

Chamber of Architects speaks out on PA's housing paper

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THE Maltese housing market was identified at the Chamber of Architects' 1999 conference on "Housing Affordability in Malta" in that the problem is not one of availability but of affordability. However, this study shows the availability surplus to be on a general level, but problems of availability exist in particular regions.

For the next 20-year period, besides the enormous amount of existing vacant property – about 23 per cent of the housing stock – the required housing stock has been calculated at 41,200, with the available potential at 95,100.

The figures for housing provision may be inflated and when considered by region may not all be available to be taken up by the market as yet. For example, the figure for Gozo is 20 per cent of the total, whereas the resident population is only seven per cent.

The Temporary Provision Schemes were not scientifically or uniformly drawn up, but were based on 'representations' and were meant as a nucleus for subsequent expansion and rounding off.

The number of issued residential permits at 3,000 per annum, as opposed to the household growth taken at 1,700 per annum apparently reconfirms the theory of availability.

Again this availability is not considered as being uniform, as most new dwellings are to be found in the South and Central Local Plan areas.

In over-supplied markets one would normally expect prices to drop. This is not the case for Malta, where over the past 40 years a consistent annual property capital appreciation has been achieved.

Recently it had been considered that the advent of the capital market in Malta would affect the investment potential of Maltese property. However, with the collapse of the capital market, property has again gained its stronghold among Maltese investors.

Proposed scenarios

It is good to note that over the past Structure Plan period, 40 per cent of development had been carried out on brownfield sites, being an improvement over past projections. We fully agree that future development has to be carried out on 60 per cent of brownfield sites.

The urban containment scenario could be very dangerous both on account of the inherent weakness of the sufficiency assumption (based on global figures), the unacceptable

restriction of choice and the expected explosion of prices of brownfield properties. It could not work without drastic rent reform and it may also be unconstitutional.

Management of TPS land through incentives could be more achievable but the comments on the previous scenario still apply although to a lesser degree. The process would need complete transparency.

The 'incentives' in the title appear to be more in the nature of 'graded penalisation'. It is to be kept in mind that over the last 50 years all efforts to regulate development by restricting supply have resulted in an escalation of prices.

Current trend scenario

Although this may give the impression of a *laissez faire* policy, in fact the trends are already rigidly constrained by what is popularly perceived as a scarcity of greenfield sites in the desired areas and unmanageable brownfield properties.

As for the previous scenarios the revision of the rental laws as well as

assistance with parking tenancies would have to be provided for effective redevelopment.

To achieve a greater desired brownfield development, we feel that further fine-tuning on a scientific basis of the schemes are necessary, in conjunction with a review of the allowable storey heights. This study should take into consideration the available development provision in the various local plan areas.

The building and infrastructural levies also need to realise a distinction between brownfield and greenfield developments.

Adapting the market to ensure affordability

Considering all this, we feel that the PA should be more pro-active in its policies to relieve a part of the affordability problem, which appears will linger on with us for the coming review period.

The answer could possibly lie in that more emphasis has to be on sustainable affordable provision as

opposed to sustainable home ownership.

Home ownership is to be encouraged as long as those who want or need to rent are not discriminated against. The concept that the ideal tenure is home ownership should be discouraged. Home ownership is the enemy of mobility and leads to wasteful housing fit and unnecessary travel.

A healthy rental market would make available an existing housing stock, better utilisation and upgrading of rented properties and generally give new life to degraded urban cores and services. It would make considerable state finance available for upgraded services and subsidies to really deserving cases.

Again, during the 1999 conference, it was noted that the slow economic growth achieved by our country as compared to similar densely populated countries was due to the high spending on home ownership. High home ownership is an indicator of a low GDP. It penalises low and medium income groups and reduces state revenue and economic resources.

For a significant minority home ownership is not the case and policies should be focused on encouraging sustainable home provision. Sustainability is a difficult challenge. Mixing households of different tenure and different income levels is essential if a community is to feel sustainable.

It is vital to avoid heavy concentrations of low-income households, especially if many lack employment. For balanced, sustainable communities, it is vital to integrate social housing with other types of housing and land uses. Some form is required to manipulate the system to ensure affordability.

The PA should encourage and incentivate developers to provide buildings for affordable housing provision or risk being refused permission. This should lead to mixed-use developments and adequate supply of an appropriate mix of tenures.

Measures should be introduced to encourage the financial institutions to enter the private rental market. Households fortunate enough to be housed in dwellings leased below the market level should declare the imputed relative rental subsidy as income.

There should be a cost to keeping a property empty without a legitimate

reason. The property owner should be required to pay to keep a property empty if it has been vacant for longer than a specified period, there is no plan to redevelop or refurbish it and no serious attempt has been made to market it.

This could be waived after discussions with the owner. These would be appropriate, possibly within regeneration zones, with the help of local councils. Proper regeneration of our inner towns and villages must include the creation of balanced communities, with residents living in a range of properties of all tenures.

The acquisition of derelict and vacant property should then lead to the formation of PPP development schemes (public, private, partnership), where the authorities provide the land and banks and the private investor carries the cost of the development, which is then leased to the authorities.

The conservation of the urban fabric is considered more important than the said buildings, which may have fallen into obsolescence, besides creating health problems.

The PA should introduce a scheme so that vacant buildings do not remain unused if another party, in partnership with the local council, can redevelop them.

Community needs as against availability should be identified at local council level, where also accommodation standards could vary. It might then be possible to provide housing schemes 'to fit', whence possibly the three-cane width may be de-mystified.

We recognise that housing is not a 'one-department' issue. Housing actually affects more departments, as housing issues cannot be divorced from social security, health, education, crime and even trade and industry. The Chamber urges the authorities to continue the joined up thinking which housing demands.

NOTE: Italy, with a home ownership of 67 per cent, is not to be compared with Germany with a rate of 38 per cent. It is the central European countries that advocate the private rental market. The Mediterranean countries have a high home ownership rate, however unlike Malta, social renting is low – between 0-2 per cent.

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