

We're Housing Scotland®



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Alex Neil  
Cabinet Secretary for Infrastructure & Capital Spending  
The Scottish Parliament  
Holyrood Road  
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20<sup>th</sup> May 2011

*Dear Alex,*

Many congratulations on your appointment as Scotland's Cabinet Secretary for Infrastructure and Capital Investment.

Well before I joined the SFHA last year, the SFHA has worked closely with the Scottish Government, and latterly with yourself as Housing and Communities Minister, on a range of important issues. I know that you appreciate the growing challenges facing affordable housing providers and I look forward to continuing to work together to deliver the quality affordable homes and strong communities which Scotland needs. We want to work with you to ensure the housing association and co-operative movement can continue to help families and communities prosper in the difficult times ahead.

The SFHA, as you know, promotes the work of Scotland's housing associations and cooperatives, not-for-profit bodies providing housing for over a quarter of a million households. Our members are the main developers of new-build affordable housing, with the expertise and the capacity to generating economic activity from construction and regeneration projects in some of Scotland's most deprived and remote communities.

From rural and island areas to urban centres, they meet specific community needs and provide specialist services for people with disabilities and support needs. Our members are more than just landlords, providing a range of services and supports, enabling individuals and communities across Scotland to flourish. Their wider role not only helps provide services to communities, but employment and apprenticeship opportunities for many young people.

Associations are major Scottish employers, with 11,600 full-time staff. There are 2,005 volunteers serving on the sector's governing bodies, half of whom are tenants or other service users. We support fully the SNP Government's pursuit of more economic powers for Scotland, particularly with regard to extra borrowing, which could fund the construction of much-needed affordable housing. Research shows time and again that building homes is one of the best ways of boosting the economy.

We also support proposals to gain control over Crown Estate Revenues, and devolution of land taxation powers. However with regard to Housing Benefit, we are deeply concerned about the potential impact of changes under consideration at Westminster for the wellbeing of tenants and for the income streams and asset management programmes of housing associations and cooperatives. We would wish to think very carefully about devolving powers relating to Housing Benefit given the system changes being wrought at present.

We acknowledge the enormous energy you have shown in the post of Housing Minister to date, particularly in the area of accelerated funding allowed our sector to deliver a record 8,100 affordable homes in 2009-10, and the respect you have earned for this throughout the sector. There are some urgent priorities to which I would urge you and the incoming Housing Minister to turn your immediate attention to.

Firstly, approximately £25m in housing consequentials was allocated to Scotland in the 2011 UK Budget. Given the 30% cut facing housing capital programmes in 2011-12, we urge the government to allocate these monies to new-build housing by social housing providers. The Scottish Government's target of 6,000 new units this year looks challenging without fresh investment. In particular housing associations have projects ready to go on site, many of which remain at risk. We urge you to use the opportunity to release funds to permit pipeline schemes to go ahead.

Secondly, we would urge you to reconsider the new £40,000 benchmark for Housing Association Grant set out in the Innovation and Investment Fund. While we acknowledge the flexibility you have shown in response to our concerns about the fund so far, more must be done. At least £200m worth of shovel-ready housing projects due for approval during 2011-12 are set to stall under the new funding arrangements. At least 1,600 units across Scotland, ready to go on site, are at risk due to lack of funding. Moreover, our members in rural and remote areas, and those providing specialist accommodation, tell us they will not be able to build at all at this level of grant. The homes have been several years in the planning. Thus the consequences of the cuts we are experiencing this year may not be evident until future years.

Moreover next year is 2012, the deadline for eradicating involuntary homelessness. Our members support the government's intentions in relation to homelessness but the target cannot be achieved without suitable investment in new supply. (I enclose a copy of a statement from last year on homelessness from the SFHA board).

Thirdly, we recommend an immediate review of the changes to Stage 3 adaptations funding outlined in Scottish Government Circular SG2011/05 which proposes that housing associations will have to self-fund the initial £1,000 of any adaptation.

An SFHA survey into has shown that the impact of these changes could be significant and detrimental to tenants. The main conclusions (based on 40% of members) are:

- Over half (1,000) of adaptations last year cost over £1,000: there is widespread concern that that the changes to Stage 3 funding conditions will simply increase the time it takes for adaptations works to be carried out.
- Based on our survey response more than 3,000 housing association households in Scotland are waiting for an adaptation to their home.
- Without a change in the rules then we estimate (based on the last 3 years' expenditure on adaptations), that Scottish housing associations will need to find an additional £8.4million this financial year.

At our Glasgow housing hustings event on 7<sup>th</sup> April, you committed to reviewing the changes to funding terms. We call upon you to do this as a matter of urgency, and we ask you to ensure that any alternative arrangements are designed in consultation with the sector. We would also specifically encourage you to consult the adaptations subgroup of the Wider Planning for an Ageing Population group on finding a fair, all-tenure way of progressing adaptations policy.

There are opportunities available for Scotland and in particular the Scottish economy, housing associations and co-operatives are well placed make a substantial contribution to realising these and we look forward to working with the Scotland Government to this end.

I look forward to meeting with you soon and regularly over the coming months to discuss these and other matters of public policy. We hope to continue to work constructively together for the benefit of Scottish society.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Mary Taylor', with a stylized flourish at the end.

Mary Taylor  
Chief Executive