



28 June 2024

SPF Response to Housing (Scotland) Bill: Financial Memorandum

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The Scottish Property Federation (SPF) is the voice for the real estate industry in Scotland. As a part of the wider British Property Federation, we include among our members: property investors, including major institutional pension and life funds; developers; landlords of commercial and residential property; and professional property consultants and advisers. Our members build Scotland's workplaces, homes, shops, schools and other facilities and the infrastructure that serves them. Our industry is therefore a core component of the Scottish economy.

Updated National Performance Framework purpose

1 What are your views of this updated purpose for the National Performance Framework?

Share your views in the box provided.:

To deliver the aspiration of improving the wellbeing of people of living in Scotland, for now and in the future, we need a successful economy. This needed to provide the jobs, the tax revenues and public services, the investment and the infrastructure that the country will need to modernise and transition to a net zero and successful country. Without this platform the aspirations of the National Performance Framework will not be achieved.

At the moment our economy is flatlining, and while the renewables sector is clearly a significant and growing success there are key stress points for the real estate industry, including electricity capacity (the grid) and skills (planners, construction industry).

Which National Outcomes are you considering in your responses?

Which National Outcomes are you responding to in this consultation?

CLIMATE ACTION - We live sustainably, achieve a just transition to net zero and build Scotland's resilience to climate change, **WELLBEING ECONOMY AND FAIR WORK** - We have a competitive, entrepreneurial economy that is fair, green and growing, with thriving businesses and industry and fair work for everyone,

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To see a full list of our members and find out more about our work, visit our website at www.scottishpropertyfederation.org.uk

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HOUSING - We live in safe, high-quality and affordable homes that meet our needs

The National Performance Framework and National Outcomes

2 In your view, do the proposed National Outcomes match the purpose of the National Performance Framework? Please explain your answer.

Share your views in the box provided, using separate paragraphs to refer to each of the outcomes you are considering where relevant.: Climate Action

The ambition for a net zero Scotland will be significantly challenged if we fail to deliver net zero within the built environment. Yet progress towards retrofit is very limited and this year the delivery of new build has stagnated and new starts have also declined. There is also limited progress towards the delivery of district heat networks while EV infrastructure is also significantly behind where it needs to be.

More broadly, we feel there needs to be clear and consistent policy that will incentivise and drive the improvement and retrofit of older buildings. There should not be any underestimation of the considerable obstacles now facing the delivery of a net zero built environment. Not all can be addressed at Holyrood, for example the disparity between the tariff on electricity and gas. However, there is considerable concern that the supply chain in terms of skills and materials are simply not in place at this time in Scotland to deliver the climate action national outcomes that are required.

Wellbeing Economy and Fair Work

Without a successful economy the government will struggle to sustain the wellbeing of the population at large. This is because the tax revenues will not be achieved to support the public services and investment needed to achieve a successful economy. In addition, it is unlikely that the government and wider public sector ability to borrow to invest and boost the economy will be improved significantly. From our sector's perspective, we are greatly concerned that with a stalling development sector the impetus for regeneration, new infrastructure provision and the skills and supply chain that are the eco system of the real estate sector which supports the wider economy will be much reduced as better and more certain opportunities for business are sought elsewhere. There are clear stresses in the economy as it stands including within the construction sector, retail, housing and commercial real estate sectors making relatively reduced levels of output.

Housing

The Scottish Parliament recently voted to declare a national housing emergency, following the example of a number of Scottish local authorities. This week on 25 June the Scottish Government

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released its housing statistics for the 2023-24 financial year which demonstrated a severe fall in the completion (-17%) and starts (-15%) of new build homes across all tenures. This is a severe concern given the numbers of people on housing waiting lists that a combination of fiscal pressures and uncertainty with government policy will continue to constrain the supply of new build which will in turn exacerbate the pressures faced in the housing sector.

3 What do you think of the changes being proposed?

Share your views in the box provided, using separate paragraphs to refer to each of the outcomes you are considering where relevant.:

We welcome the addition of Housing to the National Outcomes. The Scottish Government has a Housing 2040 Objectives which seeks to provide the right types of home, affordable, right location and size and energy efficient for people across the country. Currently this is not being delivered and indeed appears to be falling behind in its delivery as a national outcome. The government's latest housing quarterly figures demonstrated a significant downturn in the delivery of new homes which has fallen below the 20,000 mark. This is significantly below the 25,000 per year production target which itself is in our view likely insufficient to meet the modern housing demands of Scotland. The position is worsened further if we compare the significant impact of new investment in models of private rented homes in England compared to the lack of such investment in Scotland. This is due to the years of uncertainty over rent control policies in Scotland which has led to the outcome that investment is being driven away and redirected towards more welcoming areas in the north and midlands of England. We estimate over 15,000 new modern homes including contributions to affordable and mid market rental models are currently at risk of not being delivered, due to the likely loss of investment because of the nature of the rent control policies being promoted in the Housing (Scotland) Bill. This will undermine the national outcome on housing that has been introduced.

UN Sustainable Development Goals

Do you think the proposed National Outcomes align with the UN Sustainable Development Goals? Please explain your answer. Share your views in the box provided, using separate paragraphs to refer to each of the outcomes you are considering where relevant: Joined-up policy making

8 To what extent do the proposed National Outcomes support joined-up policy making in Scotland?



Share your views in the box provided, using separate paragraphs to refer to each of the outcomes you are considering where relevant.:

Wellbeing economy and fair work + Housing

It is too early to tell if the revised National Outcomes will support joined up policy making but hitherto, we have to conclude that there has not been as much progress as we would have hoped. The structure and nature of government, especially central government does not necessarily lend itself to collaborative work within its various directorates and agencies. At times our members also experience a lack of coordination in wider local government and agencies of government which leads to delay and frustration in the planning system. This is compounded by the recent tendency of the Scottish Parliament to add regulatory burdens on the planning system, primarily through local government, without providing the resources required to deliver these new responsibilities and duties.

Implementing the National Performance Framework

9 What should the implementation plan contain to make sure that the National Outcomes are used in decision-making?

Share your views in the box provided, using separate paragraphs to refer to each of the outcomes you are considering if possible.:

We must get the economy growing again - without this other priorities and policy objectives, including on climate action, will simply not be sustainable.