

Number: WG38202



Llywodraeth Cymru
Welsh Government

Welsh Government
Consultation – summary of response

Delivery of Housing through the Planning System

Call for Evidence

October 2019

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

OGL © Crown Copyright Digital ISBN 978-1-83876-455-5

Summary of responses

1. Introduction

1.1 The Welsh Government undertook a twelve-week ‘Call for evidence’ consultation regarding the delivery of housing through the planning system. The consultation took place from 18 July 2018 to 10 October 2018. The aim of the consultation was to seek views on how to improve the delivery of housing sites in the Local Development Plan (LDP) and the interrelationship with measuring housing land supply and actions to address any shortfall.

1.2 All Local Planning Authorities (LPAs) must ensure sufficient land is brought forward for housing development to meet the needs of local communities through the LDP. The Welsh Government’s planning policy¹ requires LPAs to identify specific and deliverable sites for the following 5-year period and to monitor this position on an annual basis through the preparation of a Joint Housing Land Availability Study (JHLAS). Technical Advice Note 1 (TAN 1): Joint Housing Land Availability Studies² sets out the mechanism by which the housing land supply figure is calculated. The five year supply figure, including supporting commentary and remedial actions, where appropriate, is included within an LPA’s Annual Monitoring Report (AMR)³.

1.3 A total of six questions were asked during the consultation seeking evidence based views on the three related areas below:

- how to establish a deliverable LDP housing requirement
- how to ensure the delivery of housing sites allocated to meet the LDP housing requirement, and
- the monitoring arrangements for housing land supply once LDPs are adopted.

1.4 The sixth question provided respondents with the opportunity to provide other related evidence as considered appropriate to the consultation. The comments received were wide-ranging and detailed and highlighted many individual and thematic issues. Due to the nature of the comments, detailed responses to individual comments are not specifically referred to as part of this summary report, but all comments have been fully considered during the analysis of responses.

1.5 A number of comments were raised on issues including grant funding, public sector land, vacant land tax, compulsory purchase and building to Lifetime Homes standards, which fall outside the remit of the consultation.

¹ See Planning Policy Wales (Edition 10) paragraph 4.2.15 - <https://gov.wales/planning-policy-wales>

² See Technical Advice Note 1: Joint Housing Land Availability Studies - <https://gov.wales/technical-advice-note-tan-1-joint-housing-land-availability-studies>

³ Town and Country Planning (Local Development Plan) (Wales) Regulations 2005 – Regulation 37 and Local Development Plans Manual, Edition 2 – Section 9.4 - <https://gov.wales/local-development-plan-manual-edition-2-2015>

1.6 This consultation report provides a summary of all responses received to the 'call for evidence'. The results have informed the Welsh Government response and the way forward which is explained in sections 6 and 7.

2. Background

2.1 The monitoring of housing land supply in TAN 1 has highlighted a shortfall in deliverable land, with the majority of LPAs unable to demonstrate a 5-year housing land supply as at 1 April 2018, including some authorities with recently adopted LDPs. This situation has resulted in an increase in the number of planning applications for housing on sites not allocated in LDPs and is undermining the planned system in Wales.

2.2 The process of monitoring housing land supply has identified undeliverable allocations in some LDPs, which have been promoted by landowners, developers and LPAs for a variety of reasons. This situation has resulted in lower than anticipated levels of housing completions on allocated sites, leading to an insufficient number of new homes being delivered. This is having an effect on the delivery of housing across Wales and raises questions on the compatibility of TAN 1 and the monitoring of LDPs.

2.3 Due to the lack of a 5-year housing land supply, it was agreed in May 2018 to undertake a 'call for evidence' and wide-ranging review of the delivery of housing through the planning system. As a pre-cursor to this review, the Welsh Government temporarily dis-applied paragraph 6.2 of TAN 1 with effect from 18 July 2018. This removed the paragraph which referred to attaching "considerable" weight to the lack of a 5-year housing land supply as a material consideration in determining planning applications for residential development. The dis-application of this paragraph was intended to alleviate some of the immediate pressures on LPAs dealing with 'speculative' applications and help to ensure the most appropriate housing sites are brought forward through the LDP process.

