

# BUILDING ENOUGH HOMES FOR SCOTLAND

*improving living in scotland*



HOMES FOR SCOTLAND



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Homes for Scotland is the voice of the home building industry, representing a membership of some 200 organisations which together deliver 95% of new homes built for sale as well as a significant proportion of all affordable housing.

With our priorities informed not just by builders but also the wider supply chain, we are committed to improving living in Scotland by ensuring that people have the warm, modern, energy efficient homes they want and need in locations that foster vibrant sustainable communities.

Since being established in 2001, we are the only organisation to have consistently promoted an all-tenure approach to housing, working collaboratively with stakeholders and government at all levels.

Our partnership working and expertise means we have developed a proud reputation as a respected commentator on housing, planning and policy matters, and welcome the opportunity to engage with those who share our objective of building the homes our country requires.

## INTRODUCTION

I am extremely proud to be playing my part in representing an industry which fulfils such a vital role in our country's social, economic and environmental wellbeing.

Yet the crucial contribution made by the home building sector has been severely impacted in recent years as result of the financial crisis.

And whilst need has never been greater and demand continues to rise, Scotland, some seven years after the economic downturn first hit, is having to confront a very real housing crisis with the number of homes being built down 40% on 2007.



Nevertheless, I believe that there is growing cause for hope as we see a developing and shared understanding of the issues that are holding back Scotland's home building potential, with an increasing commitment to action.

This is largely driven by the fact that by building the homes we need to serve our growing population and the increasing number of households, we can reinvigorate our economy as well as refresh and energise our communities.

The 2016 Scottish Parliamentary Elections offer the opportunity for further national debate on what specifically needs to be done to produce the dramatically better results that Scotland requires if it is to ensure that both current and future generations have access to the range of quality housing options they deserve (whether social or private, for rent or for sale) in the places in which they want to live.

However, to consolidate progress and good intentions, we all need to act now – and act decisively.

Please be part of this by joining us and playing your own full part in helping to make sure we are **Building Enough Homes for Scotland**.

Jim Mather  
Chairman  
Homes for Scotland

## THE FUNDAMENTAL IMPORTANCE OF HOUSING

*“Good housing offers a stable foundation from which to build a home, and does so through providing shelter, security and space for family life and activities, privacy, personal identity and development. The home provides us with a sense of belonging and connection to where we live and acts as a springboard to develop other aspects of our life.”*

*Commission on Housing and Wellbeing:  
A blueprint for Scotland's future (June 2015)*

Nothing is more important to the welfare of Scotland's people than a good quality home that meets their needs and provides a safe, secure and long-term foundation for them to live happily and develop their potential.

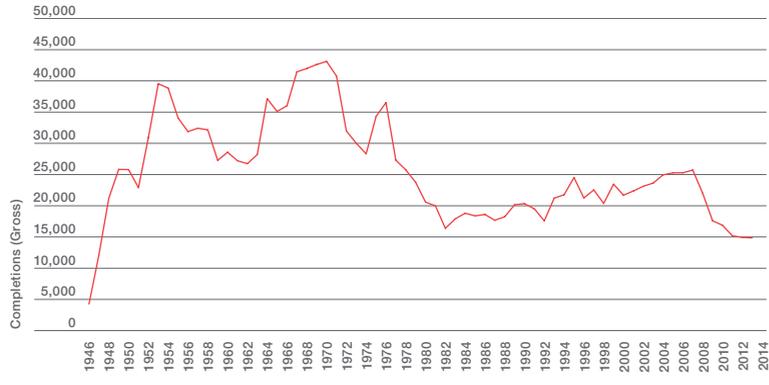
With housing also intrinsically linked to a wide range of other policy areas, ensuring that all those living in Scotland have access to a range of quality housing options is fundamental to our country's social wellbeing as well as its future growth and success.



## SIMPLY NOT ENOUGH HOMES

Gross Housing Completions 1946-2014

Scottish Government, Communities Analytical Services (Housing Statistics)



But, whilst Scotland's population has increased to its highest ever total<sup>1</sup> and the number of households being formed each year continues to rise<sup>2</sup>, the supply of housing has failed to keep up. We simply don't have enough.

This is highlighted by the fact that only 15,562 new homes were built in 2014 – 40% less than in 2007<sup>3</sup>.

With 160,000 households also on waiting lists<sup>4</sup>, Scotland's chronic undersupply of housing is having a severe impact on communities across the whole country, particularly our young people and growing families.

