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Independent Affordable Housing Supply Review

CIH Cymru evidence submission

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: www.cih.org

In Wales, we aim to provide a professional and impartial voice for housing across all sectors to emphasise the particular context of housing in Wales and to work with organisations to identify housing solutions.

For further information on this response please contact

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Summary

Below we have provided a short summary of the main points included within each section of our evidence:

Understanding housing need

- Challenging perceptions of social housing requires efforts on a national, local and individual level
- Intelligent analysis of waiting lists with the emphasis on proactive support is required to address immediate housing demand
- Affordability must be understood in its broadest terms - considering changes to housing benefit and the variety of forces which impact household income

Grant allocation and intervention rates

- Greater certainty over grant levels is vital for social housing providers
- Housing must be considered as a key sector in designing and delivering national infrastructure projects
- Changes to the zoning system could increase capacity to deliver homes through partnerships arrangements between larger and smaller social housing providers

Rent Policy

- Exploring rent freedom could provide the opportunity to develop reactive approaches to local housing market conditions to increase affordability; these must be linked strongly to the governance regime and involve active tenants participation
- Affordability must be considered in its broadest sense and opportunities to link local income and rent levels should be explored further

Standards/ Development Quality Requirements (DQR)

- We must carefully manage the desire to build more affordable housing against the desire to see homes delivered to higher building/sustainability standards
- Current standards, such as Lifetime Homes provides long-term benefits to tenants and organisations across a home's lifespan
- Further work is required to fully understand the advantages of the current DQR standard
- Public engagement will be key in ensuring carbon-neutral homes/technologies are fully embraced

Local authority building

- Local authority housing professionals require certainty over the future footprint of local government
- Improvements in the planning system must address pre-application advice, planning department staff capacity and on-site delays

Construction supply chain including modern methods of construction

- **Longer-term funding certainty would provide a greater basis upon which to develop approaches and progress new products**
- **Brexit could compromise access to materials and skills across the housing sector undermining the progress of new construction methods**

Public sector land

- The creation of a public sector land bank could increase collaboration in the use of public land
- Greater collaboration between health, housing, education and social care could offer opportunities to deliver developments that compliment the corporate priorities of local authorities across a number of areas

Capacity of public sector and RSLs

- Long-term workforce strategy development is required across the housing system - from housing officers to on-site construction staff
- Data availability on land is hampering the ability of local authorities and social housing providers to plan strategically

Use of existing powers

- The opportunity to explore a 'rights-based' approach to delivering affordable homes should be explored further
- More needs to be done to enable local authorities to build homes, where the capacity to do so still exists

Leveraging the investment potential in stock transfer and LA organisations

- Certainty over Dowry and MRA funding is required across the whole lifespan of local authorities and LSVTs business plans

Introduction

“We must develop a single cohesive housing system, where whether renting or buying, people feel they can access a safe, affordable, accessible, high quality home.”

Matt Dicks, Director, CIH Cymru

The independent review of affordable housing supply in Wales offers an opportunity to re-shape our direction of travel in supplying affordable homes that are fit for purpose and planned in a way which intelligently uses data that prompts greater collaboration across the sector. The review rightly looks at some of the most pressing contemporary questions facing policy-makers and practitioners within the housing sector in Wales and there is an understandable focus on securing the long-term financial future of the sector against the need to deliver more homes, at pace, to sustainable standards.

Throughout our response we have sought to highlight wherever possible, the broader impact of housing and the need to consider how stronger links across the government’s portfolio and remit in areas such as healthcare and economic infrastructure can be cemented. The links with healthcare alone offer a raft of opportunities to utilise the expertise and resources across sectors. Reducing delayed transfer of care, GP admissions, enabling independent living and managing long-term chronic conditions are all areas where a heavy focus by housing professionals is producing excellent results across Wales. It is important that the review prompts leaders at a national level to realise the benefits of such approaches and ensure housing’s role is a prominent features in corresponding strategies.

Whilst the strong supply of affordable homes holds clear importance across a range of services and links in a number of ways to individuals and community well-being, there is still much work to do in addressing the stigma linked to social housing in Wales. We write on this in more detail in section 1 of our evidence.

Housing professionals are often the forgotten link working across so many services, from public protection, to healthcare and the environment. The flexibility of the profession is one of its key strengths and it has huge, and potentially unlimited, ability to support the wellbeing goals detailed in the Well-being of Future Generations (Wales) Act 2015.

The Essex Review in 2008 brought about substantial changes in areas such as building standards, meeting needs and funding models. Whilst we find ourselves operating in a different environment to that of 2008, particularly in a European context, it is vital that the review is the first step in delivering the changes we need to see and that its recommendations transcend the political cycle.

About our response

As the home of professional standards and the body representing housing professionals working across local authorities, housing associations and the private rented sector in Wales we have engaged our members to ensure our evidence is informed by their expertise, insight and passion.

Each section within our evidence has been shaped and informed by the representatives for CIH Cymru sitting on each workstream of the review. We also launched a Member Insight Survey to gain further evidence from our membership on the issues being faced locally and some of the possible solutions. Throughout this response we have included some of the responses. To fully illustrate our evidence and for clarity, we have provided examples gained through the Welsh Housing Awards and the accompanying Good Practice Compendium, compiled and published annually.

As CIH Cymru we oversee our Tyfu Tai Cymru Project. Tyfu Tai Cymru (TTC) is a five-year housing policy project which aims to provide insightful analysis and fill evidence gaps to support policy progression. Funded by the Oak Foundation, the project is managed by the Chartered Institute of Housing Cymru and covers three main strands:

- Building the right homes to meet demand
- Making sure housing is always a priority for local government
- Demonstrating housing's role in keeping people well and healthy



Through our TTC regional forums we have engaged almost 100 professionals across Wales face to face, gaining first-hand accounts of some of the major changes which would improve the housing system and reflecting more specifically on boosting supply, housing's prominence within local government and housing's role in keeping people well and healthy. Wherever possible we have further reflected on these discussions and our TTC research within our evidence.

Questions or feedback on our response?

If you would like to discuss any aspect of our evidence in more detail please contact matthew.kennedy@cih.org (Policy & public affairs manager, CIH Cymru).

1. Understanding housing need

Wales is at the epicentre of a housing crisis which is impacting on stubborn poverty rates, the health and well-being of communities and putting an increasing strain on homelessness services.

This has been driven by market conditions, stagnant and decreasing wages, a falling rate of homeownership and an undersupply of homes in both the social and private rented sectors. As is the case for other UK nations, Wales faces an intensive challenge with homelessness; despite positive progress in this area more action is needed to address rough sleeping and the use of temporary accommodation - particularly considering the long-term impact on families with children.

The Welsh Government has taken considerable steps to boost the supply of social housing stock in Wales. During the period between 2011-12 to 2015-16 a total of 11,508 additional homes at social rent were built, which at the time exceeded the target of 10,000 set by the previous government. Supply was further bolstered during this period with a total of 10,948 long-term empty homes being brought back into use – this compared with a target of 5,000 during the same period.¹ Despite this progress, we believe the problems that are now emerging mean an urgent need to transform the way we consider housing demand and how we meet housing need both now and in the future.

a) Do you believe that the current tenure mix of properties being built is correct? Is the balance right between market, social rent, intermediate rent etc, or could it change in the future?

The nature of the housing market is changing rapidly as house prices increase and intergenerational equity deteriorates with homeownership becoming increasingly difficult for younger people. The Resolution Foundation's recent analysis on this issue highlighted that if home ownership growth follows a similar pattern as the last decade then half of millennials could still be renting in their 40s (unable to become homeowners even if they desired to do so) and around a third could still be renting by the time they claim their pension.²

In 2017 the number of dwellings built to rent, combining the social and private sectors represented 30% of all new homes built, with 70 per cent being for owner occupiers. Whilst we support people being able to realise aspirations of homeownership when it is possible, the above factors demonstrate the unsustainability of this model as the prevailing ambition in creating a home. We

¹ <http://www.assembly.wales/laid%20documents/pri-ld10975-em/pri-ld10975-em-e.pdf> (Accessed 02/09/2018).

² <https://www.resolutionfoundation.org/media/press-releases/up-to-a-third-of-millennials-face-renting-from-cradle-to-grave/> (Accessed 02/09/2018).

believe a major shift is needed in the culture of both the housebuilding sector and the Welsh Government to promote renting as a tenure for life as experienced in other European countries

In both Switzerland and Germany tenant households are more common than owner occupier households. This has led to a much greater quality of housing stock and stability across the entire market in these countries. The latest OECD figures reflect that the share of people in the bottom quintile of the income distribution spending more than 40% of their disposable income on rent stood at 13 per cent and 29.1 per cent for Germany and Switzerland respectively, whilst for the United Kingdom, the same figure stood at 59.2 per cent.³

Whilst no one tenure should dominate the housebuilding programme, considering the acute issue being faced both locally and nationally linked to the shortage of affordable homes, the Welsh Government must become increasingly ambitious in this area. This will require the leadership to go beyond the political-cycle of the Welsh Assembly and consider a cross-party approach to ensuring that the idea of access to a rented home, underpinned by a secure tenancy, becomes a common feature of our housing market.

As suggested above, international practice in developing quickly in this area, there are increasingly opportunities to not only explore how security could be increased across tenures but enhance our understanding of intergenerational and cooperative housing models.

b) How should the Welsh Government ensure that both housing need and demand is considered/met?