3. Consultation and publicity

3.1 Details of the consultation were published on the Welsh Government's website throughout its duration. The Heads of Planning at the 25 local planning authorities were notified of the consultation by a letter from the then Cabinet Secretary for Energy, Planning and Rural Affairs, Lesley Griffiths AM. The Home Builders Federation and the Planning Inspectorate Wales also received a copy of the then Cabinet Secretary's letter.

3.2 The Welsh Government maintains a list of established stakeholders in the planning system and these were all notified of the consultation by direct e-mail on 18 July 2018. At the time, the stakeholders comprised the Chief Executives and Chief Planning Officers of the 25 local planning authorities, 23 statutory consultees and 101 non-statutory consultees.

4. The responses

4.1 A total of 78 completed responses were received to the consultation. The largest group of respondents were LPAs representing 24% of all responses received. A total of 19 LPAs provided a response, including the 3 National Park Authorities who prepared a consolidated response.

4.2 Other substantive responses were received from professional bodies / interest groups representing 21% of all responses received and included comments from the Royal Town Planning Institute (RTPI) and the Home Builders Federation (HBF).

4.3 Responses were also received from Government agencies and other public sector bodies representing 17% of all responses and included comments from a number of town and community councils.

4.4 Responses from businesses, largely comprising housing developers and planning consultants, accounted for 14% of all responses. 13% of responses were from individuals responding in a private capacity. The voluntary sector made up the remaining 9% of responses.

4.5 A breakdown of the bodies and individuals that responded can be found in the Appendix.

5. Summary of responses by theme

5.1 This section summarises responses to the six consultation questions which are listed below.

- 1) How should a deliverable housing requirement be calculated for inclusion in a development plan?
- 2) How can we ensure development plan housing requirements are delivered?
- 3) What evidence is necessary to demonstrate the deliverability of sites which make up the housing requirement?
- 4) How should housing land supply be monitored in relation to delivering the housing requirement set out in an adopted plan?
- 5) What action should follow if a local planning authority does not have an up to date plan/and or housing land supply?
- 6) If you would like to submit any other information related to the issues raised in this consultation, please do so here.

Responses were wide-ranging and in many cases spanned multiple questions. The responses have been grouped into six themes with interrelated issues covering several themes clearly highlighted.

Theme 1 - Plan led system

5.2 Most responses, including those from LPAs, businesses, and interest groups show widespread support for a plan led system. Without an LDP in place, many respondents felt that there would be no co-ordinated approach to development, resulting in a lack of certainty and investment opportunities with limited ability to

deliver on other policy requirements, such as affordable housing, and resist speculative planning applications.

5.3 Many respondents consider the current legislative development plan framework is fit for purpose, with the exception of some LPAs seeking an extension to plan end dates, particularly if authorities are progressing plan reviews and / or Strategic Development Plans (SDPs). One LPA proposed a more expansive application of the 'short form' revision procedure by requesting flexibility to amend the extant plan and evidence base by inserting and deleting allocated sites.

5.4 Across some groups and in particular from the business sector, support for a plan led system came with calls for Welsh Government to take a more proactive role to ensure LDPs are reviewed on time and kept up-to-date, using powers of intervention and direction if necessary.

5.5 LPAs emphasised the failure of LDPs to achieve the policy requirement of a 5-year housing land supply, in some cases shortly after adoption, undermining the credibility of a plan led system. Without a 5-year supply, it was highlighted that speculative applications are coming forward for development on sites already discounted through the LDP process. As a result, it was considered that such sites have avoided rigorous assessment at key stages in the LDP process, in particular when considering growth options and alternatives, infrastructure requirements, consideration through a sustainability appraisal and in some cases in direct conflict with the adopted plan. An increase in the number of speculative applications coming forward for approval outside the LDP and in advance of a replacement plan, has raised concerns by private individuals and community groups who believe that sites are being "pushed through" in advance of the statutory process. Most speculative applications were considered to undermine a plan led system and reduce the level of community engagement in the process. This in turn, was considered by some professional bodies and interest groups to create issues for political buy-in and ownership of LDPs, which can be further exacerbated by the cost of plan preparation and resource and financial issues faced in LPAs. Further responses on speculative applications and 5-year housing land supply are considered in Theme 6.

