Housing Disrepair in Scotland

January 2006

This briefing paper looks at the following issues:

- What do we know about owner-occupier repair and maintenance activities?
- Why do owner-occupiers repair and maintain their properties?
- Do Right to Buy owners repair and maintain their properties?
- What do we know about repair and maintenance in tenement properties?
- How good is our understanding of owner-occupier behaviour?

The SCC has a long history of contributions to policy and research relating to repairs and maintenance issues for property owners. As a consumer organisation we have an interest in housing generally, and in the experiences of disadvantaged consumers within housing more specifically. Over the years we have conducted a number of research projects on housing issues in the private sector and have produced consumer guides on buying and selling property, and recently compiled the text for Communities Scotland’s *Common Repairs, Common Sense* publication.

In 2004 the SCC published a short discussion paper on what motivates owner-occupiers to repair and maintain their properties.\(^1\) It was the conclusion of this research that the evidence base for understanding homeowners’ approaches to repair and maintenance is too small to believe we know with any degree of confidence their motivations for carrying out work.

Over the recent past a number of key changes have been made to private housing law:

- The Housing (Scotland) Act 2001 substantially altered improvement and repair grants (IRG) making them more generous and formally linking them to householders’ incomes.
- The Tenements (Scotland) Act 2004 altered the system for maintenance and repairs in tenement properties.
- The Housing (Scotland) Act 2005, will allow local authorities more flexibility in how they provide support to home owners, including providing loans and other types of assistance in addition to grants.

\(^1\) SCC (2004) *Will the Real Owner-Occupiers Please Stand Up? What motivates owner-occupier repair and maintenance expenditure in Scotland?* Glasgow, SCC.
In addition to legislative changes, a ‘Single Survey’ pilot began in July 2004, aimed at improving the quality and extent of information available to prospective purchasers. Research carried out for the Housing Improvement Task Force found that one in four buyers face unexpected repair costs of around £3,700 in the first year in their new home.\(^2\) Currently the vast majority of purchasers commission only a basic valuation report when seeking to buy a house. This type of report does not provide full information on the condition of a property. The single survey is to be made compulsory through the Housing (Scotland) Act 2005. The Scottish Executive has introduced powers to require the seller of a property to commission a survey and to make this available to potential purchasers.\(^3\) While the details of the survey report are still to be finalised, it is likely to include a valuation and a detailed report on the condition of the property and possibly also on its energy efficiency. By improving information on housing disrepair, the single survey is seen as one mechanism to raise standards.

‘The Real Owner Occupiers’

In 2004, the Scottish Consumer Council published a report entitled: Will the Real Owner-Occupiers Please Stand Up. The purpose of that report was to summarise what was known about owner-occupier repair and maintenance activities, and the factors that lead owners to undertake these activities. The key conclusion reached in the Scottish Consumer Council report was that there was very little hard evidence to support specific views on what motivates owners’ repair and maintenance behaviour.

The limited evidence available at that time did seem to suggest a general awareness of house condition issues among homeowners, and that owners take an interest in the condition of their homes. More generally, some had argued broader conclusions might be drawn on available evidence: that owners are motivated predominantly by ‘consumption’ rather than ‘investment’ reasons when undertaking repairs, and that owners do not consider the impact of repair work on property market value.

A ‘life cycle’ model of owner-occupier repair and improvement activity has also been mooted (Table 1). Under this model, households at particular stages in their life cycle (recent young purchasers; ‘empty nesters’) are hypothesised to be more likely to undertake repair and maintenance activity than households at other stages in their respective life cycles (such as households with children, and older households).

