

The Chartered Institute of Building

submission to the

The Department for Communities

on the consultation on

the new housing supply strategy call for evidence

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Questions

1. Please confirm whether you are replying as an individual or submitting an official response on behalf of an organisation.

On behalf of the Chartered Institute of Building.

2. Do you agree that a 'Whole System' approach given the challenges is the right one?

Yes. As the consultation paper points out housing supply is a multifaceted issue. It is the intersection point of a range of policy topics including construction, health, land, transport, skills, education and sustainability. A whole system approach is therefore appropriate.

We are however concerned that the document does not address the issue of the tax treatment of property. Light tax is one of the main reasons housing has become financialised as an asset. This financialisation has led to increased competition from international investors for housing, which impacts affordability and accessibility for many would be occupants. We urge the Government to use this strategy as the occasion to implement a 'whole system' approach including a realignment of the tax system so that from a policy perspective housing is treated as a dwelling rather than an asset. This would reflect the prevailing social values of the people Northern Ireland.

The 'whole system' approach must also include clear deliverables for the Department of Finance. Without enough funding, specifically resourcing of local authorities and NIHE for the direct delivery of housing, the strategy will have little impact.

3. Do you agree with the 15-year timeframe proposed for the Housing Supply Strategy?

We agree with the principal of removing any housing supply strategy from the political cycle. However, there needs to be assurances that the strategy will not be abandoned when the Government changes.

4. Do you agree with the proposed vision for the Strategy?

Broadly yes, although 'place' needs to be named clearly, rather than subsumed under the nebulous 'sustainability' heading. Northern Ireland has a major issue with peripheral development around towns and cities, with comparatively little urban housing. The strategy needs to address this, and naming 'place' in the vision would be a good first step.

5. Do you agree with the following proposed objectives for the Strategy:

(a) Increase housing supply and affordable options across all tenures to meet current and future demand.

(b) Reduce housing stress and homelessness and improve housing solutions for the most vulnerable.

(c) Improve housing quality

(d) Ensure the provision of housing options that contribute to the building and maintaining of thriving, inclusive communities and places.

(e) Support the transition to carbon neutrality by reducing whole-life carbon emissions from both new homes and existing homes.

We agree with these objectives and would also include: place and accessibility of housing to amenities (the 15-minute city principle); using refurbishment of derelict buildings in town centres to increase housing supply with an emphasis on heritage and conservation.

7. What do you believe are the three main barriers to delivering the objectives for the strategy?

The high cost of Land

Builders of all sorts – SMEs and larger developers – are clear that the most significant constraint on delivering a well-designed, high quality, affordable end product is the high cost of land. The inflated land market means costs must be driven down in the latter stages of the housebuilding process in order for developers to fund the initial land purchase. This results in poor quality, unaffordable housing as developers seek to recoup their initial outlay by building units that will sell for the highest possible price. We therefore strongly encourage this supply strategy to take steps to re-align these incentives.

The high cost of land means developers are required to dedicate a disproportionate amount of their budget for a given housing project to fund the initial land purchase in a highly competitive market. In order to fund this purchase and see off competition, developers must drive down costs elsewhere in the process, typically on design and quality, and affordability of the final product. In the current land market, all the value that could be dedicated to ensuring the final product is high quality and affordable for the occupant flows to the landowner when a plot of land is purchased.

This process, known as the residual method of valuation for land, bakes in poor quality outcomes for housing. The equation for the residual method of valuation in its simplest form is as follows:

$$\text{Land/Property} = \text{Gross Development Value} - (\text{Construction} + \text{Fees} + \text{Profit})$$

If land were available at a more reasonable rate – for example, existing use value plus a 20% premium – developers would be incentivised to compete on the design, quality and affordability of the final product, rather than their ability to fund the initial land purchase.

A more proactive approach to the land market could capture the gains from development for the benefit of the community, and harness competitive forces, which are currently focused on the land market, to delivering better quality and affordability for consumers. This means shifting the focus of market competition in the development process downstream to the construction phase and away from the land purchase phase. It also means shifting policy intervention in the other direction, away from the construction phase upstream to the land purchase phase.

