

GWSF

Glasgow and West of Scotland
Forum of Housing Associations



The case for investing in tenement housing

November 2019

About GWSF

Glasgow and West of Scotland Forum of Housing Associations (GWSF)

GWSF is the leading membership and campaigning body for local community-controlled housing associations and co-operatives (CCHAs) in the west of Scotland.

The Forum represents 67 members who together own almost 88,000 homes. Along with providing this decent, affordable housing CCHAs also deliver factoring services to around 33,000 owners, mostly in mixed tenure housing blocks. For over 40 years CCHAs have been at the vanguard of strategies which have helped improve the environmental, social and economic wellbeing of their communities.

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Executive Summary

The deterioration in the condition of Scotland's tenements continues apace. The problem is especially acute in pre-1919 traditional tenements.

The aim of this report is to argue that, alongside the more radical, longer term proposals for reform in the June 2019 Parliamentary Working Group Report, solutions which are more easily achievable in the shorter term are well within the grasp of the Scottish Government if it focuses new resources on blocks which are already – or could in the future be – factored by housing associations.

The increasing scale of disrepair in both mixed tenure blocks and fully private tenement blocks is clear from the information we have received from member associations. And yet, in many respects, maintaining common blocks owned by housing associations should be significantly easier than is the case for blocks where no housing association is involved and which may have no factor at all.

Whatever the future holds for tenements in terms of longer term legislative change, GWSF strongly believes that funding is the shorter and medium term key to bringing about tenemental improvement where there is a willing local authority and housing association partner(s) keen to progress repairs and improvements. This means that the Scottish Government needs to make investment in existing housing stock a much greater priority than it has been in the last 20 years, when only energy efficiency – and not the very fabric of the housing – has featured in government policy and funding priorities.

A change of funding priority can, realistically, be implemented much more quickly than radical legislative change. Two of the three recommendations of the Parliamentary Working Group Report – mandatory five-yearly inspections and mandatory owners' associations – are not as critical where a housing association owns and factors the block. The third recommendation – on mandatory sinking fund contributions – would be of benefit in all commonly owned blocks, though it appears that this recommendation may face the greatest opposition if retrospective application of it is sought.

There are two key ways in which the Scottish Government can support local authorities and housing associations to tackle tenemental disrepair. The first is by encouraging an expansion of acquisition programmes, where local authorities – through the mainstream housing supply programme – fund associations to buy and improve private housing where this gives them greater or full control over tenement blocks and at the same time boosts the supply of social housing. Local authorities too can legitimately fund their own housing departments to do this in the 26 areas with council housing.



The second is for the Scottish Government to return to a system of providing direct, ring-fenced funding to support local authorities to invest as widely as possible in tenemental improvement, particularly where councils can work in partnership with local housing associations to focus resources effectively and set in place long-term maintenance arrangements with the owners. One approach to this could be to commit to provide funding where a local authority itself is demonstrating that it is willing to commit some of its own resources to the repair and improvement of tenemental stock.

The Scottish Government's vision for housing to 2040 includes this amongst its key elements:

'Although I live in a block of flats, it is really straightforward to make improvements and repairs to communal areas.'

Not every tenement block may survive until 2040 and beyond. But GWSF believes that Scotland is not ready or willing to see wholesale demolition of tenement housing. Reality needs to be faced and appropriate resources invested by the Scottish Government in securing the future of these homes, in partnership with councils and housing associations, before it is too late.

1. The scale of the problem

Information held by individual local authorities and housing associations is more likely than official statistics to give a true impression of the scale of tenemental disrepair. This is because the sampling now used in the Scottish Government's Scottish House Condition Survey is so small that it is all but impossible to separate out meaningful data on particular types of housing such as pre-1919 tenements.

One local example of the likely scale of tenement disrepair was the November 2018 reports of Glasgow City Council's assessment of the likely scale of investment needed to address the problem: <https://www.scottishhousingnews.com/article/repairs-bill-for-glasgow-tenements-could-run-into-billions>. The Council has been carrying out further survey work in 2019 to further identify the scale and nature of the challenges in privately owned pre-1919 tenemental stock, and is expected to report on this early in 2020.

The significance of local information such as this makes it especially important that councils reflect in their Local Housing Strategies, and in their regular reports to elected members, the latest picture they have of the scale of tenement disrepair.

What our members are telling us

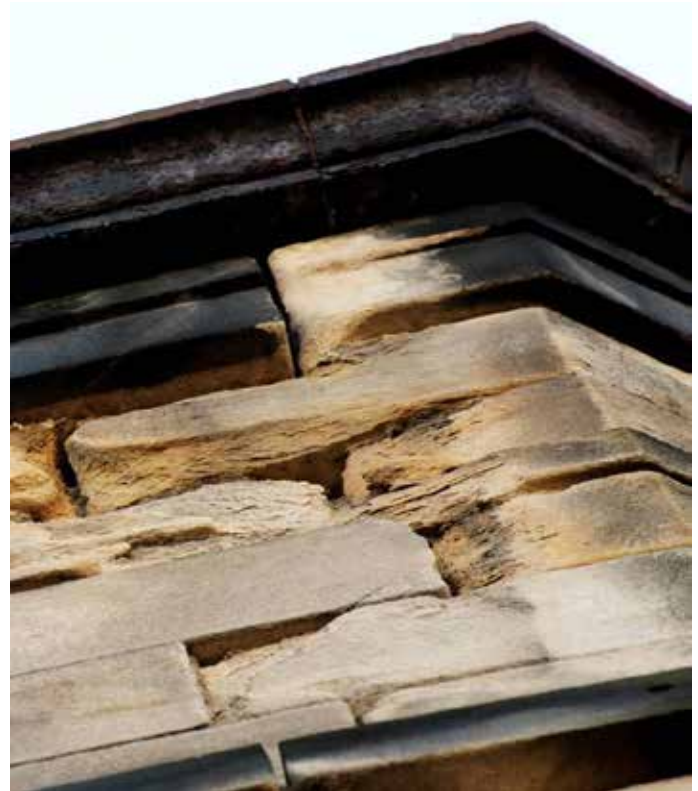
In 2018, continuing into 2019, we received survey and case study information from more than 20 member associations based in Glasgow, Renfrewshire, East Dunbartonshire and West Dunbartonshire. The aim was not to build up a hard statistical picture of the issue, but to use the sample to gain a broad impression of the scale and urgency of the problem as perceived by members.

The predominant investment challenges, not surprisingly, were in pre-1919 stone tenements, though some associations reported investment challenges too in inter-war and post war blocks (including some non-traditional building types). It was clear that in any block in which there were owners, there were likely to be challenges.

Our survey focused mainly on mixed tenure blocks – i.e. blocks in which were a mixture of housing association tenants and owners. The survey did not look specifically at fully private stock, where the problems are even more acute, as local housing associations would not normally hold detailed information on stock in which they have no current interest in ownership terms.

