

## 1. Introduction

- 1.1. This submission from Homes for Scotland (HFS) provides details around a range of key policy areas. However, it is our view the essential requirements to unlocking the capacity of the home building industry to deliver more high-quality homes, within the context set by a global climate emergency, are the issues of commitment, resourcing & infrastructure.
- 1.2. The 5 key actions we believe the Scottish Government should take to make a fundamental difference to the delivery of more new homes in Scotland are as set out below with required timeframes:

### **All-tenure housing target (2020)**

By setting a national all-tenure housing target to deliver at least 25,000 new homes each year, the Scottish Government would send a clear strategic message across all stakeholders from local authorities to developers and key agencies to focus behaviours and funding priorities. This should be complemented with a visible demonstration that key current policy consultations and reports such as those for National Planning Framework (NPF) 4, Infrastructure Commission for Scotland (ICS) and Housing for 2040 are all clearly aligned.

### **Well resourced Planning service (2021 / 2022)**

To support the implementation of NPF 4 and the new system of a development plans, a co-ordinated and appropriately resourced Infrastructure First approach to the planning system should be introduced by the Scottish Government by 2021. This should be designed with infrastructure providers, developers and other public bodies, to ensure the effective delivery of a Scotland-wide, integrated, coherent and outcome based strategy for spatial planning, undertaken at the appropriate national, regional, local and community levels.

### **Centralised building control services / Extension of building verification service to independent verifiers (2024/2025)**

The fees generated through building warrant applications should be reinvested or ringfenced to support the building control service. Should authorities be unable to deliver an efficient service, consideration must be given to the extension of this appointment to independent verifiers, such as warranty providers, or restructuring building control services around strategic development areas.

### **National Housing Delivery Agency (by 2025)**

To better facilitate the delivery of at least 25,000 new homes each year, we believe that the establishment of a new well-resourced and cross party supported national housing agency is required. The agency could act in a number of ways, including helping to facilitate the delivery of land ready for development, co-ordinating delivery of affordable housing programmes, providing finance and guarantees for SMEs, supporting innovation and working with the ICS recommended infrastructure delivery body.

### **Reward consumer behaviour that makes low carbon choices (By 2024)**

Influencing consumers on the future decisions they make regarding the energy efficiency of the homes they purchase and choose to live in is crucial. This could be done by repositioning the intent of Land and Buildings Transaction Tax (LBTT) and council tax to offer relief on higher energy efficient properties and encouraging banks and valuers to recognise the inherent value in such properties.

- 1.3. The Scottish Government should issue a clear statement of intent to highlight the unquestionable role that high-quality housing plays in a successful economy. This should mandate others to work together to deliver an aspirational annual target of 25,000 new homes across all tenures.
- 1.4. Ensuring the provision of adequate national infrastructure is likely to be the major constraint on delivery in the years to 2040. The recently published ICS report, recognises that *“the viability of all new housing developments is dependent on an underpinning network of supporting infrastructure, such as water, drainage, electricity, gas and local roads. However, a lack of a common approach across Scotland as to how this supporting infrastructure is delivered has had a major impact on the construction industry’s ability to provide the homes that have been allocated in plans and for which there is a clearly identified need”*.
- 1.5. As recommended by the ICS, an infrastructure delivery plan, placing homes at the heart of economic prosperity, should set out the strategic infrastructure required, lead on the development of a place based assessment of long term housing supply and demand and identify responsibilities for financing and delivering of infrastructure and over what timescale. We fully endorse the Commission’s recommendations in this regard as this approach will allow homebuilders to focus on delivering homes.
- 1.6. The provision of new homes plays a crucial role in supporting the Scottish Government’s strategy of inclusive economic growth and is pivotal to making Scotland a better place in which to live, work and invest. We wholly welcome the recognition of housing “as the foundation for economic participation and wellbeing” in the Scottish Government’s Economic Action Plan 2019 – 20. In addition, we welcome the publication of the ICS Key Findings Report which recognises housing as “a key element of the baseline infrastructure that an inclusive society needs”.
- 1.7. In that light it is vital that Housing to 2040 has an overt focus on how to increase and maintain steady investment in the supply of new homes of all tenures in the right locations to meet the diverse needs of the Scottish population, businesses and society. We fully recognise that this delivery will take place within the context of a transition to a low carbon economy.
- 1.8. It has been well documented that Scotland is in the midst of a housing emergency with demand far outstripping supply for well over a decade, creating a now estimated backlog 85,000 homes through under-delivery of new housing across all tenures. Analysis carried out on behalf of HFS last year reaffirmed that Scotland needs to provide approximately 25,000 to 27,000 new homes each year to catch up on the backlog created as well as provide for new households.
- 1.9. The delivery of 25,000 new homes each year would have wide ranging economic benefits across Scotland. According to independent economic analysis<sup>1</sup>, delivering 25,000 homes a year would provide:
  - £1.17bn in net capital expenditure
  - A total of £5.1bn in economic output
  - 101,630 jobs (direct, indirect and induced employment)
  - An increase of £93.7m of tax revenue through LBTT, Corporation Tax, NI and PAYE Contributions
  - £50.7m of additional developer contributions to local infrastructure including school places, community facilities, public open space and affordable housing
- 1.10. We are currently at a crucial juncture in terms of the establishment and delivery of a new housing vision for Scotland. There are significant strategic decisions required at a national level that will shape the future of what types of new housing are delivered and where. The Scottish Government must, therefore, take ownership of how its inclusive economic growth policies will impact or reshape the current Scottish economy alongside steps being taken to create a net zero carbon Scotland by 2045.
- 1.11. The remainder of this document provides a summary and further information on the key HFS policy recommendations which will make a difference in delivering the 2040 Vision.

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<sup>1</sup> Nathaniel Lichfield & Partners, 2015

## 2. Summary of HFS Policy Proposals

2.1. As with the initial publication of 'Housing Beyond 2021', HFS welcomes the Scottish Government's aim of creating a whole systems housing strategy that works beyond current parliamentary cycles. Whilst we respect the aspirational nature of the Housing to 2040, we note that the draft vision and principles have remained unchanged since their original publication. As such, reflecting on previous comments issued at the last consultation stage, we would like to reiterate and suggest some new policies that should sit as overarching objectives/principles of Scotland's future housing vision.

### Affordability

2.2. The affordability of housing in Scotland is still constrained for all aspiring homeowners and home-movers. The continual undersupply of new housing over the last decade has been compounded by limited access to mortgage finance and punitive LBTT rates. We believe that all of the below proposals would directly alleviate these constraints and help accelerate the provision of high quality, warm affordable homes across Scotland.

- **All tenure housing target (2020)**

By setting a national all-tenure housing target to deliver at least 25,000 new homes each year, the Scottish Government can send a clear strategic message across all stakeholders from local authorities to developers and key agencies to help focus behaviours and funding priorities.

- **National Housing Delivery Agency (by 2025)**

To help facilitate the delivery of at least 25,000 new homes each year, we believe that the establishment of a new national housing agency is required. The agency could, act in a number of ways, including, helping facilitate the delivery of land ready for development, provide finance and guarantees for SMEs, support innovation and work with the recommended infrastructure delivery body to coordinate. The creation of Homes England has played a pivotal role in helping increase the overall supply of housing in England, and Scotland needs an equivalent agency here if we are to remain competitive.

- **Continued support for home ownership initiatives (2020)**

The home building industry in Scotland urgently requires the Scottish Government to clarify its position on the future of the Help to Buy up to the end of March 2023 to allow for continued steady investment in land, variety of home types and employment. A two year extension will give industry and lenders the time needed to explore and develop a UK-wide industry-led replacement if required.

- **Funding for affordable housing (2020)**

We welcome the Scottish Government's interim spending announcement of £300m to support the continued delivery of affordable housing during 2021 – 2022. However, it is vital that sustained momentum in the delivery of affordable housing is continued in the long term, backed by future delivery targets and continued funding streams to guarantee long term certainty and investment in the new homes Scotland desperately needs.

- **Support for the development of alternative tenures (2021)**

Acknowledging that financing for continued affordable housing will be challenging. We believe that the Scottish Government should do more to support and offer guidance to RSLs into developing alternative tenures and new innovative financing models to deliver this in conjunction with private finance.

- **Taxation reform on LBTT (2024)**

We believe that LBTT relief and adjustments to council tax bands could be introduced for the purchase of more highly energy efficiency homes to help drive the consumer change required to tackle the climate emergency. The rates of LBTT chargeable at the middle to higher ends of the market are stifling the fluidity of the housing market, resulting in many aspiring growing families and older home owners unable or unwilling to move due to what is seen as punitive rates of taxation. The thresholds and rates chargeable at the middle to higher end of the market must be reviewed to better

reflect local market areas and ensure aspiring home movers are not effectively being 'taxed out' of moving to a more suitable home. This would help address the issues of older people staying in houses no longer suitable for their needs.

- **A clear, updated definition on what is meant by 'affordable', recognising the diverse needs of Scotland's population and local market areas (2021)**

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.

- **Support and funding for modern methods of construction (MMC) and innovation within the home building sector (2021)**

Greater take up of MMC and research into innovation within the home building sector in Scotland is currently being stifled by the longer term pressures facing the industry such as uncertain future pipelines of housing delivery, regulatory reform and delay. To see a greater take up in this sector, the industry requires initial capital funding (potentially from the Scottish National Investment Bank) to provide a low risk route to investing. Greater consistency between local authorities in terms of design standards would also allow for increased economies of scale to allow further roll out of MMC.

