



Cyngor Bwrdeistref Sirol
MERTHYR TUDFUL
MERTHYR TYDFIL
County Borough Council

HEARING SESSION 3
HOUSING
ACTION POINT 3.4 – COUNCIL RESPONSE

HEARING 3 – ACTION POINT 4 RESPONSE

Action Point

Council to submit a brief paper on current and emerging Welsh Government grant funding arrangements and potential effects on the delivery of housing sites.

Council's Response

This response has been prepared by the Council in regard to an action that arose at Hearing Session 3. At the Hearing Session, the Council outlined how Welsh Government grant funding, in the form of the Vibrant and Viable Place (VVP) regeneration fund, has played a part in enabling several housing allocations to progress by allowing survey work such as ground investigation studies and drainage studies to take place prior to the sites being marketed by the Council.

This has resulted in potential developers having greater certainty regarding the cost of developing these sites, and is likely to enable housing sites to come forward without some of the delays that have historically occurred where previously unknown constraints have been found after the development has commenced.

Whilst there has not been a direct replacement for the VVP funding stream, there are a number of funding opportunities available that could assist in the delivery of housing sites in Merthyr Tydfil County Borough. These are summarised below.

Wales Stalled Sites Fund

This fund is administered by the Development Bank of Wales (DBW) with the initial tranche of funding totalling £40 million, with the intention of recycling the funds up to 4 times, potentially enabling £160 million to be accessed in order to develop residential projects that cannot be progressed with traditional development funding.

The fund will provide loans over a period of up to 4 years and can cover up to 100% of build costs. This funding is intended to enable small and medium sized builders (SMEs) to develop sites that have previously stalled or are likely to be costly to develop. Sites with the usual abnormal costs associated with developing in the South Wales Valleys would benefit from this funding. In supporting SMEs the fund would also increase the range of properties being delivered in Merthyr Tydfil as there has historically been a lower level of SME housebuilding in the County Borough.

Wales Property Fund

This fund is again administered by the DBW and totals £42 million. Again it is intended to enable SMEs to develop projects (not just residential in this case) by accessing loans between £150,000 and £4 million that will be repaid typically within 2 years.

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Self-Build Wales

This funding stream will open in late 2019 and is projected to total £210 million of investment that aims to increase the opportunity for people to self-build.

There will be two elements to the funding; the portion of the fund that will go directly to people that will build their own homes; and a portion of the funding that local authorities can access in order to make plots available through gaining planning permission and carrying out any necessary physical/infrastructure works to potential sites.

Again, the fund will be administered by the DBW and will enable a wider range of housing products to be delivered across Wales, and enable sites to be developed that would prove problematic using traditional development funding.

Social Housing Grant/ Housing Finance Grant

These funding regimes have been in place for a number of years and have enabled the delivery of significant amounts of affordable housing in Merthyr Tydfil.

Whilst in the medium to longer term, the amount that these grants will provide is uncertain, the Planning Department will continue to work closely with colleagues in the Council's Housing Department in order to maximise the delivery of affordable housing through these funds, and ensure that the right type of affordable housing is delivered in the right location.

Targeted Regeneration Investment (TRI) programme

Welsh Government capital funding of up to £100 million is available over an initial 3 year period covering 2018-2021. A number of the key outputs identified under this programme are of a similar nature to the VVP programme, such as the number of jobs created in the construction sector; amount of investment induced; hectares of land developed; and the number of market and affordable homes delivered. The TRI fund provides the opportunity to carry out similar pieces of work that were carried out under the VVP programme, and may also be able to provide funding to follow on from the original survey work and potentially to carry out enabling work on residential sites.

The Council considers that the availability of the funding streams listed above will assist in improving the overall delivery of housing in Merthyr Tydfil County Borough. Some of the individual funding streams will also be able to directly address issues in regard to housing supply in the County Borough, such as sites stalling due to high development costs, and a lack of small and medium sized builders.

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Letter from the Minister for Housing and Local Government regarding the delivery of affordable homes through the planning system

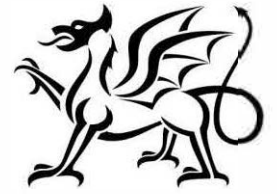
On July 8 2019, the Minister for Housing and Local Government sent out a letter to all Leaders and Chief Executives of Local Authorities outlining the Ministers expectations of development plans in relation to the delivery of social housing, in advance of any changes to PPW following the Independent Review of Affordable Housing Supply. The Minister's letter is attached at Appendix 1 to this statement.

