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From: Kerr, Lorna (Acha) [Lorna.Kerr@acha.co.uk]
Sent: 24 January 2008 15:49
To: Housing Consultation 2007
Subject: "Firm Foundations - The Future of Housing in Scotland" - Response from Argyll Community Housing Association

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Hi Becky

As per our telephone call I now attach the response to the Scottish Government's discussion document "Firm Foundations – The Future of Housing in Scotland".

Respondent Information

Name: Alastair MacGregor, Chief Executive, Argyll Community Housing Association

Postal Address: Municipal Buildings, Albany Street, Oban, PA34 4AW

1. Responding on behalf of a group/organization.
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**
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**

<<FIRM FOUNDATIONS.doc>>

Thanks for your help.

Regards

Lorna

Lorna Kerr

PA to Chief Executive
Argyll Community Housing Association Ltd
Albany Street, Oban Tel: 01631 567912
e-mail: lorna.kerr@acha.co.uk

ACHA website address: www.acha.co.uk

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25/02/2008

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“FIRM FOUNDATIONS: THE FUTURE OF HOUSING IN SCOTLAND”

**A DISCUSSION DOCUMENT FROM THE SCOTTISH
GOVERNMENT**

**RESPONSE FROM ARGYLL COMMUNITY HOUSING
ASSOCIATION**

Registered Office
63 – 65 Chalmers Street
Ardrishaig
PA30 8DX

1. Introduction

- 1.1 This response to the Scottish Government's Firm Foundations consultation on the future of housing in Scotland is made by Argyll Community Housing Association.
- 1.2 The Association was registered on the 21st November, 2006. The Association has responsibility for 5 300 properties in Argyll and Bute and came about as a result of tenants voting Yes to stock transfer, in November 2005.
- 1.3 The Association formulated it's response to the consultation through a stakeholders day held on the 17th December, 2007. Final approval of the response was given by the Association's board on the 10th January, 2008.
- 1.4 The format of the response is set against the 34 questions mapped out in the document. Some of the responses are more detailed than others reflecting areas of greater priority to the association.
- 1.5 Any enquiries regarding the submission by the Association should be made to Alastair MacGregor, Chief Executive, Argyll Community Housing Association, Municipal Buildings, Oban, Argyll, PA34 4AW, telephone 01631 567912.

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?

The Association agrees with the need to increase housing supply, however, we have a concern that resources may not be sufficient to meet this aspiration. The SFHA's analysis of the current spending round indicates a 6% cut from 2008 to 2011. It is also clear from the document that much of the reference to increased supply relates to housing for owner occupation. While the Association has no difficulty with mechanisms to support development per se there should be a greater commitment to affordable housing for rent as part of the overall strategy. At the present time there are over 3 300 applicants for housing in Argyll and Bute, which is a very high level of housing need which needs to be addressed. In the context of Argyll and Bute, developable land is an issue and ACHA welcomes the recognition in the document that public bodies such as the local authorities, health boards and the Forestry Commission should be doing more to release land. There is, however, an additional issue which needs to be tackled in order to make any meaningful contribution to increased housing supply. The building industry in Argyll and Bute has clear capacity problems relating to a booming building economy and a shortage of skilled labour. Steps will have to be taken to ensure that current labour shortages are addressed through meaningful apprenticeship and trainee strategies. If this doesn't happen then housing supply will not be addressed because the market will not be able to cope.

Question 2

Do you agree that, to give practical effect to the ambition, local authorities should co-operate regionally in setting realistic housing targets for housing market areas, and in enabling the deliver 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?

It is not the Association's view that this will have any great benefit in tackling housing need. In fact it could further clutter the landscape. Significant work has been done in recent years by local authorities and housing associations in their respective geographical areas to develop housing plans which are based on local needs assessments. This system is now up and running and forms the basis of submissions to the Scottish Government. In Argyll and Bute the Strategic Housing Forum coordinates stakeholder inputs into this process.

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?

It is the Association's view that the Scottish Government should through its Chief Planners office provide expert support if that assistance is required. The Association sees no value in creating a specialist national function over and above what the Chief Planner can provide.

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?

There needs to be joined up thinking between grant providers, local authorities, developers and utility companies. In recent years in Argyll and Bute there have been some difficulties because of a lack of tie up between Scottish Water's investment priorities and where development is taking place. Clearly all parties have to be in the loop on this issue. There is also evidence that developers sit on land with planning permission to drip feed the market and to keep prices up. If planning permission could be time conditional this could assist in dealing with this trend. Local housing plans often still have strict restrictions on where development can take place. While it is important that planning is sensitive to a range of environmental and other factors it should be in a context that recognises that land supply to meet housing need is currently out of sync in many areas.

