

improving living in scotland



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**Scottish Construction Forum
Annual Conference 2007
Perth**

Hello and welcome to this SCF Conference breakout session,

I hope you have already begun to gather that the issues surrounding Sustainable Development are hugely complex and very interlinked.

What I would like to do now, in the short time available, is take a light-hearted look at some of the more serious barriers and problems that the industry who are charged with delivering these laudable aims has to face or overcome on a day-to-day basis.

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- **Homes for Scotland represents the country's home building and development industry.**
- **Our membership of over 115 organisations, together with an additional 80 associate companies, provides 95% of all new homes built for sale in Scotland.**
- **Improving living in Scotland - to ensure people have modern homes in the places they want to live - lies at the heart of everything we do.**
- **Our member companies take their responsibilities to the communities in which they build extremely seriously.**

Sustainable Housing

Watch outhere comes the health warning!

Homes for Scotland *is* the home building industry as you can see from some of these stats.

And so I can confidently say that in spite of what many un-objective observers might try to have you believe, the industry takes their obligations in this area very seriously indeed.

After all they wouldn't be in business for very long if they didn't

In fact, many now see this issue as being a key differentiator in what is a highly competitive market.

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Sustainable Housing Lottery

However, Sustainable development is about balancing *Environmental, Social and Economic* factors all at once, not in isolation.

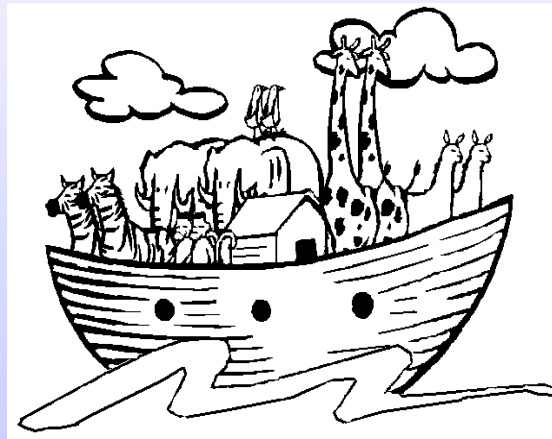
Because of this, there are some real difficulties and unknowns in achieving Sustainable Housing, some might even say that its a Lottery!

Now its Friday, and I don't know about you, but its good to have a bit of fun now and again, so lets play the developers "Sustainable Housing Lottery"!!!!!!!

We have heard a lot about policies, codes, regulation, facts and figures in the earlier presentations, but lets look at the subject from a different angle.

In this game we will be playing for some very large prizes, and be sitting on tender hooks as we wait to see which numbered "balls" pop up during this presentation.

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Sustainable Housing Lottery

Number 2!!!

This is the factor by which we believe that Annual Housing Output, stubbornly steady at around 25,000 units per annum in Scotland for the past few years

needs to increase just to meet the basic levels of market demand being generating right now.

This means a complete and fundamental change in our attitudes toward development itself

as well as the support networks, processes and skills that allow it to happen together with the land assembly and release mechanisms that act as the “feedstock” to the industry.

This has major implications no just for the funding of Housing investment itself, but also the development of skill bases behind companies themselves and all kinds of other industry professionals to help them to deliver.

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Sustainable Housing Lottery

Number 5!

In spite of what you might think reading in recent press there are in fact five key types of “Affordable Housing” provision within the Scottish Market, not just social rented accommodation!

Paragraph 11 of PAN 74 sets out the categories of affordable housing. These also include:

Shared ownership - the owner purchases part of the dwelling and rents the remainder usually from a RSL. The owner can buy tranches of 25%, 50% or 75% of the property;

Shared equity - the owner purchases part of the dwelling, with the remaining stake purchased usually by a RSL using Communities Scotland grant. Unlike shared ownership, the owner pays no rent for the equity stake which is retained by the RSL. While the RSL does not receive any rental income in respect of their stake, it benefits from any equity gain when the house is sold.

Discounted low cost sale - a dwelling sold at a percentage discount of its open market value to households in the priority client group.

Housing without subsidy - non-subsidised affordable housing is likely to take the form of entry level housing for sale, some built at higher densities and with conditions attached to the missives designed to maintain the houses as affordable units to subsequent purchasers.

To often this important range of solutions is forgotten in our approach to land use and investment plans.

The Scottish Government have now settled full square behind the realisation that the private market has a major part to play in delivering the types of homes that people in Scotland need, in the places they want to stay, at prices they can afford.

That after all sounds awfully like “Sustainable Housing” does it not?



