

Evidence from Simon Gale, Director Prosperity and Development Services, Rhondda Cynon Taf Council Planning

The challenge across South East Wales

- The need to respond to housing demand is relentless
- There is a gap between supply and demand, across all tenures
- Big builders and the 'snow line'
- Large stalled sites / post-industrial legacy of sites
- The 'demise' of SMEs building houses

RCT Study into stalled sites

There is no overriding reason why sites become stalled:-

- Topography;
- The need for up front infrastructure;
- Contamination on brownfield site and "Abnormals" particularly from past coal mining;
- Personal reasons
- Too many risks not being quantified to give confidence to invest;
- Multiple land ownerships;
- Access to finance;
- No experience in making a planning application.
- Existing site values

There are some emerging broad themes.

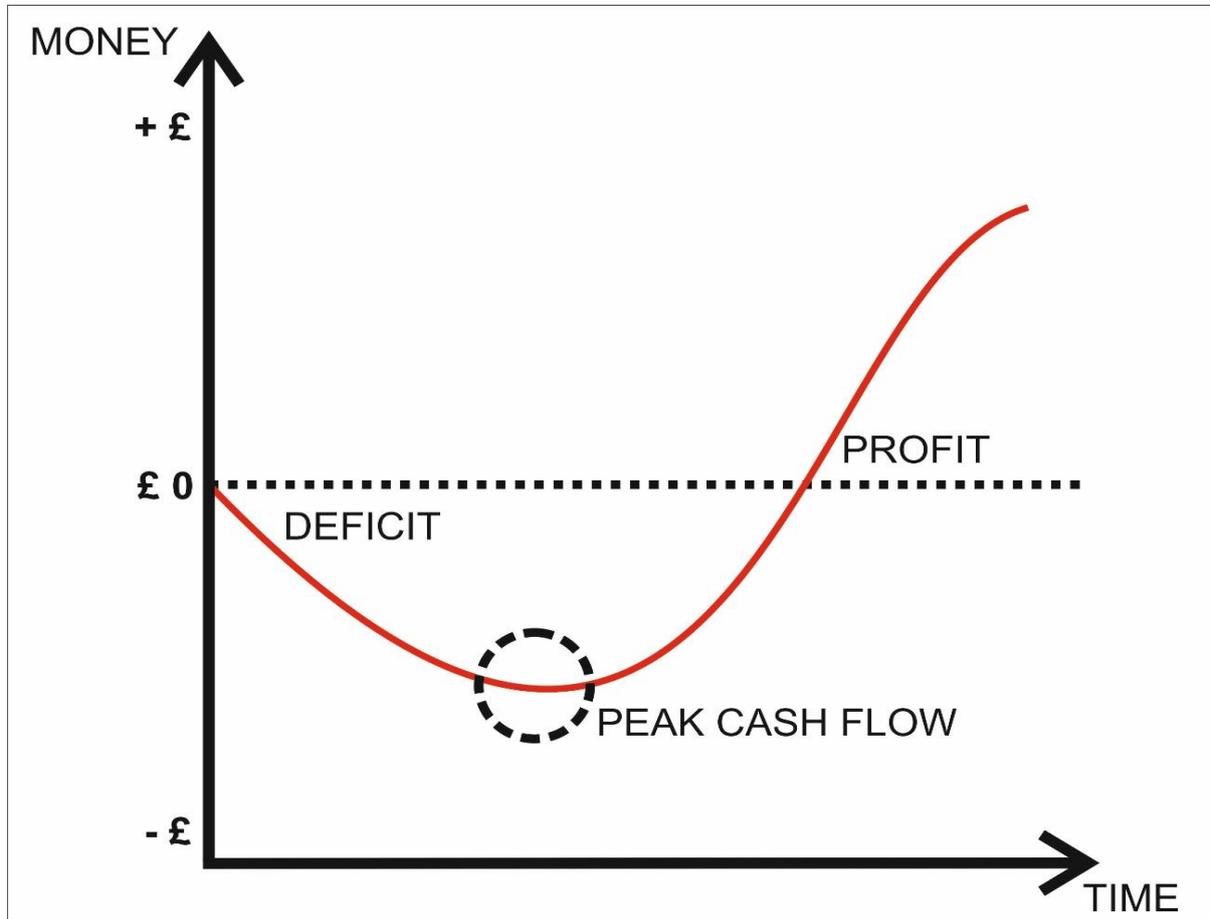
- Some sites, particularly in the valleys are simply **unviable** because the cost of developing them is more than the current revenue.
- Small sites, which historically would have been built out by small, local builders have stalled because those small companies are struggling to **access finance**.
- **Risk** of the unknown is a barrier to investment in marginal sites.
- There are a number of sites that on paper are viable but need considerable upfront investment so that **cash flow** becomes a barrier.

Peak Cash Flow (see table 1 below)

- Key issue arising out of the viability study.

- Not usually picked up in traditional approaches to viability where the focus is on residual land value and profitability.
- Major issue for SME builders.

Table 1



Potential Solutions

- Maximising existing finance opportunities including Development Bank of Wales
- Joining up Landowners with SME developers
- Plot Shops
- Guiding SMEs through the planning system
- De-risking sites