

Housing a Nation

The Welsh
Conservative
Housing Strategy



Ceidwadwyr
Cymreig

Welsh
Conservatives

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Foreword

Wales is in the midst of a housing crisis.

Whilst you're unlikely to find many who disagree with that statement, there is a great deal of debate over what should be done about it.

For us, the housing charity Shelter¹ summarises it best: 'The housing crisis isn't about houses – it's about people'.

For those on the frontline, the housing crisis means struggling to pay your mortgage, or not being able to pay your rent. Others worry about where they will spend the next night, some end up on the street sleeping rough.

We cannot allow this to continue. Housing is a basic need, and the right to decent housing is as important as the right to healthcare.

Big challenges are never answered by silver bullets, but we must start with big ambition. The housing crisis and its drivers must be seen in a broader policy context. The lack of suitable housing has a negative effect on recruiting teachers, nurses and other public servants. The economy suffers too if there are not enough homes being built to attract new investors and entrepreneurs.

The need for a holistic and cohesive strategy to tackle this issue has never been clearer. This white paper presents our ideas to map a route out of this crisis, and to ensure that there is suitable housing for all.



Paul Davies AM
Leader of the Welsh Conservatives



David Melding AM
Welsh Conservative spokesperson for Housing

¹http://england.shelter.org.uk/campaigns/_why_we_campaign/the_housing_crisis/what_is_the_housing_crisis

Executive Summary

- We will launch an ambitious programme to reach 12,000 homes per annum during the next assembly term, and to build 100,000 homes over 10 years.
- We will create a Cabinet Secretary for Housing and Planning.
- All new homes will be required to have an electric charging point installed.
- 20% of new Welsh homes will be developed via offsite construction by 2030.
- Land transaction Tax rebates will be available for homes that improve their energy efficiency standard.
- Work with the UK Government to set up a licensing scheme for the UK Construction Industry.

The Crisis

Affordability & home ownership

Land & supply

Construction & innovation

Variety, suitability & design



The Crisis

Following a short slump in 2008, house prices across the UK have continued to soar, contributing to a decline in living standards and a rise in wealth inequality. Today, housing is often a source of economic anxiety, social resentment and political frustration.



If future need and demand for housing in Wales is to be met, we must return to the

rates of house building not seen for over 20 years. This was the conclusion of Professor Holman – a leading expert on housing demand – who the Welsh Government commissioned to look into this issue. His report concluded that Wales would require up to 12,000 new dwellings per year between 2011 and 2031 to avoid households living in unsatisfactory housing. This would require a significant increase in house building trends.

Based on this analysis, **we would launch an ambitious programme to reach a target of 12,000 homes being built per annum during the next assembly term, and to build 100,000 homes over 10 years.**

