

# Regenerating communities: affordable homes from unused faith-owned spaces

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The research has been conducted in partnership with:

- Housing Justice Cymru, a charity who mobilises churches and other faith/ community groups to take action to address homelessness and housing need in the many forms it takes. The Faith in Affordable Housing project facilitates the development of affordable homes by working with churches and Housing Associations to develop surplus land and buildings for homes.
- Cwmpas, is a development agency working for positive change in Wales and across the UK with a focus on building a fairer, greener economy and a more equal society. The Communities Creating Homes project offers support and advice to new and existing organisations looking to develop community-led housing schemes in Wales.

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### Cover image

Kindly provided by Cadwyn, Albany Road Baptist Church school building

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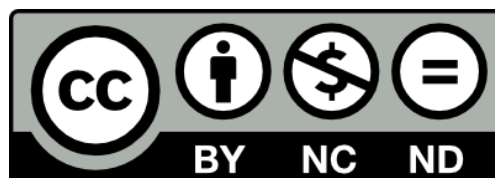
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## Contents

<b>Executive Summary</b> .....	<b>1</b>
<b>1. Introduction</b> .....	<b>1</b>
<b>2. Setting the context</b> .....	<b>2</b>
2.1 Faith-owned spaces .....	2
2.2 The wider benefits of finding new uses .....	3
2.3 Other unused spaces .....	5
2.4 Conclusion .....	6
<b>3. The potential for providing affordable homes</b> .....	<b>7</b>
3.1 Places of worship .....	7
3.2 Land holdings .....	9
3.3 Wider opportunities for income generation .....	10
3.4 Other tenures of housing .....	11
3.5 Conclusion .....	11
<b>4. Overcoming the barriers</b> .....	<b>12</b>
4.1 The challenges of affordable housing delivery .....	12
4.2 Preventing opportunities being lost through strategic purchase .....	12
4.3 Managing risk through strategic contracting .....	14
4.4 Bringing together a team of expert consultants .....	15
4.5 Greater flexibility in the standards required for social homes when repurposing existing spaces.....	16
4.6 Enhanced financial support for housing schemes which repurpose existing spaces .....	16
4.7 A joined-up public sector approach to unused spaces .....	17
<b>5. Conclusion and recommendations</b> .....	<b>19</b>
<b>Annex 1 – what we did</b> .....	<b>21</b>
<b>References</b> .....	<b>22</b>

## Executive Summary

Record numbers of households in Wales are living in temporary accommodation - 1 in every 215 households. Many of them will be living in accommodation that is unsuitable for their needs for prolonged periods of time. What they need is a secure, affordable home. However, there is a shortage of social homes and the delivery of new homes is slow.

One of a number of barriers to delivery is the availability of sites in the places where homes are needed the most. Much of the land identified in Local Development Plans is unsuitable, is not in areas of high need, or is not being released for development by the owner. Land cost is also the biggest variable in development, dictating the viability of many schemes.

This report considers alternative ways of finding more sites for social and community homes. It explores the housing potential of faith-owned spaces which may no longer be viable for their current purpose or in many cases already sit unused - something which Housing Justice Cymru have advocated for and enabled through their Faith in Affordable Housing Project. Our recommendations focus on how to make more use of this spaces through a shift in public policy, funding and practice.

### Faith-owned spaces

Places of worship, primarily churches and chapels, are a key feature of our built environment. It is therefore concerning that 25 per cent have closed in the last decade. Closure rates are fuelled by a decline in attendance at religious services as well as a fall in the number of people training to be religious leaders. It has been predicted that 70 per cent of places of worship in Wales could close in the next 20 years.

Our analysis shows that in 2021 there were around 3,200 places of worship in Wales. This figure includes churches and chapels as well as other faith buildings such as temples, mosques and synagogues. Some buildings included in the data had closed but were still owned by faith-based organisations. The Church in Wales is the largest property owner of all the denominations.

Places of worship are often accompanied by meeting halls and other similar buildings. We have identified 290 of these across Wales. Faith-based groups also own dwellings for religious leaders and staff, schools and colleges, farms and over 900 pieces of land.

### The wider benefits of finding new uses

The report focuses on the potential of these spaces to provide homes, but there are wider benefits of finding a new use. Once they lose their purpose, disrepair and dereliction can soon follow. This in turn can lead to negative community perceptions and instigate a cycle of decline.

More than 3,000 sites associated with places of worship are listed, demonstrating their architectural and historic significance. Ten per cent of listed places of worship are in a vulnerable condition and are classed as "at risk". Giving them a new purpose not only ensures that they are standing for future generations to see but also makes use of the embodied carbon with was invested in their original construction.

## The potential for providing affordable homes

As an indication of the potential, faith-owned land and buildings have the potential to:

- Deliver more than 1,300 homes through the redevelopment of unused places of worship and associated buildings.
- Create nearly 5,500 homes through the release of faith-owned land holdings.

While these are rough estimates, stakeholders have confirmed that they are realistic.

The report also highlights options to redevelop part of a space to generate income for the remaining church interest, and to provide homes of different tenures.

## Overcoming the barriers to unlocking this potential

There are many challenges blocking the delivery of affordable homes at scale, affecting all types of development. The redevelopment of land and buildings owned by faith-based organisations faces extra complexities ranging from cost to statutory consents and time delays.

