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From: SJenkins@cala.co.uk on behalf of GMORE@cala.co.uk
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To: Housing Consultation 2007
Subject: CALA Group Limited - Firm Foundations Response



Firm Foundations -
questions.d...

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We have responded to the questions, posed in Firm Foundations, that we deem to be
important to us.

Should you require any clarification then please contact me directly.

(See attached file: Firm Foundations - questions.doc)

Regards

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Question 1: Do you agree that aiming to increase the rate of new housing supply in Scotland to at least 35,000 a year by the middle of the next decade is a sensible and realistic ambition, and that this will help set a necessary political context for acceleration in housing supply?

CALA Group Limited feels confident that the target of increasing the rate of new housing supply in Scotland to at least 35,000 a year by the middle of the next decade is achievable and that the industry will work to find ways to exceed it wherever possible.

When the Government's target of 35,000 new homes per year is broken down into annual steps to the middle of the next decade it is clearly achievable. From 2008 to 2015 the annual increase in production to achieve this target does not even equate to an increase of 5% each year.

Given the time it will take to build up momentum we need to recognise that this percentage increase will not be equal each year, and it is likely that we will see smaller steps in the early years. To ensure the target is met by the middle of the next decade however, stronger growth must be encouraged and supported for the medium to long term. Greenbelts need to be redrawn to allow Communities and homes to be built in sustainable locations.

We welcome the target set by the Scottish Government to help set the necessary political context for acceleration in housing supply and we are keen to work with key stakeholders in ensuring that the policy ambition is translated into the delivery of homes on the ground.

Question 2: Do you agree that, to give practical effect to the ambition, local authorities should co-operate regionally in setting realistic housing targets for housing market areas, and in enabling the delivery of these targets? If so, what arrangements should be put in place to support and provide incentives for such co-operation between relevant local authorities?

CALA Group Limited takes the view that local authorities must co-operate regionally, both in the setting housing targets for housing market areas and in the identification of actions programmes to enable the delivery of these targets. We would go further and argue for a robust framework through the inclusion of regional targets within National Planning Framework 2.

The important role of City Regions must not be overlooked in the setting of regional housing targets. It is inevitable that the four city regions will attract a higher proportion of demand for housing than more rural areas. We acknowledge that National Planning Framework 1 recognises the key, and varied, role of the cities but National Planning Framework 2 must give further clarity and guidance on their importance to the economy. Furthermore, National

Planning Framework 2 must acknowledge the critical role that meeting housing demand has to play in economic growth.

To ensure local targets are set correctly clear direction must be given from the Scottish Government to Local Authorities. The wording of Scottish Planning Policy 3 (SPP3) will be crucial in this regard. The Planning Policy must set out firm requirements for Local Authorities to act. Advice and encouragement is simply not strong enough.

We would recommend that further consideration is given to the use of financial incentives for Local Authorities to deliver housing investment. The approach being adopted by the Westminster Government might be worthy of further examination.

Question 3: Is there a role for a specialist national function to provide expert support for local authorities in strategic planning for housing? What expertise do you think this function would require?

The introduction of a specialist national function to provide expert support for local authorities would be useful if the 'function' provides access to consistent and robust technical assistance, both with regard to policy analysis and policy formulation. Scottish Enterprise could undertake this role.

Local Authorities must ensure the alignment of their planning and housing functions. It is imperative that authorities produce one set of forecasts to inform all strategies, policies and programmes. This will allow them to set out co-ordinated approaches to land allocations and the procurement of housing investment. We must not revisit the position that exists in some Planning Authorities where Local Housing Strategies argue for a release of land for 'affordable housing' which exceeds the total housing land release contained in that same authority's Development Plan. All sites capable of supporting housing development have constraints attached to them, the challenge for the planning system is to focus on the actions required to remove those constraints within the context of the economics of development.

It can no longer be acceptable to have a planning system which identifies land for development, ignores the constraints and relies on a belief that in time market forces will remove those constraints. There is a need for the public sector, particularly through its infrastructure investment programmes, to unlock development opportunities. All be it there are circumstances where private investment may be required to support public intervention in respect of infrastructure investment the role of the Scottish Government is of fundamental importance.

Development opportunities in many instances are constrained by the intervention of Government Agencies concerned primarily with the protection of Scotland's

environmental and cultural heritage. If increased investment in housing is to take place it is imperative that these agencies, while maintaining vigilance in respect of 'environmental standards' shift their way of operating from one which seeks to frustrate development to one which actively provides advice and assistance to enable development.

Question 4: Even when land has planning permission there are still blockages that prevent new housing being built. What additional arrangements would, or could, accelerate development on land with planning permissions to help ensure that future housing supply targets are met?

The difference between outline and detailed consent is crucial given the problems experienced by developers endeavouring to purify suspensive conditions. It is of vital importance that attention is focussed on "land with implementable planning permission".

CALA Group Limited would recommend the following interventions to help accelerate development on land with implementable planning permission:

1. Developers should have the right to expect that when negotiating with Planning Authorities and reaching agreement on actions to be taken they are being advised of the corporate view of the Planning Authority and are not negotiating on the whim of an individual Planning Officer.
2. To facilitate that position, consideration needs to be given to the introduction of dedicated project managers or facilitators whose role is to assist the developer to obtain the appropriate consents.
3. There is an urgent requirement to integrate infrastructure investment plans. There should be a requirement for all utilities providers to ensure that their investment proposals support land releases being promoted through approved Development Plans.
4. The use of Section 75 Agreements requires to be reviewed. There is emerging a body of evidence to suggest that over ambitious Section 75 Agreements result in projects being delayed or abandoned as market conditions cannot allow the developer to realise the financial contributions necessary to purify the Section 75 Requirements. There is little evidence to suggest that Planning Authorities, in the main, have regard to development economics when making Section 75 demands and there is no evidence to suggest that where Section 75 requirements are so onerous as to put projects in jeopardy Planning Authorities are willing to re-negotiate in order to accelerate the rate of housing production. More resource needs to be dedicated to this area and the possibility of out sourcing this work to the private sector should be encouraged.

