



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Cymunedau, Cydraddoldeb a Llywodraeth Leol **The Communities, Equality and Local Government Committee**

Dydd Mercher, 17 Gorffennaf 2013
Wednesday, 17 July 2013

Cynnwys **Contents**

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

Ymchwiliad i'r Rhwystrau i Adeiladu Cartrefi yng Nghymru—Sesiwn Dystiolaeth 4
Inquiry into Barriers to Home Building in Wales—Evidence Session 4

Ymchwiliad i'r Rhwystrau i Adeiladu Cartrefi yng Nghymru: Sesiwn Dystiolaeth 5
Inquiry into Barriers to Home Building in Wales: Evidence Session 5

Memorandwm Cydsyniad Deddfwriaethol ar gyfer Darpariaethau yn ymwneud ag Adennill
Meddiant Tai Annedd
Legislative Consent Memorandum for Provisions relating to the Recovery of Possession of
Dwelling Houses

Cynnig o dan Reol Sefydlog Rhif 17.42 i Benderfynu Gwahardd y Cyhoedd o Weddill y
Cyfarfod
Motion under Standing Order No. 17.42 to Resolve to Exclude the Public from the Remainder
of the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Leighton Andrews	Llafur Labour
Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Christine Chapman	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Janet Finch-Saunders	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Gwyn R. Price	Llafur Labour
Jenny Rathbone	Llafur Labour
Rhodri Glyn Thomas	Plaid Cymru The Party of Wales
Lindsay Whittle	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Lynsey Edwards	Cyfreithiwr, Gwasanaethau Cyfreithiol, Llywodraeth Cymru Lawyer, Legal Services, Welsh Government
David Morgan	Rheolwr Polisi, Sefydliad Brenhinol y Syrfewyr Siartredig Cymru Policy Manager, Royal Institution of Chartered Surveyors Wales
Kath Palmer	Dirprwy Gyfarwyddwr Cartrefi a Lleoedd, Llywodraeth Cymru Deputy Director Homes and Places, Welsh Government
Francois Samuel	Pennaeth Adeiladu, Dyfodol Cynaliadwy, Llywodraeth Cymru Head of Construction, Sustainable Futures, Welsh Government
Carl Sargeant	Aelod Cynulliad, Llafur (Y Gweinidog Tai ac Adfywio) Assembly Member, Labour (The Minister for Housing and Regeneration)
Dr Roisin Willmott	Cyfarwyddwr Cenedlaethol y Sefydliad Cynllunio Trefol Brenhinol yng Nghymru National Director of Royal Town Planning Institute Cymru
Simon White	Rheolwr Prosiect, y Bil Rhentu Cartrefi, Llywodraeth Cymru Project Manager, Renting Homes Bill, Welsh Government

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Sarah Bartlett	Dirprwy Glerc Deputy Clerk
Jonathan Baxter	Y Gwasanaeth Ymchwil Research Service
Marc Wyn Jones	Clerc Clerk
Matthew Richards	Cynghorydd Cyfreithiol Legal Adviser

*Dechreuodd y cyfarfod am 9.16 a.m.
The meeting began at 9.16 a.m.*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions

[1] **Christine Chapman:** Good morning, and welcome to the Assembly's Communities, Equality and Local Government Committee. I remind Members that, if they have any mobile phones or BlackBerrys, they should be switched off, because they affect the transmission. As this is a formal public meeting, Members and witnesses do not need to operate the microphones themselves; they will come on automatically. We have received apologies this morning from Mark Isherwood.

Ymchwiliad i'r Rhwystrau i Adeiladu Cartrefi yng Nghymru—Sesiwn Dystiolaeth 4 Inquiry into Barriers to Home Building in Wales—Evidence Session 4

[2] **Christine Chapman:** We have witnesses from the Royal Town Planning Institute Cymru and the Royal Institution of Chartered Surveyors Wales. Welcome to you both. Would you introduce yourselves for the record, please?

[3] **Mr Morgan:** I am David Morgan, the policy manager for RICS Wales.

[4] **Dr Willmott:** I am Roisin Willmott, the national director of the Royal Town Planning Institute in Wales.

[5] **Christine Chapman:** Welcome to you both. You have provided a paper for Members, who will have read it carefully. So, if you are content, we will go straight into questions. Some of the areas will be covered in more detail, but I want to start by asking you both how you would rate the current state of the building sector in Wales. You can be quite brief, because, obviously, we will go into detail with questions from other Members. So, how would you rate the current state of the home-building sector in Wales?

[6] **Mr Morgan:** 'Flat' is probably the best way to put it. It is better than it was, but it is bumping along. That is probably the best way to describe it.

[7] **Dr Willmott:** I would probably agree with that. Rates have increased very slightly over the last year or so, but they are still quite low.

[8] **Christine Chapman:** We will explore some of the detail now, and I will bring in Peter.

[9] **Peter Black:** In terms of the higher energy-efficiency requirements as a result of proposed changes to Part L of the building regulations, the Minister has just announced that he is going to look at an 8% increase in carbon reduction. What impact do you think that will

have in terms of the viability of home building in Wales?

[10] **Mr Morgan:** Well, I think—

[11] **Peter Black:** I am sorry to spring that on you. [*Laughter.*]

[12] **Mr Morgan:** A large measure of that will be dictated by the course England ultimately takes in that regard. We are in a slightly different position from Scotland, simply by virtue of geography. It is a lot easier for a developer in Cardiff to hop across the bridge to Bristol than for a developer in Edinburgh to go all the way down to Newcastle. So, it will have some effect, but the ultimate effect will probably be impacted significantly by what England ultimately decides to do.

[13] **Peter Black:** So, you think that the difference between what we do here in Wales and what is done in England is actually quite significant in terms of whether a developer will develop on this side of the border or on the other side.

[14] **Mr Morgan:** It certainly will have an effect on a developer's calculations, along with many other things. It is just a part of how a developer's cost and profit-making analysis will work. That will simply vary according to the developer's circumstances and according to the degree of divergence according to whatever particular point it is.

[15] **Peter Black:** Okay. One of the other barriers that was raised with us in the previous evidence session was the attitude of utility companies to developers, the charges that they make for connections, and the time that it takes to carry out those connections. Is that something of which you have experience or knowledge?

[16] **Mr Morgan:** I would have to check on that in detail, to be honest. You would assume that it would have some effect on the developers' calculations, along with other points of order. The easier it is to get hooked up, or for utilities to co-operate with developers, the easier it is, hopefully, to speed up their processes.

[17] **Dr Willmott:** To comment on your first point, the volume house builders—the large ones—are certainly making sounds that it is more expensive to develop in Wales than in England, and this would compound that. However, they also very much work on an England-and-Wales basis, so they do not adapt their designs and approaches to the Welsh context; they work in the English context, which makes it more difficult for their business model to work in the Welsh context as well. The work of the Design Commission for Wales and the policies that we have in Wales have tried to push developers across the board towards more sustainable forms of development, looking at integrated design and having a better quality product as well, which is long-term proofed on those aspects.

[18] We do not have a lot of contact with the utility companies, although I know that Welsh Water is making sounds and has a planning team on board to work upfront with developers more. However, I do not have any experience of how that is working.

[19] **Peter Black:** Is there a danger that housing development will be less viable in Wales if the Welsh Government does not tread carefully in terms of the regulations that it introduces?

[20] **Dr Willmott:** Potentially, because, if you think about the topography of Wales, there are not many large, flat areas that are not prone to flooding. So, if you start with the topographical areas available for developers to work in, in some areas, remediation works would need to take place. You also have to think about the long term, and whether we want to build properties now that we will have to look at retrofitting in 20 years' or 30 years' time,

which we are already doing now for post-war properties, and the cost of that. I would support the long-term view in that sense.

[21] **Peter Black:** Do developers take a long-term view when they come to think about their business for the next 10 years or 20 years?

[22] **Dr Willmott:** They do for their business, but, in terms of house building, they build the houses and they sell them on, so they are not their responsibility. Perhaps registered social landlords are in a slightly different position, because they are then the owners of those properties, and they manage their properties going forward. So, they want a property that will be futureproofed in that sense as well.

[23] **Jenny Rathbone:** The Minister has just announced that the Part L requirements will be to reduce greenhouse gas emissions by 8% from 2010 levels, as opposed to the 40% originally consulted upon. If Wales has a higher standard of building, does that not stimulate innovation and new ways of doing things that will be fit for purpose for the twenty-first century? We are spending an awful lot of money with the Arbed scheme on making homes that we previously built fit for purpose.

[24] **Dr Willmott:** Absolutely, and, hopefully, the smaller builders certainly would be more adaptable and able to take that on and build that better quality product. We are not even talking about the high end of the market, where perhaps there is more capacity to pay for the extra costs that could be incurred. We are also thinking of those in the social housing sector and in fuel poverty, et cetera, and the impact on public spending that that could have.

[25] **Jenny Rathbone:** Is there any indication already that those who are interested in developing to the new environmental standards are concentrating on Wales?

[26] **Dr Willmott:** I do not know, to be honest—I do not have any information. There could be on the smaller scale. A lot of the discussion tends to be concentrated on the large house builders.

[27] **Jenny Rathbone:** Who are not really innovators.

[28] **Dr Willmott:** In some ways.

[29] **Jenny Rathbone:** However, innovation is what we need, given the climate change challenges that we face.

[30] **Dr Willmott:** Absolutely.

[31] **Jenny Rathbone:** Various schemes are talked about: the self-build schemes that put a great deal of emphasis on environmental standards and high energy-efficiency ratings, and so on. Is that not something that could be stimulated by our regulations?

[32] **Dr Willmott:** It certainly does happen in Wales. You do have self-build or individual houses. There are architects working in Wales that develop lots of new schemes that are to a high long-term sustainable development standard as well. They tend to be at the higher end of the market and individual houses, but there is nothing to say that smaller housing units cannot take that on as well. There are lots of examples around. It is about trying to encourage developers, whether they are small scale or large scale, to think about the longer term or the upfront design of a project, whatever their site. There are examples at the moment in Swindon—I know that is outside Wales—where the council's property division is working to try to do upfront design and have high-quality standards there. That causes a very slight increase in the build costs, but it does mean that they go through the planning system much

more quickly, and you end up with a better product. Also, because they go through the planning system much more quickly, the company is able to turn its capital over more times than would be the case if it had a slow period, which is important to the business model of a volume house builder.

[33] **Mr Morgan:** I think that the Arbed scheme is an important one. It is definitely one to be praised, because there has been a lot of focus on new builds, but, obviously, a lot of the existing stock in Wales will be here in 50 years' time. We have a much higher proportion of pre-1919 stock, let alone pre-1940 stock, than the rest of the UK. So, I think that it is great to see more of a rebalancing and an emphasis on putting right what is already built, as well as looking at what we are going to build going forward.

