# RESEARCH INTO STALLED SITES IN WALES

Final Report

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# VERSION CONTROL

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# APPENDICES

# Executive Summary

***Introduction***

1. Arcadis Consulting (UK) Limited was appointed by Welsh Government in August 2019 to undertake research into stalled sites across Wales. The research aims to *'establish the current nature and extent of sites in Wales which have been identified for development but have yet to be developed*.' The research builds upon previous work looking at stalled development sites in Wales; this study aims to look more broadly at the extent and nature of stalled sites in their entirety. The purpose of the research is to establish a robust evidence base which can be used as part of ongoing discussions around a Vacant Land Tax (VLT) in Wales, considering taxation as a policy lever to bring forward development to support housing need and regeneration.
2. The methodology used to undertake the research has comprised two main phases – firstly a review of LDP allocations across Wales and preparation of a dataset of residential and non-residential sites assumed to be stalled; and secondly verification of this data with local authorities and gathering of more detailed information on site characteristics, including any known reasons for sites becoming stalled.

***Overview of Stalled Sites***

3. The research has identified a total of 456 sites across Wales which appear to be stalled. Of these, the majority (376 sites, or 82% of the total) are residential sites, with the remaining 80 sites being non-residential.

***Stalled Residential Sites***

4. There are just under 1,600 residential sites allocated in LDPs across Wales. Of these nearly a quarter (24%) are stalled according to the definition set out in this research. The 376 stalled residential sites cover 1,011ha of land and could potentially deliver 32,680 homes. LPAs with the highest numbers of stalled residential sites are Carmarthenshire (approximately 70 sites), Denbighshire (just over 40 sites) and Pembrokeshire (just over 30 sites). LPAs such as the Snowdonia National Park, the City and County of Swansea and Powys have no, or very few, stalled residential sites. This can be partly attributable to timescales within which LDPs have been adopted. Looking at stalled sites as a proportion of total number of allocated sites within the LDP, the results are different – for example Carmarthenshire has a low proportion of stalled sites compared to the total number allocated (20%), whilst LPAs such as RCT have a much higher proportion (70%).

***Stalled Non-Residential Sites***

5. Stalled non-residential sites equate to 80 sites (18% of the total number of stalled sites across Wales), covering approximately 1,266ha and with the majority of sites located in Bridgend, Neath Port Talbot and Cardiff. The majority of non-residential stalled sites relate to employment uses (51%), mixed use sites (29%), retail and leisure uses.

***Key Themes***

6. The research has sought where possible to identify the reasons why sites have become stalled, using publicly available information, data analysis and through discussions with stakeholders. There are multiple reasons why sites may become stalled; for a large proportion of stalled sites there appears to be no single factor as to why development has not commenced. Overarching themes include changes in the approach of LDPs over time – some of the older LDPs may potentially have been more 'aspirational' in nature and less concerned with deliverability; changes in policy and approach have required more recently adopted LDPs to provide deliverability and trajectory information. Wider economic conditions have inevitably affected sites being brought forward, particularly market conditions affecting the delivery of non-residential sites.
7. Other key themes relevant to why sites have stalled include:
    - **Landowner intent** – this area in itself covers a range of different reasons, from sites where alternative uses are being sought for allocated sites through to changes in ownership. An area of interest relates to sites where landowners may have little or no intention to develop the land but instead benefit from the uplift in value from allocation in an LDP or a grant of planning permission. Other issues include areas where there are monopoly landowners and a lack of choice regarding suitability of sites. Lack of understanding amongst landowners about the planning process and how to bring sites forward for development is a further area of interest.

- **Finance** – naturally has a critical role to play in landowners being able to bring sites forward. Sites may become stalled because the necessary finance has not been secured to enable the development, this may be because an owner cannot raise the finance or where finance is being prioritised to other sites or purposes. Trying to establish where these scenarios may apply to a stalled site is difficult; the financial circumstances of landowners is understandably a private concern and information is less likely to be publicly available regarding these matters. Local authority officers may be aware of anecdotal information from discussions with landowners regarding their ability to secure finance, but for a significant proportion of sites and landowners this information is not readily accessible.
- **Viability** – viability continues to be a significant issue particularly for residential sites across Wales and a principal reason for sites becoming stalled. The combination of high expectations from landowners in terms of land value, high development costs and relatively low sales values in many parts of Wales make sites either marginally viable or unviable. More emphasis is being given to the incorporation of viability testing at earlier stages in the planning process, in an effort to ensure that only sites which are viable and deliverable are allocated in LDPs. As a result of measures introduced through Planning Policy Wales, it is hoped that the proportion of sites allocated in LDPs that prove at development management stage to be unviable, is reduced.
- **Site-specific issues** – these include a whole range of reasons including ground conditions, topography, flooding, access, site stability and ecology. Just over a quarter of sites were identified as stalled as a result of site-specific factors. Complexities associated with many of the brownfield sites allocated for development are such that there is a high level of risk and cost attached to bringing them forward without appropriate resources and support.
- **Planning issues** – approximately 12% of sites appear to have stalled as a result of planning negotiations (for example length of time taken to sign a S106 agreement or length of time taken to progress reserved matters). Related issues include knowledge, skillset and resources of local authority officers, which can be challenged particularly by the complex sites presented. Accessing finance to undertake upfront planning work can be a further issue.
- **Other reasons** – for a small number of sites there may be relatively unique reasons which have led to the site stalling, including personal circumstances affecting landowners, speed of decision-making by public bodies other than the LPA, public opinion / objection leading to sites being delayed, and issues associated with covenants on sites which make delivery challenging.

***Conclusions and Next Steps***

8. The study has aimed to update previous research and present a picture of stalled residential and non-residential sites across Wales. The overall number of stalled sites does not appear to have altered significantly over the last few years. Changes to planning policy in Wales now require sites allocated within LDPs to provide evidence of deliverability, viability and to set a trajectory for development; combined with the current consultation on the delivery of housing to remove the requirement to provide a five-year land supply and removal of TAN1, in theory, the focus should be placed on sites which are deliverable and the number of stalled residential sites in particular could potentially reduce.
9. In relation to the key themes which have been identified, it is clear that landowner intentions are notoriously difficult to evidence and that allocation of sites can be affected by the choice (or lack of) alternative, viable and sustainable sites. Site specific / technical constraints remain a significant issue to be overcome, with a multitude of factors involved for many sites. Complexities around bringing forward larger sites in particular continues to be an issue; addressing these sites requires significant financial investment, technical knowledge, resources and capability and will continue to be a pressing issue for many LPAs.
10. A VLT has the potential to work alongside other tools to deliver a ‘package’ of opportunities tailored to encourage development. The evidence base presented in this research can be used to identify scenarios whereby a VLT may be appropriate and the scale / range of sites it may apply to. Wider implications of introducing a VLT (for example on the housebuilding industry or on the willingness of landowners to bring sites forward) also requires further investigation, including ongoing research and engagement with stakeholders.

# 1 Introduction

## 1.1 Background

1.1.1 Arcadis Consulting (UK) Limited was appointed by the Welsh Government in August 2019 to undertake research into stalled sites across Wales. The research aims to *'establish the current nature and extent of sites in Wales which have been identified for development but have yet to be developed*.'

1.1.2 The research builds upon previous work looking at stalled development sites in Wales – previous studies have focused on specific elements of the planning system such as S106 agreements and viability[1],[2]. This study aims to look more broadly at the extent and nature of stalled sites in their entirety.

1.1.3 Over three quarters of new dwellings constructed during 2018-19 were private sector dwellings (4,489 homes). Of the total number of social dwellings completed, 96% were completed by RSLs (1,231 homes) and the remaining (57 homes) by local authorities[3]. This indicates that Wales' house building market is not meeting policy recommendations nor housing demand. Earlier this year the Welsh Government published estimates of future housing need to inform the emerging National Development Framework (NDF) and housing policy development[4]. The report estimates that between 6,700 to 9,700 additional housing units will be required annually over the next five years to meet housing demand, of which 47% is identified to be affordable housing. Overall, this signals that an insufficient number of homes and type of tenure are currently being provided.

1.1.4 The purpose of the research is to establish a robust evidence base which can be used as part of ongoing discussions around a Vacant Land Tax (VLT) in Wales, considering taxation as a policy lever to bring forward development to support housing need and regeneration. Previous research has suggested there is an issue with sites being identified for development and then not being progressed. This research provides further evidence to consider the extent to which a VLT could be used as an effective method of addressing stalled sites in the current market.

## 1.2 Research Objectives

1.2.1 Objectives of the research are therefore to:

- refresh previously gathered evidence and bring it up-to-date;
- enhance the previously gathered evidence by collating information on all stalled sites, both residential and non-residential; and
- include information on all relevant characteristics about sites, where available.

1.2.2 Generally speaking, stalled sites are those intended for development that have become 'stuck' at some point in their delivery. Sites may be proposed for housing, employment or other purposes, yet for one reason or another have not come forward; sites may be stalled for many years depending on the complexity of factors involved (for example land ownership, securing finance, market conditions). There is no single definition for a stalled site, factors making up a definition may relate to the stage of the planning process or the length of time in which a permission may not have been implemented.

1.2.3 For the purposes of this research, definitions of what constitute stalled residential and non-residential sites have been provided by the Welsh Government and are set out in Box 1 overleaf. The definitions reflect the broad nature of the research at this stage; it should be noted that these definitions would not necessarily reflect the sites to which a VLT would be applied. More detailed assumptions relating to type of use and size of site are set out in Section 1.4 Research Methodology.

[1] Longitudinal Viability Study of the Planning Process (2017), Welsh Government
[2] Stalled Sites and S106 Agreements (2015), Welsh Government
[3] New House Building in Wales, 2018-19
[4] https://gov.wales/estimates-housing-need-wales-tenure-2018-based

**Box 1 Definitions of Stalled Sites**

**Stalled residential sites:**

*'A site with a local development plan (LDP) allocation where development:*

- *had not started within the expected trajectory given in the LDP, where available, or*
- *had not started within the timeframe indicated in the relevant Joint Housing Land Availability Study (JHLAS), or*
- *is yet to commence and there is no expected trajectory in the LDP or timeframe in a relevant JHLAS.'*

**Stalled non-residential sites:**

*'A site:*

- *With planning permission and a Section 106 agreement in place, or a resolution to grant planning permission, that have not been implemented for at least a year.*
- *Where a site has outline planning permission and a Section 106 agreement in place but has not been implemented on site within a year (whether or not reserved matters applications have come forward), these sites have also been included as stalled.'*

## 1.3 Policy Context

1.3.1 This section provides an overview of the relevant policy context to the research, including current and recent changes that are taking place.

### Planning Policy Wales Edition 10

1.3.2 The most recent publication of Planning Policy Wales Edition 10 (2018) (PPW)[5] sets out a revised set of land use planning policies to ensure the delivery of the Well-being of Future Generations Act through all planning decisions. PPW is supplemented by a series of Technical Advice Notes (TANs) and collectively they provide the national planning policy framework for Wales.

