

National Assembly for Wales

Communities, Equality and Local Government Committee

CELG(4) HB 19

Inquiry into barriers to home building in Wales

Response from : Watkin Jones Homes

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

We believe that they do and identify below the areas that are of greatest concern to us:

1. Sustainability requirements for Planning Applications and Building Regulations in Wales are greater than they are in England. In order to achieve this the cost of constructing a three bedroom house to these higher standards is currently £4,400 more expensive than constructing an identical house in England.
2. The requirement for the provision of affordable housing within schemes in particular in areas of low house prices should be relaxed. Planning policies are often applied rigidly by some local authorities and some officers fail to grasp the basic principles of economic viability.
3. Proposals to bring in domestic sprinklers to individual homes from September 2013 will further increase the cost of constructing new housing by over £3,000 per house. This will be an additional cost that cannot be passed on to purchasers and is another cost that we as house builders will have to absorb.
4. Further proposal to increase the sustainability requirements for planning applications that will likely come into effect in January 2015 will further increase the construction costs in Wales. We anticipate that these changes will increase the cost of a typical three bed dwelling by a further £3,000. These latest proposals should be stopped now before more areas of North Wales become unviable in which to develop new housing.
5. The cost of providing mitigation for protected species has increased over recent years even when there is no shortage of those species in the region. A common sense approach needs to be adopted by biodiversity officers employed by planning authorities and CNC/NRW in order to limit the burden of this cost on house builders and developers.

6. According to recently released Land Registry figures the average house price in Wales is £114,330 whilst in England and Wales it is £161,969. These figures show that the average selling price of houses in Wales are 30% lower than in England and Wales however construction costs here in Wales are already greater than over the border.

**B - To identify specific concerns of small and medium sized construction companies based in Wales –**

1. The availability of mortgages and funds at reasonable rates for first time purchasers and other buyers is of great concern. Whilst this is improving slightly support is required in order to increase housing development throughout Wales.
2. The availability of funding from banks to assist the construction industry with new speculative residential development schemes.

**C – To identify “quick-wins” that can be implemented by the Welsh Government to assist the whole homebuilding industry -**

1. Financial support for purchasers by introducing a variable rate equity loan scheme similar to Help to Buy recently introduced in England. This support should be available now to house purchasers in Wales including first time buyers and other buyers of new properties however it could be limited to house purchases up to £300k.
2. The equity support could be individually assessed and with a maximum equity support loan of 20% of the purchase price and a 5% deposit would still be required by the purchasers. This scheme could be in place for a period up to 25 years with no fees or interest payable within the first 5 or 10 years.
3. An annual injection of £150million or just 1% of Wales’ annual budget could assist with purchases for over 3,500 new homes every year.
4. Such a scheme would assist house buyers, boost jobs in house building industry and offers a fantastic opportunity to stimulate the wider economy throughout Wales.
5. The scheme should be available throughout Wales.

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