



# Scottish Labour

## HOUSING COMMISSION

FINAL REPORT

*Improving People's Lives through  
Radical Change and Reform*



SEPTEMBER  
2019

## FOREWORD



When I was elected as leader of Scottish Labour I set out my ambitions for Scotland, and housing was right at the heart of my plans for a Labour Government. Everyone has the right to a warm, affordable home of their choice, but yet too many are denied that choice. I want to thank Stuart Gulliver for the energy and enthusiasm he has put into chairing Scottish Labour's Housing Commission, but also each and every member of the Commission who gave up their time to produce this comprehensive report.

**Richard Leonard, Leader of the Scottish Labour Party**

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I am determined that we have a substantial policy offer that is informed by the housing sector and those passionate about decent, affordable homes. I believe that without tackling housing costs we cannot begin to tackle poverty in Scotland. We are already committed to building homes in the social sector and using co-operative models. This report will hopefully allow our policy forums and manifesto process to adopt the innovation and radical edge within this document for our manifesto commitments to the Scottish people.

**Pauline McNeill, MSP for Glasgow Region**





## COMMISSION CHAIR'S FOREWORD



The central message emerging from this Final Report of the Housing Commission is that there is now a deep crisis in housing in many parts of Scotland and we are not even close to solving it. What is needed now, above all else, is a clear recognition of the sheer scale of the housing problems and the courage by government to genuinely address them with realistic and practical proposals.

It was in mid-2018 that Pauline McNeill MSP, launched the Housing Commission and tasked it with taking a critical look at the housing system in Scotland and examining how it currently operates -what its strengths and weaknesses might be and to make policy recommendations to a Labour Party prepared to consider, and implement, radical change.

I was absolutely delighted to be asked to chair the Commission.

We heard presentations from a series of outstanding housing researchers, practitioners and housing market professionals during our deliberations – some 16 in all – and I am extremely grateful to all of them. Without their involvement and expertise, the Commission's work would not have been as effective and focused and nowhere near as pleasurable.

I would also like to thank all members of the Commission for sticking resolutely to the joint task and with such good humour. My personal thanks to you all for your involvement and contributions. And thanks also to Pauline's 'in-house' team of Kate Spence and Peter McDade, and of course Maddy Grieve for her support and attendance throughout.

Well, the work of the Commission is now done and we are passing on our policy recommendations to the Labour Party in the hope that they will help make Scotland a better place – for everybody.

**Stuart Gulliver FRSE**  
**Emeritus Professor, University of Glasgow**  
**Chair of the Housing Commission**

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## **1. The Establishment of the Housing Commission**

The Housing Commission was set up by **Pauline McNeill, MSP for Glasgow (Shadow Cabinet, Secretary for Equalities, Housing and Social Security)** in 2018.

The aim of the Commission was to work alongside Scottish Labour and produce a practical, ambitious and inspirational set of housing proposals which would help provide realistic solutions to the current housing crisis in Scotland.

This Final Report will be presented to Scottish Labour Policy Forum and the Shadow Cabinet as a major input into the consideration of Housing Policy for the 2021 Election Manifesto.

The Commissioners included experienced housing practitioners, housing policy makers, researchers and tenants – all committed to making a substantial impact on Scotland's housing performance. **A complete list of Commissioners appears in Appendix 1.**

The Commission met 8 times from September 2018 to its final meeting in June 2019 and heard some 16 presentations, submissions and contributions from a range of organisations and expert individuals. All the meetings were held in The Scottish Parliament. **A complete list of all presenters appears in Appendix 2.**

## 2. So, What's the housing problem?

The tragedy is, there is no **single** housing problem in Scotland – there is a **cartload** of them. And despite some recent improvements in performance, the underlying reality is that there is now a deep-rooted crisis in housing in Scotland that will take a generation to put right.

There is a **'crisis of undersupply'** in both the private market and socially rented sectors – particularly for lower income groups, young people and disabled people.

There is a **'crisis of unaffordability'** running right across the whole housing market in all sectors and in all parts of the economy.

There is a **'crisis of quality'** with space, amenity and environmental standards still not improving quickly enough. Across the stock as a whole, 40% of Scottish homes failed to meet the Scottish Housing Quality Standard, and only 32% of dwellings had an environmental impact rating in band C or better<sup>1</sup>, according to the Scottish House Condition survey: 2017. And one in four households in Scotland still live in fuel poverty. New homes being built in the UK are amongst some of the smallest in Europe. According to Cambridge University research undertaken in 2014 - Irish houses are on average 15% larger, Spain 28% larger, Germany 43% larger, France 48% larger, Netherlands 53% and Denmark 80% larger.

And then, of course, there is the outrage that is the **'crisis of homelessness'** – the most deprived and desperate part of our housing system.

All these crises collectively reflect the fundamental failure of the housing system in Scotland. As a nation we have failed for years to build enough homes for those people in the greatest need and now, to our national shame, we are a country that cannot house its people properly – and the social cost of this is massive and in plain sight.

## 3. What should a Labour government do about this situation?

- **It's got to be more than 'crisis management'**

It is clear that 'business as usual' will be nowhere near sufficient to deal with the scale of the problem. When performance is so far behind, in terms of both 'social need' and 'market demand', we must be prepared to consider a more radical approach. Something **transformational** from government will be required, something anti-neoliberal, something anti-austerity.

