OFFICIAL REPORT
AITHISG OIFIGEIL

DRAFT

Local Government, Housing and Planning Committee

Tuesday 27 February 2024

Session 6

The Scottish Parliament
Pàrlamaid na h-Alba

Tuesday 27 February 2024

CONTENTS

LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE

7th Meeting 2024, Session 6

CONVENER

*Ariane Burgess (Highlands and Islands) (Green)

DEPUTY CONVENER

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

COMMITTEE MEMBERS

*Miles Briggs (Lothian) (Con)
*Stephanie Callaghan (Uddingston and Bellshill) (SNP)
*Pam Gosal (West Scotland) (Con)
*Mark Griffin (Central Scotland) (Lab)
*Marie McNair (Clydebank and Milngavie) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Chris Birt (Joseph Rowntree Foundation)
Dr Caroline Brown (Royal Town Planning Institute)
Stephen Connor (Tenants Information Service)
Professor Ken Gibb (University of Glasgow)
Emma Jackson (Citizens Advice Scotland)
Eilidh Keay (Living Rent)
Gordon MacRae (Shelter Scotland)
Ronnie Macrae (Communities Housing Trust)
David Melhuish (Scottish Property Federation)
Rhiannon Sims (Crisis)
Chris Stewart (Royal Incorporation of Architects in Scotland)

CLERK TO THE COMMITTEE

Euan Donald

LOCATION

The Sir Alexander Fleming Room (CR3)

Scottish Parliament

Local Government, Housing and Planning Committee

Tuesday 27 February 2024

[The Convener opened the meeting at 09:35]

Decision on Taking Business in Private

The Convener (Ariane Burgess): Good morning, and welcome to the seventh 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 and that notifications are switched off. Stephanie Callaghan MSP will be joining the meeting online.

Agenda item 1 is to decide whether to take items 4 and 5 in private. Do members agree to do so?

Members *indicated agreement.*

Housing to 2040

09:36

The Convener: Item 2 is a round-table evidence-taking session on the "Housing to 2040" strategy. We are joined by Chris Birt, associate director for Scotland of the Joseph Rowntree Foundation; Dr Caroline Brown, director for Scotland, Ireland and English regions at the Royal Town Planning Institute; Stephen Connor, development manager at the Tenants Information Service; Emma Jackson, social justice strategic lead at Citizens Advice Scotland; Eilidh Keay, who represents Living Rent; Professor Ken Gibb, director of the UK Collaborative Centre for Housing Evidence, based at the University of Glasgow; Gordon MacRae, assistant director for communications and advocacy at Shelter Scotland; David Melhuish, directorof the Scottish Property Federation; Ronnie Macrae, chief executive officer of the Communites Housing Trust; Rhiannon Sims, senior policy officer at Crisis; and Chris Stewart, president of the Royal Incorporation of Architects in Scotland.

I warmly welcome our witnesses to the meeting. To begin our conversation, I invite everyone to briefly introduce themselves. I am the convener of the committee and an MSP for the Highlands and Islands.

Emma Jackson (Citizens Advice Scotland): I am the strategic lead for social justice at Citizens Advice Scotland.

Chris Stewart (Royal Incorporation of Architects in Scotland): I am the president of the Royal Incorporation of Architects Scotland. I am also a practising architect, with 35 years of experience in affordable housing. I have several projects on site and I am a Passivhaus designer.

Rhiannon Sims (Crisis): I am a senior policy officer at the Crisis homelessness charity.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): I am the deputy convener of the committee and a constituency MSP for Kilmarnock and Irvine Valley.

Ronnie Macrae (Communites Housing Trust): I am the chief executive of the Communities Housing Trust, which is a community support body.

David Melhuish (Scottish Property Federation): I am a director of the Scottish Property Federation. In this context, I principally represent investors and developers in the build-to-rent sector.

Marie McNair (Clydebank and Milngavie) (SNP): I am an MSP for the Clydebank and Milngavie constituency.

Stephen Connor (Tenants Information Service): I am the development manager of the Tenants Information Service. We provide expertise in tenant participation, community engagement and customer-led scrutiny of housing services.

Dr Caroline Brown (Royal Town Planning Institute): I am the director for Scotland, Ireland and English regions at RTPI Scotland.

Miles Briggs (Lothian) (Con): I am an MSP for the Lothian region.

Chris Birt (Joseph Rowntree Foundation): I am the associate director for Scotland for the Joseph Rowntree Foundation. I put on the record that I am a member of the Aberfeldy Development Trust, which focuses on social housing, although I am not here to represent that organisation.

Pam Gosal (West Scotland) (Con): I am an MSP for the West Scotland region.

Professor Ken Gibb (University of Glasgow): I am the director of the UK Collaborative Centre for Housing Evidence at the University of Glasgow. For the past year, I have been working with the Joseph Rowntree Foundation on aspects of housing to 2040 and mechanisms and reforms that may assist with the strategy's goals. I am also on the committee at Shelter Scotland.

Eilidh Keay (Living Rent): I represent Living Rent, Scotland's tenants and community union. I am on the national campaigns group and am the chair for the city of Edinburgh.

Mark Griffin (Central Scotland) (Lab): I am an MSP for Central Scotland.

Gordon MacRae (Shelter Scotland): I am assistant director at Shelter Scotland, the housing and homelessness campaigning charity.

The Convener: It is good to have you here. I apologise, I have missed Stephanie Callaghan. I will have to work hard to remember that she is there.

Stephanie Callaghan (Uddingston and Bellshill) (SNP): I am the MSP for the Uddingston and Bellshill constituency in Lanarkshire.

The Convener: We turn to questions from members. Please indicate to me if you would like to come in or to respond to something that somebody has said. The intention is that this should be a free-flowing conversation instead of a question-and-answer session, although sometimes that can be difficult to achieve. Let us see how we do.

I will start with a few general questions. To what extent do you think that the vision that is expressed in "Housing to 2040" is still fit for purpose and deliverable? Connected to that, do you think that the Scottish Government's legislative programme, and its housing policy more generally, seek to deliver on the ambitions of "Housing to 2040" in a coherent way that considers the housing system holistically? Whoever feels prompted can come forward.

Gordon MacRae: Is it fit for purpose? No. It has not been fit for purpose since shortly after it was published, which was just before the last election. It had in it some key deliverables, such as a house-building target for this parliamentary session. That was scrapped about three weeks after the election—the Bute house agreement superseded it.

There has never been a delivery plan. It took two years to set up a strategic board, and that has only met a handful of times. As I think the committee heard last week, even the board struggles to identify positives beyond the mere existence of a statement.

The housing to 2040 vision, which was published just before the tail-end of the last parliamentary session, was built on a number of very good conversations and good consultations, and it contains many things that we would like to see. However, it remains detached from the reality of people's lives on the ground. We anticipate that new homelessness statistics coming out today will show not just that the situation is continuing to get slightly worse but that it has escalated even further. We also expect that, in Parliament today, there will be a vote that cuts the housing budget.

Therefore, I think that anyone making the case that the housing to 2040 strategy is the right way forward and that we are making good progress, when it is compared with the reality on the ground, could be accused of making a statement akin to gaslighting. The situation has never been this bad, and yet we are talking about a strategy from many years ago that was never properly implemented. We think that it is time to look again. The other strategy, ending homelessness together, has real challenges now, too, so we think that it is time for a new plan for housing in Scotland that builds in the best bits but which is deliverable within the current context of the Scottish public sector.

The Convener: I want to go into that a little bit more. In last week's meeting, we heard that the vision is good but the issue is that there was not a plan for delivering it. I would be concerned about going back to the starting point and creating yet another vision and another plan. Can you say more about where you think we need to begin, and whether there is something useful in the vision that we could act on?

Gordon MacRae: It would be even more concerning if there were nothing useful in the plan. There are definitely things that are, such as decommoditising housing and ensuring that everyone has a home, but there are no means to make that vision a reality.

I think that it is dangerous territory to sit there and say that we have the right ideas when there is no plan for making them real. It is vital that we appreciate that people are being harmed by our failure to deliver on this. This is not an abstract, academic debate about something that we can do once all the other nice projects that the Scottish Government has planned are delivered. It is not hyperbole to say that people are literally dying in Scotland in no small part due to the poor provision of housing and the cuts in homelessness services. If we have these kinds of conversations in the abstract instead of about the reality, we will just perpetuate the problems that we have been facing for the past few years.

The Convener: I would like to come back to you for more detail on that, but first I will bring some other people in.

09:45

Chris Stewart: I probably should have mentioned when I introduced myself that I worked on the community engagement group for housing to 2040, which was before Covid. I spent a long time driving a white van from Orkney to Galashiels, visiting communities, islands, cities—you name it. I was part of that process and that discussion within the communities of Scotland. Sorry for not mentioning that—it is quite pertinent.

I am aware that so much has changed since then. We have been through Covid. We have been through quite a strong emphasis in the construction industry on retrofit, which I feel did not really come through in the vision. The vision was quite aspirational, and there are so many good things in there that we should think hard about.

Speaking more for the construction industry than the planning side of things, I know that we are struggling to build up the skills to tackle retrofit. From visiting schools across Scotland, I know that it is hard for us to even gather interest from the pupils, never mind thinking about how we start to gather the skills. There are five fantastic schools of architecture in Scotland, and we are busy introducing retrofit into the curriculums in our schools so that we can start to garner the abilities to tackle it. That is where, perhaps, the emphasis has changed. I feel that retrofit is our biggest challenge now. There is a lot of emphasis on new build in this conversation, but retrofit is where we have to start thinking.

The Convener: Thank you very much for bringing in retrofit. That is certainly an aspect that I agree with you on.

David Melhuish: I agree that retrofit is a hugely important part of the vision, and it is even part of the housing supply issue. However, from our perspective, there is no answer to the housing crisis that does not involve a major new supply of new housing across the whole country.

It took literally decades to get some of the major institutional investors, funds and so on interested again in the residential sector. Such investment will only ever be a part of the solution, but it could be an increasingly important part. I think that there is a huge opportunity there, but it will be important that it diversifies as a contribution to the housing supply crisis. We are beginning to see the housing market take off south of the border, but it is somewhat paused at the moment in Scotland; we are awaiting regulatory decisions before we can move forward.

Rhiannon Sims: Housing to 2040 is an incredibly ambitious strategy, and it has commitments right across planning, housing quality, affordability, energy efficiency and so on. However, the primary test for whether we are achieving the ambition that it sets out should always be whether everyone has a safe place to call home. That is why homelessness charities in particular have been ringing the alarm bells. With tens of thousands of households in the homelessness system, right now the Government is failing on that commitment.

As Gordon MacRae mentioned, the biannual homelessness statistics will be released today. We have not had a chance to see them yet, but we can predict that those stats will show that the number of people in the homelessness system is at its highest since records began, with people spending longer in temporary accommodation and a record number of children growing up in temporary accommodation. We can predict that they will show that because it would continue a longer-term trend, and that shows that actions reflecting the ambitions and aspirations that are set out in the housing to 2040 strategy have not been delivered.

We are seeing that trend in our front-line services, with more and more people seeking help, but also we are seeing it through academic research. For example, Heriot-Watt University has forecast that homelessness will increase by a third by 2026 unless we see significant policy change from both the Scottish and United Kingdom Governments.

Ronnie Macrae: From a rural community delivery perspective, there is a lot of good policy. The housing to 2040 strategy has some good

elements, but it is not deliverable. We need a more holistic approach. We need to consider how the policy fits with the climate challenge and depopulation. There are many opportunities to do a lot more and do it a lot more quickly if we can join the dots across a range of housing—not just affordable housing but business housing and retrofit. Everything needs to be looked at.

My concern with the housing to 2040 strategy is that it is a little isolated and not integrated enough with all the other policies. Until we integrate it, we will not be able to deliver. We need to look beyond housing to community empowerment and circular economies.

The Convener: Will you say a little more about the opportunities that you mentioned? You said that there was an opportunity to do a lot more and do it quicker if we join the dots. Will you be more specific about the dots that need to be joined? You mentioned policy, but what about what happens on the ground?

Ronnie Macrae: The basics are that there are not enough people in Scotland to build or retrofit houses. Businesses across rural Scotland in particular cannot house their employees, attract employees or deal with depopulation without housing. Looking at housing without looking at depopulation, the climate crisis and proper placemaking makes delivery extremely challenging.

