



Raising Standards. Protecting Homeowners

Welsh National Development Framework

About NHBC

- **NHBC is an independent insurance company**, established in 1936, in the new build housing market, providing a 10-year Buildmark warranty to homebuyers across the UK. Over 1.5 million UK homeowners, including housing associations currently benefit from this insurance protection.
- **NHBC gives homeowners confidence in the construction quality of new homes** by assessing, inspecting and directly insuring new homes registered with us; using our unrivalled expertise, data, and training to drive improvements in construction quality; and maintaining our financial strength, scale, and independence.
- **NHBC is a non-profit distributing organisation** with no shareholders, authorised and regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).
- **NHBC does not build or sell homes**, it is not a regulator and does not represent any part of the industry. Individual builders are ultimately responsible for the quality of the homes they build and sell to consumers.
- **NHBC cares passionately about new build quality** and reinvests profit into the sector to support and guide builders on how to deliver high quality homes. NHBC also runs the house-building industry's most prestigious awards programme - Pride in the Job, the only UK wide initiative dedicated to recognising site managers who achieve the highest standards in house building.
- **NHBC offers a vast range of comprehensive services to the industry** to help them build high quality homes, and to ensure consumers have a positive experience living in their new build home protected by NHBC's 10-year Buildmark warranty.
- **NHBC provides guidance and training to industry**. NHBC delivers approximately 10,000 delegate days of training to the house-building industry per year and through the NHBC Foundation, regularly produces high quality research to help industry meet the challenges of the day.

Policy 5: Delivering Affordable Homes

The Welsh Government will increase delivery of affordable homes by ensuring that funding for affordable homes is effectively allocated and utilised. Strategic and Local Development Plans should develop strong evidence-based policy frameworks to deliver affordable housing, including setting development plan targets based on regional estimates of housing need and local assessments. In response to local and regional needs, they should identify sites for affordable housing led developments and explore all opportunities to increase the supply of affordable housing.

NHBC will be responding to policy 5 of the National Development Framework, sharing our work and experience on affordable housing in Wales. The response below provides information on: our work in the affordable housing market; insights on working with a Government organisation with a proven track record of delivery; the importance of land quality when identifying sites and NHBC data and research on affordable housing.

Executive Summary

NHBC Recommendations

1. NHBC would suggest that, in increasing the delivery of affordable homes the quality as well as the quantity is taken into account. New homes should be inspected and warrantied by a recognised and robust body, such as NHBC or equivalent.
2. To further ensure high quality affordable housing, NHBC would encourage the Welsh Government to consider the benefits of having an approved list of contractors who have a proven track record of delivering high quality affordable homes, and who can support the Welsh Government with its house building agenda.
3. NHBC would advise consideration on the quality of the land released for development when identifying sites for affordable housing led developments and setting Strategic and Local Development Plans.
4. NHBC hopes to make a positive contribution in helping Government and Homes England develop a stronger customer-focused definition of the quality expected in new build homes for housing associations, and we would be pleased to extend this to the Welsh Government.

NHBC & Affordable Housing

- NHBC's role in the housing industry is to raise standards and protect the homeowner.
- This role remains the same, regardless of whether the property is publicly owned or privately rented.
- NHBC treats Housing Associations (HAs) the same as the homeowner of a private home and NHBC works to ensure that we have a positive working relationship with HAs.
- Further to this consumer relationship, NHBC works with HAs to help develop new homes and manage development risk, providing strategic and technical support through the whole house building process.
- New homes should conform to NHBC standards or equivalent and should be inspected by either an Approved Inspector or Local Authority Building Control for Building Regulations to ensure quality during the build process.
- **New homes should be inspected and warrantied by a recognised and robust body, such as NHBC.**

An approved list of contractors for Wales

- Homes England has a register of approved contractors, developers, builders and HAs, all of whom deliver an acceptable quality on new builds. This is known as the Delivery Partner Panel (DPP3)¹, used to enable the efficient procurement of housing-led development on land owned by public sector bodies and Homes England.

