

STEWARDSHIP AND RESPONSIBILITY: A POLICY FRAMEWORK FOR PRIVATE HOUSING IN SCOTLAND

The Scottish Landowners' Federation welcomes the opportunity to comment on the above document, the final report of the Housing Improvement Task Force.

The SLF's submission relates primarily to the Recommendations, rather than the analysis and commentary, in response to the Scottish Executive's wish to consult on such matters before the Minister comes to a final view.

Stewardship and Responsibility has been considered in detail by the SLF's Rural Housing Committee, which is Chaired by Mr Andrew Bradford. As ever, the Committee examined the Recommendations from the perspective of the rural Private Rented Sector (PRS).

In particular, the Recommendations were analysed in terms of how the PRS might be able to play a greater role in resolving rural housing needs, measured by both quantity and quality.

In short, the SLF agrees with the majority of the Recommendations and broadly welcomes the Task Force's findings. If the end result is that it raises the standards of all landlords, and therefore brings about the rehabilitation of the rural PRS as a means of delivering housing, then the SLF can only support the document.

That said, the SLF does seek assurances within the detailed comments relating to all the Recommendations that practicality and cost issues are not overlooked. Such matters too readily become deterrents and result in potential housing solutions being squandered.

To underline the SLF's commitment in this respect, it is worth observing that the SLF currently has an application before Communities Scotland for grant assistance for a Rural Landlord Support Project.

Many of the Project's objectives are entirely complementary to the purpose behind the Task Force's Recommendations, and those objectives are

- To engage with Local Authorities in the preparation and implementation of their Local Housing Strategies.
- To engage with Local Authorities in the preparation and implementation of their structural and local plans.
- To improve the quality of housing management and the physical quality of dwellings provided by SLF members through the development and implementation of achievable performance standards for SLF members' housing.
- To identify SLF members housing stock and condition and, in addition, identify SLF members' potential to increase housing provision through the refurbishment of sub-standard dwellings, conversion of buildings and new construction.
- To encourage the Scottish Executive to recognise and support rural private sector landlords.

- To enable the SLF to provide a rural landlord support service, after start-up assistance, by members' subscriptions.

Current housing assistance mechanisms effectively prevent the rural PRS from delivering affordable housing to an appropriate standard. The SLF considers that support for the above Project could only help in delivering high quality and affordable rented housing.

A grant environment that would permit the rural PRS to participate would have the potential to be of significant assistance in meeting the objectives of *Stewardship and Responsibility* in a cost-effective manner.

The SLF's detailed comments in relation to each of the Recommendations is appended to this correspondence.

Rural Policy Adviser

**STEWARDSHIP AND RESPONSIBILITY:
A Policy Framework for Private Housing in Scotland**

**A Response to the Recommendations of the Housing Improvement Task Force from the
Scottish Landowners' Federation**

Chapter Two: Quality Standards for Private Housing in the 21st Century

Recommendations concerning the Tolerable Standard.

Recommendation 1. Agreed.

Recommendation 2. Agreed.

Recommendation 3. Agreed.

Recommendation 4. The SLF considers the aim of this Recommendation to be entirely laudable. However, there is a real possibility that such a measure would result in the failure of a great number of Private Rented Sector (PRS) houses to meet the revised standard. It would only be a practical measure if processes are put in place to assist remedial works to rectify problems. The SLF considers that the measurement of thermal insulation standards should be of a form that is easily comprehensible to both tenant and landlord.

Recommendation 5. The SLF agrees that to include condensation and mould growth in a new Tolerable Standard would not add to its effectiveness. Using the presence of these as an indicator of the failure to provide insulation, heating and ventilation must be qualified by the fact that a tenant's own failure to operate ventilation systems provided could significantly contribute to the presence of condensation and mould.

Recommendation 6. Agreed.

Recommendation 7. Agreed.

Recommendations concerning the Scottish Housing Quality Standard.

Recommendation 8. Accepted.

Recommendation 9. The SLF agrees with much of this Recommendation. However, the measurement of energy efficiency should be of a form which is fully understood by tenants and landlords. Equally, the definition of 'adequate' in terms of condition, space and layout should be clarified, as must 'reasonable' in terms of security and safety. On that issue, installation requirements need to be acknowledged and respected. Finally, 'risk' should be quantified as all houses create a degree of risk. The SLF suggests that a 'hazard assessment' approach would be more pragmatic.

Recommendation 10. The SLF considers that a clear and practical measure of energy efficiency is required, in order that landlords can identify houses requiring attention in this respect.

Recommendation 11. Innovation and technology continues to improve the construction of new housing for the disabled, such that barrier-free homes are available to all without discrimination. Pressure on suitable houses currently exists leading to a concentration of people with disabilities in some areas. The SLF considers that it is neither sensible nor right to segregate communities on the grounds of ability.

Recommendation 12. Agreed, and with the same constructive comments as with Recommendations 4 and 9 above.

Recommendations concerning the Repair Standard for private landlords.

Recommendation 13. Agreed.