**This 'transformational model' will require at least 3 pre-conditions;**

- Sufficient scale of investment** (both public and private) – targeted particularly at the groups in most need.
- Sufficient legislative power** – to help champion and promote real change in the market.

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<sup>1</sup> The Environmental Impact Rating (EIR) represents the environmental impact of a dwelling in terms of carbon emissions associated with fuels used for heating, hot water, lighting and ventilation.

- iii. **Sufficient direct involvement from government** – for government to perform a merely ‘facilitative’ role will not be sufficient. Government must play a more interventionist role and, in particular circumstances, act deliberately as ‘**prime mover**’ in order to enable larger and more complex developments to proceed.

**Housing should become Scottish Labour’s ‘flagship’ interventionist policy.**

Just as the NHS has championed everybody’s right to good health, so we propose that housing policy should champion people’s right to a safe, secure and affordable home. Housing needs to become the national priority of the Scottish Labour Party. Good housing policy has always been at the core of Labour Party values.

**By prioritising housing in this way it would become a cornerstone of the welfare state like health and education.**

We believe there is an urgent need for a **whole-system approach** to Scotland’s housing problems, and this will require us, alongside others, to re-think what counts as a successful housing system in Scotland - what it is that we really want the housing system to achieve.

**Recommendation**

We recommend that the Scottish Labour Party is led by long-term ambition rather than short-term parliamentary cycles. This should be supported by appropriate targets and aim to build parliamentary consensus on long term housing need.

Social and economic research has shown conclusively that good housing, which individuals and families can afford, underpins health and well-being and feelings of self-worth. To have a good home is a source of optimism – rather than fear and uncertainty.

**Now is the time for government to bite the bullet – and solve the crisis.**

4. **What are the core principles that should underpin Labour’s new progressive housing policy?**

A set of guiding principles and values have emerged from the Commission’s discussions which should underpin the overall approach and help identify policy priorities

- i. **Reducing Inequalities**

**Inequality is the defining challenge of our time – it will need to be continuously addressed. Addressing inequalities in the housing market is the No 1 priority to which we are all committed.**

Inequalities in housing are pervasive in our current housing system.

- **Inequalities in income are high and growing:** we need to focus support primarily on those households who need real assistance to access housing which is of good quality and genuinely affordable.
- **The growing inter-generational inequalities are of great concern.**

“At 30, people whose parents don’t possess any property wealth are around 60% less likely to be homeowners.”

Resolution Foundation Report 2018

- **Spatial inequalities remain stubbornly embedded in our urban areas.**

Those areas of chronic deprivation in our towns and cities, clearly identified in the 1891 census are still, pretty much, the very same areas in 2019. We can still see clearly where ‘the haves’ and ‘the have nots’ live. There is a troubling and nagging permanence about both individual and spatial inequalities.

Only when Scotland can provide sufficient good homes at affordable cost to all income groups and generations, can it truly be regarded as a successful nation. In the real world, a country is only as good as its affordable housing policy.

## ii. **There is a need for a re-balancing of the relationship between the public and private sectors in housing**

It almost goes without saying that the private sector in both its role as investor and developer has a crucial role to play in providing housing solutions in Scotland. However, the private sector should not be the key driver of national housing policy in the way that it has been allowed to over the last decades.

The Great Recession of 2007/8 reminded us yet again of the need for government intervention to counter the collapse of the housing market. But even in boom times the market is unlikely to deliver the scale of housing supply required at the speed we need it. Hence we have a national housing deficit.

The pace of delivery by private developers will be determined by expectations of profitability which will often require builders to restrict supply, rather than increase it, in order to keep prices and returns up.

There is then a fundamental mismatch of goals between private builders seeking, quite rightly, to optimise profits over a short term focus (less than 5 years) and a government tasked with needing to solve, the national housing problem. The government has to focus on the long term and the needs of future generations as well as the present day needs and will be particularly concerned with the speed of response.



**An important part of this re-balancing, therefore, will require a more confident, active and purposeful government which is prepared to take a direct operating role in the Scottish housing market.**

**iii. Long-term thinking must prevail – there is no ‘silver bullet’**

The crisis is so severe in Scotland that any credible plan must look beyond a 5-year term. Long term political ownership and leadership will be crucial. The bad news is that systemic housing problems cannot be corrected through short-term palliative measures.

There is a need to set out a clear, long-term strategic vision for both homes and communities in Scotland. A vision that embraces not just housing numbers (so often these days manifestos are little more than a ‘numbers war game’) but also the quality of the homes and ensuring they are set in attractive, mixed tenure neighbourhoods and communities.

**iv. Focus on Delivery – the missing ingredient in the past**

Scottish Labour’s housing policy should bring a strong focus on delivery.  
**Getting Stuff Done! is ultimately what counts.**

We propose to identify precisely how these ambitions will be delivered – putting in place mechanisms and operational practices to secure implementation and monitoring delivery on the ground.

- **A critical first step of successful delivery is to identify the right target to actually deliver**
- **Scottish Labour must deliver its housing policy working closely with others.** Successful delivery depends upon dozens of organisations pulling together in the same direction. Not just housing associations, local councils and other providers but private developers and builders as well as social and community service providers.  
**The Labour Party should, quite explicitly, seek to be obsessive about delivery.**

**v. Only radical change and a strong ‘Reform Platform’ will be sufficient to deliver the change required.**

This ambitious mission will require government to show real courage and provide the necessary leadership. It is clear that the rhetorical urgency is being ramped up on housing issues but the actions on the ground are still not sufficient to the task.

