

Social Housing Supply

November 2024



The Welsh Parliament is the democratically elected body that represents the interests of Wales and its people. Commonly known as the Senedd, it makes laws for Wales, agrees Welsh taxes and holds the Welsh Government to account.

An electronic copy of this document can be found on the Senedd website:
www.senedd.wales/SeneddHousing

Copies of this document can also be obtained in accessible formats including Braille, large print, audio or hard copy from:

Local Government and Housing Committee
Welsh Parliament
Cardiff Bay
CF99 1SN

Tel: **0300 200 6565**
Email: **SeneddHousing@senedd.wales**
Twitter: **[@SeneddLGHousing](https://twitter.com/SeneddLGHousing)**

© Senedd Commission Copyright 2024

The text of this document may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading or derogatory context. The material must be acknowledged as copyright of the Senedd Commission and the title of the document specified.

Social Housing Supply

November 2024



About the Committee

The Committee was established on 23 June 2021. Its remit can be found at:
www.senedd.wales/SeneddHousing

Current Committee membership:



Committee Chair:
John Griffiths MS
Welsh Labour



James Evans MS
Welsh Conservatives



Lesley Griffiths MS
Welsh Labour



Siân Gwenllïan MS
Plaid Cymru



Altaf Hussain MS
Welsh Conservatives



Lee Waters MS *
Welsh Labour

* Lee Waters MS recused himself from consideration of the report.

The following Members attended as substitutes during this inquiry:



Mabon ap Gwynfor MS
Plaid Cymru



Hannah Blythyn MS
Welsh Labour



Carolyn Thomas MS
Welsh Labour

The following Members were also members of the Committee during this inquiry:



Luke Fletcher MS
Plaid Cymru



Sarah Murphy MS *
Welsh Labour

* Sarah Murphy MS recused herself from all Committee activity.

Contents

Chair's foreword	5
Recommendations	7
Introduction	10
Evidence gathering	11
1. Measuring and meeting housing need.....	12
The need for social housing	12
Estimating housing need.....	14
Estimating need at local level.....	16
Delivery	20
Progress towards target	20
Delivery methods.....	23
Our view	27
2. Finance	31
Grants.....	31
Borrowing and institutional investment.....	33
Our view	35
3. Challenges faced by social landlords.....	37
Standards and decarbonisation.....	37
Construction	39
Our view	41
4. Planning.....	44
Our view	48
5. Land	50

Land value capture.....	50
Developer obligations: section 106	52
Strategic land management.....	53
Land Value Tax and Vacant Land Tax.....	56
Land availability	56
Our view	59
6. Engaging local communities.....	63
Community-led housing	64
Our view	65
List of oral evidence sessions	67
List of written evidence	69

Chair's foreword

We are in the midst of a housing crisis, with unprecedented numbers of people living in temporary accommodation without a stable place to call home. Our report on social housing supply is part of a series of inquiries relating to our overarching priority of the delivery and availability of appropriate housing in Wales.

The availability of social housing is essential in helping people gain access to a home. We therefore welcome the Welsh Government's commitment to delivering 20,000 low carbon homes for social rent as part of its plans to prevent housing problems and homelessness.

We recognise that increasing social housing supply has been particularly challenging in recent years due to headwinds including the rising cost of materials and labour, and these challenges are not just faced by Wales but by nations across Europe. However, we heard evidence that despite the challenging environment, there are opportunities to do more.

The Welsh Government needs a long term plan to ensure that social homes make up a bigger proportion of our overall housing stock. We therefore welcome the White Paper on securing a path towards adequate housing, which includes a proposed duty on the Welsh Ministers to produce a long-term housing strategy. Many of our recommendations in this report discuss what such a strategy should include.

We believe there is a need for a national development corporation to take the lead on bringing large sites forward, learning lessons from similar bodies in other nations across Europe and in Wales's own recent past. This would support local authorities and housing associations to deliver housing on a scale which they would struggle to achieve on their own.

Building social housing needs significant resource. We are therefore calling for an overall increase in capital funding from the Welsh Government. There is also potential to capture more land value to invest in social housing.

To reach its ambitious target, the Welsh Government needs to work cross-government to overcome fragmented ways of working and ensure different governmental functions are pulling in the same direction. Public sector bodies and departments are working in a siloed way and need to become more integrated with a shared goal of delivering better places for people to live, with enough good quality social homes.

I would like to thank everyone who has contributed to this inquiry.

John Griffiths MS

Chair, Local Government and Housing Committee

Recommendations

- Recommendation 1.** We recommend that the Welsh Government improves its understanding of housing need by reviewing its approach to data. This should include: monitoring and evaluating the new LHMA methodology; considering how LHMA's could be linked up with other data sources; costing out different methodologies for a Welsh Housing Survey including length of survey cycle; and how the Welsh Government intends to monitor and evaluate its data framework.
..... Page 28
- Recommendation 2.** We recommend that the Welsh Government publishes a full data breakdown of homes delivered towards the 20,000 target so far, showing how many homes delivered this term are for social rent, intermediate rent, shared ownership and temporary accommodation..... Page 28
- Recommendation 3.** We recommend that the Welsh Government proactively works with local authorities and housing associations to address the need for one-bed homes. This approach should make the most of acquisitions, remodelling and infill sites to provide homes within existing mixed communities as much as possible..... Page 28
- Recommendation 4.** The Welsh Government should aim for social housing to comprise a critical mass of at least 20 per cent of the housing stock, and up to a third in the longer term. The Welsh Government should develop a strategy for delivery which sets out how close to 20 per cent Wales can get within the next Senedd term..... Page 29
- Recommendation 5.** We recommend that the Welsh Government establishes a national development corporation to lead on delivery of large-scale strategic sites and to support alignment of housing and regeneration efforts. As part of this it should review the future role of Unnos and whether it could fulfil the function of a national development corporation and land agency. The Welsh Government should consider a development corporation's potential functions, powers and duties in relation to delivering new towns, urban extensions and rural development; and any other necessary functions..... Page 30
- Recommendation 6.** We recommend that the Welsh Government increases the allocation for the Social Housing Grant at the earliest opportunity and considers the merits of establishing a community of practice specifically for the grant.
.....Page 35

Recommendation 7. We recommend that the Welsh Government engages with the Development Bank of Wales to enable the DBW to become a direct funder of social housing developments.Page 35

Recommendation 8. We recommend that the Welsh Government provides social landlords with greater multi-year funding certainty. This should include greater certainty over rent policy, the TACP, and how decarbonisation of existing stock will be funded..... Page 36

Recommendation 9. We recommend that the Welsh Government work with TPAS Cymru and tenants' associations to develop a separate standard for acquisitions of permanent social homes. This work should be completed within six months.....Page 42

Recommendation 10. We recommend that the Cabinet Secretary for Housing and Local Government works collaboratively with the Minister for Culture, Skills and Social Partnership to develop a strategy for attracting more people into the construction industry. This strategy must have the necessary funding and measurable targets, and should be shared with the Committee by May 2025.
.....Page 42

Recommendation 11. We recommend that the Welsh Government analyses what is causing delays and barriers in the statutory consultee process. The Welsh Government should share its findings with us and the steps it intends to take to address these issues..... Page 49

Recommendation 12. The Welsh Government should explore how it can capture more land value for the public benefit. As part of this, the Welsh Government should redouble efforts to seek devolution of powers to introduce a Vacant Land Tax.....Page 60

Recommendation 13. We recommend that the Welsh Government explores how it can ensure that section 106 policy compliance is fully reflected in land values. This should include publishing national viability guidance as a Technical Advice Note; ensuring that viability assessments are published; and providing centralised expert advice to local planning authorities.Page 60

Recommendation 14. We recommend that the Welsh Government work with local authorities on unlocking the potential of smaller sites within existing communities. This should include encouraging local planning authorities to package small sites together locally or regionally and reviewing the standard viability model for Social Housing Grant to assist viability for small sites.....Page 60

Recommendation 15. We recommend that the Welsh Government works across the public sector ensure greater transparency in public land ownership, and bringing information and expertise into a central place that is easily accessible to all..... Page 61

Recommendation 16. We recommend that the Welsh Government looks again at the proposal to establish a revolving loan fund for community-led housing.
..... 66

Recommendation 17. We recommend that the Welsh Government considers funding Community Housing Enablers across all local authorities..... Page 66

Introduction

- 1.** The Local Government and Housing Committee agreed at the start of the sixth Senedd to undertake a series of work related to the delivery and availability of appropriate housing. To date this work has included inquiries and subsequent reports on: the right to adequate housing; homelessness; and the private rented sector.¹
- 2.** We agreed that a further inquiry as part of this series would focus on social housing supply. At our meeting on 7 February 2024, we agreed the following terms of reference, to examine:
 - progress towards meeting the Welsh Government’s 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 challenges faced by social landlords in increasing supply;
 - how housing standards and decarbonisation affect the delivery of new social housing;
 - the opportunities and risks in increasing government borrowing and institutional investment;
 - how effectively the planning system is supporting social housebuilding;
 - how to improve the strategic management of public and private land for social housebuilding, including compulsory purchase;
 - the potential for increasing income from land value capture mechanisms to invest in social housing;
 - 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; and
 - how local communities can be effectively engaged in social housing developments in their areas.

¹ Local Government and Housing Committee, [Completed work and published reports](#)

Evidence gathering

3. A public consultation was launched on 16 February and closed on 19 April 2024. We received 30 responses to the consultation.²

4. We held ten oral evidence sessions with stakeholders, from 22 May to 3 July 2024, and we heard oral evidence from the Cabinet Secretary for Housing and Local Government, Jayne Bryant MS (the Cabinet Secretary), on 18 September 2024.³

5. We held two private, informal round table discussions with representatives of local authorities, housing associations and the construction sector. The Citizen Engagement Team also carried out interviews with social housing tenants. Summaries of these engagement activities and the key issues raised are available on our website.⁴

6. We are grateful to all those who contributed to our inquiry. Details of all evidence gathered can be found in the Annexes to this report.

² Local Government and Housing Committee, [Social housing supply – consultation responses](#)

³ Local Government and Housing Committee, 18 September 2024, Record of Proceedings (RoP)

⁴ Local Government and Housing Committee, [inquiry into social housing supply](#)

1. Measuring and meeting housing need

The need for social housing

7. The Welsh Government's 2021-26 Programme for Government committed to building 20,000 new low carbon social homes for rent. The commitment is a key element of its plans to prevent housing problems and homelessness.⁵ By increasing the supply of social housing, the Welsh Government aims to ease pressure on housing services and provide homes that meet the needs of people experiencing, or at risk of, homelessness.

8. In its 2023 Annual Report, the Welsh Government said that due to "significant challenges facing the housing sector", it would be focusing on 'delivering', rather than 'building' 20,000 homes for rent in the social sector, including through acquisitions.⁶ The report noted:

*"We are supporting a range of initiatives that will deliver towards the 20,000 homes target, including acquiring properties, remodelling existing accommodation, converting buildings into good quality accommodation, and the innovative use of modern methods of construction and modular accommodation."*⁷

9. The current target includes social rented, intermediate rented, and shared ownership units delivered by registered social landlords (RSLs), local authorities and private sector providers. 'Social rent' means homes provided by social landlords where rent increases are capped annually by the Welsh Government. 'Intermediate rent' means homes where rent levels are set above social rents and up to 80% of market rents.⁸

10. Recent data gives an indication of the scale of unmet demand for housing:

- 13,539 households were assessed as homeless in 2023-24⁹

⁵ Welsh Government, [Programme for Government – Update, December 2021](#)

⁶ Welsh Government, [Annual Report – Annex: 2022-23](#)

⁷ Welsh Government, [Annual Report – Annex: 2022-23](#)

⁸ Planning Policy Wales, [Technical Advice Note 2: Planning and Affordable Housing](#)

⁹ Stats Wales, [Households for which assistance has been provided by outcome and household type](#)

- 11,384 people were housed in temporary accommodation in July 2024, including 2,936 children aged under 16¹⁰
- 139,000 people were on a waiting list for social housing as of October 2023, according to data gathered by the BBC through Freedom of Information Requests (FOIs).¹¹

11. The Chartered Institute of Housing (CIH) Cymru told us that Wales is “in the midst of a housing crisis”.¹² Organisations including the Bevan Foundation and Community Housing Cymru (CHC) agreed that increasing the supply of social housing is key to addressing the crisis.

