

*We're Housing Scotland*<sup>®</sup>



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23 May 2011

Dear Minister,

Congratulations on your appointment as Scotland's Minister for Housing and Transport.

As the national representative body for Scotland's housing associations and co-operatives, the Scottish Federation of Housing Associations (SFHA) has worked closely with the Scottish Government on a range of key issues over the years. I look forward to working with you in the weeks and months ahead.

The SFHA 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 generate economic activity in some of Scotland's most deprived communities. Associations are major Scottish employers, with 11,600 full-time staff. Over 2,000 volunteers serve on the sector's governing bodies, half of whom are tenants or other service users. Our members provide wider role services to communities including employment and apprenticeship opportunities for many young people.

From rural and island areas to urban centres, associations and co-operatives meet specific community needs and provide specialist services. Our members are more than just landlords, providing a range of services and supports enabling individuals and communities to flourish. We want to work with you to ensure the housing association and co-operative movement can continue to help communities thrive.

We acknowledge the energy shown by the previous SNP administration, particularly in the area of accelerated funding which allowed our sector to deliver a record 8,100 affordable homes in 2009-10. This has been significant in meeting housing need throughout Scotland.

Affordable housing providers face growing challenges and we share a common goal in delivering the quality affordable homes and strong communities which Scotland needs.

We support the SNP Government's pursuit of more economic powers for Scotland, particularly with regard to extra borrowing, which could help fund the construction of much-needed affordable housing. Research shows time and again that building homes is one of the best ways of boosting economic performance, in the short and long term. We also support proposals to gain control over Crown Estate revenues, and devolution of land taxation powers.

However with regard to reserved powers over significant housing spending on Housing Benefit, we are deeply concerned about the potential impact of changes of welfare reform under consideration at Westminster. These present serious risks to the wellbeing of tenants and for the income streams and asset management programmes of housing associations and cooperatives. We would wish to give very careful consideration to any proposals to devolve powers relating to Housing Benefit, given the system changes being wrought at present.

There are some urgent priorities which I would urge you as 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 to the budget for housing investment in 2011-12, we urge you to allocate these monies to new-build housing, by housing associations. The Scottish Government's target of 6,000 new units this year looks challenging without fresh investment.

Second (and related to the first point), 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 shown by Alex Neil as Housing Minister in response to our concerns about the fund so far, more could be done. At least £200m worth of shovel-ready housing projects due for approval earlier this year are set to stall under the new funding arrangements. At least 1,600 units across Scotland, ready to go on site, are at risk of being aborted due to lack of funding. Moreover our members, especially in rural and remote areas, tell us they will not be able to build at all at this level of grant, wasting several years of planning and the opportunity for much needed new homes. Thus the consequences of the cuts we are experiencing this year may not be evident until future years.

Moreover next year is 2012, agreed across parties as a deadline for eradicating 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 an SFHA statement on homelessness which the board agreed last year, to draw attention to the need for investment in order to meet the Government's own stated ambitions in relation to homelessness.

Thirdly, we recommend an immediate review of the changes to Stage 3 adaptations funding outlined in Scottish Government Circular SG2011/05 under which housing associations will have to fund the initial £1,000 of any adaptation. You may have been contacted direct by some of our members on this issue which affects associations across Scotland, specialist and general needs associations alike.


An SFHA survey of members has shown that the impact of these changes could be significant and detrimental. Based on the sample of respondents, the main conclusions are that:

- Over half of adaptations last year cost over £1,000: there is widespread concern that that the changes to Stage 3 funding conditions will lengthen the time it takes for adaptations works to be carried out increasing the risk of more costly care interventions;
- Tenants of at least 3,000 housing association households in Scotland are waiting for an adaptation to their home;
- If the threshold of £1,000 stands, we estimate that Scottish housing associations will need to find an additional £8.4million this financial year from already pressed budgets.

At our Glasgow housing hustings event on 7<sup>th</sup> April, your predecessor Alex Neil acknowledged the problems and committed to reviewing the changes to funding terms. We call upon you to do this as a matter of urgency, and we ask you, and your colleagues at Health, to ensure that alternative arrangements are designed in consultation with the housing association sector through the SFHA. We would also encourage you to task the Adaptations Working Group with finding a fairer, longer-term system for funding adaptations across all tenures.

There are opportunities available for Scotland and in particular the Scottish economy. Housing associations and co-operatives are well placed to 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. I hope we can work constructively together for the benefit of Scottish society.

Yours sincerely



Mary Taylor (Dr)  
Chief Executive