Across the board, members reported the steadily deteriorating condition of their mixed tenure blocks. Even this modest sample of member associations reported concerns over 1,600 closes containing around 9,000 flats.

One example was an association with 62 closes (281 flats), of which the association did *not* have a majority share in



29. The lack of a majority share in a significant proportion of closes was a problem for almost all respondents.

The main issue was lack of investment, or rather barriers to investment because this was inextricably tied up with the issue of owners' inability or unwillingness to pay their share of the cost of works.

'If there is no grant for owners, some of these closes will badly deteriorate, which could result in demolition. Owners do not budget for external repairs, and prefer to spend money within the property on kitchens/bathrooms/windows. In this area a number of owners buy for student offspring and not homes for longer term so are not willing to invest large sums in roofs etc.'

Several associations cited cases of owners having blocked a wide variety of proposed works, including relatively modest works such as new door entry systems, rendering, and environmental works to improve the area. Even minor investment, therefore, had been difficult for some associations. One said its cyclical close painting programme since 2008 had been badly affected by owners' lack of interest or unwillingness to pay.

'We have postponed cyclical close painting due to owners not agreeing, and a forthcoming window and stonework contract may face the same issues.'

Almost all associations reported that the increasing proportion of flats that were in the hands of private landlords was a further barrier. From association to

association, the proportion of owned flats which were privately rented varied from around 10% to 70%.

'Owners are sometimes property rich and cash poor, but can also be apathetic when rental income received is the only driver for owning the property.'

'A ticking time-bomb'

'The condition and potential deterioration of the existing stock within all sectors is a major issue for Glasgow. The term 'ticking time-bomb' is over-used but in this case is appropriate.'

It was difficult for associations to be specific about exactly when deterioration would become a crisis, because of the 'slow burn' nature of deteriorating conditions. A number of associations felt that crisis point was only a few years away, if that. A few associations said that the need for major investment was still some years away because of Comprehensive Tenemental Improvement schemes within the last 30 years, but that without ongoing investment, some of the closes would deteriorate badly.

Many associations felt that the options for investment were very limited and that eventual demolition was a distinct possibility in the worst examples, particularly where owners' continual blocking of works could lead to the structure of blocks being threatened.

'The buildings won't remain technically viable and will become dangerous.'

'This position is just not sustainable in the long term.'

It was recognised, though, that demolition itself was not a cheap option and would be likely to require funding support.

Impact of the lack of investment

Many respondents highlighted that it was tenants of mixed tenure blocks who were the main losers from the lack of investment:

'Tenants of the poorest properties are living in housing which is not fit for purpose...higher incidence of repairs, which are patch/repair with no longer term solution to underlying condition.....tends to be higher incidence of ASB and there is a danger of a downward spiral, leading to vacant flats becoming harder to let'

Many associations talked of steady, progressive deterioration of the common parts – roofs, stonework, gutters, closes, access stairs and decks, in blocks where owners have not co-operated. Many reported significant issues with back courts too.

Some associations said that their ability to meet shorter term (ESSH 1) and longer term (ESSH 2) energy efficiency standards would be affected if owners could not or would not fund their share of works, with the fitting of external wall insulation to post-war blocks cited as a key example.

One association with 32 closes of inter-war stock said it could not obtain grant for external insulation as cavity wall insulation had previously been installed.

Associations were worried not only about the impact on the closes themselves but also on the surrounding areas.

'Blocks become unattractive and a blight, which impacts on the sustainability of tenancies and reletting – they look unattractive in a competitive market.'

'Longer term the deterioration of mixed blocks will mean difficulties letting, voids and loss of rental income, as well as reputational impact.'

Some associations said they would consider ceasing to factor problematic closes in the future by seeking to dispose of flats in their ownership if and when they became vacant. They said this would lead to stock deterioration and loss of owners' house values. This raises the broader issue that many flat owners appear not to realise that blocking works over a long period could have a negative impact on the value of their home.

'The future of these flats would be further deterioration and loss of value for the owners who live there. The flats are already valuing well below market value.'



2. How should private tenemental improvement be funded?

(a) Funding acquisition of private stock

GWSF has been encouraged by ad hoc evidence of a greater number of acquisitions of private flats being funded by councils through the affordable housing supply programme, albeit noting a very inconsistent picture across Scotland. It will be hugely important to see continued expansion of support for acquisitions, as this not only gives associations (and council housing departments) greater or full control over tenement blocks but also directly adds to social housing supply.

There are still areas where few if any acquisitions are funded, and this can be frustrating for associations keen to increase their control over mixed tenure blocks.

Ideally such acquisitions strategies would be sufficiently medium/long term that associations could plan ahead for them rather than having to wait, year on year, to see if any support is available.

We know that a number of associations have reluctantly had to sell flats in problematic blocks where the association was the minority owner. This is entirely understandable in asset management terms, but we need to work towards a point where this is not seen as the best solution: whilst it addresses the association's immediate problem it does not address the condition of the block and its impact on the surrounding area.

The ongoing acquisition strategy in Glasgow – usually involving associations receiving 100% acquisition costs and 50% improvement costs – has been very much welcomed by the associations which have benefited, not least where it has enhanced the degree of control the association has over a close. The programme features in the first case study later in this report.

(b) Funding where acquisition is not the answer

As distinct from the more straightforward issue of funding associations to acquire private housing, there are a number of difficulties and sensitivities around other ways in which tenemental improvement can be financially supported in the future.

Traditionally associations have benefitted from councils providing direct financial assistance to for owners, usually in the form of grants. This has made a huge difference in enabling Comprehensive Tenemental Improvement and other work to go ahead.

Generally, the availability of such support has reduced significantly since the 1980s and 1990s, for a number of reasons:

- Austerity and its particular impact on local council budgets and the 'demotion' of private housing as a priority area
- The 2006 Act's discouragement of grant for repairs but with little else in its place within the so-called Scheme of Assistance
- The abandonment of ring-fenced funding around 2009/10, which (under the previous Private Sector Housing Grant) had provided reasonably healthy levels of dedicated resources going into private housing
- The growing proportion of owners who are private landlords, and the understandable distaste among local and national politicians for giving financial support to them



Before and after – Queens Cross HA and Glasgow City Council works in Ancroft Street

GWSF believes that in their support for private and mixed tenure tenemental improvement, councils need to have the financial resources to use a variety of powers depending on the circumstances of particular cases: we believe that willingness to use available powers will follow where funding is adequate. These approaches should include:

- Wider use of missing share powers, leading to (a) some owners choosing to pay their share anyway, and (b) payment of the missing share and recharging the owner, ultimately as a charge on the property
- Wider use of equity loans which require no regular interest payments and are instead repaid through relinquishing a (usually) modest proportion of the equity on sale of the property. This means that the current Scottish Government pilot equity loan scheme, now in eight local authority areas, should be available nationally, more vigorously promoted, and more flexible in its ability to fund repairs and improvements as well as energy efficiency measures
- Ongoing local authority discretion to provide limited grant assistance, for example where insufficient equity exists for a loan to be possible, and/or where the size of each owner's share is substantial and would not be reflected in the property's amended value post-works

It is clear to GWSF that existing levels of local authority funding for improving private housing are nowhere near sufficient to allow meaningful inroads into the problem – more a case of scratching the surface in most areas. Ministers may argue that failure to use existing powers, rather than lack of money, is the main problem, but our strong impression is that any reluctance to use enforcement powers is closely related to the lack of financial resources to back up use of those powers.

