



OFFICIAL REPORT
AITHISG OIFIGEIL

Local Government, Housing and Planning Committee

Tuesday 5 November 2024

Session 6



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LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE
29th Meeting 2024, Session 6

CONVENER

*Ariane Burgess (Highlands and Islands) (Green)

DEPUTY CONVENER

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

COMMITTEE MEMBERS

*Meghan Gallacher (Central Scotland) (Con)

*Mark Griffin (Central Scotland) (Lab)

*Fulton MacGregor (Coatbridge and Chryston) (SNP)

*Emma Roddick (Highlands and Islands) (SNP)

*Alexander Stewart (Mid Scotland and Fife) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Chris Birt (Joseph Rowntree Foundation)

Donna Bogdanovic (Scottish Borders Council)

Professor Ken Gibb (University of Glasgow)

Professor Christian Hilber (London School of Economics and Political Science)

Stephen Llewellyn (North Lanarkshire Council)

Derek McGowan (City of Edinburgh Council)

Blair Millar (East Ayrshire Council)

Edward Thomas (Moray Council)

CLERK TO THE COMMITTEE

Euan Donald

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Local Government, Housing and Planning Committee

Tuesday 5 November 2024

[The Convener opened the meeting at 09:01]

Decision on Taking Business in Private

The Convener (Ariane Burgess): Good morning and welcome to the 29th meeting in 2024 of the Local Government, Housing and Planning Committee. I remind all members and witnesses to ensure that their devices are on silent. We are joined online by Meghan Gallacher and Fulton MacGregor, and Mark Griffin will join us shortly.

Under agenda item 1, do members agree to take items 4 to 7 in private?

Members indicated agreement.

Housing Emergency

09:02

The Convener: Our next item is to take evidence for our housing inquiry from two panels of witnesses. The sessions are an opportunity for the committee to look at the response to the housing emergency and to consider how we move beyond that to a sustainable housing system that works for all.

We are joined by our first panel: Chris Birt, associate director for Scotland, Joseph Rowntree Foundation; Professor Ken Gibb, director, UK Collaborative Centre for Housing Evidence at the University of Glasgow; and Professor Christian Hilber, department of geography and environment, London School of Economics and Political Science. I welcome the witnesses and I turn to questions from members.

We have about 75 minutes for the session and we have a lot of ground to cover, so I would be grateful if witnesses kept their responses—and members kept their questions—as concise as possible. We will try to direct questions to specific witnesses where possible but, if you would like to come in, please indicate that to the clerks or me. There is no need to turn your microphones on and off, as we will do that for you.

I begin with a number of general scene-setting questions. I am interested in hearing what constitutes a housing emergency from your perspective, so that we can understand that as a baseline for our discussion. I will start with Chris Birt and work across.

Chris Birt (Joseph Rowntree Foundation): I quickly declare an interest as I am also a director of the Aberfeldy Development Trust, which focuses on social housing in that setting. However, to be clear, I am here with my JRF hat on.

To be honest, it is not hard to see the emergency. You just need to look at the homelessness statistics, which are published regularly. We see record numbers of open homelessness cases, and the numbers of people who are in temporary accommodation are shocking.

This city embodies a lot of those issues. One factor that is particularly striking is that the average time that a child spends in temporary accommodation in Edinburgh is 507 days. Anybody who has spent any time around young children knows that the difference between being four and a quarter and being five and three quarters is incredibly important. We are stealing parts of children's childhoods by locking them in

temporary accommodation. If that is not an emergency, I do not know what is.

The Convener: Does Ken Gibb have anything to add?

Professor Ken Gibb (University of Glasgow): Yes. First, the situation is different in different places. I have a colleague who has recently worked for Argyll and Bute Council and looked at the dimensions of the emergency as it is perceived there, which has a lot to do with the private rented sector in a rural context. However, the situation is clearly very different in the central belt—particularly in Glasgow and Edinburgh.

I agree with Chris Birt that it is apparent that a lot of dysfunctional things are occurring in our housing systems. On the case for there being a national emergency, the simplest way of reflecting that is to note that slightly more than half of the Scottish population live in local authorities that have declared a housing emergency. For me, it is about different kinds of dysfunction that exist in places and thinking about what can be done to turn that around on a stable and sustainable basis.

The Convener: You mentioned dysfunction. Will you unpack that a bit?

Professor Gibb: Yes. We used to assess and design local housing systems analysis, which used to be the evidence base for local housing strategies. We took from that the notion that a well-functioning housing system would have certain long-term characteristics that would be complementary and fit together. Where significant imbalances are taking us away from that, that is where we get negative outcomes, including homelessness, very high demand in some places and very low demand in others, and affordability consequences. However, there is much more than that, including a sense that there is not enough supply or that supply is unstable—that might involve the private sector and volatility or whatever. There are many different things, which interconnect and reinforce each other.

The job of the evidence base for a housing strategy is to think through what needs to be done to move a system, over time, on to a trajectory that is more stable, efficient, fairer and so on.

The Convener: Does Christian Hilber have anything to add?

Professor Christian Hilber (London School of Economics and Political Science): Yes. There are two components to housing inaffordability. The first is the financial burden that housing causes. The second is the fraction of the population not in permanent housing—that is, those who are in effect homeless.

If we consider the statistics, Scotland does not look good when it comes to the financial burden,

although it actually looks better than England. However, when we look at the homelessness statistics, it is really quite shocking to see what fraction of the population is not in permanent housing.

I will give some perspective on that. In a recent *Financial Times* report on homelessness, the United Kingdom had by far the highest share for homelessness among all Organisation for Economic Co-operation and Development countries. I did some back-of-the-envelope calculations and, on that basis, the position in Scotland looks slightly worse than that in England.

I will add one more thing. There are very large spatial differences in housing inaffordability, and part of the problem is that there are areas of the country where inaffordability is a huge problem.

The Convener: Maybe we will uncover a bit more of that as we go on.

My next question was going to be whether you agree that there is a national housing emergency in Scotland. I am getting from what you have all said that you agree that there is one. Has the Scottish Government been clear about how it has defined that? Is it defining that in the same way as you are defining it?

Chris Birt: As I said, I would not get too hung up on how we define a housing emergency. In particular bits of Scotland, you have to be in the community to see it. It is more important to think about how we will know when we are out of the housing emergency and about what key things need to change to ensure that we have moved out of it. That will help to define some of the key actions.

I do not think that the Scottish Government has done that work yet, although it is trying to. I have had discussions with it about what that would look like, but a good immediate first step would be to do what I have described. How that is done is up for debate.

Experts in local government and registered social landlords, working with the Scottish Government, should be at the forefront of making a decision on the definition. It would help to put milestones in place so that people know what they are pushing towards. The temporary accommodation numbers are an obvious example of where we could do that.

The Convener: That is great. I think that we will have some questions later about defining the housing emergency, so I will let colleagues come in on that.

Christian Hilber noted the percentage of the population in Scotland that is not in permanent housing, with reference to the *Financial Times* report, and used the word “shocking”. That is one

aspect. Does Ken Gibb or Chris Birt have anything to add on how Scotland's position compares with that of the rest of the UK?

Professor Gibb: I will say only that we are not comparing apples with apples. The legislation and the requirements are different, and things work in different ways. In Scotland, people have a stronger set of rights, which has implications. Other things being equal, we could well have higher reported homelessness figures, because people's rights are being affected. More specifically, there are also laws and legislation in England and Wales that are superior to what we have in Scotland, such as the current prevention policy. Obviously, that is changing.

The Convener: That is helpful—so it is not necessarily useful for us to compare with the rest of the UK, because of the different legislation.

Professor Gibb: We should certainly be aware of that.

Chris Birt: In the past, we have done analysis that shows that one reason why child poverty levels are lower in Scotland than they are elsewhere in the UK is the relative affordability of housing. The position is different in different parts of Scotland, but that is generally true.

There are a couple of things to reflect on. First, we made that argument to underline the importance of investing in social housing, because there was not that much difference between England and Scotland in the affordability of housing at the turn of the millennium. If investment in housing stops, it does not take long for that to flip, which is what has happened all across England. That is a salutary warning. There is something in comparative studies, although the fact that there may be more or fewer homeless people in Bradford is of no help to someone who is homeless in Bathgate.

The Convener: I have a final general question. Could we have predicted that the housing emergency was coming? Chris Birt was just talking about the need for affordable housing and such things. Could we have predicted it? I can see that Ken Gibb is getting some thoughts together.

Professor Gibb: To some extent, I suppose that we could have predicted the housing emergency, particularly where there has clearly been a strong market imbalance and demand has been greater than supply. As I have said before, even building 10,000 units of social and affordable housing a year is a tiny amount compared with the stock. That does not necessarily do much to resolve the imbalances that we have in the private rented sector.

It can be argued that, to some extent, some of the things that have led to where we are over the

past few years have been self-inflicted. Well-intentioned policies have had unintended knock-on consequences, particularly when other things, such as Covid and the cost of living crisis, have been going on.

09:15

The Convener: Does anybody else want to come in on whether we could have predicted the housing emergency?

Professor Hilber: I would argue that the crisis is predictable. I am mostly an expert on the English housing crisis, which is perhaps even more severe than the Scottish one. I would argue that the crisis in England has been in the making not just for years but for decades.

Certain components are more recent, such as Covid and perhaps Brexit in the past few years. The issues are kind of institutional, in that they relate to the planning system and the tax system. Essentially, there are not enough incentives to build in the UK and, as a consequence, demand far outstrips supply. The amount of construction has been going down in the past few decades, whereas demand has been increasing, which inevitably leads to a housing crisis, sooner or later. We reached that point a couple of years ago in England, where it has become a national crisis.

Chris Birt: There were some unpredictable elements, such as Covid, the inflation that followed it and the rising construction costs, but the emergency has been baked in by the failure of the right to buy and the failure to replace stock within the social system. We also have to look at other things that have happened in the same period. We have seen the withering of the social security system, particularly for single-person households. We have seen the failure of local housing allowances to keep up with rents. We have seen a shift from the social sector into the private rented sector, which tends to be less secure.

The housing emergency was predictable. The Parliament predicted parts of it—it was in the reports on housing to 2040 of the cross-party group on housing before the previous election. The Chartered Institute of Housing and the Scottish Federation of Housing Associations have made regular assessments of what needs to happen and, if those things do not happen, the issues are baked in.

Perhaps some of the severity of issues was not predictable, and certainly things such as Home Office decisions in Glasgow have not helped in the past year or so, but the emergency was fairly predictable.

Professor Gibb: We have seen some long-term trends that are unhelpful, such as the shift from

supply subsidy to demand subsidy, where something like 88 per cent of all subsidy in the housing system is demand side and is largely housing benefit. That becomes a real block on change, and it is made worse by the non-fitness for purpose of some of the housing benefits that I mentioned and which Chris Birt was just talking about. That goes back to 2008-09 and the period after that.

It is a difficult place to be in and it is also difficult to unravel it and put it back together. It will probably take a generation to get a better balance of supply and demand subsidy; it is a long-term process.

Christian Hilber is absolutely right that a number of the long-term structural issues make the system much more volatile and unstable. When enough things coincide, a lot of things will go wrong. It is likely to happen, but it is difficult to predict because of other things.

xThe Convener: Thank you for that. I will bring in Emma Roddick on that area.

Emma Roddick (Highlands and Islands) (SNP): Just before I get to my question, I have a supplementary question for Professor Gibb. Earlier on, you said that there have been unintended consequences of well-intentioned policies. Can you be specific on that?

Professor Gibb: One example is the rent freeze two years ago. It had a positive affordability benefit for existing tenants, but the way that it was designed meant that new tenants, or people who moved within the system, did not get any of that benefit. That led to rents for new tenancies rising extremely strongly. It also led to the withdrawal of institutional investment. It is generally agreed that that is what happened. It has not helped the rental sector and large groups of people who are in the private rented sector, or those who could be in the private rented sector but who are often not given the same weight of concern as existing tenants, for understandable reasons. That has a long-term negative effect.

Emma Roddick: How do we learn from that? Is it necessary to have caps in between tenancies?

Professor Gibb: I think that there is a broader lesson about thinking really hard about how to design rent control policy and how it interacts with wider housing systems, social security, labour markets and other such things, and about creating the best set of outcomes for what you are trying to achieve. It is about much more than what happens in between tenancies and with new tenancies: it is also about sunset clauses and complementary things such as the social and affordable housing supply programme that happen alongside.

Emma Roddick: My next question is for the whole panel. From what you have seen, based on where there have been declared housing emergencies—or whatever language has been used—have such moves had a direct impact on the behaviour of and approaches that are being taken by politicians and officials working at various levels of government? Chris, do you want to go first?

Chris Birt: Sure—although my insights are mostly at Scottish Government rather than local government level.

It has taken the Government a wee while to get going, to be frank, and although there is now a sprint going on, it has not felt like an emergency response so far. There has been some welcome additional money for acquisitions and such things, and I do not wish to understate the financial pressure that the Scottish Government has been under, but—this goes beyond the housing budget itself, although it is particular to that budget—I also think that, in an emergency situation, we would expect to see significant prioritisation of funding for the area that is under an emergency state. I do not think that we have really seen that yet.

That said, the Chancellor of the Exchequer's budget last week appears to have given the Scottish Government additional capital funding, so the real litmus test, from the Scottish Government's perspective, will be the budget in a few weeks' time. The Scottish Government could certainly be clearer and more ambitious, and that would give a bit of a platform to local government; after all, local government and RSLs are the main delivery partners in this space.

Ultimately—I defer to the two professors to my right on this—we need a stable and predictable system that allows people to plan, that gets us out of the horrendous circumstances in which we find ourselves just now and which gets us back on to a calmer platform so that we can make the generational changes that Ken Gibb was talking about.

Professor Gibb: I completely agree with the point about the opportunity that last week's budget has provided for capital spending.

