

Investing in Affordable Housing: a Consultation - Questionnaire

Please return by 17 March 2009 to: AHIRPT@scotland.gsi.gov.uk, or:

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Questions:

Question 1:

To what extent does our assessment of the current economic situation reflect your assessment?

The circumstances of the current economic situation are global, well documented and not in dispute. However, very clear differences arise between our respective interpretations of the impacts of the global downturn upon the requirement for, and indeed the desirability of, implementing major sectoral change at this time.

Question 2:

Does the economic situation strengthen or weaken the case for investment reform at this time, and why?

In short, Ardenglen HA believes that the current economic situation significantly weakens the case for investment reform (the consultation document simply “states” the opposite). The consultation document provides absolutely no evidence base, economically or otherwise, to justify the nature and scale of the proposed reform. Likewise, the document again provides no evidence, economic or otherwise, to quantify the supposed benefits of reform. These are fundamental failings on the authoritative status of the consultation document.

More specifically, the Association believes that the current economic situation should be a restraint upon investment reform at this time as regional development activity cannot benefit (in the pressing short to medium term) from the strength of the local model; this includes strong historic relationships amongst key stakeholders, keen local market knowledge and intelligence and reduced exposure to lending and borrowing risk.

Question 3:

Do you agree that local authority Strategic Housing Investment Plans and related strategies should form the basis for identifying investment priorities for periods of up to five years?

Given that SHIPs and related strategies are designed to realise the

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Government's aim of making the identification and delivery of strategic priorities more transparent, it is right that they should form the basis of defining investment priorities (subject to review and updating). However, the move towards longer term investment allocation would singularly enhance the potential for effective and efficient local procurement arrangements without unnecessary recourse to regional scale operations.

Question 4:

Do you agree with our proposed principles on which geographic regions for investment will be based?

No; the document again "assumes" big is best in its promotion of regional scale investment distribution. Crossing local authority boundaries to produce collective investment priorities defies the inevitably long standing cultural, economic and political perspectives of each potential member (of the super-region). This does not seem to easily align with movement towards strategic decision making and procurement efficiency.

Furthermore, in practical terms, very few RSLs would or could operate at this level, placing immediate and unfair restrictions on their future capacity for development. There are many highly skilled and developing organisations that would be lost to the sector under these prohibitive circumstances.

The proposed regions also fail to take account of existing arrangements for Housing Market Areas or RSL and Contractors' areas of operation.

Question 5:

- a) Do you agree with our proposed treatment for Orkney, Shetland and the Western Isles Councils?
- b) Do you agree with our proposed approach for Glasgow City and City of Edinburgh Councils?

Whilst reiterating that we disagree with the construction of super-regions anywhere in Scotland, we accept the consultation document's brief acknowledgement of the specific circumstances associated with the existing TMDF arrangements within Glasgow and Edinburgh. Nonetheless, it seems inconceivable, given their combined national resource implications, that the document only provides a cursory mention of the circumstances without further analysis.

Question 6:

Do you agree that Councils, as the strategic planning and housing authorities, and in collaboration with RSLs, should advise on the regions to be adopted as the basis for Prospectuses?

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As a point of practice, there is nothing wrong with this proposal. However, once again, the inherently presumptive nature of the document defies the fact that forced partnerships are just as likely to prevail. It is difficult to see how, for example, cross boundary tensions could lead to efficient resource distribution and procurement/product excellence. The current sector movement towards strategic voluntary alliance formation would counteract this and indeed make the former unnecessary.

Question 7:

- a) Do you agree the scope of the content proposed for Prospectuses set out in Table 2?
- b) How can we ensure that the housing need of people with specialist requirements or in more remote or rural areas are fully reflected in Prospectuses?

Again, it is not the content which is at issue but their application, quantification and delivery across a regional scale.

It is likely that the practicalities of large scale collaborative working would determine a “common denominator” approach which would most likely work against specialist delivery either in terms of geography, design or indeed process. The consultation document itself describes a primary function of the Lead Developer as promoting greater standardisation.