**There is now a hunger for substantial change.**

For too long we have not given enough attention and prioritisation to the huge affordability crisis in Scotland; the pent up need and demand for considerably more

affordable homes for people on low incomes; the problem of the so called 'generation rent' and the scandal that is homelessness.

**There has been far too much conservatism surrounding housing policy in recent years. We must now realistically address the nature and scale of the housing crisis in Scotland.**

# OUR 10-PART PLAN

## PART 1: INCREASE THE SUPPLY OF HOUSING

### 1 Increase in Social Homes from 2021

**We endorse the view of ‘Shelter’ that; “The single biggest priority for housing in Scotland is increasing the supply of houses.” (2018)**

The Commission sees more social rented housing as a top priority and we support Scottish Labour’s long-term target of building 12,000 social homes each year – with regular reviews based on need assessments.

**60,000 social homes over 5 years from 2021 would mean a 70% increase in the supply of affordable homes compared to the Government’s current commitment.**

We believe that building more social housing is the best way we can restore hope, fix the broken housing market, build stronger communities and meet the needs and aspirations of hundreds of thousands of people.

There needs to be a profound shift to see social housing once again as a national asset, like any other form of infrastructure.

And by increasing the scale of social housing production it will be possible to make more social housing available to more than just the people in greatest need. This was the intention when the council house building started in 1923 and when social housing programmes were accelerated post-WW2. Social housing should be available to many more young people trapped in unsuitable accommodation.

### 2 **We would also look towards parity of grant funding between Housing Association and local authorities in order to help stimulate greater local authority production of social homes.**

At present local authorities receive almost 20% less per unit grant than Housing Associations. A move towards removing this gap in funding may help some local authorities become less risk averse – which would further stimulate social housing output in Scotland. Scottish Labour should work with local authorities and housing associations to ensure any new settlement reflects local authorities access to land.

### 3 **Increase in total annual supply of housing across all tenures**

The latest estimates of annual housing requirement in Scotland produced by the “2018 UK Housing Review” show a need for approximately 26,000 homes per

annum. This figure includes allowances for ‘suppressed household formation’ by younger adults resulting from previous inadequate supply and unaffordability.

We agree with the 2018 Review that **‘Building a lot more housing creates a virtuous circle of easier affordability, reducing housing need and enabling more households to get decent housing with more choice about location, type and tenure’**. Thus, building many more homes across all tenures will help us put in place a housing system that meets everyone’s needs.

The housing crisis will only be solved with long-term vision and by reducing uncertainty for the industry. Scottish Labour should commit to building consensus across Parliament for a long term annual building target reached using independent and industry-expert advice.

#### **4 Bringing empty homes back into use faster**

Empty homes are a wasted resource, particularly at a time when Scotland needs more homes. Currently there are an estimated 40,000 long-term empty properties in Scotland (empty for more than 6 months).

Given the potential scale of this resource, we feel that a Labour Government could usefully look at the scope for increasing the speed of bringing empty homes back into use – perhaps by looking at the potential for using the law in order to force sales in certain circumstances or maybe a low-cost loan scheme to incentivise re-occupation especially in rural areas.

A Labour government should give particular consideration to the large number of empty properties above shops across Scotland as well as other vacant commercial buildings. The renovation, refurbishment and conversion into housing of these buildings would simultaneously increase housing supply, reinvigorate our high streets and support small and medium-size builders.

## **PART 2: GENUINE AFFORDABILITY OF SOCIAL HOMES**

Housing costs now have such a significant impact on inequality that we are totally committed to the concept of **‘genuine affordability’**.

**Scottish Labour should commit to providing sufficient capital subsidy in order to make rents ‘genuinely affordable’ to those in low-paid employment i.e. the lowest quartile of localised earning adjusted for house size and amenity.**

The term ‘affordable’ in relation to housing has been utterly misused by the Tory UK Government. The Tory definition of ‘affordability’ relates bizarrely, to a particular percentage of prevailing house prices or market rentals. Whereas we believe fundamentally that ‘affordability’ has to do with linking the cost of housing to local income levels and local ability to pay rather than asset values.

We expect rent levels in a particular area to reflect the economic and labour market conditions prevailing there. Genuine affordability requires establishing the crucial links between rents and the ability of people to afford them.

### **PART 3: QUALITY OF NEW HOUSING**

Too much development in Scotland is a missed opportunity and of mediocre and indifferent quality.

The 2018 report of the Review Panel on Building Standards Compliance and Enforcement for the Scottish Government that there is evidence indicating “that there is a problem in relation to the limited availability of skilled tradesmen in key trades in the construction industry often resulting in the employment of workers without the requisite skills leading to poor quality, non-safe and non-compliant construction.”

Currently, Scotland is lacking any statutory redress for buyers of a new-build property if there is a serious defect in the property. The Federation of Master Builders has suggested introducing mandatory and universal licensing to the UK construction industry and have set up a task force to develop detailed proposals.

**It is probably timely that a Labour government re-visited the issue of mandatory minimum space and quality standards in new housing** – which should be applicable to all residential units provided through new build, refurbishment, and through conversion of non-residential premises.

### **PART 4: PRIORITISING THREE PARTICULAR GROUPS IN THE HOUSING SYSTEM**

#### **1) Targeting Young People in Scotland**

Great cities get their dynamism from the young- and yet fewer and fewer of them are managing to get a decent foothold in urban Scotland. This is an aspect of what has become known as inter-generational inequality.

