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Dear Housing & Regeneration Directorate

Please find attached the response to the Firm Foundations discussion document from Albyn Housing Society Ltd, plus a joint preamble prepared for our colleague housing associations, etc. We have sent a hard copy of our response in the post today.

We are happy for our response to be available to the public and to receive further contact from the Scottish Government in connection with this.

Regards
Calum Macaulay

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Response to Firm Foundations discussion document by Albyn Housing Society Ltd

Joint Highland Preamble

We include with our response the pre-amble and scene-setting statement produced by The Highland Housing Alliance, which we endorse as a jointly produced statement and summary of the issues being addressed by social housing providers in the Highlands.

Overview of Albyn Housing Society

Albyn Housing Society is a charitable registered social landlord, established in 1973. We operate over a very large geographic area, having housing stock throughout most of Highland and part of Moray (an area roughly the size of Wales). We provide services to over 2,000 tenants and residents in over 60 different communities. Much of our stock is located in remote rural areas, and in over one third of our communities we have fewer than 10 houses. However we also have larger clusters of several hundred houses in some more urban areas, and also operate in areas of extreme social deprivation and in three Regeneration Areas. We have over 2,000 rented units, mostly general needs housing but also included supported housing for special needs client groups, lead tenancies and units leased to The Highland Council as temporary homeless accommodation. We have 200 shared ownership units and have developed and sold 101 Homestake units to date. Many of our older schemes include owner occupiers who pay service charges to us, and we increasingly develop mixed tenure schemes in a wide variety of communities. Demand for affordable housing far exceeds the available supply in almost every community we work with.

We are governed by a Management Committee with a maximum of 15 members. Membership of the Society is open to tenants, and in recent years, tenants and former tenants of the Society have been elected to the majority of seats on our Committee.

Our activities have grown considerably in recent years, and we now employ over 60 full time equivalent staff to meet the additional workloads arising from: increased numbers of tenants; an ambitious major repairs programme; an accelerated development programme; a growing number of housing applicants; and an increasing involvement in *Wider Role* activities and provision of broader housing support services.

In addition to the various joint initiatives highlighted in the joint Highland Housing Alliance preamble enclosed, we are actively involved in leading and participating in a wide range of partnership approaches in the Highlands, including:

- Joint Homelessness Strategy Group
- Development of the Highland Housing Register with a common allocations policy

- Local Development Forums
- Highland Housing Alliance
- Highland Small Communities Housing Trust
- Highland Housing and Community Care Trust
- Joint delivery of 'Homestake Highland'
- NHS reprovisioning from long term hospital care
- Partnering contracts for major repairs and the delivery of new affordable housing units

General Comments

We welcome the opportunity to comment on Firm Foundations and we are very supportive of the broad intention to deliver an increased supply of housing based on higher environmental as well as design standards. We also strongly welcome the recognition of housing to the creation of sustainable and mixed communities, as this is central to our own core values.

However we are concerned that the paper does not fully address the impact of policies driven to resolve urban issues on some of our smaller rural communities. There is a failure to mention the need for regeneration or wider role or activities in supporting community sustainability. There also appears to be no mention or recognition of the importance of broader housing services and housing support to sustain our communities and the individuals within them.

We note and welcome the recognition that existing allocations policies create tensions both for landlords and communities, and note that further investigation and proposals on these issues will follow. It is certainly our experience that to create successful communities, allocations must be able to take broader community needs into account alongside personal housing needs, particularly but not exclusive to the rural and regeneration contexts. We look forward to taking part in further constructive debate around these issues.

