



RTPI

mediation of space · making of place
cyd drefnu gofod · creu cynefin

National Assembly for Wales:

Communities, Equality and Local Government Committee Inquiry into the provision of affordable housing

Evidence submitted by RTPI Cymru

Background

The Royal Town Planning Institute (RTPI) is a membership organisation representing over 22,000 spatial planners; RTPI Cymru represents the interests of almost 1,100 members in Wales. It exists to advance the science and art of town planning for the benefit of the public.

RTPI Cymru welcomes the Inquiry by the Committee. This evidence has been developed by RTPI Cymru's Policy and Research Forum, which has representatives from across the planning community in Wales.

General

RTPI Cymru believes that whilst planning has a role to play in delivering affordable housing, it is unable to be a consistent vehicle for delivery, as it must consider viability.

The Joseph Rowntree Foundation published, in June 2008, a report of an independent Commission into Rural Housing in Wales which suggested that problems of affordability are more acute and that social housing supply is more limited in rural areas as compared to urban areas. Delivering affordable housing through the planning system is able to deliver relatively more in the urban areas of Wales because the sites involved generally involve a higher number of private housing units; it is far more difficult in rural areas as the numbers involved are far lower.

The remainder of this paper addresses the specific planning related issues raised by the Committee.

The effectiveness of public subsidy in delivering affordable housing, in particular Social Housing Grant

Previously developers relied on the availability of Social Housing Grant (SHG) to help them deliver affordable housing and this has all but dried up recently. However, many of the sites brought forward in 2008-2011 were fully or partly SHG funded or other housing grant money brought forward by Welsh Government and this may have artificially increased the numbers of affordable housing units being delivered and are quoted in the recent figures.

Whether alternatives to public subsidy are being fully exploited

A large percentage of the development cost remains the land value and the opportunity for land held by local authorities and Welsh Government to be released for development at no or minimal cost needs to be considered. There is a lot of land which people thought would obtain a value but this was in the good times when developers would build on most sites; in reality a large amount of this land has little or no value either in the short or long term. How to encourage or adjust people's perception of the value of their land is a problem that needs to be overcome if land in private ownership is to be successfully brought forward in the short and medium term.

Section 106 / Planning Agreements

Where Section 106 obligations restrict occupancy to those in affordable housing need, this can cause problems in obtaining mortgages from lenders. This can result in a difficulty in finding purchasers for these units and they remain empty, despite a recognised high level of affordable housing need in the area. The fact that each LPA has a different approach to the drafting of these agreements and each lender's requirements are also not constant, compounds the problem.

Where private developers are providing affordable housing without the involvement of a RSL attempts to sell the affordable housing units via the high street estate agents does not appear to be the best way to target the correct customer base as most people utilising estate agents do not qualify as being in affordable housing need. Work to establish registers of those in need of affordable housing as an alternative customer base has been very slow and is proving difficult to get off the ground in some areas where stigmatisation acts as a deterrent to people's willingness to be included on such registers.

Workable Section 106 obligations with inbuilt flexibility that are acceptable to the lending bodies are essential if private developers and self build schemes are going to be able to make any contribution to satisfying the current need for affordable housing. RTPi Cymru understands that work is underway to address this and is being progressed with the WLGA in conjunction with representatives for lenders and involving a number of other interested parties.

Community Infrastructure Levy (CIL)

The Community Infrastructure Levy (CIL) is a new mechanism for leveraging funding from new development to support the provision of infrastructure in an area. It was introduced in the 2008 Planning Act, and there are amendments to it in the Localism Bill. CIL is being progressed on an England and Wales basis, given that it is deemed as a tax.

In terms of CIL, at present affordable housing is not included in the definition of Infrastructure and therefore will continue to be delivered through Section 106 agreements. Therefore, when setting CIL levels, LAs must ensure that they do not undermine the viability of developments so that affordable housing provision suffers.

The UK Government are currently consulting on this (and other matters); they may choose to include affordable housing within the definition of Infrastructure for CIL, but even if they do, its delivery will very much depend upon local political priorities and how high up the agenda Affordable Housing falls.

Whether the Welsh Government, local authorities and RSLs are effectively utilising their powers to increase both the supply of, and access to, affordable housing

Local Planning Authorities (LPA) in Wales follow TAN2 guidance to include specific policies and proposals in their Local Development Plans (LDPs) for affordable housing. To do this, they work with their housing colleagues to assess demands via local housing market assessments and deliver affordable housing requirements via the development management process.

RTPI Cymru has previously made points about greater control of second and holiday homes to reduce these pressures on the rural housing market and also on assisting local authorities to release land for affordable housing development.