Over reliance on one model of delivery

This question raises the wider issue of the structure of Northern Ireland's housing delivery system, the dominance of volume housebuilders, and the accompanying negative impact on build out rates. Volume housebuilders are crucial to a successful housing delivery system and will continue to provide a significant proportion of the new homes in Northern Ireland. However, in recent decades they have come to dominate housing supply output as SMEs have struggled to recover from the financial crisis, and the state has largely withdrawn from housebuilding. [SMEs built 40% of new homes in 1980s, 23% in 2008, but now build only 12%.](#)

This over-reliance means that the private development finance model of volume housebuilders has a significant impact on national housing supply. The absorption rate in particular, whereby houses are built out only at the rate at which the market can absorb them, is acting as a brake on build out rates nationally. The staggered release of new build homes to prevent prices being driven down in the local

market has seen build out rates drop despite a very sharp increase in volume builders' levels of profits. The oligopolistic features of the housing market and the accompanying impact of the absorption rate on housing delivery is one of the fundamental drivers of the slow rate of build out, and the high cost of the final product.

Access to finance (and land) for SME builders.

Banks in Northern Ireland are significantly less involved in funding new building than they were pre-Global Financial Crisis (GFC). Hence developers have turned to alternate sources of finance such as private equity or venture capital companies. The higher cost of this finance has pushed up the cost of development and hence the price of new build homes. These non-traditional sources of finance are proving to be a major issue for those development companies which are not cash-rich, i.e. SMES., which has led to further consolidation of the housebuilding industry into fewer, bigger players.

Access to finance is clearly crucial for any firm but has become especially important since the financial crisis for SMEs competing against other potential borrowers for limited bank lending. Since 2011, the government has provided guarantees for lending to some businesses, which has reduced the lenders' risk and the borrowers' costs. However, guarantees have not in general been available for house building. In the context of this housing supply strategy there is a compelling economic and financial case for attempting to reverse the decline of the SME house building sector. We would therefore endorse any scheme which would allow SME house builders to access lower cost bank lending supported by a Central Government guarantee. In our view this should be available for the purposes of both site acquisition and working capital.

The Tax Treatment of housing

As per question 2, the rise of housing as an asset class for investors has been facilitated by the relatively light tax treatment of housing in Northern Ireland when compared internationally. Where tax-advantaging housing leads to over-investment in housing as an asset rather than a dwelling, this has negative implications for overall housing supply and affordability. This over-investment in housing has negative implications for the accessibility of housing, occupation patterns and the efficient allocation of the existing housing stock, and available tenure choices.

8. To what extent do you agree that there is a need to establish a more robust understanding of NI Housing Stock, e.g. by tenure, location, condition, etc.?

Additional data is always welcome but should avoid duplication with the Department of Finance's Annual housing stock statistics, and the NIHE's House Condition Survey.

Sustainable Communities and Homes

11. How do we engage communities more effectively in place making?

Traditionally, community engagement in the built environment has been done through a 'town hall' style setting, which favours existing residents who have time to physically attend these meetings. The use of digital tools can democratise civic engagement in place making. Digital technology, used in addition to traditional methods, can make public consultation more efficient and can reach a wider sample of the community.

However, if the intention is to engage communities more effectively in place making, this will need to be supported by resourcing at the Local Authority (LA) level. Planning has been the most cut function of local government in the last decade. Accordingly, any additional duties for Local Planning

Authorities (LPA) will need to be accompanied by a comprehensive resourcing strategy, specifically – in the context of community engagement – dedicated community liaison officers.

It will also be important to ensure a ‘blended learning’ style approach to consultation as a significant proportion of the stakeholders impacted by planning decisions are not digitally literate. These people need to be accommodated, and the blended learning approach that many schools, universities, and colleges have successfully implemented in the last 18 months provides a useful model in this context.

Finally, in the interest of fairness and efficiency, the consultation process needs to operate with an appropriately wide conception of ‘the community’. The working assumption is that the community is existing property-owning residents. However, renters, future residents, students, and people who work in an area are also fundamental to the functioning of place and, as such, should be consulted in its future development.

