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19 April 2024

e-mail response sent to: SeneddHousing@senedd.wales

Dear Sir/Madam,

Response to: Social Housing Supply Inquiry

The Royal Town Planning Institute (RTPI) is the largest professional institute for planners in Europe, representing over 27,000 spatial planners. RTPI Cymru represents the RTPI in Wales, with 1,300 members. The Institute seeks to advance the science and art of planning, working for the long-term common good and well-being of current and future generations. The RTPI develops and shapes policy affecting the built environment, works to raise professional standards and supports members through continuous education, training and development.

Thank you for the opportunity to respond to the above Inquiry. The land-use planning system plays a crucial role in delivering housing alongside many interlinked issues which should not be considered in isolation. Our response will focus on the role of the planning system in supporting the delivery of social housing. However, we aim to emphasise the close links between the provision of social housing, planning and other sectors such as health and transport and the need for an adequately resourced and committed partnership approach to housing supply and delivery.

We note that language has recently changed in relation to the term social housing, for example planning policies have generally tended to refer to 'market' housing and, separately, to 'affordable' housing. For clarification, in this response we use the term 'social housing' meaning the same as 'affordable' housing, namely homes for social rent, intermediate rent and low-cost home ownership, via Registered Social Landlords and as defined by Welsh Government Technical Advice Note 2 *Affordable Housing*. The tenure of such housing is secured via Section 106 planning agreements.

The United Nations Human Settlements Programme (UN-Habitat) [Our Strategy | UN-Habitat \(unhabitat.org\)](#) is mandated by the UN General Assembly to promote socially and environmentally sustainable towns and cities. As part of this, the programme sets out that “*Everyone has a fundamental human right to housing, which ensures access to a safe, secure, habitable, and affordable home*”. The programme recognises the strength in partnership working and the need for all sectors to work together with a shared vision. We therefore urge that the provision of adequate homes, including social housing, is not considered in isolation but is considered holistically and decisions are based on joined up, robust evidence.

RTPI Cymru is a member of the Placemaking Wales Partnership which represents organisations and professions working across the built and natural environment sectors. The Placemaking Wales Charter has been developed by the Partnership. It sets out principles for placemaking in Wales which guide us to think about ‘whole places’ rather than just single developments or land use in isolation. All housing developments, even proposals for single houses, have a part to play in placemaking.

While discussion around housing provision is often focused on the detail of housing supply, it is important to equally recognise that high quality homes, safe living environments and access to opportunities for work, exercise, recreation and healthcare are also essential to achieve sustainable development. Well-planned places, particularly those with access to green infrastructure and that enable community cohesion, are important for supporting the mental and physical health of residents. The provision of social housing must go hand-in-hand with inclusive, affordable, reliable, frequent and integrated public transport. RTPI Cymru has long called for a more integrated approach to transport and land use planning in line with the findings of the RTPI Net Zero Carbon Research - [RTPI | Net Zero Transport: the role of spatial planning and place-based solutions](#). New work on Regional Transport Plans and Strategic Development Plans makes crucial progress in this regard. It is vital that we work to better integrate an inclusive and affordable sustainable public transport system if we are to enable more sustainable places, encourage modal shift, and achieve decarbonisation, net zero targets and climate action goals. There are links in this respect to the Well-being of Future Generations (Wales) Act (2015).

To encourage the delivery of housing in areas of need, partnership working is required amongst all stakeholders, including public and private sectors, financial sector, statutory agencies and Government, working together to bring forward developments.

Measuring outcomes, along with spatial targets for different parts of Wales is an integral part of the long-term delivery of social housing. The [RTPI's Measuring What Matters Research \(2020\)](#) considers how the outcomes of planning decisions can be measured, which goes beyond simple metrics like the number of homes delivered to encourage analysis in terms of placemaking aspirations and social, economic and environmental value, in order to track and improve the real impact of planning in Wales. This could support better recognition of the quality of homes, rather than focusing solely on numbers.

How effectively the planning system is supporting social housebuilding

The role of planning is to enable the right development in the right places and to plan for the long term to meet policy aspirations including tackling homelessness and providing opportunities for younger people to remain in areas where they are outpriced, tackling the challenges of an ageing (and increasingly state-dependent) population. RTPI Cymru argues that a well-resourced Plan-led system is essential to support the provision of adequate housing, including social housing.

To meet housing need, politicians need to support Local Development Plans (LDPs) that identify where homes, including social homes, are needed and are best located taking into account connectivity and supporting infrastructure such as jobs, school places and active travel links; enforce quality standards; and support community cohesion and growth to sustain communities.

