



**Scottish Policy Forum First Stage Consultation Paper: Communities  
Homes for Scotland Response**

Homes for Scotland is the major representative body of the home building industry in Scotland, with a membership of some 200 organisations which together deliver 95% of new homes built for sale each year and a significant proportion of affordable housing. As a solution driven organisation focused on delivering more high quality, energy efficient homes of all tenures across Scotland, we welcome the opportunity to respond to the Scottish Labour first stage consultation on Communities and look forward to engaging further in the development of Labours manifesto.

**Housing:**

**1. How can we increase the supply of housing in the council and social sector and increase the choice for tenants?**

The current drive to deliver 50,000 affordable homes during the lifetime of the current Scottish Parliament has seen an increase in supply, aided by substantial financial support to achieve this target. It is vital that this momentum continues, bolstered by further targets and supported by continuing funding streams.

Private housing developments are required to provide a significant 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 affordable homes can act as a catalyst to allow a developer to open up a site that may have significant upfront infrastructure costs.

As such, we believe that in order to achieve greater numbers of affordable housing, supply needs to increase across all tenures.

**2. What specific measures should be taken to improve the housing options for young people and those in rural areas?**

**All tenure housing target**

The single most effective way to address concerns about housing need and affordability is increase the supply of new homes. In order to make Scotland a better place in which to live, work and invest, it is essential that Scotland has enough high-quality homes of the right types in the right locations to meet the diverse housing needs and aspirations of its growing population.

We have welcomed the commitment to building 50,000 affordable homes over the lifetime of the current Scottish Parliament. However, HFS believes that only by promoting a significant programme of all-tenure home building can access to housing be improved to ensure that both current future generations have the homes they require.

#### Mortgage Availability:

The continuation of policies that support home ownership for young people struggling to get on the housing ladder such as Help to Buy, Open Market Shared Equity and NSSE models are significant. More than 7,000 households have been able to purchase a new build home with just a five per cent deposit, further the latest information available on user of the scheme showed that in 2017/18 and 2018/19:

- More than 80% of purchasers were first time buyers
- 45% of purchasers had previously been living with parents or relatives, 29% were living in PRS
- 8% had lived in social rented housing with a further 3% of purchasers had been on a social housing waiting list.

This clearly demonstrates the demand and importance for Help to Buy in Scotland and the important role it has to play in enabling younger Scots who wish to, to get on the housing ladder and live independently as homeowners. In this light it is vital that Help to Buy is extended to 2023 to ensure parity between Scotland and England (where it has already been confirmed to run to 2023).

#### Small Scale Home Builders:

Increasing the numbers of small-scale home builders in Scotland is crucial in improving the choice and variety of high quality housing options in rural areas across Scotland. These smaller companies provide an essential component of Scotland's housing output – both mainstream and affordable – often operating in more rural locations or smaller towns; delivering variety, choice and innovation in housing design. In addition, they make a positive impact on local jobs, apprenticeships and community developments.

However small home building companies in Scotland have been reduced heavily in numbers. The number of active home building companies that build less than 50 homes a year for sale has decreased from 782 in 2007/8 to 465 in 2017/18, representing a drop of nearly 40%. Reflecting this, the number of homes for sale being delivered by SMEs has fallen from 4,846 pre-recession to currently just over 2,700. If we were able to return to the number of active small home builders pre-recession, there is the potential to deliver an additional 1,800 units each year. The impact of delivering these additional homes would be significant, even a small number of new homes in rural locations makes a large impact on meeting local housing need and generating economic output through community investment and employment.

### **3. What sources of funding (including pension funds) should be used to finance an expansion of housing?**

Investment from Government remains essential to increasing housing delivery across Scotland. Homes for Scotland strongly believes that further commitment to the shared equity scheme Help to Buy and continued investment in affordable housing is pivotal to meeting the housing needs of Scotland's population.

