

Committee Clerk
Communities, Equality and Local Government Committee
National Assembly for Wales
Cardiff Bay, CF99 1NA

Inquiry into barriers to home building in Wales

Thank you for your invitation to comment upon the barriers to home building in Wales, as a major land owner at Coed Darcy, former Llandarcy Refinery (4,000 homes) and Glan Llyn, former Llanwern Steelwork (4,000 homes) we are concerned about the environment for investment into the Welsh housing market as we have significant investments which will be delivered over the next few decades.

The home builders have been outspoken on Welsh Governments policies with Redrow Homes chairman has remarked "The areas that will be hit by the increasing cost of building arising from more onerous rules will be the less affluent area where the development finances no longer add up. In wales, for example, by 2016 it will cost £13,000 more to build a 1,000 sq.ft house than in England because of over-zealous interpretation of zero carbon and the introduction of sprinkler² (Knight Frank, Housebuilding Report 2012, May 2012).

As stated in our recent response to the Fire Prevention Measures consultation, the introduction of fire preventions measures along with the proposed alterations to Part L of the building regulations, as well as the cumulative impact of separate local legislation (excessive levels of CIL) , will severely compromise development viability in Wales. This will in turn compromise the delivery of homes, including affordable homes, and stifle growth and investment in many areas throughout Wales.

We have extensive land holdings in Wales and these measures will significantly impact the delivery timescale for these homes and may even lead to moth balling of these projects until there is a regulatory change or the economic viability of the project proves desirable for investment.

Within the Fire Prevention consultation the estimated impact upon land values section of the Regulatory Impact Assessment states that land values would be reduce by 3 to 4% but this is based upon the almost total removal of affordable housing within Wales and doesn't take account of the changes to part L of the Building Regulations which could add up to another £15,000 per home build cost which will result at best in zero affordable housing (which is completely against Welsh Governments stated policy) and at worst homes only being delivered in the most wealthy of area which in the case studies shown won't even include Cardiff.

The potential for homes post 2016 to be up to £19,000 more per home to build in Wales as compared to England will result in a massive reduction in home building investment in Wales and the obliteration of land values.

We have extensive experience of the differences in the planning system in England and Wales and the difficulty we face in utilising the Welsh system compared to the evolving updated English system can be stark.

The first area is the cost that the planning system places on new development or which it expects to development to meet. The system still expects each home to fund the full spectrum of physical and social infrastructure. This policy – and the ability to pay for it – was conceived in completely different economic conditions, when land values and transaction arrangements were much better. Some adjustment has been made to reflect the fact that both overall returns and cashflow have radically altered. However, more needs to be done to make development in Wales more attractive, especially as it will be

competing with other areas where values will be higher and costs lower or more affordable.

Wales needs to do this quickly as investment in new homes is now mobile and we risk losing the developers we have at the very time we need to be attracting new entrants to the market place.

The process is not helped by the very narrow definition of affordable housing that Welsh Government uses (and enforces). This should be adjusted to allow novel forms of development to qualify as affordable housing or to allow conventional requirements to be reduced. Current definitions and requirements are too narrow, and whilst there has been some welcome flexibility in amounts or percentages, there is no equivalent provision for new forms or types of non market housing to come forward (and qualify). The restrictions on values paid by Registered Social Landlords results in lower level of affordable housing rather than allowing a market place to allow more funding to be released into the affordable housing sector.

The second dimension comes from the demands of the planning process and the time it takes to secure permission. Housing is a relatively straightforward land use which is not complex or hazardous. It can take place next to existing housing and in sensitive and well as unusual locations. This is not reflected in the amount of information that is required to support applications or the time it takes for decisions to be made. There needs to be more flexibility in application requirements especially where they have been through part of the planning process already (in order to secure an allocation in a local development plan or by the grant of outline planning permission).

The system also needs to take much greater care in the use of conditions, these need to be worded more flexibly and more positively especially on larger schemes such as ours. In addition, there needs to be equivalent provisions (in Wales as there are already in England) to formalise the minor material and non-material amendment process for

schemes which have been approved (but where small changes need to be made). This would be an instant fix to a major problem.

We believe that Welsh Government should use its powers to unlock or accelerate key piece of infrastructure for key schemes either by direct investment or by value generation to allow large scale development such as ours reach their full potential for both home building and job creation.

Our homebuilding arm has been utilising the government's desire to assist home building with the Mortgage Assistance products such as New Buy and Help to Buy which has come off the back of successful products such as First Buy and Home Buy Direct. These direct forms of assistance in the mortgage and home buying market have meant that volumes have been maintained or increased in England. This is helping drive economic recovery and could assist in the same manner in Wales. Welsh Government has been very slow in responding to calls for such products in Wales and this is slowing production further.

Furthermore, we believe the impact of building regulation amendments and their reduction in land values will impact on regeneration, growth and investment in Wales, particularly given that as a result of cumulative impact of these proposals, there is likely to be a significant drop in housing development.



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