12. To what extent do you agree that housing led regeneration policy contributes to reversing the physical, social and economic decline of:

(a) areas of deprivation

(b) town and city centres

(c) rural areas

(d) suburban areas

Housing led regeneration can improve the physical, social and economic conditions of any area, but any policy must be sensitive to local requirements regardless of whether an area is rural, suburban, urban or deprived, or indeed more than one of these. Regeneration projects need to be focused on the needs and aspirations of existing residents, meaning systematic consultation at all stages of the process is crucial, as per question 11.

Local-residents across the UK and Ireland increasingly express a desire for more diverse tenure options. The demographic and economic make-up of existing residents across Northern Ireland means that there will still be a need for affordable rental products as well as ownership options. There is clear evidence of areas where regeneration is necessary because private provision alone is not enough to enable housing development. This might relate to low land costs, lack of an existing market or need for specific types of accommodation (e.g. for older people). Areas across Northern Ireland require both public and private investment to meet a range of different needs. In some places, particularly in Belfast, the relationship between transport investment and regeneration is crucial.

As an overall principle policy should ensure that regeneration is underpinned by sound appraisal and clear objectives as set by this housing supply strategy. Regeneration should also focus on place making and avoid housebuilding in isolation. This will involve working to agree objectives that balance both national and local priorities.

14. To what extent do you agree that it should be a priority to deliver more shared housing developments throughout NI?

We agree that there is a need to diversify the tenure and type of housing available in Northern Ireland in order to meet local need. In areas where shared housing meets local need, it should be prioritised. As it stands the lack of tenure diversity in Northern Ireland is often down to single developers building out schemes. There are several ways that this can be addressed to facilitate the delivery of different types of tenures, such as shared housing.

If local authorities are equipped with land management teams, public land can be leveraged to deliver mixed tenures. In Northern Ireland few councils have land management resources, and this is a significant factor in their deciding to sell council owned land directly to private developers to deliver housing. With added land management capacity, councils could maintain control of their land and have more control over the type and tenure of housing delivered on site. See question 19 for more detail on local authorities proactively delivering housing using internal land management capacity.

18. How important is mixed tenure to addressing housing supply issues in NI?

It is central to the success or failure of this strategy. Housing policy debates internationally have become mired in numbers, whereby success or failure is decided based on the number of new units being delivered, regardless of the location, quality or tenure of the final product. This results in a mismatch of supply and demand, particularly in capital cities where luxury developments stand empty and affordable housing demand is left unmet. The housing supply strategy must clarify what type of housing demand exists and where. This will form the basis of a successful strategy.

19. What challenges do you see in progressing mixed tenure developments, and how could these be overcome?

As per question 7, from a private development perspective the high cost of land means that profit maximising tenures tend to be prioritised in developments. If land were available at a more reasonable rate – for example, existing use value plus a 20% premium – developers would have more legroom to deliver a diversity of tenures within a given development.

From a public sector perspective if local authorities had well-resourced land management teams and the ability to borrow or raise their own funding, the inherent value of their landbanks or Compulsorily Purchased land could be leveraged to deliver housing and infrastructure. Two examples of best practice serve to illustrate this point.

Created from scratch by public sector action, Ijburg is a meticulously planned and executed 18,000-unit urban extension to the east of Amsterdam. The city council used its internal land management team to assemble land at existing land value. They then borrowed money to fund the installation of extensive transport infrastructure, thus making the site more accessible and increasing the asset value of the land. The land was then divided up into pockets and sold at the higher value to a range of different SME housebuilders, who built the site out according to the councils affordable housing masterplan.

Enfield Borough council in North London, have used their in-house development team to turn unviable land into a major housing opportunity in the form of their Meridian Water Development. The council used the borrowing capacity afforded to them by central government to borrow from the international bond market, using the funds to de-risk sites and install transport infrastructure. Enfield then contracted SME construction firms to build the houses, while the council-maintained ownership and control of the land as the master-developer. The result is 10,000 homes of diverse types and tenures built to meet the social priorities of the Borough. With the front funding work of the council, a previously unviable tract of land is now an urban extension valued at over £2.5 billion.

