



**Llywodraeth Cymru**  
**Welsh Government**

John Griffiths  
Chair, Local Government and Housing Committee

8 October 2024

Dear John

During my attendance at the Local Government and Housing Committee's inquiry into Social Housing on 18 September, I promised to share further information with the Committee.

Please find enclosed:

- a copy of Welsh Government's response to Audit Wales's report on affordable housing.
- a copy of my letter to local authorities and Registered Social Landlords setting out my views on how we can maximise delivery of affordable homes.

I also agreed to provide further information on a number of areas including the costs of the housing conditions survey, the land value and new South Wales Metro and the number of social homes lost over the course of the Senedd term through sales and demolitions.

These are set out in the annex attached.

Finally, I note that the Committee has requested a response to questions that were not reached in the evidence session. These were:

- What role does the Cabinet Secretary see for Tirion Homes to bring forward more large-scale developments?
- Is the Welsh Government exploring how to increase the role of the Development Bank of Wales in financing social and affordable housing supply?

In relation to Tirion Homes, they have delivered some excellent schemes offering an alternative partnership approach to delivery which is very much welcomed. The Committee may wish to be aware that we have recently jointly commissioned an independent review of the Tirion delivery model, to understand how it has worked, and the final report is due very shortly. I am open to considering a broad range of alternative delivery options to maximise the number of affordable homes we can deliver in Wales.

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

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

[Gohebiaeth.Jayne.Bryant@llyw.cymru](mailto:Gohebiaeth.Jayne.Bryant@llyw.cymru)  
[Correspondence.Jayne.Bryant@gov.Wales](mailto:Correspondence.Jayne.Bryant@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.

In regard to the Development Bank of Wales, they already deliver a number of schemes on behalf of Welsh Government. These schemes are designed to target a gap in the market where existing lenders are more reluctant to provide funding. As part of our work to assess alternative funding options we will be consulting DBW and considering their role in relation to funding affordable housing supply.

Again, I would like to thank the Committee for the opportunity to provide evidence on such an important subject. I look forward to receiving the Committee's recommendations.

Yours sincerely

A handwritten signature in black ink that reads "Jayne Bryant". The signature is written in a cursive style with a large, stylized initial 'J'.

**Jayne Bryant AS/MS**

Ysgrifennydd y Cabinet dros Lywodraeth Leol a Tai  
Cabinet Secretary for Housing and Local Government

## **Annex A**

### ***Costs of housing conditions survey***

In advice to the previous Cabinet Secretary for Local Government, Housing and Planning, officials concluded that the case for an Annual Welsh Housing Survey was neither proportionate or affordable in the current economic and financial environment.

At an order of cost of between £1.5m and £2m annually, the costs of an annual survey are prohibitively high. The condition of housing stock in Wales does not change rapidly enough to justify this considerable cost annually and therefore does not offer value for money.

Welsh Government analysts have identified, obtained, linked and utilised various administrative data sources relating to the Welsh stock and its condition as part of the AD|Homes (Administrative data on homes in Wales) project. Examples of recent work include:

- the publication of an interactive dashboard using Energy Performance Certificate data, which how energy efficiency varies across different types and tenures of homes in Wales.
- using record level council tax data to analyse and map areas with second homes
- exploring the potential for administrative data to replace or supplement some routine housing data collections (e.g. using OS AddressBase data to measure new house building activity).

Whilst administrative data can be used to address some of our evidence requirements for housing data, there are key data gaps, including data for the owner-occupied sector. It is therefore the intention to undertake a periodic housing survey to meet data requirements not met from administrative data. Work is currently underway to develop a business case scoping a five yearly housing survey – engagement work is currently taking place with internal and external partners to develop this, with final business case expected in the Spring.

### ***The land value and new South Wales Metro***

Development can be influenced by new and improved transport. New development often takes place at locations close to public transport which delivers fast and reliable access to town and city centres. Clusters of development often occur near rail stations.

The value created by the station can be harnessed to part fund the public transport investment, whilst still allowing the landowner to enjoy a substantial additional value uplift. This can be an equitable solution to unlocking investment.

Contribution Agreements with landowners are not a tax, they are a sharing of the wealth created and therefore landowners and developers have shown themselves willing to co-operate. Each agreement is tailored to individual cases and the contribution is only made where a positive increase in market value is achieved.

