



Property Act Handbook

Consultative Draft — May 2005



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Foreword.....	3
Summary.....	7
Aims and Basic Principles	10
1 Assessing Local Needs	13
2 Housing and Properties Available for Renting	15
3 Help for First-time Buyers and Flexible Tenancy.....	20
4 Priority for Local People	22
5 Planning for the Community	28
6 Reassessing Planning Permission.....	31



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Foreword

It is now thirteen years since Cymdeithas yr Iaith Gymraeg (The Welsh Language Society) published *The Property Act Handbook*. Therefore, now is a good time to revise, amend and update the original handbook in the wake of the developments witnessed in the 1990s and the first years of the new century in the field of housing and planning.

The different legislation, regulations and various statutory instruments which influence the fields of housing and planning have given rise to a good deal of confusion and lack of clarity which handicap efforts to operate in a sustainable manner in these fields. The truth is that neither the Assembly Government nor the local planning authorities nor the housing authorities and housing agencies possess a single comprehensive and cohesive strategy to guide them in dealing with the position of the Welsh language in the context of the housing, planning and community development fields.

However, one of the main objectives of the Assembly Government and of every local planning authority is “to operate in a sustainable manner”. From the standpoint of the survival and well-being of the Welsh language, it would be reasonable to expect that this means operating in a manner which maintains, safeguards and promotes the cultural, linguistic and social “biodiversity” of communities in Wales. One of the most distinctive characteristics of these communities is their Welsh and Welsh-speaking identity.

Yet currently there is almost no control over many of the modern trends which have an immense influence over the social fabric of communities in Wales, on the distribution of Welsh-speakers and use of the language. Among these unregulated trends, we note

- patterns of in-migration and out-migration
- patterns of employment and residence
- the building of new homes
- the prevalence of second homes and homes for retirement
- the tendency to purchase property as a financial investments or assets.

Because of the vulnerable position of the Welsh language, these tendencies endanger the demography and use of the language in many parts of Wales today.

For many historical, political and social reasons, the principle of bringing influence to bear on these tendencies so as to safeguard communities from their damaging effects is not one which has taken deep root in British public administration and politics. As a result, “positive intervention” is not one of the principles at the core of the “town and country planning” system either, although it is widely applied in a variety of other fields — such as economic development, the arts, conservation, and the safeguarding of the environment and of biodiversity. As a result we can clearly see that the “town and country planning” system has evolved in a way that means it cannot easily cope with sociological, cultural and linguistic considerations.

This is clear when we consider the position of the Welsh language in the field. It is now sixteen years since the Welsh Office published Circular 53/88 which gave local authorities permission to treat the Welsh language as a factor to be taken into consideration when deciding planning applications for rural and urban developments. More recently, in March 2002, the Welsh Assembly Government published *Planning Policy Wales*. Section 2.10 of that document contains a number of significant statements about the relationship between the planning system and the Welsh language.

2.10.1 ... The land use planning system should also take account of the needs and interests of the Welsh language and in so doing can contribute to its well-being.

2.10.2 ... All local planning authorities should consider whether they have communities where the use of the Welsh language is part of the social fabric, and where this is so it is appropriate that this be taken into account in the formulation of land use policies. [...]

2.10.3 ... It should be the aim of local planning authorities to provide for the broad distribution and phasing of housing development taking into account the ability of different areas and communities to accommodate the development without eroding the position of the Welsh language. [...]

Despite the positive nature of these statements, it could be argued that they added to the confusion, since they did not provide any clear and completely unambiguous guidelines to assist planning officers in interpreting them when setting about drawing up individual policies and when evaluating individual planning applications. For example, there is no clear and specific guidance about how much weight planners should place on linguistic considerations, compared, for instance, with economic considerations, or the need for homes, when making decisions on individual developments.

As a result, the advice given in Welsh Office planning circulars and in *Planning Policy Wales* is open to interpretation according to the whim, inclination and level of understanding of the town and country planners.

It has become increasingly obvious to everyone who is concerned about the future of the Welsh language that the town and country planning system, in its present form, is not a very effective medium for considering issues and aspects that are beyond "land use management". A lack of perceptiveness is apparent in the way local planning authorities treat the Welsh language in almost every aspect of their work. We believe that this is a failing which reflects the inability of the town and country planning system to graft sociological, cultural and linguistic considerations onto a system originally set up to 'control land use'.

As a result, over the last decade in Wales it has become clear that the direction and guidance provided in the past by the Welsh Office, and more recently by the Planning Division of the National Assembly, have not been a means of providing the Welsh language with appropriate and consistent planning status. There have been cases in all parts of Wales of planning decisions leading to the weakening or damaging of the social and cultural fabric of communities and the position of the Welsh language in those communities.

As regards taking an overview of the different strategies at work in the fields of housing and planning at a higher policy level, *Iaith Pawb: A National Action Plan for a Bilingual Wales*, published by the Assembly Government in February 2003, refers to a number of schemes being implemented to further the aim of safeguarding, stabilizing and promoting the Welsh language.

In the planning field it notes the *Wales Spatial Plan*, a "mechanism for considering interaction [between planning policies] and impact of various Assembly Government policies". It also mentions the project to provide a means of undertaking a *Linguistic Impact Study*. The project, commissioned by 13 public authorities, two national parks and the Welsh Language Board aimed to "produce tools to help implement national planning policy and advice related to the Welsh language."

In discussing the housing field, *Iaith Pawb* refers to *Homebuy*, which is a means of offering equity loans (of up to 50%) to prospective house-buyers under the low cost home ownership scheme. Although this is a procedure approved by a number of bodies and individuals, the size of the budget earmarked for it means that its effect is in fact very, very marginal.

There is also mention of the *Social Housing Grant* provided by the Assembly "to assist the provision of affordable housing" in accordance with priorities determined by local authorities. Again, the influence of the grant on the homes crisis that faces so many of our communities has been quite marginal. According to *Iaith Pawb* itself, "in the financial year 2001-02, local authorities determined that just under £3 million of the Social Housing Grant ... should be

used for Homebuy in rural areas.” When that total is divided between all the Welsh local authorities, it is soon clear how woefully inadequate this system was at a period when house prices rose enormously, excluding thousands upon thousands of the people of Wales from access to the local housing market.

By making local authorities responsible for administering schemes and projects in these fields, the Assembly doubtless hopes to be able to depend on local knowledge and expertise. However the truth is that local authority housing departments do not — any more than do the planning authorities — possess that expertise nor the necessary local knowledge to guide them. More specifically, although the local authorities have officers with responsibility for planning their council's contribution to “satisfying social needs” for housing, council housing departments do not have the expertise to analyse the sociological, cultural and linguistic effects of their strategies.

At times, councils' actions may contribute to solving some types of social problems such as homelessness or deprivation, yet create substantial new problems such as changing or weakening the social fabric by creating new factions within communities, changing the customs, networks and traditions that provide support for the native population; changing the balance of language and culture in village schools, community activities, local events and so on. These are serious problems that have a huge effect on the quality of life of both Welsh speakers and non-Welsh speakers, but they are not widely recorded, addressed or acknowledged within the governing and administrative structures of local government, the Assembly Government nor the Westminster Government. They are not acknowledged because they raise so many sensitive questions that can be misused for political ends — questions about identity; about the rights of the individual to move freely to different parts of Britain; and the rights of native communities, Welsh-speaking and/or Welsh in identity, to exist, survive and flourish.

However, the greatest failing in all the schemes referred to above is that not one of them offers any measure of control over the open free market in housing and property, the destructive effects of that market on Welsh-speaking and Welsh communities, and the way that this in turn affects the demographic position of the Welsh language and Welsh identity.