A considerable amount of housing research over the past five years or so has highlighted the particularly precarious position of the under-35s in the housing market. The fact is that many young adults are getting an increasingly raw deal. Young people tend to occupy lower paid and less secure jobs. They find it more

difficult to get a mortgage than previously and particularly difficult to save a sufficient deposit.

Equally, with waiting lists for social rented housing exceeding 130,000, young people are almost permanently at the back of the queue. Private rented housing is now regarded as their only option which has led to the emergence of **the frustrated aspirations of 'generation rent'**.

A recent 'Civitas' report estimated that the population of 20-34 year olds living with their parents has risen by a third over the past 20 years.

The position of the under 35s in the market is not good and is getting worse. Both sectors need urgent remedy.

### **Proposal for low cost home ownership for under 35s**

Scottish Labour **should scrap the existing 'Help to Buy Scheme'** and switch the funding into a substantially re-designed '**First Buy Scotland Scheme**'. The scheme would offer help to those on low incomes, aiming to tackle capital inequality in a way that the current scheme does not. First Buy Scotland would:

- Exclusively target first-time buyers earning below an income threshold decided by the Scottish Labour Party
  - Include the ability to buy existing houses under the scheme as well as new build
  - Buyers would require 5% deposit
  - Government would provide up to a maximum of 35% of the cost in the form of a shared-equity agreement, repayable to the Government on the sale of the property
  - In the event of the property losing value, the value of the loan would be tied to the value of the property i.e. if a person's property lost 5% of its value the loan would also be 5% lower
  - RSLs and local authorities would be eligible to build new homes for sale as part of the scheme
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- **Increase the allocation of social rented housing to the under 35s**

Given that our proposals look towards a substantial uplift in the provision of social rented housing, we would require Housing Associations and Local Authorities to put forward to government their recommendations as to how they would intend to increase the number of homes for the under 35s. This might involve changing priorities or changing the specification of the type of social housing to be provided for example, provision of more one bedroom flats; so called 'cluster' homes or shared accommodation units.



## Student Housing

Student numbers are rising and there are currently around 300,000 students in Scotland. Student housing must be a strategic planning issue and not an afterthought. Educational institutions must be part and parcel of the dialogue, as well as members of the community.

Traditionally universities provided student accommodation as part of their duty of care. This has changed in the past ten years with universities increasingly relying on private companies to run the university-provided accommodation and build and run private student halls. The financialisation of student housing is exploiting students and putting profit before their welfare.

The cost of living is increasingly making life harder for young people accessing higher education, with excessive housing costs a key part of the problem. Rent is unsurprisingly the biggest cost they'll face while studying.

Finally, a review of Houses in Multiple Occupation (HMO) is needed: Although introduced to improve safety in student housing, it now serves primarily to increase revenue for landlords. HMO flats tend not to have living rooms, or communal areas, be lower quality, and students are paying through the roof for the privilege of living in a HMO flat.

It is imperative that Scottish Labour should have a comprehensive student housing policy.

## 2) Targeting Disability

**Housing for disabled people has been described as Scotland's 'hidden crisis'** and yet we have known for a long time that:

- There are 87,000 wheelchair users in Scotland and these numbers are set to increase because of the ageing of the population
- 61,000 households include a disabled person who can't get up or down the stairs inside their own home
- 34,000 find it difficult or impossible to access their own bathroom or shower
- 11,000 can't get around their home because of its design or layout
- 9,000 find it difficult to access their own toilet
- 8,000 can't leave their home because of the stairs to the house

(Source: Scottish House Condition Survey 2015)

What is abundantly clear is that disabled people are not being treated with sufficient respect by the Scottish housing system. They are simply not getting **the support they need to live a dignified and independent life**. Not surprisingly, disabled people are reported as being frustrated and demoralised by the housing system – and as a

result experience greater social isolation and anxiety. **The ‘kicking of the can down the road’ by successive governments has to end** – and we propose 3 things;

**First**, a Labour government should commit to a target of 10% of new social housing in Scotland to be built to wheelchair-accessible standards from 2021 – and make sufficient funding available to achieve this standard. Setting targets will be important.

**Second**, an undertaking by a Labour government that it will seek to find a way of making this 10% target achievable across all tenures within 2 years of taking office.

**Third**, a Labour government should produce and publish a **‘National Housing Strategy for Disabled People’**. The national strategy should be led by a dedicated disabled people’s organisation – like the user-led organisation this Commission heard give evidence (Independent Living in Scotland – part of Inclusion Scotland) and which would be tasked with producing a fully-costed national programme; setting targets and identifying new cross-tenure standards. We feel that it is important that the production of this national strategy is led by a disabled person’s organisation.

A Labour government should work with this organisation to create and maintain a comprehensive, national database of accessible and adaptation-ready homes available on the private market, to make it as easy as possible for disabled people to find a home they want to live in.

### **3) Targeting Homelessness**

**We are all appalled by the outrage that is homelessness** and the scale of homelessness in any country provides clear evidence of the failure of our combined ‘social safety nets’. Its eradication is a clear national emergency.