## Conclusion and recommendations

The Bevan Foundation and Housing Justice Cymru consider that to realise the potential of unused faith-owned spaces the following actions should be taken:

- **Welsh Government, Local Government and faith-based organisations themselves to recognise the potential contribution of faith-owned assets to solving housing crisis and commit to action.**
- **Welsh Government to lead a strategic approach to ensure the potential of unused faith-owned spaces is realised, working with Housing Justice Cymru, faith-based organisations, social landlords, Cwmpas, local government and Cadw.**
- **This strategic approach is likely to require:**
  - **an organisation to act as a strategic third-party to act as a holding agent for spaces with the potential for housing redevelopment**
  - **a pan-Wales consultancy team to establish the outline feasibility of opportunities and provide guidance to property managers and development teams**
  - **strategic contracting to spread the risk of more complex redevelopment opportunities.**
- **Unlocking the potential of unused faith-owned spaces will also require the alignment of other relevant policies and funding i.e.**
  - **flexibility in the consent of redevelopment of spaces, whilst working alongside older, often historically significant buildings**
  - **flexibility be provided in Welsh Government standards for social homes – Welsh Design Quality Requirements (WDQR) and Welsh Housing Quality Standards 2023– when schemes involve the redevelopment of existing spaces**
  - **enhanced capital funding be made available by Welsh Government for affordable housing schemes which repurpose existing spaces**
  - **guidance be provided for public sector consultees on the ways in which a joined-up approach can be adopted to support the potential of unused spaces.**

# 1. Introduction

A record number of households are in temporary accommodation having experienced homelessness - 1 in every 215 households including over 3,000 children<sup>1</sup>. This is the equivalent of nearly six in every 1,000 children in Wales. Many of these households will be living in accommodation that does not meet their needs for prolonged periods of time, affecting their health and wellbeing.

Being able to move into a social or community-led home, which provides long-term security at an affordable rent, is key to these households being able to rebuild their lives. Yet, just at a time when social homes are needed the most, they are the most difficult to deliver.<sup>2</sup>

Wales's stock of social homes, those provided by councils or housing associations, has not recovered from significant losses due to the right to buy policy. Creating new social homes is slow compared to the hey-day of council house building. Although still small in number, community-led housing can also make a valuable contribution to providing homes.

One of a number of barriers to delivering new social homes is the availability of sites in the places where homes are needed most. The price of these sites needs to be low enough to enable social rent levels to be charged. As Community Housing Cymru have reported, *"land, a key ingredient in building new homes, is finite and subject to increasing competition. Land is also the biggest variable cost in development, dictating the viability of many schemes."*<sup>3</sup>

Audit Wales have also highlighted<sup>4</sup> that existing local authority Local Development Plans suggest sufficient land is available but that a lot of that land is unsuitable, is not in areas of high need, and that landowners are not releasing the land for development.

Through their Faith in Affordable Housing Project<sup>5</sup>, Housing Justice Cymru have advocated for and enabled the housing potential of faith-owned spaces which may no longer be viable for their current purpose or in many cases already sit unused. These sites and buildings sit in the centre of many Welsh communities. The opportunity is there to not only provide much needed homes but to also contribute to wider community regeneration objectives.

The Bevan Foundation has worked closely with Housing Justice Cymru and Cwmpas to explore this potential further in relation to affordable and community-led schemes.

Based on commissioned evidence provided by Knight Frank, a UK wide property consultancy, the report estimates the potential for providing homes from faith-owned assets facing closure. It also considers the potential of other land and buildings which are in the ownership of faith-based organisations. Annex 1 sets out the methodology.

The report addresses the particular challenges which unused faith-owned spaces present when considering redevelopment, which can result in them being considered "too difficult to do anything with". The report then concludes by identifying the actions required to unlock the potential of these sites, making recommendations for change including shifts in public policy, legislation, funding and practice.

## 2. Setting the context

The starting point is the issue of closure of places of worship in Wales, spaces which will be in need of a new purpose in future years. We also highlight other spaces which are in the ownership of faith-based organisations.

Finding uses for these spaces can have wider benefits for the surrounding community. We consider what these might be and touch upon other spaces to which our findings could be applied.

### 2.1 Faith-owned spaces

Collectively, faith-based organisations, including non-conformist denominations, Roman Catholic churches and Church in Wales, have land, buildings or both in the majority of Welsh communities, from small rural communities to large urban centres.

#### 2.1.1 Places of worship

Places of worship, primarily churches and chapels, are a key feature of our built environment. It is therefore concerning that the National Churches Trust<sup>6</sup> reports that 25 per cent of places of worship in Wales have closed in the last decade. Almost all will be in need of a new purpose if they are not to remain unused.

In 2020 the Royal Commission on the Ancient and Historical Monuments of Wales (RCAHMW) said<sup>7</sup> that closure rates are fuelled by a decline in attendance at religious services as well as a fall in the number of people training to be religious leaders. They referred to predictions that up to 70 per cent of places of worship in Wales could close in the next 20 years. Small independent chapels were thought to be the most at risk, with *“small elderly congregations struggling to maintain buildings.”*

A recent survey carried out by the Trust<sup>8</sup> for places of worship in Wales found that the biggest problems facing them were falling congregations and attracting new worshippers. Census data<sup>9</sup> tells us that Wales, like other areas of the UK, has seen an increase in the number of people with no religion. Those declaring themselves to have no religion represented nearly half of the population (46.5 per cent) in 2021 compared to 18.5 per cent 20 years earlier, a 151% increase. Over this period Wales has also recorded a higher proportion of people with no religion than the other UK nations.

Our analysis of available data<sup>10</sup> shows that in 2021 there were around 3,200 places of worship in Wales. This figure includes churches and chapels as well as other faith buildings such as temples, mosques and synagogues. Some buildings included in the data had closed but were still owned by faith-based organisations. The Church in Wales is the largest property owner of all the denominations. Data provided to us directly by the Church reports that it currently owns 1,221 open places of worship and plus a further 110 closed churches.

Places of worship are often accompanied by meeting halls and other similar buildings. We have identified 290 of these (which are recorded separately) across Wales in our analysis.