The documents referred to above discuss all sorts of ideas and projects seeking to alleviate the effect of the market in a way that, though well-intentioned enough, is in fact, in the end, very marginal in the face of the size and complexity of the problem. For instance, in *laith Pawb* and in some of the policies of Gwynedd Council's (Draft) Unitary Development Plan, reference is made to the idea of providing “affordable housing” built and retained specifically for sale to local people. According to Gwynedd Council's (Draft) Unitary Development Plan, such housing could be built on land where building would not otherwise be permitted — sites outside the normal village boundary, for example. Local people would buy the houses at prices far lower than those of similar houses on the open local market. If in due course the houses were sold, the level of their sale price would be kept low since they would be subject to a legal agreement to that effect. In fact, this is an attempt to create a small, permanent, artificial market existing specifically for local people, side by side with the “real” market. Although this is an imaginative and constructive effort to make use of the powers currently available to local government, it means accepting the principle that local people are excluded from the “real” local property market.

Cymdeithas yr Iaith Gymraeg believes it is time to look upon the situation in the field of housing and property as a crisis affecting every community in Wales and, thus, time to treat it as a national crisis requiring a comprehensive and integrated solution. Our research reveals that the situation in a very large number of Welsh communities continues to deteriorate and that local people in their thousands are still being prevented from accessing the local property market. Acknowledging this as a crisis for the Welsh language is a very important step in the process of inducing politicians and policy-makers to seek appropriate solutions.

Currently, when we consider the situation of the planning authorities and the local authority housing departments alongside the policies of the National Assembly for Wales, we see that not nearly sufficient care is being taken over sociological-linguistic planning in Wales.

Having said this much, the powers of the National Assembly offer a unique opportunity for logical, schematic and integrated action in response to the crisis in the field of housing and planning in Wales.

We believe that what is needed are specific and clear policies and guidelines in the field rather than the current confused situation. Some other unfortunate characteristics of the situation are:

- Unitary Development Plans that vary widely in their treatment of the Welsh language, that are inconsistent with one another in the importance they place on linguistic considerations, but that, without exception, are superficial in their treatment of the Welsh language.
- Misleading arguments about race and ethnicity are being used by unprincipled politicians for party political ends to draw attention away from problems that are having a truly damaging effect on our communities the length and breadth of Wales.
- Because of the above-mentioned sensitivity about the Welsh language, there is an unwillingness among politicians to get to grips with the need to control the local property market, although several other areas in Britain and beyond are implementing fair and progressive policies to that effect.
- The operation of a clumsy and inconsistent system of holding local public enquiries, publishing their findings and making appeals. Such a system is operated without the inspectors, who direct it and who prepare the findings, receiving consistent, standard and detailed instruction, training or guidance on how to assess benefits to the Welsh language.

We believe that all the above factors highlight the need to raise the level of discussion on these issues and promote a more constructive, coherent and holistic attitude towards the housing and property problems which affect the communities of Wales. This document has been based on the Society's research into recent developments in the field in Britain and the rest of Europe. We trust the document will give rise to wider discussion on the critical nature of these problems and wider understanding of some possible solutions.

Our arguments in this document have as their basis the fact that we regard houses as homes, or prospective homes, rather than as "merchandise", "an investment" or an additional source of income for speculators. In order to ensure the survival of the Welsh language as a viable community language, we must ensure that there are homes for speakers of the language and for the heirs of the Welsh identity.

Property Act Policy Group

March 2005

Summary

Cymdeithas yr Iaith Gymraeg calls upon The National Assembly to ensure a Property Act for Wales. A measure such as this would form a secure foundation for every community throughout Wales, the Welsh language and the natural environment.

A Property Act will contribute towards solving the housing crisis

... by giving everybody the right to a rented home in their community at a reasonable cost, by giving local people the first opportunity when selling property, and by bringing the housing market gradually back within reach of local people in a way which ensures existing homeowners won't lose out.

A Property Act will contribute towards safeguarding Welsh communities and the Welsh Language

... by enabling local people to have the houses already built, and renew and adapt them if necessary; by not allowing the building of new houses unless there is a local need and no suitable houses already available; and by not allowing plans which would be harmful to the Welsh language, including some which have already been approved.

A Property Act will contribute towards safeguarding the environment

... by controlling developments such as open cast mining, quarrying, and large tourism developments as well as unnecessary housing. This would be a very important step towards safeguarding Wales' natural environment.

Therefore, the aim of a Property Act is:

- applying an element of control over the housing and property market in order to meet the housing needs of the people of Wales
- safeguarding the sustainability of Welsh communities and the Welsh language
- safeguarding the environment.

In order to meet the above aims, six points are noted which should be included in a Property Act:

1. Assessing Local Need

A legal duty should be placed on local authorities to undertake detailed ongoing research into local needs for homes and property in every community. Then a strategy should be formulated on how to satisfy those needs by using the present house and property stock, except where this is inadequate or unsuitable.

At the moment, permission is given to build thousands of houses without any research to see if there is a need for these houses at all. Often, this can mean that small villages double in size, or that more houses are built in an area where over half the existing houses are second homes.

2. Housing and Property for Rent

Local people should be given the right to a rented home, farm or business property at a reasonable cost and in a satisfactory condition. Furthermore, a statutory right should be

placed on local authorities to secure this provision, and to do so within the existing stock, except where this is insufficient or unsuitable.

The private and social renting sectors are important for providing suitable and affordable homes. A Property Act would put the private rent sector under the strategic control of the local authorities, revive the social rent sector, and generally improve access to rent able housing through empty houses strategies and use of holiday homes / second homes.

3. Help for First-time Buyers

Everyone who wishes to buy a home for the first time should receive help to do so. Further investment is needed in a more flexible help to buy scheme and to develop flexible ownership to allow people to switch from ownership to rent. As house prices are at present beyond the reach of most first-time buyers, and because this situation will continue for some time after the implementation of a Property Act, it is essential that first-time buyers receive assistance to enable them to gain access to the market.

4. Priority for Local People

The purpose of this point is to revamp the process of buying and selling property so that:

- a. priority is given to local people in the housing market ensuring that the market gradually becomes available to local people once again;
- b. present house owners do not experience any loss.

5. Planning for the Community

The planning system should serve the needs and interests of the local community — socially, environmentally and linguistically. New houses should meet local needs that cannot be met from the existing housing stock, and permission should not be granted to developments that would harm the community, the Welsh language or the environment.

6. Reassessing Planning Permission

It should be ensured that the existing planning permissions do not unnecessarily increase the housing stock, or threaten and undermine communities, the Welsh language or the environment.

Planning permission has already been granted for thousands and thousands of houses in Wales. For example, planning permission has been ongoing for ten years and more to build hundreds of houses in Morfa Bychan and Aberdyfi and a number of similar communities. Every one of these planning permissions should be looked at again and the simple question should be asked — “are these houses needed?”

We would like to emphasise that there is a very important inter-relationship between all these points, and in joining them they offer one comprehensive and versatile policy. They should therefore not be considered as a series of independent objectives, and should not be carried out separately, choosing to select some and ignore others.

Implementing a Property Act is a completely practical concept...

- It does not demand changes to the economic system — but merely asks for an extension to the element of power over one part of the economy, as has already happened for years now in areas such as Jersey, Guernsey and the Isle of Man, and which has recently been implemented in the south of Herefordshire and Yorkshire.

- Every part of the concept for a Property Act is based on Britain's law or policies for housing and planning.

Present house owners will not suffer a loss under the plans we recommend, as no one will have to sell property for a price which is lower than what they invested. A Property Act would provide a means of stabilising house prices gradually, and not cause a financial loss to house owners. As local wages and house prices come to reflect each other more local people will be able to afford to buy houses.

Aims and Basic Principles

The Objective

Cymdeithas yr Iaith's policy has a threefold objective:

- To extend an element of control over the housing and property market in order to meet the housing needs of the people of Wales;
- to safeguard and ensure the sustainability of Welsh communities and the Welsh language
- to safeguard the environment.