The higher estimate of need and demand put forward by the late Dr. Alan Holman on the “Future Need and Demand for Housing in Wales” estimated that: 240,000 homes over the period between 2011-2031, or 12,000 a year; of which 65% would be in the market sector (7,800 a year, 156,000 over the period) and 35% in the social sector (4,200 a year, 84,000 over the period).⁴

We believe that housing need is more complex than these figures suggest. We put forward the following three different factors as examples that may go unseen by considering housing demand in this way. The first of which is the number of young people living with their parents who may aspire to have their own home (either by renting or buying) but are unable to do so.

The second is the impact of welfare changes and the ongoing freeze on local housing allowance (LHA) rates in the private rented sector. LHA rates are meant to cover the cheapest 30% of homes in any given area. Over the medium to long term

³ <http://www.oecd.org/social/affordable-housing-database.htm> (Accessed 02/09/2018).

⁴ <https://sites.cardiff.ac.uk/ppiw/files/2015/10/Future-Need-and-Demand-for-Housing-in-Wales.pdf> (Accessed 02/09/2018).

rents tend to rise faster than prices (i.e. CPI), so that from April 2013 when the link with local rents was broken, the LHA's purchasing power receded and this has accelerated during the 1% and the current freeze.⁵ In practice this has increasingly made the private rented sector unattainable for those receiving housing benefit, increasing the overall pressure on social housing supply.

For example, based on the 1 bed property rent level in Merthyr Tydfil; the lower figure for the area of £295.00 pcm/ £68.00 pw this leaves a young person (under 35) to find £20.76 pw, with those paying the higher rent of £500 pcm/ £115 pw left to find £67.38 pw just to cover their rent.

Thirdly is the consideration of accessible housing. We provide further information on this issue below but at present the lack of prominence of more specialist homes within the broader programme for government causes housing need for people living with a disability to be under-prioritised. It is crucial that the emphasis is changed when we consider that at present 25 per cent of the adult population in Wales are registered as having a disability. The lack of accessible and adaptable homes is having a severe impact with the Equality and Human Rights Commission in Wales reporting that the lack of an accessible home:

- Means an individual is four times less likely to be in employment
- Increases anxiety and social isolation
- Impact on independent living and additional support needs
- Is detrimental to mental health and wellbeing⁶

Alongside the challenges outlined above our recent research has identified broader, cultural issues relating to public perception of housing in Wales. Through our Tyfu Tai Cymru project we asked people what were the most important issues facing Wales:

“Also need though to ask people what type of accommodation and tenure options they want to see made available.”

CIH Cymru member

- Housing and Homelessness were chosen by 25 per cent of the respondents – making **housing one of the top five issues**, chosen by more people than Defence, Education, the Environment or Crime.
- **60 per cent of respondents felt that it is a government responsibility** to provide housing to a decent standard and this was the majority view across all age groups and social grades.
- **72 per cent believe it people sleeping rough on our streets should be eligible for help**

Who should be eligible for help from the state to meet their housing needs?

⁵<http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/Missing%20the%20target%20final.pdf> (Accessed 02/09/2018).

⁶<https://www.equalityhumanrights.com/sites/default/files/housing-and-disabled-people-wales-hidden-crisis-executive-summary.pdf> (Accessed 02/09/2018).

People sleeping rough on the streets	72%
Housed in temporary B and B accommodation, paid for by LAs	63%
Sleeping in shelters provided by charities	63%
Sleeping on a friends couch and moving on	45%
Have to live with parents as cannot afford to buy or rent on their own	21%

The support is particularly high amongst people renting privately or living in social housing and lower amongst home-owners. The survey then asked people their views on a series of statements about social housing. The answers to these questions revealed the divergence in opinion between people who live in social housing and people housed in other tenures. The first group have a much more positive opinion of the quality, safety and need for social housing than the latter.

Statement	Home-Owners	Private Renters	Social Housing Occupants
I would never want to live in social housing	47%	42%	9%
I would be happy to see more social housing built near my own home	26%	38%	69%
We need more social housing in my local community	35%	38%	63%
Social housing estates suffer from high levels of anti-social behaviour and crime	56%	58%	25%
Social housing is of a low quality	23%	37%	18%
Social housing is where we hide people with problems	30%	31%	16%

We would therefore urge the Welsh Government to consider housing need and demand in a broader context. Whilst we can see the attractiveness of targets for affordable homes, this should be coupled by a narrative and complimentary targets (spanning government portfolios where appropriate) which take into account people's aspirations (how they want to live) and promoting well-being through housing.

c) How should the Welsh Government use existing housing needs data to better inform policy making and programme delivery? Does the data tell us what the issues are/ what are the gaps?

Strong sources of evidence exist at the local level through Local Housing Market Assessments, Housing registers and previous analysis undertaken by Rural Housing Enablers. In engaging with our members whilst some felt that more granular data in LHMA's would be useful and beneficial, many also felt that staff capacity and expertise to consume data and incorporate it into policy and practice at a local level was a barrier to fully utilising the evidence we already have. For some, working at a local authority level, the pressures of the day to day role did not allow for sufficient time to consume data effectively and the space to do so was not always recognised as a valuable use of time.

There is universal agreement that one area in need of improvement is the data relating to accessible and adapted housing. Despite improvements in Accessible Housing Registers and the regular sharing of best practice to improve the use of these across Wales, data challenges still dominate the issues faced by local authorities. In the report mentioned previously by the EHRC only 15% of councils in Wales felt that they had sufficient data about disabled people's housing requirements in their area.⁷ Linked to this only 1 out of 22 councils set a specific target around accessible and adapted housing.⁸

d) How frequently should Welsh Government be updating estimates of need and demand and should the data be more granular so we have a closer sense of whether planned provision is truly affordable for residents?

Ensuring estimates informing demand and supply remain current should be a priority for the Welsh Government and across local authorities. It is important that Local Development Plans contains an element of flexibility to consider how sudden changes in demand could impact on delivery in the whole-system. For example, when large-scale infrastructure projects are agreed, there will inevitably be a demand for both resources additional homes. Similarly this could apply in situations where mass employers either enter or leave the local market, and authorities need to plan for local employment and income will be affected.

e) How far does the planned provision deal with the backlog of unmet need?

Dealing with unmet need is a major issue in Wales with waiting lists for social housing combining to account for over 60,000 households. Whilst this represents a proportion of unmet need for social housing the other segments of the population we refer to previously in this section represent an area of largely un-seen need.

At present the combination of data gaps, restrictions on access for those in receipt of housing benefit and demand beyond social housing waiting lists means considering unmet needs should be much broader.

During our recent engagement events with housing professionals across Wales many reported that waiting lists required urgent attention. Our members report that whilst the lengthy and growing waiting lists for

“As well as currently used ways, local housing market assessment, social housing waiting lists, and census, more use could be made of private sector experts, letting agents, estate agents etc. Also from homeless prevention teams, sofa surfers, hidden homeless. There is lots of data in lots of places, a data unit which makes sense of the picture and captures trends would be the most use.”

CIH Cymru member

⁷ <https://www.equalityhumanrights.com/sites/default/files/housing-and-disabled-people-wales-hidden-crisis-executive-summary.pdf> (Accessed 02/09/2018).

⁸ *ibid*

social housing are a major source of concern, more needs to be done to enable housing professionals to work proactively with people whilst they are on the waiting list. For example, in some areas older people who are already home owners apply for social housing and whilst they are justified in doing so, it is unlikely given their status as a homeowner that their requirements will be addressed quickly. By allowing housing professionals to gain a better understanding of the needs of the people on waiting lists, it would reduce the numbers while also developing a better understanding of both immediate and future demand.

This example in addition to others points to the need for greater analysis of waiting lists and we would welcome further exploration of this area, particularly to understand if the waiting list process could become a national portal, feeding-in at a local level; learning from the system under operation by Rent Smart Wales to match supply and demand in the private rented sector.

IN FOCUS

Persona project - Valleys to Coast Housing

V2C believes that it is vital to know your customers: their cultural background, aspirations, needs, habits and experiences. If you understand why your customers do what they do and what problems they might face while interacting with your service, you have a greater chance of improving your customer's overall experience

Last year V2C worked with Satori Labs to develop Customer Personas. These were prepared using information and insights gathered during interviews with real customers in their homes. The aim was to understand the customer's life and lifestyle, and understand what, when, how and why they use the services of V2C. A member of Satori Lab independently interviewed a range of different people from different households to identify the main groups of customers.

The Persona Project aims were to identify V2C's customers and produce a number of Personas that show staff the different lifestyles, ambitions, expectations that customers have as well as what they expect from the services they receive. Over 150 staff were issued with Persona cards to use as a toolkit and staff have been using the persona cards when reviewing services, policies and new projects.

2. Grant allocation and intervention rates

Providers of affordable housing face an increasingly challenging environment as they seek to deliver ever-increasing development programmes. In recent years practices have developed to counteract decreasing resources and, given the nature of government funding and the broader picture on the future of investment from the EU, further consideration is required on how the sector continues to effectively meet this challenge.

a) How could the grant regime best achieve value for money and efficiency and deliver more affordable housing from current resources?

In considering value for money, in the first instance this should not be understood solely in financial terms. The housing sector has a pivotal role in supporting the aims of the Well-being of Future Generations (Wales) Act 2015. Coupled with this the direct and broader benefits for tenants and the wider community must be considered as a priority throughout the grant regime.

Certainty over grant rates are absolutely key to ensuring organisations can sufficiently plan developments and consider the longer-term value for money impact. As housing organisations seek to leverage private finance, or plan their development programmes greater certainty around grant levels both now and in the future must become a foundation of the grant programme.