We believe strongly that funding for tenemental improvement cannot be left to local authorities alone, and instead needs to be a partnership between the Scottish Government, local authorities and housing associations. One approach to this could be to commit to provide funding where a local authority itself is demonstrating that it is willing to commit some of its own resources for the repair and improvement of tenemental stock. [Housing associations' contribution comes mainly in the form of managing the works where appropriate: direct financial input from associations needs to be limited to work which directly benefits tenants, as rental income cannot be used to cover the cost of work for private owners.]

2. How should private tenemental improvement be funded? (cont.)



Govanhill before

In south-west Govanhill, the Scottish Government has partnered with Glasgow City Council and Govanhill HA to support the costs of acquiring and renovating tenements which have fallen into very poor condition. Whilst this has specifically been about acquisition, which leads to additional social housing supply, it is nonetheless this model of three-way funding and partnership working that GWSF believes needs to be introduced on a national basis, with funding not limited to acquisition but also available for facilitating appropriate options to support owners to pay their share of works.

Critically, new Scottish Government funding for tackling tenemental disrepair would have to be ring-fenced. Whilst this may be seen as going against the spirit of the original (2007) central/local government concordat, the £3+ billion affordable housing supply programme is strictly ring fenced and there seems to be no reason why funding for existing homes could not be treated in the same way.

The importance of area-based approaches

Ring-fenced funding from the Scottish Government will, in itself, help local authorities to adopt an area-based approach whereby whole blocks/streets of tenements can be tackled. Such approaches have always featured in the most successful efforts to address tenemental disrepair in the past. The 2006 Act measures, coming out of the earlier Housing Improvement Task Force, effectively ended area-based approaches by placing the main responsibility

for repairs and improvements on owners themselves – an approach that sounded politically fair but which, in practical terms, was unrealistic.

As part of an area-based approach, GWSF also wants to see councils able to use funding for both private housing disrepair and energy efficiency measures in tandem where this makes sense. We urge the Scottish Government to allow councils flexibility in the application of the 'one grant per private landlord' rule for HEEPS-ABS energy efficiency funding. Whilst we recognise the rationale behind this rule, it has brought some recent tenement improvement works programmes to an abrupt halt.

VAT on repairs and improvements

Some associations noted that reduction of VAT on works would be very welcome in significantly reducing the cost of works. Housing bodies in Scotland and across the UK have long called for the UK Government to use its power to reduce (to 5%) the rate of VAT on repairs and improvements (zero-rating it is a more difficult under the existing UK/European legal framework).

Whilst UK Ministers may be concerned that such a reduction could lead to a large fall in revenues, the counter argument is that a reduction in the rate would generate a significant uplift in the amount of works carried out, which would mitigate the drop in revenues to the Exchequer.

As things stand there is no sign of change on this.



3. Legislative issues

There is no doubt that even for blocks owned and factored by housing associations, radical reform of tenement legislation – as proposed in the recent Parliamentary report – would make a difference. It could be argued that mandatory five-yearly inspections and mandatory owners' associations are less crucial in mixed tenure blocks owned by associations. But clearly, any introduction of mandatory sinking fund contributions would, in the longer term, make it easier for owners to contribute their share of the cost of works (in the shorter term this will not help much for higher-cost works).

With or without radical legislation, there is a real need for greater public education around owners' existing legal responsibilities. This will need the Scottish Government to 'get over' its general reluctance to be seen to be telling owners how to conduct their affairs.

In our membership survey, many associations felt that the tenements problem should not be seen primarily as being about a lack of legal powers. Members said it had been invaluable where the local authority had supported associations through, for example, applying missing share powers, but a number of associations said their council simply did not have the resources to use existing powers extensively, with significant resources and time needed for dealing with barriers such as absentee landlords.

In some cases our member associations have found

councils reluctant to use certain powers such as Compulsory Purchase Orders. Some associations have cited examples of one council department working against the interests of another: more often than not this related to rigid application of planning rules/restrictions, for example on window replacement.

It was suggested that the 'Govanhill' powers – declaration of Enhanced Enforcement Areas – could help tackle poor private landlords elsewhere but needed substantial local authority resources to enforce. Our sense is that the application process could be significantly simplified.

For many of our members, the distinction between 'repair' and 'improvement' work is somewhat exasperating: associations cannot progress works unless all owners agree to repairs being carried out, whilst for improvements only a majority of owners need to agree.

Housing association use of missing share powers

A number of GWSF's member associations have said they would consider using the new missing share power now available to RSLs, but that this was likely to be in isolated cases as the risk of using it across their mixed tenure stock was too great, given that such an approach would effectively be underwritten by the association's tenants.



4. Conclusion - a new approach from the Scottish Government

Our asks of the Scottish Government can be summarised as follows:

1. Ring fenced Scottish Government funding

GWSF strongly believes that in the Scottish Government's approach to developing a new housing system, through its development of its 'Housing to 2040' vision and strategy (due to be finalised in Spring 2020), a radical new funding system is needed to enable poor private housing to be properly tackled across Scotland.

To underline the need for a joint approach from both central and local government, one approach to this would be for the Scottish Government to commit to provide funding where a local authority itself is demonstrating that it is willing to commit some of its own resources for the repair and improvement of tenemental stock. Such investment from the Scottish Government would be separate from the investment (mainly for acquisitions) through the affordable housing supply programme. Local authorities would, as now, retain discretion around how



private sector housing money was spent and around the exact nature and scale of local partnership working with willing housing associations.

2. Improving the Scottish House Condition Survey

The now very small size of the stock samples used in the Scottish House Condition Survey makes it very difficult to identify the specific condition of pre-1919 tenements, giving the impression that tenements – in common with

the nation's housing stock overall – are steadily improving. This must be addressed so that there is a clear picture of the scale and nature of the problem.

3. Facilitating an area-based approach

Ring-fenced funding from the Scottish Government will, in itself, help local authorities to adopt an area-based approach whereby whole blocks/streets of tenements can be tackled.

To enable councils to better use funding for both private housing disrepair and energy efficiency measures in

tandem where this makes sense, we urge the Scottish Government to allow councils flexibility in the application of the 'one grant per private landlord' rule for HEEPS-ABS energy efficiency funding. Rigid application of this rule has brought some recent tenement improvement works programmes to an abrupt halt.

