

REPORT TO: COMMUNITIES COMMITTEE ON 24 MARCH 2009

SUBJECT: INVESTING IN AFFORDABLE HOUSING

BY: DIRECTOR OF COMMUNITY SERVICES

1. REASON FOR REPORT

- 1.1 This consultation paper Investing in Affordable Housing. The paper proposes changes to the way subsidy is provided to Registered Social Landlords (RSL's) report presents a proposed response to the Scottish Governments' to provide affordable housing.
- 1.2 This report is submitted to Committee in terms of the Council's Administrative Scheme relating to its strategic housing role.

2. RECOMMENDATION

- 2.1 **It is recommended that the Communities Committee agrees the proposed response to the Scottish Governments' Consultation paper, Investing in Affordable Housing.**

3. BACKGROUND

- 3.1 The Government has introduced this consultation paper (a copy of which is in the Members' Library) to help deliver their objectives of a more strategic approach to affordable housing investment and to get better value for money out of the Development process.
- 3.2 The main proposals in the consultation paper are:
 - The introduction of new regions for affordable housing investment. It also suggests that Moray should be in an area including Highland, Aberdeen and Aberdeenshire.
 - These regions would produce "prospectuses" for affordable housing based on local authorities Local Housing Strategies and Strategic Housing Investment Plans.
 - The paper also proposes that instead of most housing associations developing new houses, development would be restricted to "Lead Developers" who could develop on behalf of a consortium of Housing Associations.
 - Lead Developers would operate within the agreed regions, and there should be scope for there to be more than one Lead Developer in each of the regions.
 - RSL's would be encouraged to form development consortia that are committed to securing greater efficiency and more value from the investment in affordable housing.

- Each consortium should be led by one RSL who would bid for subsidy for on behalf of the consortium as a whole and be the prospective Lead Developer.
- There will be time for RSL's not currently working in existing consortia to organise themselves and either join a consortium or set one up.
- Prospective Lead Developers would have to go through a pre-qualification stage.
- All prequalified RSL's, whether acting on their own behalf, or as heads of a consortium, should be able to compete for subsidy for short-term costed projects, and, if they wish, seek appointment as a Lead Developer which would secure for them a conditional guarantee of programme funding for up to five years.
- Subsidy would only be awarded to those projects which offer the most competitive price and best match the funding criteria.
- Future rounds of competition for subsidy would be conducted as and when necessary. However, where Lead Developers have been appointed, much of the Investment Programme may already have been committed to them.

4. PROPOSED RESPONSE

4.1 The consultation asks 24 specific questions and the proposed response to these questions along with some additional points is attached in **APPENDIX I**.

4.2 The main points of the proposed response are:

- The consultation paper does not set out a clear case for the reform of investment.
- The Moray Council has concerns that the creation of the Regional structures may lessen the central role of the local authority Local Housing Strategies (LHS) and Social Housing Investment Programmes (SHIP) in determining new social housing investment.
- The Council has concerns that large regions may act against the interest of smaller local authorities.
- The Moray Council is not sure that the Lead Developer approach will lead to a more streamlined approach to social housing investment and procurement.
- The LHS and SHIP provide very good strategic direction and there is no clear case how a regional prospectus would enhance this.
- The proposed prospectuses need to reflect that rural and specialist housing needs are met.
- The Moray Council supports the provision of guidance on maximum rent levels for new social housing.
- There is a need for more clarification for how a housing association that is not a Lead Developer, or part of a consortium, obtains new social housing.
- The Moray Council thinks the proposed timescales for the process are very tight.

- The lack of a national Strategic Housing Investment Framework hampers the ability of the Scottish Government's housing investment programme to show it meets strategic needs.

5. SUMMARY OF IMPLICATIONS

(a) Corporate Development Plan/Community Plan/Service Improvement Plan

This report relates to the priorities of the Council and its Community Planning partners to deliver more affordable housing.

(b) Policy and Legal

There are no direct policy or legal implications arising from this report.

(c) Resources (Financial, Risks, Staffing and Property)

There are no direct resource implications associated with this report.

(d) Consultations

The Director of Community Services, The Director of Environmental Services, The Chief Housing Officer, and the Housing Strategy and Policy Manager, have been consulted in the preparation of this report.

6. CONCLUSION

- 6.1 The Government has produced a consultation paper which suggests changes to the way that new affordable housing investment is delivered. A response to this consultation paper is proposed.**

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Background Papers: with author
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