Housing organisations have increasingly become well-practiced in developing innovative partnerships to increase the amount of affordable homes delivered. Partnership will continue to be central to the approach taken across the sector, particularly as access to skills and overall resources become pushed.

For example, in North Wales where Wylfa Newydd dominates as the major piece of infrastructure, the impact will be felt elsewhere as construction skills become drawn to that project in the years to come to the detriment of accelerating the delivery of affordable homes. In this context, it will increasingly become important for housing associations and local authority to share staff skills and expertise in the interest of removing any barriers to developments being completed.

The 'skills drain' could create further opportunities to set-up or engage with existing Direct Labour Organisations, increasing employment opportunities and upskill local people and joint procurement between organisations to lower the cost of materials through economies of scale. As well as exploring opportunities of entering in innovative partnering relationships with the private sector to safeguard future delivery.

b) Should criteria be introduced which links grant allocations to measures of efficiency, KPIs and delivery capability? For example, should there be some form of bidding and eligibility framework to encourage those willing to develop at lower levels of grant to bid under a partnership or framework agreement, either alone or in consortia?

In principle we would be supportive of exploring criteria linking grant allocation with positive outcomes around efficiency. And a bidding system to boost collaboration would be seen as a positive step forward. This would also provide an additional opportunity to include consideration of the overall impact on developing local infrastructure in any bids. In addition there are real opportunities to realise additional savings and efficiencies from collaboration, particularly in areas such as joint procurement. Further clarification would be needed on whether the allocations would be regionally ring-fenced.

It is key that any bidding system recognises the differences in resources across housing organisations and considers these as part of the bidding process. Smaller housing associations have a vital contribution to play and are increasingly playing a role in developing where there is no appetite by larger organisations to develop, or where there's a need for specialist housing.

c) Should the zoning system continue or is there a better way of delivering affordable housing?

The process of applying zoning could be streamlined to accelerate the delivery of affordable homes. Whilst zoning ensure local authorities retain an element of control within a locality, there is an ongoing need to ensure that the voice of tenants, both current and future are at the heart of zoning decisions.

We would welcome an exploration of how the zoning system could be improved to increase the delivery of affordable homes whilst promoting a partnership approach within and between areas. Opportunities should be explored to consider how the zoning system could facilitate larger housing associations supporting the development of affordable housing in areas where housing associations are struggling to accelerate their development programmes due to capacity.

d) What alternative structures of finance, including private sector finance, could be used to better support the development of more affordable housing in Wales?

Wales offers an attractive prospect for any potential investor where housing providers have a proven track record of delivering high quality affordable homes, managing all elements of the process. The Welsh Government should take a leading role in ensuring the correct links are made between possible investors and the sector on a regular basis.

Aside from this, housing organisations should explore the possibilities offered through joint-financing (this has worked well on some developments in the past) or

refinancing; borrowing from local authorities or the use of loans in place of grant where appropriate.

Diversification, particularly for housing associations has offered an added method of subsidising the increase in affordable homes by housing providers. Many housing associations have created subsidiaries to develop homes for sale on the open market, re-investing the profits in affordable housing.

3. Rent policy

At the heart of providing affordable homes to people across Wales is the question of affordability. Many areas across Wales have been subject to long-lasting, ongoing periods of poverty and deprivation. Coupled with broad-sweeping changes to the benefits system, this has created an environment where ensuring affordability for some of the most vulnerable people in society is increasingly an issue.

a) Should the Welsh Government continue to have a Rent Policy or should social landlords be responsible and have freedom to set and uplift their own rents?

Rent policy must progress in a way that ensures rents support the business plan of organisations, their development ambitions whilst remaining affordable for tenants and reactive to living conditions.

Whilst we would be supportive of a move to explore the opportunities offered through rent freedom for social landlords, we believe a number of conditions should be attached if this were to be adopted as the Welsh Government's future policy on rents. The advantages of greater freedom on rent setting would enable social landlords to ensure rents reflected the quality of the homes on offer, the desirability of different areas and have greater control over the impact of the local housing market on the perception of their rent levels.

Particularly where tenants currently pay very similar amounts for homes that greatly differ in their desirability – in terms of factors like size, or location, this move may go some way to increasing fairness. A number of social housing providers are already exploring the possibility of utilising the 'Living rent' model - the Joseph Rowntree Foundation's concept of linking rent to income. Research by the JRF research shows that [continuing to set social rents nearer to market levels will result in an extra 1.3million people in poverty by 2040](https://www.jrf.org.uk/blog/housing-market-isnt-helping-people-make-ends-meet-time-living-rents).⁹

Whilst we don't advocate for a specific model, organisations will need to consider what is right in the context of the areas where they provide homes and ensuring on-going affordability.

We believe there is a strong case to explore how freedom's could benefit the ability of social housing providers to deliver more homes; especially they attempt to balance long term security of revenue against the increasing squeeze on individuals and families, particularly for those in receipt of housing benefit; enhancing checks and balances in supporting a new approach would be vital.

⁹ <https://www.jrf.org.uk/blog/housing-market-isnt-helping-people-make-ends-meet-time-living-rents>
(Accessed 20/08/2018).

Any rent freedom must be coupled with;

- Greater regulation through the rent regime which effectively captures monitors and scrutinises the process of rent setting reflecting on the information continued in the business plan set against local needs.
- Sufficient evidence that effective and thorough discussions with tenants are at the heart of the process
- The business case behind rent setting is made available in a format which is easy to understand and consume by a public audience, in particularly this should make clear the link between rental income and the ability of social housing providers to build more homes, and the broader impact expected on community infrastructure and services.

If the Welsh Government were to continue with a national rent policy, increasing tenant's involvement, knowledge and scrutiny over this element of work undertaken by social housing providers should be an on-going priority.

We are minded that many stakeholders, including ourselves and our members have provided information to inform that ongoing rent review being conducted by Heriot-Watt University. We believe that given the detail collected through this work that this review of affordable housing supply should draw from the evidence base and recommendations emanating from this work.

b) Should the Welsh Government Rent Policy consider affordability of rents for tenants or should this be the responsibility of individual social landlords?

We believe that responsibility for considering affordability in relation to tenants should be both led by Welsh Government and considered at the heart of policy locally by individual housing providers. We believe it is important that affordability frames the discussion at all levels as it remains important that the Welsh Government's rent policy takes into account how people live now and forces which impact people's income.

For example, considerable differences between areas will be found in factors such as the availability of smaller properties, the size of the private rental market, proportion of people claiming housing benefit and the rural, or urban setting. Add to this that some social housing providers manage a range of older housing stock mixed with new-build properties and this begins to illustrate the complexities in ensuring rents remain affordable but also fair.

c) How can a Welsh Government Rent Policy encourage social landlords to maximise affordability for tenants, given in some areas market rents are currently lower than social rents?

As our response to the first question suggests, exploring the possibility of more freedoms for social landlords could be a means to ensure a greater ability to increase affordability locally exists.

Affordability more broadly has been a consistent theme of our discussion with professionals through our member insight survey linked to this review and additionally in regional events focussing on the key changes that need to happen to improve the housing system in Wales.

Survey respondents and many event attendees highlighted the needs to consider affordability in its broadest terms, ensuring the term and its use in rent policy effectively captures how affordability within rents considers the ability of individuals/families to maintain a basic standards of living. There were particular concerns given the rise in food bank usage in recent months (and years) clearly reflecting the challenges facing many people across Wales in managing their finances against the demands of daily living. Linked to this, the continued investment in social housing has supported the fight against fuel poverty and improved SAP ratings, it's important that any future policy takes account of holistic housing costs, including energy.

IN FOCUS

Own 2 feet...living - Bron Afon Community Housing

Ty Cyfle is an innovative housing development supporting young people into independence with 8 starter homes for those aged 16 to 24, with a Community Connection Hub on the ground floor providing, training, informal learning and 'bite size' employability programmes for residents and the local community.

Ground breaking in that it is youth led, with solutions to prevent homelessness, and is based on co-operative principles. It promotes inclusion, responding to the needs of Torfaen's young people. It evidences the high level of co-operation, support and partnership between the community and Bron Afon, addressing the challenges of housing shortages in a creative, cooperative and community led way. The scheme can demonstrate its impact in changing people's lives.

By encompassing the Families First process and framework, the support programme provided them with the skills they need to live independently.

They learn:

- To manage their money
- To pay bills
- To cook healthy meals on a budget,
- To be a good neighbour
- The healthy minds, healthy bodies programme
- The safer relationships programme

4. Standards/ Development Quality Requirements (DQR)

The current and future standards of our homes link heavily with the capacity of the sector in term of finance, skills and upscaling innovative housing models. Coupled with the need to deliver more homes at pace and meet public expectations, ensuring the sector is working to standards that future-proofs current homes whilst enabling the delivery of enough homes to meet demand is vital.

a) What standards, if any, beyond building regulations should there be for affordable homes in the next decade?

We wholeheartedly support the need for an ongoing standard linked to affordable housing in Wales over the next decade. It is in the interest of landlords, tenants and the wider community that homes are built to standards which mean they cost less to heat and maintain over their lifespan.

Any new standards should take into consideration the benefits of the standards used at present, and recognise that many social housing providers often seek to build over and above those standards. For example, the Lifetime Homes Standard is significant in ensuring that homes are adaptable and can remain fit for purpose as people age. We know from the contemporary picture that housing adaptations is a common barrier to people living independently or returning home from hospital following a period of ill-health.

“Release land for social housing, enforce s106 requirements and require developers to build to the same standards as RSLs ie DQR. It’s not a level playing field.”

