

improving living in scotland



Scottish Government Discussion Paper: Housing Beyond 2021

Homes for Scotland Feedback

4 December 2018

About Homes for Scotland

Homes for Scotland is the voice of the home building industry.

With a membership of some 200 companies and organisations which together deliver 95% of new homes built for sale each year and a significant proportion of affordable housing. We are committed to improving the quality of living in Scotland by providing this and future generations of Scots with warm, energy-efficient sustainable homes in places people want to live.

Our aim is to foster the conditions necessary to enable the home building industry to prosper and make a significant contribution to Scotland's social, economic and environmental well-being.

Executive Summary

The home building industry in Scotland plays a central role in the physical, economic and social fabric of Scotland. Home building has become increasingly recognised by the Scottish Government as a driver of economic growth, however the important contribution that home building can make to wider outcomes such as improved health, educational attainment and the development of sustainable communities is also gaining recognition. Building upon this we are keen to see housing escalated politically as a significant priority for the Scottish Government, with sustained resourcing allocated to it as a key governmental portfolio.

Homes for Scotland (HFS) is keen to work with the Scottish Government in shaping the development of a housing strategy that looks beyond parliamentary terms and can robustly withstand external political and market pressures. We are a solution driven organisation that is very well placed to help shape a strategy to ensure the opportunities to increase housing supply are maximised.

We strongly believe that the Scottish Government has the highest strategic role to play in driving the delivery of housing and urge the Scottish Government to work closely with us on this exciting opportunity to explore the future of housing for Scotland. Listed below are some of the areas that HFS would be keen to work with Scottish Government in developing a strategy for housing post 2021.

- **Role of planning:**
Planning policy and practice must be radically realigned to instil a joint will to accelerate housing delivery to meet local housing need and demand across Scotland.
- **Allocation of land:**
Enable the market to deliver more of the homes that are needed by ensuring development plan allocations, policies and delivery programmes are alive to the impact the market is likely to have on delivery.
- **Infrastructure:**
Recognise the unlocking of development potential as a key opportunity to increase the element of infrastructure funding revenues that flow from home building activity, whatever models are used to gather private sector contributions to infrastructure delivery.
- **Mortgage Availability:**
Commitment for Help to Buy in Scotland from 2021 to 2023 is required in the short term, thereafter the strategy must consider high loan to value mortgage availability as part of a UK marketplace.
- **Funding for Affordable Housing**
It is vital that support for affordable housing continues post 2021, with further targets supported by continuing funding streams, with a consideration on the definition of 'affordable' forming part of a new strategy.
- **Scottish National Investment Bank**
We believe that housing should be the cornerstone of the Scottish National Investment Bank offering investment to a wide range of companies involved in housing delivery and in market areas where gaps in market provision currently exist.
- **Quality**
HFS is committed to ensuring new homes are of a consistent and high standard. Further we strongly advocate for consistency across the UK, as it not only eases understanding for the consumer, but also ensures warranty and mortgage lender buy in across the UK.

- Building Standards
HFS encourages the Scottish Government to take a longer-term view as to the production of building standards, publishing a strategic route map for the sector to follow to 2050.
- Utilities Infrastructure
Scotland requires a smooth model for delivery of utilities to site that supports the required rate of build and joined up thinking across portfolios.
- Skills and Innovation
It is vital the Scottish Government continues to collaborate with the wider construction skills sector to maximise the reach and benefits an increased, skilled workforce can bring to the capacity of the housing sector to deliver more homes.
- Housing Market
Recognise that homes provide physical security to their owners but also provide financial security as a low risk long term investment.

Planning for Home Building and Infrastructure Delivery

Supply and Demand: The Role of Planning

The shared goal of meeting Scotland's housing need and demand in full, and to do so well, should be a golden thread running through any future housing strategy. The ingrained practice of setting targets at levels thought to be attainable, rather than levels that reflect objective evidence on need and demand, must be brought to a close.