¹Further information available at: <https://www.gov.uk/guidance/delivery-partner-panel-3>



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- Similarly, NHBC has a register of approved builders and developers – only those on NHBC's register are entitled to apply for the NHBC warranty.
- Extensive Commercial and Technical assessments are carried out before NHBC accepts anyone onto the register:
 - The Commercial assessment includes financial and other references for all applicant builders, and/or personal searches via licensed credit reference agencies. If there are any adverse financial reports, NHBC may reject the application.
 - The Technical assessment requires the applicant builder to satisfy NHBC that they have adequate, proven technical and management capabilities, and adequate procedures for managing health and safety.
 - Past and current work, together with any previous or current association with an NHBC registered builder/developer, will be taken into account. They will also be required to attend a presentation about NHBC rules and procedures.
- **To ensure high quality affordable housing, NHBC would encourage the Welsh Government to consider the benefits of having an approved list of contractors who have a proven track record of delivering high quality affordable homes, and who can support the Welsh Government with its house building agenda.**

Housing Supply & Land

- The quality of the public sector land for house building is of paramount importance. Only when this is assured can the delivery of production begin.
- Mitigation needs to occur to speed up the land available for house builders. This is particularly relevant in the case of brownfield sites, which may previously be contaminated land, and can involve significant risks with geotechnical and contamination issues often contributing to unforeseen costs and obstacles during remediation.
- NHBC's Land Quality Endorsement (LQE) services deliver technical risk management for those looking to undertake remediation or reclamation of their sites for subsequent sale for residential development.
- The LQE service was originally developed with the aim of improving standards on the remediation of difficult sites and ultimately to ensure homeowners are protected.
- On sites where the LQE service is provided, LQE can help in maximising land value by increasing the marketability of the site to house builders.
- **NHBC would advise the Welsh Government to consider the quality of the land for development from the outset when identifying sites for affordable housing led developments and setting Strategic and Local Development Plans.**

NHBC Research on Affordable Housing

- The NHBC Foundation develops high-quality research reports alongside practical guidance to help the house-building industry address the considerable challenges of delivering 21st-century new homes.



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- The NHBC Foundation report *Affordable Homes: Residents' views of quality* from 2016² helped to increase the understanding of the needs of residents and their ongoing satisfaction with the homes provided by HAs.
- One of the biggest challenges facing the housing sector is how to maintain and improve quality while responding to the urgent need to increase output, especially in the affordable sector.
- This Foundation study explored the views of housing association residents three to four years after first moving in, as opposed to other surveys conducted when residents have recently moved.
- Unlike previous studies this focused on the quality of affordable homes rather than simply the quantity, and the results are compared against earlier survey work carried out by Homes England, published in the Quality Counts reports.
- Ultimately this research helps to increase understanding of the needs and aspirations of residents and their ongoing satisfaction with the homes provided by housing associations.
- **NHBC aims to make a positive contribution in helping Government and Homes England develop a stronger customer-focused definition of the quality expected in new build homes for housing associations, and we would be pleased to extend this to the Welsh Government.**

NHBC's Warranty

- For the benefit of homeowners, NHBC provide a 10-year warranty for new homes known as Buildmark (for private owner occupiers) and Buildmark Choice (for institutional landlords such as HAs and Build to Rent operators).
- This provides cover against damage caused by defects in the structure of the property.
- NHBC's Buildmark Choice warranty is specially designed to protect landlords of newly built or newly converted homes which are built to be rented out or for shared ownership in the private, affordable or social housing sectors (this does not include buy-to-let as these would be better protected by Buildmark.)
- Buildmark Choice is a tripartite agreement between NHBC, the builder and the landlord, which is typically HAs.
- Many HAs are now setting up as developers in their own right. As a developer of homes for sale, HAs are passing the warranty and insurance cover to the home owner - for which they require NHBC's Buildmark warranty.
- In 2018 Buildmark Choice covered over 42,000 affordable homes.

Buildmark Choice includes

- A two-year warranty period, during which the builder of homes for the HA is liable for putting right any defects arising from not building to NHBC technical requirements.
- If the builder does not agree then NHBC provides a dispute resolution service, and if the builder is unwilling or unable to correct defects then NHBC will step in on the HA's behalf to put right.
- Loss of rent cover, alternative accommodation and storage.