5.6 Some LPAs criticised the requirement to prepare an LDP in 3 1/2 years which was considered challenging in light of decreasing financial and staff resources and the increasingly onerous policy and evidence base requirements set by Welsh Government. Conversely, respondents from the business sector were critical of the time taken to prepare LDPs to date, which was considered to have impacted negatively on site availability and housing delivery.

Theme 2 - Planning Policy Wales (PPW) (Edition 9)

5.7 In context, at the time of the consultation PPW Edition 9 was national policy. Edition 10 was subsequently published in December 2018. With the exception of the policy on five year housing land supply, the majority of respondents agreed PPW was generally fit for purpose. The policy position that Welsh Government projections should be used in conjunction with local evidence and aspirations, including supply

and demand factors, to assess the housing requirement was considered to be used as intended. Changes were proposed in specific areas only.

5.8 Some businesses highlighted that 'deliverability' can mean different things to different people and to avoid any confusion a definition should be included in PPW and the Development Plan Manual (DPM) to align with the National Planning Policy Framework (NPPF) in England.

5.8 LPAs sought more clarity in PPW and the DPM on the role and responsibility of landowners and developers in bringing sites forward for development. It was considered by LPAs that there is currently no obligation on developers to bring sites forward for development following adoption of the plan.

5.10 LPAs sought amendments to PPW to ensure that housing-led regeneration sites have equal status to allocated sites, with residential units included in the land supply. In some responses, it was highlighted that a number of sites will be regeneration-led meaning that more land will need to be allocated, which may be in less sustainable locations. This approach is considered by some LPAs to support businesses in developing the 'easier sites' first and not the more complex regeneration sites. The business sector highlighted that a distinction should be maintained between regeneration sites and housing allocations. Some respondents wanted PPW to be strengthened to ensure that developers and landowners do not sit on their land.

5.11 Some responses proposed that where a LPA has a 5-year land supply and is delivering against the LDP requirement then PPW should identify this as a 'material consideration' to help determine planning applications and appeals, and improve the delivery of housing. Theme 6 sets out the detailed analysis on the specific policy of five year housing land supply.

5.12 The business sector wanted PPW to distinguish how and where flexibility in a LDP housing figure will be applied, including setting a minimal flexibility allowance of 20% to align with advice provided in England to ensure there is a sufficient range and choice of sites to improve housing delivery. Further responses on flexibility are considered in more detail in Theme 3.

5.13 Some responses sought changes to PPW and the DPM to include specific reference to the need for older people's accommodation to help the availability of suitable properties and help to alleviate pressure on health resources from an ageing population. Comments were also received stating the PPW should promote appropriate scale development in rural areas. Restricting sites to only affordable housing is impractical and negatively impacts on housing delivery in rural communities.

Theme 3 - LDP housing requirement and provision

Calculating the LDP housing requirement

5.14 The majority of responses agreed the housing requirement should be set at a robust and deliverable level with consistency in the evidence base (such as the Local

Housing Market Assessment, economic analysis) in collaboration with key stakeholders. This was considered key to delivering the numbers of homes set out in the plan. As stated in Theme 2, most respondents agreed the Welsh Government projections, adjusted to take account of local evidence and aspirations and supply and demand factors, should be used to set the housing requirement. Responses highlighted that as the projections are policy neutral and do not take account of wider issues, a more local analysis should be undertaken, including the scrutiny of demographic, economic and environmental factors, past build rates, Welsh language impacts, strategic and local policy and strategies. Without this analysis, LPAs emphasised that planning for a set projection had in the past significantly increased the housing requirement in extant plans. Some public sector groups, largely comprising of Community Councils, commented that the housing requirement should be controlled by community need and demand taking into account local circumstances.