These areas cannot be dealt with separately and Cymdeithas yr Iaith believes that those who work in the areas of housing, planning and the environment have a responsibility to care for the Welsh language and the rights of communities in Wales. In addition, those who are concerned about the Welsh language, must realise their responsibility in ensuring that our people have a decent standard of living

Furthermore, we emphasise that every one of the objectives in the proposed Property Act contribute to reaching the above target. They constitute a series of co-ordinated aims which underpin each other and each element should be considered in the light of the other elements.

Principles of the Property Act

To consider houses and property as a need rather than as a marketable commodity

One of the greatest effects of the last quarter of a century — under both Conservative and Labour governments — has been to encourage people to consider houses and property as an investment and for monetary gain. This tendency has been reinforced by the increase in housing prices during the 1980s and this continues to be relevant bearing in mind the increase in housing prices since the mid-1990s.

The key arguments used against intervention in the market are the so called “right” to sell for a “profit”, and the right of “British citizens” to buy and sell property when and where they wish in the Britain Isles (and beyond). Cymdeithas yr Iaith Gymraeg believes that there are more fundamental and important considerations than these, namely:

- the right of everyone to have a suitable and secure home
- the right of communities to retain their identity and their people
- the need to ensure that communities, the Welsh language and the Welsh environment thrive in a sustainable manner.

Cymdeithas yr Iaith Gymraeg believes:

- the purpose of housing is to provide homes;
- that meeting the need for homes for individuals and families is the most appropriate priority in controlling housing stock;
- that controlling housing in this way can also be a means of *contributing* to sustainable communities, language and culture.

This does not mean that owners have to make a financial loss, but we believe that the present situation is neither acceptable nor sustainable, if we want to safeguard and advance our communities together with our language. The characteristics and trends of the housing and property market have clearly weakened the situation of the Welsh language and

the sustainability of the communities of Wales and the market is continuing to exploit the future of the communities of Wales, the Welsh language and our environment.

Ensure that local people have access to the existing housing and property stock

In order to alleviate the difficulties facing local people in competing in the local housing market, one idea which is being proposed at present is that, in allowing the construction of large numbers of new houses, a proportion of them should be 'affordable' for local people. Although this idea is an attempt to ensure homes for local people, we believe it is based on two rather erroneous assumptions. Firstly, it assumes that there is a shortage of suitable houses in every area, and secondly, it accepts there is no place for local people in the local market and so a new micro "market" has to be designed for them in the form of an "affordable housing sector".

In many areas (particularly in rural areas) there is *no housing shortage*, merely that local people are unable to gain *access* to the housing stock for purchase or rent. Many of these houses are sold to outsiders who have a higher income or capital reserves to buy them and developers take advantage of this in some areas by building new houses which are unsuitable for the local market. This was recently acknowledged by an Assembly civil servant when he stated: "In some parts of Wales, such as Carmarthenshire and Ceredigion, increasing supply would not bring prices down, but would simply bring in more in-migration."

Cymdeithas yr Iaith is not against the building of new houses but this needs to be coupled with comprehensive local research into the need and the sustainability of developments. In some areas, there will be a need to develop suitable housing, but this will have to be done in accordance with the research in point 1 and the sustainability of the developments linguistically, economically and environmentally.

If local people were to gain access to the existing housing stock and be given priority in the housing market and if the size of the housing stock was controlled, inward migration would not be a significant problem. Ensuring that local people had access to the housing market would, together with other economic developments, contribute to solving the problem of outward migration from some areas where the local population is unable to compete for houses. Communities could be sustainable and develop naturally, safeguarding their identity, and people would be able to acquire suitable and affordable homes. This would involve the renovation and improvement of the existing stock and its modification to meet local needs. We believe that financial support must be secured from the Assembly Government to pay for the cost of renovation and that VAT needs to be reduced on renovations and increased on new building.

House and property prices should reflect the local market

Until the 1980s, housing and property prices more or less reflected the income of local people. Since the beginning of the 1980s (and earlier in some areas), the influence of the British market and inward migration from more affluent areas has had a huge impact on the market in Wales, to the extent that prices are now increasing further and further beyond the reach of local people.

There are some who argue that an increase in property prices is beneficial. Although some people and speculators have profited from the increase in the housing and property market, Cymdeithas yr Iaith believes that the ordinary people of the communities of Wales and the Welsh language have suffered.

If local people are to have the right to a suitable home (whether bought or rented), it is obvious the relationship in the local market between income and prices must be reinstated. This cannot be achieved immediately, but could be achieved gradually so that existing owners do not suffer a financial loss. Initially, this would involve a considerable public investment in houses for rent and support for first time buyers, but gradually, more local people will be able to afford to buy. Since the culture in Britain places excessive emphasis on house

buying, renting quality homes is difficult and often unreasonably expensive. Cymdeithas yr Iaith believes that the right to rent is just as important as the right to buy and if people wish to rent their home rather than buying, then they should have the right to do so on reasonable terms without having to suffer the exploitation which occurs in the rented sector at present.

Rights and Freedoms

The effect of a limited measure of control over the market which would result from implementing the concept of a Property Act, would be a huge expansion of the rights and freedoms of the people of Wales ensuring:

- a free market for all not a market which is only “free” to the rich
- the right of all to acquire a suitable home in their community
- the right to buy or rent at a fair price
- the right to sell property to a local person, without suffering financial loss
- the right for communities to retain their identity, their language and their people (particularly their young people)
- the freedom to live in Welsh or Welsh-speaking communities (rather than having to suffer unbridled “colonisation”).

The Assembly

The only way of ensuring the implementation of the six points above is through comprehensive legislation which will bind both the government and the local authorities. Local authorities do not have the power required to deal with the crisis and in many cases, they do not have the will. Since the housing crisis effects every community in Wales, our recommendations for a Property Act are relevant to every area, whether rural, urban or industrial, whether Welsh-speaking or English-speaking. With the development and increase in the importance of planning, new building, the use of green and brown-field sites for development and the emphasis placed on sustainability, it is essential that we plan for the future of Welsh and the communities of Wales within this context.

With the establishment of the National Assembly, an extensive increase has been seen in the emphasis placed on housing issues. Nevertheless, there has been no sign of a significant increase in the resources required to support communities in Wales. Nor is there any awareness in the material published by the Assembly of the true significance of the threat to the future of the Welsh language, communities and the natural environment. The Assembly should establish an independent Housing Forum to bring together members of voluntary organisations, experts, researchers etc. in order to undertake the responsibility of dealing with the crisis which exists and which is worsening in every community in Wales. Through this forum, we hope to see housing and planning issues receiving the emphasis and attention given to other key issues such as health and education rather than the present ineffective hotchpotch of vague policies and optional and incoherent guidelines.

In addition, we are calling for a commitment by the Assembly to provide the financial resources required to take action on this matter. The Assembly Government must consider and deal with the housing and planning crisis in its entirety, drawing up robust guidelines and policies which will be the basis for the future of communities, the Welsh language and the environment.

1 Assessing Local Needs

As part of the Local Housing Strategy, the duty on the local authority should be strengthened to undertake detailed and ongoing research into local need for homes and property (together with other social needs) within every community; and to formulate a detailed strategy to fulfil those needs within the existing housing and property stock, except where that is inadequate or unsuitable.

1.1 Local Needs

The research conducted to assess local needs should include:

- evaluation of the existing stock, including the private rented stock, empty houses, holiday homes and second homes
- demographic assessment
- community portfolio, ie. detailed research on a local level with the help of the community¹;
- define sustainable development for every community²
- effective language assessments³
- the need for homes to rent
- the needs of first-time buyers
- property for those with special needs
- care in the community (in cooperation with health authorities and social services)
- homelessness — by means of the local homelessness strategy⁴
- improve the condition of the housing stock and achieve Welsh Housing Quality Standard (WHQS) (including strategy and investment in energy efficiency)
- the need for building new houses
- businesses and farms to rent
- the cost of fulfilling these needs by formulating a 3 to 5 year scheme (but with costs revised constantly in light of the research programme).