I have been following what has been going on in local government to some extent—I know that your next panel is from local government—but it seems to me that, certainly in Glasgow and Edinburgh, a phenomenal amount of work has taken place following the declaration. You can see that in the Edinburgh "Housing Emergency Action Plan 2024", which is a very wide-ranging document that goes far beyond simply the direct homelessness issues that the council is trying to tackle. There is work to be done on allocation policies and several other things, in recognition

that this is a partnership with other people in Edinburgh.

I know that, in Glasgow, a huge amount of work has been done to try to improve up-to-date and live real-time monitoring and statistical analysis of what is going on around the council, given the massive amount of change that is going on. A huge amount is being done.

Certainly, those are the two authorities that I know best, but I am sure that you will hear more and similar things from the other authorities this morning. Of course, they still have to deliver. The detail of Glasgow's action plan remains to be seen, but Edinburgh's plan is incredibly detailed. It is a major corporate attack on the issues that have been raised.

The Convener: Christian, do you want to come in?

Professor Hilber: Let me first caveat what I am about to say by making it clear that it applies not just to Scotland, but to England. In fact, it applies to many countries around the world.

The issue is that the Scottish Government and other Governments have focused on the symptoms of the problem, rather than on the causes. For example, if the symptom is high rents, the discussion is about rent caps to try to control the growth in rents; if the symptom is high prices, the solution is a help-to-buy scheme; and if it is homelessness, the solution is to help people with subsidies. Those solutions ignore and do not address the underlying causes of the problems.

In the UK, the underlying cause is, arguably, a dysfunctional planning system that caters to nimbyism and creates the kind of uncertainties that my colleagues have spoken about, which has discouraged home building. There is also a lack of fiscal incentives for local authorities to permit development in the first place. Those two things reinforce each other. In the UK, local authorities carry the cost of local development, but reap very few of its benefits.

If I may refer to it, my home country is Switzerland, which is at the opposite end of the spectrum. Switzerland has local income taxes, which means that local municipalities have very strong incentives to permit development on large parcels of land that are at the outskirts of their local areas so that they can attract good taxpayers and create local tax revenues. I am not saying that that should be a role model, because that has led to a sprawl problem in Switzerland. However, it illustrates the power of fiscal incentives. If I understand correctly, fiscal incentives are lacking in both England and Scotland, which has reinforced the problem of the planning system not delivering enough housing.

Emma Roddick: Briefly, many of the actions sound more long term and less as though they are an emergency response. Would both work streams have to be going on at once, or is it legitimate to take an emergency short-term view before we move on to planning, land and taxation issues?

Professor Hilber: Politics is usually short-term orientated. You will not fix the emergency if you do not also take bold measures for the long term and focus on those. Governments are elected for four years but, frankly, it might take more than four years for the reforms that we are discussing to provide the full benefits, which is the key issue. That is why politicians shy away from them, but we are not going to solve the emergency for the long term and it will get worse in the long run if we do not take bold steps to fix the institutional issues.

Professor Gibb: We recently published a report for the Joseph Rowntree Foundation about the affordable housing supply programme. Towards the end of the report, we talk about some short-run proposals and some longer-term ones. The short-term proposals are, clearly, the immediate emergency response, and they consider how to make best use of the pot of available resources, in what other ways resources can be attracted to help, and what can be done to facilitate supply. In the medium term, we think that the system of allocating resources, including the way in which local authorities receive money for their social housing investment programmes, has to change.

In the long term, there are issues such as those that Christian Hilber has spoken about—land reform and a national housing land agency. As he said, the point is that the long term will never be addressed because of our short-term electoral cycles, so we need to find ways to take a long-term view and recognise that the long term starts today. We need to start putting in place mechanisms that will be essential over time.

Earlier in the year, before the UK election, we were involved in some other work—I will advertise it while I can—for the Church of England, on development of the governance of the long-term housing policy and how to get parties to work together and think about working towards a functional housing system so that all policies move in the same general direction.

09:30

The Convener: That is certainly something for us to reflect on.

I will come back to the vision for Scotland's housing. We have agreed that we are in a housing emergency, so how will we know when we are out of the emergency? What would that look like?

Professor Gibb: I will amplify a little of what I said earlier. In the Church of England report, we talk about a functional housing system in which the kinds of homes that people live in have certain qualities, which is that they are affordable, energy efficient, are of a standard and are accessible—all of those kinds of things. The housing market would operate in the way in which an equilibrating or balanced market would work. Many things would need to be done to make that happen.

At the same time, the parts of the housing system as a whole have to be complementary and work in unison. We should look at outcomes such as homelessness and consider whether the housing system is doing the things that we want it to do. Is homelessness falling? Is it brief, is it rare or is it non-recurring? House prices and rents should not be accelerating or decelerating, but should be stable in the long-term with respect to price inflation—they should be neutral, as it were. Those sorts of things suggest that housing should be neutral with respect to society—it should not be creating greater inequality, nor should it be redistributing wealth in favour of one group, and it should complement pensions, social care, and social security.

It is fine to say those things and we can probably sign up to them, which is implicit in your question. That is kind of what is in the housing to 2040 strategy. However, each policy that is going to be introduced has to pass a litmus test of whether it contributes to those things. If it has negative knock-on externalities or bad consequences, we need to consider and take those into account.

The Convener: That was a helpful list of things that we might see in the future. Does anyone have anything to add to that?

Chris Birt: It comes back to the question that Emma Roddick asked. I think that it is perfectly legitimate for local government bodies to be looking hard at the emergency within their areas but, as Christian Hilber has said, if we can reduce temporary accommodation numbers and homelessness cases but do nothing about the longer-term issues, we will be all be sitting at the committee again in a few years' time. That would be a horrible outcome for individuals and a big policy failing for the Parliament.

Part of the measure of whether we are out of the emergency should also be that there is a longer-term runway that prevents us from falling back into the situation. I think that it is legitimate for decision makers to concentrate on the immediate challenges, but within local government in particular, an enormous amount of pressure is being put on the small number of staff in housing, planning and homelessness teams. Although the capital budget is critical to allowing local

government and RSLs to invest in new supply, it is really important that local government has the staff to plan for the immediate emergency as well as for the longer-term future. I am not an expert on the planning system, but I think that that also applies to planning.

The Convener: We have certainly heard plenty about the need for many more planners.

I will move on. We have had two questions and a supplementary from Emma Roddick, and we have quite a few other questions. I bring in Willie Coffey.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): Thanks, and good morning.

I will focus a wee bit more on the responses of authorities that have declared a housing emergency. First, what are your views on what makes for an emergency in 12 local authorities, but does not make for an emergency in the other 20? I am curious as to why some local authorities have declared a housing emergency and many others have not. Is it that homelessness figures have reached a trigger point, or is it the amount of void stock in any particular authority? Our council colleagues are sitting in the public gallery behind you and we will hear their views when they join the second panel of witnesses. What do you think it is that constitutes an emergency for some, but not others? Professor Gibb, would you like to open the responses to that question?

Professor Gibb: It is different in different places. In some cases, declaring a housing emergency will partly be a reaction to the pressure that local government is coming under from various stakeholders and their constituents, and the political priority that that becomes. For different reasons, that will land in different ways and it will be less visible or obvious in other places.

It is not surprising in Glasgow or Edinburgh but it is instructive that there are different reasons for it happening somewhere such as Aberdeen. There was a specific set of issues there that represented a structural problem that was hard to address.

To some extent, therefore, the housing emergency is different in different places but we should not conclude that it is finished at 12 local authorities. We should bear in mind what Christian Hilber said about there being tremendous spatial variation in Scotland as well as different housing systems working in different ways. Local authorities will also have different perspectives on their capacity to deal with things that they see as most challenging. In a way, declaring an emergency is a trigger for them to say that they do not think that the problem can be resolved without a much more comprehensive plan of action, either by the council alone, or perhaps in partnership

with the Scottish Government and other national public agencies.

Perhaps we should not get too hung up on the definition of an emergency, as Chris Birt said. It is a trigger. It is also clear that there are significant problems, some of which are national or even UK-wide, and they have to be dealt with, but they will impact on different places in different ways.

Willie Coffey: Professor Hilber or Chris Birt, do you have any views on what makes an emergency in one authority that does not make an emergency in another?

Professor Hilber: Was that addressed to me?

Willie Coffey: Yes.

Professor Hilber: As Ken Gibb said, pressures from different stakeholders are presumably driving the local authority responses, but I am not an expert on what has driven each local authority in Scotland that has done so to declare an emergency.

If I may, I want to come back briefly on the response to those local issues. We have to be careful with short-term measures. I was asked earlier about long-term versus short-term measures. Short-term measures can be counterproductive. Evidence from around the world shows that, if you have rent caps that are too rigid, for example, that is counterproductive in the long run. It leads to less investment in the rental market from institutional investors. It encourages landlords to take properties off the market and that makes problems worse. The important point that I want to add is that such short-term solutions are often not balanced and thought through enough and that can make the problem worse.

Willie Coffey: Chris, do you have any views on why there should be an emergency in one place and not in another?

Chris Birt: Ken Gibb summed it up well, to be honest. There are different drivers in different places, even in Edinburgh and Glasgow. Glasgow has probably suffered most at the hands of the Home Office and its decisions that have pushed people into the homelessness system.

It is welcome to see some of the new money that the Scottish Government is putting in to acquisitions and the agreements that it has made with COSLA to focus that money on the local authorities that are particularly struggling. That is part of the work that Ken Gibb has done for us on the affordable housing supply programme. If we want to really drill down into issues of affordability and where they might drive emergencies in the future, we need to be a bit more subtle in how we spread funding across the country.

Willie Coffey: Thank you for that. How are the local authorities trying to deal with the emergencies that they have declared? Ken Gibb, you were telling us about the good work that Edinburgh has been doing. It has had a significant number of void properties that it has been trying to manage over recent years. That information has been circulated to the committee in recent months and you described some of that work. Could you amplify that a bit more and perhaps share some views about how you see the authorities responding and what new things they are doing to address the emergency that they have declared?

Professor Gibb: Again, I am speaking mainly about Edinburgh, because I have been looking at that. What is interesting about Edinburgh is that it had an inclusive, all-in approach to how it would develop an action plan, so it was very consultative, and a lot of the things that came out of that were not, in a sense, specifically about the immediate issues of temporary accommodation, homelessness and that kind of imbalance thing, although they were reflective of that.

For instance, Edinburgh does a lot of long-term private rental leasing to help with temporary accommodation, but it recognised, when it did a systems analysis, that there is a danger in overcooking that. If you go too far down that road, there is a danger that you undermine the lower end of the private rented sector more broadly. That would have perverse outcomes, because that could lead to more people coming in at the other end of the homelessness system. As a result, Edinburgh has put quite a large effort into the quality of its housing stock and trying to improve that. Yes, it is about building a lot of new social and affordable homes, but it is also about asset management of the housing stock that it has, so it has done quite a lot there.

The other thing that is quite interesting about Edinburgh is that it is reflecting in the broader sense on whether its homelessness service works as a whole: what might need to be done to really understand how that fits with the housing system, how to allocate the resource for that and how it could organise as effectively as possible to meet the long-term homelessness challenges that it faces and deliver the action plan.

Willie Coffey: Is the void tally in Edinburgh and other authorities a major component of the story? Edinburgh's submission is pretty good. We can see how it is tackling voids and getting the numbers down significantly. Does that make a good contribution to trying to address some of the issues that we hear about?

Professor Gibb: Voids, acquisitions and the empty homes partnership all help. Voids will not necessarily solve the problem in places such as Edinburgh or Glasgow, but they clearly make a

difference. If you can get utilities to help with the process so that properties can be re-let more quickly, that all helps. Better void management control and getting them re-lettable clearly helps, but, compared with the size and the on-going nature of the challenge, it makes a finite contribution. In the same way, the empty homes partnership and the great work that it does can make only a finite contribution because of the scale of the challenge. It will be more important in certain places but, as a general rule, although dealing better with voids helps, it will not completely take the problem away.

Willie Coffey: What are the tools that are at everyone's disposal? Is it to build more new housing? Is it to make better use of the stock that we have, whether that is voids and re-lets and so on, or acquisitions? What is your sense of the flavour of the particular tools that we should be deploying? You might say that we should deploy all those tools, but which are the most effective in trying to tackle the issue?

Professor Gibb: We should certainly have more tools—as many tools as we can get in the golf bag, to mix my metaphor—in the sense that different things are needed in different places. One area that we have not talked about yet is social investment. I am doing some research in England on the social investment in a follow-on programme after Covid. At that time, everybody was in and a follow-on solution had to be found for them. Social investment plays a small but important role in working with charities and housing associations. The action plan suggests that the City of Edinburgh Council is looking at greater use of social investment as a way of providing a financial additionality to help achieve a greater volume of social, affordable and temporary accommodation. There is a range of those sorts of things.

09:45

Willie Coffey: I was going to turn to that. Your report talks about some of the key messages and ideas that might be deployed to change things for the better. Is that social investment idea a new tool that could be deployed? I invite you to expand a bit more on that, along with Chris, of course.

Professor Gibb: Resonance and Better Society Capital are bringing together funds that earn a rate of return that is acceptable to investors and is for good, as it were. They have increasingly become interested in providing housing that helps out the homelessness system. Often, it is through a form of long-term leasing but working directly with a housing association or social housing provider.

To give one example, there are some projects in the north of England where the housing association chooses which properties to purchase,

the social investor purchases them and then provides supported accommodation for up to 10 years. At the end of those 10 years, they decide whether to buy the property or to put it back into the pool. They pay a fee to the fund for being able to use the property, which frees up some capital. You get good providers who are good at managing those types of homes and you get a new source of capital for them, which seems to work. It meets some of the requirements that investors have, both financially and in relation to their philanthropic side.

Willie Coffey: Thanks for that. Chris, are there any other messages to share with the committee and some new ideas that could be brought to the table about how we can make improvements?

Professor Hilber: The problem is largely outside the control of local authorities. It is more at the Scotland or UK level that you need to act. I do not really have great new suggestions in addition to what Ken said about the local side.