The letter indicates that revisions to PPW will require LDPs to make provision for affordable housing led sites that would include at least 50% affordable housing. This is in addition to PPW already allowing LDPs to identify sites for up to 100% affordable housing.

Whilst the Merthyr Tydfil Replacement LDP does not specifically allocate sites for affordable housing, two allocations have already delivered 100% affordable housing in the early part of the Plan period (SW3.18 – Former St Peter and Paul Church, Abercanaid and SW3.27 – Railway Close, Aberfan); Site SW3.11 – East Street, Dowlais is under the ownership of Merthyr Tydfil Housing Association and is anticipated to deliver 10 dwellings in the next year; and preliminary discussions on sites SW3.16 – Former Merthyr Care Home and SW3.23 – Former Miners Hall have indicated that there is interest from the registered social landlords that operate in the area in developing these sites. Consequently, it is considered the Replacement LDP has made provision for affordable housing led schemes.

The letter also sets out that affordable housing led sites should, in the first instance, make use of public land. The Council owns a number of housing allocations in the Replacement LDP and would therefore be able to maximise affordable housing delivery on these sites in accordance with the approach advocated.

**Appendix 1: Letter from the Minister for Housing and Local
Government Dated 8th July 2019**



Ein cyf/Our ref: MA/P/JJ/1514/19

At Arweinwyr a Phrif Weithredwyr Awdurdodau Lleol

8 Gorffennaf 2019

Annwyl Gyfaill,

Yng Nghynhadledd Gynllunio y Sefydliad Cynllunio Trefol Brenhinol yng Nghymru eleni, dywedais fod Llywodraeth Cymru wedi ymroi i amrywio'r cyflenwad tai yng Nghymru a bod angen canolbwyntio ar gyflenwi tai cymdeithasol. Cefnogir y safbwynt hwn gan ganfyddiadau'r Adolygiad Annibynnol o'r Cyflenwad o Dai Fforddiadwy a'r amcangyfrifon a gyhoeddwyd yn ddiweddar o'r angen am dai yng Nghymru yn ôl deiliadaeth. Dywedais hefyd ein bod yn bwriadu diweddarau Polisi Cynllunio Cymru (PCC) yn sgil hyn. Mae'r llythyr hwn yn nodi fy nisgwyliaidau o ran cynlluniau datblygu ar gyfer cyflenwi tai cymdeithasol cyn gwneud unrhyw newidiadau i PCC.

Gwnaed cynnydd da tuag at gyrraedd ein targed o 20,000 o dai fforddiadwy. Fodd bynnag mae'r dystiolaeth yn dangos bod angen inni adeiladu mwy o dai cymdeithasol. Rydym yn cydnabod y cyfraniad pwysig y mae'r farchnad dai yn ei wneud tuag at ddarparu tai fforddiadwy, ond dros y 40 mlynedd diwethaf dim ond pan oedd cynghorau'n adeiladu ac yn rheoli nifer sylweddol o dai cymdeithasol y mae nifer y tai a adeiladwyd wedi cyrraedd lefel yr angen am dai.

Mae'r amcangyfrifon a gyhoeddwyd o'r angen am dai yng Nghymru yn ôl deiliadaeth yn darparu ystod o amcangyfrifon ar sail gwahanol amcanestyniadau demograffig ar gyfer y 5 mlynedd nesaf. Mae'r amcangyfrif canolog o'r angen am dai yn awgrymu bod angen 4,400 o dai ychwanegol ar gyfer y farchnad a 3,900 o dai fforddiadwy bob blwyddyn. Mewn geiriau eraill, dylai 47 y cant o'r tai y mae eu hangen arnom yng Nghymru fod ar gyfer rhent tai cymdeithasol neu ganolradd. O dderbyn yr amcangyfrifon hyn, ac yn seiliedig ar yr ystadegau cyfartalog ar gyfer adeiladu tai newydd dros y blynyddoedd diwethaf, ymddengys ein bod eisoes yn adeiladu'r nifer o dai y mae eu hangen ar gyfer y farchnad, ond nid ydym yn adeiladu digon o'r tai fforddiadwy y mae cymaint o angen amdanynt. Rhaid i'r sector cyhoeddus dderbyn yr her a chamu i'r bwlch i sicrhau bod cartref gan bawb sydd angen un.

Un maes lle ma'r rhagolygon ar gyfer tai cymdeithasol wedi'u trawsnewid yw'r cyfle sydd gan awdurdodau lleol erbyn hyn i adeiladu unwaith eto. Mae Llywodraeth Cymru'n benderfynol o gefnogi adeiladu cenhedlaeth newydd o dai cyngor yn gyflym ac ar raddfa a

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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.

