

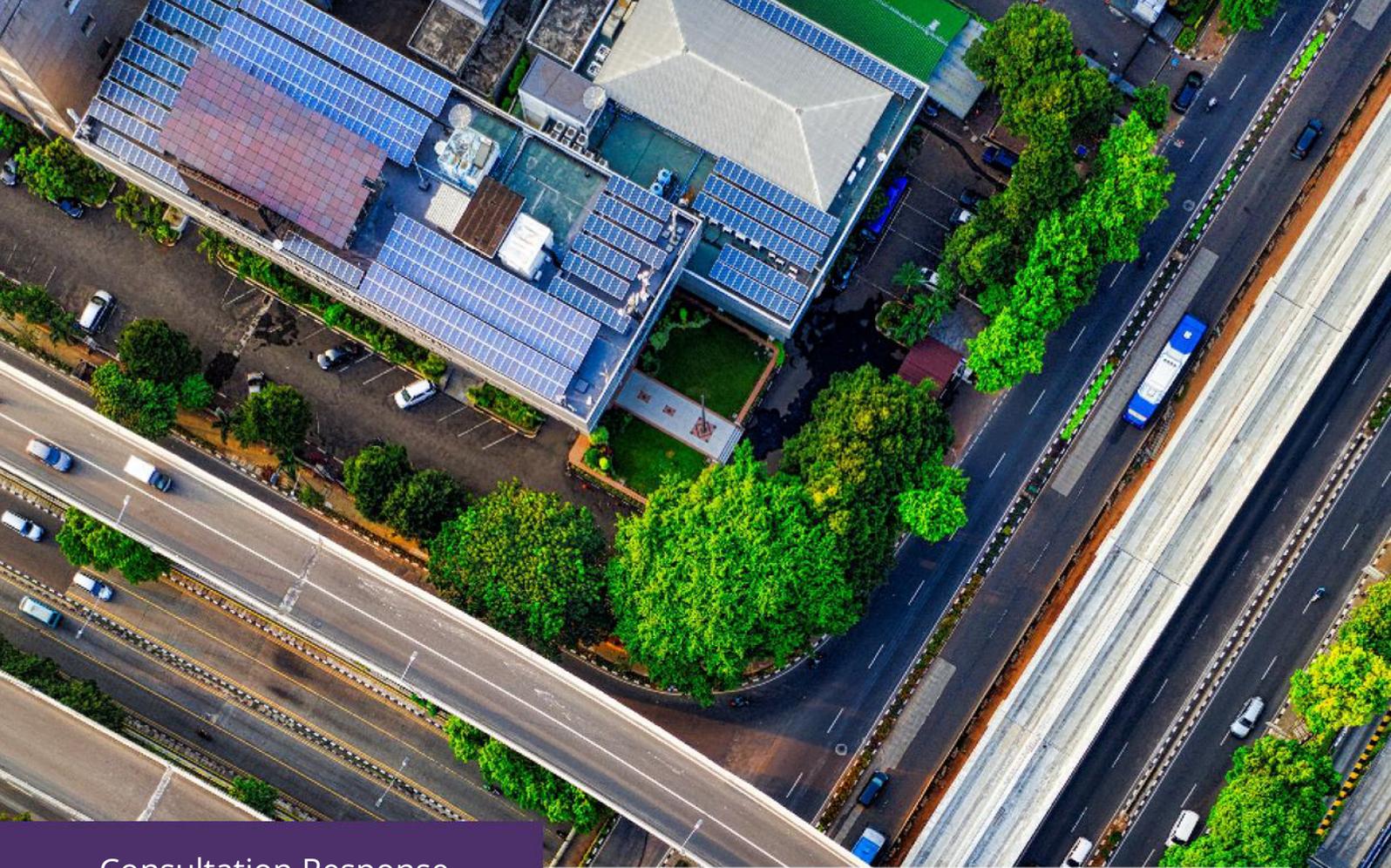
SSP 35

Ymgynghoriad ar flaenoriaethau'r Pwyllgor Llywodraeth Leol a Thai ar gyfer y
Chweched Senedd

Consultation on the Local Government and Housing Committee's priorities
for the Sixth Senedd

Ymateb gan: Sefydliad Brenhinol y Syrfewyr Siartredig (RICS)

Response from: Royal Institution of Chartered Surveyors (RICS)



Consultation Response

Priorities for the Local Government and Housing Committee

Response by the Royal Institution of Chartered Surveyors (RICS).



Introduction

On behalf of the Royal Institution of Chartered Surveyors (RICS), can we first begin by congratulating you on your appointment to the Local Government and Housing Committee.

Established in 1868, RICS is the largest organisation of its kind in Wales for professionals in property, construction, land, and related environmental issues. With over 2000 members in Wales, our professionals influence all aspects of the built and natural environment including homes, placemaking and infrastructure.

Housing, and the communities we live in, is probably one of the greatest influences over our quality of life. Sufficient, high-quality, safe, and environmentally friendly homes, in communities designed for working, living, and socialising is fundamental to our wellbeing which is why we are delighted to have the opportunity to shape the priorities of the committee over the next Senedd term.