Emma Jackson: Undoubtedly, we all agree on the ambition of the vision. A safe, secure and affordable home is essential for people to live decent, dignified and healthy lives. In a just and compassionate Scotland, everybody should be afforded the opportunity to have that.

To pick up on Gordon MacRae's point about the harm that citizens continue to experience across Scotland because of a lack of access to housing or the precarious nature of their housing arrangements, at Citizens Advice Scotland we see people experiencing harm at scale right across the country. As you perhaps know from your own work and within your constituency, convener, not having somewhere safe and affordable to call home impacts on all aspects of someone's life—their physical and mental wellbeing. That has a devastating impact on individuals. Our network of bureaus across Scotland sees that impact day in, day out as people who are in crisis situations come to them. That has a huge cost, not just to that individual but to society in general.

It is deeply concerning that, as we consider what is needed to build more social homes at pace and scale, we would consider reducing the budget. Rather than considering what could be saved by cutting £200 million, we should ask what would be the real cost of not investing in that, as we might continue to harm more citizens. What would be the additional cost to our national health service, local authorities and education system? Moreover, what is the cost to those individuals as they are robbed of their potential? We must face the reality of the devastating situation that far too many people face right now.

Professor Gibb: "Housing to 2040" is a remarkable document for its vision and the claims that it makes for what it wants to achieve. It has a clear diagnosis and a lengthy list of recommendations, but it falls down. We said when it was published that it lacked a blueprint for delivery in terms of periodic gateways, monitoring, evaluation and gathering the data and indicators to enable us to judge what was going on so that one could objectively rearrange or resteer the overall project.

Secondly, some of the vision is very ambitious, and it is hard not to go over the top about it. One example is the plan to despeculate the housing market and stabilise house prices so that landlords would earn only rental returns. Real capital gains would be pulled out of the system over a period. Nobody anywhere else that I am aware of has tried to make that a conscious part of policy. It might be because it cannot be done, but it also reflects the fact that you need to make system-level change to achieve that. Progress on that is non-existent. The first Parliament said that there would be reviews of housing taxation, but I am not aware of any evidence of that happening. More to the point, we really need to get going on housing tax reform. It is a critical issue, and we might talk more about it later.

The other area that is emblematic of such implementation issues is temporary accommodation. The issues with temporary accommodation, particularly in the central belt cities, are the large and growing inflow, the growing stock of people who are in temporary accommodation and are not getting out of it, and the challenges of where they can go. There is not enough new social supply and not enough turnover in the social stock, which are the only two places where that housing can be generated. That, inescapably, takes us right back to the importance of the affordable supply programme.

To echo what Emma Jackson has just said, last summer, the Society of Local Authority Chief Executives and Senior Managers, in its report with the Association of Local Authority Chief Housing Officers, stressed the need for serious cost benefit analysis of the benefits of investing in social housing as well as of the costs of not investing in it. If we are going to have disproportionate budget cuts in housing, housing commentators and the Government need ammo to make the case in

defence of social housing. That is an important thing that we do not do enough of.

The Convener: Thank you. Other hands are going back up, but I will bring in Chris Birt first.

Chris Birt: I want to echo one of Gordon MacRae's points. Like Ken Gibb, I think that bits of the housing to 2040 vision are genuinely radical and would hugely improve the housing system in Scotland, but we are some distance—indeed, a long way—from that, because of a lack of delivery on those key pacts.

Emma Jackson has set out the costs of that, and temporary accommodation is a particularly insidious part of it. Any parent who has moved home will worry about where their child can go to school or whether they can get a nursery place, but for parents in temporary accommodation, that agency is taken away from them. They live on thin ice all the time, which is a horrible situation for anyone to experience, never mind 10,000 households. It really is shocking.

It comes back to the main point that I want to stress, which is prioritisation. Housing to 2040 is extremely broad because, in some ways, the housing system is complex while, in other ways, it is not. We do not have enough houses—and, indeed, not enough affordable houses for low-income people in our society.

What baffles me about the budget decisions at the moment is that I have been in many a different place, singing the praises of the Scottish child payment, which is an excellent policy that will make a big difference to families with children. However, if we put up people's housing costs, where is that child payment going? People will strive all the time just to keep a roof over their heads.

As for housing policy, it makes no sense to me to choke off the supply of social housing, which should be our priority right now. Part of that is about reversing the cut to the budget, but part of it is also about taking on the immediate pressures of homelessness and temporary accommodation. If that means having difficult discussions about, say, the timing of retrofit, we need to have them. Let us stop pretending that we can do everything at the same time.

The sector is worried and lacking in confidence, and we need to inject that confidence back into it. The Scottish Government needs to be extremely clear about its short and medium-term priorities to get the sector back on track, or the situations faced by people across the country will worsen, as will poverty. The Parliament has legally binding child poverty reduction targets, which today's budget could take us further away from.

10:00

Eilidh Keay: I echo what Chris Birt said. The housing to 2040 policy is really ambitious, but what is happening on the ground does not align with it. There was a 16 per cent cut to the affordable housing supply budget last year and a 26 per cent cut this year; three local authorities have declared a housing emergency; and in Edinburgh, there are 192 bids per council home. All this talk is happening but, again, there is no delivery.

What worries me is that, when we talk about supply but do not interrogate the form of that supply, we make things worse. We have seen that with purpose-built student accommodation, which is exacerbating the student housing crisis. Things such as the build-to-rent process are particularly exploitative, because they do not deliver affordability. If the Government is actually serious about remedying the housing crisis, a massive investment in affordable housing is really the only way to go.

Stephen Connor: We can all agree that the housing sector has rarely faced more challenges than it does today. Often, when we talk about those challenges, we focus on the organisations and landlords that deliver the housing, and our tenant members absolutely empathise with our landlords who have to juggle all those priorities. Ultimately, though, we do not hear the voice of tenants when we talk about this.

Eilidh Keay just made an important point. Our tenant members are strategic partners of the Scottish Government. We, in partnership with the Scottish Government, were involved in delivering the consultation on housing to 2040, and our tenant members absolutely support the strategy's aspirations. In reality, though, I would echo a lot of the points that have been made by people around the table today and ask, "Where's the money?" Budgets are being cut. Often, we talk about budgets being cut and the impact on landlords delivering at a local level, but we do not often talk about the impact on tenants. If we are going to cut the affordable housing supply programme, stop building homes and prioritise retrofitting and decarbonising homes, it is tenants' rents that will pay for that.

Housing to 2040 is really aspirational; Ken Gibb is on the group that is working on affordability, and there is a commitment to maintaining tenants' rents at an affordable level. Ultimately, however, our tenant members will say, "It's coming out of our pockets." At a national level, if we cut budgets, tenants' rents have to go up. Rents will increase to enable landlords to deliver on those priorities and targets, and we need to take that into consideration.

Scotland has a unique legal framework for tenant participation. Given the impact of the financial crisis and the socioeconomic inequalities that surround the sector, I would say that there has never been a more important time to ensure that tenants are sitting around the table, making decisions in partnership with their landlords. That is what we want to see at a national as well as a local level.

The Convener: I call Pam Gosal to add her question to the conversation. I will then bring in Gordon MacRae, Rhiannon Sims and anyone else either to pick it up or to go back to other points, so that we have a bit of what I would call conversation weave.

Pam Gosal: Listening to everybody's evidence is so important. Rhiannon, you said that the primary test was ensuring that everyone had a safe home, while Emma Jackson talked about citizens facing harm due to not having the right housing.

Although housing to 2040 commits to implementing and embedding homelessness prevention pathways for marginalised groups, a shocking number of victims are being left in limbo after leaving violent households, oftentimes accompanied by their children. On average, survivors of abuse are stuck in temporary accommodation for hundreds of days, despite the fact that the Domestic Abuse (Protection) (Scotland) Act 2021 was passed more than three years ago. Do witnesses agree that we are not seeing quick enough action to implement recommendations to improve housing outcomes for victims of domestic abuse and other marginalised groups?

Rhiannon Sims: I agree 100 per cent that it is shocking that the Domestic Abuse (Protection) (Scotland) Act 2021 has not yet been implemented. I am not sure what has happened there.

Homelessness prevention is the main thing that my organisation talks about, and the housing bill will absolutely provide an opportunity to introduce new measures around preventing homelessness. I agree that, if we cannot get this right for specific groups that face unique routes into homelessness, we cannot solve the problem. A one-size-fits-all approach to homelessness prevention just will not work.

We already have prevention pathways. A lot of policy development has gone in over the past few years since "Housing to 2040" was published to develop pathways for women and children experiencing domestic abuse, care leavers and young people. However, what those documents contain is lists of recommendations, and we are not seeing their implementation. If the housing bill and the prevention duties are to be a success, they need to be used as an opportunity to put in place genuine prevention pathways for the different groups who experience different triggers into homelessness.

I go back to what Ken Gibb has said about the need for an appropriate cost benefit analysis of budget decisions. Recent freedom of information requests have shown that Scottish councils spent more than £160 million on temporary accommodation in the last financial year, which is a rise of 50 per cent in only three years. In a context where we are stripping out £196 million from the affordable housing supply programme budget, what we are looking at is an unsustainable picture. Basically, we need both to continue proper investment in affordable social housing and to introduce those new prevention measures in a way that caters for different groups and their different routes into homelessness.

Emma Jackson: Undoubtedly, the experience of those fleeing abuse situations needs particular focus, but, as Rhiannon Sims has mentioned, they are just one of a number of groups that we must be aware of. It is important for us to consider that, when we focus on the greatest needs, we have the opportunity to benefit everybody. It is what is known in the disability sector as the curb-cut effect. In other words, by making something accessible for one group, you have the potential to benefit everybody.

Pam Gosal has highlighted one group that we are very aware of, but at Citizens Advice Scotland, we are aware of other key groups that face particular harms and issues around accessing housing. First, there are growing issues with older people, particularly those in the private rented sector; indeed, in a recent report, Independent Age highlighted some of the particular issues that those people are facing. Secondly, we are seeing a rise in demand for advice from disabled households, particularly families with a disabled child, which is of real concern to us. Thirdly, we know that people who live in rural communities face very particular issues.

We must remember that, in all those situations, we are talking about people. We must view those situations through an intersectional lens: people can be living in a rural community and be disabled, and they might have been a victim of domestic abuse, too. Therefore, people can face compound issues, which can be particularly difficult. We will be able to ensure that housing is available for all only if we have a laser-sharp focus on those with the greatest needs.

The Convener: Thanks for that. It is really important to go into that detail.

I want to pull the discussion back into more of a general space. Do you think that the Scottish Government is adequately balancing the need to address the short-term housing problems with longer-term policy aims? We have begun to touch on that question; indeed, we have already heard that that might not be the case. Somebody—Chris Birt, I think—talked about priorities, but where in the mix do the priorities need to change?

Gordon MacRae: The homelessness stats that have been mentioned are now out, and they show a 3 per cent increase in the number of children in temporary accommodation. However, the key point—and I think that this is central to the assumptions that sit behind the future legislative programme and how we assume that interventions will work—is that if there are duties on public bodies and attempts to get people to reach those services, we can start to address the circumstances that are driving their poverty or their housing insecurity.

With regard to the existing duties, today's statistics show that the failure to accommodate—by which I mean a local authority not being able to offer any accommodation—has gone up 1,400 per cent in the past six months. In just six months, it has gone from 105 cases to 1,500 cases. We are past the point of talking about the short term and the long term; right now, the homelessness system is on fire, but according to the statement that the Scottish Government sent to the committee, we are, overall, making good progress. That dissonance just does not make sense to me.

Today the budget is being cut—and not just the capital budget. Things such as homelessness voluntary sector grants are being cut. Shelter does not use them, but there are other charities that rely on that income to provide homelessness interventions. Overall spending to local authorities to provide those services—not just homelessness services but mental health, drug and alcohol treatment services—is being cut.

We have to have an honest conversation about what we are able to do and what we expect the housing sector to be able to do. There is a capacity issue here. We cannot expect the homelessness services to pick up every case. As Stephen Connor has mentioned, we cannot expect the housing revenue accounts to pay for improvements to properties, the zero-carbon agenda and the development of new buildings.

