

National Assembly for Wales

Communities, Equality and Local Government Committee

CELG(4) HB 37

Inquiry into barriers to home building in Wales

Response from : Royal Society of Architects

Terms of reference:

- **To establish whether development costs are impeding and constraining the delivery of new homes in Wales;**

RSAW believe that development costs are impeding and constraining the delivery of new homes in Wales, and our members have responded to confirm this. To avoid repetition, we have expanded on this in our answers to the following two sections.

- **To identify specific concerns of small and medium sized construction companies; and**

With specific regard to the barriers to home building in Wales, the concerns of the majority of small and medium sized Welsh construction sector companies can be separated into the following areas:

Small Firms “In front”

Large house builders have the ability to ‘land bank’, which is typically not an option for smaller firms. This can be used by the larger house builders to secure planning approval in line with current building standards, and then to defer the construction for some period after this. This capacity means that the larger house builders are often the last in the industry to adopt new legislative requirements, and in effect pushes the small and medium firms to become the ‘trailblazers’ despite their relative lack of resources.

Lack of “Clear direction”

There is uncertainty regarding timescales and extent of forthcoming legislative measures which continues to cause concern for all levels of construction companies - Unquantifiable risk is a serious hindrance to development and small and medium size companies can suffer more due to a lack of depth in resources or financial reserves.

Application Costs & Processes

Upfront costs and requirements relating to (primarily) the planning process can have a significant impact on the uptake of housing schemes at the earliest stages, especially smaller

scale projects. Costs relating to additional consultations have been reported by our members as putting off applicants, small developers and self-builders from progressing with projects. Such application costs and processes can be applied disproportionately to the scale of applications being made when applications are for only a small number of houses.

Commuted Sums & Payments

Planning policies can prohibit new development coming forward due to the level of additional financial burdens such as affordable homes requirements, Section 106/278 payments and similar levies on development. Whilst RSAW acknowledges the need for these, it has been reported that their impact can affect the level of development taking place.

Building Standards & Obligations

The Code for Sustainable Homes has contributed to development costs in Wales both at the design stage (which is especially key for smaller developments) and at the construction stage.

To identify “quick wins” that can be implemented by Welsh Government to assist the whole homebuilding industry.

Using the same headings that have been identified as the concerns of small and medium sized companies in Welsh construction, we have set out below some suggested ‘quick wins’ that could be further investigated by Welsh Government as possible methods of addressing these issues.

Small Firms “In front”

Possible “Quick Wins” that may help address this concern includes:

-Amend the introduction of new legislation or standards so that they apply more evenly, or potentially prioritise earlier application by larger businesses. This would allow those with the greater resources to ‘trailblaze’

Lack of “Clear Direction”

Possible “Quick Wins” that may help address this concern include:

-Publishing a timeline for the introduction of future statutory measures, preferably with cross-party support to allow a clear message to the industry.

Application Costs & Processes

Possible “Quick Wins” that may help address this concern include:

- Reviewing the level of legal charges associated with applications for single affordable dwelling applications; our members tell us these are disproportionately high
- Review the extent of Design & Access information required to make this proportional to the size of the application, and publish strong, clear guidance to all authorities to prevent the level of information being requested from exceeding this
- Simplify the information required in relation to biodiversity regulations, and ensure that this is made proportional to the scale of the development.
- Request that all local authorities only require the 'letter' commitment to Code for Sustainable Homes as defined under the TAN22 guidance, and not the pre-assessment details as is commonly currently required (this should be provided at a later date, but requiring it early increases pre-planning costs).
- Consider allowing competent professionals (such as Planning Consultants, Architects etc.) the capacity to 'Self Certify' compliance for smaller planning applications and building applications, where these are in line with policy and have no objections, and where the competent professional has Professional Indemnity Insurance to cover them.

Commuted Sums & Payments

Any reduction in commuted sums and affordable housing payments would be welcomed by the industry, although RSAW recognises that the Welsh Government is already likely to be doing all in its power to minimise them. We would suggest a further 'Quick Win' could include:

Investigating the possibility of deferring sums – either defer until a set number of years or until costs for a development have been recovered.

Building Standards & Obligations

Short of the item regarding a timetable for changes, it is acknowledged that "Quick Wins" are unlikely to occur through building standards. However, we would note the following points:

- RSAW supports the principle of the requirement for Code for Sustainable Homes being removed, but only after it has been subsumed into Welsh building regulations. A timetable for this should be clearly set out well in advance of implementation.
- We recommend that the requirement to introduce sprinklers for domestic fire safety is deferred whilst an improved evidence base is gathered, in order that it can be shown that this measure does deliver the enhancement to life safety hoped for.
- RSAW supports the implementation of Welsh Building Regulations based on the principle that said regulations can provide an advantage over those in England – it is our view that

this need not be less onerous, but could be achieved through more easily implemented regulation even if these achieve a higher performance standard.

Construction Costs

Short of wholesale economic subsidies, RSAW acknowledges that even if the quickest and most surefire wins – increased grant funding, mortgage lending or borrowing – were in place tomorrow, it would be at least 18 months with schemes ready to start on site before any new homes are completed. These are unlikely to be deemed “Quick Wins”.

One further point of note under this area would be that 11 stock-holding Welsh local authorities were recently allowed to manage the revenue from their housing stock. This could allow between £350 million and £400 million of additional borrowing, although this will not come into effect until April 2014. Any measures to accelerate this, and encourage its use, would clearly assist delivery of new homes.

Royal Society of Architects in Wales

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