1 Introduction

1.1 As the national representative body for housing associations and co-operatives in Scotland, the SFHA welcomes the opportunity to respond to the Local Government and Regeneration Committee’s call for evidence to inform its scrutiny of the draft Scottish Budget 2013-14.

1.2 Housing associations and co-operatives in Scotland own, manage and maintain 46% of the country’s affordable rented housing stock and 11% of the total stock. This represents 274,996 homes across Scotland. In addition, they provide a range of broader tenancy sustainment and community regeneration services across the country, from the most densely urban to the most remote rural communities. They operate in some of the poorest communities in our country.

1.3 Housing associations and co-operatives are one of the main drivers of regeneration in Scotland today, of both place and people, with bricks and mortar regeneration working hand in hand with economic, social and environmental regeneration in deprived areas of Scotland.

1.4 This evidence outlines our response to the specific questions provided in advance by the Committee.

2 Response to Specific Questions

Q1. What does ‘regeneration’ mean to you? - The term ‘regeneration’ is a fairly open concept with a variety of possible interpretations. In the context of your role and circumstances, what constitutes ‘regeneration’? What would you consider to be a successful outcome? Can you offer examples of successful or unsuccessful regeneration? The Committee are particularly interested in approaches which worked well and those which ultimately did not. Reasons for the outcome would be most welcome.

2.1 Pavan Mehta, in a report for Liverpool John Moore’s University, defines urban regeneration as follows:

“urban regeneration means physical, economical, social and environmental change in a city/ town/ area. Regeneration basically covers these four aspects, covering everything in an area - such as community, crime, infrastructure, employment, health, literacy etc. Each aspect is interrelated with another and has its own direct or indirect impact on other aspects. So, regeneration does not include any single or individual aspect or person but it includes all the aspects of everyone who lives in that particular area.”

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2.2 With particular regard to housing, Mehta states that:

“Housing has been one of the main focussed concerns amongst initiatives... But, housing is different from other commodities due to the distinguished characteristics, which creates housing market [which are] more complex... Regeneration deals with low demand in deprived neighbourhoods. There are many national, regional and local issues that lead to the low demand of housing... No doubt, regeneration aims for better and positive results in an area but, it is not simple to carry out this process without understanding its (positive as well as negative) impact on an area and more importantly to the people who live there.”

2.3 Regeneration is successful where it addresses the physical, economic, social and environmental issues in an area, i.e. not just focussing on the ‘bricks and mortar’. It is important to note that this is not confined to urban areas but also includes rural and island communities. There are many examples of successful regeneration provided by our members across Scotland: this includes the large scale examples to the smaller but no less successful.

2.4 For example, the Link Group’s work in Craigmillar, Petersburn, Kirkshaws and Oatlands is but one example of a larger scale initiative. On a smaller estate-based scale, we would urge the Committee to look at Fairfield Housing Association, which developed sustainable, energy-efficient homes in partnership with the community, Ore Valley Housing Association, which has developed shops, a community business centre and a learning facility, Fyne Homes, West Whitlawburn Housing Co-operative, which has provided a Community Regeneration Centre providing tenants with digital broadband, and Cassiltoun Housing Association whose activities include a nursery and Children’s Garden. All of these provide good examples of small scale, community led organisations taking over failing stock and improving it in conjunction with a community led, social enterprise ethos.

Q2. The regeneration strategy, resources and funding

The Scottish Government’s regeneration strategy ‘Achieving a Sustainable Future’, set out various funding streams to support its delivery. Amongst these are the Regeneration Investment Fund; the Capital Investment Fund, (which comprises funding from the Regeneration Capital Grant Fund, SPRUCE (JESSICA) funding, and the Vacant and Derelict Land Fund); and the People and Communities Fund. Are these funds clearly defined and providing appropriate support for your needs?

How do you think the strategy is being implemented? Is the Scottish Government providing appropriate support to deliver the strategy, nationally or locally? What other support would assist you in delivery of, or engaging with, the strategy? Are there any barriers to delivery, and how could they be tackled?

