



Community Housing Cymru, The Federation of Master Builders & Home Builders Federation

Planning for 20,000 Homes



Recommendations for improvements to land and planning systems that would expedite the achievement of the 2016 Housing Supply Pact

Community Housing Cymru is a signatory on a Housing Supply Pact, alongside Welsh Government and the Welsh Local Government Association, promising to deliver 20,000 homes by the end of the current Assembly term. We have seen a proactive delivery approach from our members (housing associations delivered 14% more additional affordable homes during 2015-16 than in the previous year and the percentage of all affordable homes delivered by HAs rose from 89% in 2014-15 to 94% in 2015-16), as well as substantial support from Welsh Government in the form of major capital funding (over £100m in Social Housing Grant in 2016/17 and an initial £20m for an innovative housing design programme). However, our members have voiced concerns that there are significant challenges within the planning system which threaten to act as impediments to achieving the target.

The Home Builders Federation and their members are significant partners in our efforts to achieve this target. The private home building industry can help deliver a substantial element of the 20,000 affordable homes target, both through the 6,000 Help to Buy homes that are planned as well as through the provision of a percentage of affordable homes on private housing schemes, via section 106.

The Federation of Master Builders (FMB) is also very eager that the 20,000 target is achieved. The FMB represents hundreds of small and medium sized building companies (SMEs) throughout Wales; a sector that was once very prominent in the house building industry. Today, only approximately a quarter of new homes are built by SMEs, compared to two thirds in the 1980s. The reasons for this deterioration are numerous, but one is that the planning process often acts more as a barrier than an enabler to small builders. The FMB is keen to work with stakeholders to solve some of these unnecessary barriers within planning, and in doing so, to take a significant step in reaching the 20,000 target.

The planning system has seen a number of positive changes over recent years and its adaptability to shifting priorities is to the Welsh Government's credit. We argue that more changes are required to reflect the establishment of the 20,000 target, which would enable us to build the quality homes that the people of Wales need at a faster rate. Our key recommendations for how to achieve these changes are summarised in this briefing.



Recommendation 1: Revisit Public Land Disposal Strategy with the Affordable Housing Target in Mind

“ The scale of public land coming forward for housing is constrained by the expectation of maximising capital receipts and competing policy objectives ”

- Delivering More Homes for Wales report, Welsh Government 2014

“ Prioritise creative use of land and seek the release of land owned by the Welsh Government and others for housing ”

- Housing Supply Pact between Welsh Government
CHC and WLGA - Key Enablers, 2016

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Recommendation 1: Revisit Public Land Disposal Strategy with the Affordable Housing Target in Mind

The ability of CHC, the FMB and the HBF's members to access land at sufficiently affordable rates to enable the subsequent delivery of affordable housing is key to meeting the target. By increasing the availability of public sites, priced at a point reflective of the social value which they will offer to the people of Wales, Welsh Government can support our members to make a significant stride towards the delivery of 20,000 affordable homes.

The Delivering More Homes for Wales report stated that "the scale of public land coming forward for housing is constrained by the expectation of maximising capital receipts and competing policy objectives"¹

Welsh Government should review public land disposal strategies and amend to make them more favourable to affordable housing developers, both housing associations and private developers providing affordable homes. Examples of how this might be achieved include:

- Local authorities to consider land value guidance in disposal
- Local authorities could offer land at auction to housing associations in the first instance, before going to the open market.
- Welsh Government should consider how its own land, as well as land from the MOD, Church and other institutions, can be accessed to develop affordable housing and should prioritise the release of appropriate sites. This could be through the establishment of a target amount of land to be released across Welsh Government.
- We propose the introduction of statutory guidance which recommends that the potential social value of land is considered by LAs as well as its financial value.
- We recommend that the application of the NHS (Wales) Estate Code, with regard to sub-market value disposals of land ('concessionary' sales), which take into consideration the social value that this land will achieve as well as its financial value, be applied across all public sector land.²



- We support the recommendation in Welsh Government's Longitudinal Viability Study of the Planning Process that public sector organisations should develop deliverable disposal strategies for land in public ownership with a policy imperative of supporting the delivery of homes.
- The Welsh Government's Land for Housing scheme should be open all year round to enable developers of affordable homes to have continuous market engagement.
- CHC supports the call from the Home Builders' Federation Cymru for the inclusion of the supply of land for strategically significant housing developments and related supporting infrastructure within the scope of the National Infrastructure Commission for Wales.
- The Home Builders' Federation Cymru supports the call for housing associations to be granted priority access to land for housing on the proviso that, in the rare instances in which housing associations are subsequently unable to demonstrate capacity to build the site out, that the site is then offered to private developers with a slightly higher affordable housing requirement, based on the land purchase price being reduced to ensure that viability remains.

