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**From:** Smylie, Elinor [elinor.smylie@argyll-bute.gsx.gov.uk]  
**Sent:** 24 January 2008 11:00  
**To:** Housing Consultation 2007  
**Subject:** Firm Foundations: The Future of Housing in Scotland

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Please find attached Argyll & Bute Council's response to Firm Foundations: The Future of Housing in Scotland. A hard copy has already been posted to you.

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Dr Andrew Scott  
Head of Social Housing Division  
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18 January 2008

Dear Dr Scott

**FIRM FOUNDATIONS – THE FUTURE OF HOUSING IN SCOTLAND**

Argyll & Bute Council welcomes the opportunity to respond to the Scottish Government's discussion paper, "Firm Foundations: The Future of Housing in Scotland". This response has been prepared in consultation with all of our housing development partners within Argyll & Bute and was endorsed by the Council's Executive at their meeting on 22 December 2007.

Please do not hesitate to contact me if you wish to clarify any of the points raised.

Yours sincerely

HEAD OF COMMUNITY REGENERATION

**ANNEX 1: FIRM FOUNDATIONS: THE FUTURE OF HOUSING IN SCOTLAND. Draft response by Argyll & Bute Council.**

**Responses to Specific questions**

<b>QUESTION</b>	<b>RESPONSE</b>
<p><b>Question 1:</b> Do you agree that aiming to increase the rate of new housing supply in Scotland to at least 35,000 a year 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?</p>	<p>The Council agrees that this is a desirable and realistic aim, given the critical scale of the affordable housing shortfall both nationally and locally. However, we believe the timescale could be more ambitious as it would be sensible to accelerate the proposed delivery programme to align with the Government's own targets in respect of homelessness by 2012.</p>
<p><b>Question 2:</b> 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?</p>	<p>The Council is of the view that a regional approach is likely to be an inappropriate and inefficient way to address the housing issues in an authority such as Argyll and Bute, where there is limited cross-border interdependence with neighbouring authorities. Our principal emphasis has to be on developing and sustaining our own, local communities. The very specific, rural geography of this authority requires localised solutions and the distance between the main settlements, for example, precludes the regional approach which could tend to mask localised needs and focus on impractical targets and solutions.</p>
<p><b>Question 3:</b> 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?</p>	<p>Argyll &amp; Bute Council recognises the value in the provision of a national, specialist support function for strategic planning for housing. We recommend that this should provide expertise in market analysis, needs assessment, rural development issues, and support for staff training, capacity building and in-house skills development. In the past, such a resource has proved very effective in the context of this authority's relationship with Communities Scotland's local area office team. The loss of such a resource would have a negative impact on our strategic capacity to develop a robust framework for investment in the local housing system.</p>
<p><b>Question 4:</b> 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</p>	<p>The planning process is clearly subject to blockages and delays arising particularly from a need to ensure infrastructure capacity. Therefore, the Council considers that there is a need for improved coordination and liaison between bodies such as Scottish Water, the</p>

<p>supply targets are met?</p>	<p>Roads Authority, and Local Planners, as well as RSLs in the context of affordable housing developments. Measures promoting consolidation of infrastructure capacity and, for example, potentially offering grant assistance in certain circumstances, would facilitate this process.</p> <p>The application of Affordable Housing Policies can also be a complex and time-consuming procedure, principally due to the need to negotiate Section 75 Agreements. It is imperative, therefore, to promote coordinated approaches to these processes amongst all relevant partners, including private developers. In Argyll and Bute, such liaison has already been successfully initiated in part, via the Strategic Housing &amp; Communities Forum but more support from the Government in the form of clearer guidance and incentives for participative collaboration by private developers and statutory agencies, would be a positive step forward.</p>
<p><b>Question 5:</b> We have proposed that much expanded or new, stand-alone 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?</p>	<p>Argyll and Bute Council does not envisage the development of further new settlements as being a high priority or a likely objective, given the proposed scale of such settlements (2,500 new homes would constitute a town equivalent to our major existing population centres). While the example of Dunbeg as a stand-alone, new settlement has been successful in Argyll and Bute, the benefit of further such developments would be debatable. In addition, such proposals would obviously require significant coordination of effort within the framework of the Local Plan, in respect, for example, of the need for new schools and other infrastructure and services requirements. As with Q. 4 above, if the proposal were to be pursued, close partnership working with, and contributions from, all relevant agencies such as developers, Scottish Natural Heritage, Scottish Water and other statutory bodies would be essential.</p>
<p><b>Question 6:</b> How should different types of assistance within the LIFT be targeted?</p>	<p>Assistance should be targeted based on affordability assessments and sustainability measures. It should also take account of current availability of resources within the housing system and care would need to be taken to avoid duplicating existing resources which might actually lead to future imbalances or inefficient</p>

