



Eich cyf/Your ref
Ein cyf/Our ref

Leaders and Chief Executives of Local Authorities

17 November 2021

Dear Colleague,

We have set an ambitious and challenging target of delivering 20,000 new affordable homes for social rent during this Senedd term. We recognise the important contribution that market housing makes in supporting the provision of 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. 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 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 (LPAs) must, when complying with their statutory duty to prepare LDPs, address the need for affordable housing. Our national planning policy makes it clear that when reviewing LDPs, LPAs 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

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Gohebiaeth.Julie.James@llyw.cymru
Correspondence.Julie.James@gov.Wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

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.

The Welsh Government's Land Division has been established to promote joint working between public sector bodies to unlock the potential of our public land for development. It is tasked to ensure we make the best use of the resources available, and provide a mechanism for sharing expertise so that we can see a concerted public sector response to the shortage of social housing, and to the development of public land for wider policy benefit.

Land Division is seeking to utilise these assets to support housing policy objectives, including the increased provision of social housing across Wales. In addition, developments will align to our social housing space standards, increasing public housing stock numbers whilst also taking opportunities to deliver new net zero carbon developments. We will also be pressing for innovative designs, encourage greater biodiversity and make greater use of Modern Methods of Construction, building on the experience gained through the Innovative Housing Programme.

Our Land and Building Development Fund (LBDF) can provide Local Authorities and Registered Social Landlords with a proportion of the costs associated with advancing land and/or buildings for the development of social and affordable homes. It can be used to fund the viability gap that may arise when delivering the 50% target. If you have not already done so, I would urge you to consider a scheme(s) for your Local Authority areas, and investigate what land or assets you have that could be repurposed or advanced for the development of social and affordable homes. Land Division officials stand ready to assist you with any proposals you may wish to be considered for the scheme.

Another area where we can work together to deliver more affordable social homes is on land that has been remediated under historic Land Reclamation Grants, where the Welsh Government is due all or a proportion of the land receipts following a sale. In these circumstances I'm clear that ensuring we deliver the best possible development which meets our wider policy objectives, including 50% affordable, low carbon social homes takes precedent over maximising receipts for the Welsh Government. I would urge you to contact my officials and work with them to ensure this request is realised on sites in future.

Yours sincerely



Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change