

# Sustainable housing policy and national budgetary measures

**H**OUSING has the most direct relation to the quality of life. Sustainable building basics include environmentally-conscious building by reducing the impact of energy and water use and building with quality which is safe for the user and the builder. These must also incorporate the social and economic aspects of housing affordability and accessibility for the elderly and the disabled.

An overview of the affordable housing market over the past years will gauge the necessary housing to fall under the above definition of sustainable housing. Affordable housing is defined as that home which may be purchased on a mortgage repayment that works out at 25% of the median household income.

Over the 20-year period 1982-1992, affordable housing increased in value at an average annual rate of 7.43% per annum. It is to be noted that over the period 1997-2002 the average annual rate of increase narrowed down to 4.3%, indicating the efficiency of the housing measures being undertaken. However, come 2003 and 2004, the rate of affordable housing price increases is in the double figures, namely 12.3% and 18.2% respectively.

The double figure increase for 2003 at 12.3% was due to the EU accession expectations. Although Government had successfully negotiated derogation in the field of housing, the herd mentality is

too strong in most markets to restrain buyers to hold back. Thus the previous five years of housing measures were not sufficient to mitigate growth expectations.

In 2004, the EU growth expectation showed signs of mitigation, being signalled by the fall in values of the commercial sector, which as compared to housing had minimal derogation effects. However the double-figure increase for 2004 at 18.4% may possibly be found by two budgetary measures introduced in late 2003.

Although these two years have been characterised by double figure growth rates, the affordability does not appear to have worsened, this being due to the falling mortgage rates. However, what will happen when these rise again? The US Fed has already given an indication of changing conditions.

Buyers have to be made aware of the possible pitfalls of the present low-interest rate mortgage market. What happens if and when interest rates rise again? A rise of 2 to 3% over the next years would raise interest costs by 33% to 60%. Prospective home buyers should learn the new low inflation housing market game, by moderating their borrowings and house price bids, together with taking the longer time horizon associated risks into account.

**Budgetary measures**

The first budgetary measure introduced in 1993, of registering

**by Denis Camilleri**

the immovable property on the initial promise of sale, is considered to be a just measure. Nobody can justify the rampant underdeclaration of property values on the contract of sale.

On the other hand, this measure has had an effect on the double-figure growth rate of affordable housing for 2004. Government revenue has now increased by the introduction of this measure, so rebates must now be introduced. Present stamp duty purchase costs at 3.5% or 5% of value are middle-of-the-road rates. A 1% stamp duty exists in the UK and this goes up to double figures stamp duty in Belgium and France.

Thought should be given to totally waiving stamp duty for

first-time and disabled buyers. If refurbishments and/or additions are carried out in brownfield site, regenerating the old outdated building stock, whilst at the same time redeveloping the inner village areas by improving its social, cultural and environmental aspect, which may have been turned into the focus of the socially deprived sector of the society, rebates should be given on the VAT payable.

This VAT reduction should also apply to energy-saving materials, the philosophy being that a sustainable measure involves the lowering of the volume of the materials used, whilst at the same time improving the waste-generation of buildings.

The second budgetary measure introduced dwelt on the reactivation on the application of capital gains tax, once an inherited prop-

erty is sold on the property market. The chairman of the Housing Authority has suggested that this be repealed come next budget, since it is only fair that the heirs are helped out in their capital acquisition which may have arrived late in the day for them to improve on their quality of life.

The real reason is however, to be sought in why capital gains tax on inherited property was originally waived. This had happened as a motivation to release on the market the presently high amount of vacant property standing at around 23%, when only 4% of vacant property is required for the proper functioning of the property market.