Housing Associations & Finance

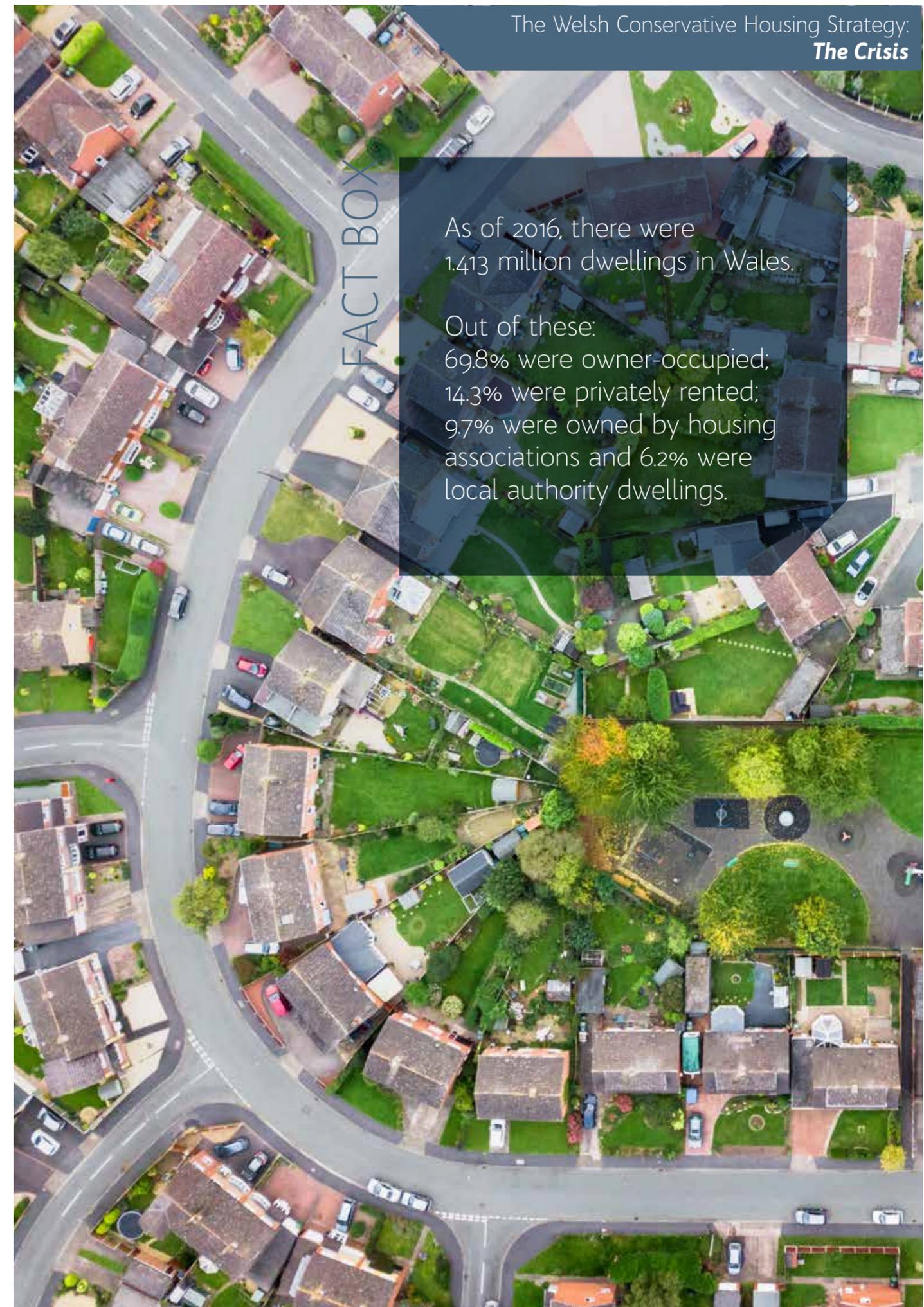
Housing Associations have transformed the quality of social housing and led the way in developing and innovating the housing sector generally.

As of March 2018, Registered Social Landlords (RSL's) had a total of 142,760 dwellings - roughly 10% of all homes in Wales. According to Community Housing Cymru - the umbrella body that represents more than 70 not-for-profit housing associations and community mutuals in Wales – last year their members contributed over £1bn to the economy, built nearly 2,000 affordable homes and provided jobs to 8,800 people across Wales. In order to be able to cross subsidise the delivery of affordable housing in Wales, there has been a degree of diversification within the sector, such as RSLs providing student accommodation, commercial premises (such as retail units) and even market-housing. **We will work with housing associations and provide longer term budgets to allow proper planning and to develop a more flexible range of housing types.**

FACT BOX

As of 2016, there were 1,413 million dwellings in Wales.

Out of these:
69.8% were owner-occupied;
14.3% were privately rented;
9.7% were owned by housing associations and 6.2% were local authority dwellings.





36% of homes in Wales were built before 1930. Less than 10% have been built since 2000.

Wales has more solid-wall homes (29%) and more properties off the gas grid (21%) than the UK average (21% and 15% respectively).

Around 70% of homes that will exist in the 2050s will have been built before 2000.

