

## Local Government and Communities Committee

### Draft Budget 2018-19

#### Submission from the Scottish Federation of Housing Associations (SFHA)

##### 1. Who we are

1.1 The SFHA leads, represents and supports Scotland's housing associations and co-operatives. We want to see a thriving housing association and co-operative sector providing sustainable and affordable homes.

##### 2. Executive summary

2.1 The Scottish Government commitment to build 50,000 affordable homes, 35,000 for social rent in the course of this parliament is a welcome action to address housing need. The target will be a challenge but the 3 year resource planning assumptions will help planning of delivery.

2.2 There are other challenges to meeting the delivery of the 50,000 homes including resources and skills, access to affordable land and the funding of infrastructure. Land reform and the forthcoming planning bill provide opportunities to address issues around land and infrastructure.

2.3 It would be helpful if City Region Deals gave greater priority to unlocking land and infrastructure for housing and if the funding available through City Region Deals was more transparent.

2.4 We have also highlighted the importance of providing enough housing for older people and people with particular needs as the population of Scotland ages and health and social care integration develops.

2.5 Finally we make a case for the need for significant investment in home energy efficiency in order to address fuel poverty and meet Scotland's stretching climate change targets.

##### 3. Main Report

3.1 This submission responds to the committee's call for pre-budget evidence ... on the 2018/19 Scottish Budget and looks at investment in new build affordable housing, housing for people with particular needs and energy efficiency and fuel poverty.

3.2 The SFHA welcomed the target set to build 50,000 affordable homes in the current parliament, having lobbied for an increase in the supply of affordable homes to meet need. The three year Resource Planning Assumptions (RPAs) are a very welcome resource that will enable local authorities and housing associations to make long term plans and commitments to deliver much needed affordable housing.

3.3 The SFHA, together with other housing bodies, lobbied for 3 year RPAs to allow long term planning of projects. We believe that these RPAs, together with improved guidance on Strategic Housing Investment Plans, will assist in the delivery of more affordable homes.

3.4 From discussions with housing associations across Scotland we are aware that there are other challenges to social landlords increasing supply in order to achieve the 50,000 homes target. These include access to affordable land for housing and the provision of infrastructure on housing sites, and the human capacity to deliver homes (whether housing association development staff, planning and building control officials or workers to build homes).

3.5 We believe that the planning bill about to be laid before parliament will provide opportunities to help provide affordable land and deliver infrastructure up front and we will work with partners and politicians to positively influence the bill. It also provides an opportunity to look at resourcing local authorities planning functions. The Land Commission is considering measures to increase the supply of land for affordable housing, such as Compulsory Sales Orders of Vacant and Derelict Land and we look forward to seeing proposals on these issues being brought forward.

3.6 Housing associations increasingly work in partnership to help deliver new build homes, with developing associations providing a development service – this can allow associations to meet housing needs in their communities when they no longer employ their own development staff.

3.7 The issue of availability of construction workers may be a challenge as housing associations and councils look to increase the supply of affordable housing. A study by SFHA on the possible implications of Brexit found that availability of construction workers was a significant concern<sup>1</sup>.

3.8 One potential solution to this issue would be to promote the development of homes developed off site. A number of housing associations have developed homes using off site construction and SFHA have held discussions with the Construction Scotland Innovation Centre on promoting opportunities for Scottish companies using off site construction. There may, however, also be an increase in the cost of imported materials which will still increase construction prices.

3.9 There are two particular issues around new build supply that we wish to highlight that require further consideration; the provision of homes for older people or people with particular needs, and the provision of housing in island and rural communities.

3.10 The Housing Subsidy Review Group<sup>2</sup>, convened by Scottish Government to review grant funding available to support new build affordable housing made a number of significant recommendations accepted by Scottish Ministers, including an

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<sup>1</sup> SFHA ( March 2017) – The Potential Impact of Brexit on Housing Associations in Scotland – available at <https://www.sfha.co.uk/mediaLibrary/other/english/8672.pdf>

<sup>2</sup> Scottish Government (June 2015) - Report of the 2015 Subsidy Working Group – available at <http://www.gov.scot/Resource/0048/00482578.pdf>

increase in Housing Association Grant rates to reflect increased costs. One recommendation that was not accepted, however, was for a ring fenced fund to support the supply of new build housing for older people and people with particular needs.

3.11 There is also a question as to whether sufficient housing is being developed in rural and remote communities. Recent research by the Rural Housing Scotland found that rural Scotland was not getting its fair share of affordable housing investment and that the problem was particularly acute in remote areas – although particular funds have been set up for rural and island communities to help address this.

3.12 Given that Scotland has an aging population and the thrust of work in Health & Social Care Integration to support people to continue to live at home and in their community, we believe it is vital that the provision of housing for particular needs is monitored. Shelter and SFHA have funded research to look at the content of local authority SHIPs – one of the aims of this work was to look at the delivery of homes for people with particular needs across Scotland.

3.13 The challenge of providing suitable housing for older people and people with specific needs also applies to existing homes. Funding of adaptations to allow people to remain in their own homes has an important role in improving quality of life and reducing health expenditure. The funding of adaptations has long been of concern to SFHA members. Under the current regime, housing associations must apply for funding from the Scottish Government. This leads to delays in providing the adaptation and anxiety around funding running out before the end of the financial year.

3.14 The Scottish Government recently published an evaluation of “Adapting for Change”, an initiative that tested a number of innovative approaches to the planning and provision of adaptations that allow people to remain in their own homes when they have additional health and mobility needs. We have begun discussions with the government around the introduction of tenure neutral funding that would lead to a fairer, simpler and more transparent system for the provision of adaptations. The call for evidence mentions City Region Deals. These deals provide a significant source of funding for infrastructure and economic development. We believe City Region Deals provide an opportunity to fund infrastructure up front and unlock land for housing.

3.15 While increasing housing supply is an objective in the Inverness and Edinburgh deals, we believe that more emphasis should be giving to increasing housing supply and the new infrastructure needed. It would also be helpful if there was greater transparency around funding available through the deals.

3.16 The final issue that we wish to highlight is energy efficiency and fuel poverty. While there has been significant investment to improve home energy efficiency by housing associations, levels of fuel poverty remain significant – 27% for housing

association tenants against a Scottish average of 31%<sup>3</sup>. The problem is even more significant in off gas and rural areas where energy costs are high and the climate more severe.

3.17 Scotland's Climate Change Plan<sup>4</sup> proposed that 80% of homes should be heated by low carbon and renewable heat by 2032. Since this form of heating is generally more expensive than gas central heating, we argue that it is vital that significant investment in home energy efficiency and access to affordable low carbon heat and power is available to reduce carbon emissions and address fuel poverty.

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<sup>3</sup> Scottish Government (December 2016) – Scottish House Condition Survey 2015 – available at <http://www.gov.scot/Publications/2016/12/1539>

<sup>4</sup> Scottish Government (January 2017) – Draft Climate Change Plan 2017-2032 – available at <http://www.gov.scot/Publications/2017/01/2768>