Our development planning system, and the further regulations that manage the implementation of those plans, has a very significant influence on whether housing need and demand can be met. Even in a scenario where all other impediments were absent (the market, access to finance, a large and skilled workforce, abundant infrastructure), the planning system as currently operated would still prevent enough new homes being built to meet need and demand. Reasons include:

- The lack of an objective, comprehensive and participatory model of evidencing need and demand across all tenures.
- Housing supply targets are not perfectly aligned to evidenced need and demand.
- Public sector programming of future output from identified sites is not as robust or realistic as it could be. In consequence, Housing Land Audits don't perform their intended intervention-triggering function, the sustainable development 'presumption' isn't pressed into service, alternative ways of meeting need and demand are resisted.
- Performance of a planning authority, or a council in its wider sense, is judged on homes identified on paper (whether or not the market supports them) not on homes being delivered on the ground or on the way the authority has led on unlocking delivery.

The overall effect of the cultural issues, none of which are outlawed by legislation or national policy, is that the planning system serves to limit the supply of new homes rather than enable an adequate build rate, all other things being equal.

The Planning (Scotland) Bill does not seek to address any of these practical issues. Change will need to come from robust, clear policy that is supported with resource and monitored closely. Even more fundamentally, the Scottish Government needs to lead the public sector in shift from conflict to collaboration.

Key message: Planning policy and practice must be radically realigned to instil a joint will to accelerate housing delivery to meet local housing need and demand across Scotland.

Land: Does Planning Focus on the 'Right' Sites

The future delivery of sufficient homes depends on a plentiful supply of land on which home building will be supported, where home building is a viable business proposition, and which is available for home building:

- Available land which is at the disposal of someone who builds homes.
- Viable land from which, once the homes are built and sold, a profit will be returned.
- Suitable land which, when homes are built, will provide a good place for families to live whilst sustaining the wellbeing of wider community.

These factors are quite different to those that have traditionally been given priority by planning authorities. Planning took root in an era when the public sector made a plan then aligned its resource to deliver it. As far as housing is concerned, that delivery role has been largely 'outsourced' to the private sector since 1980 in part due to a lack of public sector finance to deliver homes at scale over the long term. The way we allocate land for future housing delivery hasn't really shifted to reflect that. It's not a case of planning on a wholly commercial basis. It's about finding the 'sweet spot' where social policy and market ambitions can be jointly met.

Key message: Enable the market to deliver more of the homes that are needed by ensuring development plan allocations, policies and delivery programmes are alive to the impact the market is likely to have on delivery.

Infrastructure: Can Planning Release More Money for Infrastructure

Aside from tax, the planning system provides the most convenient structure for linking the development of homes to the delivery of the infrastructure needed to serve the growing population. Methods of land value capture are a long-standing feature of the system and those in operation in Scotland now (s75 agreements) have enjoyed the longest duration and, arguably, the best success rate of the models used to date. They are imperfect, as they do not provide enough cost certainty to prospective builders and cannot fully fund the infrastructure growth that is needed, but their flexibility also provides a benefit as a local authority can tailor what it asks of each site to ensure home building remains viable.

Land reforms expected to flow from the Scottish Land Commission may introduce additional or alternative models of land value capture. The success of any reforms should be judged on their ultimate outcomes, i.e. whether infrastructure delivery improves. This will only happen if reform sustains or even grows Scotland's base of willing landowners and home builders.

Key message: Recognise the unlocking of development potential as a key opportunity to increase the element of infrastructure funding revenues that flow from home building activity, whatever models are used to gather private sector contributions to infrastructure delivery.