Much of the essential information above is already being collated and kept in many different ways, but it is scattered between numerous bodies and organisations. Coordinating the information in question could be of great assistance to a number

¹ Similar developments can be seen in England, eg. South Shropshire, and with the work of Rural Enablers in Gwynedd, Monmouthshire and Powys.

² The Government of Wales Act 1998, clause 121, states that self-sufficiency should be central to the work and policy of the Assembly Government. Self-sufficiency is also central with regards to Agenda 21, Community Strategies and Planning Guidelines.

³ National Housing Strategy, Better Homes for the People of Wales, (National Assembly Government, 2000), pages.33-34. The strategy states that the Welsh language must be considered when developing local housing and unitary development but restricting that consideration for “rural” areas.

⁴ Homelessness Act 2002.

of the organisations in question and considerably improve their basic information and efficiency — eg. social services, planning authorities, housing societies etc.

1.2 Role of Local Authorities

- 1.2.1 The Local Authority will continue to be the strategic body in the field of housing, and in the all-important task of building a much more detailed picture of local needs and execute those needs. This will be done through the work of developing local housing strategies, local homelessness strategies, housing needs surveys and relevant planning policies. This is a key point with regards to completing the remainder of our guidelines for a Property Act.
- 1.2.2. This means that integrating all the relevant aspects of the research and policies of the local authorities' housing and planning departments. This will help to ensure integrated strategies based on thorough research.
- 1.2.3. Research will be undertaken by housing research units within the councils themselves, in cooperation with community councils and with the aid of universities, voluntary organisations or companies.

1.3 The Role of the Assembly

- 1.3.1 The local authorities need to provide local leadership but the Assembly Government needs to provide clear guidelines including the basic standards and elements that the authorities must follow when undertaking the research done and the strategy produced i.e. the authorities must be able to prove they gave suitable consideration to the Welsh language in the field of housing and planning.
- 1.3.2 The Assembly Government should establish a National Housing and Planning Forum in order to monitor, coordinate, set guidelines for research and allocate funds. This body should be independent and contain experts, voluntary organizations, membership from amongst the universities and researchers etc. The Forum (and the Assembly) would be responsible for auditing and monitoring the strategy of the local authorities.
- 1.3.3 To do the research thoroughly local authorities will require sufficient resources. It will be the Assembly Government's responsibility to provide these funds fully as part of the local authorities' housing benefit. These funds will be ear-marked to fund the necessary research. As providing suitable accommodation is something that affects other social policy departments, such as education and health (by contributing towards improving health, welfare and life opportunities, children's education achievements etc), the Assembly Government should invest further in improving and providing suitable homes and houses. This could mean, for example, joining parts of housing and health funds and encourage closer cooperation between local authorities and local health boards.⁵

⁵ Health in Wales. Report of the Chief Medical Officer 2001-2002, (Welsh Assembly Government, 2002). Somewhere to call Home (Shelter Cymru, 2000). Housing and ill-health (Shelter Cymru, April 2002). Homelessness – On the Health Agenda in Wales, Reviews on Environmental Health, Vol. 19, Nos. 3-4, 2004.

2 Housing and Properties Available for Renting

A Property Act would establish the right to rent as a basic right, enabling local people (in accordance with the strategy outlined in point one) to acquire a home, or a small business property, at a reasonable rent and in a suitable condition, within their own community.

There would be a statutory duty on local authorities to make this provision from their existing housing and property stock, unless the stock in question is either inadequate or unsuitable. If necessary, full consideration will need to be given to adapting current stock.

2.1 General

Poverty, low wages and unreasonably high prices in the housing market mean that acquiring a property of their own is beyond the reach of a substantial number of Welsh people. Wales has the highest levels of home ownership in the UK, and the highest number of houses whose condition is inappropriate⁶ — despite the poor condition of many houses, the lack of any alternative forces people to buy, even if the property they purchase is not the ideal choice for them.

- 2.1.2 Cymdeithas yr Iaith Gymraeg believes that it is necessary for the right of local people to be able to rent houses in their own community to be re-established as a real choice in Wales. A present because of the standard of the available housing, the lack of security of tenancy and the management standards pertaining in the private sector, this is not a realistic option for individuals and families.
- 2.1.3 The private renting sector needs to be revitalized so that it becomes a real option for individuals and families. This means that the strategic control of private housing needs to be in the hands of local authorities and that a comprehensive licensing system needs to be established for the sector.
- 2.1.4 It is the aspiration and belief of Cymdeithas yr Iaith Gymraeg that people who rent homes in the private sector should have greater security of tenure than they do at present, eg. a tenancy agreement of 2 years rather than 6 months.⁷
- 2.1.5 With the increase in the price of houses, the continuation of the right to buy policy and the recent increase in homelessness, there is a need for a social renting system that can contribute to satisfying the housing needs of the people of Wales. Because of a lack of long-term investment, this sector is perceived by many people as being an inferior option or an option to resort to in emergency situations only. At the same time, with the increasing demand for homes for local people and with the number of houses controlled by local authorities falling because of the right to

⁶ 1998 House Condition Survey (Welsh Assembly Government, 2000) National housing Strategy (Better Homes for People in Wales): "In addition, much of the stock is deteriorating because of its age — almost 37 per cent of owner occupied dwellings in Wales were built before 1919, compared with 24 per cent in England."

⁷ This would be a significant development on the likely recommendations expected from the Tenure Review Commission. The Tenure Review, by the Law Commission, is likely to recommend a change in tenure. This may also enable Wales to establish a longer private sector tenancy than the current 6 month assured shorthold.

buy policy, there has been a steady reduction in the quantity of social housing being built in Wales since 1997.⁸

- 2.1.6 It is imperative that housing and property that is available for renting is provided either by changing the loan arrangements that can be accessed by local authorities or by providing other options that offer security of tenure to tenants in social housing.

2.2 Local Authorities

- 2.2.1 As part of a Property Act local authorities could expect to receive subsidies from the Welsh Assembly Government to enable them to satisfy the needs identified in their housing strategy. In addition to receiving additional resources, and because authorities are responsible for making decisions about housing priorities, local authorities would be expected to prioritise the need to invest in local housing policies. As the strategic body, the local authority would be responsible for providing subsidies to the providers of housing.
- 2.2.2 Because officers are responsible for implementing policy such officers will require thorough professional training. The Assembly Government will need to review the housing policy of all the authorities in order to achieve consistency.

2.3 Providers of Housing

- 2.3.1 New financing arrangements will be introduced to enable providers to provide homes of quality within the current housing stock (unless this is inadequate or unsuitable), with the homes in question being affordable by local people on low incomes.
- 2.3.2 Providers of housing would of necessity be local institutions. Where the providers operate on a larger scale, there would have to be local arrangements and local accountability, including local representative committees and a service that reflects the social and linguistic needs of the area.
- 2.3.3 Providers of housing and local management committees would be expected to work in close liaison with each other in order to produce and implement the local housing and property strategy.

Stock Transfer

- 2.3.4 The current emphasis on stock transfer is a matter of concern for Cymdeithas yr Iaith Gymraeg as this policy seems to be based on financial considerations rather than on the provision of real choice. A change to the loan arrangements pertaining in the public sector would enable local authorities to provide housing from their current stock, build on the basis of need and improve the quality of their stock.

As a result of the discussions concerning the transfer of stock, the future role of the main provider will depend on decisions made by individual local authorities, the Welsh Assembly Government and Westminster.⁹

- 2.3.6 If, in the future, tenants wish to form a co-operative to manage housing, local authorities would be obliged to offer them support.

