Glasgow City Council
Executive Committee
Report by Councillor George Ryan, Executive Member for Development and Regeneration
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Response to the Scottish Government’s Consultation on "Firm Foundations: the future of housing in Scotland"

Purpose of Report:
To seek Committee approval for a draft response to the Scottish Government’s consultation on “Firm Foundations: the future of housing in Scotland” discussion document.

Recommendations:
Committee is requested to approve the draft response attached at the Appendix to this report.

Ward No(s): Citywide: X
Local member(s) advised: Yes No Consulted: Yes No

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1. INTRODUCTION AND BACKGROUND


1.2 Firm Foundations describes the four elements of the Government’s vision. These are:

- An increased supply of housing across all tenures, all of which is delivered on the basis of higher environmental and design standards
- More choice of housing that those on lower incomes can afford
- Housing developments that contribute to the creation of sustainable, mixed communities
- Social housing that provides better value for public expenditure

1.3 The Discussion document is wide ranging in scope, amongst other things, setting out proposals for increasing housing supply, new approaches to procurement of new houses, helping first time buyers, assisting homeless households with a greater role for the Private Rented Sector, providing greater choice and modernising the regulation of social housing.

1.4 The document poses 34 individual questions on these matters, on which responses are sought. These are addressed in full in the Appendix to the report. The purpose of this report is to seek Council approval for the submission of the response.

2. FIRM FOUNDATIONS - KEY PROPOSALS

2.1 The Scottish Government sets out a number of proposals in order to realise this vision involving stakeholders including local authorities, developers, builders, Registered Social Landlords (RSLs) and other landlords. The key proposals of greatest relevance to the Council, include

- increasing the rate of new housing supply in Scotland to 35,000 per year by the middle of the next decade. The Document challenges local authorities to co-operate at a regional level to set and meet realistic housing supply through local housing strategies.

- offering incentives to build new council houses, and the possibility of considering support for local authorities that choose to retain their stock and create Arms Length Management Organisations to achieve compliance with the Scottish Housing Quality Standard.

- In order to safeguard the future of all new social housing there is a proposal to end the Right to Buy for all new social housing properties.

- a proposal to improve the supply of new housing association houses by awarding subsidies to RSLs on a strategic and competitive basis.

- a proposal to launch a Scottish Sustainable Communities Initiative to encourage the development of new sustainable communities. These communities may include new stand-alone settlements.

- A proposed Low Cost Initiative for First Time Buyers (LIFT) to broaden the range of financial products and assistance to help people into and to sustain home ownership.
• an agenda for the Private Rented Sector to play a full role in meeting housing need (including homelessness).

• modernising the regulation of social housing through the creation of a new independent regulatory function that will focus on protecting and promoting the interests of current and future tenants.

3. DRAFT RESPONSE - MAIN POINTS

3.1 The Council welcomes the opportunity to respond to the Scottish Government’s Green Paper and to contribute to the continuing development of Scottish housing policy. In the Council’s view there is much to be welcomed in ‘Firm Foundations’ and the Paper has identified many of the current key issues for housing in Scotland. The Council particularly welcomes the specific discussion of housing issues in Glasgow. Our response is attached at the Appendix.

3.2 Glasgow’s housing strategy focuses on community-led improvement and replacement of housing in the inner and outer city, and promotion of owner occupation to increase quality and choice, create mixed communities, and retain and attract population. The Council also encourages the private rented sector, which is suited to the city’s changing demography.

3.3 Like the Scottish Government, the Council is concerned to improve the efficiency of procurement of social housing and the effectiveness and responsiveness of social landlords.

3.4 With a large stock of vacant land, Glasgow is well-placed to contribute to the Scottish Government’s goal of increasing housing supply.

3.5 In relation to many of the issues which are identified, circumstances in the West of Scotland remain significantly different from those in the East or North East. In particular, whereas the main issue in the East and North East is the supply of affordable housing (although increasingly an issue in Glasgow too) the primary issue for Glasgow remains urban regeneration, and this is identified as such in our Local Housing Strategy. Policies to address the various issues, as well as the allocation of resources, need to take account of these differences, and allow us to take the opportunities which are presented in the West.

3.6 Policies need to recognise the strengths and traditions of the housing agencies in Glasgow. Some specific support is also required in terms of resources for land remediation, delivery vehicles for regeneration, and operation of the Glasgow Housing Association land protocol.

3.7 In relation to procurement of new build social housing, Glasgow is seeking to develop a model which learns the lessons from other volume procurement exercises, offers local control of design and specification, and produces a flexible rather than a standardised product.

3.8 There are some issues not covered in the document which also need to be considered. These include the following:

• The Housing (Scotland) Act 2006 has established a new framework for addressing unsatisfactory conditions in the private sector. However this is presenting considerable difficulties of implementation and resourcing.

• Effective freezing of the Supporting People budget is making it very difficult to continue investment in social housing for those groups who required revenue-funded support as well as specially designed or adapted housing. This problem is being transferred to local authorities through the ending of ring-fencing, but it will not thereby be resolved.
In relation to homelessness, the Green Paper focuses very much on potential greater use of the private rented sector. But there are central issues in relation to continuing and expanding support to homeless people, especially those who are single or have problems beyond housing, in order to achieve permanent settlement. There are also issues with the UK Housing Benefit reforms and how this will impact in Scotland on the availability of private rented sector accommodation and its use as an alternative to social rented accommodation. There is also an inference in the report that the PRS should only be used for households experiencing homelessness. All options should be explored for all households seeking rented accommodation.

3.9 The Green Paper recognises that Common Housing Registers are essential to enabling an increasingly diverse social housing sector to meet needs effectively, and to expand choice for tenants. The Council agrees that there is a strong case for making a CHR mandatory, using the 2001 Act provisions. However, many local authorities are having difficulty in delivering a Register and there is a strong case for renewed Scottish Government financial and technical support, to parallel fresh developments south of the border.

4. RECOMMENDATION

4.1 Committee is requested to approve the draft response as set out in the attached Appendix.

5. SERVICE IMPLICATIONS

Financial: No direct financial implications although proposals could affect future housing and other resource allocations to the city.

Legal: None.

Personnel: None.

Service Plan: None.

Environmental: None.
APPENDIX 1

Glasgow City Council

Scottish Government Consultation Paper:
Firm Foundations: The Future of Housing in Scotland

Draft Response
9 January 2008

GENERAL COMMENTS

1. The Council welcomes the opportunity to respond to the Scottish Government’s Green Paper and to contribute to the continuing development of Scottish housing policy.

2. In the Council’s view there is much to be welcomed in ‘Firm Foundations’ and the Paper has identified many of the current key issues for housing in Scotland. Glasgow’s housing strategy focuses on community-led improvement and replacement of housing in the inner and outer city, and promotion of owner occupation to increase quality and choice, create mixed communities, and retain and attract population. The Council also encourages the private rented sector, which is suited to the city’s changing demography. Like the Scottish Government, the Council is concerned to improve the efficiency of procurement of social housing and the effectiveness and responsiveness of social landlords. With a large stock of vacant land, Glasgow is well-placed to contribute to the Scottish Government’s goal of increasing housing supply.

