

The Chartered Institute of Building (CIOB)

submission to

The Local Government and Housing Committee

on the consultation

Social Housing Supply

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Introduction

The Chartered Institute of Building (CIOB) is the world's largest and most influential professional body for construction management and leadership. We have a Charter to promote the science and practice of building and construction for the benefit of society, and we've been doing that since 1834. We have over 1,500 Welsh members that work in the development, conservation, and improvement of the built environment, and thousands more worldwide.

Y Sefydliad Adeiladu Siartredig (CIOB) yw corff proffesiynol mwyaf a mwyaf dylanwadol y byd ar gyfer rheoli ac arwain adeiladu. Mae gennym Siarter Frenhinol i hyrwyddo'r gwyddoniaeth a'r arfer o adeiladu er budd cymdeithas, ac rydym wedi bod yn gwneud hynny ers 1834. Mae gennym dros 1,500 o aelodau o Gymru sy'n gweithio ym maes datblygu, gwarchod a gwella'r amgylchedd adeiledig, a miloedd yn fwy dros y byd i gyd.

We accredit university degrees – including at Wrexham Glyndwr University, with more institutions and courses in Wales pending accreditation – educational courses, apprenticeships, and training. Our professional and vocational qualifications are a mark of the highest levels of competence and professionalism, providing assurance to clients and authorities who procure built assets.

Rydym yn achredu graddau prifysgol – gan gynnwys ym Mhrifysgol Glyndŵr Wrecsam, gyda mwy o sefydliadau a chyrsgiau yng Nghymru yn aros i gael eu hachredu – cyrsiau addysgol, prentisiaethau a hyfforddiant. Mae ein cymwysterau proffesiynol a galwedigaethol yn arwydd o'r leflau uchaf o gymhwysedd a phroffesiynoldeb, gan roi sicrwydd i gleientiaid ac awdurdodau sy'n caffael asedau adeiledig.

Our [Welsh Manifesto](#) outlines our policy goals for the construction sector in Wales, and we have a significant programme of work covering an array of policy areas. These include climate change and sustainability; equality, diversity, and inclusion (EDI), and mental health. Much of our policy work supports the aims of *The Wellbeing of Future Generations Act*.

Mae ein [Maniffesto Cymreig](#) yn amlinellu ein nodau polisi ar gyfer y sector adeiladu yng Nghymru, ac mae gennym raglen waith sylweddol sy'n cwmpasu amrywiaeth o feysydd polisi. Mae'r rhain yn cynnwys newid yn yr hinsawdd a chynaliadwyedd; cydraddoldeb, amrywiaeth a chynhwysiant (EDI), ac iechyd meddwl. Mae llawer o'n gwaith polisi yn cefnogi nodau Deddf Llesiant Cenedlaethau'r Dyfodol.

1. Progress towards meeting the target of 20,000 low carbon social homes for rent; and the extent to which current and projected levels of social housebuilding are likely to meet housing need

Welsh Government's recently published *Affordable Housing Provision*¹ statistics show that 5,775 social homes for rent have been built. While housebuilding was inevitably affected by the Covid-19 pandemic, and wider labour and material pressures in the construction sector, this leaves just under 15,000 homes to be built before 2026's Senedd election.

While the target is laudable, it will not solve the problem on its own and needs to be part of a wider strategy encompassing the whole market, including private housebuilding projects. Welsh Government is already aware of this, and indeed, private developments have to consider affordable housing provision. The target should be coupled with a legally entrenched and enforceable right to adequate housing (on which Welsh Government is currently working) and wider housing market and planning reform to ensure housing developments are built for local people with local need in mind.

The above placemaking also ties in with personal need: we know that Wales has an ageing population, and that this population will grow sicker and more disabled as it grows older, especially in more deprived areas.² With that in mind, in addition to focusing on the volume of new housing supply it is imperative that the design, location and suitability of this housing is considered. Developers – Registered Social Landlords (RSLs), Housing Associations (HAs), and private developers alike – should be building to futureproof these properties, ensuring they are adaptable and to remove the need for current or future occupants to make them accessible. While Welsh Government's Accessible Cost Guidance (ACG) for the Social Housing Grant (SHG) does outline frameworks for wheelchair accessible housing, there is no regulation or requirement for all housing to be built with accessibility in mind.

2. The challenges faced by social landlords in increasing supply

As outlined in our response to Question 9, the challenges faced by social landlords are broadly the same as the rest of the construction sector. This is true of both new builds and retrofitting or repurposing other properties.

CIOB's *Building Up Wales* research gathered construction professionals to discuss – among other things – the skills gap. Participants agreed that the hiring pool was no larger than previous years, and that larger Tier One contractors were providing higher salaries than SMEs were able to, with which smaller-scale projects or projects outside of South East Wales's urban regeneration projects were unable to compete.³ This may also cause issues for social housebuilders: where funding is limited for social housing projects, contractors may struggle to employ people on the project.