‘Core’ homelessness in Scotland which comprises; rough sleepers, those in hostels and shelters; those in unsuitable accommodation e.g. B&B and sofa surfers(e.g. staying with non-family), squatting; has been fairly stable since 2010 at **between 11,500 and 13,500 persons** (The Homeless Monitor: Scotland 2019). Although in early 2019 the reduction in overall levels has stalled, reportedly because of the operation of the benefits system, lack of affordable stock, rise of in-work poverty and the re-emergence of the spectre of a drugs crisis.

The Scottish Government has clearly recognised the scale and seriousness of homelessness. In terms of policy – the ‘direction of travel’ appears at this early stage, to be correct viz. rapid re-housing as the default position plus wrap-around support.

We need to closely monitor the effectiveness of this approach in the field and make adjustments and change where necessary.

Unfortunately, the government's lack of commitment to prevention is notable. The Scottish Parliament passed world-leading legislation on the duty to provide accommodation, but Scotland is now at risk of falling behind other parts of the UK like Wales where a duty to prevent homelessness is now in place.

**Homelessness is primarily an implementation challenge** and the Labour Party should continue its cross-party support on homelessness and, in its own right, emphasise the need for sufficient, sustained long-term funding and support to eradicate homelessness across the whole system.

This calls for a commitment to prevent homelessness as well as respond to those who find themselves without a home. However, the current government's lack of commitment to prevention is notable. Local authorities, the NHS, Police Scotland and the prison service all have a key role to play in prevention and must have clearly defined duties, developed in partnership with government, and the funding to deliver them.

## **PART 5: THE PRIVATE RENTED SECTOR**

**"The Private Rented Sector is an important part of the housing supply in Scotland and will have an important part to play in the future."**

John Blackwood, Chief Executive  
Scottish Association of Landlords to the Housing Commission, Feb 2019

We certainly agree with John Blackwood.

The size of the sector has grown significantly this century. In 1999 5% of households in Scotland were in the PRS but by 2016 it had grown to 15% - and this masks a wide range in the incidence of PRS in Scotland, for example, in Edinburgh 26% of households are in PRS whereas in East Renfrewshire there are only 6%.

At the same time, the level of social housing available has fallen, and changes to the mortgage market since 2008 have meant that it has become more difficult for many to get a mortgage. These factors have combined to mean that the private rented sector is playing a greater role in more of our lives. Notably, the private rented sector is becoming home to more families.

The private rented sector has many important roles. It can provide the means to live in a location a tenant chooses, allow a tenant to save for a deposit if they wish to buy a home, and can provide a viable long term housing option. However, for too many people it does none of these things.

The Labour Party's concern with PRS relates fundamentally to the need for the sector to treat its tenants fairly, honestly and with respect, particularly at a time when the PRS has become the only option for many households, including families.

Not unreasonably therefore the Party believes that PRS should be subject to substantial regulation and control in order to protect tenants' rights, particularly those concerning security of tenure, the fairness of rent levels and their increases and the quality of accommodation being offered.

- **The Labour Party is therefore proposing to introduce a 'Mary Barbour Law' which would help regulate PRS in Scotland.** This would:
  - Introduce measures to limit rent increases
  - Increase the availability of information about rent levels
- **Besides a good 'regulatory framework' – addressing issues of security, level of rents, getting repairs done timeously etc. PRS will also need a good 'enforcement framework'.** The whole system needs effective policing, ensuring that the 'enforcement machinery' is effective and that the law is being upheld consistently across the whole country. Current enforcement of regulation is undertaken by local authorities and, as a result, the depth and quality of enforcement varies from one local authority area to another. There is a lack of consistency.

**This rather points to the need to take the 'policing and enforcement' functions outside local government control – and that a separate national body might be more appropriately placed to both regulate the sector and enforce the law.** After all, there is a not dissimilar body, the 'Scottish Housing Regulator', performing this role for the social housing sector. Extending the remit of the Scottish Housing Regulator or creating a new body are both options that should be examined. The principle of 'parity of esteem' is appropriate here – private tenants should be treated no worse than those in socially rented houses.

**Registered social landlords should also be encouraged to become further involved in the private rented sector.** Many housing associations are already playing a role in increasing supply and raising standards in the sector, along with supporting tenants. Reviewing this good practice and encouraging more RSLs to participate in the PRS would complement the growth of the social sector rather than come at its expense.

### **Short-Term lets via online accommodation platforms**

It is clear that the issue of short-term lets, directed at the visitor economy, will require a balanced and proportionate response. A response that reflects both the boost to the local economy on the one hand through increased economic activity and more local jobs, as well as the impact on local communities. There is a real risk of permanent loss of much-needed housing from the PRS into short-term lets targeted at the visitor economy and a displacement of long-term residents from their communities in particular neighbourhoods. In some parts of Scotland, the make-up of whole neighbourhoods are being changed.

**Need for good data:** we urgently require some good, impartial data on the multiple impacts of short term lets – particularly its impact on housing supply and local communities. It would also be very useful to understand the scale and nature of the economic benefits and who its beneficiaries might be. It is understood that research on this topic is being organised.

**Need for a regulatory framework:** the growth of short-term lets targeted at the tourist economy will require some form of regulatory framework.

We recommend that the Labour Party promote the view that if a property is solely or mainly being used as a short-term let – it should require planning consent, based on clear criteria as to a change of use from residential. This would provide the basis not only for the introduction of national minimum safety standard but also for each local authority, based on their own priorities and policies directed at short-term lets, to grant consent or not.