FACTBOX

Local authorities

The social housing sector, including local authorities, is signed up to deliver at least 13,500 of the Welsh Government's target of 20,000 affordable homes by 2021.

Housing associations accounted for 84% of the affordable homes built in Wales in 2017/18 – down from 93% in 2016/17. Nevertheless, there is a growing appetite and capacity in local authorities to return to or increase their roles in providing housing as a core function.

We envisage a renewed role for local authorities so that - once again - they can provide good quality homes for those that need them most. The UK Government's lifting of the Housing Revenue Account borrowing limit will significantly improve the capabilities of local authorities to build new social housing, but there is still more that we can do. **We will use the lifting of the borrowing cap to increase collaboration between housing associations and local authorities to increase the pace of social house building.**

Fuel Poverty

UK homes are some of the most expensive to heat in Europe because of poor maintenance and insulation².

The analysis of official EU data also found that the UK has the highest levels of fuel poverty among a dozen comparable EU nations, as well as one of the worst proportions of homes in a poor state of repair.

The latest estimate is that there are 291,000 households living in fuel poverty in Wales, equivalent to 23% of households. These households usually have low incomes, and are often the most vulnerable in society. For these people, the inefficiency of their own home makes life unaffordable.

That is why **we will develop a 'Retrofit Toolkit' to encourage upgrades and retrofitting so that all homes in Wales are upgraded to Energy Performance Certificate Band C – or better – by 2035.** This will be based upon a whole building approach which is endorsed by the Sustainable Traditional Buildings Alliance. This involves 'an integration and balance of fabric measures such as insulation, draught proofing, glazing, rainwater protection; services such as ventilation, heating, thermostatic controls, renewable energy'. To aid the rollout of such a scheme, we will fund an information campaign to inform home-owners of the long term benefits of undertaking such refits. **Additionally, we will offer Land Transaction Tax rebates for homes that improve their energy efficiency to a good standard.**

Empty Homes

Earlier this year it was revealed that there were at least 23,000 empty private homes in Wales, and another 4,057 empty social homes.

These high levels can have a serious impact on the viability of our communities, and bringing them back into use can have big social, regenerative and financial benefits. **We will ensure that all empty social housing properties are brought back into use by the end of the next Assembly term.**

Empty properties are not the whole answer, but no government or local authority can ignore their potential. A balance needs to be struck to ensure that owners are both encouraged, and where appropriate, required to unlock the potential of this wasted resource. **A Welsh Conservative Government would publish a strategy to reduce the number of private sector empty homes that are vacant for more than 6 months.**

Leadership

The broken housing market is one of the greatest barriers to social wellbeing, and it is hurting ordinary working people the most. We need to give people the security and stability that they need to flourish. To provide leadership, **we will create a Cabinet Secretary for Housing and Planning.**

Homelessness

The need to tackle homelessness and rough sleeping will be a crucial part of any housing policy in Wales.

Some of the latest rough sleeping figures are a discouraging confirmation of what the sector is witnessing, with more people sleeping on the streets, and more people seeking help from homeless charities. We believe that this is an area that requires a comprehensive approach in itself as part of **a commitment to end Rough Sleeping in Wales by 2030.** Therefore, our strategy to achieve this target will be launched in early 2019 following the conclusion of our stakeholder and sector policy discussions.



² <https://www.theguardian.com/environment/damian-carrington-blog/2013/nov/29/uk-homes-most-expensive-heat-eu-fuel-poverty>

Affordability & home ownership

A shortage of homes has caused house prices in Wales to reach an all-time peak, with the average home costing £184,722. This is roughly seven times average earnings in Wales. It is little wonder that young people are struggling to get on the housing ladder.

