

Senedd Cymru Local Government and Housing Committee

Inquiry into Supply of Social Homes

April 2024

Thank you for the opportunity to provide a written statement to contribute to the Inquiry into Supply of Social Housing. Please find below the written response from Conwy County Borough Council (CCBC).

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

In Conwy the Social Housing Grant (SHG) and Transitional Accommodation Capital Programme (TACP) grants programmes have delivered 203 affordable homes of which 134 were social homes for rent during the current Senedd term (2021). There have been challenges to delivery as a result of the pressures experienced by contractors (see response to question 2 below) but there is now a significant pipeline for delivery of social homes in the county. Availability of grant will be key to delivery of additional homes at pace.

For any new build social housing requirement, the emerging Replacement LDP is progressing an affordable housing policy framework to meet need and maximise affordable housing delivery. This policy framework will support both RSLs and private developers.

A significant level of housing need has been identified by the Local Housing Market Assessment and calculations are currently being run through the model to identify the annual requirement. However, it should be noted that the need identified in the Local Housing Market Assessment is not a new build target, and is the number of households in affordable housing need. The need to deliver market housing to avoid general affordability housing issues is not always recognised, neither is the role of market housing in delivering social need through the private rental sector and Local Housing Allowance. Work to increase the levels of private rentals could have a positive impact on social

registers through increasing rent affordability and also providing an alternative to households eligible for social housing.

2. The challenges faced by social landlords in increasing supply

The social housing sector have faced considerable challenges in increasing supply. There have been issues with contractors going into administration leading to lengthy delays on schemes.

There have been increased costs from new requirements such as EPC A and renewables. Issues with shortage of skills and increased labour and material costs resulting in higher development costs.

Private developers contribute towards new affordable housing provision through the planning process. RSLs have reported to CCBC that the ground rent charged on new dwellings by the majority of house builders are too high for most social tenants to be able to afford. The RSL must cover the cost in this instance. The cost is covered by the tenant for intermediate rent and low cost home ownership properties.

RSLs operating in CCBC will not take on a leasehold property. We have recently sought provision from a development of flats, but no RSL was willing to take these properties on due to the unpredictable nature of costs. There is a high need for small units in Conwy, which tend to be flats.

CCBC RLDP is working with RSLs to obtain evidence to ensure that the new policies will enable delivery of affordable housing and remove as many challenges as possible.

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

CCBC have recently updated evidence base on development viability for private developments to inform the RLDP. There are increased costs involved for social units that are not there for open market. This has a knock on effect on what can be provided on sites overall. It may be possible to provide further provision with lower cost standards, however, this is likely to impact on other

priorities such as accessibility, longer term needs, affordability of energy bills and zero carbon needs.

Increasing housing standards and decarbonisation requirements for market housing would level this playing field, but the increased build costs is likely to negatively impact on the viability and affordable housing requirements assumed in the RLDP.

New standards for social housing such as the installation of sprinklers and achieving EPC A has increased construction costs considerably. This coupled with the fact that some technology is still unproven and also lack of skilled labour has caused delays in development schemes and as a result increased overall costs.

Increased demand around decarbonisation for existing RSL stock may result in a challenge on investment between existing stock and new build developments. WHQS23 will require a huge investment in stock which in turn means the labour market must resource this as well as new build.

4. How effectively the planning system is supporting social housebuilding

CCBC is currently preparing the Deposit stage of the Replacement LDP. RSLs have had opportunity to share their views on affordable housing and other policies in the LDP, which affect housebuilding. This will continue throughout the process. We have held meetings with RSLs, including a workshop where in-depth discussion was had around the barriers to delivering affordable housing, and how the RLDP could help.

The new RLDP will include a new Framework of affordable housing policies, which seek to maximise delivery, and support housebuilding through the planning system as much as possible. Areas covered include:

- a. Provision of 50% sites
- b. 100% exception sites – no site threshold will be set, and they will be allowed (subject to set criteria) in all rural areas, and areas outside of

settlement boundaries. The current plan only allows for them in rural areas.

- c. Review of planning obligations and justification of whether RSLs need to provide for new school places for example.

The adopted LDP allocated land that was Council and WG owned to enable these sites to come forward through the planning process more smoothly. In reality, deliverability has remained an issue, with most of these sites undeveloped. This is due to issues that largely fall outside of the planning process.

There is a close working relationship between the Strategic Planning Policy Service and Housing Strategy to ensure that evidence base is robust and up to date. This helps to provide a consistent approach for planning applications. There have been sites in the past where SHG was allocated to them, but they did not comply with planning policy. Early steer is now given from planning policy and/or Development Management to avoid this occurring again.

Strategic Planning Policy and Development Management are part of an Affordable Housing and Homelessness Programme set up by CCBC to prioritise the delivery of public owned sites for affordable housing. This has recently been expanded to include other RSL sites. This early engagement is considered positive, so that any potential planning issues are addressed early on, and schemes can progress more quickly through the planning application process.

However, there are difficulties in the ability of some local planning authorities to be able to determine applications and enquiries quickly. Resources are needed to ensure effective service provision to help with the delivery of affordable housing. Planning fees haven't increased in line with inflation for many years meaning extra pressures and slower delivery times. There are challenges with recruitment and retention of key officers.

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

The RLDP will be promoting higher levels of affordable housing delivery on public owned land.

Surplus council owned assets identified and progressed via our Disposal & Acquisition Policy have and continue to be shared with housing colleagues to be considered for affordable/social housing. Where such opportunities exist and are to be progressed, these assets then form part of a Project under the Housing & Homelessness Programme Board for delivery with RSL partners.

At present, due to existing opportunities within the CCBC asset base, there has been limited need to explore acquiring 3rd party interests via CPO.

Notwithstanding the above, capacity and capability to progress a CPO would need to be procured, and the financial resource to progress and acquire would need to be secured.

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

Land values from disposing of CCBC lands which are not appropriate for social housing could be prioritised for social housing investment on other more appropriate sites however this will need to be balanced against other council pressures.

7. 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

The RLDP must demonstrate deliverability of the strategy and dwelling numbers. Lack of capacity in the construction industry can affect this. Private developers operating in CCBC have confirmed that they have capacity to deliver the 240 dwellings per year set in the Conwy RLDP.

TACP has provided a great opportunity to deliver additional social homes at pace. However, existing buildings are difficult to convert and meet WDQR and required energy standards. There are town centre sites in Conwy which could provide conversion to social units, but this isn't possible due to the

standards required. In addition the parking requirements through planning make town centre focus challenging. We have been aware of examples where RSLs have been unable to bring ex-council properties back into use as social homes because they cannot meet required space or energy efficiency standards.

Better use of existing stock will be required in future to meet the level of households in need. In order to make the best use of the opportunity for acquisitions through TACP to contribute to the overall target a more flexible approach to some aspects of WDQR and energy requirements would overcome the barriers above.

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

There are various stages of consultation in the RLDP Regulations. There is often misunderstanding in local communities regarding what is an 'affordable home' which we are addressing through close working on consultations on key plans such as the Replacement Local Development Plan and the Local Housing Strategy. Whilst in many cases there is general understanding that there is a significant housing need there may be resistance due to other local pressures.

The planning application process is also a good way for local communities to comment on applications in their area. In addition to this, for major development RSL's need to carry out a pre-application consultation with local ward members and the community this is an opportunity for RSLs and developers to embrace this consultation process and engage with the community.