## **PART 6: LAND**

**The price of land lies at the centre of the housing crisis in Scotland – where it has always been. Government must now resolve the land problem. It would be the single most important thing that government could do to improve the housing situation in Scotland for everyone. It is that important.**

The inability of government to influence the price at which public bodies, acting on behalf of the community, can acquire land for homes and community development affects everything. It affects the supply of housing (both private and social housing), it affects house prices and rents, it affects housing quality (it influences the density of dwellings per hectare) and it affects 'place' quality.

This issue can no longer be left to lawyers and academics to argue the toss over fine detail and theory. It is too important and urgent for that. 'We have a national housing crisis on our hands. It is time for strong political leadership to drive this through.

- **A Labour Government must resolve, as a matter of urgency, to reform the existing law to allow public interest-led bodies and local authorities to acquire land at, or very close to, existing use value.**

This will permit any '**development gain**' accruing to the community to be used to finance the necessary infrastructure for development (roads, sewers, water, utilities) and community support services (e.g. schools, medical facilities). These enhanced powers are vital in order that public bodies can take a positive role in land assembly and 'land pooling' for housing purposes and community and neighbourhood development.

**We do not believe the present Scottish government is sufficiently committed to these important powers – and, as a result, has permitted yet another opportunity to create ‘social surplus’ (which arise from public decisions) to fail, to the detriment of Scottish society and the Scottish economy.**

**The Labour Government must champion this legislative change.**

The reform of the law in this way will not reduce the role and activity of the private developers and investors – they would continue to be the biggest ‘players’ in residential development. The change in law would however give the opportunity for public bodies to help determine the scale, nature and quality of community building.

Also, changing the law in this way would substantially improve the current development process for all concerned – both private and public developers – because it would greatly simplify the process by abolishing the notion of ‘planning gain’ altogether.

What is in place now is a messy set of difficult-to-enforce obligations – known as ‘planning gain’ – which local planning authorities negotiate from private developers in exchange for their granting of planning permission for a particular development. For example, in exchange for a planning approval a developer might agree to make available a number of so-called affordable homes, a play area or amenity space. In practice these gains need to be negotiated, and then re-negotiated, throughout the development period. And many public authorities are no match for the developer and their lawyers.

**In a study undertaken in 2017 by the Centre for Progressive Capitalism, it was calculated that the ‘planning gain’ contributions received by Edinburgh City Region had a value of £32mn in 2015-16 whilst the actual land value uplift amounted to £350mn. So, in this case, a relatively well-resourced and ‘professionalised’ local authority managed to claw back just 9% of the value of the uplift it had itself generated. What would smaller public bodies be capable of securing?**

**The law must now be reformed. It would fundamentally change the economics of land and property development in this country for the public good.**

- **Transfer land from one public body to another public body in order to build housing. This transfer to be at only nominal cost.**



**We recommend that a Labour government should remove the duty on public bodies to maximise the receipts from land sales and to be able to transfer any land and buildings to public interest-led bodies, housing associations and local authorities for the production of genuinely affordable housing.**

For example, this would permit the NHS, when a particular hospital or clinic becomes, for some reason, 'surplus to requirements', to simply transfer the hospital land and buildings at a nominal transfer price (to cover legals, etc.) to an appropriate not-for-profit organisation for the development of affordable housing. No need for the hospital to maximise site sale price – just transfer.

This proposal is simply a matter of changing public sector book-keeping arrangements. It would simply 'remove the silos' inside the public sector – and, of course, substantially reduce the cost of land for housing development.

## **PART 7: A NEW LAND AND COMMUNITIES DEVELOPMENT AGENCY**

**It is proposed that a Labour government should set up a new public interest-led organisation – a 'Land and Communities Development Agency' in Scotland.**

This new Agency would sit between local and national government and work with local authorities and other appropriate bodies to do two things:

- 1) To be responsible for acquiring, assembling, remediating, servicing and co-developing derelict and vacant land in Scotland and making available serviced sites for affordable housing. It would also treat contaminated land.**
- 2) To act as 'prime mover' in driving forward the delivery of a new generation of planned, attractive, mixed tenure communities in Scotland.**

- **The treatment of derelict and vacant land in Scotland**

In 2016, according to The Scottish Vacant and Derelict Land Survey, there were approximately 16,000 hectares of derelict urban land and 2000 hectares of vacant land in Scotland. Not all of this will need attention, but where there is likely to be demand for housing, then the land would be treated, serviced, and made available to the market. In this activity the Agency could specifically support smaller builders to access sites, self-build and housing cooperatives and other providers of affordable housing that are often 'squeezed out' of the development process.

- **The creation of a 'New Communities Programme in Scotland'**

The new Agency would take the lead in coordinating the key players and take overall responsibility for the delivery of the 'New Communities Programme', working in partnership with Scotland's planning authorities.

- Initially it is a proposed **there would be around 6-8 'New Communities' established** including both large scale and small scale developments ('urban villages'). They should be planned developments from the outset, interwoven with existing neighbourhoods and be part of a process of expanding and re-shaping existing cities, towns and settlements. 'New Communities in-Town' as it were.
- Scotland does not have an effective 'place-production process' – a system that create good, well designed, thought-through neighbourhoods and communities. We need to create **great places to live** as well as **great homes to live in**.

What often passes for 'development' in Scotland these days is a rather 'placeless', anywhere place. Single-use housing characterised by poor estate layout, over-engineered roads, dominant parking, poor amenity space, poor landscaping, poor connectivity and bereft of local facilities.