12. Neath Port Talbot County Borough Council said it was facing “unprecedented demands from households facing or are homeless and staying in temporary accommodation”, and that “demands are easily outpacing supply”.¹³ We heard that the length of time people spent on the waiting list for a social home varied significantly, but ranged from one month to three years.¹⁴

13. A recent market study by the Competition and Markets Authority (CMA) into housebuilding concluded that the private market in Wales is unlikely to produce sufficient housing to meet optimum need, as developers are incentivised to build at a rate which maintains selling prices rather than meeting demand. It therefore recommended that the Welsh Government look to increase its delivery of publicly-funded housing.¹⁵ The Welsh Government accepted the CMA’s recommendations.¹⁶

14. Public Health Wales told us that social housing “can contribute meaningfully to health and well-being”, adding:

“The impact that healthy housing can have on well-being and equity link to other building blocks, such as good jobs, enough money to pay bills, connections with people in our

¹⁰ Welsh Government, [Homelessness accommodation provision and rough sleeping: February 2024](#), April 2024

¹¹ BBC, [Homeless boy fears Santa will not find him at Christmas](#), 11 December 2023

¹² Chartered Institute of Housing, [written evidence](#)

¹³ Neath Port Talbot County Borough Council, [written evidence](#)

¹⁴ Local Government and Housing Committee, [Social housing supply - summary of engagement](#)

¹⁵ Competition and Markets Authority, [Summary of CMA market study final report into housebuilding: Wales summary](#), February 2024

¹⁶ Welsh Government, [Written Statement: Welsh Government response to the Competition and Markets Authority study into housebuilding](#), 8 October 2024

communities, education and skills, and safe and clean environments.”¹⁷

15. We heard that a lack of social housing has a detrimental impact on people in temporary or supported accommodation, leaving them unable to find a secure home. Almost all of the participants in our engagement activities felt that the process of applying for social housing and being on the waiting list had been very stressful for them and their families. Many noted the negative impact this time in their life had on their mental health.¹⁸

16. Welsh Women’s Aid said that the housing crisis is one of the main issues impacting the violence against women, domestic abuse and sexual violence sector in Wales. They added:

“In our recently released State of the Sector 2023-24 Report, we reported that 100% of specialist domestic abuse and sexual violence services surveyed told us that the housing crisis was impacting the support available to survivors of abuse and their children.”¹⁹

17. The Cabinet Secretary told us:

“We know that investing in social housing reduces poverty, improves health and helps drive economic growth. Good-quality, affordable housing can positively impact on health, mental health and education. We are committed to ending all forms of homelessness from both sides—that’s preventing people from losing their homes at one end, whilst working to deliver more affordable homes as quickly as possible at the other.”²⁰

Estimating housing need

18. In our report on the right to adequate housing, we called on the Welsh Government to set out its assessment of how the 20,000 new affordable homes it aims to create will contribute to meeting the overall housing need in Wales.²¹ In response, the Welsh Government told us:

¹⁷ Public Health Wales, [written evidence](#)

¹⁸ Local Government and Housing Committee, [Social housing supply - summary of engagement](#)

¹⁹ Welsh Women’s Aid, [written evidence](#)

²⁰ Local Government and Housing Committee, [18 September 2024](#), RoP, paragraph 4

²¹ Local Government and Housing Committee, [The Right to Adequate Housing](#), July 2023

“Our central estimates of additional housing need in Wales show that, between 2019/20 and 2023/24, 7,400 additional homes are needed each year. Approximately 52% (3,900) of the estimated need is for market housing and approximately 48% for affordable housing (3,500). Our commitment to deliver 20,000 social homes for rent goes beyond these affordable housing need estimates and we have been clear that we believe it is right that it does.”²²

19. Estimates of additional housing need are based on household projections from 2018, along with the number of households in temporary accommodation in June 2019, and households that were both overcrowded and concealed in the 2011 Census. In June 2019 the number of households in temporary accommodation was 2,229. By March 2023 this had more than doubled to 5,481 households.

20. The estimates do not take into account households living in unsuitable accommodation. The statistical quality report states that the estimates are “likely to be an undercount of the true number of households in existing unmet need.”²³

21. Shelter Cymru suggested that “a qualitative element should be included in how need is assessed to ensure that outcomes reflect the needs of communities”.²⁴

22. Cymorth Cymru, while supportive of the 20,000 target, emphasised that the Welsh Government and its partners “must deliver the right homes in the right place, in order for tenancies to be sustained and repeat homelessness to be avoided”. They stressed that “strong consideration must be given to reflecting the needs of the population and ensuring homes are accessible and part of cohesive communities”.²⁵

23. Tai Pawb also welcomed the Welsh Government’s ambition, but suggested that “the Welsh Government needs a more detailed understanding of the diverse needs of the people who need social housing”. They added that a “unit led approach” creates a risk that “the wrong type of homes could be built in the wrong places”.²⁶

²² Welsh Government, [Response to the report of the Local Government and Housing Committee – A Right to Adequate Housing](#)

²³ Statistics for Wales, [Estimates of additional housing need in Wales \(2019-based\): quality report](#)

²⁴ Shelter Cymru, [written evidence](#)

²⁵ Cymorth Cymru, [written evidence](#)

²⁶ Tai Pawb, [written evidence](#)

24. Tai Pawb noted that social housing is part of the jigsaw, but that:

“To fully understand and make the ‘systems change’ we need in housing in Wales – we can’t just have a plan for social housing. [...] The type of change required won’t be achieved through investigating and seeking to resolve one area of our housing system at a time. Wales needs a housing strategy – and having this in place should be a priority to carefully plan future policy, laws, and investment.”²⁷

25. The Royal Institute of Chartered Surveyors (RICS), CIH Cymru and Tai Pawb called for a Welsh Housing Survey, similar to the English Housing Survey. However, in April 2024, the former Cabinet Secretary confirmed that the Welsh Government has “no intention of doing an annual housing survey”, noting that the resource to do so would be “extraordinary”.²⁸

26. When asked during our evidence session on 18 September 2024 about a housing survey, the Cabinet Secretary told us :

“... I really don't underestimate the need for quality data to inform our policies, measures and the impact that they have. But we do need to find the most effective and most cost-effective way to deliver it...A commitment was also made to scope a five-year housing survey in more depth during 2024-25 to ensure a value-for-money approach. Now, I look forward to seeing the outcome of this scoping exercise, and this is something that I can keep the committee updated with if that would be helpful.”²⁹

Estimating need at local level

27. Local authorities are required to carry out Local Housing Market Assessments (LHMAs) every five years, refreshing them every two years. LHMAs include an assessment of affordable housing need by size of property.

28. Welsh Government LHMA guidance was refreshed in 2022 and includes categories of unmet need that are not reflected in the 2019-based national estimates, including overcrowded households, people sleeping rough, hidden homelessness, and households on social housing waiting lists who are unsuitably

²⁷ Tai Pawb, written evidence

²⁸ Local Government and Housing Committee, 24 April 2024, RoP, paragraph 125

²⁹ Local Government and Housing Committee, 18 September 2024, RoP, paragraph 16

housed.³⁰ Local authorities had to complete LHMA with the new methodology by the end of March 2024.

29. LHMA inform both Local Development Plans (LDPs) and the Local Authority Social Housing Grant Prospectuses. The latter explain the type of provision and size of property that the local authority requires to be delivered with Welsh Government Social Housing Grant (SHG). There is currently no public information about the progress of or content of local authority prospectuses across Wales.

30. Updates to the LHMA were welcomed by witnesses including CIH Cymru and the Welsh Local Government Association (WLGA), but some raised concern that they may be underestimating need. The Bevan Foundation told us:

“Our early conversations with those working with the new Local Housing Market Assessment (LHMA) model have highlighted concerns about the background calculations and worry that the results “vastly underestimate need”. We have also heard concerns about the cost and resource implications of this work being carried out at an individual local authority level and issues of consistency.”³¹

31. Crisis suggested that the Welsh Government should carefully analyse the LHMA returns and “consider whether they are “sufficiently encapsulating the level of housing need”.³² They added:

“I think it would be really helpful if we were looking at some data around age, household size and disabilities, among other protected characteristics as well, and feeding that data through more.”³³

32. Conwy Council added a note of caution around the data that is used from housing registers, which she noted “isn’t necessarily accurate”,³⁴ and Jim McKirdle of the WLGA told us:

“I don’t think anybody thinks that the LHMA is a finished product; it’s part of an improvement. It’s better than the previous version, and the consistency is very much welcomed, as Councillor Owen has said, but also the Welsh Government’s

³⁰ Welsh Government, Undertaking Local Housing Market Assessments (LHMAs): Guidance, March 2022

³¹ Bevan Foundation, written evidence

³² Crisis, written evidence

³³ Local Government and Housing Committee, 20 June 2024, RoP, paragraph 249

³⁴ Local Government and Housing Committee, 5 June 2024, RoP, paragraph 149

*role in making data available to underpin that consistency, and I'm sure that we can further develop those arrangements to improve in the next iteration of LHMA's."*³⁵

33. During our engagement with social housing tenants, we heard that the type of social housing available is often not the sort of housing needed by those on the waiting list. For example, some of the older participants felt there was very little stock for retirement-age applicants. Participants told us:

"There needs to be more housing for the elderly because they are taking up three and four-bed houses and there's only one person living in there." Participant from Anglesey

"I know that they are building social housing for older people and that is just fantastically commendable. But there is just not enough of it, and there's none in the Vale. Hardly any at all. There's absolutely nothing but the same old council houses, big, old 3-bedroom council houses in various villages, but nothing in the rural Vale. They're not building anything at all." Participant from Vale of Glamorgan

34. Some single participants also felt they would be on the waiting list much longer than others as not only were they not considered as high priority as applicants with children, but there were also very few one bedroom properties available.

"They're just not building flats and apartments. They're only building houses and just large-scale buildings for people, which is why they seem to be in this issue and not rectifying anything." Participant from Vale of Glamorgan

35. Planning Officers Society Wales (POSW), CIH Cymru and Swansea Council told us there is a "massive demand" on one-bed accommodation, while the Home Builders Federation cautioned that "the planning system takes a long time to deliver homes, so it's not necessarily in line with what the actual demand is".³⁶

36. POSW spoke about the need to have mixed communities:

"we do want to provide new developments that address that need, certainly, that have a high level of one-bedroomed

³⁵ Local Government and Housing Committee, 5 June 2024, RoP, paragraph 151

³⁶ Local Government and Housing Committee, 5 June 2024, RoP, paragraph 246

developments, but we also need to cater for the wide range of people, ultimately, across that development proposal, and there's only a certain amount of homes on that particular site.”³⁷

37. Cwmpas suggested that “co-operative and community-led housing could be a potential solution to the one-bed problem”, and Conwy Council pointed to empty properties above shops that “could be part of the solution”.³⁸

38. The Lloyds Bank Foundation stressed the need to ensure equity, and suggested:

“Housing providers would benefit from engaging directly with third sector service providers to get valuable insight enabling them to support groups, such as young people, LGBTQIA+ people, refugees, survivors of abuse and trauma.”³⁹

39. TPAS Cymru noted the importance of investment in support services “to ensure those sustainable communities”:

“So, it's all well and good building one-beds, putting tenants in those one-beds, people who anecdotally have complex needs and need that support, and then those support cuts are having such an impact on resource.”⁴⁰

40. The Cabinet Secretary told us that LHMA have “come a long way, but...there’s still a long way to go”.⁴¹ She said that:

“Officials are also undertaking a process of lessons learnt, as well as consulting local authorities on what worked well or not so well, to support the new approach going forward in the future. So, I think it is really important that we take stock and learn from this, the first tranche of LHMA.”⁴²

³⁷ Local Government and Housing Committee, 20 June 2024, RoP, paragraph 42

³⁸ Local Government and Housing Committee, 5 June 2024, RoP, paragraph 225 and 20 June 2024, RoP, paragraph 268

³⁹ Lloyds Bank Foundation, written evidence

⁴⁰ Local Government and Housing Committee, 20 June 2024, RoP, paragraph 265

⁴¹ Local Government and Housing Committee, 18 September 2024, RoP, paragraph 10

⁴² Local Government and Housing Committee, 18 September 2024, RoP, paragraph 11

41. The Cabinet Secretary recognised the “urgent need for suitable homes for single-person households” and that “sustainable balanced communities do need a mix of housing type, households and tenures.”⁴³ However, she said that:

*“solely developing one-bedroomed accommodation would not align with our planning policies in Wales to ensure balanced communities with that mixed tenure that we want and mixed type of accommodation. So, I do absolutely recognise the challenge. There's a lot that has been done, but certainly more to do.”*⁴⁴

42. On the potential to focus more on providing one-bed homes within existing communities where there is already a balanced tenure mix, the Cabinet Secretary said:

*“We're looking at those opportunities and it's something that we're already investing in. We are safeguarding but converting existing larger properties into single-person accommodation. So, we've seen examples of terraced housing where they've been converted into that single-person accommodation, but, importantly, they could also be converted back in future to family homes.”*⁴⁵

Delivery

Progress towards target

43. The Welsh Government reported that in the first two years until March 2023, 5,775 homes were delivered towards the 20,000 target, not including losses. The target includes homes for social rent, intermediate rent, shared ownership and housing units leased to provide accommodation for homeless families where the lease is for more than a year.

44. Figure 1 shows the pattern of affordable housing delivery in Wales since 2007-08, including how delivery has responded to the targets under the Fifth and Sixth Senedd. Delivery increased year-on-year during the Fifth Senedd, then dipped at the start of the Sixth Senedd.

⁴³ Local Government and Housing Committee, 18 September 2024, RoP, paragraph 38

⁴⁴ Local Government and Housing Committee, 18 September 2024, RoP, paragraph 39

⁴⁵ Local Government and Housing Committee, 18 September 2024, RoP, paragraph 41

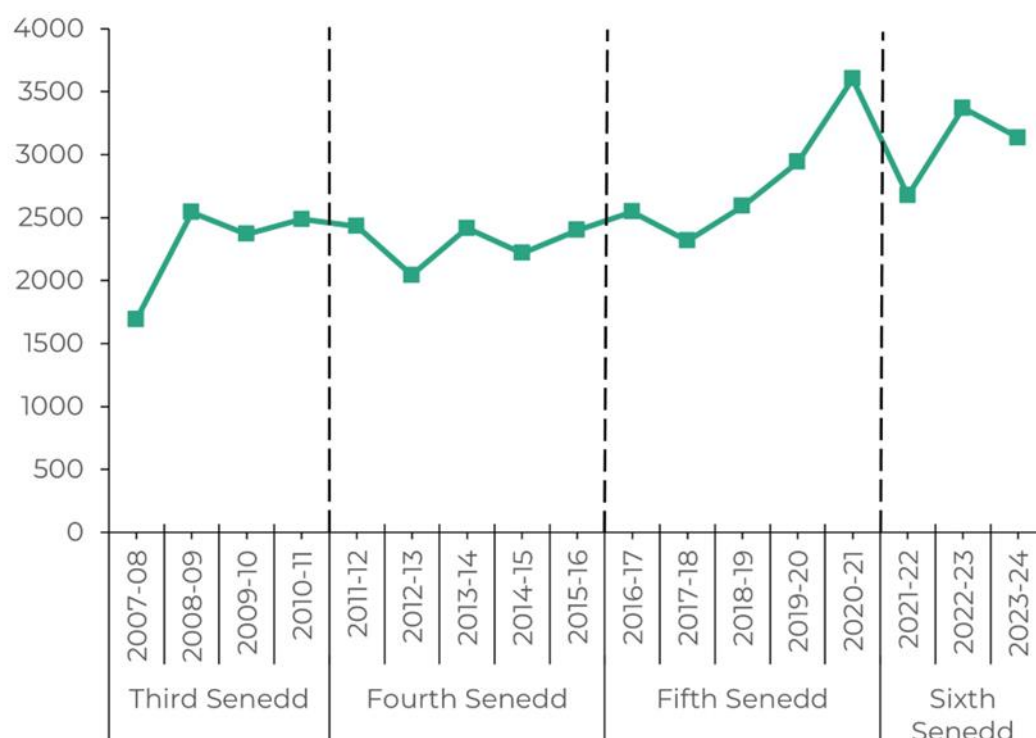


Figure 1: Additional affordable housing provision, 2007-08 to 2023-24⁴⁶

45. The Welsh Government's additional affordable housing provision statistics include some homes that do not count towards the target of 20,000 low carbon social homes for rent, specifically shared equity affordable units delivered under the Help to Buy and Rent to Own schemes. The Welsh Government reports separately on homes that count towards the target. Of the 5,775 reported to have been delivered towards the target in the first two years, the Welsh Government has published a data breakdown for the second year, but not for the first year, to show what types of home have been delivered. For the second year there are more detailed figures published on the delivery of different types of home by housing associations than by local authorities or by other providers.⁴⁷