There is a real danger that we just continue to do another version of the same thing. There are real question marks now over things such as the prevention duty. Why impose new legal duties? We think that they are broadly the right thing, but unless they are properly funded, imposing them might just add more breaches into the system.

There are also question marks over the future of the human rights bill that is coming down the line. It is really important to progress something in the housing to 2040 strategy, but, again, what is the point of the Government passing legislation if there is no means to deliver it, and it actually adds to the crisis locally?

We are angry about this. There is a passivity and a lethargy in the Government and the civil service. There is a question mark over what has happened to protecting people fleeing domestic violence, because we have been sitting and waiting for that to happen for the past three years. Promises were made around compulsory purchase orders and compulsory sale orders, but those promises have not been met.

Everyone says that there has been Covid and other things. Well, of course there has, but then we wake up to statistics like these and ask "How did we get here?" The committee has already heard SOLACE warn, as the Scottish Housing Regulator warned over a year ago, that local authorities are making emergency declarations. People have been saying these things for about two years now.

I am particularly angered by the statement in the ministerial correspondence in the papers for this meeting, because it feels like a deliberate attempt to say one thing and do another. It feels as if we are being gaslit all the time. We are asked to be very polite and constructive, but the reality is that people's lives are being harmed by the decisions that are being made in this building.

The Convener: There is the 26 per cent cut, which is a problem. Obviously, it is important that more money goes into the housing budget to be able to do some of this work. What would you say has to be done, given that housing takes time to build? We have heard from Chris Stewart about the struggle to attract people into the sector to build or retrofit houses. What do you think should be the priority? What do we need to change policy wise? Is it the type of housing that we build? We are still trying to have affordable accessible housing with all kinds of features, but if we are in a homelessness emergency and need to get people housed, what do we need to prioritise?

10:15

Gordon MacRae: It is already in the temporary accommodation task and finish group report and the "Scottish Housing Emergency Action Plan" that Shelter published. We need to acknowledge where we are on construction costs and to buy more properties for people who are homeless. That is distinct from the role that acquisition can play in overall growth and supply.

We are in a housing emergency, because of the breaches of homelessness duties. We need to create specific priorities in order to take people from temporary accommodation and put them into settled accommodation. The approach to acquisition taken by too many local authorities is, basically, to buy back former social housing stock or the last tenement in a block for housing management purposes. Such an approach denies that 2.2 million dwellings in the country are suitable for purchase to permanently house people who are stuck in temporary accommodation—and that is before you add in the other 1,500 people who are not even in temporary accommodation.

Therefore, Shelter's position is that we need a medium-term acquisitions programme that involves new money and new approaches and which connects the people in the homelessness system with that housing. There is a role for national Government in that respect. The £60 million that was made available is not new money—it is existing money that has been earmarked for acquisition, and, in that, there is no role for Scottish ministers. It is called a national acquisitions plan, but actually it is just some guidance for local authorities to do that on the ground. We need leadership at national level to drive that change, but we are not getting that just now.

The Convener: That was very constructive and helpful.

Eilidh Keay: We have not touched on the issue of affordability in the immediate term. Although Living Rent welcomed the rent cap, we were critical of it, too, because it failed to include new tenancies and covered only those in situ. We think that it is absolutely a mistake for the Scottish Government to lift the rent cap and the eviction moratorium, as they act as preventative measures. If you deliver affordability in the PRS—which, I should say, does not exist at the moment—it helps local authorities with homelessness presentations and keeps people in their homes, which is so important.

Tenants are being served with rent increases of 70 per cent. That is a de facto eviction. If you live in a local authority area that has declared a housing emergency, you are going to be homeless. What we need right now is for the Scottish Government to act on its powers by using the housing bill to bring in really strong rent controls that act as a preventative measure and which deliver affordability in the PRS.

In addition, Living Rent believes that planning changes can be made. Communities want affordable housing and council homes. We have campaigned to ensure that there are council homes, but even when such decisions get agreed at local authority level, they then get overturned by Scottish Government reporters. There is a real dysfunction between what local communities want and empowering them to place build for everyone's benefit, and what happens at a national level, as can be seen in the way in which those decisions get overturned. Therefore, it is really important that we look for greater integration with regard to the planning system and local authorities and that we deliver affordability in the PRS.

Chris Stewart: Earlier, I talked about the construction industry and the fact that we do not feel particularly prepared for the retrofit challenge. We experienced the same thing in our earlier strategic work, and it was interesting to hear what Eilidh Keay just said about working with communities. We are experiencing so much community and participation fatigue that, when we go into an urban quarter, it is difficult to get people even to speak to us. There is a raft of reasons why that might be, but one reason is definitely that people have been consulted so much and nothing has happened. There have been so many false promises.

In many respects, it is up to us to be a bit visionary and to look at large strategic plans, but we are now thinking much more that things should be done incrementally, with, say, communities being pieced back together in an incremental way. It is very important that something happens quickly, which might bring us back to some of the aspects of housing that have just been described. We try to make sure that there is an early stage that is built very quickly. It does not need to be very much, but something must be seen to happen on the ground.

Some of the plans that we work on are very large strategic ones and some are smaller, local neighbourhood plans. It is really hard to get communities engaged, because they have lost a bit of trust, and it is really important that we get that trust back.

Professor Gibb: I want to raise some points that we looked at in the work with the Joseph Rowntree Foundation. We did a deep dive into the delivery mechanism of the affordable housing supply programme and found a number of things that could be improved, or at least on which there should be a debate. Some of those are political choices, but a debate needs to be had about them.

I will give some examples. We have not had a financial capacity study of the housing association and council sector since the last one in about 2010. We rely on the voices in the room or the trade bodies, but we do not have an objective sense of the totality of the financial capacity. There is a good case for an updated affordable housing needs study for Scotland as a whole.

As Audit Scotland said in its report on affordable supply, there is also a strong case for trying to link more closely the local HNDA—housing need and demand assessment—modelling with the actual outcomes on the ground. It seems to a large extent that the supply programme spends a lot of money and leaves the outcomes to the local level. We need a close connection to the local outcomes.

We also think—this is where the politics comes in—that the spatial allocation of capital resources for the housing supply programme is peculiar. We have a thing called the SHIF—the strategic housing investment framework—which is a formula that allocates resources to the 30 local authorities that are not Glasgow or Edinburgh. That formula currently has a higher weighting for deprivation than it has for affordability, which obviously has consequences for where resources go. That has been in place since the middle of the previous decade or just after that, and it should surely be looked at again, perhaps in an open and transparent way, to consider what the weightings ought to be.

Glasgow and Edinburgh, through the transfer of development funding, get large amounts of money that are not based on any formula and that go back to the stock transfer days. That really needs to be updated and changed.

Two other issues about the way that the programme works are worth mentioning. First, many councils, including Edinburgh, rely on underspends elsewhere to get extra money later in the year. We think that there is a strong argument for not annualising the system in the way that we do, but instead giving councils, which run the SHIPs—strategic housing investment plans—a year or two to allocate their resources. We think that everybody would be able to make better decisions on that basis.

The final issue is again very political. Clearly, a lot of local authorities use their supply programme in part to re-provision, so they are basically replacing older stock that has various issues and that has a shorter future life, with new stock. Of course, that is not adding to supply; it is replacing supply with better-quality new stock. That is a good thing, but should that be the priority right now, when we have such shortages? I am not saying how strong one's view should be on that, but we should debate it.

The Convener: Is it possible to move away from annualising the SHIPs, given that the Scottish Government has to work on an annual budget? We have been having quite a bit of conversation about multiyear funding and that kind of thing. Would it be possible to do that? What would be the mechanisms?

Professor Gibb: It is the nature of the thing, and ways have to be found to try to do it. We think that a two-year or even a three-year programme would make sense. Perhaps we could have two programmes within a parliamentary session. However, I absolutely get that point, given what we are seeing right now.

Taking a multiyear approach requires a prior argument in which the Government says that it wants to defend the programme over a parliamentary session and so makes commitments on the basis that it will not have rather shocking cuts halfway through the session. Again, it is about giving housing a higher priority in decision making on the budget.

The Convener: Thanks.

I just want to sort out a couple of things, process-wise. We might have started to touch on some questions that colleagues want to ask, so I am going to bring in Marie McNair. However, I already have a stack of people who want to come in—and I have just realised that Caroline Brown has not yet had a chance to speak. It would be great to hear from her from the planning side on this topic of the balance between short and long-term approaches, so I will bring her in now and then bring in Marie McNair. I will then go to David Melhuish, Chris Birt and Emma Jackson.

I am just trying to keep the conversation going. It is a bit like lasagne; every so often, I will add in another question, and witnesses can choose to pick up on that or go back to something else that they want to get on the record.

Dr Brown: I have been listening really carefully to what has been said, and I agree with many of the points that have been made.

There are some real challenges in the planning system. Clearly, it is central to the provision of new housing; after all, all new housing requires land to be allocated and consents to be granted through the system, and we know that, in some cases and for various reasons, that process of getting things allocated and getting the consents in place has taken a long time.

However, there are other reasons to do with finance and viability. There are lots of parts of Scotland where the market cannot provide housing, which brings us back to the absolute importance of funding for social and affordable housing and the role of councils and registered social landlords in the provision of new housing. Indeed, in many places, they are the main way of getting new housing, because there is just not enough profit for private investors or house builders to take on those sites. There are also issues such as rurality, dispersed sites, economies of scale, skills and resources and so on.

Coming back to Eilidh Keay's point about disconnect, I would say that there are definitely places where planning rubs up against other things. It might be a case of a reporter not agreeing with things happening at a local level, but we are also seeing tensions between planning and building regulations, which can affect, for example, conversions of historic buildings. There are planning officers who are very keen and there are some really interesting schemes coming forward, but building control can put some fairly sizeable barriers in the way and those sorts of conflicts can hold up delivery and stymie innovation on the ground.

I also wanted to make a point about finance. We have talked quite a bit about temporary accommodation; it puts a big pressure on local council budgets and—I know that this might seem a bit off-centre—it puts pressure on the planning system, too. Even when we have had increases in planning fees, those fees often go to support and prop up council budgets, which means that the money that comes into the service from developments is not being reinvested in the skills and planners that are needed to deliver place making or other new approaches. That is a real pressure in some authorities; they have increased fees, but there has been no increase in their staffing or their skills base, because the budget is being swallowed by the bills for temporary accommodation.

The creation of pressure at local level is affecting planning and its delivery. If we want to switch planning away from being something reactive—that is, something that just deals with applications and waits for things to happen—to a proactive place-making approach that brings people together and enables development and new housing, we need those skills, those people and that resource in local authorities.

The Convener: That is what national planning framework 4 is asking us to do. Marie, did you want to ask your question?

Marie McNair: Just before I do so, I declare an interest as a former councillor, up until 2022. That will be applicable to discussions later in the agenda.

In your experience, how well are the Scottish Government and those responsible for working to achieve the housing to 2040 aims including local communities, tenants and residents in delivery plans? Given that Stephen Connor talked earlier about the importance of tenants being at the table, he might be best placed to kick off responses. Secondly, are outcomes improving for communities, tenants and residents?

Stephen Connor: As many people around the table will know, TIS as an organisation supports tenants to sit around the table and work in partnership with landlords. Ultimately, tenant participation is a statutory obligation and tenants are entitled to demand value for money where their rent is being spent on and invested in their homes and communities.

10:30

We spoke earlier about the housing to 2040 priorities. Many of the tenant members whom we work with absolutely advocate for the majority of their rent being spent on delivering new social housing in their communities. They are very aware that housing waiting lists continue to grow.

When we talk about how budgets are being spent, we take a unique approach to supporting tenants. There is a legal obligation for landlords to consult their tenants every year on the proposed annual budget and on the rent-setting process for the year ahead. We advocate for supporting tenants to negotiate the rents that they are going to pay and how that money will be spent.

One idea to take away from today is that we know we have regional networks in place for tenants to work in partnership with the Scottish Government. There could be a greater role for tenants in actually sitting around the table and having discussions, much like the one that we are having now, to influence how budgets will be committed and spent in the years to come.

We continue to support tenants. We see our organisation going from strength to strength in the service that it provides and in its support for tenants' voices. However, as I said, at the local level, tenants empathise with their landlords, who have to juggle a number of priorities and are trying to negotiate a number of on-going challenges. We are living in a crisis: tenants are negotiating a cost of living crisis and landlords are negotiating inflated construction costs. Tenants are absolutely aware of that at the local level, but we see a lot of frustration when budgets are cut at national level and that is passed on to local landlords.