5.15 When setting the housing requirement, some LPAs acknowledged their desire for growth can be significantly different to the Welsh Government projections. There were concerns that setting the housing requirement on deliverable and viable sites would constrain aspirations in more marginal areas. A number of LPAs supported a housing requirement that looked at the issues cross boundary in a Strategic Development Plan (SDP).

5.16 LPAs acknowledged that housing delivery in LDPs is largely outside their control and is driven by a number of external factors including market demand, economic conditions and the capacity of the development industry. LPAs emphasised that when making assumptions on housing growth it is ultimately the development industry and market forces that influence supply and demand which can result in a disconnect with the level of need and aspiration in LDPs. Conversely, the business sector commented that many first generation plans include allocated sites that are not deliverable, and any perceived trend of under delivery is not a valid reason to constrain housing delivery going forward.

5.17 The use of past build rates to calculate the housing requirement was supported by LPAs as this was considered to provide a more robust housing requirement based on industry performance. Responses from the industry emphasised that this would be planning for decline with housing completions in Wales significantly lower in 2017/18 than during the economic boom in 2007/08. The industry and other businesses also commented that the housing requirement should be calculated taking into account any shortfall in housing delivery in current LDPs.

5.18 All responses agreed the housing requirement should be underpinned by an accurate calculation of all components of housing supply, specifically on windfall sites. Businesses agreed that as windfall sites are not individually assessed or identified through the LDP process, their development may not align with past trends. To provide greater certainty, businesses consider the housing requirement should be met on allocated sites only, which have been tested through the examination process. Businesses consider there has been an overreliance on windfall development in LDPs to date. Responses emphasised that most bodies, including infrastructure providers, rely on accurate growth information to inform future investment programmes. The uncertainty around windfall development was

reported to have implications on viability testing at the plan-making stage if windfall sites are developed in advance of allocations.

5.19 Rural LPAs highlighted that when calculating the housing requirement, detailed consideration should be given to the delivery of sites with planning permission as many are 'banked' for financial gain and investment opportunities, reducing the likelihood of these sites being developed over the plan period.

Calculating the LDP provision / flexibility allowance

5.20 Most responses supported a flexibility allowance being embedded within plans to account for unforeseen problems on sites. It was highlighted by LPAs that the Welsh Government should not set the level of flexibility and that this should be decided by each LPA based on local circumstances. Conversely, businesses and some interest groups commented that a minimum level should be set by Welsh Government.

5.21 There was a broad consensus that flexibility should be applied using a percentage increase above the requirement, but some LPAs and businesses supported a reserve site approach. By using this approach, it was explained that sites should only be released for development if the plan was under or over (i.e. building out early) delivering against its housing requirement, triggered by findings in the Annual Monitoring Reports (AMRs).

Theme 4 - Delivery and viability

Delivery and viability in the LDP process - general

5.22 The majority of responses supported the need for frontloading, with greater evidence on site delivery and viability early in the LDP process. However, there were concerns raised by some respondents that LPAs may lower the housing requirement, particularly in more marginal areas, if sites could not be evidenced as deliverable and achieve a 5-year housing supply. This was not considered conducive to good planning or in line with government policy and growth aspirations in LPAs. It was also identified that the risk of placing too much emphasis on viability was that LDPs would no longer plan for 'placemaking' but will provide a housing register of deliverable sites for businesses. To try and avoid this, public sector groups and LPAs sought evidence on viability and deliverability to be assessed alongside masterplans and placemaking principles with mandatory development briefs on key sites.

5.23 Responses highlighted that site viability is fluid and is based on a point in time, considering a range of assumptions. It was recognised that in some cases a shift in the assumptions could have a significant impact on viability and sites which are viable soon after LDP adoption may not be viable in the longer term and conversely, unviable sites filtered-out of the LDP process may become viable later in the plan period.

5.24 Some responses attributed lower than anticipated build rates to the availability of skills and materials in businesses and recognised that house builders could only

build at the rates they were able to sell without reducing prices. Other issues raised to account for low build rates, in particular by the business community, were the growing number of obligations placed on new developments in Wales, including sprinkler costs, sustainable drainage systems (SuDS), increased build costs and the level of developer contributions. The decline of small and medium enterprises (SMEs) was also highlighted as a factor in the low rates of housing delivery, especially in more marginal and rural areas.