[34] **Christine Chapman:** Gwyn, did you want to come in?

[35] **Gwyn R. Price:** Thank you. Good morning. Could you tell me your thoughts on whether smaller developers are at a disadvantage compared to the high-volume national builders when, for example, trying to obtain land for development? Do you think the national planning policy puts small and medium sized developers at a disadvantage in any way?

[36] **Dr Willmott:** To answer that quickly from our perspective, I cannot comment on land purchase, as it is not really a perspective that we would take a view on. However, in terms of planning policy, it certainly does not act against them. There is no measure in place and no national policy—or local policies, in fact—that would act against smaller developers.

[37] **Mr Morgan:** I do not have any definitive evidence to hand on that particular point. I am more than willing to make enquiries among our members and to come back to the committee on that point. I am not particularly aware of any major disadvantages, but we are certainly very happy to make enquiries.

[38] **Gwyn R. Price:** I think that we have taken some evidence that it was the smaller amounts of land, the smaller lots where you could build five to 10 houses rather than the big schemes, that they thought would be more available. That is where I was coming from.

[39] **Mr Morgan:** As I said, I think that RICS would have to do some more in-depth research to give a really definitive answer to that question. I am certainly more than willing to do that.

[40] **Christine Chapman:** We would like to take up your offer of that. If you could liaise with our committee clerks, and make some enquiries, that would be useful. We will be looking into this into the autumn, so that would be really useful. Thank you.

[41] **Dr Willmott:** Chair, I will just mention that I think that some of the evidence that you had last week talked about the Cardiff plan and the 45,000 houses, for which you would need big sites, but, within that, there should be smaller sites. It is the sites that are identified to take forward. So, that should incorporate it.

[42] **Gwyn R. Price:** Yes, you really want to accommodate everybody in the plan and not leave small and medium-sized developers out in preference to large, and vice versa.

[43] **Dr Willmott:** Yes. I think that the headlines on the Cardiff plan certainly have been about the larger housing settlements. They are going to be the most controversial and will be talked about the most. However, there would be infill within that as well, within Cardiff.

[44] **Christine Chapman:** Mike, did you want to come in?

[45] **Mike Hedges:** Local development plans identify sites of 10 or more dwellings, but a number of sites are rejected from local development plans because they are too small to build, even though they are suitable for building. Do you think that it would be helpful for those sites to be identified outside local development plans as sites available for building?

9.30 a.m.

[46] **Dr Willmott:** I think that if you started to get down into that detail in a local development plan, it would really slow the process down. However, the local development plan does not preclude having those sites coming forward through applications.

[47] **Mike Hedges:** Sorry; I said outside the local development plans—would it be helpful to identify those sites, as well as what is identified in the local development plans, to help smaller developers with developments of four, six, eight or 10 houses?

[48] **Dr Willmott:** It could be. It would be about how you go through a public examination with that, because that can be quite a long and detailed process. I think that the local development plan would have overarching policies that could cover it. However, it might just be about promoting the sites with agents et cetera, and about collaborative working with local authorities, whether it is through their planning department or their property department, et cetera.

[49] **Mr Morgan:** As a general point, we are very much in favour of ensuring that all land that is potentially available for development is publicised. It would be great if there could be a single list of all public-sector land in Wales that might, potentially, be redeveloped; not just Welsh Government land, but that of local councils, Government departments in Westminster and so on. The more people know what land is available, the more chance there is that somebody is going to pick up the rugby ball and run with it. I just want to make that general point.

[50] **Mike Hedges:** Carrying on from that, I live in Swansea, and we have a number of small builders who like to build developments of two, four or six houses, but are not capable of building a couple of hundred houses; when it goes up to a couple of hundred, it becomes a Persimmon Homes development almost by default. However, when you are dealing with small numbers, local builders are interested. Driving through my constituency of Swansea East, there are a number of gaps in roads that have been left where houses or other buildings have been knocked down. Could these infill sites be identified?

[51] **Mr Morgan:** If they could be—perhaps a trial scheme could be run by one particular local authority to show the ease of doing it or not—then, in principle, that would be a good thing.

[52] **Lindsay Whittle:** You have led us on nicely to the next theme, which is land banking. We have heard evidence from some of the small to medium-sized enterprises that they do not have much access to land banking. We have also heard evidence from some of the larger house builders that they do not land-bank; I am not sure that I fully agree with that statement. Do you think that we are making the right use of the limited land that is available? I think that we build far too many four and five-bedroomed houses; lots of people want an office. All of the evidence is that most people who are waiting to get onto the housing ladder would actually be very content with a living room, kitchen, bathroom and two bedrooms; you can leave your office in your office. It is homes that we want to build, not homes with an office, unless, of course, you are self-employed, but that is very rare. Are we making enough and better use of the land that we have, and what are your views on land banking? Do you have any evidence about that?

[53] **Mr Morgan:** In terms of further research into the effects of larger house builders and what they may be up to in terms of their land banking, I offer to make further detailed enquiries with our membership on that particular point to establish the degree, if any, to which that is having an effect on smaller developers.

[54] **Lindsay Whittle:** That would be useful.

[55] **Dr Willmott:** Again, I am in the same boat as you in terms of the land-banking issue. It is denied that it is going on, but there is some evidence or information that it happens. Certainly, in terms of the volume house builders, they have been talking about their viability costs at the moment. They bought some land in the high season, if you like, and paid a lot for it, and they are now struggling with regard to viability because the land does not fit in with the current viability costs and what the outturn would be for developing that land.

[56] In terms of offices, if you think about long-term sustainable futures, you will know that working from home can be very positive. So, it can prove to be a positive idea to have office space, and some people demand it. I do not know about evidence on the waiting lists, but it makes a property more adaptable, which is something that we need to think about.

[57] **Mr Morgan:** In terms of smaller plots being available to small developers, one of the things that we sought to suggest in the past is using the planning system to encourage the conversion of excess retail to residential. To be perfectly honest, in some Valleys towns in particular, even in the boom times, there were simply far too many shops and far too few homes. Surely it is better to bring life back to an area than to just leave it boarded up. Look at Swansea High Street; surely it would be better to have people living there than to let it be as it is now. Equally, with regard to excess office space, perhaps when Government bodies—the Welsh Government or whoever—is vacating an office building, it could be noted that these offices often have great public transport links that provide a huge encouragement for people to buy them. Just look at the homes that were built on the former Ninian Park site. Not too far from here, in Cardiff, you also have Plas Glyndŵr, which I think still lies empty. Has anyone thought about trying to convert that into homes for people? The big boys are probably not going to be interested in that; it is probably too small for them. Maybe there is a role for someone to do that. Maybe the Welsh Government could give some guarantees, subdivided among a number of smaller firms, which could then club together to make do with those sorts of sites. I would just like to put that suggestion forward.

[58] **Lindsay Whittle:** I totally agree. I am old enough to remember the first major supermarket arriving in Caerphilly. The village where I live, Abertridwr, lost about 40 shops. They are all houses now, and it was an excellent scheme. That happened in the 1960s, so it is not a new concept. I am particularly concerned about the building of four and five-bedroomed properties. I would hope that you would encourage your members to build, on new-build sites, two and three-bedroomed properties. If people on existing estates want extra bedrooms and offices, they should just expand their homes. That would encourage and help the economy, in my opinion. I hope that you would do that, and I hope that the Welsh Government would do that as well.

[59] **Mike Hedges:** We also have many chapels in Wales. An awful lot of them are coming to the end of their congregational lives.

[60] **Lindsay Whittle:** And pubs.

[61] **Mike Hedges:** Thank you, Lindsay. That was the next thing that I was going to say. We also have a lot of pubs. I live in Murryston, which has a lot of pubs that have just closed, and chapels that have either closed or are about to. Do you have any thoughts on the conversion of those buildings—not just shops, but also pubs and chapels?

[62] **Mr Morgan:** Both would be very much welcomed. Where there is excess and too few homes, go for it. I am aware of at least one scheme where a Methodist church has been converted into homes, and the congregation has just moved to a smaller part of the church. So, things like that are to be strongly welcomed.

[63] **Dr Willmott:** You have to be careful with pubs. They can often be the centre of a community—I am talking about small villages. Where there are a lot, maybe some could be converted. However, you need to look at the viability of a community as well.

[64] **Mike Hedges:** I am talking about a place like Morrision, where we have had lots of pubs. JD Wetherspoon came in, took one of them over and expanded it, and a number of the smaller pubs have now closed. We are not short of pubs in Morrision.

[65] **Dr Willmott:** Okay, as long as you are not short of them.

[66] **Mike Hedges:** I go to them all.

[67] **Rhodri Glyn Thomas:** Rydych wedi sôn am drosi siopau, tafarndai a chapeli yn dai. A oes problem sylfaenol ynglŷn ag argaeledd tir ar gyfer datblygu?

Rhodri Glyn Thomas: You have mentioned converting shops, pubs and chapels into houses. Is there a fundamental problem relating to the availability of land for development?

[68] **Dr Willmott:** No. There is land identified for development. It is a shrinking resource. I think that I have heard someone say, 'Buy land. They don't make it any more.' So, you have to think about it in that sense—that it is a shrinking resource, particularly now with flooding issues, which are really at the forefront. There are Welsh Government policies in place to try to prevent any building on floodplains, because we have all seen the consequences of what that can mean to individual householders and communities when it happens. However, there is land identified. It is not always the land that some developers would want—they have access to other land—but, the local development plan system is set up so that it is not a beauty contest for what the right sites are, but what the deliverable sites are. I know that there are arguments over particular sites through particular LDPs, but it does go through an examination and it is meant to be on sound evidence. We have to have faith in that system and take it forward. Local authorities and the Welsh Government have been learning as they have gone through the adoptions that have been made so far.

[69] **Mr Morgan:** The emphasis from us in terms of conversion is about taking the opportunity to breathe new life into areas, such as Swansea High Street, where there are too many shops or where life has run out. If you have the opportunity to give people homes on existing sites without impinging on more environmentally sensitive areas, then it is an opportunity to be grabbed.

[70] **Rhodri Glyn Thomas:** Fe gawsom dystiolaeth gan y Ffederasiwn Adeiladwyr Cartrefi a oedd yn awgrymu bod cost tir ar gyfer ei ddatblygu yn broblem fawr. A ydych yn rhannu'r consyrn hwnnw? A oes unrhyw beth ymarferol y gellir ei wneud i wneud y tir hwnnw yn llai costus a'r broses o'i ddatblygu'n fwy cynaliadwy?