⁸ Housing Statistics - Wales – July - September 2003. (Wales Assembly Government, April 2004)

⁹ Inside Housing, March 2004. A number of local authorities in Wales are considering the transfer of stock.

- 2.3.7 As social housing is to be provided in response to need, providers would have a duty to maintain rents at affordable levels in their area. Any transfer agreements would also have to reflect the need to provide access to services and homes in the future, eg. for homeless people.

2.4 Private Landlords

- 2.4.1 Under a Property Act, in order to ensure that the needs of the community are met, local authorities would have strategic control of the private renting sector.
- 2.4.2 Every owner of property would be obliged to acquire a license to ensure that he/she is a suitable person to be renting property and that the condition and safety of the property are appropriate.¹⁰ The rent officer would determine the reasonable cost of renting in each area.
- 2.4.3 Landlords would not be allowed to discriminate unfairly in any way — including discriminating against people on benefits.
- 2.4.4 Tenants or landlords would be able to channel complaints through the local authority and the authority in question would have a duty to investigate such complaints (eg. about the condition of a property) and to arbitrate where there is conflict. It would be important for landlords and local authorities to work closely together in order to ensure that property is maintained in good condition and that landlords adhere to the conditions of their licence.

2.5 Unoccupied Houses, Holiday Homes and Second Homes

- 2.5.1 Although there was a small reduction in the number of holiday homes/second homes in Wales between 1991 and 2001 — with between 16,500 and 19,500 or 1.5% of the housing stock in Wales being used as second homes/holiday homes in comparison with between 19,000 and 22,000 or 1.5–2% of the stock in 1991¹¹ — in some communities a significant proportion of the housing stock is in the form of holiday homes or second homes, eg. 33% in Abersoch, and 25% in Aberdyfi.¹² The prevalence of such homes creates a continuing problem in some communities. When there is pressure for housing for local people, it is important to use these resources first, and before increasing the housing stock.
- 2.5.2 Under a Property Act, the owners of holiday homes/second homes would have to acquire a license in the same way as private landlords. They would not be allowed to let houses to local people for only part of the year [unless the tenant wishes to leave]; the tenant would have the right to remain in the property throughout the year for a reasonable rent.

¹⁰ The Housing Act 2004 introduced compulsory licensing of multiple occupation properties and permitted local authorities to introduce the registering of other aspects of private housing. This aspect will be strengthened in a Property Act by requiring all the private sector to be licensed to control the condition of rented accommodation, the suitability of the owner to rent property and to deal with problems that arise in the relationships between tenant and landlord etc.

¹¹ Mark Tewdwr-Jones, Nick Gallent, Alan Mace, A Report on Second Homes and Holiday Homes and the Land Use Planning System [National Assembly Government]. Pages 4 and 16. Definition: "A second home. Definition: Second home: a home that is used by its owner, and possibly by other visitors for leisure and holiday purposes, and is not the owner's main place of residence. A holiday home as an investment [Holiday Home]; a home that is owned either locally or from outside the local area, which is not a permanent residence, but is used for letting to visitors for commercial gain."

¹² Daily Post, 20 May 2004.

- 2.5.3 The authority would have to be informed about property which is lying empty (if it is not the sole home of someone) for a period longer than three months. Information gathered by the local authority would be expected to disclose the number and location of empty homes in an area.
- 2.5.4 Where there is/are:
- pressure for rented accommodation for local people which cannot be satisfied from the available housing stock;
 - holiday homes, second homes or empty houses in a location which is suitable to meet the needs of local people;
 - over 10% of the housing stock in a community in the form of holiday homes and second homes;
- the local authority will have the right to insist that some holiday homes, second homes and individual empty houses are let to local people through the year for a reasonable rent.
- 2.5.5 The authority would be obliged to provide six months' notice of its intentions and the owner would have the right to sell the house to the authority if that is the option he prefers. (The owner would be given the opportunity to buy another house if it is not required by any local person, eg. because of its location, on condition that he is given permission for a change of use (see point 5.3)).
- 2.5.6 This would also enable a local authority to increase the council tax rate for holiday homes — for example to over 100%, with the subsequent benefit being allocated to meeting local needs.
- 2.5.7 Local authorities would need to formulate and invest in proactive empty homes strategy in order to improve access to local housing resources, eg. on the pattern recently developed in Swansea and Carmarthenshire.¹³

2.6 Improving the condition of current housing stock

As is noted in point 1, the improvement of the condition of the housing stock is an important aspect of the local housing strategy. This would entail the introduction of a new and fair system of renovation grants along with help for low income owners to care for and maintain their homes.

2.7 Homeless People

- 2.7.1 As already occurs, the identification of the needs of homeless people would be an important aspect of the research and strategy adopted by the local authority (see point 1).
- 2.7.2 The current legislation concerning homelessness (The Homelessness Act 2002 and Section VII of the 1996 Housing Act) should be modified to include all those who are homeless rather than some priority groups only, and would delete the "intentional homelessness" clause.¹⁴

¹³ This could include effective use of powers included in the Housing Act 2004, eg. Empty Homes Management Orders.

¹⁴ The Scottish Parliament has made a commitment to eliminating intentional homelessness. The Assembly Government should be lobbying Westminster for the power to allow Wales to do this.

- 2.7.3 As some local authorities are already doing, the new arrangements would mean authorities having to establish or support independent housing advice and information centres in every area.
- 2.7.4 The right to a flexible tenancy, as described below, would protect people unable to pay their mortgage from being evicted from their homes.

2.8 The Right to Rent and Support for First-Time Buyers rather than “The Right to Buy”

- 2.8.1 The original intention in providing “social housing” was to supply homes of good quality for rent for people who could not afford to buy their own homes. The effect of the right to buy policy has been to weaken the role of local authorities as providers of homes, reducing the choice available to people, reducing the housing stock of rentable homes at adding to the pressure on people to buy rather than rent a property at a reasonable rent. The right to buy and the unreasonable levels of reduction in the number of available properties has undermined the “social housing” principle and has had an effect on the housing stock in Wales. Since the introduction of the right to buy policy, there has been a reduction of 41.8% in social housing in Wales.¹⁵
- 2.8.2 Although there are limitations on the right to buy in many areas,¹⁶ Cymdeithas yr Iaith Gymraeg believes it is now time to end this policy altogether.¹⁷ In the meantime, Cymdeithas yr Iaith Gymraeg supports the section in the Housing Act 2004 which makes it necessary to insert a clause in every transfer of ownership made under the right to buy stating that the buyer must, if selling the property, offer it back to the previous landlord or social landlord in the first instance.¹⁸
- 2.8.3 In place of the present “right to buy” it is the intention of a Property Act to introduce a more effective system of providing support for first time buyers in addition to strengthening the right to rent.

2.9 Resources

The amount of resources required will be dependent on the degree of need identified by research (point 1). If the cost of renovation and the improvement of current housing stock is added to the cost of the houses which will need to be built, it is obvious that a substantial level of investment will be required to enhance the provision of rentable homes in Wales. The current level of spending — both centrally and locally — is totally inadequate to meet the needs of Welsh communities and it is therefore imperative for the National Assembly and Local Government to give the necessary priority to the implementation of local housing policies which give precedence to the rights of communities in Wales.

¹⁵ The Right to Buy (April–June 2004), (Welsh Assembly Government, January 2005)

¹⁶ Welsh Statutory Instrument 2003 No.803 (W.97) The Housing (Right to Buy) (Limits of Discount) (Amendment) (Wales) Order 2003. Welsh Statutory Instrument 2003 No.54 (W.5) The Housing (Right to Acquire and Right to Buy) (Designated Rural Areas and Designated Regions) (Wales) Order 2003.