Payment becomes due when both the transport project is delivered, and planning consent has been granted. Agreements are typically over 5 – 20 years depending on the anticipated project delivery timeframes.

Collaboration agreements are normally considered when projects are at strategic outline business case stage, or the subsequent outline business case stage. As schemes proceed to final business case the window of opportunity for agreements reduce and close once the scheme moved to delivery.

We are aware that there have been some missed opportunities in proactively considering acquisitions around strategic infrastructure investments. However, I can advise that transport officials are talking to Department for Transport / National Rail on the opportunities for contribution agreements relating to the new 'Burns' stations on the SW mainline.

***The number of social homes lost of the course of the Senedd term through sales and demolitions***

Information on the number of demolitions is published on StatsWales. Knowledge and Analytical Services have advised that it is not possible to produce a tenure breakdown for demolitions data. However, demolition numbers are low, totalling 273 units across all tenures during this Senedd term.

Year	Demolitions - Wales Total*
2023-24	Not published
2022-23	173
2021-22	100

\*includes all residential demolitions that take place within a local authority area - [Dwellings demolished by local authority and clearance area \(gov.wales\)](#)

In relation to sales data, information published on StatsWales shows that the homes sold by RSLs and LAs in this Senedd term totals 1171 units. This is broken down as follows:

Year	Sales – Wales Total**	
	RSL	LA
2023-24	285	7
2022-23	341	16
2021-22	507	15

\*\* includes all social landlord housing sales - social and non-social housing - [Total social landlord housing sales by period and provider type \(gov.wales\)](#)

# Management response form

**Report title:** Affordable Housing

**Completion date:** September 2024

Ref	Recommendation	Management response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R1	<p>The Welsh Government should conduct detailed scenario planning to provide a clear and early indication of funding for the key affordable housing schemes in 2025-26. Scenario planning should include:</p> <ul style="list-style-type: none"><li>• the likely outcomes, in terms of homes delivered;</li><li>• the costs and benefits of changing the balance between new build and acquisitions, particularly through the Social Housing Grant; and</li><li>• an assessment of funding required in 2025-26 to progress schemes that will deliver outside the target period, if a cliff edge is to be avoided.</li></ul>	<p>Accept. A programme of work is already in progress that aligns with this recommendation. A range of actions to support our scenario planning include:</p> <ul style="list-style-type: none"><li>• To further refine and improve delivery projections, we will improve data collected from the sector and integrate it within the Homes and Places portal. The portal has already been updated to allow the capture of a risk category and challenges to delivery along expected delivery dates and costs. Registered Social Landlords and Local Authorities are expected to maintain the quality and accuracy of this data.</li></ul>	December 2024	Deputy Director for More Homes / Head of Housing Supply / Head of Housing Funding



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	Government should publicly report how many of the homes counted towards the target are new build and low carbon.	<p>of the Affordable Housing Provision in Wales Statistical Release. This breakdown will be added to Stats Wales.</p> <p>All homes that count toward the target are required to meet specific standards including energy efficiency. A breakdown of these homes and the standards they meet will be provided within the Programme for Government Annual Report.</p> <p>We will explore the feasibility of reporting low carbon data for the current or any future target.</p>	<p>July 2025</p> <p>June 2025</p>	Supply / Knowledge and Analytical Services Housing
R3	The Welsh Government should assess and set out the options for continuing to meet the need for affordable housing over the longer-term. This should include consideration of the merits of continuing to have a target that is not consistent with the	<p>Accept – There is a relationship between this recommendation and recommendations 1 and 5.</p> <p>Long term planning is already a crucial part of housing development. National estimates of housing need are set over a 20-year period. Local</p>	March 2025	Deputy Director for More Homes / Head of Planning / Head of Housing Supply / Knowledge and

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	definition of affordable housing for national statistics.	<p>authorities are required to assess housing need over a 15 year period through the Local Housing Market Assessment process. This then feeds into their local development plans which sets out an authority's proposals and land-use policies for the future development of land in its area also over a fifteen year period. The LHMA also feeds into the SHG prospectus to inform delivery. The SHG is a rolling 4-year programme and exploration will be given to a longer commitment through Recommendation 6.</p> <p>We will also assess options for delivery over the longer term considering the range of options including investing in acquisitions compared to new build and exploring all delivery options including tenure mix, utilising market housing and alternative funding methods.</p> <p>The Affordable Housing Provision in Wales Statistics allow for the effective analysis of trends</p>		Analytical Services Housing