While these models cannot be airlifted directly into Northern Ireland, there are policy lessons to draw from them. The golden thread running through proactive local authorities that deliver significant amounts of mixed tenure housing is access to funding; be it through borrowing capacity, retaining the local tax take, or central government grant.

A reimagining of the funding relationship between central Government, namely the Department of Finance, and local authorities would allow borrowing headroom for councils to proactively deliver housing. In England, Theresa May's Conservative government removed the borrowing cap on local authorities for housebuilding in 2017, and since then the country has seen a resurgence in local authority housebuilding.

Another consistent pattern in housebuilding local authorities is land management capacity. Where councils have well-resourced land management teams, the inherent value of their landbanks or compulsorily purchased land can be leveraged to deliver housing and infrastructure, as per Ijburg and Enfield. In Northern Ireland few councils have land management resources, and this is a big factor in their deciding to sell council owned land directly to private developers to deliver housing. With added land management capacity, councils could maintain control of their land and have more control over the type and tenure of housing delivered on site.

20. The Equality Commission has framed local housing demand and supply in relation to three constructs – accessibility; adequacy; and sustainability. Are you content with this framework or are there other issues that may warrant inclusion?

Quality

Quality is critical. It is about the greater public good we expect from our housing to promote human health, safety and wellbeing as well as addressing today's many social, cultural, environmental and economic concerns.

As such, quality, or rather the failure of quality, is arguably the most important issue facing the construction industry today. The events that have focussed attention on the failure of our industry to consistently deliver the required levels of quality in the buildings and infrastructure that we create are well known. But the underlying causes of these failures are something that we are only now beginning to understand.

Levelling out the supply and demand variations that are rife in the house building industry will provide firms and their supply chains with the confidence to invest in training, skills development, innovation and modern methods of construction (MMC) solutions that will deliver high quality, yet still cost-effective, housing.

Although we strongly advocate long-term solutions that address the cultural issues in the built environment, we support redress systems and insurance schemes to protect consumers who have suffered from poor quality or sub-standard construction.

We also believe that building standards and building control systems are central to the delivery of a built environment that is safe, healthy, energy efficient, sustainable and accessible. It is vital that building standards are evidence-based and designed to either achieve a positive effect, or to avoid a negative effect. We support regulations that are functional, rather than completely prescriptive, in order to preserve the freedom to innovate. It is important that building regulations are not just seen to achieve minimum standards; it is always possible, and often beneficial, to go above and beyond these set standards.

Housing Supply in Rural Areas

23. To what extent do you agree that the Housing Supply Strategy should address the need for affordable homes in rural areas?

We see no reason why the strategy would not address both urban and rural areas. This is particularly true considering the pandemic and the growing mutual reliance of urban and rural areas in terms of housing and labour markets.

Land and Property

32. Should the options for making public sector land (local and central government) available to support a wider variety of housing options be explored?

Yes, however transfers of public land to single developers should be avoided. As per question 19, local authorities should have adequate funding and land management resources internally to be able to bring land forward for development, and to prescribe the type and tenure of housing to be built on it.

33. Are there land & property practices adopted in other UK or European jurisdictions that you believe would transform supply if adopted here?

After decades in the ideological wilderness, there has been a revival of local authority housebuilding, with pockets of best practice popping up internationally. Local authorities that are delivering significant amounts of housing typically use a range of tools including: in house development teams; local authority housing companies; arm's length management companies; land management and estate agency teams; and compulsory purchase orders (CPO). See question 19 for two examples of such tools being used.

Planning

34. Are there changes to planning legislation, policies, processes or procedures that could transform housing supply for the better?

We urge caution when it comes to altering planning legislation in order to increase the supply of housing. There are many reasons why we are not delivering enough houses. Under successive governments pursuing "planning reform" as the silver bullet solution to housing affordability has overlooked the range of other factors involved, and therefore the full range of solutions that can be brought to bear on the problem.