As rents and house prices keep rising as demand continues to outstrip supply, this means that:

- children are living with parents for much longer
- the housing prospects of our young people are rapidly diminishing
- couples are putting off starting families
- the “squeezed middle” faces even greater pressures
- more stress is being placed on already stretched social housing providers as more households find themselves unable to either privately rent or buy
- the aspirations of Scots are being stifled

## WHAT NEEDS TO BE DONE?

The single most effective way to address concerns about housing need and affordability is to increase the supply of new homes.

Indeed, in order to make our country a better place in which to live, work and invest, it is essential that Scotland has **enough homes of the right types in the right locations** to meet the diverse housing needs and aspirations of its growing population.

Only by promoting a significant programme of **all-tenure home building** which meets all life stages can the next Scottish Government improve housing access to ensure that both current and future generations have the homes they require to live happily and develop their potential.

Achieving this goal will require bold and decisive action as well as major investment – but the social cost of not tackling Scotland's chronic undersupply of housing will be significantly higher.

*“We are in danger of losing sight of the importance housing plays in wellbeing. Poor housing can have a significant impact on health, education, employability and life chances.”*

*Robert Black, Chair of the Commission on Housing & Wellbeing, March 2015*



## THE BENEFITS OF HOME BUILDING

As well as providing warm, safe, secure places for people to live happily and develop their potential, the building of new homes also offers significant wider social, economic and environmental benefits.

|         |   |
|---------|---|
| 4.1     | the number of jobs supported by each home built <sup>5</sup>  |
| £3.2bn  | the amount of Gross Value Added generated in 2014 <sup>5</sup>  |
| £1400   | the potential fuel saving available to those living in new build homes compared to older properties <sup>6</sup>  |
| +50%    | the proportion of new homes built on brownfield land <sup>5</sup>   |
| £46.8m  | the financial contribution made by the private sector to the delivery of affordable homes by Local Authorities/housing associations in 2014/15 <sup>5</sup> |
| 90%     | the number of customers who would recommend their builder to a friend <sup>7</sup>  |
| 135,000 | the number of trees and shrubs planted and retained by home builders in 2014/15 <sup>5</sup>  |

### *Building homes helps:*

- *improve access to fit-for-purpose and energy-efficient homes*
- *support a reduction in overcrowding*
- *support sustainable communities and regeneration*
- *improve health and education outcomes*
- *fight fuel poverty*
- *tackle climate change*

**In its report earlier this year, the independent Commission on Housing and Wellbeing recommended that:**

*“The Scottish Government should adopt an indicative national target for new house building, initially for the period up to 2020. The figure of 23,000 new houses each year, built to last with a high standard of energy efficiency, would be an interim target until national estimates can be made from forthcoming local Housing Need and Demand Assessments.”*

**Whilst we support the introduction of an all-tenure national target, with a total of only 15,562 new homes built in 2014<sup>3</sup>, we firmly believe that we need to go further and see a return to at least pre-recession building levels for all tenures of c25,000 per annum by the end of the next Scottish Parliament. This is still substantially less than the 35,000 previously considered necessary to reverse declining affordability<sup>3</sup>.**

**Although challenging, with statistics for the last financial year showing a nine per cent increase<sup>3</sup>, such momentum must be sustained.**



## TO TACKLE SCOTLAND'S HOUSING CRISIS, THE NEXT SCOTTISH GOVERNMENT MUST:

- set an ambition of increasing overall supply by an annual average of 10% each and every year from the 2014 baseline figure
- jointly commit to taking early remedial action if annual targets are not met
- establish an annual Parliamentary debate on housing with a clear all-tenure focus to ensure housing remains high on the political agenda
- obligate Local Authorities to work proactively with the home building industry to ensure the delivery of the housing targets set out in their own Local Development Plans

**With all tenures having a vital part to play in meeting the needs and aspirations of all those living in Scotland, it is clear that supply needs to be significantly increased from its current very low base and in all parts of the country.**

**In addition to recognising and welcoming new models and approaches which may emerge, the next Scottish Government must:**

- **fully acknowledge the importance of home ownership**
- **significantly expand the rapidly growing private rented sector**
- **promote all forms of “affordable housing”**

## SO WHAT TYPES OF HOMES DO WE NEED?

### HOME OWNERSHIP

#### *Help to Buy (Scotland)*

*In the two years following the scheme's launch, it helped achieve a:*

- *33% increase in private housing completions*
- *9% increase in affordable housing completions*
- *19% increase in the directly employed workforce*