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		and comparison of delivery across different time periods. Reporting against the target is reflected in a subsection of those statistics. Consideration of the merits of full alignment with the affordable housing definition for national statistics will inform any future target.		
R4	The Welsh Government should review the approach to housing needs assessment, including: <ul style="list-style-type: none"> <li>• assessing why national estimates appear to have significantly underestimated the scale of existing need and how that can be rectified;</li> <li>• developing its understanding of underlying demand, as well as need, as part of its assessment methods;</li> <li>• identifying and acting on lessons from the rollout of the updated approach to</li> </ul>	Accept in principle - Work is ongoing to improve current housing need estimates. However, this work has been delayed due to availability of data from the Office of National Statistics. <p>- The national estimates assessed the housing need at a point time (published in August 2020, based on 2019 data). The need, in large part, has increased significantly since then due to unforeseen global events that have taken place.</p> <p>The Covid-19 pandemic and our 'no-one left out' policy response, uncovered the true scale of</p>	December 2025	Deputy Director for More Homes / Head of Housing Supply / KAS Housing

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	<p>Local Housing Market Assessments; and</p> <ul style="list-style-type: none"> <li>• how to align its funding for affordable housing to identified need.</li> </ul>	<p>homelessness in Wales. This previously hidden homelessness would not therefore have been identified in earlier housing need assessments. Since the pandemic, homelessness data on presentations to services now provides a far more accurate reflection of need. As well as better understanding levels of hidden homelessness, it is also important to note demand in the system has also been exacerbated by wider global and economic factors, particularly the cost of living crisis, humanitarian crisis arising from the war in Ukraine and Afghanistan, and the ongoing impact of asylum dispersal. Such external factors have a significant impact on housing need, are difficult to predict, and are outside the control of Welsh Government.</p> <p>- There is recognition that there are areas of hidden housing need or demand, particularly in rural areas where supply of affordable housing is limited. Individuals often do not join waiting lists</p>	<p>June 2025</p>	

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		<p>because of this. The new approach to undertaking Local Housing Market Assessments (LHMAs) guides local authorities to include those who are unsuitably housed and on a waiting list in their existing unmet need calculation for social housing. We will explore the feasibility of collecting this data nationally to inform national demand and future targets.</p> <p>- The first cycle of undertaking LHMAs using the new approach has recently been completed. Welsh Government are in the process of undertaking a lessons learned review, and are consulting with Local Authorities on what worked well or areas for improvement.</p> <p>- LHMAs are a key source of data for Local Development Plans and the Prospectus for the Social Housing Grant. SHG is designed to fund the strategic housing priorities of Local Authorities. The SHG formula has been developed in</p>	<p>January 2025</p> <p>December 2025</p>	

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		conjunction with the sector. We will explore reviewing the current SHG formula once new housing need estimates data is available alongside LHMA's.		
R5	<p>The Welsh Government should develop a full business case for continued investment in affordable housing. This should include key components of good practice in programme appraisal, such as:</p> <ul style="list-style-type: none"> <li>options appraisal, including the relative merits of new build and acquisitions, including the long-term costs and short-term savings from reducing the use of temporary accommodation;</li> <li>sensitivity analysis, to include the impacts on costs and delivery should there be changes in design specifications or further inflationary cost pressures;</li> </ul>	<p>Accept – We will develop a full business case for continued investment in affordable housing.</p> <p>- This is aligned to recommendation 1.</p> <p>- Current financial modelling includes sensitivity analysis for inflationary costs. We will work closely to ensure any options for changes in standards are built into the model as appropriate.</p> <p>- The current target is supported by strong governance including a Programme Board, Steering Group and a suite of governance documents including a benefits realisation plan and an Integrated Impact Assessment. These documents are live and will continue to be</p>	<p>July 2025</p> <p>March 2025</p> <p>December 2024</p>	<p>Deputy Director for More Homes / Head of Housing Supply / Senior Affordable Housing Manager</p>

