

Investing in Affordable Housing: A Consultation

Response from the Rural Housing Service



Introduction

The Rural Housing Service is a Scottish charity which supports rural communities to create practical solutions to local housing problems. We help develop new housing opportunities for local people using the full range of housing options and grants available. The Rural Housing Service engages with rural communities across Scotland; in remote locations such as Fair Isle to rural communities on the edge of cities. We have created community led housing solutions in communities such as Gigha, Laggan and Whitsome. Through our Rural Housing Enablers in Aberdeenshire and Moray we are ensuring that all available grants and housing options are utilised and that the local housing agencies are fully aware of the housing needs of rural communities. We plan to roll out a programme of Rural Housing Enablers across Scotland and were delighted that the concept was endorsed by the Housing Supply Task Force in their recent report.

In drawing together our response to this consultation we have drawn from a debate on the consultation held at our Annual Conference in February 27th 2009. This debate involved 120 delegates from a variety of community and housing organisations as well as representatives from the private sector, economic and rural development sectors; and followed presentations from Aidan Grisewood (The Scottish Government), Peter MacDonald (Fyne Homes) and Gordon Campbell (Dunfermline Building Society).

The consensus on the floor of the conference hall questioned why these proposals were being brought forward at this time, when the current economic situation required housing associations to grab the opportunities which were in front of them, to support the housebuilding industry and not spend this time embroiled in reorganisation and introspection.

The conference floor was also concerned with the suggestion in the consultation document that a 14 house development was small; many voices suggested that in rural terms this size of development was large. Delegates were concerned that this attitude coupled with changes to HAG indicated that rural development was something that lacked priority within the Scottish Government as both changes made rural housing development more difficult.

This concern was further expressed in respect of the suggested geographic regions for investment. The idea that one lead developer would be responsible for development from Tiree to Newton Mearns was viewed with some disquiet and disbelief amongst delegates; equally the other areas cover massive geographic areas encompassing urban centres and remote rural areas which have no relationship whatsoever. Delegates expressed concern that the needs of rural areas would be ignored or given little prominence within the proposed prospectuses; that both labour, design and materials for any rural development would be brought in on lorries thereby losing the positive economic benefits that housing development can bring to small rural building and design practices; there was also unease that the unique design identity of rural locations would be lost through a lead developer building boxes from Balevullin to Barrhead.

Delegates also heard from Gordon Campbell of the Dunfermline Building Society that the Dunfermline were more comfortable with lending risk spread over 107 housing associations than a profile where the risk was concentrated with 4/5 lead developers.

The overwhelming conclusion from the Conference was that these proposals should be shelved, that they provide an urban solution to a largely urban problem and they would serve to further marginalise the housing needs of small rural communities.

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Question 1

To what extent does our assessment of the current economic situation reflect your assessment?

We believe that the economic situation is now worse than that described in the paper; we support the action of the Government to bring forward housing investment to enable housing associations and others to take advantage of emerging opportunities and kick start the construction industry. This action as well as providing support to small scale indigenous building firms, will help safeguard building skills within rural communities.

However the proposals in this paper only serve to delay action and may hinder the ability of the Government to support rural building and design business through social housing construction.

Question 2

Does the economic situation strengthen or weaken the case for investment reform at this time, and why?

The current situation weakens the case for investment reform; action is required to take advantage of private sector sale offers, lower land values and construction costs. These proposals merely divert housing associations from the task in hand.

Question 3

Do you agree that local authority Strategic Housing Investment Plans and related strategies should form the basis for identifying investment priorities for periods of up to five years?

The SHIPs have provided an inclusive forum for the development of investment planning. We have some concerns however that SHIPs have not been able to adequately recognise and encompass the needs of rural communities. The proposals for the regional prospectuses amplify these concerns with the prospect of the needs of rural communities being marginalised. We have established Rural Housing Enabler posts with Aberdeenshire & Moray Councils to ensure that the needs of rural communities are recognised within strategic planning. We plan to roll out a programme of Rural Housing Enablers across Scotland.

Question 4

Do you agree with our proposed principles on which geographic regions for investment will be based?

