

## Housing to 2040 - Consultation | Rural Housing Scotland Response

### 1. Do you have any comments on the draft vision and principles?

#### **Vision – a well functioning housing system**

Finding the right home/affording a home - rural communities have the lowest levels of social housing in Scotland with just 1 in 8 homes available for rent from a housing association or council.

We are pleased to note the commitment to rural and island communities in the vision statement and the commitment to a level playing field. We welcome the reference to rural proofing in the earlier incarnation of the 2040 paper and we believe rural proofing or “sense checking” of policies, strategies and investment planning is crucial to ensure that rural areas secure the housing they require and that there are opportunities for people to find the right affordable home in rural communities. A key step in achieving this is to ensure that needs and demand assessments properly reflect the circumstances of rural settlements.

There should be an obligation upon housing associations to deliver housing in rural communities and an obligation on local authorities to plan for housing development in small communities. Equally there has to be an obligation on the Scottish Government to ensure that support for affordable housing either for rent or ownership fits with the circumstances of rural Scotland; that equivalent initiatives are available in rural areas eg. a “help to build” as well as “help to buy” - providing equity support for self build as well as purchase from a developer.

#### **Vision – high quality sustainable homes**

Most housing in Scotland is not fit for purpose. It is unaffordable, poorly insulated, built from toxic materials, and laid out for cars not people. It causes poor health & wellbeing and contributes to climate change. Creating housing which doesn't contribute to climate change, requires a few strategic moves. These include: making land available for community-led housing; moving from quantity to quality as the driver of housing development; integrating infrastructure; ensuring that houses are built well, from non-toxic materials that store greenhouse gases, and; increasing access to finance and innovative finance models for community housing.

Quality super energy efficient homes are also vital to helping to address the systemic issue of fuel poverty in rural Scotland. We should not be building new homes which will add to the problem. Equally priority support for retrofitting the poor quality older properties in rural Scotland is essential to meet climate targets, addressing fuel poverty, geographic equity, and preventing ill health.

Empty homes are a blight on the landscape of rural Scotland and also use up vital infrastructure capacity. Compulsory Sale Orders have the promise of helping communities to tackle this, along with possible measures to bring in compulsory leasing of empty properties. We believe that the Rural Housing Fund guidance should be changed to permit communities to enter into long term leasing arrangements with owners of empty property to bring long term empty property back into use.

Whilst second, and particularly holiday homes, can make important local economic contributions, second homes also limit housing opportunities and we hope that measures to increase letting and licensing of short term lets will help to limit their impact.

### **Vision - sustainable communities**

We fully support the vision of sustainable communities and would encourage support for measures to secure more connected communities - digitally and physically. Communities which enable older and younger people to stay; that have appropriate affordable housing opportunities for all stages of life; and housing which encourages greater sharing and cooperation to foster greater community cohesion and to breakdown isolation.

Specifically support for community led initiatives to foster community and empower communities. Initiatives like co-housing, mutual home ownership cooperatives and collective self build offer opportunities for young and old to secure affordable, appropriate and community housing.

Digital technology and advances in electric car use, renewable energy generation and home battery development and grid decentralisation offers the opportunity for rural homes and rural communities to be digitally and physically connected and sustainable in the future.

### **Vision - homes that match people's needs**

We agree with these points and are pleased to see recognition of the centrality of land and community to developing appropriate housing. Support for self build should be aligned to that provided for house purchase with grants in exchange for an equity share. Options such as *baugruppen* or collective self build should be fostered and supported with opportunities for participation for those on low incomes or wishing to rent.

#### **Principle 1**

**The housing system should supply high-quality affordable homes for living in, to shift the balance away from the use of homes as a means to store wealth.**

#### **Principle 2**

**Government policy (including taxes and subsidies, for example) should promote house price stability, to help underpin Scotland's standard of living and productivity and promote a Fairer Scotland.**

Agree and pleased to see this statement "Policy is tailored to the different needs of urban, rural and island communities. Housing availability in rural areas is attracting inward investment and creating employment opportunities which, in turn, is attracting people to rural communities".