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	<ul style="list-style-type: none"> <li>benefits realisation planning, including aligning the investment objectives with the well-being goals, identifying methods to embed benefits into grant and contract payments, and a system of reporting and monitoring the full range of benefits from the investment; and</li> <li>a full integrated impact assessment, including equality impact assessment.</li> </ul>	reviewed through the remainder of the target term. The governance required to support a future target will be determined at outset of the target.		
R6	The Welsh Government should develop a long-term approach to funding affordable housing, learning lessons from the programme for school and further education buildings, with a view to smoothing out peaks and troughs in delivery.	Accept in Principle – The Social Housing Grant programme already has a longer term timeframe, providing support over four years. Officials will explore the longer-term funding approach used by Education colleagues and whether it can be applied to funding for affordable housing.	March 2025	Deputy Director of More Homes / Head of Housing Funding

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R7	In line with its commitments in response to previous Auditor General and Public Accounts Committee recommendations, the Welsh Government should work with local government partners to develop sustainable solutions to the capacity and delivery constraints in local government planning services, including options for developing the planning profession and greater regional working.	Accept – Work is ongoing to strengthen the capacity within local planning departments. We will be issuing a consultation to seek views on proposals to improving the resilience and performance of planning authorities. Proposals include: <ul style="list-style-type: none"> <li>• Increasing planning application fees (including proposing a pathway to full cost recovery)</li> <li>• Measuring and monitoring the performance of planning authorities by re-invigorating and reintroducing the Performance Framework</li> <li>• Supporting the resilience, capacity and capability of Local Planning Authorities through skills retention, bursaries and apprenticeships</li> <li>• Improving resilience and resources by Corporate Joint Committees through shared service delivery, planning skills hubs and extending the Local Development Plan Review period.</li> </ul>		Head of Planning / Deputy Director of More Homes

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		<p>The first phase of targeted support will be through Updated Fee Regulations coming into force and then increases to planning fees by Dec 2025. This will put Local Planning Authorities on a more sustainable financial footing and will help improve resilience and capacity in planning services.</p> <p>The comments received as part of the consultation will assist us in in the next phase of targeted support, where, depending on the responses received we will be exploring other measures such as bursaries and how to promote and embed better regional working in LPAs and CJs which we consider will improve capacity and resilience.</p>	<p>December 2025</p> <p>Spring 2025</p>	



Our ref: JB/PO/219/24

**LA Leaders**

Cc.

CEO

Director of Housing

Director of Planning

19 August 2024

Dear colleagues

At the start of this Senedd term we set a challenging target to deliver 20,000 additional homes for rent in the social sector. This target was reflective of our shared ambition and commitment to ensuring everyone has a safe, affordable place to call home. In the last two and a half years, we have worked together to deliver against this ambition, and I thank you for your unwavering commitment in challenging times.

Whilst we have achieved a great deal, I want to take this opportunity to underline the importance of a continued and concerted effort on delivering more homes – not just to support this Government in reaching our 20,000 homes target, but to deliver homes for those who need them most. Investing capital funding in bringing forward longer-term homes to move people on from temporary accommodation helps to reduce revenue spend in this area.

Based on your projections, we know there is a healthy development pipeline. We also recognise there are challenges that can impact the pace at which some schemes can be delivered. However, we have a strong history of collaboration in Wales, something I take pride in. It is essential that we continue working together to overcome these challenges and seize all opportunities to deliver more homes as swiftly as possible. I therefore write to you to set out some of the key areas in which we can work together as well as actions I urge you to take forward.

***Social Housing Grant Programme (SHG)***

If there are schemes that are capable of starting but do not feature in your main Programme Development Plan (PDP) due to funding constraints, please engage with my officials to further discuss. We may find solutions to ensure these projects move forward without delay. We also ask that you review schemes within your main programme, including those due to complete early in the next government term, to ensure they are delivering as quickly as possible. My officials will contact your officers to request information on any opportunities there may be to accelerate delivery.

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

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

[Gohebiaeth.Jayne.Bryant@llyw.cymru](mailto:Gohebiaeth.Jayne.Bryant@llyw.cymru)  
[Correspondence.Jayne.Bryant@gov.Wales](mailto:Correspondence.Jayne.Bryant@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.