	over-supply in a particular area.
<p><b>Question 7:</b> How could the Government stimulate more innovative mortgage and related products and services to assist people in purchasing their first home?</p>	<p>The Council is firmly of the view that the development of such products will require closer liaison with the Council of Mortgage Lenders. Arising from this, sustainable products could be developed in relation to the requirements of consumers in this area of the housing market. In turn, the Council of Mortgage Lenders will have to ensure that information and guidance is passed down to their member agencies' local branches as experience has shown to date that awareness of innovative products is often not present within local communities. There is also potentially a role for the Law Society to ensure that their members are equally aware of these products and the mechanisms surrounding them as local solicitors must be "brought up to speed" to ensure that their clients can take advantage of opportunities that are developed in the future.</p>
<p><b>Question 8:</b> Should the Government provide direct cash grants to first-time buyers?</p>	<p>The Council would in principle, be in favour of the proposal to provide direct cash grants to first-time buyers. However, we envisage circumstances where problems could arise if such a scheme were to be administered centrally. This has been an occasional criticism of the existing Rural Home Ownership Grant programme. Therefore, we consider that there is a case for placing the remit to distribute such grants either with Local Authorities and/or RSLs with this being controlled via a clear set of rules and subject to an outcome agreement. Such a localised approach is likely to be more responsive to client needs and may also prove less complex and bureaucratic.</p>
<p><b>Question 9:</b> How can the private house-building sector play a bigger role in providing, without public subsidy, increased provision of affordable starter homes?</p>	<p>Argyll &amp; Bute Council is firmly of the view that there is a role for the private house-builder in the provision of affordable housing within a framework of sustainable, standard-compliant principles. This should be driven by the local needs and quotas established in local Affordable Housing Policies and Local Housing Strategies. Firmer planning guidance is likely to be required to compel builders to deliver. Their input could be achieved through the cross-subsidisation of schemes, utilising the higher profits gained from their market-level income.</p>
<p><b>Question 10:</b> What issues do you consider should be taken into</p>	<p>Proposals for regulation, registration and inspection of this sector need to be enforced to</p>

<p>account when considering the increased use of private sector lets to house low-income and homeless households?</p>	<p>ensure that property is up to an acceptable standard. Rent setting which is clearly linked to benefit legislation needs to be structured to make this option affordable. Too often the private sector has been characterised by high rents for poor standards of accommodation. However, when the private sector is required to meet quality standards and has rents which are affordable to low income households, it does represent a credible and often attractive alternative for some households.</p> <p>While all landlords have to be registered, any working in partnership with a local authority to house potentially vulnerable low income or homeless tenants, should also be accredited. This could encompass training requirements, so that landlords are aware of the specific needs and requirements of this tenant group. Tenants would also have to be given additional support to ensure that they are aware of their rights and responsibilities. Finally, enhanced usage of this sector may be developed through the increased availability of rent deposit guarantee schemes and the development of leasing schemes wherein improvements may be assisted through the provision of grant in return for model tenancy agreements.</p>
<p><b>Question 11:</b> 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 overall housing market?</p>	<p>The private rented sector is a wide and varied market, ranging from high quality properties housing high income tenants to low quality flats, occupied by vulnerable tenants. Accordingly, it is envisaged that tenants will have a greater need for advice and assistance to safeguard their rights, as landlords are likely to be in a more favourable position to gain access to legal/professional advice. However, if the plan is to encourage the private rented sector to house the low income and the homeless, then the rights of these tenants to live in good quality, well managed accommodation has to be balanced with assurances to the landlords that their properties will be looked after by the tenants and that their rental income is assured. There should be sufficient legislation and guidance already in place to safeguard both positions. There is however, a need to educate landlords and tenants in their rights and</p>