New placemaking over the last 20 or 30 years has done very little to upgrade the 'Scottish Offer' – and has not had much of an effect on Scottish economic competitiveness in terms of trying to attract and retain skilled and talented people and act as a catalyst for new business investment.

**The preconditions for this set of New Communities would be as follows:**

- The ability of the Agency to acquire land within the designated area of the proposed 'New Community' at, or very close to, existing use value
- Ready-serviced plots would be sold to builders, developers, self-builders etc. to offset the cost of infrastructure and land acquisition.
- The overall aim of the 'New Communities Programme' is to be self-financing over the long term
- Masterplanning; a properly funded Masterplan would be prepared for each of the proposed 'New Communities' with the aim of producing a mixed and balanced new community.

## **PART 8: HOUSING IN RURAL AND REMOTE AREAS**

**Rural Scotland accounts for around 98% of the land mass and some 17% of the population and – it will never unlock its true economic potential while there isn't enough affordable rural housing for working age people to live in.** If we want our rural economy to make its real contribution to overall Scottish economic performance through agriculture, agriculture-related businesses, fishing, tourism and new businesses, then much more affordable housing will be required. This critical shortage of rural housing has an enormously negative impact on any business trying to invest, grow and recruit staff.

**“The provision of 10 new affordable and accessible family homes can genuinely turn around the economic prospects of a rural community.”**

Susan Torrance

There have been many initiatives, short term experiments and pilot programmes tried in rural areas seeking to increase housing supply including; land reform measures, the rural housing fund, the housing infrastructure fund, grants and loans to support self-build, empty homes initiatives, the Islands Housing Fund. The current situation is clearly a confusing and ineffective mess.

**The Labour government should undertake a thorough review of the initiatives and mechanisms which have been tried to increase the supply of appropriate housing in rural Scotland; decide “What Works” in rural Scotland and commit to a workable 10-year strategy for affordable and appropriate housing.**

The absence of sufficient, genuinely affordable housing in rural areas, where jobs exist and people want to live, is leading to the near collapse of the structure of rural economic life in Scotland. The problem deserves urgent and serious action.

Any rural housing strategy must be part of a wider plan for transport and infrastructure. The significant rise in private rents in the Borders is strong evidence of the link between the desirability of housing and good transport links.

## **PART 9: HOUSING INNOVATION**

### **1) Where will the money come from to fund this ambitious set of housing proposals?**

“In Scotland, the currently well-funded social housing model based on grants, lower rents and loan payments does not particularly encourage innovations in finance.”

UK Collaborative Centre for Housing Evidence, 2018

The proposals set out in this document are ambitious and will require energy and determination to see them through to delivery on the ground. Further, to mend a broken housing market and address the scale of the housing crisis will require substantial financial resource – it is unlikely that all will come from tax receipts.

Proposals to pay for investment on this scale include:

- **National/Regional Investment Bank** generating cheaper long term finance for affordable social housing and associated infrastructure
- **Social Housing Bonds**
- **Wider-use of government guarantees using national assets as collateral**

### **New funding model needs to be identified**

It will now be important for a Labour government to identify its new funding model for social housing and the housing programme generally.

The 4 key variables that will affect the future cost of government investment will be:

- **The price of land** (will be reduced by proposals in this Report)
- **Construction costs of housing** (referenced in the next section of the Report)
- **The level of equity/grant** (assuming this will not be reduced or it will conflict with the 'genuine affordability' goal)
- **Financing costs** (through, for example, Regional Investment Bank)

## **2) Reducing the construction costs of new social homes**

Over the past 50 years there has been much talk of 'factory-produced' housing, and other methods of 'producing' houses off-site, as a means of securing a more cost-effective method of delivering the social rented product. None of this discussion has led to seriously worthwhile approaches into drawing, so-called, '**Modern Methods of Construction**' (MMC) into mainstream housing production. As a result MMC has remained something of a fringe activity.

It has been estimated recently that it is possible to build up to four times as many homes with the same on-site labour required for one traditional build. This would certainly help circumvent the current building skills shortage. A shortage possibly exacerbated by the development of Brexit, as there are around 5,000 EU citizens are currently working on Scotland's construction sites.

A Labour government should talk with the construction industry as a matter of some urgency to investigate how a sufficiently large, guaranteed order book of social housing might give a sufficient boost to this untapped capacity in the industry and reduce the cost of the socially rented programme.

## **3) Diversity of tenure and house types**

A progressive Labour government will wish to encourage and be responsive to a range of tenure types and housing providers including, for example, co-housing, inter-generational housing, coop housing, re-examination of the 'sheltered housing' model, self-build and open-source design.

### **Cooperative Housing**

**The government should fund a 3-year development programme to create sufficient professional capacity in the cooperative movement to develop more housing coops in the social and private rental sector.**

## **4) Sustainable Housing and Fuel Poverty**

Housing policy must take into consideration the current and future environmental impact of house building. We believe that the principles proposed by the UK Green Building Council represent a sensible starting point in the discussion around environmentally sustainable housing policy. We believe that sustainable housing,

including carbon neutral homes, would be central to Scottish Labour's housing policy.

Fuel poverty is a problem across Scotland caused by homes that are not energy efficient, people's low incomes and the cost of powering and heating homes to the level people need, especially in remote or rural areas which are off grid and people pay a premium for their electricity. One in four households in Scotland are in fuel poverty. Addressing the climate emergency means that we need to make our existing homes both energy efficient and that they move across to low carbon sources of heat and power.