Scottish Government Investment

"We need to make the best use of any government expenditure, seeking new and innovative ways of supporting housing delivery" [Housing Beyond 2021: Discussion Paper, pg 13]

Mortgage Availability: (Strategy – improved mortgage market led support for home ownership)

Until the UK mortgage market corrects itself, we need intervention models that can help people purchase a home. Buyer focused initiatives introduced by the Scottish Government after the financial crash, such as Help to Buy (Scotland), NSSE and OMSE have played a significant role in increasing mortgage access and allow people aspiring to own their home to do so without the need for a significantly large deposit.

The importance of supporting first time buyers (FTBs) into the market cannot be understated. It is vital that the right type and amount of support remains in place to help prospective home buyers access sustainable home ownership. With investment decisions on land and choice of homes to plot for consent, training and recruitment, and supply chains all hanging on whether HTB (Scotland) will continue to be available to support future sales, there is an urgent need for the Scottish Government to clarify its position on the future of the scheme up to the end of March 2023.

Whilst the home buyer is the recipient of the Scottish Government support, the existence of HTB simultaneously gives builders the confidence needed to invest in residential development in Scotland. This confidence continues to be crucial, particularly on marginal sites (locationally and economically) which, despite high housing demand, would be considered too great a risk to invest in without the confidence of a percentage of sales through HTB. Without HTB in place to give the developer the confidence to invest in the significant up-front costs of opening up these sites, it is likely these homes would not have been built at all, and similarly the attendant economic activity generated would also not have been realised.

Whilst the link between HTB and wider housing supply numbers may not be directly measurable, it is important that this point is well understood. Many housing sites active across Scotland today would simply not have been developed without the existence of HTB; meaning the associated planning gain, job creation and economic stimulus would also never have happened.

The development process in Scotland is lengthy and builders are identifying and creating business cases now for developments they are looking to bring forward in 2021 onwards. Therefore, HTB must remain a

sustained feature of the Scottish housing market if builders are to have the confidence they need to plan and deliver new housing developments and to continue to invest in Scotland. This is particularly important when you consider the fact that for most larger developers, their development scheme appraisals, which weigh up the relative risk and opportunity cost factors involved in investment decisions, are undertaken at a UK wide level.

Therefore, there is a real risk that having support available in England but not in Scotland could lead to a two-tier market from a national home builders' perspective, ultimately resulting in fewer units being delivered in Scotland as investment is redirected to England and Wales where support continues to be available.

Without the confidence that comes from having HTB in place, home builders will operate in the 3, 4 & 5 bedroom market rather than the FTB market. Consequently, developers will therefore be operating in a much more crowded, narrower marketplace, competing for a smaller market share. The likely result of this is that fewer homes will be delivered, with starter homes extremely unlikely to be part of the mix. In other words, removing HTB would create serious disruption within the marketplace, with knock on impacts of continued pressure of house prices in the second-hand market, and continued upward pressure for rent levels for a depleting PRS stock.

The industry is therefore urging the Scottish Government to clarify the future of the HTB scheme beyond its current expiry in 2021 to align with the English scheme which will end for good in 2023. The Scottish housing market operates within the wider UK mortgage market. With HTB available in England, there will be little incentive for mortgage lenders to adapt mortgage products or to collaborate with Government on new solutions before 2023. Now there is an end date in sight we must be part of the discussions to ensure mortgage market coverage across the UK to support new build housing is fit for purpose beyond that date. There is a real danger that unless the Scottish Government plug the gap by extending HTB from 2021 to 2023 that FTB purchases will drop away sharply.

In addition to the existing HTB scheme, we also see a further role in the Scottish Government providing help to buy for key demographics with a potential review of the criteria supporting the provision of specialist housing, for example for older or disabled households. The Scottish Government helpfully launched the Help to Buy for older people removing the criteria for the requirement to have a mortgage. However, we suspect that the take up of this has been low due to other aspects of the criteria restricting access. We would be keen to work with the Scottish Government to see how the successful HTB model could be supplemented to increase the provision of new homes for key sections of the market.

Key message: Commitment for HTB in Scotland from 2021 to 2023 is required in the short term, thereafter the strategy must consider high loan to value mortgage availability as part of a UK marketplace.