Question 5

We have proposed that much expanded or new, stand-alone settlements may be a valid solution. How should we best encourage the development of new, sustainable communities that are sympathetic to Scotland's landscape and environment?

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?

The Association supports the principle of new stand alone settlements. It could make a contribution with respect to the constraint issues covered in question 4. These settlements could be encouraged by having greater flexibility with respect to areas zoned for development, but with conditions that the built form is consistent with the landscape and environment in particular areas. In rural Argyll small settlements of three or four houses can make a substantial contribution to meeting housing need in certain areas, both in terms of owner occupation and affordable housing for rent. It would help population retention in these areas.

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

It is the Association's view that the LIFT initiative while worthy in sentiment has a potential danger to fuel house price inflation. It is the Association's view that any available resources should be invested in assisting housing supply.

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

The Government should provide impartial guidance to first time buyers. The reality of the market providing this in an impartial manner is fraught with difficulty because lending institutions are trying to sell products. The Government should also look at ways it could support long term fixed lending which could give stability to first time buyers. Local authority home loan schemes were very successful in the 1980s and 1990s as part of the Housing Action Area renewal process in Glasgow, and to a lesser extent Edinburgh. It would appear that very few local authorities are now involved in such initiatives. Could the Scottish Government not now look at launching such an initiative to assist people in purchasing their first home?

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

The Association's view on this is no, but incentives through housing association and local authority routes should be explored.

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

The key issue here, in the Association's view, is the price of land and the cost of building. It may be difficult to deliver reductions on both but land costs can be reduced by the release of public land at District Valuer rather than market valuation. If there were to be an increase in planning consents this should start to drive land prices down.

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?

Clearly standards and reasonable regulation should be taken into account when considering an increased use of private lets.

Question 11

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

There should be a standard model tenancy agreement which protects tenants' rights. There should be information for private landlords on rights and responsibilities. Direct payment of housing benefit to the landlord would probably increase interest in participation.

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?

It is probably fair to say that public sector and private landlords do not engage that much. This is probably due to, as much as anything else, fundamentally different priorities. Public landlords are largely driven by an agenda to meet needs and other social objectives. Private landlords, on the other hand, are largely driven by rent for profit and property investment with a return over a period of time. One has to question therefore the logic of the parties being involved in engagement when their respective agendas are so different. Nevertheless, there may be a value in a coming together in joint forums where minimum standards and guidance can be taken forward.

Question 13

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

The payment of housing benefit to the landlord as previously highlighted should act as a stimulus to supply for the private rented sector.

Question 14

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

As in Question 13 above.

Question 15

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

There may be a role for an Empty Homes Agency in Scotland to coordinate a national strategy to bring empty homes back into use. Many homes are empty because of investment requirements. It should be possible to develop an improvement grant scheme which could be linked to an agreement with the owner that the property should be made available for rent for a period of time after improvement as a grant condition. Compulsory purchase is currently under-utilised by local authorities in terms of buildings which are in poor condition. It is the Association's understanding that the law currently gives extreme latitude to the owner, both in terms of time to do things and a very low level of improvement. If this could be changed, linked to a housing association's investment programme, then we could see properties in this category brought back into use.

In rural areas properties are often empty for 6 months of the year, outwith the holiday season. If they could be brought into use, even as temporary tenancies, this could help short term housing difficulties. If there was to be an Empty Homes Agency this could be a key area for the organisation to explore.

Question 16

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

The Association is of the view that this is a proposal we can support. At the present time the continuing loss of properties through the Right to Buy is a disincentive to local authorities and increasingly, housing associations, to be involved in new build housing provision.

The Association is also of the view that the Scottish Government should look at extending this to re-lets where transfers are not involved. This would give the added benefit of protecting more properties from the Right to Buy but would not affect the rights of existing tenants. ACHA lets around 500 properties per year from its current stock. It is our assessment that 375 of these re-lets would not be transfers to existing tenants. If the Government was to remove the Right to Buy to new lets these 375 properties would become protected. Clearly, over a period of time, this figure would build up and add to the protected housing stock.

At a time when housing supply for affordable homes is nowhere near sufficient to meet needs by taking the above steps, which would not affect current tenants' rights with respect to Right to Buy, a real difference could be made with respect to protecting housing for future rent.

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?

The Association is of the view subsidy to local authorities should only be on an exceptional basis and should have no impact on the current levels of grant. Scotland does not have a shortage of housing suppliers but it does have enormous pressure on grant levels to meet housing need. Having local authorities competing with housing associations for the same pool of resources is both wasteful and dilutes impact. The association further believes that where whole stock transfers have taken place no grant should be given. Councils have done this on the basis of their historical debt being written off, and alternative landlord provision being put in place. It makes no sense to start developing landlord structures again with all the costs involved when alternative landlords have been put in place.

