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RESPONDENT INFORMATION FORM

FIRM FOUNDATIONS: THE FUTURE OF HOUSING IN SCOTLAND

Please complete the details below and return it with your response to the above address. This will help ensure we handle your response appropriately. Thank you for your help.

Name: _____

Postal Address: _____

1. Are you responding: (please tick one box)

(a) as an individual go to Q2a/b and then Q4

(b) on behalf of a group/organisation go to Q3 and then Q4

INDIVIDUALS

2a. Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government website)?

Yes (go to 2b below)

No, not at all We will treat your response as confidential

2b. Where confidentiality is not requested, we will make your response available to the public on the following basis (please tick one of the following boxes)

Yes, make my response, name and address all available

Yes, make my response available, but not my name or address

Yes, make my response and name available, but not my address

ON BEHALF OF GROUPS OR ORGANISATIONS:

3. The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Government website). Are you also content for your **response** to be made available?

Yes No We will treat your response as confidential

SHARING RESPONSES/FUTURE ENGAGEMENT

4. We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for the Scottish Government to contact you again in the future in relation to this consultation response?

Yes No



Firm Foundations: the Future of Housing in Scotland

A Response by Ayrshire Housing's Board



We are a housing association with a stock of 1,200 houses in Ayrshire and an active development programme. This extends from small scale schemes which sensitively meet village needs to major regeneration projects. We are committed to building on our traditional areas of work to the benefit of Ayrshire's communities. Through our partner, Ayrshire Initiatives, we have developed an innovative range of personal support, community engagement and training projects. Our governance structure is based on a partnership between our tenants, the communities and South Ayrshire Council with equal numbers of Board members drawn from each category. Each year, there are contested elections to the Board which is a mark of the strength of our relationships with our tenants and the wider community.

Our Board set aside the whole of its January meeting to considering *Firm Foundations*. It welcomes the attention that the Scottish Government is devoting to housing in all its aspects.

It offers the following responses to the questions which it considers relevant to Ayrshire Housing's objectives and practical work:

Boosting Housing Supply

Question 1: Do you agree that aiming to increase the rate of new housing supply in Scotland to at least 35,000 a year by the middle of the next decade is a sensible and realistic ambition, and that this will help set a necessary political context for acceleration in housing supply?

Response: We welcome the Government's approach that would see a level of new housing provision not achieved since the 1970s. We are concerned however in the context of the paper's focus on increasing access to housing that there is no differentiation in the target between owner-occupation, private renting and housing for affordable rent. We support the case made by the Chartered Institute of Housing,

the Scottish Federation of Housing Associations and Shelter Scotland for annual growth in the affordable rented stock of at least 10,000 over the next three years. We also share their concern at the inadequate allocation in the Government's budget for affordable housing. We would argue that challenging targets need to be agreed for each tenure to ensure that Scotland's housing requirements are addressed on an equitable basis.

Question 2: Do you agree that, to give practical effect to the ambition, local authorities should co-operate regionally in setting realistic targets for housing market areas, and in enabling the delivery of these targets? If so what arrangements should be put in place to support and provide incentives for such co-operation between relevant local authorities?

Response: In the Ayrshire context such an approach would mirror the existing Structure Plan arrangements and build on existing co-operation around housing market research. There are major differences between the three Council areas in the extent and predictability of housing land supply. Such an arrangement could, by focusing on overcoming constraints and programming uncertainty, act as counterweight to any tendency in the setting of national and regional targets by the Government for resources to flow simply towards ready investment opportunities rather than reflect accurately the distribution of needs and demands across tenures over the longer-term. With the Government's active support and participation, this would provide a clear incentive to practical co-operation between the Councils and key partners such as housing associations.

Strengthening the Housing and Planning Delivery Framework

Question 3: Is there a role for a specialist national function to provide expert support for local authorities in strategic planning for housing? What expertise do you think this function would require?

Response: We would support the development of such support arrangements to ensure a consistent approach across the country. This could build on current arrangements for the provision of planning guidance, advice and research. This should not, however, be at the expense of a focus on the effective organisation and utilisation of local expertise.

Enhancing the Government's Strategic Capacity

Question 4: Even when land has planning permission there are still blockages that prevent new housing being built. What additional arrangements would, or could, accelerate development on land with planning permissions to help ensure that future housing supply targets are met?

Response: One major impediment is the lack of coordination between the planning system and house builders (including housing associations), and the priorities and

resourcing of Scottish Water to ensure that identified land supply can be translated into new housing.

Direct Support for Home Ownership

Question 6: How should different types of assistance within LIFT be targeted?

Response: In the specific context of the pressurised South Ayrshire housing market – our main area of operation – we would favour a focus towards open market rather than new supply shared equity. Such an approach gives maximum choice to buyers at optimum grant levels (ie helping more buyers) and avoids any trade-offs in terms of maximising affordable rented units within this pressurised area. The focus in South Ayrshire on expanding housing supply and creating “mixed communities” through the planning system means that integration can be achieved via the planning system without a housing association necessarily building for sale.

