CABINET

TOWARDS BETTER HOMES: PROPOSALS FOR DEALING WITH SCOTLAND'S OLDER HOUSING: DRAFT WHITE PAPER

Memorandum by the Secretary of State for Scotland

As requested by the Home and Social Affairs Committee at their meeting on 18 May I have revised my draft White Paper, "Towards Better Homes - Proposals for dealing with Scotland's Older Housing", to take account of the comments made at that meeting. The revised draft is attached.

G C

Scottish Office

22 May 1973
INTRODUCTION

1. This White Paper outlines the Government's proposals for an important stage in the development of those policies referred to in the White Paper, "Homes For People: Scottish Housing Policy in the 1970's" (Cmd 5272) which relate to action for dealing with substandard houses.

2. The Government are concerned that increasing attention should be paid to the quality of housing, and that substandard houses still in use in Scotland should be dealt with as quickly as possible. They have accordingly undertaken a review of the policies and procedures, as mentioned in paragraph 27 of Cmd 5272, aimed first at devising ways of making the improvement grant scheme a more effective instrument for remedying substandard housing conditions, and secondly at ensuring that the improvement grant scheme is more closely integrated with other forms of action to deal with houses which range from the inadequate to the intolerable.

3. The broad conclusions of this review are:
   (a) that new procedures are necessary to enable action to be taken on areas of substandard housing; and
   (b) that the improvement grant scheme should now be made to operate more selectively so as to contribute more directly to the remedying of substandard conditions.

4. After consultations with local authorities and others on the proposals themselves, and on how they should be implemented in detail, legislation to give effect to the proposals will be brought forward as soon as is practicable.

SCALE OF THE PROBLEM

4. For over 50 years Scottish housing policies have been dominated by the substantial proportion of houses in the stock which have been unfit for human habitation or, in more recent terms, have been below the minimum tolerable standard. Very substantial progress has been made in dealing with these houses. Following slum clearance in the period between the Wars, about 270,000 houses in Scotland have been closed or demolished since 1954, when organised slum clearance began again. In addition, over 21,000 houses are known to have been provided with some or all of the five basic amenities (bath, WC, sink, wash-hand basin, hot water
supply) which they previously lacked, with the assistance of standard grant. Many more houses, out of the 68,000 which have been improved with discretionary improvement grant, would have been unfit before their grant-aided improvement.

5. Because of changes in the legislation, it is not possible to make accurate long-term comparisons of the number of houses in so bad a condition as to require statutory action. Until 1969 the standard by which a house was considered to justify such action, by way (for example) of closure or demolition, was 'unfitness for human habitation'. This was a largely subjective standard, by which the condition of the house was considered in relation to a list of criteria related mainly to structure, sanitation and plumbing. The Housing (Scotland) Act 1969 abolished the concept of unfitness for human habitation, for all purposes, and substituted a new concept of minimum acceptability, the 'tolerable standard', related to social rather than public health criteria. The new standard, which is set out in detail in Appendix , was also in much more objective terms than the old. Assessments of the number of slum houses made before and after 1969 are therefore not comparable.

6. Nevertheless, from information available from a number of sources - including Census figures, assessments by local authorities under the 1969 Act, the Report "Housing in Clydeside 1970", and the General Household Survey - it is possible to make a rough estimate of the number of houses in Scotland which still need to be dealt with, as being below the minimum tolerable standard. The current estimate is 180,000 - 190,000, or about 10% of the whole stock of houses in Scotland. This represents, in the main, the houses which lack the most basic amenities - the exclusive use of a WC, a sink, or a hot and cold water supply. Accordingly it can be said that a great many of these houses have subsisted for over 50 years in a state which would have justified their closure or demolition as unfit for human habitation in terms of the various Housing (Scotland) Acts which have been in force from time to time during that period.

