

Swansea Council response to Senedd Inquiry into Affordable Housing Supply

April 2024

Progress towards meeting the target of 20,000 low carbon social homes for rent; and the extent to which current and projected levels of social housebuilding are likely to meet housing need

The Swansea Local Development Plan (LDP) Annual Monitoring Reports have tracked affordable housebuilding since the LDP was adopted in 2019/20 and the annual build by tenure of affordable housing in Swansea is shown below.

Year	Number built all AH	Number built Intermediate	Number built Social rent
2019/20	199	51	148
2020/21	209	29	180
2021/22	149	36	113
2022/23	206	35	171

Source: LDP AMRs

The challenges faced by social landlords in increasing supply

Developers in general across Wales are experiencing significant issues in delivering housing sites. The Swansea LDP Annual Monitoring Reports have reported there have been highly exceptional circumstances that have influenced the above outcome over the last 2-3 years. In particular, at times within this period dwelling completions have been affected by the COVID-19 crisis impacting on site operations (closure of sites and social distancing). There have also been labour supply issues, inflation and rising costs of materials and extended lead in times due to supply chain problems (including steel shortages; and impacts from Brexit with 60% of materials in the construction sector imported from the EU according to a report from the Chartered Institute of Housing, with the figure being even higher for softwood)¹.

Further factors which have affected housebuilding are the impact of national changes in sustainable drainage requirements; and increased ecology requirements in terms of delivering net biodiversity enhancement which have all had to be incorporated into the masterplanning process on sites and impacted on viability and in some cases delayed deliverability.

Highways and SUDS approval processes, which are separate from the planning system, add further significant hurdles for developments to get through post planning consent, causing delays and in some cases schemes needing to be altered (see

¹ Survey of Small and Medium Enterprise housebuilders in the UK (HBF January 2022 press release); and Four of the biggest factors impacting Welsh housing development (August 2023 Community Housing Cymru)

Welsh Government's post-implementation review of Schedule 3 of the Flood and Water Management Act).

Phosphate related challenges have impacted development in parts of Wales, though not Swansea currently.

Sites are taking longer than expected to get on site as a result of these issues.

In terms of Council housing development, the main challenge has been availability and suitability of land. Swansea's approach has been to focus development on existing HRA land holdings. There are a number of reasons for this including our aim to provide regeneration opportunities on existing estates by utilising these plots which would be unattractive or unviable for private developers and RSLs. However, these sites have high levels of abnormal costs associated with them, which is driving up development costs. The WG's Land and Building Development Fund has been a very useful source of funding to bring down development costs on difficult sites and make schemes more affordable to deliver.

Local Authorities receive Social Housing Grant in arrears. This differs from the funding regime for RSLs, which allows them to claim grant up front. This has a financial impact on the viability of schemes for local authorities.

How housing standards and decarbonisation affect the delivery of new social housing

Over the past 5 years, Welsh Government has developed ambitious strategic policies to increase the supply of social housing at the same time as extending the requirements of the Welsh Housing Quality Standard to decarbonise 231,000 existing social properties in Wales. Whilst Swansea Council strongly supports the aim to decarbonise homes in order to achieve carbon reduction targets, the HRA Business Plan does not have sufficient financial resource to meet the Government's twin policy objectives of increased supply and decarbonisation of existing stock whilst maintaining WHQS compliance.

When the draft WHQS2023 was issued for consultation in May 2022, social housing providers and their representative bodies advised Welsh Government that decarbonisation of existing stock was unaffordable and unachievable by its target date of 2033. Feedback highlighted adopted regulations would need to be underpinned with direct long term grant subsidy to make the programme financially feasible.

Whilst achieving higher standards are easier to achieve for new build properties, this does come with significant cost increases. Whilst the Innovative Housing Programme provided grant funding to enable inclusion of whole scale renewable systems, Council's & RSLs are now looking to reduce specifications to minimum requirements to reduce costs and improve scheme viability.

How effectively the planning system is supporting social housebuilding

National planning policy, Planning Policy Wales (PPW), states that a community's need for affordable housing is a material planning consideration which must be taken into account in formulating development plan policies and determining relevant planning applications. The Council has evidence-based market and affordable housing policies in its Local Development Plan (LDP) in-line with Planning Policy Wales and Future Wales (FW), the National Development Plan. FW also requires planning authorities to explore all opportunities to increase the supply of affordable housing.