### Table 1: Lifecycle model of repair activity

<table>
<thead>
<tr>
<th>Lifecycle stage</th>
<th>Length of stay/occupancy path</th>
<th>‘Typical’ behaviour</th>
<th>Potential problems re upkeep of property</th>
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</thead>
<tbody>
<tr>
<td>Young household</td>
<td>Recent mover</td>
<td>Active investment phase</td>
<td>Low income</td>
</tr>
<tr>
<td>Household with kids</td>
<td>Established homeowner</td>
<td>Tackle problems as arise</td>
<td>Keen to avoiding mess and dealing with competing spend priorities</td>
</tr>
<tr>
<td>Household with kids</td>
<td>Potential mover</td>
<td>Work undertaken to improve sale prospects</td>
<td>Reduced resource available for new home renovation</td>
</tr>
<tr>
<td>Empty nester</td>
<td>Long-term occupancy</td>
<td>Work undertaken to prepare for last phase of life</td>
<td>Decide to move instead</td>
</tr>
<tr>
<td>Older Household</td>
<td>Long-term occupancy</td>
<td>Little work done (even of a responsive type)</td>
<td>Cash poor and anxious to avoid disruption</td>
</tr>
</tbody>
</table>


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The Scottish Consumer Council report also raised the question of whether improvement and repair grants constitute the best way of supporting and promoting necessary repair and maintenance expenditure in the owner-occupied sector, and argued that to answer this, better information was needed.

A new study has now been produced by the Scottish House Condition Survey team, on disrepair in Scotland, and on owner activity to deal with it. This study takes a much more detailed look at data on owner-occupiers’ repair attitudes and behaviour, collected via the Scottish House Condition Survey, than was possible to include in the main Scottish House Condition Survey report. In the next section, we summarise what this new study has found.

**What do we know about owner-occupier repair and maintenance activities?**

The new study by the Scottish House Condition Survey (SHCS) team updates and replaces earlier SHCS estimates of the amount of dwelling disrepair in Scotland, and the cost of addressing it. The revised cost estimates are slightly higher than those previously reported. The total visible repair cost for all Scottish Housing stock is now estimated to be approximately £1.8 billion an increase of 3% on the 2002 main report. The revised figure for the total comprehensive repair cost is approximately £6.72 billion.

### Definitions of Costs

- **Visible repair costs:** the cost of rectifying visible disrepair.
- **Comprehensive repair costs:** visible repair costs plus the cost of replacing all external and/or shared elements assessed to last less than ten years.

Turning specifically to the private sector, total visible repair costs for owner-occupiers are estimated to be £1,094 million, and total comprehensive repair costs to be £4,241 million. For private landlords the corresponding costs are £247 million and £825 million.

To put these figures into some kind of context, in 2002 the value of the Scottish private housing stock was estimated at £119 billion. The cost of dealing with private sector visible disrepair in 2002 was therefore roughly 1% of the value of the private housing stock; for comprehensive disrepair the figure was just over 4%.

### Definitions of disrepair

- **Critical disrepair:** disrepair to parts of a building central to its weather proofing, and/or its structural integrity.
- **Urgent disrepair:** disrepair that, if not addressed, would cause the fabric of the building to deteriorate further and/or place the health and safety of residents at risk.

The new SHCS study reports that approximately 1,765,000 dwellings across Scotland show evidence of some kind of disrepair. This represents about 81% of all dwellings. Of these, approximately 714,000 exhibit urgent disrepair (about 33% of all dwellings), and 1,240,000 exhibit critical disrepair (about 57% of all dwellings).

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In tenure terms the new study finds that the simple incidence of any disrepair was lower in the owner-occupier sector (78%) than for either the local authority (89%) or the private rented sector (87%). However, using a statistical technique known as ‘logistic regression analysis’, which allows one to isolate the effect of one factor (tenure say, or household type) holding all other relevant factors constant, a more complex picture emerges:

- In comparison to owner-occupied dwellings, private rented dwellings are more likely to exhibit disrepair, and dwellings owned by registered social landlords (RSLs) are less likely to exhibit disrepair. There is no difference however in the likelihood of disrepair as between owner-occupied and local authority - owned dwellings.
- Older smaller households and single pensioners are less likely to be living in dwellings with disrepair than any other household type.
- Compared to houses, flats are more likely to exhibit disrepair.