#### 2.1.2 Other faith-owned spaces

Faith-based organisations also own other spaces such as:

- 1,254 dwellings for religious leaders and staff
- 216 schools and colleges (see 2.3.1 for further discussion on potential closure)
- 22 farms and 912 pieces of land, some of which may have buildings on them



These figures do not include over 100 standalone cemeteries across Wales. Many more will share a site with a place of worship.

### **Spotlight – Faith in Affordable Housing - Housing Justice Cymru**

**The Faith in Affordable Housing project supports churches of all denominations at local, regional, and national levels to release surplus land and buildings for affordable housing. This project enables the church to directly benefit communities and future generations, as well as offer a sustainable solution to the housing crisis.**



Faith in Affordable Housing began in Wales in 2016 through a partnership between Housing Justice Cymru (HJC) and the Church in Wales. This union recognised that some unused buildings and land owned by the Church could serve a Christian purpose by providing genuinely affordable housing for those most in need. Today in Wales, FIAH works with multiple denominational and faith-based groups, across all Local Authority areas.

*There can come a time, a sad time, when a place of worship that has been much loved over the years, comes to the end of its viable life. The least attractive option for that building is that it closes and becomes a ruin. There are occasions when the clearance of the site and the construction of new facilities is a feasible option.*

The Most Revd John Davies  
Former Archbishop of Wales and Chair of Housing Justice Cymru

Faith-based organisations are supported churches along the journey by facilitating meetings with social landlords and acting as the honest broker in discussions. This support is provided free of charge and helps churches to unlock finance through the sale or lease of surplus land.

*The opportunities for social housebuilding on church and chapel land are many, across the spectrum of scale from village and town centre sites to edge of settlements. We act with the denominational landowner to identify the potential of a site and then with a social landlord to build the scheme.*

Faith in Affordable Housing Project Manager, Housing Justice Cymru

Since the start of the project it has enabled new affordable housing, many provided as social homes, has been built on 11 former church/chapel sites in Wales. This has resulted in a total of 117 new homes.

There are currently over 40 more new homes under construction. Case studies of individual schemes are provided later on in this report.

## **2.2 The wider benefits of finding new uses**

Faith-owned spaces often occupy prominent positions within a community and are a key feature in its architectural landscape. Even for people with no religion, they can be reminder of major life events just as weddings and funerals as well as being the place where commemorative events are often centred.

### 2.2.1 Community regeneration

Although this report focuses on the use of these spaces to provide homes, there are wider benefits of finding them a new use. Once they lose their purpose, disrepair and dereliction can soon follow.

The Scottish Land Commission<sup>11</sup> has researched the impact of vacant and derelict sites on the surrounding community. These sites can affect a community's health, environment, economy and social cohesion. They are also often associated with economic downturn, vandalism, neglect and population loss.

Their findings suggest that unused sites can:

- impact significantly on a community's perception of itself. The effect can be more pronounced for older people who remember what sites were used for in the past and who have witnessed a decline from productive use.
- reduce the potential for investment, and that this is more pronounced where the land had previously been used for economic or commercial use.

Planning Policy Wales (PPW)<sup>12</sup> sets out the land use planning policies of the Welsh Government. It states that previously developed sites (brownfield) should, wherever possible, be used in preference to greenfield sites. Such land should generally be considered suitable for appropriate development where its re-use will promote sustainability.

From a regeneration perspective, brownfield sites also allow for the transformation of centrally-located spaces for housing where it is most needed, with access to transport links, schools, and amenities.

### 2.2.2 Preserving buildings of historic importance

More than 3,000 sites associated with places of worship, under the classification "religious, ritual and funerary" are listed. 200 sites have the highest protection, with Grade I status demonstrating their architectural and historic significance. Well over half of this classification of listed buildings relates to structures on Church in Wales land. The classification includes structures within churchyards such as lychgates, bell towers, historic walls, preaching crosses and even a lamp post.

Listing requires additional consent to be obtained before works can be carried out in order to protect the features of historic significance. Demolition is also subject to listed building consent. PPW<sup>13</sup> states that the aim for listed buildings should be to "find the best way to protect and enhance their special qualities, retaining them in sustainable use." The policy framework call for continuation or reinstatement of the original use to be the first option but recognises that "not all original uses will now be viable or appropriate." It stresses the need for flexibility where new uses must be considered in order to secure a building's survival or provide it with a sound economic future.

Cadw<sup>14</sup> report that 10 per cent of listed places of worship in Wales are in a vulnerable condition and are classed as "at risk". The proportion is likely to increase as more buildings fall out of regular use and the resources available to care for them diminish. They argue that:

*Listed buildings in use represent an investment of energy, materials, skill, labour and knowledge that cannot be replicated. But, to realise their full value, they also need to be kept in good condition and supported by types of ownership that can sustain them for the long term.*

### 2.2.3 Carbon reuse

There is a great deal of focus on the impact of our homes and buildings on the environment and their contribution to climate change. For example, all newly developed social homes are required to be net-zero (see 4.5) and social landlords are embarking on a programme of decarbonisation for their existing housing stock.

Research from Historic England's *The Heritage Counts* report published in 2021<sup>15</sup> shows that demolishing a historic building and replacing it with a new one can result in greater emissions due to the associated embodied carbon. Embodied carbon is the total greenhouse gas emissions generated in the construction of a building as well as their ongoing maintenance. Often the recycling of this carbon through the re-purposing of an existing building is overlooked.

## 2.3 Other unused spaces

While this report focuses on the potential of faith-owned spaces to provide affordable homes, there is also other opportunities to re-purpose other unused spaces. Some of the findings in respect of faith-owned land and buildings may similarly be applied to these types of property.