46. In the second year (2022-23), 3,212 affordable units were delivered towards the target. Of these:

- 60 per cent were social rented units delivered by housing associations;
- 6 per cent were intermediate rent delivered by housing associations;
- 3 per cent were shared ownership delivered by housing associations;

⁴⁶ StatsWales, [Additional affordable housing provision by location and year](#)

⁴⁷ Welsh Government, [Affordable housing provision](#)

- 20 per cent were social or intermediate rent delivered by local authorities; and
- 10 per cent were delivered by other providers.⁴⁸

47. Due to the lack of published data for 2021-22, and the lack of data on types of home delivered by local authorities and other providers, it is not known exactly how many of the 5,775 homes delivered over the first two years are for social rent, intermediate rent, shared ownership, or longer-term temporary accommodation. The Bevan Foundation's report on the shortage of social and community homes, published in October 2024, estimates that 83 per cent of the 5,775 homes are for social rent.⁴⁹

48. A report on affordable housing by Audit Wales, published in September 2024, recommended that the Welsh Government should publicly report how many homes delivered towards the target are new build and low carbon. The report concluded that:

"If the Welsh Government is to meet the 20,000 social homes target by March 2026 it will need to spend significantly more than planned. It will also need to deliver all the schemes in its pipeline, some of which are considered risky, and a small number more."⁵⁰

49. The Welsh Government accepted the recommendations made by Audit Wales.⁵¹

50. Although some participants in our engagement activities were happy to see a target and action being taken, most felt that this number was not enough to make a difference to the current waiting lists.⁵²

51. Conwy Council told us:

"when you think about when that 20,000 homes target was set and the unprecedented circumstances we've been through since then in terms of, we are not where we should be because we know that contractors have gone into administration, we

⁴⁸ Welsh Government, [Affordable housing provision, April 2022 to March 2023](#)

⁴⁹ Bevan Foundation, [Nowhere to call home: The shortage of social and community homes](#), October 2024

⁵⁰ Audit Wales, [Affordable Housing](#), 5 September 2024

⁵¹ Local Government and Housing Committee, [18 September 2024](#), RoP, paragraph 86

⁵² Local Government and Housing Committee, [Social housing supply - summary of engagement](#)

know of all the material and labour costs, we know that some of those schemes haven't come through”⁵³

52. Sorch Edwards of Housing Europe suggested that social housing needs to comprise a “critical mass” of at least 20 per cent of a nation’s housing stock to create options for people and balance out prices in the private market.⁵⁴ The percentage of social housing varies across Europe, with the highest proportions in the Netherlands (29 per cent), Denmark (20 per cent) and Austria (24 per cent overall, 60 per cent in Vienna). Scotland’s is 23 per cent.

53. Social housing currently comprises 16 per cent of Wales’s stock. Based on the most recent stock estimates, if Wales had 20 per cent social housing, the number of social homes would be around 60,000 higher than the current figure of 236,100.⁵⁵

Delivery methods

54. The Welsh Government’s main methods of delivery are:

- grant funding: Social Housing Grant (£370 million in 2024-25) and other grants (explored further in the chapter on finance);
- the Unnos national construction company, established under the Cooperation Agreement, and to which the Welsh Government allocated £1 million revenue funding in 2024-25. Core objectives include improving supply chains, promoting modern methods of construction (MMC), bringing empty homes back into use, and overcoming barriers such as phosphates; and
- the Welsh Government’s Land Division, which is working with developers and investors to deliver a series of so-called ‘exemplar sites’ on land owned by the Welsh Government. The Welsh Government aims for around 6,000 homes to be built across 27 sites over the next five years, of which around 2,600 will be affordable. Some sites are being taken forward through partnership with Tirion Homes, a not-for-profit residential developer. Tirion has led developments at The Mill in Canton, Cardiff and Royal Victoria Court in Newport without using Social Housing Grant.

⁵³ Local Government and Housing Committee, [5 June 2024](#), RoP, paragraph 170

⁵⁴ Local Government and Housing Committee, [3 July 2024](#), RoP, paragraph 14

⁵⁵ Stats Wales, [Dwelling stock estimates by year and tenure](#).

55. CIH Cymru and CHC welcomed the exemplar sites but argued that more could be done, if the approach were scaled up and made business as usual.⁵⁶ Witnesses including Nicholas Falk, Shelter Cymru and CIH Cymru advocated the creation of an arms-length development corporation to intervene in the land market and planning system and deliver large strategic sites, including new towns and urban extensions, over longer timeframes than the political cycle.

56. In the postwar period the New Town Development Corporations took on this role.⁵⁷ Land development corporations in Denmark, Canada and South Korea are among current international examples.

57. Between 1976 and 1999 Wales had a development corporation in the form of the Land Authority for Wales (LAW). LAW, which was an executive agency of the UK Government, acted as a public land bank, acquiring and assembling land for development in the public interest. LAW was abolished in 1999 and its functions, staff and property were transferred to the Welsh Development Agency (WDA). The WDA was itself abolished in 2006 and its functions transferred to the Welsh Government. Currently the Land Division partially fulfils those functions in its delivery of exemplar sites.

58. Councillor Emily Owen said that Conwy Council had recently begun working with the Welsh Government's Land Division to help unblock sites where there are complex issues holding up development that the local authority lacked capacity to solve on its own.⁵⁸

59. Swansea Council said that the local authority would not have capacity or expertise to take on strategic delivery of large-scale sites, and that these would be better suited as a central issue for the Welsh Government to lead on, in partnership with local authorities:

*"As Councillor Owen said, they're dealing with larger complex sites. That's not something I think that we would be in a position to take over. But we would certainly want to work with them and identify if there are plots of land that as a local authority we could develop or work with RSL partners to bring forward."*⁵⁹

60. CIH Cymru suggested that one way to effectively deliver new affordable homes would be to "expand the schemes currently being developed by Tirion

⁵⁶ Local Government and Housing Committee, 5 June 2024, RoP, paragraphs 12 and 21

⁵⁷ Department for Communities and Local Government, Transferable Lessons from the New Towns

⁵⁸ Local Government and Housing Committee, 5 June 2024, RoP, paragraph 181

⁵⁹ Local Government and Housing Committee, 5 June 2024, RoP, paragraph 183

homes”.⁶⁰ RICS agreed that The Mill in Cardiff was a good example of high quality placemaking:

“where you’ve got a good blend of owner-occupier, privately rented sector, and social housing provision there. And actually, if you go around that site, that is a beautiful new development.”⁶¹

Projects developed by Tirion⁶²

The Mill in Cardiff which provides 845 mixed tenure homes, 448 of which will be affordable including 124 social rent properties;

Royal Victoria Court in Newport in 2025 for 536 mixed tenure homes, 268 of which will be affordable; and

Parc Eirin in Tonyrefail in 2026 (phases 1-3 already complete) providing 215 mixed tenure homes, 134 of which will be affordable and include net-zero energy infrastructure.

61. Tirion suggested that there is “little prospect of the 20,000 target being achieved”, due to the impact of inflation, tightening credit markets, slowdown in private housebuilding and lack of capacity in the construction sector. They described the funding model and said there was opportunity to unlock institutional investment for further large-scale affordable housing sites, ideally for investments upwards of £300 million.⁶³

62. On 9 July 2024 the former First Minister Vaughan Gething MS said that Jack Sargeant MS would be leading an Affordable Homes Taskforce to look at how to bring forward affordable housing supply.⁶⁴ However, following Cabinet changes, that work has not progressed. The Cabinet Secretary assured us that this is something she is “very keen to progress”.⁶⁵ On 6 November 2024 the Cabinet Secretary announced that Lee Waters MS has agreed to lead a task and finish review into barriers to delivering affordable housing at pace across Wales. She said:

⁶⁰ Chartered Institute of Housing, [written evidence](#)

⁶¹ Local Government and Housing Committee, [20 June 2024](#), RoP, paragraph 37

⁶² Tirion Homes, [written evidence](#)

⁶³ Local Government and Housing Committee, [5 June 2024](#), RoP, paragraph 284

⁶⁴ Plenary, [9 July 2024](#), RoP, paragraph 230

⁶⁵ Local Government and Housing Committee, [18 September 2024](#), RoP, paragraph 103

*"The immediate focus will be on short-term actions to expedite delivery of homes in our current build programme [...] Strand two will have a longer term focus. Informed by issues identified when addressing the short-term challenges, the Delivery Group will make recommendations for practical system change to streamline the delivery of more homes for social rent."*⁶⁶

63. In response to calls for the establishment an arms-length development corporation, the Cabinet Secretary said:

*"With the functions of a land division, it seems to be there's no need for a new body that's evident at this point."*⁶⁷

64. The Cabinet Secretary told us that acquisition is an important aspect of how the Welsh Government is trying to increase social housing.⁶⁸ Explaining that local authorities are now able to put more of their social housing grant towards acquisitions than they used to, a Welsh Government official said:

*"... we're seeing an increasing number of acquisitions in the programme, but, of course, it's again about that balance of not wanting to slow down on new build. We need more new gold standard social homes, but accepting that, actually, acquisitions is a very good way to increase our capacity much more quickly, and, in some areas, it's the attractive option."*⁶⁹

65. In response to whether the Land Division should be scaled up so that it can take a strategic lead on delivery of new towns and urban extensions, the Cabinet Secretary said:

"In Wales, any proposals for new towns should be brought forward through those strategic development plans and be designed to meet part of the housing need of that region as a whole. It's unlikely that a single local planning authority would need to accommodate growth of this scale, because new towns need to be at least 10,000 homes, to sustain necessary economic and social infrastructure. I think urban extensions, delivered by local authorities, are a better fit for Wales [...] So,

⁶⁶ Welsh Government, Written Statement: Support for Affordable Homes Delivery, 6 November 2024

⁶⁷ Local Government and Housing Committee, 18 September 2024, RoP, paragraph 134

⁶⁸ Local Government and Housing Committee, 18 September 2024, RoP, paragraph 61

⁶⁹ Local Government and Housing Committee, 18 September 2024, RoP, paragraph 63

they're being explored through the current LDP review process.”⁷⁰

66. When asked whether Wales needs a larger percentage of social housing than the current 16 per cent, the Cabinet Secretary said:

“... of course I want to see a higher share, and that's why we're focusing on building more social homes and on acquiring homes from the private market to bring into social ownership, and investing in schemes like Leasing Scheme Wales.”⁷¹

Our view

67. Wales is in the middle of a housing crisis which is deepening. Increasing the supply of social housing at pace is key to addressing this. Current demand for homes outstrips supply, with unprecedented numbers of people facing homelessness or in temporary accommodation. We welcome the Welsh Government's White Paper on securing a path towards housing adequacy,⁷² including the proposed duty on Welsh Ministers to produce a long-term housing strategy, and a number of our recommendations discuss what such a strategy should include.

68. We are supportive of the 20,000 social homes for rent target and want to see it succeed. However we are concerned that the target will not be met, and even if met, it will not be sufficient to address current demand. We note that a number of witnesses highlighted that the target is based on 2019-based estimates of housing need and that it should be revised.

69. We are concerned by the lack of transparency in the data published on progress towards the target. Given the urgency of the need for homes at social rent, we believe the Welsh Government should publish a full data picture showing how many of the homes delivered towards the target so far this term are for social rent, intermediate rent, shared ownership, and temporary accommodation. We agree with Audit Wales that data on how many homes are low carbon and new build should also be published.

70. It is concerning that the new LHMA's are returning much higher levels of housing need than previously, and even more concerning that the methodology could be underestimating need. We note the Cabinet Secretary's

⁷⁰ Local Government and Housing Committee, [18 September 2024](#), RoP, paragraph 136

⁷¹ Local Government and Housing Committee, [18 September 2024](#), RoP, paragraph 126

⁷² Welsh Government, [White Paper on securing a path towards adequate housing, including fair rents and affordability](#)

acknowledgment that the Welsh Government is “on a journey” in terms of LHMA’s and we welcome its lessons learnt exercise to evaluate the new approach. We ask that the Welsh Government shares its findings with us and we look forward to monitoring progress in this area.

71. Given the challenges in estimating housing need, we agree with witnesses that a Welsh Housing Survey is needed to provide data that could enhance understanding of need and we welcome the Welsh Government’s commitment to scope a five-year conditions survey in more depth during 2024-25. In scoping a survey, the Welsh Government should consider its objectives and cost out different methodologies. As noted in our report on the private rented sector, we would be grateful for an update from the Cabinet Secretary once the scoping work has been completed.

Recommendation 1. We recommend that the Welsh Government improves its understanding of housing need by reviewing its approach to data. This should include: monitoring and evaluating the new LHMA methodology; considering how LHMA’s could be linked up with other data sources; costing out different methodologies for a Welsh Housing Survey including length of survey cycle; and how the Welsh Government intends to monitor and evaluate its data framework.

