

PE1452/C

PUBLIC PETITIONS COMMITTEE CONSIDERATION OF PE1452

Comments from Chartered Institute of Housing Scotland, January 2013

CIH's comments all relate to the petitioner's heading number 3 – *decent homes for all*.

Repossessions

Across all tenures, significant efforts have been made in recent years to take every possible action prior to any move towards repossession. This trend has been firmly backed by legislation introducing a clear set of 'pre-action requirements' which must be observed both by lenders (in relation to privately owned stock) and social landlords.

No-interest loans

Non-commercial loans obviously require substantial public funding, which would seem unlikely to CIH Scotland in the current climate.

The petitioner calls for a public sector equity release scheme, though we are unsure as to how any such scheme would, as he suggests, increase the social housing stock. CIH has recently urged the Scottish Government to reconsider an idea it was considering around 2008 prior to the credit crunch – a 'state bank' which would make equity loans to home owners (e.g. for repairs, adaptations, energy efficiency works) which are then repaid on sale of the property. We are not optimistic that this idea will be taken up, and we see no sign of commercial lenders being interested in this type of product.

Rent control

Whilst recognising that many private rents are high, in modern economic times CIH Scotland cannot see a return to any form of rent control in the private rented sector: the law of supply and demand seems highly likely to continue to apply. It is important for Scotland to have a thriving but responsible private rented sector: if landlords are to be encouraged into the market so that a range of shorter and longer term housing needs can be met, it is not realistic to impose limits on what rent can be charged: only the market can dictate this, and rent levels will therefore remain dependant on local markets.

Provision of new homes

CIH Scotland closely monitors progress towards the Scottish Government's declared target of 6,000 new affordable homes a year, of which at least 4,000 are to be for social rent. We believe the targets may well be met in the next two to three years but we have anxieties about the future, as we advised the Infrastructure and Capital Investment Committee in autumn during its inquiry into the Scottish budget.

Under the current three year Affordable Housing Supply Programme, local authorities now have a much greater influence over how monies are distributed for the provision of new affordable housing. Councils are also directly building a significant number of

homes, following a long period in which councils were not themselves providing any new housing.

It may well be that provision of smaller homes increases as a proportion of all new homes built in the social sector, in response to the under occupation penalty being introduced by the UK Government in April 2013. However, feedback to CIH suggests that many councils and housing associations are rather reluctant to move away from sensible, modern ways of allocating houses – for example seeking to give a two bedroom property to a couple who may be hoping to start a family – and so it cannot be taken for granted that providers will want to build a greater proportion of one and two bedroom homes.

Tackling empty property

Councils already have powers to tackle empty property but will inevitably face resource limitations in the current, very difficult climate. The Scottish Government is currently operating an Empty Homes Loan Fund which supports councils, housing associations and house builders to bring empty property back into use as affordable housing.