



Press Release *Tuesday 19th August 2008*

Home builders welcome package of measures from Scottish Government aimed at injecting confidence into the housing market

Scotland's home builders have warmly welcomed today's announcement by the First Minister Alex Salmond that he will bring forward £100 million of the Affordable Housing Investment Programme in response to the pressurised housing market. This move is part of a package of measures designed to enable private developers, housing associations and registered social landlords to increase provision of homes across Scotland.

Jonathan Fair, Chief Executive of representative body Homes for Scotland said:

“Along with others, Homes for Scotland has been calling for the Government to act ever since the effects of the credit crunch were felt on the Scottish housing market. It is clear that they have listened and acted appropriately by adopting all of the significant measures Homes for Scotland has called for. With 15,000 jobs already lost and new build starts in Scotland down by almost 50% in the last quarter*, this is welcome news indeed. Reprioritising and bringing forward the housing investment programme, together with enabling RSLs to buy stock and land from the private sector ensures that the Government can provide additional affordable homes that Scotland so desperately needs and inject some activity back into the market.

Measures announced today include the following:

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- Bringing forward up to £100 million of affordable housing investment to be spent this year and next, rather than 2010-11 as originally planned.
- New criteria for housing associations to purchase unsold stock or land to deliver houses where they are needed, at best cost to the public purse.
- European Structural Funds: on top of the £180 million already committed to spend from the 2007-13 Programmes, front load a high share of the remaining funds to support high-quality projects and provide a direct stimulus to the Scottish economy.
- Planning: postpone the review of the system of developer contributions in Scotland, to avoid placing new burdens on development at this time.
- Financial services: bring together the key players - including the major mortgage lenders to examine the scope for easing the supply of credit to households and businesses.

Fair continued: “The Scottish Government has today demonstrated a willingness to address the devastating impact that the credit crunch has had on the housing industry, and on the Scottish economy as a whole. It has recognised Scotland can not afford to lose any more construction jobs, shrinking building capacity or see further reductions in the largest source of private investment in community facilities and is acting accordingly.

“Now it is time for Westminster and the Treasury to wake up to the UK-wide housing market crisis by dealing with the base issue of liquidity and take other universally accepted measures to restore consumer confidence.”

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1. Please find attached links to the pdf version of the Scottish Government document just published, responding to the economic climate and effects on the housing market, and the accompanying news release.

<http://www.scotland.gov.uk/Resource/Doc/1035/0064706.pdf>

<http://www.scotland.gov.uk/News/Releases/2008/08/19154002>

2. Homes for Scotland (www.homesforscotland.com) represents the country's home building which is:

- is the largest source of private investment in Scotland
- last year contributed £6bn to the economy annually and directly employed 52,500 people
- builds 20,000 new homes per annum
- is the largest user of the planning system in Scotland

3. NHBC figures show that there was a significant drop in private sector activity during the three months from April to June 2008, with the number of new homes started in Scotland down by 46%. Visit www.nhbc.co.uk for more information.

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