

Mike Hedges AM

Chair

Climate Change, Environment and Rural Affairs Committee

The National Assembly for Wales

Pierhead Street

Cardiff

7 January, 2020

Dear Mike,

I write to you with regard the recently published report from the national Assembly's Climate Change, Environment and Rural Affairs Committee on the draft National Development Framework

The Chartered Institute of Housing is concerned that in the Housing section - P.24 onwards – the committee has focussed on HBF/FMB/Savills assertion that the NDF has too big a focus on Social/Affordable Housing in which they state that the NDF “doesn't recognise” the contribution that private developers make to the building of affordable housing and that this emphasis on Social/affordable housing could affect overall supply.

I gave evidence challenging that perspective, i.e. we're in the midst of a housing crisis and we need to rebalance tenure and build more social, let alone affordable, housing and that our belief is that the NDF takes us in the right direction on that issue. The report should identify that the view outlined in the housing section is not universally held. A simple paragraph stating that the Chartered Institute of Housing Cymru holds a opposing view, and that it welcomed the emphasis on social/affordable housing supply in order to rebalance tenure in a bid to tackle the ongoing housing crisis, would better reflect the evidence given.

I understand that the report has been published and that amendment is unlikely but I would like to take this opportunity to put on record, with the committee, that the report appears to place an over-emphasis on the views of the private developers.

Whilst CIH Cymru agrees that private developers are a central part of the solution in terms of developing the number of homes needed to end the housing crisis, some housing academics and commentators argue that land banking and slow build-out on the part of volume housebuilders is a key contributory factor in keeping land prices, and therefore house prices, artificially high – with those high land prices making it more difficult to scale up the building of social and affordable homes. Moreover, it could therefore be argued that volume housebuilders have a vested interest in seeing the tenure imbalance remain in place, in order to keep the market at its current level.

Here's a link to the evidence session

<https://record.assembly.wales/Committee/5703> but below highlighted extracts from the evidence I gave where I directly challenge the view expressed by the organisations representing private developers.

Furthermore, cross-subsidy has been/and is clearly important in terms of the delivery of social/affordable housing but it hasn't been a completely positive story or delivered the number of homes we need. And more recently, we have seen many media reports highlighting the fact that a lot of S.106 agreements haven't been delivered – the main mechanism through which cross-subsidised social housing is delivered.

The report perhaps places too much emphasis on the contribution that cross-subsidy has made in terms of the delivery of social and affordable homes in Wales.

10. "So, whilst the ambition is there around social housing and affordable housing, recognising that there needs to be a change in the balance on tenure, which is welcome, perhaps the numbers need to be more."

10.14.12

56. I'd start by saying there's a dire need for social housing stock, let alone affordable housing stock, across Wales, and I highlighted some of the figures around homelessness, et cetera, that we're experiencing at the moment. So the crisis is acute. So, we welcome the broad ambition of the higher percentage in terms of affordable housing set out within the NDF.⁵⁶

57. I referred to Holmans and the statistical analysis—I mean, that's more for statistical experts to talk to you about—but in terms of the mix and the lack of help that private house builders have been given, £11.7 billion has been spent on Help to Buy across the UK, which, arguably, is pretty much a direct subsidy to the big house builders. It's seen them get record profits since Help to Buy was introduced. And I predicate what I'm saying now by saying they're a fundamental partner in this; they have to be. We cannot deliver those numbers without the private sector developers being on board, so I predicate that. But to say that they don't get any help, I think, is a bit misleading. The caveat of getting that investment through Help to Buy was section 106, delivering affordable housing particularly, but also wider community developments. And again, I predicate what I'm going to say by saying that this is not endemic; there's a lot of good examples, but we've seen recent examples in the media where those section 106 agreements have been reneged on, and we haven't had affordable units being delivered. So, that public subsidy is going in, but we're not perhaps getting the outcomes in terms of the social and affordable housing supply that we would expect from that.⁵⁷

58. So, we do need to redress the tenure balance. Clearly, there is a need for more social and affordable housing stock. I would just say that the unintended consequences of doing this, which is what we're trying to work through in terms of the implementation of the Pamment review at the moment, is that private developers may be saying that this is not viable, particularly in terms of the 50 per cent requirement on public land, in terms of the green carbon-neutral requirements, in terms of the development quality requirements and standards that we want to push across tenures, so that everyone has an equal

housing experience. Those are things that we should be doing, but there are possibly unintended consequences to that which we have to work through

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Dicks', written in a cursive style.

Matt Dicks

National Director, CIH Cymru