1.3.3 PPW requires local authorities to understand their local housing market and the factors influencing housing requirements in their area and thus prepare development plans and local housing strategies accordingly. Local authorities are required to clearly set out the housing requirement in their development plan, based on evidence and the specific needs of their communities. PPW requires local authorities to effectively monitor the housing market in their local area, ensuring the continued supply of deliverable housing land through a housing trajectory and therefore, deliver the identified housing requirement. The trajectory illustrates the expected rate of housing delivery for all housing types over the plan period. PPW requires land identified for housing to be '*genuinely available'* or *'become available'* and be recorded in a Joint Housing Land Availability Study (JHLAS).

### Draft National Development Framework

1.3.4 The draft National Development Framework (NDF)[6] was published for consultation in August 2019. The NDF will be the 20-year land use framework for Wales, reviewed every five years to set the direction for development. The NDF will sit alongside PPW and will replace the Wales Spatial Plan. The NDF will provide strategic direction and set out where nationally important growth and infrastructure will be located and how national, regional and local plans can deliver it.

[5] Planning Policy Wales (PPW) Edition 10 (2018, Welsh Government
[6] https://gov.wales/national-development-framework

1.3.5 Part of the evidence base for the draft NDF includes an estimate of housing need in Wales based on different demographic scenarios[7]. The central estimate suggests a need for an additional 114,000 homes across Wales up to 2038. These estimates also indicate that almost half of housing delivered should be affordable.

### Draft Development Plans Manual (Edition 3)

1.3.6 The Development Plans Manual[8] is currently being revised following significant changes to planning legislation and national policy since the existing LDP Manual (Edition 2) was produced in 2015. Following considerable national policy changes the revised Manual seeks to comprise more detailed guidance on the preparation of LDPs based on evidence collected during the first round of LDP adoption.

1.3.7 The draft Manual places significant emphasis on the requirement of sites to demonstrate deliverability; this has particular relevance to the preparation of a housing trajectory for the LDP, setting out how sites will be delivered and on what timescale. In concurrence with PPW the draft Manual will require the financial viability of sites to be assessed at the candidate site stage in the LDP process. The draft Manual requests information from site promoters on site viability and deliverability. Obtaining this information upfront is anticipated to prevent unviable sites being allocated for development within LDPs, as well as enabling local authorities to have a more detailed understanding of individual sites.

### Wales Infrastructure Investment Plan 2019

1.3.8 The second round of capital funding as part of the Wales Infrastructure Investment Plan (WIIP) 2019[9] was announced in November 2019. The November update recognises housing as a priority area for the Welsh Government, listing fifteen projects and programmes to support housing delivery, including continued investment towards the Wales Stalled Sites Fund (WSSF), Social Housing Grant (SHG) and Wales Property Development Fund (WPDF).

1.3.9 The WSSF provides loans to Small and Medium Sized Enterprises (SMEs) across Wales for small to medium scale property development projects, seeking to 'unlock' sites for development to contribute to housing stock and providing wider benefits to communities in which they are located.

### Prosperity for All: The National Strategy 2017

1.3.10 Prosperity for All (2017)[10] recognises housing as a priority area and one of the areas with greatest potential to contribute to long-term prosperity and well-being. The strategy sets a target to deliver 20,000 new affordable homes by 2021, including support for local authorities to build their own houses at pace and scale.

## 1.4 Research Methodology

1.4.1 This section briefly describes the methodology used to undertake the research. The methodology has comprised two main phases, firstly a review of LDP allocations across Wales and preparation of a dataset of residential and non-residential sites assumed to be stalled; and secondly verification of this data with local authorities and gathering of more detailed information on site characteristics, including any known reasons for the site becoming stalled.

### Phase 1

1.4.2 The first phase was to carry out a desk-based study to identify potentially stalled residential and non-residential sites across Wales. Data sources used to collate this information included LDPs, successive JHLAS reports, Annual Monitoring Reports for each LPA, relevant documents from LDP

[7] https://gov.wales/sites/default/files/publications/2020-01/ndf-explanatory-note-housing-need.pdf
[8] https://gov.wales/sites/default/files/consultations/2019-06/development-plans-manual-edition-3-consultation-draft.pdf
[9] https://gov.wales/sites/default/files/publications/2019-11/wales-infrastructure-investment-plan-project-pipeline-2019_0.pdf
[10] https://gov.wales/prosperity-all-national-strategy

Examinations (for example housing trajectory information) and site-specific information available online (for example site development briefs).

1.4.3 Assumptions in relation to this research comprised of:

- Non-residential sites identified for inclusion in the study relate to employment, leisure, retail and mixed use sites.
- Residential sites comprise those allocated within LDPs – for the majority of LPAs the size threshold for site allocation is 10 units, although for rural LPAs such as Carmarthenshire, the threshold is 5 units.
- Where an LPA does not have a current LDP, the existing Unitary Development Plan (UDP) has been used as a starting point for residential site allocations. Adoption dates for LDPs across Wales are summarised in **Appendix A**.

1.4.4 A list of potentially stalled residential and non-residential sites was compiled for each LPA and sent to each local authority for verification. The dataset provided the following information for each site (where available):

- Local authority
- Site address
- LDP allocation reference
- Planning permission (full, outline, resolution to grant or none)
- Size of site (hectares)
- Number of units
- Ownership (public, private or mixed)
- Number of owners (where known)
- Development type (residential, commercial, mixed)
- Urban or rural location
- Brownfield or greenfield site
- Current use (for example vacant or undeveloped, buildings in partial use, buildings in full use, unknown)
- Information relating to availability of infrastructure and access (where known)

### Phase 2

1.4.5 Consultation was undertaken with Planning Officers from each LPA where possible, to provide additional information in relation to individual sites where known and to undertake a general discussion about the factors contributing to sites becoming stalled within the local authority.

1.4.6 As a number of LPAs have either recently adopted or are currently undertaking a review of their LDPs, there was generally a good level of awareness about challenges facing specific sites. For residential sites, LPAs were able to use information from JHLAS discussions to supplement the dataset provided.

1.4.7 The verification process led to an adjustment to the list of stalled sites (for example some sites were removed if the Planning Officer had recent information relating to commencement of construction, or alternatively sites were added where the Planning Officer considered they met the stalled sites definition for residential or non-residential categories). Following the verification process, more detailed analysis was undertaken on those sites included within the master list to try and ascertain reasons why they had not been delivered in accordance with LDP delivery timetables or where (in the case of non-residential sites) planning permissions had not been implemented.

1.4.8 Engagement with housebuilders was undertaken through the Home Builder's Federation (HBF) and the VLT Stakeholder Reference Group (SRG). The SRG is comprised of relevant sector representatives including commercial property agents. Based on the information available from previous studies and discussions with stakeholders, reasons for sites becoming stalled were categorised according to criteria set out in Table 1.1, noting that for some sites there may be more than one category which is relevant.

*Table 1.1 Reasons for Sites Becoming Stalled*

| Reasons for Site Becoming Stalled | Examples |
|---|---|
| Landowner Intent | Where the landowner does not currently have plans to dispose of the land to a developer, or to develop the land or where the landowner is seeking permission other than in accordance with the LDP. |
| Finance | Where the necessary finance has not been secured to enable the development, either because the owner cannot raise the finance or where finance is being prioritised to other sites or purposes. |
| Viability | Where the value of the development is insufficient to justify cost, or where the return on the development will not be achieved for a considerable time and the cost of development during this period would lead to cash flow problems. |
| Planning Negotiations | Where there are ongoing discussions to secure any implementable planning permission. |
| Site-Specific Issues | Where there are particular challenges to develop the specific site because of extensive remediation being required, problems of access to the site, or problems of securing the necessary infrastructure (including utilities connections and highways). |
| Other | Where the reason does not fall into one of the above categories. |
| Unknown Reasons | Where there is no information available on the reasons why the site has stalled. |

## 1.5 Report Structure

1.5.1 This report is structured as follows:

- **Chapter 2** provides an overview of stalled sites across Wales.
- **Chapter 3** considers the reasons behind sites becoming stalled, focusing on a number of key themes that have emerged during the course of the research.
- **Chapter 4** provides conclusions and a series of next steps.

# 2 Overview of Stalled Sites in Wales

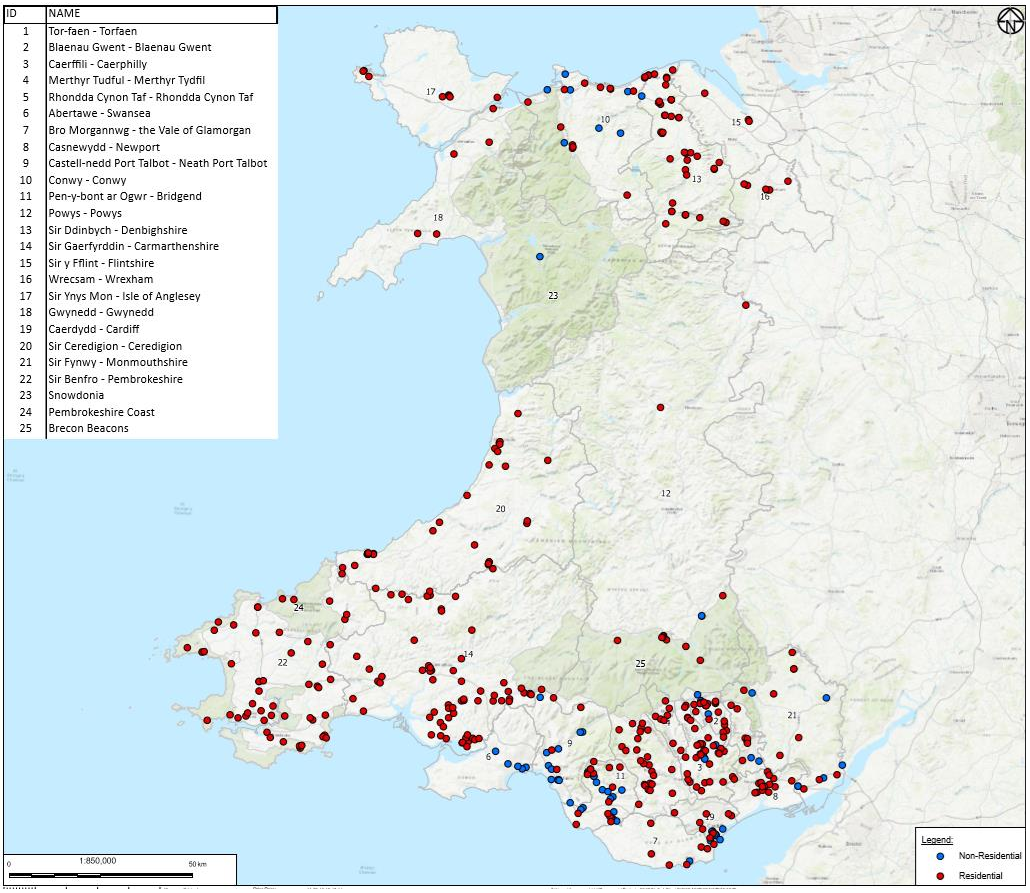
## 2.1 Introduction

2.1.1 This chapter provides a summary of the research findings, giving a high level overview of stalled development sites across Wales, including their spatial distribution and key characteristics. The research provides an overview of stalled sites at a point in time giving a snapshot of issues, with longer term issues and trends raised through VLT and stakeholder discussion.