5a. Case studies – supporting housing association acquisitions

Acquiring and improving private tenements - Glasgow Southside Southside Housing Association

Southside HA operates in the south side of Glasgow. Its origins are in tenement improvement work in East Pollokshields and then spreading further afield through further tenement improvement work and new build developments. In 2011 it took on additional properties through a second stage transfer from Glasgow Housing Association in the south west area of the City.

Private acquisitions in partnership with Glasgow City Council



Neglected backcourt in Strathbungo East.

The Association was contacted in October 2014 by GCC inviting involvement in acquiring properties in one-off open market purchases, mainly in pre-1919 tenement stock. This programme was open to the Association over the two following financial years as well. Financial support was 100% funding for acquisition costs and 50% funding for improvement work to the property.

Over the three financial years the Association acquired over 140 properties, mainly in tenemental areas of Pollokshields East and Strathbungo East.

Priorities for GCC were to tackle disrepair; to ensure unfactored closes were factored; increase housing association ownership; and increase provision of temporary furnished tenancies for homeless households.

The Association's approach to tenement improvement

The Association had growing concerns about the deteriorating condition of tenement buildings in East Pollokshields and Strathbungo East. Not only did this impact directly on a small number of the Association's properties owned in unfactored mixed tenure closes, but it was likely to have an indirect impact on the Association's wholly owned buildings – either improved or new build – adjacent to poorly maintained closes.

The GCC private acquisitions programme therefore came at an opportune moment, assisting in achieving the objectives of both the Council and the Association.

How the acquisitions programme progressed

Each of the three years of acquisitions were typified by inactivity until October, with increasing activity up until the end of March. Purchases were either of properties on the open market or where sellers had made an approach to the Association.

Acquisitions were led by a member of staff seconded from our factoring agency, SFARS (Southside Factoring and Repairs Services), to our Development team.

An additional temporary post in our Maintenance team was created to oversee refurbishment work. Approximately 117 were managed by Maintenance using a number of repairs contractors.

145 properties were acquired – 29 in our stock acquired through second stage transfer and 116 in either East Pollokshields or Strathbungo East. The total cost of acquisitions was over £11m and repairs over £4m.

Properties ranged from £5,000 to £235,000. Prices in East Pollokshields were on average higher, reflecting the area and larger property size.

5a. Case studies – supporting housing association acquisitions (cont.)

No funding during 2017/18 was offered and this provided a break for the Association to consolidate.

A part time temporary post of Development Officer was created to act as a focal point to concentrate the involvement of the various teams involved in the acquisitions and, in particular, to progress common repair schemes. The post will also lead on any future acquisitions if and when funding becomes available.



Typical tenement in East Pollokshields.

What were the successes?

The Association responded promptly to GCC's invitation to purchase properties, resulting in the acquisition of 145 properties. They have been refurbished and allocated. A number have been leased to GCC for temporary furnished tenancies.



The acquisitions have enabled the Association to take on factoring of closes previously unfactored or transferred from another factor.

It has enabled the Association to engage with owners with a view to taking on factoring in the future.

It has allowed the Association to bring back a number of flats into use that were previously empty.

It has allowed the Association to improve the condition of properties often in a very poor state when purchased. The average spend has been £25,000 to upgrade properties.

It has started the preparatory work for looking at common repairs work more widely in our area.

What are the challenges?

The acquisition process and the subsequent flat upgrades have been the more straightforward part of the process.

The main challenge now is how to engage with owners to ensure closes are factored, outstanding common repairs are carried out and proactive maintenance plans are put in place.

There are high levels of ownership by private landlords in some areas – this makes engagement difficult at times.

A particular problem has been in a small number of closes where the Association has been reluctant to let refurbished properties due to the poor state of the common repairs.

One lesson learned is that we should concentrate on fewer closes for any future acquisition programmes and to restrict purchases to closes where we already have an interest and we are close to getting majority ownership.

The future

An acquisition strategy was agreed with GCC in late 2018 and funds were made available for a small number of purchases in 2018/19, with nine acquisitions concluded. Funds are agreed for 2019/20 and purchases are ongoing. We anticipate that this will continue into 2020/21.

The focus of the acquisition programme will remain on pre 1919 tenemental properties in East Pollokshields and Strathbungo East.

As well as the purchase and upgrade of flats, we will take on factoring of unfactored closes, work with owners, other property managers and GCC to progress common repairs schemes.

5a. Case studies – supporting housing association acquisitions (cont.)

Attempted acquisition and rehabilitation of large tenement block – Orchard Street, Paisley **Paisley Housing Association**

Background

This ongoing and very complex project was first featured in our 2015 report *Our Crumbling Tenements*. Originally the 54 flats in five closes in Orchard Street and Causeyside Street were part of a wider Renfrewshire Council strategy to undertake comprehensive improvements to the poor quality tenement stock in and adjacent to Paisley Town Centre (part of which is a conservation area).

A design team for the project was appointed by the then Paisley South Housing Association as far back as 2007, with a feasibility study completed in 2008. The aim was for the Association to acquire and improve the properties (it owned just one of the 54 flats involved).

The Association withdrew from the project in 2011 because of the significant changes in the funding regime for Comprehensive Tenement Improvement. But after a number of years, and with the commitment of the Council and Scottish Government, this is once again an ongoing project, notwithstanding the huge challenges it presents.



Orchard Street

Pictured above, Orchard Street contrasts with a similar block in Gordon Street, pictured below, which was the subject of a successful Comprehensive Tenemental Improvement project in 2011. Gordon Street involved mostly resident owners, whereas Orchard Street is full of private landlord owners. 12 flats are empty, but some are rented out despite, in the Association's view, being Below the Tolerable Standard and, therefore, uninhabitable. There appears to be little power to stop the properties being rented out.



Gordon Street – improved in 2011

Efforts to acquire properties have been continuing for more than two years now.

After much discussion, the Council, which is anxious about being challenged by owners, has served a Housing Renewal Area notice, but has wanted to inspect every property, which is proving problematic in terms of gaining access.

At this point nearly 71% of owners have agreed to sell. The other 29% are either not engaging, or hanging on for an increased offer. Depending on the individual flat, valuations lie between £5,000 and £28,000 in most cases. In some cases flats go to auction and can raise more, often bought unseen, from outwith Scotland/UK. The auction sites make no reference to the flats being in a Housing Renewal Area and subject to work notices. Rises in sale process at auctions will push up the values of all flats, despite their terrible condition.

The Council is worried about challenges from owners. So far there has only been one legal challenge from one owner. This was rejected as the owner did not follow the correct legal process. In any event the Council will want to give owners around six months to respond to a works notice, and would probably then have to go to the First Tier Tribunal, where the owner/landlord can defend themselves.

A number of private landlord owners feel they literally cannot sell: they can meet the mortgage payments via the rental income, but have negative equity, have done nothing to look after the property, and won't engage with us so that we can help them assess the options. It is now down to whether work notices will be put into place.

Some landlords who may have been willing to sell are frustrated because the Association cannot commit to pepper-pot purchases.