Expanding the Range of Affordable Housing to Buy

Question 9: How can the private sector play a bigger role in providing, without public subsidy, increased provision of affordable starter homes?

Response: The Planning system should be more robust in determining the form of what is built. This should not only be “starter homes” but the encouragement of family housing built in semi-detached or terraced formats which would appeal to local buyers in the more pressurised and open housing markets. Such policies could be aligned with the consumer focused LIFT mechanisms. In pressurised markets, this may be a better approach than housing associations building for low cost sale at the expense of much needed rented housing as well as giving consumers more choice as to location and amenities.

Increasing Choice for Homeless People

Question 10: What issues do you consider should be taken into account when considering the increased use of private sector lets to house low-income and homeless households?

Response: We recognise the practical benefits of accreditation, rent guarantee and leasing schemes in meeting the immediate needs of many households. We are opposed, however, to private renting being seen as a permanent “solution” to the housing requirements of households with low or modest incomes. The focus should rather be on expanding the supply and with it access to well managed affordable rented housing. This provides a greater guarantee of affordability without the needless resort to Housing Benefit. Unlike private landlords, housing associations also have the commitment and resources to provide well regulated and supportive services to vulnerable households.

Bringing Empty Properties in Disrepair into Use

Question 15: What other schemes or incentives might help us to recycle empty properties more effectively?

Response: The removal of VAT on refurbishment works in bringing forward properties through, for example, the Empty Homes Initiative would be one positive measure.

Supporting Local Authorities as Social Landlords

Question 16: Do you agree that we should exempt new social housing from the right to buy?

Response: Ayrshire Housing supports the Government's proposals but would argue that this needs to be extended to cover all new *lets* and not just new acquisitions. This would mirror the extension of Pressurised Area status to much of South Ayrshire for example. With regard to the housing association movement as a whole, we would suggest that the 10 year exemption from the right to buy for non-charitable housing associations be extended indefinitely as allowed for in the Housing (Scotland) Act, 2001.

Question 17: Do you agree that we should subsidise local authorities in areas of need to use their prudential borrowing capacity to build new council houses?

Responses: We agree with this proposal. The three Ayrshire Councils are committed to the retention of their stocks and we enjoy fruitful partnerships with East and South Ayrshire Councils in particular. Such a renewed building capacity by the Councils could, for example, be a useful tool in aiding a joint tenant focused approach to area regeneration. In the light of the Government's desire for procurement efficiencies, there may be opportunities for innovative forms of joint working.

Improving the Supply of RSL Housing

Question 18: Do you agree that we should introduce large-scale competitions for subsidy?

Response: Whilst we can see a case for competition in terms of accounting for public funds, the analysis in the paper underplays the risks and challenges in bringing forward successful community focused housing developments in pressurised areas like South Ayrshire. Success in the absence of predictable land supply depends on local knowledge, commitment and fostering relationships. There is a danger that such competitions could seriously expose to undue risk the resources of not for profit organisations whose primary duty is to their tenants and communities. They could also be counter-productive, at least in the short to medium term, to the Government's key objective to increase supply due to organisational dislocation. There is a whole raft, of as yet unresolved issues, around EU procurement rules, conflicts of interest, contractual and risk management, and charities law. Such an approach also

diminishes the direct input to the governance of housing associations by their own tenants and the communities. Such competitions may also reduce the capacity for long-term community engagement, which underscores any successful regeneration initiative. Finally, it could break the link between development and the quality of long-term housing management that is critical to winning the confidence of private house builders to the concept of mixed communities.

For all the above reasons, we do not support the proposal. The Government's objectives can be achieved more efficiently by building on the housing association movement's key strengths rather than compromising them.

Question 19: If not, how would you ensure that public subsidy is used to build as many good quality RSL houses as possible?

Response: One of the major drivers in increasing costs (and with it grant levels) has been the escalating cost of land. The development of affordable housing policies through the planning system coupled with the application of the recent guidance on the valuation of land so acquired and that provided by public bodies will at a stroke constrain escalating costs. Moreover, it will ensure that the cost of land is consistent for every housing association without the need for pooling arrangements. With regard to construction procurement efficiencies, the evidence that large contracting arrangements produce significant savings is limited. Any headline savings are likely to be off-set-by increased risk premiums and a shift away from projects that meet other wider policy objectives, for example rural development, care in the community and community regeneration. Certainly, any new approach will require a much more robust and outcome orientated value for money framework than the broad-brush performance management of the present Communities Scotland.