Consideration should also be given to new emerging sources of finance coming through from institutional investors. Institutions are becoming increasingly interested in investing in

housing, particularly alternative tenures such as Build to Rent or Shared Ownership models where the investment is low risk. In addition, institutional investors are keen to explore and expand investment in social housing, where they are attracted by the credit strength of the sector and Housing Regulator's role in supporting this.

#### **4. Should there be greater community benefit in private housing developments?**

Homes building in Scotland provides a range of significant economic and social benefits to communities across Scotland. Analysis carried out by Nathaniel Lichfield and Partners in 2014 found that through Section 75 agreements alone in 2014/15, home builders provided a total of c.£83.7 million investment. This included:

- £46.8m towards affordable housing delivered by local authorities and housing associations.
- £13.3m invested in school places
- £2m into sport and leisure facilities
- £2m into public open space facilities (this excludes private gardens and landscaping)
- £330,000 towards youth/community facilities
- £19.3m towards other community facilities including infrastructure improvements, public transport and public art.

However, this contribution is based on the benefits of the total 15,562 new homes built in Scotland in 2014. Increasing new housing delivery to at least 25,000 new homes per annum would see a far greater contribution.

- £75.2m towards affordable housing contributions
- £21.4m invested in school places
- £3.2m into sport and leisure facilities
- £3.2m into public open space
- £530,000 into community and youth facilities
- £31m into other community facilities (infrastructure, public transport and art).

The use of developer contributions has increased significantly over time, both in terms of overall value and range of application. Recent research into the potential of replacing current arrangements with a levy approach has identified the limit to which infrastructure can be funded through new development before viability is compromised. If the contributions asked of a home builder rise too high, this will ultimately impact the number of homes that can be built.

#### **5. What measures should be taken to build more accessible homes?**

##### Accessibility of new build homes:

Private new build homes have incorporated the majority of Housing for Varying Needs and Lifetime Homes standards. The 'Building Standards technical handbook 2017: domestic buildings' states regarding accessibility standards:

*"Extending standards to address 'liveability' and the needs of occupants supports the Scottish Government's aim of promoting a more inclusive built environment and will better address the changing needs of occupants over time. This approach to the design of dwellings ensures that Scotland's housing stock can respond to the needs of our population, now and in the future."*

*The provision, on one level, of an enhanced apartment, and kitchen under this standard together with accessible sanitary accommodation and improvement to circulation spaces will assist in creating more sustainable homes.*

*The guidance in this standard... has been based around and developed from, issues that are included in 'Housing for Varying Needs' and the Lifetime Homes concept developed by the Joseph Rowntree Foundation."*

In that regard, new homes already offer a significant degree of flexibility and ability to adapt to meet the users needs, and since 2007 developers have been mandated to consider the 'future provision' of accessible adaption, enabling home owners the ability to temporarily or permanently adapt new homes to meet individual user needs. For example, provision already exist for:

- Accessible thresholds: ensuring a barrier free access into homes and throughout the house
- Future accessible WC and shower facilities upon the primary level of a home
- The provision of grab rails as well as installation of more permanent features such as a stair lift

It is also important to consider that many RSLs already provide new build housing that offers care and support service to meet the long term needs of their tenant; as well as offering services to the wider community, building social networks and expanding preventative care.

However, in light of Scotland's changing demographics, with a rapidly ageing population, the industry recognises the need to deliver enhanced accessibility homes and are willing to engage with any potential purchasers to cater for specific needs. Since the announcement of McCarthy & Stone's exit from Scotland in 2019 (the only specialist provider of private older people's housing), a variety of homebuilders across Scotland have started to look at filling this gap, which largely can be categorised by two themes;

- Launching their own respective divisions to deliver specialist housing for older people, through retirement housing or more sheltered styles of housing.
- Consideration of how their existing standard home types can be pre-adapted before purchase to enable the delivery of homes which can meet the needs of a growing family that may have members with specific support needs through a disability or age.

#### Definition of accessibility:

Currently there is universally agreed definition as to what is meant by 'accessible' housing, and as such there is a multitude of different design guides as to the design of accessible housing, albeit many of them overlap and duplicate each other.