¹ <http://gov.wales/docs/desh/publications/140130delivering-more-homes-for-wales-en.pdf>

² [http://www.wales.nhs.uk/documents/WHC\(2007\)088.pdf](http://www.wales.nhs.uk/documents/WHC(2007)088.pdf)



Recommendation 2: Review Section 106 Practice

“ A standardised format for section 106 negotiations would be very welcome, giving certainty to housing associations and preventing some, at times, excessive and repetitive legal negotiations ”

- CHC Member

“ Section 106 negotiations invariably end up as bilateral, i.e. between the vendor and developer... housing associations need to be involved early on to help shape the terms of the document and to ensure that the terms imposed on affordable housing are agreeable to the association’s lenders ”

- CHC Member



Recommendation 2: Review Section 106 Practice

The Section 106 system is an area ripe for improvement, particularly with regard to the consistency of its application. Members report that Local Planning Authorities (LPAs) often levy the same level of financial contributions towards off-site improvements on affordable housing development proposals that they levy on private house building developers, which renders the delivery of affordable housing very challenging and often impossible to achieve on projects which need to meet Welsh Government Acceptable Cost Guidelines (ACG).

We recommend that Welsh Government undertakes a review of Section 106 practice in Wales and how it could be amended to bring forward the delivery of the affordable housing target.

Specifically this review should consider:

- **Whether S106 agreements should include a clause that the affordable housing requirement falls away if the site is sold to a housing association.**
- **How to achieve a level of consistency in application of S106 – members report that the inconsistency from site to site adds a layer of unnecessary complexity to the process, slowing development.**
- **How to bring housing associations into S106 negotiations at a much earlier stage, which would enhance the likelihood of a greater proportion of affordable housing development being included in the deal.**



Recommendation 3: Increase Local Authority Planning Resources

“ We find planning officers are over-stretched and under resourced and this is the single, biggest factor to planning delays. We would therefore welcome additional WG investment in this area and see fees for pre-application advice, for example, as a small contributor to solving this big problem “

- CHC Member



Recommendation 3: Increase Local Authority Planning Resources

The planning departments of local authorities are among the worst affected by UK Government's programme of austerity. Indeed, the Welsh Government's White Paper 'Reforming Local Government: Resilient and Renewed' states that "between 2009/10 and 2016/17 resources devoted to the planning function declined by 53%, the largest reduction of any Local Authority service area".³ The consequences on the pace of planning for affordable housing are obvious and profound.

To overcome this, we make the following recommendations:

- **LPA resource could be improved through the introduction of an increased planning fee which is set and retained locally within the LPA. Welsh Government should consult on the feasibility of this and the expected service improvements. CHC members are open to discussion about increased fees, if it means that the service provided enables them to meet their targets.**
- **Welsh Government to study the extent of delays caused to the delivery of affordable housing by Local Authority planning processes and to consider the efficacy of existing sanctions for delaying beyond statutory response times, as well as the distribution of good practice in this area.**

³ https://consultations.gov.wales/sites/default/files/consultation_doc_files/170130-white-paper-en.pdf



Recommendation 4: Increasing the reliability of planning

“ If the objective of a consistent, effective and efficient planning committee is to be realised then the inter-authority ‘barriers’ around day-to-day practice need to be eliminated. It is recommended that the best route to achieving this is through a move towards shared training delivery “

- RTPI Cymru Study into the Operation of Planning Committees in Wales, 201



Recommendation 4: Increasing the reliability of planning

Our members note several areas of concern with regard to the reliability of the processes involved in obtaining planning for affordable housing. Stigma toward social housing is a genuine threat to the development of sufficient affordable homes and areas of the planning process, such as the public consultation regulation and the work of elected members on planning committees, are at risk of being undermined by such stigma.

We make the following suggestions to improve the reliability of planning:

- We recommend that Welsh Government reviews and amends as necessary the pre-application consultation process after its first year, if it is found to be disproportionately detrimental to the development of new affordable homes. While we, as a sector, are firmly behind the notion of consultation, if key Welsh Government policies are being undermined by this change in legislation then leadership and prioritisation are called for from the Cabinet Secretaries with responsibility for Planning and Housing.
- Welsh Government should revisit their Delivering More Homes for Wales report, with particular reference to the recommendation for each local authority to appoint a new homes champion who will hold a Cabinet position to promote the case for housing. We appreciate that this recommendation was seriously considered in the past before being dismissed, but we feel that the context has changed with the signing of the Housing Supply Pact and that this role would provide a much needed additional boost to housing development.