² NHBC Foundation Reports are available online at: <https://www.nhbcfoundation.org/>



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- Flexible policy excess - standard excess is £1,150 (for plots registered from 1 April 2018, rising £50 on 1 April each subsequent year).
- Cover against contaminated land.
- Underwritten by NHBC who will manage any claims.

Additional cover options.

- An extra two-year protection for the landlord (10 to 12 years) from the date of NHBC's sign off.
- Option for cover for contractor insolvency before practical completion (to ensure protection for the landlord/ HA should the contractor be unable to fulfil the development contract either through insolvency or through default).
- Option for cover for professional fees incurred in connection with a valid claim.

NHBC data on the Affordable housing market in Wales

- NHBC statistics represent a unique source of detailed up-to-date information on new home construction and the house-building industry. The figures relate to new homes registered with NHBC for the 10-year warranty, which represent in excess of 80% of all new homes built in the UK.
- Over 30% of NHBC's registrations³ of new builds are with landlords, primarily HAs.
- In Wales the number of new homes started⁴ 3 months to the end of September 2019 are 1,384. Overall this is 16% above the 10 year average for this 3 month period.
- When compared to September last year, this means that there has been an 18% decrease in private homes in Wales and a 51% increase in affordable homes being started. (Combined this is a 2% increase).
- Similarly, when examining the number of completions over a 3-month period, there has also been an increase.
- The number of new homes completed⁵ in Wales in the 3 months to the end of September 2019 are 1,235.
- When compared to last year, this means that there has been a 21% increase in private homes and a 7% increase in affordable, (combined this is a 17% increase).
- Figures 1 and 2 shows the comparison over a 3-month period of building starts and completions, using September data.
- At the end of September 2019 5,247 homes were under construction⁶, which represents a 5% increase on the same time last year.
- **NHBC would be pleased to ensure the Welsh Government receives this data on a monthly basis.**

³ Registrations are plots that are registered with NHBC by builders for development; they are indicative figures showing the housing market's direction of travel and are available well ahead of Government's own housebuilding figures.

⁴ A new home is recorded as started when it has received its first inspection from NHBC.

⁵ A new home is recorded completed when it has received its final inspection from NHBC.

⁶ A home is under construction if it has started, but has not passed a final inspection with NHBC.

