

National Assembly for Wales

Communities, Equality and Local Government Committee

CELG(4) HB 18

Inquiry into barriers to home building in Wales

Response from : Welsh Local Government Association

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, the three national park authorities and the three fire and rescue authorities are associate members.
2. It seeks to provide representation to local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.
3. The WLGA welcomes the opportunity to contribute to the inquiry into "Barriers to home building in Wales" being conducted by the National Assembly for Wales' Communities, Equality and Local Government
4. The inquiry's terms of reference provide a useful framework within which to structure the WLGA views on this subject:-
 - To establish whether development costs are impeding and constraining the delivery of new homes in Wales;
 - To identify specific concerns of small and medium sized construction companies in Wales; and
 - To identify "quick wins" that can be implemented by the Welsh Government to assist the whole homebuilding industry.
5. As suggested in the letter of invitation dated 13 June 2013, the WLGA response is structured around the inquiry's terms of reference:-
6. ***To establish whether development costs are impeding and constraining the delivery of new homes in Wales.***

The wider economic context, with restricted access to borrowing by developers, home buyers and others, presents perhaps the most significant constraint on the

delivery of new homes in Wales. The restriction of housing supply is one of the obvious symptoms of current economic conditions, and approaches to boosting supply must ultimately encompass action in relation those wider economic factors if it is to be sustainably successful.

Developers should be further encouraged to actively explore the use of further innovative construction techniques in order to establish any potential for reducing development costs and timescales.

Land costs are a significant factor in determining overall development costs, and while Welsh Government has been successful in making some land available for the development of new affordable homes there must be further scope for making land currently owned by public sector bodies available, including those bodies carrying out non-devolved activities in Wales such as the Ministry of Defence, Police, etc.

In some of the Local Authorities bordering with England, developers are contrasting the relative development costs of homes on similar sites on either side of the border and expressing concerns over costs associated with additional development requirements in Wales and also incentives for buyers and developers available in England, but not in Wales. Developers cite these differences as being important in their decisions around choosing which sites to build on.

7. ***To identify specific concerns of small and medium sized construction companies in Wales.***

WLGA has no specific information around the concerns of small and medium sized construction companies in Wales, and the short timescale available to gather information for this inquiry has not allowed the gathering of this information.

8. ***To identify "quick wins" that can be implemented by the Welsh Government to assist the whole homebuilding industry.***

The progress made in reaching an agreement with UK Treasury to dismantle the Housing Revenue Account (HRA) Subsidy System is very much welcomed. However, in order to maximise the potential for Local Authorities to support the building of new affordable homes, Welsh Government should continue to press UK Government for the earliest possible introduction of legislation required to bring this agreement into operation.

Welsh Government should progress the proposed Design Quality Requirements (DQR) review, in order to provide an avenue for determining whether or not there is scope for change to the current requirements which may result in reduced development costs, therefore allowing for increased delivery of affordable homes,

while protecting the most important quality elements of affordable homes being developed in Wales.

Welsh Government should continue to explore and develop, with key partners, innovative funding models to support housing development

Welsh Government should consider a more flexible approach to the use of Social Housing Grant (SHG) subsidy in support of the development of affordable housing. In situations where the viability of schemes does not require the full provision of SHG at the current rate of 58%, there should be the option of awarding a lower level of subsidy in order to maximise the overall number of affordable homes being delivered through the SHG programme.

There is a perception that some developers are currently "land banking" development sites in the hope that land values will increase in future. Where there is evidence that this is the case, Welsh Government may wish to give consideration to providing scope for reducing the current period of planning consents for housing developments, perhaps to 3 years, in order to incentivise early development.

While the significant constraints around the availability of capital funding are recognised, wherever possible, Welsh Government should consider funding enabling infrastructure costs to allow the development of larger, or strategic, housing sites. Welsh Government's positive commitment to identifying additional funding to support the development of affordable housing, whenever possible is recognised, including the significant in-year additions to the SHG programme during 2012-13, and the additional £20m identified during the current year for a Smaller Homes Programme to assist with mitigation of some of the impacts of the so-called "bedroom tax".

As well as building new homes, the construction industry more broadly will benefit from regeneration and renewal activities focussed on property conversions and/or improving the quality of existing homes. Welsh Government has an important role in facilitating and enabling this through, for example; use of funding targeted via the Vibrant and Viable Places Regeneration Framework to support housing-led, and housing-related, regeneration activities; supporting the conversion of empty shops and properties above shops for residential use; and, supporting the introduction of recyclable loans schemes to support housing renewal activity focussed on improving private sector housing.

WLGA welcomes the clear focus on “homes” as a priority for all the parts of the portfolio of the Minister for Housing & Regeneration, and recognises the willingness of Welsh Government to work with all stakeholders to deliver on this aim.

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