Rhodri Glyn Thomas: We heard evidence from the Home Builders Federation that suggested that the cost of land for development is a major problem. Do you share that concern? Is there anything practical that could be done to make that land less expensive and the process of developing it more sustainable?

[71] **Dr Willmott:** Volume house developers have told us that landowners expect a price and have not realised that the crash has happened. They still expect the same price as before.

This is an issue. When you see the viability calculations et cetera, you will see that there is rarely an amendment in the price paid for the land. However, many landowners—they might be farmers or it might be family land—are willing to hang on to it and not sell it on. They are not land banking as such; it is not necessarily a business for them. So, they are willing to just sit on it and wait for the market to go up, if it ever goes up.

[72] **Mr Morgan:** We would offer to do more extensive research, but in terms of encouraging affordability, perhaps this will bring us back to doing whatever we can to encourage conversions and to publicise the availability of all public land, whether Welsh Government land or land from other areas, perhaps showing a benchmark of what land is worth. It is very easy to say to a landowner, ‘Your land is now only worth x’. If you were able to point to a concrete example, then perhaps they would be more inclined to buy into that particular figure. Hopefully, that would play a role in tempering expectations.

[73] **Rhodri Glyn Thomas:** A ydych chi’n credu, felly, y dylai fod gan Lywodraeth Cymru gynllun i ryddhau tir sy’n eiddo cyhoeddus, ganddi hi a chan awdurdodau lleol, er mwyn sicrhau bod y farchnad yn ymateb i hynny a bod gwerth tir i’w ddatblygu yn gostwng i lefel fwy realistig?
Rhodri Glyn Thomas: Do you believe, therefore, that the Welsh Government should have a scheme to release land in public ownership, by it and by local authorities, in order to ensure that the market responds to that and that the value of land for development decreases to a more realistic level?

[74] **Mr Morgan:** In principle, that idea sounds very much on point. As a first port of call, perhaps there could be a pilot scheme to road-test it to see the effectiveness of such a scheme. That might be a useful first port of call.

[75] **Dr Willmott:** It is just about having a long-term understanding of the market, and we do not really know whether the market will go back to the pre-crash levels anyway. This might be the norm that we are seeing in terms of the land and property market. We do not know at this stage. There might be a need to temper views on that.

[76] **Christine Chapman:** I have a number of Members who want to come in before we go on to another theme: Janet, first of all.

[77] **Janet Finch-Saunders:** As regards empty properties and conversion and breathing new life into them—retail or whatever—are local authorities’ planning departments switched on to this now, or is this a message that the Welsh Government should be putting out there?

9.45 a.m.

[78] **Dr Willmott:** Some are, certainly. On the housing associations, I know of a few housing association schemes where they have gone into private properties. Some local authorities have used planning legislation in terms of taking over properties, with compensation, and bringing them back into use for residential purposes. So, there are examples. I think it is about giving more information about what can be done. It does take effort and input from the public sector—whatever that may be—and the RSLs. We need to make sure that that is resourced. That is a fear, with the financial cuts to the local authorities, whether they are going to be resourced to be able to do that extra work.

[79] **Mr Morgan:** If Welsh Government could throw its weight behind it, that would be great, because, as Roisin said, some local authorities are more welcoming of the idea of conversion than others. I think that some councillors, shall we say, perhaps had the thought at the back of their minds that converting excess retail property, or whatever it is, to residential is in some way an admission of defeat. Really, it is an opportunity to give people some homes

and to correct what otherwise might be a drain on their community.

[80] **Peter Black:** I want to go back to the issue of land supply. Is it a situation where some developers, particularly the large developers, are a bit too choosy in terms of what land they want to develop? They are looking for land that has high profit margins as opposed to land that they perceive to be in less salubrious parts of a particular area. Is that a problem in terms of land supply?

[81] **Dr Willmott:** Potentially, it is; it depends on whether you take the planning model or the market model. That is part of the role of planning, to look at the long term and the viability of communities. Where do we need to direct investment towards? Is it, for example, the Heads of the Valleys communities or other communities that need investment in housing, but where the market might not naturally go? That is part of the purpose of the planning policies in terms of land allocations.

[82] **Peter Black:** How do you reconcile that? If the developers follow a market model and the councils follow a planning model, how do you reconcile the two?

[83] **Dr Willmott:** The market, if it cannot get planning permission for properties in the areas that it wants to develop, will need to be encouraged, because people need to live in these communities. They can move out of those communities, which is quite an important point for certain communities in Wales. It provides the housing for people to stay there. So, the market just needs to be encouraged.

[84] **Peter Black:** I understand that. However, if developers want to develop in a salubrious and expensive part of Cardiff or Swansea and they cannot get the land, are they not going to choose to stay in England?

[85] **Dr Willmott:** Possibly, they will, but if there is a demand for it and the policies are pointing that way, developers will develop there, if they feel that there is a potential market. The market just needs to be pushed in that direction. So, developers will come out.

[86] **Mr Morgan:** One potential idea we might float is greater use of off-site contributions, so perhaps a quid pro quo. If the local authority says, 'This is a prime area of Cardiff or Swansea and we will make it easier for you to do whatever, but, in return, there is a site 3, 4 or 5 miles away that we are keen to see developed', then perhaps that incentive could help to encourage both parties to reach a deal.

[87] **Leighton Andrews:** On that final point, do you have any examples of where that has happened?

[88] **Mr Morgan:** I would have to make detailed inquiries into that with colleagues. That is the honest answer to that—

[89] **Leighton Andrews:** Okay, I will move on to something else. In the view of your members, which is the biggest obstacle to house building: is it regulation and planning, or is it access to finance?

[90] **Dr Willmott:** It is access to finance.

[91] **Mr Morgan:** We have a varied membership and I think that it would depend on who you are talking to. I think that some of the bigger players would almost certainly say 'planning', and smaller players would probably say 'finance'. So, we would probably have a split.

[92] **Dr Willmott:** I would like to clarify that not all our members are sat in local authorities dealing with LDPs and planning applications. We have people working on behalf of developers and in the private sector, and they report to us that it is the finance issue as well.

[93] **Mike Hedges:** We have talked about renovating buildings and the additional costs of building new houses. However, really, the big cost that dwarfs everything is the charging of value added tax on renovations. That really makes a big difference in terms of whether it is worth building something new, despite the moans of some builders about the small cost of some of the rules that have been brought in. The other question is on land value. You say that it might be the norm, but, surely, if land is kept scarce for building, that alone will drive prices up, will it not?

[94] **Dr Willmott:** Yes, I agree with you on the VAT issue. That is a potential problem in terms of retrofitting—certainly if you are doing it on a larger scale. If you are doing a little bit of do-it-yourself at home, you might not notice the charges, but on a larger scale it is an issue. There is evidence to suggest that land as a scarce resource is an issue in terms of supply and the cost of land. Of course, owners of land are going to hold out if they know that it is a scarce resource, but there has been some evidence, which I can provide, that shows that it does not make a huge difference in that sense.

[95] **Mr Morgan:** I think that the VAT point is a good one. You would think that it might apply even more in the cases of older, heritage-type buildings, if I can put it that way. You might be creating an incentive for somebody, rather than restoring a historic building, to let it fall down. I am sure that we all know of examples where people have acquired buildings and then, mysteriously, the roof has disappeared, then the doors and everything else. So, it is a good point. In terms of land availability, it comes back to that long-term point that a lot of land is in the hands of people who do not see themselves, professionally, as being in the game of property development or housing. If you are able to take that 20, 30 or 40-year view, is the land scarce or is it just the nature of how that area operates?

[96] **Jenny Rathbone:** Sticking with Swansea High Street, I am still struggling to understand why developers are not rushing in to develop it. You will have thousands of people on the Swansea housing waiting list, if it is anything like Cardiff. You have this huge landlord subsidy, otherwise known as housing benefit. Why are developers not thinking, ‘I can buy these properties cheaper and convert them into homes’? I am referring to small and big developers, because if they are smaller they can buy just one or two at a time.

[97] **Mr Morgan:** I think—and this is speaking personally—that one potential answer to that might be that a lot of these properties are split up into many different forms of ownership and it would take some time to bring them all together into a single scheme. So, faced with the choice of that or a single plot of land that you can acquire and get the job done quickly, you are probably going to go for the single plot of land. Perhaps there is a role for local authorities and the Welsh Government to say, for example, in relation to Swansea High Street or wherever, ‘We’re going to acquire all of this, use our powers and then go out to seek partners to help us to convert them into new uses’. Otherwise, the smaller players are just going to think, ‘I’m going to have to buy out 25 different bodies’, and then they are going to say ‘no’.

[98] **Jenny Rathbone:** So, are you suggesting using compulsory purchase powers to develop a whole street?

[99] **Mr Morgan:** Hopefully, it would not even need that, as just the gentle encouraging power of it being in the background might be helpful to encourage people, without even having to go the whole hog, if you know what I mean.

[100] **Jenny Rathbone:** Do you think that it is a case of local authorities not being bold or ambitious enough on this, given that there are thousands of people on the housing waiting list in Swansea, I am sure?

[101] **Mr Morgan:** Speaking entirely personally, it is probably a bit unfair to say to local authorities that they are not being bold enough when they have their budgets to balance and officials asking them, 'You do realise, Councillors, that it is going to cost x in terms of compulsory purchase and so on, don't you?' Faced with that, you guess that there would be an understandable reticence, perhaps.

[102] **Jenny Rathbone:** So, what are the things that will be able to stimulate the market? We have talked about VAT already, and that is outwith our remit here in Wales. What about the possibilities of a mortgage guarantee scheme, which we understand the Government is still working on? How would you see that transforming the situation?

[103] **Mr Morgan:** Certainly, it is something that we would welcome. Perhaps you could view it as a residential version of what the Welsh Government has done in certain areas with regard to offices. For example, here in the bay, there is one area where it has, effectively, guaranteed an area, and then hopefully it will sublet and so on, in terms of taking a head lease. So, perhaps it could be viewed simply as a residential version of that. That is something that we would welcome.

[104] **Jenny Rathbone:** What would be the risks involved for the Government in entering into the mortgage market?

[105] **Mr Morgan:** You would probably have to say 'market conditions'. If we encounter another Lehman Brothers, for example, presumably that would have a significant impact on the economy and, hence, on demand.

[106] **Dr Willmott:** One of the impacts, certainly on the larger scale, but which can affect the smaller scale, is the whole issue about planning gain, whether that is section 106 agreements or the new community infrastructure levy. So, that obviously has a big impact on the viability of schemes. However, you have to understand that the reason for the planning gain and CIL is to make sure that you get the right developments, so that the developments come in with the right infrastructure in place; otherwise it is difficult to try to put that in afterwards, and the question of who pays for it can be an issue. Should the public sector, which used to do so, pay for that, or should the private sector, which, potentially, makes big profits out of this, contribute to that?