From the data you have provided us there are clearly schemes that are experiencing delays due to a variety of issues. My officials stand ready to help unlock as many of your schemes as possible.

### ***Maximise acquisition opportunities***

Acquisitions play a vital role in providing immediate access to homes. Building on the success of the Transitional Accommodation Capital Programme (TACP) since its establishment, sector partners have told us about the need to maximise acquisitions. I have therefore re-opened TACP for the 2024-25 financial year with an indicative value of £100m. **I encourage partners to focus on utilising TACP to bring additional homes into the social sector (including ex right to buy and off the shelf market homes where they are available for purchase).**

Last year we revised the SHG guidelines which limited spend on acquisitions to 20% of your budget. We also aligned the standards and intervention rates for acquisitions across our TACP and SHG programmes to support you to deliver more.

### ***Leasing Scheme Wales***

The success of Leasing Scheme Wales (LSW) in improving access to affordable and good-quality homes for tenants at risk of homelessness is testament to the dedication and hard work of your teams. **I urge each and every one of you to continue, and to build upon, your efforts to bring more homes into the scheme. By doing so we can ensure more families and individuals can quickly access safe and settled accommodation. I am committed to exploring further opportunities to accelerate LSW and incentives to support the scheme,** for example the current Land Transaction Tax relief proposals.

### ***Prioritising social housing in the planning system***

Planning Policy Wales and Future Wales: The National Plan set out the high priority for the delivery social housing through the planning system. I recognise that resourcing is a critical issue for most local planning authorities and I am taking measures which seek to address this. In the meantime it is essential that we focus our efforts on providing the housing our communities need. In the short term **this means prioritising resources and efforts on schemes which deliver the most significant levels of social housing.** Delivery is important but so too is the quality of the development we seek to promote; these issues are not contradictory. We should strive for high quality social housing which demonstrate exemplary placemaking credentials. In the medium to long term we should endeavour to allocate affordable housing led sites in development plans to ensure the future pipeline of supply.

### ***Maximising use of funding resources to deliver more housing***

The cost of delivering additional housing has increased greatly over the last 3 years and so, alongside our funding schemes, we need to ensure that we are bringing every pound possible to bear to deliver more homes.

Data on financial contributions towards affordable housing secured through planning obligations shows that at the end of 2022-2023, Local Authorities had just over £27m held in financial contributions for affordable housing which is an increase of £5.5m from the almost £21.5m held at the start of 2022-23. **I expect partners to use all**

**funding streams to support the development of more affordable homes in Wales.**

Similarly, many of you will have Recycled Capital Grant (RCG) held with your RSL partners. Our latest RCG returns indicate that this is in the region of £55m. In July 2023 we wrote to your housing strategy leads asking them to consider how best to use RCG in your area, to support both the development of new build schemes and acquisitions. Please speak to your strategy leads to ensure this funding is used to best advantage and to maximise delivery of affordable housing.

There are a number of other funding streams that can be used to maximise delivery of affordable housing. This can include discretionary council tax premiums on second homes and long-term empty properties.

**I would be grateful if you could email my officials to outline how you plan to use each of these funds to help meet your current housing needs.**

*Actions being taken by Welsh Government*

I have instructed my officials to explore every action to support delivery. To this end, further **detailed work will be undertaken into the key challenges and barriers facing schemes with a view to unlocking them.**

Good quality information will be fundamental to support this process **I need all partners to maintain the high quality of data we receive so we can target support to deliver more homes** and to maintain a regular dialogue with us, to identify opportunities but also issues and share the progress being made. My officials use the [Homes and Places portal](#) to provide me with updates on progress and I expect you to maintain the accuracy and currency of information for your area.

**I will also be seeking regular updates with you through our meetings, but in the meantime, I ask that you provide my officials ([socialhousinggrantprogramme@gov.wales](mailto:socialhousinggrantprogramme@gov.wales)) with the information requested in this letter by 20 September 2024.**

Delivering more homes is a key priority for this Government and for us all. We cannot do this without working together across the housing sector and I look forward to all that we can achieve in the next two years.

Yours sincerely



**Jayne Bryant AS/MS**

Ysgrifennydd y Cabinet dros Lywodraeth Leol, Tai a Chynllunio  
Cabinet Secretary for Housing, Local Government and Planning