Current National Policy

There has been a lot of national policy produced promoting affordable housing including the Welsh Government guidance "Delivering Affordable Housing Using s106 Agreements" and this has been useful. However, there may be a need to promote this policy direction and mechanisms for delivery to those LPA officers who deal with planning applications; there may have been a focus on Planning Policy and Housing officers taking a lead on this.

However, RTPI Cymru does not believe that national guidance alone will be successful in delivering more affordable housing in Wales. The main hurdles that stand in the way are: the speed at which local policies are able to catch up with national policy; the political will at a local level to prioritise affordable housing; the economic viability and the ability for developer's to provide affordable housing; and the lack of social housing grant to cross-subsidise affordable housing delivery.

Viability

Viability is a significant issue affecting development in the current economic market and this restricts the ability of the planning system to deliver affordable housing through planning agreements, as viability is a material consideration for LPAs to consider.

During the current downturn in the housing market, developers who bought sites in more profitable times (and before national and local policies increased % affordable housing requirements) argue that they cannot afford to meet LPAs' requirements for affordable housing, and in many cases they are able to evidence this, in which case LPAs are forced to accept lower levels of affordable housing. It is not expected that this will change in the short or medium term and therefore, the ability to deliver affordable

housing through Section 106 (planning gain) agreements will be limited until the market improves substantially. On a recent case in the Vale of Glamorgan, the District Valuer advised there would need to be a 20% increase in house price values before more affordable housing or other obligations could be delivered.

Furthermore, housebuilders argue that landowners still have artificially high expectations of land values and if national and local policies continue to set high targets, land owners will 'sit on' their land until policies ease up. National housebuilders have also advised that if the Welsh Government continues to pursue the current direction of travel for affordable housing policy (alongside the push for sustainable homes) then they will stop developing in Wales and only work in England. They argue that in England there is more competition between RSLs so they compete against each other and pay the developer more per unit thus enabling the developer to provide a higher % of affordable housing units. In Wales, this has been deliberately stamped out to maximise the money RSLs have in reserves to enable them to provide affordable housing.

With regard to sustainable buildings policy; we would not advocate a relaxation of this policy. The link between this and affordable housing need must be understood and the implications for occupants and fuel poverty.

Local Policy

Up to date local policies are an essential element for the delivery of any LPA or Government policy. The majority of LPAs in Wales are now progressing their LDPs, with five now adopted and two submitted for examination. Without strong local planning policies the shape of housing provision can only be marginally influenced. Consequently the type of housing built, for example family homes vs apartments, cannot be directed by LPAs in response to local housing need.

Whilst some LPAs have now produced LDPs which reflect the national policies and higher priority given to affordable housing, in the main these are in relatively lower value development areas (e.g. Caerphilly, Rhondda Cynon Taf) and therefore only time will tell as to how viable these policies will be. Higher value areas like Cardiff, the Vale of Glamorgan, Bridgend and Monmouthshire are still to produce their LDPs. In the mean time, most LPAs have up to date SPG or Delivery Statements and these set lower thresholds and a higher % of affordable housing schemes. However, because the housing market has been very quiet for the last four years, these policies have not been tested very thoroughly.

Regardless of national or local policies, each planning application will be subjected to scrutiny by Planning Committee. Members serving on Planning Committees do not always prioritise affordable housing over other matters such as education, transport or community facilities. This is particularly relevant where development viability is an issue and the number of Section 106 obligations is reduced below the policy requirements.

Empty Homes Strategies

Many local authorities, particularly rural authorities, are undertaking work to bring empty homes into use. In many cases, Authorities have been able to use planning legislation to assist with this activity. RTPI Cymru and CIH Cymru have been promoting this activity through the joint Planning for Housing Network. This area of work could be promoted further through guidance to authorities and partners, including RSLs, building on the experience of existing schemes.

Whether there is sufficient collaborative working between local authorities, RSLs, financial institutions and homebuilders

RTPI Cymru supports inter-professional collaboration. Specific to housing, we run jointly with CIH Cymru a Wales Planning for Housing Network which holds joint events in north and south Wales to bring together planners and housing professionals, across sectors, to discuss issues of common interest.

RTPI Cymru is also a founder member of the Regeneration Skills Collective Wales (RSCW), working with five other built environment professional bodies to promote the skills agenda for built environment professional bodies in delivering regeneration, which housing forms a key element.

The work of the Centre for Regeneration Excellence Wales (CREW) also undertakes positive work in promoting good practice on the delivery of affordable housing in Wales.

Problems with current section 106 obligations covering affordable housing provision highlighted earlier in this evidence demonstrate the urgent need for collaborative work between the various bodies. Without a workable Section 106 the implementation of both national and local policy will be ineffective.

November 2011