[107] However, one of the issues that developers have is their cash flow. Obviously, they will not see any income coming back until they sell units, which is often when they are off site and it can be a few years later. One scheme in England is the local infrastructure fund, which provides the cash upfront and the financial ability for developers to put in roads, schools and the infrastructure. They have to pay it back, but at a pre-agreed point, which might be after so many houses are occupied and paid for, so that it evens out their cash flow and makes it easier for them to invest in those sites.

[108] **Jenny Rathbone:** So, that is obviously something that you think the Welsh Government should be looking at very seriously.

[109] **Dr Willmott:** Potentially, yes. That is not part of the planning system per se, but it would be a financial tool if it had the ability. Obviously, there are issues around how you would raise that funding from a Welsh Government perspective.

[110] **Peter Black:** Is that infrastructure fund similar to the Wales property development

fund of £10 million that the Government has announced here?

[111] **Dr Willmott:** It could be, but this is something like—

[112] **Peter Black:** I understand that there is a lot more money in England, but is it the same sort of thing?

[113] **Dr Willmott:** It could well be.

[114] **Christine Chapman:** We will have to end this part of the meeting now. I thank both of you for attending. David, you said that you will send us some information on the use of off-site incentives and some examples of that among your members.

[115] **Mr Morgan:** Yes.

[116] **Christine Chapman:** You also mentioned more information on land banking and availability.

[117] **Dr Willmott:** Yes.

[118] **Christine Chapman:** Thank you both very much for attending. It has been a very interesting session. We will send you the transcript of the meeting so that you can check it for accuracy.

10.00 a.m.

**Ymchwiliad i'r Rhwystrau i Adeiladu Cartrefi yng Nghymru: Sesiwn
Dystiolaeth 5
Inquiry into Barriers to Home Building in Wales: Evidence Session 5**

[119] **Christine Chapman:** I welcome the Minister and his officials and thank them for attending this morning. Welcome to Carl Sargeant AM, the Minister for Housing and Regeneration, Francois Samuel, head of construction in the Sustainable Futures directorate, and Kath Palmer, deputy director of homes and places. You have provided a paper in advance and I note that you have issued a statement as well, which Members will probably not have had a chance to look at in detail, so you might want to say something about that in the course of the questions. First of all, Minister, do you want to say something very briefly about your statement just to put it on the record? Could you be quite brief, because we have some detailed questions?

[120] **The Minister for Housing and Regeneration (Carl Sargeant):** Okay, Chair. Good morning to you and the committee. To make reference to the statement made earlier, when I came into post around 10 weeks ago, I looked at the department from the perspective of planning, regeneration and housing and looked at what my priorities were in terms of moving this forward. At the same time as this committee's investigation into house building, I asked my team to come up with a suite of things that would help to stimulate the market. In essence, Chair, the statement covers a few themes: building regulations, domestic fire safety with the introduction of the sprinkler Measure, a little bit about mortgage guarantee and shared equity, site waste management plans and planning collaborative working, and a housing sector development team, which I have established in my department to add to the 7,500 target that we already have for homes to increase supply. That is what the statement covers, in broad terms.

[121] **Christine Chapman:** Okay. Obviously, we will go into more detail on that shortly. I just want to start off with one question. You talk about a system stewardship role for the

Welsh Government. What does that mean in practice?

[122] **Carl Sargeant:** It is techie speak, Chair. It basically means a holistic approach by my department to housing supply and housing quality and the essence of how we support communities through housing as well. There are three themes in that principle, but it is an overarching look at my department, really.

[123] **Christine Chapman:** Previous witnesses mentioned that, in their opinion, the housing market was flat at the moment. Obviously, there are challenges. Do you agree with that?

[124] **Carl Sargeant:** We have done some modelling already in the Welsh Government to look at the state of the nation. The housing market is currently under pressure and that is partly the reason why my statement today looks at how we can encourage and stimulate growth in the economy through the construction and housing sector. Yes, there are huge challenges, but the Welsh Government alone cannot fix that—it needs partnership to take that forward.

[125] **Peter Black:** You are very clear in your statement about when the changes in relation to sprinklers will come in, but you have not provided a date for the changes to Part L. When are they likely to come into effect?

[126] **Carl Sargeant:** That is a longer process. We are looking at how Part L will make changes in relation to technical advice note 22. We are trying to alter the whole principle of the building regulations. We do not want to create a gap in the system, so that we remove TAN 22 and then there is a gap between that and going into the building regulations. So, we have to manage the timescale. The implementation of that should be completed by June 2014.

[127] **Peter Black:** So, it is June 2014 for the 8%?

[128] **Carl Sargeant:** Yes, that is what the target will be set at in the regulations.

[129] **Peter Black:** So, from that point, will developers have to achieve an 8% reduction?

[130] **Carl Sargeant:** That is the purpose of it.

[131] **Peter Black:** Okay. Previous witnesses estimated that your original consultation figure of a 40% reduction would add £4,500 to the cost of a dwelling house. I am not sure whether that is a figure that you agree with. What is your estimate of the additional cost to a dwelling house of this 8% reduction?

[132] **Carl Sargeant:** I will ask my official to give you the detail on the finances, but perhaps I could put that into context in terms of the reason for that. As we have made clear in the statement, in terms of the Part L changes, we have the same destination, but we have just taken a different route to get there. I recognise the pressures in the system and I have looked at how we can therefore relax that 40%. We will take incremental stages in a different way. That is why I have relaxed that back to 8%. In terms of the financial savings in that, I will ask Francois to give you the detail.

[133] **Mr Samuel:** In our Part L consultation in 2012 we estimated that £3,900 was the figure for a typical semi-detached house, and £4,200 across the assumed development mix. That is for the 40%. The 8% is intended to be broadly neutral. We will be looking to have an aggregate of 8% across the projected development mix. There is work to be done in finessing the detail of Part L, because it comprises fabric standards as well as carbon targets. However, the intention is that it will be broadly neutral across the development mix.

[134] **Peter Black:** Do developers agree with you that that will be the case?

[135] **Mr Samuel:** Developers have their own figures. We are confident that ours are robust.

[136] **Carl Sargeant:** It is a balance, Chair, in terms of making sure that we can continue on a journey of energy conservation and saving versus the difficulties that the housing sector is experiencing at the moment. That is where I am hoping to strike the right balance.

[137] **Mr Samuel:** I would add that it may be that developers are modelling according to different house types. I know, for example, that Redrow, when it was quoting figures, was talking about its most popular house type, which is, in fact, larger than what we quote as a semi-detached house. So, that might be a reason for the difference.

[138] **Peter Black:** Okay. Thank you for that. I think it is quite a sensible approach; I just wanted to get to the bottom of the costs and that sort of thing. What impact do you think the availability of mortgage finance is having on development?

[139] **Carl Sargeant:** That adds to the pressure. You will be aware of the homebuy scheme that we were seeking to introduce. Many questions have been put to me in that process. The Welsh Government and I are still keen to support that scheme, if we have the partners to do that. It is not that we do not want to deliver on the scheme; we just cannot secure the third parties to develop that. Alongside that, we are looking at a shared equity scheme, which I would hope will be launched towards the end of this year. Again, the detail is quite technical in nature in terms of trying to get the right deal, at the end of the day, for the customer.

[140] **Peter Black:** In broad-brush terms, how would that shared equity scheme work?

[141] **Carl Sargeant:** As it says in the title, it will be a part ownership in terms of the end product.

[142] **Peter Black:** So, it would be like homebuy: you take out a mortgage on the property that you help them to buy, which is repaid on sale.

[143] **Carl Sargeant:** We have not worked up the full detail yet, Chair, but I am more than happy to write to you when we have more detail on that.

[144] **Peter Black:** So, you are still at very early stages in terms of that.

[145] **Carl Sargeant:** Yes.

[146] **Peter Black:** When do you anticipate having that work completed?

[147] **Carl Sargeant:** Towards the end of the year. I am hoping to launch a scheme by then. In England, it works through an agent system. We need to secure agents on a different process to that. I do not particularly want to reinvent the wheel on this; I want to get this out as quickly as possible. However, there are procurement issues and different agent providers that we need to secure, so it is also about third-party co-operation.

[148] **Peter Black:** I think that the key question is whether the scheme is dependent on third parties in the same way as the mortgage guarantee scheme was.

[149] **Carl Sargeant:** There is a strong reliance on third parties, yes.

[150] **Peter Black:** Do you have indications that you will have the same sort of difficulties that you had with the mortgage guarantee scheme?

[151] **Carl Sargeant:** We are not experiencing that. In the early discussions that we have had, it seems to be moving quite quickly. Regrettably, the scheme that we were going to introduce was put on hold only on the day of the announcement made by the UK Government. So, it was not put on hold because we wanted to, or because the other partners were not committed to delivering this, but when the UK Government made the announcement of a different scheme that would apply from the new year, both the Home Builders Federation and the Council of Mortgage Lenders indicated to us that they were not prepared to move forward on the scheme at that time. At the moment, the Council of Mortgage Lenders is struggling to find partners to deliver this scheme, should we wish to take it forward. So, that is where we are at the moment. I have met several of the major stakeholders in mortgage lending operations in Wales, and I have had positive discussions with them, but they do not quite have the confidence to take this forward yet.

[152] **Peter Black:** Okay, I have one more question on this theme, which is about the issues raised last week about utility providers and the obstacles that they are presenting to development. Are you aware of those issues and are you able to take any action to help developers with them?

[153] **Carl Sargeant:** I have had some discussions already with the Minister for the environment to see whether there is anything that needs to be done for development, not just on utilities, but on other areas, around waste management. I would not want to be too negative about house building in Wales. There is house building in Wales; there are houses being built. The Welsh Government has a target of 7,500 affordable homes, so, there is development going on, but I accept that there are challenges, and one of them is utilities. However, as I said, I have met the Minister, and he will be considering that with the water companies and Ofwat, moving forward.

[154] **Christine Chapman:** Jenny, did you want to come in?

[155] **Jenny Rathbone:** I am interested in pursuing the levers that you may have in terms of land that may be in the public domain that could be released strategically to meet your objectives. I wondered whether you have a register of all land owned by public authorities, whether the Ministry of Defence, the Welsh Government or local authorities.