## Accessibility and Adaption

2.3. The new build sector already plays a significant role in the provision of highly accessible homes for a wide range of users; indeed it is already mandated through Building Standards to adhere to the vast majority of Housing for Varying Needs and the Lifetime Homes Standards criteria. At present, however, there is little consensus on what equates to an accessible home or what level of accessibility already exists within the existing housing stock, this is fundamental in planning for the future provision of new accessible housing.

- **Clear definition and planning guidance on what is meant by 'accessibility' of new homes (2021)**

Ultimately accessibility means very different things to the specific user of a home; as such not all accessibility needs can be met through one standardised set of standards. It would be helpful for the Scottish Government to define what is meant by accessibility and offer updated all-tenure design guidance for the development of new homes to ensure consistency across Scotland.

- **Evidenced and proportionate policies for the provision of fully wheelchair accessible homes (2021)**

At present, we do not have an accurate picture of what level of fully wheelchair accessible housing exists across Scotland. This is a fundamental issue that needs to be tackled before we can establish what level of, for example, fully wheelchair accessible housing is required at local authority level.

- **An accessibility rating system for all housing tenures (2022)**

To help establish what percentage of the Scottish housing stock can meet the accessibility requirements of those in need, incorporating an accessibility rated certificate, in a similar vein to that of an EPC could help establish a baseline of what housing already exists that is accessible and further help purchasers make informed decisions on what type of home is right to meet their own specific needs.

- **Financial incentives for 'right-sizers' (2024)**

In the same manner that many growing or aspiring families may be deterred from moving home due to high levels of LBTT. Older people who are looking to move to a home that can better meet their needs in older age, are deterred from moving due to the LBTT chargeable. In this light, an LBTT relief could be introduced for older people, who are making a purchase on their final home to 'right-size'. This could act as a catalyst for a major release of larger under-utilised housing stock within Scotland, freeing up the housing ladder.

## Climate and Energy Efficiency

- 2.4. HFS fully recognises the challenges posed by the climate emergency and the subsequent need for the home building industry in Scotland to play its part in mitigating any future impacts. Nevertheless, it is important to recognise how far the new build home building industry has come over the past decade and consider policy responses in proportionality to the size of the existing stock.
- **Investment in the large scale infrastructure required to decarbonise the Scottish energy network and enhance the capacity of the grid to accommodate new technologies (2035).**
  - **Reward consumer behaviour that makes low carbon choices, such as reducing taxation on more energy efficient homes (e.g. via LBTT) and supporting lenders and banks in recognising the inherent increased value in low energy properties (2024)**  
Influencing consumers on the future decisions they make regarding the energy efficiency of the homes they purchase and choose to live in will be crucial in addressing emissions in the residential sector, for both new and older housing stock. This could be done by repositioning the intent of LBTT and council tax to offer relief on more energy efficient properties, whilst still maintaining its original intended 'progressive' nature.
  - **A consistent and co-ordinated approach to carbon reduction applied across Scotland to enable homebuilders to make long term investments in low carbon and fabric technologies (2021)**  
We are seeing different approaches being taken across each of the 32 planning authorities in terms of how they wish to enact their responsibilities under Section 72 of the Climate Change (Scotland) Act.; The policies employed often seek to further reduce emissions through the application of Sustainability Standards (Section 7 of the Building Standards Technical Handbook) or specifying greater use of low carbon energy technologies, significantly affecting the design and construction aspects of new homes as well as going over and above national baseline building standards. This results in an inconsistent regulatory environment and makes it harder for home builders to invest in the housing required at local levels.
  - **Utilisation of the Scottish National Investment Bank to provide green finance options for low carbon residential development (2021)**  
There is presently still a widespread lack of understanding and cost analysis regarding the development of new innovative low carbon development. To help incentivise new innovation, risk must be reduced for business to fully invest in this. The Scottish National Investment Bank therefore provides a key pathway for the provision of low interest 'green' finance options to increase the delivery of low carbon residential development.

## Quality

- 2.5. HFS and its members are fully committed to increasing the standards and quality of new homes for all. Whilst survey data has shown Scotland to have consistently higher levels of customer satisfaction compared to the rest of the UK, the industry continues to move forward in ensuring the homes it builds are of the highest quality and all purchasers have a robust set of consumer protections in place should, in the rare instance this occurs, quality fall below the expected standard.
- **Creation of an industry-led UK-wide New Homes Ombudsman (2020)**  
The home building industry is now in the final stages of establishing a UK wide New Homes Ombudsman. This reform in consumer protections and directives for the quality and care will provide clarity and certainty over what customers should expect from their new homes, as well as consolidating all forms of the consumer redress under one banner. We look to the Scottish Government to support the industry action taken in ensuring we have one framework across the entirety of the UK.
  - **Centralised building control services / Extension of building verification service to independent verifiers (2024)**  
The fees generated through building warrant applications are not reinvested or ringfenced to support the building control service. While we appreciate the financial constraints experienced by local

authorities, this is affecting resourcing and the ability of authorities to deliver an efficient building control service (as per their appointment), resulting in longer delays throughout the development process. Should authorities be unable to deliver an efficient service, consideration must be given to the extension of this appointment to independent verifiers, such as warranty providers, or restructuring building control services around strategic development areas to mitigate resourcing constraints, providing greater consistency and enabling the service to react appropriately to fluctuations in demand.

- **Support for Modern Methods of Construction (2023/24)**

Greater take up in MMC can provide higher quality product and minimise risk throughout the building process. However, the sector is currently deterred by the lack of information and cost analysis of new emerging technologies; further compounded by the already uncertain business environment within which they operate. The Scottish Government and Construction Scotland Innovation Centre must do more to support this growing sector and provide appropriate funding and information to encourage investment.

## Placemaking

2.6. To significantly increase the supply of housing, and high quality, connected places it is vital that Scotland has an effective planning system which recognises and reflects the importance of housing delivery and acts as an enabler at local authority level.

- **A co-ordinated and appropriately resourced Infrastructure First approach to the planning system that enables new development should be introduced by the Scottish Government (2021)**

Lack of adequate infrastructure provision is one of the biggest barriers to the delivery of new housing, and makes it harder for existing residents in a local area to accept new housing. Problems with identifying where and how infrastructure is delivered is undoubtedly set to become more challenging going forward as Scotland looks to deliver on its climate change goals.

- **Consideration should be given to a fast-tracked planning process for bringing unutilised public sector land forward for residential development when agreed design briefs are met (2022)**

A large proportion of Scotland's future development land is in public sector ownership. If all agencies are committed to seeing change in the scale and quality of developments then the public sector must make positive decisions in this regard when disposing of its own assets. Masterplan Consent Areas provide a potential delivery tool for this.

- **A clear definition should be provided to all Local Authorities to clarify what is meant by 'effective land' to make sure viable sites are brought forward (2022)**

The future delivery of sufficient high quality homes in high quality places is reliant on a plentiful supply of land on which home building can be supported. Not all of the land identified in plans and housing land audits provides a genuine commercial opportunity that makes home building through the market a realistic option. The supply of effective housing land in Scotland is therefore lower than it may appear when looking at development plans and housing land audits. All constraints to delivery need to be understood – including those relating to the markets.

- **Develop National Standards on both the design and engineering standards required for new roads to create consistency in the application and approach taken at a local level. (2022)**

The lack of an overarching national policy on standards required for new roads has a direct impact on the placemaking of all new developments. Whilst there is voluntary guidance in place, this has resulted in 32 different interpretations of road design at a local level, frequently leading to compromised design standards, delays in roads adoption and over burdensome road bond requirements.

- **Support for small scale home builders through updated planning guidance (2020)**

Historically small-scale home builders, have made a significant contribution to housing delivery

across Scotland. However since 2008, we have lost approximately 40% of SME home building companies, with a resultant loss of c2,000 homes a year. Supporting their direct recovery through updated planning guidance can help see increased housing delivery in rural communities and the regeneration of smaller vacant and derelict gap sites in urban brownfield areas.

- 2.7. The remainder of this document provides more detail on the specific questions asked by Scottish Government including commentary on the principle and scenarios/issues raised.

### 3. Do you have any proposals that would increase the affordability of housing in the future?

#### Increased Supply & All tenure housing target

**By setting a national all tenure housing target of delivering at least 25,000 new homes each year, the Scottish Government can send a clear strategic message across all stakeholders from local authorities to developers and key agencies to help focus behaviours and funding priorities.**

- 3.1. The recent ICS report recognises that *“This lack of (housing) supply, particularly in key economic growth areas, is considered to be acting as a brake on Scotland’s economic growth”*<sup>2</sup>.
- 3.2. We believe that the fundamental basis of any future housing strategy should firstly state the number of homes that Scotland requires to be delivered each year across all tenures. We welcomed and continue to support the Scottish Government’s target of delivering 50,000 new affordable homes by the end of the current Scottish Parliament. However to truly drive housing growth and help align all concerned stakeholders with one shared goal, we believe that setting an all tenure housing target to deliver at least 25,000 homes a year in Scotland will help facilitate this. This is reflecting upon the all tenure housing target currently set in England to deliver 300,000 new homes each year; in doing so, the UK Government has clearly set a goal which has aligned all stakeholders from developers to local authorities and key agencies to facilitate this delivery.