As demand for housing outstrips supply, the average couple in the private rented sector is spending roughly half of their salary on rent, making it extremely difficult to save for a deposit. The Council of Mortgage Lenders predicts that by 2020 only a quarter of 30-year-olds will own their own home, despite the appetite to do so. In contrast, more than half the generation currently approaching retirement were homeowners by their 30th birthday³. According to research from YouGov on behalf of the Council of Mortgage Lenders⁴, there continues to be a strong bedrock desire for home-ownership across all age groups - 72% of adults want to be home-owners in two years' time and 80% hope to be so in ten years' time.

The UK Government has introduced a variety of schemes to help first-time buyers purchase their first home, such as Help to Buy, Lifetime ISA's, and equity loan schemes. The UK Government also scrapped the Stamp Duty Tax for first time buyers on properties up to £300,000 pounds. In Wales, whilst there is no land transaction charge for properties up to £180,000, there is a 3.5% charge for properties from £180,000 - £250,000 with no relief for First Time Buyers. This is problematic given that the average house price in Wales is already over the £180,000 threshold, and is continuing to rise. **Based on this, we will scrap the Land Transaction Tax for first time buyers on properties up to £250,000.**

Co-operatives

We need to also start looking at new models of home ownership and tenure. Market research shows there is a demand for, and interest in, co-operative housing in Wales.

Yet despite a few pilot schemes, the Welsh Government has failed to invest-in and utilise this modern housing solution. A cooperative housing society is owned by the members of the society, who control the entire financial framework of the society. With minimal down payments, lower closing cost and longer mortgage terms, cooperative housing societies are more affordable than any other independent ownership⁵. **To stimulate the growth of this sector, we will create a £20 million Co-operative Start-up fund to increase the number of additional homes being delivered by the community-led housing sector in Wales.**

Right to Buy

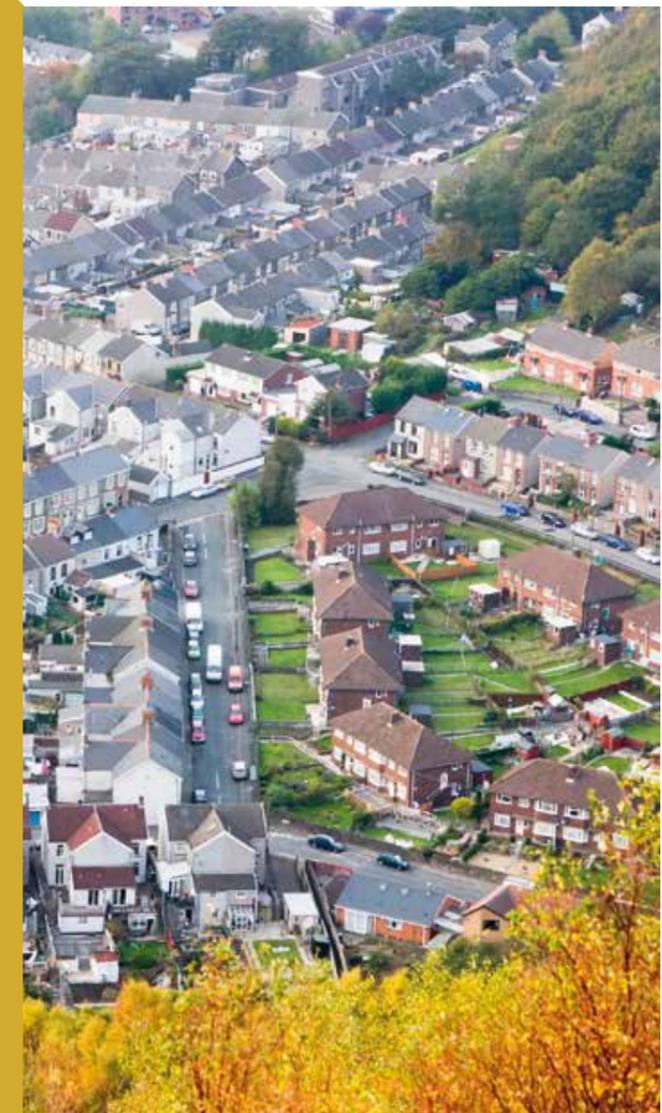
The right to buy has been the most popular housing policy in British history. The Welsh Government's decision to abandon the policy was deeply regretted by many would-be homeowners. According to the British Social Attitudes survey, around two thirds of social tenants would prefer to be owner-occupiers if they had a free choice⁶.

