

NUMBER:
ORGANISATION:
CATEGORY:

023
ABERDEENSHIRE HOUSING PARTNERSHIP
REGISTERED SOCIAL LANDLORD

CH/CCH

Aileen Piacentini
Highlander House
58 Waterloo street
GLASGOW
G2 7DA

24th March 2008

Dear Ms Piacentini

Better Value From Housing association Grant - Changes to Grant From 2008/09

I refer to Alister Dickson's letter of 12th February 2008 and note below AHP's comments.

Firstly it is important to state that AHP is clearly of the opinion that every effort should be made to maximise the benefit of the "public pound" - in our view this is best expressed through the achievement of best value.

AHP is still a relatively young organisation and over a short period we have build in excess of 400 new homes for a range of people in housing need in the north east. We have worked closely with developers and our strategic partners to build new affordable homes for rent for people with diverse needs throughout a very rural area. Innovative approaches to achieve high quality housing include:

- Design and build contracts through the initial New Housing Partnership initiative resulting in two developers building on 12 sites under framework agreements - a precursor to the approach now being further developed by Devanha Ltd.
- Successful implementation of a number of Section 75 projects.
- Involvement in the Grampian Bulk Procurement initiative (with Grampian HA Ltd and Bancon Homes).
- Involvement in the Devanha project.

These developments have been achieved against a backdrop of increasing need, rising prices and increasing statutory requirements, at the same time we have continued to reflect the need for quality.

We recognise that Government will want to maximise cost control and wants to reduce grant levels but we want to sound the following cautions:

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- International financial uncertainties arising from the problems caused by the “credit crunch”. At a recent meeting between some of the largest RSL’s in the UK and the CML, Andrew Heywood deputy head of policy at CML said “in the short to medium term there was no certainty about banks’ lending capacity” (Inside Housing 21st March 2008). Recent media reports are indicating the increasing gap in the provision of loans and demand. The Government has ambitious plans to tackle homelessness and increase housing supply, increased reliance on private funding mechanisms appears to be a strategy with significant risk attached.
- Increasing statutory requirements - these include those recently required as a result of changes to building regulations, the pressure for more sustainable development (from the need for SUDS), waste management and the challenges of zero carbon footprinting. All of these challenges are generally supported by AHP and we are actively responding to these within AHP and through Devanha with our Framework Contractors and Consultants, they do however all have an impact on the capital cost of developments.
- The proposals are based on a range of assumptions and national averages, AHP as a relatively young and development focused organisation has achieved a great deal in a short time and as a result is heavily debt financed. We do not, however, have significant levels of reserves and those that we have, and are planning, will be geared toward the delivery of the SHQS requirements of our older, ex local authority, stock. A key concern that is impacting throughout the Aberdeen Housing Market area are the continuing pressures in the development and construction industry - this has several major effects including; price of land (and lack of developable land), construction cost inflation (currently at 1% per month) and availability of trained construction operatives. AHP, with our colleagues in Devanha, is working to ameliorate these issues but it is important to reflect the regional variations and the grant proposals do not do this.

In summary therefore we accept and have embraced the need for better value for money but argue that the proposals will not achieve this as they based purely on driving subsidy costs down and a reliance on additional (rent funded) private finance. The approach now being developed through Devanha is geared toward achieving increased value through a collaborative approach with framework contractors and consultants. The approach is based on design centred solutions which will enable engineered savings through open book working - we believe this is the appropriate approach to achieve high quality housing for the long term.

Yours sincerely

COLIN HAWKINS
CHIEF EXECUTIVE