CIH Cymru member

The current design requirements for affordable homes in Wales is one of the elements that ensures affordable housing stands apart from more traditional developments; we should take pride in the quality of affordable housing we have now and aspire to have in the future. The Welsh Government will need to consider the challenge between delivering the maximum amount of homes against its ambitions of delivering homes of a higher standard.

We believe there is space and logic behind the right mix being developed, particularly for homes to meet immediate, current demand in relation to homelessness and moving individuals and families from temporary accommodation.

b) Can the additional costs of the current Development Quality Requirement be justified, or are there more cost effective alternative means of delivering choice and flexibility

It would be advantageous to explore how choice and flexibility around DQR could increase the supply of homes. A comprehensive analysis of DQR should be undertaken to truly understand the benefits to date and how the standard currently impacts on capacity to deliver more homes against the overall quality achieved.

c) Should all new grant funded homes or homes built on Welsh Government land to be designed to zero carbon (EPC A*) or energy positive?

We recognise and fully support the Welsh Government's ambition in delivering on the zero-carbon agenda across Wales. Whilst, at the current level of development it may not be realistic to have a zero-carbon condition linked to any development utilising Welsh Government grant or land, it seems sensible to consider ring-fencing a proportion of the grant for this purpose, and support the learning from developments delivered through the Innovative Housing Programme to increasingly embed the approach in mainstream development programmes.

The push towards zero-carbon must be considered much more broadly by both the Welsh Government and the housing sector. The impact on tenants, although positive is also significant and may in some cases require lifestyle changes and further education on the benefits and utilise the technology fully. In addition, early engagement with energy suppliers will be key in considering how zero-carbon homes are served by tariffs in a wide variety of settings across Wales.

Whilst the emphasis is on standards for new homes, it is important to consider, as we have reflected on in other areas of our response, the impact created on other tenures as we drive forward ambitious standards in the affordable housing sector. There should be incentives and support across the housing system to ensure older home can be maintained and developed to meet more ambitious standards. Whilst new, more energy efficient, energy positive homes is desirable it should not come at the cost of creating greater gulfs in people's experiences between housing tenures.

For social housing providers with much older homes, it is unlikely to be possible for some to be brought up to the kind of standards being considered for new-build. Improvements across the housing stock will require significant long-term, stable investment from the Welsh Government.

d) How should Welsh Government ensure all new grant funded homes or homes built on Welsh Government land create sustainable places and quality homes?

Our members are enthusiastic advocates and supporters of the Well-being of Future Generations (Wales) Act 2015. We believe the way the sector has embraced the principles and ways of working, despite not being subject to the act in legislation, demonstrates how the aims within the Act mirror the mind-set of professionals in the sector.

The Welsh Government should explore how a better understanding of the benefits linked to these new ways of working could be monitored and captured through the grant regime.

5. Local authority building

Local authorities have a vital role to play in ensuring housing demand is met in Wales. CIH Cymru and our partners are concerned that ensuring housing remains a priority despite growing pressures and tightened resources on local authority services continues to be a challenge. In particular, greater certainty is required over both funding, and the footprint of local authorities in Wales to truly enable housing professionals to thrive and have the greatest impact possible on the well-being of Welsh communities.

a) What in your view needs to be changed or improved, in relation to regulation/ finance/ planning/ policy, to enable local authorities to deliver new homes at pace and scale?

Uncertainty over the future of footprint of local government is a huge cause for concern for housing professional and hampers the ability of services to plan effectively. Following the announcement of the proposed reform of local authorities in Wales from 22 to 10, our Tyfu Tai Cymru project ran an anonymous survey with staff from housing departments in local authorities. Over 30 staff from 16 different authorities responded, including Tenant Liaison officers, Housing Stock Managers and Heads of Services.

Respondents to our survey told us that there is a need for preparatory work to be done before major changes including the merging of authorities to prepare staff and councillors. In particular we need to avoid the negative impact of in-fighting amongst councillors and senior staff which then led to staff in Local Authorities feeling stressed and uncertain about the changes

Staff could see the benefits of merging financial and staff resources, recognising savings through procurement and economies of scale. This included where there were mergers between authorities who had transferred stock and those who had retained stock. Respondents identified that fewer, bigger authorities would result in a wider pool of available homes, including bringing empty homes back into use.

Respondents also voiced concerns, including about the merging of services. Fifty percent of people highlighted a fear of losing touch with local needs and accountability. Respondents told us that they worried about job-losses, policy drift, and the

“In this age of austerity it is about the risk. LA’s cannot afford to take risks, and many have lost skills with both stock transfers and reductions due to diminishing budgets. Partnership working should be encouraged, and any way which minimises risk. LA’s are increasingly tending towards statutory duties only, due to budget cuts.”

CIH Cymru member

redrafting of policies and strategies delaying delivery

Since this consultation, the map of ten authorities has been withdrawn with further discussions about local government reform and a further map planned for the autumn. We believe the impact of ongoing uncertainty is impacting on the delivery of services and that this alongside improved engagement with staff from housing departments should be addressed as a matter of urgency.

Through further engagement with our members, the planning system has consistently been highlighted as an area where persistent challenges exist. Whilst we recognise that there has been and is currently, on-going consultation in this area, we believe the review should consider how these could be addressed:

- **Pre-application advice** - With many local authorities now charging for pre-application advice this has anecdotally resulted in poor quality applications, requiring more intensive support to reach a stage where the application is granted as increasingly applicants do not seek pre-application advice.
- **Planning department capacity** - Planning department staff are not always afforded the time to fully digest local housing market needs assessments, which underpin important aspects of the planning process. Added to this the lack of access to academic journals which would aid knowledge and learning among professionals is not made possible. Further consideration is required as to how this element of the profession is best supported to enhance and utilise their valuable expertise.
- **Delays in the planning system** - These can range from issues accessing skilled staff in a timely manner, to ensuring utility companies service developments at the right stage.

b) What is the role of non stock owning authorities in housing supply? What support could Welsh Government give/ what are the key factors and practical issues?

Local authority housing professionals play a vital role in a variety of ways across the housing system, from homelessness, housing management and development. It is a cause for concern that our members report that where stock transfer has taken place, the prominence of housing as a priority within the local authority becomes eroded by its absence as a physical department. Whilst this is not the case in all, we believe the Welsh Government must remain minded of the impact that local authority reform could have on this situation, detailed in our response above.

According to the most recent analysis detailed in the CIH UK Housing Review 2018, Local authorities are forecasting the completion of 3,000 units in 2017/18: if this is achieved, when added to the previous year's output it will still leave around

“Local authorities should be encouraged to set up fabrication units for off-site construction to reduce the cost of innovative housing construction methods. Govt could provide grant funding to meet set up costs - this would be a spend to save investment as the outcome will be lower product costs and subsequent unit prices will reduce.”

CIH Cymru member

8,500 to be delivered over the remaining three years. With the raising of the budget for social housing grant in 2018/19, this looks achievable. The 'housing supply pact' signed in 2016 commits associations to delivering 12,500 of the five-year target, with councils contributing 1,000 units. While the associations are close to achieving this, local authorities will need to double their output (they built just 121 new homes in 2016/17).

There must be recognition that for non-stock owning authorities, the expertise linked to development and housing management now exists within the respective stock transfer organisation. Support is therefore required to ensure local authorities have access to the expertise they require to develop whilst non stock owning authorities are encouraged to partner with RSLs and private sector partners to deliver homes under the banner of the authority, but managed by those with the resources and capacity to do so.

c) The latest business plans for the stock retaining authorities show an unused borrowing capacity of over £100m. What support could Welsh Government provide for this to be used to deliver new housing supply?

As our response above suggests detailing the UK Housing Review, at present local authorities require further support to ensure they can maximise the output of new homes. Whilst we welcome the return to house building by local authorities, and their direct contribution to the supply of new affordable homes, there needs to be a recognition of the time and resources that should be invested in order to be able to deliver at full capacity.

Local authorities should build on positive relationships with RSL partners who can support the delivery of new affordable homes in partnership. To do this, the Welsh Government must provide certainty over the Dowry and Major Repairs Allowance, without this the feasibility of delivering homes either in partnership or directly by the local authority could be undermined.

6. Construction supply chain including modern methods of construction

As our first section highlighted, Wales has an acute housing crisis, in response the housing sector must be able to utilise a range of building options to meet demand over the short, medium and long-term. Emerging methods of construction are offering exciting solutions to delivering homes at pace, but require the right workforce, access to materials and availability of technologies to underpin delivery.

The Welsh Government has made positive steps forward in this area developing the Innovative Housing Programme (IHP). The IHP has given social housing providers with the additional support required to develop innovative approaches to delivering homes at pace, to cutting edge sustainability standards, exploring ways of incorporating new materials and methods into the construction process. As the IHP heads towards its third year it is vital that learning from this work becomes embedded within Welsh Government grant allocation to underpin the use of modern construction methods as increasingly common place within the housing system.

“If WG want enough modular through they need to pick a system and back it otherwise we will not get the manufacturing investment in Wales, we will just export construction jobs and investment to other parts of the country.”

CIH Cymru member

a) How can modern methods of construction, including off-site manufacturing, contribute towards speeding up the delivery of affordable housing, without reducing quality?