[156] **Carl Sargeant:** That is a really important question and, again, I am pondering, while we have financial restrictions in terms of investment—we are getting less money into Wales—how we make my priority of developing more homes a real prospect. Sorry, this is a long answer, but I will be as brief as I possibly can, Chair. I established the new team, which is looking at 7,500-plus homes. One of the themes within that is land usage. What is our leverage if we do not have the cash to invest? What else do we have in terms of the Welsh Government and the broader public sector? It is land. We have already seen some innovative projects with Welsh Government land being released for development; the Member may be aware of Ely Mill in a Cardiff constituency. We are progressing with that in terms of looking at what additional land could be released. I met with the Minister for health recently and I have met with the Minister for Finance and the Minister for Economy, Science and Transport to look at how we can, collectively, bring land together to look at how we can best invest in that. One example of securing financial models to support land investment would be with Bellerophon Partnerships Ltd, which is a long-term investment where we issue the land upfront and get a return on the rent of the properties coming back in to pay for the land. So, we are exploring all of that.

[157] On the detail of whether we have a land register, we have a system called e-PIMS, the

electronic property information mapping service, which is a register of all Welsh Government land, and we are trying to broaden that to other sectors, such as the voluntary sector, as well. So, it is the land and the buildings available within the public realm. That is available in Wales. I think that it could be used better, but there is a register.

[158] **Jenny Rathbone:** Okay. So, does it include land owned by UK Government departments?

[159] **Carl Sargeant:** There are some issues around some of the Ministry of Defence land, but, broadly, yes, it does.

[160] **Jenny Rathbone:** Okay. Very good.

[161] **Christine Chapman:** Gwyn, did you want to come in?

[162] **Gwyn R. Price:** Yes. Minister, you touched on the issue of land. Should public land be available in smaller tranches for small and medium-sized builders? We have taken evidence that they would like to build five and 10-property developments. I was wondering whether you had looked at that.

[163] **Carl Sargeant:** I think that there is opportunity there for smaller plots of land. There are publicly owned buildings, such as small, old health centres or old hospitals, on which you could have a development of 15 properties or something. I think that that is an opportunity for small and medium-sized enterprises, which are basically the majority of the construction industry in Wales. So, we should look at how we can involve them in that process. I do not think that it is prohibitive at the moment. I do not think that there is enough land in the sector for development, and that is why we are looking at that through the land team and through new opportunities.

10.15 a.m.

[164] **Christine Chapman:** Mike, did you want to come in?

[165] **Mike Hedges:** Yes. Minister, I can only talk in detail about Swansea, but they do not pick any LDP sites there that are smaller than 10, but there are a lot of sites that are smaller than that. Do you think that it would be a good idea, outside the LDP process, for local authorities to identify small sites of five, seven or eight? They excluded a number of sites for being too small to be suitable for building purposes when they went through the LDP process. Should those be identified, and should some infill sites be identified, again, outside the LDP process, as being suitable for small and medium-sized building companies?

[166] **Carl Sargeant:** I think that I need to be very clear, Chair, that the LDP process is, under direction from Government, very clear that authorities need to develop an LDP, and the flexibility of land provision over the five-year period during which they are supposed to look at that is something that they should consider through due process. I would not like to comment specifically on Swansea, or any other constituency, but what I have said to the new team is this: 'Look at all options; we shouldn't write anything off. Let's just have a look at opportunity'. You will be aware that I am bringing in a new planning Bill, and there may be opportunity in that.

[167] My ambition is to have a national council house build scheme, and the exit from HRAS gives us the opportunity potentially to do that. Getting from wish to delivery is the challenge, but I think that there is an opportunity for us to do that.

[168] **Mike Hedges:** My other question is on social landlords. A number of them are fairly

large, and at least one—and, I believe, one other—has gone from having a lot of local builders being involved to having regional companies doing it. Have you any views on smaller companies being allowed to compete for construction contracts with social landlords? That is, that the contracts be kept small enough for the smaller companies, which tend to be local, to compete, rather than the regional-type companies?

[169] **Carl Sargeant:** My personal view is that I would support that. I think that there are procurement issues in dealing with those issues, but I think that they could be overcome by the wishes of the RSLs in terms of what they require and the size of contract. That is the issue.

[170] **Mike Hedges:** It is not a procurement problem; it is the fact that it is easier for them to parcel up a big contract, so that all the electrical work is going to be done by company x, rather than having half a dozen smaller companies doing it.

[171] **Carl Sargeant:** Well, I beg to differ on procurement, because there are issues with how RSLs and Government procure services. I think that it starts at the point of what it is they wish to do, and if they wish to pursue a local interest for a company, then they would clearly define the scope of a bid a lot smaller, so that they could allow smaller companies to bid in that process. However, as you say, if they make the large contracts, some of the smaller SMEs cannot deliver on them, or even access them.

[172] **Leighton Andrews:** Coming back to what you said about the possibility of a council house building programme, on behalf of the union of former housing regeneration Ministers, I think that you are the first one to be in a position actually to do that. Could you explain a little bit more about what you have in mind, any timescales and what contribution you think that can make to house building?

[173] **Carl Sargeant:** Okay. It is really early days, this, because, as you and colleagues will be aware, exiting the HRAS has been extremely challenging in getting agreements through Treasury. Again, I thank Peter for his support, through his contacts, through Treasury, with Jane Hutt. That has helped us to secure that for Wales.

[174] That is really significant, as it allows local authorities now to have an opportunity to start building council homes through the funding that has been released back to Wales, instead of the debt that they were paying to the UK Government. Now, alongside that, because of things like the planning system, which is not yet flexible enough for major schemes in the process, I am also looking at what process we need if, being cash-enabled, we have land with the potential to be released from Welsh Government or local authority ownership. I visited a site owned by Carmarthenshire County Council, on which it is building the first lot of council homes that it has invested in on its land. It is a fantastic opportunity. If it can do it, I cannot see why the authorities that are now exiting HRAS cannot do it as well.

[175] **Leighton Andrews:** Could we have a note on the amount of private finance that has been raised by the stock transfer bodies that have exited from council housing as a result of tenant votes over the last decade and the extent to which that has stimulated house building? Have you done any assessment of the balance between new council-house building versus the capacity of, say, further stock transfers attracting private finance to create more building?

[176] **Carl Sargeant:** We will provide that note for you. I will consider a further response to that question, if I may, and I will write to you with the detail.

[177] **Christine Chapman:** Peter wants to come in on that point and then I will bring Janet in.

[178] **Peter Black:** The First Minister, in his legislative statement yesterday, referred to the housing Bill containing the legislation to take you out of the housing subsidy system. Are we dependent on waiting for that Bill before this can be enacted, or can the councils access the money, say, from the next financial year?

[179] **Ms Palmer:** Do you want me to take that question? We are currently working with the Treasury to see whether we can get a voluntary agreement to exit out of the HRAS before the Bill. We are meeting the Treasury in August—that is the earliest date that it could meet us—to talk through whether it will agree to that voluntary agreement. If we did have a voluntary agreement, all 11 local authorities would have to sign up to it. However, it would enable us to exit as soon as possible.

[180] **Peter Black:** You would then have the Bill to reinforce that.

[181] **Ms Palmer:** Yes, the Bill would reinforce the exit. Exactly.

[182] **Peter Black:** When will you know how much each of the 11 councils will benefit from this deal?

[183] **Carl Sargeant:** We are currently in discussions with the 11 authorities across Wales. We are just working out a formula to understand how that will be distributed. There was a risk profile based on all 11 authorities, where they were and what the investment was for, and so on. We are just trying to work that out now. The announcement was really welcome—it was a collective announcement from the Treasury and us in terms of an exit. However, we need to have the more detailed discussions in terms of when we will exit and what the process will be for delivery. It is a good news story, so I will not be shy in coming forward to tell you about that.

[184] **Peter Black:** Presumably, you will issue a statement when you have all of the detail tied down as to how much each council will benefit et cetera.

[185] **Carl Sargeant:** We will. There will be a consultation process with all of the authorities, but I will issue a statement when we have the finer detail.

[186] **Janet Finch-Saunders:** Good morning. With regard to land with current planning permission that is not being developed and where the permission is renewed every five years, have you any thoughts on reviewing that?

[187] **Carl Sargeant:** I do not know the scale of the problem, really, in terms of land banking. There have been lots of discussions suggesting that this is a big problem, but it has not been presented to me as a big issue. However, if the committee has evidence that it has been presented as such, I would be willing to take a look at that process.

[188] **Christine Chapman:** We would all recognise the problem, but I do not know what—

[189] **Janet Finch-Saunders:** If I may, this was a major factor in the LDP composition, because we had figures detailing how much planning was already out there on the land within our local authority.

[190] **Carl Sargeant:** When you take it in terms of the whole overarching development, the land-banking element is a very small percentage in terms of what development we do in Wales. As I said, it has not been presented to me as a stopping point for development in Wales. I am aware that there are land banks and there have been lots of programmes around supermarkets doing this to prevent other supermarkets from establishing on their patch, if you like. However, it has not been a prominent problem within the division that has been raised

with us.

[191] **Janet Finch-Saunders:** May I ask the question about retail?

[192] **Christine Chapman:** Yes.

[193] **Janet Finch-Saunders:** With regard to empty properties and breathing new life back in to empty stock—and we talked earlier about retail—will you be putting strong messages out on that?

[194] **Carl Sargeant:** We already are. Members will be aware of ‘Vibrant and Viable Places’, and I have been very clear about my expectations in terms of bids in Communities First areas, seaside towns and town centres on the theme of homes. That includes development and opportunities for homes above premises. So, there is already a scheme in place that could deliver on the question that the Member raises.

[195] **Janet Finch-Saunders:** This is more about where you are trying to revive high streets. It may be too big a high street and some of those properties could be brought back into really good domestic stock.

[196] **Carl Sargeant:** They can already; the planning process allows change of use already. However, as I said, I am keen on making investments in our town centre communities. I have asked my team to define what a ‘town centre’ is, because generally they are devoid of people and shops, so I am not quite sure how they are town centres. I have asked my team to look at what we should stimulate to get that town-centre feel back. If we can get people into the towns through living there, there is an opportunity for them to shop locally et cetera. It is about trying to get that suite of things. That is what ‘Vibrant and Viable Places’ will be looking at very closely. The first bidding round is now closed, and I will be making my decisions on that very shortly.

[197] **Janet Finch-Saunders:** As part of that, do you see some of the retail stock being transferred back?

[198] **Carl Sargeant:** That is not a decision of mine. The decision is based on local determination and what the bid and priorities are. However, the themes across the whole division, including the ‘Vibrant and Viable Places’ bidding round, were around homes. I expect that some of our communities that are trying to consolidate their town centres may wish to turn some of those properties into residential properties. However, it is for local bidders to make that case.

[199] **Lindsay Whittle:** To go back to the land-banking issue, you will find that land-banking issues are to be found in the southern Valley towns in close proximity to Cardiff, Swansea and Newport. Should local government revoke planning permission for those developers who have held these land banks for too long?