Funding for Affordable Housing:

"The current level of spend would be challenging to sustain but the delivery of more affordable homes is essential as a key part of meeting the policy challenges above. A further 50,000 affordable homes target for the next Parliament would cost £4bn. And even this level of investment would not be sufficient." [Housing Beyond 2021; Discussion Paper, pg 9]

The Scottish Government's drive to deliver 50,000 affordable homes during this parliament has started to see an increase in supply, aided by substantial financial support to achieve this target. It is vital that momentum continues post 2021, with further targets supported by continuing funding streams. Private housing developments are required to provide an element of affordable housing and the financial support from Scottish Government for its affordable programme has enabled both private and public sector home builders to work together to unlock sites. Further the grant funding for the affordable homes can act as a catalyst to allow a developer to open up a site that may have significant upfront infrastructure costs.

We acknowledge the information shared by the Scottish Government that the current level of spend would be challenging but we advocate strongly for continued investment in housing given the positive contribution it can make to the economy and the health and wellbeing of Scotland's people. Housing as a Governmental portfolio must not be compromised and capital investment must be sustained. This is not to

say that we should not explore solutions to maximise the efficiency of the delivery of affordable homes. The aim should be to build more homes with the investment available. This could involve, for example, an examination of the design, specification and procurement of affordable housing allowing the private sector to use its experience to promote efficiencies. We have said time and again that there must be more commonality in the delivery of homes built for Registered Social Landlords. Standardisation in design can bring cost efficiencies, open up more opportunities for small builder involvement and promote off-site as a real solution. We are also keen to work with the Scottish Government to encourage innovation and we are well placed to partner creatively on new funding mechanisms and different ways to deliver affordable housing as part of the mix.

It will also be important for the Scottish Government to support creation of new sources of finance for RSLs post 2021 to maximise the efficiency of spending on the delivery of affordable housing. For example, there are many examples of cross subsidy models based on mixed tenure developments where part of the profits from sale or rent of market housing is used to support the delivery of affordable housing.

The definition of 'affordable' should also be considered as part of a future strategy. A review of the existing categories, with consideration to any new tenures, is a must if we are to fulfil the needs and aspirations of Scotland's people. The Scottish Government and Local Authorities must be flexible on what can be delivered and by who, allowing different forms of affordable housing to be brought forward by different organisations to allow housing supply to be increased. Promoting and supporting creativity in approach could for example facilitate an increased supply in built to rent, housing for older people and starter homes for first time buyers. Given its role in the creation of schemes such as the National Housing Trust, New Supply Shared Equity, MI New Home and HTB, HFS is very well placed to collaborate with the Scottish Government on new initiatives and emerging affordable tenures.

Key message: It is vital that support for affordable housing continues post 2021, with further targets supported by continuing funding streams, with a consideration on the definition of 'affordable' forming part of a new strategy.

Scottish National Investment Bank:

Homes for Scotland is supportive of the proposed objectives and purposes of the Scottish National Investment Bank and see strong links to housing delivery in fulfilling the banks potential contribution to increasing sustainable economic growth. Two key roles that HFS believes the Bank can fulfil are

- Providing the upfront investment needed to unlock the delivery of Scotland's infrastructure and housing needs, particularly where significant investment is required in cases of secondary schools, new railway stations or motorway slip roads, where the capital costs become prohibitive to development.
- Offering investment to a range of companies involved in housing delivery from SMEs, medium and large private developers as well as RSL and in market areas where gaps in market provision currently exist. In particular, supporting the growth of small scale home builders, encouraging new entrants and enabling existing builders to grow. Homes for Scotland is currently working alongside the Scottish Government in a collaborative project to support housing delivery from small scale home builders. Details of the project can be found below:

Small Scale Home Builders Project – Commenced June 2018

Project Objective - To reduce barriers to allow small builders to build more homes and encourage new entrants into the industry. The project aims to address the specific constraints experienced by small scale builders and develop solutions.