This would be a hugely detrimental step backwards for a sector acclaimed for its successful area based and specific delivery.

Question 8:

- a) Do you agree that there is a need to provide guidance within Prospectuses on maximum rent levels and is the proposed framework acceptable?

If enshrined in new guidance, this principle could mean rent setting by the Government or Local Authority. This would further threaten the autonomy of Management Committees to manage a fundamental element of their organisation’s affairs. Historically, Management Committees have set rents mindful of Local Authority targets but also taking cognisance of their own specific circumstances. Movement away from this model would require full justification and sensitive handling.

Question 9:

- a) Are there other issues which would similarly benefit from guidance?
- b) What are these and what is the case for including them?

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The consultation document fails to consider a host of highly significant legal issues surrounding the use of lead developers (EU procurement, TUPE arrangements and charitable rules).

The document also assumes “plain sailing” and fails to take account of a range of practical issues that include community accountability, risk management and quality control.

Finally, there is no indication of likely implementation costs and arrangements.

Question 10:

- a) Is the Lead Developer role proposed here sufficient to deliver a more streamlined and effective approach to investment in and procurement of new affordable housing?
- b) Does it adequately balance and recognise the needs and roles of non-developing RSL partners?

As already indicated, the document is marked by the absence of any evidence base to support the efficiency of the lead developer approach. Furthermore, other policy areas are substantially undermined by the regional model; namely local accountability and community cohesion through area based regeneration activity (well documented).

The power will ultimately lie with the lead agency; non developing members of the consortia, will in all likelihood adopt a more passive role; accepting the standardised product / process as a necessary price to pay for additional affordable properties for their community

Question 11:

What are your views on the routes we propose for establishing Lead Developers?

We do not agree with the proposal to create lead developers and do not therefore wish to comment on the proposed routes for establishing them.

Question 12:

- a) Do you agree with the proposed principles of consortia and responsibilities for consortium heads?

Once more the principles and responsibilities are acceptable in their own right; it is the wholly prescriptive nature of the proposals themselves which raise concern.

Both at the start of the consultation document and Ch4, points are made that existing RSLs (presumably both regionally and locally based) have

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a proven track record of achievement and have voluntarily established effective collaborative working practices (particularly in respect of procurement). However, the proposals set these findings aside and inexplicably (without evidence) proceed to pursue an agenda that will ultimately secure the demise of the hugely successful local model. It is the view of Ardenglen HA that where changes of this magnitude cannot be explained, then they are not justified and this is a particular issue for the huge voluntary effort that underpins the sector (and has done for 30 years plus).

Question 13:

- a) Do you agree with the proposals on formation of consortia, including the requirement of a formal agreement to govern relationships within consortia?
- b) What guidance would be helpful to support the sector in setting up consortia and Lead Developer arrangements?
- c) What guidance would be helpful to ensure tenant and community engagement in decision-making?

The ideas of parties to a process and formal agreements are already enshrined in the steady growth of the “partnering approach” to procurement.

Less straight forward are the matters of tenant and community engagement which are the undisputed strengths of the existing local model. Local RSLs predominantly work in highly fractured communities where their very presence and exclusive commitment are seen as the backbone of true area regeneration. This is not a romantic notion; it is not uncommon for local RSLs to be the only “agency” operating within the given area. The proposed limitations in the delivery of local development solutions will be met with resentment from an increasingly regulated voluntary movement. The threat upon this uniquely Scottish approach by a discredited non-Scottish model is ironic to say the least.

Perhaps worst of all is the policy fragmentation that adoption of the Lead Developer approach will undoubtedly inspire; the local delivery of development services promotes the true essence of the sustainable development agenda by evoking the “sense of place” that has transformed many previously blighted areas. Standardisation (of process as well as product) is unlikely to muster crucial consequences of this nature.