5. Development Plans must be brought up-to-date via a statutory requirement on Local Authorities.

In addition to the above, further consideration needs to be given to two fundamental changes which we see as essential to improving delivery of development:

1. a change in attitude within Public Authorities to one of promoting development i.e. culture change, and
2. resolution of the issue of front-funding strategic infrastructure, whether through a Government Agency (along the lines of English Partnerships) or through an alternative mechanism to Planning Gain Supplement.

Question 5: We have proposed that much expanded or new, stand-alone settlements may be a valid solution. How should we best encourage the development of new, sustainable communities that are sympathetic to Scotland's landscape and environment?

CALA Group Limited welcomes the proposal to include expanded or new, stand-alone settlements as part of the solution to increase supply.

Firm Foundations states on page 18, "Housing can be developed for a range of tenures with decentralised heat and power and high energy efficiency standards and located so as to make optimum use of public transport and provide opportunities for walking and cycling. Design and build should reflect the best architectural and design traditions of Scottish town and villages."

CALA Group Limited would urge the Scottish Executive to pursue a Scottish Sustainable Communities Initiative and we will work with the Scottish Government to promote the development of communities described in the paragraph above.

At present In Scotland there is little evidence of real vision in strategic planning. Major land releases in sustainable (perhaps Greenbelt) locations is the way to change this.

The Industry is ready to work with Local Authorities and local communities to see how, together, sights can be raised when it comes to shaping and creating sustainable communities of the future.

Far greater emphasis needs to be placed on design-led master plans covering wide areas. These master plans must move beyond the identification of development platforms. An approach should be developed that will, with full public consultation, enable planning authorities to establish how and where development can take place and how it can be achieved in a measured

progressive way, rather than the cherry picking the current planning system encourages.

With master planning, investment decisions can be prioritised and phased, giving both the public and private sectors a clear understanding of the required sequence of investment.

Public authorities can then locate schools and other public amenities and retail facilities where and when the community needs them.

The provision of major infrastructure is a strategic community issue and master planning would enable public and private sector delivery to be timely, appropriate and properly shared.

Contributing to the construction of sustainable communities is a challenge that the Scottish house building industry will embrace. CALA Group Limited is working to ensure it is meeting the requirements of the new Scottish Building Standards in relation to sustainable procurement and construction and we are committed through specific design related initiatives to embrace the place making agenda set out in the policy statement 'Designing Places'. Local Authorities should be discouraged in breaking away from SBSA guidelines.

Question 6: How should different types of assistance within LIFT be targeted?

All too often Local Authorities focus on the need for social housing when considering their affordable housing policies when most of young people in Britain still aspire to be homeowners.

Question 8: Should the Government provide direct cash grants to first-time buyers?

CALA Group Limited would support the proposal to provide a £2000 grant for buying expenses to genuine first time buyer individuals. However, we question whether this will have the desired impact.

Question 9: How can the private house-building sector play a bigger role in providing, without public subsidy, increased provision of affordable starter homes?

CALA Group Limited is already capable of bringing low-cost starter homes for sale to the market. All too often the industry is prevented from doing so by Planning Authorities who will not employ the mix of the affordable housing options as prescribed in PAN74. These starter homes are successfully procured in England and their provision as a response to the affordable housing crisis is encouraged by Local Authorities and organisations such as English Partnerships. CALA Group Limited would urge the Scottish Government to consider the impact of space standards in Building Regulations on the delivery of affordable homes.

Where additional homes are provided further assistance may be provided to first time buyers through private shared equity schemes. Properties are offered to customers at a percentage of the total value with the house builder retaining the remaining percentage. The house builder would then receive the same percentage at the current value when the house was sold or the customer would repay the house builder by taking over the equity share at the current value after an agreed time period. The house builder shared equity schemes allow customer's straight forward access to homes they may otherwise have been unable to afford. In that regard they are an excellent example of the private sector innovatively increasing the provision of affordable starter homes without public subsidy and should be promoted more widely.

CALA Group Limited would urge the Scottish Government to give full consideration to the impact of garden, road and open space standards on the delivery of affordable homes. Restrictions in design layout can limit the imaginative delivery of affordable homes. Increasing land prices and competition caused by an undersupply of housing land can mean that the most viable use for a site is the construction of higher value units rather than those targeted at the starter market. If house builders were able to use innovative designs to create places with for example, shared courtyards or on street terraces without front gardens, the delivery of less expensive units would become easier.

Joint workings between Local Authorities and house builders, particularly in areas of regeneration, have proved successful at delivering affordable homes through the private sector with minimum public subsidy. To attract investment land is transferred at nil value to the house builder who assumes responsibility for the provision of supporting infrastructure.

Question 24: Do you think that subsidies for development should be provided to bodies other than registered social landlords?

CALA Group Limited is keen to explore further the possibility of subsidies for development going direct to house builders. Consideration should be given to the success of similar schemes in England. CALA Group Limited would be willing to participate in this exercise.

CALA Group Limited would argue for the simplification of the funding process. At the moment the process to become a 'partnering organisation' is overly bureaucratic and therefore acts as an impediment to innovative approaches.