

improving living in scotland



Jonathan Fair Chief Executive



Shelter
The Scottish Housing Bubble
May 2008

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- **Homes for Scotland represents the country's home building and development industry.**
 - **Our membership of over 135 organisations, together with an additional 80 associate companies, provides 95% of all new homes built for sale in Scotland.**
 - **Improving living in Scotland - to ensure people have modern homes in the places they want to live - lies at the heart of everything we do.**
 - **Our member companies take their responsibilities to the communities in which they build extremely seriously.**
 - **Output 25,000 homes or £6bn annually.**

Who are we?

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- **Availability of Finance is major constraint.**
 - **Both for consumers and companies**
 - **Number of mortgage products have reduced by about 75%**
 - **Number of FTB 100% products reduced from several hundred a year ago down to none today.**
 - **All financiers are reducing loan to value ratios.**
 - **This requires larger deposits and less people in the market**
 - **Effectively limiting and reducing the number of qualified buyers.**
 - **Having a big impact on sales and consumer confidence**
 - **Output is currently falling, (includes affordable housing)**

Realities of Market conditions

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Affordable Housing

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- **“Housing Supply Task Force”**
 - Unblock supply in short term,
 - Free up the Planning System,
 - Increase output to at least 35,000/annum by 2015
 - **Homes for Scotland position**
 - Increase land allocations,
 - Declutter Regulatory systems now,
 - Invest in Infrastructure
 - Target output of at least 50,000/annum by 2015

Government Alignment?

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- **Scottish Climate Change Bill** – 80% reduction in Carbon Emissions by 2050.
 - **Mandatory “Lifetime Homes”** standards - May 2007
 - **Complete autonomy** in relation to Building Standards, Planning System, Local Authorities, Property Law, Affordable Housing and other developer contributions

Government Agenda

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- **SPP 6** – Renewable Technologies, was issued in Mar '07 just before Scottish Elections.
 - Requires 15% of a buildings energy demands to be supplied from renewable sources, on top of any carbon reductions stipulated in May 2007 Building Standards
 - Cumulative floor area of more than 500m²
 - “**PAN 84** – Reducing Carbon Emissions in Buildings” , guidance on how to apply above – 10th Mar '08.
 - Also **PAN 45** Annex -Micro Renewable Technologies
 - But, the 34 different Planning Authorities in Scotland can choose to apply this in their own way!

Sustainable Planning



Table 1(a): Average additional construction costs per dwelling of Code levels 1-6 (2008 costs)

Code Level	Energy	Water	Other (mandatory plus flexible credits)*	Total
1	£337	£0	£378	£715
2	£1,890	£0	£708	£2,598
3	£4,626	£125	£1,236	£5,987
4	£7,077	£125	£3,173	£10,375
5	£11,478	£2,018	£3,006	£16,503
6	£29,322	£2,018	£4,046	£35,386

*these are indicative for flexible elements

Affordable?



37. Cyril Sweett¹⁵ when considering the implications of moving from EcoHomes Very Good to the draft Code for Sustainable Homes (CSH) concluded that Lifetime Homes did not have a significant impact on overall project costs because the requirements of the revised Part M of Building Regulations now require many of the same considerations to be addressed as a matter of course. It is estimated that compliance with the Lifetime Homes standard could result in additional costs of around £550 per home.

39. However Ainsley Gommon¹⁷ found that when standard house designs are modified it could cost in the region of £1,500 extra per family dwelling and that the 'extra-over' area required to accommodate the standards for each of three 'pattern-book' house types. The study found the extra space required for and cost of providing the standards was respectively:

House type	4 person 2 bed	4 person 3 bed	5 person 3 bed
Base build area	72.5m ²	78.9m ²	85.00m ²
Extra-over area	4.47m ²	3.78m ²	3.00m ²
Extra cost	£1615	£1570	£1435

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- Entirely **New Planning Act** – All secondary legislation is only just developed - not complete until Oct '09 earliest.
 - Currently 58% of current Scottish Local Plans are more than 5yrs old, and 17% of plans are more than 15yrs old.
 - **Scottish Building Standards Agency** was abolished and brought into new “Directorate of Built Environment” combining Planning, Building Standards and Architectural Policy within Scottish Government – Mar '08.
 - **Communities Scotland** was abolished and brought within Scottish Government’s direct control – Mar '08.

Government & Policy Context

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- Exert greater **pressure** on banking system to ease lending policies and criteria.
 - **Inject** new secure **funds** into financial markets,
 - Continue to give **political leadership** to the Scottish market
 - Temporarily **suspend** Stamp Duty, especially on lower value home transactions
 - **Review** threshold levels for mortgage interest relief and benefits for those in difficulties.
 - Fund and **invest** in other housing types to provide a soft landing for housebuilding economy

What can Government Do?

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Our Awards

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