This committee faces some of the greatest challenges in housing and local government since the onset of devolution, including the need for greater housing provision, creating greener homes, and tackling crucial building safety issues.

In forming our response to this consultation, we have worked with housing, community, and local government professionals to develop seven priority areas for the committee to consider:

1. Retrofitting of all homes
2. WDQR 2021 and heating homes
3. Resourcing and reforming planning and support services
4. Committing to building safety remediation
5. Increasing consumer awareness
6. Reforming taxation
7. Embracing innovation, materials & future talent

Priorities for the Local Government and Housing Committee

Priority #1 Retrofitting of all homes

Creating low carbon, energy-efficient homes in Wales will be one of the greatest challenges for the Welsh Government over the next term. 15% of all emissions in Wales comes from heating homes, and whilst in 2020 87% of new build Welsh homes achieved EPC A or B, existing properties with a new EPC assessment recorded less than 2% of the same rating.

As a priority, we need to understand what changes are required to encourage retrofitting and decarbonisation across all housing tenures - especially in the owner-occupied sector which currently has 2/3 of homes rating EPC D or below, yet has the least regulation, targets, or incentives to improve..

Priority #2 WDQR 2021 and heating homes

The recently announced Welsh Development Quality Requirements 2021 is an ambitious policy for creating high quality, green, affordable homes.

The announcement that the use of fossil fuels to heat new social homes will be banned from October 2021, and the hope that private developers will adopt a similar approach by 2025, is a landmark announcement.

However, green methods of heating homes often come at a higher operational cost. For example, even if the national grid were to completely decarbonise, electric boilers are currently four to five times more expensive in running cost than a gas boiler. This risks driving households into increased fuel poverty – especially given the priority is social housing.

RICS recommends that more consideration needs to be given to greener measures to heat homes, especially relating to those in WDQR 2021, including the expanded use of solar PVs with batteries, heat pumps and hydrogen. Each home also carries its characteristics, so before any investment is made in heat improvement, a thorough survey should be undertaken to determine its suitability for energy works – like proposals for building passports and pathways.

Any push to introduce greener heating systems should also be complemented by sufficient and suitable heat insulation and ventilation to ensure maximum environmental and economic efficiency for the end-user.

Priority #3 Resourcing and reforming planning and support services

Planning authorities in Wales have faced significant budgetary and resource cuts for years, and as the Auditor General commented in 2019, the limited investment in planning services is having a detrimental impact on its ability to deliver a planning system that gives sufficient focus to the needs of Wales.

With planning authorities expected to scrutinise increasingly complex, sustainability-focused applications, resources must be improved to ensure the planning system can appropriately function. It should be noted that planning authorities are not alone in the lack of resourcing and the impact it has on the housing sector. The Land Registry and local authorities are currently under-resourced for housing needs – such as the registering of housing ownership and searches – creating delays for house purchases, sales and in some cases, repaying the Help to Buy Wales equity loan.

Covid-19 has also shifted the dynamic of high streets, with many commercial properties, especially office blocks, becoming vacant. Whilst RICS opposed the UK Government reforms to PDR's in England due to the lack of controls over safety, quality and community benefits, we do argue that greater flexibility should be given to support the repurposing of commercial units into residential accommodation – helping to diversify high streets, utilise existing building stock which supports the circular economy and create much-needed homes.

RICS is also advocating the introduction of 'Amberfield' as an option to encourage development. Amberfield, would sit alongside brown and greenfield sites, but with the added benefit of being 'development ready' – cleared land with favourable planning permission. This would stimulate development on underutilised land, and favour SME developers who traditional have been cautious of selecting brownfield sites due to the extensive clean-up costs to get the land suitable for development and the challenges of a drawn-out planning process.

Further consideration must also be given by the committee to the ongoing challenges presented by changes to nutrient level guidance by Natural Resources Wales and the impact it is having on the planning system. In Wales, only a few hundred homes are currently stalled in the planning system as short-term solutions to high phosphate/nitrate levels are found, but in England, the problem has extended to over 30,000 proposed homes. Phosphate calculators and offsetting projects are being identified as one solution, but the environmental benefits of such schemes are a topic of debate.

Priority #4 Committing to building safety remediation

More than four years on from the tragedy at Grenfell Tower, residents across a number of high-rise properties in Wales still have no answer on who will be paying for cladding remediation to their property – with leaseholders currently picking up costs for measures such as waking watches and in some cases a share of the cost of an EWS1 assessment.

Whilst RICS have been working with the Welsh Government to address several of the challenges, including increasing the number of EWS1 assessors and ultimately the number of surveys being undertaken, the biggest, unanswered challenge for many leaseholders remains the cost of actual remediation.

There has been, and continues to be, a long debate over where the responsibility for financing the works should sit – with developers (whom in some cases have already ceased to operate), governments, building managers and leaseholders all at risk of picking up the cost.

