

BUILDING COMMUNITIES, BOOSTING INVESTMENT: A PLAN TO ADDRESS THE HOUSING CRISIS IN WALES

ELECTIONS 2016



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The Welsh elections in May 2016 come at a critical time in the long-term challenge to address the growing housing crisis which is affecting more and more people. While housing output has increased in recent years and house builders continue to invest in the land and skills required to build tomorrow's homes, we could be doing far better. The fostering of a more business-friendly environment would bring new investment from established companies and new entrants to close the gap between housing need and housing delivery and create up to 25,000 new jobs in the process.

HOUSING NEED AND THE IMPACT OF THE HOUSING CRISIS IN WALES

- ➔ The house price to income ratio for the average first-time buyer in Wales is now 3.9, compared with a 30-year average of 3.2.
- ➔ The number of 20-34 year olds in Wales living at home with parents has increased by almost 40% in the space of a decade.
- ➔ There are more than 5,000 homeless households in Wales, 40% of whom are currently living in temporary accommodation.
- ➔ The Welsh Government's independent study into housing need, published in 2015, established a requirement of 8,700 to 12,000 new homes per year until 2031, adding that the majority would be required for market sale or rent.

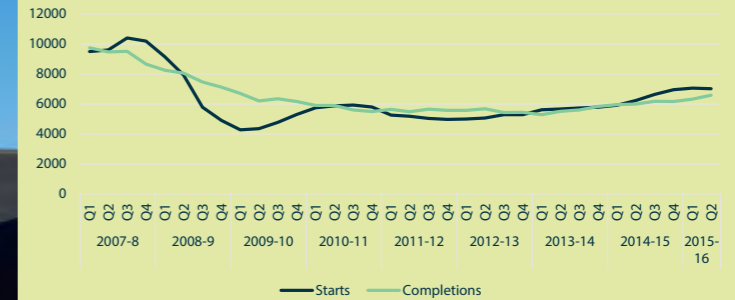
OUTPUT IS INCREASING BUT THE RECOVERY IS BEING HELD BACK

- ➔ House building activity in Wales has increased in recent years with 6,584 new homes completed in the 12 months to September 2015 – 21% more than in 2012/13. However, this is still significantly below levels seen prior to the economic crash of 2008 and only 55% to 75% of what is required on a sustained basis.
- ➔ The most recent figures show that 7,442 homes were granted planning permission in the year to September 2015. This included the lowest number of private planning applications granted permission since 2012.
- ➔ House building companies are making investment decisions based on the business environment, and viability, in different parts of the UK. Since the start of 2013, the number of private units granted planning permission in Wales has decreased by 4% whilst increasing by 49% in England.

ECONOMIC BENEFITS OF BUILDING MORE HOMES TO MEET DEMAND

- ➔ The 6,995 new housing starts across Wales during 2014/15:
 - ➔ supported the employment of more than 30,000 people;
 - ➔ generated £9 million in additional council tax receipts;
 - ➔ Contributed more than £11 million towards education spending – enough to fund classroom places for 2,600 children.
- ➔ Building the homes Wales needs could support and sustain up to 25,000 new jobs.
- ➔ Achieving delivery at the required rates would also supply thousands of additional affordable homes each year.

ROLLING ANNUAL TOTAL NEW HOUSING STARTS AND COMPLETIONS IN WALES, 2007 TO 2015



UNITS GRANTED PLANNING PERMISSION IN WALES, 2007-2015



DELIVERING MORE HOMES AND BOOSTING THE WELSH ECONOMY

At these elections the house building industry is calling for strong political commitment to tackle the housing shortage by helping to create the positive, pro-development environment that is needed to drive the investment in land and skills required to boost supply.



1. REDUCE REGULATION TO ALLOW SMALL LOCAL HOUSE BUILDERS TO COMPETE:

The burgeoning cost and complexity associated with house building has frozen out new entrants and disadvantaged small house builders. Onerous requirements and extensive conditions mean that the cost of building a home in Wales is now significantly higher than other parts of Britain. In areas of marginal viability this is preventing the development of new homes which is ultimately depressing output in Wales.

2. REVIEW THE SYSTEM OF APPOINTING PREFERRED HOUSING ASSOCIATIONS:

The system of appointing preferred housing associations, and the lack of competition inherent in the process, means that the price obtained for new affordable homes is lower than would be provided in the market. This reduces the number of affordable units that can be provided and limits overall housing numbers.

3. PROMOTE DEVELOPMENT ON BROWNFIELD SITES:

Brownfield development can often be costly. A tangible incentive for house builders to bring back into use unused and abandoned brownfield sites, or a strong presumption in favour of brownfield development within settlement boundaries could revitalise communities, create new homes for local people and support small, local house builders.

4. ENCOURAGE LOCAL AUTHORITIES TO ADOPT UP TO DATE LOCAL DEVELOPMENT PLANS:

Too few local authorities in Wales have a relevant, current and fully adopted local development plan. The plan-making process is taking far too long in many cases and the absence of a five-year supply of land (only 5 out of 24 LPAs in 2015) introduces more uncertainty in the land market and the planning environment.

5. RECOGNISE THE POSITIVE ROLE THAT PLANNING CAN PLAY IN SUPPORTING LOCAL ECONOMIES:

If house builders are to continue to increase housing output, local authority planning and legal services must be maintained to an appropriate standard. It is important to recognise that an efficient and constructive planning department can be an effective driver of economic growth. However, imposing higher fees across the board without any corresponding improvement in service will not achieve the objective. We would encourage the exploration of innovative approaches such as increased competition or Payment by Results.



The Home Builders Federation (HBF) is the representative body of the home building industry in England and Wales. HBF's members' accounts for 80% of all new homes built in England and Wales in any one year, and include companies of all sizes, ranging from multi-national, household names through regionally based businesses to small local companies.

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