¹⁷ Primary legislation will be required to achieve this and the National Assembly should put pressure on the Westminster Government to enable this policy to be implemented in Wales.

¹⁸ Right to Buy and Right to Acquire Schemes and Voluntary Sales to Social Tenants — the Right of social landlords to have the first option to buy back. (Welsh Assembly Government — consultation document, March 2004).

3 Help for First-time Buyers and Flexible Tenancy

Every local person who wishes to purchase a home for the first time should have the right to receive help. Further investment is needed in a more flexible assistance scheme and development of a flexible tenancy to allow people to move between ownership and renting. Since house prices are beyond the reach of most local first-time buyers at present, and as this situation will continue for some time after the implementation of a Property Act, it is essential that first-time buyers receive assistance to enable them to gain access to the market.

3.1 The current assistance scheme is inefficient and inadequate — with loans of between 30 and 50 percent — and doesn't offer the necessary assistance to local people. This is because of:

- High house prices
- The current limit on the loan levels.

Currently the investment in the assistance scheme is insufficient. The investment by the Assembly Government and the local authorities isn't enough to provide assistance for families.

3.1.1 As well as this, the current system of administering the assistance scheme is inflexible and restricts the effectiveness of the scheme. As the current scheme operates from year to year it limits the applications made during the months before the end of the year and they cannot be completed within the financial year.

3.1.2 To be effective the assistance scheme must be flexible and enable buying houses and allow people to move back to renting should their financial situation change.¹⁹

3.2 Every local authority needs to offer assistance to local first-time buyers. The provision will be relevant to the *present housing stock* (unless that stock is inadequate or unsuitable), and the stock will be renovated and adapted as necessary.

3.2.1 It will also be possible for the local authority or housing provider to buy and renew or improve property especially for first-time buyers, and offer it on a shared-ownership basis to local people.

3.2.2 No specific measures (ie. section 106) will be necessary to ensure that these houses remain available to local people, since a Property Act will ensure that *every* house sold is first offered to the local authority and then to local people.

3.3 As part of a flexible Property Act people will be allowed to move from ownership to part ownership or to renting, if their financial circumstances change.²⁰

¹⁹ National Housing Strategy, Better Homes for the People of Wales (The Assembly Government, 2000), pages 50–51. The strategy identifies that the Assembly will look at means of making the assistance scheme more flexible.

²⁰ Ibid., The strategy commits the Assembly to identifying ways of assisting people to move from ownership to renting if this is the best option. "We are committed to a framework that helps low income and vulnerable owner-occupiers to maintain and repair their homes over the longer term, but we will explore ways in which people have the option to convert to renting where this would provide a better solution."

- 3.4 Local authorities will have the right to offer low-interest mortgages to first-time buyers and, in order to do this, a Housing Investment Bank will be established for the purpose of channelling extra resources through the local authorities.

4 Priority for Local People

The aim of point four is to revamp the process of buying and selling property, in order:

- to give local people priority in the housing market, gradually bringing the market within the reach of local people once again;
- to ensure that existing owners do not make a loss.

Over the last twenty years house prices in the communities of Wales have increased rapidly — with no control or any consideration of the needs of those communities. Welsh salary levels remain among the lowest in the UK and with the continuing increase in house prices since the mid 1990s — and the 124% increase between 1997 and 2004 — any link between the local property market and people's ability to compete in the market has been shattered. As salary levels in areas where the Welsh language is strongest, eg. Gwynedd and Ceredigion, tend to be lower, this obviously has an impact on the language's sustainability:

The capacity for locals to compete in the housing market happens to be lower in those areas where language issues are likely to be more critical.²¹

A gradual increase in prices from the early 1970s onwards was followed by the effects of the property boom of the late 1980s and early 1990s. From the mid 1990s the housing market experienced another period of escalation which has recently accelerated again. A breakdown of the 124% increase between 1997 and 2004 shows that 82% of it took place between 2001 and 2004. Although the market declined during mid 2004 and although prices are expected to stabilise and decrease slightly during 2005, in the mid and long term, prices are expected to rise by about 6% a year between 2007 and 2013 and about 5% a year between 2013 and 2023. It is evident that housing will continue to be beyond the reach of many families in the future.²²

The present situation therefore is that house prices in many communities are far beyond the residents' reach — ie. the local market does not exist. Local people, with lower income levels, cannot compete in a market where national prices increased by 28% between July and September 2003 and in the same period in 2004²³ and where the average house price, for example, increased by:

- 28.3% in Ceredigion
- 40.5% in Caerffili
- 28.4% in Gwynedd
- 49.2% in Ynys Môn
- 17.9% in Cardiff
- 37.4% in Rhondda Cynon Taf
- 35.8% in Swansea

²¹ *op.cit.*, Mark Tewdwr-Jones, Nick Gallent, Alan Mace, *Second and Holiday Homes and the Land Use Planning System Research Report* (Welsh Assembly Government, 2003), p.17.

²² *Housing Futures 2023* (Centre for Economics and Business Research) and Christine Whitehead, *The Economic Framework for Housing* (LSE 2004).

²³ Land Registry Figures July–September 2004.

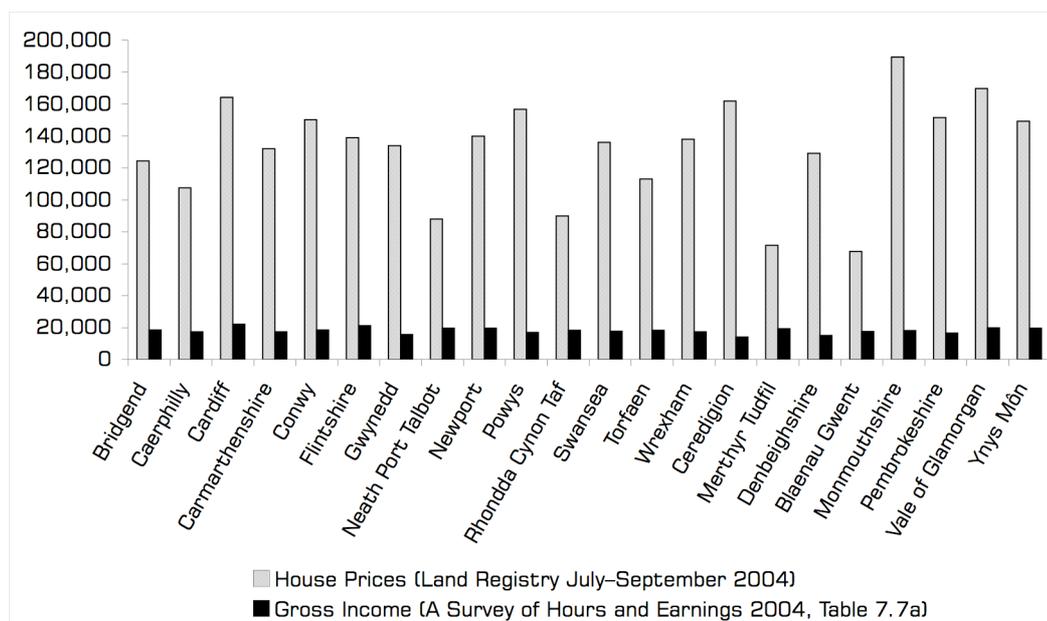
- 29.5% in Wrexham
- 40.8% in Carmarthenshire
- 21.3% in Powys

A review of the housing stock carried out for the Treasury and published in 2004 shows that the current housing market is further out of people's reach than it was during the 1980s.

Affordability has worsened between cycles. In 2002 only 37 per cent of new households could afford to buy a property compared to 46 per cent in the late 1980s.²⁴

In 2004 the average house price was five times the average salary of just over £21,000 in Wales.²⁵ In practical terms, this inflation means that people have to borrow more, it takes longer to save for a deposit and first-time buyers, on average, are in their thirties before being able to buy a house. Although the market stabilised at the end of 2004 prices remain high and unaffordable to people all over Wales.