### 2.3.1 Socially/publicly owned spaces

Many of the buildings which provide public services to Welsh communities will be owned by the local authority. Public sector budget pressures are causing services to be remodelled or reduced resulting in some of these building becoming unused:

- In 2023 Swim Wales<sup>16</sup> warned that a third of the 500 public swimming pools in Wales could close due to high energy bills.
- An FOI request to Welsh Government in 2022<sup>17</sup> revealed that the number of local authority run libraries was 311 in 2004-25. Just under two decades later that had reduced to 230 (2021), a decrease of 26 per cent.
- Welsh Government Schools Census data<sup>18</sup> reveals that school closures have been seen across all types of school with an overall closure rate of 11 per cent over the last 10 years. These will include faith schools which are largely owned by faith-based organisations (see 2.1.1).

### 2.3.2 Commercially owned spaces

Some prominent spaces in communities are commercially owned. Their viability as places of business will be subject to change in the economic dynamics of the high street, changes in the nighttime economy and the prevalence of online shopping and services. Examples here include:

- Over the past six years Wales has lost 272 pubs, decreasing from 3,215 in 2017 to 2,943 at the end of last year 2023<sup>19</sup>
- As more and more people begin to use online banking services and choose to shop online, we're seeing bank closures. ONS statistics<sup>20</sup> on Bank and building society branches reveals a 37 per cent reduction in Wales in the decade from 2012 to 2022. This equates to 260 less branches.

## 2.4 Conclusion

The closure of places of worship is taking place at pace and looks set to continue into future years. These are prominent buildings in our communities and if left unused can significantly and adversely affect a community's perception of itself and how others view it.

Although this report is focused on the use of faith-owned land and buildings for affordable homes, the benefits of finding a new purpose are wide ranging. They include the preserving buildings of significant importance as well as the reuse of embodied carbon.

There are many other examples of spaces which currently sit empty or may become empty to which the findings and recommendations in this report could be applied.

### 3. The potential for providing affordable homes

Working with evidence provided by Housing Justice Cymru, and taking advice from property managers and development professionals, it is clear that faith-owned spaces could potentially deliver a sizeable number of social or community-led homes. This section sets out the estimated contribution and demonstrates the scale of opportunity these sites could represent.

#### 3.1 Places of worship

The starting point is places of worship and their associated buildings such as meeting halls.

##### 3.1.1 Estimating future closures

Talking about the closure of places of worship is a sensitive topic. It is however widely reported that the closure of spaces which are currently active is likely to be significant in future years.

The National Churches Trust estimates that 25 per cent of churches and chapels have closed in the last decade. Discussions with church property managers have confirmed that it would be fair and reasonable to assume this rate of closure over the next decade and, if anything, it is lower than their own organisations are predicting.

Projecting the 25 per cent closure figure forward indicates that, based on the current number of 3,200 places of worship and associated buildings in Wales, 800 are likely to close and need a new use in future years.

**Table 1: Current numbers of active spaces and projected rates of closure**

Category	Current number	Projected loss of 25% in next 10 years
Places of worship	2,910	728
Associated buildings (meeting halls etc.)	290	72
<b>Total</b>	<b>3,200</b>	<b>800</b>

*Source: Evidence provided by Knight Frank to Housing Justice Cymru. Based on Land Registry records from mid-2021. Spaces owned by faith-based organisations at that time  
Projection based on National Churches Trust reports on past rates of closure*

##### 3.1.2 Estimating potential site acreage

The data provided to Housing Justice by Knight Frank enables us to estimate the size of the sites which these buildings occupy. Our estimates are that the average site is 0.56 acres, as far as possible excluding any adjoining graveyards from this figure.



### 3.1.3 Likely dwelling densities

We then apply the standard expectations of the number of dwellings per hectare (dph) provided to Housing Justice Cymru by Cardiff Metropolitan University. Across Wales, land use policies use the following target densities:

- Low density – less than 25 dph
- Medium density – 25 to 50 dph
- High density – 50 to 74 dph

This assumption is applied to sites areas equally, whether for a conversion scheme or demolition and rebuild.

### 3.1.4 Likely development potential

Not all of the sites under consideration will be capable of being repurposed for housing. Some will be outside of the settlement development boundary if they are in a rural location, whilst others may be Grade 1 or Grade 2\* listed meaning that they may be less suitable for conversion. Recognising this, the estimates are based on three levels of development potential:

- Low – 10% of sites being suitable for development
- Med – 25% of sites being suitable
- High – 50% of sites being suitable

It should also be noted that the estimates assume that there are no other barriers to development that might limit their use, which are discussed further in section 4.

### 3.1.5 Potential dwelling estimates

Taking all of the above into account, Table 2 shows our estimates of the number of homes which could potentially be delivered on the 800 sites likely to be become vacant.

The number of homes ranges quite considerably, from only 455 dwellings when building at the lowest density and on the lowest number of sites, to more than ten times as many - over 4,500 - at highest density and highest number of sites. Discussions with stakeholders indicated that the mid-mid-range estimate of 1,365 dwellings was a fair reflection on what could be achieved.

**Table 2: Potential dwelling estimates – places of worship and buildings**

		Dwelling Density		
		Low	Medium	High
Development potential	Low	455	546	910
	Medium	1,137	<b>1,365</b>	2,274
	High	2,274	2,729	4,549

Source: Evidence provided by Knight Frank to Housing Justice Cymru. Based on Land Registry records from mid-2021. Spaces owned by faith-based organisations at that time  
Projection based on National Churches Trust reports on past rates of closure

## 3.2 Land holdings

The data accesses through Housing Justice Cymru also enables us to explore the potential for land holdings owned by faith-based organisations to be used to provide affordable homes. It should be noted that some of these will be greenfield sites and will not have had a previous use.

The analysis shows that there are 912 individual land holdings owned by faith-based organisations across Wales covering an average of 4.8 acres each.