[200] **Carl Sargeant:** I should probably not pass judgment on that just yet, because the planning system is quite technical. Based on evidence from the committee, I will consider that in terms of what the planning Bill may or may not say.

[201] **Lindsay Whittle:** With regard to those areas of land with planning permission not being built upon, developers fear that they will not make enough profit in this present housing climate—although I understand that it is starting to rise now, sadly, because people cannot afford to buy houses now, so if prices go up again, heaven help the younger buyers. Do you think that local government should say, ‘We are revoking this planning permission and this land is going back into the LDP as ‘white’ land, as it is called?’

[202] **Carl Sargeant:** There is already a timescale, as the Member will be aware, in terms of the termination of a planning application, and re-application. It is something that is in the gift of local government to consider. The problem with that—and that is why I said that we may have to look at what the scale of the problem is within the planning Bill—is that once a plot of land has received planning permission, it would be an interesting process to revoke it the second time around.

[203] **Lindsay Whittle:** I think that you missed a bit out there, Minister—‘expensive’ would perhaps also come into it.

[204] **Carl Sargeant:** I did not make that comment. [*Laughter.*]

[205] **Christine Chapman:** Before Rhodri comes in, Jenny wants to come in.

[206] **Jenny Rathbone:** I want to go back to the empty retail shops issue. We spoke with the previous witnesses about Swansea High Street. Given the number of people on housing waiting lists in Swansea and the substantial landlord subsidy called ‘housing benefit’, why are developers not rushing to develop these as dwellings when there is clearly a ready market?

10.30 a.m.

[207] **Carl Sargeant:** I cannot presume why they do not see that as a viable business deal. However, there are people thinking innovatively in terms of the stock that they have. In Prestatyn in north Wales, there is a large void police station. Through a private company, they have just started offering office space and bedrooms for rent. So, they have changed the office space, and there is shared bathroom and kitchen space. I am not making a comment on the quality of the accommodation, but it is a quite clever and innovative process. It is protecting the building—the asset of North Wales Police—and it is also providing accommodation for people. That is one example of people thinking differently in terms of market supply. Members will be aware that we recognise, in terms of the need for one- and two-bedroomed properties, that the bedroom tax has an effect on people immediately, but for the supply of homes, there is a lead-in time of two or three years for the development of those properties in most cases. So, it is a balancing act at the moment, to try to deliver more homes while pressures are coming from other directions over which we do not have competency to change those processes. The example that I gave is just one example of people thinking differently, in terms of supply and demand. North Wales Police has quite an innovative programme.

[208] **Christine Chapman:** Could you send us the details on that?

[209] **Carl Sargeant:** It is not my project, but we will seek to help, Chair.

[210] **Jenny Rathbone:** Why does that sort of innovative opportunity not happen in Swansea, our second city? It is inexplicable. Is it because the planning authority is reluctant to see change of use? It seems difficult to understand.

[211] **Carl Sargeant:** Kath might have something to offer on that.

[212] **Ms Palmer:** I happened to be in Swansea this week. I was looking around at some of the work that we have done and some of the projects and programmes that we have invested in. One thing that struck me, in terms of some of the vacant properties, is the issue of who owns them. There seem to be tricky issues in terms of landlords. If they do not want to sell and the property stays vacant, the local authority needs to go through a long-term CPO action. So, there is a question around it not being that easy. It may be difficult to find the landlord and if you do eventually find them, they might be an individual who does not want to sell or

who wants to wait until the market goes up and has very high expectations of the property's value. It could be a company that owns a range of assets and could own a range of properties across Wales, for example. One tricky issue is trying to find out who owns a property. Some of these properties look like they have health and safety issues, in terms of the state of the buildings. So, the questions that I was asking my staff were: why can we not do more about this and how do we take this forward? The CPO process seems to be the final answer. However, we need to work in partnership with the local authority to ensure that it is issuing the right section notices, et cetera. The CPO process is a lengthy one.

[213] **Jenny Rathbone:** Surely, the threat of a CPO would concentrate the mind of a private developer, would it not?

[214] **Carl Sargeant:** Not always. I was in Merthyr three weeks ago, and there were several buildings that were in serious disrepair. Approaches had been made by the local authority, with the indication of a CPO, and there is still no engagement. So, it does not always work like that.

[215] **Christine Chapman:** A number of Members want to come in. We have about seven minutes before we break, so please be very brief. We will have Mike, Peter and Leighton.

[216] **Mike Hedges:** Is it not true that, on Swansea High Street, the Coastal Housing Group has taken over a number of properties and has produced a substantial number of dwellings? Is it also not true that one of the problems with a part of the high street is the topography, where there is a drop of 40 or 50 feet from the front of the buildings to the back of the buildings, which causes problems for redevelopment?

[217] **Carl Sargeant:** I am sure that the Member knows Swansea a lot better than I do, Chair.

[218] **Peter Black:** I wish to return to the issue of CPOs and empty-dwelling management orders, in terms of empty properties. One barrier that I have found in dealing with local councils on this—and Swansea has been quite proactive on this issue—is that they look to take on the property through one of those mechanisms, but they then find that the cost of bringing the property up to a habitable standard is not financially viable. So, they then resort to considering whether they should go down the demolition order route, or something like that. Part of the problem is that there are a lot of empty properties out there that are not financially viable when you go down that route. EDMOs can also be quite bureaucratic. So, I was wondering whether you have looked at streamlining those processes, in particular.

[219] **Carl Sargeant:** I have not. However, the team that I have established is doing some quick work on quick wins, and we are trying to do some delivery on these issues. The public sector realm has a significant amount of buildings, not always in disrepair. We need to be creative in the ways that we deliver homes differently. Flintshire, my home authority, had some housing stock in difficult areas that was hard to let. In essence, Chair, it put several Yale locks throughout the building and it now has multiple tenants in a three-bedroomed council property. I visited the property, and the three gentlemen who were there at the time were very grateful for a home that they could afford and that was theirs. Again, it is about thinking differently about the stock that we have. There are people doing clever things that are non-traditional.

[220] **Leighton Andrews:** I think that that is good, but Peter's point about the difficulty of the process and the potential cost to a local authority—whether it is for bringing a property up to a decent standard or demolition—is a key factor; it is a particular factor in many upper Valleys towns, I would say. I urge you to explore whether there might be a way of streamlining that process, perhaps getting to a point of demolition faster for local authorities. I

think that that would then help to create the space, literally, for private developers to come in and provide new homes.

[221] **Carl Sargeant:** We have to be aware that these are private investments. Somebody owns these properties, and I think that it is about how we manage that.

[222] **Leighton Andrews:** Sure. However, if they have been out of use for more than two years, say, if there is no prospect of improvement and there are big health and safety issues, it seems to me that empowering local authorities to do something about that without having to take on a long-term revenue cost, would be a solution that would clear space and would also incentivise private owners to do something about their properties.

[223] **Rhodri Glyn Thomas:** Mae gen i gwestiwn ynglŷn â'r broses o awdurdodau lleol yn mabwysiadu cynlluniau datblygu lleol. Mae amrywiaeth fawr yn y broses honno. A ydych yn credu bod hynny'n mynd i ddatblygu'n broblem o ran argaeledd tir i ddatblygu arno?

Rhodri Glyn Thomas: I have a question about the process of local authorities adopting local development plans. There is great variation in that process. Do you think that that is going to develop into a problem in terms of the availability of land for development?

[224] **Carl Sargeant:** Thank you for your important question. As I said earlier, the LDP process is really important in terms of delivering this. We have moved some way in terms of delivery. We expect over half of LDP processes to be in place for the end of this year. I am meeting with individual authorities that are yet to deliver on this, and I am telling them that this is not an option paper; this has to be delivered. They put themselves at a high risk of development outside the LDP process if they do not have a plan in place. When applications are placed before an authority, and they then go through the appeal process, the figure is that there is around a one in three chance of the application being approved. Without a strong LDP to guide that process, the authority could have development where it does not really want development in longer term logical planning systems. I am watching very carefully in terms of delivery.

[225] **Jenny Rathbone:** I want to come back to the relaxation of the environmental standards, which you have just announced. What impact might that have on developers who have innovation as their mission? They have been developing higher environmental standards because of the standards that they thought were in place. Is there any risk that those people will be impacted upon?

[226] **Carl Sargeant:** I am committed to delivering what we set out to do in terms of the zero-carbon agenda and the European directives that we are required to deliver. As I said, this is just a different journey to get there. There are private developers who wish to advance that process, in terms of more energy-efficient buildings—I visited some in Cardiff two weeks ago. There is a market there, and there is a longer term saving. However, I have tried to balance, in the announcement that I have made today, economic circumstances around stimulating the economy and growth—jobs, training and development—versus the part L provision and TAN 22. We have tried to strike the right balance. It will never be enough for some. I will also, I expect, receive a lobby from other organisations saying that we have taken our foot off the gas. I will be very clear; we have not. We are committed to delivering this in the timescale that we said, but it will be very challenging. It is just that we have shaped the journey differently. There are opportunities for developers who wish to do that and I would not seek to stop them continuing with their exciting ideas of energy efficiency.

[227] **Jenny Rathbone:** Okay, but you do not think that they will be impacted financially, because there is a premium attached to high-energy-efficient homes.

[228] **Carl Sargeant:** There is, but that is attractive to some people because there are savings on energy in the longer term.

[229] **Christine Chapman:** We are going to take a short break now. I thank the Minister for this session. You will be returning after the break, Minister. You have committed to bring back a couple of things: an update on Help to Buy Cymru, a further paper on issues relating to stock transfer companies and further information, or a link, about the conversion of Prestatyn police station. Thank you very much.

[230] **Leighton Andrews:** There is also the information on private finance in stock transfer bodies.

[231] **Christine Chapman:** Yes. We will come back at 10.50 a.m. Thank you.

*Gohiriwyd y cyfarfod rhwng 10.41 a.m. a 10.51 a.m.
The meeting adjourned between 10.41 a.m. and 10.51 a.m.*

**Memorandwm Cydsyniad Deddfwriaethol ar gyfer Darpariaethau yn ymwneud
ag Adennill Meddiant Tai Anedd
Legislative Consent Memorandum for Provisions relating to the Recovery of
Possession of Dwelling Houses**

[232] **Christine Chapman:** I welcome the Minister once more. Minister, you have with you Simon White, project manager of the renting homes Bill, and Lynsey Edwards, a lawyer from Legal Services. Welcome to all of you. We are taking evidence on the legislative consent memorandum for provisions relating to the recovery of possession of dwelling houses. Members have a series of questions. It is quite a technical area, but we have a series of questions. So, we will go straight into that, if you are okay with that.

[233] To start with, could you outline the details of consultations you have had with stakeholders on these changes?