5a. Case studies – supporting housing association acquisitions (cont.)

Acquisition and prospective improvement of pre-1919 tenements -
Newlands Road, Cathcart, Glasgow

Cathcart and District Housing Association



206 Newlands Road is one of 28 properties that formed a feasibility study during the 1980s, when it was intended they would be part of a Comprehensive Tenement Improvement (CTI) scheme.

The feasibility study at that point demonstrated that all of the flats failed the Tolerable Standard test on at least two counts, and some flats on three counts. The most significant of these failings was in respect of the flats being structurally unstable, i.e. cracks evident, with movement of the building being the likely cause.

The building is a four storey Victorian tenement constructed of dressed red sandstone to the front and random undressed sandstone to the rear. The building has not been stone cleaned, slopes due to settlement and has supports evident at windows where remedial work has taken place in the past.

This and the other tenements in Newlands Road were not improved under the original CTI scheme as grant funding ceased before work could commence.

The property was managed by a private factor until November 2018, when the Association took on the common factoring role. Originally the Association had no

ownership in the building, however owing to acquisition funding being made available through Glasgow City Council (GCC) we have now purchased 9 of the 12 flats.

Through GCC's Acquisition Strategy we have been able to purchase these flats at modest cost and have carried out remedial repairs internally in order to provide flats of an internal lettable standard. Some of these have been used for permanent lets and some for temporary furnished accommodation through our partnership working with GCC.

In 2016 the then factor commissioned an engineering report which highlighted the problems and made several recommendations in order to stabilise the building and prevent further deterioration. Below we quote just some of the issues identified:

- Front elevation – Staining to the façade indicates defective guttering and down pipes
- The left of the front elevation is off-vertical and the lower two storeys appear to have moved outwards resulting in cracking to the ground and first level lintols of the bay windows

5a. Case studies – supporting housing association acquisitions (cont.)

- Rear elevations – There is evidence of movement on the rear elevation and bulging outwards
- There is significant staining to the rear elevation indicating faulty gutters and downpipes
- Gable elevation – shows signs of damage at concrete cope and there are signs of displacement of stonework and open joints to the wallhead below the chimney heads
- Common close area – Ceiling is in poor condition as are all walls and floors which have areas of cracking
- The first flight of stairs is supported and upper floors are supported by means of a steel T section positioned to the underside of the outer edge. Each T section is fixed to a steel beam that exists below the edge of the upper landings and half landings
- Owing to the level of dilapidation we believe that trial pits should be excavated and boreholes formed in order that foundations and supporting soils can be assessed.



In order to take this project forward CDHA have sourced development services from a consultant development officer and had early discussions with GCC, who will consider supporting a common repairs contract. We have completed a feasibility study on the property and are in the process of appointing a design team. The first remit of the design team will be to undertake a full technical study, including bore hole testing with a view to submitting a tender to GCC later this year.

Currently all the flats are let. However, the Association will commence a rehousing programme once we know for sure that the contract is likely to succeed.

Ideally we would anticipate giving consideration to other properties in the Newlands Road/Holmhead Place area, but as all the other tenements are largely owner occupied we realise that will be a different kind of approach, with works less likely to be achievable, owing largely to cost and the level of grant funding available. Grant funding through the private sector is set at 50% of costs which makes it more difficult to encourage owners to invest significant sums into these older properties.



5a. Case studies – supporting housing association acquisitions (cont.)

Tenement acquisition and improvement programme - South West Govanhill **Govanhill Housing Association**



The scale and particularly complex nature of the tenement problems in Govanhill may make it unique. But for GWSF this is an example of what can happen where poor conditions and associated problems are left unaddressed, impacting on a whole community and threatening the sustainability of an entire area. Even with a real partnership approach and what many will see as good levels of funding, it is difficult and messy work with many ongoing barriers to overcome.

This project originated in late 2013 when 13 tenement blocks in south west Govanhill were identified as a priority for action. The key outcomes of the implementation strategy, agreed between Glasgow City Council, the Scottish Government and Govanhill HA, included:

- promoting a sustainable tenure balance
- stabilisation of problematic groups of tenement blocks by addressing overcrowding and poor condition
- Meeting housing need through the allocation of social rented tenancies

- Support to new tenants and residents
- introducing a programme of preventative maintenance by promoting factoring services and maintenance plans
- reduction and eventual elimination of poor landlord practice.



The initial two-year pilot programme commenced early in 2015 and focused on an initial four tenement blocks containing 76 closes – 581 flats in all. Ahead of the pilot, only 32 flats out of 581 were owned by the Association, and just five closes out of 76 were factored by the Association (half had no factor at all).

The Scottish Government committed £4.3 million to cover Govanhill HA's acquisition costs, and the costs of internal improvement and external repair works to be carried out by the Association to bring the flats back to a lettable standard. Over this period a further £3 million was earmarked from the Council's Affordable Housing Programme. In addition, the Council earmarked £2 million Private Sector Housing Grant.



Improved flats at Annette Street

5a. Case studies – supporting housing association acquisitions (cont.)



With property management the key to the long term future of the tenement properties, the aim was to minimise the number of non-factored closes within two years. Against an original target of 80 flats acquired and improved in the first two years, 184 were acquired, with improvements ongoing to a number of these, and 34 closes out of 76 brought into being factored.

The average acquisition cost has been around £65,000, with properties varying from studios to large townhouses. A quarter were occupied (by either owners or tenants) but were valued as vacant. Following a housing needs assessment, private tenants and some owner occupiers then became tenants of the Association.

It's important to note that any large-scale acquisition programme is unlikely to lead to the Association being able to buy all the flats in a close. In the longer term, Govanhill HA is hoping to achieve 50%-60% ownership in any given close, but the target is around 25% within the time span of the current four-year project. This means that working with existing owners/private landlords will always be a fundamental aspect of this project.

The Association is taking on the factoring of tenements where majority support can be achieved. This includes

both unfactored and poorly factored closes. As part of a number of objectives, the acquisition process is targeted to try to attain majority control to ensure effective management. Where owners refuse to employ a factor, the Council is establishing maintenance plans and engaging the Association as Managing Agent. The Council has used both Section 30 notices and its Missing Shares Initiative (the latter is subject to a maximum amount of £10,000 per flat) to ensure that common repairs can proceed.

The project's now extended four-year phase covers 18 blocks – 252 closes and 2,004 flats, involves £20m Scottish Government monies for acquisition, £10m from GCC's mainstream housing investment programme for works, additional support for owners through GCC's Private Sector Housing Grant, and £3.24m from the Association directly. The GCC investment programme originally covered internal but not common repairs, but now covers both, which has been very welcome as it is common repairs which are more problematic.

There remains twice as many flats owned by private landlords as against resident owners. Some of the properties purchased have no working sanitation, no heating, missing doors and broken windows etc.

