

Briefing: nutrient mitigation options to support Welsh housebuilding

Introduction

Housebuilding in some parts of Wales is currently stalled due to nutrient (nitrates) neutrality planning requirements in marine Special Areas of Conservation (SACs), including Pembrokeshire, Carmarthen Bay and Estuaries and Cemlyn Bay. This affects all residential development and directly threatens the Welsh Government's commitment to deliver new affordable homes.

Community Housing Cymru (CHC) and the Home Builders Federation (HBF) have provided details of the number of new homes stalled and the wider impact on local sub-contractors and wider supply chain.

This briefing identifies potential mitigation options and presents our recommendations, along with highlighting some of the current blockers to their delivery to the Taskforce group.

Support for developers and the supply chain

We welcome the Welsh Government's rapid establishment of this Taskforce to explore opportunities for progressing stalled developments, and it is vital that this momentum is maintained.

A high-level strategy and clear, long-term support for developers must be key outcomes of this work to restore confidence across the development sector and supply chain. It would be helpful if the strategy could outline the various ongoing workstreams led by Welsh Government and stakeholders to address these issues, outlining current activity, responsibilities and milestones.

While we agree that a pan-Wales strategic solution will ultimately yield the greatest long-term benefits, it is unlikely to be delivered quickly enough to address immediate pressures. Short-term alternatives will therefore be essential to unlock the many sites currently stalled.

We ask the Welsh Government and statutory authorities to provide direct support to developers in identifying and implementing these short-term mitigation measures. This includes supplying technical expertise and establishing clear, consistent frameworks.

In order to move ahead with the identified mitigations, developers also need assurance from Welsh Government and NRW that the solutions being explored with expert consultants will be deemed acceptable in Wales, and this clarity must also be communicated to affected LPAs. This will help unlock current stalled applications as quickly as possible.

NRW's own data confirms that agriculture is the largest contributor to nitrate pollution, yet it remains unclear what actions the sector is taking or is expected to take to reduce its impact, particularly in the short-term. River health cannot be restored without a significant reduction in agricultural pollution. Consequently, the housing sector will continue to be disproportionately affected by planning advice, despite its marginal contribution to the overall pollution load.

We are also concerned about NRW's planned testing over the next 18–24 months. To avoid a repeat of the abrupt planning changes that previously halted development, a clear strategy and workable nutrient-mitigation solutions must be in place before any new further marine SAC data is released.

We strongly recommend an early-warning system to flag emerging issues at the earliest stage. A similar approach was promised following the nitrates announcement, but was not delivered, hence the current situation.

The Welsh Government's proposed Nutrient Trading Group is welcome, however this is likely to be a longer-term solution due to timescales associated with establishing such a mechanism. The planning advice is clear that mitigations must be in place and operational, meaning that a potential scheme for credits is years away from being effective. For this reason, immediate, short-term mechanisms are required to unblock current schemes.

To try and maintain momentum, the sector is actively exploring short-term/temporary mitigation solutions to enable immediate progress. These were explored at a webinar held by CHC and HBF on 12th November, and in conversations since with NRW and environmental consultants (copy of the Webinar summary and NRW meeting attached).

Developer-led Mitigation options

Members (RSLs and private house builders) are currently investigating the following options for their schemes, though each present challenges that require government and other key partners support to overcome.

Mitigation Option	Description	Developer Challenges
Land Fallowing	Changing land use to reduce nutrient output to offset development.	Depends on landowner willingness, financial incentives, and legal agreements (S106s) to allow for future return to production. There is potential for individual sites to agree their own schemes with local land owners or potentially through the Nutrient Management boards, however this would still need WG/NRW support and guidance issued to LPA's on including within S106 agreements. In England there are examples where conservation covenants have

		been used to speed this process up, but these do not currently exist in Welsh legislation.
Sustainable Drainage Systems (SUDs)	Implementing or extending existing systems to manage surface water and reduce nutrient run-off.	SuDs Approval Bodies (SAB) would need to support this.
Drainage ditch restoration	Similar to SUDs features, but delivered on agricultural land not the development site	Requires agreement from NRW and ideally a framework established to speed up delivery. There are examples of this working well in England.
Package Treatment Plants (PTPs)	Installing self-contained, pre-manufactured units that treat wastewater on-site.	An RSL has estimated high-level costs for these. Capital Expenditure: High cost (c.£15k per property on-plot; c.£175k-200k site-wide for 45 homes), which could jeopardise viability by exceeding Affordable Housing Grant (ACG) caps. Revenue Expenditure: Creates ongoing, perpetual maintenance costs for RSLs, likely passed to residents via service charges. This also requires a change in WG policy (Circular 008/2018), this was discussed in detail when the phosphate issue arose but was not resolved.

We would also like to highlight the potential benefits of adopting a shared-impact approach. Where improvements at a Welsh Water treatment works lead to reductions in nitrogen, these gains could be “banked” and used to unlock housing delivery elsewhere. We understand that this has been explored in England and could accelerate the release of stalled development in Wales.

We understand the Welsh Government has been considering options to exempt certain housing developments from the planning advice. We welcome an update on this work. If an exemption is not feasible, we urge the Welsh Government and statutory partners to implement the following actions to support the progression of stalled developments and unlock future housing delivery.

Recommendations

1. Financial & Viability Support

- Provide Developer Financial Contributions: Offer direct financial contributions from Welsh Government to cover the upfront capital costs of nitrate mitigation solutions such as PTPs. For affordable housing schemes, this could be via the Land and Buildings Development Fund.
- Guarantee Adoption of PTPs: Guarantee Dŵr Cymru adoption of developer-installed package treatment plants. This would overcome the ongoing revenue and maintenance challenges for RSLs, ensuring long-term viability and affordability for residents.

2.. Accelerate and Streamline Assessment & Approvals

- Implement a screen approval framework mechanism for nutrient mitigations, similar to the one successfully used by Natural England, to streamline the assessment process and provide greater certainty for all stakeholders.
- Coordinate the central development of template Section 106 agreement clauses to streamline the legal process for mitigation schemes.
- Consider whether conservation covenants could be an alternative to S106 agreements

3. Early support for a Credit Trading Scheme

- Implement a strategy to identify clear routes for engaging farmers and developers in the emerging Nutrient Credit Trading Scheme.
- Explore the potential for credit banks or centralised purchasing to streamline transactions, potentially utilising Development Bank for Wales.
- Explore whether Nutrient Management Boards in Wales could serve as central points for holding and managing nutrient credit registers and engaging landowners.

Without this support in place, housing schemes face a high-risk of being stalled or abandoned. It also inhibits the submission of new planning applications, delays the adoption of urgently needed updated Local Development Plans, and continues to have devastating effects on local sub-contractors and the wider supply chain.