5.25 LPAs stated that viability evidence should be proportionate to the plan, its status, and type of site and phasing. Delivery on key sites was identified in responses through the need to understand lead-in times, including the progress and determination of planning applications through to the first delivery of units and build-out rate over the plan period. Few responses supported the need to evidence delivery of all sites, especially businesses which emphasised that at plan making stage viability appraisals are subject to a number of unknowns.

Front loading of the candidate site process / site selection

5.26 To provide more evidence on site delivery early, LPAs in SE Wales and businesses supported a two-stage assessment process at candidate site stage. The assessment process was considered to increase understanding on site-specific issues with the potential to exclude poorly performing sites early in the process. It was highlighted that the assessment process would begin by bringing together information from desk based surveys, technical studies and consultation on issues ranging from site constraints and infrastructure requirements to land ownership. Only sites with a positive initial assessment would progress to stage two requiring additional information on mitigation, costs, timing, phasing and funding mechanisms where the site is considered important to delivering the plan's strategy. This approach was considered to reduce the financial burden on landowners and businesses and help maintain the level of candidate site submissions supporting SMEs.

5.27 It was agreed that the outcome of the candidate site assessment process should provide LPAs with a range and choice of sites on greenfield and brownfield land that are deliverable. Many businesses emphasised that this wasn't always the case in adopted plans with unviable allocations a key obstacle to delivery. Some respondents in the business sector were of the view that sites promoted by developers are more likely to come forward for development when compared to sites in private and public ownership, and that this should be a key consideration in the assessment process. Wider responses highlighted that if sites in the adopted plan are not viable or were not developed, they should be de-allocated at review.

Viability testing and modelling in the LDP process

5.28 It was recognised that viability appraisals should be clear and transparent so that all interested parties understand the constraints and costs. There was general consensus that all plans should be supported by a plan wide appraisal, with greater scrutiny and viability evidence necessary for key site allocations. Some LPAs who had already adopted this approach responded positively on how this assisted in

demonstrating delivery of the LDP. Many respondents supported a collaborative approach to preparing viability evidence.

5.29 An issue raised by LPAs, particularly in more marginal areas, was the tension in the viability testing between high value and lower value areas as areas of housing need do not always align with viability. Some LPAs did not consider it appropriate that new housing should be directed to higher value areas in all instances, as this was at odds with the LDP system and principles of sustainable development. In more marginal areas, it was recognised that evidence on site delivery and viability will be different to higher value areas as fewer volume house builders will be operating and as land values are lower, the landowners may be more risk adverse. In these areas, it was emphasised that sites may be viable and that a broad level viability assessment should be undertaken to evidence this.

5.30 If the delivery of sites becomes marginal, public sector groups and individuals identified that the first negotiations were usually on the level of affordable housing contributions, which can fall short of LDP policy requirements due to fixed profit margins, land owner expectations and competition for development sites. To reduce the number of obligations contested, some responses emphasised that LDP policy requirements should not be tested again at the application stage if the level of obligations and sites were already found to be viable in the adopted plan. Business and LPAs disagreed, stating that viability will change over the life-span of a LDP with a number of factors only known at application stage.

The use of Annual Monitoring Reports (AMRs)

5.31 The majority of responses supported the continued monitoring of housing delivery through the AMRs. In addition, some respondents commented that there is unnecessary duplication between the AMR and TAN 1 processes. It was agreed by public sector organisations that unlike TAN 1, the AMRs provide the opportunity for detailed comment and explanation with any remedial action to be set out and dealt with through plan review, if necessary. Further responses on AMRs and plan review are considered in Theme 5.

Preparing a housing trajectory

5.32 There was general agreement that a housing trajectory should be used to monitor site delivery and housing land supply. Responses highlighted that a trajectory would more accurately reflect the plan strategy, type of sites allocated and their timing and phasing over the plan period, shifting the focus away from the residual supply calculation and onto site delivery. For this to take place, it was agreed that trajectories should be realistic and informed by robust information from businesses and key stakeholders with an analysis of lead-in times and build-out periods evidenced at examination. It was acknowledged that the trajectory / monitoring framework should also include an element of flexibility and 'triggers' if housing completions drop too low. It was agreed the level of flexibility should vary between plans based on the strategy and type of sites allocated, but generally triggers at years 2 and 3 could be used.