On the national side, one could consider various measures that do not dramatically reform the system but that would help. Part of the problem is that the planning system creates all those uncertainties and leads to long negotiations between developers and local authorities, which leads to less supply than we otherwise would have. We have proposed a developer levy on the final market price that the developer would pay, which would replace what we in England call section 106 agreements—I think that, here, they are section 75 agreements. That would create more certainty for the developers and encourage them to build more. That would be one measure that would help.

Willie Coffey: Thank you. Could the other Chris throw a few ideas into the mix?

Chris Birt: Yes. Ken Gibb is absolutely right. Things such as acquisitions, voids and social investment in supported and temporary accommodation all need to be part of our toolkit. It is pretty wild that the City of Edinburgh Council is spending slightly more or about the same on temporary accommodation as it is on affordable housing supply. That is a situation that needs to change extremely quickly. That points to the broader long-term foundations that we need to build to stop the emergency.

I should also say that the housing system does not operate in isolation. People in our country today live incredibly insecure lives. I can reel off poverty stats easily: there are about a million people in poverty and a quarter of those people are children. Obviously, their housing condition is a big part of that insecurity, but we also need a broader system in which people have a decent income and can get mental health support. It is

difficult to criticise local government in this space. Imagine the pressures of being a homelessness officer at the moment, with people coming into the system who are hungry, who have poor mental health and are in distress. Homelessness officers are not trained mental health officers. Creating better security and wellbeing for our people is a huge tool that can help them to operate within a healthier housing system. At the moment, we are driving long-term unsustainable demand into crisis services in local government and in the third sector.

Willie Coffey: Thank you very much to all three witnesses for responding to those questions.

The Convener: Before I bring in Fulton MacGregor, Emma Roddick mentioned land, but we have not really talked about that. The committee will visit Argyll and Bute in a few weeks' time, and I am aware that there is a real challenge there. For example, if you have ever been to Oban, you will know that there is a really difficult situation there because the town centre is full of guest houses and there is not much available land.

Last week, I was at the Nordic Council in Iceland and talked to folks from that part of the world. Someone was talking about how the city of Helsinki actually owns land in Helsinki, so it can bring forward housing more easily. We do not have that kind of set-up in Scotland. Land is a perennial challenge to bringing forward housing. I am aware that developers buy land and bring it forward for local development plans, but is the land issue part of the challenge around the long-term issues, such as planning, that you are talking about?

Professor Gibb: Yes, it is. A lot of housing practice in Scotland suggests that we would benefit from a strategic land agency of some kind, which could work in partnership with local authorities. If it is going to work, you cannot imagine it not working in partnership with local authorities. The agency would have the capacity, for example, to support builders that are small and medium-sized enterprises. SME builders are often more significant in rural areas and, as they decline and dwindle, rural housing supply becomes all the more challenging. We need to use resource in a clever way to incentivise and support them in the way that the UK Government has announced in the budget for England. There might be opportunities there.

There is a good report by the Scottish Land Commission about the role that such an agency might play. The other thing that I find potentially attractive about the agency is that it needs to be pump-primed for its initial funding but, thereafter, if it follows the plan of creating sites that are ready for use or helping with the master planning and

development of bigger sites, it will take the fee from doing that and recycle it for further investment in land.

That is one of the features of what you might call successful funding and investment systems in other parts of Europe. The likes of Finland, Austria and, in particular, Denmark, all operate long-term schemes in which funds are built up and then recycled into further investment, not only in the stock but to support new builds. That is all part of the same thing—sweating the equity that you have, recycling it and reusing it, so that you are not as dependent on the whims of Government budget priority decision making on an annual basis, because you have an internally coherent, self-regulating and self-financing system.

The Convener: It sounds like there is a role for the Scottish National Investment Bank in that kind of situation. Before I bring in Fulton, I will say to colleagues that we are rapidly coming towards the end of our allocated time. We still have quite a few questions to cover, but, if you have been paying attention—as I hope that you all have—you will know that we have started to touch on some of the areas that we are interested in exploring a bit more.

Fulton MacGregor (Coatbridge and Chryston) (SNP): Good morning. The time definitely seems to have gone by very quickly in this evidence session.

I wanted to focus my line of questioning on the interplay of the relationship between the Scottish and UK Governments. Obviously, we have a new UK Government in place now. One of the things that the Scottish—[Inaudible.]—consistently called on the UK Government—[Inaudible.]—I wonder whether the panel agree that those reforms are needed, and can they elaborate on what they think might be the impact—[Inaudible.]—on the housing emergency of such reforms?

The Convener: Fulton, you glitched out a little bit, so if you could just paraphrase your question, that would be great.

Fulton MacGregor: Sorry, convener. There have been some connection issues here today—I am not sure why.

I was saying that the Scottish Government has consistently called on the UK Government to abolish the bedroom tax and permanently uprate local housing allowance. Do the witnesses think that those reforms are needed? What impact do they think that they might have on the housing emergency?

The Convener: Okay—I think we got that.

Chris Birt: The answer is yes, basically. The bedroom tax is long overdue for the bin, frankly, and that would free up Scottish Government

resources for doing other things. We have also been very consistent in our calls for local housing allowance to keep up with rents. That is a particular problem in the cities in Scotland.

The Convener: Okay. Briefly, does anybody have anything new and different to add to that?

Professor Gibb: I would say that uprating the LHA is essential. I wrote a report for the Parliament in 2015 about abolishing the bedroom tax. We are still waiting, and I—

The Convener: Yes, it has been going on for almost 10 years now. Fulton, do you want to come back in?

Fulton MacGregor: Yes, convener. In the interests of time, I will roll my last two questions into one. Do the witnesses think that there are any other short-term actions that the UK Government could take to help address the housing emergency in Scotland? I wonder also what they think about the forthcoming Scottish Government budget with regard to that issue, following the UK Government budget last week.

Chris Birt: I will come in quickly. I think that LHA reform has to be at the top of the UK Government's list of actions. Another one is broader reform of the social security system that takes out some of its most egregious parts, which have been in play for a long time. Also, the basic rate of universal credit is so measly that it leaves people unable to afford essentials, so addressing that is absolutely crucial.

The increase in the capital budget means that there is an opportunity. The Scottish Government and the Cabinet Secretary for Finance and Local Government have been pretty clear that housing will be the cabinet secretary's number 1 priority. We need to see that reflected, and reflected at scale.

I made the point earlier, however, that local government needs to have the resources available to deliver on additional capital funding, if that is forthcoming. I think that that will be a crucial test of the Scottish Government's response to this emergency.

The Convener: Thanks for that. Is there anything new and different to add?

Professor Gibb: We have benefited in the past few years from financial transactions capital, which is a flexible way of raising debt finance to do things; there have been some very good examples of using it for mid-market rent in Scotland. That funding has all sorts of benefits attached to it, but it was massively cut in the budget last year. It would be great to return to a programme that includes that and which is not to the detriment of the grant funding element for social housing.

The Convener: Thanks very much. Christian, do you have anything to add?

Professor Hilber: My main points are long-term rather than short-term solutions. I have two. Replacing section 106 and section 75 agreements with something that reduces those uncertainties would help. I think that the help to buy policy has not actually been helping much to get young people on the owner-occupied housing ladder in places where supply is unresponsive. It has mainly increased house prices and, if anything, has made housing less affordable. It has helped to build housing in some areas where supply is responsive, but housing shortage is not a major problem in those places—they have different problems. In places where housing shortages are a massive problem because housing supply is very unresponsive, help to buy has increased prices instead of leading to more construction. I would replace that policy with something that better helps younger people to get affordable housing than the current policy does.

10:00

The Convener: Do you have anything else, Fulton? I think that he might have frozen.

Okay. I bring in Alexander Stewart, who has a number of questions.

Alexander Stewart (Mid Scotland and Fife) (Con): You have touched on the actions that are required in the medium and long term and on what the housing system should look like to try to prevent homelessness and housing emergencies.

It would be useful to get a flavour of how effective you think that local authorities' and the Scottish Government's current actions are in working to achieve a housing system that is fit for the long term. It would also be useful to highlight areas of good practice that are already moving us towards the goal of achieving something that is more sustainable, as well as the foundations that local authorities and the Scottish Government are putting in that will help manage the crisis. Are there areas in local authorities' and the Scottish Government's work where we need to see more progress to ensure that long-term change?

Chris Birt: The affordable housing supply programme is, in and of itself, a good one. It has the right idea behind it. When we first started the project that Ken Gibb has talked about, part of my drive was that the Scottish Government was investing a lot of money in it and, from my perspective, it was important that that money went as far as possible in reducing poverty. Part of the report that Ken has done looks in a lot more detail at whether we could use the spend in that programme more effectively to target those areas that have the highest affordability problems.

Obviously, the recent cuts to the capital budget, along with Covid and so on, have significantly undermined that work.

We do not have the worst platform to build from. However, it is about scale. It is about that long-term thing and about the Scottish Government, local government and RSLs having quite a difficult conversation about where to focus their efforts to take on the areas of the country that face those biggest pressures. If we can right those areas, we will be in a far better position to have the longer-term, stable market that I think we all want.

Professor Gibb: “Housing to 2040” seems to me to have a lot of really attractive aspects. It is comprehensive and wide ranging and gets that all-system reality of the housing system. However, it has never been as strong on delivery or the ongoing, transparent monitoring that is needed to see how effective it is being and whether bits and pieces of it are actually consistent with one another.

I go back to the kind of idea that we had with the Church of England work, which was basically to say that it is not particularly about short-term strategies for a new Government, but about a 20 or 30-year programme that tries to take the housing system from one trajectory to a different one. In order to do so, you need to agree on the aims—which “Housing to 2040” has done well and which most people signed up to—but you also need an independent accountability mechanism to try to hold people’s feet to the fire if their new housing policies do not fit with those goals and to ask how they justify that. It is a bit like how the Climate Change Committee is supposed to work in Westminster.

There is no escape from the conundrum of how to get a succession of Parliaments—with different people in power, different priorities and different contexts—to stick to a long-term plan. We need to find a way to do that, because if we do not, it will be really hard to achieve the long-term things that Christian has talked about. It is, fundamentally, a governance question.

Alexander Stewart: Christian, do you want to add anything?

Professor Hilber: Yes. The aims of the strategy are laudable but many of the policies that we discussed are, frankly—how do you say?—a drop of water on a hot stone. We talked about voids. I looked at the numbers: there are 9,000 empty units. Yes, reducing that number would be helpful, but that is 1.4 per cent of the total social housing stock. A vacancy rate of 1.4 per cent is quite low. That shows that one of the problems that we are facing is that there is such a long waiting list, which is why the vacancy rate is so low. The unemployment rate tends to be higher because

people need time to search and match in the market. Many of these investments are helpful but they are a drop on a hot stone.

Some discussions are going on at Westminster about reform of the planning system, which will be helpful. The other point that I would like to stress is that housing markets are interconnected. I see a lot of focus in this country purely on social and affordable housing, but if you just create social and affordable housing and ignore the rest of the housing market, you are never going to solve the problem, except if you have 100 per cent social housing. I stress that, if you get the development sector going again and develop more housing in the right places, which is one of the aims of the strategy, and if it is private market housing, it will reduce private rents and relieve some of the pressures that are on the social rental market. I therefore urge the committee and policy makers to not just focus on the social housing market but to help the private rental sector and the owner-occupier sector, because these things are all interconnected. You need to get construction going and increase supply in the market in places where it is needed. That will help people with the lowest incomes and those who are most in need, even though housing is not directly provided for them.

Alexander Stewart: You touched on the idea of co-operation between the private, social and rented sectors and on the fact that we need to get the balance right across the sectors to ensure that we are not top-heavy on one side or bottom-heavy on the other. An equilibrium would help.

If we are looking at the different roles of the social and private rented sector in providing affordable housing, what differences do you see there being in Scotland? You have touched on what is happening in other parts of the country and other countries across the world and how they are managing, and Scotland has tried to go some distance towards the Scandinavian idea and others, but there still needs to be a balance between the rented and social housing sectors and how we try to fix the situation for the future. It would be good to get from you a flavour of whether you think that there are different things that Scotland should be doing to manage the situation. From what Professor Gibb has said, it is apparent that, down south, people seem to be managing better in some areas. It would be good to get a flavour of what you think we should be doing here in Scotland.

Professor Hilber: First of all, you mentioned the international context. Let me talk a little bit about my home country of Switzerland, which has a very different system. Essentially, it has no homelessness and it does not have any social housing. It has a mild form of rent control. Other

countries such as Germany and Austria also do not have this homelessness problem.

I understand the focus on affordable and social housing, because that is where the main issues here lie, but it does not necessarily mean that building more social housing will solve the problem. That is the message that I want to convey.

I come back to my point that, unfortunately, we will only help lower income households and younger people in the long run if we tackle those problems. I understand that taxation is the prerogative of the Scottish Government, so you could consider reforming the council tax. We propose an annual proportional property tax where local authorities keep the revenue, or even a land value tax, which is the economist's ideal.

That would help, because it would create fiscal incentives for local authorities to permit development in the first place. I understand that it is in the power of the Scottish Government to reform the planning system. All the countries that I mentioned have a zoning system that is rule-based, so if you fulfil the rules you can build in certain parcels. The British system is discretionary, so every change of land use needs permission, and that creates all these problems. I propose that you consider planning reform to reduce the uncertainties and create more incentives to develop.

Alexander Stewart: Professor Gibb, do you have anything to add?

Professor Gibb: The only thing that I would say is that we need to be careful about how we approach the private rented sector. We have requirements to improve the non-price regulatory standard of the rental market, but that is often non-controversial and a lot of the changes there are very sensible. Last year, we did some work for the then Department for Levelling Up, Housing and Communities about the impact of non-price regulation on investment decisions and found from the international evidence that the impact was negligible. That was slightly surprising from an economist's point of view, but the evidence just was not there.

However, there are issues to do with the fiscal incentives and how the level of rent control impacts on decision making. I can see a world in which Christian Hilber's milder rent controls can work in a certain market context and if they are designed in certain ways. There is absolutely no reason why something could not be designed in a way that is consistent with what we need in the market and which is not too distorting.