No, the areas suggested encompass huge areas with competing interests across local authority boundaries and between urban and rural areas. Housing association development is currently concentrated in the largest settlements where land is more readily available. We believe the regional structure will exacerbate this trend with priority given to larger, cheaper and more straightforward sites. Rural development on small sites will lose out for quick wins in the towns.

As stated above we have grave concerns regarding the geography of the regional structures which appear to be expedient duplications of the Housing Investment Division regional office boundaries. They bear no relationship to housing market areas or the local authority strategic planning partnerships.

We believe that housing associations alongside other providers within a local authority area should be encouraged to form partnerships to deliver housing to meet the needs set out through the SHIP. This would enable the strengths of the current approach to development, recognised by the consultation paper, to be retained whilst also encouraging innovation and efficiency.

“the local focus of RSLs, many of which were set up to address poor housing and to regenerate local communities. RSLs tend to be close to and understand their local areas and the housing needs of local people. RSLs also hold knowledge about what design and quality should be appropriate and should be specified for the new homes to be provided” p.7.

There are a number of examples of good practice in this regard across rural Scotland.

Question 5

a) Do you agree with our proposed treatment for Orkney, Shetland and the Western Isles Councils?

We believe that this reasoning is relevant across rural Scotland. Argyll and Highland Council areas have their own unique geography with islands and peninsulas which separates them from the mainland. Argyll has more inhabited islands than any local authority area in Scotland – some of which have the worst transport connections of any island in Scotland. Yet the consultation paper suggests having the same lead developer for Colonsay as Clarkston.

Given their links through Highlands & Islands Enterprise and the predominant rural focus of the SG Highland Housing Investment Division office it makes more sense to link the three island areas with Argyll and Highland, than it does to link Knoydart with the City of Aberdeen and Coll with Clydebank.

As stated earlier the treatment of the rural areas within the proposed prospectuses is to further marginalise their needs. Without rigorous rural proofing of both SHIPs and regional prospectuses our belief is that rural housing needs will be invisible. We contend that the best solution to ensuring rural needs are sufficiently recognised is to keep investment reform boundaries within a single local authority area, and to ensure SHIPs are adequately rural proofed through deploying Rural Housing Enablers.

b) Do you agree with our proposed approach for Glasgow City and City of Edinburgh Councils?

No comment

Question 6

Do you agree that Councils, as the strategic planning and housing authorities, and in collaboration with RSLs, should advise on the regions to be adopted as the basis for Prospectuses?

We do not agree with the concept of Regions and prospectuses. We believe these will be detrimental to rural housing development.

Question 7

a) Do you agree the scope of the content proposed for Prospectuses set out in Table 2?

No, this adds another layer of bureaucracy and delays action on housing needs. The horse trading of priorities between local authorities will delay implementation, and inevitably lead to less visible rural housing needs being side lined.

b) How can we ensure that the housing need of people with specialist requirements or in more remote or rural areas are fully reflected in Prospectuses?

The proposed regions make it very difficult for the housing needs of rural areas to be reflected in the prospectuses. This is a difficult enough task within local authority areas which encompass rural and urban areas.

As stated above we agree with the Housing Supply Task Force that there is a role for Rural Housing Enablers. Their work helps ensure that the needs of rural areas are recognised within SHIPs and LHSs and that development options are brought forward to meet rural housing needs. We believe that if regional prospectuses are to be brought forward the work of Rural Housing Enablers will be crucial to ensuring that rural housing needs are understood and reflected within prospectuses.

Question 8

a) Do you agree that there is a need to provide guidance within Prospectuses on maximum rent levels and is the proposed framework acceptable?

We believe that local authority SHIPs should form the basis for decisions on rent levels. We have concerns that these proposals and recent HAG reforms take no account of the different affordability levels in rural Scotland; and consequently proposals in rural areas will be less viable within the changes proposed.

The cost of living is higher in much of rural Scotland; heating and childcare are more expensive, access to services more difficult requiring travel and poor public transport links make a car essential with a concomitant impact on disposable income. Thus the same rent is less affordable to a rural worker on the minimum wage than it is to his/her urban counterpart.

Question 9

a) Are there other issues which would similarly benefit from guidance?
b) What are these and what is the case for including them?