#### National Housing Delivery Agency

**To help facilitate the delivery of at least 25,000 new homes each year, we believe that the establishment of a new national housing agency is required. The agency could, for example, help facilitate the delivery of land ready for development, or provide finance and guarantees for SMEs, innovation and infrastructure delivery. Similar frameworks already exist in the UK, such as Homes England which has played a pivotal role in helping increase the overall supply of housing south of the border.**

- 3.3. Scotland does not have a single body responsible for ensuring enough new homes are delivered and ultimately, that all concerned stakeholders and sectors are aligned strategically to do so. Currently, planning authorities are required to put plans in place that identify enough land for the homes required to meet local needs and demands. However, there is huge variation across Scotland in the approaches local authorities take to identify enough land. It is vital to balance wider planning considerations against the ability of the private businesses to deliver. When plans fail to deliver in the numbers required, it is often the private sector that gets the blame – whether or not it has advised at the plan-preparation stage that the sites within it will be hard or impossible to deliver. When targets are indeed missed, no individual or organisation is held to account in a meaningful way. This often results in disputed land supply issues between the private sector and local authorities, ultimately only being resolved through individual, time consuming planning appeals. It is clear Scotland’s planning system is struggling to deliver the volume of new homes that are required. Planning authorities cannot take the full strain of this nationally important issue.
- 3.4. The issues considered above therefore give credence to the establishment of a national housing delivery agency. Such an agency could be tasked with:
- Bringing forward effective land for residential development; utilising ineffective or unused public land by bringing forward the necessary infrastructure or required remediation works that developers are unable to fund up front before development can begin
  - Focusing on longer-term regional economic partnerships and housing delivery at a regional strategic level, rather than just at a local level
  - The provision of finance for infrastructure, SME development, MMC etc

<sup>2</sup> ICS, Key Findings Report, January 2020.

- 3.5. Similar organisations already exist, such as that of Homes England which over the next five years, aims to:
- Provide investment products, including for major infrastructure works
  - Unlock and enable land; and provide a Land Hub which presents development sites that will be brought forth to the market
  - Support Modern Methods of Construction
  - Provide expert support and advice to stimulate economic growth and development in priority locations
- 3.6. Homes England is funded via a central grant from the UK Government, private finance investments and the income generated from its own investment receipts. This has resulted in several core funding mechanisms all of which are worthy of further detailed consideration by the Scottish Government as a means to further support home building in Scotland:
- **£5.5bn Housing Infrastructure Fund** will provide grant funding to local authorities to bring forward land they could otherwise not develop themselves.
  - **£4.5bn Home Building Fund** to provide short term development finance for the SME sector
  - **£1.03bn Land Assembly Fund** which allows Homes England to act as a master developer and bring forward challenging sites that the private sector would not be able to progress without public sector intervention.
  - **£1bn Housing Delivery Fund** (in conjunction with Barclays) to improve the availability of credit to SMEs

Continued Support for Home Ownership Initiatives

**We recognise that Help to Buy should not remain a permanent feature of the Scottish housing system, however with the equivalent English scheme’s future already confirmed, the home building industry in Scotland requires the Scottish Government to clarify its position on the future of the scheme up to the end of March 2023 to allow for continued steady investment in land, variety of home types and employment. This two year extension to the scheme will give industry and lenders the time needed to explore and develop an industry-led replacement if required.**

- 3.7. It is vital that the Scottish Government continues some form of support for home ownership initiatives. Affordability of new homes is still being constrained by a chronic undersupply of new housing, which has now amassed a total shortfall of c.85,000 homes in the last decade. This, in tandem, with a reduced mortgage market offering in Scotland vastly limits the opportunity for Scots to find and move to a new home that meets their needs.
- 3.8. The importance of supporting first time buyers 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 as an affordable tenure choice. 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 which, despite high housing demand, would be considered too great a risk to invest 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.
- 3.9. 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.

## Funding for Affordable Housing

**We welcome the Scottish Government's interim spending announcement of £300m to support the continued delivery of affordable housing during 2021-2022. However, it is vital that sustained momentum in the delivery of affordable housing is continued in the long term, backed by future delivery targets and continued funding streams to guarantee long term certainty and investment in the new homes Scotland desperately needs.**

- 3.10. The Scottish Government pledge to deliver 50,000 affordable homes during the course of the current parliament has seen a steady increase in supply, aided by substantial financial support to achieve this target. It is vital that momentum continues past March 2021, bolstered by further future targets (within an all-tenure housing target) and continued funding streams.
- 3.11. Private housing developments are required to provide an element of affordable housing and the financial support from the Scottish Government for its Affordable Housing Supply Programme (AHSP) has enabled both private and public sector home builders to work together and strategically unlock more challenging sites. The grant funding for affordable homes has proved crucial over the past years, allowing developers to open up sites that had significant upfront infrastructure costs. If we are to ensure that everyone in Scotland has the freedom of choice to find a home that is warm, affordable, secure and meets their needs, it is crucial that the Scottish Government continues to support funding for affordable housing.

## Support for Alternative Tenures

**To help facilitate a range of choice, and delivery of high quality homes across all tenures, the Scottish Government should do more to encourage and support the development of alternative tenures across Scotland such as Build to Rent (BTR) and Mid-Market Rent (MMR). Guidance should be provided to RSLs and new innovative financing models provided or highlighted to showcase how this can be delivered.**

- 3.12. While the Scottish Government's AHSP has undoubtedly led to an increase in the number of affordable homes coming forward, we acknowledge that this level of investment may be challenging to sustain post -2021.
- 3.13. However the emergence of alternative housing tenures over the last decade has the potential to offer people high quality standards of housing through schemes like MMR and BTR, whilst allowing housing providers to be flexible in managing their own stock. BTR provides purpose built accommodation for rent within high quality managed development, whilst also providing additional amenities within the scope of the tenancy. This form of tenure has the potential to relieve the current demand and quality issues within the private rented sector. The number of BTR homes built or in the pipeline in Scotland has now increased to over 7,200, with the bulk of this supply concentrated around Glasgow (4,000), Edinburgh (2,000) and Aberdeen (1,000). However to ensure the pipeline remains steady going forward we would recommend that the Scottish Government maintains the current Rental Income Guarantee Scheme and multiple dwellings relief to provide institutions the certainty they require to invest in the sector.
- 3.14. MMR also provides a crucial role in relieving the strain in demand on the private rented sector, providing rent at levels between private and social housing. The majority of MMR tenants have emphasised that they consider it excellent value for money when taking into consideration the new build quality and management services compared to those in the traditional PRS. Indeed MMR housing has proven to be exceptionally popular across urban areas in Scotland, for example a MMR development in Edinburgh received over 3,400 applications for the 96 units that were available. Again, acknowledging that the support the Scottish Government presently provides in funding for MMR through grants and loans will be challenging to maintain, there are new emerging finance streams that can help support the delivery of MMR. For example, Places for People has purchased private portfolios without grant, leased units from pension funds and switched tenures within their existing portfolios to allow for the creation of more mixed tenure developments to meet the local needs of tenants in their area.
- 3.15. Overall we believe that alternative tenures have an important role to play in meeting Scotland's future housing needs, as well as supporting inward economic investment, contributing to place-making and

efficient pathways to assist with large scale regeneration. Government funding streams should be flexible and continue to explore new structures alongside new and emerging private financing routes.

#### Defining Affordability

**The definition of ‘affordable’ should be considered as part of a future strategy. A review of the existing categories, with consideration given 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 whom, 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 BTR, housing for older people and starter homes for first time buyers.**

#### Progressive Taxation Reform

**We believe that the Scottish Government should consider amending the residential rates of LBTT to more accurately reflect house prices, especially for larger sized family homes and increase the 5% rate to include properties valued between £250,000 to £500,000. Additionally, in light of the challenges posed by the climate emergency, the Scottish Government should consider a form of LBTT relief on properties that provide higher energy efficiency ratings if it wishes to influence consumer behaviour towards a low carbon Scotland, whilst acknowledging the important contribution the new build sector provides in reducing carbon emissions in the Scottish residential sector.**

**Local authorities should give similar consideration to the role of council tax in encouraging investment in low carbon homes.**

- 3.16. Whilst we acknowledge and welcome the First Time Buyer relief available on LBTT, we have consistently expressed concern over the impact of the devolved tax on the middle to upper part of the Scottish housing market. The divergence of LBTT from equivalent tax regimes such as SDLT in England is having a disproportionate effect on regional housing markets, especially those in Aberdeen and Edinburgh where the average family home commonly exceeds £325k and as such incurs a higher tax rate of 10% as opposed to 5% in England. Feedback from our members has highlighted the impact this is having on residential transactions for purchasers looking to move up the housing ladder to a larger sized family home, but who are deterred due to the higher tax they will be liable for. As a consequence, this narrows the availability of housing stock in the middle of the market.

Purchase Price	LBTT		SDLT	
	Principal Property	Additional Property (LBTT +4% ADS)	Principal Property	Additional Property (SDLT +3% additional surcharge)
£200,000	£1,100	£9,100	£1,500	£7,500
£400,000	£13,350	£29,350	£10,000	£22,000
£600,000	£33,350	£57,350	£20,000	£38,000
£800,000	£54,350	£86,350	£30,000	£54,000
£1million	£78,350	£118,350	£43,750	£73,750

*(Figures for the additional costs incurred through LBTT compared to SDLT if purchaser is not a first time buyer)*

- 3.17. Not only does LBTT have an implication on the supply and demand of new housing, in its current format, extreme caution should be taken when calculating future LBTT forecasts. At present, LBTT forecasts assume a continuation of current market conditions. Whilst demand for Scottish properties remains strong, the Scottish Government should be mindful of the impact of more political uncertainty on prices and supply, especially in core market areas such as Edinburgh, which contributes one third of all basic LBTT receipts alone. It should also be noted that many home builders across Scotland are having to offer assistance with LBTT payments during the sales process for those purchasers who simply cannot

afford the additional costs incurred through higher LBTT rates. This is unsustainable in the longer term and will impact on future Scottish Government tax receipts.