Off-site manufacturing (OSM) has a central role to play in accelerating the delivery of affordable homes across Wales. Whilst OSM may be applicable to a range of industries, housing is largely recognised as an area ripe for this method to allow for homes to be delivered at pace, without compromising on quality of the final product. At present, OSM accounts for around 10 per cent of the overall construction output in the UK.¹⁰

The benefits of OSM spans a number of areas:

- **Production speed** can be greatly enhanced when combined with a skilled workforce operating in a factory setting. This is also of benefit to people living, or businesses operating, near construction sites as disruption is minimised
- **Health and safety** is improved by a reduced workforce operating on a build and the majority of construction taking place with a factory setting
- **Advances in automation** mean that constructing homes has the potential to undergo a similar revolution to the car building industry
- **Local economic impact** of using OSM can mean that long-term jobs creation is more likely as factories are able to service a number of sites simultaneously

¹⁰https://www.citb.co.uk/documents/research/offsite_construction/offsite_construction_full_report_20170410.pdf (Accessed 20/08/2018).

- **Material usage** can be more closely controlled and planned for resulting in less wastage

A number of barriers to truly realising the benefits of OSM across the housing system continue to exist – these require urgent attention to ensure that the opportunities to benefit from OSM are realised as soon as possible. The Construction Industry Training Board highlighted:

- Limited training and qualifications that are specific to off-site construction, rather than traditional construction
- Training that is available does not typically include coverage of relevant ‘softer skills’, including behaviours and attitudes for off-site, even though these are very important for the holistic nature of off-site work
- There is a shortage of skilled tutors and assessors with relevant and sufficient knowledge of off-site to be able to deliver high-quality training
- Where relevant training and qualifications are available, most employers are not aware of them, or are unable to access them because few providers offer the courses or because they are not able to release employees to attend training
- The tutor/assessor shortage is one reason for the limited training provision on offer. However, this is also because of a tendency among employers to assume relevant training does not exist and to train in-house use instead. As a result this suggests to training providers there is limited demand.¹¹

In addition there is a need for further progress in:

- Supporting companies involved in delivering OSM to grow and generate greater economies of scale
- Training/ information-raising with staff across the housing system to better understand the place of OSM and its link with a range of disciplines within the sector
- The connections between on-site and off-site teams, particularly in ensuring assembly practices are well-honed and considered as a collaborative process

Whilst the opportunities provided through OSM are clearly considerable, it is vital that the Welsh Government moves to ensure that future housing policy includes a clear understanding of how modern methods of construction and the corresponding workforce can be appropriately skilled and supported.

b) How could Welsh Government best support local authorities and RSLs to ensure homes are built in sufficient numbers using modern methods of construction to drive down the cost of production?

The IHP supported by the Welsh Government has provided the first step towards many organisations exploring the means through which homes could be delivered more affordably, to high quality standards, reducing the overall timescale for delivery.

¹¹https://www.citb.co.uk/documents/research/offsite_construction/offsite_construction_full_report_20170410.pdf (Accessed 20/08/2018).

It is important that the momentum gained through this is maintained across the sector. There are a number of actions needed to ensure local authorities and RSLs are well placed to take full advantage of the opportunities:

- Enable organisations to procure services locally, increasing sustainability of the procurement process and enhancing the impact on the local economy
- Support companies to grow and develop expertise in modern methods of construction
- Ensure the offer of support for apprenticeships and specific qualifications are made to all trades staff
- Build a strong understanding within the housing sector of all forms of modern methods of construction, including volumetric, pods, panelised, sub-assemblies and components
- Provide longer-term funding certainty to develop the approach over a longer period – incentivising suppliers to commit sufficient resources to developing new products

In addition, as modern methods of construction are to a large extent new concepts, there's a pressing need to ensure that New Homes Warranties can be secured.

For local authorities the need for greater support is more urgent. As we have highlighted in section 5, there is a need to ensure housing departments can effectively progress their development programmes. This will require further training for staff and support to ensure modern methods of construction can be assimilated into development programmes at an early stage.

c) What other parts of the housing supply chain could be supported and improved to enable the delivery of more housing? What barriers are preventing this currently?

The future benefits realised through modern construction methods such as OSM detailed above could improve the prospect of investing less resources in retrofitting properties throughout their lifespan as energy efficiency measures improve. The Welsh Housing Quality Standard, also being considered within the broader scope of this review, reflects a positive step forward in improving the standard of older homes in Wales, a process which also had a positive impact on strengthening local supply chains. It would be unrealistic to think that large-scale retrofitting will not require further investment in the future, these provide additional opportunities to strengthen supply chains; providing a real opportunity to learn from CIH Cymru's CanDo toolkits which underpinned the learning gained through WHQS previously.

The quality offered through modern construction methods suggests these homes are unlikely to need the same level of work undertaken to prompt an overall improvement in the sustainability/affordability of homes. It is vital therefore, that as our resources continue to focus on increasing the efficiency of older homes that the benefits of reducing the need for investment in this area over the longer term for new homes is met by investment in the area of modern construction methods.

In relation to embracing modern construction methods, there is an urgent need to consider challenges around the broader construction workforce and on-going access

to materials following Brexit. EU workers are vital to the construction effort and any major loss of skilled EU-workers would be a devastating blow to the house building effort, and impact other infrastructure projects. Wales, like the rest of the UK, does not have a pool of domestic semi-skilled trade workers to fill the gaps if non-UK workers leave. Stabilising the construction workforce should be an absolute priority to ensure that construction rates can remain at current levels and the ambition of accelerating the delivery of new homes can be realised.

Added to this, somewhere between 20 per cent and 25 per cent by value of the materials used in UK construction come from abroad.¹² Free movement of goods has been very important for the construction industry in Wales. In recent years the industry has relied on imports from Europe, in particular of bricks (from Belgium and Denmark), timber (from Sweden and Estonia), glass (from Italy), and increasingly materials used in pre-fabricated buildings (from Germany and the Netherlands).

In 2015, the UK as a whole had a £4.9bn trade deficit in construction materials with the EU, and 59 per cent of all construction material imports are from EU countries. The reliance on imports has exposed the industry to increased costs as a result of the fall in the value of sterling against the Euro after the EU referendum. The Federation of Master Builders found that 70 per cent of construction companies had recorded an increase in the price of materials, with reports of up to 20 per cent increases in the price of imported timber, and nearly a 25 per cent increase in the price of imported slate.¹³ Building strong, local relationships with suppliers is vital for a future where a heavy reliance on materials from European states is reduced.

¹² <https://www.ribaj.com/intelligence/material-concerns-in-a-post-brexit-world-market-analysis> (Accessed 20/08/2018).

¹³ <https://41ydvd1cuyvlonsm03mpf21pub-wpengine.netdna-ssl.com/wp-content/uploads/2017/12/CHC-BREXIT-FINAL-with-back-page.pdf> (Accessed 20/08/2018).

7. Public sector land

The effective use and strategic planning of public sector land is one of the underpinning characteristics of a housing system that works. In Wales, we know that despite positive progress within many local authorities, land availability data, and timely input into the Local Development (LDP) planning process.

Whilst we recognise recent and current consultations seeking insights to improve the planning system, we believe the review must be minded of the challenges faced in this area. They spread across much of the scope of the review and if planning-related challenges continue to go unaddressed the review will have limited impact in its ability to effectively re-shape the delivery of affordable housing for the better.

a) What in your view is the most effective mechanism for bringing forward public sector land for house building to enable the delivery of affordable homes?

The housing sector has an increasingly innovative track record in utilising public sector land for the purpose of not just affordable housing development, but also, in partnering with other organisations providing mixed-sites offering healthcare services and community facilities.

Working through this kind of model there is ample opportunity for the organisations involved to compliment the corporate objectives of local authorities in ensuring value for money and social return on investment. Working in this way means that achieving 'best value' doesn't (and shouldn't) always equate to 'best price'. Local authorities should be encouraged to consider the opportunities provided through 'less than best value' disposals and nil value disposals looking at the opportunities to provide social housing and supported housing services. Whichever route is selected, it will remain important that land disposals are subject to consistent rules across Wales and guidance in this area for Estates Departments on an on-going basis would be advisable.

To support local authorities further in this work there are a number of tangible measures which would encourage innovative practice. Compiling a database of public sector land across departments would be valuable when highlighted alongside each sites strategic development potential. Local authorities would then be able to identify key partners, such as RSLs to develop on larger sites while the authority could focus efforts on taking sites through the pre-planning process, linking up with the appropriate departments e.g. highways.

The creation of a public sector land bank for affordable housing would support local authorities to plan the longer-term provision of affordable housing and provide a clear vision within Local Development Plans for the means of delivering against each site identified. This would allow for sites to be appraised against local market demands at the earliest opportunity. In addition this would also aid future activity around replacing older supported housing schemes on new sites to ensure that provision in this area remains fit for purpose.

b) What are the best examples, in Wales or elsewhere, of public sector land being used to deliver imaginative / innovative housing developments which transform communities?

The Welsh Government has made a number of positive steps forward in supporting the innovative use of public land. The creation of the Strategic Capital Investment Framework provided a basis through which to consider how competing demands for capital investment could be managed. This considered the readiness of schemes for development, links with the 'One Wales' plan and the impact of schemes on local economies.¹⁴

In recent times, following the pilot of the Affordable Housing Land Scheme in 2014-15, and introduction of the renamed Land for Housing Scheme from 2015-16, Welsh Government have invested £32m in the scheme to date. This will support the delivery of over 2,140 homes, of which 90% will be affordable. For example, this scheme has recently supported the delivery of thirty flats, including three which are wheelchair adapted, which have been constructed on the site of a former adult training centre in Barry provided by Newydd Housing Association.¹⁵

c) What standards for homes and communities should Welsh Government require for housing developments on public sector land?

