

LOCAL GOVERNMENT & HOUSING COMMITTEE

WEDNESDAY 12 FEBRUARY 2003

PRESENTATION BY HOUSING FORUM CYMRU

HOW HOUSING CAN CONTRIBUTE TO ECONOMIC REGENERATION

1. Introduction	Keith Edwards – CIH
2. The impact of housing on the economy	Carol Kay – TPAS Cymru
3. Making it work in practice	Peter Cahill – Cardiff Community HA
4. Key issues	Howard John – WFHA
5. Conclusion	Keith Edwards – CIH



HOUSING CAN MAKE A **BIG** IMPACT ON THE WELSH ECONOMY

The **BIG** Picture

The Welsh Economy context

Underperforming relative to the UK for many decades – falling relative incomes per head; 2/3 of Wales qualifies for EU Objective One status

Housing Context

Poor stock condition

- 35% of all dwellings built pre 1919 (20% in the UK)
- Highest UK level of dwellings unfit for habitation – 8.5% in poor conditions compared to 7.5% in England

A High Repair Bill

- Estimated repair bill approaching £2 billion

Reducing Share of Investment

- Housing investment in Wales set to increase by 10% to 2006 compared to a total budget increase of double that. However, if changes in HRA subsidy are taken into account, housing expenditure is set to decline by 7% over the next 4 years

What makes up HOUSING in economic terms?

It's not just the people who work in housing – we need to take account of all the people who work in services which provide those services to the housing sector.

So it's housing professionals plus housing related construction and housing related financial services

What size is HOUSING?

People working specifically in HOUSING

ie WAG, Local authorities and Housing Associations 6 000

People working in CONSTRUCTION

Overall employed in Construction = 57 000

Employed in **housing related Construction** estimated at 26 000 to 34 000

People working in FINANCE

Overall employed in Finance sector = 40 000

Employed in **housing related Finance** estimated at 16 000 to 17 000

How significant are these employment numbers in the context of the Welsh economy as a whole?

Total people working in housing comprise **4.5% of Welsh employment** (including self employment)

50% more people work in housing than work in the automotive and electronics sectors in Wales

Three times more people work in housing than are in agricultural employment

Average Weekly earnings in both the construction and finance sectors are above average Welsh weekly earnings. This means that an increase in employment in these sectors would have the effect of pushing up the Welsh average to closer to the UK average

Jobs in the construction and finance sectors create jobs in the wider Wales economy.
Each new construction sector job is estimated to support a further 0.41 full time equivalent jobs and each new finance sector job will indirectly support a further 0.61 full time equivalent jobs

These multiplier effects are at least as good as industries which have traditionally received much more attention such as agriculture, electronic engineering, and automotive and transport engineering

The housing and housing related sector can play a key role in developing the economy

We would argue strongly that economic development policy should be strongly focussing on housing. Economic development is a high priority for the Assembly and much of the Assembly budget is targeted at just that.

- Through new house building – a need for 6 700 new homes per year has been identified
- Through meeting the challenge of improving the Welsh Housing Stock

In Wales, we have an important housing and housing related sector and a housing stock in urgent need of upgrading. This creates an important opportunity for "joined up" government, in combination with the construction, finance and related sectors to improve housing and promote economic development and opportunity in Wales.

We must make the most of this opportunity.

(Information from Housing, Financial Services and the Welsh Economy: University of Glamorgan and Cardiff Business School, CML funded research, December 2002)

Presentation to LGHC 12/02/03: bullet points

- Our case is predicated on the work already done by the Assembly in recognising the potential of housing as a factor in economic development. "Better Homes" exemplified

Assembly ambitions to practise joined-up thinking and "Winning Wales" acknowledged the role of housing in building stronger communities.

- We also recognise that a significant number of housing-based community regeneration projects have been established under the aegis of Communities First and the ESF programmes, for instance. Indeed, we are suggesting that this experience has demonstrated the value of housing agencies engaging with the economic development agenda as part of their ongoing commitment to community regeneration, triggering this review by HFC of the potential for future activities.
- Key areas for development include:
 - **construction skills development:** building on the example of CCHA/YBT and the current pilots in Swansea and Cardiff and anticipating future demands in each local authority area whether or not they follow the stock transfer route
 - **estate and housing management skills development:** building in the Housing Directorate capacity building objectives arising from the Community Housing Mutual model and Tenants on Board agenda
 - **community business development:** working with the WDA and its new community business agenda to promote a range of profit and non-profit enterprises as part of the Entrepreneurship Action and other Assembly programmes
 - **community learning :** targeting tenants and tenant groups to deliver ELWa programmes

Examples can be identified in Wales and England that demonstrate innovative use of housing resources, usually in partnership with local authorities, to deliver community regeneration objectives.

- Although such examples highlight the capacity of the sector to deliver, such activities have been largely *ad hoc* and opportunistic. We recognise that it is timely to develop a more coherent approach across the sector. We would like to promote community regeneration activities by independent and statutory housing agencies and recognise that this can best be developed in partnership with the key ASPBs involved. Regional and local initiatives have demonstrated that such partnership can be successful but we have not actively engaged with ASPBs at a national level. Hence this presentation – to explore ways in which the LGHC can, if it accepts our case, promote greater recognition of the contribution of housing to the broader economic development objectives of the Assembly.