Modern Methods of Construction / Skills and Innovation

**Greater uptake in offsite manufacturing and innovation within the home building sector can provide viable solutions to addressing the current climate emergency, increasing productivity and housing delivery. This presents an opportunity for the Scottish National Investment Bank, once operational to provide initial funding to increase capacity within this sector.**

- 3.18. The homebuilding industry is facing significant challenges in terms of productivity, workforce, skills and materials. If these challenges are not addressed, the industry will lack the capacity to deliver the infrastructure and homes that Scotland needs.
- 3.19. Skills shortages already exist in traditional areas of construction and, based on current levels of new entrants, we are likely to see a 20% to 25% decline in the workforce within a decade. This comes on the back of years of low productivity growth in the sector. While there has been some improvement in construction productivity over the past five years, it remains low and continues to lag behind the UK economy as a whole. The industry must acknowledge that the traditional methods of home building have barely changed in the last 100 years and the rate of modernisation has not kept pace with technological innovation in other economic sectors.
- 3.20. Innovation within the home building sector will be vital if it is to support the aspirations of the Scottish Government in tackling the current housing emergency. The move towards a greater take up in offsite manufacturing presents potential solutions to both housing affordability, productivity challenges and climate goals. 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 Scottish housing market, 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 and with consistent standards, free from regulatory delays, that enables all those in the supply chain to have the confidence to invest.

#### 4. Do you have any proposals that would increase the accessibility and/or functionality of existing and new housing (for example, for older and disabled people)?

##### Definition of accessibility:

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

4.1. Currently there is no universally agreed definition as to what is meant by 'accessible' housing. As such there is a multitude of different design guides as to what constitutes an 'accessible' home, 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)

4.2. 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 establishing a baseline definition of accessibility with flexibility or guidance provided on what is required for wheelchair users, or people with extra support needs such as dementia.

##### Accessibility of new build homes:

4.3. It should be noted that 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. Indeed, all new homes built for sale in Scotland regardless of tenure adhere to the 'Building Standards technical handbook 2017: domestic buildings', which 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 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"*

4.4. 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 is willing to engage with any potential purchasers to cater for specific needs.

4.5. In addition, following the wake of McCarthy & Stone's exit from Scotland (the only specialist provider of new build homes specifically for older people) many home builders across Scotland are already looking to fill the gap that is now emerging in terms of specialist delivery. We are now beginning to see two distinct themes emerging from our members:

- The launch of their own respective division 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 meet intergenerational needs; such as that of a growing family that may have members with specific support needs through a disability or age.

4.6. There are now numerous examples of what the home building industry is already doing to provide more accessible housing across Scotland. Listed below are various examples of new projects being brought forward from all segments of the home building industry in Scotland, ranging from large PLCs, to SMEs.

- Taylor Wimpey – Project 2020
  - Large national home builder operating across the UK which this year launched its new Project 2020, which involves exploring and evaluating trends, changes and new innovations in design, architecture, technology, materials and methodology with the aim of shaping, designing and future proofing their homes to reflect the lifestyles, needs and expectations of their customers. Two prototype houses have been launched at their development in Dargavel Village, Bishopton.
- Cruden Group – Juniper Residential
  - Cruden Group has established a new division of their company – Juniper Residential Ltd which will serve to operate as the retirement housing arm of Cruden Homes. They have currently achieved planning consent on their first site in Perth and are actively seeking several other sites at present. The product will vary from site to site but is designed and specified for the needs of the 55+ market. Their first site will be delivered in Scone and will have increased accessibility standards such as lifts serving all floors of the apartments as well as a mixture of community areas.
- Pat Munro Homes
  - This SME home builder operating mainly in the Highlands has identified the requirement for, what would be described as assisted living housing and developed a new development proposal. The model is to build a village wherein each home has two distinct sections. The majority of the building would be for the family, without additional support needs, with an added smaller section already pre-adapted to the needs of either an older/disabled member of the family to live in, with as much independence as required. In addition to this the home builder would provide a factored service offering various levels of care from basic help to full 24-hour assistance.

Accessibility of existing stock:

4.7. Any future housing strategy must take account of the fact that approximately 75% of Scotland’s housing stock in use was built before 1982, with 20% being built before 1920. This means a significant proportion of existing housing stock is over 100 years old. In many cases these existing homes cannot be adequately adapted to meet the needs of an ageing population without extensive remedial work. However, we do acknowledge that for most, the primary choice of many older people will be to remain in their original residence.

Future provision of increased accessible housing:

**Ultimately we need to establish a solid foundation of evidence of what specialist or enhanced accessibility housing already exists in Scotland and the number of people requiring such forms of housing.**

4.8. Regarding the specific allocation of wheelchair housing, we note the Scottish Government’s guidance published in March 2019 regarding the requirement for local authorities to identify and set targets for fully wheelchair accessible housing. We are beginning to see local authorities take different approaches to allocating future accessible housing targets across Scotland, ranging from delivering all accessible homes as bungalows or delivered to an undefined wheelchair design. However relatively high land prices in Scotland compared to other parts of the UK, combined with existing developer contribution requirements, may affect the viability of delivering housing for older people, especially mandated provision of bungalows which are typically more ‘land hungry’ than other house design types. Given that the house types and standards will make development more costly, consideration may have to be given to exemptions for other contributions such as for education or car parking which arguably could be less relevant to the creation of new older households.

- 4.9. Feedback from members has suggested that consideration could be given to allocating any future wheelchair accessible housing targets within the affordable housing contributions agreed at planning stage. Further, members have highlighted concerns over the accuracy of Housing Need and Demand Assessments in gauging need for fully wheelchair accessible housing and the need for a clear, robust methodology in calculating this.
- 4.10. Recent studies and reviews into the availability of accessible homes that appropriately meet purchaser needs suggests that there is an acute shortage in supply of this form of housing. Further studies frequently quote large shortfalls in a variety of specialist housing, especially that of new housing delivery. However the most commonly cited study, "Still minding the step? A new estimation of the housing needs of wheelchair users in Scotland", which gives an estimate for unmet housing need for wheelchair users in Scotland of 17,200, relies heavily on English Housing Survey data and specifically acknowledges the absence of national data to calculate private sector figures. As such we currently do not have an accurate picture of what demand there is for enhanced wheelchair designed housing in Scotland.

Financial incentives for downsizers

**The provision of an LBTT relief for older purchasers looking to 'rightsize' and move to their final property could help incentivise older people to move to a property that better fits their specific needs in later life, helping them to remain independent. In addition, it could act as a catalyst for the large release of under-utilised housing stock for purchasers to move up and down the housing ladder.**

- 4.11. As mentioned earlier in our response, the rates of LBTT chargeable on the purchase of a new home can act as a major deterrent for purchasers, not just for growing families aspiring to move up the housing ladder, but also older purchasers who may be looking to downsize. It could be beneficial to the Scottish housing market if an LBTT relief was available for older people making their last move, and relocating or 'rightsizing' to a new home that will better meet their needs. By offering a financial incentive for older homeowners to move, this would undoubtedly release housing stock that would be more suitable for larger growing families.

5. Do you have any proposals that would help us respond to the global climate emergency by increasing the energy efficiency and warmth and lowering the carbon emissions of existing and new housing?

**The primary call for action in this area is for government-led intervention in the large scale infrastructure investment required to decarbonise the Scottish energy network and enhance the capacity of the grid to accommodate new technologies.**

**Following from that, the Scottish Government should intervene to reward consumer behaviour that makes low carbon choices, such as reducing taxation on more energy efficient homes and supporting lenders and banks in recognising the inherent increased value in low energy properties.**

**In parallel with this, a consistent set of policies should be introduced and applied across Scotland to allow homebuilders to make long term investment in low carbon and fabric first**

- 5.1. HFS fully recognises the challenges posed by the climate emergency and the subsequent need for the home building industry in Scotland to play its part in mitigating any future impacts.
- 5.2. Nevertheless 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 has 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 estimated energy costs around one third of the national average energy bill.
- 5.3. The ICS reports that of the current 2.5 million homes in Scotland, 80% will still be in use in 2050. Moreover, 75% of the current housing stock was built before 1982, with 20% being built before 1920, making these properties at least 100 years old. Thus whilst we fully accept the role that the new homes industry can and should play in terms of mitigating any future potential impacts, the proportionality of measures in terms of the balance with retrofitting of existing stock should be fully considered.
- 5.4. 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 requiring 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 required planning authorities to overlap and duplicate policy interventions already addressed by building standards.
- 5.5. The implementation of such policies subsequently limits the flexibility offered to the sector to assess solutions, shifting 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.
- 5.6. The variations in approaches and standards across the 32 Scottish local authorities makes it very difficult for home builders across the country to make long term strategic decisions and benefit from cost economies of scale. Each minor variation in a standard between authorities means additional costs to the home builder which are passed on in selling prices. A more consistent regulatory approach would allow for standardisation of core elements of the product and associated costs.
- 5.7. HFS will be undertaking strategic research over the coming months to develop an industry route map and evaluate how the home building industry and all other organisations associated through the supply chain can build towards a zero carbon Scotland. Whilst also identifying the upfront barriers that will need

to be addressed before the industry as a whole can progress. We will be keen to develop this work in conjunction with Scottish Government.

### Challenges

- 5.8. The industry acknowledges the Scottish Government commitment requiring all new homes consented from 2024 onwards to use renewable or low carbon heating systems. However in the context of new housing completions; with 2018 marking the first year in a decade we breached the 20,000 homes mark, highlighting the scale of the challenge in the fact that Scotland will have approximately 2 million homes which are already dependent on gas heating connections and, as such, will require significant state intervention to convert to alternative energy sources.
- 5.9. The ICS reports that that of the current 2.5 million homes in Scotland, 80% will still be in use in 2050. Moreover, 75% of the current housing stock was built before 1982, with 20% being built before 1920, making these properties at least 100 years old. As such, strategic decisions are required at a national level to accelerate and implement guidance, standards and incentives on what types of energy/heating sources should be used to replace gas in residential buildings, both new and existing.
- 5.10. At present, there is a wide variety of sources being considered at an individual property / development level, ranging from district heating to ground source heat pumps, PV panels and hydrogen. While each offers their own advantages, there still remain untested scenario testing as to divergence in energy uses between urban and rural areas, and how Scotland's network capacity and ability to generate, store and deliver more electric focused energy sources will perform.
- 5.11. Clear guidance and incentives are needed from the Scottish Government to allow private businesses and individual households make long term investment decisions in what is still relatively new and unfamiliar technology.