*With a typical Scottish Government equity stake of £37,000, the scheme's value for money is compelling when compared to other forms of housing investment.*

*Homes for Scotland research, June 2015*

Whilst the economic downturn has suppressed owner-occupation levels, placing pressure on other sectors, it is clear that the majority of people in Scotland continue to aspire to own their own home. Recent research highlights that it is the long-term preference for most<sup>9</sup> and remains the priority for 18-34 year olds.<sup>10</sup>

However, whilst mortgage lending has recently improved, forecasts suggest affordability issues will remain for First Time Buyers (FTBs). This is particularly the case in relation to deposit requirements with figures showing that the average deposit requirement is in the region of £20,000, equivalent to around 60% of average annual FTB income<sup>11</sup>.

Second-steppers also face challenges in moving within a more modest mortgage market, especially those who bought at the height of the market with high loan to value (LTV) mortgages.

Action in recent years has supported activity, most notably the Help to Buy (Scotland) shared equity scheme which has enabled over 6,000 households to buy homes for which they can sustainably afford mortgage repayments<sup>1</sup>.

The scheme has been an unqualified success: stimulating construction, creating jobs, supporting skills and assisting economic recovery. By boosting the supply of private homes, it has also directly contributed to the delivery of new affordable housing and alleviated pressure on other tenures.

There is, therefore, a strong case for continuing to provide such support, not least given the wider benefits home building provides. Accordingly, we welcome the current Scottish Government's commitment to introduce a successor scheme to Help to Buy (Scotland) over the next three years<sup>12</sup>.

We also see a need to take a particular approach to supporting home ownership in regeneration areas. Alongside existing initiatives, we believe there is scope for new approaches to emerge to help encourage the development of new sustainable communities.

The need for a healthy, functioning market, with a recognition of the connections between all price segments, underpins the above. It is therefore vital that the tax framework facilitates movement up and down price levels, enabling Scotland to remain competitive with the rest of the UK.

Ross and Shona Ramsey purchased their first home using the Help to Buy (Scotland) shared equity scheme.

Until now they'd always rented. Shona said: "We've been really keen to buy our own place for years but because we were renting we just couldn't save for a deposit. We knew that the only way we could achieve our goal was by using Help to Buy."



## TO SUPPORT HOME OWNERSHIP, THE NEXT SCOTTISH GOVERNMENT MUST:

- ensure the successor Help to Buy shared equity scheme is designed to deliver the biggest possible market impact
- undertake a review to determine the need for longer term scheme support beyond 2020
- introduce a specific shared equity product in regeneration areas to encourage buyers into these locations
- review demand for and impact of the Partnership Support for Regeneration scheme in order to support future discussions with the European Commission
- review the market impact of the new Land and Buildings Transaction Tax to determine any need for refinement

## SO WHAT TYPES OF HOMES DO WE NEED?

### SIGNIFICANTLY EXPAND THE PRIVATE RENTED SECTOR

Scotland's Private Rented Sector (PRS) has increased significantly in the past 15 years, rising from 5 per cent of all homes in 1999 to 14 per cent in 2014<sup>1</sup>.

Taking account of mortgage availability and pressure on other tenures, there is a widely shared view that increasing the capacity of Scotland's growing rented sector is vital to achieving a balanced tenure mix.

The sector is currently dominated by buy-to-let landlords who each own a small number of properties – a situation which does not support any significant increase in supply. New sources of investment and new approaches designed to deliver the necessary number of private rented homes at scale are therefore required.

Having already undertaken major research in this area and appointed a PRS Champion, supported by an expert Working Party, we believe that a professionally-managed, institutionally-backed, new build PRS could rapidly achieve this.

Indeed, estimates suggest that 7,000 - 10,000 new PRS homes could be provided by the end of this decade if the full package of recommendations already submitted to the current Scottish Government are implemented. It is estimated that this would generate in excess of £1bn of investment from institutions, delivering valuable social and economic benefits<sup>13</sup>.

Commitments already received from the current Scottish Government in relation to some of the recommendations are welcome. However, high level proposals for the Private Tenancies Bill, including allowing for the introduction of local rent caps in “pressurised areas”, could serve to limit investor appetite. Whilst a simpler, streamlined and fairer tenancy system is welcome, this should not work against the aim of building the high quality homes that are required to help meet demand in the sector.