Leadership and participation - Chaired by Andy Pearson as Ambassador for Small Scale Home Builders on behalf of HFS. It is a collaborative project with strong engagement from the Scottish Government. Input is led by the 'More Homes Division: National Supply Strategy', however we also have the Financial Innovation Unit, Architect and Place, Planning and Analytical Services represented in this project. In addition to member companies of HFS, Heads of

Planning Scotland (HOPS), the Association of Local Authority Chief Housing Officers (ALACHO) and Scottish Water are also represented.

Background - The continued constraints on bank lending to small scale home builders continues to be a major problem. This issue is not only affecting the companies concerned but is also seriously impacting on our overall ability to increase housing output and support a growing population. The role of planning for small developments, with a complex application process and with the conditions often attached, can also have an impact on development viability. The costs associated with unlocking smaller sites, especially in relation to fees, pre-consent reports and contributions: all required up-front, restricts a home builders ability to attract finance on fair and equitable terms. Mainstream lenders will not fund pre-consent investment. In 2016 the Scottish Government undertook a survey to explore the obstacles to building. Sixty-six SMEs responded. Whilst builders were optimistic for the future, the respondents to this survey were facing a multitude of barriers to building. The findings suggest that developers' top obstacle was financial, and while fewer companies expected to experience this as a problem in the future it was still noted as the issue expected to remain as the biggest barrier.

Disproportionate impact of barriers on small scale home builders - Lenders risk appetite correlates directly to the risk and uncertainty of the development process. Most small builders are reliant on project finance agreed on a site-by-site basis. This approach to finance is inefficient, bringing with it additional disproportionate arrangement fees and legal costs which are reflected in interest rates and ultimately affect the viability of the project. Where builders are seeking to develop in rural areas, where the market is less confident, the interest rates goes up further to reflect the expected slow return on capital employed by the lender in funding the development. Additional factors such as the availability of road bonds seem to be stacked in the favour of those building at scale, with little or no lenders operating in the market to support smaller companies with this facility.

The number of homes that could be built - The number of active home builders that build less than 50 homes a year for sale has decreased from 782 in 2007/8 to 465 in 2017/18, a drop of nearly 40%. The number of homes for sale being delivered pre-recession by these companies was 4,846. The companies of this scale that have remained active are currently building only 2,700 units for sale each year (source Registers of Scotland; 2018). If we were able to return to the number of active builders of this scale that were in operation prior to the financial crash there would be scope to deliver an additional 1,800 units each year. If these companies were supported to grow, and more new companies were encouraged to enter the market, year on year this could have a significant impact on housing delivery in Scotland. It would also provide greater choice for home purchasers, and greater competition within the sector, which helps keep prices down and quality high.

Key message: Ensure that housing should be the cornerstone of the Scottish National Investment Bank offering investment to a wide range of companies involved in housing delivery and in market areas where gaps in market provision currently exist.

Quality Standards and UK Homes Ombudsman

“New homes for sale should be built to high standards, defects should be identified and remedied quickly and all owners should be required to maintain the condition of their home” [pg 12]

“All tenures should apply the same high quality and safety standards and levels of consumer protection” [pg 12]

HFS recognises the importance of offering the best customer service to buyers of new build homes and has been actively involved in the UK wide work that preceded James Brokenshire's (Housing Minister at Westminster) announcement of the creation of a New Homes Ombudsman. HFS has actively been engaging with Home Building Federation, Warranty Bodies, the Consumer Codes and mortgage lenders to improve existing arrangements for consumer protection that can be overseen by a new Ombudsman. With housing devolved and consumer protection reserved we remain unclear whether a single housing ombudsman appointed by Westminster would cover buyers of new build homes in Scotland.