As has been pointed out elsewhere in this response, the over-reliance on volume housebuilders – and the accompanying impact of the absorption rate on build out-; the fall away of SME builders; and the cost of finance and land are at the root of housing supply issues in Northern Ireland. Allied to this the number of planning permissions granted in Northern Ireland consistently outstrips the number of housing starts. Although there are many reasons for this, it does suggest a limit to the effectiveness of making changes to the planning system to increase the amount of land with planning permission instead of focussing efforts on increasing build out rates on existing permissions across a diversity of tenures.

Nevertheless, many Local Planning Authorities are woefully under resourced and this housing supply strategy could be an occasion to address this. Planning has been the most cut function of local government in the last decade. Accordingly, any additional duties for Local Planning Authorities (LPA) that come as part of this housing supply strategy will need to be accompanied by a comprehensive resourcing strategy for LPAs.

35. Are there planning practices adopted in other UK or European jurisdictions that you believe would transform supply if adopted here?

Freezing land values when a masterplan is made – Germany

German municipalities capture development values when they zone land for new development by freezing land values when a masterplan is made. Capturing this value allows the municipality financial leverage to provide mixed tenures and types of housing. In designated regeneration areas in Germany, municipalities freeze existing land values allowing them to acquire land at these values, install infrastructure and sell the land on to developers in parcels, or maintain ownership of the land and bring in housebuilder to build houses. Where developers undertake new development, themselves they pay a share of municipalities' infrastructure costs.

This is in stark contrast to the situation often observed in Ireland and the UK, where Local Authorities are often passive, and public land is sold to single developers to build out according to market demand. This results in the homogenous tenures and types of housing that this strategy is seeking to avoid.

Prescriptive Land Use Planning – Holland

In Holland land use plans are prescriptive to the extent that when a local authority sells land to a developer by the terms of the sale the developer must build out according to the agreed land use plan. This means that the proportion of tenures outlined in the land use plan are fixed and non-negotiable, which ensures a diversity of tenures are delivered.

Importantly, councils in Holland make a significant profit on any land sales through a front-funding mechanism. Councils borrow from the international bond market to front fund infrastructure – including transport – on a given site. The site thus prepared leads to a significant uplift in the land's value. At this point the land can be sold to a developer at a significant profit for the council should they choose to do so.

Community Land Trust recognised in legislation – Ireland

A community land trust is a non-profit corporation that holds land on behalf of a place-based community, while serving as the long-term steward for affordable housing. The 2021 Affordable Housing Bill in Ireland will recognise CLTs for the first time in policy. This will facilitate the delivery of another type of outside market housing and could be considered in this Housing Supply Strategy.

36. Is land banking hindering housing supply here?

Land banking is part of larger developer's business model. In and of itself land banking is not hindering housing supply. However, an over-reliance on volume housebuilders to deliver all tenures of housing means that aspects of large developers' business model, such as land banking, absorption rate, and the residual land value model have a significant impact on national housing supply.

In our view the appropriate response to this is to increase the supply of housing from other sources – outside market and SME builders in particular – rather than creating policy that attempts to mitigate the impact of private developers' business model. As discussed in previous questions, opening access to appropriately located public land through land management teams in local authorities, and reforming of the Compulsory Purchase Order process are proactive routes to opening more land that can deliver mixed tenure housing.

Finance

37. To what extent do you agree that the NICS could better utilise existing funding (e.g. Block Grant, Financial Transactions Capital, Housing Association Grant, Reinvestment and Reform Initiative) to leverage greater levels of private finance for housing development?

It is important to be clear about what kinds of private finance.

Since the GFC alternative methods of finance, typically private equity, have taken the place of bank lending in many developments. The high cost of this finance – compared to traditional sources - means that SMEs struggle to access it. Where these sources are used, typically by cash and land rich large developers, the high cost of lending means that developers build mono-tenure, profit maximising housing, which often does not reflect local need.

As per the Holland example in question 35, there need to be assurances that, regardless of the source of finance, the housing delivered will reflect local need, not the need of a developer to maximise profits.

Nevertheless, lack of available finance is a major stumbling block for SMEs, particularly when it comes to accessing land and investing in tools that could improve productivity. Creating a fund to channel low cost, long-term loans to SMEs for investment in land and innovation would address this. See question 7 for more details.