## 2.2 Number and Spatial Distribution of Stalled Sites Across Wales

2.2.1 The research has identified a total of 456 sites across Wales which appear to be stalled. Of these, the majority (376 sites, or 82% of the total) are residential sites, with the remaining 80 sites being non-residential in nature. The distribution of stalled sites across Wales is shown in Figure 2.1, with residential sites identified by a red dot and non-residential sites by a blue dot. The figure shows clusters of sites within the south-east, south-west and north-east of Wales, with much fewer sites within the more rural areas of mid and north-west Wales, broadly reflecting therefore the population distribution of Wales. Virtually all stalled non-residential sites are located in south and south-east Wales. This picture concurs with the previous research undertaken into stalled sites in 2015.

*Figure 2.1 Location of Stalled Sites Across Wales*




## 2.3 Stalled Residential Sites

2.3.1 There are just under 1,600 residential sites allocated in LDPs across Wales. Of these nearly a quarter (24%) are stalled according to the definition set out in this research. Headline characteristics of these stalled residential sites across Wales are summarised in Table 2.1.

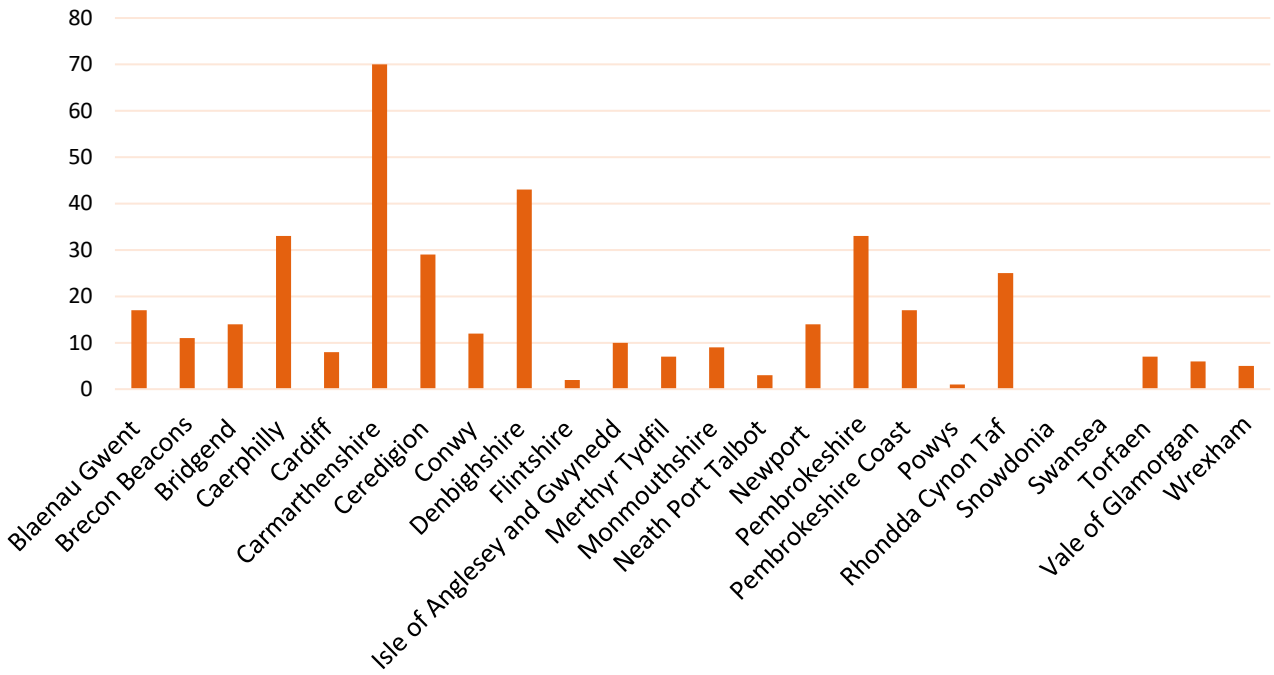
*Table 2.1 Stalled Sites Across Wales*

| Key Characteristics of Stalled Residential Sites Across Wales | |
|---|---|
| Total number of residential stalled sites | 376 |
| Proportion of stalled residential sites to sites allocated for housing in LDPs | 23.5% |
| Total area of land | 1,011 ha |
| Approximate number of units that are stalled | 32,680[1] |

[1] note for completeness this figure also includes residential components of mixed-use sites

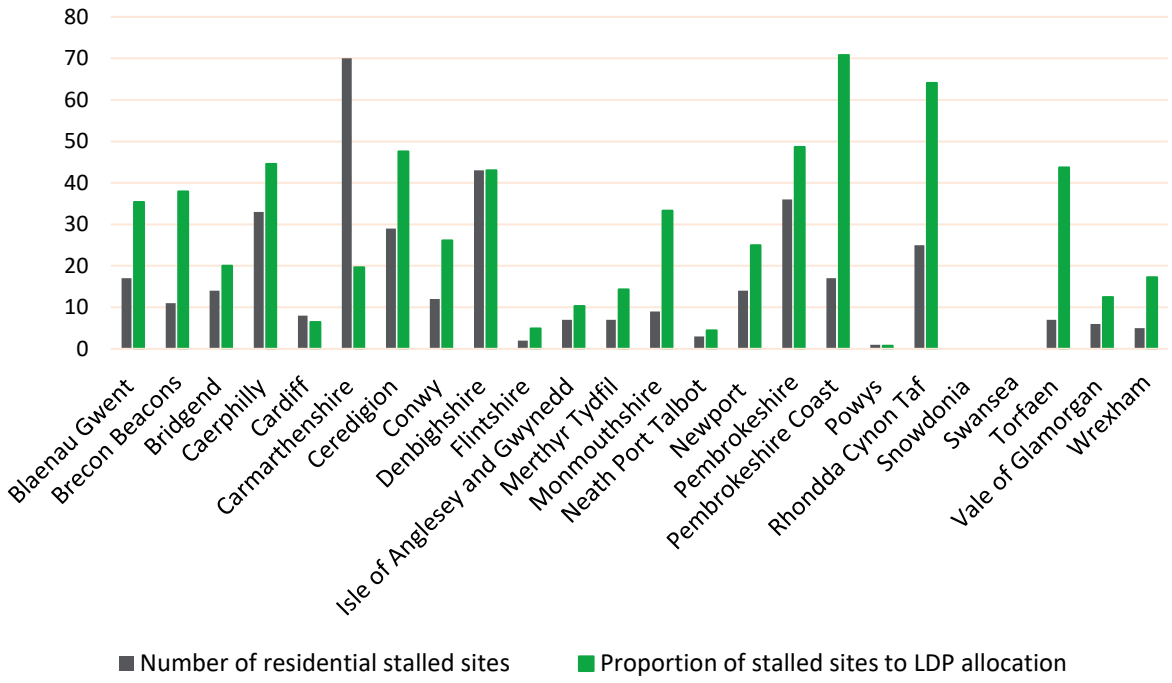
2.3.2 The number of stalled residential sites within each LPA is shown in Figure 2.2. The figure shows that the LPAs with the highest number of stalled residential sites are Carmarthenshire (approximately 70 sites), Denbighshire (just over 40 sites) and Pembrokeshire (just over 30 sites). LPAs such as the Snowdonia National Park Authority, the City and County of Swansea and Powys have no, or very few, stalled residential sites. This can partly be attributed to timescales within which LDPs have been adopted – for example the Snowdonia NPA, Swansea and Powys all have very recently adopted LDPs (2018 or 2019) and therefore the trajectories within which sites should be brought forward for development have not yet passed. LPAs such as Carmarthenshire, Denbighshire and Pembrokeshire each have considerably older LDPs (adopted in 2013 and 2014), with more opportunity for sites to become stalled over time.

*Figure 2.2 Stalled Residential Sites by Local Planning Authority*




2.3.3 A further factor to consider is the number of stalled residential sites as a proportion of the total number of allocated housing sites within each LPA, as shown in Figure 2.3. The figure shows that, whilst local authorities such as Carmarthenshire may have a high number of stalled sites, when considered proportionally to the number of sites allocated for housing within the LDP, this is quite low – approximately 20% of allocated housing sites. Other LPAs such as Rhondda Cynon Taff and the Pembrokeshire Coast National Park may have a smaller number of stalled residential sites (25 and 17 sites respectively), yet these represent a much higher proportion of their total number of allocated housing sites (70% and 65% respectively).

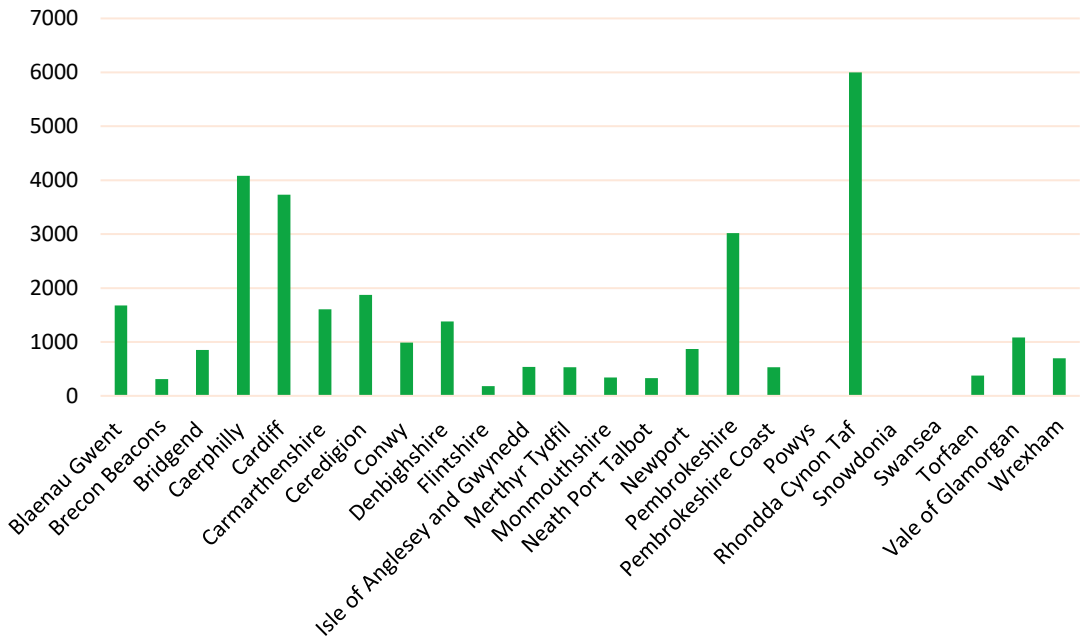
*Figure 2.3 Stalled Residential Development Sites as a Proportion of LDP Housing Allocations*




## Characteristics of Stalled Residential Sites

2.3.4 Some 32,680 homes are effectively bound up within stalled residential sites. This figure is based on the number of units that LPAs anticipate each site will bring forward; if a standard 30 units per hectare density is applied across the 1,011 hectares of stalled residential sites, this figure reduces slightly to 31,290 units. The analysis of number of homes within stalled sites includes residential elements of mixed-use sites. Figure 2.4 shows the geographic distribution of stalled residential sites by number of homes.

