

Additional written evidence from the Chartered Institute of Housing (CIH) Cymru in response to follow-up questions from the Committee.

1. **The Development Bank of Wales.** Both the Committee and the Taskforce called for the Development Bank of Wales to play a bigger role in funding social housing. Are you aware whether anything has changed in response to those recommendations?

In terms of changes as a result of the committee a taskforce recommendations there have been some initial steps taking place. For example, in terms publicly owned land, the Welsh Government is also looking at how DBW partnerships with SMEs and RSLs can be leverage in order to deliver developments for purchase by RSLs at completion.

DBW has a track record of working with a wide range of public and private sector funders. There's also exploration around de-risking upfront planning/on board costs via sureties/bonds/warranty support.

CIH Cymru has also had recent conversations with DBW about supporting smaller community-based developments by providing support through Community Land Trusts. But early stages.

But finance is a key part of the discussion. We are not going to build at the pace and scale we need to with current levels of grant available. Arguably Welsh Government needs to step up capital funding dramatically in the next Senedd term, and we make the case for that in our written evidence and our Plan For Housing In Wales manifesto. Committee members will be very aware of the Audit Wale report that put the capital funding gap to reach the current 20,000 target between £580m and £740m.

So despite the record levels of SHG we are nowhere near the levels of funding we require to build our way out of the housing emergency. And credit to Welsh Government, programmes like TACP have been innovative, but we need be even more innovative and radical around drawing in finance, and that's why in our evidence we have put a big focus on Land Value Capture, which Welsh Government has been supportive of in principle.

But a big part of the puzzle has to be the consideration of the role that the development bank of Wales can play in providing low-cost loans to the housing sector as an alternative borrowing stream to enable development at pace and scale. Consideration should also be given to how we can develop the social homes we need with minimal or no grant intervention.

2. **Land value capture.** The Committee recommended that the Welsh Government should explore how it can capture more land value for the public benefit. Are you aware whether the Welsh Government has done any more on land value capture? [In relation to this issue, you may be interested to see the recently published report [Land value capture and viability in Wales](#) by Edward Shepherd and Sahiti Bhalla.]

CIH Cymru was one of the organisations that fed into Dr Shepherd's work on Land Value Capture attending round table sessions and undertaking research interviews. As an organisation, in our evidence to this committee we have strongly advocated for a more radical approach to Land Value Capture. The figure that has stuck in my mind is from Liam Halligan's book Home Truths(P.241). He found that the awarding of planning permission dramatically increases agricultural land values from an average of £22,520 per hectare to £6.2million per hectare (based on English residential values in 2016/17 – but we can understand the extrapolation to a Wales context) – an increase of more than 275 times.

That massive planning gain currently accrues almost entirely to the landowner and developer, and not the public purse. But it is the public realm, through planning consent and infrastructure development, that confers that value uplift on the land. If we look back at the Atlee government period when almost 1 million homes were built in that parliament, the Town and Country Planning Act 1947 introduced a 100% "Development Charge" on the increase in land value resulting from planning permission. In combination with the New Towns Act and other legislation allowing the setting up of development corporation, that income was used to develop homes at the pace and scale that we arguably need to now. We're not advocating a return to a 100% "Development Charge" – there were inherent problems with that policy, not least it disincentivised development because landowners were reluctant to sell at existing-use value, it's just to articulate the point about the huge gap between the value conferred on land by the state and how little of it the state captures in order to reinvest in things like social and affordable housing.

We currently have S.106 as really the only identifiable mechanism for Land Value Capture, and that is patchy across Wales in terms of evidence of some developer drawing back on commitments post planning permission and development starting, citing viability issues. Coupled with local authorities not having sufficient capacity to challenge, it has led to some S.106 developments not going ahead.

Has Welsh Government done any more on land value capture? Since the Taskforce reported, work has started between official and stakeholder groups looking at streamlining s.106, trying to develop a more uniform and templated approach.

But Welsh Government's approach seems to be to streamline the current system of Land Value capture rather than looking at systems' shifts, despite the former First Minister being a key advocate of Land Value Capture being utilised more for public good. We are calling on the next Welsh Government, in our "A Plan for Housing In Wales" manifesto, should do more to explore models of land value capture and taxation. There are many models operating around the world. For example, the Ireland model and its Residential Zoned Land Tax (RZLT), or the model in Germany which aims to balance private and public requirements, or the 22@Barcelona plan.

Hope that's helpful.

Cheers

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