This shows that there is still a place in modern society for a policy that offers those social tenants a chance to fulfil their ambitions. Whilst the Right to Buy has successfully facilitated that for 30 years, in the current state of house building we recognise that the policy needs adaptation. That is why, **we would reintroduce the Right to Buy in Wales, on a reformed basis, mandating 100% of sales receipts to be reinvested back into new social housing, and to protect any new build social homes from sale for at least 10 years.**

Leasehold

But tackling the challenges of affordability doesn't just end with the actual purchasing of the property. Many people in Wales are stuck in an unscrupulous and feudal system of leaseholds on new build homes.

The UK Government has made a significant move towards rectifying this issue and has launch a consultation on plans to improve the leaseholder sector for would-be home owners, which will bring an end to the practice of new houses as leasehold. The Welsh Government are yet to follow suit, despite the problem affecting up to 7,000 people in Wales. Leasehold does have its place as a tenure – it can be useful in buildings with shared fabric and common areas, such as blocks of flats, but far too many new houses are being built and sold in this way. **We will implement a ban on the unjustified use of leasehold tenures on new build houses in Wales, and will work with the Law Commission to find avenues of redress for the thousands of people that are already stuck in this system.**



³ Council of Mortgage Lenders (2015) The challenge facing first time buyers

⁴ <https://www.cml.org.uk/news/cml-research/home-ownership-or-bust-consumer-research-into/>

⁵ <https://www.proptiger.com/guide/post/benefits-of-living-in-a-cooperative-housing-society>

⁶ MHCLG (2018) Public attitudes to house building: findings from the British Social Attitudes survey 2017

Land & supply

Any solution to the housing crisis won't succeed unless major steps are taken to address the issue of land. Since 1995, the value of land in the UK has increased by 412%, from £918 billion to over £5 trillion.

We need to undertake a deep analysis of the land supply challenge in Wales. Whilst this type of analysis has been undertaken in England, the particular focus of those reviews has focused on large housing sites of over 1,500 homes. These sites are few and far between in Wales.

Research in 2015⁷ suggested that there were nearly 400 sites across Wales, where progression has been halted for a wide range of reasons. These are known as stalled sites, most of which are suitable for the SME sector to develop. It is these sites that we should be looking to develop. **We will establish a Welsh Land Commission, consisting of experts from across the sector, to get a better understanding of the land issue in Wales, and to speed up the build out of develop sites.**

Policies should allow for a good mix of sites to come forward so that there is diverse provision to meet different housing needs. A greater variety of sites, including more small sites within local plans will help support SME consolidation and growth and speed up housing supply. **Under Welsh Conservative proposals, at least 10% of sites in local development plans should be half of a hectare or less.**

⁷ <https://gov.wales/docs/desh/research/151119stalled-sites-and-section-106-agreements-en.pdf>



Greater Transparency

It can be difficult to establish the identity of all persons with an interest in land, and any government should make the data about land ownership, control and interests more transparent. This will help identify land that may be suitable for housing. In England, the UK Government has already made it a statutory requirement that local authorities develop registers of brownfield land suitable for housing. The Government will go further by legislating to grant automatic permission in principle on brownfield sites identified on registers, subject to the approval of a limited number of technical details. On brownfield sites, this will give England a 'zonal' system, like those seen in many other countries, reducing unnecessary delay and uncertainty for brownfield development. **To follow this example, we will develop a statutory register of brownfield sites that are suitable for housing in Wales.**

The Land Registry's website states 'The Land Register contains more than 25 million titles showing evidence of ownership for more than 85% of the land mass of England and Wales'⁸. This shows that there is still 15% of land in England and Wales, where the ownership is unclear. In Wales, even the ownership of public sector land is just as unclear. **Therefore, we will commission an online mapping system for Wales where housing, planning and infrastructure data can be easily accessed.**

Public Land

According to evidence submitted by the Home Builders Federation to the Lords Economic Affairs Committee, between a quarter and a third of all potential residential land was controlled by the public sector. We should be prioritising developments that provide social value so that public land can be put to the service of long-term public good. **Therefore, we will implement a 'Public Land Disposal Discount' for developments that can demonstrate strong social value.** This type of scheme could be implemented for housing for nurses, housing association developments or housing for older people.