- Lifetime Homes (JRT 1990)\*
- The Domestic Technical Handbook (Building Regulations)\*
- Design of buildings and their approaches to meet the needs of disabled people – code of practice (Building Standard 8300:2009)
- Wheelchair Housing Design Guide (Thorpe and Habinteg 2006)
- Home2Fit Access Guide (Glasgow Centre for Inclusive Living)
- Housing for Varying Needs Parts 1 & 2 (Communities Scotland (2002)

Ultimately accessibility standards can mean entirely different standards to the end user of a home depending on their needs. As such, consideration should be given to defining a

baseline standard of accessibility with flexibility or guidance provided to what is required for wheelchair users, or people with extra support needs such as dementia.

#### Existing stock:

More importantly, any future strategy to increase the amount of accessible housing in Scotland should focus on the fact that approximately 73% of Scotland housing stock was built before 1982, and in many cases this stock cannot be adapted to meet the needs of an ageing population. As 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.

### **6. Would a national housing agency or similar help deliver the skills and infrastructure necessary to expand house building?**

Scotland does not have a single a body responsible for ensuring enough new homes are delivered. Infrastructure and skills are indeed some of the biggest obstacles the industry faces in its ability to deliver the new homes Scotland desperately needs.

Infrastructure funding and delivery is one the biggest blockers to the delivery of new homes and can also make it harder for existing communities to welcome new development. This is compounded by the nature of land allocations over the last ten years which put a greater reliance on larger strategic sites of over 500 homes which have a resultant need for significant upfront infrastructure investment. The lack of a common infrastructure-first approach to forward these strategic developments has a major impact on the industry's ability to provide the homes that have been allocated in plans and for which there is a clearly identified need.

In the wake of the downturn, we estimate that half the industry's workforce was lost. The resultant skills shortage and its impact on capacity remains a major factor in the ability to increase home building rates. Ultimately, the industry must grow a more diverse workforce and provide pathways that are appealing to a young workforce in the 21<sup>st</sup> century. Ensuring that the training and qualifications focus on the right skills to ensure an understanding of the importance of workmanship in relation to climate change and building performance.

The proposal for a national housing agency is therefore worthy of consideration. Another potential area that it could be tasked with is making sure that enough land is available for new housing across Scotland. Currently local authorities are responsible for identifying land for new housing within their areas, and the number of new homes required is calculated through the HNDA. The planning authority then decides whether to aim to meet that need and demand in full through their LDPs. However Ministers have on occasion openly criticised planning authorities whose LDPs fall significantly short on housing targets.

Further research would need to be given to the creation of National Housing Agency; with thought given to how it would be financed, resourced and what statutory powers it would have.

### **7. What changes are needed to improve the quality of housing including space and energy standards?**

#### Energy Standards

Energy standards play an important role in both addressing climate change as well as fuel poverty. On that basis it is important to highlight that the new build sector already delivers highly energy-efficient homes and has played a significant role in reducing Scotland's carbon

footprint. Homes built to 2015 Building Standards now represent a 75% reduction in carbon emissions compared to 1990 baseline levels, which subsequently offer estimated energy costs around one third of that of the national average energy bill.

The new build sector is working toward staged improvement in the reduction of both carbon emissions and energy demand, considering how this can be achieved through use of mainstreamed technologies that meet the needs and expectations of end users.

However, if we are to address climate change, there must be a focus on the improvement of our existing housing stock. With new build housing delivery adding only 0.66% to Scotland's housing stock each year, it is estimated that by 2050 around 70% of the housing stock (2 million homes) will have been built to pre-2010 building standards and require some form of energy-efficiency intervention. Simply focusing on new build housing will not address this significant challenge.