Number 10!

This is the number of years up to which it can take for a Local Authority Planning Team to write , consult on, and then get fully adopted, a Structure or Local Plan for a particular area.

Most of these plans will have a 10 -15yr time limited horizon in anycase
But only need to allocate up to five years work of housing land supply at any one time.

What happens in the remaining years, or if the plan is now grossly out of date?

The industry grinds to a halt!
as it has to fight and scrap over every small corner and scrap of land
that hasn't been zoned appropriately within the plan
Making special and one-off cases along the way that further clog up and slow the system.

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Sustainable Housing Lottery

Number 48!

This is the percentage of Planning Committee Members who were newly elected this year, not having served in this capacity before.

All of them are fresh into the job, and understandably have reservations about making new and/or contentious decisions.

Most have no formal training or guidance on how to properly consider and evaluate vitally important Community, infrastructure and property investments or even understand large masterplanning applications.

Worse still many have been elected on a protective and anti-development ticket, Politically it would be suicidal for them to want publicly encourage or increase the rate of development in their own areas

We have to ask ourselves some fundamental questions about what incentives and opportunities we actually can control in making this agenda happen?

Because frequently it is the small and un-thought of problem that causes the greatest barrier to achievement.

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Sustainable Housing Lottery

Number 40!

This is the number of extra thousands of pounds that Stewart Milne Group, (who are keen and really want to do this!), calculate their innovative Sigma Home will take in mass market conditions, this is over and above normal house build costs, to achieve net Zero Carbon development parameters.

And that is within a high density efficient urban land and carbon foot print, not the usual type of two storey development common across Scotland.

Would you pay that premium or more for one? What level of shift in the market would it take for that to be acceptable?

This has serious repercussions in the light of overall Affordability concerns, especially when taken on top of annual construction material inflation, the impact of Homes for life agenda demands, together with large commuted sums and Section 75 infrastructure agreements that are now commonly being demanded of home developers

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Sustainable Housing Lottery

Number 3!

This is the number of Scottish Government Ministers across which the functions critical to ensuring the delivery of Sustainable Housing are spread.

- Cabinet Secretary, John Swinney (Planning)
 - Ministers; Jim Mather (Energy Policy)/Stewart Stevenson, (Buildings Standards)
- Cabinet Secretary, Nicola Sturgeon (Housing & Regeneration)
 - Ministers; Stewart Maxwell - Communities and Sport, (Housing Policy)

Given that Housing building alone contributes over £5BN to the Scottish Economy and actively employs 110,000 people, it is incredible that even today the industry is not able to interact with a singular fiscal, political or policy entity
Charged with overall responsibility for turning this agenda into a reality.

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Sustainable Housing Lottery

Number 9!

And in a sense this is the Bonus ball !!!!

Because for every one new build property that the industry creates,

It will be competing with nine other similar existing properties in the immediate area.

Only 10% of all residential property transactions per annum are to do with new build.

This is a tremendously important fact,
not just in terms of how we impact on the profile/characteristics of the existing stock ,
an area where we must make some form of “sustainable” headway!

but also because we have to recognise the effect it has on the market.....

There are limits to what people are prepared to pay, rent or purchase!
they will draw comparisons with what else they can get for their money nearby
Land owners and the public can simply choose not to sell, or buy,

That is unless we find ways to make their life less difficult and more sustainable
at the same time!

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- **Entry brochures for next year's Homes for Scotland Quality Awards scheme are now being distributed to all home builder member companies.**
- **Focusing on the creation of places, entries are sought in the categories of urban, rural (both of which include conversion) and masterplanning.**

Sustainable Housing

In spite of all of these practical difficulties, many individuals and companies within the industry are achieving exciting and promising things.

You will notice that I haven't said the industry "cant" or "wont" do anything anywhere within this presentation. WE are "willing, able and ready" to rise to the challenge ahead of us.

The prize and stakes of this game are very high indeed, there are some very big numbers immediately at our finger tips

However, we shouldn't let that put us off making decisions.

Often the best way to learn how to avoid mistakes is to pick the brains of someone else who has been through the mill already, and that's why we are putting so much effort into publicising good examples at home such as promoted within our own Designing Places Awards

and why we think taking advice from neighbouring Scandinavian countries who have started out slightly ahead of us is so valuable.

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Thank you letting me borrow your brain for a few minutes.

You can contact me in the usual ways, and at this email address, if I have sparked your interest or you would like to understand more.

In the meantime, I hope you enjoyed our brief respite from the normal routine!

JF
09/11/07