FACTBOX

Roughly 30% of the value of a house comes from construction, whilst around 70% comes from the land it sits on.

In 1995 the split was roughly 50-50.

The value of building land has risen by 544% since 1995, while assets on top of it have grown 219%.

FACTBOX

In 1988 small builders were responsible for 4 in 10 new build homes compared with over 1 in 10 today.

In just the period 2007-2009, one-third of small companies ceased building homes.

80% of all new homes in Wales are built by five companies.



⁸ <https://www.gov.uk/government/organisations/land-registry/about>

Construction & innovation

Housing is a crucial part of the Welsh economy. Wealth is created through construction, and those employed are often local workers. For every £1 invested in construction, £2.84 is generated in the wider economy. No wonder that economists regard housing as crucial to the foundational economy.

However, the construction industry is struggling to recruit, train and employ those with the necessary skills. According to the Federation of Master Builders 'Home Builders Survey 2018', 44% of SME's stated that a shortage of skilled workers is a major barrier to their ability to build more new homes - up from 42% in 2017. Apple Construction training have claimed that in the next 10-15 years, 400,000 construction workers are expected to retire in the UK, which is approximately 30% of the existing workforce; a number not matched by those entering construction at a younger age⁹.

What makes recruitment difficult is the sector's often negative image due to the prevalence of rogue outfits and 'cowboy builders'. According to the FMB, anyone can currently call themselves a builder in the UK, and this "informal economy" - which is fuelled by rogue traders - is worth an estimated 9.7 billion pounds. Unlike the gas and electrical trades, anyone in the UK can set themselves up as a builder or tradesperson, leaving the sector vulnerable to substandard performances. To address this, **we would work with the UK Government to set up a licensing scheme for the UK construction industry.**

FACTBOX

Construction contributes more than £110 billion, or 7 per cent, to GDP in the UK.

The Construction industry in the UK employs over 2.3 million people, with around 4% of those working in Wales.



⁹ <http://appleconstructiontraining.co.uk/2018/03/20/skills-gap-construction/>



Low Carbon & Upskilling

Construction innovation is essential for transformation of the UK building industry. Whilst ‘biblical skills’ such as bricklaying are still central to the building process, new skills are becoming just as essential. This was recognised by the Assembly’s Climate Change, Environment and Rural Affairs Committee in the Low Carbon Housing Report, which stated that training and skills in the construction sector should be central to the Welsh Government’s long term low carbon housing strategy.

The UK Government is committed to reducing carbon emissions by at least 80% on 1990 levels by 2050. In Wales alone, housing is responsible for 21% of our carbon emissions. To achieve our target, we will need greater ambition, using a wide range of policy levers. **The Welsh Conservatives will ensure that by 2026, all new build homes in Wales are built to zero carbon standards.** A zero carbon house is not just carbon neutral – it’s carbon negative. Over the course of a year, the house generates more electricity than it uses, so it cuts CO2 being produced elsewhere¹⁰.