Infrastructure

40. Are there changes to infrastructure legislation, policies, processes or procedures, such as the establishment of an Infrastructure Commission, that could transform housing supply for the better?

As per question 35, providing Local Authorities with land management teams that can leverage land values to fund infrastructure is the most important infrastructure policy change that this strategy could bring about.

Furthermore, CIOB has previously written (6/2020) to the Northern Ireland Assembly outlining our support to the proposed infrastructure advisory body for Northern Ireland as outlined in the Institution of Civil Engineers (ICE) 'An infrastructure advisory body for Northern Ireland' paper.

Infrastructure, from building, to use, to repair, maintenance and improvement operates over a long-term time horizon and, as such, requires long-term thinking and investment. It is therefore entirely sensible that advice to the Northern Ireland Executive should come from a body that is impervious to the political cycle and its associated short-term thinking.

Furthermore, the advisory body would create a clear line of responsibility for an area that spills over into different government departments, resulting in nebulous reporting lines, as has been pointed out recently (6/2020) by the Infrastructure Committee. An infrastructure advisory body would provide a single, independent source of expert advice for the Executive, thereby eliminating some of the bureaucracy that is negatively impacting infrastructure delivery in Northern Ireland.

41. To what extent do you agree that coordination of housing provision and infrastructure services need to be better aligned?

We strongly agree with this. As has been made clear in the consultation document, this strategy is about creating places, not simply increasing the numbers of houses being delivered. Providing infrastructure alongside housing is synonymous with place creation.

Climate Change/Net Zero

44. Are there changes to climate, sustainability and environmental legislation, policies, processes or procedures that could transform housing supply for the better?

Northern Ireland's recovery from the Covid-19 pandemic provides an unprecedented opportunity to foster the skills and develop the direction of travel necessary to meet our net zero obligations under the Climate Change Act 2008. At least 70% of the buildings currently standing will be here in 2050, and with a current housing stock of around 807,8129 homes, the energy performance of the Northern Ireland's existing homes must be improved if we are to achieve our emissions reductions target.

Upgrading the energy efficiency of existing homes through repair, maintenance and improvement (RMI) is an example of a socially valuable project that will support the economy, while improving the health and wellbeing of residents. This type of work is labour intensive and grounded within local supply chains, making it an ideal project to maximise employment within the construction sector, support regional growth and provide opportunities for training and retraining in low-carbon construction skills.

Private housing RMI is a major sector for construction, accounting for more than 20% of industry activity in Northern Ireland in 2020. Private housing RMI has also been one of the major growth areas during the pandemic period, with quarterly increases of 31% between Q2 and Q3 2020. The increase in activity presents a real opportunity for a targeted approach in this housing supply strategy in the context of sustainability, as housing also represents one of the most significant challenges to reaching net zero. In 2016 Northern Ireland's housing stock had 61,000 dwellings deemed below the Decent Homes Standard, 160,000 dwellings in fuel poverty, and 50% of dwellings were rated below the EPC target Band C.

Starting this work early will support employment when the workloads are low, and as the economy improves and workloads increase to pre-lockdown levels, more labour-intensive work can be eased, and greater progress made on less labour-intensive work. While we recognise that this is a complex task, we believe it would greatly reduce strain on labour supply. Retrofitting to improve energy efficiency will also reduce consumer utility bills, thus freeing up disposable income to be spent within local economies.

We urge the Government to implement a long-term national retrofit strategy as a key infrastructure priority and core element of this housing supply strategy. The Construction Leadership Council's (CLC) National Retrofit Strategy sets out a 20-year blueprint to transform the nation's housing stock, and this can provide a template for a Northern Ireland specific strategy. This will provide a clear direction of travel for the construction industry as well as the certainty that businesses need to create stable, green jobs beyond 2021, and the confidence consumers need to invest in whole house retrofit.

45. Transitioning to low carbon homes will require significant behavioural changes by householders. Is support required to aid the necessary behavioural changes?

In order to deliver a long-term national retrofit strategy, the CIOB is proposing a 'Help to Fix' loan scheme, which would involve the provision of interest free loans by Government directly to owner occupiers for a large range of measures which, while predicated on improving energy efficiency, would also extend to other measures including loft conversions, extensions, annexes and home improvements.