Guidance on ensuring that rural housing needs are reflected in prospectuses should be included with good practice such as Rural Housing Enablers, highlighted.

Question 10

a) Is the Lead Developer role proposed here sufficient to deliver a more streamlined and effective approach to investment in and procurement of new affordable housing?
b) Does it adequately balance and recognise the needs and roles of non-developing RSL partners?

No, the proposals will impose a bureaucratic and expensive layer on to the procurement and planning process. The regions proposed cover areas with disparate and diverse housing needs. The two largest cities where these proposals have perhaps greatest relevance are to be exempt from the process whilst rural areas are to be tied together with huge conurbations. In Region E for example the urban population is more than 6 times larger than the rural. In this and other regions not only will rural needs be marginalised but it is probable that lead developers will be those that meet the needs of the urban populations not rural areas.

We also have grave concerns that this approach will lead to less community engagement in the housing development process. Communities will feel less empowered as development, design and contractors are imposed by large, probably urban lead developers. Community participation will be minimal and as a consequence community opposition to social housing may become more commonplace.

Question 11

What are your views on the routes we propose for establishing Lead Developers?

There are a number of mechanisms that have been developed by housing associations together and with councils which help streamline procurement and bring new development opportunities. We would prefer to see further development of these more organic and consensual models than the proposal in the consultation document. We are particularly concerned that rural areas are side-lined and disempowered by the proposals.

Question 12

a) Do you agree with the proposed principles of consortia and responsibilities for consortium heads?

We believe that these processes are time consuming, costly and divert RSL attention away from their primary concern which is to deliver affordable housing. This is of particular concern when all their energy is required to ensure development spend in support of the construction industry and to take advantages of the opportunities presented by the current downturn. As rural schemes generally take longer and are more complex this is of particular concern to us to ensure RSLs have the capacity to progress these more difficult rural projects.

Question 13

a) Do you agree with the proposals on formation of consortia, including the requirement of a formal agreement to govern relationships within consortia?

b) What guidance would be helpful to support the sector in setting up consortia and Lead Developer arrangements?

See answer to Q12

c) What guidance would be helpful to ensure tenant and community engagement in decision-making?

The proposals will be detrimental to community engagement, putting decision making in the hands of lead developers which will be further removed from the communities where housing is being built.

The development of Rural Housing Enablers may go some way to ameliorating this by providing a conduit for communities to engage in the housing development process and helping to increase the visibility of rural housing needs.

Question 14

- a) Do you consider that there may be circumstances in which consortium membership should include local authorities or other non-RSL bodies?
- b) In what circumstances would you see this as appropriate?

Yes – to take advantage of opportunities available in rural areas such as Rural Homes for Rent. Community landowners/trusts, private estates and/ local authorities could all be part of local consortia.

Question 15

Are there circumstances in which bodies other than RSLs might be eligible to become heads of consortia and Lead Developers?

Yes

Question 16

Do you agree that a pre-qualification process should be included in the new arrangements?

No Comment

Question 17

Are the pre-qualification criteria and information requirements set out at Annex C a reasonable basis on which to work with the Regulator, the SFHA and COSLA to refine the pre-qualification process?

The criteria should also seek a commitment to local procurement of design and building in rural projects; to sustainable rural development and community engagement

Question 18

Do you agree with the proposed funding criteria for bids for specific projects?

No – proposals should also be endorsed by the community in which the project is being delivered.

Question 19

Do you agree with our proposed approach to development of an assessment framework?

No – both the local community and A+DS should be part of the assessment framework.

Question 20

How might we enhance the involvement of local authorities, RSLs and other stakeholders in the assessment of proposals?

Rural community engagement can be enhanced through the employment of Rural Housing Enablers.

Question 21

Do you agree with our proposed approach to the appointment and management of Lead Developers

No

Question 22

a) Do you agree with the overall approach to grant agreements for Lead Developers as set out here?

b) What do you suggest we could alter to make grant payments more streamlined?

No comment

Question 23

Do you have any comments on the proposed timetable?

Putting all the proposals in place in such a short timetable will have a detrimental impact on RSL ability to deliver social housing.

Question 24

Which indicators and what aspects of the Investment Programme should be included in a monitoring and evaluation framework?

No comment