The industry is actively focusing on ensuring new homes are of a consistent high standard. The extension of the Five Star Builder Initiative to Scotland is one of the many initiatives HFS has pursued on behalf of the industry, which will allow buyers of new homes to compare builders in terms of service and quality. This provides a clear benchmark for customers to assess builders and is vital in promoting best practice and raising standards across the industry.

Key message: HFS is committed to ensuring new homes are of a consistent and high standard. Further we strongly advocate for consistency across the UK, as it not only eases understanding for the consumer, but also ensures warranty providers and mortgage lender buy in across the UK.

Building Standards

“Scotland’s existing and new housing stock must contribute to reducing greenhouse gas emissions so that we mitigate the impact of climate change... We must also ensure that our homes are adapted to the effects of climate change.”
[pg 9]

“Decisions around the quality, location and utilisation of existing stock and new build should be ambitious in promoting Scotland’s energy security, tackling climate change and preserving biodiversity” [pg 12]

It is important to recognise how far the new build housing industry has come over the past decade. The new build sector already builds highly energy efficient homes and have played a significant role in reducing Scotland’s carbon footprint, with new homes built to 2015 Building Standards representing a 75% reduction in carbon emissions when compared to 1990 baseline levels. New homes already offer significant energy savings, with estimate energy costs around one third of that of the national average energy bill. In that context, it is vital that the Scottish Government seeks to address the challenges in reducing the energy demand of existing domestic buildings given it is estimated that only 31% of housing stock will have been constructed to 2010 Standards, leaving around 2 million existing homes requiring some form of energy efficiency intervention.

By and large, the industry has to date sought to meet increased energy standards through “fabric first” principles, with the latest step change in standards in 2015 encouraging the sector to adopt greater levels of low and zero carbon energy generating technologies. The Scottish Building Standards have since 2007 set cost-optimal benchmark levels of building energy performance that have provided flexibility to the sector in seeking market-led, customer driven solutions. In that context, the addition of provisions under Section 3F of the Town and Country Planning (Scotland) Act have encouraged planning authorities to overlap and duplicate policy interventions already addressed by building standards. The implementation of such policies subsequently limits the flexibility offered to the sector to assess solutions, shifts the focus of building performance away from long-lasting fabric efficiency in lieu of energy generation, and makes it more confusing and bureaucratic for those demonstrating compliance. Furthermore, at a time where we need to deliver more homes, we are aware of planning authorities setting policies that require private and social developers to go beyond benchmarked cost-optimal levels of regulation, with little regard to the feasibility of their delivery.

HFS encourages the Scottish Government to take a longer-term view as to the evolution and production of building standards, publishing a strategic route map for the sector to follow to 2050 (a key date linked to the Climate Change Act). Providing certainty and clarity around the future direction of regulation will enable the industry and sector stakeholders to develop the necessary tools to deliver solutions ahead of their implementation. Furthermore, policy objectives across planning and building standards should be more aligned while avoiding unnecessary overlap and duplication. In that context, planning should not be concerned with building performance or placing additional related requirements upon the industry that go beyond what has been identified as a cost-optimal level of regulation. This has already been set by building standards which provides a more dynamic and evidenced framework for building performance regulation. Ultimately, the Scottish Government must take a more strategic approach to heat and energy, and importantly consider how existing national infrastructure can be utilised to achieve greater results rather than fixating on favoured technologies of the day such as district heating.