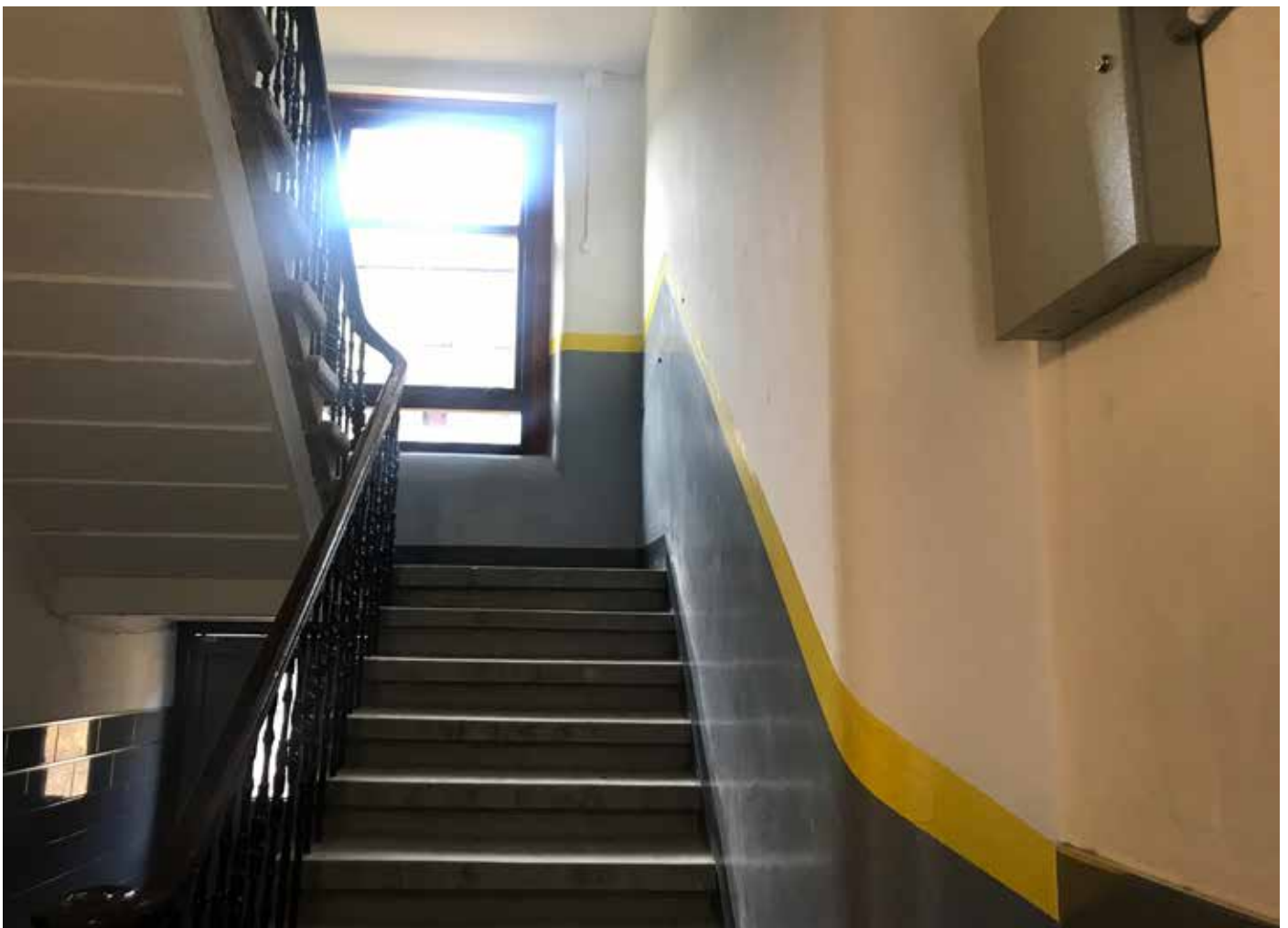
5a. Case studies – supporting housing association acquisitions (cont.)

In summary, the successes so far have been:

- The impact acquiring flats has had on tenure balance and on both property and tenancy management
- 'Environmental education' – greater understanding among neighbours of how to look after the close
- Private tenants who were living in very poor conditions are now in improved homes with secure tenancies and a good repairs service
- The major repairs programme has also meant warmer homes
- Factoring has improved overall standards of common maintenance.
- The reducing turnover of private tenants has resulted in lower volumes of bulk waste.
- Partnership working with the Council has included dealing with bulk uplift

Ongoing barriers to success include:

- Acquisition is difficult where very low values have left owners in negative equity
- Where flats have been sold at auction, debts and legal charges on the property are not disclosed
- Low rents and high costs have inhibited landlord investment in properties exacerbated by landlords and agents failing to properly manage tenants
- Commercial (shop) owners are reluctant to pay what is often a disproportionate share of the costs of factoring and repairs
- Public health and pest control – there has been an considerable improvement with insect pests but increasing problems with mice
- Non-HA factors can be poor, with some having substantial arrears
- Private owners and landlords see factoring as an option rather than an obligation
- External perception of the area remains problematic despite the ongoing project



5b. Case studies – efforts to work with owners

Repairing mixed tenure tenements: eight years and counting -
Woodlands Road, Glasgow

Charing Cross Housing Association



The Association assumed the factoring of this block in November 2011. It had been factored by another company for a number of years but it was clear that they had done little in terms of communal maintenance and they had been billing only some owners for repairs and services.

There were soon reports of water ingress from the roof, stonework and the flat roof at the rear that runs above commercial premises and doubles as the backcourt and bin store for the two tenements. Each report of water ingress was investigated by the Association's contractors, but it could be seen from their reports and photos that the fabric had been neglected and substantial repair and refurbishment works were required to deal with all of the issues.

We suggested to the owners in 2012 that the best way forward would be to have the property surveyed by a Chartered Building Surveyor so that a detailed specification could be established and tenders sought for all of the

essential repairs, but there was initially little interest in this. The block is in mixed ownership, with some of the flats owned by the Association and the others by owner occupiers, private landlords and commercial proprietors, so it was difficult to obtain agreement and payments in advance for such surveys and repairs. For example only eight of the 20 owners paid their share of the survey fee in 2012 and, as a result, it needed to be cancelled.

The property continued to deteriorate, however, and there were a number of complaints about leaks from the roof and internal rainwater conductors in 2014. There were constant reports of leaks from the saloon roof to the shops on the ground floor, which necessitated a number of patch repairs. A major leak from an internal rainwater conductor at 24 Woodlands Road resulted in a large insurance claim, so the Association took the decision to forge ahead with the survey of the property and the owners were billed for the cost via their factoring bills.

5b. Case studies – efforts to work with owners (cont.)



Again there was little interest shown by the owners, and only four of them attended a meeting in October 2015 to discuss the survey report and agree the way forward. (three were our tenants so only one private owner was present) In the circumstances, the Association needed to take the initiative again, and we advised the owners that in the absence of any major objections the surveyor would be instructed to prepare the detailed specification and tender documents for the essential repair works and his fee charge would be apportioned and added to everyone's factoring bill.

