



## **National Assembly for Wales: Communities, Equality and Local Government Committee**

### **Inquiry into barriers to home building in Wales**

#### **Evidence submitted by RTPI Cymru**

#### **Background**

The Royal Town Planning Institute (RTPI) is a membership organisation representing over 23,000 spatial planners; RTPI Cymru represents the interests of almost 1,100 members in Wales. It exists to advance the science and art of town planning for the benefit of the public.

RTPI Cymru welcomes the opportunity to submit views to this inquiry into the barriers to home building in Wales.

Ensuring that housing is available in sufficient numbers, at a range of prices that can assure access for all but without creating a housing market that might crash and deter investment - as has happened in the US, Ireland and Spain for instance - is a tricky equation. Additionally, it is accepted that social and environmental considerations will impinge to help assure public acceptance of housing growth and its sustainability.

Planning must take a long term view and plan for future needs for society as a whole. RTPI Cymru believes that the delivery of the right housing in the right place is an important role of the planning system. Although we would stress that the planning system can only partially help to achieve the housing challenge that Wales faces.

#### **Are development costs impeding and constraining the delivery of new homes in Wales?**

##### **Viability**

Viability is a significant issue affecting development in the current economic market. This is restricting the ability of the planning system to deliver affordable housing through planning agreements, as viability is a material consideration for Local Planning Authorities (LPAs) to consider.

During the current downturn in the housing market, developers who bought sites in more profitable times (and in some cases before national and local policies increased % affordable housing requirements) argue that they cannot afford to meet LPAs' requirements for affordable housing along with other requirements through the planning system, and in many cases they are able to evidence this, in which case LPAs are forced to accept lower levels of affordable housing. It is not expected that this will change in the short or medium term and therefore, the ability to deliver affordable

housing through Section 106 (planning gain) agreements will be limited until the market improves substantially.

Furthermore, housebuilders argue that landowners still have artificially high expectations of land values and if national and local policies continue to set high targets, land owners will 'sit on' their land until policies ease up. National housebuilders have also advised that if the Welsh Government continues to pursue the current direction of travel for affordable housing policy (alongside the push for sustainable homes and other quality standards) then they will stop developing in Wales and only work in England.

A large percentage of the development cost remains the land value and the opportunity for land held by local authorities and Welsh Government to be released for development at no or minimal cost needs to be considered, although RTPI Cymru accepts that this is a reducing resource. There is a lot of land which people thought would obtain a value but this was in the good times when developers would build on most sites; in reality a large amount of this land has little or no value either in the short or long term. How to encourage or adjust people's perception of the value of their land is a problem that needs to be overcome if appropriate land in private ownership is to be successfully brought forward in the short and medium term.

### **Quality of Development**

RTPI Cymru would not advocate a relaxation of the Welsh Government's sustainable buildings policy (set out in Planning Policy Wales, edition 5, section 4.12: Planning for Sustainable Buildings). The link between this and affordable housing need must be understood and the implications for occupants and fuel poverty and water security. The Welsh Government has responsibility for Building Regulations and this now provides the opportunity for this to shift from planning policy to the Building Regulations.

It is essential that new houses, both affordable and market housing, are built to a standard which reduces future problems caused by poor quality, which is now faced in some of the existing housing stock.

### **What are the 'quick-wins' that can be implemented by the Welsh Government to assist the whole homebuilding industry?**

RTPI Cymru believes that the various portfolios of the Welsh Government must work together to complement each other, and any policy or legislative proposals must complement each other and avoid any conflict.

### **Delivering Affordable Housing**

There has been considerable national policy and guidance produced promoting affordable housing including the Welsh Government "Delivering Affordable Housing Using s106 Agreements" and this has been useful. However, there may be a need to promote this policy direction and mechanisms for delivery to those LPA officers who deal with planning applications; there may have been a focus on Planning Policy and Housing officers taking a lead on this.

RTPI Cymru does not believe that national guidance alone will be successful in delivering more affordable housing in Wales. The main hurdles that stand in the way are: the speed at which local policies are able to catch up with national policy; the political will at a local level to prioritise affordable housing; the economic viability and the ability for developer's to provide affordable housing; and the lack of social housing grant to cross-subsidise affordable housing delivery.

Up to date local planning policies are an essential element for the delivery of any LPA or Government policy. The majority of LPAs in Wales are now progressing their LDPs, with nine now adopted and a further five submitted for examination. Without strong local planning policies the shape of housing provision can only be marginally influenced. Consequently the type of housing built, for example family homes vs apartments, cannot be directed by LPAs in response to local housing need.

In the mean time, most LPAs have up to date SPG or Delivery Statements and these set lower thresholds and a higher % of affordable housing schemes. However, because the housing market has been very quiet for the last four years, these policies have not been tested very thoroughly.

Regardless of national or local policies, each planning application will be subjected to scrutiny by Planning Committee. Members serving on Planning Committees do not always prioritise affordable housing over other matters such as education, transport or community facilities. This is particularly relevant where development viability is an issue and the number of Section 106 obligations is reduced below the policy requirements.

## **Housing supply**

LPAs in Wales follow TAN2 guidance to include specific policies and proposals in their Local Development Plans (LDPs) for housing and affordable housing. To do this, they work with their housing colleagues to assess demands via local housing market assessments and deliver housing requirements via the development management (planning application) process. It is important that affordable and market housing are considered together in any actions to increase housing supply, to achieve a balance in provision, meet local need and produce mixed tenure developments. Whilst the planning system is important it is not the only factor involved.

Whilst not directly relating to house building, RTPI Cymru has previously made points about greater control of second and holiday homes to reduce pressures on the rural housing market and the need to bring empty properties back into use. These factors combined could address part of the housing need.

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