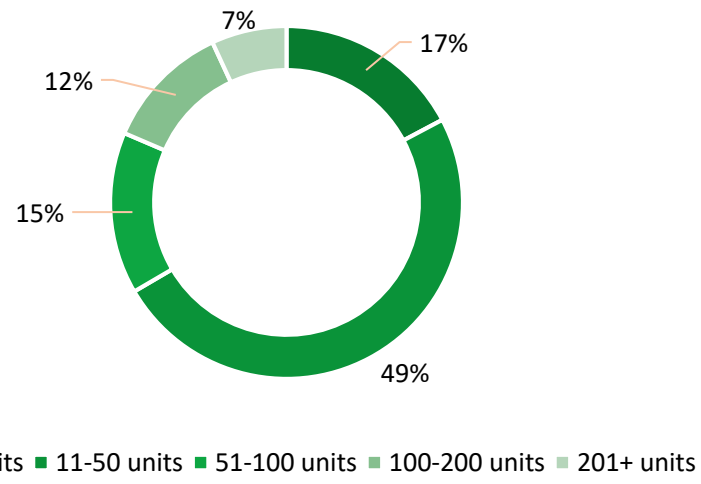
*Figure 2.4 Number of Homes Potentially Stalled by LPA*



2.3.5 LPAs such as RCT, Caerphilly, Cardiff and Pembrokeshire stand out as having high numbers of homes tied up in their stalled residential sites. This is obviously related to the size of sites – RCT, Caerphilly and Cardiff for example have strategic allocations each for several hundred units, representing 210ha, 151ha and 150ha respectively. More rural local authorities such as Carmarthenshire may have a larger number of stalled sites, but many of these are small with a capacity of ten units or less. This also reflects the different approach taken by LPAs such as Carmarthenshire to allocation of housing sites, as most LPAs do not allocate below sites of ten units in size.

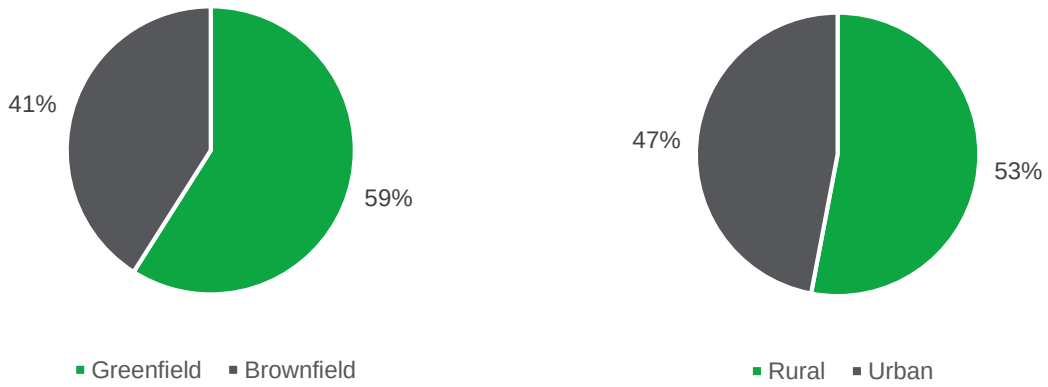
2.3.6 Figure 2.5 illustrates the proportion of sites stalled using number of units as a measure. The figure shows that almost half of all stalled residential sites across Wales have capacity for between 11 to 50 units. A further 17% are sites that are ten units or fewer in size. Carmarthenshire's LDP allocates over 200 housing sites, the majority of which are for less than ten units and this may account in part for the relatively high proportion of stalled sites in this size category. At the other end of the scale, almost 20% of stalled residential sites are for sites over 100 units in size.

*Figure 2.5 Proportion of Stalled Residential Sites by Number of Units*



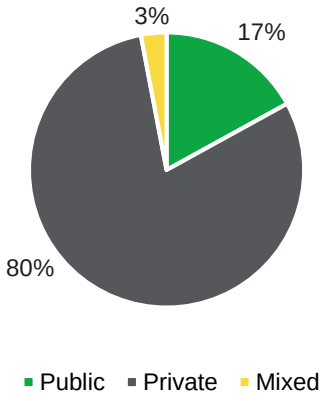

2.3.7 The proportion of stalled residential sites located in rural and urban areas, together with the proportion of greenfield versus brownfield sites are shown in Figures 2.6 and 2.7 respectively. The figures show a greater proportion of stalled residential sites in rural areas (53%) and located on greenfield land (59%).

*Figures 2.6 and 2.7 Greenfield / Brownfield and Rural / Urban Characteristics of Stalled Residential Sites*



2.3.8 Figure 2.8 shows ownership characteristics of stalled sites, with over three quarters (80%) of stalled residential sites in private ownership. Ownership characteristics vary according to size of site: for larger sites of over 200 units in size, almost one quarter are either in public or mixed ownership, whereas almost all sites of ten units or less are in private ownership. Sites identified as being in public ownership are spread across Wales, and primarily relate to sites in local authority ownership; other public sector organisations include Local Health Boards, Defence Estates and the Welsh Government.

*Figure 2.8 Ownership Characteristics of Stalled Residential Sites*




2.3.9 The vast majority of stalled residential sites (93%) are in single, rather than multiple ownership. An analysis of the characteristics of owners highlights that a large proportion of stalled residential sites (likely to be nearly a half) are in the ownership of individuals rather than businesses or other organisations.

2.3.10 Existing uses of stalled residential sites vary considerably. The majority of sites (59%) are greenfield sites and for the purposes of simplicity (there are a number of sites which incorporate agricultural structures for example) have been classified as undeveloped land. Other existing land uses for stalled residential sites include vacant sites and/or buildings (27%), sites and/or buildings in full or partial use (11%), sites under construction (1%) and sites where the existing land use is unknown (2%). For the very small number of sites classified as being under construction, this is where development appears to have stalled at some point following the commencement of construction.

2.3.11 In terms of the planning status of stalled residential sites, 36% (134 sites) have some form of consent attached to them (categorised as full or outline permission, at reserved matters stage, or where there is a resolution to grant planning permission). A further 4% of sites (14 sites) have a planning history (either an application has been refused, planning permission has lapsed, or an application is currently undetermined). For the remaining 228 sites (60%), no planning application has been made.

2.3.12 Looking in more detail at those sites with planning consent, there appears to be a correlation between size of site and planning status. For example, small sites of ten units or less are more likely to have a planning consent – over half of stalled residential sites of this size (53%) have planning permission for all or part of the site. Similarly, for sites over 200 units in size, 72% either have valid planning permissions or there is a resolution to grant permission.

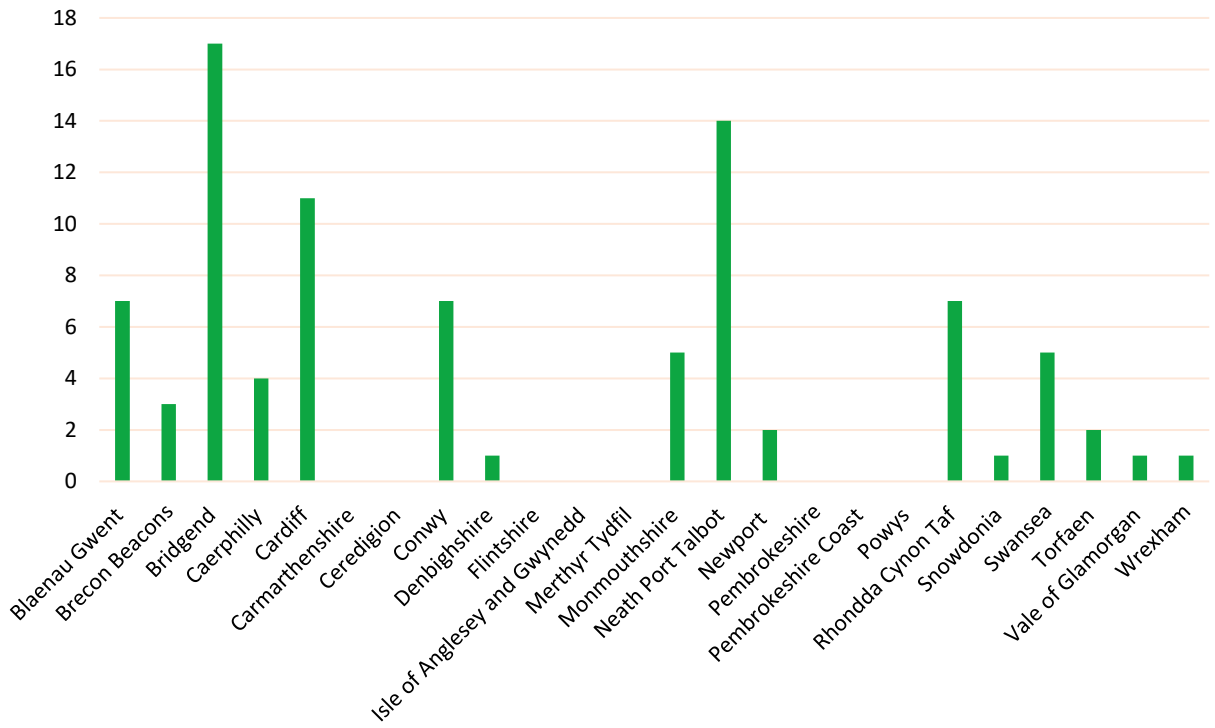
2.3.13 Sites within smaller size categories (11-50 units, 51-100 units and 100-200 units) are less likely to have a valid planning consent; the respective proportions of sites with no planning consent being 53%, 75% and 64% for each of these size categories.

## 2.4 Stalled Non-Residential Sites

2.4.1 Stalled non-residential sites represent a much smaller part of the picture, with only 80 sites identified across Wales (18% of the total proportion of stalled sites). The distribution of these sites by LPA is shown in Figure 2.9, which identifies Bridgend, Neath Port Talbot and Cardiff as having some of the highest numbers of stalled non-residential sites in Wales. Several local authorities reported having

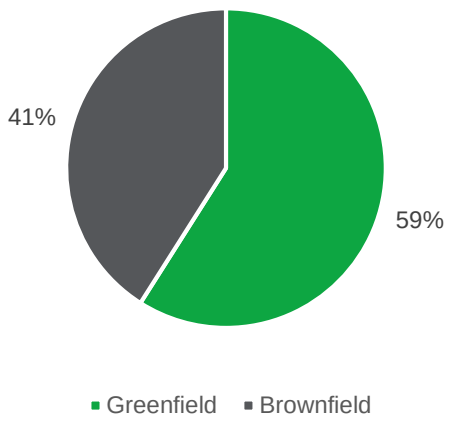
no stalled non-residential sites as set out by the definition (these are predominantly more rural authorities).