“By 2030, it is projected that there will be over 600,000 people aged 75 or over. We will need more suitable housing and services to help individuals to continue to live independently at home.” [pg 9]

“Housing and the housing market should be highly flexible to enable people to meet their changing needs, especially those of an ageing population” [pg 12]

Private homes built since 2007 have incorporated the majority of Housing for Varying Needs and Lifetime Homes standards. In that regard, new homes already offer a significant degree of flexibility and ability to adapt to meet the future requirements of its occupiers. It is also important to consider that many RSLs already provide new build housing that offers care and support services to meet the long term needs of their tenants; as well as offering services to the wider community, building social networks and expanding preventative care. That said, the industry understands the need to deliver enhanced accessibility homes and are willing to engage with any potential purchasers to cater for specific needs. Any future Scottish Government Strategy must equally recognise that approximately 73% of Scotland's housing stock was built before 1982, in many cases this stock cannot be adapted to meet the needs of an ageing population. As a consequence there is a growing trend of older people who purchased a home through schemes such as Right to Buy, which no longer meets their housing needs and does not provide the equity required to move to a more suitable property. Ultimately, there is a need to deliver more homes across all age demographics, helping ensure that all of Scotland's people can access suitable housing options.

"Space and quality standards should be set specifically to improve and protect quality of living across all tenures" [pg 12]

"All tenures should apply the same high quality and safety standards and levels of consumer protection" [pg 12]

In relation to new build housing, the above statement makes no reasonable effort to evidence concerns regarding the space or quality of new homes. It should be noted that all new homes, regardless of tenure, are built to a robust set of building standards that offer all occupants high-quality, energy efficient, flexible, adaptable, accessible and safe places to live. Figures from the Office of National Statistics show that Scottish homes are the largest in Britain and bigger than many of our European neighbours, including France, Germany and Italy. Energy Performance Certificate data also reveals that new properties south of the border are a lot bigger than existing ones.

However, different building typologies carry varying levels of safety risk, therefore it is unlikely that a universal approach to standards would be appropriate to encompass housing in all of the shapes and sizes that it can come in. Flatted development would be a prime example of this, whereby a flat could mean either a cottage/colony style dwelling or a high-rise flat or apartment. The level of complexity and risk associated with each of these building typologies are at opposing ends of the spectrum. However recent commitments by the Minister for Local Government, Housing and Planning, and proposals consulted upon with the Building Regulation Compliance and Fire Safety Consultation, have sought a one size fits all approach to regulation, which fails to account for the complexity of design and construction and even building user behaviour.

We, like many others, believe that the current Scottish Building Standards are well founded, robust, and provide a benchmark standard for quality, energy-efficiency, safety and accessibility of new homes. We are opposed to additions that are unevidenced or take a blanket approach to regulation that fails to take into account the complexity, feasibility of design and construction, or the needs of the end user. In the example of automatic fire suppression systems, given the technical design and implementation issues as well as the whole-life cost and maintenance issues we would argue that this policy intervention would be best targeted to support those most vulnerable.

Key message: HFS encourages the Scottish Government to take a longer-term view as to the production of building standards, publishing a strategic route map for the sector to follow to 2050.

Utilities Infrastructure

The Scottish Government Discussion paper fails to acknowledge the wide and complex range of stakeholders involved in delivering new homes. Water, drainage, electricity, gas, roads and even broadband are essential for new home owners, however utilities also go beyond the home. Site wide infrastructure is also important, for example sustainable urban drainage systems have a significant role to play in Scotland's flood defences. The smooth delivery of utility infrastructure is critical if we are not just to

build more homes, but also create quality places. Policy and standards must consider the requirements of the public and private utility providers and what impact decisions, particularly around placemaking, may have on a congested utilities network. For example, a particular barrier to development is that of the Roads Construction Consent process. As there is no national standard in terms of design used by Local Authorities (currently only guidance is provided through the SCOTS National Roads Design Guide), this has created inconsistency in practice across the Local Authorities who subsequently set their own standards which can frustratingly lead to a compromised design. Furthermore, the Scottish Government must consider how it supports the long-term maintenance of its own utility infrastructure assets, resourcing local authority and other statutory bodies sufficiently to undertake maintenance responsibility and support the delivery of high quality places.