The introduction of this second measure defies the whole rationale in bringing the vacant property

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**Edward Lear for Perry magazine's autumn edition**



A WATERCOLOUR by renowned English artist Edward Lear (1812-1888) will be featured on the next issue of the *Perry Ltd Real Estate Magazine*, which will be distributed with *The Sunday Times* on October 3. The painting, as inscribed by the artist, shows a "Lonely valley of Zebbug" (sic) and dated 1.30 p.m., March 28, 1866. Lear executed another view of Zebbug signed 3 p.m., March 28, 1866. Having spent winter in Italy, Lear journeyed to Malta for health reasons from December 1865 to April 1866, having previously visited the island in 1862. Lear did not manage to meet Sir Henry Storks, the former High Commissioner of the Ionian Islands and then Commander-in-Chief in Malta, as Sir Henry had just departed.

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## Recommendations

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onto the market, thus helping the affordability of housing.

### Health and safety and Green issues

Emphasis has to start being placed on the selection of building contractors having a greener and safer outlook of the industry.

The local construction sector has a high fatal accident rate which does not appear to be diminishing. According to the NSO, while accidents at work have declined by 30% from the first quarter of 2003 to the same quarter in 2004, not so in the construction industry, where an increase of over 50% was registered.

The OSHA also reported that in 2003, 12 men died at work, mostly in the construction industry. The courts appear to be applying wrongly the cost of human life for a work related fatality, as the outstanding wages are capitalised. The cost of a human life is more than the wage packet it is difficult, unethical and even impossible to make a valuation of human lives.

However, in risk analysis a life saved to an individual under working conditions is quoted at €6 million per life saved, a far cry from what the courts have been awarding. If the court quantification of a human life were to change, the importance of safety on sites would be paramount in reducing affordability.

### Rental issues

My colleague architect André Zammit has dwelt in detail on "The Shame of the Rent Laws" in an article published in this newspaper last April. It outlined how the release of rent restrictions could yield appreciable income to the Government to relieve the budget deficit. It is only a basic right that a person is justly compensated for a service rendered, in this case the lease of residential or commercial premises.

Measures are included in the Building Industry Consultative Council BICC "Property Market" report on how amendments to the rental laws may be introduced.

These include the revocation of the present practice of the right of inheritance of the lease tenure. Further, the present restricted rents pegged at the 1939 level should be factored by eight, considering the index of inflation to be standing at 80 in 1939 and 640 at 2002, with these to be regularly updated at five-year intervals according to the index of inflation.

Maintenance is then to be carried out as stipulated in the Civil Code, unless a lower rent upgrading factor is decided upon, stipulating a different maintenance agreement.

In the commercial property market, a level playing field is to be created whereby no differences exist between a Government or a private lease agreement.

### Recommendations

The most effective way to combine society's economic and ecological approach is to analyse and redirect subsidy schemes and tax instruments in such a way that environmentally harmful activities are discouraged. The future beckons for a greater interaction between "social housing" and "sustainable building", which presently is on the low end.

The link between sustainable development and social sustainability, especially in the context of urban renewal and regeneration, as outlined above, may be obtained by a shift of subsidies, legal restrictions and taxation to create long-term structural incentives for sustainable housing.

These sustainable measures which will have effect over a substantial period, normally much longer than the duration of a legislature, are to be endorsed in future budgetary measures,

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## MCR and MCAST students on vocational training in Spain

A GROUP of students following vocational training in Masonry Heritage Skills recently took part in a Leonardo da Vinci II Mobility Placement called MASTHS (Multi-disciplinary, Advanced Site Training in the preservation of Heritage Stonework).

The vocational course is run by the Malta Centre for Restoration (MCR) in collaboration with the Malta College for Arts Science and Technology (MCAST).

The site school for the project was held in the Galician town of Porriño (Pontevedra), in Spain and involved the conservation of a late 19th century stone fountain known as Fuente dos Caños and part restoration of the side elevation of a building called Concelo Porriñes.

Project preparation, erection of scaffolding, workshop and site work was co-ordinated by the Maltese contingent led by a team of assistant lecturers from MCAST and directed by conservation architects from MCR.