Question 18

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

The Association is concerned about this proposal. The concept of a lead developer covering one substantial region cuts across the benefits of community based initiatives in housing which have been very successful in Scotland throughout the last thirty years. Furthermore, it increases the risk of mass conformity similar to the housing mistakes of the 1950s and 1960s. It is the Association's view that the biggest issues around cost are land and labour issues and not the numbers around procurement. We are in real danger here of cutting out smaller locally based solutions, which may be marginally more expensive at cost plan stage, but in terms of real life costs, are sustainable.

Question 19

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

This could be done by tackling the land cost issue by planning intervention and a more proactive release of public land at District Valuers valuation. In the longer term, labour costs need to be addressed by making it acceptable to see trades as a career. This will not happen overnight but there needs to be a long term programme put in place to involve young people in trades.

Question 20

Do you agree that we should subsidise the development of houses for mid market rent?

The Association have no particular view on this issue.

Question 21

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

It is the Association's view, if mid-market rented accommodation is to be taken forward it should not be part of a competitive regime for HAG.

Question 22

If not, how would you increase variety in social housing?

The Association has no particular view on this issue.

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?

The Association is of the view that housing mix should be looked at to develop sustainable mixed communities. However, there also has to be a recognition owner occupied housing and rented housing should be integrated if we are serious about social mix in our communities. It is absolutely critical that affordable housing elements are part of developers' proposals.

Question 24

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

The Association is of the view that subsidy should only be provided to registered social landlords. Our reason for this being quite simply that registered social landlords are all over Scotland, they can provide for the needs identified and by being registered, they are bound in to the regulatory framework.

Question 25

What sorts of protections should be offered to tenants in these circumstances?

If subsidies were to go to organisations other than registered social landlords, then the protection to tenants should be the full regulatory framework as a condition of subsidy.

Question 26

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

It is the Association's view that if Right to Buy is to remain the Scottish Government should look at ways to protect the public purse from the discount system. At the present time, discounts are uniform but in order to try and protect housing stock in areas of greatest need, where housing is under greater pressure, the Scottish Government should look at variable discounts. This should apply to both location and property type, for example detached and semi-detached family housing in rural areas for rent is in very short supply, whereas, flats in urban areas are more plentiful.

Question 27

Do you agree that ALMOs can provide a satisfactory alternative to stock transfers?

They can be an alternative as can be seen from the example in England. However, can they be a satisfactory alternative, the answer is no. Presumably, if the debate about stock transfer is between a municipal and a community ownership choice then something in between further confuses the issue. In the Scottish dimension the policy of trickle transfer and then large scale voluntary transfer over the last fifteen years has given tenants a choice between where they are and a housing association alternative. A third option has the potential to confuse the issue.

Question 28

Do you think that additional help from Government to enable landlords to meet the SHQS should be linked to improvements in a landlord's performance?

It is the Association's view that delivery of the Scottish Housing Quality Standard should be driven by the needs of tenants and the quality of their homes and not to the performance of their landlord. If a landlord is not performing well then the regulator should deal with that as an issue, irrespective of whether or not the delivery of the Scottish Housing Quality Standard is relevant.

Question 29

If so, what measure do you think would be beneficial? If not, why not?

The Association takes the view that the Scottish Housing Quality Standard has to be delivered on the basis of the legal requirement to be met by 2015. Issues of performance, good or bad, are a separate issue. If an association is performing well, and another is not, is it fair on the tenants of the non-performing association that those of the performing association should benefit in terms of Scottish Housing Quality Standard resources. The Association thinks not.

Question 30

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

The Association feels that it is important that we do focus on the quality of place, open space and green space. However, it should not just be in deprived neighbourhoods. One of the key challenges in this area relates to developable land and the number of units that can be built, which quite often can come into conflict with the need for place and space. It is the Association's view that if we can deal with the land supply issues it should make it easier to accommodate appropriate space and development plans.

Question 31

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

Partnership working can share resources, particularly in areas like wider role. In certain instances, if something is brought to the table by the local authority, housing association and the private sector then the outcome can be something greater than the sum of parts.

Question 32

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

It is the Association's view that the lead role should be taken by community based stakeholders.

Question 33

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

It is the Association's view that there are key benefits in the regulator being separate from Government. We feel there is value in one public services regulator. At the present time, housing associations have to comply with a range of bodies with regulatory powers which often ask the same questions. However, we should never lose the point that self-regulation is a very important part of the framework, and that associations should be measuring themselves against performance standards, and benchmarking against peer groups. While an external regulator can do so much, no organisation should know better than itself the areas that it needs to build on to improve.

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?)

The Association has already stated it's preference for one regulator, however, if there are to be a network of regulators then they should be relating to each other in order that duplication, in terms of regulation doesn't occur.