### Green Finance Initiatives

- 5.12. The Scottish National Investment Bank will have a clear role to play in leading strategic investment not just in housing, but the required associated infrastructure and green finance needed to assist the sector in meeting Scotland's ambitious zero carbon objectives. There are already a variety of financial funding packages available through the Scottish Government such as the Low Carbon Infrastructure Transition Programme which has been implemented to draw investment into the development of new innovative low carbon solutions, however we note that these programmes are currently not applicable to the residential sector.
- 5.13. The Building Scotland Fund which has primarily been designed to unlock housing development and test the market and develop processes as a precursor to the Scottish National Investment Bank (SNIB) has been hugely successful since its launch with £100m already agreed for a variety of projects. We note that one of the additional objectives of the Fund is to act as a catalyst for wider business practice change such as reducing carbon. As such this provides an already established pathway for funding to be evolved into providing financial mechanisms for the development of low carbon housing at a much larger scale.
- 5.14. Financial incentives to reward behaviour that supports the transition to low carbon will be essential in changing the behaviour of individuals. For example some banks are introducing 'Green Mortgage' products a discounted mortgage rate for properties with high energy efficiency ratings. This lower mortgage rate, combined with reduced running costs could begin to encourage individuals to choose new, low carbon homes. The Scottish Government should actively encourage lenders and valuation surveyors to take a positive view of energy efficiency and operational costs when making lending decisions.

## 6. Do you have any proposals that would improve the quality, standards and state of repair of existing and new housing?

### UK Wide New Homes Ombudsman

**Scottish Government to support the establishment of a UK wide New Homes Ombudsman service, ensuring that purchasers of new build homes are offered the same enhanced, robust set of protections and assurances over their home, wherever they are in the UK.**

- 6.1. HFS and our members are acutely aware of the focus on the quality of new homes across the UK at present. As an industry we are fully committed to achieving the highest quality of standard both in terms of finished product and overall customer satisfaction throughout the entirety of the sales process.
- Results of the NHBC National Homes Survey show that up to Q2 2018/19, 90.8% of all purchasers would recommend their home builder to a friend in Scotland.
- 6.2. However the industry fully recognises the need for continual improvement and to address any perceived gaps in consumer protection related to the purchase of new build homes. As such the home building industry is now in the final stages of implementing a variety of reforms into how it deals with consumer protection and rights, as well as establishing a New Homes Ombudsman operating across the entirety of the UK.
- 6.3. Acknowledging that the creation of more than one consumer code for purchasers of new homes led to widespread confusion, the home building industry is now in the final stages of combining the main consumer codes, the Consumer Code for Home Builders (CCHB), The Consumer Code for New Homes (CCNH) to create one single unified code body. Additionally, warranty provider Checkmate, which until 2019 operated its own Trading Standards Institute approved consumer code has now been merged into the CCHB. Whilst the numerous consumer code bodies broadly covered the same areas of the sales process, the majority of complaint issues occur during the first two years of occupation. The new consumer code will therefore include new additional clauses that clearly set out that home builders must:
- Address any snagging or defects that may arise in clear transparent time scales.
  - Have a clear, straightforward complaints process in place.
  - Provide purchasers with an option to inspect the property before they move in before final completion.
- 6.4. In addition, the industry has been coordinating with the nine largest warranty providers, who together cover approximately 95% of the new homes market, to develop one standardised set of mandatory warranty standards. This has been required to bring the warranty providers under the provisions of the new unified consumer code.
- 6.5. Once the new consumer code and body has been finalised, we believe that an external New Homes Ombudsman could be appointed to provide an independent dispute resolution service. We believe that the service could be provided by the new consumer code body or an individual or board mechanism appointed outside of the code. However, whatever shape the new Ombudsman Body takes, it should be approved and operate to the standards set up by the Ombudsman Association and Trading Standards Institute.
- 6.6. It is now anticipated that the new ombudsman service will be in place by the end of 2020 and we will continue to keep the Scottish Government updated and collaborate on any future progress as required.

## Building Control Services

**Expand the verification services for building control to independent verifiers, to help alleviate the resource burden currently placed upon local authority building control and reduce cumulative delays through the development process.**

**Other options to reform and enhance the performance of building standards services are available and should not be dismissed. The creation of one centralised building control service with resource shared across Scotland has the potential to alleviate resource capacity strains by providing the flexibility to respond to key areas of demand centred around strategic development areas.**

- 6.7. The Building (Scotland) Act 2003 set out the current framework for the building standards system in Scotland. The Act gave powers to Scottish Ministers for the first time to choose who should verify building warrant applications and completion certificates. However, at present this role has been maintained within local authority building standards divisions. Given the current issues surrounding resourcing in local authority building standards divisions, we believe opening the verification function to other reputable organisations such as warranty providers who have a vested interest in the quality and durability of new build homes and the standards they have been built to. In doing so, we believe this will also act as an incentive to improve organisation performance for those already undertaking this role on behalf of the Scottish Government.
- 6.8. We are aware that in England, non-local authority organisations are currently performing the role of building standards verifiers. This includes organisations such as NHBC and Premier Guarantee that can provide verification services as well as warranty provision for new build homes. Their involvement in the warranty provision of new homes places them in an ideal position to put in place inspection regimes to ensure that new homes comply with appropriate regulations and standards, as well as their own technical standards.

## Modern Methods of Construction

**The Scottish Government and other relevant bodies such as the Construction Scotland Innovation Centre (CSIC) must do more to drive change and encourage the development in MMC across the home building industry in Scotland, supported by appropriate and relevant funding streams.**

- 6.9. MMC and the use of pre-manufacturing technologies can bring the home building sector fully into the modern age. It can provide greater quality control and a more efficient use of materials and labour. Employing such manufacturing techniques will also boost productivity, enabling faster scheme delivery with less risk of disruption on site.
- **Modular Construction**  
Modular construction has not only been acknowledged for its potential ability to help address the undersupply of housing, but as it is done offsite within the controlled parameters of a factory, risk is minimised, resulting in a faster build out rate alongside greater assurances in quality control and enhanced build performance standards.
  - **Timber Frame Offsite and Cross Laminated Timber (CLT)**  
Scotland already utilises timber frame construction more widely than the rest of the UK. CLT construction offers more cost and programme certainty, and programme improvement. Further, it is manufactured offsite, allowing for greater levels of precision and therefore ensuring minimal to zero defects during the build process. In addition, CLT acts as a good 'carbon sink', for example, it is estimated that a single five-storey cross-laminated timber building can cut carbon emissions by levels equivalent to removing up to 600 cars from the road for a year.
- 6.10. However, there are several barriers to change preventing greater take up in MMC and further innovation within the home building sector. There is a general lack of industry familiarity with the techniques that could be incorporated as a result of the limitations and lack of information available on the cost and performance of using offsite. Technologies are constantly evolving. As a consequence, this makes it

harder for business to analyse estimated costs and plan appropriately. Further compounding this, is consumer resistance; with a remaining perception that post-war housing rather than 21st century housing delivers better quality homes.

- 6.11. All of these barriers of change must also be put in the context of the business environment home builders already operate in. They face long term delays through the regulatory and consents process, which impacts on long term investment confidence to deliver future pipelines of new housing. As such we believe the Scottish Government and other bodies such as the CSIC could do much more to support this sector and encourage further investment. Specifically, we would like to see the CSIC provide greater focus on many of the macro issues that face the sector and use its position more widely to support it.

## 7. Do you have any proposals that would improve the space around our home and promote connected places and vibrant communities?

### Infrastructure Provision

**To support the implementation of National Planning Framework (NPF) 4 and the new system of a development plans, a co-ordinated and appropriately resourced Infrastructure First approach to the planning system should be introduced by the Scottish Government by 2021. This should be undertaken with infrastructure providers, developers and other public bodies, to ensure the effective delivery of a Scotland wide, integrated and coherent outcome based approach to spatial planning, with implementation to be undertaken at the appropriate national, regional, local and community level.**

- 7.1. It is essential that Housing to 2040 considers the wide and complex range of stakeholders involved in the delivery of new homes. Water, drainage, electricity, gas, roads and broadband are essential in the delivery of new housing. However, utility infrastructure goes further than the home, the smooth delivery of utility infrastructure is critical if we are not just to build more homes, but also create quality places.
- 7.2. 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. Often current policy is developed with limited acknowledgement of industry concerns; the promotion of low and zero carbon energy generating technologies such as PV panels and electrical charging points on new developments. Such policies failed to recognise that the existing energy infrastructure network was never developed to absorb the additional energy load. These policies place a large onus of responsibility upon the home building industry to support the modernisation of national energy infrastructure, something which the industry has little control over, or the resource to deal with. In this light, it is vital the Scottish Government consider how it supports its own long-term maintenance of national infrastructure networks and engage with privatised utilities to work in a broad, collaborative manner. As such, we fully support the ICS Key Findings Report, Recommendation 6:

*“To support the implementation of National Planning Framework 4 and the new system of a development plans, a co-ordinated and appropriately resourced Infrastructure First approach to the planning system should be introduced by the Scottish Government by 2021. This should be undertaken with infrastructure providers, developers and other public bodies, to ensure the effective delivery of a Scotland wide, integrated and coherent outcome based approach to spatial planning, with implementation to be undertaken at the appropriate national, regional, local and community level.”*

### Availability of land

**A clear definition should be provided to all Local Authorities to clarify what is meant by effective land to make sure viable sites are brought forward**

- 7.3. Delivering connected places and vibrant communities will require a clearly allocated plentiful supply of land on which home building can be supported. Significantly, Scotland requires effective land that can clearly be developed. However unlocking an increase in the supply of land is challenging as a number of issues restrict development, even when planning is granted. Land with planning may be poorly located or lacking infrastructure and services, or the land owner may not be motivated to seek development in the short term. Land availability has been felt acutely in the undersupply of housing in rural areas. If the Scottish Government is serious about increasing the diversity of home builders and inclusive growth across Scotland, it must direct national policy to allow more rural housing to be built in the countryside, but not tied to limited delivery routes such as existing building conversions and expanding agricultural development. The Scottish Government must acknowledge and find the right balance between tying together its ambitious climate goals and creating an inclusive connected Scotland.