Household income was also found to affect the likelihood of a dwelling having disrepair. However, no difference was found in the likelihood of dwelling disrepair according to the age and sex of the highest-income-householder, whether any member of the household had a longstanding illness or disability, or length of occupation.

In terms of the types of work undertaken by private owners, from 35 different categories of work, servicing heating was found to be the most frequently undertaken type of work by far (273,000 instances of such work were estimated to have occurred in the year preceding survey). Thereafter came outside window painting (140,000 instances), re-plastering walls and ceilings (119,000), refitting kitchens (111,000) and refurbishing bathrooms (also 111,000).

Logistic regression analysis was also used to predict the likelihood of a property owner having any repair or maintenance work done on a dwelling in the year prior to survey. This indicated that:

- In comparison to owner-occupied dwellings, RSL and private rented dwellings were less likely to have had work done to them.
- Older households were less likely to have done work to dwellings than younger households.
- Households within which the highest income householder and/or spouse/partner are long-term ill or disabled were more likely to have done work to their dwellings than households with no such inhabitants.
- Householders who had occupied their home for between two and ten years were more likely to have done work than those who had lived there for less than two or more than ten years.
- Household type and sex of the highest income householder were found to have no predictive power.

These findings provide only partial support for a life cycle model or repair behaviour. In particular, the finding that householders in occupation for more than two years were more likely to have done work than households in occupancy for less doesn’t support the idea that recent movers will tend to invest more in their properties, although it does seem clear that older households are less likely to address disrepair than others.

Why do owner-occupiers repair and maintain their properties?

Turning now to the question of motivation for undertaking repair and improvement work, the questions asked of owners regarding their attitudes to repair and improvement work, and what makes them undertake such work, potentially throw considerable light on the issues raised in the earlier Scottish Consumer Council report.
The new SHCS study estimates that in total owners received some 15,500 grants for repair or improvement work in the year preceding the survey. Around 60% of owners said they would have done the work anyway, if grant had not been available. This clearly suggests that while people will quite reasonably take financial help if available, the actions of the majority are not determined by it, and this finding raises serious questions about the cost effectiveness of the grants system.

Some of the questions on motivation and attitude posed to households through the Scottish House Condition Survey – such as ‘do you consider the work (done in the year prior to the survey) to be a repair or improvement’ – are not clearly enough defined to shed much light on questions of motivation. For example, 40% of people undertaking a damp proof course on their properties responded they considered this ‘an improvement’ while 60% considered it to be a ‘repair’, suggesting the question itself does not adequately describe what owners consider to be the difference. Equally, the vast majority of owners (54%) said that the reason they had undertaken work was ‘general improvement’, but no further information on what this means is provided.

Six per cent of owners said work done in the year prior to the survey had been undertaken because they had recently moved in, which is again lower than a life cycle model of repair might lead us to expect (given that more than 6% of owned properties are typically sold each year). Only 1% of owners said they did work because they were planning to sell, and 9% to improve the value of their home, which does support the view that people don’t undertake repairs for financial reasons. Either people don’t see repairs as an investment in this narrow sense of the term, or the resulting house price impact of work done isn’t expected to reflect the full cost of doing it. Some 27% of owners said they undertake work ‘to fix or replace something’, and 5% ‘because of an emergency’, suggesting people wait till something is clearly broken before they fix it.

Again interestingly, the study found very little difference in the motivation of owners of flats and houses, and no difference in the motivation of households with or without children. However, even fewer older households were likely to undertake repair to improve the value of their property than other household types.

Apparently, owners feel themselves on the whole to be fairly proactive about repairs. Some 82% of owners agreed with the statement ‘I regularly inspect my home to see if repairs are needed’, and 80% with the statement ‘I regularly maintain my home’. Some 70% disagreed with the statement ‘I only do repairs in an emergency’. This accords with the idea that on the whole households do look after their properties.

Among owner-occupiers, house owners are more likely (86%) to agree they regularly inspect their homes than flat owners (73%). They are also more likely to agree that they regularly maintain their homes (85% as against 64%) and less likely to agree that they only do repairs in an emergency. Across household types, older households are less likely to inspect, and more likely to only do work in emergencies than other household types.