PRESENT PROVISIONS FOR ACTION

7. Section 1 of the Housing (Scotland) Act 1969 places on local authorities the duty to secure that all houses in their district which do not meet the tolerable standard are dealt with. Broadly, the procedures available to the local authority for this purpose have provided for the closure of individual houses (by closing
order; the demolition of single buildings made up wholly of such houses (by
demolition order); the clearance of all the buildings in areas in which the
houses, or most of them, are below the tolerable standard (by housing treatment
area action for demolition); or the improvement of houses in an area of this
kind, so that all the houses in the area will at least meet the tolerable
standard (by housing treatment area action for improvement). There is no
 provision in current legislation whereby statutory action can be taken by a local
authority to secure the compulsory improvement of houses which are not below the
minimum tolerable standard. A procedure of this kind did exist, between 1964 and
1969, but it was abolished by the 1969 Act. Within the statutory procedures of the
1966 and 1969 Acts, or separately from them, houses can, however, be improved
voluntarily with the assistance of standard or discretionary improvement grant.
In order to stimulate a greater volume of improvement work in the development
areas and intermediate areas of Great Britain (this covers the whole of Scotland),
the Government introduced in the Housing Act 1971, for work completed before
23 June 1974, special higher levels of grant payable to private owners and of
Government contributions towards those grants or towards the cost of the
improvement of houses owned by local authorities and other public authorities.
The results have been outstanding: the number of private houses approved for
standard grant and improvement grant increased from 3,879 in 1969 to 16,053 in
1972 and in the first quarter of 1973: and there was a substantial increase
in the rate of improvement of houses owned by public agencies. More details
of progress with improvement are given in Appendix

REVIEW OF POLICIES

8. The Government are convinced that the time has come to concentrate special
efforts on dealing quickly with the unfit houses which still exist, and that
in general much more emphasis should now be placed on the quality and standards
of housing, including the quality of the environment of houses, instead of merely
increasing the quantity of housing accommodation. To this end they have undertaken
a comprehensive review of the provisions relating to both the clearance and the
improvement of older houses.

9. The first broad conclusion from this review has been that it is essential
to deal with bad housing, wherever possible, by areas rather than by individual
houses or single blocks of houses. Indeed, where the latter kind of action
involves closure or demolition, unless it is very considerately used and
co-ordinated by well thought out housing management policies of the local authority,
it can cause difficulties and even hardship to the occupants of adjacent houses.
10. The review suggests that while the present provisions for dealing with areas of houses which are below the tolerable standard are reasonably effective where the purpose is clearance of all the buildings, they are less effective in securing the improvement of the houses in the area to a reasonable standard. The Government propose, therefore, to introduce amending legislation to provide for action by areas, and to secure more effective and flexible means of treating the houses in an area by way of demolition, or improvement, or both.

11. The review has also extended to consideration of the whole improvement grant scheme, as at present established by the Housing (Financial Provisions) (Scotland) Act 1968, amended by the Acts of 1969, 1971 and 1973. A consistent principle under the improvement grant scheme, since its introduction in 1949, has been that all effectual improvement of houses has been equally welcome, as a contribution to the upgrading of the Scottish housing stock. Under this policy, the improvement of some 220,000 houses, with the assistance of discretionary improvement grant, standard grant, or annual payments to local authorities and housing associations, has been secured. Nevertheless, the housing position in Scotland in 1973 is very different from that of 1949. As has been stated in the recent Report of the Scottish Housing Advisory Committee "Planning For Housing Needs: Pointers Towards A Comprehensive Approach", the numerical shortage of houses is now no longer significant in many areas, and the "housing problem", whether of shortage or condition, has become much less a single national problem and much more a series of local problems in particular districts. These considerations clearly point to a need now to adapt the improvement grant scheme to make it a more effective instrument for dealing with the surviving substandard houses.

THE GOVERNMENT'S PROPOSALS

12. The following paragraphs indicate the changes which the Government believe are needed to achieve the aims already described. These are not final proposals, nor have they yet been worked out in detail. The Government will wish to have early consultations with local authorities and others concerned with housing in Scotland; and they will also wish
to study the Report of the Environment and Home Office Sub-Committee of the Expenditure Committee of the House of Commons, which has been enquiring into the improvement grant scheme and in the process has taken evidence from the Scottish Office and a number of Scottish local authorities.

13. The proposals are based on the proposition that substandard housing conditions must be dealt with by improvement as well as by clearance. In suitable circumstances, improvement can both restore to a good standard for a further useful life some of the houses which have already fallen below a tolerable standard, and also modernise other substandard houses so that they become part of a more varied housing stock for an extended life, often perhaps virtually as long as that of a new house. There is ample and growing evidence in Scotland that many people prefer to live near the centres of towns and cities, and in established communities in the rural areas, in familiar and convenient surroundings, so long as they can do so in houses of good modern standard. Nor, the Government believe, should there be any question of rigid separation into long-term improvement on the one hand, and clearance on the other, with no possible forms of action in between. Subject to considerations of cost and other relevant factors, what is needed is a fully flexible approach, providing remedies ranging from clearance at one end of the scale to full, long-term improvement at the other. In this way the improvement grant scheme can help to ensure the best form of action with the minimum of disruption of existing communities. For these reasons, the Government's proposals continue to embody the concept introduced by the 1969 Act, that clearance and improvement must both be considered in deciding upon action to deal with substandard housing by the statutory processes.