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 next decade is a sensible and realistic ambition – and will it help set a necessarily political context for acceleration in housing supply*

We welcome the bold target of 35,000 additional houses per year by 2015. This target refers to all new provision – we would question the proportion of this target to be filled by affordable housing as against market-led provision. It's clear that this strategy depends, as far as affordable housing is concerned, on a considerable increase in the proportion of Low Cost Home Ownership initiatives to meet the new financial constraints and the new grant funding rules envisaged. Given this position, we would wish to be reassured about two areas of particular vulnerability in this respect as a result of these possible changes. Rural RSL's have been successful in promoting housing solutions in rural remote or fragile areas of the country much to the benefit of sustaining these fragile communities. The achievement of the 35,000 target is unlikely to be greatly assisted by way of these small but important projects as the ramping up of programmes is going to come largely from developments in more populous areas. Equally, increasing the LCHO proportion of the programme, by extension, means the diminution of the rented sector. Given the historic levels of demand and need in the Highlands, it's vital for Government to appreciate how important it is that the investment in rented housing is maintained and increased as there will be a large proportion of more vulnerable parts of our communities for whom renting good quality, low energy, well-located homes is the only real housing choice.

Meeting this ambitious target will depend upon tackling and overcoming the severe constraints which lie in the path of the housing developer. In the Highlands, we are justly proud of the steps we have achieved in finding solutions to this problem. These include working closely with the Council's Planning Service on land supply issues and the highly successful Affordable Housing Policy; the creation of the Highland Housing Alliance as a developer/landbank agency, setting up of the system of multi-agency Local Housing Development Forums to address constraints; working in partnership with the Council on the delivery of targets agreed in the Local Housing Strategy and developing multi-agency bulk procurement, partnering and other innovations to deliver high quality housing at a significantly higher rate than was possible previously.

It is vital, when the government is thinking about changes of the type Firm Foundations proposes, that it is able to see the unique circumstances which exist in the Highlands and understands how the partners have already positioned themselves to be drivers of change and innovation.

Finally, whilst the commitment by the government to affordable housing is unquestioned, the scale of the problem must be matched by appropriate resources and whilst RSL's in the Highlands are committed to more innovative and effective working, there is no substitute for adequate financial investment. It would appear to be counter-intuitive that continuously trimming subsidy would

achieve an increased programme to deliver new affordable housing to meet the ambitious targets set within the budget provisions recently announced.

Question 2 – *Do you agree that local authorities should co-operate regionally to set realistic housing targets for housing market areas and in enabling delivery? If so, what support and incentives are required?*

As referred to at Question 1, the Highland Council is an exemplar authority in addressing the affordable housing issue from a range of perspectives, principally through its inclusive approach to the delivery of the Local Housing Strategy, its Affordable Housing Policy and the promotion of Council assets for providing housing solutions. We are aware that this level of sophisticated partnership is not displayed in all local authorities and there is much that can be learned from the Highland experience.

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 would it require?*

We are not persuaded that another specialist national body would be a cost effective or appropriate alternative following the abolition of Communities Scotland, although it is far from clear what kind of support is envisaged.

Question 4 – *What additional arrangements would accelerate development on land with planning permissions to help ensure that future housing supply targets are met?*

The Planning system exists to control the use of the nation's vital land resource and significant improvements have been made in using the Planning system to benefit affordable housing. More needs to be done to prevent landowners stopping development by failing to allow zoned land to come forward. De-zoning in such cases should be considered following proper dialogue with owners. Out of date or inadequate Local Plans are a severe drag on the effective development of land. There exist many examples where the slavish adherence to presumed densities, running counter to all modern interpretations of sustainable development, is preventing the development of viable sites which have infrastructure cost implications which render notional densities prepared without the benefit of detailed feasibility studies totally uneconomic

Question 5 - *How should we best encourage the development of new, sustainable communities that are sympathetic to Scotland's landscape and environment?*

21st century Scotland is littered with failed experiments in creation of new settlements. This contrasts boldly with the historical equivalent where the planned settlements ironically conceived also in the wake of economic expansion for example in the fisheries, are now some of the most sought-after and human-scale living environments. In the Highlands we have several examples of new

opportunity in this direction. These are some of the biggest national Planning decisions which we face and the process must be characterised by the best community engagement that can be conceived with appropriate weight given to the many likely objectors to such proposals. Place-making of the type envisaged must be led by the requirements of the people who choose to live there and continue to lead healthy, productive, enjoyable lives there.