Whilst teaching students and apprentice’s new skills, we must also help existing construction workers develop the skills needed to implement new building methods. We must also encourage developers and

industry bodies to invest in upskilling existing workers. The Qualifications Wales Review “Building the Future” found that ‘the range of qualifications available is complex, confusing and lacks coherence; progression routes that are not always clear; learners experiencing repetition as they progress through qualifications; and concerns about assessment arrangements’¹¹. **To combat this, we will undertake a full-scale review of the vocational qualifications, apprenticeship, and training system in Wales, focusing on employer led qualification development, and better promotion of employment in the sector.**

Charging Points

New housing developments need to be planned to facilitate a transition from being combustion engine reliant to a more sustainable society. This will require better transport links and improved low-carbon infrastructure. Based on the UK Government’s intentions to phase out the sale of petrol and diesel cars and vans by 2040, action needs to start now. Under Welsh Conservative proposals, **all new houses will be required to have an electric charging point installed, and an Electric Vehicle Infrastructure grant will be created to support small and medium size construction firms meet this requirement.**

Modular

Last year, a report by the Construction Industry Training Board stated that offsite construction could revolutionise the construction industry and help provide a solution to the UK housing shortage. Nearly 50% of construction industry clients expect the use of offsite construction to increase over the next five years¹². It is a pity that the take up of these new opportunities has been limited by the lack of house building.

The UK now lags behind Sweden, Germany and the Netherlands when it comes to the fusion of manufacturing and construction, while in Japan more than 15 per cent of new homes constructed each year are, at least partly, prefabricated¹³. Tech driven solutions are transforming other sectors, but construction is the industry still waiting to catch-up. The off-site development of homes can help us deliver many more high-quality homes, at pace, with limited disruption. **Under a Welsh Conservative Government, and through a suite of policy measures, we will plan for 20% of new housing units to be pre-manufactured by 2030.**

Digital technology

A cross industry report from Oxford economics found that the UK economy could see an increase in 2.5% of GDP (£92 billion) and create over a million jobs in the next two years because of the advancements in digital technology. The report specifically suggested that construction could be at the forefront in terms of how much could be gained, showing that construction firms who have embraced digital technology have grown their revenue by 5.9%¹⁴. To help advance this, **we will create a £10 million Digital Research in Construction Fund to help modernise and advance the construction sector in Wales.**

And digital technology can speed up the planning process and make it more interactive. By using high-quality technology, a true representation of a development or a single property can be given at a timely and affordable cost. This can help reduce any concerns that local residents may have, and allow people to have more informed choices when considering to purchase a home under development. **We will work with developers and local authority planning departments to incorporate both virtual reality and drone technology into the house building process.**

¹⁰ <http://zerocarbonhousebirmingham.org.uk/about/what-is-a-zero-carbon-house/>

¹¹ <https://www.qualificationswales.org/media/3176/building-the-future.pdf>

¹² <https://www.citb.co.uk/research-and-insight/innovation-technology/faster-smarter-building-skills-for-offsite-construction1/>

¹³ <https://www.raconteur.net/business-innovation/modular-homes-future-housing>

¹⁴ https://www.designingbuildings.co.uk/wiki/Digital_technology_boost_to_construction_industry



Variety, suitability & design

According to CHC's contribution to the Welsh Government's affordable housing review, "To create sustainable places, the emphasis must be on building genuinely mixed tenure communities with homes people aspire to live in".

The UK Government initiated a review into the causes of the slow build outs of housing developments, with particular focus on the buildout rates of larger sites. Sir Oliver Letwin MP undertook the review, and his main conclusion was that build-out rates on large sites were limited by homogeneity of product. According to Letwin, major housebuilders should offer more variety in product, type, tenure and design which could result in a wider range of pricing. This would make the new build market more accessible, and more appealing, to a broader range of people, thus increasing market capacity.

To achieve this, **we will develop a new set of planning rules for large sites in areas of high housing demand, which will require developers of large schemes to provide a range of products.** This would include social housing, rental housing, open market housing, affordability schemes such as Help to Buy and Shared Ownership, and co-operative housing schemes. Local authorities will also be given the power to specifically designate land for 'large site' development only.