3. In relation to many of the issues which are identified, circumstances in the West of Scotland remain significantly different from those in the East or North East. In particular, whereas the main issue in the East and North East is the supply of affordable housing, (although increasingly an issue in Glasgow too), the primary issue for Glasgow remains urban regeneration, and it is identified as such in our Local Housing Strategy. Policies to address the various issues, as well as the allocation of resources, need to take account of these differences, and allow us to take the opportunities which are presented in the West. They need to recognise the strengths and traditions of the housing agencies in Glasgow. Some specific support is also required in terms of resources for land remediation, delivery vehicles for regeneration, and operation of the Glasgow Housing Association land protocol. In relation to procurement, Glasgow is seeking to develop a model which learns the lessons from other volume procurement exercises, offers local control of design and specification, and produces a flexible rather than a standardised product.

(ii) There are some issues not covered in the document which also need to be considered. These include the following:

- The Housing (Scotland) Act 2006 has established a new framework for addressing unsatisfactory conditions in the private sector. However this is presenting considerable difficulties of implementation and resourcing.
- Effective freezing of the Supporting People budget is making it very difficult to continue investment in social housing for those groups who required revenue-funded support as well as specially designed or adapted housing. This problem is being
transferred to local authorities through the ending of ring-fencing, but it will not thereby be resolved.

- In relation to homelessness, the Green Paper focuses very much on potential greater use of the private rented sector. But there are central issues in relation to continuing and expanding support to homeless people, especially those who are single or have problems beyond housing, in order to achieve permanent settlement. There are also issues with the UK Housing Benefit reforms and how this will impact in Scotland on the availability of private rented sector accommodation and its use as an alternative to social rented accommodation. All options should be explored for all households seeking rented accommodation.

- The Green Paper recognises that Common Housing Registers are essential to enabling an increasingly diverse social housing sector to meet needs effectively, and to expand choice for tenants. The Council agrees that there is a strong case for making a CHR mandatory, using the 2001 Act provisions. However, most local authorities are having difficulty in delivering a Register and there is a strong case for renewed Scottish Government financial and technical support, to parallel fresh developments south of the border.

INCREASING THE SUPPLY OF NEW HOUSING

4. While the following points are specifically raised in the context of the Firm Foundations document, the linkages between that document, the revised SPP 3 on Planning for Housing (due for public consultation from 7 January 2008), National Planning Framework 2 (consultation document issued on 9 January 2008) and the Guidance on Strategic Need and Housing Market Assessment (currently out for limited consultation) are strong, and they should be viewed in that wider context.

Question 1: Do you agree that aiming to increase the rate of new housing supply in Scotland to at least 35,000 by the middle of the next decade is a sensible and realistic ambition, and that this will help set a necessary political context for acceleration in housing supply?

5. We agree that we should aim to increase the rate of new housing supply and Glasgow is willing to play its full part in achieving this aim. We also agree that the increase in supply should be a medium to long term goal. The target is challenging (representing a 40% increase on current completion rates) and to be achieved will require effective joint working between partners.

6. The Paper makes it clear that the main reason for increasing supply is to assist in slowing the rise in house prices. However it is important to recognise that supply is not the only factor driving house prices. Investment demand from ‘Buy-to-Let’ is also an important factor. It is hoped that more detailed justification for the increase to 35,000 houses per year will be provided in due course, based on such factors as household growth, spatial distribution and the apportionment between social rented, mid-market rent and low cost home ownership. Translating such a figure into planning policy and implementation is fraught with difficulties as the planning system is evidence-based and the evidence can be scrutinised at Examination in Public (EIP)/Public Local Inquiry (PLIs). In addition, while planning authorities can approve housing proposals, they cannot compel their construction. The build rate is dependent on a range of factors including the state of the housing market.

7. It is important to deliver increased supply in such a way that other objectives are also achieved, in particular urban regeneration and more effective meeting of housing needs. In Glasgow, a particular issue is how to achieve a better balance of types and location of new
housing in the private sector. At present, the focus is on city centre and waterfront building for single people and childless couples, but we also need greater output of family housing in the outer city. Targets should therefore be outcome focussed and set within the agreed strategic framework of the Local Housing Strategy. This involves realistic proposals to overcome blockages to development. Delivery should also take into account the growth agenda set out in the as yet unapproved Glasgow and the Clyde Valley Structure Plan 2006. Quality, and providing the right house type in the right location, are also key requirements.

8. In the short term, there are concerns about the capacity of the building industry to deliver. This requires to be appraised and the needs of developers have to be fully understood by partners. Developers will consider market conditions and other risks associated with development of sites before considering whether to build and the rate of development. The Calcutt Review (of housebuilding delivery) recently published in England provides a number of useful insights into how housing supply is influenced among other things by the nature and structure of the industry. We believe that whilst developers consider the profit margin (and shareholder interests) they will respond to longer term certainty of sites to build on at the expense of a higher profit margin.

9. In relation to social housing/meeting housing need, a range of proposals for increasing supply are made but the subsidy requirement for them is either uncosted or not yet known. There is an opportunity cost in the use of finite resources. Therefore greater clarity on financing proposals will be required in due course. Priority should be given to directing resources towards preparing sites for development and enabling development to proceed efficiently.

10. We believe that if local authorities are provided with information on other public sector organisations’ land ownership this potentially would contribute to increased development. Access to this information may enhance site assembly e.g. where local authority land earmarked for housing abuts land in other public ownership and combined would provide a more attractive development opportunity.

Question 2: Do you agree that, to give practical effect to the ambition, local authorities should co-operate regionally in setting realistic housing targets for housing market areas, and in enabling the delivery of these targets? If so, what arrangements should be put in place to support and provide incentives for such co-operation between relevant local authorities?

11. The Council recognises the benefits of regional co-operation between local authorities. It is important that proposals for regional partnerships (housing market partnerships) do not duplicate or undermine existing structures that are working effectively, or create too cumbersome a process. Widening the remit of existing structures might be the most efficient way of establishing these partnerships. In the Council’s view, the existing Clyde Valley Structure Plan arrangements provide the basis for effective co-operation. Progress should be achieved by widening the range of issues considered within this framework to include aspects of affordability and social housing provision which need to be considered at this regional level. There could be value in a regional partnership bringing a wider range of stakeholders together for consultative purposes but such a partnership would not be effective in an executive planning role.