Question 14:

- a) Do you consider that there may be circumstances in which consortium membership should include local authorities or other non-RSL bodies?
- b) In what circumstances would you see this as appropriate?

The process of current area regeneration involves a range of public/statutory and private organisations and it would seem wholly

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sensible to assume a breadth of membership appropriate to the given circumstances. This process would be supported by the relevant SHIP and related framework.

Question 15:

Are there circumstances in which bodies other than RSLs might be eligible to become heads of consortia and Lead Developers?

This would depend upon specific circumstances but would be more acceptable provided the Lead remained in the public or statutory spheres.

Question 16:

Do you agree that a pre-qualification process should be included in the new arrangements?

Again the current system is already based on numerous competitive elements and the RSL sector has nothing to fear about the principle of this. Nonetheless, it is a matter of scale. The current proposals are extreme and would lead to the loss of expertise and local commitment. Nonetheless, there may be some merit in focussing the investment framework towards a reduced group of the highest rated developers through a transparent and locally accountable assessment process; put simply, there has to be a more functional “middle ground” between the extremes of the existing and proposed models.

Question 17:

Are the pre-qualification criteria and information requirements set out at Annex C a reasonable basis on which to work with the Regulator, the SFHA and COSLA to refine the pre-qualification process?

Again a fairly standard approach; the likes of which is already being implemented across the sector.

Question 18:

Do you agree with the proposed funding criteria for bids for specific projects?

As the questions are becoming more focussed on the mechanisms of a process that Ardenglen HA does not support, we decline to answer questions 18-22 & 24. Please note that we incorporate our general comments within the space provided at 24.

Question 19:

Do you agree with our proposed approach to development of an assessment framework?

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Please see 18

Question 20:

How might we enhance the involvement of local authorities, RSLs and other stakeholders in the assessment of proposals?

Please see 18

Question 21:

Do you agree with our proposed approach to the appointment and management of Lead Developers?

Please see 18

Question 22:

- a) Do you agree with the overall approach to grant agreements for Lead Developers as set out here?
- b) What do you suggest we could alter to make grant payments more streamlined?

Please see 18

Question 23:

Do you have any comments on the proposed timetable?

The proposed timetable is inappropriately short for a number of reasons; the practicalities of introducing such fundamental changes are not even considered by the consultation document and the proposed haste potentially calls in to question the spirit of the consultation itself. The current housing market conditions cannot be further put at risk by delays or uncertainties in the delivery of a new framework. The government's own time constrained targets for increased affordable housing cannot similarly be jeopardised at this stage by the threat of reduced outputs whilst a massive overhaul is undertaken of the sector. An incremental approach to change must be the key to avoiding further economic uncertainty at this time.

Question 24:

(Which indicators and what aspects of the Investment Programme should be included in a monitoring and evaluation framework?)

ARDENGLLEN HA GENERAL COMMENTS

It was commonly known that the proposals within firm foundations had been met with considerable resistance and, despite what the current document states about having taken cognisance of previous feedback, it is not evident from the proposals themselves (as only minor amendments to detail are obvious). This is very disappointing.

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The lack of an evidence base, both now and within the earlier consultation exercise, has become damning; unsubstantiated assertions about the inefficiency of the sector do not ring true against the published findings from SFHA concerning quantifiable reasons for the increase in HAG levels (which have nothing to do with the working practices or processes of the sector). The Government has taken steps to address some of these factors but perhaps not given the process enough time before resorting to fundamental change.

The current proposals do remove the singularly most feted obstacle to efficiency through the promotion of longer term investment programmes; this, combined with the already increasing movement towards voluntary collaborative working practices, would be likely to have a significant impact upon HAG rates without the need of major sectoral reform.

The proposals have the propensity to decimate the uniquely Scottish characteristics of the current system as well as undermine several associated planks of Government policy without any foundation; this is no way to support the voluntary efforts upon which the sector relies and there is a decided feeling within Ardenglen HA that today development....tomorrow...?