HOUSING ACTION AREAS

14. The Government propose, however, that the concept of the housing treatment area which was introduced by the 1969 Act, and which related specifically to areas of houses which fail to meet the tolerable standard, should be superseded by the concept of the "housing action area". Local authorities should be empowered to declare an area to be a housing action area, by reference to a set of criteria relating to the standard
of the housing in the area and, possibly, to the condition of the housing environment. This standard, to be applied for the declaration of an area as a housing action area, would have to be determined in detail after consultation, but it might be on the lines of the twelve-point standard for improvement grant. The housing action area, unlike the housing treatment area, would be a device for identifying an area in which either the remedying of intolerable housing conditions, or the prevention of such conditions developing, would be achieved by the exercise by the local authority of special powers designed for and limited to such an area.

The size of a housing action area would not be specified in precise terms: to be effective, the area should clearly be neither so unmanageably large that the sharp edge of its purpose was blunted, nor so small that it did not justify its status. An area may often almost define itself, in relation to the situation and conditions requiring attention. The general criteria should if possible be broad enough for dealing with a wide variety of circumstances.

15. A proposal by a local authority for the declaration of an area as a housing action area would be accompanied by the authority's proposals for the action contemplated, in the form of an action plan which would take account of the wider planning considerations. Since the purpose of the procedure would be to enable local authorities to secure the most effective and appropriate form of action, or combination of forms of action, according to the circumstances of each area, the action plan could cover clearance, improvement or a combination of clearance and improvement, wherever possible with proposals for the re-use of cleared sites. To avoid the possibility of proposals being put forward for the complete clearance of areas where the houses were not of unreasonably low standard, there would probably have to be an intermediate standard by reference to which clearance would become a potential form of action. Detailed procedures would have to be worked out in consultation, but the Government envisage that the authorities' action plans would be notified to all those affected or interested. The procedures would have to be so devised as to keep to a reasonable minimum the time required for dealing with the proposals.
16. Within housing action areas, local authorities would have additional powers. In particular they would be able to require owners of houses to improve them to a minimum standard; and to acquire a house, if necessary by compulsion, if after reasonable opportunity the owner did not take steps to improve it. On the other hand the owner of any house in an area declared to be a housing action area would be able to get grant, as of right, towards the cost of the improvement of his house on the same general basis as he can at present get standard grant, and as is proposed generally for the new "intermediate grant" referred to in paragraph 217. To help to maintain the supply of rented houses and houses for owner-occupation in relatively central locations, local authorities would be given every encouragement to sell any houses they might acquire in housing action areas for improvement either for owner-occupation or for renting - eg by a housing association (See paragraph 247 below.)

17. To encourage voluntary improvement activity in housing action areas, and since in many cases owners of houses in this kind of area have limited financial resources, it is proposed that grant for improvement work in action areas, by private owners and public authorities, should be at a higher level than elsewhere, when the higher levels of grant and Government contributions under the Housing Act 1971 cease in June 1974. Moreover, since some houses in housing action areas may require repair, rather than improvement and repair work is sometimes inhibited by the inability of owners to meet the cost, the Government propose that local authorities should have a discretion to give grants for repairs only, for houses in housing action areas, if they are satisfied that this is justified having regard to the condition and standard of the house and the circumstances of the owner.

18. In order to make possible the improvement of houses in a housing action area, where that is the course of action decided upon, it will sometimes be necessary for houses to be vacated so that the work can be done; and sometimes, particularly in tenements, adequate improvement can be carried out only if the number of houses is reduced. It is proposed that where a local authority has declared an area to be a housing action area, the authority should be under a duty to offer rehousing to anyone who has to be displaced, either temporarily or permanently.
19. The Government have been considering the desirability of a measure of control being given to local authorities over the occupancy of houses improved with grant. Until its repeal by the 1972 Act there was a general provision with the broad effect that for a period of 3 years any house improved with grant had to be occupied by the original applicant or let to a tenant. The Government believe that this condition, in its original form, was an unjustifiable obstacle in the way of improvement. They believe, however, that some degree of control may be desirable because of the risk of further reduction of the supply of rented houses, and the effect this could have on the availability of housing — for example for people who move from one area to another for reasons of employment. Subject to consultation the Government believe that there is a case for giving local authorities a statutory discretion to apply a condition to privately owned rented houses improved with grant, to the effect that the houses should remain available for letting for a specified period. In addition the Government believe that there are many owners who live in houses which do not lack any of the basic amenities and who should be able to carry out any further improvement of their houses without help from public funds. The Government therefore propose, to prohibit the payment of grant, for improvement to a standard above that applicable to the new intermediate standard referred to in paragraph 21, to owner-occupiers of houses with a rateable value above a specified level. These proposals would apply in all areas including Housing Action Areas.
OTHER PROPOSALS