To ensure best fit and support for the Well-being of Future Generations (Wales) Act 2015 it would seem sensible to maintain an ambitious stance around standards delivered across the housing system relating to new homes and how older properties are improved.

In relation to the use of public sector land for affordable housing however, it will be important to consider the disposal route and the respective price intervention. It would be sensible for Welsh Government to set the rules/thresholds for quality if 'less than best' consideration disposal is achieved.

¹⁴<http://www.assembly.wales/Research%20Documents/Strategic%20Capital%20Investment%20Framework%20-%20Quick%20guide-06052010-179781/qg10-0011-English.pdf> (Accessed 20/08/2018).

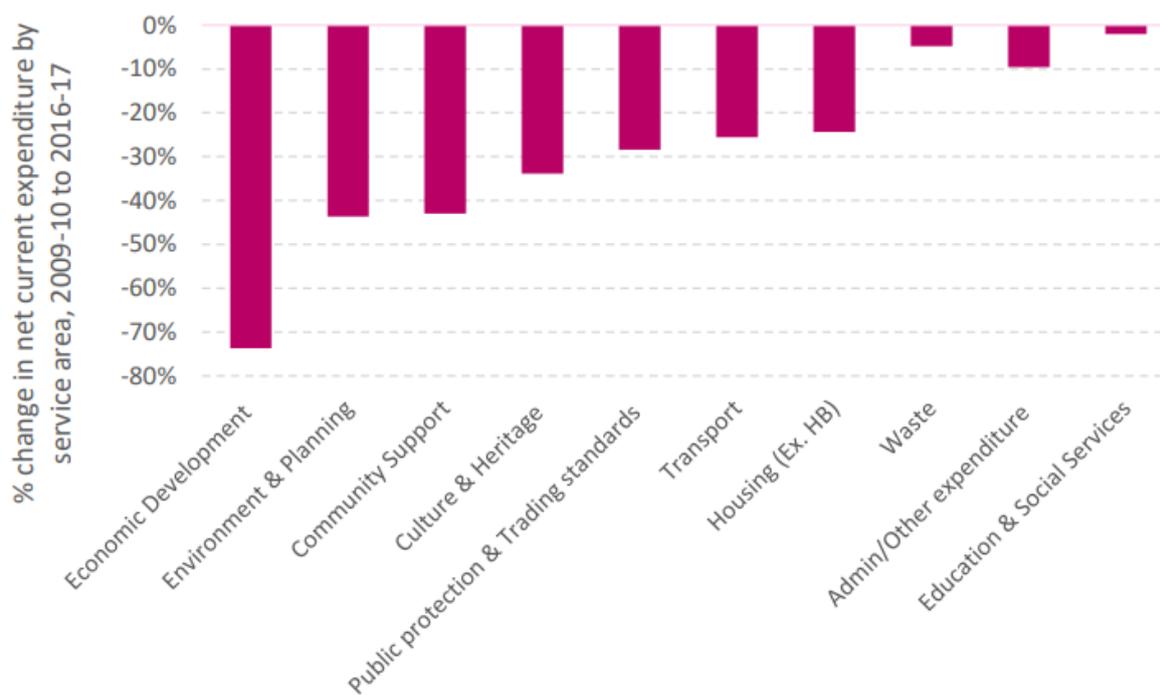
¹⁵<https://gov.wales/newsroom/housing-and-regeneration/2018/180313-first-residents-throw-open-their-doors-in-42m-land-for-housing-scheme/?lang=en> (Accessed 20/08/2018).

8. Capacity of public sector RSLs

Registered Social Landlords (RSLs) and local authorities face a wide ranging (and sometimes greatly differing) picture of challenges and constraints within the housing system which have a direct impact on the supply of affordable homes. These can range from constraints in the planning system, to accessing sufficient skills and expertise. For RSLs there has been a renewed focus on organisational governance following the Public Account Committee inquiry into the regulatory oversight of housing associations in Wales. This has in-turn included an increasing focus on financial sustainability, health and safety and tenant involvement.

a) What organisational efficiency, skills and financial capacity constraints exist within RSLs and local authorities?

As the table¹⁶ below demonstrates, for Local authorities across all services the funding picture has largely been one of decline over the last decade.



As for housing departments within local authorities, the current environment has seen a welcome return to direct house building by local authorities. Capacity constraints will certainly limit their full potential in this area and we reflect further on this in section 5.

In our survey of local authority housing professionals undertaken as part of CIH Cymru's Tyfu Tai Cymru project we found that the uncertainty around local government reorganisation was a major concern for housing professionals. We reflect on this in more detail in section 5 of our response, but in relation to capacity it is important to note that this on-going period of uncertainty has only increased

¹⁶ <http://www.walespublicservices2025.org.uk/files/2017/11/Austerity-and-Local-Government.pdf> (Accessed 09/09/2018)

concerns relating to how local services will continue to be delivered and the knock-on effect on local communities.

RSLs have increased their capacity and range of operations significantly over the last decade. The sector is now a far broader spectrum of organisations, with many RSLs having established subsidiaries (or similar) to deliver additional functions such as social lettings agencies, student accommodation and specialist nursing care. This has enhanced the ability of many social housing providers to cross-subsidise within their own business portfolios and develop more homes without the use of grant.

The skills to deliver the homes Wales needs is an on-going issue within the construction sector, as we go on to highlight, for RSLs and local authorities that skill issue is also felt in areas of higher staff turn-over and in attracting experts/specialists at board member level.

Additionally the uncertainty for organisations in terms of grant levels means greater difficulty in ensuring business plans are backed by sufficiently reliable evidence of future income. This is compounded by the impact welfare reform is having on rental income across the sector.

Looking at the longer term vision for the sector, despite positive ambitions across the wide range of social housing providers we must consider the sustainability of the housing profession as a whole. Whilst we go into more detail about the specific challenges posed to the construction industry in this respect it is important to recognise that the housing profession faces a similar crisis in increasing certainty to gain the skills and talent needed in the decades to come.

b) How can Welsh Government help to address capacity constraints?

Our members continue to highlight concerns regarding the link between housing and national infrastructure. Whilst social housing providers can work to bring forward and deliver new developments, the impact of new homes can be hampered or enhanced through their links to infrastructure. By this we mean links to healthcare services, public transportation and community services.

“Skills are lost due to staff cuts. Infrastructure is expensive and should be grant aided to make development stack up.”

CIH Cymru member

There is a need for greater leadership from the Welsh Government in ensuring that the delivery of large-scale infrastructure projects considers housing as a key element. This would ensure that investment in large-scale projects provides the intended direct impact, but is complemented by the availability of high quality, affordable homes which support local employment, prosperity and wellbeing.

Linked to this, land availability and the relating data is an on-going challenge for organisations as they seek to plan strategically and increase capacity. Local Development Plans will only remain fit for purpose if the data is available to support their formation in a timely fashion. We know that in recent years LDPs have been impacted considerably by the lack of information on land availability:

- The 2017 Studies show that as at 1 April 2017, 19 out of the twenty-five local planning authorities were unable to demonstrate a five-year housing land supply.
- This is the same position as at 1 April 2016 when 19 local planning authorities were also unable to demonstrate a five-year housing land supply. 16 of these authorities remain without a five-year supply in 2017.
- Fourteen local planning authorities have had less than five years housing land supply for three or more consecutive years.
- Seven local planning authorities were unable to undertake a JHLAS as they did not have either an adopted LDP or an adopted Unitary Development Plan which was still within its plan period at 1 April 2017. However, three of these authorities (Anglesey / Gwynedd and Vale of Glamorgan) adopted their LDPs during 2017 and their housing land supply figures are therefore based on their LDPs. The other four authorities are considered to have zero years housing land supply (Flintshire, Wrexham, Powys and Swansea).¹⁷

We do not believe this situation is sustainable and threatens the delivery of more affordable homes. We have elaborated on additional issues with the planning system in section 5 of our response.

c) What measures can the sector take, including partnerships and collaborative working models to share skills and combine resources in pursuit of increased supply?

A common theme throughout our response is the need to promote and encourage further partnership working and collaboration. Not only within and between social housing providers (and those providing housing-related support services) but across public services and with private organisations where there are clear benefits to be realised.

Greater collaboration could be supported by ensuring elected housing experts/representatives were present across bodies tasked with increasing regional collaboration. Areas such as Public Service Boards and Regional Partnership Boards. Despite progress with the latter, more work is needed to ensure consistency in the approach across these bodies to developing, supporting and progressing joint project/initiatives. We have referred to this further in section 9 of our response.

d) What other barriers, such as regulatory, infrastructure, services, if any, exist which impact on the capacity of these organisations to deliver more affordable homes at pace?

It is important that this questions is understood within the context of ‘meeting needs’. We refer to this in more detail in section 1, but feel the points below are important to consider specifically in relation to capacity. Whilst the supply of affordable homes at pace is absolutely vital and will remain so in the years and decades to come, ensuring tenancies can be sustained within these homes is clearly a priority in

¹⁷ <http://gov.wales/docs/desh/publications/180131housing-land-availability-wales-summary-2017-en.pdf>
(Accessed 09/09/2018).

supporting individuals/families to thrive but also as a clear business case in ensuring revenue streams are sustainable. In this sense, an affordable home must be seen as the starting point for housing organisations who work in parts of Wales where a high level of need for on-going housing-related support exists.

Looking at the construction industry in Wales there is relatively low productivity, with falling output per person (at a UK level) over the last few decades. The reasons for the decline include lower skill levels, lack of investment in new techniques, methods and materials, and a reluctance to innovate.¹⁸ As we have highlighted in section 6 of our response, the impact of Brexit could exacerbate these issues further.