The recognition that is included about access to affordable local housing for the economic and social sustainability of Scotland's rural communities is very welcome.

In many rural communities, the appropriate development of new affordable housing will definitely be part of the solution to community housing needs. But we also need to look at how we control access to both existing and new housing, and to develop allocations schemes that acknowledge and help to address local needs as well as personal housing needs. Albyn's experience of developing community lettings initiatives, as part of a wider community needs assessment, has shown that this can be successfully achieved. Although complex and sometimes time consuming we have had positive long term outcomes for both us as a housing organisation and the communities and individuals we work with, sometimes as a result of the process itself as much as the allocations.

Question 6 – *How should different types of assistance with LIFT be targeted?*

The targeting of LIFT initiatives should be in agreement with the local authority. The Housing market is out of the reach for the majority of first time buyers and therefore the system should help meet the aspirations of all, but equally so make the best use of public subsidy – council and RSL tenants should therefore be the first targeted priority as they will free up a property for someone else. Those on waiting lists for social housing should be next but purely based on the time they have had a completed application submitted. This ensures that the first come basis of the initiatives is not lost.

It is important that individuals who are vital to the local economy are not forgotten, they may not have applied for Social Housing for a variety of reasons and subsequently not be on a 'waiting list'. In rural areas it is vital that 'the need to live there' is adequately proven. This is to ensure that the low numbers of LIFT opportunities in such areas are targeted to people with a 'true' need to live there, either workplace or family.

The use of maximum household incomes would also be a useful targeting tool – this could be varied for projects in different areas and be a clear indicator to prospective applicants as regards their eligibility and reduce the numbers of abortive applications

Question 7 – *How could the Government stimulate more innovative mortgage and related products and services to assist people in purchasing their first home?*

A key issue in considering this question is to be clear about which target group or groups the assistance is aimed at.

One option is to target only those who are existing tenants of local authorities and housing associations. This has the double benefit of assisting non-owners in to the home ownership market and releasing social rented housing stock for re-let. A modernised version of the former Tenants Incentive Grant scheme would be an effective means of achieving this.

If other target groups were identified then different approaches would be more appropriate. Approaches may include sliding-scale support subject to income levels.

Question 8 – *Should the Government provide direct cash grants to first-time buyers?*

Subject to being clear about the target groups being aimed for, direct cash grants can have a place (see our response to Question 7, above).

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

The creation by the Highland RSL's Council and Trusts of the Highland Housing Alliance (HHA) has successfully pioneered the notion of cross-subsidy to provide good value starter homes. All other things being equal this is a model that could work elsewhere. These aims can also be promoted through judicious use of the Planning system. Again the question of development densities is important here. Objectors to housing often succeed in reducing density levels resulting in less than optimum use of our most precious housing resource – developable land. There needs to be a greater understanding of sustainable design principles which favour higher densities. There also appears to be a lack of consistency among Councils about affordable housing quotas through the Affordable Housing Policy. The 25% quota has delivered significant additional affordable homes and in special cases such as Aviemore and Cromarty it has been successful raised to 50% and above. This is a lost opportunity where Councils fail to use their Section 75 powers. Additional encouragement is also needed for the private sector in regeneration areas where the private sector has been too often absent fearing poor values and sluggish sales. The Government should look at the example of Merkinch in Inverness where carefully targeted public investment has encouraged the private sector to invest in this regeneration area.

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

Private sector lets can be an appropriate solution for some applicants, especially in rural areas and where access to social sector housing is pressured. But a number of issues need to be considered:

Previous (Conservative) government policy has resulted in private tenants having fewer tenancy rights, without it resulting in any dramatic increase in the private rented sector provision. Many private tenants remain in the same lets for years, but without long term security.