Recommendation 14. The SLF remains somewhat confused by this Recommendation and further clarification would be appreciated.

Recommendation 15. Agreed.

Recommendation 16. Agreed.

Recommendation 17. Agreed.

Recommendation 18. Agreed, but the SLF considers that this should be coupled with equally widespread publicity that all tenants have ‘responsibilities’ as well as ‘rights’. There must also be a permitted period of adjustment to such changes.

Chapter Three: Improving the Operation of the Housing Market

Recommendations concerning the single survey.

Recommendations 19 to 33. The SLF considers that such proposals relating to the buying and selling of housing are not of concern to the rural PRS.

Recommendations concerning the Purchaser’s Information Pack.

Recommendations 34 to 39. As above, the SLF considers such matters to be outwith both the remit and interest of the rural PRS.

Recommendations concerning other possible changes to the house buying and selling process.

Recommendations 40 to 50. See above, the SLF’s focus on rural housing matters does not normally extend beyond the PRS.

Recommendations concerning improving confidence in the building industry.

Recommendation 51. The SLF has no comment to make.

Recommendations concerning tax and benefit incentives.

Recommendation 52. The SLF recognises that fiscal matters remain reserved to Westminster. However, the Scottish Executive could identify processes whereby the impediments to the provision of quality rented property can be overcome through the application of grants.

The SLF broadly agrees with this Recommendation, but does urge the Scottish Executive to make the strongest representations for changes in the tax system that would benefit housing provision of all types across Scotland. For example, rollover Capital Gains Tax should be available for capital investment to upgrade existing poorer quality properties, as well as for re-investment for better quality properties.

In considering Value Added Tax, the SLF considers that a great benefit to encouraging better maintenance in the rural PRS would be to remove the exempt status and make properties zero VAT rated. The rate of VAT that would then apply becomes irrelevant, as landlords would be able to reclaim all their input VAT. This would also greatly reduce the cost of new build accommodation for rent, thereby allowing the rural PRS to play an even greater role in 'affordable' housing provision in remoter rural areas.

Another major fiscal step would be to allow improvements to become eligible for tax relief. This would make a huge difference to the landlord's incentive not just to repair but to improve property, such as the provision of central heating. This very clearly illustrates the distinctive and important difference between urban and rural landlords, as in general the rural landlord does not regard his or her property investment in relation to other investment vehicles. Rural rented houses are not bought and sold in the same way as other investments, including urban housing, and therefore the return on improvements is seldom achieved through the sale of the property.

Recommendation 53. Agreed, but the SLF considers that the Scottish Executive should accept that, in the absence of fiscal changes in the UK, overall benefits to Scotland's rented housing provision could still be enhanced by grant-aiding the development of new rented accommodation by the PRS. This would provide both value for money and a better return than current expenditure, thereby fulfilling the broad aims of the Housing (Scotland) Act 2001.

Chapter Four: Facilitating Common Repairs and Maintenance

Recommendations concerning common repair and maintenance.

Recommendations 54 to 65. Neither the SLF, its Rural Housing Committee nor the rural PRS in general are engaged in matters relating to common repairs and maintenance. Therefore, the SLF has no comment to make in response to these particular Recommendations.

Chapter Five: Public Sector Intervention and Support at the Local Level

Recommendations concerning strategic planning.

Recommendation 66. Agreed, but the SLF considers that the “plan of action” must be supported with adequate resources (funding) to ensure that Below Tolerable Standard properties are actually upgraded.

Recommendation 67. Agreed, providing funding is made available to meet this purpose.

Recommendation 68. Agreed.

Recommendation 69. Agreed, as the current guidance provided in the Housing Market Context Statements produced by Communities Scotland largely ignores the potential of the rural PRS to assist Local Authorities in delivering on their Local Housing Strategies.

Recommendation 70. Agreed, but the SLF considers that targets alone are not going to be effective without adequate funding support.

Recommendation 71. The SLF must insist that any measure of housing quality is intelligible and practical to all parties concerned.

Recommendations concerning assistance for the improvement, repair and adaptation of houses.

The SLF notes that throughout this section (paragraphs 342 to 378) it is unclear as to whether rural PRS houses are included. The responses given to these Recommendations assume that the rural PRS is included.

Recommendation 72. Agreed.

Recommendation 73. Agreed.

Recommendation 74. Agreed.

Recommendation 75. Agreed.

Recommendation 76. Agreed.

Recommendation 77. If this is an indication of ‘means testing’, then the SLF firmly believes that it should be absolutely understood that where landlords make properties available at affordable rents (ie. acceptable for housing benefit) then means testing should not apply and assistance should be given.

Recommendation 78. The SLF has no comment on this matter, as it does not generally apply to the rural PRS.

Recommendation 79. Agreed.

Recommendation 80. The SLF has no comment on this matter, as it does not generally apply to the rural PRS.

Recommendation 81. Agreed.

Recommendations 82 to 84. The SLF has no comment on these matters, as they do not generally apply to the rural PRS.

Recommendation 85. As with Recommendation 77, the SLF considers that means testing should not apply and assistance should be given. It is the poor economic return from renting properties at the lower end of the rent scale in the rural PRS that often results in poor conditions.