Any new approach must be sufficiently flexible to accommodate the markedly different geographies of housing association activity across Scotland. For example, here in Ayrshire, the programmes in the three Council areas are each £7-10 millions a year with a relatively small number of significant providers in each area. The last two paragraphs on page 43 seem to imply a diminution of the role of the Councils which is at variance with the recent promotion of Strategic Housing Investment Plans (SHIPs). An alternative approach might be in the Ayrshire context to strengthen the delivery role of each Council within a County (regional) planning context on the basis of joint procurement by the associations with whom they have sound partnerships at present. In reality most of the building procurement efficiencies sought could be achieved on the back of outcome focused partnerships backed by longer-term funding commitments without the risks of organisational dislocation and volunteer demoralisation. In practice, it is the lack of a true medium-term funding framework at the present time which prevents developments in partnering with contractors and mutually beneficial alliances between associations. In such a model, the role of the former Communities Scotland would be to determine the regional and sub-regional allocations, and efficiency levels. This would free it from its current local programming function which tends to inefficiently overlap with more extensive

expertise and resources that both the Councils and the associations have available, and to undermine local outcome orientated partnerships.

Encouraging More Housing for Mid-Market Rent

Question 20: Do you agree that we should subsidise the development of housing for mid-market rent?

Response: We would support such a development that could have a significant complementary role alongside social renting and affordable home ownership initiatives in pressurised market areas. In addition, it could facilitate labour mobility. It is important however that such investment does not compromise the provision of housing at affordable rents where this is in short supply.

Question 21: If so, should subsidy be awarded as part of the competitive regime for awarding HAG that we are proposing?

Response: We have commented on the issue of competition at question 18. If this is to be the case, however, then it is critically important that the output and leverage targets set are quite discrete from those relating to affordable renting.

Question 23: Do you agree that we should encourage landlords to look at means of adjusting the mix of their stock in the interests of achieving more sustainable mixed communities?

Response: We operate in an area where demand for our houses far exceeds its availability. In such circumstances it is important to ensure that flexibility in rent setting and disposals is not abused. More generally, setting different rents for similar properties would need to be carefully managed to avoid allegations of unfairness or neighbour frictions.

Development of Affordable Housing for Rent by Parties other than Social Landlords

Question 24: Do you think that subsidies for development should be provided to bodies other than registered social landlords?

Response: We support the extension of subsidy to local authorities for the reasons noted above at question 17. We are strongly opposed, however, to the extension of funding to bodies that are not subject to the same regulatory regime as social landlords. This coupled with the not for profit ethos of the Councils and the housing associations is an essential guarantee for tenants and a driver that standards are there to be bettered.

With regard to rural landowners there are other grant mechanisms available that could be the subject of further development, for example long-term leasing arrangements based on the Empty Homes Initiative.

Further Consideration of the Right to Buy for New Social Housing

Question 26: Do you think that the Scottish Government should vary Right to Buy discounts by (a) locality and/or (b) type of property?

Response: As noted at question 16, we would support the abolition of the right to buy for all new lets and not just new houses. This would simplify the current complex situation and bring long-term benefits in terms of the supply and the status of social housing. It would also remove the need for pressurised area applications. It would be a more effective and less contentious way of guaranteeing long-term supply than interfering with the rights of existing tenants. As also noted in our response to question 16, there should be an indefinite extension of the 10 year exemption rule for housing association properties.

Better Neighbourhoods

Question 30:

Do you agree that we need to find ways of focussing on the quality of place/open space and green space within deprived neighbourhoods?

Response: We support the Government's intentions in this regard. Well managed public space in which the community has a real stake can have a real impact on quality of life. It can also contribute to the fostering of social cohesion in new neighbourhoods. The issues raised extend, therefore, beyond "deprived communities" to the fostering of social cohesion and respect for the environment in new neighbourhoods.

There remain major weaknesses in applying the aims of *Designing Places* in the planning of new neighbourhoods which are visually attractive, and encourage social interaction, cycling and walking, and active leisure. With regard to the development of new neighbourhoods and settlements, techniques like *placemaking* (as developed by Greenspace Scotland) can allow new residents to contribute to the design and management of their communities as they emerge over time.

Question 32: Do you agree the lead role (and recipient of any resources) to undertake this work should be open to a range of stakeholder?

Response: The mechanism should be flexible enough to allow a range of organisations ideally with a high level of community involvement to carry out this role. It is important that the local authority is engaged to ensure the long-term funding of the maintenance of the open space.

Protecting Tenants and Promoting their Interests: Equitable Protection

Question 33: Do you agree with the features and principles we have set out here for a modernised regulation framework?

Response: We broadly support the proposals. Our only caution is that if standard setting and compliance are to be separated, it is important that the strength of current arrangements in terms of supporting a culture of exceeding minimum requirements and which is reflected in the approach to grading is not diluted. The approach of Communities Scotland and its predecessors has always recognised that the key strength of the housing associations is their not for profit nature backed by high levels of tenant and voluntary control. It is important that this key element is not compromised if there is to be a move to a more competitive environment. Grant administrators must be equipped to factor in the more qualitative aspects of performance and measures of long-term worth that guarantee the sustainability of housing investment and Scotland's neighbourhoods.

Question 34: How would you like social housing regulation to be organised? (For example, should it be a separate organisation or part of a group of other regulators?)

Response: We have no strong views on the question of organisation. The focus rather should be on addressing the points made in our response to the preceding question, and on the resources, skills levels and understanding of the sector within the regulatory function.



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