[234] **Carl Sargeant:** Thank you, Chair. As you say, this is largely technical, which is why I have some really good technical people with me. You asked about the consultation process, and the consultation on the proposals for Wales was carried out between November 2011 and February 2012. There was general support for certain powers of possession in relation to serious anti-social behaviour with a general agreement that further guidance and training would be needed before any power is introduced. It is fair to say that, from the consultation, it is clear that many landlords and victims of anti-social behaviour were very frustrated about the length of time it takes, and the complexities in the system, to deal with anti-social behaviour in the home.

[235] **Christine Chapman:** Lindsay, do you have a question?

[236] **Lindsay Whittle:** Thank you, Chair. I should perhaps preface my remarks by saying that I am an associate member of the Chartered Institute of Housing and that I worked in housing for 25 years, so I am really interested in what we have here today.

[237] I am particularly interested in why you think it is important to ensure that powers to obtain possession on the basis of anti-social behaviour are available on a consistent basis across England and Wales. Why do you think that anti-social behaviour away from people's homes should result in people being evicted, if the anti-social behaviour is not affecting the estates or the streets where those people live? There could be other issues, and I believe that there are other recourses of law to stop anti-social behaviour without evicting people from the

home where they live, perhaps peacefully.

[238] **Carl Sargeant:** I am grateful for the Member's knowledge, so, I will be careful how I answer this. The issue is to be taken in proportion in terms of what is determined as serious anti-social behaviour. We would not be seeking to do that unless it was a case of serious anti-social behaviour away from the home. Perhaps it is easier to explain it by giving an example of what that may constitute. If a tenant, or a resident within the tenancy, has committed serious anti-social behaviour against a person within the vicinity of their home, or, indeed, against the landlord away from home, we believe that it is appropriate that there should be grounds for eviction in terms of anti-social behaviour in the most serious cases. The definition including such behaviour away from the locality would only be for the serious element of this, but it does or could have an effect on the locality where that person may live peacefully, as you say, but may have attacked the landlord 20 miles away. So, it is about that relationship in terms of the tenancy.

[239] You also asked about consistency. What is important is that we react to anti-social behaviour in a consistent way. A tenant could have a relationship with another area in England and there could be the same effect as in the example of the landlord that I gave before, who may be based in Wales. Therefore, we need some consistency with regard to what happens in England and Wales and I believe that these are appropriate measures for this provision.

[240] **Lindsay Whittle:** Do you think that it should be at the judge's discretion? I have to tell you, having taken many people to court for eviction, I am afraid, as a result of anti-social behaviour, it is very tough to get an order. It really is extremely tough. Some of these people are making the lives of whole streets abject misery.

[241] **Carl Sargeant:** That is partly the reason that we are seeking to introduce this, because we will reduce the complexity and increase the speed with which the process can be taken forward. It is very clear in the legislation what is acceptable and what is not acceptable.

[242] **Lindsay Whittle:** Okay. Thank you.

[243] **Christine Chapman:** Mike is next.

[244] **Mike Hedges:** I welcome the fact that it includes what can happen when people are away from their homes, because I know of at least one case where somebody is causing huge amounts of problems outside his girlfriend's house, which happens to be a couple of streets away from where he lives. The question I have is: why have you decided not to include a new discretionary ground for possession in relation to rioting, which will apply in England? Are you assuming that we will not have riots in Wales?

[245] **Carl Sargeant:** I do not assume that. The legislation was drafted around the time of the riots that we saw in other areas—not in Wales, fortunately. Therefore, I took the decision that I did not think that it was appropriate to have that provision in this Bill for Wales. That was the decision that I took, and I still believe that we do not need that provision. Rioting, in terms of its definition, is an interesting form of words. I believe that people should have the ability to protest peacefully, but it is about when peaceful protest becomes defined as rioting. I am very comfortable that the definition by authorities could easily detract from a peaceful protest and define it as a riot, which could, therefore, result in somebody potentially losing their home for being part of a peaceful protest.

[246] **Mike Hedges:** I thought that there was a legal definition used in Britain of what a riot is.

[247] **Carl Sargeant:** I am not saying that there is not. I am sure that there is a legal definition, but it is a matter of the interpretation of people's behaviour and how rioting and involvement in a riot is defined. That is why I did not want to include that definition and element within the Order that applies to Wales. I did not think—and still do not think—that we should prohibit people from demonstrating peacefully.

[248] **Christine Chapman:** Janet is next.

[249] **Janet Finch-Saunders:** Thank you, Chair. My first concern is in relation to the Homeless Persons (Priority Need) (Wales) Order 2001—and I have raised this previously in the Chamber—and the extension to it in Wales. I am not saying for a moment that I do not support rehabilitation for ex-offenders, but, certainly in Conwy, due to the interpretation of that, we have seen numerous local families losing out because of that Order. As you know, we have some very vocal councillors in Conwy who have concerns that that particular Order in Wales is having a disproportionate effect. Do you have any intention—I know that the Minister—[*Interruption.*]

[250] **Christine Chapman:** We are straying off the point.

[251] **Janet Finch-Saunders:** No, it is all part of this.

[252] **Christine Chapman:** We are just looking at the legislative consent motion in terms of the technical side, if you could confine your comments to that.

[253] **Janet Finch-Saunders:** The previous Minister was going to think of doing something with the housing Bill, but, if it is thought that that has not made things easier, how are you addressing that in this? Or can you not do so?

[254] **Carl Sargeant:** I will be making a statement on priority need assessment very shortly, Chair.

[255] **Janet Finch-Saunders:** Okay. On the dog ownership one, I have noticed that that is well covered.

[256] **Christine Chapman:** Peter is next.

[257] **Peter Black:** The 'Renting Homes: A better way for Wales' White Paper talks a lot about this particular issue of eviction and the Law Commission's proposal for a tightly structured discretionary approach; it also talks about proportionality. That indicates that you are heading in a slightly different direction from that of the legislation in England. So, I was wondering why you are not making these changes through the housing Bill this autumn or the renting homes Bill in 2015.

[258] **Carl Sargeant:** Timing, really. It is about ensuring that we can get these provisions in place to respond to the consultation. We want action and delivery and, therefore, we believe that this vehicle is the quickest way to access this legislation.

11.00 a.m.

[259] **Peter Black:** Okay, but the intention seems to be that you will be changing legislation now that you will be replacing before the end of the current Assembly.

[260] **Carl Sargeant:** Yes.

[261] **Peter Black:** So, what is the benefit of doing that?

[262] **Carl Sargeant:** As I said, Chair, on the issue about the delivery mechanism, the housing Bill and the renting homes Bill will, effectively, take us a lot longer to deliver than the LCM in terms of this provision.

[263] **Peter Black:** Albeit in a slightly different format.

[264] **Carl Sargeant:** Slightly.

[265] **Peter Black:** The LCM makes no mention of private sector landlords. Will the new mandatory grounds for possession be available to private sector landlords should they wish to use it?

[266] **Carl Sargeant:** Yes. We put an amendment into the memorandum, which you should be aware of, if you are not already, Chair.

[267] **Peter Black:** Okay. So, it will apply to private sector landlords.

[268] **Carl Sargeant:** Yes.

[269] **Leighton Andrews:** Do you think that it is really necessary to amend the discretionary grounds for possession?

[270] **Carl Sargeant:** My answer is, of course, 'yes'.

[271] **Leighton Andrews:** Why?

[272] **Carl Sargeant:** If we go back to the beginning and the reasoning behind this process, we believe that there are cost benefits. There is a clear process for taking actions around anti-social behaviour in a quicker, less complex way, and that is just part of the process that is involved in the delivery of this.

[273] **Leighton Andrews:** Do you think that the amendment is proportionate?

[274] **Carl Sargeant:** Yes, unless the committee can convince me otherwise.

[275] **Christine Chapman:** Jenny is next.

[276] **Jenny Rathbone:** Are you content that the behaviour of visitors or another resident could cause a tenant to lose their home?

[277] **Carl Sargeant:** I am. It is the responsibility of communities. The home is really important, whoever you are. It is really unfortunate if you allow friends or family—I cannot see how they could be friends, really, if they are causing that much disruption to your home and risking you losing your tenancy. It is a really unfortunate position, and the responsibility for the household lies with the tenant or the owner.

[278] **Jenny Rathbone:** You can see, however, that someone might be the subject of domestic violence and therefore find it very difficult to contain the unacceptable behaviour of someone either living with them or visiting the home, and yet they, in their inability to control the behaviour of the individual, could be at risk of losing their home.

[279] **Carl Sargeant:** This legislation will allow this to be progressed much quicker in terms of the process, but it is not an overnight decision of, 'Well, we're just going to evict you'. There is a process to get to that point. As the Member knows, I am very keen to make

sure that we make the right provision for people suffering from domestic abuse and ensure that we have things in place to support them. So, I would hope, during that period prior to eviction, that the teams involved in that would be able to identify and seek to support any individual suffering from abuse. Nevertheless, I think that, when we see anti-social behaviour, and when we understand what the scale or issues are, we should act on that. I am very keen to ensure that we have safe communities. Decent homes for decent people in decent communities has been the mantra.

[280] **Jenny Rathbone:** Could you explain why anti-social behaviour committed away from the home, and unrelated to the home, might cause the tenant to be evicted? If they went to London and took part in a riot, say, why would they then be at risk of losing their home?

[281] **Carl Sargeant:** Well, they would not be in Wales, because I have removed the rioting element.

[282] **Jenny Rathbone:** I know. *[Laughter.]*

[283] **Carl Sargeant:** I gave an example to Lindsay earlier: if you acted against a tenant in the immediate locality, or, potentially, the landlord who lives away from the property. That is the reason.

[284] **Jenny Rathbone:** I understand that. If they went 20 miles away to threaten the landlord, I can see that that is a valid reason. Obviously, a lot of the offences described are very serious and pretty rare, but there are implications for the rehabilitation of offenders, where somebody commits an offence that leads them to be incarcerated. Where does that leave them when they get out of prison?

[285] **Carl Sargeant:** They do not fall foul of that, unless they have carried out an action to trigger the anti-social behaviour provision. If they come from prison and have a tenancy following their offence, that would not be triggered, because, in effect, they have not committed acts of anti-social behaviour. It is as and when they do, whether it is at the premises or away, that has an effect on the tenancy. So, I do not believe that the rehabilitation element of that has any effect on this provision.

[286] **Jenny Rathbone:** So, it still could allow somebody—for example, a teenager in a family could commit a really outrageous offence, and the parents could lose their home. That could be an implication of this legislation.