The money for the delivery of more affordable homes, energy efficiency and the decarbonisation of homes towards net zero will ultimately have to come from rent increases and out of tenants' pockets. That is where the concerns come from. "Housing to 2040" is very aspirational. We acknowledge that we must maintain rent affordability. Ken Gibb is working with the group that is defining that and Eilidh Keay has said that rent affordability does not currently exist in the private rented sector. How do we maintain affordable rents if we continue increasing them year-on-year in order to deliver on all those challenges? That is one of the things that we would advocate for.

At the local level, tenant participation and customer-led scrutiny of housing services is going from strength to strength, but we could do more to see that at national level. Eilidh is here to represent Living Rent and I am here from the Tenants Information Service, but it would be good to have some tenants sitting around this table to share their views and opinions.

The Convener: We have some tenant participation in another piece of work that we are doing, which has been very helpful.

To continue the theme of including and involving local communities, tenants and residents in delivery plans, I invite Ronnie Macrae from the Communities Housing Trust to come in.

Ronnie Macrae: As I said earlier, there is a lot of opportunity. My concern is that the housing system is too inflexible at the moment and that there is no will to work with partners, whether those are communities, businesses or service providers. We must take a more holistic approach to housing delivery. We are all hearing that delivery is not happening. There are opportunities to improve that, but we need a more flexible approach from the Scottish Government.

The Convener: What would that look like?

Ronnie Macrae: It would be about making the system work. Chris Birt is working in Aberfeldy. The system is difficult and there is a real problem in getting housing and businesses to work together. The Scottish Government's housing system is not a particularly willing partner for businesses. We are working on projects in places such as Colonsay, but businesses can be separate from that. We are managing to join them together on that project, but it is not a happy marriage, although it should be.

The Convener: Is there some policy that should change, or do we need a different understanding? What would make that a happy marriage?

Ronnie Macrae: I feel that the policies are there, but that we need a change of culture and a little bit of letting go of control by the civil service. If we are going to deal with housing and build more affordable homes, we have to look at the whole sector, especially at the community and business sectors and at service providers.

The Convener: David Melhuish, you wanted to come in a while ago, as did Chris Birt and Emma Jackson. You might have forgotten the points that you wanted to make, but please come back in and scoop up anything else that has been added to the conversation.

David Melhuish: Everything that I have heard just underlines that this is a crisis of availability. Yes, it is not all about new build; it is about reinvesting in empty homes that might have fallen vacant—I completely agree with that. That would also be helpful for the net zero agenda because, if all that carbon has already been invested in a building, it is helpful to bring it back to life as a home. However, there are often good reasons why buildings have fallen vacant and a lot of those properties are quite difficult to deal with. It will certainly not necessarily be an inexpensive approach, but I do not disagree that we have to get our empty homes back into use.

On availability, the housing to 2040 vision referred to the choice for people to have a home where they want it and to live in it in the way that they want to. We agree on that, which is why the supply of new properties to the housing market is critical. That includes purpose-built rental homes in the private or mid-market sector in particular.

The public finance point has been made strongly. I cannot see that situation improving significantly in future years. That means that the Government needs to seek innovation in the way that it gets finance. You might remember the work of the Scottish Futures Trust, years ago, after the financial crash. It brought in the national housing trust programme. My recollection is that it did not deliver many homes—something like 1,400 or 1,500—and maybe it was not exactly right as a policy, but there is something in that kind of innovation that we need to look at.

The key point was the strength of the public sector covenant. As we have sadly seen this year, private companies can and will go bust overnight and be gone. Authorities and Government will be around, notwithstanding financial pressures.

There have also been some examples from further south—purely for affordable and social housing—of agreements being made with pension funds from around the world, not just in the UK, to bring forward new investment and work with social and affordable housing providers. We need to see more of that in Scotland in particular.

On the point that was made about build-to-rent developments and tenants' rights, some of the funds that I mentioned already had rent caps in place, even without legislation. To be honest, those are pretty close to the kinds of policies that the Government has brought forward. I would not say that they are exploitative at all. Those people are looking for moderate rental income streams for the long term—10, 20 or 30 years—and we want to see that kind of investor.

However, as I said, as has happened south of the border, we want to see diversity in the offer—discounted rents, mid-market rents, single-family renting and so on. That has really only just begun here—there are barely a couple of thousand units in Scotland, and there are 50 times that number in England. That is how far behind we are in that

sector. Every year, there is independent analysis of how happy tenants are with what they are getting in that new market. There is a really strong response, I have to say. The analysis looks at who lives in the housing, average incomes and so on. I would be happy to send that analysis to the committee for your information.

The Convener: That would be great. You quoted stats for developments in Scotland compared with south of the border. How do those figures break down in relation to the population, given that Scotland has five point something million people? It would be interesting to understand the numbers in that context and to hear how many houses we are building in relation to population size. It would be great if you could send that information to us.

David Melhuish: I would be happy to send that. Last year, Rettie did analysis of the big two cities—Glasgow and Edinburgh—compared to those populations south of the border. They were somewhere low down, in the 70s, whereas they are clearly not that far down in population terms. I will send that to the committee.

The Convener: Thanks very much.

Chris Birt: I will pick a few random bits of your lasagne, if I may. Apologies for some awkward segues here.

You asked Ken Gibb a question about a multiyear capital budget. A point worth reflecting on is that the Scottish Government's capital budget has been cut significantly since the financial crash and that one of the fundamental weaknesses of the UK economy is a lack of infrastructure investment. My comments are made in that context.

The Scottish Government's capital budget is far more predictable than the revenue budget. It is easier for the Scottish Government to make reasonable assumptions about what its capital budget will be over the coming few years than its revenue budget, which relies more on income tax revenue. I think that the Scottish Government can also make a decent guess at the revenue budget, but it is easier and less risky with the capital budget, particularly in relation to longer-term decisions. That is one point for the committee to keep in mind.

I will go back to a point that Stephen Connor made earlier, which is where we get into slightly risky territory when we talk about new models of finance or new models of renting. If we imagine a dial, social housing is an investment by us as a society into a home for everyone at an affordable level. As the grant level for social housing goes down and borrowing comes more into the line, particularly for housing associations, the cost switches from general taxation and public spending on to low-income tenants. As I understand the vision for housing by 2040, that dial is going the wrong way. I said that in my written submission.

The private rented sector is not a bad thing in and of itself, but we have too many low-income tenants or tenants on fragile incomes who are having to rely on it. It is putting those tenants, most acutely, and also landlords, in an extremely difficult position. We have to keep in mind that dial and stop it going that way, because that is a fundamental part of some of the worst effects that we are seeing just now.

The Scottish Government is often accused of not doing preventative spending, which is maybe fair. Off the top of my head, however, I cannot think of a better example of preventative spending than social house building. It can stop so many of the other bad outcomes that we see. For example, in a rural setting, it can have those advantages of affordability and so on, but it can also build community and place in a way that would perhaps be different in an urban setting.

All of those points are why the work that Ken Gibb is doing is so important. We have to look really hard at how our policy is working in practice. When we asked Ken to do that work, we were—frankly—doing it in the context of a much higher social housing budget, so that has changed the exam questions slightly. We have to ask these difficult questions about where the places are that we are putting money into and what our urgent priorities are, because if we keep trying to do everything, we end up doing not very much.

The Convener: That is a good point. Priority is coming through as a theme today.

Emma Jackson, you wanted to come in a while ago, so pick up wherever you want to.

Emma Jackson: I will make a few points around helping people to remain in the homes that they have.

Undoubtedly, we must build more homes at pace and at scale, but we also need to do more to enable people to remain in their homes. Eilidh Keay and a few others around the table have spoken about affordability, which is critical to allowing people to remain in the homes that they have, but I will pick up on two other issues in relation to that: accessibility and the adequate standard of homes.

We have an ageing population and an increasing population of disabled people who need homes that are fit for purpose, particularly to meet physical disability needs. If their home is not accessible, it is impossible for them to remain in it, so we must place a level of focus on accessibility.

We also really need to look at an adequate standard of repair in the housing sector, in particular the private rented sector. The most recent version of the Scottish housing condition survey indicated that 52 per cent of private rented homes would fail the housing quality standard. From our network of bureaus across Scotland, we see many people seeking advice about the conditions of the homes that they are renting. We recently produced a report, titled “In a fix”, that showed the extent of the issues that people are facing.

10:45

Often we talk about a lot of big numbers and statistics when we have these conversations. It is important to do that, but it is also important that we think about the individual lives and families who are being affected, so I will share an example with the committee. An east of Scotland CAB has told us about a lady it is working with; I will call her Claire, but that is not her name. Claire has been desperately trying to resolve a severe damp issue in her property for the past nine months. She already has an autoimmune condition, so, as you can appreciate, the mould and damp will only make that worse. The difficulties that she has had in trying to achieve a repair have severely affected her mental health and wellbeing. She has been given a lot of false promises about the repair being made but it has not happened, and as a result she felt that the stress of remaining in her home was too much for her. She decided to leave the property, but she found herself in a situation where the council indicated to her that she would be considered guilty of abandonment and therefore would lose her right to a home. You can imagine how deeply devastating it would be to hear that news when you are already juggling physical and mental health conditions. She feels that she has been forced to move back into the property, fearing for not only her health but that of her children.

We have to help individuals such as Claire to be able to remain in homes that are fit for purpose, safe and of an adequate standard. Otherwise, we are adding to the already rising statistics that we have heard today of people who are facing homelessness.

The Convener: The committee has certainly taken an interest in damp and mould, and we have been taking evidence on that issue.

On the point about remaining in a home, I was at the Rural Housing Scotland conference last week, part of which was the Scottish Ecological Design Association—SEDA—land talks. A speaker pointed out that Scotland has around 40,000 empty homes—we have already touched on the need to tackle that—and there are 20,000 second homes in rural areas. They were basically pointing out where we can find potential for housing.

One striking figure was that there are 900,000 homes in Scotland—I need to find out where they got this statistic—with single people living in them. I have come upon quite a few situations in which single people want to move in order to downsize. I totally take the point that people need to be supported to remain in a home, but this situation is another bit of the puzzle. It touches on what Ronnie has been talking about—the holistic bit. We need to look at all the housing stock and the different situations and be able to say, “These people live in big houses, they are single, they are desperately needing to move out, and we can get families in there.” How do we start to move those things together?

Dr Brown: It is interesting that you picked that up, because I have heard similar stories from other parts of the UK of people wanting to downsize. In areas where there is high demand, particularly for things such as second homes, developers are taking the opportunity to buy up smaller properties—bungalows and that sort of thing—and extend them and then sell them as family homes. However, that means that people are denied the opportunity to stay in their community when they retire and want to downsize.

There is a definite role for planning policy in thinking about that nuance at the local level. Where those sorts of trends are happening, the local planning authority can intervene and maintain the diversity of the housing stock in the area by refusing extensions and such things. That is tricky, however, because there can be demand for family homes in those places, but ageing in place is a really important idea that I do not think we have really grappled with yet in planning policy. It cuts across issues such as anticipating future housing need, providing for it, maintaining that provision and not allowing it to be undermined by speculative development and redevelopment of housing. It is a tricky balance.

The Convener: For sure. Certainly. Thanks for that.

We are supposed to be here for a maximum of two hours this morning. It is such a good conversation, but we do have quite a few things to get in, so I will bring in colleagues a bit more rapidly.

Professor Gibb: I raise a policy idea that Christine Whitehead at the London School of Economics and Political Science recently discussed in a report in England. She was looking for housing policy ideas post the UK election. Her focus was on stamp duty in England—obviously, in Scotland it is devolved under the land and

buildings transaction tax. The idea was to focus on the underoccupation problem of older households, essentially through granting them 100 per cent tax relief from stamp duty, which, in our case, would be LBTT, on the basis that that would be an incentive—a nudge—to encourage people at the margin to move. It would not make a huge difference, but it would help at the margin. Secondly, by creating a chain of moves and thus generating more tax revenue, the initiative would pay for itself. That is an idea.

Personally, I would probably want to scrap LBTT altogether and raise that tax revenue in different ways through property taxes. However, as a short-term way of thinking about those things, it is worth at least a discussion.