2.5 The People and Communities Fund continues to evolve its definition, based on applications received. We would urge the Committee to recognise that the Fund (whilst not a direct replacement for its predecessor, the Wider Role Fund) is no longer for the

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2 Mehta, P (2005), as above
sole use of housing associations and co-operatives, who now have to compete for scarce resources alongside other community anchor-defined organisations. So, in asking if the Fund provides appropriate support for (our) needs, we have to give an emphatic “no”. With the Fund being very prescriptive in aligning itself solely to the Regeneration Strategy launched in December 2011, there remains a lack of clear information as to which projects could be eligible. Only recently, the Scottish Government website highlighted the fact that the Fund would no longer support tenancy sustainment projects unless they were part of a larger project. This is at a time when there is a growing need for this type of support in order to help tenants cope with the impact of welfare reform.3 We would urge the Committee to recommend that this is reviewed as a matter of urgency.

2.6 The Scottish Government Regeneration Team have been inundated with applications and expressions of interest, and have already allocated slightly over half of this year’s grant pot on projects (of which we are pleased to note housing associations are the majority of recipients). However, the total size of the pot is £7.9 million of which only £6 million is available for grant purposes for 2012-13, so at this date, some £2.8 million remains. As the People and Communities Fund beds in, it is critical that the Scottish Government provides information on how they intend to support community capacity building from the remainder of the Fund, i.e. the £1.9m to be split between Development Trust Association Scotland, Coalfields Regeneration Trust and community capacity building.

2.7 We acknowledge that it is the intention of the Scottish Government to ‘grow’ the fund over time. However, there exists significant need for an increased resource right now. Some 143 email enquiries have been received to the main enquiries email for the PCF (this figure does not include emails which have gone directly to each member of the PCF team, or telephone enquiries which would bring enquiries up to around 200) with 51 applications flowing from that directly from housing associations. Some 21 applications have been approved for grant of which 13 have been successfully received by 9 housing associations (some have applied for more than one project). The total grant awarded to these organisations has been £2,130,404 of the £3,416,444. If the level of applications continues, the grant pot will be utilised very quickly for this year. It is not known whether any of these grants are over a longer period than one year. The value of the applications over the three years is £7.156m.

2.8 Although the SFHA is pleased that so may associations and co-operatives have been successful, this situation is likely to change over the period of the Fund. The more applications received, the less likely the Fund of stretching to meet these increased demands if its stands at its present amount.

2.9 We recognise that the Scottish Government Regeneration Team is endeavouring to deal with the amount of applications and enquiries they are currently receiving. We also know that they are also making as many visits as possible to provide presentations and updates to interested parties. However, we would suggest that a surgery approach, i.e. officials meeting potential grant recipients face to face and

discussing their potential projects on a one-to-one basis may be a better way to inform people of the Fund.

2.10 As regards regeneration investment generally, the SFHA would wish to see more investment targeted at supporting housing associations and co-operatives in improving the physical, economic, social and environmental aspects of the areas in which they operate. For example, the existing funding stream for Urban Regeneration Companies (URCs) does not impact significantly on housing associations and co-operatives, existing community organisations that would make good use of this stream for the direct benefit of local communities.

2.11 We are concerned that URC models are often based on house sales and rising values. This does not make sense, particularly at a time when there are issues around mortgage availability and affordability. The SFHA urges the Committee to consider the benefits to regeneration of investing more in the social rent, mid rent and shared ownership models operated by housing associations and co-operatives.

2.12 Looking specifically at SPRUCE, the principle of a revolving, recyclable energy efficiency fund is welcomed. There is a concern from SFHA members that the anticipated pay back periods do not lend themselves to investment either in renewable technologies or in investment in improving the fabric and energy efficiency of existing homes. There is some concern that payback periods are too short (10-12 years) when a 25 year period would fit housing association and co-operative investment programmes much better.

2.13 The fact that the SPRUCE fund is a loan fund also does not fit investment in the fabric of buildings, where there is a problem with a split incentive: the landlord funds improvements but the tenant benefits either from reduced energy bills or (frequently the case with fuel poor households) from increased levels of comfort.

2.14 While housing associations and co-operatives are committed to tackling fuel poverty (where tenants spend 10% or more of household income on their fuel bills), they face other competing challenges. Welfare reform is highly likely to have a major impact on housing associations and co-operatives’ income, while major reductions in grant levels for new build social rented homes mean that associations are under considerable pressure to subsidise housing development to meet need.

2.15 SPRUCE could have a role in funding renewable projects (such as district heating schemes, small scale wind and hydro, renewable heat) where the loan could be re-paid through the Feed-in Tariff and the Renewable Heat Incentive: however, as we have said, the loan would work better for this if the repayment period was 20 or 25 years.