The broader point, however, is that we have gone quite a long way to make it much less worth while to be a private landlord, through tax changes

relating to land and buildings transaction tax as well as tax relief and things of that kind. We are getting an even bigger imbalance in demand and supply, which will simply push up rents, and that cannot be the goal. Obviously, we need a private rented sector to perform certain functions. It is probably better if more of the sector is mid market or higher in the market, but we are not creating an environment where that flexibility can happen.

One final point is that we do not have anything like the rental market that Switzerland has in terms of size, but the market here is more than twice the size that it was and it plays a big role in the housing system. To treat it as a bad thing that is irredeemable is just not very sensible if we want to make the wider system work.

Chris Birt: The private rented sector definitely has a place in the housing market in Scotland. At the moment, the issue is that too many people who are on fragile incomes have to rely on it. Because of the imbalance in the broader market, rents continue to rise, and I do not think that anybody particularly wants that outcome.

Christian Hilber has hit on a fundamental point. In relation to the way in which we tax property and wealth in the country, we have our heads in the sand. Council tax is entirely regressive and punishes low-income families but, frankly, pretty much every political party in this Parliament is stepping away from the issue and saying that it is too hard. It is not too hard, and we have to change it. Much wealth in Scotland is tied up in our housing market, and that is part of the unhealthiness just now. I have to keep my development trust hat firmly out of the way, but the concentration of second homes and so on is damaging people's lives in Scotland. We have to change the council tax system—it needs to go in the bin with the bedroom tax.

Alexander Stewart: Thank you. Time is tight, convener, so I will stop there.

The Convener: Before I bring in Emma Roddick, I want to pick up on a longer-term issue. This question is not necessarily for Christian Hilber, but it relates to his point about the need to reform our planning systems. When I talked to Argyll and Bute Council about that, a point was made that planning permission might be granted to a developer, but there is nothing in the system that requires the developer to move forward. The developer has permission but does not necessarily build the houses. Do we need something in place so that, when developers have permission, they move forward and build houses?

10:15

Professor Gibb: The people who promulgated proportional property tax through the Fairer Share

campaign talked about the application of PPT to land that has planning permission. That would be a straightforward fiscal incentive to take that land through the development process. Such fiscal incentives make sense. They will probably have bigger impacts where housing markets are tighter. That might be of value to what happens to house and land prices.

Professor Hilber: The current planning system creates uncertainties. In economic terms, it creates a real option value to wait—the system sometimes makes it attractive for developers to wait before starting a development in order to get a higher return in the future. That problem does not really exist in many other countries that have a rule-based zoning system, because there is no real option value there. You do not see such hoarding of land with planning permission, in part because there is much land where, in principle, you have planning permission, so the real option is not that valuable.

The Convener: That is very helpful. Thank you.

Emma Roddick: I will pick up Chris Birt's comments about the private sector. In an ideal situation, how big should the private sector be and what role should it play?

Chris Birt: I could not pluck a number from my head for what the overall balance should be. The private sector's role should be to provide flexibility for people. For example, not everybody wants to move to a particular area and stay there for a long time. It is all those sorts of things. The private rented sector is a natural part of any housing market.

As I have said, I think that we need a larger social sector in Scotland. That would bring security and other such things to people's lives, and a platform to build on. However, we have seen a significant shift away from that since the turn of the millennium, which is part of how the housing emergency could be predicted. The Scottish Government has done a lot to regulate better in recent years, looking at quality over time and decarbonising heating—energy efficiency is clearly important. However, we feel really far away from there being a healthy balance just now.

Professor Gibb: A friend I used to work with, Tony O'Sullivan, always made the point that the private rented sector does not need to be as big as you might think that it does relative to, say, owner occupation or social renting, because it turns over more quickly—or it should turn over more quickly. A lot of people in the rental market do not want to stay in it forever—some people do, and that is absolutely fine—so the sector is more dynamic. Inherently, more things are going on and more people are coming and going all the time, even if it is a well-regulated sector, because it is

labour-market driven, or the renters are students or whatever.

That is one thing to bear in mind. I also do not think that there is a right answer to your question. It is so context specific and depends on how you perceive the system as a whole and whether it is in balance.

The other point is that there might be inherent latent demand for private rented housing that is not being met. At the other end of the system, a lot of people cannot get into owner occupation, because house prices relative to incomes are so high, and because the mortgage market is much more regulated than it was. That is a situation that has just got more and more extreme over time.

There is certainly a case for wanting to shift some of the people who are in the private rented sector into more secure social and affordable housing, but there is also a case for ensuring that the rental market remains capable of providing the quality and attraction of long-term housing for people who otherwise, in earlier times, would have become home owners.

The Convener: Thank you very much. Meghan Gallacher is joining us online.

Meghan Gallacher (Central Scotland) (Con): Good morning. My question relates to rural areas, which we know are in danger of being left behind when it comes to Scotland's housing emergency. Many jobs in rural Scotland tend to be lower paid, with wages in general not keeping pace with inflation. There is also less local infrastructure and less access to public services, which makes it less likely that young people will stay, so they often move to other parts of the country. How do we tackle depopulation? Could addressing that issue be the answer to tackling Scotland's housing emergency in our rural areas?

Chris Birt: My Aberfeldy Development Trust hat is screaming to jump on to my head now. As you said, the housing emergency and housing unaffordability and unavailability within a rural area perfectly encapsulate how the housing system interacts with the economy. So many local businesses struggle to be open all week because they cannot get staff, as people cannot afford to stay within the area.

In parts of Scotland where there are high concentrations of second homes and short-term lets, it is crucial that councils manage that appropriately. There are also different ownership models, which affect how land ownership operates in those areas. Things such as the Scottish land fund allow communities to own land, which I think is crucial. As you know, in rural areas those decisions need to be made very close to the communities affected, because the people know one another. They know how businesses operate,

how public services operate, where the childcare centres are and where social care is available—all those different things that unlock economic activity. It surely has to be part of the solution to empower local communities and local government to make good decisions for their communities.

Professor Hilber: The fact that housing in rural areas is unaffordable is in itself astonishing. That is, I think, a Scottish issue. In most other countries, housing is very affordable in rural areas, in part because there is no scarcity of land in those places. That suggests to me two things. The first is that the true underlying problem in those areas is economic and we should probably focus on that first and foremost. I am not expert enough to advise on what those policies should be for Scotland.

Secondly, if housing is expensive in rural areas, that must be driven by a planning system that creates artificial scarcity because, frankly, in other countries housing is very cheap in rural areas. In England, there is a similar issue in that housing is very expensive in some areas. Of course, in touristy areas there can be a second home problem because those places are attractive for second home investors, but that is a different issue. If a rural area that is not very touristy has high house prices, that must be planning system driven.

Chris Birt: Another issue is the availability of SME builders in rural areas—I will now firmly put on my development trust hat. We are in areas where there is planning permission for housing and there is land, but the mix of costs to construction companies and developers to actually put spades in the ground is preventing those projects from happening. Looking at how to unlock sites that are already there and ready to go is crucial.

Professor Gibb: It is also important to recognise that rural areas are heterogeneous. They are not all the same and their issues are different, and when local authorities as strategic bodies are developing strategies to develop housing and to develop and sustain communities, they need to have a really robust evidence base of what is going on.

I am reminded of conversations that we are having with Highlands and Islands Enterprise and other partners about how housing fits into the development of, for instance, marine and renewables investment on the west coast of Scotland, and their need to have a much more robust needs assessment, demand assessment and market assessment in order to think about the volume of housing that would be needed to allow people to live affordably in places as part of communities in a way that extends existing communities or whatever. Decisions in that

context need to be based on a significant amount of good evidence.

The Convener: In the spring of 2024, we had a useful session on rural housing—folks watching online can refer to that. Chris Birt's point about SME builders was raised in that session. We heard that, after the financial crash of 2008, SME construction companies that were responsible for building a lot of rural housing found that the bottom fell out of the market. I cannot remember the exact words that were used earlier, but I think that Ken Gibb talked about the land supply issue as being something that could incentivise SMEs to come forward and get established in those areas. There has also been discussion around issues such as ways of thinking about building at scale, because there are two-house developments dotted around the north-west coast of Sutherland, and there can be action to collectively buy the materials for all of them, which keeps those costs down. There are some good solutions out there, and we definitely need to persist with them.

That brings us to the end of our questions—except for one that I have just been reminded of.

The Scottish Government has a proposal for a new national outcome on housing—there has not previously been one on housing in the national performance framework. The outcome would be:

“We live in safe, high-quality and affordable homes that meet our needs”.

I am interested in our witnesses' views on that proposed new outcome. Could it help the Scottish Government to guide its policies to address the housing emergency?

Chris Birt: My views will mean that we do not end the session on the most exciting note, but I would say that we need better data about housing. We need to understand the needs and demands in relation to housing across the country at a national level, so that we can make better policies that will enable local decision makers to make decisions that will enable that outcome to be achieved.

We have a lot of national outcomes in Scotland. The wording of that proposed outcome is fine—it is nice and we would all support it—but what is important is actually achieving it. We have the housing to 2040 strategy, and the visions and principles of that are good and will result in there being a much better housing market than we have today, but only if there is action—the words do not fix it.

The Convener: Does anyone else want to share any thoughts? You do not have to.

Professor Gibb: I would say only that, when we have been discussing the right to adequate housing and its role in a set of housing policies and questions such as the meaning of

affordability, a key point is the idea of a progressive realisation. A statement such as the proposed outcome needs to reflect on the fact that we are not anywhere near that outcome at the moment for a large number of people. We need to have a way of getting from A to B in a consistent way.

Professor Hilber: The aim is right. The vision of the housing to 2040 strategy is right. All of that is good, but it is wishful thinking unless we tackle the fundamental problems and issues that the housing and land markets face in this country. Unless we tackle those long-term issues, I am afraid that we will not be able to deliver that outcome for most people.

The Convener: Over the course of this discussion we have certainly covered some of the issues that need to be tackled. I very much appreciate your coming in and contributing to our work on the housing emergency. I will briefly suspend the meeting to allow for a change of witnesses.

10:29

Meeting suspended.

10:34

On resuming—

The Convener: Welcome back. We are joined on our second panel this morning by Donna Bogdanovic, who is head of housing strategy and development at Scottish Borders Council; Stephen Llewellyn, who is chief housing officer at North Lanarkshire Council; Derek McGowan, who is service director for housing and homelessness at the City of Edinburgh Council; Blair Millar, who is head of housing and communities at East Ayrshire Council; and Edward Thomas, who is head of housing and property services at Moray Council.

We will try to direct our questions to specific witnesses where possible, but if you would like to come in on the back of a question to someone else, please indicate that to me or the clerks. We have until 11.30 for this session, and we have a lot of ground to cover, so I would be grateful if you could keep your responses succinct and I ask colleagues to keep their questions succinct. There is no need for you to turn on your microphones, as we will do that for you.

I have some opening general questions, and my first one is to the City of Edinburgh Council and Scottish Borders Council, so that is to Derek McGowan and Donna Bogdanovic. Although I said that we should keep it brief, my questions are quite extensive. I will see whether I can roll them together as I go along. Just so that you know that you will get brought in, folks, my second batch of

questions will go to the witnesses from Moray, East Ayrshire and North Lanarkshire.

The committee has previously heard about challenges in the housing system. We would be interested to hear what specific factors have caused you to declare a housing emergency. What do you hope to achieve from making such a declaration?

Derek McGowan (City of Edinburgh Council):

Thank you for the invitation to speak to the committee. Our emergency was based on homelessness, fundamentally—the number of homeless households that we had, the number of children and young people who are in temporary accommodation, and the difficulty in shifting that number and bringing it down.

The factors that feed into that are probably numerous. One is certainly housing supply—new housing and the availability of affordable housing—and there are city factors such as average rents. In Edinburgh, average rents for a three-bedroom home are about £400 more a month than they are in the rest of the country and the average house price is 93 per cent above the national average, so there are contextual factors in the local economy. We realised that, without the concerted and focused effort that the emergency declaration would bring, it would be difficult to challenge those factors.

There are some issues around the affordable supply programme, including the level of funding that is provided to us—we are a transfer of the management of development funding, or TMDF, authority, as is Glasgow—to disburse to RSLs. The most recent calculation showed that, in order to build the number of affordable houses that we need in the city, we need £693 million more than we have available. That is the stark reality.

Some of those factors were instrumental in the declaration, which was agreed unanimously by our council last November.

The Convener: Thank you. Is the situation similar in the Scottish Borders?

Donna Bogdanovic (Scottish Borders Council): Yes, it is very similar for us, as it is for many of the local authorities. What drove our declaration was similar issues, such as an increase in the number of homelessness presentations. We are a small stock transfer rural authority, so we are struggling with the capacity to manage the increased case load from those presentations and the staffing resources that are needed to manage the increased numbers in temporary accommodation. The number in temporary accommodation is, as for everyone else, at an all-time high for us.

Affordability is a huge issue. We have seen property values and private rents increase significantly over the past few years. Also, construction costs in our region have gone through the roof over the past few years and are now prohibitive. There is an element of market failure, so we do not have a lot of developer interest. Although we are still developing new affordable homes, we are not really getting that many market homes built at the moment. Earlier, you mentioned the situation pre-recession. We were building, or the market was delivering, between 600 and 800 homes a year, but now the number is around 200 or 300. Those are the issues that prompted our declaration.

The Convener: Thank you very much for that. I am interested in getting an overview from both of you on your high-level plans to respond to the housing emergency. Donna, do you want to go first?

Donna Bogdanovic: Yes, of course. We have developed a draft housing emergency action plan and set up a programme board. We have also secured increased lets to homelessness with our housing associations; we are putting a lot of investment into empty homes; and we are looking at short-term lets as well.

Derek McGowan: Our action plan was developed in partnership with key city partners. The important point to make is that this is not just a council issue but a city issue; the support that we receive from partners and the support that we are able to provide to them are important.