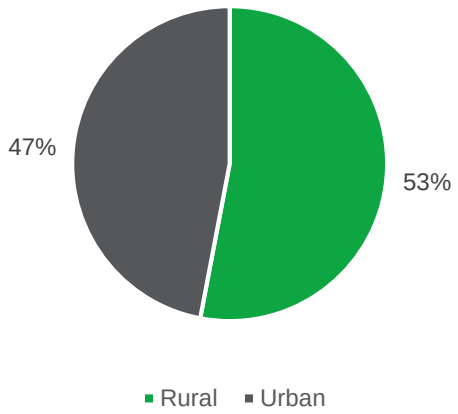
*Figure 2.9 Stalled Non-Residential Sites by Local Planning Authority*




2.4.2 The total land area in Wales covered by stalled non-residential sites is approximately 1,266 ha (this figure includes one site of 585 ha located in Neath Port Talbot). Conversely to the findings for stalled residential sites, the majority of stalled non-residential sites (86%) are found in urban locations and predominantly comprise brownfield sites (79%), as shown on Figures 2.10 and 2.11 respectively.

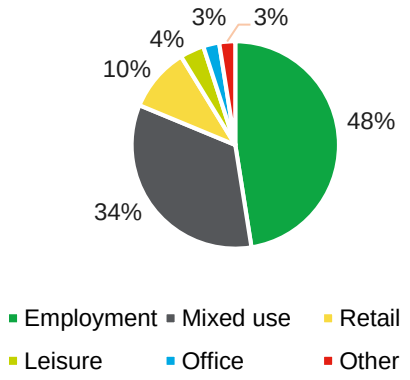
*Figures 2.10 and 2.11 Greenfield / Brownfield and Rural/ Urban Characteristics of Stalled Non-Residential Sites*



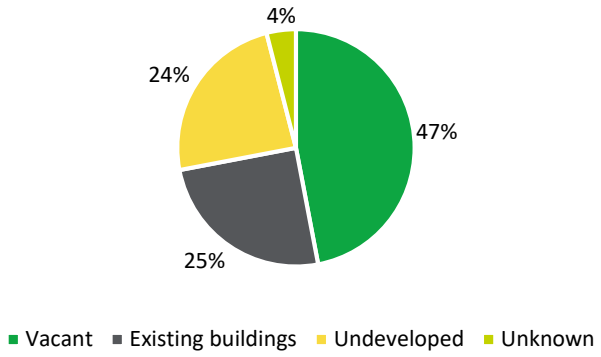

2.4.3 In terms of types of proposed use, the majority of non-residential stalled sites relate to employment uses (48%), with a further 34% relating to mixed use sites; the remainder of other use types are retail, leisure and office uses (as shown on Figure 2.12).

*Figure 2.12 Stalled Non-Residential Sites by Proposed Use*



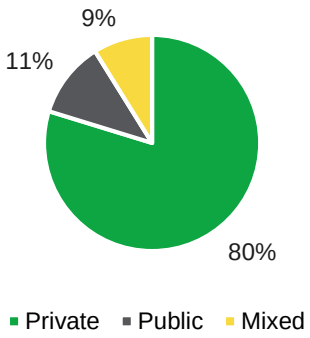

2.4.4 As noted earlier, the majority of sites (79%) are located on brownfield land. Of these sites, almost half (48%) have been classified as vacant sites and/or buildings (vacant sites including for example yard / depot areas), with a further 24% classified as undeveloped land (typically relating to undeveloped plots within industrial sites or areas which have been serviced in readiness for development). Remaining uses of sites classified as brownfield include where there are buildings in full or partial use (25%). Existing land use is unknown for a further 4% of brownfield sites.

*Figure 2.13 Stalled Non-Residential Sites by Existing Use*




2.4.5 A greater proportion of stalled non-residential sites are privately owned than is the case for stalled residential sites (80% of sites). The remaining 20% of sites are in either public or mixed ownership. For non-residential sites in multiple ownership, this is typically a public / private partnership between for example the Welsh Government or local authorities, with private landowners. In terms of ownership characteristics, over half of stalled non-residential sites are in the ownership of commercial organisations as opposed to individuals; for a significant proportion of non-residential stalled sites, ownership details have not been accessible.

*Figure 2.14 Ownership of Stalled Non-Residential Sites*



# 3 Key Themes

## 3.1 Introduction

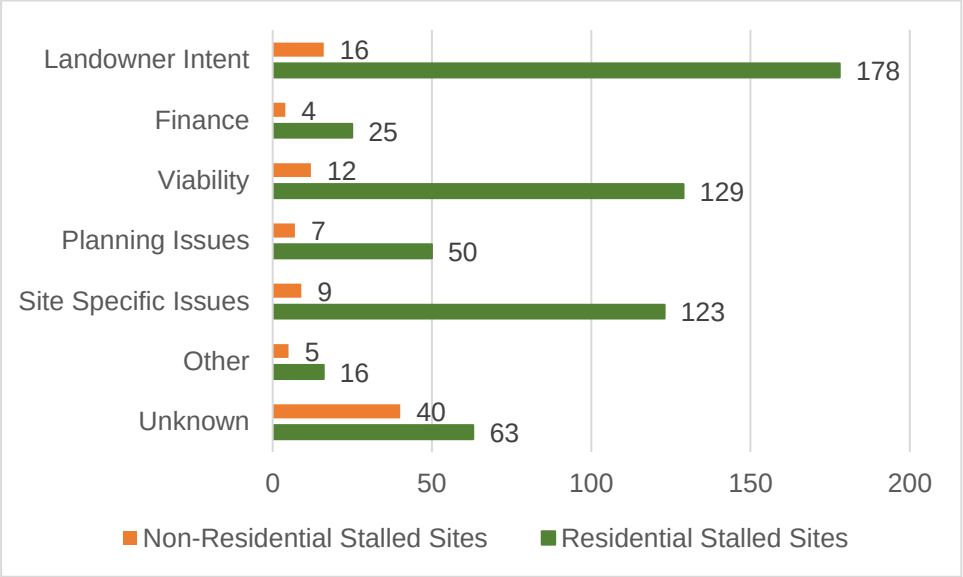
3.1.1 The research has sought where possible to identify the reasons why sites have become stalled, using publicly available information, data analysis and through discussions with stakeholders including LPAs, the HBF and the VLT Stakeholder Reference Group. This chapter provides an overview of the main reasons why sites have become stalled, sets out some overarching issues which are relevant to the context of stalled sites at the current time (for example wider policy and housing market changes) and presents further detail in relation to the key themes behind sites becoming stalled. Where relevant, case studies have been used to highlight various reasons why sites might be stalled; for a large number of sites there are multiple and often complex reasons why development is delayed.

## 3.2 Reasons Why Sites Become Stalled

3.2.1 It was clear from the previous research which looked at Stalled Sites and Section 106 Agreements that there can often be a multiplicity of reasons why a site becomes stalled, and that often these reasons are inter-related. When collecting information relating to reasons why sites have stalled, therefore, we have captured all reasons that may apply to an individual site.

3.2.2 Figure 3.1 shows the reasons why sites have become stalled for both residential and non-residential sites. The figure shows where a particular reason has been identified of relevance to a site, noting that for a single site there may be several reasons of relevance. It is acknowledged that this information has been collected primarily through discussions with LPAs or information available within documents such as Annual Monitoring Reports. It is relevant to note here that this has been a high level study, designed to look at broad categories of reasons why sites have become stalled; as such, individual landowners have not been contacted as part of the study as detailed case studies have not been sought at this stage.

*Figure 3.1 Reasons for Sites Becoming Stalled (Number of Sites)*



3.2.3 The general picture appears to be slightly different for residential and non-residential sites. For the former, landowner intent, viability and site specific issues were the most commonly cited reasons as to why sites had stalled; for non-residential sites, reasons for stalling appear to be more mixed. Some 148 stalled sites (32% of the total number of stalled sites) appear to have multiple reasons for becoming stalled (the majority of these (144) are stalled residential sites). The reasons behind sites stalling were unknown for a much higher proportion of non-residential sites; this is attributed to the fact that there is more focus given to residential sites through the LDP and JHLAS processes and therefore a greater knowledge around specific sites and their progress.

3.2.4 For each category of reasons behind a site becoming stalled, Table 3.1 sets out the area of land involved together with the number of homes this potentially relates to. The table also shows the percentage of land attributed to a particular reason – so for example, the table shows that 16% of the total area of land encompassed by stalled residential sites can be attributed singularly to landowner intent as a factor for the site not being delivered. It should be noted that the land area for non-residential sites stalled as a result of planning negotiations is skewed by the inclusion of a single large site (585ha in size). Putting this anomaly to one side, the table shows that where there is a single factor affecting a site becoming stalled, sites stalled solely as a result of landowner intent comprise the largest land area (for both residential and non-residential sites). Non-residential sites with landowner intent as the single factor represent a larger area of land, despite a much smaller number of sites compared to residential sites.

3.2.5 Sites stalled for a multiplicity of reasons include the majority of larger sites and thereby equate to a significant land area and proportion of potential stalled homes – 988ha (97% of the total land area) and 25,012 homes (77% of the total number of potential homes). The reasons behind larger sites stalling were frequently found to be multifaceted and therefore, cover several of the broad categories of reasons why sites have become stalled.

*Table 3.1 Single Reasons for Sites Stalling by Land Area and Number of Homes*

| | Residential Sites (ha) | Residential Sites (homes) | Non-residential Sites (ha) |
|---|---|---|---|
| Landowner Intent | 166 (16%) | 3,950 (12%) | 360.50 (28%) |
| Finance | 67.22 (6%) | 2,870 (3%) | 57.32 (5%) |
| Viability | 52.86 (5%) | 1,752 (5%) | 83.35 (7%) |
| Site specific issues | 126.39 (13%) | 3,138 (10%) | 39.35 (3%) |
| Planning negotiations | 63.25 (6%) | 1,585 (5%) | 600[1] (47%) |
| Other / Unknown | 80.79 (8%) | 2,433 (7%) | 223.5 (15%) |

[1] note that this figure includes a single site which is 585ha in size

## 3.3 Overarching Themes

3.3.1 There are a number of overarching reasons which may affect the number of stalled sites, both positively and negatively. These include changes in policy and practice impacting on LDP preparation over time; wider economic conditions; and future uncertainties and opportunities. These areas are discussed in more detail below.