12. Glasgow City Council already co-operates on housing matters with other local authorities through the Glasgow and Clyde Valley Structure Plan. The Plan already carries out analysis and has set targets for owner occupation including community growth areas and Greenfield site release. The Housing Market area approach is particularly suited to the owner occupation sector, but although there is much less movement across local authority boundaries in the social rented sector, it would be valuable to attain a greater understanding of such movement.
13. There will need to be further development of methodologies to assess affordable housing requirements on a regional rather than local authority basis. Most existing analyses of affordability do not realistically identify those geographical areas of market pressure which are large enough and have serious enough problems to justify special measures, nor do they identify the scope for affordability requirements to be met in adjacent areas.

- The reference on Page 13 to the need to focus on long term settlement strategies, rather than approaching ‘… housing land release on a field by field basis.’ is misleading. In the current planning context, such a planning strategy for housing land release is unrealistic. Indeed, the statement on Page 17 that the proposed review of housing ‘will consider how a presumption could be introduced that will enable planning permission to be granted for developments in advance of land being designated in a development plan, where a demonstrable shortfall of housing exists’, is more likely to encourage such uncoordinated ‘field by field release’, than any current planning strategy.
- Page 7 of the paper includes a statement that ‘The planning system has struggled to respond to demand, failing to enable an acceleration in housing supply.’ Within Glasgow and Clyde Valley Structure Plan (GCVSP) area, housing demand and supply requirements have been closely monitored, and the housing supply in Structure Plan 2006 is based on an optimistic view of population change. In their consideration of proposed modifications to this Plan (published on 30.11.07), Ministers have not indicated any wish for these requirements to be modified to reflect the current consultation paper. Retention of this assertion runs the risk of developers making use of it to undermine Ministers’ decision on the Structure Plan 2006.

**Question 3:** Is there a role for a specialist national function to provide expert support for local authorities in strategic planning for housing? What expertise do you think this function would require?

14. The Council has greatly appreciated the two Housing Market Reviews produced by the Scottish Government/Executive in 2004 and 2007. These have been extremely useful in analysing and explaining fundamental trends and in situating local experience within the national Scottish and UK context. The Council notes that the Scottish Government is committed to expanding this work to the extent of building a specifically Scottish model to estimate the impact of increased housing supply on house prices. In the Council’s view this work should be continued and expanded.

15. The case for a specialist national housing unit in the Scottish context is less obvious. The recently established English National Housing and Planning Advice Unit (NHPAU) has only 12 staff. On a pro rata basis this would imply 1.2 staff in Scotland – too few to be useful. There is also a risk of taking staff out of the existing Scottish centres of expertise in housing and planning and thus weakening them. It would make more sense for the Scottish Government economic staff to seek to liaise closely with NHPAU, since many of the factors involved, e.g. buy to let investment or credit market conditions, are the same on both sides of the border.

16. At the same time there is strong potential for developing the analytical basis for policy further by taking a regional approach to housing needs assessment, pooling expertise, skills, knowledge and experience amongst local authorities and other partners. There is a need to devote national resources to further development of methodologies for assessing affordability and affordable housing requirements on a cross-boundary basis between local authorities in a regional context. Research can also be commissioned at a regional level. For example eleven local authorities, including Glasgow, successfully commissioned research into the accommodation needs of gypsies/travellers recently.
Question 4: Even when land has planning permission there are still blockages that prevent new housing being built. What additional arrangements would, or could, accelerate development on land with planning permissions to help ensure that future housing supply targets are met?

17. Invariably, if sites are undeveloped it is likely to be for physical (ground conditions or infrastructure deficiencies), (fragmented) ownership or economic (land banking) reasons. To achieve growth in housing supply over the medium/long term it is essential that these blockages/obstacles are addressed. For instance, a basic requirement for effective volume building is a suitable, certain supply of prepared sites for developer(s) to move onto at the appropriate time. We provide more detailed commentary on specific blockages below:

Infrastructure Issues:

18. Subsidy continues to be needed to provide water and sewerage services to new build developments. In Glasgow, previous problems with utilities have largely been addressed. New regulations introduced in April 2006, place the onus on developers to make any up-front investment prior to receiving a ‘reasonable contribution’ from Scottish Water to infrastructure investment. A £14m annual budget has been established for Scotland to assist in meeting this obligation in respect of new development for social rent and low cost home ownership. Of this, £2.4m was made available in 2006/07 to Glasgow via the Development Funding budget. Continuation of subsidy (at this or higher level) would be required in increasing housing supply.

19. Timescales for local authorities’ granting Roads Construction Consent (RCC) on individual developments have been affected by water drainage issues particularly Sustainable Urban Drainage Systems (SUDS). Gaining agreement between local authorities, Scottish Water, SEPA and developer on requirements for road drainage in addition to other water/sewerage services for developments can take some time leading to delays in site starts. Some streamlining of processes/clarification of respective bodies’ responsibilities’ in this area is needed from the Scottish Government.

Site Condition/Remediation Issues

20. There are still major issues relating to derelict land preparation. The Scottish Enterprise Brownfield Land for Private Housing programme was a useful contribution to this but has now been discontinued. The Vacant and Derelict Land Fund also made a vital contribution in facilitating development of former derelict sites. The Government has allocated £20m over the period 2004-08 to this fund. It has been used to support a number of housing related projects and in 2006-08 aimed to support over 400 housing units and the remediation of over 50 hectares of land with residential potential. There continues to be a need for support of this type, but future funding is currently uncertain.

21. Of Glasgow’s 1267.76 hectares of vacant and derelict land, currently 562.93 hectares are identified as having residential use potential. The Vacant and Derelict Land Fund is heavily over-subscribed and Glasgow could easily absorb an increased allocation, eg, £10m per annum as opposed to £5m pa, if a rolling programme of three to five years duration was assured. The flexibility of the funding to cover a wide range of activities, and in its management, has been a particular benefit to the Council. If the budget continues it would be appropriate for local authorities to manage the budget to ensure a strategic approach.

22. There is a need for the Scottish Government to support the development of innovative technologies and creative solutions for contaminated sites including the use of Soil Treatment Centres where contaminated soil can be cleaned and recycled for use in less sensitive locations.
Ownership

23. In Glasgow it is common, particularly in the inner urban area, for land ownership to be fragmented. For example in former tenemental areas there can be poor title coverage, deceased owners, dissolved companies and land which has fallen to the Crown. It is beyond the capacity of most developers to deal with the complexities of such issues. If the land also has access, infrastructure, ground condition or development plan policy constraints then the problems can seem insurmountable. There is a need to streamline CPO procedures – these have fallen out of favour with local authorities owing to risk and timescales, consequently there is a dearth of experience and expertise in the public sector. This needs to be addressed through LAs sharing expertise.

Landbanking

24. The Green Paper does not explore the issue of how developers’ landbank could contribute to increasing housing supply. We would propose that the Government engages with the industry to identify ways in which this landbank could be used in the near to medium term to increase supply taking account of risk and market conditions.