Astrid Jenkins followed the project on behalf of the EUPU (European Union Programmes Unit). IES Ribeira do Louro, the Spanish school, provided technical assistance. Workshop and site school discussions regarding the cleaning methodology to be adopted on both sites were held at the school in Spain. Teachers, instructors, beneficiaries and students from the host school were present for these meetings.

The objectives were direct participation and hands-on experience in the conservation and restoration of stone monuments; on and off-site application of documentation; project management; health and

safety techniques within the framework of a restoration team with, and under the supervision of, an architect, conservator and safety officer; understanding of the delicate balance between historic, social and cultural factors that contribute to the shaping of the monumental heritage of the town and surroundings; and the appreciation of the architectural development, quarrying and stone manufacture in the region of Pontevedra.

On their return, the beneficiaries were given a certificate of participation as students initiating vocational training as conservation technicians, signed by the head teacher and director of the host and sending organisation respectively. Joseph Sammut, head of the EUPU, and MCR director Joseph Schirò presented the certificates.

The Mobility Project also addressed cultural aspects relating to architecture and conservation in general. Students visited various important cultural and historic cities in the region, such as Santiago (including the cathedral of Santiago de Compostela), Tui



SITE school at the fountain

(Portugal) and Vigo and schools which offer vocational training such as, the Escola Mestre Mateo (Santiago) and Escola de Artes Antonio Failde (Ourense).

The team of beneficiaries was made up of two female and 11 male students of whom two were students with special needs. The vocational courses in Masonry Heritage Skills promote equal opportunities and social integration between students.

The beneficiaries were accompanied by conservation architects Claude Borg, assistant director Documentation Division and Jevon Vella, head, Architecture Conservation Department and co-ordinator of vocational courses.

In Spain they were assisted by junior conservator Francis Chetcuti and by assistant lecturers Alex Caruana and Mario Schembri. Victor Camilleri was responsible for co-ordination in Malta.

Subsequently, a mixed group of ten students from IES and the CEMAF (Consortio Escuela del Marmol de Fines, a vocational school in Almería) visited MCR. They participated in a two-week training programme in the manufacture, cleaning and conservation of globigerina limestone.

The Spanish students attended training both at the MCR laboratories and various site schools. They also visited many heritage sites, old and contemporary stone quarries, and the medieval settlement at Tas-Simblija.



STUDENTS working in the Spanish school's laboratory

## ETC's Night Institute for Further Technical Education's input to lifelong learning in Malta

MORE people are realising that we are living in an era of a knowledge-based economy. The success of individuals, groups, organisations and society as a whole is increasingly dependent on the ability to discover new knowledge and learn new skills.

Those who wish to keep their jobs or find a better one and remain active members of society, must keep up with the economic and social changes.

To achieve this, they have to improve their learning abilities. They have to be ready to move to specialised fields, and to accept that their career must be flexible and enhanced by investing in human capital. Thus, lifelong learning must be the response to these new challenges.

The Employment and Training Corporation (ETC) and the Night Institute for Further Technical Education (NIFTE), with a small team of dedicated individuals, are

### by Charles Zammit

committed to providing a comprehensive training experience that leads to employment, career advancement and self-improvement for the adult population.

NIFTE is now in the sixth year of operation. It was established in 1998 to provide the opportunity to update professional skills to help industrial and non-industrial workers to progress professionally in their career. Its aim is to produce qualified employees for working life: to raise adults' level of education and to improve one's chances of finding placements in a productive working environment.

Its role is to educate and empower learners of all ages and backgrounds to meet their goals through high quality, technologically advanced, and affordable vocational training solutions. The training is delivered

by a qualified staff committed to the candidate's success, in a personal and supportive environment, emphasising on individuality.

It is thus an effective training facility, offering students short-term skills training leading to employment and providing the necessary tools for success. There are a number of programmes on offer, including technical, management and development courses.

NIFTE is dedicated to excellence in performance and provides life-long learning opportunities. It also facilitates the implementation of vocational training initiatives, which are effectively correlated to manpower planning and national priorities.

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