Long-term institutional investment is needed to enable the development of professionally-managed, purpose-built private rented housing at scale.



## **TO SUPPORT GROWTH IN THE PRS, THE NEXT SCOTTISH GOVERNMENT MUST:**

- support the actions identified by the PRS Champion and Working Party as necessary to grow the private rented sector through the development of new purpose-built homes funded by institutions and with a strategic, professionally managed and customer-focused approach to delivery
- ensure that the new tenancy regime strikes the appropriate balance between protecting the rights of tenants and encouraging the new investment required to drive new supply, thereby improving the affordability of the sector

## SO WHAT TYPES OF HOMES DO WE NEED?

### “AFFORDABLE HOUSING”

#### *What is “affordable housing”?*

*There are a range of views over the definition of “affordable housing”. However, Scottish Planning Policy (SPP) describes it “as housing of a reasonable quality that is affordable to people on modest incomes.”*

*The SPP also states that affordable housing may be provided in the form of:*

- *social rented accommodation*
- *mid-market rented accommodation*
- *shared ownership housing*
- *shared equity housing*
- *housing sold at a discount (including plots for self-build)*
- *low cost housing without subsidy*

*For the purposes of this manifesto, we refer to the SPP definition and these different forms of housing when discussing affordable housing.*

HFS has consistently promoted an all-tenure approach to meeting the housing needs and aspirations of people living in Scotland. Quite simply, we believe that more homes of all types and tenures, including affordable housing, are needed.

This is reinforced by the number of housing associations amongst our members and the fact that many home builders are involved in the delivery of affordable homes, for both rent and ownership.

So we welcome and support calls to increase levels of affordable housing.

Crucially, the private sector has a key role to play in delivery with Local Authority planning policies requiring that a percentage of homes on new sites are specifically allocated for this purpose.

Accordingly, our clear view is that in order to achieve greater numbers of affordable housing, supply needs to increase across all tenures.

However, in many instances, we believe a more flexible approach by Local Authorities that reflects the availability of funding, build costs and the full range of affordable housing options set out in Scottish Planning Policy would facilitate greater provision of affordable homes<sup>14</sup>.

Indeed, we are pleased to note that other key housing organisations also now believe that there is room for a range of solutions, including low cost home ownership and mid-market rent<sup>15</sup>. We consider that the refocused successor to the current Help to Buy (Scotland) scheme could make an important contribution in this regard.

Taking account of the timeline for new developments to come forward, increased certainty about the future availability of funding for affordable housing would also help to shape and inform that approach. Whilst the Scottish Government currently provides Local Authorities with three year assumptions for affordable housing funding, only the first year of this is guaranteed. This means that housing associations cannot offer home builders certainty as to whether funding will be available in future to support the delivery of affordable housing on sites with a multi-year programme.

In order to achieve greater numbers of affordable housing, supply needs to increase across all tenures.



## TO SUPPORT AN INCREASE IN AFFORDABLE HOUSING, THE NEXT SCOTTISH GOVERNMENT MUST:

- work with Local Authorities to maximise the delivery of new affordable homes by encouraging a flexible approach to affordable housing tenures that promotes the use of all types of affordable provision, taking account of the availability of resources
- consider how the Help to Buy (Scotland) successor scheme could contribute towards affordable housing supply
- provide greater certainty about the future availability of funding for affordable housing, including guaranteeing the funds that will be available over a longer period

**Committing to building more homes and setting an all-tenure national target are essential if Scotland's chronic undersupply of housing is to be tackled effectively.**

**However, the fact is that this will never be achieved unless barriers in the wider delivery framework are also addressed.**

**These include:**

- having the necessary structure, skills and obligations in place at Local Authority level to deliver the homes we need**
- providing businesses with the confidence they need to employ staff and invest in order to increase supply**
- supporting the re-emergence of SME builders by addressing the particular challenges and pressures they face – larger builders cannot deliver all the homes that Scotland needs on their own**
- ensuring that the drive towards zero carbon homes takes full account of the views of home builders, with a regulatory and fiscal environment that recognises and incentivises the financial and environmental benefits of new homes**

**The specific action that we believe must be taken is outlined in the following pages.**

## HOW WILL WE DELIVER THEM?

### PLANNING FOR GROWTH

*“The overwhelming majority of participants stressed that location was the most critical dimension in realising their long-term housing goals.”*

Understanding the Housing Aspirations of People in Scotland, Scottish Government, September 2015

Despite the delivery of new homes being a key component of economic growth and social wellbeing, it is not currently identified as a priority within the National Planning Framework.