Recommendation 86. Agreed.

Recommendation 87. Agreed.

Recommendation 88. Agreed.

Recommendation 89. Accepted.

Annex C: Recommendations in Respect of Local Authority Powers

Recommendation 90. Accepted.

Recommendation 91. It is unclear whether this ‘power’ applies to all properties or only to occupied properties. The SLF seeks clarification as to whether Improvement Orders would only apply to occupied properties. The SLF does not think it unreasonable for a landlord to keep accommodation vacant until sufficient funds, planning permission, etc. are marshalled to achieve the appropriate standard. That process can take twelve months or more. If Local Authorities force the pace of the renovation programme, this could destabilise the financial basis or deter potential rural PRS expansion.

Recommendations 92 and 93. See the comments in relation to Recommendation 91 above.

Recommendation 94. The SLF considers that means testing is not wholly appropriate when considering cases where landlords are providing rented housing in order to sustain local needs. The failure to award assistance to such landlords will encourage them to seek higher (less affordable) rents to make the non-assisted works financially viable.

Recommendations 95 and 96. The SLF has no comment to make.

Recommendation 97. Agreed.

Recommendation 98. The SLF has no comment to make.

Recommendation 99. Agreed. However, the 50% limit is less relevant to rural situations than to the urban context.

Recommendation 100. Agreed.

Recommendation 101 to 115. The SLF has nothing to say with respect to these Recommendations in respect of Local Authority powers.

Chapter Six: Improving Standards in the Private Rented Sector

Recommendations concerning strengthening the rights of private tenants.

Recommendation 116. Accepted.

Recommendation 117. Supported.

Recommendation 118. Agreed.

Recommendation 119. The SLF considers that the establishment of an enhanced Tolerable Standard to include changes such as energy efficiency would result in significant additional requirements for some landlords to upgrade properties to meet the statutory repairing obligation. Practical achievement of such obligations must be afforded both time and financial resources.

Recommendation 120 to 122. The SLF has no comment to make.

Recommendation 123. Agreed.

Recommendation 124. Agreed, providing a reasonable time is allowed for access to be given.

Recommendation 125. The SLF believes this process to be sensible.

Recommendation 126. Agreed.

Recommendation 127. Agreed.

Recommendation 128. Agreed.

Recommendation 129. Agreed, providing a reasonable period of time is permitted to allow the works to be carried out. A major problem could arise if Repair Determination Notices were issued for inadequate insulation on numerous properties in one locality under one ownership. Availability of adequate funds or sufficient locally-based skilled workers may prevent an immediate response.

Recommendation 130. Agreed.

Recommendation 131. The SLF considers that this right to carry out adaptations should, like other adaptations, be subject to the responsibility to return the property to its former condition on termination of the tenancy. As an example, a bath with shower may be removed in order to install a shower cabinet to suit a wheelchair. Such an alteration may diminish the future rental value of the property.

Recommendations concerning regulation and accreditation.

Recommendation 132. The SLF is actively seeking funding of which part is intended to implement something of this nature across the SLF membership, rather than within each Local Authority area. The SLF considers that consistency, as well as benefits to housing quality, would be achieved if voluntary accreditation schemes were developed across different housing sectors as well as within Local Authority boundaries.

Recommendation 133. See the comment under Recommendation 132.

Recommendation 134. The funding referred to under Recommendation 132 forms part of a proposal currently before Communities Scotland which would also include achievement of national good practice guidance within the SLF membership. In addition, the proposed SLF's Rural Landlord Support Project would put in place professional planning and housing staff to liaise with all Local Authorities which have at least some rural interest.

Recommendation 135. Agreed, and would be regarded as helpful by the SLF.

Recommendation 136. Agreed, see comment on Recommendation 134.

Recommendation 137. Agreed.

Recommendation 138. Agreed, see comment on Recommendation 134. The current application by the SLF for financial support (made in January 2003) fits this Recommendation very closely.

Recommendations 139 to 141. The SLF has no particular comment to make with regard to these Recommendations.

Recommendation 142. Agreed, and additionally the SLF considers that the Scottish Executive should identify whether the approach has been effective in truly rural areas, as opposed to urban and sub-urban areas, and be prepared to modify the assistance accordingly. There are very significant differences in the pattern of rented housing provision in urban and rural areas. A 'national' approach, as has been tried for years, invariably fails to address the needs of truly rural Scotland's rented housing.

Recommendation 143. The SLF has no comment to make.

Recommendation 144. Agreed, the national standards and guidelines must be of a practical and pragmatic nature.

Recommendation 145. Agreed.

Recommendations concerning wider private rented sector issues.

Recommendation 146. Agreed.

Recommendation 147. Agreed.

Recommendation 148. Agreed.

Recommendation 149. Agreed, and with time allowed for implementation.

Recommendation 150. Agreed. As a number of SLF members already model their leases on the Local Authority Model Lease, this might be a sensible starting point.

Recommendation 151. The SLF has no comment to make.