The Convener: Thanks very much. It is always very helpful when somebody comes in with an idea—something that can bring about a chain of moves.

Pam Gosal: David Melhuish spoke about having diverse supplies of new homes on the market. In written evidence, the Scottish Property Federation wrote about the potential of emerging housing tenures such as build to rent. It wrote that there were around

"17,000 BTR homes in the ... pipeline, but there is no guarantee they will be delivered due to the uncertain policy environment."

Will the Scottish Property Federation expand on the benefits of build-to-rent housing? What sort of action should the Scottish Government take to make Scotland a more attractive place to build homes of all tenures?

David Melhuish: There are 17,000 build-to-rent homes in the pipeline but, as mentioned earlier, only around 2,000, at best, are in operation. The concept offers flexibility. For employers who are looking for people to come in, it usually—in fact, almost universally—involves very urban brownfield sites, so all the planning criteria are usually addressed very straightforwardly. It has huge potential, particularly for places such as Glasgow that are trying to reinvent city living, as well as other parts of the country.

It is a different concept. At best, it is around 10 years old in the UK as a whole, so it is still an embryonic sector in the housing market. It offers different services, such as the concierge-type approach that may have been more famous in Europe or America but has simply not been here before. It is not the traditional PRS, let us put it that way.

It usually involves a single owner, which, as I said, will often be a pension fund that is looking for long-term returns. When it comes to policy, unfortunately—and most investors have been quite explicit about this—we were paused while we waited to see how the Private Housing (Tenancies) (Scotland) Act 2016 would pan out. Earlier discussions were quite radical—for example, open-ended tenancies for 10 years, so that people could stay in the home that they rent for as long as they want, almost. They got their heads around that, then we had the new deal for tenants—proposals for long-term rent controls in Scotland—which made a lot of the investors pause significantly. In particular, we had the rent freeze announcement, which they had not expected and did not know about. Without a doubt, there was a very serious loss of investor confidence because of the way in which that was done.

On rent controls per se, if the bill is good and they can work with it, investors will still want to come to Scotland and build out those 17,000 homes in relatively quick time.

We have been directly told of investors that have reallocated their investment to other parts of the UK. That is unfortunate. To touch on a point that was made by Eilidh Keay, we are also aware that some of the sites for what would have been build to rent have now gone to purpose-built student accommodation, because investors at those sites do not know the shape of policy to come. The housing bill is due to be introduced by the summer recess, but the on-going process could take a further six or eight months and the regulations could take even longer. That is a lot of uncertainty for investors that have mandates and demands from their own investors. At some stage, they have to make that money work. That is the concern.

We see build to rent as additionality. Traditionally, you have had private house building for sale—

The Convener: I have to ask you to wind up, please.

David Melhuish: We see build to rent as additional to the supply crisis. That is why we feel that there is an opportunity.

The Convener: Thanks very much for that. Willie Coffey has a couple of questions.

Willie Coffey: I will go back briefly to the homelessness service issue, although the committee has no remit on homelessness. That is one of the curious things about the Parliament—a sister committee has that responsibility. However, the topic comes up with us very often, as it has this morning. I will ask about the wider support—the homelessness services that we should provide. The regulator made some fairly pointed comments about systemic failures in the delivery of those services by some councils.

We have said that the issue is not just about the numbers of houses—build more houses and we

will solve homelessness—but goes wider than that. Ronnie Macrae commented that we need to look beyond housing numbers only and that there is a wider package of services to help people get through that particular situation. I want to touch with colleagues on what wider support services we should deploy and ask our councils to lead on to get us through that issue. I invite Ronnie to say something, because he mentioned it at the outset.

Ronnie Macrae: To go back to placemaking—working with communities, businesses and service providers—the care sector, for example, struggles in rural areas to get housing for special needs. All those things are struggling to be delivered. We do not have anyone to build or renovate houses in rural areas, at a time when rural areas want to repopulate and regenerate. It is about joining the dots to do the renovations, or upgrades or new builds. We cannot do that unless all the sectors work together—the health sector, the education sector and everyone else. Communities are doing a lot. They are building community-owned schools and community-owned health centres, but the housing system needs to work with that more effectively and, as I said, join the dots: using the environment sector for more local materials and creating circular economies. We can do a lot more, but we all need to pull in the same direction.

Willie Coffey: According to the evidence in front of us, there are at the minute more than 100,000 empty houses in Scotland. Empty houses come in a variety of tenures: second homes, abandoned, unoccupied and long-term voids—that sort of mixture. What more should we do to assist people with homelessness problems to get out of that situation? Is it about providing more houses? Is that the only solution, or do we need to think about a wider range of support to solve that issue?

The Convener: Thanks, Willie. I will bring in Gordon MacRae, then Rhiannon Sims.

Gordon MacRae: I will be as quick as I can, convener.

No solution works without more houses, but we need to do other things, too. As hosts of the Scottish Empty Homes Partnership, we think that we can definitely do more on empty homes. Some of our analysis shows that a significant proportion of what we had previously thought were private empty homes are actually owned by social landlords, so there is far more that we could be doing in that respect.

Part of the problem with service delivery is that we do not know how much money is being spent on homelessness services, or associated services, because of the way in which central funding is allocated to local authorities. There is a lack of ring fencing and transparency. As a result, it is hard to critically assess the scale of services. With areas such as justice and health, one of the best things that we can do is to ensure that people are not being released from the justice system into homelessness, which still happens far too regularly and frequently. We are incredibly concerned about the size of the prison population and some suggestion of moves towards another early release scheme. If that is not properly planned, it will have, as has happened in the past, an additional impact on the homelessness system.

11:00

People are also being discharged from hospitals into homelessness. NHS Fife did a good piece of work with Shelter, which was shared with the Scottish Government, on how to get advice and support into hospitals, so that when people are there for prolonged periods of time, or they come into hospitals with other issues, they do not move into homelessness when discharged. There is a lot that we can do in that respect.

However, three things need to happen. First, we need to buy and build enough homes to reduce affordable housing need. Secondly, we must make better use of existing stock by allocating empty homes to homeless households and using second homes. I would not say that it has yet been made, but there is a case for looking in a different way at purpose-built self-catering and buy-to-let properties, how existing properties are repurposed into these particular sectors, the issue of rent controls and so on. Lastly—and this is important—we need to fully fund homelessness and prevention services. As Audit Scotland has said, we have to start by understanding the scale of current investment so that we can assess how that should develop and grow as time goes on.

The Convener: We have our action plan.

Rhiannon Sims: A lot of research shows that people spend too much time cycling through different services. In particular, the research in the "Hard Edges Scotland" report showed that, too often, homelessness services end up carrying the can for the group of people who have complex needs. At the moment, people who have been released from prison or have been discharged from a hospital or psychiatric ward are not always able to get the support that they need from the homelessness system, and there have been a number of breaches of the homelessness duty. That is exactly what the prevention duties in the upcoming housing bill will try to address.

As part of the picture, we need to extend the definition of those considered to be at risk of homelessness. Someone due to be released from prison, for example, would automatically meet a definition of being threatened with homelessness, so that they would be able to access the support

that they needed much earlier than they can at the moment.

The prevention duties will also bring in other public services to ensure that problems are not just seen as housing or homelessness issues. They are referred to as the "ask and act" duties. During routine enquiries, other services will have a role in asking people about their housing situation and in trying to identify situations in which someone might be at risk of homelessness. For example, they might be accumulating rent arrears or living in a home that is unsafe for them. Public services have a role in trying to pull in the support that people need at an early intervention point before a situation reaches crisis point.

At the moment, even when someone approaches a council homelessness service, knowing that they are at risk of eviction, they are often told, "Come back when you have your eviction notice." That is not the situation that we want. We do not want people to be forced to reach crisis point before they are told that they are able to access help. There is more work to be done on what that might look like in practice and more engagement has to take place with other services, and the housing bill will provide the hook for that as well as offer an opportunity to bring in other services.

The Convener: I will bring in Emma Jackson and then Chris Birt, if they have something new to add on this topic, and then go to Willie Coffey for his next question.

Emma Jackson: We know that homelessness is the pointy end of the crisis, but it is perhaps important to remind ourselves that people are not experiencing issues in isolation and that we need to think about what is happening as a whole to people's lives at the moment. Undoubtedly, the cost of living crisis is having a devastating impact on people and pushing more and more towards homelessness who might otherwise not be in that position.

We at Citizens Advice Scotland are witnessing skyrocketing demand for food banks across Scotland, and we are seeing a rise in deficit budgets. People's budgets are simply broken, and there is not enough income to pay for all the essentials that we need. We are also seeing a huge rise in demand for energy advice; indeed, we provided more than 65,000 pieces of energy advice over the past nine months alone. Rationing, self-disconnection and energy debt are happening at scale. That is the sort of turbulence in which people are finding themselves at the moment, and, unfortunately, it is culminating in crisis for too many and pushing them towards homelessness.

As we look at all of those issues, we also need to have both a laser focus on housing, including the provision of more homes and working with those with the most complex needs to get them into housing, and really good joined-up, coherent policy across a number of areas so that, ultimately, we can deliver person-centred support that will have a material impact on and benefit people's lives. The committee's role is to have a laser focus on housing to 2040, but how do we join up with other areas and initiatives that move us towards the ambition that we want for ourselves here in Scotland, as we think about measures such as a minimum income guarantee and how we guarantee that our citizens have enough money to live on? We need to take a completely joined-up approach.

The Convener: Thanks very much for talking about the need for a broader and more holistic approach, and the fact that people are facing not only a housing challenge but energy pressures, which are leading to rationing, self-disconnection and so on. You also mentioned people using food banks—all of that comes with cost of living pressures.

I see that Chris Birt wants to come in.

Chris Birt: I will be extremely quick, as Emma Jackson has covered some of what I was going to say.

Another fundamental issue, on top of the things that Gordon MacRae and Rhiannon Sims have mentioned, is the inadequacy of the social security system. Universal credit is such that people are destitute, never mind able to live a decent life. Measures such as the five-week wait for a first payment, deductions and sanctions all increase the risk of homelessness. Another aspect—and it is a symptom of our overreliance on the private rented sector for low-income people—is the inadequacy of local housing allowance and its failure to keep up with people's rents.

I appreciate that those matters are largely reserved, but we cannot overlook their impacts on people's lives.

The Convener: Thanks very much for that. Do you want to come in with your next question, Willie?

Willie Coffey: Emma Jackson mentioned various factors. Can you briefly highlight any evidence or statistics that show quite clearly the direct correlation between people's experiences of such factors and their becoming homeless?

Emma Jackson: People are approaching Citizens Advice Scotland for advice not just on housing—that co-exists alongside their need to seek advice on other areas. We see the impact of all the different intersectional issues; indeed, the quarterly cost of living data set that we produce is beginning to indicate those impacts. We can

certainly send that to the committee to ensure that you have all that information available.

Willie Coffey: That would be brilliant. Thanks very much.

I have another brief question about housing quality. Are we trying to do too much? We want houses to be green and to be digitally enabled, and we also want to retrofit them. Chris Birt has wondered whether we are trying to do too much at once and whether we might have to prioritise. What are the witnesses' views on that? Are we trying to do too much at the same time? Do we need to prioritise?

Stephen Connor: As I mentioned earlier, we support tenants in getting actively involved in the annual budget and rent-setting process. We do not see that as a one-off discussion throughout the year but as a cycle. Tenants get involved by sitting round the table with their landlords and having those discussions. If a landlord is proposing to increase rent by, say, 4 or 5 per cent, tenants will demand to know what they will deliver in return for that.

In the past, a lot of developer organisations would have expressed a desire to increase the stock of social housing and to build more homes, and to continue with planned maintenance and responsive repairs. Approximately one fifth of every tenant's pound of rent goes on responsive repairs. If we take into consideration the cost of living and inflationary costs, we see that construction costs far outstrip the regular consumer prices index—or CPI—and it is becoming more and more challenging for landlords to continue to deliver a high-quality, high-functioning responsive repair service. We ensure that the tenants with whom we work are fully aware of that, so they empathise with our landlords. Ultimately, though, it is their rents that deliver those services.