As a consequence, our growing population relies on Local Authorities allocating enough land for housing in the places they want to live.

Far too often, however, this does not happen, exacerbating the country’s housing crisis.

The backbone of any successful Local Development Plan (LDP) is the inclusion of housing development opportunities that can and will deliver much needed new homes.

But, across Scotland, plans continue to identify land that is unlikely to achieve this because either there is no market demand in that area or it is not economically viable.

To significantly increase supply to meet our proposed annual growth target, it is vital that Scotland has an effective planning system which recognises and reflects the importance of housing delivery and acts as an enabler at local level.

The “root and branch review” of the planning system announced by the current Scottish Government is therefore much needed<sup>12</sup>. Meantime, however, efforts to make the existing system function better must continue to be considered given the importance of addressing the backlog of need and demand that already exists.

Our growing population relies on Local Authorities allocating enough land for housing in the places people want to live.



## **TO PLAN FOR GROWTH, THE NEXT SCOTTISH GOVERNMENT MUST:**

- ensure that housing delivery becomes a national planning priority and include it within the next National Planning Framework in recognition of its social and economic importance
- set out regional growth targets in order to free up time and resources of local planning departments to focus on the spatial elements of planning for housing
- issue revised guidance to all Local Authorities clearly setting out a simplified process of calculating housing land requirements and a revised, clarified definition of “effective” land to make sure that sites capable of delivery are brought forward
- ensure Local Authorities are adequately resourced to process applications efficiently and effectively in order to get homes built more quickly

## HOW WILL WE DELIVER THEM?

### STREAMLINING THE CONSENTING PROCESS

#### 64 weeks

*The time taken just to get a planning decision on major housing developments is now its slowest yet according to official statistics for Q1 2014/15. This is four times the statutory period of 16 weeks and, compared to the same quarter last year, represents an increase of over 80 per cent.*

*This timescale excludes the negotiation of Section 75 Agreements or Roads Construction Consents meaning the overall time to get through the consenting process is significantly longer.*

Planning Performance Statistics 2015/16 Q1  
Scottish Government, October 2015

The process of obtaining all the consents which are necessary to deliver housing sites is lengthy, complex and unpredictable.

Once a site has been identified as suitable for development, by being allocated in a Local Development Plan, there is still a long way to go. Before spades can be put in the ground, developers must:

- obtain planning consent
- agree and sign planning obligation agreements
- secure roads construction consent
- secure building warrants
- secure other approvals from infrastructure providers such as Scottish Water and Scottish Power

In order to increase the number of homes being delivered year-on-year, the entire system requires to be streamlined.

Moving to their new home has been a great experience for Abigail Reid, her partner Graeme Kidd and their son Jamie as Abigail explains:

“We really love our new house. It’s a great size and the layout really works for us. And because we’ve got a busy family life, we love the fact there’s no need for any DIY with everything brand new and already done for you. It’s a real winner.”



## TO STREAMLINE THE CONSENTING PROCESS, THE NEXT SCOTTISH GOVERNMENT MUST:

- compel all stakeholders and decision-makers to work together with a common purpose
- provide Local Authorities with sufficient resources to deliver all of the consents required within reasonable timescales
- consider a method of fast-tracking sites that have been allocated within a plan, and where a significant amount of information has already been provided

## HOW WILL WE DELIVER THEM?

### INFRASTRUCTURE PROVISION

Homes are not built in isolation. They become connected to existing facilities such as roads, water and drainage. The people who move into the new properties use local services such as schools, medical facilities and public transport.

One of the main reasons for existing communities to resist growth in their area is a concern that there is not enough spare capacity in the system to cope.

When planning permission for new housing is granted, the Local Authority will assess what impact the new households will have and require the home builder to provide sufficient capacity to absorb the additional requirement. This might be in the form of a new junction off a main road, the upgrading of a waste water treatment plant or the construction of a new school.

The challenge for home builders is that they are often asked to make large financial contributions to meet these costs up-front before they have begun to build and sell the new homes. This can cause difficulties with cash flow and the cumulative effects of numerous “asks” can make it extremely difficult for some developments to commence.

Any payments or provision of facilities must be proportionate to the size of development and it needs to be recognised that there is a ceiling on what is economically feasible for development to happen.