5.33 Businesses, including housing developers, did not want the existing system in TAN 1 replaced (see Theme 5) as they considered there was currently no formal requirement in place to update the trajectory post LDP adoption.

Increasing levels of engagement

5.34 The majority of responses wanted to see increased levels of engagement early in the LDP process, including between key stakeholders, public sector groups and local communities. Engagement was recognised as important to support the preparation of masterplans, schematic frameworks and Statements of Common Ground (SoCG) on key sites, all of which would help to evidence the delivery of the plan, ascertain the level of planning obligations earlier in the process and reduce the time spent at planning application stage.

5.35 It was noted the JHLAS provided part of the evidence base for LDPs. Many responses commented positively on the value of the JHLA stakeholder group which was highlighted as key to assessing the timing, phasing and delivery of housing supply. Responses called for this group to be maintained with a Welsh Government representative attending to mediate the process.

5.36 Responses in the voluntary and public sector groups promoted regular use of Place Plans on small to medium sized developments in LDPs. The support of communities through engagement with the development industry during Place Plan preparation was considered to streamline the application process and reduce the number of objections.

5.37 LPAs emphasised that the onus on demonstrating site delivery and meeting the plan's housing requirement was largely seen as their responsibility and not that of the development industry. In responses, businesses wanted the opportunity to demonstrate delivery of their sites, taking into account timescales based on industry standards and viability considering abnormal costs.

Implementing financial penalties and rewards

5.38 Responses suggested a penalty / reward approach was adopted in LPAs with a reduction in fees, taxes or tariffs if sites were built-out early or within agreed timescales and conversely, an endorsement or financial penalty if sites were not delivered on time.

Understanding the role of the development industry

5.39 Responses recognised that to fully understand site delivery and viability, the capacity of the development industry, their build rates and locational strategy, particularly in more rural areas, needed to be shared and understood. Further responses on role of the development industry are detailed in Theme 6.

Theme 5 - Monitoring and review

5.40 All LDP AMRs are submitted to Welsh Government each year. Some responses wanted more frequent quarterly or bi-annual reporting cycles to identify

and act on failures more quickly. It was recognised that AMRs contain a large volume of data and this could be used by Welsh Government to identify national trends and issues and devise a series of indicators for local reporting.

5.41 Keeping a LDP up-to-date requires a review of the plan, which many responses considered to be costly and time consuming. It was suggested the legislative framework in respect of 'short form' revision is inflexible. It was suggested that it is not currently an option recognised as being open or appropriate to many LPAs. It was suggested that with a 'sound' strategy, authorities should be able to make changes to the plan through consultation only, without the need for a review. This was highlighted to provide flexibility in the system and allow plans to be updated quickly and easily with review periods extended beyond every 4-years. See Theme 6 for specific commentary on the five year supply policy and JHLAS process.

Theme 6: TAN 1 the JHLA process and 5-year housing land supply

General

5.42 There was a strong consensus from LPAs that the residual calculation in TAN 1 was at odds with and undermines a plan led system. It was highlighted that the residual calculation is inflexible and fails to take into account a range of factors including the LDP strategy, site allocations, phasing, housing need and demand and the economic climate. It was considered the approach rigidly adheres to the methodology and can produce inexplicable results raising the annual housing targets when market demand is low and lowering the target when market demand is high.

5.43 When using the residual approach, some LDPs had based their housing requirement on the Welsh Government projections, which were reported in Theme 3 to become outdated quickly through mid-year estimates and subsequent projections. If the housing requirement was unmet, it was acknowledged that the residual calculation can build-up an artificial requirement that does not reflect housing need, but can result in a lack of 5-year supply triggering a review that may not be necessary, or encouraging speculative applications.