Recommendation 2. We recommend that the Welsh Government publishes a full data breakdown of homes delivered towards the 20,000 target so far, showing how many homes delivered this term are for social rent, intermediate rent, shared ownership and temporary accommodation.

72. We know that social housing can have a positive impact on people’s health and well-being but to achieve this, the Welsh Government must deliver the right homes in the right place. Social homes need to reflect the needs of the population. We heard that the LHMA’s are returning high levels of one-bed need. However, we note that local authorities and housing associations said that meeting this need may conflict with establishing mixed communities. It is vital that the right types of homes are being built where they are needed. We therefore recommend that the Welsh Government works with local authorities and housing associations to set out as part of its proposed housing strategy how it intends to address the need for one-bed homes. This strategy should make the most of acquisitions, building units on infill sites within existing communities, remodelling houses into smaller houses, and bringing flats above high street shops back into use.

Recommendation 3. We recommend that the Welsh Government proactively works with local authorities and housing associations to address the need for one-

bed homes. This approach should make the most of acquisitions, remodelling and infill sites to provide homes within existing mixed communities as much as possible.

73. We heard that social housing needs to comprise a ‘critical mass’ of at least 20 per cent of a nation’s housing stock to create options for people and balance out prices in the private market. However, in Wales, social housing currently makes up only about 16 per cent of stock. We note that if Wales met the 20 per cent figure, we would have in the region of 60,000 more homes, which could make a significant difference. We therefore believe that the Welsh Government should be more ambitious in its vision for social housing and plan beyond the timeframe of individual Senedd terms. We welcome that the strategy proposed in the White Paper will take a long-term perspective. Achieving a minimum of 20 per cent social housing will require long-term planning, with interim targets set within individual terms. While we believe that 20 per cent should be a minimum acceptable proportion, we recognise that this is unlikely to be achieved within a single term. We therefore believe that the Welsh Government’s strategy should set out how close to 20 per cent Wales can get within the next term. Over the longer term the Welsh Government should be aiming even higher, with social housing in future comprising up to a third of the housing stock.

Recommendation 4. The Welsh Government should aim for social housing to comprise a critical mass of at least 20 per cent of the housing stock, and up to a third in the longer term. The Welsh Government should develop a strategy for delivery which sets out how close to 20 per cent Wales can get within the next Senedd term.

74. We note the Cabinet Secretary’s establishment of a Delivery Group to look at unlocking and advancing affordable housing developments and we look forward to monitoring progress in this area.

75. Many witnesses discussed the potential for an expanded role for the Welsh Government in strategically planning, designing and leading the delivery of large-scale development. We welcome the establishment of a Land Division within Welsh Government and the work it is currently doing with developers and investors to deliver a series of so-called ‘exemplar sites’ on government owned land. However we note that many witnesses felt that more could be done, if the approach were scaled up and made business as usual. Many advocated the creation of an arms-length development corporation to intervene in the land market and planning system and deliver large strategic sites, including new towns and urban extensions, over longer timeframes than the political cycle. We note that the Welsh Government does not currently see the need for such a body

following the establishment of a Land Division, but we believe that the Welsh Government should be taking more responsibility for large-scale residential development, in collaboration with local authorities.

76. To be effective, we believe that a development corporation would need the right powers and professional skills and a long-term vision informed by the Well-being of Future Generations (Wales) Act 2015. It was suggested by witnesses that Unnos should take on this role. We believe that the Welsh Government should explore whether Unnos can function as a national development corporation. If the Welsh Government disagrees that Unnos is the right vehicle, it should set out how those functions can be delivered by a different body.

Recommendation 5. We recommend that the Welsh Government establishes a national development corporation to lead on delivery of large-scale strategic sites and to support alignment of housing and regeneration efforts. As part of this it should review the future role of Unnos and whether it could fulfil the function of a national development corporation and land agency. The Welsh Government should consider a development corporation's potential functions, powers and duties in relation to delivering new towns, urban extensions and rural development; and any other necessary functions.

2. Finance

Grants

77. The main way in which the Welsh Government supports social housebuilding is by inviting landlords to bid for the Social Housing Grant (SHG). This remained at £370 million in the final budget for 2024-25, the same as 2023-24.⁷³

78. Until 2019, the SHG grant covered 58 per cent of the capital cost for new homes at social rent, and 25 per cent for new homes at intermediate rent. Following recommendations from the Independent Review of Affordable Housing Supply, these grant levels were replaced with a ‘standard viability model’ which agrees a bespoke grant rate for schemes based on a business plan, to ensure that the Welsh Government funds only the gap needed to make a scheme deliverable.⁷⁴

79. Another grant that funds social housing provision is the Transitional Accommodation Capital Programme (TACP). This was introduced in 2022-23 to support projects that deliver housing quickly in a flexible way, including through buying existing homes, remodelling, and MMC. In its first year TACP supported social landlords with £76.4 million to deliver 936 homes. It is funded through underspends and top-slicing SHG.

80. There was broad agreement among witnesses that the TACP should be continued. Cymorth Cymru described it as a “pragmatic solution” and Shelter Cymru said it was a positive demonstration of intent which “shows and understanding of the current need to work around barriers to achieve ambitious targets”.⁷⁵ CHC was equally positive and suggested the Welsh Government should continue funding the TACP and:

“consider how underspends or constraints on the Social Housing Grant (SHG) can be best utilised to support this. A similar approach to SHG should be taken to support provisional multi year settlements which would provide certainty and confidence to build a strategic acquisitions and redevelopment pipeline.”⁷⁶

⁷³ Welsh Government, [Final Budget 2024 to 2025](#), February 2024

⁷⁴ Welsh Government, [Independent review of affordable housing supply: report](#), May 2019

⁷⁵ Cymorth Cymru, [written evidence](#); Shelter Cymru, [written evidence](#)

⁷⁶ Community Housing Cymru, [written evidence](#)

81. Adra called for a longer term commitment to the SHG and TACP funds:

“A longer term SHG strategy would make investment in the sector more attractive to borrowers, potentially at more favourable rates.”⁷⁷

82. Rhondda Cynon Taf County Borough Council told us of the challenges of in-year grant funding:

“... with the delays in planning and drainage applications, capital grants such as TACP are putting pressures on RSLs to do things more quickly, only to lose the properties they could have obtained because of delays in delivering the grant at Welsh Government.”⁷⁸

83. During an evidence session as part of our inquiry into the private rented sector, the then Cabinet Secretary for Housing, Local Government and Planning told us on 24 April 2024 that expressions of interest in TACP were “way over the budget that we’ve got.”⁷⁹ A Welsh Government official confirmed that the programme had been “extremely successful”, and that its flexibility had been welcomed. The official also confirmed that the Welsh Government was looking at how the programme could be taken forward to a third year.⁸⁰

84. The Audit Wales report on Affordable Housing concluded that the Welsh Government will need to spend significantly more than planned in order to achieve the 20,000 target.⁸¹ Responding to a question about whether more capital funding will be made available, a Welsh Government official said that the Audit Wales findings were based on “quite a basic calculation”, and that the true picture is “not all as gloomy as perhaps comes across in the Audit Wales report”:

“That said, it is really pressured, and we do require extra budget”.⁸²

85. The Cabinet Secretary told us that she wished to put on record that the Welsh Government is providing “record levels of funding to support the delivery of social housing this Senedd term, with more than £1.4 billion allocated.”⁸³ She said:

⁷⁷ Adra (Tai) Cyfyngedig, [written evidence](#)

⁷⁸ Rhondda Cynon Taf County Borough Council, [written evidence](#)

⁷⁹ Local Government and Housing Committee, 24 April 2024, RoP, paragraph 97

⁸⁰ Local Government and Housing Committee, 24 April 2024, RoP, paragraph 98

⁸¹ Audit Wales, [Affordable Housing](#), 5 September 2024

⁸² Local Government and Housing Committee, [18 September 2024](#), RoP, paragraphs 88-89

⁸³ Local Government and Housing Committee, [18 September 2024](#), RoP, paragraph 92

"We've protected the budget for social housing last year; we awarded an additional £61 million on top of the original £300 million budget for social housing grant, and an overall budget of £330 million has also been set aside for the social housing grant in 2024-25.

*We must recognise that the increased budget has been impacted by the highest levels of inflation and increased costs in building materials. To put it simply, our investment doesn't go as far as it now does or once did, but I can assure the committee and assure the Member that these discussions will be had around the Cabinet table."*⁸⁴

86. On the issue of longer term funding for the sector, the Cabinet Secretary said:

"Officials will explore the longer term funding approach used by education capital programmes and whether that can be applied to funding for affordable housing.

*In terms of rent policy, we've commenced a significant programme of work to review, in close collaboration with the sector, the current rent and service charge standard to inform the development of our future social rent policy for Wales."*⁸⁵

Borrowing and institutional investment

87. A further main source of finance for social housebuilding comes from borrowing. Housing associations have the ability to raise private finance. According to CHC, housing associations in Wales currently have access to £3.5 billion in private finance, rising to £4.5 billion by 2027.⁸⁶

88. The not-for-profit developer Tirion also accesses private finance, with 85 per cent of long-term funding for Tirion's projects coming from the city investment market, mainly pension funds seeking large-scale investments.⁸⁷ Tirion's developments are mixed-tenure, incorporating homes for market sale, homes for intermediate rent, and smaller proportions of homes for market rent and social rent.

⁸⁴ Local Government and Housing Committee, 18 September 2024, RoP, paragraphs 92-93

⁸⁵ Local Government and Housing Committee, 18 September 2024, RoP, paragraphs 142-143

⁸⁶ Community Housing Cymru, written evidence

⁸⁷ John Lovell, Co-founder of Tirion and ex leader of Arup in Wales, written evidence

89. The Development Bank of Wales (DBW) supports SME property developers. Its annual report for 2022-23 states that a total of £48.3 million was invested across its residential and non-residential property funds, delivering 163 homes, 28 (17 per cent) of which were affordable.⁸⁸

90. The DBW told us:

“Our residential housing funds include support for build costs of new Affordable Housing on private market sites, which offers positive influence via the SME developers we support. However, DBW is not involved in the setting of Affordable Housing requirements, which forms a key part of the upfront planning and viability process.”⁸⁹

91. Local authorities have access to a system of prudential borrowing for capital projects, under section 3 of the Local Government Act 2003.

92. The Welsh Government has limited borrowing powers, with overall limits on the amount that can be borrowed each year. The Fiscal framework increased the amount that the Welsh Government can borrow for capital to £1 billion overall and £150 million a year. The Welsh Government always puts in the annual £150 million maximum borrowing limit into budget documents, but does not assign it to particular capital projects. The Welsh Government will use up available capital before borrowing, and in practice it is rare that the £150 million annual limit is reached by the end of the year.

93. Another form of capital borrowing is Financial Transactions Capital (FTC). This is provided by the UK Government and must only be used for loans or equity investment in capital projects delivered by private companies. The Welsh Government stated that the 2024-25 Final Budget is leveraging more than £2.2 billion of FTC in total.

94. The Lloyds Bank Foundation recognised the “tight financial constraints” within which the Welsh Government is working, but suggested it should:

“utilise its influence with the next UK Government to both ensure the early release of capital resources that are currently locked up, including Crown Assets and Dormant Assets, but also insist that any increase in capital funding for new social housing made available in England is also reflected in an

⁸⁸ Development Bank of Wales, [Annual report and financial statements 2022/23](#)

⁸⁹ Local Government and Housing Committee, [Letter from the Development Bank of Wales](#), 27 August 2024

increased capital settlement or borrowing headroom for Wales.”⁹⁰

Our view

95. It was encouraging to hear that witnesses generally welcomed the levels of capital funding for social housing, especially in relation to other UK nations, and the multi-year settlement for the Social Housing Grant. However we note the recent Audit Wales report which states that at least £600 million in additional capital is required in order to deliver the projects that are in the pipeline. We note the Cabinet Secretary’s assurance that there will be Cabinet discussions about the budget for social housing and we would strongly encourage the Welsh Government to increase the levels of funding in the 2025-26 budget.

96. We also believe that the Welsh Government should consider whether there is scope for establishing a community of practice specifically for the Social Housing Grant. A community of practice would bring together policymakers and professionals to encourage institutional learning from how the grant is spent and how to achieve the 20,000 target. Communities of practice are networks of people who share common roles, responsibilities or remits, and who come together for the purposes of mutual learning, support and problem-solving.⁹¹

Recommendation 6. We recommend that the Welsh Government increases the allocation for the Social Housing Grant at the earliest opportunity and considers the merits of establishing a community of practice specifically for the grant.

97. We note that only 17 per cent of homes on residential sites funded by the Development Bank of Wales in 2022-23 were affordable. We believe there is potential to increase this percentage. We also believe that the Development Bank of Wales should become a direct funder of social housing developments, potentially offering more favourable terms to those currently offered to social landlords by private investors, and we would encourage the Welsh Government to engage with DBW to explore what potential there may be.

Recommendation 7. We recommend that the Welsh Government engages with the Development Bank of Wales to enable the DBW to become a direct funder of social housing developments.

98. We were pleased to hear that the TACP introduced in 2022-23 has been successful. We welcome its ability to support housing projects quickly and flexibly,

⁹⁰ Lloyds Bank Foundation, [written evidence](#)

⁹¹ UK Government Central Data & Digital Office, [Community Development Handbook](#)

and hope to see it continue into its third year. However, in looking at how the programme could be taken forward to a third year, we believe that the Welsh Government should explore providing a multi-year settlement, similar to the Social Housing Grant. This would provide social landlords with greater financial certainty which would enable longer-term business planning and unlock more private finance.

99. We also believe that the Welsh Government should provide social landlords with greater certainty over rent policy and how decarbonisation of existing stock will be funded. Costing social housing requirements is a key part of the upfront planning and viability process for developers and landlords. We therefore believe that social landlords should be provided with longer-term predictability in how rents will be set, to encourage investment in the sector. Similarly, we hope that providing clearer information about how decarbonisation of existing stock will be funded will provide greater financial certainty and allow landlords to prioritise investment in development more highly. The lack of resource for retrofitting seems to be one of the biggest barriers to increasing the supply of social homes, as discussed in the next chapter.

