

Hannah Blythyn AC/AM
Y Dirprwy Weinidog Tai a Llywodraeth Leol
Deputy Minister for Housing and Local Government



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA-(P)/HB/1375/19

Russell George AM
Chair of the Economy, Infrastructure and Skills Committee
C/O: Gareth Price (Clerk)
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Dear Russell,

Thank you for the opportunity to provide evidence to the Economy, Infrastructure and Skills Committee on 27 March 2019. During my evidence session, I agreed to provide further evidence on two areas outlined below.

Wales Property Development Fund

Committee members asked me to clarify the details of the Property Development Fund, including the interest rate charged on the fund and what proportion of growth development value does the Development Bank of Wales (DBW) lend. I have received confirmation that the DBW lends on interest rates between 4% to 8% (subject to regular reviews in line with DBW pricing policy under the Market Economy Operator Principle).

Furthermore, the Property Development Fund offers up to 65% of gross development value including up to 100% of build costs. This differs from our Wales Stalled Sites Fund, which offers up to 80% gross development value including up to 100% of build costs. Further information on both schemes has been provided as an annex to this letter.

Involvement of SMEs in the Help to Buy Wales (HtBW) scheme

Committee members also asked me to clarify the involvement of SMEs within the HtBW scheme. As members are aware, HtBW uses a "Small Builder" definition (10 houses or fewer per annum) which is different to the traditional European Commission definition of an SME. HtBW does not collect data on the traditional definition of an SME.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

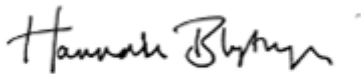
HtBW has confirmed that the majority of homes (65%) sold through the scheme are sold by the 'Big Five' national companies. Whilst we are unable to confirm that the remaining 35% are SMEs in line with the true European Commission definition, we know the following:

50+ homes built by 18 companies
11-50 homes built by 26 companies
0-10 homes built by 92 companies
Zero completions 71 companies

Once you remove the 'big 5' national companies from the first band, we know that the remainder are SMEs with the majority being medium size businesses. We can therefore safely say that the remaining companies in the other categories are also SMEs.

I would like to reiterate the importance we, as a Government, place on SMEs in relation to the success of our ambition to deliver 20,000 affordable homes in this Assembly term, and to our wider desire for an acceleration in house building. I look forward to hearing views from the Committee on how we can actively support and encourage a wider variety of organisations in the housing sector to build social houses, using the resources we have available.

Yours sincerely,



Hannah Blythyn AC/AM

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