Policy is often developed with limited understanding or scepticism of the concerns raised by industry and its supply chains. An example of this is the promotion of low and zero carbon energy generating technologies such as solar and photovoltaic panels and the incorporation of electrical charging points on new developments. The above policies failed to recognise that the existing energy network was never designed to absorb energy generated from photovoltaics nor the additional loads required to charge electric vehicles during peak periods. Yet the adoption of such policies places responsibility upon the home building industry to support the modernisation of national energy infrastructure, over which it ultimately has little control. In that context, the Scottish Government must work in closer partnership with industry and its supply chains throughout the development of policies, helping ensure that opportunities can be maximised. In addition there is a need to ensure a process of capacity checking policies against known constraints is utilized when evaluating policy options, so these can be addressed prior to its adoption.

Key message: Scotland requires a smooth model for delivery of utilities to site that supports the required rate of build and joined up thinking across portfolios.

Skills and Innovation

In the wake of the downturn, it is estimated that half the industry's workforce was lost to other sectors, emigration or permanent retiral. The resultant skills shortage and its impact on capacity remains a major factor in the ability to increase home building rates. Attracting more people into the sector is essential and Homes for Scotland is currently playing a key role in the Scottish Government's Short Life Working Group on Skills to try and address this complex issue. Once the recommendations from the Group are published at the end of this year, HFS anticipates playing a vital role in the implementation of the recommendations. However the Scottish Government must ensure that they evaluate the entire sector as a whole, and look to tackle the skills shortages within the public sector, specifically Local Authority Planning and Building Standard departments as well. Additionally, as discussed earlier within this response, one of the challenges posed by an ageing population has resulted in an ageing workforce within the industry, any future strategy should strongly consider solutions to this issue.

Innovation within the home building sector will be vital if it is to support the aspirations of the Scottish Government to help tackle the current housing crisis. The move towards offsite manufacturing is one potential way of addressing the skills shortage. This is being pursued by several companies across Scotland with demand for their products already high and facilities running near to capacity. If this is to become a significant part of the solution, we need to look at ways of scaling up to a level that can sustain the numbers of new homes required. This could perhaps present a possible role for the Scottish National Investment Bank to help with initial funding and increase capacity of local manufacturing facilities.

However, for this investment to be low risk, we need a clear future pipeline of development, free from regulatory delays, that enables all those in the supply chain to have the confidence to invest. This guaranteed long term demand and supply balance will allow more firms to invest in apprentices and re-training for staff.

Key message: It is vital the Scottish Government continues to collaborate with the wider construction skills sector to maximise the reach and benefits an increased, skilled workforce can bring to the capacity of the housing sector to deliver more homes.

Housing Market

“The housing market should supply high quality homes for living in, not promote the use of houses as a store of wealth” [pg 12]

“Everybody should be able to save for the future whether they rent or own” [pg 12]

HFS fully supports that the housing market should supply high quality homes for living in. However the Scottish Government must recognise that homes not only provide physical security for their owners, they also have the potential to provide financial security that in turn helps fund their older age, their children’s house deposits and also provide low risk, long term investment growth. This in turn provides confidence for the wider economy and its value should not be dismissed. The primary role of a house is to provide a home but it would be unhelpful for the role of home ownership in providing a legitimate investment for an individual or family’s future to be negatively downplayed in a housing strategy.

Key message: Recognise that homes provide physical security to their owners but also provide financial security as a low risk long term investment.

Summary

The content above provides a summary of the key issues that HFS sees as fundamental elements of a housing strategy beyond 2021. The purpose of Homes for Scotland is to deliver more homes for Scotland to meet the needs and aspirations of our growing population and to achieve sustainable economic growth to allow Scotland to flourish. Our aim is to deliver a proposition that both identifies key barriers to the building of more homes and sets out actions to tackle them. In submitting this response, we hope that we have demonstrated to the Scottish Government that we are very well placed to assist in the development of a new housing strategy. We look forward to further collaboration to allow us to work together to build more homes for Scotland.

For further information relating to any of this please contact Homes for Scotland at the address below.

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