### Space Standards

There is a misconception that new homes in Scotland are among the smallest in Europe. This is driven by use of a 76sqm statistic that dates back to an English Household Condition Survey from the 1980s. A data sample taken from a wide range of HFS member house types delivered to 2010 and 2015 building standards provides a 96m<sup>2</sup> figure for Scotland. This illustrates that, as well as new homes actually being larger than the total mean figure, they are also nearly 25 per cent bigger than the 76sqm figure referred to in the English Household Condition Survey. Further supporting this position is Energy Performance Certificate data which also reveals that the average size of new homes in England are larger than existing ones, averaging around 95sqm. All new homes, regardless of tenure are built to robust Building Standards and offer their occupants high-quality, energy-efficient, flexible, adaptable, accessible and safe places to live.

## **8. How can more land be released to the social housing sector, including public sector sales?**

The public sector as a significant owner of land has a major role to play in the release of housing land for all tenures. However, the value derived from the sale of public sites if tenure is restricted to social housing, may drive down the capital receipts made to public bodies. They will have a need to balance the need to maximise capital receipts with the need to deliver more affordable homes.

The removal of development constraints, particularly on brownfield, vacant or derelict land, will see an increase in the number of new homes that can be provided especially in more secondary or rural areas. However the costs associated with remediation often render sites un-economically viable and may require public sector intervention to unlock sites for development.

### Land reform:

#### **1. Is social and economic justice likely to be served by 0.0002% of Scotland's population owning 60% (or less than 500 people owning 50%) of Scotland's privately owned rural land? If not, what strategies would you like to see to shift the balance more fairly?**

Homes for Scotland has a positive relationship with the Scottish Land Commission and supports their inclusive and practical approach to identifying land reform options. An important land consideration, in the context of social and economic justice, is the need to ensure that the organisations who build Scotland's new affordable and market homes have

access to the land they need to sustain their operations. In the main home builders hold land only for as long as required to maintain and increase their build programmes.

**2. Should the Scottish Government be able to formally ask whether the purchase of large scale or strategically placed land by private owners would serve the public interest and be able to block any such sale if not?**

This should not be a formal power. Full consideration of public interest must include the need to maintain and increase the supply of new affordable and market homes and enable sustainable economic growth which is essential to Scotland's ability to thrive. The Scottish Government already has a powerful role on how land is used and developed, through its role in the statutory planning system. These powers now include the ability to prepare a spatial development plan for Scotland which will have statutory weight as part of the Development Plan for each area. This, the National Planning Framework, will be subject to wide engagement and parliamentary process.

**3. Should the Scottish Government be able to intervene when land is being used in ways that are not seen to serve the public interest in support of jobs, housing, sustainable communities and social and environmental well-being and have powers to require changes in land management or to break up large scale land holdings into smaller units of ownership?**

Public authorities already have powers to compulsorily purchase land which is required for a purpose which is in the public interest. The types of actions listed in this question appear already to be covered in those statutory powers. Authorities may require support in developing the confidence and expertise to use those powers more often, and there is work underway through the Scottish Government and the Scottish Land Commission to identify methods of bringing more land forward without the need of forced purchase.

**4. Should land ownership be regulated to protect the public interest?**

Homes for Scotland considers it would be difficult to do this in a way that struck the right balance between the public interest and the interests and rights of all those individuals who own or who would like to own land in Scotland. Significant intervention in land ownership – beyond the use of established statutory powers such as compulsory purchase – could disrupt the housing land market and introduce new barriers to delivering enough new homes. The Planning (Scotland) Act 2019 introduces a statutory purpose for planning which is focussed on managing the use and development of land in the long-term public interest. This provides an opportunity to ensure development plans strike the right balance.

**5. Should land ownership of a certain scale, come with a clear code of statutory responsibilities including the obligation to consult with relevant communities?**

The current approach of encouraging this on a voluntary basis is preferred.

**6. Are further measures required to protect National Scenic Areas, wildland and the Green Belt from inappropriate development?**

Development Plans are robust statutory documents which provide a clear policy framework within which decisions to sell, purchase and use development land can be made. Blanket restrictions are less flexible than the use of policy to manage land – including land that benefits from these designations – and would limit the ability of each local authority to balance the merits of preserving these areas against the need to provide the homes, jobs and infrastructure communities need.