Recommendation 8. We recommend that the Welsh Government provides social landlords with greater multi-year funding certainty. This should include greater certainty over rent policy, the TACP, and how decarbonisation of existing stock will be funded.

3. Challenges faced by social landlords

Standards and decarbonisation

100. Under the 2023 Welsh Housing Quality Standard (WHQS23) all social housing in Wales must achieve EPC C by 2030 and EPC A “in future”. All new-build social homes in Wales are already achieving EPC A.⁹² By comparison, in Scotland the target is EPC B (or as near as practically possible) by 2032. In England and Northern Ireland the target is EPC C by 2035 (or 2030 for fuel-poor households).

101. There was broad agreement among witnesses about the importance of standards. However, the WLGA noted that the WHQS23 will require “a huge investment in stock”, and that there may be “a potential trade-off between the quantity of social housing and the quality”.⁹³ Adra made the same point, and noted that they had to identify an additional £800,000 per annum to meet the new flooring standard, using funding which otherwise would have been made available to their development programme:

“As it stands, social housing landlords will have to divert capital away from development programmes to meet the aspirations of this standard.”⁹⁴

102. A contributor to our stakeholder engagement session described a new housing development which they felt was in line with the Welsh Government’s standards and ambitions in terms of energy efficiency and accessibility. However, whilst they would have liked to have made 70 per cent of the homes in the development affordable, they were only able to offer 50 per cent in order for the project to remain viable.⁹⁵

103. Rhondda Cynon Taf County Borough Council highlighted “a large skills shortage in the skills needed to decarbonise homes, as well as the number of SMEs to be able to deliver at the scale needed”, and CHC suggested that decarbonising the social housing stock “is the single biggest issue that all landlords in Wales will face in the coming years.”⁹⁶

⁹² [Letter from the Cabinet Secretary for Housing, Local Government and Planning to the Climate Change, Environment and Infrastructure Committee, 10 June 2024](#)

⁹³ WLGA, [written evidence](#)

⁹⁴ Adra (Tai) Cyfyngedig, [written evidence](#)

⁹⁵ Local Government and Housing Committee, [Social housing supply – summary of roundtable discussions](#)

⁹⁶ Rhondda Cynon Taf County Borough Council, [written evidence](#); Community Housing Cymru, [written evidence](#)

104. In January 2024, the then Minister for Climate Change told us that the Welsh Government will assess what grant and rent settlement will be needed for WHQS23 once social landlords have completed their whole stock assessments (for which there is a target of March 2027).⁹⁷

105. Housing associations and local authorities said that acquisitions could be a bigger part of the solution if there was further flexibility in meeting WHQS23 and WDQR, particularly the energy standards and the size standards. CHC noted that while there might be funding for acquiring a home, “the cost of bringing that up to standard is enormous”.⁹⁸

106. Conwy Council said:

“I’m not talking about advocating for low-standard homes, but I guess there’s a recognition, in Conwy, that we have such a high number of people, and still at this time some families, living in bed-and-breakfast accommodation, so it felt almost ludicrous that we couldn’t bring back some of these homes to use as social homes because of those standards. So, there’s something around that flexibility going forward, albeit aiming, over the longer term, to meet the standards that we absolutely support.”⁹⁹

107. The Country Land and Business Association (CLA Cymru) agreed, but added that there should be:

“a commitment that those homes, at some point in the future, will be upgraded, and a commitment to better the infrastructure so that we can get there sooner rather than later.”¹⁰⁰

108. TPAS Cymru called for more flexibility to ensure that:

“we can still meet the health and safety needs of tenants, but how we can ensure that we’re still taking tenants out of hotel rooms and putting them in accommodation.”¹⁰¹

⁹⁷ Local Government and Housing Committee, 18 January 2024, RoP, paragraph 387

⁹⁸ Local Government and Housing Committee, 5 June 2024, RoP, paragraph 36

⁹⁹ Local Government and Housing Committee, 5 June 2024, RoP, paragraph 160

¹⁰⁰ Local Government and Housing Committee, 20 June 2024, RoP, paragraph 139

¹⁰¹ Local Government and Housing Committee, 20 June 2024, RoP, paragraph 266

109. During our scrutiny session with the Cabinet Secretary, a Welsh Government official described it as “an incredibly challenging area”:

“that balance between investing in a long term home and investing public money in something that is a long-term home and making sure that we don't slip into a downwards spiral towards something being incrementally better than temporary accommodation in a B&B. The aim here is to move people on into long-term, sustainable homes that sustain their lifestyle, but it is a difficult area. Around some of the transitional accommodation capital programme projects that we've done, we've taken the approach of the team working very closely with the local authority or the registered social landlord, and with technical expertise from architects, et cetera, to find the best and pragmatic solution for properties. And we've got a number of conversion properties in particular that have taken that pragmatic approach. So, we're trying to be flexible where we can, but whilst maintaining a minimum standard that is about investing money in homes that are long-term homes and that support people's dignity and ongoing lifestyle.”¹⁰²

Construction

110. Capacity in construction has been affected by material cost inflation and high interest rates. CIH Cymru said construction costs have risen 33 per cent since the pandemic, and Adra noted that construction costs are even higher in rural areas.¹⁰³ CHC cited delays in planning and delays to approval of Sustainable Drainage Systems (SuDS) by the SuDS Approval Body (SAB) as further factors increasing contractor costs and putting contractors out of business.¹⁰⁴

111. Witnesses described an ageing workforce and skills gaps. The Construction Industry Training Board (CITB) Cymru said the sector in Wales is largely comprised of SMEs and that current pressures are affecting investment in skills.¹⁰⁵

112. CITB noted that “an additional 12,000 FTE workers will be needed in Wales by 2028, primarily to deliver improvements to existing buildings to reduce energy demand”.¹⁰⁶

¹⁰² Local Government and Housing Committee, 18 September 2024, RoP, paragraph 48

¹⁰³ CIH Cymru, [written evidence](#); Adra (Tai) Cyfyngedig, [written evidence](#)

¹⁰⁴ Community Housing Cymru, [written evidence](#)

¹⁰⁵ CITB Wales, [written evidence](#)

¹⁰⁶ CITB Wales, [written evidence](#)

113. Wrexham County Borough Council suggested that a skills audit might be useful, “to ascertain whether the Welsh construction sector has the skills to work to a low carbon specification.” They added:

“There [may] be a need for a national training programme, to ensure that there is a cohort of construction companies that have the necessary skill sets needed to deliver to the standards expected by Welsh Government.”¹⁰⁷

114. Witnesses suggested that while MMC have potential, they are currently faltering due to instability of demand, with several factories in the UK having gone into liquidation. It was suggested that the solution is to create funding certainty and economies of scale through standardisation to ensure MMC manufacturers have secure order books with firm timescales.

115. Castell Group said that residential MMC “just will not work” without standardisation to bring prices down. They added that the high upfront cost of fully modular MMC makes it too risky for some developers, as the units must be purchased before they get to site.¹⁰⁸

116. The Chartered Institute of Building (CIOB) noted that there are “numerous barriers” to modular and offsite construction, including:

“a lack of funding on offer for these so-called unproven projects, and a lack of insurers willing to take the risk to protect the final product.”¹⁰⁹

117. The CIOB added that “positive public perception” of such projects is also low, and therefore that “people may be reluctant to move into these kinds of properties”.

118. Witnesses highlighted several Welsh sector-led solutions:

- Adra has established an in-house decarbonisation hub at Penygroes to develop local supply chains and upskill local SMEs.
- CIH Cymru is scoping a social housing development academy.
- A group of RSLs plus the 11 stock-retaining local authorities have formed a Delivering Net Zero project to produce a pattern book for timber-

¹⁰⁷ Wrexham County Borough Council, [written evidence](#)

¹⁰⁸ Local Government and Housing Committee, [5 June 2024](#), RoP, paragraphs 306-308

¹⁰⁹ Chartered Institute of Building, [written evidence](#)

based net zero homes, aiming to support economies of scale and faster planning consents.

119. The Royal Town Planning Institute (RTPI) Cymru argued that the biggest objections to developments related to infrastructure capacity (especially water, transport and health).¹¹⁰ Tirion said there were restrictions due to a lack of utilities capacity, particularly in the national grid. Tirion argued that investment in utilities is “extremely fragmented” and that there is “no joined-up thinking about how you need to deliver utilities across a much wider region to facilitate development.”¹¹¹

120. The Welsh Government’s evidence paper says that it recognises a need to attract new entrants to the construction sector, especially SMEs. It states that the Welsh Government aims to work with Constructing Excellence in Wales to:

“deliver a set of recommendations for improving contracting and procurement of social housing, including encouraging more contractors and subcontractors in the sector.”¹¹²

121. During our evidence session with the Cabinet Secretary, a Welsh Government official said:

“... on some of our own landholdings, where we’ve gone to the market, we’ve been keen to encourage a wider range of developers to bid to demonstrate that the sector at large, not just RSLs and local authorities, can deliver the kind of quality social homes that we want, and to prove the viability of much higher levels of affordability in a development.”¹¹³

Our view

122. There is no doubt that housing standards are important. Everyone deserves to live in a healthy and comfortable home. However, we recognise that the new WHQS23 requires a significant investment from social landlords. We note that some developers have had to build fewer affordable homes in order for a development to remain viable and that decarbonising existing stock will present a variety of challenges for social landlords in the coming years, largely due to cost and capacity in construction.

¹¹⁰ RTPI, [written evidence](#)

¹¹¹ Local Government and Housing Committee, [5 June 2024](#), RoP, paragraph 350

¹¹² Welsh Government, [Local Government and Housing Committee Evidence Paper on Housing Supply](#), 27 August 2024

¹¹³ Local Government and Housing Committee, [18 September 2024](#), RoP, paragraph 128

123. Witnesses suggested that acquisitions could be a bigger part of the supply solution if there was further flexibility in meeting standards, because of the cost involved in bringing properties up to standard. We note that, currently, acquired homes that cannot reach full standard must be sold within ten years. This means that such homes can only provide temporary accommodation, not stable social homes. Given the number of people in temporary accommodation in Wales, we need more than short term solutions if we are to see an end to the current housing crisis.

124. We note that the Welsh Government believes that there is sufficient flexibility in the system. However, we believe that there is scope for further flexibility, particularly in relation to acquisitions of permanent homes. We certainly want to avoid an overall weakening of standards but given the numbers of people living in temporary accommodation, we encourage the Welsh Government to work with TPAS Cymru and tenants' associations to develop a separate standard for acquisitions of permanent social homes that may never achieve full WHQS but can still deliver quality.

Recommendation 9. We recommend that the Welsh Government work with TPAS Cymru and tenants' associations to develop a separate standard for acquisitions of permanent social homes. This work should be completed within six months.

125. We heard that capacity in construction has been affected by material cost inflation and high interest rates, and that current pressures are in turn affecting investment in skills. It was suggested that an extra 12,000 FTE workers will be needed in Wales by 2028 to deliver decarbonisation. If we are to meet social homes and decarbonisation targets, it is evident that we need to attract new entrants into the construction sector. We welcome the Welsh Government's commitment to work with Constructing Excellence in Wales to improve contracting and procurement of social housing, including encouraging more contractors and subcontractors into the sector, and we look forward to monitoring progress in this area. However, we believe that there is a need to progress this at pace, therefore we are calling on the Cabinet Secretary to work collaboratively with the Minister for Culture, Skills and Social Partnership to develop a strategy within the next six months for attracting more people into the construction industry, including through apprenticeship schemes. We believe that this strategy should have measurable targets and funding attached to it.

Recommendation 10. We recommend that the Cabinet Secretary for Housing and Local Government works collaboratively with the Minister for Culture, Skills and Social Partnership to develop a strategy for attracting more people into the

construction industry. This strategy must have the necessary funding and measurable targets, and should be shared with the Committee by May 2025.

126. We note calls for the Welsh Government to accelerate its work to standardise MMC house types. We recognise the importance of modern methods of construction and their potential to increase the supply of social housing. However we note the challenges and concerns raised by witnesses, particularly the fact that MMC relies on global supply chains and the challenge of establishing stability of demand, and we will explore these in greater detail during our forthcoming inquiry into housebuilding.

127. We are concerned that infrastructure capacity is a barrier to the development of social housing. We heard from witnesses about restrictions as a result of a lack of utilities capacity, particularly in the national grid. It seems that investment in utilities is fragmented and we believe that there would be a benefit to planning development and infrastructure (digital and energy) on a more strategic level.

4. Planning

128. Planning Policy Wales (PPW) was originally published in 2002 and sets out the planning policies of the Welsh Government, under which local planning authorities prepare their Local Development Plans (LDPs). The latest version was published in February 2024.¹¹⁴

129. On 20 December 2023 the then Minister for Climate Change wrote to us to clarify the alignment of Wales's various planning policies:

- Future Wales is the national development framework. It sets out the Welsh Government's national and regional spatial objectives and provides a framework for the preparation of Strategic Development Plans (SDPs)
- SDPs will be led by the four Corporate Joint Committees (CJCs) in North Wales, Mid Wales, South-West Wales and South-East Wales. The four SDPs will be prepared in broadly similar ways to LDPs but will not replace them
- LDPs are prepared by each local planning authority. On 7 May 2024 the then Cabinet Secretary for Housing, Local Government and Planning said Wales has complete coverage of LDPs
- Local Housing Market Assessments (LHMAs) are one of the key pieces of evidence for the preparation of LDPs and SDPs.¹¹⁵

130. The report by the CMA on housebuilding published in February 2024 found that the planning system is exerting "significant downward pressure" on the number of consents granted in Wales. The report concluded that:

*"there is a lack of predictability for housebuilders when navigating the system, the process is significantly costly, lengthy and complex, and there are mixed and inconsistent incentives for local planning authorities to meet housing need."*¹¹⁶

131. The report outlined options for reform including streamlining the planning system to enable housebuilders to begin work on new projects sooner; defining

¹¹⁴ Welsh Government, [Planning Policy Wales, February 2024](#)

¹¹⁵ [Letter from the Minister for Climate Change to the Local Government and Housing Committee, 20 December 2023](#)

¹¹⁶ Competition and Markets Authority, [Summary of CMA market study final report into housebuilding: Wales summary](#), February 2024

and rationalising statutory consultees to reduce delay; monitoring and enforcing deadlines for statutory consultees; raising planning fees to increase local authority capacity; and providing additional support for SME housebuilders through better guidance, standardised policy and a simpler 'outline' stage of planning permission.