Our estimates are based on the same dwelling densities described in 3.2.3, but in terms of development potential the assumptions are more pessimistic. Many of the sites are outside of a settlement development boundary or may have other planning or environmental restrictions. For the purpose of land holdings, we have assumed the following:

- Low – 5% of sites being suitable for development
- Med – 10% of sites being suitable
- High – 25% of sites being suitable

Applying these assumptions, the estimated number of homes that could be created from faith-owned land ranges from 2,265, assuming low density and low suitability, to over 22,000 at high density and high suitability (Table 3).

After testing these assumptions with stakeholders, they felt that the mid-range estimate of 5,435 dwellings was realistic.

**Table 3: Potential dwelling estimates – land holdings**

		Dwelling Density		
		Low	Medium	High
Development potential	Low	2,265	2,717	4,529
	Medium	4,529	<b>5,435</b>	9,058
	High	11,323	13,587	22,645

Source: Evidence provided by Knight Frank to Housing Justice Cymru. Based on Land Registry records from mid-2021. Spaces owned by faith-based organisations at that time

### 3.3 Wider opportunities for income generation

Our estimates assume that the whole of a site becomes vacant but in some cases a housing development can be co-located with the site's existing use. It can even provide ongoing revenue to ensure that the existing purpose is more financially viable.

#### **Spotlight – Albany Road Baptist Church, Roath, Cardiff**

Working with the Faith in Affordable Housing Project, Cadwyn Housing Association are currently refurbishing the former church school building to the rear of Albany Road Baptist Church in Cardiff. The century-old semi-detached stone school building is two storeys in height with a slate roof and stone chimneys. It shares the site of the new church building.

This project making use of a space which a faith-based organisation no longer needs, but at the same time supporting the viability of the main place for worship.

The church hall, which had started life as the actual church building, was becoming difficult to maintain due to its age and did not have adequate accessibility for members of the congregation. Despite being much used, it was realised that condensing the community space and worship space together into the newer church would free up the building to the rear.

From a housing perspective the development will provide 12 one-bedroom social rented apartments to the first and second floors. In addition, community facilities and café to the ground floor will be leased back to the church. Hiring fees will then be used to support maintenance of the main place of worship.



### 3.4 Other tenures of housing

This report is focused on the potential to provide social and community-led homes through the redevelopment of faith-owned land and buildings.

The Bevan Foundation's recent reports<sup>21 22</sup> have focused on the need to increase the supply of social and community homes in Wales. Our research has highlighted that a secure home at an affordable rent is key to moving households out of temporary accommodation and enabling them to rebuild their lives after experiencing homelessness.

We recognise that there will be times where an affordable housing scheme cannot be progressed (see section 4. for further discussion on the potential barriers) and so other affordable tenures (such as low-cost homeownership or intermediate rent), or even open market rent or sale, could be more viable than a scheme solely for social housing. Indeed, other tenures may also have greater flexibility to work within an existing building because they have less prescriptive standards than social homes.

### 3.5 Conclusion

Faith-owned spaces and land have significant potential to assist in delivering new affordable homes, either through conversion or new build of social housing or other relatively-affordable tenures. Discussions with stakeholders have confirmed that mid-range estimates of potential dwellings are realistic. These could see:

- More than 1,300 homes delivered through the redevelopment of unused places of worship and associated buildings.
- Nearly 5,500 homes delivered through the release of faith-owned land holdings.

We have also highlighted options to redevelop part of faith-owned land or buildings to generate income for the remaining church interest.

## 4. Overcoming the barriers

The development or conversion of faith-owned land and buildings is more complex than simply identifying suitable locations. There are many challenges faced by all forms of housing development, as well as some that are specific to faith-owned spaces. This section considers some of the key barriers, although there may be additional considerations in respect of individual sites or premises.

### 4.1 The challenges of affordable housing delivery

The Bevan Foundation's recent report *Nowhere to call home: the shortage of social and community homes*<sup>23</sup> noted that at a time when social homes are needed most, they are the most difficult to deliver.

It found that that in addition to issues with availability of land, there are a range of factors which can hinder delivery:

- The planning system is complex and costly to negotiate with a lack of predictability. Public opposition to new development and stigma associated with social housing can threaten approval. Staff shortages are also causing significant delays.
- Other consents and the involvement of statutory consultees across the public sector can cause delays and drive-up costs.
- Economic impacts from the COVID-19 pandemic and the war in Ukraine have pushed up construction costs, as have higher standards for net-zero aspirations for newly developed affordable homes.
- Capacity issues in terms of materials and a skilled workforce are also concerns as social housing is utilised as a test bed for innovative construction methods.
- Social landlords face a difficult financial balancing act as face requirements to improve their existing stock at the same time as striving to contribute towards the supply of new homes.
- The increasing cost of servicing the private finance needed, its availability, and the cap on the rent levels which can be charged can also hinder development.

These factors will also apply to working with unused faith-owned spaces. However, stakeholders have informed us that such sites will have additional complexities which we consider more fully here.

*The challenges of bringing sites forward mirror those of any housing development. If anything, they are amplified because we are working with brownfield sites, often with an existing building on it with could be listed. There's so much potential here if we can find our way through the consents and costs.*

Faith in Affordable Housing Project Manager, Housing Justice Cymru

### 4.2. Preventing opportunities being lost through strategic purchase

It has been reported to us that opportunities to make use of unused spaces for affordable homes are being lost due to the constraints on the part of the owner, and the complexity of feasibility assessments on the part of a social landlord.



*The process from site identification, feasibility and construction of new homes is complex and often lengthy. This can deter church partners from engaging in it when compared with a straightforward open market sale.*

Faith in Affordable Housing Project Manager, Housing Justice Cymru

An empty place of worship or church hall can become a financial liability, and owners may not be able to retain ownership until arrangements are in place for a social landlord to purchase – in many cases this may take years. Receipts from the sale may also be required for the upkeep of other sites elsewhere.