The construction workforce faces similar challenges to those of health and social care in that increasingly an ageing workforce is causing real concerns regarding the future sustainability of skills/capacity at current levels. A report by Aviva found that SMEs are currently much less likely to see the benefits of taking steps to retain their older workers, only 14% of SMEs in the UK had plans in place should their employees retire later than expected – compared to 42% of large businesses.¹⁹ This seems particularly concerning at a time where SMEs may be one of the ways through which the procurements process for materials and skills could be significantly improved.

The Construction Industry Training Board in Wales in its “Forecasting Wales’ Future Construction Skills” report highlighted that construction accounts for around 7% of the Welsh workforce, the construction workforce profile largely mirrors the age profile of all industries in Wales - there is an ageing workforce (17% of the Welsh construction workforce is aged 55+, similar to all industries 20%).²⁰

The Construction Information, Advice and Guidance (CIAG) research carried out by CITB on an annual basis investigates young people’s opinions of the construction industry as a potential career choice and highlights the extent of the problem. Although improving, the average score for the attractiveness of the construction industry amongst young people is just 4.2 out of 10.²¹

It is important that going forward, the Welsh Government considered developing workforce strategies to future-proof the skills available to serve delivery across the housing system.

¹⁸ <https://41ydvd1cuyvlonsm03mpf21pub-wpengine.netdna-ssl.com/wp-content/uploads/2017/12/CHC-BREXIT-FINAL-with-back-page.pdf> (Accessed 09/09/2018).

¹⁹ <http://welshbusinessnews.co.uk/hr/why-welsh-smes-need-to-harness-their-ageing-workforce/> (Accessed 09/09/2018).

²⁰ https://www.citb.co.uk/global/research/forecasting_wales_future_construction_skills_final_dec2017.pdf (Accessed 09/09/2018).

²¹ https://www.citb.co.uk/global/research/forecasting_wales_future_construction_skills_final_dec2017.pdf (Accessed 09/09/2018).

e) What are the best examples of collaboration being used to collectively deliver affordable housing schemes?

As CIH Cymru we convene the Welsh Housing Awards annually which includes categories aimed at highlighting the very best projects involving a range of partners from within and external to the housing sector. Below we have listed a short summary of some of the projects that have been shortlisted in recent years but we would encourage the panel to view the wide range of excellent case studies, backed by clear evidence available to view in each of the Good Practice Compendium's produced by CIH Cymru on an annual basis. These are available to view [here](#).

The Mill

Lovell with Tirion and Cadwyn Housing Association

Community, education, employment and sustainability are the four cornerstones of Lovell's commitment to sustainable community benefits. Along with partners Tirion and Cadwyn, Lovell are developing one of Wales' largest ever urban regeneration programmes at The Mill, Canton with 800 new homes. The development is addressing the need for affordable housing as half of the homes will be for discounted rent and social rent managed by Cadwyn for the Tirion Group, whilst the remaining homes be available for the open market sale through Lovell.

Lovell has set-up 'The Mill Employment and Training Group' with representatives from The Prince's Trust, Tirion Group, Cadwyn Housing, Communities First, Careers Wales, Cardiff & Vale College, CITB, Construction Trust, Y Prentis Scheme, Ex Forces Career and Transition Partnership. This group provides a co-ordinated approach to delivering the employment and skills plan and ensures the right interventions are delivered at the right time.

- Providing 58 weeks of work experience.
- Ensuring 61% of the total spend equating to £886,516.33 has been secured with Welsh companies.
- Visiting 7 schools within a 2 miles radius to The Mill site.
- Talking to over 500 local school children.

Wenallt Uchaf,

Dolgellau Cartrefi Cymunedol Gwynedd

Situated high up in the valley, overlooking the beautiful town of Dolgellau in rural Gwynedd, Wenallt Uchaf is a truly breath taking affordable social housing development. Built by Cartrefi Cymunedol Gwynedd (CCG) the largest housing association in north Wales, the twelve houses which are a mixture of two and three bedroom homes, were completed in April 2017. Across Gwynedd there is great demand for two bedroom houses following the introduction of bedroom tax, and at the time of the build there were 42 families in Dolgellau classed as under occupying.

Throughout the scheme, CCG worked alongside Snowdonia National Park Authority (SNPA) to ensure their shared objective, to provide affordable housing to those in need, was achieved. The homes have a section 106 to ensure they will always be provided to local residents for affordable rent. Although the development is within the development boundary it was decided to go for 100% affordability rather than the 50% (which is requested by the planning authority).

- 7 apprentices and 1 trainee supported on scheme including 1 electrician, 1 plumber, 4 plasterers, 1 bricklayer and a trainee joiner
- 45 training weeks generated as part of contract
- Contract supported 61% Gwynedd based labour, 86% north Wales based labour
- On average 88% of sub-contractor expenditure stayed within Wales (61% within Gwynedd)
- Work experience placements for three individual jobseekers (two weeks each) from Job Centre Plus
- Cooperated with a local college to offer site visits to construction students and offered two work experience placements to two female plasterers under 'Creative Solutions' scheme.
- Installation of new kitchen at nearby Llanbedr Community Hall

Loftus Garden Village

Lovell with Pobl Group and Newport Council

Loftus Garden Village is an exceptional scheme delivering 250 new homes which fully blends social, intermediate/market rent, homes for sale and shared ownership. Built on the former Pirelli Cable Factory site this is a pioneering venture between Pobl Group, Newport Council, Welsh Government and Lovell.

The team had to overcome long held local resistance around street connection to the new homes, and were passionate with their desire to achieve a legible housing layout that would benefit the entire community. They achieved this through extensive and carefully considered consultation with the local community and design considerations.

The story of Ruby Loftus (the scheme's namesake) has also been commemorated through a series of community projects, including large-scale murals created by Coleg Gwent's art students for the construction site's hoardings. Other community activities have included talks in schools, starting gardening clubs, creating safety slow down signs and working with local further education colleagues.

Outcomes from the development included:

- Delivering all affordable homes without SHG.
- Achieving 18 apprentice completions, equating to over 800 apprentice weeks.
- Employing 4 people on the project who were previously unemployed.
- Providing 31 work placements from Coleg Gwent in the following trades – carpentry, plumbing, brickwork and electrical
- Providing 4 people from job centre plus with construction experience in groundworks

9. Use of existing powers

In recent years and particularly in the previous Assembly term there has been a considerable amount of housing-related legislation in Wales. The Housing (Wales) Act 2014 and the Renting Homes (Wales) Act 2016 has changed the face of how housing and housing services are delivered in Wales respectively.

In areas such as homelessness, Wales has carved-out a positive approach in legislation in working with people at the earliest opportunity with prevention underpinning how services are delivered. The impact of this approach has ameliorated the situation for some individuals and families; we are concerned that demand for homelessness services in Wales continues to rise. There is still considerable work to do in this area and others areas of housing legislation, the Welsh Government should look to continue to ensure Wales is characterised by a progressive approach to affordable housing provision.

a) How do we maximise the use of existing legal powers (of Local Authority, RSLs, Welsh Government / Welsh Ministers etc) to deliver affordable housing?

Recognising the importance of everyone having a decent home and the impact this has on all other areas of their lives (including their ability to access employment, education and improved health) we strongly believe that the Welsh Government should support the exploration of a rights-based approach to providing homes. Whilst this would signify a seismic shift in the way the housing system works both now and in the future, the impact on reducing homelessness, prioritising housing within the government's portfolio (as well as locally) and providing the best outcomes for people would be considerable. There may be opportunities to explore how statutory duties in relation to housing could help realise this in reality.

Whilst Wales would need to carve out its own approach international practice suggests that in principle this kind of measure is achievable. The Constitution of the Republic of South Africa, 1996, states that everyone has the right to have "access to adequate housing". This means it is the government's duty to take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right. Canada has recently developed a National Housing Strategy which commits to approaching housing as a human right, backed by financial support for housing interventions over the next decade.²² Our belief is that introducing this measure would support the progress made in the Wellbeing and Social Services Act (2014) and the Wellbeing of Future Generations Act (2015) in placing Wales on the global stage as a leading light for progressive legislation and action for current and future generations.

²² <https://www.citylab.com/equity/2017/12/canada-declares-housing-as-a-human-right/547319/> (Accessed 11/07/18)

One aspect of housing policy causing concern across the UK is the 'right to rent' policy. We have mounting that this flawed policy, if introduced in Wales could increase inequality. Most recently, we provided evidence to the Equality, Local Government and Communities Committee at the Welsh Assembly where we highlighted that unless prospective tenants have deliberately misrepresented their circumstances they should not be left substantially out of pocket. Also given the lack of understanding around the scheme there is considerable danger that right to rent decisions may be incorrect.

More broadly, independent research of the scheme in England²³ found that:

- It has led to a rise in discriminatory letting practices. 51 per cent of landlords say they are now less likely to rent to a non-EU national, while 42 per cent are less likely to rent to anyone without a British passport
- It (the scheme) is not widely understood by landlords. 27 per cent of landlords are either unaware of the scheme or don't feel like they understand their obligations
- Levels of enforcement are low. Only 654 individuals have come to the Home Office's attention as a result of the scheme, and only 31 of these have since been removed from the country.