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fydd yn bodloni anghenion cymunedau lleol Cymru. Mae darparu tai cymdeithasol yn uniongyrchol yn gofyn am ymdrech unedig ar draws y sector cyhoeddus. Mae enghreifftiau o arfer da yn dod i'r amlwg ledled Cymru lle mae awdurdodau lleol wedi dechrau'r gwaith o adeiladu tai cyngor newydd drwy gynyddu eu benthyciadau. Mae cyflenwad o dir fforddiadwy mewn lleoliadau da yn hanfodol i lwyddiant y polisi hwn.

Cynlluniau Datblygu Lleol (CDLlau) yw un o gonglfeini cyflenwi tai drwy nodi'r safleoedd gorau ar gyfer tai newydd. Rhaid i awdurdodau cynllunio lleol roi sylw i'r angen am dai fforddiadwy wrth fynd ati i gydymffurfio â'u dyletswydd statudol i ddarparu CDLlau.

Rhaid defnyddio tystiolaeth wrth lunio CDLlau, gan gynnwys amcangyfrifon o'r angen am dai yng Nghymru yn ôl deiliadaeth ac Asesiadau o'r Farchnad Dai Leol. Gyda'i gilydd, mae'r rhain yn ei gwneud yn glir pa fath o dai ac o deiliadaeth y mae eu hangen. Mae'r fersiwn diweddaraf o PCC, a gyhoeddwyd ym mis Rhagfyr diwethaf, yn ei gwneud yn ofynnol i awdurdodau cynllunio lleol ddilyn egwyddorion "creu lleoedd". Agwedd tuag at gynllunio sy'n canolbwyntio ar bobl yw creu lleoedd - sef cynllunio, dylunio a rheoli cymunedau i hybu iechyd, hapusrwydd a llesiant pobl. Rhaid i'r dull hwn o weithredu fod yn ganolog i baratoi CDLlau ac i'r broses o benderfynu ar geisiadau cynllunio. Mae PCC eisoes yn caniatáu i awdurdodau cynllunio lleol nodi safleoedd ar gyfer hyd at 100% o dai fforddiadwy. Er bod PCC hefyd yn datgan bod yr adeiladu ar safleoedd o'r fath yn debygol o fod ar raddfa fechan, a'r safleoedd yn fach o ran nifer o'u cymharu â chyfanswm y safleoedd sydd ar gael, mae'r angen am dai cymdeithasol mor argyfyngus erbyn hyn fel bod angen rhoi'r polisi hwn ar waith mewn ffordd hyblyg er mwyn adlewyrchu amgylchiadau yn yr ardal. Bydd PCC yn cael ei ddiweddarau i adlewyrchu'r polisi diwygiedig fel rhan o'r adolygiad presennol o'r broses o gyflenwi tai drwy'r system gynllunio.

Wrth adolygu CDLlau, rhaid i awdurdodau cynllunio lleol wneud darpariaeth ar gyfer safleoedd sy'n rhoi blaenoriaeth i dai fforddiadwy. Rhaid i safleoedd o'r fath gynnwys o leiaf 50% o dai fforddiadwy, a ddiffinnir fel tai rhent cymdeithasol a ddarperir gan awdurdodau lleol a landlordiaid cymdeithasol cofrestredig, a thai canolradd lle y mae'r prisiau neu'r rhent yn uwch na rhent cymdeithasol ond yn is na lefel y farchnad, a bod trefniadau cadarn i ailgylchu arian a dderbynnir i'w ddefnyddio ar gyfer tai fforddiadwy yn y dyfodol lle y bydd ganddynt berchenogaeth lawn. Yn y lle cyntaf, dylai safleoedd tai sy'n rhoi blaenoriaeth i dai fforddiadwy ddefnyddio tir cyhoeddus. Lle nad oes tir cyhoeddus ar gael, caniateir nodi tir preifat. Ni ddylai'r safleoedd fod yn is eu safon mewn unrhyw fodd na safleoedd a hyrwyddir ar gyfer y farchnad.

Yn gywir,



Julie James AC

Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government

Copi i: **Penaethiaid Gwasanaethau Cynllunio**
Penaethiaid Gwasanaethau Tai



Ein cyf/Our ref: MA/P/JJ/1514/19

Leaders and Chief Executives of Local Authorities

8 July 2019

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,



Julie James AC/AM

Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government

CC Heads of Planning Service
Heads of Housing Service