We are engaging with tenants on planned maintenance, and they absolutely agree that they want their homes to be more energy efficient. You asked whether we were trying to do too much. Some of our focus has been on the need to continue to build more social housing, and we need to ensure that tenants' rents remain affordable.

On the other side of that, tenants do want more energy-efficient homes. I have mentioned the real challenges that households are facing with increasing energy costs, which are astronomical. We talk to tenants about moving towards decarbonisation, and we align our net zero promises alongside increasing energy efficiency under the new social housing net zero standard. Tenants absolutely agree with that approach; after all, they want their homes to be more airtight, warmer, more efficient and more affordable.

That said, some of the technologies that are available are concerning to tenants. There is a lot of hearsay that many of the new technologies that could be installed in their homes will ultimately be to their detriment. They are hearing that such measures could put up their energy costs further, while their homes get colder, because their landlords will not be able to keep up with retrofitting their homes on their existing budgets.

The tenants with whom we engage prioritise more energy efficiency and the building of more social homes. They want high-functioning, responsive repair services to be maintained. When we talk about net zero technology or decarbonisation, tenants sometimes tell us that they would not mind leaving that for the moment until technology gets better and energy costs come down, so that they are not plunged further into crisis.

Dr Brown: I want to pick up the other side of the equation—that is, commercial private developments rather than social landlords. We know from our members that there is definite scope to push developers to be more ambitious about the quality of the product that they deliver. There are some really good examples of authorities in Scotland that have been able to do that—front loading their systems, doing a lot of pre-application work and having honest conversations with developers to say that the proposals are not good enough, and that they need more green space or to pay more attention to the design.

There is definite scope to keep our ambition for high-quality, low-carbon, energy-efficient, safe and healthy housing, but there are limits, and I recognise that developers will say that there are extra costs involved. There are some good examples of authorities pushing for that, though, and they have said that some of the house builders are really surprised about what they can achieve when the authority pushes them. They can do more, so we should not downgrade our expectations too much.

The Convener: Thanks very much for that. You do not need to tell me now, but it would be super to hear some examples of local authorities that have managed to do that.

Eilidh Keay: I do not think that we should leave anything by the wayside; we should not just forget about retrofitting, because we have a temporary accommodation crisis. As Emma Jackson eloquently put it, we need to adopt a holistic approach. Fuel poverty is increasing year on year. If we leave retrofitting by the wayside, fuel poverty will get worse. I am a young person, and I am very

worried about the climate crisis. We always need to keep that crisis at the forefront when we build homes, for the sake of the planet and people.

On the point about trying to do too much, we understand—taking into account the broad high-level stuff, the policy objectives and the reality on the ground—that social landlords are struggling to access funding for retrofits. There are things that are already in place but which are very hard to access currently, so greater consideration of the smaller cogs of the system would be helpful in achieving our aims, rather than deprioritising what are fundamental priorities.

11:15

Chris Stewart: I can maybe add something, as an architect of the biggest Passivhaus project in Scotland—19 new-build flats in north Glasgow—which we are bringing to a conclusion.

Looking to the future, we know that there are a lot of misconceptions about the technology, so we need to spend a lot of time telling the public in simple language what exactly these things are. Passivhaus is technically very proficient—it deals with air tightness and high levels of insulation—but, in essence, it is a quality assurance project and all about collaboration with contractors. It is a fact that Passivhaus projects improve the mental health of contractors. I spend most of my time validating or inducting contractors in how Passivhaus works, and they really buy into it.

I photograph things to prove not that they have been done wrong but that they have been done right, and people really appreciate that. When we talk about quality, it is not just that the buildings are energy efficient but that they have been built correctly, with all the parts built in the right place. That mentality can extend to structural elements such as wall ties and fire stops; there is a whole realm of what we might think of as quality.

A cultural change is happening, and we need to buy into it. It is a medium-term, not a long-term, process, because the buildings pay themselves off very quickly. You can open a window in a Passivhaus building if you want to; it is not a prison. It is very much about people. We need to explain the concept of high-end, quality technology in simple terms so that people understand it.

The Convener: That was a helpful addition to the conversation.

Miles Briggs: A few of the witnesses have touched on the question that I was going to ask about solutions. During the meeting, I have been looking at the homelessness statistics. What stands out to me, as an Edinburgh MSP, is the fact that the number of households in temporary accommodation in Edinburgh is more than twice the national rate. We know that there are different circumstances and challenges in different parts of the country, whether they be urban or rural communities. Are those issues and the allocation of resources being taken into account in Government policy, including in the proposals for the housing bill? The Convention of Scottish Local Authorities also needs to be part of the conversation. What other options and models should be available to take such issues into account?

Gordon MacRae: I do not want to overshare, but the point about Edinburgh is important, because it highlights the constraints on land and development and what they mean in the longer term. In Edinburgh, there has been a fundamental failure to plan for the future. Ken Gibb touched on other local authorities' overreliance on underspends in trying to work year to year.

We argue that we continue to uphold different answers to different questions. For example, the big role of mid-market rent housing, given that it is financeable and fundable, has led to the idea that at least we can do something, but that is not an answer to the record number of people who are in temporary accommodation or to the homelessness emergency.

We also need to step back and understand that plenty of people are making money from the housing system. We see the system as being broken and biased against people with protected characteristics. Yesterday, the Competition and Markets Authority launched an inquiry and said that volume house builders are making more profit than they should be in an otherwise competitive market. Fifty per cent of landlords in the private rented sector have no mortgage, but their rents continue to keep pace with rents for those with the most leverage.

Edinburgh is a microcosm because that is where the overheated housing market is. I cannot offer particular solutions to all that, but if we are going to prioritise anything, we should prioritise homelessness. That is where people face the most extreme harm.

However, I do not think that we can go as quickly on everything. For instance, we have asked whether we should be allowed longer to bring second-hand purchases and acquisitions up to quality standards so that we can offset that opportunity cost. There is always an opportunity cost to any policy intervention, and right now, the acceptable opportunity cost is increasing homelessness. We have to recognise that we are in that situation. We argue that we have to balance that with how long it takes to get to some of the housing quality standards and how long it takes to get to some of the other areas.

The last thing that I will say is that we need to look very carefully at some of the developments on the outskirts of Edinburgh and at what proportion of them will be social housing as opposed to affordable housing, which is quite an elastic term that does not address housing needs. There is a bigger picture of how central Government funds are allocated on the basis of need, rather than on the basis of historic formulae, which Professor Gibb adequately covered earlier on.

Rhiannon Sims: Edinburgh is a special case. I will not pretend to have all the answers for that particular housing crisis, but I will add to the picture. The spend on temporary accommodation in Edinburgh increased by 193 per cent in three years—it went from £16.7 million to £49 million in the last financial year. Huge amounts of public money are being poured into temporary accommodation, but I sit in an office on the Canongate alongside our client services staff, and I hear them saying on a daily basis that they are exhausted and upset at having the same conversations with clients again and again about them having to present at the council every day because they are being turned away without being offered temporary accommodation. We have too many households in temporary accommodation.

Gordon MacRae talked about how the number of breaches of the duty to accommodate is going through the roof, and our client services see that on a daily basis. It is tricky because we need to reduce our reliance on temporary accommodation in the long term, but in the short term we need to make sure that everybody who needs accommodation has it.

One thing that I have been working on with the City of Edinburgh Council is the need for more diversity in the types of temporary accommodation that are available. It would be cheaper and easier to make more specialist forms of supported accommodation available for people with the most complex needs such as alcohol-related brain damage and that kind of thing.

Rowan Alba has a good model that could be made more widespread. We are not talking about a large proportion of the homelessness population needing that kind of intervention; it is a small proportion—5 or 10 per cent—but those people present to services again and again. That is repeat homelessness. If we can introduce solutions that are targeted at specific groups and provide those groups with the kinds of accommodation that they need, we might be able to free up some of the attention of the services that support them.

The housing first approach absolutely needs to be part of that solution, too. Most people can manage a mainstream tenancy if the right support is provided. Continuing to fund housing first properly and provide specialist supported accommodation for people with the highest complex needs would be a valuable part of the solution for Edinburgh, but it would not go the whole way.

Miles Briggs: I have a question about the elephant in the room. We are all talking about the proposed housing bill but we have legislation that our councils are not following through. The Parliament, the Government and the committee will spend most of the rest of this session of the Parliament considering a housing bill and bringing everything into one piece of legislation. Given the emergency that we are facing, would it not be better to examine what has gone wrong with all the legislation that we have passed in the past 25 years and focus on getting that right for different communities? Is a housing bill—which you will invest all your energies in—the right thing at this point or should we ensure that the legislation that we have performs?

The Convener: Miles has pre-empted the next set of questions and pushed us into another conversation. Before we go there, I want to stick with the more general housing to 2040 strategy, and then we can go back to his question. We will have a specific set of questions about the cost of living, tenant protection and interim measures, and Miles's question might fit better there.

I will direct a quick question at you, Ken Gibb. In your written submission, you talked about some work that you have done—I think it is the JRF work that you led—and mentioned something about the need for

"Institutional reform ideas"

including a new

"housing and land agency".

The issue of getting the land to build the housing on has not come up in this conversation. Will you talk a little bit more about that idea? I know that there are budget cuts and a new agency might not be possible, but I want to understand how that could help us.

Professor Gibb: We are by no means the first group of people to start talking about that. Drawing on some successful experiences with other agencies, such as Scottish Homes and English Partnerships in the past and Homes England now, there is a sense that there are ways of facilitating land assembly on a bigger basis.

The evidence that we gleaned from talking to local authorities about the housing supply programme frequently suggested that, although bigger sites can take longer, they are an important way forward. That chimes with some of the restoration of interest in approaches such as new towns. An agency that could not only support that

but help with the funding of social housing could also help with trying to do some of the things that the Scottish Futures Trust has done in the past. It could put all that in one place, do so on a national scale and have a clear rural remit.

There is nothing much particularly new in that idea, but it is a way of trying to find a medium-term to long-term way of facilitating the changes that we need and being much more actively involved in the land market, following some of what the Scottish Land Commission has proposed. All of that seems to add up.

The Convener: A housing and land agency might help with, for example, the presumption against out-of-town development and development on brownfield sites. Developers are being pointed towards developing on brownfield sites, but I hear that they are not keen to go into that space. Would the agency that you propose help with paving the way for housing on such sites?

Professor Gibb: A couple of decades ago, we had a huge amount of brownfield development. Builders who had previously shown less interest in it saw the opportunities because they were being directed in that way, so they were incentivised to build divisions that were purely about brownfield sites and they made that work effectively. We need to recreate that or think through the reasons why policy was successful at pushing builders in that direction. It was certainly effective at the time, but it has obviously fallen out of favour.

Dr Brown: There has been discussion about the idea of an agency to bring sites forward. The CMA report that came out yesterday mentioned that as a recommendation for the Scottish Government to consider.

Particularly in rural areas, there is a barrier for small sites. Although they are not attractive to volume house builders, they could be attractive to small and medium-sized enterprises, but there are barriers to getting planning consents. A land agency could help to cover some of those up-front costs and thereby enable those sites to be developed quite quickly. There is an interesting conversation to be had about that—there is definitely some potential there in Scotland.

The Convener: So, the barrier is the up-front costs that are involved in getting such sites developed to a point at which they can be built on.

11:30

Dr Brown: Yes. Having to prepare all the reports that are required for planning consent can be a big barrier for a small builder. The costs of those have gone up as the complexity of the planning system and the types of assessments that are required have increased. There used to be one or two-man bands of joiners who would see a site on the edge of a settlement and develop it, but those have largely gone because of the barriers to getting sites and consent. It is necessary to have specialist skills in order to be able to do that. There are up-front costs involved, as well as uncertainty. Therefore, a land agency could help with that, either with skills or planning support, or by pre-funding the process. There is potential there.

The idea was discussed at the rural housing workshop that was run by Ken Gibb's colleagues last week. The discussion was less about the barriers and more about the things that work, or that could work, which we could scale up.

The Convener: That was a very good bit of work—I caught the tail end of it.

After we have heard from Chris Birt, we will go back to Miles Briggs's question about the housing bill.

Chris Birt: What I have to say is linked to your question and to Miles Briggs's. When it comes to issues such as agencies and whether we need to look retrospectively at what we have, it surprises me how little we know about where we are now. We simply do not have a good understanding of housing need and demand across the country. Ken Gibb's forthcoming report on the affordable housing supply programme will look at issues such as the ageing financial delivery mechanisms. Why have we not looked at those issues in detail for a long time? That seems bizarre.