Our action plan has six key areas: simplifying access to housing, providing quality housing, data and partnerships, customer experience, providing specialised support, and finance and funding. Those are six key areas with important actions. Reviewing our allocations policy is important, as is understanding the data that we have around equality, diversity and inclusion and the barriers to housing for people with protected characteristics and—this is key—those in poverty, as our plan is very much about how poverty fits in and wraps around our homelessness issues.

On homelessness and the level of allocations, similar to what Donna Bogdanovich described, we have been successfully working with our RSL partners to increase the percentage of lets to the homeless, which has been really positive. We are mapping the homelessness system out to understand where there might be, and how we can avoid, any duplication and improve the use of resources. Officer-tenant relationships are important and—this was touched on in the earlier session—a real driver to improve our data and analysis. It is about getting better data and using it more effectively to plan what we do. That is an area in which we are working quite well with

Scottish Government colleagues Sean Neill and his team and working with the Edinburgh Futures Institute as well. There is a myriad of points there and about 90 or so actions in our plan under those key headings.

The Convener: You pointed out that you are working well with the Scottish Government to improve the data. I would be interested to get a sense from both of you again on the progress that you have made. You said that you have the plans and the work on data is going well in Edinburgh. What other progress have you made in tackling the emergency and at what point will you be able to say that the housing emergency in your area is over?

Derek McGowan: Many of the actions in place are around void properties—that came up earlier as well—and probably the highest-profile thing that we have been doing so far is to manage, over the past year or so, to bring just over 500 of our void properties back into use. That is really positive for the people who are getting those homes and also for rental income, which can then be reinvested in the quality of our stock and capital borrowing and so on. Really important work is taking place there.

It is also about increasing the rate of homelessness allocations and about working with RSLs. We are in really positive working relationships with them. Those are the highest-level things.

As part of the work that we have been doing on equality, diversity and inclusion, we have set up a working group. It has met only once, but it is trying to understand some of the key feedback that we got in the consultation period about people in the city for whom English is not the first language—that is the example that we always use—and who will not even bother approaching the council to present as homeless, because they do not see it as a system that works for them or one that they can get into. We are trying to change that.

The second part of your question was about when the emergency will be over. There are two ways to look at that. The first is that it will be over when supply of not only affordable housing but private housing is sufficient. It is not all about affordable housing; it is about demographic change and how the nature of the city will change over the next 20 or 30 years. It is about sufficient housing.

We have 5,200 homeless households in the city and bringing all our voids back in would bring only 1,000 or 1,500 homes back into use, so there would still be 3,500-ish homeless households. We are well into four figures on homelessness. Therefore, the second way is to say that, when homelessness is in three figures—that is, below 1,000—we will really be making a difference. This

is absolutely about poverty. It is about the hardship people face and how we make housing accessible.

Donna Bogdanovic: Our draft emergency action plan has about 40 actions in it, covered under two themes: homelessness and housing access, and supply. That is the big thing that we are trying to focus on in our region and why we are investing significant amounts of money into bringing private sector empty homes back into use.

It remains challenging in our region. However, we are collaborating with the South of Scotland Regional Economic Partnership and our colleagues in Dumfries and Galloway Council on a significant piece of work: for many years, we have been acknowledging that issues exist that are unique to our region, so, in February last year, the convention of the south of Scotland held a housing summit, which the Deputy First Minister at the time convened, and during which good discussions took place with developers and the construction sector. Over the past 18 months, we have focused on building on all the insight that we have gained and have looked to work with the sector to see what we could do to unlock some of the sites across our region. Land is not a huge issue—we have a lot of land—but it is about getting the spades in the ground to develop it.

A lot of different logistical challenges exist, which just need to be acknowledged. We operate in a different financial environment. In the summer, we launched our regional housing action plan, which the regional economic partnership led, and we will try to deliver the 10 actions that are in that over the next two years. The plan is very much focused on supply and engaging with that market. That, too, is a significant piece of work that we are doing.

10:45

The Convener: For you, is knowing when the housing emergency is over about there being sufficient supply?

Donna Bogdanovic: We would like to see an increase in market completions. That would be one of the measures that we would use. As everybody else has mentioned, it is about seeing a reduction in homelessness presentations, moving to rapid rehousing as quickly as possible, and seeing a reduction in our stock of temporary accommodation. We can measure against all sorts of data, but more supply is the key thing for us.

The Convener: You mentioned earlier that Scottish Borders Council is a stock transfer council. Could you give us more detail about particular challenges in responding to the emergency that arise from that?

Donna Bogdanovic: I am not sure that our stock transfer status presents significant additional challenges. We are very lucky that some exceptional housing associations operate in our region.

An additional challenge for us might be that we have limited control of our allocations. As we rely on the RSL allocation policies, we might struggle at times to get enough lets to homeless households. However, our housing associations are, again, performing well there. Our target is 50 per cent, and we are very close to that. We are not sure that we would want to go beyond that, because there must be a proportionate balance between the housing waiting list, homeless lets and transfers.

We obviously rely on the RSLs to spend our affordable housing supply programme allocation, as they have a very strong track record of doing so and delivering new housing. At the end of the day, the outcomes are, therefore, probably very similar whether you are a stock transfer council or not. However, there is obviously an element of lack of control in some areas.

The Convener: Thanks. Emma Roddick, do you briefly want to come in with a supplementary?

Emma Roddick: Yes, thank you. This is specifically to Derek McGowan. I know that there were already moves in the council to address some of the housing pressures prior to the emergency being declared. Has that declaration helped with the urgency for both politicians and officers?

Derek McGowan: Absolutely, yes. That focus crystallized a lot of the actions that we needed to take and supplemented them with longer-term actions, so it was definitely a bonus.

The Convener: Moray Council, East Ayrshire Council and North Lanarkshire Council, you are up. What is your understanding of what is meant by a housing emergency, and has there been any consideration whether that applies in your local authority area? I have a couple of other questions, but let us start with that.

Edward Thomas (Moray Council): We have sustained demand for our homelessness services. We believe that we are coping at this stage, so we are monitoring homelessness presentations, which went up modestly last year, and the availability of our temporary accommodation as well as our throughput. We are managing to keep homeless journeys under six months, which is quite good relative to the national comparator. However, we are not complacent; we are circumspect because there are circumstances that can be beyond our control.

Therefore, although we are coping and we do not have the systemic challenges that other local authorities have, we are stepping in with prevention measures where we are able to. For example, we have recently changed our allocation policy to afford more priority to domestic abuse cases in order to alleviate that form of housing need outwith the homelessness context. We have briefed our elected members on the national picture, and we keep things under review, because we can be only a bad quarter or two away from some of the same challenges that other authorities have, and we are very conscious of that.

Stephen Llewellyn (North Lanarkshire Council): The situation in North Lanarkshire is very similar to what Edward Thomas described. North Lanarkshire Council is the largest local authority social landlord, with 36,000 houses, so our overall size helps. However, despite that, our waiting list has gone up by 9 per cent in the past year. Homelessness presentations have increased by 16 per cent in the past year, which is significantly higher than the national average of 4 per cent, and they increased by 13 per cent the year before.

With regard to some of the stuff that Donna Bogdanovich said about affordability, North Lanarkshire Council does not have the same pressures with regard to affordability that some councils have. Average house prices in the private sector remain below the national average. They are getting there, but there is still a degree of affordability. We are definitely in the most difficult period that I have experienced in my professional career. I am not saying that we are not in an emergency. We have made a decision in North Lanarkshire not to declare an emergency, but we are probably not far away from that. We are under significant pressures.

Donna mentioned that the target for percentage of lets to the homeless is 50 per cent in her council. Our target was 37 per cent, but we are running at between 50 and 60 per cent. That has assisted us to an extent, but it is also a risk. As that percentage gets higher, the churn of housing stops. We need the churn of housing at all times. We need houses to be coming into the stock and we need people in temporary accommodation to move through. Some of the written evidence that we presented was about the delays in dealing with voids and what we have done to address that.

Therefore, are we close to a housing emergency? We absolutely are. Have we decided to declare one? No. With regard to the trends in the data, although I hate to say it, I desperately hope that we have hit the peak. In the past six months, homelessness presentations have stayed very stable. Therefore, although homeless

presentations increased by 16 per cent last year and 13 per cent the year before, over the first six months of this year, we have seen about 200 presentations a month, which is the same as last year, so we have not seen a significant increase again this year. A lot of that comes down to the prevention work that we are doing. Are we close to a housing emergency? Yes. Is there systemic failure? There absolutely is, but we have decided not to declare an emergency. Our approach is more about the prevention work that we are doing to combat that situation.

Blair Millar (East Ayrshire Council): Good morning. With regard to my understanding of a housing emergency, the committee has heard some reasons for declaring an emergency, but, for me, some aspects were missing. The cut to the affordable housing supply programme is a key determining factor in our ability to meet current and future demands. Social rented stock is limited. Across the sector in Scotland, there is quite a low turnover of properties, which Stephen Llewellyn just referred to. However, that is crucial to getting throughput to enable us to allocate tenancies to individuals who are experiencing homelessness and other groups of people with housing needs who are on our lists. Challenges are being created by rising investment requirements under new legislation, which put pressure on the housing revenue account. Although the legislation is well intended, it has a significant implication in terms of how we redistribute revenue to pay for capital expenditure.

Other factors are also having an impact on the availability of housing through our resettlement programmes, which are creating challenges with regard to the wider market. In the earlier evidence session, reference was made to the complexities that our front-line officers are dealing with day in, day out. I would not underplay those—it is a complex issue. Getting the house is just part of the story; there is a whole plethora of support mechanisms that must be in place to sustain the housing for those who get it.

In East Ayrshire, what we are seeing is slightly different from the rest of Scotland. We are seeing lower levels and less time in temporary accommodation than the Scottish average, but it is increasing. We are seeing fewer people in temporary accommodation and the number of presentations is probably at pre-pandemic levels. We saw a spike in 2022-23, but we are about 18 per cent down on that.

We are looking to reduce the amount of temporary accommodation that we have in East Ayrshire. We have quite a flat housing market, which helps; therefore, our PRS is broadly aligned to the local housing allowance rate. That does not put huge pressures on us in relation to

homelessness at the moment, but there is pressure. Our PRS rents are, on average, in the region of 35 per cent less than the Scottish average. We see lower levels of repeat homelessness in East Ayrshire as well.

The Convener: Thanks very much for those responses. You touched on some of the areas that I want to talk about and on the work that you are doing. Stephen Llewellyn, you say that you are maybe teetering on the edge of declaring an emergency, so perhaps this question is more for Blair Millar and Edward Thomas. Do you want to say any more about any work that you have been doing that has prevented the need to declare a housing emergency? Edward, how is it going in Moray?

Edward Thomas: I mentioned the change to the allocation policy, which is important in prevention. In the past year, we augmented our front-line service. We increased it by one homelessness officer, in order to keep control of the opportunity for early intervention and prevention, and to get outcomes other than requiring individuals to present as homeless. When you lose control of that front end, you can be chasing your tail and putting the resource into processing and facilitating homelessness, rather than preventing and resolving it. Those are the main factors in the Moray context.

Blair Millar: I referenced that, in 2022-23, we saw quite a significant increase in presentations, so we did a deep dive in our data to see what it told us. We pushed prevention work up front, and we enhanced officer training to roll it out not only to those who work in our housing options teams but to those who work in our housing teams. Our approach was to try to prevent homelessness. We amalgamated our housing options, or homelessness, team with our housing teams and our housing support teams. That is still proving really beneficial in having good awareness of what is happening in our communities and of individuals who might be at risk of becoming homeless. We are therefore able to take much earlier action to prevent homelessness. We are seeing our prevention cases rise significantly, but the outcomes of those cases are really positive.

We recognise that trades go in and out of houses most days, or every day, of the year. We introduced the our street forum to identify any signs of tenancy stress that might be happening in our communities. It simply involves a referral back to base. We assess it, and that assessment could lead to an adult support protection referral or a child protection referral, or it could simply trigger an early warning sign that there is a support requirement in that house. We then proactively send our teams out to manage that circumstance.

The Convener: Just to clarify, that is a forum that a tradesperson who goes into a house and sees something could—

Blair Millar: My portfolio is much broader than housing. I have about 1,000 staff who are briefed on the our street forum, so I have bin men reporting circumstances in our communities as well as housing-specific cases.

The Convener: Great; thanks very much. I believe that Fulton MacGregor has some questions specifically for North Lanarkshire Council.

Fulton MacGregor: Thank you, convener, and good morning to the witnesses.

I hope that you can hear me okay now and that the network issues have been resolved.

The Convener: Yes, we can hear you.

Fulton MacGregor: Excellent, thank you. I will keep my questions specific to Stephen Llewellyn from North Lanarkshire Council. I declare an interest in that I know and work well with Stephen in his role as chief housing officer.

Stephen, I will ask about something that it might be helpful for the committee to know about. I note that North Lanarkshire Council has a quite an ambitious plan to acquire 100 properties this year via the open market purchase scheme. Will you share the lessons that you have learned from that and say what else you think your council and other councils could do to extend and improve the buy-back scheme to increase stock levels?

11:00

Stephen Llewellyn: I thank Fulton MacGregor for that question. He writes to me regularly—every other day—about housing need in North Lanarkshire.

In the past six years, the council has bought back 767 houses through the open market purchase scheme. Initially, vacant and empty properties were bought, but that has now changed. Blair Millar mentioned prevention, which is key to absolutely everything, not just in tackling the housing emergency but at any point in time. If we get that right, it will certainly help.

We have expanded our open market purchase scheme. This year, our ambition was to buy back 100 properties, but we hope that the figure will be 150. We no longer buy back only vacant properties; we also buy back the last property in a block of flats. Every council and housing association will probably experience the same struggle with owner-occupiers and private landlords not contributing to certain repairs, so we try to buy back the last property in a block so that we get full ownership and can do all the necessary

work relating to roofing, rendering and energy efficiency measures.