Some local planning authorities have realised that there is a cumulative impact on the infrastructure of their region and are looking at ways of capturing and sharing contributions on a wider scale. Whilst these models can provide certainty for developers, significant work is still required to resolve issues surrounding infrastructure on a national level.

Provision of the infrastructure that is required to support development is a Scotland-wide issue.



**TO PROVIDE THE  
INFRASTRUCTURE  
REQUIRED, THE  
NEXT SCOTTISH  
GOVERNMENT MUST:**

- amend planning policy to recognise that new delivery models are required to deliver strategic infrastructure
- consider the creation of a loan fund to finance significant infrastructure requirements on the basis that the loans will be paid back by developers over the longer term

## HOW WILL WE DELIVER THEM?

### SMALL AND MEDIUM SIZED BUILDERS

Small and medium sized builders have played a key role in delivering new housing in Scotland over the years. These companies often provide homes in areas where many larger developers are not active and benefit local communities through the use of local trades and supply chains.

The economic downturn has, however, resulted in a significant number of such companies going out of business or becoming inactive. Figures are not available at Scottish level but research highlights a significant decline in the number of smaller companies active in home building across the UK and a declining proportion of homes built by smaller builders<sup>16</sup>.

Securing the return of small and medium sized builders to the market will be key to efforts to increase the supply of new build homes. However, despite the recent launch of some specifically focused initiatives by a small number of lenders, there are ongoing constraints on the availability of development finance which are hindering activity. Planning burdens, bureaucracy, unpredictability and the sometimes disproportionate costs associated with the unlocking of smaller sites also continue to have a negative impact on development viability.

As well as supporting existing small businesses to grow, we also need to encourage Scotland's next generation of home builders. Builders nearing retirement age often have no obvious successor and, with the rising cost of land, young talent may find it difficult to raise the capital required to get started.

Skill shortages are one of the barriers hampering the home building industry's ability to increase production. Tackling this, HFS has been working collaboratively with The Prince's Trust to deliver the "Get into Home Building" programme which helps unemployed young people find apprenticeships in the industry.



## TO SUPPORT SMALLER HOME BUILDERS, THE NEXT SCOTTISH GOVERNMENT MUST:

- encourage Local Authorities to:
  - remove the barriers that prevent delivery by smaller builders such as unduly onerous planning obligations
  - allocate a range of site sizes and locations, understanding that smaller builders are often unable to participate in major growth areas but can readily meet short term need by developing smaller sites located within and adjacent to existing settlements
  - consider the current thresholds for developer contributions, recognising that smaller builders require greater support and certainty for their businesses to survive
- foster wider commercial lending to fund SME home builders, building on the experience of recently established private sector initiatives, and consider the role of the Scottish Business Development Bank

## HOW WILL WE DELIVER THEM?

### BUILDING SUSTAINABLE HOMES

*New homes are highly energy efficient and have an important role to play in the fight against fuel poverty. Indeed, research has found that those who live in new build homes could save more than £1,400 on energy bills compared to those in older homes.*

NHBC Foundation / Zero Carbon Hub

Housing is central to Scotland's efforts to combat fuel poverty and achieve the ambitious goals set out in the Climate Change Act.

Whilst the biggest impact will be achieved through a focus on improving the energy efficiency of existing homes, the home building industry is also committed to playing its part. Indeed, homes built to new Building Standards introduced in October 2015 will have reduced their carbon emissions by more than 75% compared to 1990 levels.<sup>17</sup>

At present, however, the significant environmental – and financial – benefits for new home owners are not recognised by Scotland's taxation system or the approach that is taken to the valuation of new homes. We believe that this needs to change.

Looking forward, the journey towards zero carbon or low energy homes by 2020, as required by EU legislation, presents a significant challenge for the home building industry in terms of design, build and operation. With it likely that future homes will include more technological solutions, the industry must ensure the needs of the occupier are not overlooked.

Indeed, and as has already been recognised, consumers/home buyers play a vital part in policy-making as they must be encouraged to support change.<sup>18</sup>

Highly energy efficient, new homes help to lower fuel bills – something David and Anne Aitken from St Andrews are certainly enjoying since moving from a large four bedroom Victorian property to their new retirement apartment.