The new SHCS study concludes that owners do not however appear to prioritise critical repairs. Comparing the work households said they had had done to surveyor estimates of current disrepair, the authors of the study found that in dwellings with critical disrepair householders were more likely to have done work to non-critical elements than they were to have done work to critical building elements. They conclude, ‘It is possible that householders do regularly inspect their homes, and act on what they see, but tend to only notice non-critical disrepair. Alternatively, it may be the case that householders are aware of critical disrepair, but either do not realise the importance of it, or do not know how to go about rectifying it’.

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7 A damp proof course is a layer of material which is put in the bottom of a wall in order to stop water rising through the bricks.
8 The Housing Improvement Task Force estimated that there are currently 135,000 house sales per annum (Scottish Executive, 2003, Stewardship and Responsibility: A Policy Framework for Private Housing in Scotland). The House Conditions Survey estimates that there are 1.4m owner-occupied properties in Scotland, suggesting that approximately 9.5% of properties are sold each year.
Do Right to Buy Owners repair and maintain their properties?

A very useful aspect of the new study, given repeated expressions of concern on the matter by commentators and housing professionals alike, is that it provides analysis of the levels of disrepair and amount of work done to properties bought through the Right to Buy (RTB) scheme. Specifically, it looks at stock condition, and at the actions and attitudes of households who bought under Right to Buy and still live in the property, compared to others.

Urgent disrepair was found to be equally likely to exist in dwellings owned by non-RTB owners, RTB owners, or by local authorities and RSLs. ‘Any disrepair’, however, was found to be slightly less likely to exist in dwellings owned by non-RTB householders (76%) than in RTB - owned (84%) or local authority/RSL - owned dwellings (85%).

Table 2 summarises the findings on disrepair based on when a property was bought under RTB. Households who bought their homes under Right-to-Buy during the 1990s are more likely to have urgent disrepair than others. While there appears from the central estimates to be a similar story with respect to ‘any disrepair’, the differences here were found to be not statistically significant.

Table 2: Disrepair of RTB Properties by Year of Purchase

<table>
<thead>
<tr>
<th>Year of Purchase</th>
<th>Some urgent disrepair</th>
<th>Some disrepair</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980s</td>
<td>29</td>
<td>80</td>
</tr>
<tr>
<td>1990 – 1994</td>
<td>37</td>
<td>83</td>
</tr>
<tr>
<td>1995 – 1999</td>
<td>34</td>
<td>87</td>
</tr>
<tr>
<td>Since 2000</td>
<td>30</td>
<td>88</td>
</tr>
<tr>
<td>Total</td>
<td>32</td>
<td>84</td>
</tr>
</tbody>
</table>

Comparing the type of work done to dwellings by RTB owners with work done to dwellings by both non-RTB owners and social landlords in the five years prior to the survey, the SHCS study finds:

- RTB owners were more likely to have done general building work (57%) than non-RTB owners (50%). Both were more likely to have had work done than social landlords (29%).
- RTB and non-RTB owners were equally likely to have done work inside their dwellings (around 30%), while social landlords were significantly less likely to have done work (21%).
- RTB owners were more likely to have done work to external windows and doors (54%) than other owner-occupiers (51%). Both were more likely to have had this kind of work done than social landlords (43%).
- RTB owners and non-RTB owners were equally likely to have done work to the heating/insulation of their properties (around 50%), while social landlords were significantly less likely to have done work (44%).
- RTB owners were less likely to have done work to the outside of their dwellings (23%) than other owner-occupiers (27%), but social landlords were the least likely to have done outside work (13%).

The SHCS study concludes: ‘There is no evidence that dwellings bought under the Right-to-Buy scheme are in more disrepair than dwellings retained by local authorities or housing associations, or dwellings occupied by non-RTB owners. Right-to-Buy owners and non-Right to Buy owners are very similar in the amount and type of work that they report having done to their dwellings, and both report having done far more work to their dwellings than local authorities or housing associations’.
What do we know about repair and maintenance in tenement properties?