The scheme would seek to promote five policy outcomes:

1. encouraging construction activity where SME builders and local jobs are under threat;
2. supporting local economic activity;
3. expanding usable residential floor space;

4. increasing the uptake of energy efficiency measures by private homeowners; and
5. supporting the revitalisation of rundown high streets.

In brief, funding could be secured against a charge on the home, or alternatively, an equity stake. The repayment of the funding would be at the time of sale (a fixed closure date may be advisable to reduce legacy administration). The aim would be to remove the initial payment of a lump sum by households to carry out retrofit work – one of the primary barriers to this type of work in the past.

The provision of loans is not a new concept and was the foundation of the much-criticised Green Deal. While it is true that a Help to Fix mechanism would not be universally applied, demand for RMI must be enhanced through a blend of compatible, well-coordinated measures; it cannot be carried out in isolation.

Importantly, Help to Fix would allow for wider improvements than just energy efficiency, for example loft conversions or extensions. These would enhance the value of the home and, in many cases, the space available. This packaged approach to home improvement should encourage uptake and benefit the overall built environment in producing more residential space, a judicious move considering the growing trend towards homeworking.

Financially, the scheme proposed is likely to prove net positive. The costs would be low, and the Government would likely see gain through a higher tax take resulting from higher employment. This would provide a consequent boost to local economies, further supporting tax revenues. In reducing cashflow pressures for households which are already looking to improve their homes, stronger subsequent spending elsewhere in the economy would help to support economic growth.

46. Taking into account social impact, what incentives or disincentives could be introduced to positively impact the current and future delivery of low carbon homes?

See question 45

Innovation

47. Should existing buildings, including our heritage assets, play an enhanced role in transforming housing supply?

Yes. With a lot of older stock in the rental sector, including non-standard construction there is an opportunity for public housing providers to access CIOB's Conservation Certification Scheme.¹ The scheme is typically aimed at 'traditional' or listed buildings (typically pre-1918) but there is still a lot of existing stock in Northern Ireland that is sufficiently old to justify specialist consideration, beyond the standard solutions that apply to young, cavity-walled housing.

The scheme may well benefit providers in assessing older housing for repairs and for suitable energy efficiency upgrades that take account of the actual building, rather than the usual approach where modern solutions are imposed upon buildings for which they are not suitable.

¹ The CIOB Building Conservation Certification Scheme launched in June 2017 in response to a growing demand for 'certified' conservation specialists. Applicants are required to demonstrate their competence against the ICOMOS (International Council on Monuments and Sites) Training and Education Guidelines based on their experience and qualifications. In addition, the Scheme requires a demonstration of competence towards sustainability and energy efficiency issues.

Skills

49. To what extent do you agree that the Housing Supply Strategy could act as a stimulus to improve and modernise construction skills and increase the importance of the sector?

Economic cyclicalities are the root cause of many of the construction sector's skills and labour problems: the shrinking pool of labour and the ability to attract new talent; job stability; and working conditions are a direct result of the construction sector's perpetual boom-bust cycle. Cyclicalities also negatively impact the sector's ability to meet housing and infrastructure need during an economic downturn, as well as the sector's ability to respond and meet demand during an upturn.

As the biggest client of the construction sector, the Government can play a direct role in arresting this cyclicalities by providing a clear, long term pipeline of construction projects. In order to directly address cyclicalities and concurrently meet the scale of the housing supply shortfall, Government needs to resuscitate the missing agent of public housing delivery that has ebbed away in recent decades.

As part of this housing supply strategy, the Government should assemble and publish a stand-alone, comprehensive pipeline of projects in the local-authority built housing sector. However, rather than relying on developer contributions, leasing or acquisition of housing from the open market, the strategy should create local development corporations with land management resources and specific targets for directly constructed social and affordable housing

50. Does the Construction Sector in NI need support to skill up in digital technologies, Modern Methods of Construction, low carbon construction and the whole life performance of house building etc.?