132. Tirion Homes said that planning “remains a major impediment to delivery and, in particular, the pace of delivery”.¹¹⁷ However, Toby Lloyd, an independent consultant suggested that planning “is often blamed excessively” for the lack of housebuilding, and that most constraints come from the market rather than the planning system. He added:

“If you want to make a systemic difference to planning, actually, you need more planning not less, in order to give people more certainty about what will get developed. I think we should have more emphasis on plan making and strategic planning and less emphasis on the kind of discretionary arguments over exactly what shape your windows are and whether it's two or three homes on that site.”¹¹⁸

133. Dr Edward Shepherd of Cardiff University agreed that better strategic planning is needed:

“... which means more resources in local planning authorities and staff who are proud to be planners and are empowered to produce these strategic plans, which provide the certainty that's required.”¹¹⁹

134. The Bevan Foundation noted that for developers and housing associations, the planning system is “very complex, uncertain and costly”. They added:

“And the amount of money being spent just on the system and getting through it can be prohibitive, and housing associations having to walk away, and, potentially being able to build at least one if not two properties by the amount of money they've spent just on all that money upfront.”¹²⁰

135. Castell Group told us that the planning system:

¹¹⁷ Tirion Homes, [written evidence](#)

¹¹⁸ Local Government and Housing Committee, [22 May 2024, RoP](#), paragraph 101

¹¹⁹ Local Government and Housing Committee, [22 May 2024, RoP](#), paragraph 106

¹²⁰ Local Government and Housing Committee, [22 May 2024, RoP](#), paragraph 241

“has become increasingly complex with different departments within Local Authority having their own aims and objectives which do not necessarily correlate to the delivery of planning permissions which in turn would deliver social housing.”¹²¹

136. The RTPI noted that the planning system “can be a significant part of the solution to social, economic and environmental challenges”, but that resourcing is a key challenge for the sector.¹²² Adra argued that:

“Long term investment is required to promote career opportunities in the planning and environmental sectors. There is currently a skills shortage within these sectors, which in turn impacts on the delivery of social housebuilding.”¹²³

137. Castell Group suggested that the planning application fee should be increased and the money ring-fenced “to increase resource in departments”.¹²⁴

138. CHC suggested there could be a useful piece of work “looking at the statutory consultee regime”, and described the planning process as like “a really painful game of snakes and ladders”.¹²⁵ Conwy and Swansea Council agreed that responses from statutory consultees can take a long time.¹²⁶

139. CLA Cymru said there is “huge untapped potential” in Rural Exception Sites (RESs). They called for an element of cross-subsidy to be allowed on RESs, which currently must deliver 100 per cent affordable housing.¹²⁷ They also described a “planning passport”, which they had developed with the aim of expediting RESs.¹²⁸

140. On 7 May 2024 the then Cabinet Secretary summarised a range of actions aimed at delivering affordable housing, including:

- strengthening the role of CJs in order to pool resources and expertise at regional level to achieve economies of scale including in relation to the planning system, seeking to achieve a “regional planning service”;
- consulting in increasing planning application fees so that they cover the true costs to local authorities; and

¹²¹ Castell Group, [written evidence](#)

¹²² RTPI, [written evidence](#)

¹²³ Adra (Tai) Cyfyngedig, [written evidence](#)

¹²⁴ Castell Group, [written evidence](#)

¹²⁵ Local Government and Housing Committee, [5 June 2024](#), RoP, paragraph 97

¹²⁶ Local Government and Housing Committee, [5 June 2024](#), RoP, paragraphs 186 and 190

¹²⁷ CLA Cymru, [written evidence](#)

¹²⁸ Local Government and Housing Committee, [20 June 2024](#), RoP, paragraphs 174-178

- working with a group of housing associations and local authorities to develop a pattern book of pre-approved home designs, with the aim of bringing forward planning consents more rapidly.¹²⁹

141. On 9 July 2024 the then First Minister Vaughan Gething MS announced the Welsh Government’s legislative programme, confirming that a consolidation Planning Bill would be introduced this Senedd term.¹³⁰

142. Witnesses including POSW, RICS and Tirion were open to the idea of regional planning, but Tirion also urged caution about adding “another layer of bureaucracy in the planning system.”¹³¹ The Home Builders Federation added that people might be taken out of local authorities to create a regional team, which would leave fewer people to deal with smaller applications and the SMEs.¹³² CHC also noted that while sharing of resources could be helpful, capacity might still be an issue: “you can only pull the elastic band so far”.¹³³

143. The Audit Wales report on Affordable Housing recommended that:

“the Welsh Government should work with local government partners to develop sustainable solutions to the capacity and delivery constraints in local government planning services, including options for developing the planning profession and greater regional working.”¹³⁴

144. The Welsh Government accepted the recommendation, noting that “work is ongoing to strengthen the capacity within local planning departments” and that a consultation will be issued “to seek views on proposals to improving the resilience and performance of planning authorities”.¹³⁵

¹²⁹ Plenary, 7 May 2024, RoP, paragraphs 322, 323 and 359

¹³⁰ Plenary, 9 July 2024, RoP, paragraph 172

¹³¹ Local Government and Housing Committee, 5 June 2024, RoP, paragraph 350 and Local Government and Housing Committee, 20 June 2024, RoP, paragraphs 101 and 103

¹³² Local Government and Housing Committee, 5 June 2024, RoP, paragraph 352

¹³³ Local Government and Housing Committee, 5 June 2024, RoP, paragraph 101

¹³⁴ Audit Wales, Affordable Housing, 5 September 2024

¹³⁵ Local Government and Housing Committee, Letter from the Cabinet Secretary for Housing and Local Government with additional information following the meeting of 18 September, 8 October 2024

145. During our evidence session with the Cabinet Secretary, a Welsh Government official told us:

*"It's probably fairly well known that planning as a profession, particularly in local authorities, has seen quite a few cuts in recent years, and we have issues about capacity and capability within local government. So, there are a number of things we're looking to do. We're starting to work with the Royal Town Planning Institute, for example, to look at the baseline of planners in Wales and associated areas."*¹³⁶

146. We also heard how the Welsh Government is looking to move more towards cost recovery for planning applications; focusing the people they have on the areas where they can have the biggest impact; and looking at regionalisation. The Cabinet Secretary said:

*"... I think it's really important that we do look at the workforce and look at...whether that's on a local basis or on a regional basis. Because it takes time to make sure that we've got the skills in those areas. And that goes across the board within all of these really important things. We have to try to encourage young people to go into these jobs and I think that's something I'm keen to focus on, as well."*¹³⁷

Our view

147. We heard that not enough weight is given in planning to address the housing crisis in Wales. There was consensus among witnesses that resources for planning and statutory consultees are a major barrier to the supply of housing. We agree that planning teams are in need of more resource and there should be a greater focus on recruiting and retaining public sector planners. However we are concerned that there is too much silo working happening across the public sector and not enough pooling of resources and expertise.

148. We welcome the Welsh Government's intention to take a number of steps in this area, including an increased role for CJC's in pooling planning resources and expertise. However, we believe that it is important to ensure that an increased role for CJC's does not impact capacity of local authorities by adding another level of bureaucracy. It is therefore essential that more resources are brought in. We note that the Audit Wales report called on the Welsh Government to work with local

¹³⁶ Local Government and Housing Committee, 18 September 2024, RoP, paragraph 150

¹³⁷ Local Government and Housing Committee, 18 September 2024, RoP, paragraph 159

government partners to develop sustainable solutions to the capacity and delivery constraints in local authority planning services. We welcome the Welsh Government's acceptance of this recommendation, and we look forward to seeing what actions are taken to improve the resilience and performance of local planning services.

149. A number of witnesses raised issues with the statutory consultees regime as a barrier to delivering social homes. Given the delays that can arise as a result of the current regime, we believe that the Welsh Government should review this process and provide more support to local authorities in making decisions when statutory consultees have not responded.

Recommendation 11. We recommend that the Welsh Government analyses what is causing delays and barriers in the statutory consultee process. The Welsh Government should share its findings with us and the steps it intends to take to address these issues.

150. We believe that Rural Exception Sites have the potential to increase supply of social housing. We therefore hope that the Welsh Government, as part of its housing strategy, explores allowing an element of cross-subsidy on RESs, which currently must deliver 100 per cent affordable housing. 'Planning passports' could be used to encourage greater take up of rural exceptions sites.

151. We recognise that austerity has hit local authority planning budgets and welcome the Welsh Government's commitment to consult on raising planning fees. A consolidating Planning Bill is expected to be introduced in this Senedd term and we look forward to monitoring progress in this area. Many witnesses made creative suggestions for how specific systemic improvements could be achieved. As part of the Welsh Government's forthcoming consultation, we expect that it reviews the detailed recommendations made by witnesses to this inquiry.

5. Land

Land value capture

152. The Organisation for Economic Co-operation and Development (OECD) describes land value capture as:

“a set of policy instruments that allow governments to capture the land value uplifts generated by public interventions, such as infrastructure investments or administrative actions, like land use changes.”¹³⁸

153. Globally the OECD identifies five types of land value capture instrument:

- Infrastructure levy
- Developer obligations
- Charges for development rights
- Land readjustment
- Strategic land management.

154. Three of these are currently in use in Wales:

Instrument	Provision in Wales	Additional information
Infrastructure Levy: Taxes or fees levied on landowners where land has gained value due to government-initiated infrastructure development	Business Improvement Districts	14 towns and cities in Wales raising a levy from local businesses. No data available on amounts raised across Wales.
	A proposed land value tax	The Welsh Government aims to publish more information by end of this Senedd term, including ‘potentially a roadmap to implementation and how it could work in practice’.

¹³⁸ OECD, *Global Compendium of Land Value Capture Policies*

Instrument	Provision in Wales	Additional information
Developer obligations: Cash or in-kind contributions towards additional infrastructure or services that need to be provided due to private development	Planning obligations under section 106 of the Town and Country Planning Act 1990	1,024 new affordable housing units delivered and £6.6m financial contributions received in 2022-23.
	Community Infrastructure Levy (categorised as developer obligations by OECD)	Local development tax introduced by Planning Act 2008.
Strategic land management: The practice of governments actively buying, developing, selling and leasing land to advance public needs and recoup value	Exemplar sites	6,000 homes across 27 sites in the next five years, mainly on Welsh Government-owned land.
	Compulsory acquisition of land	The Welsh Government Register of Compulsory Purchase Orders shows 26 CPOs made for housing 2011-2021, mainly for empty properties.

155. Dr Edward Shepherd noted that further land value capture could be explored but warned that “it’s very much not a panacea”.¹³⁹

156. Toby Lloyd said that although “there is a lot of wishful thinking in this area”, there is significant land value generated by new infrastructure provision and “it just seems like madness that we don’t have a mechanism for channelling that into public benefits”. He advocated land value taxation but noted that the Welsh Government’s proposal to introduce such a tax has not progressed. He said that planning gain via section 106 “has some merits” although is dependent on market conditions. He argued that the greatest potential for value capture is through strategic land management, which relies on “a really fair and effective system of compulsory purchase” so that public bodies can acquire land at pre-uplift prices and then generate uplift.¹⁴⁰

¹³⁹ Local Government and Housing Committee, 22 May 2024, RoP, paragraph 70

¹⁴⁰ Local Government and Housing Committee, 18 September 2024, RoP, paragraphs 75-79

Developer obligations: section 106

157. Under section 106 of the Town and Country Planning Act 1990, local authorities require developers to agree contributions to mitigate the impact of developments. Contributions can be in the form of affordable homes, infrastructure, public goods, or cash payments. Agreements are informed by viability assessment.

158. Swansea Council Toby Lloyd, Dr Edward Shepherd and the Joseph Rowntree Foundation (JRF) said that expectations on section 106 negotiations need to be more clearly embedded in planning policy so that those commitments are reflected in land values. David Rees of Swansea Council said that:

“there is a piece of work being funded by the Planning Officers Society Wales to introduce a technical document that local authorities could refer to, but the more weight that that document could have at the national level, the better”.¹⁴¹

159. The Isle of Anglesey Council noted:

“The contractual nature of Section 106 had been successful in generating significant revenue for infrastructure and affordable housing which has helped to ensure delivery of affordable housing. It is important that it is seen as part of a wider package which could include land value capture mechanisms.”¹⁴²

160. POSW called for national support on viability¹⁴³ and Swansea Council suggested that some form of national guidance on viability assessments would be useful.¹⁴⁴

161. Toby Lloyd described adjustments to viability guidance that he had achieved in 2018 while at the UK Government. The updated guidance gives policy clarity to English local authorities to enable them to hold firm when developers request downward revisions of the section 106 agreement because they paid more than anticipated for the land. The new guidance changes how Benchmark Land Values

¹⁴¹ Local Government and Housing Committee, 5 June 2024, RoP, paragraph 230

¹⁴² Isle of Anglesey County Council, written evidence

¹⁴³ Local Government and Housing Committee, 20 June 2024, RoP, paragraph 90

¹⁴⁴ Local Government and Housing Committee, 5 June 2024, RoP, paragraph 230

are calculated, ensuring they fully reflect policy compliance, and it requires publication of viability agreements to enable transparency.¹⁴⁵

162. There has since been an increase in affordable housing provision in England from 47,355 in 2017-18¹⁴⁶ to 63,605 in 2022-23¹⁴⁷ which, although not proven to be related to the new guidance, does suggest that development has not been adversely affected.