A final welcome dimension of the new SHCS study is that it contains specific information about disrepair and maintenance with respect to properties with common elements. This is of particular relevance as the Tenements (Scotland) Act 2004 came into force at the end of 2004, changing the way shared maintenance and repair work can be organised. Around 532,000 households in Scotland live in dwellings within common blocks, of which almost half are in Glasgow and Edinburgh alone.

Around 16% of households living in common blocks are reported to regularly meet to discuss repairs and maintenance. These households were found to be less likely to have disrepair to the common elements of their dwellings than households that do not meet regularly.

Perhaps surprisingly, over half of the owners of properties in common blocks said it was very or fairly easy to get work done (Table 3). Approximately 6% of owners in common blocks said that they knew of occasions when people had failed to pay their share of repairs. Of these, around 3,500 reported the repairs could not be done. Two-thirds said they did the work anyway (Table 4).

Table 3: Ease or difficulty of getting common repairs done (%)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Very easy</td>
<td>18</td>
</tr>
<tr>
<td>Fairly easy</td>
<td>36</td>
</tr>
<tr>
<td>Quite difficult</td>
<td>13</td>
</tr>
<tr>
<td>Very difficult</td>
<td>11</td>
</tr>
<tr>
<td>Don’t know</td>
<td>22</td>
</tr>
</tbody>
</table>

Table 4: Outcome when people failed to pay their share of repairs

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Couldn’t do repairs</td>
<td>3,500</td>
<td>11</td>
</tr>
<tr>
<td>Did repairs anyway</td>
<td>21,000</td>
<td>63</td>
</tr>
<tr>
<td>Owners/residents took legal action</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obtained statutory notice from the council</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor took legal action</td>
<td>5,500</td>
<td>16</td>
</tr>
</tbody>
</table>

Householders living in common blocks were also asked how satisfied they were with the management and maintenance of the common parts of their properties. Some 65% of householders were either very or fairly satisfied, with 11% saying they were fairly dissatisfied and 9% very dissatisfied.
Conclusions – are we any further in our understanding of owner-occupier behaviour?

The new findings from the 2002 Scottish House Condition Survey are a welcome addition to our knowledge of stock condition in the Scottish owner-occupier sector, and the behaviour and motivation of owners. They do shed light on some of the issues raised by the previous Scottish Consumer Council report looking at these issues, but some questions remained unanswered.

1. We do not get a full picture of life cycle behaviour from the new results, but some corroboration that older households are more reactive and reticent with respect to repair than others. Recent purchasers do not appear to undertake significantly more repair work than others however.

2. It does seem from people’s responses that they do not undertake repair work primarily in order to increase the value of their properties – although we still don’t know if that is because they are uninterested in such a consequence, or simply because they assume repairs undertaken will not have an impact on price.

3. The results of the SHCS study do raise significant question marks over the role grants are playing in the repair and maintenance of the Scottish owner-occupied stock. The Housing (Scotland) Act 2005 replaces a current requirement on local authorities to provide mandatory grant where a work notice has been served with a mandatory requirement for local authorities to offer assistance. It might consider the rationale for providing grant even further than it has so far, in light of the SHCS study findings. If savings are to be made through limiting the number of mandatory grants, SCC suggests that these should be reinvested to provide assistance to people who are most in need, for example through the Care and Repair scheme.

4. More generally, the findings on the conditions of RTB properties, and the behaviour and motivation of owners of these properties, suggest the fears of many housing professionals and commentators are somewhat misplaced. The findings on common repairs give a welcome perspective also on the true extent and consequences of problems in this sector.

The new study findings do not however answer all the questions raised by the Scottish Consumer Council Report in 2004. While the SHCS provides welcome information, there remain important gaps in our understanding of what motivates owner-occupiers to repair and maintain their properties that place limits on how ‘evidence-based’ current policies can be.