	responsibilities and the sanctions which can be applied to both if they fail to comply with the regulations.
<p><b>Question 12:</b> Do you think there is sufficient engagement between the public sector and private landlords? If not, what else should national and local government be doing?</p>	<p>The introduction of the landlord registration scheme may well afford an opportunity to engage with the private sector. Until recently the private sector has represented a disparate group which has not been easy to engage with. Nationally, a programme which educates landlords about tenancy law and the standards expected may help to encourage investment from the private sector. In Argyll and Bute where we are already making substantial use of private rented property to accommodate homeless households, landlords have been interested in the scheme because there are clear benefits to them: guaranteed income; tenancy management provided by the local authority etc. We actually found that once our initial campaign to attract landlords had ended, information spread by word of mouth and landlords were proactively seeking contact with the local authority. Additional benefits may be gained from the development of landlord forums. They should be encouraged and could be arranged by local authorities working in partnership with landlord organisations such as the Scottish Rural Property and Business Association and Scottish Landlord Association.</p>
<p><b>Question 13:</b> What other options should we consider for increasing the supply of private rented housing for low income and homeless households?</p>	<p>Further promotion of Rent Deposit guarantees and similar schemes should be encouraged. However, existing schemes should be formally evaluated to determine their success or otherwise. Thereafter, best practice guidance could be circulated as an encouragement to both local authorities and landlords.</p>
<p><b>Question 14:</b> How could more private landlords be encouraged to let to tenants on benefits and homeless households?</p>	<p>Such encouragement could be provided via a strategic programme to engage with the private sector on a national basis wherein best practice guidance could be issued. This could then be used as a framework within which further local initiatives could be developed.</p>
<p><b>Question 15:</b> What other schemes or incentives might help us to</p>	<p>A strategic approach to Empty Homes is required, with the provision, for example, of</p>

<p>recycle empty properties more effectively?</p>	<p>specific grants offering assistance with property improvements in return for access to suitable tenancies for targeted client groups in need. Several schemes already exist and as a consequence the Council envisages that there would be benefit in evaluating them before developing best practice guidance for dissemination amongst local authorities and landlord organizations.</p>
<p><b>Question 16:</b> Do you agree that we should exempt new build social housing from the Right to Buy?</p>	<p>Argyll &amp; Bute Council fully supports the exemption of new build social housing from the Right to Buy. This is considered to be essential to address the decline in affordable, social sector provision particularly in our remoter, rural communities where alternative options are critically limited. The Council is firmly of the view that it is necessary to build up the supply of social housing in accordance with the aims, objectives, priorities and local needs identified in our Local Housing Strategy and Corporate Plan.</p>
<p><b>Question 17:</b> Do you agree that we should subsidise local authorities in areas of need to use their prudential borrowing capacity to build new council houses?</p>	<p>The Council would welcome this measure as it could be a positive approach to addressing local housing pressures and in particular, would support local authorities to meet their homelessness targets. Although Argyll &amp; Bute Council has recently undertaken a large scale voluntary transfer of its housing stock, we would review the potential benefits that may arise from this measure with a view to weighing up future options.</p>
<p><b>Question 18:</b> Do you agree that we should introduce large scale competitions for subsidy?</p>	<p>The Council is not persuaded that this would be an effective or efficient measure in the context of rural authorities such as Argyll and Bute. We have concern that competition for subsidy may fail to adequately account for rural housing needs and costs. In the circumstances, we envisage the risk of subsidy being directed to areas of high return. If such a measure were to be implemented, sufficient account would have to be taken of the high unit costs experienced in our rural location due to high land/site and infrastructure costs. Failure to do this would lead to difficulties in delivering against outcome agreements and could also promote major inefficiencies due to high levels of abortive work</p>