163. The Cabinet Secretary told us:

*"... Welsh Government has, in the past, provided support to local authorities in developing those 106 agreements, and we are aware of the English guidance, which is largely already reflected in 'Planning Policy Wales'. So, viability assessments are required for all strategic sites within LDPs and a representative sample of other sites."*¹⁴⁸

164. Her official went on to explain:

*"... the policy we've followed is, essentially, to try and nail down the viability when the sites go into the plan, and then it gives you a much better position in terms of resisting those renegotiations, unless there are normals that come up. What we're seeing so far is that, of the second iteration of LDPs, they are in a much better place than the first iteration, where, essentially, a developer would promise you anything to get their site into the plan and then renegotiate. So, having that much more robust evidence at the outset makes it much more difficult to negotiate away."*¹⁴⁹

Strategic land management

165. Dr Edward Shepherd suggested that:

*"the public sector should take a more active role in releasing its own land for affordable housing development and assembling development sites for affordable housing."*¹⁵⁰

¹⁴⁵ UK Government, [Guidance – Viability](#)

¹⁴⁶ National Statistics, [Housing Statistical Release](#), 22 November 2018

¹⁴⁷ UK Government, [Affordable housing supply in England: 2022 to 2023](#)

¹⁴⁸ Local Government and Housing Committee, [18 September 2024](#), RoP, paragraph 177

¹⁴⁹ Local Government and Housing Committee, [18 September 2024](#), RoP, paragraph 178

¹⁵⁰ Dr Edward Shepherd, [written evidence](#)

166. As highlighted in Chapter 1, a number of witnesses called for the establishment of an arms-length body to accelerate development of public land. The suggestion that Unnos should take on this role was made by CIH Cymru, the JRF, and a participant in the stakeholder discussions. The JRF said the current list of responsibilities for Unnos looks like a “dumping ground” for too many responsibilities, but that:

“focusing its mission really clearly on land assembly and building out a high social and affordable housing target could be a way of really unlocking significant amounts of development in Wales.”¹⁵¹

167. Participants in our stakeholder roundtable discussions suggested that local authorities should weigh up the short-term benefit of higher capital receipt for land against the longer term cost savings to the local authority that more social housing will bring. This might include savings in areas such as temporary accommodation and health costs. Contributors felt that social value outputs should be considered as well as best value in terms of cost.¹⁵²

168. Nicholas Falk was enthusiastic about the south Wales metro project. However, he noted:

“But the challenge is not just to improve connectivity by rail or public transport or walking, but it’s also to build the housing alongside, and that’s where we go wrong, because we don’t join up development and transport or other infrastructure and finance, and that is the task of government, and it’s probably not either central or local government, but it does require a mechanism like a development corporation or some form of public-private partnership to give you the continuity, because I would say regeneration takes a generation.”¹⁵³

169. Toby Lloyd agreed that the “critical point is about integration”. He noted that different functions such as transport, property and housing departments have been allowed to become “completely siloed with their own targets” and that:

¹⁵¹ Local Government and Housing Committee, 22 May 2024, RoP, paragraph 206

¹⁵² Local Government and Housing Committee, Social housing supply – summary of roundtable discussions

¹⁵³ Local Government and Housing Committee, 22 May 2024, RoP, paragraph 32

“Often, those different teams just do not see that it is their responsibility to support the overall agenda of delivering a better place.”¹⁵⁴

170. Some witnesses argued that there is potential to build more social housing on smaller sites, including vacant and derelict sites, which may not currently be seen as financially viable by social landlords, but can be a nuisance to local communities. Housing Justice Cymru noted that while there is a lack of incentive to build smaller sites, those offered through the Faith in Affordable Housing Project:

“add to the overall target and are often at the heart of a community, meeting Wellbeing of Future Generation (Wales) Act 2015 goals of being near transport links, schools, and other community provision.”¹⁵⁵

171. Crisis highlighted a recently-published report¹⁵⁶ that cited good practice in packaging small sites together: four unitary authorities in the west of England have adopted a Small Sites Programme as part of their joint spatial plan partnership, through which the authorities aim to build around 830 new homes on 80 previously-overlooked small sites.

172. The Welsh Government’s evidence paper said there are:

“currently no formal mechanisms to capture the uplift in land value or betterment that occurs as part of the planning process. A proportion of the value uplift will in practice be captured through other mechanisms including S106 contributions, principally affordable housing contributions, and capital gains tax receipts.”¹⁵⁷

173. During our evidence session with the Cabinet Secretary, a Welsh Government official said:

“... we are looking at the moment at scoping a longer term land strategy—so, looking at how we can have a much longer term view about where the Government might proactively buy land. We’ve recently done some work with Savills, looking at the land

¹⁵⁴ Local Government and Housing Committee, [22 May 2024](#), RoP, paragraph 41

¹⁵⁵ Housing Justice Cymru, [written evidence](#)

¹⁵⁶ Housing Festival, [Social rent housing at pace: The MMC playbook for local authorities](#)

¹⁵⁷ Welsh Government, [Local Government and Housing Committee Evidence Paper on Housing Supply](#), 27 August 2024

landscape across Wales at the moment, and we'll use that to inform a plan. So, it's early days, but we are starting to move, around the work of land division, in that direction, and trying to be more strategic about where we invest and proactively purchase land in order to unlock sites that would otherwise be challenging for the market, and not necessarily market attractive, but also trying to get those join-ups across Government.”¹⁵⁸

Land Value Tax and Vacant Land Tax

174. The Welsh Government is exploring the potential for a local land value tax (LVT) to replace council tax and non-domestic rates. It is aiming to publish more information by the end of this term.

175. Academic and economist witnesses advocated a vacant land tax (VLT) to ensure that land granted planning permission is built out. Since 2018 the Welsh Government has been in dialogue with the UK Government to acquire new powers to introduce a VLT. Despite stating in December 2023 that the process for seeking the devolved powers has stalled, the Welsh Government said in its evidence paper that it is still “keen to make progress”.¹⁵⁹

Land availability

176. We heard that identifying land and property in Wales that is available for development is not straightforward. Responsibility for registering land ownership in Wales is held by HM Land Registry, who estimate that approximately 88 per cent of the land area of England and Wales is covered by their register. Although information about the boundaries and ownership of registered land is publicly available, it is not free to access. HM Land Registry is consulting on making its data more accessible, though it states that this could bring increased risks of fraud and confidentiality breaches.

177. There have been efforts to facilitate the use of publicly-owned land for affordable housing. The Welsh Government’s Land Division was launched in 2019 with a focus on identifying and using publicly-owned assets to support the delivery of social housing. £25 million capital and £2.25 million revenue has been

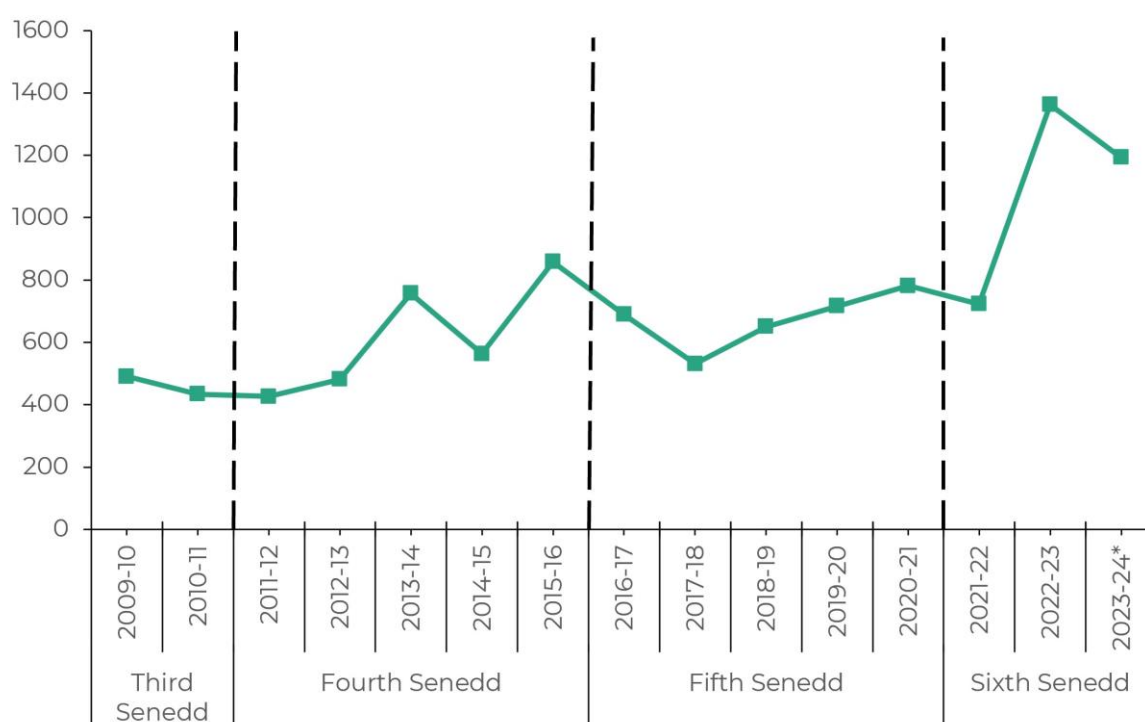
¹⁵⁸ Local Government and Housing Committee, 18 September 2024, RoP, paragraph 174

¹⁵⁹ Welsh Government, Local Government and Housing Committee Evidence Paper on Housing Supply, 27 August 2024

allocated in 2024-25 through the Land Release Fund to facilitate the release of land where there are barriers to development.

178. Figure 2 shows that delivery of affordable housing on land made available by local authorities has increased under the Sixth Senedd, with 1,362 units delivered in 2022-23 and 1,193 units planned to be delivered during 2023-24.

Figure 2: Provision of affordable housing on land made available by local authorities, 2009-10 to 2023-24



Source: Senedd Research analysis of Welsh Government data, [Provision of affordable housing on land made available in last 5 years by location and period](#)

*Figure for 2023-24 is planned delivery. Figures for previous years are delivered.

179. The Welsh Government has also undertaken work to map the availability of public land and buildings and make this available to authorised partners through DataMapWales (which replaced the Lle geo-portal), though it has not reported on how much land has been mapped in this way.

180. In January 2024, Audit Wales published a report examining what local authorities are doing to support the repurposing and regeneration of vacant properties and brownfield sites. It recommended that councils “create a

systematic process to find and publicise suitable sites for regeneration”, using both internal and external data, to enable stakeholders to assess potential sites.¹⁶⁰

181. The CMA’s 2024 report investigated the extent of land banking in Wales. It found that large housebuilders did not appear to be holding on to land for disproportionate lengths of time. The report concluded that while land banking is taking place in Wales, this is a symptom of wider problems in the market, and efforts to regulate land banking might have negative impacts on housebuilding numbers.¹⁶¹

182. Witnesses called for more transparency around land ownership. Shelter Cymru called for a detailed inquiry into land transparency and the role that land plays in delivering social homes, while Housing Justice Cymru suggested that a strategic mapping and appraisal exercise for building and land use was needed.¹⁶²

183. The RTPI called for a register of all publicly-owned land in Wales to be compiled, to then be sifted for suitability for development.¹⁶³ Housing Justice Cymru called for:

“... a strategic, top-down mapping and appraisal exercise of building and land use and ownership in Wales, accompanied by a plan for predicted building closures with a focus on community buildings, such as churches, in town, city and village centres.”¹⁶⁴

184. Housing Justice Cymru also told us about a one-year project being carried out with the Bevan Foundation and Cwmpas with the aims of:

- Understanding why land supply is a significant barrier to the development of new social and community-led homes.
- Showing the potential of land held by different types of social and public owners to enable development and identify action to release that potential.
- Making recommendations for change including shifts in public policy, legislation, funding and practice. This will include an assessment of the

¹⁶⁰ Audit Wales, [Sustainable development? – making best use of brownfield land and empty buildings](#), January 2024

¹⁶¹ Competition and Markets Authority, [Summary of CMA market study final report into housebuilding: Wales summary](#), February 2024

¹⁶² Shelter Cymru, [written evidence](#); Housing Justice Cymru, [written evidence](#)

¹⁶³ RTPI, [written evidence](#)

¹⁶⁴ Housing Justice Cymru, [written evidence](#)

potential to make use of powers formerly vested in the (now abolished) Land Authority for Wales.

- Encouraging the Welsh Government to recognise the benefits of the development of socially and publicly owned land for social and community-led housing and to adopt a more strategic approach.

185. Housing Justice Cymru noted that there is:

“considerable potential to develop and scale up this work, including the use of land held by other socially owned organisations and a more strategic approach being taken for the disposal of publicly owned land.”¹⁶⁵

186. The Cabinet Secretary told us:

“Through the work of the land division...we're looking at those development opportunities, including those small infill sites. As we can appreciate, these will have a significant impact on those smaller communities and, as part of the affordable housing work programme, we've commissioned work to develop a rural development guide, which I hope will assist in unlocking and unblocking smaller infill sites in rural areas in particular.”¹⁶⁶

Our view

187. We explored with witnesses the potential for increasing income from land value capture mechanisms to invest in social housing. The Welsh Government currently has no formal mechanisms to capture land value uplift beyond section 106 and we are concerned that this is a missed opportunity. We heard that creating a fairer and more effective system of compulsory purchase of land could claim a greater proportion of land value increases for the public benefit. For example, it was suggested that there should be a focus on purchasing land in the zone around Transport for Wales's South Wales Metro to build housing and leverage rising land values.

188. We note that the Welsh Government is currently scoping a longer term land strategy. We welcome this and hope that the Welsh Government will ensure coordination across the public sector in its development of a strategy.

¹⁶⁵ Housing Justice Cymru, [additional written evidence](#)

¹⁶⁶ Local Government and Housing Committee, [18 September 2024](#), RoP, paragraph 204

189. We also urge the Welsh Government to look again at seeking devolution of powers to introduce a Vacant Land Tax. We are disappointed that these discussions are currently at an impasse. Given the current constraints on public finances, the Welsh Government should be exploring all options to capture land value for the public benefit, as well as ensuring that developments with planning permission are delivered in a timely way.

