

REFERENCE: 033
ORGANISATION: HOME SCOTLAND
CATEGORY: REGISTERED SOCIAL LANDLORD



HOME SCOTLAND'S RESPONSE TO BETTER VALUE FOR HOUSING ASSOCIATION GRANT – CHANGES TO GRANT 2008/09

ABOUT HOME SCOTLAND

Formed in Dundee in 1998 by the merger between Cleghorn Housing Association and Home Group, Home Scotland currently manages around 2900 properties across Scotland. As part of Home, one of the largest affordable housing providers in the UK, with 52,000 homes in management, we can offer services to tenants and partners which are enhanced by the financial strength and diversity of the group.

Through our local offices (Glasgow, Edinburgh, Dundee and Dumfries & Galloway), we provide knowledgeable, tailored support to the communities we operate in. As well as being committed to these areas our business objectives and rationale compel us to explore opportunities where we can add value in housing and regeneration across Scotland. We are a registered charity, not for profit, and are able to provide the full spectrum of development solutions.

These include:

- Homes for rent
- Homes for shared equity (ownership)
- Homes for intermediate rent (below market rent)
- Homes for outright sale (as a means of cross-subsidy)

Over the decades, as a group, we have been involved in numerous projects including large-scale neighbourhood regeneration, innovative new builds and major refurbishment programmes.

In addition to our Development and Home Support Service, (which provides individual support to our tenants and those of other Housing Associations who we work in partnership with) we are currently developing a new approach to Community Regeneration which involves tenants and residents creating their own strategic plan for their area, in conjunction with local stakeholders, coordinated by our local Area Committees.

RESPONSE

Home Scotland supports the Scottish Governments desire for RSLs to deliver housing more efficiently and accepts that changes in the HAG financial appraisals are inevitable since larger RSLs are raising private finance in excess of the levels detailed in the current financial appraisal model, in response to particular assumptions we make the following comments.

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Rents

Home Scotland is concerned that applying a 1% increase above inflation may have an impact on affordability. Over the past few years, Home Scotland has restricted the increase in rents to 0.5% above inflation. However, due to the need to raise increased levels of private finance to support development activity, it is our concern that annual increases of inflation plus 1% will become the minimum.

Private Finance

Whilst the consultation stated that cost of borrowing would remain unchanged, subsequent information issued by SFHA confirmed a significant increase in the Private Finance factor. It is concerning that this critical piece of information was not issued with the consultation to allow RSLs to model the proposed HAG figures. Using the SFHA figure we expect that the level of private finance increases by 10,000 to £12,000 per unit

Inflation

It is Home Scotland's view that the increase in the inflation assumption to 3% more accurately reflects the current market.