Prices and Income 2004



4.1 The Aim of Point Four

The aim of point four in our recommendations for a Property Act is to give local people the first opportunity in the private property market, and to *gradually* bring the market within the reach of local people once again.

A Property Act would allow local people to buy a home or farm/small business property for a price that reflects local income and would enable house and property owners to sell to a local person without making a loss.

²⁴ Kate Barker, Review of Housing Supply — Delivering Stability: Securing our Future Housing Needs (HM Treasury, March 2004), p.3.

²⁵ PayFinder.com (2004 research into how much first-time buyers have to borrow).

Buy to Rent

Recent developments in the “buy to rent” market underline the problem, which is that the government in Westminster still considers housing as a financial investment rather than a social need. This market has expanded over the last four years with an increase in the number of younger buyers venturing to buy.²⁶ With low interest rates, the risk involved in investing in the stock market and concern regarding the value of pensions, the government has intervened to make it easier to “buy to rent”.²⁷ By this action, the government has sent a message that justifies treating accommodation as an investment, a step which could lead to further exploitation of the housing market.

4.2 The 1980/1985 Housing Acts

The system outlined below is a substantial development of the system established by the Housing Act 1980 (section 157 of the 1985 Housing Act) for the resale of council houses in national parks, areas of outstanding natural beauty and “designated rural areas” (which include large areas of rural Wales). This Act gives local authorities the right to require either that former council houses be sold to local residents, or that they be offered to the local authority in the first instance. The 2004 Housing Act makes it mandatory for buyers of former council houses sold through the Right to Buy scheme to offer them to the local authority (or new social landlord) if they propose to sell them within the first 10 years.²⁸

4.3 Other Areas

This point also reflects elements of policies in other areas where emphasis is placed on intervention in the open market and on local people’s right to compete in the market.

Recently the Yorkshire Dales National Park Authority passed a policy that will restrict the sale and rental of new housing to local people and people employed locally. This policy was backed and strengthened by the government inspector, William Carlow.²⁹ The policy is also tied to measures to promote employment in the area. With similar problems endemic in areas in Wales, England and Scotland the Park’s plan has attracted the attention of Welsh and Scottish politicians, and areas such as the North York Moors are also working on similar plans.³⁰ Significantly, William Carlow notes that such plans could be extended to urban areas where the gap between incomes and property prices is also a problem.³¹

South Shropshire has also developed a local policy in order to ensure that local people can compete in the market. The policy restricts house building for the open market to six areas, while any developments outside these areas will have to be by means of planning exceptions (“exception sites”) for affordable housing for local

²⁶ The Western Mail, 18 May 2004, Young choose buy-to-let “pension”.

²⁷ Pensions bill.

²⁸ Housing Act 2004.

²⁹ Yorkshire Dales National Park Local Plan – Inspectors Report Chapter Four – Housing. The Guardian, 19 January 2005.

³⁰ The Guardian, 13 December 2004

³¹ Ibid.

people. A section 106 restriction (Town and Country Planning Act 1990) will be placed on these houses so that they remain affordable to buy or rent.³²

Brecon Beacons National Park Authority is considering policies that will enable local people to stay in their communities. The policy will allow housing developments outside current planning restrictions for local needs. Use of the houses will be restricted to local people and a legal clause will be used to ensure that they remain affordable.

Other areas developing similar policies include the Peak District National Park Authority and South Hams Council, Devon.³³

As stated by Mike Harmer, from the Social Justice and Regeneration Department, in *Housing Supply and Affordability — The Assembly View*, the future development of stronger local and affordable housing policies will also be a prominent question for the Assembly Government.³⁴

4.4 Defining Local People

There will be three bands of buyers:-

Band 1 (“the local band”)

A person who has lived or worked in the area for a period of 10 years (out of the last 20 years). This means that they must have resided within *either* the same parish or local community (as the property in question), *or* the same travel-to-work area, *or* within ten miles of the property’s location.³⁵

Band 2 (“the semi-local band”)

- a. A person who has accepted full-time permanent employment within the area (as defined above).
- b. A person who has lived in the area (as defined above) for at least ten years during their lifetime.

Band 3 (“the open band”)

This means anyone.

(If a couple or family is buying, only one person will have to satisfy these conditions).

4.5 Summary of the new system we recommend for Buying and Selling Property under the proposed Property Act

- 4.5.1 The vendor (or agent) will inform the local authority that the property is for sale. They will receive a certificate from the authority to prove this, and their solicitor will present this certificate to the Land Registry when the sale is registered.
- 4.5.2 In accordance with the local housing strategy, the local authority or housing providers may express an interest in buying the property.

³² South Shropshire District Council — Affordable Homes for South Shropshire People.

³³ Peak District National Park Local Plan — Chapter Four: Housing.

³⁴ “Housing Supply and Affordability — The Assembly View”. Presentation to the Chartered Institute of Housing Wales, Barker Seminar, 11 March 2005.

³⁵ This definition is suggested as similar ones appear in plans and strategies in other areas in England and Wales.

- 4.5.3 If the local authority/housing providers are not interested in buying the property, the vendor will be allowed to put the property for sale in Band 1.³⁶
- 4.5.4 If the vendor does not receive an offer for the property at the market price within three months from anyone in Band 1, they may ask the authority's permission to sell to Band 2.
- Before receiving permission the vendor must present:
- a. A certificate from an estate agent or solicitor certifying that the property has been for sale for three months and has been reasonably advertised locally (details will need to be supplied).
 - b. A certificate to confirm that the asking price is comparable to the sale price of similar properties in the area during the preceding three months; and that no similar offer was received from a person in Band 1.
- 4.5.5 Property prices will be monitored by the district valuer. Any person who believes that an offer was rejected unfairly may make a complaint to the local authority. (All estate agents would also have to seek a licence from the local authority.)
- 4.5.6 The local authority will give the vendor a written response, either allowing or refusing consent to move the property to the next band. (The vendor will have right of appeal to the ombudsman). The same procedure as outlined above will operate for moves from Band 2 to 3.
- 4.5.7 When the sale is registered the vendor's and buyer's solicitors must provide evidence that the buyer is within the definitions outlined above for Band 1 or 2.
- 4.5.8 Buyers from Bands 2 or 3 may be in a position to pay more for a property than those in Band 1, and some vendors might seek to increase the asking price. However, in general, we anticipate that buyers will be unwilling to pay more, because:
- a. When a property is resold, it will have to be offered for sale to Band 1 — thus if a buyer from Band 2 or 3 pays more than the local market price, they will most likely make a loss when reselling.
 - b. Mortgage lenders will be aware of this, and will not offer loans over and above the local market price for any property.
- 4.5.9 A problem that could arise is that a few buyers with substantial capital might be willing to pay unreasonable prices without worrying about any future loss. As an additional measure to ensure that such buyers do not distort the market, a new tax will be established at a rate of 50% payable by the buyer on the portion of the price that is above the local market price. In other words, if a buyer were to pay £2,000 above the market price, they would have to pay an additional £1,000 in tax. This tax would be a strong deterrent to prevent buyers offering unreasonable prices for properties. (Any money raised through the tax would go to the local authority's housing budget.)
- 4.5.10 Naturally, some will try to avoid paying the tax. Fraud investigations will be the responsibility of the Inland Revenue, and this will be a relatively simple procedure as the buyer's and vendor's solicitors will have to declare to the Land Registry and the local authority the exact amount paid for the property.

³⁶ The vendor will set the price, and the vendor or his agent will advertise the property.