Many private lets are in poor states of repair. There is little incentive for private landlords to invest or to reduce profit margins by refurbishing their properties. It will take some time for the conditions set in the Housing (Scotland) Act 2006 to be achieved.

Rents are high and driven by a combination of finance costs and market. Roll-out of a Highland-wide Local Housing Allowance for housing benefit may squeeze people on lower incomes out of the private sector market in some areas altogether, adding even greater pressure onto social housing lists.

As most landlords will require at least one month rent in advance plus a deposit (usually the equivalent of a month's rent), it can be very expensive for tenants to enter into the sector or to move within it.

Tenants moving into the private sector with housing support needs do not always have the same access to services available to assist social sector tenants. Increased use of the private sector to meet the needs of homeless or vulnerable households must be in association with support services that have secure and long term funding. These services are currently only available in concentrated geographic areas in the Highlands (mostly in and around Inverness city) – there is little if any provision to support households to sustain tenancies in more rural areas other than through the mainstream housing management services of social housing providers and voluntary sector advice provision.

Question 11 - *How should we ensure an appropriate balance between safeguarding tenant's rights and encouraging the private sector to achieve its full potential in Scotland's overall housing market?*

It will require a combination of incentive and enforced regulation.

Landlords are encouraged now to become registered under the existing Landlord Registration Scheme. Registration is a requirement in certain circumstances – for example, granting of licences of Houses in Multiple Occupation (HMOs) However it has been a very cumbersome process, it is at a cost and with no real incentives for landlords. The process should be made much simpler, and

positive incentives included such as access to free advice, prioritised improvement grants or streamline housing benefit processing for example.

There also needs to be stronger enforcement against landlords who do not meet repairing standards or good management of their properties, and the resources provided to allow local authorities to carry out this role properly.

Private landlords should also be encouraged to move from short assured tenancies to longer term tenancies, and encouraged to work in partnership with local authorities and RSLs on rural leasing schemes and lead tenancies.

Question 12 - *Do you think there is sufficient engagement between the public sector and private landlords? If not, what else should national and local government be doing?*

Engagement through local forums and seminars could be improved but will require resources to maintain over such a dispersed area as the Highlands and with a non-cohesive group. A seminar organised last year by The Highland Council around landlord registration was well attended and positively received within the private sector.

Our contact with private landlords and letting agencies through our involvement in co-ordinating the Highland Rent Deposit Guarantee Scheme (RDGS) is also starting to help us develop new and positive relationships and to increase mutual understanding of needs and issues with small private landlords in some areas.

Question 13 - *What other options should we consider for increasing the supply of private rented housing for low income and homeless households?*

Ring-fenced funding for Rent Deposit Guarantee Schemes will make sure that the schemes can develop a long-term sustainable role and an additional housing option for some homeless people and other applicants on our housing lists.

In most of our areas, housing demand far exceeds available supply, and so increasing access to private sector housing for some will remove it for others without an overall increase in the supply of affordable housing for rent.

Supply will otherwise only be increased by bringing empty properties into use. This will have to be coupled with financial incentives and assistance with letting and management issues for some property owners. There is potentially the opportunity for this to be developed as charged for services that could supplement the sustainability of rent deposit guarantee schemes.

Question 14 - *How could more private landlords be encouraged to let to tenants on benefits and homeless households?*

The main incentive for most private landlords will always be financial.

There is a strong culture in certainly the urban and semi-urban areas of Highlands of 'No DSS' for private lets. This is in part because of historic experience (and collective memories are long) of very long delays in getting housing benefit payments through at the start of tenancies or when a tenant's circumstances change. (For example because of seasonal or short term employment).

This can only be addressed by making sure that the housing benefit system is as streamlined and efficient as possible. These are issues for Westminster and local government. A 'fast-track' service to people who need benefits for private lets would remove negative stigma caused by the time consuming processes that exist in some areas now and would be a positive incentive for private landlords to let to a wider base of tenants.