20. The Government propose to make a number of changes in the improvement grant scheme, in addition to the major change represented by the introduction of the housing action area procedure. The division of the grant scheme into two parts - the standard grant scheme and the improvement grant scheme - no longer seems to be justified. It has given rise to some difficulties, because in many cases a proposal can be regarded as suitable for either standard grant or improvement grant. Moreover, the present standard grant provisions do not take account of repair costs, even if the work of repair is associated with the work of providing the standard amenities which are lacking. There is some evidence that the improvement of houses which most need to be improved, by the installation of standard amenities, may be inhibited through the inability of the owners to meet the cost of repairs which may be necessary, and which under the present arrangements may not be grant aided.

21. The Government propose, therefore, to change the structure of the grant scheme by removing the specific arrangements for standard grants and substituting an arrangement for grant at a fixed proportion of approved cost, either for "full standard" improvement or for "intermediate standard" improvement, as may be appropriate. This latter standard would probably be the availability of the five basic amenities, plus good repair, and owners would be able to get grant up to that standard as of right, in broadly the same way as they can at present get standard grant. It would, however, be possible under the new arrangement for repair costs associated with the provision of standard amenities to be taken into account within limits. It would be the Government's intention that there should still be as much flexibility as possible in relation to standards, so that houses might be improved to a range of standards, according to the circumstances of each case, so long as the outcome was a house modernised to a reasonable standard, with an appropriate expectation of life.
22. In accordance with the aim of making the improvement grant scheme more effective and contributing to the remedying of substandard housing conditions, and in order to make more effective use of the public funds involved, the Government propose to prohibit the payment of grant towards the cost of improving a house which is a second home of the applicant.

23. The Government accept that in a few exceptional cases the present level of Exchequer contribution towards expenditure by local authorities on the improvement of the amenities of predominantly residential areas under Section 58 of the Housing (Scotland) Act 1969 may be inadequate. They therefore propose that the Secretary of State should have power, in exceptional cases of this kind, to approve an addition to the normal maximum limit of £200 per house eligible expenditure on which the Exchequer contribution is calculated.

24. Lastly, the Government will encourage housing associations and housing societies to become as fully involved as possible in action to improve older houses - in all areas but particularly in housing action areas. The supply of rented houses, other than local authority houses, in the older residential areas can in many cases be usefully augmented by housing associations - including those formed by the residents of the area themselves - and full support will be given to this movement through the grant scheme, through the appropriate subsidies under the Housing (Financial Provisions) (Scotland) Act 1972, and by the expansion of the role of the Housing Corporation, as referred to in the White Paper, "Homes for People: Scottish Housing Policy in the 1970's".

SUMMARY

25. In summary, and subject to the consultations which will be necessary, the Government's proposals are that

(i) the housing treatment areas procedure of the Housing (Scotland) Act 1969 should be replaced by a new procedure for housing action areas;

(ii) local authorities should be encouraged to make maximum use of their general housing powers, within housing action areas;

(iii) local authorities should be given special powers within housing action areas, including a power to require improvement up to a specified standard;

(iv) the proportion of improvement grant within housing action areas should be higher than elsewhere, and local authorities should have a discretion to give grants for repairs only;
(v) local authorities should be made responsible for any rehousing required as a result of housing action area proceedings;

(vi) local authorities should be given a power to attach a condition on the occupancy of a house improved with a grant;

(vii) the standard grant scheme and the improvement grant scheme should be merged, and owners should have a right to grant to an "intermediate standard";

(viii) the payment of grant, for improvement to above the "intermediate standard", to owner-occupiers of houses with a rateable value above a specified level should be prohibited;

(ix) the giving of improvement grant for second homes should be prohibited; and

(x) the Secretary of State should be empowered to raise the maximum eligible expenditure of £200 per house, for improvement to the amenities of predominantly residential areas, in exceptional cases; housing associations should be encouraged to play an increasingly active part in providing houses for renting, by improvement, particularly in housing action areas.