The tenders for the comprehensive fabric repairs at 14–24 Woodlands Road have been in place for a while but the costs are substantial, and Glasgow City Council had originally been unable to provide grant assistance to the owners. GCC asked us to obtain evidence from the owners (by way of completing repair grant mandate forms and formal grant application forms) that they were committed to the repairs and would pay their share of the costs after deduction of grant.

This took a long time and there was a lot of work involved, but at last all of the owners signed the paperwork and the City Council awarded the owners 50% grants in March 2019. We wrote out to all of the owners at the beginning of March and requested payment of their 50% share of the costs. The City Council has been consulting with the two owners concerned (a property company owns two shops and the other flat is privately rented and they have both struggled to raise the funds). We are hopeful that the monies will be received shortly so that the much needed repair works can commence.

In summary the property at 12-24 Woodlands Road is a useful case study as it shows how difficult it can be to progress comprehensive repairs in older, mixed tenure tenements. The Association as the factor and co-owner has needed to work hard to obtain the agreement/cooperation of all of the owners, and we would not have been able to progress matters without the use of the stick (in terms of instructing surveys and tender preparation works and simply adding charges to the owners bills) and carrot (50% grants). Throughout the process we have needed to carry out a series of expensive patch repairs and the property has continued to deteriorate.

5b. Case studies – efforts to work with owners (cont.)

The challenges of repairing sandstone tenements - Parkhead, Glasgow Parkhead Housing Association



To the untrained eye, the condition of this tenement would not appear to be a cause for concern. This pre-1919 property is south facing and subject to prevailing wind and rain. The vast majority of the sandstone fabric repairs are to the front of the building.

There are two owners in the close.

The individual housing association properties benefit from modern gas central heating systems, modern UPVC double glazing, and internal wall insulation.

There are common close entrance doors to the front and rear and insulation in the loft space.

The property was subject to previous stone cleaning and fabric repairs in the mid-1980s.

The roof of this building has had extensive reactive repair work done over the years, both to lead flashing at the chimneys and tiles which have been replaced at various points. The roof has also been subject at one location to sag. One owner in a top flat has had five instances of rain penetration over the last eighteen months and a tenanted top floor property has had three similar such repairs.

There is evidence of rain penetration in a number of loft space locations. As can be seen from the roof photograph, the roof tiles have in some cases become porous.

5b. Case studies – efforts to work with owners (cont.)



From the architect's report the building requires repairs as follows:

- Roof replacement and associated works
- Cornice repairs at various places
- Replacement of rain water pipe
- Repointing at various locations
- Demossing at various locations
- Repair to cracked and flaking sandstone, both shallow (50%) and deep (75%) at various locations

With the shallow sandstone repairs, when removing old linostone some sandstone will come away and will be replaced with lithomex. The deep sandstone repairs (to about 30mm) will require to be built up using lithomex layers and in some cases a copper cage screwed into the sandstone.

Given the significant cost of scaffolding for both roof and building fabric repairs, it makes sense to carry out both at the same time, and in terms of cost calculation the scaffolding cost is allocated in proportion:

- Estimated roof replacement cost = £70k (including scaffolding costs)
- Estimated sandstone fabric repairs = £ 14k (excluding scaffolding costs)
- Estimated sandstone fabric repairs = £ 19k (including scaffolding costs)

Approaching the two owners with the above indicative costs, their shares would have been around £9,000 each. Neither indicated any desire for the works to go ahead. One owner sub let the flat. The other, an older person on a state pension, lived in the flat. The owner sub letting did not want to incur the large capital cost, preferring to have occasional smaller revenue costs, while the in situ older owner simply could not afford to fund the capital cost.

Works have not progressed to date as there is an argument that both works could be seen as improvements, thereby requiring *all* in the block to agree.

Also, since the original estimates (as above), from recent experience elsewhere in the area, it now looks like the sandstone repair costs would actually be around 50% higher. This is due to the nature of the sandstone itself and the fact that once it starts to be treated, the extent of disrepair is inevitably greater than initially anticipated.

The reality that confronts the Association is that the fabric of the building will deteriorate due to wind and rain penetration, and further reactive repairs will be required. At some future point there will be health and safety concerns (in relation to the roof sag) and significant further rain penetration via the roof and loft space, and dampness caused by rain penetration through the sandstone may require renewal works.

The Association has recently discussed with Glasgow City Council the possibility of statutory interventions in relation to some very poor privately owned tenements in Parkhead.

5b. Case studies – efforts to work with owners (cont.)

Blocked works at Broomlands Street, Paisley Paisley Housing Association



Broomlands St is located in the West End of Paisley, which is an area that has mainly tenement properties. The condition of these ranges from being decently maintained to being derelict. Renfrewshire Council has identified the West End as an area for regeneration and Sanctuary HA

has just recently completed some new build in the area. The University of the West of Scotland, and associated student accommodation, are also located in the West End.

The property we own and where our subsidiary, Paisley South Property Services (PSPS), is as follows:

Address	PHA Flats	Private Flats	Commercial	Factor	% share of the vote held by commercial properties
2 Broomlands St	3	3	2	None	Unknown
6 Broomlands St	3	3	2	PSPS	71.73%
10 Broomlands St	2	4	2	PSPS	73.5%
3 Broomlands St	5	2	3	PSPS	50%
5 Broomlands St	5	3	2	PSPS	50%

[The Association has no ownership in numbers 4 and 8 Broomlands St, and neither of these closes has a factor.]

Impact on the street

It is hard for us to have a positive impact on the whole street, as we have property in only a small section of Broomlands St. PSPS carries out common area repairs on the blocks we factor, but we need to ensure any work carried out is below our £150 threshold which limits the work we can do (the Written Statement of Service allow us to do repairs below £150 per flat and recharge).

The issue in these closes is that the shops, which are not actually a part of the close as such, hold either 50% or more of the vote, and so if they do not agree to work we

can't reach a majority vote. None of the shop owners wants to take responsibility for the closes, but their titles show this as common property and so we cannot proceed.

Over the years being blocked has resulted in a deterioration of these blocks, the general look of the street and the attractiveness of the area. The condition of property impacts on demand and tenancy sustainment. Recent bad press has also adversely contributed to the West End being stigmatised.

5b. Case studies – efforts to work with owners (cont.)

Also all of these properties are owned by non-resident private landlords except one in 10 Broomlands St flat 3.2 which we recently sold. It can be difficult to manage private tenants as we have no relationship with them as the factor, and some of the landlords often do not want to pay any extra charges for services. There are a few landlords that are, like us, keen to improve the conditions, but when they are also being blocked from doing work, these owners are now choosing to sell their properties and move on, which only exacerbates the problems.

Examples of blocked work

2018 & 2019 – Close painting blocked both years in two closes due to commercial owners who hold majority % share; these closes have not been painted in over 10 years.