In addition, we buy back houses that private landlords want to sell when tenants are living in them. In the past, we would not have bought such properties. A private landlord would go to tribunal and sell the property, which would result in a homelessness case. If we buy such properties with sitting tenants, we prevent homelessness. Although private landlord rents are affordable across most areas in Scotland, they are still significantly high in North Lanarkshire. In the main, it was a lot of ex-council stock that was bought. If we buy back a property in a block, we prevent homelessness and the rent halves overnight. Average private rent for a four-in-a-block house in Coatbridge in North Lanarkshire—Fulton MacGregor's area—is between £750 and £800, but average council rent is between £350 and £400.

There are a lot of benefits to the scheme. In the past, we bought back only empty properties, but we now have additional stock to prevent homelessness and help the wider system. In the council, we had to convince people that the scheme was a good idea. It prevents homelessness and has much wider benefits, so I certainly suggest that councils that do not have such a scheme should consider it, not just for vacant properties but to prevent homelessness. It is a really good scheme.

My final point is that the scheme is also cost effective. The average cost of buying back a property in North Lanarkshire is between £70,000 and £80,000, whereas the cost of a new build is between £250,000 and £300,000. The average cost of bringing up to our standards the properties that we buy back is £20,000, so the overall cost is, on average, between £90,000 and £100,000, compared with nearly £300,000. We can buy back three properties for the price of a new build, and that is a quick and easy way to do it.

The Convener: Absolutely. I use the phrase “three for the price of one” a lot these days.

Fulton MacGregor: That answer was really helpful. I have one further question. I do not want to step on other members' toes, because I know that we will be coming to the issue of voids, but can you talk about the void situation in North Lanarkshire? How are you ensuring that the situation is managed effectively? I know that North Lanarkshire Council has a good story to tell on voids, so could you elaborate on that?

Stephen Llewellyn: The overall void rate in North Lanarkshire is very good now. A lot of work has been done with our partners and contractors on the overall quality and level. We have a void-plus standard, which involves decorating all

properties, and we have found that that helps in sustaining tenancies. In recent times, the void days have not been impacted.

Everybody, including the Association of Local Authority Chief Housing Officers, has mentioned that utilities companies have been an absolute nightmare over the past number of years, and they continue to be a bit of a nightmare. Given the issue with energy efficiency and that people are struggling with their energy costs, we find that more and more void houses come back with rigged meters. We make appointments to get utilities companies to fix the meters, and my staff sit in a house all day but no one turns up. I am sure that the vast majority of other local authorities will say the same about their dealings with utilities companies. If I have one plea to the committee, it is that we should force utility companies to provide a timescale for responding to and fixing such problems. Last year, a house sat with a problem for 14 months, which is the longest period that we have had. People spent all day on the phone making appointment after appointment, but those appointments were regularly broken. One of the local MSPs told me earlier that the issue is that utilities companies are not devolved. They are still under the UK Government and we do not have a lot of control over them. If we could get something done with the utilities companies, the return of voids could be sped up. It might sound silly and easy, but it would greatly assist all local authorities.

The Convener: That is a really great point. Those things are not silly—they are the things that we need to understand. Sometimes why things are not happening is a bit of mystery. That is certainly a very good point.

Willie Coffey, I hope that your toes do not feel too stepped on. I will bring you in on these questions and you can ask them of other witnesses.

Willie Coffey: Thank you very much, convener. I love it when colleagues say that they do not want to step on another member's toes by asking a question that another member is asking and then proceed to do it anyway.

I was interested to hear that the local authorities that have not yet declared an emergency are taking action in response to the emergency that has been declared by others. That is encouraging.

I want to ask about the voids situation across the board. We have representatives from five local authorities in front of us. We have heard extensively from Derek McGowan about the good work that they are doing in Edinburgh; you said that you have already brought back 500 voids this year.

I just want to get a flavour from the other authorities of what part the recovery of voids back into the letting pool plays in tackling the housing emergency. If you could share with the committee some numbers from your local authority, that would be helpful. I will start with Donna Bogdanovic.

Donna Bogdanovic: We are a stock transfer authority, so I am kind of speaking on behalf of our registered social landlords. Voids are not a big issue for us, so they will not play a significant role in the response to the emergency.

While I am speaking, I will raise the issue that there is a challenge in the fact that a lot of the targeted national support and funding is deployed in a way that leaves us struggling to take up those opportunities or use that funding as part of our emergency response.

Willie Coffey: Blair Millar, what is happening in East Ayrshire with void management and the ability to bring them back into the letting pool?

Blair Millar: This morning, I have 138 voids in East Ayrshire, all of which are at different stages in the process of being reallocated. In East Ayrshire, we do much the same as what Stephen Llewellyn does from an asset management perspective. We tend to do a lot of our housing improvement works while the property is void, so that there is less impact on our tenants when they move in. For similar reasons, we can prove that that links to greater sustainability if they get a modern property where all the work has been done for them before they move in. However, the downside is that it impacts on the time taken to relet. We take about 60 days on average to return our voids.

It is important to recognise that a lot of conversations have been taking place through ALACHO about something that we are all experiencing across the sector, which is the condition in which voids are returned to us and how that causes us significant challenges—especially the issues that Stephen Llewellyn spoke about—which mean that it takes us much longer to return those voids. Voids will be one of the solutions and one of the tools in the toolbox, but they will not be a panacea for the housing emergency.

Willie Coffey: Stephen Llewellyn, do you have any more on the voids story in North Lanarkshire?

Stephen Llewellyn: No, it remains very good. It takes 30 days on average. As I said, we also try to do capital work, such as kitchens and bathrooms and, if a heating system needs to be upgraded, we will do that. At the moment, it is a good news story. However, as I said, because of the issues that we have with the utilities companies, it could be better. As of this morning, we have returned 225 voids to our total stock of 36,500 properties.

That is probably the lowest number in the past few years. This time last year, we had returned more than 400. We are now at the point of natural turnover, in my opinion.

When we increase the percentage of lets to homeless people, we also reduce the number of voids, which is a risk because we need a void turnover for the waiting list. There are 15,000 people on the waiting list in North Lanarkshire. Even if we were talking about new builds, if I have 100 new builds and I allocate 100 to the homeless, it finishes there. If I have 100 new builds and a percentage goes to the homeless, a percentage to the general list and a percentage to transfers, that creates churn. Therefore, 100 new builds could give me 300 voids, and 300 voids is a good thing, as long as you allocate them quickly, because it reduces the waiting list by 300 rather than just 100.

A lot of good things are happening. I am happy with where we are just now and with the work that we have on overall void levels. I am worried because we need more churn to take people off the waiting lists.

Willie Coffey: Thank you. Edward Thomas, have you found that trying to tackle the voids has helped, additionally, to reduce the emergency situation that everybody is talking about? Has that given a new impetus to looking at the void picture? Could you share your experience in Moray?

Edward Thomas: It has certainly helped. Our average void time peaked at about 76 days during the pandemic, in 2021, and we have managed to get that down to 35 days. We went about that through an intense process review of how efficiently we were inspecting the properties and arranging the works within them. During that period, we had extensive issues with utilities companies; although we have not totally cracked those, their impact on the overall journey has certainly reduced significantly.

We have also managed to come up with differentiated processes for the poor-condition properties that come in. We have a different approach to tackling those as opposed to the properties that just need a safety check and a clean. We have managed to create accelerated programmes for the easier-to-turn-around properties, and we are getting more multitrade approaches to the properties that require the capital investment that Stephen Llewellyn referred to, as well as those that require a bit of damage to be repaired.

We are down at about 70 properties. That is just over 1 per cent of our stock, which I think is the natural turnover figure that we could expect to see. However, turnover remains a challenge overall. It has reduced, year on year, for the past several

years, which gives us fewer properties to allocate to the various housing needs, including homelessness.

Willie Coffey: Thanks for that. My other question is about the support that you are getting from the Scottish Government, or that you would hope to get from the Scottish Government. I will start with Derek McGowan this time. How does Edinburgh see that? What support have you had? What do you need to help you further? Cash and resources might be the obvious thing, but what other types of support does Edinburgh need to tackle the problem?

Derek McGowan: We work well with Scottish Government colleagues across the more homes and better homes divisions. Funding is an obvious issue and there are on-going discussions on that. As I said, we are having on-going meetings with Sean Neill's team on how to respond to the emergency and what support is available.

There are obvious issues, such as the local housing allowance, which were well played out in the previous panel.

There is investment, how money is provided, the proportion of money that is provided in relation to where there is demand for new houses due to demographic change—it would be helpful to match that more to what the demographic changes in the country are likely to be—and how we work with institutional investors. I am a member of the Minister for Local Government, Housing and Planning's housing investment task force, so I am well versed in the on-going work.

There are issues such as general fund subsidy of the housing revenue account, the need for ministerial approval and how that works—what it looks like. The current HRA guidance is 13 years old. Is it still the right guidance? Is it fit for purpose? The economy has changed probably a couple of times since it was published. There are practical things there. Affordable housing supply mirrors what is happening in the country in terms of demographic change, as I said.

There are also some issues to be looked at around prevention. We have a very strong prevention approach, as do other colleagues, as you have heard. We are likely to prevent homelessness for around 450 households this year, based on statutory returns, which will avoid about £10 million-worth of costs for us, so it is really good work and performance. However, homelessness is still going up despite that prevention work.

We are working with the Scottish Government, with NHS Lothian through DataLoch, and with the University of Edinburgh through the Edinburgh futures institute and the Smart Data Foundry on how we can prevent homelessness. What does

predicting homelessness look like? Does a pathway emerge through mental health presentations at accident and emergency, or alcohol and drug misuse? How do we understand that? How do we plan for it? How do we build a model, using data that we understand across the public sector, that can prevent homelessness not six months down the line, but in two or three years' time? There is public health research that shows that that information is there. Support for that work would be valuable. It would be good if the Scottish Government took a lead on how to synthesise the data properly and produce a model to help us to prevent homelessness.

11:15

There are also questions about legislation. I have a concern about the Housing (Scotland) Bill—not the contents of it but the way in which it has been scrutinised. This committee has scrutinised the private rented sector provisions and the Social Justice and Social Security Committee has scrutinised the homelessness prevention provisions. I am concerned that that scrutiny is not coherent with regard to how the different parts apply to each other. There is some really important work to be done in that regard.

There is a range of issues on which we could use support. Funding is obviously important, but it would also be helpful if a serious and deliberate approach could be taken to the question of what a data identification and homelessness prevention model would look like. We are discussing that with colleagues at the moment.

Willie Coffey: Thank you. That was an extensive answer, so I ask for briefer responses from your colleagues on the panel.

What has the Scottish Government done for you so far, and, more importantly, what do you expect it to do for you? We are aware of consequential coming from the UK budget. Do you have any suggestions for how they could be used to take things forward?

Donna Bogdanovic: I will be brief. I absolutely agree that funding is important—I am thinking in terms of targeted capital and revenue support to help us to overcome market failure in our region. I know that it has been said before, but we need to work with the UK Government on freezes to the local housing allowance rates—that is a significant issue, and we need to see the value of that allowance restored. We also need there to be a review of the broad market areas, because there have been impacts on not only affordability in our region but our ability to develop other affordable tenures, such as mid-market rent.

The other big issue for us is the need for more flexibility to be applied in the funding

arrangements. I could say quite a lot about that, but I will not go into too much detail unless you want me to. However, I can say that we need the national policy and framework to empower us locally, so that we can use these opportunities to respond to our unique local circumstances. Those are the big issues from the perspective of the Scottish Borders.

The Convener: Could you say a little bit about the housing revenue account, which Derek McGowan brought up? He said that you have to speak to ministers if you want to add to that pot from the general fund. Up to this point, no council has done that, and Derek McGowan suggested that that was partly because the guidelines are not clear. It would be interesting to hear your thoughts on that, as that could be a way in which you could get more funding.

Donna Bogdanovic: That is a really good question. Unfortunately, following stock transfer, we do not have a housing revenue account, so I will leave that question to others to answer, as they will be able to do so more expertly.

I would highlight that, last year, despite the fact that we are in a housing emergency, we underspent on our supply programme allocation. There are things that we could have done with that funding—we could have spent it in different ways—but, obviously, we are tied to the framework that we have at the moment. Equally, huge viability gaps in local projects meant that the council put in more than £2.5 million to support those projects to deliver affordable housing, when, at the same time, we are not able to spend the funding that is being made available from the Scottish Government. Alongside many other examples, that tells me that the arrangements are just not working for us in the Scottish Borders. We are keen to push for more local administrative control over that funding in the future, whatever the future funding arrangements might look like.

Blair Millar: This might be labouring the point, but additional money to stimulate new build is significantly important. The sector welcomed recent increases in our grant-level funding, but they did not get anywhere close to being enough to allow us to stimulate good growth for social rented housing. That is an important point.

We also need longer-term funding. Three years is not long enough to plan, and we need certainty over a much longer time period. One-year funding for the rapid rehousing transition plan is not sufficient for us to make a sustained difference.

Derek McGowan touched on the distribution of funds, which I am passionate about. We are not only housing providers, because what we do through housing is improve people's health, wellbeing, life expectancy, educational attainment

and ability to get employment. That is the impact that we make. It is about connecting the public policy that needs to be connected and asking, "What is the driver?" The impact could come through housing, and the funds should be distributed accordingly.

I give a health warning about the HRA. I understand its merits, but it is our tenants' rent. Our tenants pay their rent, which allows us to invest in stock, so they need to be the absolute beneficiaries of any investment that we make. That is my comment on that.

Stephen Llewellyn: I agree with a lot of what has been said on funding and finance, so I will not go over that ground. The LHA has been frozen for a long time, which has had an impact. I will raise a couple of additional points. In North Lanarkshire, 64 per cent of homelessness presentations are single people—46 per cent are male and 16 to 18 per cent are female.

On the allocation side, which is the other part of the issue, the vast majority of stock that turns over in North Lanarkshire consists of two-bedroom properties. That is what was built over the years. We would allocate a two-bedroom property to a single person, but the policy of many housing associations is that they will not do that because of a concern about the bedroom tax and potentially ending up with a significant funding shortfall. As you know, the Scottish Government is fully mitigating the bedroom tax just now, but if that ever changes, that is a risk.