Developing new markets

25. Introduction of owner occupation into parts of the city previously mainly mono-tenure has been a cornerstone of the Council’s regeneration strategy for a number of years. GRO grants have been used to develop new owner occupied markets in the past. In recent times market buoyancy has meant that the use of this subsidy has reduced. However, marginal sites for development may become more difficult to develop if market conditions change and GRO grant may become an important funding instrument again in regeneration activity. It would be useful if the Government would revise the per unit grant subsidy allowable where this subsidy is needed to bring marginal sites into productive development. Bringing marginal sites into use will help alleviate housing pressures in “hot spot” areas such as the West End of Glasgow.

Policy

26. SPP 11 (Scottish Planning Policy on Open Space and Physical Activity) published on 15 November 2007, states that there will be a presumption against development on open spaces identified as such in development plans. Land which has regenerated naturally or is temporarily ‘greened’ would be considered ‘open space’. This could have negative implications for vacant and derelict land much of which falls into those categories. Fortunately, designated housing land supply sites are exempt but there are many vacant sites with potential for ‘mixed development’ which may include housing which is not exempt.

27. Where a local authority wishes to develop on open space in its ownership, this must be notified to the Scottish Ministers. This presents scope for additional delays in the development process.

28. Also, developers are increasingly expected to provide a range of studies to back up their planning proposals and sometimes to provide enabling infrastructure such as traffic management measures (roundabouts, crossings, etc), SUDS (drainage channels and water attenuation), or community orientated planning gain (contributions to projects). Policy makers need to be aware of the cumulative effects of such demands on developers particularly in times of housing market downturn.
29. There should therefore be closer collaboration between the policy makers, the policy implementers and the development industry to ensure this type of planning gain is set at the right level and responds to changing market conditions.

Question 5: We have proposed that much expanded or new settlements may be a valid solution. How should we best encourage the development of new, sustainable communities that are sympathetic to Scotland’s landscape and environment?

30. The Council would accept that there is an important role for Greenfield development. Safeguarding of green belt or countryside from housing development at the expense of ‘town cramming’ is no longer an appropriate option. There will be circumstances where for scenic quality, environmental, biodiversity, flood alleviation and for a range of other reasons the development of areas of green belt/countryside would not be appropriate. However, this should not result in a total embargo on all such sites. The development of such sites would be preferable to the continued erosion of green spaces within our settlements to the detriment of those already living in the area. The aim should be to ensure that all householders have access to a green network of open spaces and a quality environment without having to travel miles to the outskirts of their town.

31. However it is felt that this section of the Green Paper places too exclusive an emphasis on greenfield. It should be emphasised that within the Clyde Valley there still exists enormous scope for sustainable development through urban regeneration. Glasgow still had 1276.76ha of vacant or derelict land in the 2007 Vacant & Derelict Land Survey, 7.3% of the city’s total land area. The shift to the service-based economy and the renewed trend towards city centre and high rise living also offers considerable scope for appropriate use of higher densities for both residential and commercial uses. Urban development of this type has inherent advantages from a sustainability viewpoint, particularly in reducing car use by rendering public transport economic and efficient, permitting use of district heating and other energy saving measures, and reclaiming derelict and contaminated land.

32. In the event of additional green field release being approved in order to meet this aspirational figure of 35,000 houses per year, there is a risk that developers will switch their interests to such easier to develop/easier to sell locations, at the expense of inner city brownfield sites which may well be more difficult to develop. This will create an outcome contrary to the broad focus of current planning policy and sustainability principles.

33. GRO projections (2006 based) show Scotland’s population is projected to increase by about 5% over the next two decades prior to resuming a decline in the early 2030s. This compares with projected substantial continuing increase in England, especially in the South East. A Scottish Sustainable Communities Initiative should reflect this difference by placing less emphasis on Greenfield development. It should at least equally seek to support development of best practice in promoting sustainable development within the existing urban envelope rather than in stand-alone settlements. Glasgow’s car ownership is the lowest in Scotland, and this does not reflect only its relative poverty but also the quality and availability of its public transport.

34. It is suggested that new stand alone Sustainable Communities should be restricted to areas of Scotland where urban expansion cannot be accommodated within the existing envelope. This is unlikely to include the Clyde Valley. Indeed allocation of such a provision within any one part of the Glasgow and Clyde Valley Structure Plan area might be seen as a threat to development aspirations within other parts of the GCV area.

35. The criteria set out on Page 18 of Firm Foundations are all relevant to the design both of new stand alone settlements and of sustainable development within the existing urban envelope.
INCREASED ASSISTANCE FOR FIRST-TIME BUYERS

Question 6: How should different types of assistance within LIFT be targeted?

Shared Equity
36. Current Communities Scotland guidance on household incomes, and the absence of open market Homestake in Glasgow, are limiting the application of Homestake in Glasgow.

37. The expansion of open-market Homestake to Glasgow would be welcomed. It would increase affordable housing options to households on lower incomes and give purchasers greater choice. The market valuation required for new-build Homestake limits its use by households on low and median incomes to those areas with lower house prices. Second hand houses are cheaper and are available in areas where it is difficult to develop new affordable housing. Open market Homestake would therefore greatly increase access to suitable affordable housing options for households who require to live in specific areas. Homestake interest in Glasgow is high: the Council’s web based Housing Options Guide receives 160 monthly hits on the Homestake information pages.

38. The current guidelines on house price and/or income restrictions for access to new build Homestake should be relaxed to allow its use to mitigate affordability problems in areas of high house prices. The Communities Scotland guidelines on household income restrictions for applicants remove any possibility of developing in areas except those with less buoyant housing markets, and limit the delivery of larger family housing which is a strategic priority for the Council, as outlined in the Local Housing Strategy. Targeting of Homestake should continue to be firstly to current social renters to free up the property to meet need.

39. It is understood that some private developers already operate shared equity schemes in Glasgow. This type of scheme could assist a proportion of purchasers to access owner occupation; however, as there are no established criteria for accessing this type of accommodation, it is not possible to evaluate its contribution, if any, to affordability for households on median income.

40. If local authorities operate Affordable Housing Policies, they may wish to include shared equity as a method to deliver the affordable housing contribution and attach allocation criteria accordingly. Currently, Glasgow City Council has not adopted an Affordable Housing Policy.

Single Survey
41. The Council welcomes the introduction of the single survey resulting in a reduced number of surveys required by purchasers as well as contributing to a more well-informed purchaser in terms of repair and improvement required, and the responsibilities of home ownership.