2.16 It would be extremely helpful if, in addition to SPRUCE, a percentage of Scotland’s European Regional Development Fund (ERDF) allocation was set aside to fund energy efficiency improvements in existing social homes. This approach has been successful in both France and Wales and would have three major benefits:

- Lift tenants out of fuel poverty
Reduce carbon emissions, helping Scotland to meet its Climate Change targets in 2020 and 2050

Provide a major economic stimulus as a major retrofit programme would be labour intensive, creating jobs and training

We know that the Scottish Government will be responsible for the design of the next tranche of EU Structural Funding programmes, so will be in an excellent position to promote this.

2.17 The SFHA has no information at this time on the use and effectiveness of the Vacant and Derelict Land Fund. Land involved in regeneration frequently has issues with contamination or remediation and therefore has higher development costs. The Vacant and Derelict Land Fund is one method which recognises and deals with this issue. We would be happy to work alongside the Scottish Government and other stakeholders in evaluating this fund.

Q3. Regeneration, equalities and preventative spending

The Committee welcomes your views on how regeneration will contribute to the preventative spending agenda, as well as deliver on the recommendations of the Christie Commission. Examples of how regeneration could contribute to implementing Christie recommendations would be particularly welcome. In what ways can regeneration policy assist with the delivery of the equalities agenda and support the development of the most vulnerable sections of society?
2.18 The community regeneration work that housing associations and co-operatives have been delivering across Scotland has had powerful economic and social impacts. It is a prime example of the preventative spending power of investing in the activities of housing associations and co-operatives.

2.19 Taking the former Wider Role Fund specifically, we understand that for every £1 spent on Wider Role in 2010-11, housing associations and co-operatives managed to lever in an additional £2.62.\(^4\) The leverage ration means that, even from a relatively small pot of funding, it has been possible to deliver significant and much needed investment into some of the poorest areas of the country. This has delivered a diverse range of projects that have improved the quality of people’s lives via increased employability, financial inclusion, environmental improvements, and improved community health and wellbeing. This scale of leverage is a significant benefit to the taxpayer, particularly at a time when decision makers in Scotland are facing difficult financial decisions and looking for the “added value” and economic impact that their spending decisions can deliver.

2.20 Housing associations and co-operatives perform a vital regeneration and employment role in their communities. As community anchors, trusted intermediaries and creative contractors, \(^5\) they provide a range of services and support enabling individuals and communities to flourish.

2.21 Housing associations and co-operatives across Scotland work to alleviate poverty amongst their tenant base. They do this partly because it is estimated that 84% of financially excluded people live in social housing,\(^6\) but also because they can reach those most in need of early intervention and are often the best resourced agencies in deprived areas, being organisationally stable and well-regulated. Preventative spending is at the heart of financial inclusion initiatives. Working with tenants in the midst of a crisis is more time consuming and costly than investing in early intervention. There is also a strong business case for housing associations and co-operatives to invest in financial inclusion activity. As well as reducing rent arrears, costs associated with eviction, tenancy abandonment and voids are reduced. This type of work will become ever more critical as the various welfare reforms are implemented.

2.22 Housing associations and co-operatives are involved in the following community regeneration activities, all of which provide great value, prevent future expense to the state and contribute to economic sustainability: IT training; literacy and numeracy training; tenancy sustainment support; benefits advice; utilities advice; debt advice; older people’s; children and youth work; equal opportunities programmes; employability training and support; work placements and apprenticeships; healthy eating projects; sports and outdoor activity; environmental education and projects; renewable energy

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\(^4\) Unpublished Scottish Government data supplied to the SFHA.


education and projects; preserving historic buildings; providing community halls and facilities.

Q4 – Regeneration and sustainable economic development

A principal aim of the Government’s regeneration strategy is the stimulation of economic development. We would welcome your views on any examples of how this is happening nationally or locally, and information on any impediments to delivery.

2.23 As we have stated in the conclusion of in our evidence to the Finance Committee, without serious investment in genuinely affordable social housing and related support services [including tenancy sustainment], our poorest communities will be left exposed at an extremely vulnerable time. The combined impact of the recession and the reforms to the welfare system will have a high social cost. The Scottish Parliament must act now to set the parameters of Scotland’s economic recovery in terms of rebuilding communities, rebuilding lives and rebuilding Scotland’s future.

2.24 The Scottish Government could assist housing associations and co-operatives to achieve sustainable economic development by providing higher grant levels for new genuinely affordable rented housing (the current levels are not sustainable) and by providing a larger pot of funding to support area based energy efficiency retrofit programmes. The £66 million committed in 2013/14 to energy efficiency is welcome, but a larger fund would cut fuel poverty and stimulate the economy.