Whilst an agreement in principle to purchase a site for housing development may be reached prior to planning approval, the actual purchase will often not take place until approval has been granted and funding secured. From the point of view of the developing social landlord, they cannot risk the financial burden of acquiring a site and not being able to develop it.

*In many ways, construction is the easy bit. We could be working up a scheme for a good number of years before we're even able to put a spade in the ground. Someone waiting for a house today would be waiting 3 or 4 years to get a key if we were just starting work.*

Local authority development officer

*In a few cases we've had to make the difficult decision to sell on the open market because we just can't wait afford to wait any longer for a housing association to be in a position to complete the purchase.*

Property Manager, faith-based organisation

Our discussions have revealed the need for a strategic third party, be this Welsh Government or another organisation, to act as a holding agent for such sites. They could take ownership for the site until a social landlord or community-led housing group is in a position to begin redevelopment.

This is not a new idea. We understand that the Welsh Government has land assembly powers derived from those of the former Land Authority for Wales and the Welsh Development Agency. Whilst these may have involved larger greenfield sites, past Welsh Government regeneration initiatives have also sought to enable strategic property purchases.

Funding for this type of action to enable housing development is available through the Land and Buildings Development Fund<sup>24</sup>. The Transforming Towns Programme<sup>25</sup> also makes funding available for town centre regeneration. Both funding options, however, look to provide funding to a social landlord to take on ownership sooner and have clawback mechanisms for the funding.

Action by a strategic third party would need to be subject to an initial assessment of potential and the development of an exit strategy if the proposed development was unable to be taken forward.

This model could similarly apply to community-led schemes, where a space becoming vacant is the catalyst for the community to want to take action. Everything from properly constituting a community group to getting funding and consent can take considerable time and could lead to the space being sold elsewhere unless there is intervention.

### Spotlight – Church of St Timothy, Heol Pennar, Caerau Cardiff

Cadwyn Housing Association scheme are currently redeveloping the site of this prefabricated church building which had parking and landscaped areas surrounding it. The site was acquired with support from the Faith in Affordable Housing project.

The church was still operating for worship and community activities but the decision had been made to close. Cadwyn provided options to the church to incorporate a small community space as part of the new development, but it was later decided that the church would not retain an interest in this development.

The completed housing scheme will provide 15 new social homes, a mix of housing apartments and fully adapted accommodation.



## 4.3 Managing risk through strategic contracting

Many faith-owned properties are historic, sometimes listed, buildings, with old construction methods and standards. Development officers have told us about the difficulty of finding contractors who are willing to work on the conversion of historic buildings due to the higher risks that they present. There are far more unknowns with an existing building than building new - defects and issues of concern will often be hidden within the fabric of the building and not become known until a roof has been stripped or the plaster removed.

*Getting interest from contractors in these kind of buildings is quite challenging. It's a difficult time with construction costs rising. I think a lot of contractors will shy away from conversion full stop whether they're listed or not.*

Housing Association development manager

There are some types of construction contract which take an “open book” approach rather than fixed price – these could help to share the risk of any unexpected costs between the social landlord and contractor.

*A partnering type contract is better where you share the pain and gain and know that you're sharing the risk. Quite often you end up with nobody making a loss at the end because it just takes away all that distrust and uncertainty.*

Housing Association development manager

In many cases, contracts for social housing developments are managed on a scheme-by-scheme basis, or certainly at an individual social landlord level. This limits the opportunity to spread risk in a strategic manner.

It has also been suggested that strategic contracting could be useful here. By this we mean the packaging of contract opportunities together in such a way that a contract is for multiple sites with a range of complexities. This would enable risk to be spread across the contract, for example a demolition and rebuild scheme helping to offset the uncertainty of a conversion.

This would be a further benefit of a strategic third-party approach. If opportunities were held in this way it would enable an overview of pipeline developments across interested social landlords and also across geographical areas to enable contract opportunities to be linked.

#### 4.4 Bringing together a team of expert consultants

Getting a development project to the point of beginning work on site can be complex and involve a wide range of specialists. The disciplines required will depend upon the nature of the scheme, but are likely to always include:

- a planning and heritage consultant,
- architect,
- structural engineer,
- quantity surveyor
- legal advisor.

Whilst these are fairly generic disciplines across the construction industry, development of faith-owned sites may require, for example, a legal conveyancing specialist who can unlock complicated overages and covenants, or an architect who can sensitively work with a listed building to create social homes.

How those specialists work together, with the statutory consent process and withing the constraints of required standards and funding restriction, can be key to the project going forward.

Much can be learned along the way with a first development scheme; however this is not necessarily the most effective way of ensuring success. Equally, that knowledge may be lost or become outdated if there is a period before a similar scheme is worked upon.

A number of development teams and people involved in the statutory consent process have suggested that some form of pan-Wales consultancy team with relevant expertise should be established. The team could either to be approached for guidance or to be appointed to establish basic feasibility and any restrictions on a site before passing the scheme on to a development partner.

*I think if you had a single project team that worked across multiple sites ... that could be pan Wales ... that would keep hold of the expertise, and their knowledge and learning would make a big difference ... they could say, well we did this church and ran into this problem but did X, so why don't we don't we do that here? It would be a good way to go to have a single project team.*

Housing Association development manager

## 4.5 Greater flexibility in the standards required for social homes when repurposing existing spaces

All social homes in Wales are required to meet the Welsh Housing Quality Standard 2023<sup>26</sup> (WHQS) which aims to ensure the quality of the accommodation provided, including the state of repair, safety and security, affordable heat and minimal environmental impact – all homes must be zero carbon. Welsh Development Quality Requirements<sup>27</sup> are also prescriptive about property size, layout and the facilities provided.

These standards not only apply to new build properties, but in the case of WHQS must also be applied retrospectively to existing social homes and conversions. This is having a significant impact on the financial capacity of social landlords to develop new homes.