- We understand that training information for elected members in understanding planning and the need for affordable housing is provided by WLGA, and we support this as a minimum standard. The recommendations of RTPI Cymru's paper, a Study into Planning Committees in Wales, provide a thorough overview of what level of training should be offered to planning committee members and we request that WLGA provides an update on whether this level is being met, particularly in light of the raft of new council members that can be expected following May 4th 2017.⁴
- We recommend that the process applied in some authorities, whereby elected members who decline applications against advice must personally defend their positions at enquiry rather than leave it to a member of council staff, is applied on a national scale. This will mean that elected members give additional consideration to their reasons for objecting and that there is absolute clarity as to the reasons for doing so.
- We recommend that the data collected in the Development Management Quarterly Survey should be widened so as to allow for a determination of the number of (potential) affordable home sites to be included. This data would enable us to see whether there were areas in which affordable housing was more likely to be accepted/declined contrary to recommendation. Welsh Government could use this information to press for improvements in areas which show an abnormally high presence of declinations of affordable housing against advice.

³ http://www.rtpi.org.uk/media/539677/seminar_presentation_committees_in_wales_130604_to_rtpi.pdf



Recommendation 5: Increasing the pace on-site

“ The delivery of new housing projects is often held up significantly due to the difficulties which occur in obtaining agreement from some utilities companies to connect to their infrastructure. The process is incredibly complex and fraught at every turn... There are examples of finished projects being unoccupied for over 9 months after completion due to connection delays “

- CHC Member



Recommendation 5: Increasing the pace on-site

As well as the issues slowing progress in the land acquisition process and that of obtaining planning permission, we have also considered some of the problems facing affordable housing developers when they get on-site, with particular regard to the role of utilities companies.

We make the following recommendations as to how to deal with these:

- Significant and varied concerns have been raised with CHC regarding utilities companies' roles in the delay of development. We recommend that strategic-level discussions are held as a matter of urgency to ensure that utilities companies see the target of 20,000 affordable homes as a cross-sectoral priority. Strong leadership is needed from Welsh Government to prioritise this target and all infrastructure and statutory bodies should be made aware of the significance of its achievement. Specifically, we call for Welsh Government to convene a task and finish group featuring representatives from all major utilities companies, along with CHC, HBF and WLGA members, to determine where the frustrations lay in the system and what can be done to speed the process up and get homes ready for habitation as quickly as possible.
- LAs should reduce, or ideally eliminate, all pre-commencement conditions from RSL planning consents, instead writing conditions that have to be satisfied before first occupation of the development.
- With regard to Highway construction, Welsh Government should issue guidance on Section 278 and include the recommendation that the developer should have the choice in deciding who carries out highways work. This would ensure value for money and expedite development.



Recommendation 6: Reinforcing The Plan Led System

“ I expect each Local Planning Authority to give priority to the preparation or replacement of LDPs, including giving full consideration to the production of joint plans with neighbouring authorities. To be clear, each Local Planning Authority must provide a genuinely available supply of land for housing, based on meeting the housing requirements they have identified in their Development Plan. This is a core principle of the planning system established by Planning Policy Wales since 2002 and an integral part of preparing an LDP “

- Lesley Griffiths AM, Cabinet Secretary for Environment and Rural Affairs,
from a letter to Heads of Planning dated 23 February 2017



Recommendation 6: Reinforcing The Plan Led System

The HBF, the FMB and CHC believe that, currently, the plan led system in Wales is not supporting the delivery of new homes as it should. We are concerned that we currently run the risk of a 'policy vacuum' in which we have a large number of out of date plans under review while still waiting for the NDF and SDPs to be adopted.

The actions which we believe are required include:

- LPA's should not be allowed to stop work on plan reviews while waiting for the NDF or SDP to be adopted.
- Welsh Government to use the powers available to them to ensure that plans are both adopted and reviewed in a timely manner to ensure continual plan coverage.
- Require LPA's who have less than a five year land supply to take action to help increase the availability of deliverable housing sites, through granting permission for sustainable development or allocating additional sites for housing in a review of their LDP.
- Welsh Government to clarify the role of the authority monitoring reports in monitoring plan delivery and their position in terms of 'failing' LPA's. Is the level of development secured in accordance with their Development Plan a consideration?



Conclusion

Despite tightening revenue streams as a result of UK Government's position on welfare reform, CHC, the FMB and HBF's members are demonstrably committed to the achievement of the housing supply target. If Welsh Government and WLGA can deliver the recommendations outlined in this briefing paper, they will have made a significant contribution to our ability to reach this milestone. More than this, they will have ensured that we can go beyond this level in future, working in a planning environment which is conducive to the much needed delivery of affordable homes.



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