## Greater alignment between Policy and Planning

**We believe the Scottish Government should develop National Standards on both the design and engineering standards required for new roads to create consistency in the application and approach taken at a local level.**

- 7.4. In many cases, there is a distinct disconnect in the application of policy and its implementation at a local level. A specific example of this is that of the Road Construction Consent process. As there is no statutory 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 frustratingly, often leads to compromised designs of new developments.

### Support for Small Scale Home Builders

**The Scottish Government must take an active role in supporting the SME home building sector to recover. To do this it should:**

**Produce new and specific guidance on planning for increased delivery of new homes by small scale home builders.**

**Establish NPF4 policy which directs planning authorities to waive any requirements for developer contributions on small home builder sites of up to 12 homes. Where developer contributions are required above this, a graded approach should be implemented on sites of 13-25 homes.**

**Local Authorities must additionally ensure that their Local Development Plans provide viable local development opportunities targeted at small scale home builders, with clearly worded policy stating where windfall development is supported. Housing Land Audits, Local Place Plans and Vacant & Derelict Land registers should be regularly updated and used to identify and promote viable sites suitable for small scale home builders.**

The losses suffered in the SME home building sector are well documented; since 2008 Scotland has lost approximately 40% of SME home building companies, due to the shortage of development finance options available to them on fair and equitable terms, a length and complex consents process which they must navigate through and a lack of suitable housing sites coming forward for small scale development. Assisting small scale home builders is inherently linked to realising the Scottish Government's Economic Strategy of creating sustainable inclusive growth through the provision of:

- High-quality, energy-efficient homes contributing towards a low carbon Scotland
- The regeneration of vacant and derelict land in urban brownfield sites
- Less standardised design with homes often more tailored to local conditions and more adaptable for demographic change
- Employment, trade and supply chain opportunities and local area investment in secondary locations

- 7.5. This has the potential to offer a significant lifeline to rural areas in Scotland, where larger developers, due to their business structures, do not tend to operate. Supporting the recovery of the SME sector, has the potential to deliver an additional 2,000 new homes each year. However this requires a clear, fair and consistent Scottish planning system that is able to work collaboratively with the sector. As such, we believe that the Scottish Government should implement the following measures to directly aid the sector and help sustain rural Scotland.

- Produce new and specific guidance on planning for increased delivery of new homes by small scale home builders.
- Establish NPF4 policy which directs planning authorities to waive any requirements for developer contributions on small home builder sites of up to 12 homes. Where developer contributions are required above this, a graded approach should be implemented on sites of 13-25 homes.

- 7.6. Further local authorities must ensure that their Local Development Plans provide viable local development opportunities targeted at small scale home builders, with clearly worded policy stating where windfall development is supported. Housing Land Audits, Local Place Plans and Vacant & Derelict Land registers should be regularly updated and used to identify and promote viable sites suitable for small scale home builders.

#### Planning Performance

**To successfully manage the development and use of land in the long-term public interest, the planning system must provide certainty, consistency and clarity as to how development and land use will be managed. This is important for all of those who participate in planning or who depend upon its decisions and outcomes. Effective engagement policy, decision making and communication are essential to ensuring all stakeholders have a voice in how planning operates and an understanding of plans, policies and decisions, and the outcomes being sought.**

- 7.7. Planning performance needs to be a more inclusive, collaborative activity, with customers of the planning system, helping identify what aspects of planning work should be scrutinised, how performance on those issues should be measured, whether what is being achieved is good enough and whether reports on performance accurately reflect the experience of those operating at the coalface of home building.

**Consideration should be given to a fast tracked planning process for bringing unutilised public sector land forward for residential development when agreed design briefs are met.**

- 7.8. A large proportion of Scotland's future development land is public sector ownership. If all agencies are committed to seeing change in the scale and quality of developments then the public sector must make positive decisions in this regard when disposing of its own assets. They can set appropriate design briefs and prepare sites for development and take decisions regarding disposals which take into account broader issues than just land value. Investing in the infrastructure in advance or taking a lower land receipt could allow such sites to be brought forward for more exemplar approaches. In parallel with this then if the development is brought forward in line with approved briefs, then it should be the subject of faster statutory consent processes. Masterplan consent areas provide a potential delivery mechanism for this.

#### Section 75 Agreements

**Local Authorities must improve and provide clarity as to what they expect home builders to contribute to via Section 75 Agreements, with appropriate best practice guidelines in place for local authorities to calculate what is required in terms of service delivery such as infrastructure.**

- 7.9. There is a well-established process in place for securing developer contributions through S75 Agreements towards the services that will be used by new residents of a specific development. This doesn't, and is not intended to, cover all of the infrastructure and services in an area, just those that are specific to a development and thereby help manage the impact of increasing populations on existing communities. However, the use of S75 Agreements has expanded over time and often has a significant impact on the viability of new housing developments.
- 7.10. This is, in part, a result of the nature of land allocations over the last decade, putting a greater reliance on larger strategic sites of over 500 homes, which therefore require more significant infrastructure investment. However, the lack of a common approach to calculating the infrastructure needed and future planning for it has resulted in the overuse of more burdensome contribution agreements for developments of all scales.

## 8. Do you have any comments on the draft vision and principles?

- 8.1. HFS agrees that there is much to support in the outlined vision and principles of Housing to 2040. Whilst we respect the ambition in its aspirations, we acknowledge that they are at times contradictory with the intention of stimulating healthy debate on what the future of the Scottish housing system could look like. Nevertheless we have summarised both areas of support and concern we have with the draft vision and principles below.

Principle	A well-functioning housing system
1	<p><i>“The housing system should... shift the balance away from the use of homes as a means to store wealth”</i></p> <p>We fully support 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 the value of which should be recognised. <b>The primary role of a house is to provide a home. However, it would be wholly inappropriate and indeed damaging to the housing market and wider economy if the role of home ownership in providing a legitimate investment for an individual or family’s future was negatively downplayed in a national housing strategy.</b></p>
2	<p><i>“Government policy should promote house price stability”</i></p> <p>We believe that the <b>Land and Buildings Transactions Tax, in its current form is stifling the middle to higher end of the Scottish Housing Market which in turn limits the affordability and choice for purchasers at the lower end of the market.</b></p> <p><b>Ultimately, house price stability will emerge when supply and demand are in complete equilibrium with each other.</b></p>
3	<p><i>“Everybody should be able to save for the future (as well as be secure in their home and make significant changes to it) whether they rent or own”</i></p> <p>The Scottish Private Residential Tenancy agreement which came into force in December 2017, vastly increased the protections afforded to those in the PRS; granting tenants greater security by providing open ended tenancies, guidelines for rental prices (along with the provision of local rent caps in pressured areas) and the addition of the first tier tribunal service. Whilst we agree that everybody should be afforded the same fundamental protections regardless of tenure; increasing the control of tenants to make significant adaptations to private rented stock is fraught with difficulty.</p> <p>Instead we would <b>highlight the recent innovative model being piloted between Scottish Futures Trust and North Ayrshire Council, ‘Home Ownership Made Easy’ (HOME)</b>, which allows purchasers to buy a stake in a new home or flat, and alongside a small monthly occupant fee gives them all the same rights that come with home ownership but removes maintenance costs of repair for items such as boilers, windows etc. Whilst these models are still very much in their infancy, further analysis of these schemes could perhaps provide a framework for further innovation in the PRS.</p>
4	<p><i>“Housing provision should be informed by whole life economic costs and benefits in the round to address inequalities..”</i></p> <p>Home builders; as private businesses already take into account the upfront build cost and other environmental considerations in the future planning of any development, as well as being mandated to do so through Scottish planning policy. However we are unsure as to how anyone can tangibly measure what impacts the end user of a home may have, with ultimately only they responsible for their lifestyle.</p>

