

# CONSULTATION RESPONSE



Blaenau Gwent LDP – House Prices Response

16/7/2012

### **Council's Response**

The Inspector has requested that I inform you of the position on the sales price figures for Bedwellty Gardens development in Tredgar.

The sales office have confirmed that the site is busy with a number of plots reserved at values of £140/sq ft to £170/ sq ft (approx. £1500/sq m to £1800/sq m).

You have until 12 noon on the 16th July 2012 to respond.

### **HBFC Response**

We do not believe the council's response proves that house prices in general have not fallen in Blaenau Gwent since the base date of the affordable housing viability study. The fact that a few plots on one site have been reserved at a value close to the values estimated in the study, does not in any way undermine the vast majority of evidence provided in our submission on the general decline in house prices over the last few years since the base date of the study. It also does not take account of the decline in house prices proposed for Wales in the near future (again provide in our evidence), from which Blaenau Gwent will clearly not be immune.

In addition to this, the Council has also not addressed the issue of rising future costs on development, from the requirements of the Welsh Government. The changes proposed to Part L of Building Regulations and the requirement for Fire Sprinklers, are Government commitments for 2013 and will clearly add to the cost of development in Blaenau Gwent, which will reduce the margin of viability even further.

Furthermore, what about housing sales in the other areas of the County Borough? We must remember that the affordable housing percentage sets a MINIMUM target for all areas of the county borough and therefore, to rely on the house prices of a select few homes, on one site, in one area, as justification for a significant part of the evidence for the policy is clearly inappropriate in our view.

In light of the above, if we consider the balance of evidence on house prices, far more evidence points to a decline of more than 10% since the base date of the study. There will clearly be exceptions to this, particularly when dealing with house price fluctuations, and the evidence provided by the Council is an example of such

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an exception. The fact that a few plots exceed market expectations, out of the many hundreds sold in the area does not warrant ignoring the valid evidence we have provided in our submissions and therefore, we believe our evidence on house prices, as provided at the examination, is both sound and robust.

Further to the above, we must also consider the aspirational nature of the LDP strategy. It is clear that the Council are proposing to increase house building levels far beyond the levels they have sustained in previous years. In this respect, we and our members are supportive of this change in stance, as we believe the housing crisis we face in all areas of Wales needs to be tackled forcefully, particularly at a local level. However, there will clearly be challenges for the authority in attracting more developers to the area in order to realise this strategy and we have stressed the need for the authority to set the right conditions, through the LDP, to allow this to happen. In this context, setting clearly undeliverable affordable housing policies will do nothing to help attract developers to the area. In fact, it will act as a clear deterrent to development in the area, if house builders have to enter into costly negotiations on every site to prove that a minimum 10% affordable housing is not viable – particularly when, in the industry's view, the Council's evidence clearly does not justify the setting of such an onerous target in the first place.

In light of the above, the Council must recognise the challenges faced by the authority, which will no doubt have a bearing on the success of the LDP strategy. The cumulative cost impact of regulation from national government, and indeed their own LDP, will have a considerable impact on the viability of development in the area, as will the cost of site remediation, which will clearly be a major factor with respect to many developments in the area. At present, we believe the affordable housing viability assessment does not justify the affordable housing policy proposed in the LDP. If adopted in its current form, we believe the policy could act as a deterrent to attracting house builders to the area, which would not only hinder the delivery of the housing strategy, but would also fail to deliver affordable housing, which is the whole reason behind the creation of the policy.

Thank you for taking the time to consult the HBF on this matter.

**End.**

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