Perpetual volatility in demand for construction has led firms, particularly SMEs, to curb capital investment; spending on research and development (R&D) brings high fixed costs that are difficult to cut in an economic downturn. Accordingly, lack of available finance is a major stumbling block for SMEs investing in tools that could improve productivity. Creating an Innovation Fund to channel low cost, long-term loans to SMEs for investment in formal R&D would address this, and lead to sector wide improvements in productivity. A similar fund exists in Holland, where the MKB+ (Innovation Fund for SMEs) gives construction firms access to finance to embed innovative new products, services and processes in their business. This housing supply strategy should involve the creation of an SME Construction Innovation fund to stimulate investment in formal R&D.

51. Does the age profile and make up of the construction sector (older workers/ self employed) require a specific intervention to support our housing supply in the future?

The problem of an ageing employment profile is not, of course, limited to construction, but it is arguably of greater concern in this sector given the physical demands of the work and essential skills that will be lost when employees retire. This is exacerbated by the fact that the number of new recruits is diminishing against the time it takes to train up an individual to a similar level.

We believe there is an opportunity for employers to utilise the skills of older workers by encouraging them to work with new recruits and share their knowledge and expertise in mentoring roles. Repurposing and changing older workers' job roles in this way could enable businesses to retain much of the existing skills base and share knowledge with the next wave of recruits.

As well as preparing for an ageing workforce, it is important to consider creating age friendly buildings to accommodate the changing demographic. Our own research has also highlighted support for a more age friendly and accessible built environment. But failure to plan for an older population will

place a huge strain on the public purse due to health and social care costs of inappropriate housing. We are supportive of contractors and designers who are actively considering and implementing inclusive design at every stage of the building life cycle.

Skills shortages affect both the professional and trade sides of the built environment sector. Prior to the pandemic, the Construction Industry Training Board's Skills and Training in the Construction Industry 2018 report found that one in six (17%) construction employers did not have enough skilled workers. Nearly half (47%) of employers had trouble in recruiting skilled direct or self-employed staff.

Recruitment and training across the built environment are a complex challenge, compounded by the ageing profile of workers in the sector, low numbers of new entrants and the proposed changes to immigration laws affecting the ability to recruit.

The CIOB previously responded to the Migration Advisory Committee's (MAC) Shortage Occupation List 2018, producing a cross-industry research report that surveyed 276 companies which collectively employed more than 160,000 workers across the construction industry to identify shortages of available staff pre- and post-Brexit. The survey found several roles that were frequently seen as shortage occupations, including construction project manager (SOC Code: 2436) and production managers and directors in construction (SOC Code: 1122).

We also submitted a joint response with several trade and professional groups on the impact of the coronavirus pandemic for construction and migration and the need for the Shortage Occupation List to be reflective of the industry's skills needs as we exit the European Union and recover from the pandemic, to prevent any shortages or gaps. We encourage the MAC to further consult with industry on an ongoing basis to develop a SOL that is flexible and responsive to emerging evidence and insight on the construction industry's future skills needs as they develop.

Improving the quality of – and access to – education and training is crucial to ensuring an enough pipeline of qualified, professional workers who are passionate about careers in the built environment. However, the poor image of construction has continued to have a detrimental impact on businesses' ability to recruit and retain people with the right skills.

We endorse the Construction Industry Training Board's Go Construct portal, which informs children and parents about the array of careers and opportunities in construction and the wider built environment, from trade-based opportunities through to professional careers in construction management, architecture and surveying. Additionally, the CIOB's Craft Your Future initiative is a construction game aimed at 12-14-year olds that takes place in Minecraft and presents students with a variety of problems focussing on the challenges faced by city-based communities. It is designed to help young learners explore the methods and skills required to become a construction manager, including those central to the new technologies that will define the future construction industry.

Ultimately, a sustainable recovery and long-term pipeline of talent must be supported by a shift in the content of built environment courses to reflect the skills needs of the future. Employers have often cited outdated curricula and skills as a barrier to the employment of Further Education (FE) students, and a challenge at FE level is ensuring that the best people are teaching the right skills. Incentivising experts to enter teaching and ensuring that they are not forced to leave the industry to take up less lucrative teaching roles will be vital to skilling and upskilling a workforce that is equipped with modern, low carbon skills.