David says:  
*"We find that we are not spending so much on heating, lighting and other overheads so it's really been a very good decision. Often we don't even need the heating to be turned on plus we don't have maintenance bills to pay on an old property."*



## TO SUPPORT THE BUILDING OF SUSTAINABLE HOMES, THE NEXT SCOTTISH GOVERNMENT MUST:

- work closely with the industry to develop a “route map” for Building Standards to ensure that future changes are practical, costed and published well in advance of introduction
- ensure that changes represent value for money and allow for alternative solutions delivering equivalent CO2 savings as viable options and take account of the time that supply chains and software providers need to prepare for any change
- help stimulate market demand for greener homes by ensuring that any review of the Land and Building Transactions Tax or Council Tax considers variance in the bands and rates to recognise and reward the energy performance of new build homes

## SUMMARY OF RECOMMENDATIONS

In order to tackle Scotland's housing crisis and return to pre-recession build levels of at least 25,000 by the end of the next Parliament, we believe that the next Scottish Government must implement the following:

### 1 INTRODUCE A NATIONAL ALL-TENURE TARGET

- set an ambition of increasing overall supply by an annual average of 10% from the 2014 baseline figure of 15,562
- jointly commit to taking early remedial action if annual targets not met
- establish an annual Parliamentary debate on all-tenure housing to ensure it remains high on the political agenda
- change the approach used to determine the number of homes required at Local Authority level so that these are delivered in places people want to live

### 2 SUPPORT ALL TENURES: *Home ownership*

- ensure shared equity initiatives which help those wishing to buy their own home overcome the barrier of large deposits and deliver the biggest possible market impact
- review the Help to Buy (Scotland) successor scheme to determine need for longer term support
- review the impact of the new Land and Buildings Transaction Tax to determine if any refinement is required
- foster home ownership in regeneration areas
- review demand for the Partnership Support for Regeneration scheme

#### *The Private Rented Sector*

- support the actions identified as necessary by the Private Rented Sector Champion to expand this growing tenure using a strategic, customer-focused approach
- ensure the new tenancy regime balances the protection of tenant rights with encouraging new investment

#### *Affordable housing*

- work with Local Authorities to recognise and promote all forms of "affordable housing"
- consider how the Help to Buy (Scotland) successor scheme could contribute towards affordable housing supply
- provide greater funding certainty for housing associations over a longer period

### 3 ENSURE THE PLANNING SYSTEM RECOGNISES THE SOCIAL AND ECONOMIC IMPORTANCE OF HOME BUILDING:

- designate home building as a national planning priority and including it within the next National Planning Framework
- obligate Local Authorities to work with the home building industry to deliver the housing set out in their own Local Development Plans
- set out regional growth targets to allow Local Authorities to focus on the spatial elements of planning for housing
- issue revised Local Authority guidance simplifying the calculation of housing land requirements
- clarify the definition of "effective" land to make sure viable sites are brought forward
- ensure Local Authorities are adequately resourced to process applications efficiently and effectively
- streamline the consenting process so that it facilitates rather than frustrates new home delivery by compelling decision-makers to work together in this common purpose and considering the fast-tracking of sites allocated within plans and for which significant information has already been provided
- amend policy to recognise new models are required to deliver strategic infrastructure and consider the creation of a loan fund for developers to pay back over the longer term

### 4 HELP SMALLER BUILDERS:

- encourage Local Authorities to:
  - remove barriers to delivery (such as unduly onerous planning obligations)
  - allocate a range of site sizes and locations, understanding that SMEs can readily help meet short term need by developing smaller sites located within and adjacent to existing settlements
  - consider the current thresholds for developer contributions, recognising that SMEs require greater support and certainty
- foster wider commercial lending to SME home builders and consider the role of the Scottish Business Development Bank

### 5 BUILD SUSTAINABLE HOMES:

- develop a Building Standards "route map" with industry to ensure future changes are practical, costed and published well in advance of introduction
- ensure changes represent value for money, allowing for alternative solutions delivering equivalent CO2 savings as viable options and taking account of the time supply chains and software providers need to prepare for any change
- stimulate market demand for greener homes by ensuring any review of the Land and Buildings Transaction Tax or Council Tax recognises the energy performance of new homes

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**Homes for Scotland and our member organisations stand ready to work in partnership with government at all levels and of all persuasions to ensure our country has enough homes of the right types in the right locations to meet the diverse housing needs of our growing population.**

To discuss any of the issues raised in this document, please contact:

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*improving living in scotland*



Ensuring Scotland's housing meets the diverse needs of its growing population