5.44 To achieve a 5-year land supply, it was considered in Theme 4 that LDP housing requirements may be lowered. It was highlighted that LPAs and businesses may also be encouraged to allocate and build-out 'quick win' sites with shorter lead-in times instead of allocating constrained land, which may be more sustainable. In essence the five year supply policy is as at odds with planning effectively for places and outcomes. As explained in previous themes, the requirement to demonstrate a five year supply can be used as a 'baseline' to pre-determine the LDP strategy and growth levels.

5.45 For those LPAs without an LDP in place, it was highlighted that authorities should still be able to demonstrate a 5-year supply, which is contrary to the approach in TAN 1. A LPA in this position considered they had a healthy land supply but were unable to demonstrate this to the detriment of local communities in the form of speculative applications, which in itself, was considered to deter developers from engaging in the LDP process.

5.46 Businesses support the retention of the current system as set out in TAN 1 and the residual method of calculation. The industry are of the view that it is poorly performing LDPs which are impacting negatively on the delivery of homes, not the monitoring method set out in TAN 1. These comments are elaborated on in subsequent sections.

Role of the development industry

5.47 It was highlighted in responses that the house building industry is dominated by a small number of large firms and this can be challenging due to the limit on the number of outlets impacting on site delivery.

5.48 During the LDP process, it was suggested that the house building industry is not required to work with LPAs and their focus is largely on promoting individual sites and not the strategic level of housing need and demand. Without this input, some responses stated that LPAs may be making incorrect assumptions and site promoters providing overly optimistic build rates at examination. Post adoption, it was recognised that a shift in the position of the industry on the delivery rates of sites through the JHLAS process can exacerbate problems with 5-year housing supply.

5.49 Many LPAs stated that the development industry has control over housing delivery and supply with a further opportunity to promote sites outside the LDP process through TAN 1 and the approval of speculative applications. LPAs acknowledged that the approval of speculative applications may not result in the delivery of new homes if developers are using the permissions for asset value and borrowing or to hold-out for higher land values on sites. Responses from businesses disagree and highlight that speculative applications are increasing the land supply, particularly in areas without a 5-year supply. In this instance it is suggested that TAN 1 is effective and delivers what is intended, i.e. the delivery of homes.

5.50 Responses from the development industry emphasised that a lack of 5-year supply is not because the housing requirement is too high but because of the difficulty in delivering housing on some unsuitable or unviable allocations, which are often located in poor market areas.

5.51 A reoccurring theme was the need to promote greater competition in the sector including SMEs, particularly in more rural areas. It was felt that because of their size and level of contribution, SMEs can be overlooked without the necessary support to assist with costs, land availability and access to finance. The approach highlighted in one LPA of using Plot Shops and Local Development Orders (LDOs) were considered appropriate tools to supports SMEs.

Suggested actions to monitor housing land supply in the LDP process to deliver housing

- **Reinstate paragraph 6.2 of TAN 1**

5.52 Businesses support TAN 1 in its current format and state that paragraph 6.2 should be reinstated. It was felt that that this was the only effective policy to address underperformance and delivery in the planning system. The industry consider that

the dis-application of para 6.2 actively rewards poor performance and encourages LPAs to refuse otherwise acceptable development applications. Businesses highlighted that paragraph 6.2 already safeguards against unsustainable outcomes on speculative applications by requiring “development that would otherwise comply with development plan and national planning policies”. The industry are of the view that para 6.2 was not shown to cause an overwhelming number of speculative applications and appeals.

5.53 If paragraph 6.2 was reinstated, a ‘grace period’ was proposed for LPAs that have consistently achieved a 5-year supply. This period could apply when land supply falls below 5-years with a ‘grace period’ of 2-years to address the shortfall before paragraph 6.2 is applied.

5.54 The industry also consider than the five year supply should be a minimum. In addition the industry consider that JHLAS should only record sites that are genuinely available and free from constraint.

- **Use of past build rates**

5.55 In preference to the existing monitoring system in TAN 1, most LPAs suggested that if it were to remain, calculating housing land supply based on past build rates should be reintroduced and used to calculate land supply in preference to the residual method. This approach was considered to evidence a realistic and achievable housing requirement. The development industry are of the opposite view.