Sustaining Home Ownership
42. The Council welcomes the commitment in the Green paper to “sustain home ownership”; however, there is a lack of proposed policies within the document outlining how this will be achieved. There is a need to modify the design of the Mortgage to Rent scheme which is currently difficult to operate. A significant number of households who experience homelessness were owner occupiers and there is limited information available to owners having difficulty with their mortgage about this scheme. Often when they make a homeless application their financial affairs have progressed too far to consider Mortgage to Rent as an option. Where applications are made the scheme is seen as too bureaucratic and takes too long to complete. Currently there is little or no incentive/requirement for RSLs to participate in the scheme.
43. In our view the full implications of the Housing (Scotland) Act 2006 for existing owners living in older properties (often tenements) have not been fully appreciated. The Act removes Local Authorities duties with respect to awarding grant on BTS stock or stock in serious disrepair. Existing owners, who wish to sell their property, may only realise the scale of disrepair (and therefore cost) once a single survey has been carried out. Owners may not have equity, be on low incomes and have no other resources to rectify the disrepair. Therefore they may be unable to sell their property, whilst its value could significantly reduce, possibly moving owners into a negative equity position, or sell at greatly reduced price. If this scenario occurs within a surrounding locus (of older properties) there may be longer term issues for these areas' sustainability.

**Question 7: How could the Government stimulate more innovative mortgage and related products and services to assist people in purchasing their first home?**

44. Overall we do not think the Scottish market (on its own) is large enough to encourage innovation in mortgage and related products and services for first time buyers. Innovation is more likely to occur across the United Kingdom market (especially the English housing market). Nevertheless, the Council would like to see innovation in such areas as Green Mortgages (see below).

**Green Mortgages**

45. Glasgow City Council supports efforts to reduce carbon emissions. Such products as green mortgages where contributions towards sustainable rainforests are made by the mortgage provider, or where low interest loans are made for the installation of energy efficiency measures, are viewed as useful contributions in this emerging market, although take-up is limited. Further assessment is needed into the realistic impact on affordability of reduced mortgage interest rates for extremely energy efficient homes, bearing in mind that these will probably be newer and therefore, more expensive properties, and on how fuel savings may be factored into affordability assessment for increased mortgage borrowing.

**Question 8: Should the Government provide direct cash grants for first time buyers?**

46. Introduction of cash grants may only lead to very short term benefits in terms of improving affordability, especially having regard to the large deposits required by purchasers as outlined in the consultation document. The effect of grants to first time buyers may be to further increase house prices (through increased demand) therefore defeating the purpose for which they were introduced. The supply of affordable houses will increase above current rates in the medium to long term. Grants may not even provide a short term stimulus to housing supply.

47. Resources would be better used by being channelled to increasing the housing supply more directly e.g. expanding Homestake or other low cost home ownership initiatives, or increasing new development by addressing blockages identified at Question 4 above.

**Question 9: How can the private house-building sector play a bigger role in providing, without public subsidy, increased provision of affordable starter homes?**

48. In general the most important issue is to ensure that the public sector effectively removes the blockages to development already discussed at Qu.4 above. This does require some public spending.
THE PRIVATE RENTED SECTOR

Question 10: What issues do you consider should be taken into account when considering the increased use of private sector lets to house low-income and homeless households?

49. The Council agrees that there may be some greater scope for use of the private rented sector in housing and homeless and to a lesser extent low income households. However there are considerable problems in such an approach and caution combined with safeguards will be required.

50. Key issues are the following.

51. **Security of Tenure.** Almost all private lets are short assured tenancies, giving only 6 months’ security. Repossession for reasons other than fault of the tenant, for instance to effect a sale, is common. Glasgow has a particular problem of repeat presentations by homeless applicants, with a sizeable group of people remaining in unstable circumstances for several years at a time. Progress is now being made in reducing this problem, and it is important to avoid re-creating it by housing people in insecure circumstances.

52. **Quality of accommodation and landlord.** Private tenancies promoted by the local authority in pursuit of its statutory obligations should be required to meet good standards of physical condition and management, including the tenancy agreement, and enforcement should not be left to the tenant.

53. **Single room rents.** Under 25s at present are entitled to financial support only to a single room with shared facilities. This is a serious obstacle to rehousing this age group as the supply of such tenancies of reasonable quality is very limited. There does not appear to be any prospect of change in the UK legislation in this respect. It should be noted that the evidence of 84% satisfaction with private renting among people aged 16-24 quoted from the Scottish House Condition Survey on p.29 of the Green Paper will not relate to this group.

54. **Rent shortfalls under Housing Benefit and Local Housing Allowance (LHA).** Situations where Housing Benefit does not meet the full amount of a private rent are already common. They would be greatly exacerbated by the proposal by the Scottish Rent Service to create a single ‘Broad Rental Market Area’ for the whole of Glasgow plus East Renfrewshire excluding Barrhead, within which the median rent for the whole area would be taken as the subsidisable rent for every tenancy. This would make the private rented sector in large areas of the city unusable by tenants on benefit. Conversely, in cheaper areas, LHA could result in rents increasing significantly with unscrupulous landlords taking advantage. This will bring about financial hardship for private tenants in the west end of Glasgow and we are likely to see a shift to the less affluent east end. LHA is all about fairness and choice for the tenant but its introduction could potentially have the effect of reducing the use of private landlords in Glasgow.

55. The issue of the determination of ‘localities’ or ‘Broad Rental Market Areas’ for the purpose of Housing Benefit and Local Housing Allowance has not been well handled. In particular:

1. The current statutory definition of a ‘locality’/BRMA was introduced in a hurry in 2001, without proper consultation. It does not include key relevant factors.
2. Undertakings were given in 2001 that the new definition would not lead to significant reduction in the number of localities and that there would be further consultation on the definition. Neither of these undertakings has been delivered.
3. It has been suggested by the DWP that these larger areas will reduce concentrations of deprivation, when the evidence suggests that the reverse is the case.
4. In making its current proposals, the Rent Service has not considered the vital issues of area deprivation and social exclusion, family welfare, social care and employment which are raised by the enlargement of 'localities', and indeed is precluded from doing so by the terms of the 2001 statutory definition.

64. Given the way that Housing Benefit affects so many matters of devolved policy, the Council considers that the Scottish Government should press for an explicit agreement with the DWP that consultation will take place before any proposals for changes to Scottish 'localities'/BRMAs are implemented, and in case of any future changes to the Housing Benefit regime.

65. **Payment of rent to the tenant's bank account.** Local authorities will be required to pay the new Local Housing Allowance to a tenant's bank account in all cases except those where satisfactory professional evidence of vulnerability is produced. This is in pursuit of the objective of financial inclusion. While the objective is laudable, the Council foresees substantial practical difficulties. Private landlords will need to collect rent and deal with rent arrears. This will present landlords with pressure on rent, greater management costs because of the need to embark on a rent collection process and the greater risk of rent arrears. As a result, many landlords will be deterred from accepting low income tenants with unstable histories. One landlord at a recent forum on LHA in Glasgow commented that he made a point of not renting to benefit/low income tenants and LHA made him more determined not to. The number of tenants exercising choice of landlord maybe very limited if this approach is adopted by other landlords with non-renewal of tenancies and generally a further reduction in private rented accommodation.

66. It will also be difficult in many cases for a tenant to open an account, particularly where they have existing debts which could lead to seizure of their LHA money by creditors. Many tenants will acquire financial management skills only the hard way.