Linked to the clarification of the term 'social housing', above, we have noted, in recent years, the language used by Welsh Government Ministers and officials has shifted from referring to 'affordable homes' to referring to 'social housing'. This has been accompanied by changes to the rules surrounding Social Housing Grant (SHG). The combined effect has been to focus on social homes for rent and end grant and policy support for low cost home ownership (LCHO). LCHO properties form an important contribution to meet housing need, suitable for people who cannot afford a full mortgage and deposit but can afford to part-own a home at typically 50% - 80%. It is important to provide a mix of tenures to create socially sustainable communities and opportunities for all. It is also important to ensure that social housing is genuinely affordable (in particular when considering the 'shared ownership' model whereby occupants part-own a property but must also pay rent on the part they do not own, in contrast to the 'shared equity' model in which the part retained by the RSL is occupied rent-free).

Decisions on housing growth levels and associated policies in Development Plans should be based on evidenced housing need and policy aspiration, not solely past trends. For social housing, the evidence from emerging Local Housing Market Assessments suggests that in many areas, the greatest need is for one-bedroom social rented properties. Careful consideration needs to be given to the social sustainability of large-scale provision of one type of accommodation, both in terms of social cohesion and longer-term need (e.g. accommodating future household growth).

The level of growth allowed for by Strategic and Local Development Plans must be allowed to take account of policy aspiration rather than simply follow past trends. Examples of policy aspiration in many parts of Wales are affordable housing delivery and demographic change. Wales has an ageing population and many younger people cannot afford homes or find work in their home community, so leave. This results in a shrinking working-age population, making Wales less attractive to investors, resulting in fewer job opportunities. Adequate housing, that provides a mix of different sizes and tenure, with various options for the occupier/owner and taking into account the wider issues of placemaking could support a shift in this respect. This should include planning policy controls over the mix of market housing.

The majority of social housing in Wales is currently provided via S106 planning contribution agreements, secured as an on-site percentage of homes delivered by volume housebuilders as part of a larger development. The percentage is set by local planning policy but is often subject to negotiation based on development viability evidence. This approach is allowed for by Planning Policy Wales. An increasing proportion of affordable homes are being provided by Registered Social Landlords (RSLs) using Welsh Government grants, or via S106 agreements albeit RSLs have a much lower profit requirement than volume housebuilders (often c.6% profit margin for an RSL compared to c.20% for a volume housebuilder). Affordable housing exception site policies (which allow social housing to be built on land that would not otherwise get planning permission) currently contribute a very low levels of social housing delivery. To achieve the Welsh Government's ambitions and delivery on housing need, the contribution of all housing developers must be valued and maximised.

The planning system, if used effectively, can be a significant part of the solution to social, economic and environmental challenges, however, resourcing is a key challenge for the sector. The RTPI has long called for the proper resourcing of planning services. It is widely recognised that Local Planning Authorities, along with the wider public sector, are struggling to meet expectations and unlock the value planning has to offer. The evidence shows that Local Planning Authority planning budgets are 45.6% lower than they were in 2008-9. It is widely recognised that planning application fees do not cover the full costs of delivering the Development Management (planning applications and enforcement) functions. Our members and colleagues in the development industry have indicated that they would be willing to pay higher planning application fees provided they are invested in measures that result in an improved planning service, such as additional resources. It is essential that the strain the public sector is currently under is recognised in developing legislation, policy and target setting, so that achieving those targets and ambitions is realistic. Sufficient resourcing of public bodies and investment in key skills and specialisms for the longer term are all important aspects of meeting targets.

A well-resourced, Plan-led, positive planning service can deliver Council and Welsh Government objectives, which, if properly encouraged and effectively organised can bring together objectives across services and sectors. Council Senior Leadership Teams provide leadership, vision and priority-setting by shaping the strategic direction and spending decisions of Local Authorities. The implications of these decisions on new investment, infrastructure, development activity, local services and policy delivery are significant. The RTPI considers that the role of the Chief Planning Officer should have a more prominent and strategic position within Local Authorities to positively influence the outcomes of planning and support good growth and a balanced recovery, aligned with the [new legislative provision in Scotland](#). Planners have an important, proactive role as drivers of change, but collaborative working is needed across sectors, business and communities, with resources and funding in place to support this.

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

Although debate often focuses on the planning system, discussion and research have shown, obstacles in delivery can be found in many areas, such as the markets for buying and selling land, and for buying and selling houses, and in terms of social housing in procurement practices. The provision of infrastructure is another example, “*delivering infrastructure is often harder to do if you have a spray of smaller sites than if you have one big one. On the large sites there have been some very impressive deliveries of infrastructure, which have come as a consequence of economies of scale.*”

<https://www.theplanner.co.uk/news/report-small-builders-call-for-urgent-stimuli-to-survive>

Infrastructure challenges also disproportionately affect more rural areas of the UK, such as large parts of Wales without mains sewers or utilities.

Adjustments to the way in which Social Housing Grant can be used would assist affordable housing delivery on allocated sites, matching funding with need and a Plan-led system.

The challenges faced by social landlords in increasing supply

Achieving the essential supply of new homes is reliant on up-to-date, deliverable adopted LDPs. All housebuilders, including RSLs, state that the biggest constraint on their activities is land supply. It is therefore important that progress continues to be made on LDPs.