2015/16- Veitchi flooring repairs and cleaning programme blocked in two closes

Blocked services – close cleaning and garden maintenance

3 and 5 Broomlands St – We would like to introduce close cleaning for the full close but this has been blocked. As a result we have entered into agreements with owners on a landing basis for 2 landings in nos 3 and 1 landing in nos 5.

Garden maintenance has been blocked in both closes.

6 Broomlands St - Close cleaning on two landings as owners signed up for service, but the rest of close has been blocked by owners. Garden maintenance has been blocked by owners.

10 Broomlands St - Close cleaning signed up for by all owners apart from shops, and service in place on landings but not the close. The garden maintenance has been blocked by shop owners.

Costs

Another issue which we have faced in this street is the high cost of repairs for some of our properties, as the windows in our flats at 2 and 10 Broomlands St are grade B listed. Replacement without grant being available is unaffordable, and as such they will not be replaced unless failing.

Buying and selling strategy

Across our stock we have identified properties where:

- they are in a block without a factor
- we have minority ownership
- the shares dictate that work will be blocked

We have developed a Buying and Selling Strategy which will allow us to either dispose of property where we cannot get works done or buy property to put us into a majority or full ownership to enable works to be done. We only consider disposal at the point where a property becomes void.

Our properties at 2 and 10 Broomlands St are on our selling register: 2 Broomlands St due to not having a factor (the previous private factor stopped factoring in October 2016 due to high level of debt in the close from non paying owners), and 10 Broomlands St due to the cost of replacement of the listed windows and commercial owners with high % title shares blocking services and maintenance.

Despite the challenges we face, we continue to try get owners on board and have made some progress, namely that we received a majority agreement at 6 Broomlands St to paint the close recently. This has helped transform the look of the close as it has not been painted in over 10 years and was very run down. We also got the agreement from all private flat owners in 5 Broomlands to pay a higher share and let painting work go ahead after it had previously been blocked by the shop owners.

Summary and conclusion

The challenges we face, which are not unique to PHA and reflect what is happening across RSL mixed tenure stock, are:

- getting owners to invest in their property: this is particularly the case for non resident owners
- getting commercial owners to recognise their responsibilities for the maintenance of common parts

- being able to maintain social housing properties to a standard which encourages tenancy sustainment and attract demand

Without either support from the Council to enforce owners' duties to repair their properties and offer grant assistance for owners, or financial assistance for RSLs to bring properties up to a recognised standard, then mixed tenure closes - especially those without an appointed factor - will continue to deteriorate and be a blight on communities.

5b. Case studies – efforts to work with owners (cont.)

Working to improve fully private tenement blocks - Haghill, Glasgow East Centre

Milnbank Housing Association

Some years ago Milnbank HA identified over 800 sub-standard, privately owned pre-1919 flats adjacent to their existing stock. They felt that many of these tenements could be brought up to an acceptable standard for modest levels of grant to support home owners carry out essential repairs.

So far the Association has been asked to take over factoring by more than 500 owners in tenement blocks where the Association has no ownership. Overall the Association provides a factoring service to almost 1,200 owners.

Working in partnership, the Association and Glasgow City Council use the 'carrot' of partial grant funding to insist on the privately owned properties being brought up to the Association's "Factoring Standard". The common repairs required are normally in the region of £8,000-10,000 per flat.



5b. Case studies – efforts to work with owners (cont.)

Glasgow City Council Development and Regeneration Services (DRS) have been providing a financial contribution to owners (through their 'Stitch in Time' programme) and the Association assumes the factoring role with an agreed maintenance plan as part of the service, along with a requirement to commit to a common building insurance policy (which works out much cheaper than each owner getting their own insurance).

This can be a slow process, but the Association has empirical evidence that the scheme works and stops property falling into disrepair, and they feel that this preventative work should be a key part of the local strategy. There are, though, some tenements that require substantial investment and would need a 'Comprehensive Tenemental Improvement' approach if resources were available.

Again in conjunction with the Council, in a number of blocks the Association has been able to combine repair grant funding with energy efficiency funding (through HEEPS-ABS). This makes sense as it allows, for example, scaffolding to be put up just once whilst both repairs and energy efficiency measures are carried out. The HEEPS work has stalled more recently, due to the fact that owners who are private landlords can get financial assistance only for one of the properties they own across Scotland.

The rationale behind the Association proactively taking on privately owned blocks is the detrimental impact private sector property falling into disrepair would have on the Association's neighbouring stock and, therefore, on the community as a whole. There have been recent signs of local property values increasing from a low point, and the Association believes this can be at least partly attributed to the joint work to tackle private tenement blocks.



5b. Case studies – efforts to work with owners (cont.)

Improvements to mixed tenure 1950s blocks - Friars Croft, Kirkintilloch Hillhead Housing Association

At Friars Croft there are six closes containing 36 flats. Originally constructed in the 1950s for the local council, the majority were sold under the right to buy. Subsequent re-sales have introduced private renting as an additional tenure. Following a wider stock transfer in the area Hillhead HA now own and manage 16 of the remaining socially rented flats. In some of the closes the Association is a minority owner.

The mixed tenure, including absent private landlords, was a challenge when it came to us carrying out external improvements to the block. We were able to access a mix of funding (HEEPS for the owners, Energy Company Obligation (ECO) for our own flats plus our own funding contribution). The value of the works was £282,000 with £25K HEEPS and £140K ECO, and a balance from the Association.

The drawbacks were that there has been no funding for roof replacement works as some owners were unwilling to contribute, so we only replaced roofs where the Association owned the top floor property.

The impact has mainly been of a visual nature, where blocks have not been fully reroofed due to owner occupiers being unable to take part and contribute. Some common area works have not been carried out, including new common close windows and doors, as owners have been unable or unwilling to pay their share. There is no factor in place for the blocks where we are in a minority.

Elsewhere within our stock, owners have been able to access means tested private sector housing grant up to 50% of certain items – roofs, render and downpipes. The grant is available to owners in East Dunbartonshire regeneration areas, of which Hillhead is one, so all owner occupiers are covered. However, not every owner was in a position to afford the balance, or wasn't interested, and we have no means of compulsion. We did require all participating owners to sign a minute of agreement and there have been no defaults on repayments.

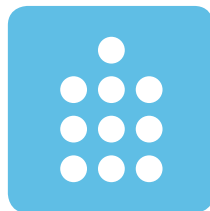


HHA properties are the ones with the grey windows, and where we have the upper flats we have reroofed at our own expense. Where we are not the top floor owner we weren't able to re-roof.



Our thanks to the following associations for supplying photographs:

- Cathcart and District HA
- Charing Cross HA
- Govanhill HA
- Hillhead HA
- Linthouse HA
- Milnbank HA
- Paisley HA
- Parkhead HA
- Queens Cross HA
- Southside HA



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GWSF's purpose is to promote and represent local community controlled housing associations and co-operatives in Glasgow and the west of Scotland