#### **Principle 3**

**Everybody should be able to save for the future (as well as be secure in their home and make significant changes to it) whether they rent or own.**

Agree - Mutual Home Ownership Coops have the potential to grow equity at much lower income levels.

#### **Principle 4**

**Housing provision should be informed by whole life economic costs and benefits in the round and help to address inequalities in health, wealth and education.**

Vital to addressing systemic fuel poverty in rural Scotland and pleased to see commitment to "rules around, and investment in, housing takes account of the differing costs of delivery between rural and urban Scotland " but would also like to see greater use of off site construction to increase quality and bring costs down, as well as measures to address the shortage and quality of builders and developers in rural Scotland.

#### **Principle 5**

**Tenure-neutral space and quality standards for new homes (and existing homes where possible) should be set specifically to improve and protect quality of living and of place.**

Yes

### **Principle 6**

**Government policy should promote a greater diversity of home builders and broader availability of land for development to reduce prices and improve building quality.**

Yes - badly needed within rural areas. Points related to land are well made.

### **Principle 7**

**All tenures should apply the same high quality and safety standards and levels of consumer protection.**

Yes

### **Principle 8**

**New homes for sale should be built to high standards, defects should be identified and remedied quickly and all owners should be required to maintain the condition of their home.**

Agree

### **Principle 9**

**Decisions around the quality, location and utilisation of existing stock and new build should be ambitious in enhancing biodiversity, promoting Scotland's energy security, and be consistent with the target for Scotland's emissions to be net zero carbon by 2045.**

Agree and ambition to eradicate fuel poverty very welcome.

### **Principle 10**

**New housing, and the required community resources, should only be provided where they help to create safer, stronger, attractive, sustainable and integrated communities.**

Yes - "the right housing supports rural and island economies to thrive" Sustainability of rural communities enhanced through electric car development, renewable generation capacity and digital connectivity.

### **Principle 11**

**Local communities should be empowered to respond to housing need in their area, as part of a coherent regional economic approach (creating and maintaining jobs) and supported by provision of the right infrastructure.**

"Young people have the choice to stay in their community if they want to, and key workers can live locally, because local communities take action to meet that housing need" This ambition requires support from rural housing enablers to build the capacity of rural communities to take appropriate action on housing.

### **Principle 12**

**Government intervention should help existing and new communities to be physically, digitally, culturally and economically connected within a coherent geographic region; this includes retaining and attracting vibrant communities in areas facing depopulation.**

"People are attracted to live and work in rural communities through a range of supply of affordable housing options and good public transport links; this also boosts local business and attracts inward investment" Equally important that people are enabled to remain and return to rural communities; that rural homelessness is recognised and measures in place to meet rural housing needs.

### **Principle 13**

**Government should ensure that there are affordable housing options across Scotland for households at all income levels.**

Yes - "social housing is available across Scotland for people who need it" - address lack in rural Scotland.

### **Principle 14**

**Housing and the housing market should ...enable people to meet their changing needs.**

"Government shows leadership" to support innovation in this field.

## Principle 15

### Everyone has a right to an adequate home.

Agree - geographic equity is an important dimension in this.

## 2. Do you have any comments on the scenarios and resilience of the route map or constraints?

No

## 3. Do you have any proposals that would increase the affordability of housing in the future?

### ▶ **More Social Housing in rural Scotland**

Rural Scotland has just over half the proportion of social rented housing found in towns and cities - 13% compared with 24%. This despite low wages and high living costs. The lack of affordable housing is a driver of out migration from rural communities and a cause of much higher levels of concealed homelessness. Data suggests that there are high levels of young people/ couples unable to form households in rural areas due to lack of affordable housing. This results in young people leaving, using 'housing options' like caravans or living with parents. These are young people aged over 26, employed but who cant afford local housing and whose only option is the parental home - and for many young people, particularly those who are LGBT, this is not an option. These "young and stuck" eventually vote with their feet and leave rural communities.