It is so important that low carbon solutions are embedded at the design and planning stage of housing development. During the evidence sessions for the Low Carbon Housing Report, Roisin Willmott of the Royal Town Planning Institute (RTPI) emphasized that “it is about how you design a site, and that is very much at the planning stage... rather than trying to adjust it later on in the development. We shouldn’t just focus on the building itself—we need to look at the design of sites ... So, we need to look at where we put houses and whether they’re accessible by active travel, by public transport, and reduce that kind of carbon as well.”

Self-build

There is still more room for greater diversification, with more competition, more new entrants and new development models, to increase the speed of delivery and quality of new homes. The self-build sector can play a key role in achieving this ambition.

There are already some fantastic examples of self-build ambition across the UK. The first streets on the UK’s biggest mass self-build site, in Graven Hill Oxfordshire, are now starting to take shape. Graven Hill is the UK’s boldest experiment ever in self-build and custom build, consisting of 1,900 homes. The local council bought hundreds of acres of disused Ministry of Defence land, then created the plots, the street layouts, the schools, nurseries, cycle ways and even a pub. The buyer then picks a plot (from space for a two-bed through to six-bed detached home) and designs their home.

Custom and self-build homes are often cheaper, greener, and more affordable than standard market housing. Research in 2013 concluded that self-builders can save between 20 and 25 per cent on the cost of the equivalent home on the open market – a crucial saving for many looking to get on the housing ladder. To capitalise on this growing market, **we will bring into force the Self-build and Custom Housebuilding Act in Wales, and go further by introducing a Right to Build under which local authorities would be required to bring forward plots of land for registered custom builders.**

Design: Beautiful Homes

Too often, the people who design and construct new homes resort to standard pattern books. We don’t just want to build more housing, we need to build communities that are pleasing to live in. The ‘Building More, Building Beautiful’ report from the Policy Exchange epitomises it best – ‘As the country takes to building a new generation of homes, public support for which is much higher than often presented, it is essential they meet the aesthetic needs of citizens, communities and the nation as a whole, both now and in the future’. Already in some areas of the UK, local authorities are becoming more demanding on how housing developments should look and match local style. **Under Welsh Conservative plans, all local authorities will be required to develop design and style guides to suit their local needs.**

The private sector needs to take some initiative too and improve design standards. It’s all too common to see poorly designed buildings and spaces, and taxpayers often have to foot the bill for putting them right. To prevent this, and to ensure that we are building homes for the long run, **every new development over 150 units should have a consultant architect appointed by the local council, but paid for by the developer as part of their Section 106 commitment to the community.**

Older People

Good quality and affordable housing should be a basic right for everybody in Wales, regardless of age or income. Our society is ageing, with 18% of people aged 65 and over and 2.4% aged 85 and over in 2016. The proportion of people aged 85 is projected to double over the next 25 years. Like any other age group, older people are diverse and their housing needs and options are similarly varied.

Far too many older people are still facing poor housing conditions that are detrimental to their health. 22.6 per cent of households containing an older person are in substandard housing,

better choice of accommodation can help them to live independently for longer and help reduce costs to the social care and health systems. Helping older people to move at the right time and in the right way could also help their quality of life and release family size homes for other buyers. Working in conjunction with older people and those that provide the housing for them, **we will introduce a National Strategy for Older People’s Housing in Wales, bringing together aspects of policy linking housing and health.**

Veterans

It is vital that veterans and their families are given safe, secure and supported housing when entering civilian life. There are already a number of successful schemes that deliver this service, such as Alabaré which is delivered in connection with First Choice Housing. This scheme works across Wales to keep 120 veterans from sleeping on the streets on any given night¹⁷.

Yet despite this best practice, efforts on homelessness prevention and housing accessibility have been falling short of the mark. We believe that this could be addressed by the better integration of housing and health services, and **would introduce an Armed Forces Commissioner for Wales to achieve it.**



¹⁵ ONS, Overview of the UK population: July 2017, July 2017
¹⁶ ONS, National Population Projections: 2016-based statistical bulletin, October 2017
¹⁷ Alabaré Homes for Veterans Wales, accessed 1 November 2018