

APPENDIX 7

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Welsh Government

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Leaders and Chief Executives of Local Authorities

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Dear Colleague,

At this year's RTPI Wales Planning Conference, I outlined that the Welsh Government is committed to diversifying housing supply in Wales with the need to focus attention on the delivery of social housing. This position is supported by the findings of the Independent Review of Affordable Housing Supply and the recently published estimates of housing need in Wales by tenure. I also said that, as a result, we intend updating Planning Policy Wales (PPW). This letter sets out my expectations of development plans for the delivery of social housing in advance of changes to PPW.

Good progress has been made towards delivering our target of 20,000 affordable homes, however evidence shows we need to build more social homes. We recognise the important contribution which market housing makes to providing affordable housing, but over the last 40 years house building output has only attained the levels of need when councils built and managed substantial numbers of social homes.

The published estimates of housing need in Wales by tenure provide a range of estimates based on different demographic projections for the next 5 years. The central estimate of housing need suggests an additional 4,400 market houses and 3,900 affordable homes are needed each year. In other words, 47 per cent of the homes we need in Wales should be for social or intermediate rent. Given these estimates, and based on average new house-building statistics for the past few years, it appears that we are already building the number of market homes we need, whilst we are falling short of the number of affordable homes we desperately require. The public sector must accept the challenge and step in to ensure that everyone who needs a home has a home.

One area where the prospects for social housing have been transformed is the opportunity which now exists for local authorities to build again. The Welsh Government is determined to support the building of a new generation of council homes at scale and pace to meet the needs of communities across Wales. The direct provision of social housing requires concerted effort across the public sector. There are examples of good practice emerging across Wales where local authorities have, by extending their borrowing, begun the task of

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building new council houses. The availability of well located affordable land is critical to the success of this policy.

Up to date Local Development Plans (LDPs) are a cornerstone for housing delivery by identifying the best sites for new homes. Local planning authorities must, when complying with their statutory duty to prepare LDPs, address the need for affordable housing.

LDPs must be informed by evidence including the estimates of housing need in Wales by tenure and Local Housing Market Assessments which together identify the type and tenure of housing required. The most recent version of PPW, published last December, requires local planning authorities to follow place-making principles. Place-making is a people-centred approach to planning, designing and managing communities to promote peoples' health, happiness and well-being which must be central to preparing LDPs and deciding planning applications. PPW already allows local planning authorities to identify sites for up to 100% affordable housing. Whilst PPW also states that such sites are likely to be small in scale and number in relation to the total number of sites available, the need for social housing is now so acute that this policy needs to be implemented in a flexible way to reflect local circumstances. PPW will be updated to reflect the revised policy as part of the current review of the delivery of housing through the planning system.

When reviewing LDPs local planning authorities must make provision for affordable housing led housing sites. **Such sites will include at least 50% affordable housing, which is defined as social rented housing provided by local authorities and registered social landlords, and intermediate housing where prices or rents are above those of social rent but below market levels and there are secure arrangements to recycle receipts to use for future affordable housing where full ownership is achieved.** In the first instance affordable housing led housing sites should make use of public land. Where public land is not available, privately owned land may be identified. Sites should not be inferior in any way to sites which are being promoted for market housing.

Yours sincerely,



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