



**Press Release** *Thursday 5<sup>th</sup> June 2008*

## ***Lenders Jeopardising Scottish Government's Housing Targets***

***Home builders call for urgent action NOW***

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The Scottish Government's target of increasing housing supply to combat shortages and affordability issues is being put in serious jeopardy by cuts in lending by mortgage providers.

That is the stark message delivered by home building industry leaders following today's meeting of the Board of Homes for Scotland, the organisation which represents companies building 95% of the country's new homes.

Chief Executive Jonathan Fair said:

"Whilst Scotland remains in better shape than the rest of the UK (with research continuing to show static or moderate increases in house prices), no-one should be in any doubt. The fundamental problem is a lack of mortgage finance. This lack of funding is a serious problem for potential buyers and is placing great strain on production for companies within the home building industry.

Demand for new homes remains high. This can be measured by the Government's commitment to increase production to 35,000 new homes per annum. However, securing mortgage funding on acceptable terms makes it very difficult for people, especially first time buyers, to access the market and this is having marked and obvious knock-on effects."

Talking on behalf of an industry which employs 100,000 throughout Scotland and annually contributes £6bn to the wider economy, Fair went on:

“MSPs need to realise that precious few new homes of any tenure will be delivered without a buoyant home building sector. Unless the Scottish Government addresses this situation as a matter of urgency, the consequences could be severe: both mainstream and affordable housing targets will be in tatters. The spectre of rising unemployment and the weakening in long-term capacity within the industry will become major issues for Corporate Scotland.”

The Board of Homes for Scotland agreed today to call on the SNP Government to take action NOW.

Fair concluded:

“We need the Government to meet with the industry and lending institutions to find ways of improving access to commercial funding and consumer mortgage products, particularly for those without large deposits such as first time buyers and key workers. There is a pressing need to restore confidence in the market. This is the only way to ensure that those who want to buy a new home can do so.”

Ends

Enquiries to:

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Note to Editors:

Homes for Scotland ([www.homesforscotland.com](http://www.homesforscotland.com)) represents the country’s home building industry which:

- is the largest source of private investment in Scotland
- contributes £6bn to the economy annually
- builds 20,000 new homes per annum
- employs 100,000 people
- is the largest user of the planning system in Scotland