### ▶ **Sense check all national and local housing and homelessness strategies for rural equity.**

To secure a fair share of housing investment and grow the level of social housing in rural communities the way we plan where investment goes needs to change. In line with policy in the Islands Act and proposals for Remote Rural Communities we need to "proof" all national and local housing and homelessness strategies to ensure the fair and equitable treatment of rural communities - to sense check strategies to ensure that the needs of rural communities are addressed.

### ▶ **Rural Housing Policy**

To underpin strategy and measures to tackle the shortage of affordable rural housing, the Scottish Government should develop a Rural Housing Policy. This will connect the various strands of Scottish Government policy relating to rural communities: tackling depopulation, delivering affordable housing; supporting community ownership; and growing the rural economy.

The Rural Housing Policy would be the foundation upon which innovative measures to address rural housing issues can be constructed. Scottish Homes Rural Housing Policy provides a model for this and was successful in delivering innovative solutions to rural housing in the 1990's. Measures to increase affordability of rural housing could be implemented in new **Rural Demonstration Areas** - priority areas of depopulation, economic growth and community action where innovation in tenure, planning and land assembly innovation are piloted<sup>1</sup>.

### ▶ **Extend and expand the Rural Housing Fund**

The Rural Housing Fund has provided a welcome boost to rural housing development and supported community led housing development. More communities are working to develop their ideas to deliver affordable housing. This ambition must be nurtured by extending and expanding the fund.

The fund should be adapted to learn from the difficulties communities are currently facing to access it:

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<sup>1</sup> See RHS proposal to SG Rural Communities on depopulation

- ▶ **provide communities with support to develop and deliver affordable housing.**  
support to build the capacity and to advise rural communities on the development of housing projects - providing funding for rural housing enablers is crucial to the success of the fund and the development of a strong pipeline of projects.
- ▶ **provide development finance to enable projects to move beyond feasibility**  
enable community projects to progress by providing grant funding up front and low cost loans to get projects to completion when this will be replaced by commercial loan funding - a community project version of the Self Build Loan Fund.
- ▶ **allow the fund to be used for long term leasing of empty properties by community organisations**  
relax rules round perpetuity to encourage the use of RHF for long term leasing to enable empty properties which are voluntarily or compulsorily leased by community trusts to be brought back into use - with the properties returned to their owners after a leasing period commensurate with the amount of grant required to restore the property.
- ▶ **support the development of essential incoming worker housing by communities and local businesses.**  
Enable communities and businesses to use the RHF to build housing to rent for incoming workers to support business development.

▶ **Provide grants to enable self-build in rural communities.**

Self build is an important route for the development of affordable homes in rural Scotland. The absence of volume builders means first time buyers in rural Scotland can't benefit from initiatives like the Scottish Government's First Home Fund. Whilst the Self Build Loan Fund has provided development loan funding for self build it does not in itself make housing more affordable as the loan has to be repaid on completion of the home. A new form of Rural Home Ownership Grant where grant funding is held in place as an equity stake in the new home would make sure that self build is supported and is affordable to build and stays affordable at any future sales.

▶ **Promote more alternative tenures - such as cohousing, mutual homeownership co-operatives and collective self build.**

Promote, support and fund the creation of exemplar projects to illustrate and create templates for greater ease of adoption by communities and groups.

▶ **co housing**

Co - housing has particular resonance for older households - having the potential to enable downsizing into smaller, more accessible and more energy efficient homes; and to breakdown isolation. In these ways contributing to the well being of older people. Hope Cohousing in Orkney is any excellent example of how this new form of affordable housing could enable older people to remain happy and healthy in our rural communities.

Co housing could also provide a housing solution for young people in rural communities. Providing a shared housing experience common in cities but rarer in rural areas. Co housing could be a stepping stone for new households before moving on to independent homes. Co housing could also function as a stepping stone for young people moving to rural communities to take up employment.

▶ **mutual home ownership cooperatives**

Mutual Home Ownership Cooperatives offer a potentially transformative approach to affordable low cost home ownership in rural Scotland. Allowing communities and community landowners to develop

housing which is affordable in perpetuity. They are particularly relevant as a route to help young people secure independent affordable homes.

