

Senedd Cross Party Group on Housing

11 July 2022

Attendees

Name	Organisation
Mabon ap Gwynfor	Senedd Cymru
Carolyn Thomas	Senedd Cymru
Joshua Ryan-Collins	Institute for Innovation and Public Purpose
Jennie Bibbings	Shelter Cymru
Dewi John	Shelter Cymru
Matthew Palmer	Shelter Cymru
Wendy Dearden	Shelter Cymru
Bonnie Williams	Housing Justice Cymru
Katie Dalton	Cymorth Cymru
Mandy Powell	Cymorth Cymru
Bill Rowlands	EYHC
David Rowlands	Tai Pawb
Donna Oldfield	Gypsies and Travellers Wales
Shayne Cook	Caerphilly Council
Thomas Hollick	The Wallich
Mark Harris	House Builders' Federation
Hugh Kocan	Bevan Foundation
Andrea Lewis	Swansea Council
Linda Evans	Carmarthenshire Council
Robert Smith	CaCHE
Matthew Vaux	Ceredigion Council
Sally Meyrick	Monmouthshire Council
Tim Crahart	Houseshare Wales
Steve Porter	Swansea Council
Carol McKinlay	RNIB
Louisa Devonish	Gypsies and Travellers Wales
Mark Bodger	CITB
Matthew Dicks	Chartered Institute for Housing Cymru
Jasmine Harris	Crisis
Helen Brown	Flintshire Council
Sara Burch	Monmouthshire Council
Casey Edwards	Cwmpas
Ryland Doyle	Senedd Cymru
John Morgan	Blaenau Gwent

Apologies

Name	Organisation
Ruth Power	Shelter Cymru

Agenda Item	Notes
Chair's Welcome	<p>Mabon ap Gwynfor welcomes attendees to the meeting and outlines the agenda for the session. He apologises for missing the previous meeting and thanks Delyth Jewell for taking over the last session.</p> <p>Mabon hands over to Josh Ryan-Collins to present the first item.</p>

Rethinking Housing
Affordability

Josh Ryan-Collins opens, discussing why we need to rethink the economics behind housing and land. He explains that house prices have been raising year-on-year despite a financial crash. He outlines that Wales is the fastest growing nation in the UK, with Carmarthenshire, Ceredigion, Merthyr Tydfil and Monmouthshire being the fastest growing regions.

Josh starts to explain what we can do about rising house prices. He points that house prices internationally in high-income economies has risen by 5.4% on average since the pandemic began.

He says that there is a “common ground” between politicians on the right and the left, who both say that there needs to more done on the supply side. Whether they believe that can be achieved through the liberalisation of the planning system or build social housing. He points to Spain and Ireland as a counter argument to these claims, who built three times as many homes as the average and still had a housing bubble that popped. He also pointed that if we expanded stock by 20% over 20 years this would only bring prices down between 20-40% when house prices would still increasing during this period. Through highlighting this he argued that the issue is not on the supply side.

Josh argues there are two main forms of demand on the system;

1. Consumption (Place to live)
2. Financial assets and store of value

He also points that as incomes of households rise the more they spend more on housing, unlike other commodities, because housing doesn't lose its value and people are willing to pay more for access to green spaces, the beach and to be close to the “good” schools.

Josh goes on to explain that housing as a financial asset is a stable investment and it's the reason why banks use it as collateral to support capital investment in a positive feedback cycle, which increases rent extraction and investment, whilst pushing up prices and capturing land rents. He also argues that since the deregulation of the financial system in the 1980s there has been more mortgage debt, which has led to a flood into property and increased prices.

He also points to other policies, which have enabled prices to rise:

- No capital gains tax on primary residence
- Council tax hasn't been revalued since 1991 in England and 2003 in Wales
- No Imputed rent tax (abolished in 1963)
- Various first-time buyer subsidies including for mortgage debt
- Tax relief including mortgage interest relief on second homes and “business” expenses

Josh highlights international examples of South Korea and Germany as countries that have managed to capture land rents and keep prices low either through using public transport infrastructure to create better infrastructure links to raise value or through the use of public land corporations.

Josh argues that we have a few tools at our disposal to tackle the issue:

- Rent regulation (link local rents to local average wages)
- Higher taxes on second homes
- Don't sell off publicly owned land

- Planning reform to encourage non-market development

Mabon ap Gwynfor opens the floors to questions and highlights that the slides will be sent out with the minutes.

Matthew Dicks asks what we could do to bring the tax route forward and how we bring the public along.

Josh argues that there needs to be a gradual re-linking of house prices to income growth and acknowledges that is difficult for the Senedd to tackle this issue with limited powers. He argues that housing is a human right and that everyone should have access to a basic provision and if you want more you should pay for it.

Thomas Hollick asks if there is a way of getting more one-bedroom properties in steering the use of land to better match local need.

Josh says that community land trusts are a good model of achieving this and argues that local authorities should not be so keen to sell land as developers have what's called hope value where they can sell not for what the land is worth now but what it is worth when it has been developed to its optimum economic output.

Jennie Bibbings asks could you say a bit more about the role of renting privately - should we be making the PRS a more desirable option for long-term stable homes?

Josh argues that we need to strengthen tenants' rights as if you compare the UK's rights to Germany's then the British model is very liberalised and argues it would be best to strengthen rights to help protect tenants from rising rents and give them more stability.

Shayne Cook asks how we can protect housing stock being used as financial assets by foreign investors.

Josh says he hasn't looked on the data on this and said the focus should be on wealthy people within the country who are buying more and more property.

Sara Bruch asks how you see the generational aspect play on house prices with the "addiction to inheritance."

Josh argues that inheritance tax should be higher to address inequality and that we should also implement a wealth and land tax with a property tax focused on annual increase on land value in order to put off financial speculative investment in land similar to the [Republic of Ireland](#).

Mark Harris comments that house builders provide a third of houses through section 106 and agrees with the Welsh Government's minimum space standard. He also argues that house prices are cheaper in Wales relatively compared to England and that's why they are increasing.

Carolyn Thomas asks what more can be done get private developers to build more affordable homes as they promise when the application goes through planning and points to an example of what happened during her time as a councillor at Flintshire Council.

	<p>Josh says that local authorities should ask what developers can provide and not just maximise the financial return. He argues that section 106 has been reasonably effective but is not the solution, and argues that the current speculative house building model is causing the problems. He argues for a more proactive approach by local authorities, as currently happens in many European nations, whereby local authorities make strategic decisions about all development in an area and then invite bids from developers.</p>
Close of Meeting	<p>Mabon ap Gwynfor thanks attendees for attending the meeting. He also thanks Josh Ryan-Collins for his presentation and Shelter Cymru for facilitating the session.</p>
Date of Next Meeting	<p>Monday 17th of October at 9:30am</p>