4.6 House prices and the local market

- 4.6.1 Prices will not be reduced under this system. Rather, what will happen is that local people's income will be allowed to gradually catch up with prices — ie. inflation will take its course.
- 4.6.2 This will not create a closed market and there will be no cause for property prices to fall — properties may be sold on the "open" market if no reasonable offer is received from a local or semi-local person.
- 4.6.3 There will be no obligation to accept an offer that is lower than the value of the property at the time of implementation of a Property Act. This will ensure that no owners make a loss on their investment.
- 4.6.4 Because all properties will initially be offered for sale to local people, with vendors obliged to accept a reasonable offer from them if they want to sell at all, there will be no reason for prices to rise. Local people will not have the means to push prices up until local incomes have caught up with property market prices. Prices will therefore remain fairly stable, until local income has caught up; and from then on, they will reflect the local economy and the local demand for housing.
- 4.6.5 Initially, prices will continue to be beyond the reach of local people and availability of properties to rent and assistance to first-time buyers must be ensured. As well as re-establishing the right to rent, a Property Act, in accordance with point 4, will enable more local people to buy houses.

5 Planning for the Community

The planning system should serve the needs and interests of the local community — socially, environmentally and linguistically. New houses should satisfy local needs that cannot be met from the existing housing stock, and planning permission should not be granted to developments that would be detrimental to the community, the Welsh language or the environment.

5.1 Planning Permission and Development Control — Local Need

In accordance with their research and strategy (see point 1) the local authority will continually assess the need to build new houses. This strategy will include employment needs and people with local connections — ie. Band 2 of the market (see 4.4).

It will be illegal to grant planning permission for new houses *unless there is a local need that cannot be met within the existing stock*. This means that no speculative developments or individual houses will be built contrary to local plans, where there are houses already available within the existing stock.

As at present, planning will have to take place some years in advance in order to ensure that development land is available where there is need for new housing. However, this will be based on much more detailed and dependable information than is available at present, and therefore provision will correspond much more closely to actual local needs (even though it will not be possible for estimates to be completely correct).

5.2 Planning Permission and Development Control — Effect on Communities, Language and Environment

A Property Act will extend this to emphasise the importance of the community and the Welsh language. As the Welsh language is a cross cutting theme and a matter that should be taken into account whilst considering any developments, it will be necessary for the local authority to prepare a detailed report on every application for permission to change the use or any substantial development, and to show its effect on the Welsh language, the community and the environment. It will be illegal to grant permission to applications for harmful developments. In order to facilitate this process, consistent and dependable methods of measuring the likely effect of the intended developments is needed. The “linguistic effect” analysis tools which are being developed at present under the Assembly Government’s Technical Advice Note 20 (TAN 20) will be extremely important in this respect.

This is also a development of the “Environmental Impact Issues” which are by now compulsory for assessing all major developments under European Directive 85-337 and Welsh Office Circular 23/88.

5.3 Holiday Homes and Second Homes

Planning permission for change of use will be required in order to change the use a property to a holiday home or second home. This decision will depend on the location of the house and its suitability for the needs of local people, on the percentage of holiday homes already in the community and on the effect an increase in the number of holiday homes would have on the community and the Welsh language.

5.4 The Assembly and Government Departments

The Assembly will also be bound by the above measures concerning planning permission when dealing with appeals. It will also be compulsory for the Department of Energy and the Ministry of Defence, the two other government departments that have power to grant planning permission to comply with the same measures.

5.6 Section 106 Agreements³⁷

Once a Property Act is in force, there will be no need for section 106 agreements to limit residence in new houses because the size of the housing stock will be controlled and local people will have access and priority. (However, it is important that the use of these agreements is increased until the Property Act becomes the law of the land.)

5.7 Social Housing

Similarly, there will be no need to denote a special planning category for “social housing” since every development will be stringently controlled in order to ensure that it serves local needs and that prices are within the reach of local people.

5.8 Local Development Plans

- 5.8.1 The new rules outlined above (5.1 and 5.2) will be the basic principles when drawing up development plans — be they local plans or strategic plans for the whole of Wales or regions thereof.

This means:

- a. that an assessment must be made of changes in population and the need for new housing according to the detailed research undertaken by the local authorities into the local needs of every community. Therefore, rather than planning for further population growth, an assessment must be carried out to see to what extent any growth up until now has been sustainable in any way and successfully adapted to suit the communities in question.
- b. that any strategy or development will be assessed for their effects on the communities, the Welsh language and the environment, thereby ensuring that all strategies involving the economy, tourism, agriculture, transport etc. are beneficial and sustainable and that they also include policies for communities, the Welsh language and the environment. Planning policy has already started to move in this direction where the environment is concerned (Planning Policy Guidance Note 12.92). The Property Act means extending this to include the Welsh language and the community.

5.9 Language Strategies / Action Plans

Every local authority and community council will be required to prepare a language strategy for protecting and developing the Welsh language within their communities. This will be linked to the research into the need for housing in communities (see point 1) and the use of Technical Advice Note 20.

³⁷ Town and Country Planning Act 1990. The act allows planning authorities to impose an agreement to restrict or regulate developments or land use — either permanently or for a specified period. For example, this allows authorities to impose a restriction to ensure that housing remains affordable.

5.10 The Building Industry

It is obvious that the policies outlined above will mean a significant change of emphasis in the building industry. In some areas there will be a need to build a number of new houses, but generally the emphasis will be upon renovation, improvement and adaptation of the existing stock.

Because of the building work involved will be to meet needs rather than speculation, the building industry will be much more stable, providing regular work rather than the constant boom–recession cycle (which has been the case over recent years). In order to encourage better use of the existing stock, VAT will have to be reduced on improvement work and increased on new building work. Permanent jobs can be created in the industry with the work allocated to local companies. In addition, thorough training plan will be required to develop new skills in the field of home improvement, renovation and energy saving.

6 Reassessing Planning Permission

To ensure that existing planning permission does not unnecessarily add to the housing stock, or threaten communities, the Welsh language, or the environment.

Planning permission already exists for thousands of houses in Wales. For example, currently planning permission has existed for ten years and more for building hundreds of houses in Morfa Bychan and Aberdyfi and many more similar communities. All these plans that have received planning permission should be reassessed, and simply ask — “is there a need for the house/houses here?”

6.1 Background

- 6.1.1 Normally, outline planning permission remains valid for three years, and detailed permission for five years, ending if not acted upon. However, if work *has* begun on the site (even if it only means creating an opening in a wall) then the permission stands forever.
- 6.1.2 There are other types of planning permission which remain valid forever under the present system, including Special Development Orders for mining and quarrying. Some communities in Wales today are threatened by Development Orders which were granted as far back as the 1940s.
- 6.1.3 Currently there are still unnecessary and detrimental plans being permitted, and these will need to be dealt with by means of a planning and development regime which includes the language effect — and the principal of sustainability — as a core principal (see 5.2).

6.2 The Process

- 6.2.1 Any planning permission that was granted ten years or more ago and which has not been executed, or only partially executed, will be immediately revoked.
- 6.2.2 Developers must apply for the renewal of any other permission which has not been completed (whether the work has been started or not); in the meantime the permission is frozen.

Planning permission will be reassessed by the local authority following the guidelines set out in point 5 — local needs (5.1) and effects on the community, the Welsh language and the environment (5.2).

It will be the duty of the authority to revoke or change the permission if there is no local need (which cannot be fulfilled from the existing housing stock), or if the plan is detrimental.

- 6.2.3 Once the Property Act is in force local authorities will require short-term additional resources in order to carry out this work quickly, beginning with the plans where building has already begun.

6.3 Compensation

Some developers who have had their planning permission revoked will face financial loss and will demand compensation. It is neither fair nor appropriate for local authorities to shoulder the burden of paying compensation to developers, and therefore the Assembly Government will have to take responsibility by establishing a compensation board tribunal. However, developers should be compensated *only*

against what was *paid* for the land and any investment on it, rather than for the potential value of the land after speculative development.