivered, or what the actions arising from the housing tax review will be. There are also capacity gaps in particular to do with local government regulation enforcement capacity to deliver the policies being proposed. That is equally true for our ten issue proposals above. There is really no escape from the fact that we need investment in professional capacity to deliver national policy aims at the local level where they play out. Government cannot (nor commentators duck the issue – we need to invest in people and jobs so we can regulate the rental market, monitor our housing systems, deliver better planning, standards and design. It is not exciting or dramatic but it is essential investment and it has to be sustained. Whoever is in power after May 2021 must take this unavoidable fact seriously if our lofty ambitions are to be achieved.

References

Adams, D, Tiesdell, S & Weeks, G, (2011) Delivering Better Places in Scotland: A guide to learning from broader experience, Edinburgh: Scottish Government. [Online] Available at <https://www.ads.org.uk/wp-content/uploads/0110158-1.pdf> [Accessed 12 April 2021]

Atkinson, AB (2015) *Inequality: What Can be Done?* Harvard University Press.

Bramley, G. (2017) *Homelessness projections: Core homelessness in Great Britain*. Crisis: London

Boyle, S and Husband, J (2020) *A New Economic Case for Social Housing 2020*. Shelter Scotland: Edinburgh.

Carmona, M. (2019). Place value: place quality and its impact on health, social, economic and environmental outcomes. *Journal of Urban Design* (24) 1, pp. 1–48.

Climate Emergency Response Group (2020) *Eight Policy Packages for Scotland's Green Recovery*. https://www.changeworks.org.uk/sites/default/files/CERG_Green%20Recovery_Final%20report_July2020_0.pdf

Dunning, R et al (2020) *Affordable Housing Need in Scotland post 2021*. SFHA/Chartered Institute of Housing Scotland/Shelter Scotland. <https://www.sfha.co.uk/mediaLibrary/other/english/62960.pdf>

Fitzpatrick, S, Mackie, P and Wood, J (2019) *Homelessness Prevention in the UK Policy Briefing*. CaCHE: Glasgow.

Gibb, K (2021) 'Divergent approaches to affordable housing supply in a devolved policy system: Scotland and England after 2010', *International Journal of Urban Sciences*, 25 (sup1), 218-40.

Gibb, K and Christie, L. (forthcoming) 'Investment Appraisal, Cost Benefit Analysis and Housing Interventions' in Gibb, K et al (editors), *The Routledge Handbook of Housing Economics*. Routledge: London.

Green Finance Institute (2020) *Financing Energy Efficient Buildings: The Path to Retrofit at Scale*. GFI: London.

James, G, Berry, K and Marks, A (2019) *Alternative Housing Tenures*. SPiCe: Edinburgh.

MHCLG (2017) *Appraisal Guide*. MHCLG: London.

Mirrlees, J., et al (2011) *Tax by Design – Final Report of the Mirrlees Review IFS*: London.

O'Sullivan, A et al (2004) *Local Housing Systems Analysis: Good Practice Guide*. Communities Scotland: Edinburgh.

Payne, S, Serin, B, James, G & Adams, D (2019). How does the land supply system affect the business of UK speculative housebuilding? Glasgow and Sheffield: CaCHE. [Online] Available at <https://housingevidence.ac.uk/wp-content/uploads/2019/02/190228-How-does-the-land-supply-system-affect-the-business-of-UK-speculative-housebuilding.pdf> [Accessed 12 April 2021]

Preece, J, Robinson, D, Gibb, K and Young, G (2021, in press) *Past, Present and Future: Housing Policy and Poor-Quality Homes*. Report to Centre for Ageing Better. CaCHE: Glasgow.

Robertson, D (2019) *Why Flats Fall Down: Navigating shared responsibilities for their repair and maintenance*. Edinburgh: BEFS, SFHA, PMAS and Scottish Government. <https://www.befs.org.uk/resources/publications/why-flats-fall-down/>

Satsangi, M, Hoolachan, A, O'Brien, P, Dembski, S, Dunning, R, Lord, A (2020) *Housing land allocation, assembly and delivery: Lessons from Europe*. Scottish Land Commission. [Online] Available at https://www.landcommission.gov.scot/downloads/5fbcd40ea1ae_HOUSING%20LAND%20ALLOCATION%20ASSEMBLY%20AND%20DELIVERY%20-%20LESSONS%20FROM%20EUROPE.pdf [Accessed 12 April 2021]

Savills (2019) *Additionality of Affordable Housing – Report to G15*. Savills: London

Soaita, A, Gibb, K and MacLennan, D (2019) *Housing Wealth Inequality in Scotland: Evidence Review*. CaCHE: Glasgow.

Sunstein, C. (2018) *The Cost Benefit Revolution*. MIT Press.

Tolson, S & Rintoul, A (2018) *The Delivery of Public Interest Led Development in Scotland*. [Online] Available at: https://landcommission.gov.scot/downloads/5dd6c7fbfd02_Land-Lines-Public-Interest-Led-Development-Steven-Tolson-March-2018.pdf [Accessed 04 October 2020].

Webb, J, Emden, J and Murphy, L (2020) *All Hands to the Pump: A Home Improvement Plan for England*. IPPR: London.

White, J, T, Kenny, T, Samuel, F, Foye, C, James, G & Serin, B (2020) *Delivering Design Value: The Housing Design Quality Conundrum*, Glasgow and Sheffield: CaCHE [Online] Available at: <https://housingevidence.ac.uk/publications/delivering-design-value-the-housing-design-quality-conundrum/> [Accessed 12 April 2021]

Whitehead, C and Williams, P (2020) *Thinking Outside of the Box: Innovations in Affordable Home Ownership*. BSA/CaCHE: Glasgow.