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

Wales has clear standards that define what is required to constitute an ‘affordable home’ and has stuck firmly to this: this approach provides clarity for all stakeholders and ensures a quality outcome rather than solely a numerical output. This approach should remain.

However, size standards and retrofit standards pose particular problems for the conversion of existing buildings. Re-use of vacant upper floors in town centres offers an opportunity to bring vitality and footfall to town centres as well as providing much needed affordable homes in highly sustainable locations. Greater flexibility is required to achieve the shared housing and regeneration benefits.

Some forward-thinking Local Planning Authorities are considering LDPs policies requiring new homes to be net zero carbon. While this is admirable, there is a risk that 25 Local Planning Authorities devise slightly different policy-wording, which would have the effect of housebuilders needing different construction methods and designs in different parts of Wales. That is unsustainable as a business model for the construction industry, in particular for modern Methods of Construction which require large degrees of standardisation to enable prefabrication. This is an area in which the Welsh Government should show leadership, and produce a single policy for the whole of Wales, or alternatively achieve net zero via Building Regulations.

Notwithstanding the above, it must be recognised that net zero homes will cost more to build. Unless there is a long-term interest retained, the reduced living costs for future occupiers will not benefit the developer to off-set increased build-costs. Coupled with this, increased infrastructure demands add additional costs to developments and must either be met by the developer via S106 planning contributions, if viable, or via the public purse.

How to improve the strategic management of public and private land for social housebuilding, including compulsory purchase

A well-resourced, Plan-led system, supported by partnership working and mechanisms including compulsory purchase can support the strategic management of land for social housebuilding, for example bringing forward stalled, allocated sites.

We are aware of the Welsh Government loan funding announced in May 2018 aimed at supporting small and medium sized builders to unlock stalled sites across Wales. *“Research in 2015 suggested there were potentially 7,600 homes on nearly 400 sites across Wales, where progression has been halted for a wide range of reasons, from pre development works and economic viability, to challenges in securing affordable funding. These are known as stalled sites, most of which are suitable for the SME sector to develop. Stalled sites could be unlocked through investment and support at an early stage, such as groundwork, infrastructure improvement or simply assisting with cash flow.”* [Up to £160m to unlock stalled sites for SME house builders | GOV.WALES A detailed review of the outcomes of this initiative, including the impact on social housebuilding, would provide useful evidence. Unless these stalled sites come forward or are compulsorily purchased, they risk de-allocation in future Local Development Plans.](#)

It would be useful if a register of all publicly owned land in Wales were compiled, to enable it to then be sifted for suitability for development. It is important that sites allocated in Development Plans are included because they are in the best location, not simply because they are in public ownership. The current Plan-making process relies on land-owners promoting their land for inclusion in LDPs, which does not always provide the optimal sites for allocation.

Completing a LDP requires brave, long-term decisions to be made by elected members.

The potential for increasing income from land value capture mechanisms to invest in social housing

The skill set around understanding viability within LPAs and other stakeholders could be improved, but this requires open dialogue and partnership working between all stakeholders. Many LPAs in Wales already proactively engage with SMEs, running initiatives such as [Builders Breakfasts](#) and most have useful Supplementary Planning Guidance, for example [Rhondda Cynon Taf](#).

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

A full review of the existing retrofitting process in relation to existing homes would provide useful evidence on social housing delivery.

A skills shortage within the construction industry and access to finance were found to be significant issues for SMEs looking to engage in house building, highlighted in [Federation of Master Builders \(FMBs\) House Builders' Survey 2018](#).

Planning can also support various mechanisms and initiatives in this regard, including bringing back into use empty homes. Shelter Cymru note that "studies have shown that the average cost of returning empty homes to a habitable state is between £6,000 and £12,000 per property. Around 2,000 empty homes could be brought back into use for £20m." [Empty homes - Shelter Cymru](#)

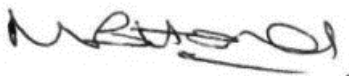
However, we have become aware that the availability of internal residential space in market housing is becoming an issue for some urban local planning authorities, in particular. Decreased living space can have implications on wellbeing, quality of life and mental health. Other social issues include lack of private space within dwellings, storage space and, increasingly important, reduced ability to work from home. There needs to be balanced consideration and open dialogue between all parties regarding the need to provide housing of an acceptable standard against viability.

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

Local communities can engage via LDPs and pre-application consultation processes. If Local Authorities have local lettings policies for affordable homes, and new development delivers policy-compliant affordable housing levels, local communities might be more likely to accept new mixed tenure development. This needs to be accompanied by investment by others in support services, infrastructure and amenities.

If you require further assistance, please contact RTPI Cymru on 020 7929 8197 or e-mail Mark Hand at walespolicy@rtpi.org.uk

Yours faithfully,



Mark Hand MRTPI
Director