67. **The ‘Benefit Trap’**. It is vital for homeless people to be able to re-enter the employment market. In this connection the level of rents is important. A mainstream social tenancy offers the best opportunity as the relatively low rent reduces the likelihood that getting a job will make the person worse off or only a little better off on account of the operation of Housing Benefit ‘tapers’. Private renting and supported accommodation both have higher rental charges and are less satisfactory from this point of view.

**Question 11: How should we ensure an appropriate balance between safeguarding tenants' rights and encouraging the private rented sector to achieve its full potential in Scotland’s housing market?**

68. Homeless households allocated private tenancies should be given greater security, either through a local authority leasing scheme or by altering the legislation to give the authority a continuing responsibility towards the tenant in case of subsequent eviction through no fault of their own.

**Question 12: Do you think there is sufficient engagement between the public sector and private landlords?**

69. The Scottish Government’s intention to carry out further research on the private rented sector is welcome. Largely because of the lack of a usable sampling frame, past research has tended to be rare. On many issues it is currently necessary to rely on findings which are over a decade out of date. Comprehensive landlord registration offers the prospect of a reasonably good sampling frame which will cut the cost of research dramatically. The Council itself intends to use the statutory landlord register for this purpose.
However it will be important to let the register settle down and to establish how representative it is. It will also be important to secure adequate response rates.

70. In general landlord registration will make local authority engagement with private landlords easier. However, there is an issue of resources. Glasgow has to finance such activity out of the Private Sector Housing Grant for which there is severe competition from requirements for funding physical improvements to Below Tolerable Standard properties and other properties in serious disrepair. In this respect the city is less well placed than other authorities with much lesser problems of physical condition in their private housing stock.

**Question 13: What other options should we consider for increasing the supply of private rented housing?**

71. The private rented sector has been buoyant in Glasgow and has more than doubled its size since deregulation in 1989. There has been substantial new provision both in the middle and upper market and in specialist accommodation for students. It is thought that buy-to-let purchases have accounted for a substantial share of total house sales in recent years, and although this has brought benefits such as a stimulus to new building in inner city and waterfront areas, it has also been partly responsible for affordability pressures in parts of the city. In view of these considerations, it is not felt that further measures are needed to promote increased supply of private renting.

**Question 14: How could more private landlords be encouraged to let to tenants on benefits and homeless households?**

72. There is a fundamental problem with this suggestion as Central government have embarked on a complete review of the funding arrangements through housing benefit for people in temporary accommodation. A new regime will be in place from 2009 and the suggestions are it will be some form of block funding. Any policy on working with private landlords would need to be aware of this significant change.

73. An expansion of funding for Rent Deposit Schemes could be useful.

74. The notion of an accreditation scheme for tenants (p.32 of the Green Paper) may have some merit but seems unlikely to address the problem of low income tenants with unstable histories or lifestyles.

**EMPTY PROPERTIES**

**Question 15: What other schemes or incentives might help us to recycle empty properties more effectively?**

75. The Green Paper’s consideration of empty properties is motivated primarily by their potential to increase affordable housing supply. Glasgow has examined the question of empty properties in depth and it is considered that there is little scope for increased supply from this source. This is reflected in the Council’s decision not to use its discretionary power to reduce Council Tax discounts on empty property, as opposed to second homes.

76. The localised issues of empty properties in the private sector mainly relate to poor conditions, and this is part of the general issue of the need for adequate resourcing of the new 2006 Act framework for action on private housing.
INNOVATION AND CHOICE IN SOCIAL HOUSING

Question 16: Do you agree that we should exempt new build social housing from the Right to Buy?

77. We agree that new build social housing should be exempt from RTB, although there will need to be discussion of the position of tenants who have the preserved Right to Buy as a result of forced removal through demolition. The Council recognises that ending of the Right to Buy will increase the importance of ensuring that a mix of tenures is incorporated in new housing projects from the start. It should make project planning and financing easier, by giving social landlords greater certainty on their future asset and revenue position.

Question 17: Do you agree that we should subsidise local authorities in areas of need to use their prudential borrowing capacity to build new council houses?

78. The Council agrees that this option should be available. It is unlikely that Glasgow City Council would itself use this option in the foreseeable future, since the city is well provided with a range of social landlords capable of delivering and managing high quality development. In addition, it would be expensive for the Council to re-establish a housing management organization.

79. Where this option is adopted, it will be important to ensure that it produces added value and does not simply take funding away from the RSL sector. An assessment has to be made as to whether subsidy for new build would be more effectively utilised in building Local Authority rather than RSL new build in an area, and how subsidy will affect rents overall. Volume procurement should be the mechanism where both RSL and LA new build is proposed. It would be essential for RSL/LA provision to be complementary in meeting local housing need and that rents for properties where commensurate across both providers’ supply.

Question 18: Do you agree that we should introduce large-scale competitions for subsidy?

80. The purpose of introducing competition is to improve efficiency and value for money. Glasgow City Council is intent in achieving these aims too. We support the long term volume procurement programme approach that implies the removal of annuality in HAG funding. This has been an impediment to efficiency and effective strategic planning. We, therefore, support this proposal in principle. For volume procurement to work effectively (amongst other things) there has to be sufficient supply of prepared sites and resource certainty over a number of years.

81. As the Green Paper notes this approach would not remove the possibility of other RSLs owning the stock. However, rather than one lead developer, we believe that there should be a limited number of partner RSLs acting as developers. Our procurement strategy, which has the support of local RSL’s, envisages that a strategic partnership group will be established which will include a number of housing associations. There will therefore need to be a form of selection process (with agreed criteria) to identify housing association partners. Glasgow’s approach is suited to our own unique circumstances but would broadly fit with the Government’s proposal.

82. The Glasgow Procurement Model is exploring ways of delivering outputs whilst maintaining/improving quality and reducing risks. We are considering different volume levels for programmes that would involve partners with various capacities (between 4 and 5
partners) dependent on volumes. Volumes being considered range from 1500/2000 to 4000 units over four years. Preliminary research carried out on behalf of the Council estimates that using a collaborative approach along these lines means savings of 10-15% could be achieved. Additionally, if work was programmed in advance, there is the further prospect of savings in ground remediation costs. The research also suggests that still greater savings could be achieved if larger mixed tenure sites were introduced. We are developing our approach with assistance from Communities Scotland, and in partnership with local associations.

83. There is a need to avoid standardisation of product in the drive for efficiency. There is a diversity of housing need in the sector that needs to be accounted for in any volume procurement process. In Glasgow, specific targets on wheelchair and larger houses have been established in the Development Funding Programme reflecting our strategic housing investment priorities. Value for Money should not be at the expense of other aspects of housing delivery such as quality and community involvement. Community input into what is built must be retained. Historically, this has been an important feature of RSL developments in Glasgow and one that has resulted in high quality award winning developments.