Figure 1: NHBC Starts per month in Wales

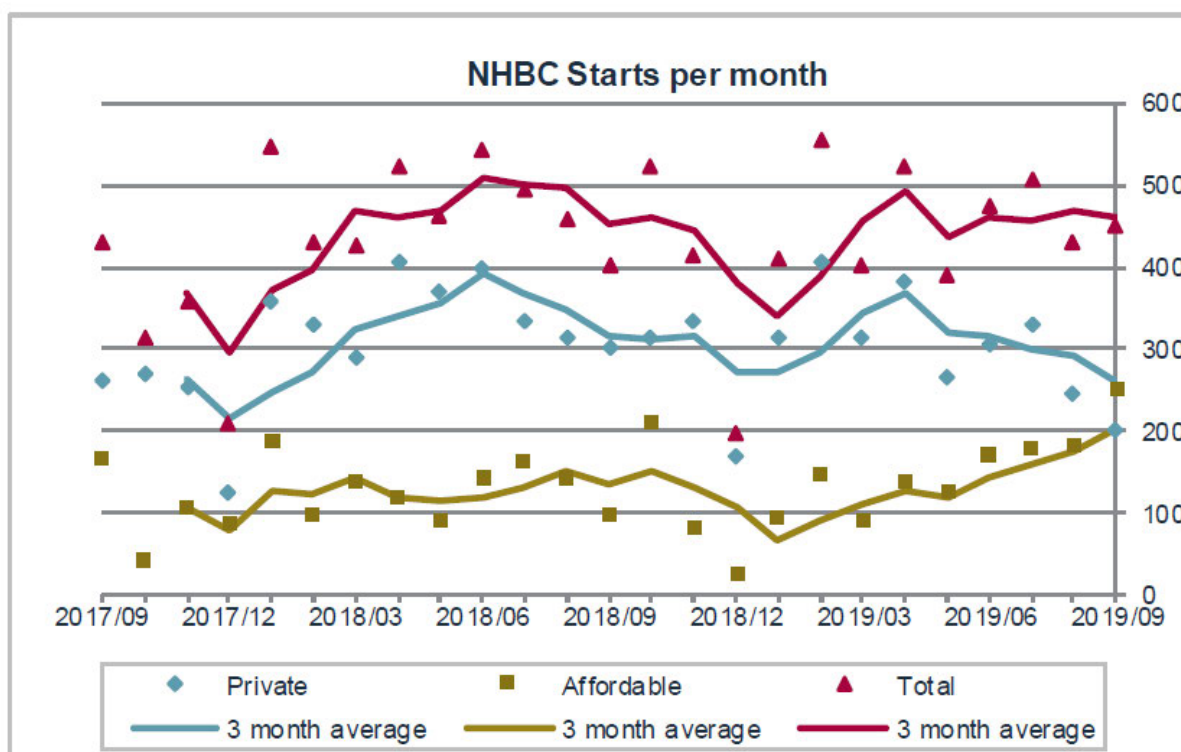
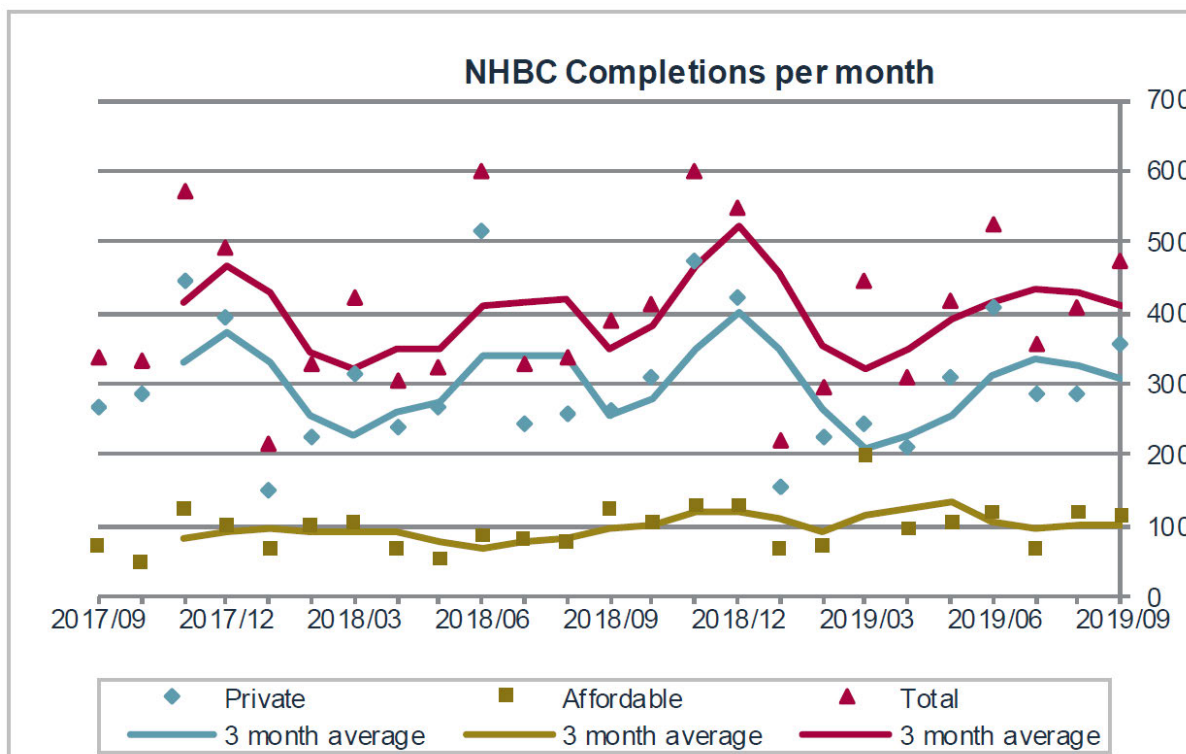


Figure 2: NHBC Completions per month in Wales



For more information, or if NHBC can be of any further assistance, please contact **Lewis Sidnick, Director of Corporate Affairs** at NHBC on 0207 648 4077 or lsidnick@nhbc.co.uk