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Dear Mr Hamilton,

Thank you for your letter of 29 July 2024 to the First Minister. I have been asked to respond as a Scottish Government official with responsibility in affordable housing.

We recognise that these are exceptionally challenging times. That is why the Scottish Government declared a housing emergency in May, and has since been working at pace, with a range of key stakeholders, to identify, plan and then take urgent action. Housing is critical to the delivery of the Scottish Government's Four Missions, particularly tackling child poverty. We fully understand the impact delivering social homes has on reducing child and family poverty. An estimated 3,170 households with children have been helped into affordable housing in the year to end March 2024, and keeping social rents lower than market rents benefits approximately 140,000 children in poverty each year.

We are operating in a very difficult financial environment. Despite that, and in recognition of the significant challenges we are facing, we have allocated additional capital to the Affordable Housing Supply Budget across the next two financial years bringing our investment in 2024-2025 to nearly £600 million.

Based on information supplied to us by partners, all local authority areas are expected to have approvals in 2024-2025.

We recognise that changes to budgets can delay work on already established sites, and would ask that your members remain in regular contact with their More Homes Division local area team or Glasgow City Council TMDF team to help prioritise sites and progress the delivery of as many affordable homes as possible within the current climate.

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The Scottish Government agrees with the need to keep rents affordable. We do need to look at options that make our public funds go further, including through leveraging in more private investment while delivering for tenants. We have taken steps to increase private investment by creating a new Housing Investment Taskforce.

We believe that there are real opportunities for investment including through public-private collaborations where risk can be shared through the public sector, offering investors stable returns. This was one of the drivers for creating the Housing Investment Taskforce.

The Housing Investment Taskforce will, by March 2025, identify actions that will unlock both existing and new commitments to investment in housing by bringing together key interests of investors and investees. We believe that this Taskforce, which will draw on the expertise of a number of key lender and investor organisations, housebuilders, RSLs and local authorities, has the breadth of expertise needed to find tangible solutions that will lever investment into Scotland.

Although all-tenure, there will be work that considers affordable housing. Both Wheatley and Places for People will ably represent the RSL sector on the Housing Investment Taskforce and will provide key input to the development of any proposed actions to increase private investment that will impact on RSLs.

We will continue to work closely with our partners to respond to the emergency situation and help increase the delivery of affordable homes across Scotland. The Scottish Government remains committed to its targets, and the delivery of affordable homes continues to be a high priority. In closing, we should record our thanks to you for highlighting a selection of projects which your members have delivered. The Scottish Government values and recognises the vital contribution these homes make to the delivery of affordable housing across Scotland and other wider outcomes.

Yours sincerely

Stephen McLeish

MHD : Affordable Housing Supply Programme

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