They do this in two ways:

- ▶ making housing cheaper by removing the land costs from the development with the cooperative just responsible for the construction costs - the land value can be retained in a variety of ways by the landowner.
- ▶ because the cooperative develops the housing it is the cooperative which secures loan funding - but the members of the coop build up equity in the cooperative through their occupancy payments and this equity has a value which can be realised when/if the household leaves the coop.

Therefore members of the cooperative don't need to be able to access a mortgage - difficult where your employment is insecure and may include many jobs- but through building up their equity in the cooperative they can still acquire property equity which can be utilised to help buy an alternative property and secure a mortgage.

Rural Housing Scotland has championed the development of this tenure in Scotland - conducting action research with three communities and developing a potential model for its implementation in rural Scotland.

There is considerable promise in the development of a pilot project for this kind of initiative with young people in island communities - providing affordable homes and also helping stem depopulation. The Our Island Home project has been working with Young Leaders in Uist on different housing models and a mutual home ownership would have considerable potential there.

#### ▶ **collective self build**

The first collective self build in Scotland took place at Spittalfield in Perthshire when 12 local families pooled their Rural Home Ownership Grants to build together on a large brownfield site on the edge of the village. The technique was recently resurrected in Portobello with the development at Bath Street.

Collective self build has considerable potential for affordable rural housing development particularly where allied with community landownership - with the land made available at nil cost in return for an equity share in the properties - and this helping to retain affordability.

Such development could be progressed through the Rural Housing Fund with the collective builders securing grant funding to reduce build costs and the grant also secured as an equity share in the homes. Thus the costs of building could be reduced considerably and even further if opportunities for prospective homeowners to undertake some of the construction work themselves.

#### ▶ **Connect construction training with cooperative building models**

All of the models above would lend themselves to the delivery of construction training with the development of the housing. There is limited building sector capacity in many parts of rural Scotland and the gaps in construction labour supply will only get worse with Brexit.

Connecting construction training with the development of homes for the trainees has multiple benefits including the development of new homes, the development of building skills, enhancing building sector capacity, enabling young people to remain helping stem depopulation and diversifying construction provision leading to greater tender competition.

Our Island Home has been working with Glasgow Together to develop a project in rural Scotland to provide construction training through the building and renovation of community led housing. The realisation of this project will however be dependent on funding being available to lead the project development and management.

▶ **Provide support to organisations to enable community led and cooperative housing solutions**

All of the cooperative models above and community led housing development through the Rural Housing Fund depends on the availability of support from organisations like Rural Housing Scotland to build the capacity of rural communities and groups to embark upon and realise their ambitions.

Rural Housing Scotland works with communities to develop their ideas before they seek support from the Rural and Island Housing Fund and provides help and support to communities after the completion of feasibility studies. The Fund has generated significant interest amongst communities but many require support and persuasion to take the leap to further develop this interest. Rural Housing Scotland provides this support.

This work supports the Scottish Government to deliver on the Programme for Government particularly in developing approaches to support the repopulation of our rural and island communities, to enable young people to stay, and to expand the range of options supported through the Rural and Island Housing Fund. To support the delivery of the vision of Housing to 2040 for rural communities where “there are good housing options for everyone”.

*“Community-led development in the context of rural and remote communities is critical but can be very time-consuming and frustrating for the volunteers involved. More support is needed to help communities navigate the housing supply system” “Community needs assessment and housing development requires more support and resource – supporting both communities directly and enablers such as...Rural Housing Scotland”.<sup>2</sup>*

▶ **Encourage pro-active interventions to address the scandal of empty homes.**

Empty homes account for 5% of all dwellings in remote rural Scotland, in Eilean Siar 664 homes are empty - 8.3% of all dwellings. Through land reform, communities now have greater powers to acquire empty and derelict properties - property which is often a blight in a community and could offer a home to someone in housing need. While the mechanisms are in place to secure property and currently grant funding from the Rural Housing Fund could assist the redevelopment of empty property, support for enabling organisations such as Rural Housing Scotland and the Scottish Empty Homes Partnership to encourage community action is required.

