



The following is a letter from Andrew Mickel, Chairman of Homes for Scotland, to the editors of The Scotsman, The Herald, The Courier, Press & Journal, Scotland on Sunday and Sunday Herald.

8th August 2008

Dear Sir

Much has been aired this week about the slump in the housing market and the toxic mix of frozen lending and inflationary pressures which are damaging consumer confidence on a daily basis.

At first sight it would be easy to conclude that the price Scotland will pay for this crisis is a drop in private sector housing production and a threat to 100,000 jobs, 15,000 of which have already gone since May. However the impact is much deeper. Housing associations will find it extremely difficult to access sites for affordable housing as they can not afford open market prices for land. If housing production falls, private sector investment in infrastructure projects and community facilities will dry up. Local councils will lose capital receipts putting further strain on their ability to fund investment in their areas.

Homes for Scotland, the body representing the industry, is not asking Government for a massive injection of funds to prop up house building companies. Far from it. Rather we are asking Government to act to bring confidence back into the housing market by assisting home buyers, be they first time buyers, families trying to move up the property ladder, or housing associations trying to purchase stock for affordable homes to rent. If suspending stamp duty, reintroducing mortgage tax relief and providing funds to housing associations to purchase stock and land encourages confidence in the market, the house building industry can and will respond.

It can restart production confident that the market is operating. It can begin to reinvest in transport and community infrastructure projects that are currently in great jeopardy and it can, with confidence, inject capital into local authorities by acquiring land for development.

Scotland has to ensure that it maintains a viable house building industry. Already key skills are being lost, contracting and supplier relationships are being strained to dangerous levels. By acting now we can ensure that irreparable damage is not inflicted on one of Scotland's key industries.

Yours faithfully

Andrew Mickel
Chairman