From our involvement in co-ordinating a rent deposit guarantee scheme and contact with local landlords and letting agencies, we know that some property insurers also reduce their premiums in exchange for stringent conditions about the income levels of lessees. Discriminatory attitudes towards renting to people on low incomes and benefits must be rigorously challenged through a positive campaign at national level.

Coupling availability of good quality management and support services with a locally delivered rent deposit schemes may be a positive incentive, particularly for single property landlords, and those in the rural areas where cost effective lettings agencies do not exist. (see also Q 13)

Persuading landlords to become involved in rent deposit schemes to encourage more access for low income and homeless household is currently challenging when the market particularly in the more urban areas and Inverness city allows landlords to effectively set whatever rent they like and still be able to get tenants. Following the English legislation on the Tenancy Deposit Protection scheme would make rent deposit schemes more viable and also offer further protection to private tenants.

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

Recycling empty properties, whilst a laudable aim, is enormously resource intensive in the current environment. The outcomes can be highly beneficial however to city centres and rural communities alike. Owners require a combination of financial incentives and municipal threat of action to make them take interest. Changes to taxation policy for refurbishment would help as would additional funding for Lead Tenancy and similar schemes. Consideration should

be given in some communities to invoking the former powers of the Local Authority to declare Housing Action Areas or Special Development Zones to compel owners to participate.

Question 16 – *Do you agree that we should exempt new build social housing from the Right to Buy?*

Of course this should happen, and it ought to be extended to other properties. At the very least it could be applied to re-let properties, as well as new build. Also, please see our response to Question 26, below.

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?*

This is an option the Scottish Government may wish to go for. And we have no objection to it, provided it is not instituted at the expense of much needed additional investment through Housing Associations.

Question 18 – *Do you agree we should introduce large scale competitions for subsidy?*

We do not agree that simply introducing large-scale competitions for subsidy is an effective strategy. We are unconvinced of the evidence of success of large regional consortia to bring the benefits often claimed for them. The geography of the Highlands is such that communities who have benefited from the successful investment from the Inverness office of Communities Scotland would lose out. At a time when overall building standards have improved in response to the threat of climate change and the aspiration of warm, dry affordable homes, focussing on increasing output for less investment at the possible expense of quality and longevity appears to be a strategy which is designed to favour urban over rural and design mediocrity over the rich tradition of housing association provision.

Healthy, competition where quality as well as price are equally regarded, is essential to ensure that current providers have no opportunity to rest on their laurels and fail to continue to make the changes already embarked upon that will transform the voluntary housing sector in the Highlands to one which embraces change, values innovation and delivers an excellent product to more and more of its community members.

The voluntary sector welcomes change and values efficiency. An important consideration in this respect is the extent to which it can rely on government agencies to reduce bureaucracy in the development process whilst giving the developing RSL's freedom to deliver using 3 year programme agreements, an end to individual scheme approvals, much more self-certification, targets negotiated at the start of the period.

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

See 18 above

Question 20 – *Do you agree that we should subsidise the development of houses for mid-market rent?*

In some parts of our area where demand for affordable rented housing is very pressured and market rents are very high, there may certainly be a role for mid-market rent as part of a range of housing provision. Low margins of return have traditionally made this difficult for social landlords to develop, and it is likely that an element of subsidy will be required to make this a viable option. However we would have strong concerns if this was at the expense of the development of affordable rented housing in areas where this is the overwhelming need.

Previous experience has also been that special schemes for, for example, key workers, have worked particularly well where they have been dedicated housing developments with distinctly unique allocations and rental arrangements. The former SSHA ‘economic expansion’ housing schemes were hugely popular and successful for example, but were ultimately abandoned through a combination of increasing pressures for affordable housing and a move to more consistent and equitable allocations policies.