It is much easier for homes to be provided at required standards, such as the size of rooms, storage and accessibility when building a home from scratch rather than looking to convert an existing building. Even a clear site with no building but having had a previous use may have design constraints on the possible layout.

*It's like trying to put a round peg in a square hole when you're converting anything. You need to be sympathetic but the cost with social housing can be an issue, you also need more square footage than you do with private housing*

Property Manager

Social landlords have also expressed concern about the implications of bringing older properties into their stock due to higher ongoing maintenance costs and the extra complexity of improving their energy performance.

*I'm mindful of the long-term implications for an association taking older buildings. Whilst we spend a lot of money upfront at the development stage, we inherit a legacy and pass it on to our colleagues in asset management in terms of ongoing maintenance. We're passing that legacy on to our tenants in terms of future rents and service charges ... it's a dilemma.*

Housing Association development officer

If the full potential of using empty faith-owned land and buildings for affordable homes is to be harnessed, then greater flexibility is needed in the standards required, both at development stage and for future maintenance.

## 4.6 Enhanced financial support for housing schemes which repurpose existing spaces

It is inevitable that schemes involving brownfield sites or empty buildings will have additional costs when compared to new builds. This is particularly the case if there are heritage requirements to refurbish certain features or use traditional materials. These types of sites may also have other constraints such as a lack of service connections or habitats requiring protection. All of this will result in extra costs.

*A lot of older churches don't have the absolute basics - they might not have drainage or water or connections to services. Sometimes getting those can be difficult and costly.*

Conservation advisor

*Places of worship provide excellent environments for species like bats... the churchyards themselves have become wildlife sanctuaries. From a planning perspective that means that we require additional surveys and sensitivity in the design being put forward.*

Planning Officer

Social Housing Grant, the main capital funding used to support affordable housing development, is awarded based on a test of viability, with a proportion of the funding being raised through the development partner's own private finance. If viability cannot be achieved then a scheme may not be taken forward and an opportunity will be lost. This can often be the case for conversion schemes.

*They are expensive to convert and we've had many a scheme where potential buyers have pulled out eventually because they can't get permission to do what they want and if they can then the cost would be prohibitive*

Property Manager

We are aware that in recent years additional grant top-ups have been made available for innovative construction techniques such as modular buildings, and also for specialist housing schemes where there may be adaptations to provide high levels of accessibility. Repurposing schemes which bring empty properties such as former places of worship should also have a 'top up' in recognition of their complex nature.

## 4.7 A joined-up public sector approach to unused spaces

Our previous report<sup>28</sup> reflected upon delays and confusion caused by the statutory consent process, so it was not surprising to hear that this was also prevalent when developing plans for unused spaces.

In their response to the Senedd Inquiry, Housing Justice Cymru were keen to discuss the difficulties of buildings with potential for redevelopment being listed – either by CADW or via local listings by the local authority conservation team. This can also have an impact on the surrounding land or buildings as any new development must be in keeping with, and not have a detrimental impact on the historic structure.

*The balance between building conservation and viable re-use of spaces is becoming increasingly important. The alternative to not repurposing these buildings for a use such as affordable housing, is to lose these important heritage buildings to disrepair.*

Faith in Affordable Housing Project Manager, Housing Justice Cymru

Even when not listed or locally listed, some Faith in Affordable Housing projects have faced rejection at the pre-app stage as the idea of the demolition of a community building such as a church is opposed. This is often despite the church or chapel being in a state of disrepair and too dangerous for re-purpose without demolition. This leaves the owner of the building with a costly problem, and any future owners undoubtedly will face the same as the building continues to worsen in state with no clear solution.

*There will always be people around who will think that what you're doing is cultural and architectural vandalism however sensitively you're approaching it...Even where a church is not listed we've had roadblock in pre-application inquiries with the local authority to determine whether we could demolish, and we've had the Future Generations Act quoted*



*back at us as a reason against. Our argument is that the scheme will be creating homes for future generations but theirs is about protecting the building.*

Housing association development officer

More generally, stakeholders expressed their frustration with a lack of flexibility and pragmatism across local authority departments in their response to scheme proposals, be that planning, building regulations, highways, or legal services.

*I think local authorities particularly ... often we need them to take a flexible view or a cooperative view to enable schemes to be possible.*

Property Manager

Greater public sector buy-in is needed to ensure that both the housing and regeneration potential of unused spaces is maximised.

### **Spotlight – Christchurch United Methodist, Pwllmelin Road, Fairwater, Cardiff**

This Cadwyn Housing Association scheme, which is currently under construction, has involved the demolition of the existing church building, church hall and community café. The site was acquired with support from the Faith in Affordable Housing project.

The church itself was a late 1950s brick and rendered building with a single storey flat roofed extension on the eastern end. The site also had a mix of hardstanding car parking and landscaped areas.

Cadwyn are currently developing 19 new build social homes on the site which are a mix of houses, apartments, and fully adapted accommodation. In Partnership with the Local Authority the scheme will also accommodate independent living for adults with support needs.



## **4.8 Conclusion**

There are many challenges in the delivery of affordable homes at scale that affect all types of development. The redevelopment of land and buildings in the ownership of faith organisations face additional complexities which mean that they are often overlooked.

The key to unlock the potential lies in more strategic site purchases and contracting, harnessing the expertise of specialists, and providing the flexibility and funding support needed. There is also a need for whole sector recognition of the need for these spaces to be given a new purpose. This will not only assist with addressing the shortage of homes but will also ensure that communities do not suffer from the negative impacts of them remaining empty.

## 5. Conclusion and recommendations

The current housing crisis in Wales is leaving people on low incomes in urgent need of affordable homes. Record numbers are spending prolonged periods in temporary and often unsuitable accommodation. It is clear that there are simply not enough social and community-led homes for everyone who needs one. Welsh Government has set targets to deliver more social homes, but one of the key barriers they face is the lack of available sites for development.

