

Warning that rent freeze will mean fewer affordable homes being built

Council bosses have warned that a further rent freeze for tenants could prevent dozens of new affordable homes from being built.

They also say that it could also stop hundreds more council homes from getting vital upgrades needed to drive down rising energy bills.

Earlier this month councillors voted to freeze rents for the second year and halt a planned 1.8 per cent increase in response to the continued rise in the cost of living.

If approved at the 2022/23 budget meeting on Thursday 24 February the move could result in a reduction of £1.8 million to the council's Housing Revenue Account (HRA), which is predominantly funded through tenants' rents. It pays for the construction of new social housing and repairs and improvements to existing properties.

Officers investigating the effect of a continued freeze said reducing investment as a way of mitigating the impact on finances would make the council's goal of building 10,000 new affordable homes by 2027 unachievable.

In a report presented to the Finance and Resources Committee on Thursday they added it could mean "a reduction of 160 new social rented homes".

It is estimated 1,070 council houses would no longer receive retrofit improvements such as insulation and air source heat pumps which help to keep bills down and reduce emissions.

And with the cost of heating homes set to soar further, as a 54 per cent rise to the energy price cap is announced by government regulator Ofgem, any delay to upgrades would come as devastating news to many.

When surveyed on their preferred rent increase for the year ahead, 63 per cent of a sample of council tenants backed a 1.8 per cent rise.

However, Edinburgh's SNP and Labour coalition pushed for the freeze after so many tenants reported struggling financially and the move was backed by councillors.

Officers said another option for reducing the impact of another freeze on long-term housing projects is "significant rent increases in future years."

They added a four per cent rise in 2023/24 and two per cent thereafter would "lessen the impact and duration of the deficit" and that a longer-term strategy "would be required to ensure the recovery of lost income in early years."

The report reads: "A further rent freeze in 2022/2023 would have a significant impact on the ability to deliver planned large scale investment in existing and new homes.

"The impact could not be mitigated through further elongating capital investment; it would either require significant rent increases in future years or the withdrawal/reduction of housing services or a reduction in investment in new and existing homes or a combination of all of the above."

Councillor Alex Staniforth, Green party finance spokesperson, said: "In light of rising energy bills, it's even more important at least for this year that rents are frozen whilst

people have to cope with the hugely inflationary rise. But equally, with the cost of heating so high it's obvious that renovating homes so that they retain heat better and are more ecological is the way forward.

"With those two pressures, I think the solution must lie in drawing in outside funding, whether from The Scottish Government or wherever, because we cannot expect hard-pushed people to pay for these renovations on their own. But at the same time these renovations absolutely must happen as fast as possible."

Councillor Staniforth said discussions are "ongoing" into how additional funding can be sourced, adding: "I couldn't give any conclusions but that is certainly high up in our discussions both between ourselves and with officers at the moment."

by Donald Turvill, Local Democracy Reporter

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