

17 July 2003

Barker Review Team
1 Horse Guards Road
LONDON
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Dear Ms Barker

Barker Review of Housing Supply

Thank you for your consultation paper regarding your review of supply in the UK.

West Wiltshire Housing Society is a Registered Housing Association that is tenant focussed and wishes to retain a local emphasis on the community of West Wiltshire. This area is a mix of very different Market Towns (reliant on manufacturing, local government, tourism or the military) and villages.

Our focus is for the provision of Social Rented Housing, general needs and supported housing.

Comments on the issues are as follows:

Issue 1

There is a particular issue with land supply in rural areas. It is the trend to draw village boundaries on the edge of the existing built area with no room for expansion in the village. Well-planned expansion of rural communities, especially if there was a specific allocation in local plans for social housing, can make a difference not only to housing supply but maintaining the sustainability of vital rural services.

We have found that some allocations of brown field sites have existing business uses that are required to relocate prior to the site becoming available. We find that planners in making the allocation of this land for housing have not considered the viability of the firm acquiring alternative premises and funding the move as the firm has to fund this from the land value of their site. Also where firms are willing to move, they find that locating alternative sites can be difficult, especially where their business is related to manufacturing, building industries and reliant on a local labour supply. There is often no connectivity in the planning process about the need for opportunities for relocating existing uses. This then makes it questionable as to whether the land is really available as an allocation.

Issue 2

There is a specific skill shortage not only in labour but also in the professional side of the industry in relation to surveyors, development staff who commission projects. We are often faced with no applications for vacancies and salary costs are escalating for such staff. This restricts innovation and the ability to manage projects. We have also experience significant delays in planning applications due to staffing shortages in local authorities.

New technologies still have to be erected on site and this requires re-training the existing workforce at all levels. There is also some question as to whether the supply of off site manufacture in Britain could meet demand at present with some systems being imported from abroad. The public (owners and tenants) is also wary of non-traditional construction, its history has not been good in Britain and is considered a high-risk option. It is also relatively expensive with the main commissioners being housing associations and unless the private house builders adopt this method, the sustainability of the industry in Britain, both in manufacture and re-skilling of the workforce (professional and labour) is questionable. We have already seen some manufactures, whose product we have used, taking their product from the market. We also have some concern about life cycle costing of some of the products and the ability for the products to be abused by tenants.

Issue 3

The issue here may be that the developer has problems in interpreting local planning guidance and the sensitivity of the need for good design in sensitive areas and particularly brown field sites. The larger developers are often remote from the communities they work in and have little understanding of local wishes. This can cause conflict with the local community and failed or delayed planning applications. This can be compounded by the use of internal design teams, rather than architects, seeking to overlay standard house types and designs.

The planning standards produced by highway authorities in respect of parking and highways are not always appropriate in brown field sites, especially if converting industrial buildings to residential.

The ability for local authorities to extract social housing from developments is a lottery and down to both the skills of the local authority and the attitude of the developer and then the landowners. Negotiations can be protracted. Some sale initiatives produced from this system are frankly not affordable to those in housing need. It would streamline the system if there were clear guidelines of what was expected from developers in terms of provision and a land use category for social housing.

There is also difficulty for local authorities in negotiating for social housing. The grant system via the Housing Corporation is remote from the authority and authorities have no indication of likely resources coming to their areas from year to year or even if schemes they have negotiated will be funded. Planning negotiations can be years ahead of the bidding cycle for grants. The situation here is that more land has been extracted from the system for rented housing than grant available to build them. The sudden removal of Local Authority Social Housing Grant has disrupted many local authority programmes and there is a real prospect that agreements in place with developers, negotiated by the Authority on the basis of its own funding programme may be lost. The emphasis on priority areas for grant will also make it difficult for local authorities outside of these areas to deliver truly affordable housing programmes from the planning system.

In respect of funding for supported housing the pipeline process for revenue financing through Supporting People is not clear or joined up to capital financing or planning negotiation time scales. There is a real risk that this will prevent new schemes coming on line or the remodelling of redundant buildings.

There is also conflict at the local level between the various calls on planning gain from developments relating to open space, education, community facilities, highways and housing.

It is not the planning system that has caused us delay. Local objectors are becoming sophisticated in delay tactics in respect of claims for footpaths, ancient hedges and village green status. Such applications no matter how valid can take years to process through the various stages of the system and are very costly to defend.

Environmental technologies are expensive and the industry in Britain small. The life cycle costs of components are not always clear or less than less environmentally friendly products. There is also risk of the industry stopping production making future maintenance and replacement of the technologies difficult and expensive. There is also a shortage of skills to service the technologies once installed. Government grants may be available for the initial installation but not for planned replacement or for the increased servicing costs. There are also gaps in the market, for instance, there is not a condensing back boiler available. Many older homes do not have room for wall-mounted products and replacement of a back-boiler to wall mounted, if possible, requires significant alteration to the wider system.

There is also a trend and fashion issue with the public for instance plastic windows and doors are seen as superior to wooden ones. People tend to be very traditional in their view of what housing should look like and the products contained within. This is true in the rented and owner occupied sector.

Some of the SMART technologies also require SMART occupants to maximise the benefits!

If the industry switched on a large scale to environmentally friendly products is there sufficient capacity to supply from sustainable sources?

The VAT issue for refurbishment or remodelling of existing building to different uses or client groups is a disincentive compared to new build that is VAT free.

17.5 % VAT on maintenance of the existing housing stock, which is ageing, is a significant outlay on what is an expensive industry and may be a contributory factor in stock condition and investment in all sectors.

We would recommend that refurbishment, remodelling schemes and replacement of essential Decent Homes identified components in the housing stock be VAT free, especially if linked to social housing. This will free resources for increased investment and make renewal a more attractive option.

Issue 4

It must be cognised that the private sector's purpose is to maximise profit. Affordable housing erodes profit and affordable rented housing requires subsidy to produce affordable rents and the borrowing costs and operational costs exceed income. This explains why affordable housing is not produced by the private sector. It also has to be recognised that a house builders business is to build houses and they have few skills in the complexity of managing and maintaining rented housing.

The private rented sector has increased recently but is seen as an investment opportunity. This is not predicated on short-term income but on the long-term speculative assumption of the continued rise in property prices out performing other investments and pension arrangements. There is a warning

that if the housing market does not perform as expected that these homes could be placed on the market.

However, the private rented sector should not be viewed as affordable. Rents are unaffordable to families on low income and exceed the reference rent levels for Housing Benefit. There is no security of tenure and is an increasing cause of cyclical homelessness. This not only impacts on Local Authorities and the drain on homelessness budgets, but has a direct effect on the sustainability of the family unit in respect of a stable family environment, but poverty, health and education.

I hope that you find these observations helpful in your review.

Yours sincerely,

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