- **LPAs to take individual action**

5.56 Some LPAs wanted to adopt their own approach to a shortfall in housing land supply. The actions suggested included interim land releases on reserve sites and Plot Shops. It was highlighted that the actions should be based on local circumstances and would give confidence to stakeholders that a fair assessment would be undertaken on application sites outside the LDP.

6. Welsh Government response

6.1 Since the consultation closed in October there have been significant changes to national planning policy (PPW) and LDP guidance set out in the DPM. PPW Edition 10 was published in December and the DPM (Edition 3) was issued for public consultation on 07th June.

6.2 The Welsh Government considers that PPW Edition 10 and the emerging DPM collectively already ensure many of the issues raised as part of this consultation are embedded in the planning system.

6.3 Together, PPW (Ed 10) and the DPM (Ed 3) set out the policy and guidance framework to deliver placemaking and sustainable development and they require frontloading and collaboration in the development plan process to ensure more effective planning outcomes for communities, including the delivery of housing.

6.4 The DPM (Edition 3) is subject to public consultation until 30th August. There is the ability to make additional amendments to the Manual before publication later this year to reflect any further comments and/or changes to national policy.

7. Next steps

7.1 Consultation on changes to a revised PPW and associated guidance has commenced.

Appendix – List of respondents by category

Business	
McCarthy and Stone	Liberty Properties
Hafren Dyfrdwy	Welsh Water
Gladman Developments Ltd	Taylor Wimpey
MacBryde Homes	Barratt and David Wilson Homes
Redrow Homes	Country Land and Business Association
Lichfields	
Total – 11	Percentage of total respondents from this category – 14%

Local planning authority	
Joint response 3 NPAs	Cardiff Council
Caerphilly Council	Blaenau Gwent Council
Neath Port Talbot Council	Newport City Council
Rhondda Cynon Taf Council	Denbighshire Council
Merthyr Tydfil Council	Pembrokeshire Council
Carmarthenshire Council	Vale of Glamorgan Council
Anglesey and Gwynedd Joint Planning Unit	Ceredigion Council
Powys Council	Swansea City Council
Flintshire Council	Monmouthshire Council
Conwy Council	
Total – 19	Percentage of total respondents from this category – 24%

Local planning authority councillor	
Cllr Jones Bridgend Council	
Total – 1	Percentage of total respondents from this category – 1%

Government agency / Other public sector	
Barry Town Council	Caldicot Town Council
Llanelli Town Council	South Wales Police
Abergele Town Council	Janet Finch Saunders AM
Llandrinio and Arddleen Community Council	North West Cardiff Group
Penrhyndeudraeth Town Council	Penarth Town Council
Anonymous	Anonymous
Anonymous	
Total – 13	Percentage of total respondents from this category – 17%

Professional bodies / Interest groups	
The Coal Authority	Community Housing Cymru
Institution of Civil Engineers Wales	Age Cymru
Welsh Local Government Association	Residential Landlords Association

Public Health Wales	Royal Town Planning Institute
Natural Resource Wales	Royal Institute Chartered Surveyors
Care and Repair Cymru	Federation of Small Businesses
Dyfodol i'r Iaith	Royal Society of Architects in Wales
Home Builders Federation	National House Building Council
Total – 16	Percentage of total respondents from this category – 21%

Voluntary sector	
Bywyd Cymru	Abergavenny and District Civic Society
Clwydian Range and Dee Valley AONB	Planning Aid Wales
Campaign Protection Rural Wales	Penrhyndeudraeth Housing and Planning Campaign Committee
Llandaff Society	
Total – 7	Percentage of total respondents from this category – 9%

Responding in a private capacity	
Huw Evans	Lyn Eynon
Bryan Apsley	Mark Davies
Lynne Drake	Evan Owen
Anthony Watkins	Julian Dyer
Anonymous	Anonymous
Total – 10	Percentage of total respondents from this category – 13%

6 respondents requested to remain anonymous

Copies of responses are available on request from the Planning Directorate, Welsh Government