### Changes in LDP Approach Over Time

3.3.2 All LPAs in Wales follow their own timetable with regard to LDP adoption and as such, development plans for the 25 LPAs in Wales are at different stages. Some LDPs were adopted in 2019, others are much older (2010 in the case of Caerphilly and the Pembrokeshire Coast NPA); some LPAs are currently undertaking a review of their LDPs, for example the Brecon Beacons NPA; and two LPAs are yet to adopt their LDP (Flintshire and Wrexham), although both are nearing this point.

3.3.3 Over such a breadth of time between the older and more recently adopted LDPs there have inevitably been changes in policy and approach impacting on LDP preparation. Some of the older LDPs may have been more 'aspirational' in nature, with sites rolled over from Unitary Development Plans (UDPs) and with little need to provide detail about development trajectories or deliverability. For many of these sites, development has not commenced due to pre-existing constraints, site specific issues or landowner intentions. The most significant change to policy and approach has therefore related to the need for sites allocated in LDPs to be more deliverable.

3.3.4 Research undertaken for the Welsh Government in 2017[11] identified reasons why housing allocations assessed as deliverable during the LDP process became stalled due to viability issues at later stages in the planning process; the research subsequently led to proposed changes to the Welsh Government's Development Plans Manual (edition 3), requiring that all sites submitted at the candidate site stage must be informed by a deliverability and viability assessment, with further scrutiny of these issues now taking place throughout the LDP revision process.

3.3.5 A current debate, also linked with the wider viability issue, relates to the range of site allocations in the LDP. A number of LDPs have shown a reliance on a small number of strategic sites to bring forward significant quantities of housing and employment development; strategic sites may stall or prove difficult to deliver for a variety of reasons (for example depending on location, there may be limited interest from major housebuilders, or the sites may require significant upfront infrastructure investment which can prove difficult to deliver). Planning Policy Wales states that 'planning authorities need to consider providing a range of sustainable and deliverable sites' for housing. There is anecdotal evidence from some LPAs suggesting that there may be more of a focus on allocating smaller sites in future LDPs, which may ultimately prove to be more deliverable.

3.3.6 Changes in approach can be illustrated by comments from one LPA who consider that they are not planning on allocating further employment or retail sites within the new LDP but will instead focus attention on protecting existing assets. This likely reflects the substantive changes in the employment and retail space requirements due to economic trends, requiring less focus on traditional methods of provision through allocation.

3.3.7 In 2018 the Welsh Government issued a Consultation Document to improve the delivery of housing across Wales. The consultation evidence highlighted that the number of residential developments being delivered is lower than projected in adopted LDPs and at slower rates. Following the consultation, on the 18th July 2018, paragraph 6.2 of Technical Advice Note (TAN1) was dis-applied[12].

3.3.8 On 9th October 2019 the Welsh Government issued a further consultation document, entitled '*Delivery of housing through the planning system: Revisions to Planning Policy Wales and associated advice and guidance*'. The proposed changes to the 'Housing Delivery' section of PPW and the emerging Development Plans Manual include to:

- remove the requirement in Planning Policy Wales for local planning authorities to provide a five-year supply of land for housing;
- consequently revoke TAN 1; and
- replace the monitoring of housing land supply with the monitoring of housing delivery based on the LDP housing trajectory, to be reported through the Annual Monitoring Report.

3.3.9 The purpose of the change in assessment of housing delivery is to support the plan-led approach to development. The consultation document aims to investigate the perception that the five-year housing land supply is being exploited by developers. In querying the deliverability of allocated sites, there are concerns that developers may instead be able to promote and obtain planning permission for windfall development sites (these are unallocated and therefore, do not form part of the local

[11] Longitudinal Viability Study of the Planning Process (2017)

[12] Dis-application of paragraph 6.2 of Technical Advice Note (TAN) 1: Joint Housing Land Availability Studies removes the inclusion of 'considerable' weight attached to the lack of a 5-year housing land supply as a material consideration in determining planning applications for housing. As a result, the weight attributed to the need to increase housing land supply will be a matter for the decision makers to determine, if an LPA has a shortfall in its housing land supply.

authority's housing land supply). Currently 19 out of 25 local authorities are unable to demonstrate that they have enough housing land to meet needs over the next five years.

## Wider Economic Conditions

3.3.10 Discussions with LPAs have highlighted the impacts of the economic recession on the Welsh housing market, with LPAs such as Blaenau Gwent, Torfaen and Conwy citing developers pulling out of investment within their areas. Indeed, only recently has developer interest begun to re-establish itself in many of these places. Sites which may have been viable before the economic downturn may now not be viable and have subsequently stalled, a further illustration of changes over time in terms of LDP adoption. A specific example relates to RCT – in a recent Report to Cabinet (17th October 2019) concerning the LDP Review, it is stated that *'allocations in the current plan have not been delivered as expected. The global economic recession had a significant effect on the operations of the housing market in the early years of the LDP. Many sites were proposed for inclusion in the LDP at the height of the economic boom, with housing developers keen to bring them forward. Since the crash however, many have become less attractive and unviable for development.'*

3.3.11 Current concerns from the house building industry relate to poor and marginal viability across much of Wales, slow progress in the adoption of LDPs and a lack of five-year land supply[13]. New house building activity in Wales highlights a 1% decrease in the number of new dwellings started compared to the previous year and the lowest annual number of recorded new dwellings started since 2013 - 14[14]. The number of new dwellings completed also decreased in comparison to the previous year - 5,777 new dwellings were completed during 2018-19 which represents a 13% decrease on 2017-18 and the lowest number of completions recorded since 2012-13.

3.3.12 LPAs also stated during consultations that, in many settlements, there is evidence of market saturation of employment land notably for grade A office space, B2 and B8 units. A number of sites have been formally identified for employment use for up to ten years, actively marketed as employment sites and have valid planning permission in place. Typically, these sites are also in accessible locations, with no site-specific constraints or access issues. However, in recent years there has been little or no development. For non-residential development to commence, prospective tenants are required in advance of development. The lack of development highlights that occupier demand is relatively weak and this may again in part reflect longer term trends in reduced requirements for office floorspace with factors including increasingly agile working practices and hot desking. Evidence from discussions with stakeholders as part of this research suggests that employment uses on these sites would not currently be viable without public funding.

## Future Uncertainties and Opportunities

3.3.13 Uncertainties which continue to affect the wider economy include the decision taken in June 2016 to exit the European Union and the impact this is likely to continue to have on investors and developers in Wales. There is evidence that economic uncertainty since the Brexit Referendum in 2016 has affected the housing market across the UK. This may impact upon delivery of housing and employment development in the future.

3.3.14 In recent years there has been slow house price growth across much of the UK. UK house prices grew by 1.3% in the year to August 2019, this is a slight increase on July 2019 (0.8%). Annual price changes in Wales have remained fairly constant over the past few years and house price growth in Wales demonstrated the greatest price increase across the UK, with prices increasing by 4.5% in the year to August 2019[15]. This is significantly greater than the average for the UK, where house prices increased by 1.3% in the year to August 2019. Within Wales, house prices rose in the majority of local authority areas, with Blaenau Gwent and Conwy experiencing the strongest growth, rising by 12.5% to £97,000 and 7.5% to £173,000 respectively in the year to August 2019[16].

[13] HBF Housing Delivery and the Plan-Led System
[14] New House Building in Wales 2018-2019
[15] UK House Price Index summary: August 2019
[16] UK House Price Index Wales: August 2019

3.3.15 In December 2018 the Severn Bridge toll was removed entirely. This has aided and encouraged national and regional house builders to launch development in South East Wales in particular and locations such as Monmouthshire and the Vale of Glamorgan have experienced increased residential development activity.

## 3.4 Landowner Intent

3.4.1 Landowner intentions, as a reason why sites become stalled, relates to 28% of residential and 20% of non-residential sites. The term covers a number of different scenarios including:

- sites where landowners have sought alternative uses for the site than either the residential use for which they were allocated in the LDP or for which planning permission was granted;
- sites which are for sale or which have recently changed hands (this may result in changes in decision-making / priorities as a result of new landowners, or alternatively there may be implications on project timescales as a result of land ownership changes);
- issues associated with sites in multiple ownerships (for example time taken to agree land purchase);
- sites where landowners may have little or no intention to develop the land at any point but benefit from the uplift in value that holding a site allocated in an LDP or with planning permission provides; and
- sites where landowners may experience barriers in further developing the site (for example lack of knowledge about the planning process or financial barriers).

3.4.2 There are 21 stalled residential sites in public ownership where landowner intent is a factor in the site becoming stalled; these sites are located across eleven LPAs and equate to some 73ha of land and potentially 1,749 homes. They include sites which are still in use for alternative purposes (for example the Police Headquarters in Bridgend or school sites in Caerphilly) as well as sites where there simply does not appear to be a resolution to market the sites for development. A further four residential sites are stalled in mixed ownership where landowner intent is a factor in the site becoming stalled; the addition of these sites would potentially make 2,107 homes stalled across just over 100ha of land. Some 124 residential sites are stalled in private ownership where landowner intent is a factor in the site becoming stalled; this equates to 69% of stalled residential sites and potentially 10,124 homes over 251ha of land.

3.4.3 A total of sixteen stalled residential and five stalled non-residential sites have been identified where the landowner intention relates to alternative uses being sought. The majority of these sites are relatively small in size and urban in nature and primarily relate to changes in local circumstances (for example a family run business wishing to continue rather than sell and develop, or a site being brought into a farm business).

3.4.4 There does not appear to be a correlation between landowner intent and whether sites are rural / urban in location or greenfield / brownfield in nature.

3.4.5 There is inevitably going to be a market factor around sites coming forward for development, with fewer sites being developed when the economy is slower and the number of sites picking up as prices begin to rise. A number of local authorities have reported anecdotal evidence that, in the period since the economic recession, landowners have been waiting for this uplift to take place before selling or developing their sites. In this context, landowner intention becomes linked with viability as a reason why sites are stalling – where landowners may have potentially excessive expectations of the value of their land, the threshold over which the market needs to rise in order to bring sites forward may be unrealistically high.

3.4.6 Two LPAs within which land ownership / intentions have been identified as one of the principal reasons for sites becoming stalled are Cardiff and Conwy, although the details are very different. Cardiff's LDP includes nine strategic allocations for residential development, of which three are included within the list of stalled residential sites (comprising a likely total of 3,300 units or some 10% of the total number of stalled units across the whole of Wales). The principal reason identified for those strategic sites where development has not commenced in accordance with plans and trajectories relates to the multiplicity of different landowners and the difficulties associated with

bringing them together for joint land purchase (one site taking in the region of ten years to get to the point where land purchase could be agreed).

3.4.7 In Conwy, issues relate more to the presence of monopoly landowners with seemingly little interest in bringing sites forward for delivery. Tools such as deallocation are not necessarily applicable for the local authority in these instances due to the introduction of other complexities – for example, levels of housing need in the areas where monopoly landowners are located, and a lack of alternative appropriate sites for allocation.