Question 21 – *If so, should the subsidy be awarded as part of the competitive regime for HAG that we are promoting?*

It would be appropriate for any subsidy to be awarded as part of an overall strategic plan. However see also our comments to questions 18 and 19 above

Question 22 – *If not, how would you increase variety in social housing?*

A range of options needs to be available that are appropriate to a local community’s needs. In many cases these are already being provided through a combination of social and private market provision for both rented and owner-occupied housing.

A number of other measures included for discussion within this paper, such as encouragement of the private sector, targeted subsidies for owner occupiers and a review of financial products would also be relevant here.

The drive to improve efficiencies and reduce costs must also not rule out the capacity to develop innovative and small scale schemes for affordable or mid rent or low cost home ownership in our smaller or more remote communities.

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

This may be appropriate in some communities, particularly in the more central and larger urban areas of Scotland. We have already been successfully involved in introducing LCHO housing in an area of high social deprivation as part of an overall regeneration competition instigated by The Highland Council. Although pressures for affordable rented social housing remain extremely high throughout the Highlands, there may therefore be some localities where such an approach remains appropriate.

We would also encourage the government to take a broader view about achieving mix, by also extending the flexibility of allocation policies to meet local community needs.

We have some areas even in more rural areas where it has been appropriate for us to look at reconfiguring some of our existing stock but still within rented provision to be able to meet changing demographic needs over time – in particular the ability to convert bed-sits and smaller units into bigger homes. Where it has been technically feasible, our ability to do this has depended on the availability for both subsidy and private finance.

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

It is conceivable that subsidies could be made available to other bodies, and it wouldn't be completely new if this were to happen. However, if the levels of subsidy were to be anywhere near to the levels that will be available to RSL's it would be reasonable to expect similar obligations, such as the content of statutory tenancy agreements and the regulatory regime to applied to the recipients.

Question 25 – *What sort of protections should be offered to tenants in these circumstances?*

See our response to Question 24, above.

Question 26 - *Do you think that the Scottish Government should vary RTB discounts either locally or by type of property?(See also Q 16)*

Yes. RTB should be removed for all new social sector tenancies – this currently only applies to charitable RSL tenancies in the Highlands (other than where a protected RTB still applies to a tenant as a result of a previous stock transfer). The Highland Council has already restricted RTB of its own stock by applying for and receiving pressured area status. This has significantly slowed down sales, but has also had an impact on the receipts available for their capital programme. Local authorities should have discretion to remove or cap discounts for existing

tenants in high pressure areas. RSL tenancies should be permanently excluded from RTB provisions, regardless of charitable status. These measures need to be linked to increasing the availability of other ownership options for social sector tenants at the same time, as discussed in other parts of this paper.

Question 27 – *Do you agree that ALMOs can provide a satisfactory alternative to stock transfers?*

In the context of the Highland Council area, and other single authority rural areas, this would offer little if any advantage against stock transfer. However, if there was scope for partial-stock management arrangements, for which Housing Associations could bid, there may be merit in promoting more localised control of services and rationalisation management arrangements across a range of social housing providers in one community.

Question 28 – *Do you think that additional help from government to enable landlords to meet the SHQS should be linked to improvements in landlord's performance?*

It is quite clear that there needs to be some form of incentive to ensure that all landlords actively strive to meet the SHQS by the due date or they may as well not exist. But there needs to be an equitable system that applies to all landlords including local authorities, ALMOs and housing associations. It seems that these proposals, as they currently stand, will involve three completely different ways of dealing with the issue depending upon which of the three above categories of landlord are involved. The widely held perception is that housing associations will be penalised by losing out on HAG funding if they fail to meet the Standard. Alternatively, these proposals hint at funding being made available to some ALMOs to assist them in meeting the Standard. This does indeed appear to be, "a reward for previous poor financial management." Housing associations will be punished if they fail to meet the Standard whilst ALMOs will be rewarded if they are able to demonstrate that they cannot. As for local authorities, it remains to be seen what measures will be introduced to ensure that they comply, particularly if the tenants have already voted against stock transfer. ALMOs can therefore only provide a satisfactory alternative to stock transfers in cases where they can demonstrate that they will not require additional public funding to meet the Standard.