5 – Community led regeneration and CPPs

The Government’s concept of a successful regeneration strategy envisages that it should be community led and delivered. How realistic is this in your view? What will make this happen and what, if any, are the barriers in this regard? What is the appropriate role for community planning partnerships (CPPs) in delivering regeneration? Are you satisfied that all CPP partners are fully involved in and contributing to your local CPP’s policies? Can you offer examples of how any Single Outcome Agreements seek to achieve regeneration and what outcomes/indicators it specifies?

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2.25 As we said in our response to the CERB proposals, we agree that communities could and should play a bigger role in how their areas are shaped. Many will need capacity building support to be a position to take on this role. Time will be a major factor in helping such communities to grow to take on this mantle, as will funding to support capacity building. There will be a growing reliance on community anchors such as housing associations and co-operatives to provide this support, increasing the existing pressures on staffing and workload. We would wish to see associations and co-operatives have access to funding to support community capacity building. Up until now, their presence in communities has been relied upon to provide this service without specific funding support.

2.26 We have referred in our response to the Community Empowerment and Renewal Bill consultation to the inconsistent approaches around the country to the inclusion of housing associations and co-operatives in Community Planning Partnerships. This needs to be addressed through the further development of the CCP framework if it is to be a mechanism for delivering effective community empowerment and renewal.

**Q6. Regeneration and climate change targets**

Is there any role that regeneration can or is playing that would assist towards the delivery of sustainable climate change targets?

2.27 Housing associations and cooperatives are ideally placed to combat climate change while stimulating the economy. While they have the most energy efficient housing by tenure in Scotland, rising fuel bills mean that there needs to be more investment to cut fuel poverty. The SFHA believes that our members are ideally placed to lead on a programme of retrofit of existing homes, having

- Large groupings of houses
- Expertise in project and asset management
- Financial expertise
- Trusted status as community anchors

To lead on those programmes and address climate change while creating jobs, however, housing associations and co-operatives need funding. In addition to increased investment in energy efficiency from the Scottish Government, the SFHA is calling on the Scottish Government to direct EU Structural Funds to this area. We are asking that ERDF money is directed to fund area based investment in retrofit measures to increase energy efficiency and fund the installation of renewables, while European Social Funding could be used to provide training programmes to help 16-25 year olds and the long term unemployed to access jobs in this area. We believe that housing associations, co-operatives and energy social enterprises could facilitate such programmes and schemes.

2.28 This approach is vital if the Scottish Government is to achieve its targets on tackling fuel poverty and carbon reduction. The Scottish Government’s proposed Energy Efficiency Standard for Social Housing, in particular, will require significant investment in housing association and co-operative homes by 2020.

3 Conclusion
3.1 The SFHA wishes to emphasise that housing associations and co-operatives are significant drivers of regeneration in deprived areas across Scotland and this has been the case for many years.

3.2 In this light, the SFHA wishes to see more investment targeted at housing associations and co-operatives to support them in their very successful work on regeneration.

3.3 We would urge the Committee to consider the benefits to regeneration in investing more in social rent, mid-rent and shared ownership models operated by housing associations and co-operatives.

3.4 The Committee may also wish to consider our comments regarding the SPRUCE Fund with particular reference to the length of pay back periods and the non-fit of SPRUCE in investment in fabric of buildings, and the role SPRUCE could have in funding renewable projects (alongside funding from ERDF), and the varied benefits this could bring.

3.5 As recognised community anchors, housing associations and co-operatives are well placed to work closely with the Scottish Government in ensuring their Regeneration Strategy (which was launched in December 2011) is implemented.

3.6 The SFHA is keen that the People and Communities Fund (PCF) is ‘grown’ in the light of the increased applications the Fund is currently receiving, bearing in mind the recorded benefits brought about by the Wider Role Fund throughout its operation. We are also keen to discuss with the Scottish Government ways in which tenancy sustainment projects could be supported financially, beyond the current willingness to consider them as part of PCF bids for wider projects. Tenancy sustainment work is a critical part of our sector’s welfare reform damage limitation strategy.

3.7 To achieve area based investment in retrofit measure, we propose that ERDF monies be directed to fund this and that housing associations and co-operatives are well-placed to facilitate such a programme.

3.8 An increase in grant levels for housing supply would make a significant contribution to sustainable economic development, bringing about the positive changes the Scottish Government seeks.

SFHA
19th October 2012