We were spending a lot more money on the housing supply than we are now. We asked Ken Gibb to do a bit of work on the subject because we wanted to find out whether we could get more in terms of poverty reduction out of the housing supply programme. Obviously, that is our focus, but I think that it would be incredibly powerful to have more granular insight into what we need across the country. Otherwise, we will be flying blind on some of the solutions that lots of people have talked about.

The Convener: That is a good point. Thank you for raising the housing needs and demand assessment, because, as I understand it—my understanding is based on good work that is being done in Orkney—that assessment does not uncover the real need that exists in communities, because people who live in rural communities, in particular, do not put themselves on a list because they do not believe that there is any possibility of obtaining housing. We have not really clarified that. By digging underneath that in the way that some housing folks in Orkney are doing, we can uncover the real need that exists at local level.

Let us go back to Miles Briggs's question about whether we need a new housing bill or whether we

should go back and look at what is already available and dust it off.

Gordon MacRae: Emma Jackson is laughing, because she knows what I will say.

It is difficult to see what difference the proposals in the bill will make to people who are homeless today. That is our starting point. We are broadly in favour of the aspirations that sit behind the bill, although we want to reserve judgment on a couple of areas until we see the draft. Scotland has quite a fully formed rights-based system, and we need to make sure that the bill does not have unintended consequences.

However, the priority right now is the housing emergency and the unprecedented scale of law breaking by local authorities—we must call it what it is; when we talk about "breaches of duties", it is a nice way of saying "breaking the law". Local authorities are breaking the law and that has no consequences for them. If our solution to that problem is to add more duties that local authorities must comply with, regardless of the merits of those duties in isolation, there is something broken with our policy-making framework and approach.

I would certainly be concerned if the bandwidth and the energy of the sector were to go into something that will not address the real harm and the real problems that are being experienced right now. We must listen to the local authorities on the front line, because they are telling us very clearly that they cannot cope, and the regulator is saying—certainly in the case of the authorities in Edinburgh and Glasgow, although we know that other authorities are in this situation, too—that they do not have the means to meet the level of demand.

We are past the point of regulation. In that context, what should be the priority? We think that it should be about resolving the situation of people who are stuck and trapped in the homelessness system now. That might mean having to take a different approach to scheduling that bill.

Rhiannon Sims: We have not yet seen the housing bill, but we believe that it will include several parts. We have heard a lot about the national system of rent controls, provisions on tenants' rights, a new approach to homelessness prevention, and even things such as a requirement on social landlords to introduce domestic abuse policies. The housing bill is intended to do a lot of things. I am not sure which bit of the bill the question is about but, obviously, I can mostly speak about the prevention duties.

We need to recognise that the different parts that are in the scope of that one bill are intended to do different things, and some are more controversial than others. We have talked a lot about the reliance on temporary accommodation. I understand people's concerns about the ability of local authorities and other public services to meet new duties when they are already in breach of existing duties, but I think that we would all agree that something needs to be done to introduce a more preventative approach that shifts our emphasis and our resources to early intervention. We cannot continue as we are, and the situation will only get worse.

More important than that, we need to remember the people who are at the heart of this, because homelessness is a traumatic experience. It harms people, especially those who experience repeat homelessness, but even households or children who have their first experience of homelessness. If we can do something earlier or further upstream to prevent that from happening and remove the experience of homelessness from somebody's life story, we absolutely need to do everything that we can to make that happen, because it will not only affect that child now, it will affect their lives further down the line. It impacts on them, on the people around them and their relationships, as well as on other public services further down the line.

We need to recognise that the principles of what we are trying to achieve are right, and if the bill and the duties in it provide us with an opportunity to try to get that right, we need to take it, because there is a moral obligation on us to do that.

The Convener: David Melhuish has indicated that he wants to come in. After that, I will move on to the final four questions that we still have to cover, which are focused on the regulations under the Cost of Living (Tenant Protection) (Scotland) Act 2022.

David Melhuish: Briefly, yes, we would like a delivery agency, please, but we would need the funding to make it happen.

On the bill, the most crying-out need that our members report is the need for certainty. To give a bit of a pragmatic response, we do not see the likelihood of the bill being pulled, but we are crying out for certainty about the details and where we go forward from here, because the investment will not hang around, and that is the key thing. We have a lot of sympathy with the points about what has worked, what has not worked, and what could have been better with all the incentives in the past 25 years, for reasons that have been given by other speakers. I do not think that there is anything that we need to address that could not have been done before now.

The Convener: We will move on. This next bit may or may not be relevant to everybody. We have questions on the regulations under the Cost of Living (Tenant Protection) (Scotland) Act 2022 and we thought that, rather than invite all or some

of you back for a separate session, we would just do it while you are here.

Do you agree in principle that the Scottish Government needs to use its powers to amend the rent adjudication system to smooth the transition away from the rent cap? Do you agree with the proposed system in the regulations?

Eilidh Keay: As a union, we would love to see further measures, such the rent cap, extended. There were problems with the rent cap—we are all aware of that. It failed to protect tenants who were on a joint tenancy when there were tenant swaps, or those with new market rents. It did, however, provide a lot of relief to sitting tenants, which was really important because when we talk about affordability and things such as rent controls, everyone acts as though they are something wild. We had rent controls at one point and Thatcher got rid of them. We can do it again; we can have rent controls.

On the rent adjudication process, we are disappointed by what the Government has proposed. It will not protect tenants and it is inaccessible. I do not understand the maths of it. More importantly, it relies too heavily on things such as free market rents. We have heard from the Minister for Zero Carbon Buildings, Active Travel and Tenants' Rights that the way that the system will work is that rent officers will just use sites such as Zoopla to look at current market rents, which is by no means a way to deliver affordability.

As a union, we recommend extending the rent cap. There are legislative constraints, because of the way that the first rent cap and rent freeze were introduced as measures to address the cost of living.

More importantly, we are concerned that the rent adjudication process runs for only a year. Because we do not know when the housing bill will be introduced, there will be a no man's land between the end of the rent adjudication process and the introduction of, we hope, permanent rent controls.

In addition, the rent adjudication process does not take into account other fundamental things that are challenging tenants, such as energy performance certificate ratings and the quality of a property. It is our position that a landlord should not be able to serve a rent increase notice if there is serious disrepair, such as mould and damp, which is the case for 50 per cent of properties in the PRS, or if properties have an EPC rating of D or below. Tenants who are already facing fuel poverty should not also face a rent increase. As a point of principle, why should someone charge more for a property that is not of good quality?

To say that we are disappointed is probably an understatement but, before the introduction of permanent rent controls, we really encourage the Scottish Government to look at other more comprehensive options that can deliver affordability for tenants who are in crisis.

Willie Coffey: My question follows on from what you have just said, Eilidh. On the mechanism of applying the rent increases, as I understand it, if the proposed rent is less than the open market rent, the proposed rent will be, by and large, fine; if the proposed rent is more than the open market rate, the open market rate would apply. If the variation is 6 per cent or greater, a tapering process will apply. Is that too complicated? Will tenants understand that? Should we leave it to rent service Scotland to explain that, or is it the case that the basic principle is fair and effective and that the process represents a balanced approach?

Eilidh Keay: From what I understand, those incremental measures were to stop, for example, a sitting tenant's rent jumping from a nominal £500 to £1,500. There is a recognition that long-term tenants will have a different rent to the market rent that can be seen on Zoopla, for example. However, one of the benefits of the rent cap and the rent freeze was that they were universal measures that were easily understood. People could use a calculator to check whether their rent had gone up by more than 3 per cent, for example. That is really important when it comes to delivering good policy: it should deliver affordability and the process should be accessible. There has been talk about producing a calculator or something, but we are really struggling with our resources to get people to even explain what the approach means for tenants.

The rent cap was set through legislation, but the adjudication process is one that people might not have access to. People who do not speak English will have to go through rent service Scotland. If you are a working-class person who typically does shift work for more than 40 hours a week, you might not have the time to go through the rent service. We need to deliver affordability, but we also need to deliver accessibility and ensure that the process is inclusive for everyone. The way that the mechanism works will not be functional for most tenants. It will put people off using it—then, for example, there will be an exacerbation in rent increases above the 12 per cent cap.

11:45

David Melhuish: We thought the proposal was a pragmatic response to the situation that the Government found itself in. As was just explained, as long as it is supported by open market rents, 6 per cent is the maximum increase; beyond that,

the increase can be tapered, to a maximum of 12 per cent.

Some landlords have had no rental increase since 2019, potentially. A lot of landlords have had no rent increase for a significant period. We felt that it was a pragmatic step in the right direction towards resetting the market.

I absolutely agree with the point about the accessibility of rent service Scotland.

There is also a wider question when it comes to the resourcing of rent service Scotland and to some of the background data. The Office for National Statistics—I think—analysed that and found that 86 per cent of Scottish rental data was based on new market lets, which, because of the imbalance in the market, tend to be higher. That feeds into increases.

The feedback that most of our industry gave us was that it was a pragmatic step.

Stephen Connor: David Melhuish and Eilidh Keay commented on the private rented sector. We operate predominantly in the social rented sector, in which, as I mentioned earlier, a legal framework is in place for tenant participation.

It is no surprise that the introduction of the emergency bill blindsided a lot of people. Its timing was alarming. It blindsided a lot of landlords that were already in the middle of negotiating their budget and rent-setting process for the year ahead.

On the other side, as well intentioned as it was for the protection of tenants, it applied across the full rented sector at the time. Our tenant members, in the social rented sector, absolutely advocate for and want to negotiate their rent levels annually. There is a legal duty for landlords to do that, and tenants want to continue to do that. Our tenant members are absolutely aware that their rents and rent increases pay for the services that they receive and for investment in their housing stock and communities, and they want to continue to have a say in that process. We therefore welcomed the ultimate removal of the provisions from the social rented sector. However, the guidance was there, to encourage landlords to be mindful about how large a rent increase they would apply.

At the same time, there was the cost of living crisis, as well as landlords' struggles with inflationary costs. Ultimately, therefore, a lot of our tenant members absolutely empathise with our landlords, which, first and foremost, need to run—to operate as a business.

It is not financially viable to continue to increase rents well below CPI. In the long term, that puts tenants' homes—their tenancies—at risk. We always advocate for tenants to be able to proactively negotiate their rent levels for the year ahead.

That being said, Eilidh Keay represents Living Rent. In Glasgow, uniquely, we get funding through the Glasgow communities fund, and we absolutely recognise the need to keep an eye on national policy. As strategic partners of the Scottish Government, we were involved in the consultations for "Housing to 2040" and the rented sector strategy, "A New Deal for Tenants", which alludes to supporting private rented sector tenants to have the same rights as social rented sector tenants. For that reason, we used funding in partnership with Glasgow City Council to trial a unique tenant-led housing commission for the private rented sector. Living Rent was represented on that body, which involved 11 private rented sector tenants sitting round the table with stakeholder organisations such as the UK Collaborative Centre for Housing Evidence and Shelter, effectively working together to identify the key issues in Glasgow's private rented sector and moving towards making recommendations for reform. Rent control was absolutely one of those recommendations. Ultimately, we as an organisation support that. We wanted to support private rented sector tenants to have a proactive and meaningful platform for engaging with the local authority to make improvements.

Thankfully, we have seen some of those recommendations reflected in Glasgow's new housing strategy. The recommendation for rent controls was not taken forward, but the commission acknowledged—as Ken Gibb mentioned earlier—that, first and foremost, we need to prioritise getting the data. We need to know what rents tenants are paying. A lot of the models that are used are looking at new lets, and we are missing a lot of data for existing tenancies. That is a priority, and the rented sector strategy alludes to that.

We need better data in order to better inform us before we put rent control measures in place. We as an organisation, and the commission in Glasgow, absolutely recognise that there must be work from local authorities to understand what private rented sector tenants are currently paying in rent before we can look at what rent controls may be appropriate.

The Convener: Thank you for giving us the wider context around the innovation and collaboration in Glasgow.

Emma Jackson: Putting in place measures so that people are not hit with large rent increases as we exit the emergency measures is a good thing, but CAS has a number of concerns about what is being proposed on rent adjudication.