Question 29 – *If so, what measures do you think would be beneficial? If not, why not?*

There needs to be clearer information provided on how properties will qualify for exemption from meeting the Standard. For example, many landlords have properties in rural areas where there are limited options available as a fuel source for heating systems. This makes it extremely difficult for the landlord to meet the required energy efficiency element of the Standard. Additionally, subsidies could be made available for the additional costs involved in providing more sustainable forms of heating that will introduce the multiple benefits of

reducing carbon emissions, increasing the overall energy efficiency of the property and providing running cost savings to the tenants. Again, the “one size fits all” approach contained within the proposed document appears to completely disregard the very different problems experienced by rural landlords.

Question 30

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

This issue can most effectively be addressed at the development stage. Clearly, it makes more economic sense to provide these facilities at the time of construction than to provide them retrospectively. From a longer term perspective, this should be seen as the way forward by giving developing landlords the opportunity to incorporate high quality green space areas at the time of build instead of making it the first area to be cut out of a project when cost savings have to be made.

Landlords can also help to address this potential problem by ensuring that adequate reserves are built up to fund environmental improvements or upgrading 20-30 years after development. However this will be challenging when social landlords also face pressures to ensure adequate reserves for investment in the physical housing stock whilst maintaining affordable rent levels. Existing large scale estates developed in the mid-70s are likely to need be a priority for investment. Many of these will be mixed tenure with owners unable to afford contributions to major improvement works.

Question 31

Do you have suggestions for approaches that are not resource intensive and that include stakeholders?

Many local community groups are best placed to give effective guidance to landlords on the type of environmental improvements that are required by local people in their own areas. These groups also have access to alternative sources of funding such as lottery grant etc that is not available to the landlord. Support should be given to these groups in order that the number of these types of community backed enterprises can be significantly increased.

Question 32

Do you agree that the lead role (and receipt of any resources) to undertake this work should be open to a range of stakeholders?

Yes, but there should always be a central organisational hub, which would ideally be the local RSL, who are probably best placed to offer the stakeholders advice and guidance gained during previous similar projects. Examples of this working on the ground can be demonstrated by the Wider Role activities that have led to

environmental improvements being completed amongst local communities with the housing Association providing the function of co-ordinator.

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

The proposals, in as far as they are set-out, appear the basis for an effective regulatory framework. Obviously, the detail of proposals, as they are developed, will be of interest to see how these may more specifically impact on the work of Housing Associations. The principles of lighter, more flexible approaches are welcomed. Certainly, the proposal to apply the principles in an equitable fashion is welcome, especially where this is linked to tenant protection and the receipt of subsidy.

Question 34 – *How would you like social housing regulation organised?*

The organisation of regulation through an independent regulator is a welcome proposal. Again, the details of how this would be structured and operate will be of great interest, as they are developed.

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HIGHLAND HOUSING ALLIANCE

PREAMBLE AND SCENE SETTING – RESPONSE TO FIRM FOUNDATIONS

The provision of a sufficient supply of affordable housing in the Highlands has been a challenge for the Highland Council, its predecessor local authorities and the local housing associations working the area, for many years.

The area is geographically diverse and is one of the most sparsely populated areas of Europe – around 300,000 people in a region the size of Belgium. 120,000 live in the City region around Inverness and the Inner Moray Firth, in one of the most buoyant private house sales markets in the UK. House prices are high and show no real signs of slowing down even in more cautious times than previously.

Conversely, wages and salaries are low – it is hard to get precise information, but the average weekly wage in Inverness in 2005 was approximately £ 300. £ 20,000 as the average salary is probably generous, and it is a fact that wage levels are generally below UK and Scottish averages.