## **PART 10: CROSS PARTY COMMITMENT ON HOUSING**

The Commission felt strongly that we should advocate the **setting up of a 'Cross Party Housing Reform Commission'** – or similar title – which would seek to build a multi-participant commitment to key housing reforms and house building targets

It should not be seen as in any sense an Inquiry or even a means of producing joint reports or statements but rather a context for discussion and debate in order to help build consensus on housing solutions.

It was felt that such a group would reflect the high importance all parties attach to housing in Scotland and the significant degree of agreement that already exists on policy and objectives and as such it might have 'official status'.

## **THOSE RECOMMENDATIONS AGAIN ON 1 PAGE**

- Increase social homes to 60,000 over 5 years – a 70% increase
- Parity of grant funding between Housing Associations and Local Authorities
- Increase total housing supply across all tenures
- Bring more empty homes back into use faster
- Providing sufficient funds to make social housing genuinely affordable
- A review of minimum space and quality standards in new housing
- Proposals for low-cost-entry to home ownership for under 35s
- Proposals to increase the allocation of social rental housing to under 35s
- Commitment to 10% of new social housing built to wheelchair-accessible standards
- Seek to make the 10% target across all tenures within 2 years
- Produce and agree a 'National Strategy for Housing and the Disabled' to be led by a disabled persons' organisation.
- A Labour government should work with this organisation to create and maintain a comprehensive, national database of accessible and adaptation-ready homes available on the private market.
- Commitment to long term funding to eradicate 'core' homelessness
- Introduce and fund clearly defined duties across the public sector to prevent homelessness
- Introduce the 'Mary Barbour Law' to regulate private rented sector (PRS)
- Regulate the PRS by setting up a national body to consistently enforce the law or integrate this brief into the Scottish Housing Regulator.
- Review the good practice of registered social landlords in the private rented sector and consider how these could be promoted and widened to encourage more RSLs to participate in this growing sector and raise standards.
- Strong commitment to reform the existing law and allow public interest-led bodies to acquire land at existing use-value
- Remove the duty on public bodies to maximise receipts from land sales - and transfer their assets at zero price in order to build affordable homes



- Establish a new 'Land and Communities Development Agency'
  - To acquire, assemble, treat and service derelict and vacant land in Scotland
  - Create a 'New Communities Programme', initially comprising 6-8 new communities
  - Oversee, co-ordinate and facilitate housing supply activity in Scotland
- Undertake a review of existing initiatives to increase supply of affordable homes in rural Scotland - and act on a 'What Works' analysis
- Start work on investigating Labour's new funding model for social housing
- Investigate reducing the construction costs of new social housing
- Set up a Cross Party Housing Reform Commission

## **APPENDIX 1            The Members of the Housing Commission were;**

- |                                 |  |
|---------------------------------|--|
| • <b>Pauline McNeill</b>        | MSP for Glasgow                          |
| • <b>Mike Bruce</b>             | CEO Weslo Housing Management             |
| • <b>Stuart Gulliver, CHAIR</b> | Emeritus Professor University of Glasgow |
| • <b>Judy Hamilton</b>          | Councillor, Fife Council                 |
| • <b>John Kane</b>              | Councillor, Glasgow City Council         |
| • <b>Rita Miller</b>            | Coop Party                               |
| • <b>Kirsten Muat</b>           | Scottish Labour Students                 |
| • <b>Gordon Nelson</b>          | Director, Federation of Master Builders  |
| • <b>Tanveer Parnez</b>         | Director of National Development, BEMIS  |
| • <b>Craig Sanderson</b>        | CEO, Link Group                          |
| • <b>James Strang</b>           | CEO, Parkhead Housing Association        |
| • <b>Susan Torrance</b>         | Housing Specialist                       |

**\*\*Note:**

Participation does not imply agreement with all the recommendations in the Report.

**In Attendance**

Kate Spence, Researcher for Pauline McNeill MSP

Peter McDade, Communications Manager for Pauline McNeill MSP

Madeleine Grieve, Research and Policy Officer for Scottish Labour



**APPENDIX 2 Presentations to the Commission were made by the following persons;**

- **Susan Aktemel** Director of Homes for Good (Scotland)CIC
- **David Adams** Professor of Property and Urban Studies, University of Glasgow
- **John Blackwood** Chief Executive, Scottish Association of Landlords
- **Nathan Bower-Bir** Co-founder, Edinburgh Student Housing Coop
- **Sarah Boyack** Head of Public Affairs, Scottish Federation of Housing Associations (and now MSP)
- **Callum Chomczuk** National Director, Chartered Institute of Housing Scotland
- **Douglas Cochrane** Head of Housing Development, Lloyds Banking Group
- **Pam Duncan-Glancy** NHS & disabilities, equalities and human rights campaigner
- **Susie Fitton** Independent Living Scotland, Inclusion Scotland
- **Ken Gibb** Professor, University of Glasgow; Director UK Collaborative Centre for Housing Evidence
- **Tom Macartney** National Development Director, Trivselhus UK
- **Kim McKee** Senior Lecturer, University of Stirling
- **John Mills** Head of Housing Services, Fife Council & Co-chair ALACHO
- **Craig Sanderson** Chief Executive, Link Group
- **Mark Stephens** Professor of Public Policy, Heriot Watt University
- **Beth Watts** Senior Research Fellow, Heriot Watt University