in preparing for competition. It is also important to take account of the potentially critical impact of these proposals (including any proposals for bulk procurement and the introduction of lead developers) on local economies and, in particular, on the local construction industry. Within the rural context of Argyll and Bute past experience provides strong evidence that such initiatives do not work effectively and can indeed have a very detrimental effect. This is a result of the lack of general ownership or real commitment to local programmes and communities, and a real problem in attracting local sub-contractors. The impact on employment and training opportunities could also be adversely effected and such recent, positive achievement as the development of the Argyll Construction College initiative and the promotion of local apprentice schemes could suffer or be lost with the proposed approach. It is imperative, therefore, that the these wider economic issues are considered and the benefits of developing the local approach are properly balanced against any short-term cost savings that may (or may not) arise from large scale competition for subsidy.

**Question 19:**

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

Argyll & Bute Council proposes the adoption of appropriate weighting for securing suitable rural solutions. In this regard, the Council is of the view that there is insufficient robust evidence that public subsidy for rural housing has an adverse inflationary effect on local markets. To ensure affordability and sustainability, we strongly believe public subsidy levels must be retained. Economies and efficiencies could be delivered via strategic site assembly practices, joint procurement policies and, eg, longer-term, serial contracts and/or partnering.

The Council understands the rationale behind the concept of lead developers but is uncertain of the value to be gained from such an initiative while working within the context of our geographically dispersed rural and island community (see also response to Q. 18 above). We believe that while economies of scale may be possible from such bulk procurement, the principal dictating factor when delivering the desired efficiencies is likely to be detailed

	<p>knowledge of the local development/contracting context. In the circumstances, we recommend that greater benefits are likely to arise in this area (for the wider economy in terms of employment and training) from the collaborative working measures referred to in the previous paragraph. These are currently being explored by the local RSLs.</p>
<p><b>Question 20:</b> Do you agree that we should subsidise the development of houses for mid-market rent?</p>	<p>Argyll &amp; Bute Council has clearly indicated that affordability is a huge issue in this area via our annual Local Housing Strategy updates. The matter will also be emphasised within our first Strategic Housing Investment Plan. This is mainly due to the comparative increases in recent years of average house prices to household incomes. In the circumstances, the Council is of the view that there is a case for some mid-rent provision, however we would not see this as a major priority within the context of the key needs identified in this area. Such provision may serve a function for short-term incoming workers, for example, who have little interest in accessing home ownership but overall we see this as being a limited component of the housing system.</p>
<p><b>Question 21:</b> If so, should the subsidy be awarded as part of the competitive regime for awarding HAG that we are proposing?</p>	<p>The Council would not be in favour of this approach as we cannot support the competitive regime for awarding HAG as illustrated within our response to question 19.</p>
<p><b>Question 22:</b> If not, how would you increase variety in social housing?</p>	<p>Modest provision of mid-rent alternatives to the core stock of the social sector is acceptable in respect of promoting more varied and balanced communities/estates and enhancing housing options. However, this should not be at the cost of reduced investment in the key housing requirements to meet local needs. The Council is of the view that variety in social housing should be encouraged via the subsidy regime but dictated by the priority requirements assessed within Local Housing Strategies.</p>
<p><b>Question 23:</b> 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?</p>	<p>Argyll &amp; Bute Council agrees that more diversified, tenure mixes should be promoted and that monolithic estates should be discouraged as far as possible, thus avoiding the potential replication of existing areas of deprivation and social exclusion.</p>
<p><b>Question 24:</b> Do you think that subsidies for development should be provided to bodies other than registered social</p>	<p>A diversity of alternative models could prove attractive to potential partners, who are currently wary of the problem of the Right to Buy</p>