Recommendation 12. The Welsh Government should explore how it can capture more land value for the public benefit. As part of this, the Welsh Government should redouble efforts to seek devolution of powers to introduce a Vacant Land Tax.

190. Witnesses called for more robust national viability guidance, suggesting that expectations on section 106 negotiations need to be more clearly embedded in planning policy so that those commitments are reflected in land values. We welcome the work funded by the Planning Officers Society Wales to introduce a technical document that local authorities could refer to, but we believe that there is scope to embed this in Welsh Government guidance. We believe that the Welsh Government should ensure centralised expertise that local authorities can draw on for support in section 106 negotiations.

Recommendation 13. We recommend that the Welsh Government explores how it can ensure that section 106 policy compliance is fully reflected in land values. This should include publishing national viability guidance as a Technical Advice Note; ensuring that viability assessments are published; and providing centralised expert advice to local planning authorities.

191. We heard that smaller sites are sometimes overlooked, because they are not always seen as viable by housing providers or developers, and that the LDP process may favour larger sites. Small sites are often derelict or vacant and can be a nuisance for local communities. A greater focus on them would bring regeneration benefits and could also introduce much-needed social housing into villages and rural areas. We note good practice in the west of England, where four unitary authorities have adopted a Small Sites Programme as part of their joint spatial plan partnership. We encourage the Welsh Government to work with local authorities in Wales to consider how they could work together to build new homes on small sites which may otherwise be overlooked. We also recommend that the Welsh Government considers how grant funding could be adjusted to support viability on smaller sites.

Recommendation 14. We recommend that the Welsh Government work with local authorities on unlocking the potential of smaller sites within existing

communities. This should include encouraging local planning authorities to package small sites together locally or regionally and reviewing the standard viability model for Social Housing Grant to assist viability for small sites.

192. We agree with calls for greater transparency about land ownership. We believe that existing evidence sources on public land ownership should be made more accessible, and that the Welsh Government should explore expanding these sources to include all land ownership. We are concerned that public sector departments are working in silos and we would like to see more cross-government and cross-authority working to spot opportunities for development. Housing providers and communities need more support if we are to increase social housing supply. We recommended in our report on Community Assets that the Welsh Government makes the process of ascertaining land ownership easier for community groups.¹⁶⁷ The Welsh Government told us in November 2023 that officials have been considering how best to incorporate Land Registry data into DataMap Wales and that data on ownership is not likely to be available for assets outside of the public sector.¹⁶⁸ Despite the Welsh Government saying that feedback from this work on data would be shared with a commission on community assets, the Cabinet Secretary told us on 10 October 2024 that a task and finish approach would be taken instead.¹⁶⁹ The Task and Finish Group on Community Assets has recently been established and is due to make recommendations to the Welsh Government in around a year's time.¹⁷⁰ We look forward to monitoring progress in this area, including in relation to making the process of ascertaining ownership of land assets easier for communities.

Recommendation 15. We recommend that the Welsh Government works across the public sector ensure greater transparency in public land ownership, and bringing information and expertise into a central place that is easily accessible to all.

193. A number of witnesses called on the Welsh Government to create the conditions for local authorities to be supported to test the new compulsory purchase powers in the Levelling Up and Regeneration Act 2023, which would give Ministers the power to disregard hope value where developments are in the public interest. In May 2024 the former Cabinet Secretary said the Welsh

¹⁶⁷ Local Government and Housing Committee, [Community Assets](#), October 2022

¹⁶⁸ [Letter from the Minister for Finance and Local Government - Community Assets](#), 17 November 2023

¹⁶⁹ Local Government and Housing Committee, [10 October 2024](#), RoP, paragraph 311

¹⁷⁰ [Letter from the Cabinet Secretary for Housing and Local Government in relation to the Community Asset Commission](#), 24 September 2024

Government intended to consult on use of the new powers and we hope this work will be progressed at pace.¹⁷¹

¹⁷¹ Plenary, RoP, 7 May 2024, paragraph 325

6. Engaging local communities

194. Communities have an opportunity to engage with decision-making through the planning system. A key aim of the development plan system in Wales is to ensure plans are based on early and effective community engagement and involvement. Planning authorities must conduct formal public consultations as part of the development of LDPs.

195. Developers proposing ‘major development’ projects, including housing developments of ten or more dwellings, must undertake statutory pre-application consultation (PAC) before applying for planning permission. There are minimum activities that developers are required to undertake, but Welsh Government guidance encourages developers to go further than this where appropriate in order to build community buy-in and reduce objections when planning permission is being determined.

196. The Welsh Government also funds a network of Rural Housing Enablers (RHEs). The role often includes engaging local communities to assess local housing needs and support community involvement in development decisions.

197. There was broad agreement among witnesses that stigma is an issue which needs to be addressed. Witnesses including CHC and TPAS Cymru noted that early engagement is essential, as well as co-production in developing designs. Crisis noted an example from their Skylight Crisis centre in Brent:

“... where they were heavily involved with the local neighbourhood plan and making sure that there was a specific emphasis within that plan on people within the community who were on very low incomes and people within the community who were facing homelessness so that that was embedded as part of the blueprint, as part of the oversight, and accepted. By having that community engagement in that plan, it was much easier then—it set things up quite nicely.”¹⁷²

198. Ben Murphy noted the importance of “local buy-in”, and told us that the Duchy of Cornwall has always carried out community engagement, which involves speaking with all stakeholders, including the community at large, to identify “what the needs are, what they like about their local area, what they don’t like and what social infrastructure is required”. He added that:

¹⁷² Local Government and Housing Committee, 20 June 2024, RoP, paragraph 325

“you genuinely get better quality outcomes and better quality design [...] It's a real collegiate and collaborative process, and you get that buy-in, and they tell you if they want a modern aesthetic or to retain some local style and architecture. I think it provides a bit of momentum, as much as it requires some upfront resource.”¹⁷³

199. CLA Cymru called for increased support for RHEs. They noted:

“RHEs are independent from local authorities and can engage all parties involved in delivering affordable and social housing in rural areas, including communities, community councils, local planning authorities, and members of planning committees.”¹⁷⁴

Community-led housing

200. The Cabinet Secretary has previously confirmed that community-led housing (CLH) developments will contribute to the delivery of the 20,000 social homes target. The 2021 Programme for Government included a commitment to support cooperative housing, community-led initiatives, and community land trusts. The Welsh Government currently co-funds the Communities Creating Homes project delivered by Cwmpas, which supports the delivery of affordable CLH.

201. In our inquiry into community assets, we heard that difficulty accessing funding was a barrier to the development of the CLH sector. The Welsh Government rejected our recommendation that a specific Welsh fund for community housing projects be established, stating that it would instead seek to explore access to existing funding streams for CLH groups.¹⁷⁵

202. Our inquiry also heard evidence suggesting that changes were needed to empower communities who wish to acquire land and assets. In January 2024, the then Minister for Finance and Local Government confirmed the establishment of a commission to explore factors relating to community asset transfers, overseen and funded by Ystadau Cymru.¹⁷⁶ However, as stated above, the Cabinet Secretary told us in October 2024 that this would be a task and finish group, not a commission.

¹⁷³ Local Government and Housing Committee, 20 June 2024, RoP, paragraph 216

¹⁷⁴ CLA Cymru, written evidence

¹⁷⁵ Welsh Government, Response to Local Government and Housing Committee report on community assets

¹⁷⁶ Plenary, 16 January 2024, RoP, paragraph 185

203. Witnesses suggested that a lack of appropriately priced and structured finance remains one of the most significant barriers to the development of CLH. Cwmpas told us that community groups struggled to access pre-development funding. They described their proposal for a revolving loan fund for CLH based on £12.6 million of Financial Transactions Capital.¹⁷⁷

204. Housing Justice Cymru argued that a lack of legislation supporting a community right to buy is hindering the development of the CLH sector.¹⁷⁸ Cwmpas noted that the CLH sector is currently “heavily reliant on philanthropic landowners selling their land privately to CLH projects, sometimes for a reduced cost, because they recognise the value that CLH can bring to a community.”¹⁷⁹ CLA Cymru recommended exploring options to enable community groups to purchase buildings and land for affordable housing.¹⁸⁰

205. Cwmpas told us that CLH can meet specific housing needs as well as bring wider benefits such as a sense of community and building skills, however they suggested that:

“There is a lack of consistency across local planning authorities, with some very supportive an open to CLH developments, but others reluctant and unwilling to engage, despite a clear message in the national policy that CLH organisations can deliver affordable housing.”¹⁸¹

206. The Cabinet Secretary told us that she is not minded to create a bespoke fund for CLH. She went on to say:

“However, work has been undertaken to allow community-led housing groups to access some existing funds, including the social housing grant, empty homes grant, and we are trialling support through the land and buildings development fund.”¹⁸²

Our view

207. Community-led housing is an important element of the 20,000 social homes target. We recognise the benefits this approach can bring including its potential to meet specific housing needs as well as wider benefits such as a sense of

¹⁷⁷ Cwmpas, [written evidence](#)

¹⁷⁸ Housing Justice Cymru, [written evidence](#)

¹⁷⁹ Cwmpas, [written evidence](#)

¹⁸⁰ CLA Cymru, [written evidence](#)

¹⁸¹ Cwmpas, [written evidence](#)

¹⁸² Local Government and Housing Committee, [18 September 2024](#), RoP, paragraph 200

community and building skills. However we note that community groups often struggle to access pre-development funding. We remain disappointed that the Welsh Government rejected the recommendation in our report on Community Assets that a specific Welsh fund for community housing projects should be established, stating that it would instead seek to explore access to existing funding streams for CLH groups. We ask that the Welsh Government looks afresh at the proposal to establish a revolving loan fund for community-led housing, given that a lack of appropriately priced and structured finance remains one of the most significant barriers to the development of CLH.

Recommendation 16. We recommend that the Welsh Government looks again at the proposal to establish a revolving loan fund for community-led housing.

208. We agree that early and effective engagement is integral to identifying needs and opportunities for social housing development as well as ensuring community buy-in. We welcome the establishment of Rural Housing Enablers. However we are concerned that there are only three or four of them left in Wales. We have previously recommended that the Welsh Government explore urban housing enablers.¹⁸³ The Welsh Government accepted that recommendation and pointed to its town centre first policies.¹⁸⁴ We welcome the Welsh Government's establishment of a Community Housing Enabler as part of the Dwyfor Second Homes and Affordability Pilot and we would like to see roll out across Wales as we believe they have the potential to do more granular work on a community level, including enhancing the quality of data that informs local housing market assessments.

Recommendation 17. We recommend that the Welsh Government considers funding Community Housing Enablers across all local authorities.

¹⁸³ Local Government and Housing Committee, *The Right to Adequate Housing*, July 2023

¹⁸⁴ Welsh Government, *Response to the Local Government and Housing Committee report on the Right to Adequate Housing*

List of oral evidence sessions

The following witnesses provided oral evidence to the committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed on the Committee's [website](#).

Date	Name and Organisation
22 May 2024	Dr Edward Shepherd, Cardiff University Ken Gibb, UK Collaborative Centre for Housing Evidence Toby Lloyd, Independent Consultant Nicholas Falk, Urbed Trust Darren Baxter, Joseph Rowntree Foundation Wendy Dearden, Bevan Foundation Robin White, Shelter Cymru
5 June 2024	Clarrisa Corbisiero, Community Housing Cymru Matthew Dicks, Chartered Institute of Housing Cymru Jim McKirdle, Welsh Local Government Association Rosie Jackson, Swansea Council David Rees, Swansea Council Katie Clubb, Conwy County Borough Council David Ward, Tirion Dorian Payne, Castell Group

Date	Name and Organisation
	<p>Mark Hand, Royal Town Planning Institute</p> <p>Mark Harris, Home Builders Federation</p>
20 June 2024	<p>Craig O' Connor, Planning Officers Society Wales</p> <p>Sam Rees, Royal Institution of Chartered Surveyors</p> <p>Ben Murphy, Duchy Of Cornwall</p> <p>Avril Roberts, Country Land and Business Association</p> <p>Alicja Zalesinska, Tai Pawb</p> <p>Elizabeth Taylor, TPAS Cymru</p> <p>Debbie Thomas, Crisis</p> <p>Casey Edwards, Cwmpas</p>
3 July 2024	<p>Sorcha Edwards, Housing Europe</p> <p>Rebecca Kentfield, Housing Justice Cymru</p>
18 September 2024	<p>Jayne Bryant MS, Cabinet Secretary for Housing and Local Government</p> <p>Emma Williams, Welsh Government</p> <p>Stuart Fitzgerald, Welsh Government</p> <p>Neil Hemington, Welsh Government</p>

List of written evidence

The following people and organisations provided written evidence to the Committee. All consultation responses and additional written information can be viewed on the Committee's [website](#).

Reference	Organisation
SHS 01	John Lovell, Co-founder of Tirion and ex leader of Arup in Wales
SHS 02	CITB Wales
SHS 03	Adra (Tai) Cyfyngedig
SHS 04	Tai Pawb
SHS 05	Public Health Wales
SHS 06	Wrexham County Borough Council
SHS 07	Castell Group
SHS 08	Tirion Homes
SHS 09	Lloyds Bank Foundation
SHS 10	Royal Town Planning Institute Cymru
SHS 11	Neath Port Talbot County Borough Council
SHS 12	Welsh Women's Aid
SHS 13	Home Builders Federation Wales
SHS 14	Conwy County Borough Council
SHS 15	Rhondda Cynon Taf County Borough Council
SHS 16	Crisis
SHS 17	Chartered Institute of Housing Cymru
SHS 18	Community Housing Cymru
SHS 19	UK Collaborative Centre for Housing Evidence
SHS 20	Cwmpas
SHS 21	Housing Justice Cymru

Reference	Organisation
SHS 22	Shelter Cymru
SHS 23	The Chartered Institute of Building
SHS 24	Dr Edward Shepherd
SHS 25	Isle of Anglesey County Council
SHS 26	Swansea Council
SHS 27	Cymorth Cymru
SHS 28	Bevan Foundation
SHS 29	Welsh Local Government Association
SHS 30	Country and Land Business Association Wales