Presentation to WAG Local Government and Housing Committee

12th February, 2003

1. INTRODUCTION

There is an increasing recognition that investment in housing can only be partially successful unless combined with community development/capacity building and, critically, ensuring local residents benefit from investment by engagement in the economy in terms of skills training leading to employment.

These areas will be reviewed:

- CCHA's experience of engaging young people in construction skills training and securing jobs
- Brief mention of other innovative approaches to 'disengaged' groups and involvement in jobs, capacity building and skills development where housing plays a pivotal role.

- Highlight the opportunities that arise from the transfer of housing stock from Bridgend County Borough Council (BCBC) to Valley to Coast Housing (V2C) to develop a coherent model for action that ‘locks’ investment benefits into the local economy.

2. ENGAGING YOUNG PEOPLE IN CONSTRUCTION SKILLS TRAINING AND SECURING JOBS

CCHA’s experience can be portrayed in terms of three phases:

- Phase 1 – this involved ten young people (16-25 years) on one construction site where the contractor provided skills training in addition to college day release in order that trainees could attain NVQ Levels 1 and 2. Mentoring and support to ensure successful completion of the training was provided by Cardiff YMCA. Other key partners included the Young Builders Trust (YBT) and Job Centre Plus. The revenue funding package was complex albeit positive outcomes were achieved with all trainees securing full time jobs in construction and related sectors as well as good quality housing.
- Phase II – eighteen trainees with similar age profile spread over a number of construction sites. In this instance access to sites provided by CCHA as well as Cadwyn and Taff housing associations. CCHA attracted substantial European Social Fund (Objective 3) support for the revenue costs. Again key partners included YBT, Cardiff YMCA as well as private sector support via Business in Partnership. Again focus on attaining NVQ Levels 1 and 2 full time employment and housing if required. The project is in its early stages but already one of the trainees has obtained full time employment.
- Phase III – the model applied in Phases I and II has attracted attention from the Princes’ Trust (PT) who see it as complimentary to their volunteering programme. A more ambitious training regime with up to 18 months on site for trainees who graduate from the 12 week induction programme. Two ‘pilots’ are being worked up in Cardiff and Swansea. Multiple sites will be available with potential involvement from a private sector housing builder. CCHA will act as the lead site agent in Cardiff and Swansea Housing Association (SHA) in Swansea. Key partners will also include CITB, Job Centre Plus, ELWA and Local Authorities. The training programme will be geared towards the ‘modern apprenticeship’ model with main and sub-contractors taking on trainees to complete their apprenticeships across all trades. With the PT acting as the key co-ordinating body there is an opportunity to secure funding simplicity and avoid agencies navigating a sea of funding sources all with different assessment criteria and accountability requirements. Selection of trainees will be targeted at hard to reach and engage young people from Community First areas or estates. The two pilots are subject to a funding application currently with the Welsh Assembly Government (WAG). If the pilots are successful, the model can be rolled out in all other unitary authority areas in Wales.

3. OTHER APPROACHES

A brief overview of the:

- Mount Project in Pembrokeshire where a tenants' group with local authority support have provided residents with opportunities to develop construction related skills on repairing/ redecorating void properties ready for reletting with evidence of access to jobs and modern apprenticeships
- Gateway Project in Swansea where Gwalia HA has facilitated the engagement of young people on estate improvements and life skills training.

Keith Edwards will also expand on a range of other initiatives in Swansea promoted and supported by the local authority.

4. COHERENT MODEL FOR ACTION – THE POTENTIAL OF STOCK TRANSFER AND ACHIEVING THE WELSH HOUSING QUALITY STANDARD (WHQS)

V2C will be securing substantial levels of private sector finance in order that the housing transferred from BCBC achieves WHQS by 2012. Clearly not simply a housing solution albeit raising standards is critical to residents quality of life and self-esteem. There is also a massive challenge to regenerate and re-engage socially excluded and disadvantaged communities. Ensuring as much investment as possible stays within existing communities will be key to unlocking the potential in those communities.

A range of initiatives will be required including:

- local labour schemes and ensuring procurement rules don't undermine positive outcomes
- applying the PT/CCHA/SHA model to engage your people in construction;
- promote and support modern apprenticeships in the Direct Labour Organisation (DLO) being transferred to V2C with the housing stock;
- using investment as a lever to ensure co-ordinated action by key strategic agencies including the local authority, WDA, WAG and ELWA;
- capacity building projects;
- development of community enterprises;

- supply chain/sub contractor arrangements in recognition of local capacity in the continuation industry to ensure benefits of investment stay within the Borough ;
- link to Local Authorities Community Plan and the social/economic and environmental well being agenda particularly where the focus is on designated Community First areas;
- estate improvement/community safety schemes with devolved budgets to tenants and residents groups.

The Assembly have already recognised the potential of the Bridgend transfer to V2C and are developing a number of projects to assist. V2C must ensure its level of investment facilitates a co-ordinated approach that recognises the potential of the relationship between housing, neighbourhood regeneration and the economy.

Peter J Cahill

CHIEF EXECUTIVE FEBRUARY 2003