The percentage of homelessness lets in North Lanarkshire in the RSL sector is very low. I have spoken to the regulators about that, and perhaps that is something for the committee to consider. The housing policies of a number of RSLs are having the impact of making the housing emergency worse, because they will not allocate a two-bedroom house to a single person. As I said, two thirds of people who declare themselves homeless or present as homeless in North Lanarkshire are single. The housing associations do not have turnover of one-bedroom properties, so they are not doing their share overall.

Edward Thomas: I echo the point about the stability of funding and policy. We heard from the academics about the impact of private rented sector interventions. I will focus on a couple of issues in northern and rural areas. The access that we have to the rural housing fund is limited in the Moray context—for example, key workers at Dr Gray's hospital in Elgin are not deemed to be in a rural area, but some places within commuting distance of the big cities are. We have raised that issue with our more homes colleagues.

There have also been localised issues in relation local development trusts' access to up-

front funding to help with business case development and design. That is inhibiting progress at a local level.

Finally, I will focus on prevention. Although prevention is critical, at the root of the issue is the fact that some of the opportunities for prevention are limited by the local connection changes. If people are not becoming homeless in a local area, there is less opportunity—although that is probably a net benefit. Moray would probably see more people gravitate towards cities, as is not uncommon when homelessness arises.

At a national policy level, I do not think that that is necessarily a given, because of the tools that local authorities have to respond to the issue. It also cuts across the national resettlement programmes, because the opportunities for prevention are clearly limited. Therefore, more of a response is needed, which will be disproportionately felt by local authorities in urban centres.

The Convener: I will pick up on the HRA, Edward. To be clear, my understanding is that tenants would not be affected. If councils wanted to put additional money from the general fund into the HRA pot, they would have to ask ministers for permission. Up to this point, no council has done that, partly because the guidelines are not clear. Could we do something to help bring clarity to that area? Is there any interest in that in Moray?

Edward Thomas: I think that it is theoretical. I could not hope to have a business case that asked for money with our current general services deficit. However, I agree with Derek McGowan that it would be helpful for the HRA guidance to be reviewed, given the contextual changes since that was last done, with a focus on the acute challenges that we currently face.

Derek McGowan: To expand on that, one of the difficulties with the general fund subsidy issue is the budget cycle. The Scottish Government budget will be set in January, and most councils will have to set theirs by the end of March—they will probably try to do it in February. There is an issue with developing the business case and understanding what the settlement was, what you might need and what you might want to subsidise. That is theoretical, because we are not doing it, but it is a question that is going around.

The angle would be that local councils are democratically elected organisations that know how to spend their money. Why is ministerial approval needed when the timelines do not necessarily allow for that? There is something about that legislative process.

The guidance is relatively clear, but if a council wanted to add to the pot, the timescales might prevent that from happening. There could be an

assumed consent model, rather than having to go to the minister. It is theoretical because I do not think that we are looking to do it; it is just that the concept needs to be clarified.

The Convener: Great—thank you very much for that. I will bring in Fulton MacGregor again.

Fulton, are you there?

Fulton MacGregor: Hello, convener. I did not ask to come back in.

The Convener: You have question 6.

Fulton MacGregor: I think that that was for the previous panel, but I am happy to ask it if you want. That is absolutely no problem.

The Convener: Thank you very much.

Fulton MacGregor: That was a wee surprise that I got an additional question.

The Scottish Government has emphasised the need for UK Government involvement and more joint working in arguing for the abolition of the bedroom tax and the restoration of the LHA rates. If those measures were implemented, how could that help to solve the underlying housing emergency in Scotland, particularly in the witnesses' local areas?

Derek McGowan: My microphone is on, so I will answer first.

I think that those measures would make a huge difference. There are a number of areas where we can work with the UK Government, including asylum policies and the refugee situation, but the measures that you mentioned would make a huge difference. I have figures in front of me that show that, for example, the weekly shortfall between the local housing allowance and the average rent in Edinburgh per week for a three-bedroom house is £121.11, which is almost £500 a month. This is about poverty; it is about putting food on the table and clothes on your back. There is a housing element but, as Blair Millar mentioned, looking at the issue through a wider public health lens—around what we are able to do and how families are able to support themselves—is fundamental. Housing is a huge part of it. It absolutely is an enabling system, but those changes would make a huge difference. In Edinburgh, one in five children are living in poverty, and such changes would make a huge difference to their lives.

Donna Bogdanovic: I absolutely agree with Derek McGowan that there would be a massive change. Maybe we need to caveat that a bit by being careful that the measures do not inadvertently increase market rents locally. As a council, we are absolutely on board, and we have been asking for those changes for a long time.

Again, it goes back to having all the data and measuring whether such policy decisions have the intended consequences that we hope and expect them to have.

Blair Millar: I agree totally with Derek McGowan. Given the statistics that I set out earlier, there is a local context in East Ayrshire, because the increase might cause us some challenges with additional pressure for people who do not already have that pressure. However, I fully recognise why the bigger cities, such as Edinburgh and Glasgow, would absolutely advocate for change.

The Convener: It is helpful to understand that it is a nuanced approach, depending on the circumstances.

Stephen, what is going on in North Lanarkshire?

Stephen Llewellyn: I agree with what has been said about the LHA. As I said earlier, the biggest reason for homelessness in North Lanarkshire is relationship breakdown. Nearly two thirds of the applicants are single people, so the abolition of the bedroom tax would be greatly welcomed.

We are mitigating the bedroom tax for just under 7,000 current tenants, and we receive funding for that. However, for people who are coming on to the waiting list, the bedroom tax is a barrier just now in relation to some of the RSLs' policies on house sizes, so its abolition would be extremely welcome from a North Lanarkshire perspective.

11:30

The Convener: How about in Moray?

Edward Thomas: The abolition of the bedroom tax would certainly not be unhelpful. It would be beneficial in giving realistic access to a greater number of properties.

Donna Bogdanovic made a point about the broad rental market areas. Moray is divided. It is not divided along rental market area lines, but the old divide between Aberdeen and Inverness postcodes throws up disparities, such as higher rent levels in one area where the market rents are a bit lower and are not keeping pace with the other area. We could do with a more intuitive look being taken at that.

The Convener: Thank you for that. I will now bring in Alexander Stewart.

Alexander Stewart: In our discussion with the previous panel, we touched on some of the medium and long-term issues to do with the housing system and how it is managed. A number of actions in the Scottish Government's housing to 2040 strategy are about ensuring that the housing market operates fairly and provides affordable housing options and choices in all communities. It

is a huge ask of councils to manage and implement some of those actions.

Do you think that any progress has been made on that aim? What else needs to be done to ensure that progress can be made? As councils, what role do you have in supporting that action? Do you think that that is not achievable as part of your role as councils? Perhaps we can start with Derek McGowan, then move round.

Derek McGowan: My initial thought is that I do not think that housing is seen as a public health issue in Scotland—but, fundamentally, housing is a public health issue. There are many merits to the terms of reference for the housing to 2040 board, but I do not see the national health service, Skills Development Scotland or higher education being represented on that board. If we are to tackle the housing situation and meet the aims of the housing to 2040 board, there has to be much wider representation from the public sector so that we can provide the skills and understand what we need to do in relation to the construction sector and so on. We need to have a whole other discussion about that. The housing to 2040 board is a positive thing, but the membership is not wide enough to set the policy.

Alexander Stewart: What role do you see councils having?

Derek McGowan: The councils' role is to do what we need to do locally and to feed in to the process. Under our community planning umbrella, we have just established a strategic housing partnership to do that and to make sure that there is a civic stamp on housing in the city of Edinburgh. That will involve all relevant bodies, including Social Security Scotland, the Department for Work and Pensions and Skills Development Scotland, as well as—in relation to construction—Homes for Scotland, to make sure that we do that at the local level. It is a case of our doing what we need to do locally to support that.

Donna Bogdanovic: Derek has made some good points. I reiterate a point that was made in the session with the previous witnesses: the position that we are in has developed over such a significant time that short-term actions will probably not work. The process will take many years, so we need to take a long-term approach, which the housing to 2040 strategy does. We agree with almost everything that is in there—it provides a really good foundation, but we need long-term sustainable funding and we need capital and revenue support.

We also need input from other sectors. Derek McGowan touched on the fact that housing outcomes cut across so many aspects of our society. It is really important that we use the housing measures that we are taking now, or that

will be delivered through the housing to 2040 strategy, as tools to ease the pressures across other sectors. Derek mentioned health and social care, which is a good example. Housing feeds into educational attainment and employment opportunities, and in the Borders, in particular, to the prosperity of the region and the economic development that needs to lie behind that.

I am not yet entirely sure what our role might be, but we already have a regional housing action plan and a local housing strategy, and we will continue to feed in to and respond to national policy.

The point that I really want to make is about long-term sustainable certainty across the whole housing market. There is room for all tenures and that certainty will attract investment, so that is what we should aim for.

There is a great deal in “Housing to 2040” and it needs to be prioritised in the current context because, as Blair Millar touched on, there are increasing pressures, regulations and new standards, and there are a lot of questions about how we will deliver on all that in the current circumstances.

Blair Millar: The milestones in “Housing to 2040” remain relevant for us, as a sector. However, they also present significant challenges for us. I will go down the route of affordability. With regard to there being a housing emergency, regardless of whether “Build, build, build” or “Buy, buy, buy” is the best way for us to address the emergency, it will cost significant amounts of money. The money that we get from the Government is a small proportion of the actual delivery cost, and the burden is placed on councils and tenants. Therefore, achievement of the milestones in “Housing to 2040” should be reconsidered—I am referring specifically to the new social housing net zero standards. Although I absolutely understand their importance, the cost to each local authority is probably unaffordable, given the other conditions of the situation that the standards sit within.

Stephen Llewellyn: On what Blair Millar said, in North Lanarkshire, we estimate that the net zero standards will cost £3.3 billion. We are talking about HRA and general funds, so that will mean significant rent increases along with everything else that is going on. Of course we are committed to net zero, but it is good to put the cost that we are talking about out there. With regard to overall actions, we are totally committed to net zero. The chief executive of North Lanarkshire Council, Des Murray, is very forward thinking and progressive.

With regard to bringing partners to the table, there is absolutely a partnership. As Blair Millar and Derek McGowan have mentioned, health and

wellbeing are crucial and we no longer work in silos. I have been there, a long time ago, when it was very much a case of people working on their own. However, health, education and social work services are all at the table now—certainly, in North Lanarkshire—and that is working really well.

Affordability is so important, but so is the appropriateness of properties. In North Lanarkshire, we have started demolishing some properties: people might ask why we are demolishing homes during a housing emergency. We had started the process before it, but we are removing properties for which there was not even low demand—there was no demand. Even if someone moved into one of those properties, the tenancy would last only about six months. I knocked down 100 houses on an estate in Wishaw, for which there was no demand whatsoever. We have just built 100 new houses, and I have 1,000 people on the waiting list for them. People had said that there would be no waiting list, but we have built 100 appropriate affordable houses, and we have generated that demand. That is definitely the way ahead. Therefore, it is about not just affordability but the appropriateness of our housing stock.

Alexander Stewart: That is excellent.

Edward Thomas: I will develop the point about the public health approach. There is a long heritage in housing, going back to the slum clearances and putting internal bathrooms in properties. We sometimes go full circle and revisit those key principles. Certainty of funding is an important component, as is policy alignment, which Stephen Llewellyn referred to in relation to the funding for net zero. There is simply no marginal cost benefit for tenants in funding that work through rents, which would definitely have unintended consequences.

Therefore, we need to get the balance right and we need to consider the proportionality of policy responses. After the Grenfell tower fire, a requirement for sprinkler systems in social housing properties was introduced. That has thrown up challenges. For example, we recently looked at converting a former children’s home, but we would have had to install a sprinkler system. Therefore, it made more sense to divest ourselves of that property. A sprinkler system would not be required in the private rented sector. We need to consider the proportionality of some interventions.

Alexander Stewart: Convener, I know that time is tight, so I am content with that.

The Convener: Thank you. I am a bit curious about “appropriateness”. Stephen Llewellyn, can you unpack that a bit so that the committee can understand it?

Stephen Llewellyn: Yes. We have spoken about void properties, and we probably all have to consider the appropriateness of our housing stock in certain areas. Certainly in North Lanarkshire, that is stock that was built in the 1960s, including some tower blocks that were initially meant to be there for only 50 years. We continue to invest in those.

We also have a lot of bigger low-level flats. Some people might ask why we would take away three-bedroom flats during a housing emergency. Over a long period of time, we have probably all had area renewals or regeneration and have all spent and spent. We have done everything that we can, including offering incentives, but those properties are still not attractive to people who are on the waiting list. That stock is not appropriate in certain areas.

I am sure that every council has areas like that and that we have all asked ourselves why we would demolish them. When I talk to people about the waiting list in North Lanarkshire, or any other list, it seems that everyone's aspiration is to have a front and back door and to have a house with a garden. The current waiting lists are absolutely full of that. We are demolishing walk-up tenement flats. The traditional houses that were built in the 1920s, 40s and 50s remain in high demand in most areas of North Lanarkshire, but those that were built in the 1960s or early 70s, which were mostly walk-up flats and tower blocks, are not just in low demand; there is no demand, even though there was unbelievable demand when those houses were built.

We have to avoid making the same mistakes that we made then. There is no point in building houses now if we will be knocking them down again in 30, 40 or 50 years. Affordability is absolutely essential, but we must spend the money that we have on building the right mix of the right houses.

The Convener: Thank you for satisfying my curiosity.

I will bring in Meghan Gallacher.

Meghan Gallacher: I do not have a question at the moment, convener.

The Convener: I apologise—I now have two people on the committee with the initials MG and must be careful about that. I bring in Mark Griffin.

Mark Griffin (Central Scotland) (Lab): Professor Ken Gibb told us earlier about potential reforms to the way that we operate land and land banks in Scotland. His centre has published a report called "Sustainable Housing Policy in Scotland: Re-Boot the Affordable Housing Supply Programme", which talks about creating a housing agency and compiling land assembly sites

to assist the development of both affordable and private housing. I do not know whether you heard his comments, but I wonder how you think that would interact with council services. I know that you might not all have property services or planning as part of your remit, but do you think that that would work to increase supply of housing land in Scotland?