The 'right to rent' scheme is currently the subject of a judicial review, we do however believe there are tangible steps the Welsh Government could take at present:

- Ensure landlords cannot retain holding deposits as a result of 'right to rent' checks
- Re-consider the inclusion of the 'right to rent' check within the legislation. We feel, considering the evidence, that the policy is discriminatory and therefore it should not be included
- Call on the UK government to urgently undertake additional evidence gathering and evaluation exercises to meet the concerns posed by the independent research

b) Are there areas where you believe they are not being used to full effect, and what would be your suggestions?

There are additional opportunities to use the powers afforded through the planning system, particularly in relation to the community infrastructure levy, compulsory purchases by local authorities and increasing the contributions to affordable housing made through Section 106 agreements. We also recognise that the Minister for Housing and Regeneration has indicated that plans are being developed to explore how transfer of Housing Revenue Account (HRA) borrowing capacity between councils could see unused HRA capacity moved from local authorities with no intention to build, to those which have reached their debt cap but want to build more homes.

²³ <http://www.jcwi.org.uk/news-and-policy/passport-please> (Accessed 11/07/18)

Progress made towards introducing a Land Transaction Tax in Wales is a measure we fully support. Ensuring land is utilised in a timely manner is vital in ensuring homes are delivered at pace. Whilst there should be reasonable exemptions in relations where reasonable delays occur in the development process, we believe this measure is a positive opportunity to utilise Wales' tax-making powers.

The Well-being of Future Generations (Wales) Act 2015 continues to play an important part in developing an approach across public services underpinned by measures which reflect how Wales can become fairer, sustainable and more prosperous. We are concerned however that the difference in local wellbeing plans, with some mentioning the role of housing whilst others do not, paves the way for potentially increasing inequality and moving away from a consistent national approach. Linked to this, the Public Service Boards (PSBs) established to implement these plans only have specific housing representation on 9 out of 17 boards. We believe housing expertise should be a consistent presence across all PSBs in Wales.

c) Should more be done to ensure existing empty homes are brought back into use to increase affordable housing supply?

At events held with housing experts across Wales in September 2018, a recurrent theme was their concern about the number of empty homes in their regions. Housing Professionals who work in rural areas reported a high demand for housing with only a very limited amount of suitable properties. We were told that new housing developments offer an opportunity to provide homes, there is a frustration about empty properties in desirable locations with good links to local infrastructure which could be used to meet immediate housing demand.

There are already a number of means at the disposal of local authorities to bring empty homes back into use. These include:

- Partnership working with RSL and use of social housing grant
- Council tax increases to empty properties and opportunities for VAT relief for empty homes receiving renovation
- Local authorities acting as a broker, putting homeowners in contact with organisations/individuals interested in bringing homes back into use
- Use of enforcement powers by local authorities through the Empty Dwelling Management Order (EDMO)

“Tackle empty homes, look at flats above shops and think more creatively about bringing life back into our high streets by creating residential accommodation in unwanted retail units. Find sustainable and preventative solutions to tackling homelessness and rough sleeping.”

CIH Cymru member

In addition the Welsh Government provided further financial support in the form of recyclable loans made available through the Houses into Homes scheme. These loans were made available for homeowners to bring long-term empty building back

into use for rent or for sale. The picture of empty homes in Wales is still a cause for real concern with around 23,000 properties remaining empty across Wales.²⁴

Whilst the availability of funding is welcome, RSLs could be further utilised as a partner in bringing building back into use, possessing the expertise and capacity to do so. In addition, social lettings agencies could also provide useful expertise in working directly with homeowners to identify the level of renovation required to bring a home (or homes) to the standards required for renting.

²⁴ <https://www.bbc.co.uk/news/uk-wales-42174793>

10. Leveraging the investment potential in stock transfer and LA organisations

Large Scale Voluntary Transfer (LSVT) organisations have grown to play a crucial role as social housing providers managing large amounts of housing, often comprising of older homes requiring on-going maintenance and improvement work. With continuously improving compliance against the Welsh Housing Quality Standard, at around 86 per cent of homes, now is the time to consider how the Welsh Government in partnership with the sector can continue this momentum and ensuring housing stock continues to be fit for purpose.

During the years since stock transfer LSVTs have shown that they are capable of much more over and above managing and maintaining properties. The sector now benefits from LSVTs that have pioneered new private finance initiatives, re-invested in local community infrastructure, and developed a strong offer for communities through training, employment and skills initiatives.

The funding provided through the Dowry and Major Repairs Allowance (MRA) is crucial to the ability of LSVTs and local authorities in improving the wellbeing of communities in addition to the overall standard of homes.

a) What is Major Repairs Allowance and Dowry delivering currently in terms of output and value for money?

Considering the nature of the land and housing transferred to LSVTs at the time of transfer, considerable work, expenditure and resources has been needed to ensure homes become of a better quality and communities see the tangible benefits of stock transfer. It should be recognised that LSVTs are committed to undertaking a number of activities as a result of the agreements which underpin stock transfer. This often includes the provision of basic aids and adaptations, grounds maintenance and other assets, such as community centres.

The older nature of the homes has often resulted in the need to monitor and treat damp issues, and in some instances, where buildings are of a poor condition, consider demolition and re-modelling estates. This work and investment has improved the standard of homes, resulting in increases in affordability for both the LSVTs and tenants alike. This has enhanced the ability of many LSVTs to develop new affordable homes within their own communities.

The programme of improvement through WHQS has provided excellent value for money by increasing employment and training opportunities locally, in addition to strengthening local supply chains to realise the economic benefits within Wales.

CIH Cymru established the i2i project to support Local Authorities and RSLs to achieve WHQS and maximise the opportunities for local community regeneration. The project has helped the sector secure around £2billion of additional investment in social housing and its Can Do Toolkits are now widely used by housing and regeneration organisations.

Reporting at the end of the project found that:

- 5,130 job and training opportunities were created by using the Can Do principles
- i2i provided advise and support to over 50 organisations
- At least 86 per cent of contractors used to carry out work were based in Wales

b) What can Welsh Government do to encourage / incentivise changes to the existing arrangements in relation to Major Repairs Allowance and Dowry?

Our members operating in organisations who receive either the MRA or Dowry report that certainty over the funding is crucial going forward. Particularly for LSVTs seeking to develop new homes and further enhance their development potential. Certainty on the Dowry and MRA, underpinned by grant are all vital elements to support long term business planning.

c) What, if any, are the barriers to reforming the current arrangements for Major Repairs Allowance and Dowry?

As LSVTs and local authorities continue to progress their business plans, any uncertainty around funding is unhelpful and could undermine both the delivery of new homes and high quality housing services. This uncertainty compromises the business planning work which has already taken place, but also could be a factor for lenders as they consider the stability of revenue streams underpinning the organisation's borrowing potential. Any major change to the Dowry that does not provide certainty could place existing business models in danger of collapse.

The historical pattern of stock transfer is also important, particularly with some LSVTs having transferred stock at different points. The impact of reforming the Dowry funding would be detrimental to continuing progress. Reform, if taken forward should be delivered by removing the two year funding cycle in favour of a more long-term, stable approach.

d) Social landlords are on track to achieve WHQS by 2020. What requirements should be in place to ensure the quality of the existing stock is maintained post 2020?

The Welsh Housing Quality Standard has been a crucial component in increasing the quality of older homes and improving the perception of social housing in Wales. Whilst achievement of WHQS is where the focus of the target is, this is not where the commitment ends. Once organisations achieve WHQS the on-going maintenance of

“WHQS focussed on elements of the stock the lack of investment over decades has left the sector with stock that is high cost to tackle internal render plaster / black mortar/ doors / skirting and architrave. Externally paths and boundaries / fencing / outhouses etc. Maintaining these units comes with a high cost and removal of Dowry will result in LSVTs being forced to consider reducing services to bridge the finding gap and delays in investing in homes.”

CIH Cymru member

existing stock, as well as the commitments we've highlighted earlier in this section continue to exist and the draw on resource should not be underestimated.

Whilst LSVTs and local authorities demonstrate a clear commitment to maintaining stock as well as building new homes, this must be supported by government finance and grant on a clear, on-going basis.

IN FOCUS

Regenerating Rowan Place - Caerphilly County Borough Council with Communities First, Gwent Police, Aneurin Bevan Health Board, Safer Caerphilly Partnership, Gwent Substance Misuse Area Planning Board

Whilst carrying out surveys of the homes, as part of the council's Welsh Housing Quality Standard programme, severe damp issues were identified along with external defects to the fabric of many properties. Rather than simply undertake a home improvement programme in Rowan Place, the council's housing division saw this an opportunity for much wider regeneration of the area. It recognised that collaboration with partner agencies was key if the £4.2 million investment being made into Rowan Place was to be maximised to deliver wider benefits for the local community.

During the planning stages of the programme, the housing division identified a number of partners who would be pivotal to helping tackle the issues in Rowan Place. Key partners included Communities First, Aneurin Bevan Health Board and Gwent Police. An additional £1 million of funding was secured to enhance the project through Welsh Government's Vibrant and Viable Places Tackling Poverty Fund. Part of the funding was used to refurbish the Hafod Deg Resource Centre on Rhymney High Street.

This facility has been transformed into a fully functioning multi-agency facility, providing a broad range of provision and support services to meet the needs of the community in Rhymney. The facility provides a variety of important local services including Citizens Advice, training and employment support, community food growing projects and more.

The impact upon residents through this collaboration has been significant, with large numbers accessing treatment and support via Hafod Deg, many of whom would previously not have engaged. At the same time, residents in Rowan Place have received extensive refurbishments to their homes making them warmer and water tight as well as improving the aesthetics considerably. Environmental improvements will help raise the area further and encourage new tenants into the currently void properties. The improvements are also being used to engage residents and raise the community's aspirations.