While steps have previously been taken to address some of the remediation needs relating to ACM cladding as well as those buildings in the social sector, there remain significant challenges.

As a priority, clarity needs to be given to future funding streams for remediation works, especially those in privately owned properties.

Priority #5 Increasing consumer awareness

The lack of clear, easily accessible information for homeowners and residents represents a major challenge in Wales.

It is estimated that around a third of homebuyers fail to undertake any form of a survey on their property ahead of completing the purchase. RICS Home Surveys, for example, are an example of an impartial survey of the property, which can identify significant quality, health and safety risks to the property, and ultimately the residents.

Awareness of the role residents can play in improving the energy performance of their own homes is another area of little consumer knowledge. While most people recognise there is a need to create greener homes, very few understand what measures they can take and even fewer are aware of some of the simple actions they can take and the support and financial services available to them. That is why RICS created the impartial [Low Carbon Homes Consumer Guide for Wales](#) earlier this year, to increase awareness and encourage the creation of greener homes.

The Committee should identify what channels are available to increase consumer awareness and ensure those existing and future residents of a home are fully aware of the risks and opportunities to create high quality, green, safe homes.

Priority #6 Reforming taxation

RICS have long called reforms to be undertaken relating to property taxation, to support first-time buyers entering the market, freeing up housing stock and encouraging decarbonisation works.

Our regular RICS UK Residential Market Surveys regularly highlight the benefits reforming the tax system can offer. Respondents regularly suggest tax incentives encourage downsizing, which could see the existing housing stock distributed more efficiently matching properties better to housing needs and benefiting the entire housing chain.

Whilst the Welsh LTT is already one of the most generous systems in Wales, it still emphasises the transactional phase, while a tax implemented during occupation instead would free up funds for the buying process. This has already been evidenced through the LTT holiday introduced during the Covid-19 pandemic. However, given this was a holiday, it did see a significant increase in buyers, with a limited housing stock result in increased values – something which would likely not occur with a long-term solution.

Taxing decarbonisation works is another major challenge. While powers over VAT are not devolved, there are opportunities for the Welsh Government to act. At present, VAT for decarbonisation work on homes remains 20%. Yet, those involved in new house building benefit from significant tax deductions – meaning the tax system is biased in favour of new build homes rather than decarbonising existing homes.

[RICS worked with CBI Economics and the Federation of Master Builders to research into the benefits of cutting VAT.](#)

The findings showed that at a UK level, cutting VAT for home maintenance work related to decarbonisation and energy improvements could create over 300,000 new jobs by 2025 and add £24 billion GVA to the UK economy. The Scottish Government have already called for the UK Government to introduce such a cut and create a level playing field, yet the Welsh Government have remained silent on such calls.

The committee should investigate how a wide range of reforms towards taxation can create a more level housing market, free up housing stock, create greener homes and support those purchasing their first home.

Priority #7 Embracing innovation, materials & future talent

At the time of submission, Wales is facing significant materials and worker shortages – resulting in increased building costs and project delays. These challenges are not unique to the housing sector though, rather it is extending across almost all parts of daily life.

The Committee should investigate what opportunities exist to prioritise local materials and technologies to meet our housing demand as well as the growing skills gap across the construction sector to deliver new homes.

This includes the expansion of Modern Methods of Construction (MMC) across all tenures – with benefits of MMC including the reduction in wastage, reduced carbon emissions, fewer risks of project delays and upskilling and job creation opportunities. MMC is already a priority in many social and affordable housing schemes, but the committee should explore channels to encourage MMC across all house building tenures.

The committee should also look at the use of locally sourced materials as a construction method. [Home Grown Homes](#) is an example of using locally sourced material to meet housing needs, creating local job opportunities, reducing the risk of delays, and supporting the foundation economy. While in some cases local building materials may more costly, the committee should investigate financial levers to support these opportunities and the long-term benefits available by such schemes.

When considering future skills and workers required to meet our house building ambition, this is a growing challenge in Wales and the UK. It is estimated that by 2025, the UK will already have a shortage of over 230,000 construction workers to meet future infrastructure and community needs, across all specialisms including bricklaying, plasterers, surveyors, engineers etc.

Whilst the introduction of the Built Environment GCSE in Wales from September 2021 is a welcome intervention to attracting early interest into the sector, the committee should explore opportunities to utilise existing workers to upskill and transition into the housebuilding sector. As an example of where opportunities exist, in certain manufacturing environments, workers can upskill relatively easier to support MMC factories.

Our final recommendation relates to the innovation being shown by the creation of '[20-minute neighbourhoods](#)' as demonstrated by the Future Generations Commissioner for Wales. A holistic placemaking strategy is critical for creating sustainable Welsh communities but have yet to be showcased at scale in Wales. The committee should look at what policy levers can be

utilised for future developments and major regeneration schemes to encourage the presumption of such a placemaking strategy.

If you wish to discuss any of the points raised above in more detail, please do not hesitate to get in touch by emailing RICS Public Affairs Officer for Wales Sam Rees at [REDACTED]