Principle	High quality, sustainable homes
5	<p data-bbox="523 163 1281 194"><i>“Tenure-neutral space and quality standards for new homes”</i></p> <p data-bbox="316 226 1484 486"><b>New build homes in the UK offer some of the most generous space sizes available across the EU.</b> Data gathered from the Energy Performance Certificates of buildings in England and Wales shows the mean floor area of new homes as being 94 square metres compared to 91 square metres for all domestic properties. A data sample taken from a wide range of HFS member house types delivered to 2010 and 2015 building standards provides a 96 square metre figure for Scotland. <b>In this context it would be useful for the Scottish Government to make EPC data publicly available, so we can clearly quantify any perceived or actual limitations in space sizes of new homes.</b></p>
6	<p data-bbox="373 517 1433 580"><i>“Government policy should promote a greater diversity of home builders and broader availability of land”</i></p> <p data-bbox="316 611 1484 804"><b>HFS actively shares the Scottish Government’s ambition to promote a greater diversity of home builders and broader availability of land for development.</b> We have now published the ‘Small Scale Home Builders Report: Increasing Supply’, which followed a special year long collaborative project with the Scottish Government and other relevant stakeholders. Within the report we have produced eight recommendations for the Scottish Government which can be found <a href="#">here</a>.</p>
7 & 8	<p data-bbox="325 840 1481 902"><i>“All tenures should apply the same high quality and safety standards and levels of consumer protection”</i></p> <p data-bbox="352 907 1453 969"><i>“New homes for sales should be built to high standards, defects should be identified and remedied quickly”</i></p> <p data-bbox="316 1001 1484 1319"><b>HFS and its’ members fully support this principle and are committed to increasing standards for each and every purchaser of a new home.</b> We have been actively involved in the creation of the New Homes Ombudsman; designed to address any gaps that were perceived to exist in the previous consumer protection regimes for new build homes. In addition, we have launched a new code of conduct for all of our members (who together provide the vast majority of all new homes built in Scotland each year), effective from 1 January 2019. This explicitly states they must prioritise customer satisfaction and service. Members have suggested that for this principle to reflect the aspirational nature of Housing to 2040 that Principle 8 should read, ‘New homes for sale should be built to high standards, with zero defects identified’.</p>
9	<p data-bbox="325 1355 1481 1417"><i>“Decisions around the quality location and utilisation of.. new build should be ambitious.. and consistent with the target for Scotland’s emissions to be net zero carbon by 2045”</i></p> <p data-bbox="316 1449 1484 1579"><b>The home building industry fully appreciates the challenges poised by the climate emergency and continues to play a proactive role in meeting Scotland’s net zero carbon ambitions by 2045;</b> and build on the progress already made with a 75% reduction in new build emissions compared to 1990 baseline levels.</p> <p data-bbox="316 1610 1484 1740">Scotland’s transition to a low carbon economy rightly focuses on the residential sector, however it should be acknowledged that <b>meeting net zero carbon objectives will require an entire systems approach</b> of not just residential emissions (both existing and new stock), but associated infrastructure uses from energy supply, utility networks and transport facilities.</p>

Principle	Sustainable Communities
10, 11 & 12	<p data-bbox="336 159 1473 226"><i>“New housing, and the required community resources, should only be provided where they help to create safer, stronger, attractive, sustainable.. communities”</i></p> <p data-bbox="395 255 1414 322"><i>“Local communities should be empowered... and supported by provision the right infrastructure”</i></p> <p data-bbox="368 351 1434 418"><i>“Government intervention should help existing and new communities to be physically, digitally, culturally and economically connected”</i></p> <p data-bbox="320 448 1442 515">These principles largely consider housing and the associated infrastructure required in the delivery of successful places.</p> <p data-bbox="320 544 1481 707">It is essential that Housing to 2040 considers the wide and complex range of stakeholders involved in the delivery of new homes. Water, drainage, electricity, gas, roads and broadband are essential in the delivery of new housing. However, utility infrastructure goes further than the home, the smooth delivery of utility infrastructure is critical if we are not just to build more homes, but also create quality places.</p> <p data-bbox="320 736 1442 837">Policy and standards ultimately must consider the requirements of public and private utility providers and what impact decisions, particularly around placemaking, may have on a congested utilities network.</p>

Principle	Homes that meet people’s needs
13	<p data-bbox="336 956 1473 1023"><i>“Government should ensure that there are affordable housing options across Scotland for households at all income levels”</i></p> <p data-bbox="320 1052 1473 1247"><b>We support the Scottish Government ambition listed in Principle 13 to ensure adequate supply of affordable options across all tenures.</b> Through support for its shared equity schemes such as Help to Buy (Scotland), OMSE, NSSE, LIFT and the First Home Fund the Scottish Government is actively creating a variety of accessible routes into home ownership. This <b>should continue to allow affordable ownership to be an equally accessible tenure choice for citizens.</b></p>
14	<p data-bbox="336 1279 1473 1346"><i>“Housing and the housing market should be highly flexible to enable people to meet their changing needs”</i></p> <p data-bbox="320 1375 1473 1603">Whilst we agree with the above statement, we believe that there is a general misconception regarding the accessibility of new private housing and what it already provides for. Through Scottish Building Standards, all new build homes already include the vast majority of requirements listed in Housing for Varying Needs and the Lifetime Homes Standard. Equally we are now witnessing the housing market respond to the only specialist provider of older peoples housing in Scotland (McCarthy &amp; Stone) exiting Scotland, with the rapid expansion and delivery of new specialist housing by a variety of home builders.</p>
15	<p data-bbox="619 1632 1187 1666"><i>“Everybody has a right to an adequate home”</i></p> <p data-bbox="320 1695 1473 1823"><b>Homes for Scotland fully supports the above principle.</b> However, there are questions over how we define what is ‘adequate’ and further whether this fits in line with the aspirational nature of Housing to 2040. <b>Everybody has the right to a home that is warm, secure and affordable.</b></p>

## 9. Do you have any comments on the scenarios and resilience of the route map or constraints?

- 9.1. We largely agree with the identified constraints that should be considered when developing a future route map. However, we believe that there are some omissions and further areas which could be expanded upon and given a clear rationale as to how they may drive change in the future.

### Population and Health

- 9.2. The changing demographics in Scotland are well documented, however we believe that at present there are limitations regarding the models of research and analysis used in the NRS projections when calculating household formations and changes. For example, at present, there is a projection of an increase in households of between 206,000 - 427,000 net for the period between 2016 and 2041, with a principal projection of 317,000. However these projections do not take into account existing unmet need and demand, the impacts of suppressed household formations nor the need to replace obsolete stock or account for demolitions. We would suggest that further investment in future of models of research, as well as greater collaboration between all stakeholders from local to national level, to accurately identify housing need in the future.
- 9.3. Acknowledging the shift in population, especially that of a working population to the South East of Scotland, will put continued pressures on housing stock around the Lothian areas. This will conversely create imbalances between other parts of the country where housing demand in more rural areas becomes relatively lessened than in the past.

### Political

- 9.4. The role of local government in delivering any future housing strategy should not be underplayed, wherein they have the potential to drive real change in terms of the attitudes taken towards the delivery of new housing at a local level. Whilst we are seeing clear strategic leadership at a national level from the Scottish Government that we need to deliver more new homes, this is not always the case at local and neighbourhood level. Local authorities must champion the need for more new homes in their areas and recognise that suppressing the supply of new homes causes more problems than it solves. Undoubtedly the industry could do more to showcase the social and economic benefits that home building can bring at a local area, but the Scottish Government should be explicit in directing local authorities to meet their housing supply targets.
- 9.5. We acknowledge that whilst Scottish Government funding to local government has remained relatively stable over 2018-19 and 2019-20, since 2013-14 funding has, however reduced in real terms by 6%. This has direct implications for how local authorities can perform the statutory duties that relate to the delivery of new housing. At present planning and building control departments' funding is decided at a local authority level, however they may decide to use their funding in other key areas and this subsequently impacts their ability to deliver these services in an efficient timely manner.
- 9.6. We would encourage local authorities to recognise that by actively allocating funding to these services and helping to facilitate the delivery of new homes, this is not a cost, but an investment in the future wellbeing and economic growth of their local areas.

### Scotland's Economic Performance

- 9.7. Whilst all businesses in Scotland have been operating to significant degrees of uncertainty caused by both political and subsequent economic events, the acute effects of Scotland's economic performance and ability to maintain continued inward investment should not be dismissed. This is especially true when considering the fact that for most developers operating on a UK-wide basis, their development scheme appraisals, which weigh up the relative risk and opportunity cost factors involved in investment decisions are undertaken at a national level.

### Technology, Energy and Climate

- 9.8. It is difficult to assess how technological change will impact the home building sector. In many instances we can only presume the hypothetical impact of change from a range of pre-defined factors, however technological change will bring both opportunity and challenges of its own.
- 9.9. Use of Building Information Modelling (BIM) is growing across the UK, and in particular across many home builders in England due to the scale of development and growing awareness of the benefits of using such technologies throughout the lifecycle of a project. Uptake from the sector has historically been slow due to significant capital costs for licences and IT systems, and the training that is required to maximise the benefits of such systems.
- 9.10. Technological change could potentially alter fundamental aspects of the construction industry, in particular around the way the industry is skilled. Greater use of premanufactured components and / or greater levels of automation will likely require new technological skills sets, and make traditional roles redundant on new sites over time. It is likely this will create conflict within the sector as this would be seen to be down-skilling by some stakeholders and to others progression. Carefully balancing these aspects is necessary to both conserve the traditional skills base the sector has as well as take advantage of future technological innovation.
- 9.11. In the coming decade, the changing demographic and generational influences will shape the development of new technology in homes. The provision of superfast connectivity to home through FTTP, 4G/5G networks, coupled with the mainstreaming of smart homes, eHealth facilities and home working will place higher demands on all networks. All private digital connectivity providers must be included in the future planning of Scotland's wider infrastructure agenda. In addition, the future of electric vehicles will continue to evolve. Although it is difficult to predict what route this will take, there must be a recognition that the capacity of our electricity grid, and our current limited capacity to store power will have an impact on our growth aspirations if this is not considered in the round.