landlords?	associated with RSLs. This may arise when considering opportunities that could be developed in collaboration with local estates who are anxious to preserve housing for rental in perpetuity and also to avoid windfall profits by private developers. Such an approach could also promote wider options within the housing system. It would, of course, entail a need for robust regulation and appropriate scrutiny, compliance with standards as well as the provision of support for non-RSL bodies.
<p><b>Question 25:</b> What sorts of protections should be offered to tenants in these circumstances?</p>	The Council believes that tenants' rights could be preserved through the adoption of a framework of robust and regulated standards, incorporating model tenancy agreements. This could be further reinforced by incorporating conditions with grant allocations, to ensure tenants' rights are safeguarded.
<p><b>Question 26:</b> Do you think that the Scottish Government should vary Right to Buy discounts by (a) locality and/or (b) type of property?</p>	The Council considers that this could be a potentially useful measure in pressured areas. It may serve to discourage purchasers in specific areas or for certain property types. However, the basis of these varying discounts would require clear and explicit rationales and the implications. For example, the assessment of geographic areas should be considered carefully as this could be complex to administer. In this regard, local authorities are unlikely to actively consider this measure if the process for its adoption is as cumbersome and labour intensive as that currently available for the definition of Pressured Area Status.
<p><b>Question 27:</b> Do you agree that ALMOs can provide a satisfactory alternative to stock transfers?</p>	Argyll & Bute Council has already undertake a large scale voluntary transfer of its housing stock but considers that the creation of ALMOs (Arms Length Management Organisations) could be an appropriate mechanism as long as the requisite regulatory standards are in place to ensure effective management.
<p><b>Question 28:</b> Do you think that additional help from Government to enable landlords to meet the SHQS should be linked to improvements in a landlord's performance?</p>	Argyll & Bute Council firmly believes that there is a need to ensure high quality management by landlords and to protect tenants' rights. Therefore, any additional financial help for landlords should be performance linked.
<p><b>Question 29:</b> If so, what measures do you think would be beneficial? If not, why not?</p>	Additional financial help, if necessary, should be delivered over and above current investment programmes as any top slicing for this purpose would serve to slow down the delivery against new build targets and would seriously inhibit the ability of the Council and its partners to achieve

	the 2012 homelessness requirements. Any request for additional financial assistance should be subject to a full business case appraisal.
<p><b>Question 30:</b> Do you agree that we need to find new ways of focusing on the quality of place/open space and greenspace within deprived neighbourhoods?</p>	Argyll & Bute Council agrees that it would be helpful to establish new ways of focusing on the quality of place/open space and greenspace as research evidence clearly shows that a poor quality environment can perpetuate a cycle of deprivation. This may also, in turn, promote low attainment in schools and the work place.
<p><b>Question 31:</b> Do you have suggestions for approaches that are not resource intensive and that include stakeholders?</p>	The Wider Role framework for RSL activity in this area would appear to offer appropriate approaches. In addition, there may be benefits in linking in to the activities of local Employability Teams as this could also serve to generate greater civic awareness and ownership.
<p><b>Question 32:</b> Do you agree that the lead role (and recipient of any resources) to undertake this work should be open to a range of stakeholders?</p>	The Council has a long track record of working in partnership with external agencies such as local RSLs and Community Links Scotland. In the circumstances, we agree that these resources could potentially be made available to a range of stakeholders. The dictating factor should be the ability to deliver against a robust action plan containing specific measurable outcomes.
<p><b>Question 33:</b> Do you agree with the features and principles we have set out here for a modernised regulation framework?</p>	Argyll & Bute Council supports the principles outlined for underpinning a modernised regulation framework. We particularly welcome the proposal for a more proportionate and less bureaucratic approach and are confident that this will be of greater benefit to all parties. It should help to ensure that resources are devoted more appropriately to addressing regulation outcomes rather than the process itself.
<p><b>Question 34:</b> 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?)</p>	The Council acknowledges the merits of a single regulator as this will avoid duplicated effort and the dissipation of resources to address the needs of overly complex regulatory structures. Ultimately, the Council considers that regulation should be clearly structured, transparent, simple and explicit in operation and accessible in terms of feedback and appeals procedures. Confusion and conflict of interests should be avoided at all costs.