Compulsory sale orders and compulsory leasing could also increase the number of homes being brought forward for renovation where allied to grant support from the Rural Housing Fund.

▶ **Mitigate the impact of Airbnb and second homes on the cost of housing in rural Scotland and the decline in the private rented sector.**

Holiday lets, second homes and empty homes use up a significant proportion of the existing rural housing stock - second and empty homes account for 12% of housing in remote rural areas. Better use of these existing properties could help secure much more affordable housing in rural Scotland.

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<sup>2</sup> Stimulating Housing Development in the Highlands & Islands - HIE 2017

Airbnb is having a significant impact on the availability and affordability of long term private rented homes in rural Scotland with locations like Skye having the highest rates of Airbnb penetration in the country. Research into the impact of short terms lets found “properties moving from the residential sector to STLs with... increasing shortages of housing for incoming and key workers”<sup>3</sup>.

We welcome the proposals to enable local authorities to regulate short term lets and introduce control areas. However we believe that the use of these regulations should be automatic where Airbnb thresholds are breached and the strategy for their implementation should be part of local housing strategies.

Similar regulation could also be introduced to restrict the growth of second homes within areas where their proliferation is significantly affecting the local housing market and limiting access for local people. Further research could be undertaken into the use of occupancy controls to limit second homes. Alongside this regulation greater linkage needs to be made between options for hutting to provide holiday accommodation and to alleviate second home demand.

## ► Land

### ► Land assembly for community housing /community self build

To enable the development of rural housing, strategic land assembly is required to secure land - particularly in priority areas - those where rural depopulation is projected; areas of business growth/ development and areas highlighted within local place plans. This could be undertaken by Rural Housing Scotland working in partnership with land agencies, or a development agency/ government as Public Interest Led Development.

Land assembly will involve partnering with landowners (community/public/private) to secure plots for nil/ low cost in priority areas. This would involve exploring planning policies to allow market housing release on adjacent land or in another location to cross subsidise the release of affordable plots at nil/low value. Other models of land release by long term lease will be explored. Where land is transferred at nil/ subsidised cost, the value of land may be retained by the landowner as an equity share. This form of shared equity is already successfully used on the island of Eigg and Knoydart. Pilot areas should be established to investigate different routes to achieve land assembly.

### ► Planning

Securing affordable land for rural housing development requires more permissive planning policies. Such as: relaxation of permitted development rights; rural exception site policies; wider use of enabling development policies; use of Local Place Plans to identify development opportunities in partnership between community, landowner and planning authority (e.g. as exemplified in Applecross), and Area Capacity Evaluations to be used more widely to find suitable house sites in rural areas. These approaches underpin the obligations from the Planning Act 2019 to deliver repopulation.

We look forward to the recommendations from the research by the Scottish Land Commission into land for rural housing and propose that pilot areas research which recommendations are most effective to secure land and affordable housing development in different rural contexts.

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<sup>3</sup> Research into the impact of short-term lets on communities across Scotland - Scottish Government 2019



▶ **Encourage the use of land reform measures to secure land for affordable housing development**

Community rights to buy land for sustainable development and vacant/derelict land has given communities the opportunity to unlock housing development where due to landownership appropriate and developable land has not been available. We would like to see communities supported to plan where development should take place alongside local landowners and local authorities with land for housing identified and released for affordable housing development. Where development land is limited any land identified should be viewed as a strategic site and a priority for support from the Housing Infrastructure Fund.

▶ **Construction**

The promise of off site construction to mitigate the inflationary effects of rurality on construction costs such as transport, have been discussed for some years. However the benefits have yet to be fully realised partly due to the fragmentary nature of affordable housing development whether housing association or community led.

A more coordinated approach to procurement could provide the necessary scale required to see investment in off site construction including Cross Laminated Timber construction. This could have particular benefits to rural development in reducing build cost and reliance on a handful of contractors to build housing.