84. Competition is integral to our strategy. The Green Paper suggests a competitive process for each block of subsidy without explaining what this means. Clarification would be welcome as would more detail on the proportion or size of each block of subsidy. We also seek clarification of Glasgow’s circumstances, in terms of management of development funding, in terms of the mechanics of the housing market element of the Government’s proposals on competitive subsidy. There is very little reflection of Glasgow and Edinburgh Councils’ responsibilities for management of development funding within the discussion paper. It is essential that resources do not shift away from areas of greatest need as a result of competition for subsidy. There is no guarantee that competition can avoid this pitfall.

**Question 19:** If not, how would you ensure that public subsidy is used to build as many good quality RSL houses as possible?

85. As proposed above, we would aim to build as many high quality RSL houses as possible through procurement processes where quality, volume and cost are integral to the process. We believe this approach maximises flexibility and retains essential community input which might be lost through the Green Paper proposals.

**Question 20:** Do you agree that we should subsidise the development of houses for mid-market rent?

86. The Council is not convinced of the efficacy of this proposal. The proposal suggests subsidy going to a niche segment of the market that does not directly address housing need (or aspiration) and may not alleviate affordability pressures in an area. We would recommend that further research (through strategic housing needs assessment) aimed at building an evidence base should be carried out, as some quantification of the proposed target market segment needs to be done. Otherwise, there is a risk that, without research evidence, this proposal could result in a shift of resources away from meeting housing need more effectively.

87. Some modelling of potential rent levels and, by extension, level of per unit subsidy needs to be provided plus evidence that more housing will be supplied justifying the
opportunity cost of building less social rented stock from the same block of subsidy. A disproportionate amount of resources may potentially be diverted from meeting housing needs.

**Question 21: If so, should the subsidy be awarded as part of the competitive regime for awarding HAG that we are proposing?**

88. Yes, if only to optimise efficiency in the procurement process.

**Question 22: If not, how would you increase variety in social housing?**

89. RTB and regeneration has changed mono-tenure social rented estates over the last twenty or so years. In most areas of the city there is now evidence diversity and variety. We advocate a strategic approach to increase “variety” in social housing.

90. Mono tenure estates are increasingly seen in owner occupation. Therefore policy instruments such as Homestake and Section 75 agreements may need to be used in certain parts at sub local authority level to address tenure imbalance here.

91. We are not convinced that demand for mid market rent is sufficient to justify scarce resources/subsidy being used in its provision. But the proposals on giving RSLs power to re-organise their housing stock, subject to our comments at 20, may increase variety in social housing.

**Question 23: Do you agree that we should encourage landlords to look at means of adjusting the mix of their stock in the interests of achieving more sustainable mixed communities?**

92. We would support this proposal in principle. However, we have to be careful that removal of stock from the social renting sector does not exacerbate housing need pressures in the system. Local Authorities’ agreement, given our strategic housing responsibilities, should therefore be sought by RSLs. This may be an option that brings benefits in terms of developing mixed tenure communities and/or providing resources for landlords to achieve SHQS on problematic stock and possibly procuring new build at reduced subsidy levels (through commitment of reserves in addition to private finance to these developments).

93. In Glasgow, over the last twenty years or so, RSLs have been involved in re-modelling neighbourhoods through demolition of tenements and replacement with new build houses more suited to the needs of local communities. These regeneration initiatives have included the introduction of low cost home ownership. This successful approach has also provided a platform for the introduction of middle market owner occupation at a sustainable scale in estates which were previously mono-tenure. There is therefore a significant track record of success in remodelling/restructuring areas (based on a strategic partnership approach) which will continue through such as the proposed Transformational Regeneration Areas.

**Question 24: Do you think that subsidies for development should be provided to bodies other than registered social landlords?**

94. We do not believe that there is a case for providing subsidies to bodies other than registered social landlords even in a rural setting. The blockage in rural areas is frequently the lack of available land. Other landlords would only be interested if subsidy
levels are sufficient for an adequate return, risks were minimal and their ownership of the
stock and tenants’ tenancy rights were relatively unregulated. RSL’s are required to submit to
a rigorous system of regulation in relation to their overall performance. It would be
unreasonable if similar standards of performance were not required of private landlords in
receipt of public subsidy. The Council has doubts over the willingness of private landlords to
submit to such regulation, and of the capacity of the current regulation system to respond to
such new demands.

95. RSLs have a track record of delivery, know the housing needs that have to
be addressed in their areas and have mechanisms for meaningful community involvement in
their developments. As partners in Glasgow they have shown a willingness to adapt to new
circumstances and share the strategic housing vision for the city. This picture is replicated
throughout the country. These aspects would be missing if other (rural) landlords were
subsidised and may not be developed at all.

96. Other options such as compulsory purchase and/or community land trust
should be explored before this option is considered.

Question 25: What sorts of protections should be offered to tenants in these
circumstances?

97. Tenants should have secure tenancies and the stock/landlord should be
regulated by the new proposed independent regulator. Rents should be below market level
with specific agreement on rent increases in subsequent years on these properties.

Question 26: Do you think that the Scottish Government should vary Right-to Buy discounts
by [a] locality and /or [b] type of property?

98. The Council considers that the present powers for suspension of the Right to
Buy in Pressured Areas are too difficult to use and too limited in their effect. Flexibility in
varying Right to Buy discounts would be welcomed when based on Local Housing Strategy
objectives and built on a case developed by local authorities in partnership with social
landlords.

99. The RTB has certainly contributed to alleviating affordable housing pressures
in particular areas of Glasgow. The opportunity to vary discounts would allow a flexible policy
response to the changing housing market, where noticeable changes in housing affordability
and housing need become apparent.

100. Glasgow has a shortage of larger family housing which is highlighted in the
Local Housing Strategy. This limits the housing needs which can be met within the City and
in particular areas, specifically in relation to homeless households, BME households, and
households with particular needs. Although a large proportion of the larger family housing
has been sold through RTB, some still remains within the socially rented sector but not
necessarily in areas where a blanket pressured area status designation would be considered.
A more flexible approach in relation to setting RTB discounts in terms of locality and type of
property would allow for a more strategic and targeted meeting of need.

101. There may also be a very good case for encouraging more tenure
diversification through increasing RTB discounts within areas with high concentrations of
socially rented housing provision. The ability to increase RTB discounts, particularly for
tenants who would have the modernised RTB, may encourage greater owner occupation
resulting in more mixed communities.
STOCK TRANSFER AND THE SCOTTISH HOUSING QUALITY STANDARD

Question 27: Do you agree that ALMOs can provide a satisfactory alternative to stock transfers?

102. The major issue in this policy area is housing debt and its effect on local authorities’ ability to meet SHQS on their stock. The Paper suggests that ALMOs may offer a way forward in this respect. Dependent on agreements linked to “improved performance” with the Government, then these bodies should have access to subsidy. The Paper is silent on whether ALMOs will attract subsidy for new build houses ahead of local authorities that do not pursue this option.