[287] **Carl Sargeant:** That could be a consequence of it; I accept that. However, as I also referred to earlier, responsible families—I would not underestimate that sometimes there are challenging individuals, whether they are young or old; actually, most cases of anti-social behaviour involves over-18s. These issues have to be dealt with, because the chaotic person or family within a community can ruin a community. That is why I am keen that we have the provisions in place to deal with that, notwithstanding the very difficult issue of a teenager or a family member becoming difficult in that activity. I would hope that we have in place or should have in place support mechanisms for families in order to assist them with dealing with an individual in the property who is behaving anti-socially. As I said, it is not an overnight trigger or a knock on the door and someone saying, ‘You’re going to be evicted because of what you’ve just done.’ There is a process to this. We identify what the anti-social behaviour is or is not and how we deal with and manage that process. If it cannot be managed, then there is a very quick process, compared with the old system, that will deal with the anti-social behaviour that is being seen.

[288] **Jenny Rathbone:** Okay, so what would trigger eviction would be the impact on the immediate neighbours of where the tenancy is held.

[289] **Carl Sargeant:** Or the landlord.

[290] **Jenny Rathbone:** Yes, or of the landlord.

[291] **Carl Sargeant:** Simon may just wish to add something about human rights.

[292] **Mr White:** Just to alert the committee that there is an ultimate safeguard that was introduced by the UK Government into the Bill to ensure that a defendant would have the option to make a claim of proportionality under the Human Rights Act 1998. There would be that backstop to make sure that, if someone was in the situation that you were describing, the court would have an opportunity to consider whether it was proportionate to evict on the basis of the behaviour.

[293] **Rhodri Glyn Thomas:** O ran y broses, os oes Gorchymyn ildio meddiant wedi ei wneud ar sail orfodol, nid oes gan y llys yr hawl na'r gallu i atal y Gorchymyn hwnnw. A allwch esbonio i ni pam mae hynny'n bod?
Rhodri Glyn Thomas: In terms of the process, if a possession Order has been made on a mandatory basis, the court does not have the right or the power to suspend that Order. Can you explain to us why this is?

[294] **Carl Sargeant:** This is one of the technical points on which I may have to ask for assistance from colleagues, Chair. From my understanding, the absolute route for possession for anti-social behaviour will only apply when a court has already found a tenant or a member of the tenant's family guilty of the serious anti-social behaviour that we mentioned earlier. The tenant is able to have the court consider their defence to the original proceedings at the time that they took place. So, there is a review period within that. Although the ground for possession is absolute, I think that I am right in saying that it is still subject to the Human Rights Act, which was mentioned earlier. So, there is a process whereby it can be considered to do with the original Act that led to this. So, there is provision in the courts system that allows for that.

[295] **Rhodri Glyn Thomas:** Why does the court not have the ability to suspend it?

[296] **Carl Sargeant:** Well, because it has already been dealt with. That process can be considered, but it is a matter of fact that it has already happened and been judged.

[297] **Leighton Andrews:** Secure tenants have a right to seek a review of a landlord's decision to seek possession, but assured tenants do not. Is that right?

[298] **Carl Sargeant:** Lynsey?

[299] **Ms Edwards:** Statutory review procedures are normally only considered for public bodies, and RSLs, for example, are not public bodies; they are private bodies. In practice, housing associations do have their own review procedures, and we would expect that, in these situations, they would carry out review procedures similar to those that are statutory for secure tenants.

[300] **Leighton Andrews:** Is that equitable?

[301] **Carl Sargeant:** It is equitable with what is happening in England. [*Laughter.*]

[302] **Leighton Andrews:** I will leave it there.

[303] **Christine Chapman:** Thank you. Janet?

[304] **Janet Finch-Saunders:** It is all right.

[305] **Christine Chapman:** Okay; fine. Gwyn?

[306] **Gwyn R. Price:** What assessments have you made of the cost implications or any potential increase for evictions, particularly on local authorities dealing with additional cases of homelessness?

[307] **Carl Sargeant:** I should perhaps add to my comments to Leighton Andrews that this is a UK Government Bill, and we are just applying this. The issue that Gwyn raises, about the cost analysis, has been done by the UK Government, and we can give you the figures for how there will be a cost saving in the process—the length of period that this would take to deliver means that there is a cost-saving benefit in this. We believe that there is the potential, from eviction, to create additional homelessness, in terms of the figures, but as for the numbers, which I will ask Simon to give to you, there is not much cost-benefit analysis of the cost savings to the cost of the homelessness element of this. Do you have the numbers, Simon?

[308] **Mr White:** Yes, and rather than this actually seeking to increase the number of evictions, it is very much focused on a speedier process. So, there might be some slight increase. The UK Government estimated the additional cost for homelessness to be in the region of £36,000, but that is set against potential savings of £1 million split between landlords, and a further saving of, I think they said, £800,000 to the courts service. So, it is a very slight increase in the cost of homelessness, but, actually, landlords will have significant savings from reduced court time and associated costs, et cetera.

[309] **Peter Black:** Can we just come back to the question that Leighton asked you about the statutory right for RSL tenants? Are you proposing to make it more equitable in your subsequent legislation—the housing Bill or the renting homes Bill? Are you proposing to change that?

[310] **Carl Sargeant:** Does that feature in the Bill, Simon?

[311] **Mr White:** I think that this difference simply reflects the current situation, in that we do not make statutory provisions for private bodies. So, in the same way that we would expect housing associations to undertake certain actions now that are not prescribed in primary legislation, this would follow the same pattern. If the committee would like further information, we can obviously send you a note on that.

[312] **Peter Black:** That would be helpful.

[313] **Carl Sargeant:** To answer the Member's question, it is not in the provisions in the new Bill that we would be introducing. We are not seeking to change that process.

[314] **Peter Black:** Okay, but the renting homes Bill might be a possibility.

[315] **Carl Sargeant:** There is potential to make changes, but we are not seeking to do that, unless the committee would seek to recommend that. I would consider it then.

[316] **Christine Chapman:** Jenny, did you want to—

[317] **Jenny Rathbone:** What if the person causing misery to everybody's life is a landlord or some other homeowner who is not a landlord? Does this measure in any way enable the community to get action to constrain or to get rid of that person, or do they have to apply to the courts?

11.15 a.m.

[318] **Carl Sargeant:** It depends if the landlord is a tenant to a landlord, I suppose.

[319] **Jenny Rathbone:** No, I meant somebody who owns their property. Obviously, with the right to buy, many people now own their homes.

[320] **Carl Sargeant:** No, it is not. However, there are mechanisms in place already to deal with anti-social behaviour from individuals who own their own home, although it will not be as quick to use those as it will be to use this process because of what this process enables people to do.

[321] **Rhodri Glyn Thomas:** Weinidog, a ydych yn rhagweld cynnydd o ganlyniad i hyn yn y Gorchmynion ildio meddiant a throi allan? A fydd mwy o bobl yn ddigartref o ganlyniad i hyn? Oni fydd hynny yn creu problemau?
Rhodri Glyn Thomas: Minister, do you foresee an increase as a result of this in the number of possession Orders and eviction rates? Will more people become homeless as a result of this? Will that not cause problems?

[322] **Carl Sargeant:** Once again, proportionally, the amount of action taken on serious anti-social behaviour cases is only small in terms of number. From what I have looked at in terms of anti-social behaviour in communities—and Lynsey will probably bear witness to this—it appears that there are some families who often react to intervention quite early on. So, you tell people, ‘Look, what you are doing is unacceptable’, and they will modify their behaviour. It is very rare that you get to the other end of serious anti-social behaviour, where a perpetrator—the owner, tenant or family member—very rarely does not comply. It is really unfortunate when that happens, and therefore, this legislation will allow, in those cases, for it to be dealt with more quickly. This is about the process being less complex and allowing the matter to be dealt with effectively through a quicker process. So, we are not expecting to see this being used more, because I cannot see why we would. It is not defining other classes; it is just a quicker process, really.

[323] **Janet Finch-Saunders:** Minister, from my own past experience under the community safety regime, anti-social behaviour was always deemed to be a local authority issue as opposed to being an issue for the police to deal with. In my opinion, it involves a cross-section of agencies working together. Do you feel that we will get that kind of co-operation and work as regards this?

[324] **Carl Sargeant:** The scope of your question is beyond the content of the paper, but I am happy to answer it. I agree with the Member that we cannot deal with this as a single organisation. In Wrexham, three or four weeks ago, I met the anti-social behaviour team. It was a very effective body that was using restorative justice. It goes out to the community and says, ‘This is the effect that you are having on this community, or this individual; what are we going to do about it?’ Everyone is in the room to discuss it and the team has had some great successes. There have been some evictions, and the team feels bad about that as its members feel that they have let the individual down. However, as I said, there will always be individuals who, sometimes, go beyond those boundaries. You cannot help that, and it is regrettable. However, it is about making sure that we have all agencies around the table, knowing exactly what is going on. The example in Wrexham involved the fire service, the police, the council, social services—

[325] **Janet Finch-Saunders:** And health, because sometimes some of the issues are—

[326] **Carl Sargeant:** I am not sure whether health was involved. I cannot remember, to be

honest. However, there was an array of people.

[327] **Janet Finch-Saunders:** It is a statutory partner.

[328] **Carl Sargeant:** I am looking at anti-social behaviour very carefully as the Minister for housing, and I am looking at whether we should put that on a statutory footing.

[329] **Christine Chapman:** Are your questions on the LCM, Lindsay?

[330] **Lindsay Whittle:** Yes. I just wanted to concur with what the Minister has said. I note that we have been given figures that show that there were 106 outright possession Orders on the basis of anti-social behaviour in 2010-11. That is 106 communities where that would have had a major impact. It does happen, usually on estates, and you find that that will be well known and the anti-social behaviour quietens down substantially, at least for six or seven months. It is awful to evict people and you are right, Minister, it is a failure. I always regard it as a failure when I evicted someone, but we did not do it lightly and it was always something that happened at the very end of the process.

[331] **Carl Sargeant:** This is a tool in the suite of things that we need to create safe, effective communities. This is the end bit. If it all goes horribly wrong or we cannot support a community or an individual in that process, through whatever means, this is the sanction that we would seek to use in an effective manner. It is cost-saving and effective in terms of use.

[332] **Christine Chapman:** Thank you, Minister, and thank you to your officials, Simon White and Lynsey Edwards. Thank you for attending. We will send you a copy of the transcript of the meeting so that you can check it for accuracy. Thank you for attending today.

11.20 a.m.

**Cynnig o dan Reol Sefydlog Rhif 17.42 i Benderfynu Gwahardd y Cyhoedd o
Weddill y Cyfarfod
Motion under Standing Order No. 17.42 to Resolve to Exclude the Public from
the Remainder of the Meeting**

[333] **Christine Chapman:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 17.42(vi).

[334] I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11.20 a.m.
The public part of the meeting ended at 11.20 a.m.*