▶ **encourage the development of affordable starter home house type to enable off site construction to reduce costs and increase buildability.**

▶ **Finance**

▶ **research the potential for low cost long term mortgages to be offered by Scottish Government or in partnership with providers who offer 40 year loans**

▶ **Ensure the Housing Infrastructure Fund enables rural housing development**

Poor infrastructure is one of the barriers to rural housing development with the provision of power, drainage and roads infrastructure a significant expense for often small developments. The Housing Infrastructure Fund has the potential to help unlock small strategic sites in rural communities. However its intervention in rural areas has been limited with a failure to view small sites as strategic - despite the vital function small affordable housing development can have to encourage economic and social development.

The overarching Rural Housing Policy will help to guide infrastructure investment where it is required to deliver housing to support the strategic priorities of the Scottish Government for rural communities.

**4. Do you have any proposals that would increase the accessibility and/or functionality of existing and new housing (for example, for older and disabled people)?**

See above proposals to increase the development of cohousing for older people.

Housing for Varying Needs is inadequate for the provision of accessible housing. The Wheelchair Housing Design Guide provides guidance which is more appropriate. All new housing be designed and built to this standard.

**5. Do you have any proposals that would help us respond to the global climate emergency by increasing the energy efficiency and warmth and lowering the carbon emissions of existing and new housing?**

Greater use of Scottish timber in house building would embody carbon, reduce movement of materials, support local economy and help to underpin increased native tree planting. If we really do have a climate emergency, we need to take bigger and faster steps to implement and mainstream ideas like this, which have been promoted by numerous people for many years.

Amend building regulations to:

- ▶ include efficiency targets for operational energy use and CO2 emissions that reflect a 90% reduction necessary to respond to the climate emergency.
- ▶ include targets for upfront / embodied energy and CO2 / carbon that reflect the 'One Planet' standards necessary to respond to the climate emergency.
- ▶ require 100% of new and refurbished homes to be subject to post-occupancy evaluation (POE) and building performance evaluation (BPE). This must be carried out within 12 months of completion of the work to ensure they achieve their targets, particularly for operational energy use and energy efficiency targets. Where targets are not met remedial work must be completed within a further 6 month period.

Improvement to existing housing is essential to significantly reduce greenhouse gas emissions. Much of the housing stock in rural Scotland is old and very energy inefficient. Current action on fuel poverty has focussed on the "low hanging fruit" of social housing in towns and cities - but most of the extreme fuel poverty in Scotland is experienced by those in private rented and owner occupied housing in villages and the countryside. Future action should be focussed in these communities and tenures to address climate change and extreme fuel poverty.

Although new-build housing accounts for a very small proportion of total housing numbers in Scotland, it must be designed to a high standard and built from non-toxic, low-carbon materials and methods to prevent it from becoming part of Scotland's future emissions 'burden'.

**6. Do you have any proposals that would improve the quality, standards and state of repair of existing and new housing?**

See response at 5.

Compulsory leasing of empty properties could help to improve empty property in poor repair which blights many rural communities.

Priority given to improving the energy efficiency of private rented and owner occupied stock in rural Scotland will benefit the state of repair of this housing.

## **7. Do you have any proposals that would improve the space around our homes and promote connected places and vibrant communities?**

Building at higher density would help deliver vibrant and connected communities. It would make best use of infrastructure and resources, supporting efficient public transport and maximising value on housing investment. It won't always be appropriate but in most cases it's a necessary and positive response to place quality and climate change. In the rural sector it's also valid - compact small towns, villages and clusters - especially where land availability is an issue, or where the ground quality brings challenges and costs to development.

Placemaking encourages thinking beyond the individual house.

## **8. Other comments**

Finally, the planning system tends to be impenetrable to individuals and those with limited resources or experience. It is becoming far too expensive to see through small scale planning applications. Planning policy still fails to grasp the depopulation issue, too often constraining reasonable development options. Planning needs directed positively to facilitate appropriate rural housing development. It should be a tool to drive change in the public interest, not just a regulatory barrier.