#### Reduction in Small Scale Home Builders

- 9.12. We fully support Principle 6 to increase the diversity of home builders active in Scotland. However, the constraints facing this part of the home building sector in Scotland are multi-faceted and complex. Since 2008, Scotland has witnessed nearly a 40% reduction in the number of small-scale home builder organisations, resulting in the permanent loss of approximately 320 developers. As a result, Scotland has lost around 2000 new homes being delivered each year across the country.
- 9.13. Whilst many of the constraints SME home builders face are commonly shared across the entire industry, due to their size and limited access to development finance options, they experience a disproportionate and unsustainable journey throughout the development process. The most commonly cited reasons being:
- A lack of available and suitable housing sites, coupled with the constant struggle of securing implementable planning consents, through a planning system beset with delays. Whilst large home building companies often have the capacity to spread risk across multiple sites, for SMEs encountering delays on just one site, can be the difference between one year of growth and one year of retraction
  - A lengthy and complex consents system which makes navigation and cash flow management a challenge. The front loaded costs and lack of certainty prevents SMEs from investing in new projects and limits their ability to grow sustainably
  - A shortage of development finance options on fair and equitable terms. Since the financial crash, mainstream lenders are generally very cautious about the SME sector. Banks will simply not lend to new entrants or surviving customers
- 9.14. It is essential that any future route map to delivering a new housing system for Scotland explicitly acknowledges the distinct challenges this part of the industry faces. There is no single solution to addressing the decline of the small scale home builder in Scotland, but the Scottish Government must seriously consider the use of new financial mechanisms that will arise through the Scottish National

Investment Bank, reforms throughout the planning system, whilst additionally demonstrating clear strategic leadership to Local Authorities that home building should be supported and a more flexible and proportionate attitude towards SME development should be adopted.

#### Delays throughout the development process

- 9.15. The process of obtaining all the consents which are necessary to delivery new housing is lengthy, complex and often unpredictable. Once a site has been identified as suitable for development, by allocation in a Local Development Plan, there is a still a long process to go through. Home builders must obtain planning consent, agreeing levels of developer contributions thereafter. They must then proceed to secure road construction and building warrants as well as other approvals with infrastructure providers such as Scottish Water.
- 9.16. The latest official planning performance statistics show that it was taking an average of 37 weeks to decide major housing applications in the first half of 2018/19, significantly higher than the statutory 16 week period. It is important to note that this timescale excludes the negotiation of Section 75 Agreements and the other consents required before building can actually take place, meaning the overall time to get through the consenting process is significantly longer.

#### Mortgage Availability

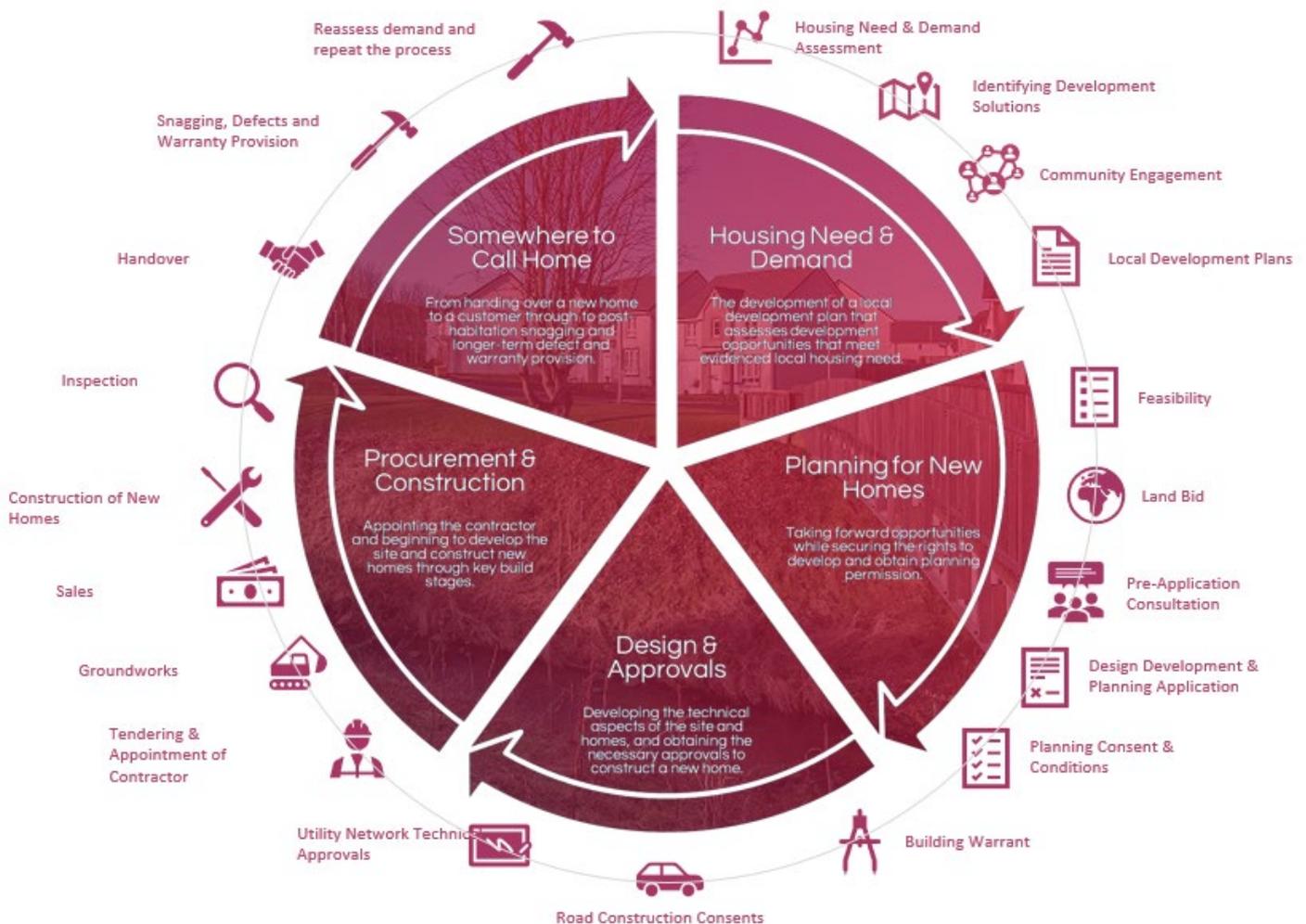
- 9.17. Presently, in Scotland there are only two lenders providing 95% LTV mortgages on new build homes; compared to nine in England. This is reflective of the risk lenders are prepared to take in Scotland. As a consequence the affordability offered to purchasers is severely limited in Scotland compared to other parts of the UK. Until the mortgage market fully corrects itself and expands its offering in Scotland, there will be a need, at least in the short-term, for continued investment in home ownership initiatives (such as Help to Buy) and the development of other shared ownership or equity products.

## The Development Cycle

- 9.18. While it is vital that Scotland considers the larger structural changes to its' economy in the long term; there is a profound lack of understanding of how new housing is delivered and the operational challenges it already faces at present; all of which impact the industry's ability to invest and build the new homes Scotland desperately needs.

### A Simple Development Cycle

There is much more to housing delivery than the planning system. It is sequential process that involves public and private stakeholders working together to ensure the delivery of the right infrastructure and homes in places where people want to live.



- 9.19. The development cycle is far from straightforward, with each stage presenting its own unique set of challenges, some of which are outwith the control of the industry itself. For example:

- The consents process is riddled with delays and uncertainty, latest statistics revealed that the time taken to decide a major housing development was 34.9 weeks, twice the length of the statutory time period. Similarly, surveys carried out by HFS have revealed that the average time taken to obtain a building warrant and roads construction consents during 2013-2018 was well over 50 weeks.
- However this does not account for the entire consents process. Home builders are additionally required to secure approvals from infrastructure providers such as Scottish Water and Scottish Power. This can, as is the case of water and sewerage networks, rely on local authorities and network operators coming to agreement on the responsibilities for maintenance of networks and assets that rest with public bodies.

## 10. Closing Summary

- 10.1. HFS welcomes the ambition to create a visionary housing system in Scotland. The proposals discussed throughout the document are wide ranging, reflecting the complex nature of establishing a long term housing vision, and all of the variables that must be considered over the next 20 years.
- 10.2. The starting point for the delivery of this vision needs to be a clear, cross party political commitment to deliver the homes that Scotland needs. An unequivocal message must be sent that housing of all tenures is an essential part of the baseline infrastructure of an inclusive, growing, low carbon economy.
- 10.3. This is fundamental. Scotland has not delivered enough new homes over the last decade to keep up demand, resulting in the need to deliver 25,000 new homes each year at a minimum. Whilst we have made good progress, not least illustrated by 2018 marking the first year that 20,000 homes were delivered, we still have a long way to go and multiple barriers to overcome in the immediate future if Scotland seriously wants to deliver enough homes to meet the needs and aspirations of its' people.
- 10.4. As such, an all-tenure national target of building 25,000 homes per annum will set the tone that the Scottish Government is committed to ensuring all those responsible for the delivery of new homes are aligned in their intent and actions. This message needs to be set nationally and delivered with both national and local commitment. This can be done immediately and set the tone for the longer term delivery of the vision.
- 10.5. Other immediate actions which will begin to have short-term impacts include ensuring that parallel policy and delivery reforms coming from, for example, the Planning Act, the recommendations from the Infrastructure Commission, Building Standards Review etc all put the delivery of more homes at the heart of their policies.
- 10.6. In the medium term, a well-resourced, funded and politically supported national housing agency should be established. It should co-ordinate expenditure and the deployment of public sector assets for housing, promote new delivery models and facilitate infrastructure delivery.
- 10.7. Influencing consumers on the future decisions they make regarding the energy efficiency of the homes they purchase and choose to live in will be crucial in the short and medium term. This could be done by repositioning the intent of LBTT and council tax to offer relief on more energy efficient properties and encouraging banks and valuers to recognise the inherent value in such properties.