3.4.8 There is anecdotal evidence of sites being put forward for inclusion in the LDP or planning permission sought solely as an investment in order to generate land value, with the landowner appearing to have little or no intention to develop the site. The difference between agricultural land values and those associated with land allocated for residential development is considerable, with the site becoming a valuable asset against which borrowing can take place. Through discussions with LPAs, anecdotal evidence has pointed to this happening across Wales, not only for established landowners who wish to retain land in their ownership for future generations, but also as an opportunity for individual landowners.

3.4.9 It is difficult to evidence and quantify how many sites this particular practice may apply to in Wales – landowners may give the appearance of engaging with the local authority in order to retain their allocation, or alternatively may be reluctant to engage at all. The highest land values are likely to be generated for residential land uses. Looking at residential sites where landowner intent has been highlighted as a specific reason behind the site becoming stalled, there are 97 sites (54% of sites where landownership is a factor) where the landowner appears to have no intention of delivering development (for example no plans have been submitted or there has been no engagement with the LPA, the site is not actively marketed, or there are lapsed planning consents). This category equates to a land area of just over 110ha and potentially 2,700 homes.

3.4.10 The prevalence of long-dormant sites may however reduce over time as LDPs are reviewed. For example, 27 sites in Carmarthenshire and Ceredigion where the landowner has shown no real interest or engaged with the LPA in any meaningful way to bring sites forward, have not been resubmitted as candidate sites as part of the LDP Review process.

3.4.11 A number of LPAs have reported use of deallocation as a way to overcome issues associated with lack of landowner intentions to develop. For example, the Pembrokeshire Coast National Park Authority has reported an increase in activity in relation to pre-application enquiries and planning applications on sites that had previously been dormant for many years, due to recent policy changes and a threat of deallocation. But as noted earlier, deallocation is not always the answer for sites becoming stalled if the LPA has a spatial strategy requiring a spread and choice of sites across communities.

3.4.12 The practice of ‘land banking’ (buying undeveloped land purely as an investment, with no specific plans for its development) has also been attributed to housebuilders and developers, although again this is a relatively complex area in its own right, with related factors including for example the wider market, and capacity of housebuilders to deliver sites. Again, anecdotal evidence suggests that housebuilders use land banking as part of their business model, to protect themselves against future uncertainties, market change and delays in the planning system.

3.4.13 A significant proportion of residential sites in Wales are delivered by smaller, regional and local housebuilders. These Small and Medium sized Enterprises (SMEs) understandably have capacity issues (not only in terms of capital but also of resources) which affects the number of sites that can be progressed at any one time. SME housebuilders take on potentially greater risks, including costs, if developments are delayed which again make them more likely to progress one or a few sites at a time. Whilst this may technically be land banking, it would appear to be on a relatively small scale, with limited negative consequences on housing delivery, and with benefits of employment creation / retention within the SMEs. Although land banking may be used to promote confidence in the market, to restrict supply and therefore, increase profit margins, as a practice it is difficult to isolate.

3.4.14 A final issue relating to landowner intent relates to, in some instances, a lack of understanding about the planning process and the mechanisms by which an individual landowner might bring a site forward. This has been highlighted as an issue particularly in rural LPAs; there are several instances

of LPAs acting as ‘brokers’ between landowners and developers in an effort to bring sites forward for development.

## 3.5 Finance

3.5.1 Finance naturally has a critical role to play in landowners being able to bring sites forward for development. Sites may become stalled because the necessary finance has not been secured to enable the development, this may be because an owner cannot raise the finance or where finance is being prioritised to other sites or purposes. Trying to establish where these scenarios may apply to a stalled site is difficult; the financial circumstances of landowners is understandably a private concern and information is less likely to be publicly available regarding these matters. Local authority officers may be aware of anecdotal information from discussions with landowners regarding how their ability to secure finance, but for a significant proportion of sites and landowners this information is not readily accessible.

3.5.2 The research has identified 25 residential stalled sites and four non-residential stalled sites where finance may have had a specific role to play in the site becoming stalled. This constitutes 6% of stalled residential sites and 5% of stalled non-residential sites respectively. In reality, the numbers are likely to be much higher as many sites are in the ownership of individuals for whom the financial implications of bringing a site forward for delivery may be complex. A quarter of residential stalled sites (six sites) where finance has been identified as an issue are in public sector ownership.

## 3.6 Viability

3.6.1 Previous research published by the Welsh Government in 2017 looked at the role played by viability in the planning process, identifying viability as a principal reason for delay in the progression of sites. Viability was highlighted as an issue for a variety of reasons, including affordable housing targets being too high, sites being located in low value market areas or where there is ‘housing saturation’, poor quality sites (topography / environment) or where specific infrastructure requirements have been identified. The research showed that viability impacted upon each stage of the planning process, from allocation of sites in LDPs through to development management.

3.6.2 Viability continues to be a significant issue particularly for residential sites across Wales and a principal reason for sites becoming stalled. Nearly 130 stalled residential sites identified (35%) are likely to be stalled as a result of viability issues in some way. In reality, it is likely that the actual number of sites affected by viability is even higher – many LPAs referred to viability as a blanket issue affecting all sites within their authority area. Several LPAs cited clear ‘snowlines’ within their local authority, distinctions beyond which land and sites are simply not viable.

3.6.3 The combination of high expectations from landowners in terms of land value, combined with high development costs (for example as a result of regulatory requirements or high costs associated with uncertainties / abnormals) and relatively low sales values make sites either marginally viable or unviable in many parts of Wales. In Rhondda Cynon Taf, for example, a comprehensive viability assessment was undertaken of all undeveloped residential allocations in the County in 2016; the report indicated that seven allocations would be viable for major housebuilders, with a further seventeen sites identified as not viable and having nil land values[17].

3.6.4 Local authorities located closer to the English / Welsh border highlighted differences between the two countries from a regulatory perspective as being an added facet to the viability issue, which may influence choices made by developers. Examples of the higher regulatory burden in Wales as expressed by stakeholders include the requirement for new sprinkler systems for new homes, energy performance requirements and, most recently, the requirement for sustainable urban drainage systems (SuDs).

3.6.5 Following on from the viability research undertaken in 2017, more emphasis is being given to the incorporation of viability testing at earlier stages in the planning process, in an effort to ensure that only sites which are viable and deliverable are allocated in LDPs. Planning Policy Wales (PPW) Edition 10 (December 2018) outlines a more robust methodology for local authorities to deliver their housing requirement, introducing *‘more rigour and challenge into the plan-making process for*

[17] RCT Local development Plan Review Report to Cabinet, October 2019

*allocating sites for housing to ensure that these sites are deliverable and sustainable'*. In the candidate site application process landowners and developers are now required to produce a greater amount of evidence to demonstrate site delivery including viability assessments, infrastructure requirements and how the site contributes to place-making principles. PPW also now requires the inclusion in LDPs of housing trajectories to set out when specific sites are intended to be delivered across the plan period. As a result of these measures, it is hoped that the proportion of sites allocated in LDPs that prove at development management stage to be unviable, is reduced.

3.6.6 Where sites are identified as unviable for private developers, in some areas land is instead being brought forward by Registered Social Landlords (RSLs). The cost of land and lack of competition from developers has resulted in predominately affordable housing being brought forward in certain locations; this can create clear spatial divides in communities and across local authorities.

**Site A – Residential Site, South Wales Valleys**

Site A is a greenfield site allocated for housing in the LDP with a timescale for delivery of 2014-17. The site has a capacity of up to 50 units based on developable area. However, the site is also constrained in terms of its topography, potential access issues and environmental matters. There is considered to be low demand for housing in the area and sales process are likely to generate low value. Development of the site has been estimated to give a nil residual land value. The landowner has not progressed delivery of the site since its allocation in the LDP.

## 3.7 Site-Specific Issues

3.7.1 Site specific issues can include a whole gamut of reasons including ground conditions, topography, flooding, access, site stability and ecological matters. Often these reasons are the underlying cause behind sites becoming stalled and have implications for other stalling factors such as viability or delays in the planning process. Of the stalled sites identified as part of this research, just over a quarter (29%) are thought to be stalled as a result of site-specific factors, with multiple factors affecting many sites.

3.7.2 Table 3.2 provides a summary of the number of sites that various issues apply to (for many stalled sites there are often several site-specific factors that apply). The table shows that access / infrastructure needs is a frequently occurring issue – this can range from relatively straightforward requirements to provide a new access to site, through to sites such as Abergele which require a new town gyratory system as part of the enabling works.

*Table 3.2 Frequency of Site Specific Factors*

| Site-Specific Issue | Number of Stalled Sites to Which This Applies[1] |
|---|---|
| Ground conditions / Contamination | 30 |
| Topography | 25 |
| Flooding / Flood Risk | 23 |
| Access / Infrastructure | 54 |
| Ecology / Biodiversity Issue | 42 |

[1] Note that more than one issue may relate to a single site, hence the total number of instances is greater than the number of sites for which 'site-specific' has been given as a reason for stalling

### Site B – Mixed Use Site, North Wales

Part of the mixed use site has been developed for residential dwellings, open space and access works. The site is complex with multiple landowners but there has been a general spirit of co-operation. Further residential development has been constrained by traffic and access issues. To connect the various parcels of land together to create a cohesive development, the cost of the road is approximated to be several million pounds, to be funded by developer contributions. The site is also constrained by flood risk designations, lack of infrastructure capacity and environmental features across the site.

The employment and retail elements of site have as yet not generated any significant interest.

3.7.3 Analysis of the sites stalled as a result of site-specific factors reveal that, for stalled residential sites, roughly the same numbers of sites are located in rural as in urban areas. More greenfield than brownfield sites fall into this category however (65% as opposed to 34% (with the remaining sites being mixtures of greenfield and brownfield)), although this can be explained by the fact that certain site-specific issues such as access / infrastructure may particularly apply to greenfield sites, in addition to environmental issues such as flood risk or ecology. Consultation has identified that many of the more complex brownfield sites (for example former collieries, coke works, paint works) have not come forward because the focus has been on less constrained greenfield sites in the first instance. Discussions with a regional housebuilder highlighted that there is a paucity of available and deliverable sites in Wales at present; the complexities associated with many of the brownfield sites allocated for development are such that they are too costly and too risky for SME housebuilders to consider, without appropriate resources and support.

3.7.4 One of the main issues is around the need for investment in sites to ready them for development, but with there being a lack of resources from within the local authority or the developing organisation to undertake the necessary works (such as site investigation). This has led to lengthy delays in bringing larger, more complex sites forward (for example sites in Blaenau Gwent such as Rhyd y Blew or The Works site). Other examples include where hydraulic modelling may be deemed necessary to understand the sewerage needs of a site – hydraulic modelling is costly, requires lengthy consultations with organisations such as Natural Resources Wales (NRW) and there is a level of risk attached to undertaking it as modelling results may show that development is either not achievable or likely to be viable. In many cases this proves to be too much of a risk for developers to take on as an upfront cost and is a particular cause for sites becoming stalled in parts of Conwy, for example.