The Swansea LDP has a target for affordable housing provision, expressed as numbers of homes, based on the expected contributions from the policy approaches identified in the development plan, which are:

- i. Evidence based area targets for on-site provision of affordable housing to be delivered as part of residential proposals where appropriate and viable;
- ii. Allocating six Local Needs Housing Exception Sites, which will deliver local needs affordable housing as a majority proportion of homes on such sites, supported by a minority element of market housing to meet local need; and
- iii. A policy framework for determining 100% affordable housing exception sites

It should be noted that the Swansea LDP led subsequent national policy in allocating majority affordable housing sites in the plan, which has since been encouraged in FW. These sites have been successful in delivering affordable homes with two of the six sites fully completed (delivering 67 affordable units), one well under construction (to deliver 16 AH units), and two at pre planning application stage.

The LDP provides a clear policy framework for the determination of edge of settlement sites proposed solely for the delivery of affordable housing as an exception to the normally strict controls on development proposals outside of the settlement boundary. This new framework has supported the delivery of planning consent for 3 affordable housing exception sites since the LDP was adopted. The LPA has taken the approach of requiring social rented tenures on these sites to ensure the units themselves remain affordable in perpetuity.

The LDP Annual Monitoring Reports have tracked planning consents that deliver elements of affordable housing since 2019/20 and the annual number of units granted consent is shown below. Significant numbers of affordable homes have been consented.

Year	Number of AH units granted planning consent
2019/20	840
2020/21	273
2021/22	254
2022/23	149

Source: LDP AMRs

The number of affordable units secured through planning permissions in each year varies as it is reflective of the nature of the schemes that have been approved during that 12 month period (in terms of scale and whether they are private developer led or Council/RSL schemes), while the tenure split in terms of the type of affordable (social rent v intermediate) is reflective of several factors such as the housing need at the local level and scheme viability.

For example, in 2022-23 the applications which secured affordable housing were all non-strategic scale sites, and the sites consented at the larger end of this scale were private developer led sites where only a proportion of the site will be affordable homes (in-line with LDP affordable housing policy). Therefore the figures were relatively lower in this year compared to previous. While significant collaborative work continued between the Council and site developers in progressing large Strategic Development Area (SDA) sites in 2022-23, no planning consents were granted on SDAs in this 12 month period. SDAs provide housing on a much larger scale and consequently the proportion of affordable units secured on them is much larger in quantity. In contrast to 2022-23, consents granted on SDAs secured a large number of affordable units in the previous year (SD B Garden Village) and in the year before (SD C Land at Parc Mawr, Penllergaer) on these single sites.

The LPA continues to work closely with site promoters for example on part of SD H Land north of Waunarlwydd at Fairwood Terrace, Gowerton; and SD A Land South of Glanffrwd Road, Pontarddulais to progress towards the determination of those planning applications in 2024; and to progress other allocations to planning applications such as on and SD E Land north of Clasemont Road, Morriston, in addition to non-strategic scale sites, with the aim of increasing the number of affordable homes secured during future years.

The Welsh construction sector's capacity to build new low-carbon social homes; the potential for acquisitions of existing homes and remodelling of existing buildings.

Swansea Council new build schemes to date have been constructed by our in-house Building Service Teams so we have limited experience of the capacity and appetite of the construction sector in delivering social housing schemes. However, we have a number of schemes in development which will provide the opportunity to test the market.

Swansea Council has been active in utilising existing buildings to increase our stock – largely focussed on property that is within the Council's ownership. Examples include: former Social Services respite units, decommissioned housing offices and a former Education Centre. Whilst this approach has provided relatively low numbers typically ranging between 2-10 units, they have been delivered at relatively low cost and provided new units in a significantly shorter time period than a new build development. Swansea Council also has an active programme to buy back former Council properties bought under the former Right to Buy legislation, which is

enabling us to add additional housing stock at a much quicker pace than new build developments. We intend to continue with this mixed strategy (new build developments, property conversion and acquisitions) in order to address housing need in Swansea.

We are engaged with the Welsh Government's Net Zero Design Project, along with a number of other social landlords in Wales, working with Stride Treglown Architects to develop a national pattern book of low carbon house designs for use across the sector. We believe that the outcomes of this work will provide valuable information regarding the cost of developing to low carbon standards, which should inform the social housing sector's and the Welsh Government's understanding of the costs attached to achieving these build standards. One of the aims of this project is to engage with the construction sector and suppliers to help stimulate the market. The intention is that if there is a standard approach to house design used by a significant proportion of the social housing sector then this will improve the supply chain across Wales.

How local communities can be effectively engaged in social housing developments in their areas.

Effective pre application consultation (PAC) in the planning system provides the opportunity for developers to involve surrounding communities, though the earlier the engagement can happen the better in the formulation of designs and making of places.

How to improve the strategic management of public and private land for social housebuilding, including compulsory purchase. No comment

The opportunities and risks in increasing government borrowing and institutional investment. No comment.