103. If local authorities have business plans that deliver SHQS and if the proposal to subsidise them in new build development is implemented then there may be no further incentive for them to pursue this option. There is no clear case that this option will deliver more houses in the areas that need them and subsidy may be more effectively used elsewhere.

Question 28: Do you think that additional help from Government to enable landlords to meet the SHQS should be linked to improvements in performance?

104. The main aim of additional help should be to ensure that no tenant in the social rented sector is living in accommodation that does not meet SHQS by 2015. The Paper recognises this. Subsidy should be linked to a viable delivery plan which has considered all other options and where subsidy will achieve value for money.

105. For local authorities, conditions e.g. on performance should be a requirement of any subsidy granted.

106. For RSLs, subsidy (again with conditions) should be a last resort, with other options being explored first.

Question 29: If so, what measures do you think would be beneficial?

107. In terms of RSLs, collective approaches which achieve greater efficiencies for organisations and their tenants would be beneficial.

BETTER NEIGHBOURHOODS

Question 30: Do you agree that we need to find new ways of focussing on the quality of place/open space and greenspace within deprived neighbourhoods?

108. Yes. The Council welcomes the Green Paper’s focus on this issue. The recent proposals of the Chartered Institute of Housing for standards for the environment around the dwelling should be positively considered in spite of the practical difficulties. Resources are of course a major issue.

109. There can also be an issue in more prosperous areas. The current risk is that green space is being lost in ‘better’ neighbourhoods reducing its quality and accessibility to the detriment of those already living in the area.
Question 31: Do you have suggestions for approaches that are not resource intensive and that include stakeholders?

110. New developments and their environment should be considered within the context of the wider neighbourhood. Design considerations should include post completion management and maintenance of the environments. A neighbourhood management approach as developed within Glasgow NE Community Planning Partnership would assist in the effective co-ordination of environmental management between partners including local authorities.

Question 32: Do you agree that the lead role [and recipient of any resources] to undertake this work should be open to a range of stakeholders?

111. The local authority should have the lead role although recipients of resources may be a range of partners or stakeholders. In terms of greenspace assessment, the local authority's role could be extended to co-ordinate partners' input within an agreed assessment framework.

BETTER REGULATION

Question 33: Do you agree with the features and principles we have set out here for a modernised regulation framework?

112. In general the Council agrees with the proposals of the Green Paper. The Council has long considered that there is too much inspection and too much duplication of roles in regulation and inspection, and has also advocated the abolition of Communities Scotland. However the Council has reservations about the proposal to end routine inspections completely in favour of a purely risk-based or thematic approach. If there are no routine inspections then any decision to inspect will cast public doubt on the management of the organization concerned. In addition there will be a tendency to confine inspections to poor quality organizations. The risk is that the regulator becomes cut off from valuable learning about innovations and best practice which could be of general value. Finally, the routine inspection regime is an important element in the funding framework since it provides assurance to lenders. Abandonment could increase the cost of borrowing.

Question 34: How would you like social housing regulation to be organised? [For example, should it be a separate organisation or part of a group of other regulators?]

113. There are currently too many regulatory organizations in Scotland. Consideration should be given to merging organizations whose scope relates to similar or common issues. For example, social housing regulation could fit within a larger organization focused on the delivery of personal and social services. This could be beneficial in widening the horizons of the regulators and in transferring best practice between related but professionally different fields.

THE GREEN PAPER’S SPECIFIC COMMENTS ON GLASGOW

138. The Council welcomes the specific discussion of housing issues in Glasgow (p.56 of the Green Paper). In relation to the issues mentioned, the Council’s views are as follows:

• In considering the timescale for second stage transfer of GHA stock, it is important to bear in mind that tenant ownership is one among a number of objectives. The delivery of
physical improvement to the stock remains the most important single issue. In this regard, the comments of the recent Communities Scotland inspection report are a sensible starting point.

- The Green Paper’s singling out of the issue of Transformation Regeneration is welcome. It is clear that there are major challenges in ensuring the delivery of the eight area projects under this heading. In particular the Council is concerned about the effective use of public sector land assets to deliver added value for the city. As part of the approach to this, the Council has proposed a Special Purpose Vehicle (SPV). This will require facilitation by the Scottish Government and it is hoped that it will receive a sympathetic and supportive response. The Land Protocol and SPV are two important aspects to our strategy and we provide some further background on these regeneration instruments below.

139. The Land Protocol forms part of the Glasgow stock transfer agreement. Sites that result from demolition may be used as follows:

- by GHA for its social rented new build programme
- disposal at nil value to another RSL for social rented purposes, as directed by the Council;
- disposal at nil value to another housing provider, as directed by the Council;
- disposal for value by GHA, subject to the terms of the disposals clawback agreement, whereby 80% of the receipt returns to GCC for onward transmission to the Scottish Government.

140. The protocol is likely to be used particularly in Transformational Regeneration Areas where mixed tenure sustainable communities will be created. Transferring sites to the private sector at nil value seems a wasted opportunity to generate value. Yet the financial clawback to the Scottish Government on land sales would represent a drain of resources from areas in greatest need of substantial re-structuring if development is to be sustainable. It will undermine the rate at which these neighbourhoods can be regenerated. The assumption underlying the clawback is that disposals for value represent a withdrawal of an asset from social housing use. However the Council’s view is that this takes too narrow a view in relation to the circumstances of these areas of Glasgow, where successful mixed tenure redevelopment requires public investment to the benefit of all tenures, and land holdings are the main public asset available to lever essential private investment. The Council is discussing this issue with the Scottish Government who are receptive to the idea. Positive progress is expected later this year.

141. Delivery of the eight Transformational Regeneration Areas is a major task, organizationally, physically and financially which has to date received far less public attention than the issue of GHA Second Stage Transfer. Glasgow City Council’s Executive Committee approved a report on 30 March 2007 agreeing in principle the creation of a SPV to co-ordinate the implementation of regeneration programmes being developed in the Transformational Regeneration Areas. The Executive Committee has authorised the Director of Development and Regeneration Services to negotiate the detail of the most appropriate structure and legal framework for the SPV with GHA and other appropriate stakeholders.

142. The advantages of a new formal entity / mechanism can be summarised as follows:

- Bring GHA (post demolition) land and GCC retained areas / land together in a single ownership.
- Adjust the Disposal/Clawback Agreement for specified projects, and to manage the resource this generates between projects in programme.
- Enable effective engagement of private sector including: equity, debt, developers, efficient procurement.
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- Provide a strategic overview / programme oversight.
- Make provision for any net surpluses to be reinvested in communities offering a more tailor-made solution to each of the proposed regeneration priority areas
- Facilitate the move towards local community control of the housing stock
- Offer the potential to ‘capture’ local employment and training benefits for each of the proposed areas