

National Assembly for Wales

Communities, Equality and Local Government Committee

CELG(4) HB 11

Inquiry into barriers to home building in Wales

Response from : R E Phillips & Partners

We are a private practice of Chartered Surveyors established in 1960 who represent small builders, companies and private individuals with landholdings primarily in Wales and the West of England. We have expertise in bringing forward land for development on behalf of Clients, either individually or in consortium with other landowners / companies. We regularly secure planning consent for small to medium sized developments (up to approximately 150 units) and are responsible for bringing between 50 and 100 plots to the market annually. We co-ordinate planning applications and appeals, advise Clients, appoint consultants and eventually dispose of sites once permission has been secured. Some of our Clients discharge conditions and infrastructure sites so that plots are brought to the market “ready for development”. We believe we have a valid contribution to make to your request for submissions relating to the barriers to home building in Wales and would wish to make the following comments:

1) Planning.

The Local Development Plan process is cumbersome and protracted and owners are obliged to submit representations at numerous stages throughout the lengthy process, often supported by technical advice from consultants to support or oppose proposals at considerable expense to protect their property interests, .

In relation to housing allocations in Local Development Plans, we believe the Welsh Government has encouraged local authorities to bring forward large brownfield sites at the expense of smaller sites that are easier to infrastructure and assimilate into the existing built settlement, providing range and choice and an increased probability of being delivered early. The brownfield sites are hugely expensive to remediate, are often delayed by unforeseen problems, require land assembly (if not for the site itself, often to ensure service provision), massive amounts of investment (often with no prospect of a return for many years) and comprehensive masterplanning – a complicated process that with the amount of detailed investigation required, takes years to secure particularly in relation to the discharge of planning conditions. These sites are difficult to challenge as the costs involved are huge and it is only with hindsight when these developments are delayed that “local knowledge” is proven to be correct.

We also believe that local authorities are not actively encouraged to deliver the number of houses stipulated by government (e.g. in Joint housing Land Availability Studies) and in some circumstances it suits them that sites are constrained and fail to provide the units stipulated as they can then argue an artificially suppressed build rate when agreeing future requirements. If a local authority allocates fewer large brownfield sites then any delay artificially suppresses the number of units capable of being delivered. It also reduces the number of developers able to deliver the housing as small local companies cannot complete with national house building companies as they cannot afford to develop larger sites.

a) Individual Applications.

The planning application process itself is hugely expensive with local authorities requiring large numbers of reports – often it would appear to satisfy a tick box approach to covering their own backs when common sense would indicate that not every report is absolutely necessary on

every site. Rather than refusing to register applications that do not include all the detailed information, an early indication of the suitability or otherwise of a proposal and the various conditions which would need to be satisfied prior to development commencing would reduce the initial cost and uncertainty, particularly in respect of smaller schemes.

A recent submission for change of use of a redundant existing building in the centre of a settlement to a single dwelling (retaining the existing structure) required a topographic survey, mining report, bat report and design and access statement as well as existing and proposed layouts, elevations, details of materials, drainage & flooding, access and parking. A Code 3 assessment was requested but it was pointed out that one is not required for conversion. The application costs have already exceeded £5,000 and the application is yet to be determined. If the local authority is minded to grant consent there will be a requirement for the owner to contribute £5,500 towards infrastructure improvements generally in the area (not site specific) and the owner will need to incur legal costs in completing a Section 106 agreement to ensure this money is forthcoming before the consent is actually granted. Private individuals acting alone and wishing to obtain consent for a single dwelling would find it difficult and expensive to source the expertise required to produce the information requested for a valid submission.

b) Small Schemes (<25 units)

A recent planning application for less than 25 dwellings on a 2 acre site within the settlement boundary cost £50,000 to submit and a further £100,000 to appeal when the application was refused against the advice of officers. The appeal was allowed and consent granted for 22 units; which fell below the threshold for a requirement to provide affordable housing, but even then the S106 contributions exceeded £400,000.

The whole process took 3 years from conception and submission to eventual disposal to a developer. Various planning conditions remain to be discharged.

c) Medium Size Schemes

Application fees for a site of up to 100 dwellings would exceed £100,000 and an appeal would cost upwards of £250,000.

d) Larger sites take longer through planning and cost more making it impossible for many landowners to bring land forward without tying up with developers at the outset – sometimes being prejudiced by developers promoting their own landholdings in preference and the owners being unable to control or challenge costs incurred and obtain a fair market value at the end.

Throughout the process the goalposts move and an applicant may submit at considerable expense at a time when policies support the grant of planning consent only to find that with delays and changes in policy the probability of obtaining a consent disappears and the process become very risky, sometimes resulting in the initial expenditure being wasted. Measures to make the process more certainty (and stop the goalposts moving throughout the lengthy process) would be welcomed.

2) Planning Costs.

With the very high costs involved in securing a planning consent, few applicants can afford to apply for planning permission or promote land for development through the lengthy Development Plan process. As a result there is a disproportionate reliance on large national companies bringing forward sites and this has resulted in a reduction in the number of companies developing in Wales with fewer small schemes being implemented and private developers being driven out of the market - thus reducing competition, range and

choice. Local authorities' housing land availability studies show a predominant reliance on large sites with a reduction in the number of small schemes built year upon year.

Members' reluctance to accept professional guidance from officers can result in schemes being refused against officers' recommendations and applicants are then forced to appeal decisions resulting in lengthy delays and hugely increased costs. Such costs and delays put huge pressure on the applicant and can make small schemes unviable.

Increased regulation and an unwillingness to accept any risk have resulted in a disproportionate increase in the cost of securing planning permission for a small site compared with a large one. Deferring the stage at which detailed technical reports are required would ease the burden for individuals and small companies allowing them to enhance the value of their holdings prior to incurring the cost of additional investigation. This would reduce the element of risk and allow for cheaper borrowing.

3) Settlement Boundary.

The over dependence on large (often remote) sites that require new infrastructure and community facilities is very susceptible to delay and fails to provide a range of housing where people want to live. Allocation of a specific proportion of sites adjacent to existing development capable of assimilation easily into the built environment could offer a sustainable short term solution to this problem. It would allow people to move to new homes close to family and friends and provide an opportunity for small builders to continue their businesses. The current practice of drawing settlement boundaries immediately adjacent to the outer development limit severely restricts the number of opportunities for small development companies. It also reduces the choice of location available to homebuyers and creates an overreliance on national house building companies who then have a greater opportunity to influence and control the market.

4) Contributions.

The cost of Section 106 contributions has increased disproportionately in recent years and no account is taken of the costs associated with providing infrastructure to the site itself in order to release a site for development (foundations and drainage, other service connections) or the increased costs of complying with building regulations, etc. In Wales in particular there may be problems with gradients and levels, multiple ownership and previous use of the site and where these costly problems are ignored it can mean that a site does not come forward for development because the additional burden of S106 contributions make it unviable.

5) Building Regulations.

The focus on achieving a very high level of insulation and carbon neutrality on new houses (together with the proposed requirement for sprinklers) instead of improvements to the majority of the ageing Welsh housing stock creates a division in the market. Whilst commendable, some of the expectations are unrealistic and the increased cost of compliance (including the cost of materials) make the required sale price disproportionate to the level achievable in the market generally. Consideration should be given to measures aimed at improving the energy efficiency of older housing.

We trust the above assists in informing the inquiry and would be happy to assist further if required. Thank you for the opportunity to make submissions.

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for R. E. Phillips & Partners.