Research by the Halifax Bank of Scotland (HBOS) shows that property is considered unaffordable if the price is four times the buyer's income.

Figures from Shelter Scotland, show that the average house price in Inverness was £172,691 and £167,481 across the Highlands, while the average salary throughout the region was just short of £20,000 per year. It must be recognised, however, that there are significant variations in incomes as between the urban context and the most remote areas of the Highlands. The cheapest property being marketed on the Highland Solicitors Property Centre Website is currently offers over £ 79,995 for a 1 bedroom flat. The cheapest private rented property is £ 475 per month for a 2 bedroom flat. Any cheaper good quality properties in a reasonable area are likely to go for anything up to 20% above the asking price with multiple bids.

The lack of population throughout the region makes the provision of infrastructure and services extremely expensive, for what are often very small housing developments in rural areas. The lack of jobs and limited economic prospects in many rural areas results in further depopulation, particularly in relation to young people.

In order to reverse the trend, new housing of all tenures is urgently required, both to meet existing unmet need and also to attract new people to live and work in the Highlands. This is consistent with the objectives stated in Firm Foundations of increasing housing supply.

In responding to Firm Foundations, the housing associations who work in the Highlands and are members of the Highland Housing Alliance, felt that it was

important to provide a joint preamble to their individual responses, to emphasise the collaborative working environment which has evolved over a number of years.

Specific initiatives which the RSL's and the Highland Council have had to pursue to make development work in the Highlands to date include:-

- Area development fora held in collaboration with Highland Council and the various statutory bodies involved in development of sites and opportunities, to troubleshoot issues and ensure developments proceed. Collaboration with Communities Scotland Highland office staff is also a key component of these meetings
- Collaborative contracts such as the Inner Moray Firth Partnership in the late 1990's which commenced ideas about standard designs and volume contracts.
- Land Banking of major sites such as Home Farm and Aviemore which have then been competitively tendered to provide higher levels of affordable housing and design innovation within mixed tenure sites.
- The setting up of the Highland Small Communities Housing Trust in order to land bank in small and fragile rural communities with the support and encouragement of the local people.
- The setting up of the Highland Housing Alliance to land bank major Highland Council and private sites, to speed up development and increase the affordable housing provision.
- Inclusion of collaboration with the private sector through the operation of a clear and workable Highland Council affordable housing policy, which has brought clarity and certainty to land values and RSL programmes.
- Engaging in innovative collaborative contracts using the Highland Housing Alliance as a vehicle, most notable of which is the Modular Construction Project, which aims to deliver at least 200 sustainable houses throughout the Highlands and provide 50 jobs in Brora.
- Undertaking innovative renewables projects such as the District Heating System at Aviemore and the incorporation of solar panels, heat pumps and other new technologies in standard affordable homes. Promoting through the Highland Housing Alliance, the most innovative housing community yet through the Highland Housing Fair.
- Championing space standards, quality and good design in times of increasing fiscal pressures.
- Seeing no area of the Highlands as "no go" as far as the provision of housing is concerned and piloting innovative legal and contractual

models to provide housing such as key worker tenancies and the retention of affordable housing grant within the system.

- Meeting obligations on the affordability of rents and service charges and ensuring access to good quality housing for all levels of the population, despite resistance from NIMBY's and many who have had the economic means to come and settle in the Highlands, but who have forgotten that we still need more people to make this an economically active and vibrant area.

Many issues that we face – zoned land shortages, infrastructure constraints and planning bottlenecks are common to housing development in Scotland, but we believe that we have worked to address problems in an often startlingly innovative way.

We are all jointly ready for the challenging world of Firm Foundations and thus now offer our individual responses.

Albyn Housing Society Ltd
Cairn Housing Association
Lochaber Housing Association
Lochalsh & Skye Housing Association
Pentland Housing Association
The Highland Small Communities Housing Trust
The Highland Housing Alliance