As Eilidh Keay indicated, we feel that there is a lot of complexity in this area, and we, too, are struggling to communicate the detail to our advisers across the 59 citizens advice bureaus. If we cannot get our advisers to understand the process, how do we enable tenants and individuals to understand it? The complexity is creating a barrier to accessibility; that is a real issue.

We also have some general concerns about how renters will be empowered to use the system. We already know that people are not coming forward to use redress. In particular, people are not currently engaging with that process because of fear of being evicted—that is really holding people back. How many people are going to use the system and get a good and successful outcome? We are concerned about that.

Finally, to pick up on Stephen Connor's point, data is critical. We desperately need robust, timely and available data on the private rented sector to enable us to make all the decisions that we have been talking about this morning.

The Convener: Before I bring in Marie McNair with another question, I have a question on the data. Are there processes in place by which we gather data that could easily be moved over to pull that information together? Are you aware of anything?

I see a nodding head—perhaps Gordon MacRae can say something on that point.

Gordon MacRae: Landlord registration could be relatively easily used to gather that data, but the case for that has been made for around six years. That goes back to the point about a lethargic approach and a lack of urgency on the minister's part.

With regard to the limit of 6 per cent above and below, there is a continued reliance on market rents, and there is no conversation about cost. As I said, 50 per cent of private landlords have no mortgage. If the assumption for the starting point is the market rent, we are talking about superprofits being made across the sector. The absence of data is crucial in that regard.

The Convener: Did you say 50 per cent or 60 per cent?

Gordon MacRae: It is 50 per cent of landlords, according to UK Finance, looking at the number of buy-to-let mortgages in comparison with the number of properties that are let. That is a UK figure rather than a Scottish one.

The Convener: Rather than a Scottish one—okay. Marie, do you want to come in with your question?

Marie McNair: It has been touched on a wee bit already. How reliable is the data to allow rent officers and the tribunal to make an informed decision?

Eilidh Keay: That is one of the areas in which the data is not reliable at all. We forget that letting agents will buy up in an area, so when open-market rents are set based on the rents in that area—before the introduction of the current rent adjudication process—agents would set prices against themselves. There is a whole other element with regard to who controls the market—it is not just about putting numbers in a system. It is very much controlled by profits; that is one of the problems.

What Gordon MacRae said about landlord registration is hugely important. One of the reasons why rent pressure zones failed is that local authorities did not have the data available to them. If we made it a requirement for landlords to report their rent every year to the landlord registration system, we would have the data. That would be relatively easy to implement. It would also empower tenants, because they could see on the database whether a landlord had increased rent by £200 or £300 per year. The data is important, as it would empower tenants to challenge that. Relying on sites such as Zoopla and other letting agent websites is not the way to go about it.

Chris Birt: That point talks to the inequality of arms in the sector—if I can put it like that—in that it is far easier for landlords to vindicate their rights to their property, which they rightly have, than it is for tenants to vindicate their right to a decent and affordable home, because it is much harder for them to prove that the market is acting to disadvantage them.

As the convener said, the way in which the data is collected is important. The Scottish Government did a lot on that. I am sure that a lot of people who are sitting round this table were reached out to by the teams of civil servants that were trying to get insight into what the regulations would mean. Frankly, it is incumbent upon the Scottish Government and local government to get the data because without it an inequality of arms remains.

As Gordon MacRae said, if we want people to be able to vindicate and defend their rights—whether through a new bill, the United Nations Convention on the Rights of the Child or whatever else—they need good data to be able to make those arguments.

Professor Gibb: I think of the new rent control proposals as RPZ 2.0. Obviously, they include new tenancies as well, but exactly the same fundamental issues remain. We need data to be able to monitor and assess what is going on in

local markets, and the point of the models is to create a spatially well defined local area and to understand what is going on there: we need to know what is going on. The excellent new rent data that Zoopla has does not do that job—it cannot do that job.

We recently did a study for the Chartered Institute of Housing about local housing allowances, and as part of that we made a freedom of information request to find out the breakdown between new rents and existing tenancies that is used by rent service Scotland for each broad rental market area, and we found that the market is absolutely dominated by new rent. That raises is a very serious question, because if turnover is variable in local markets, relying only on new rents will not tell us what the underlying market rent is.

As Gordon MacRae said, the obvious thing to do is reboot the landlord registration system so that we know all rents and basic property characteristics. Size, type and address would probably be enough to allow the analysis to be done. However, there are roadblocks that seem to be stopping that. During the consultation that took place back in 2022, the implication was that that is what the Government wanted to do, but in subsequent discussions there has been ambiguity and a lack of clarity about whether that is something that it thinks it can pursue.

The Convener: Apart from rebooting the landlord registration system and declaration of rent, is there anything else that we could add at the same time?

Professor Gibb: As I said, if we could add some property characteristics—such as length of tenancy or something similar that says a little bit about what the tenancy looks like—we would have what economists would call a really powerful hedonic database that would allow for linking of rent to location and to property type and other characteristics, which would open up the analysis.

The Convener: Should EPC ratings and other such things be included?

Professor Gibb: Absolutely.

The Convener: What about gas boiler checks?

Professor Gibb: I would not go too far—[*Laughter.*]

No, seriously, I would not go too far. We do not need a lot of information to be able to do the things that we want to do. Obviously, however, specific policy matters that are of interest could be included.

The Convener: I bring in Stephanie Callaghan, who joins us online and has been listening intently to the discussion.

12:00

Stephanie Callaghan: Some really important points have been made about data. However, I am interested in hearing the panel members' views on what they see as being the impact on homelessness of the ending of the eviction provisions in the Cost of Living (Tenant Protection) (Scotland) Act 2022, so I invite comments on that.

Rhiannon Sims: The ending of the eviction provisions is worrying because of the potential for a rise in evictions, especially because that takes place alongside the introduction of rent adjudication measures.

Crisis supports the rent adjudication measures policy because, as colleagues have said, it is part of a pragmatic approach that offers almost the only way out of the situation that we are in. However, it needs to be accompanied by a public awareness-raising campaign to let tenants know that, if they experience a rent increase, there are things that they can do, including contacting their local citizens advice bureau or rent service Scotland. Without that, tenants will be worried that, if they challenge rent increases directly with their landlord, they might be at risk of eviction—potentially, illegal eviction. Therefore, public messaging is needed to make it clear what is being put in place, what tenants' rights are in relation to eviction, and that the new eviction grounds are discretionary rather than mandatory. Obviously, there is a role for advice agencies in relation to that messaging.

In the survey of local authorities that was conducted for the recently published research report, "The Homelessness Monitor: Scotland 2024", one of the key findings was that councils are concerned about a steep rise in evictions from the private rented sector when the 2022 act's provisions cease to apply at the end of March. That is just one more thing that is adding to pressures and concerns, at the moment.

Gordon MacRae: It is important to say that there has not been an eviction ban for most of our clients because of the low floor that the figure for exceptional arrears was set at, which was always below the average level at which an eviction would take place, anyway. Most landlords work with their tenants, so we have always held that the 2022 act was fundamentally flawed.

There is no doubt that there will be more evictions. Every day, people call our helpline to say that their landlord has told them that they will increase the rent as soon as they can and, as Emma Jackson said, it is likely that if someone's rent is pushed to 10 per cent above what it currently is, they might not think that it is worth trying to access rent service Scotland. The situation is a bit of a mishmash.

It is also important to note that the courts do not have the capacity to defend those actions. Essentially, we are looking at a bit of a cliff edge, with people being unable to access advice, and landlords and tenants being equally unable to navigate the system, although I think that there will be some online calculators and so on for people that can access them. However, what is happening potentially represents another shock to homelessness services at a time when they can ill afford any new expansion of need.

The Convener: Pam, do you have a supplementary question on that point?

Pam Gosal: I was actually going to ask my main question, which is on the subject that the witnesses are talking about.

Last week, we heard that the changes to the regulations are viewed by many as confusing, and today we are hearing that missing data could cause a problem as well. The importance of data was also mentioned last week by Callum Chomczuk—I hope that I said his name right—from the Chartered Institute of Housing Scotland.

Today, we have heard views from the tenants' side, but I now want to speak about landlords. First, should we go ahead with the regulations, given the confusion that exists and the missing data?

Secondly, will the regulations impact on the supply of housing? The policy is basically taking the investor out of the market, and we will have fewer houses available to rent. Will there be a greater shortage of homes? Should we strike a balance in the policy in the interests of tenants and landlords? Basically, my questions are, how could we strike that balance, and should we go ahead with the regulations? I invite David Melhuish to answer first.

David Melhuish: We have always been worried about the data point, and we have talked to rent service Scotland directly about its capacity. Our members have always been worried about that. That goes back years—going back to RPZs and so on. We think that the regulations are a pragmatic response. If something is going to happen, you should go ahead with them. They are intended to prevent a cliff edge for tenants. Some landlords have had their income frozen, so the financial viability of their continuing as landlords is an issue, without a shadow of a doubt. Many more are looking to exit the sector, we are told. For those reasons, we agree with what is proposed.

I encourage the committee to take a look at what the Office for National Statistics is proposing in order to improve the balance for sitting tenants and rental changes. That should help. The ONS's work has been done, and samples have been taken. That should, we hope, help with the new provisions.

The investors to whom we have spoken have felt that the proposals are a sensible step forward, and there are more discussions going on about the future supply of properties, on the back of them. I have to report that there was, previously, widespread uncertainty as to what would happen come 31 March.

Eilidh Keay: I cannot see how the rent adjudication process would necessarily affect supply, because it applies to sitting tenants. For rent controls, on the other hand, there is the argument about supply, which does not seem to be true. Germany has one of the biggest PRS systems, and it has rent control. France has rent control, too. The UK and Scotland lie outwith what happens in Europe in not having a form of rent control.

The point about supply is a bit of a red herring. The rental market in Scotland increased by 3,000 properties during the rent-cap period. We have been reading the documentation, in which landlords have said that the changes at UK tax level were more disincentivising than rent control. Essentially, I think that rent controls do not torpedo supply.

Pam Gosal: Thank you for that information. Last week, our witnesses highlighted that there would be an issue here, and there is an issue with people moving out of the market. You have referred to some stats, so I will go back and check them to see what has happened.

Emma Jackson: This is an important conversation, and it is important to bring landlords into it. Citizens Advice Scotland provides advice to tenants and landlords. Eilidh Keay made some excellent points, which I will not repeat. We have a role to play in ensuring that good landlords do not leave the system, because they will play an important part in designing the rent control system that we want for the future. We need to find out what we need to do to facilitate training, advice and support for landlords within that system.

Let us take our minds back to the start of the conversation—about prioritisation, the biggest issues that we face, and identifying the burning platform that we see right now, which is not about landlords, but individuals, who are experiencing the absolute worst of the homelessness crisis that we see across Scotland.

As I was preparing for today's evidence session, I was reading about some devastating examples from around the CAB network. Rhiannon Sims and Gordon MacRae would be able to share equally harrowing stories. I was struck to hear that an east of Scotland CAB has been working with an individual who has found that he is homeless

because of affordability and is now living in a tent in a rural community. Can you imagine what it must be like to be sleeping in a tent in rural Scotland in February? Such cases are the burning platform among issues right now, and are absolutely where our attention needs to be.

The Convener: Thanks very much for pointing us in a particular direction at the end of that conversation.

This has been a really good conversation, and we could probably have spent a couple more hours unpacking some of the bits and pieces that have been raised around the room and throughout the conversation. I really appreciate your giving your time for the discussion.

I will briefly suspend the meeting to allow the witnesses to leave the room. Committee colleagues will then need to press on with some other bits and pieces.

12:09

Meeting suspended.

12:15

On resuming—

Subordinate Legislation

Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2024 (SSI 2024/24)

Non-Domestic Rating (Valuation of Utilities) (Scotland) Amendment Order 2024 (SSI 2024/25)

The Convener: The next item on our agenda is for the committee to consider two negative instruments. There is no requirement for the committee to make any recommendations on negative instruments.

As members have no comments to make, does the committee agree that we do not wish to make any recommendations on the instruments?

Members *indicated agreement.*

The Convener: The committee previously agreed to take the next three items in private, so as that was the final public item on our agenda, I close the public part of the meeting.

12:16

Meeting continued in private until 13:00.

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