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National Assembly for Wales

Communities, Equality and Local Government Committee

CELG(4) HB 10

Inquiry into barriers to home building in Wales

Response from : Bellway Homes Limited

With reference to your letter dated 13th June 2013, which we received via Wrexham County Borough Council in an email of 24th June inviting comments/submissions. Due to resource constraints we can provide this letter and hope that it assists the Inquiry. As it concerns barriers to delivering new homes, a case study of our experience on a site we own in Wrexham (off Watery Road close to the Town Centre) highlights a number of key issues:

1. We acquired the freehold to this brownfield sustainable urban site prior to the financial crisis;
2. The site was acquired as it benefitted from having outline planning permission for residential development;
3. We therefore submitted Reserved Matters to secure detailed approval of our development, being a mix of townhouses and an apartment block. The local planning authority (LPA) sought a contribution towards local education but did not evidence that request: we paid a specialist consultant to assess the need for such a contribution (given concerns over viability) and they advised that it was not merited based upon existing capacity in local schools. The LPA also requested a lift to serve the 3 storey apartment block but, as we had successfully secured planning permissions elsewhere for comparable blocks without the cost of providing lifts, we informed the LPA that this was not a requirement;
4. The LPA refused our Reserved Matters on this basis so we had to appeal that decision. On the day of the Appeal Hearing, the LPA provided evidence

(without prior notice) on education without any opportunity for the Appellant to review this. The appeal was dismissed on that basis;

5. The site remains undeveloped. We subsequently submitted a new Reserved Matter application with all details as requested by the LPA. This was done to avoid the original outline planning permission from lapsing, thereby protecting the value of this site;
6. All of the above has taken considerable time (circa 2+ years) and money;
7. At the same time, the LPA were preparing their new Local Development Plan, which the Inspectorate concluded (in 2012) was 'unsound' as it failed to accord with national planning policy. Regarding housing, the Inspector had 'fundamental concerns' over *'a significant shortfall in the supply of housing which, if it were to be addressed, would undermine the strategy of the Plan'*, and therefore the LPA had to withdraw the Draft Local Plan, with further delay and expense to all parties concerned;
8. The LPA is now under pressure to release Greenfield sites, whereas our own site is brownfield and within the existing urban area, but was met with resistance from the LPA through the planning process (as set out above);
9. Given the situation now faced by the LPA, we are hopeful that we can agree to a viable development of our site in order to deliver much needed new homes;
10. What we seek is this: an LPA who understands the economic realities of development and is willing to work with the Developer to achieve results. Where an LPA demonstrates this 'culture', it encourages us to 'do business' with them as it greatly assists the planning process and provides us with greater certainty;
11. All too often, however, we encounter LPAs who, for whatever reason, do not see development 'in the round' and do not seek to assist the Developer. In our case study, had the LPA furnished us with evidence on the need for an education contribution (which they could have done easily from their own internal departments), much time and expense could have been avoided. It may be due to a lack of trust in the private sector ("You overpaid for the land so that's your tough luck") or cultural differences (especially a mistrust of the profit-motive). But whatever the reason, LPAs and Developers need to work together in order to achieve viable development in this challenging economic times;
12. It would assist if each LPA had a clear understanding of its priorities as in cases where development is unable (based on viability) to accord fully with LPA policies, the LPA needs to decide what it wants to be delivered from a development. We do not live in an ideal world and we find LPAs are often overly protective of their policies (where they have them). To make development viable / deliverable, below-policy delivery of affordable homes and other contributions needs to be seriously considered if regeneration / investment is to take place;
13. In terms of land values, an obvious point to make is that Greenfield development has less (abnormal) development costs than brownfield,

although commands a high purchase price. The offer we can make on the latter must therefore reflect such costs and recent experience is that that offer is frequently below owner-expectation, and this has been a barrier to the redevelopment of brownfield land. Where an LPA has a strategy that prioritises such sites (and many do), this results in low delivery rates;

14. Density – again, as a case study example, we acquired our site in Wrexham and submitted Reserved Matters for a comparatively higher density development of townhouses and apartments, which we built prior to the financial crisis. Typically, this increased floorspace which in turn enabled Developers to meet higher land values/asking prices. However, since the Crisis of 2007, as Developers cannot secure finance for such schemes and Borrowers struggle to secure mortgages for apartments, such developments are not being built which means for our site, we need to build a lower density housing scheme which should sell, but which delivers less floorspace and therefore makes viability a real concern. A typical density of circa 30 dwellings per hectare is more common currently, mainly family housing, but with affordable housing policy at 20–30% of total development, etc, this can easily make development not viable;
15. An absence of a planning framework, where an LPA has no adopted and up-to-date development plan, also presents greater uncertainty to development. Local planning has become more political in recent years but the development plan needs to be a simple land use plan for future growth, uncluttered by other considerations better addressed through other means. Simplifying the plan-making process, and resourcing LPAs so they can deliver them speedily, will greatly assist;
16. The current plan-making system has a broad evidence-base, so that Plans can be found Unsound if their evidence base is outdated. LPAs need therefore to have the resources to prepare robust evidence, but they also need to ensure that it reflects the realities of the development industry. For example: most LPAs will consider they have met this need by holding workshops etc and inviting Developers but the truth is that Developers have experienced major cuts in resources over recent years and have greater demands elsewhere. The HBF fulfils part of this role, and that is useful. Another example: LPAs will, in preparing their housing land supply evidence, apply density standards that are often too high (see above), thereby their studies conclude they need less land to meet their housing needs. This is often politically motivated to avoid Greenfield release, but fails to meet the realities of the industry and the needs of the housing market;
17. Finally, there needs to be a realistic understanding of the delivery of housing sites and planning permissions. Too often LPAs claim to have a robust level of housing ‘in the pipeline’ that doesn’t get built out at the assumed rate (due to the reasons set out above) but they use this claimed supply position to resist new development. Developers then spend significant money seeking to demonstrate the LPA’s claim to be less than robust in order to release sites for development;

18. In short, we seek an approach to new residential development that is pro-active and pro-growth as well as realistic. Ideally a partnership whereby LPAs, who have their own targets to meet, work with Developers (whose objectives are also understood) to minimise uncertainty and delay in order to deliver development that benefits all parties in a transparent planning process.

I hope that these comments, which are intended to assist the debate, are helpful.

Simon Artiss
Planning Manager