Derek McGowan: That makes sense, in principle. We are quite lucky in Edinburgh at the moment because the council has access to a lot of land. There has been a concerted effort for the past few years to purchase land and we also have some pretty chunky numbers of new builds. I would probably need to see more detail about how that would work. We are a planning authority and have just published our city plan to 2030. To use a cliché, the proof of the pudding will be in the eating.

I would need to know how much interaction there would be with the agency, how it would be funded and what its remit would be. Would such an agency have priority over local councils when buying land? We would want to know about those issues and to know how land would be made available to local councils. I would need a wee bit more understanding of the detail.

Donna Bogdanovic: We support the principle and there might be some merit in exploring that, but I echo what Derek McGowan said: I cannot really comment if I do not know the detail of what that might look like or what role our regional economic partnership might have.

Blair Millar: As the others have suggested, the devil would be in the detail. Ken Gibb referred to the importance of local authorities in the conversations: we would like to have a seat at that table so that we can shape and influence what a housing agency might look like. I would like to know how that would be different to having local development plans or section 75s and what added value it would bring. That is my question.

Stephen Llewellyn: I will sit on the fence on this one. Until we have more information, there is no point in my commenting. A greater supply of land will obviously be a good thing, if we can get more affordable housing built overall. However, until we know more, I will sit on the fence.

11:45

Edward Thomas: For me, autonomy at the local level is important, but there is also the issue of funding. We have a shadow programme in Moray that we could get built if we had funding to support it.

Professor Hilber made an observation on the cost of housing in rural areas and said that his

expectation is that it is cheaper across Europe. The reality absolutely is that it costs more here. A lot of that is to do with the paucity of small builders and with issues of getting things built at scale, with which there are a lot of associated transportation and infrastructure costs. We possibly need to look differently at why the economics of land zoning and the costs are not really meted out evenly and we need to consider what positive interventions could be available through such an approach.

Mark Griffin: Thank you.

The Convener: Finally, I have to ask about the Government's new national outcome on housing, which is:

"We live in safe, high-quality and affordable homes that meet our needs".

I think that you were all in the room when I asked the previous panel about that. What do you think of that outcome? Will it help to guide the Scottish Government's policies to address the housing emergency?

Unusually, I will start at the other end, and go to Edward first.

Edward Thomas: One of my colleagues said in answering a previous question that the devil is in the detail. Although there is nothing to disagree with in that national outcome aspiration, we will need a really solid evidence base, as we heard from the professors, and we will need proportionality in any measures therein. I referred to the affordability of achieving net zero for social housing: funding that aspiration should not be placed wholly on the shoulders of tenants. A weighting could be placed on each of the elements, with proportionality.

The most recent interventions that we have had relate to changes to do with smoke alarms and so on. We all want to keep our tenants safe, but we need to look at the detail of policy to ensure that its costs are borne proportionately, given the funding that is available to put that in place.

Stephen Llewellyn: I absolutely welcome that outcome. There has not been a reference to housing in a national outcome previously but, in my opinion, housing is number 1—it is fundamental. Good-quality housing brings on everything else, in terms of education and attainment for children and health and wellbeing—the whole lot.

We absolutely welcome the inclusion of housing in the national outcomes, but there is a concern about how we measure "safe" and "high-quality". I would quite like the word "secure" to be added. I know that that is maybe not for everybody, but I think that everybody should be entitled to safe and secure high-quality housing. However, I absolutely

welcome that outcome, from the North Lanarkshire perspective.

Blair Millar: I absolutely welcome the outcome on safe, high-quality and affordable housing. It would be helpful if we added "within thriving communities", to bring in the community element.

The Convener: Yes. That would bring in the placemaking bit.

Donna Bogdanovic: We support the new national housing outcome. We have all touched on this, but the value of the social and economic contribution of housing really needs to be seen. Without a specific outcome, housing has probably not been as much on people's radar as it should have been. We welcome the outcome.

Derek McGowan: I welcome the outcome. My colleagues have made important points around thriving communities and public health. Yes—it is positive, but the devil will be in the detail.

The Convener: Great. I think that you have made the case that housing is critical for so many things, including education, wellbeing and poverty—everything.

I believe that Meghan Gallacher wants to come in, and then we will wrap up.

Meghan Gallacher: Thank you, convener—I appreciate the opportunity to come in with a last-minute question.

I note that, similarly to Fulton MacGregor, I regularly work alongside Stephen Llewellyn in relation to local housing casework.

My question is on housing waiting lists and the points-based system that operates in council areas up and down the country. Based on what we have heard today in relation to needs, wants and aspirations, will there come a point when we have to adapt the points-based system to meet modern-day housing challenges?

I will kick off with Stephen Llewellyn, given the vast amount of people who are on housing waiting lists in North Lanarkshire just now.

Stephen Llewellyn: As you are aware, there are 15,000 people on the waiting list in North Lanarkshire—that number has gone up in recent years from 12,000. North Lanarkshire has a needs-led housing policy and we will allocate points to anyone who puts in a housing application, but the key part is having good-quality housing options and outlining to people how what they are asking for relates to what is potentially going to be offered.

There are certain areas in your constituency where there is really high demand for housing but no turnover whatsoever. Someone will still say, "I will wait on that three-bedroom semi-detached that

is going to come up". We tell them that there is no such thing, because of the right to buy, or that we have a couple in the area but they have never turned over and the prospect that they will turn over is nil. We say, "You need to be looking at a three-bedroom flat. There is turnover in an area a mile from where you are", but they say, "I'll wait on that three-bedroom semi-detached", to which we would say, "Well, you're gonnae wait on it but you're no gonnae get it". No matter how often we tell people what the housing options are, they still have that aspiration for a certain type of house.

It is a difficult one, but the housing options toolkit that was launched a few years ago is absolutely superb. It is about outlining to people what the turnover is, what the demand is and what to expect to be offered. To be absolutely clear, the housing allocation policy is very much a needs-led policy just now, but we also have a small element in there in terms of aspirations. If someone has been in a flat for 20 years we will give some kind of preference for them to move out, but it is still very much a needs-led policy.

Derek McGowan: Following on from what Stephen Llewellyn said, our EdIndex system has about 16,000 or so people looking for a house on it, so we are on the same sort of level as North Lanarkshire. We have an average of about 260 bids for each house that becomes available, which is pretty important in considering the housing emergency.

We are reviewing our allocations policy; that is a key part of our housing emergency action planning. We are looking at what different countries and cities—capital cities, given our context—do, in North America, Europe and Australia, for example. We are trying to get the best examples that are out there in order to consider what makes sense and whether any changes are needed to our approach, and we will take it from there. I know that work is also being done on allocations policy at a more general level through ALACHO, so there is work under way.

Edward Thomas: We have about 3,500 on our list in Moray. It is a needs-led process, similar to the one in North Lanarkshire that Stephen Llewellyn described. It is a means to an end: we are allocating a scarce resource and making sure that we are responding to those who are in greatest need. However, there are limitations to that approach and I know that choice-based lettings, which is the approach taken in Edinburgh, has certain attributes.

It is important that we try to capture a greater depth of information beyond the housing options. For example, in some of our rural communities people will only apply for what they know that we have, so they will not bother to put down some of the communities that they might prefer to live in. It

is important that we develop a depth of additional evidence to inform the processes of acquisition and building, because that keeps the communities sustainable in some of those rural areas.

Blair Millar: Exactly like Stephen Llewellyn, we have a waiting list points system that is led by need. In East Ayrshire, about 12 or 18 months ago, we introduced an online housing application system. Within that there is a mapping system for people's preferences when they are choosing where they want to live, which is populated with stock and turnover information. That has been really helpful in driving people's choices about where they would like to be offered housing, because they in the position of having good knowledge of the likelihood of being made an offer. In particular, the housing options team is seeing much more acceptance of first offers than we have seen before in East Ayrshire.

The Convener: That sounds like a good system. I have a couple of questions. One is about the aspiration for a semi-detached home that Stephen Llewellyn was talking about. What is driving that? Is it because we have a history of flats and things that were poorly built, where you could hear your neighbours verbatim through the walls? Although we now have new technology and building standards where you cannot hear people, we have an experience of older housing in flats that sets us up to think that it is always going to be like that. However, if we use modern-day technology, we could do something better.

Stephen Llewellyn: It is an interesting point, which has come up in North Lanarkshire in the past few years. I am not saying that it is going on across the country, because it is probably not.

We have now built two blocks of flats and both blocks—one is three storeys high and one is four storeys high—have lifts in them. Again, we are future proofing them—it is not like the old tenements where people are four storeys up and have to go up and down the stairs. All the flats will be future proofed. However, up to now, all the properties that we have built have been either cottage flats or properties with front and back doors. That in itself has driven the expectation in North Lanarkshire. We now have people chasing new-build sites, which we have never had previously.

In North Lanarkshire, there are pretty much six different housing markets—it will be the same across the different areas. There are different towns across North Lanarkshire, such as Coatbridge and Airdrie and so on, but not one main town—it is not like a Glasgow or an Edinburgh city centre—so there are six different housing markets. Cumbernauld, for example, is extremely different from other parts of North Lanarkshire. In the past, people would have kept

to their own area, but now we are finding that people follow new-build sites. When they see new builds in Wishaw, people from Airdrie will follow them. When people see council new-build sites, they move their applications. People can apply for any area but they are jumping about.

We have probably created a bit of an expectation, because the new houses that we have built over the past seven years all have front and back doors. It has created an aspiration. The fact that there are difficulties with land means that we will require to build more flats. We need to ensure that we have a better mix in a bigger site, such as a couple of blocks of flats, cottage flats, and some cottages, too. We will definitely have to do that. In North Lanarkshire, we seem to have kind of created that situation.

The Convener: My other question is around planning. A question came up in the previous panel around the fact that developers might get planning permission but do not move forward with housing development. It might have been Ken Gibb who responded that some kind of proportional property tax for land with planning permission would be good for moving such housing development forward. Do you face that kind of issue in your areas? One of the threads that came through in the earlier session was that planning was a problem, but maybe there is an aspect of planning where permission has been granted but housing development is not moving forward. What is it like in your areas?

Stephen Llewellyn: There are definitely such sites in North Lanarkshire. We had that discussion last week with Pamela Humphries, who is the chief officer for planning in North Lanarkshire Council. There are some sites—including pretty big ones—in North Lanarkshire where planning consent has been granted and developers, for a variety of reasons, have chosen not to start building.

Edward Thomas: The same applies in Moray, particularly in our biggest towns of Elgin and Buckie. It is ultimately about the economics of the aspirant market price. There is no disincentive for the builders to hold on and for that to change.

An inhibition is that we do not have the funding to take affordable housing projects forward. Sometimes, we might be offered an alternative, but we cannot do it at the moment. To get those projects built regardless would help with overall housing supply, not just in the social sector, and if there were any fiscal disincentive in that respect, that would not be unhelpful.

The Convener: Out of the corner of my eye I see that Willie Coffey is indicating that he wants to come in with a—very brief—question. After that, we will wrap it up.

Willie Coffey: Thanks very much, convener. One of the issues that I faced for many years as a local councillor was the inability to do an automatic mutual exchange, or to use the advanced software that I know that you now have, when people were looking for a house. Have we made any progress on that?

I was struck by what Stephen said a wee minute ago, that out of 15,000 people who are on a waiting list, 5,000 are homeless, which means that 10,000 folk are sitting in a house who want a different one. Is there a feature in your software systems that allows people to identify potential mutual exchanges for themselves rather expect the officers of the council to do that trawling and searching for them?

Stephen Llewellyn: I am happy to come in quickly on that. There is an online system in North Lanarkshire, which I suggest is not as good as it should be. It continues to be developed. However, people can try to match with each other around the house size and type that they are looking for.

Blair Millar: We have exactly that type of system available for people to identify possibilities of mutual exchange, which we encourage through our housing options approach.

Edward Thomas: We have 660 people on our transfer list at the moment. We incentivise downsizing, particularly to free up large family homes, and we have a downsizing officer who focuses on that. It is a lot of work, though, to try to make matches and to get those moves through.

The Convener: That concludes our questions. Thanks for joining us this morning—we are still in the morning, just. It has been very helpful to hear your perspectives on whether you have a housing emergency, whether you might be going in that direction, what contributes to that and how we can turn it around. It has been a pleasure to have you join us.

12:00

Meeting suspended.

12:01

On resuming—

Subordinate Legislation

Town and Country Planning (Masterplan Consent Areas) (Scotland) Regulations 2024 (SSI 2024/253)

Town and Country Planning (Amendment of Local Development Plan) (Scotland) Regulations 2024 (SSI 2024/250)

The Convener: The next item on our agenda is consideration of two negative instruments. The committee considered those instruments as part of a package of instruments at its meeting last week when it took evidence from the Minister for Public Finance. At that time, the committee agreed to reflect on the evidence that it had heard and to return the instruments this week. As they are negative instruments, there is no requirement for the committee to make any recommendations. No other member has any comments on the instruments, but I am quite keen to reflect on them.

The amendment of the local development plan is very welcome. It was good to hear the Minister for Public Finance make the point that there could be an opportunity for communities to be able to introduce local place plans that have not yet been developed through the amending process. I was heartened to hear that.

I welcome the streamlining of the masterplan consent areas regulations, but it is very important that we ensure that that does not override the requirement to attend to an urgent issue around biodiversity, which should be a primary, priority policy in the national planning framework.

I just want to get on the record that, although masterplan consent areas are important with regard to some of the issues that we have been talking about around housing and infrastructure, we cannot forget the need to ensure that we attend to our degraded biodiversity, otherwise we will create knock-on problems for future generations.

With that, are members agreed that the committee does not wish to make any other recommendations in relation to those instruments?

Members indicated agreement.

12:04

Meeting continued in private until 12:43.

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