This report has highlighted the potential of faith-owned spaces and land to help boost the supply of affordable homes, providing as a rough estimate some 6,800 homes. This is around third of the Welsh Government's target.

The wider benefits of finding a new use for these spaces – often prominent features on our landscape - must not be forgotten. Once they lose their purpose, disrepair and dereliction can soon follow. This in turn can lead to negative community perceptions and instigate a cycle of decline. Whilst the focus in this report has been on their use for affordable homes, faith-owned spaces could also provide other types of housing.

Housing development of any kind is fraught with difficulties at the moment. Redeveloping existing buildings and sites brings its own complexities. Buildings will often be historically important and there may be other site constraints. For this reason, the challenges are often thought to be insurmountable and buildings are left empty and deteriorating.

However, in order to address the shortage of affordable homes the potential of every site needs to be harness, be that for new building or redevelopment. There are no easy wins, but there are plenty of opportunities.

To realise the potential of redeveloping unused faith-owned spaces we recommend that:

- **Welsh Government, Local Government and faith-based organisations themselves to recognise the potential contribution of faith-owned assets to solving housing crisis and commit to action.**
- **Welsh Government to lead a strategic approach to ensure the potential of unused faith-owned spaces is realised, working with Housing Justice Cymru, faith-based organisations, social landlords, Cwmpas, local government and Cadw.**
- **This strategic approach is likely to require:**
  - **an organisation to act as a strategic third-party to act as a holding agent for spaces with the potential for housing redevelopment**
  - **a pan-Wales consultancy team to establish the outline feasibility of opportunities and provide guidance to property managers and development teams**
  - **strategic contracting to spread the risk of more complex redevelopment opportunities.**
- **Unlocking the potential of unused faith-owned spaces will also require the alignment of other relevant policies and funding i.e.**
  - **flexibility in the consent of redevelopment of spaces, whilst working alongside older, often historically significant buildings**

- **flexibility be provided in Welsh Government standards for social homes – Welsh Design Quality Requirements (WDQR) and Welsh Housing Quality Standards 2023– when schemes involve the redevelopment of existing spaces**
- **enhanced capital funding be made available by Welsh Government for affordable housing schemes which repurpose existing spaces**
- **guidance be provided for public sector consultees on the ways in which a joined-up approach can be adopted to support the potential of unused spaces.**

## Annex 1 – what we did

We have used a number of different methods to inform our research.

### Data analysis

Our analysis makes use of a data base held by Housing Justice Cymru, created by Knight Frank land and property consultants, which was shared with the Bevan Foundation under a data sharing agreement.

The database captures a snapshot of Land Registry data from mid-2021 for land and property which was in the ownership of faith-based organisations at that time. The Bevan Foundation have conducted some manual data cleansing and categorisation to aid our analysis.

### Insight from the work of others

The report also draws upon the work recently undertaken by others in both within Wales and elsewhere in the UK. Our work has been informed by our review of relevant research, Welsh Gov documents and consultations, Senedd Committee evidence and local authority plans and strategies.

### Conversations with local authorities and wider stakeholders

We interviewed 20 organisations involved in the development of social and community-led homes. These included six social landlords – four housing association and two local authorities – and a range of professional bodies. We also had discussions with six local authority officers involved with planning or other statutory consents. This was in addition to on-going discussions with Housing Justice Cymru and Cwmpas throughout our research.

A roundtable discussion to inform the report's recommendations was attended by:

- property managers representing the Church in Wales, the Presbyterian Church of Wales, and Baptist Church
- Community Housing Cymru and development officers from Cadwyn and First Choice Housing Association
- officers representing CADW and the Institute for Heritage Building Conservationists
- Housing Justice Cymru
- Cwmpas

The Bevan Foundation's housing research is supported by a cross-sector Advisory Group.

Membership includes:

- Shelter Cymru
- Housing Justice Cymru
- Cwmpas
- Community Housing Cymru
- Chartered Institute of Housing Cymru
- Cymorth Cymru
- Welsh Local Government Association
- Cardiff Metropolitan University
- Cardiff University

## References

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- <sup>1</sup> [Nowhere to call home: Living in temporary accommodation - Bevan Foundation](#)
- <sup>2</sup> [Nowhere to call home: The shortage of social and community homes - Bevan Foundation](#)
- <sup>3</sup> [LGHC inquiry into social housing supply: CHC response](#)
- <sup>4</sup> [Affordable housing \(audit.wales\)](#)
- <sup>5</sup> [Faith in Affordable Housing – Housing Justice](#)
- <sup>6</sup> [Every Church Counts | National Churches Trust](#)
- <sup>7</sup> [RCAHMW | The future for places of worship](#)
- <sup>8</sup> [Our research | National Churches Trust](#)
- <sup>9</sup> [Nomis - Official Census and Labour Market Statistics](#)
- <sup>10</sup> Evidence supplied by Knight Frank to Housing Justice Cymru, based on Land Registry records from mid-2021. Assets owned by faith-based organisations at that time
- <sup>11</sup> [Negative impact of vacant land on communities | Greenspace Scotland](#)
- <sup>12</sup> [Planning Policy Wales - Edition 12](#)
- <sup>13</sup> [Planning Policy Wales - Edition 12](#)
- <sup>14</sup> [20170531Managing Listed Buildings at Risk in Wales 31144 EN.pdf](#)
- <sup>15</sup> [Heritage Counts: Heritage Sector Trends, Insights and Data | Historic England](#)
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- <sup>26</sup> [Welsh Housing Quality Standard 2023 \(gov.wales\)](#)
- <sup>27</sup> [Welsh Development Quality Requirements 2021 \(gov.wales\)](#)
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