Minutes of the Cross Party Group on Housing

Wednesday 19th April, 13:00 – 14:00
Scottish Parliament, Holyrood

	Members Present	Andy Wightman MSP, Ben Macpherson MSP Ilene Campbell, TIS (Secretariat), Katy Dickson, Scottish Land and Estates, Stephen Young, Young Art Work/ Institution of Structural Engineers, Alistair Reid, TIS, Gordon Nelson, Federation of Masters Builders, Alastair Cameron, Scottish Churches Housing Association, Wayne McKay, Electrical Safety First, Susan Napier, RICS.
1.	**In Attendance:** *Non-members/Guests*	Freya Lees, North Star Consulting and Research, Jim Eadie, Age Scotland, Janice Stevenson, LGBT Youth Scotland, Shona Mitchell, SFHA, Libby McHale, Clachan Co-Housing, Tammy Adams, Homes for Scotland, Iain McCaskey, Building Engineering Services Association, Peter McDade, Office of Pauline McNeil MSP, Ciaran McDonald, Office of Andy Wightman MSP. Stephen Pathirana, Scottish Government, Prof David Adams, University of Glasgow, Matthew Benson, Rettie and Co.
2.	**Welcome and Apologies**	Andy Wightman MSP opened the meeting and thanked everyone for attending. Ilene Campbell from TIS noted apologies had been received from: Pete White, Positive Prison, Zhan McIntyre, SFHA,Keith Anderson, Port of Leith Housing Association, Steven Turner, Salvation Army, Craig Sanderson, Link Housing, Jennifer Kennedy, Homes for Scotland, Pauline McNeil MSP.
3.	**Land Supply Across All Tenures and Models** *Presentations and Discussions*	Andy Wightman noted that the topic for discussion today was about Land Supply across All tenures and Models. He invited the speakers to introduce themselves, and advised those in attendance that following the speakers there would an opportunity to ask questions and have a discussion. Stephen Pathirana from the More Homes team in the Scottish Government introduced himself and gave a brief summary of his views of the relevant issues. He indicated that it was a complex picture, and that the land component, the housing market and the planning system were all interlinked. He indicated that prior

to the 2008 crash around 50% of completed units were delivered by small to medium sized developers. This figure was now around 20%. The difficulties faced by smaller developers included access to finance, the planning system, and infrastructure challenges. Stephen concluded by asking how the planning system could be used to encourage more land to be brought forward for development.

Matthew Benson from Rettie and Co introduced himself and gave his views on the issues. Matthew talked about the main challenges in terms of land, infrastructure and section 75 components and how from these blockages a number of other issues arise. Matthew talked about some modelling that his company has undertaken which can demonstrate significant financial savings for a homeowner both in terms of the required deposit and annual costs. The modelling involved different financing of the three main challenges above. Matthew indicated that if adopted this could open up land for development by SMEs, as currently the larger developers who have access to the financial markets can cover upfront costs that smaller developers cannot.

David Adams from the University of Glasgow introduced himself, and noted that as well as his work at the University he was also a Commissioner for the new Scottish Land Commission. He noted that the Research Council had recently announced funding of £6 million to deliver a centre hosted by the University of Glasgow to improve the evidence base for housing policy. David went through a presentation he had prepared which raised the following points:

- Key question is why developers don't build faster, and generally deliver one unit per development per week as a rule of thumb, to optimise sales
- Generally builders aim to price new homes at 10% above market value, but could sales volumes be increased if new homes were priced at 10% below market values?
- To achieve higher values developers allow more time to attract purchasers – the usual practice is to aim for maximum possible price by accepting a slower sales rate. For this approach to work there must be limited competition
- The planning system reinforces this lack of competition as land purchases becomes the area of greatest competition, with winning bids for land assuming the highest possible sale prices. Once land is paid for developers have a sales price they must achieve
- We are not making a breakthrough in house building that we would expect to see with new MMC

		Andy Wightman MSP thanked all the speakers and opened up the discussion for the rest of the group to ask questions or give comments. The following points were noted: • The competition in the market appears to be at the point of land purchase rather than at the point of sale to the end consumer • The public sector has a role in managing the release of land and the planning system has a key role • We need to find a method to finance s75 and infrastructure costs • A role for a body similar to the SFT may be required to support the model developed by Rettie and Co – and the Government may need to use their balance sheet in a different way. This would allow high costs of borrowing to become low cost borrowing • We may need to examine the ROI that developers seek to achieve, and the current focus on land speculation. The current model involves huge losses in a recession, and huge profits in times of growth – might a more balanced approach be preferable • We need to develop an approach that allows markets to respond efficiently Andy Wightman thanked all the contributors for their input and closed the discussion.
4.	**Applications for Membership of the Cross Party Group on Housing**	Andy Wightman indicated that there were three applications for membership. Ilene Campbell read out the names of those applying: Grace Franklin, Clachan Co-housing Libby McHale, Clachan Co-housing Iain McCaskey, Building Engineering Services Association No objections were received and the membership was approved.
5.	**Any other competent business**	No items were noted
6.	**Dates of Next Meetings**	Next Meeting – Annual General Meeting - 13th September at 1pm