3.7.5 Stalled non-residential sites include greenfield sites without pre-existing services or infrastructure. For much of Wales, where the employment base tends to be predominantly SMEs, there is not the financial capability to build their own units or provide their own infrastructure. LPAs have looked at ways to overcome this lack of ability to provide serviced sites – for example in Denbighshire, the LPA has granted planning permission to Aldi for a site in Ruthin, with the condition that the company services the remainder of the site to make it suitable for employment use.

### Site C – Large Mixed-Use Site, North East Wales

A strategic mixed-use site for 1,700 dwellings and 26 ha of employment land. A site development brief was adopted by the local authority in 2014. The site has outline planning permission including a Section 106 Agreement. However, the applicant has so far not sought for conditions to be discharged.

The site is stalled primarily due the need for large, upfront infrastructure costs, in particular sewerage. Little interest is reported in the site by large housebuilders, with SME housebuilders considering themselves unable to fund the level of infrastructure required, even collectively.

3.7.6 Some LPAs, particularly those in the South Wales Valleys face issues associated with a lack of suitable land for allocation or development. Examples include Neath Port Talbot and Rhondda Cynon Taf, both of which have large sections of the local authority constrained by issues including topography, flood risk and the need for significant land remediation. It is therefore unsurprising that a number of sites within each LPA have stalled. Further factors here have included changes in funding regimes over time, with funding for large land reclamation schemes being significantly reduced. Less tangible site-specific issues include market considerations – for example the urban coastal / rural inland divide in Conwy and Denbighshire, and areas north and south of the M4 in Bridgend.

3.7.7 A final issue here relates to sites which have been rolled over from UDPs, often because there has been insufficient challenge and rigour in relation to deliverability at the stage of LDP adoption (for older LDPs). LPAs which have recognised this as part of their LDP review process include Newport. Several of the sites allocated for residential development in Newport are former UDP allocations known for issues including flood constraints and ground contamination; these issues have been recognised and sites will not be taken forward as candidate sites during the next LDP period.

## 3.8 Planning Issues

3.8.1 Approximately 12% of sites appear to have stalled as a result of planning negotiations; these sites are spread across local authorities and the vast majority appear to relate to stalled residential sites. Part of the reason for delays here is likely to relate to the environmental and physical complexities of sites; many stalled sites show a lengthy planning history, with different landowners / developers / proposals over time and with some sites dating back to the early 1990s.

3.8.2 Of those sites where the planning process appears to be a factor, the main issues relate to length of time taken to sign a S106 agreement (as identified in previous research); in some instances, the time taken to determine an application; and the length of time taken to progress reserved matters (ten stalled residential sites have made applications to extend the condition for timescales for the submission of reserved matters, for example). Related issues are the knowledge, skillset and resources of local authority officers, which can be challenged by the complex sites being presented.

3.8.3 A further issue which has been raised through consultation with stakeholders relates to the resourcing required to take forward often complex planning applications, particularly for smaller landowners and housebuilders. Attention is often focused on seeking investment to deal with site remediation and investigation works. However, while public funding or support can be available for these areas, the costs of funding a planning application typically fall to the landowner / developer. These costs can often be considerable, even for sites that are allocated in an LDP (evidence provided in this study shows that even allocated sites can be difficult to progress). SMEs may attract funding to buy sites but accessing finance to undertake the upfront piece of work necessary to get outline consent can be a challenge, particularly for the types of site which are stalled due to environmental / site specific constraints.

### Site D – Small Residential Site, South Wales

Site D is allocated for housing in the LDP. The site is currently undeveloped and there are no known environmental constraints. Outline planning consent was granted in 2005 for residential development. The landowner sought to remove planning conditions limiting the number of dwellings on the site; this was refused by the LPA but subsequently allowed at appeal in 2007. An application to renew outline permission was granted in 2010 and a further application to create a new access road to serve the residential development was also granted in a separate application at this time. In 2013, the landowner sought to further vary conditions to allow an additional three years for the submission of reserved matters, which was again granted. In 2016, a further application was made to extend the time limit which, on this occasion, was refused. Reasons provided by the LPA related to the S106 agreement required for the site. The initial consent had been subject to a S106 in respect of provision of affordable housing and recreational space improvements in order to make the scheme compliant with policy. The landowner was unable to complete the S106. The site remains undeveloped, although is currently being advertised for self-build plots. The example illustrates how landowner self-interest and expectations combine with the planning process.

## 3.9 Other Reasons why Sites become Stalled

3.9.1 The reasons for the majority of sites becoming stalled fit into one or other of the key themes discussed in this chapter. However, for a small number of sites, there are relatively unique circumstances which have led to the site stalling (this relates to about 2% of all stalled sites). Examples include:

- sites where development cannot occur until a neighbouring or adjacent site is completed;
- personal circumstances affecting landowners such as incarceration or bereavement;
- speed of decision-making by public bodies other than the LPA (for example existing land users or owners);
- public opinion / objection leading to sites being delayed; and
- issues associated with covenants on sites which make delivery challenging / costly.

## 3.10 Summary

3.10.1 The research has identified a range of reasons why sites have become stalled across Wales. Many of the factors causing this to happen are interrelated, and a multiplicity of factors may underlie any one individual site. It appears likely that some of the current issues for residential sites may lessen over time as LDPs become more focused on sites being deliverable (this may reduce for example the number of sites where landowners are disinterested or who are simply seeking allocation / planning permission for uplift in land value rather than housing delivery). However, market considerations will continue to be an integral part of the timing of sites coming forward.

# 4 Conclusions and Next Steps

4.1.1 This study has aimed to update previous research and present a picture of stalled residential and non-residential sites across Wales. The study has been informed not only by desk-top research, but also by consultation with LPAs, the Home Builders Federation and interested member organisations and the VLT Stakeholder Reference Group. The research has shown that the number of stalled sites across Wales is approximately the same as when previous research was undertaken, both in terms of scale and the reasons behind sites becoming stalled. The findings of the research equally reflect those of work undertaken elsewhere in the UK – for example various studies and papers produced in England have considered reasons behind sites becoming stalled. For example, research undertaken by the University of Reading in 2016[18] highlighted the 'combination of interlinked issues' that need to be resolved before sites can be delivered, including lack of financial viability, strategic behaviour of landowners and housebuilders and other problems associated with the development process.

4.1.2 Changes to planning policy in Wales require sites allocated within LDPs to provide evidence of deliverability and viability and to set a trajectory for development (for residential sites). This, together with current plans for the removal of the five year land supply policy could place the focus on sites which are deliverable, thereby potentially reducing the number of stalled sites.

4.1.3 Landowner intentions are notoriously difficult to evidence – this is illustrated in many ways by the JHLAS process, which has shown the same sites reappearing year after year with slightly altered timescales, fed by information from landowners / developers as to their intention to bring the site forward. In many of these cases there are other factors involved, as demonstrated by this research, predominantly site specific and technical issues that need to be overcome. However, there is also a need for a behavioural change as to why sites are being put forward for allocation and the need to ensure they can / will be delivered. Trust between LPA officers and landowners / developers has been eroded in some instances due to perceived 'hidden agendas' and lack of transparency. Whilst deallocation may be a useful tool in this regard and has been successfully used by several LPAs, it is not necessarily always appropriate and there is a wider issue faced by many LPAs in Wales regarding choice of appropriate, viable and sustainable sites.

4.1.4 It is clear also that, whilst there is considerable emphasis on understanding the latest position with regards to allocated housing sites, there appears to be less known generally about reasons behind non-residential sites becoming stalled. The evidence points to the principal reasons relating to market considerations (non-residential sites only coming forward at a point in time when market conditions are appropriate / demand is available) and again to site-specific access and infrastructure needs.

4.1.5 A further conclusion relates to sites being partially stalled – these can be mixed-use sites for which either the residential or non-residential component has been delivered, but where there are issues with the delivery of the remainder of the site; or alternatively they can be residential sites which have only been partially built out. There is evidence that these situations apply to a number of sites across Wales, again with varied reasons behind them.

4.1.6 Complexities around bringing forward larger sites has been highlighted in previous research and continues to be an issue – the list of stalled sites includes former collieries and other ex-industrial sites, each at various stages of progression and remediation. Addressing these sites obviously requires significant financial investment, technical knowledge, resources and capability and will continue to be a pressing issue for many LPAs.

4.1.7 A final point relates to the importance of continued engagement with landowners, where possible provision of assistance to help connect landowners with developers, and to help small landowners with an understanding of how sites are brought forward for development / loan resources to help with the planning process.

[18] P.McAllister, E.Street, P.Wyatt (2016) An Empirical Investigation of Stalled Residential Sites in England, University of Reading

## Next Steps

4.1.8 Given that there is no single cause of sites becoming stalled across Wales, equally there is not going to be a single solution. Useful next steps could therefore be to:

- use the evidence base presented in this research to identify scenarios whereby a VLT may be appropriate, the scale / range of sites that it may apply to (for example more detailed consideration of those sites where landowner intent may be a reason for stalling) and the advantages / disadvantages of doing so.
- explore geographical areas of interest highlighted as part of this research where there may be particular issues or themes. Possible examples may include Conwy, Cardiff and RCT.
- continue to explore the wider implications associated with the introduction of a VLT (for example on the housebuilding industry, or on the willingness of landowners to bring sites forward as candidate sites / through the planning process), including ongoing research and engagement with stakeholders.

# APPENDIX A

## Status of LDPs Across Wales

| Local Authority | LDP Status | Date of adoption |
|---|---|---|
| Blaenau Gwent | Adopted LDP | November 2012 |
| Brecon Beacons National Park | Adopted LDP | December 2013 |
| Bridgend | Adopted LDP | September 2013 |
| Caerphilly | Adopted LDP | November 2010 |
| Cardiff | LDP adopted in last 4 years | January 2016 |
| Carmarthenshire | Adopted LDP | December 2014 |
| Ceredigion | Adopted LDP | April 2013 |
| Conwy | Adopted LDP | October 2013 |
| Denbighshire | Adopted LDP | June 2013 |
| Flintshire | Unitary Development Plan | September 2011 |
| Isle of Anglesey and Gwynedd | LDP adopted in last 4 years | July 2017 |
| Merthyr Tydfil | Adopted LDP | May 2011 |
| Monmouthshire | Adopted LDP | February 2014 |
| Neath Port Talbot | LDP adopted in last 4 years | January 2016 |
| Newport | Adopted LDP | January 2015 |
| Pembrokeshire | Adopted LDP | February 2013 |
| Pembrokeshire Coast National Park | Adopted LDP | September 2010 |
| Powys | LDP adopted in last 4 years | April 2018 |
| Rhondda Cynon Taf | Adopted LDP | May 2011 |
| Swansea | LDP adopted in last year | February 2019 |
| Snowdonia National Park | LDP adopted in last year | February 2019 |
| Torfaen | Adopted LDP | December 2013 |
| Vale of Glamorgan | LDP adopted in last 4 years | June 2017 |
| Wrexham | Unitary Development Plan | February 2005 |

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