3. How housing standards and decarbonisation affect the delivery of new social housing

¹ <https://www.gov.wales/affordable-housing-provision-april-2022-march-2023-html>

² <https://www.bevanfoundation.org/views/health-warning-for-wales/>

³ <https://www.ciob.org/building-up-wales-2023> (p. 8)

Many RSLs and HAs have already made significant financial investments to undertake the necessary retrofit and decarbonisation projects. While there is funding available for them to do so, including the Optimised Retrofit Programme (ORP) and Social Housing Grant (SHG), this funding – in particular the former – is extremely limited and only available in waves.

Additionally, ORP funding is only open to those RSLs who have identified Target Energy Pathways (TEPs) outlined in the Welsh Housing Quality Standard (WHQS). RSLs, and particularly those who have a large housing portfolio, have sometimes argued that this task – while being necessary – can be arduous and expensive. To counter this – and to assess the state of the entirety of Wales’s housing market, – CIOB would like to see Welsh Government undertake another Welsh Housing Conditions Survey, last undertaken in 2018. We feel this data should be updated, in particular, as a result of the Covid-19 pandemic and delays to maintenance work, and the current economic climate that renders many people unable to undertake necessary maintenance work across all housing sectors and tenures. This survey could also be coupled with retrofit assessments, which would provide occupants with information regarding potential property improvement areas akin to an SAP/EPC assessment (which tends to only be undertaken relatively infrequently, primarily at the point of property sale).

The ORP also has “themes” into which projects must fit to be eligible for funding. While these themes are broad, it may put many eligible people off applying for funding. [Recent CIOB research into the Scottish Social Housing sector](#) found that HAs and RSLs were keen to see more funding administered from a central pot, allocated based on need, without parameters for the specific use of funds.⁴ This may also be beneficial to the Welsh social housing sector: it is unlikely that many smaller RSLs will have the funding or resources to undertake TEPs, and as such may be excluded from ORP funding.

Recently published research suggests that “Emissions from residential buildings are currently not falling fast enough to meet net zero targets, reflecting the slow uptake of heat pumps and energy efficiency retrofit measures.” The research also calls for quick deployment of these measures at scale.⁵ Stats Wales figures from 2022-2023 show that there are 234,665 social homes across Wales. Therefore, ensuring equitable access to decarbonisation funding and schemes will mean that RSLs will have the financial capacity to decarbonise their stock and positively contribute to net zero targets in Wales.⁶

4. The opportunities and risks in increasing government borrowing and institutional investment

We know that safe, warm, comfortable housing gives a boon to the NHS in Wales, as poor quality housing, including damp, cold, energy inefficient properties, cost the Welsh NHS £95million per year⁷.

There are, of course, risks with increasing borrowing and investment. However, the benefits outlined above positively contribute to the Wellbeing of Future Generations Act,

⁴ *Harnessing Scotland’s Social Housing Expertise: How Scottish Government can support the social housing sector to reach its retrofit targets.* (November 2023), p. 3.

⁵ <https://www.wcpp.org.uk/publication/how-could-wales-heat-and-build-low-carbon-homes-by-2035/>

⁶ <https://statswales.gov.wales/Catalogue/Housing/Social-Housing-Stock-and-Rents/totalsocialhousingstock-by-year-providertype-accommodationtype>

⁷ <https://phw.nhs.wales/news/poor-housing-costs-health-service-95m-per-year-new-report/>

including making Wales more prosperous, healthier, and more equal. As such, the benefits far outweigh the risks.

Nevertheless, Welsh Government's recently announced budget did highlight pressures across the country. There may be opportunities – particularly if the UK general election results in a change of leadership – to engage with the UK Government on a fairer funding framework for Wales and increased borrowing powers for Welsh Government to ensure the housing sector does not continue to fall behind targets.

5. How effectively the planning system is supporting social housebuilding

Concerns are consistently raised about local bureaucracy and the speed (or lack thereof) at which planning decisions are made. This leads to significant project delays and reforecasting of costs, and subsequent project price increases which in turn leads to further delays. The planning system focuses on the potential value of land development, and as such a lot of land remains vacant across Wales which could be better utilised.

6. How to improve the strategic management of public and private land for social housebuilding, including compulsory purchase

CIOB is not best placed to comment on this, but we broadly support increased powers for Welsh Government in this regard.

As above, this should be part of wider planning reform in Wales, which puts local need above developer profits, and introduces a more streamlined planning application process alongside more resource and funding for local authorities to reduce delays in the planning process.

Adjacent to this, there may also be opportunities to implement a Vacant Land Tax to encourage better use of these sites. This has been something Welsh Government has previously looked into⁸, though was recently described as “at an impasse”.⁹

7. The potential for increasing income from land value capture mechanisms to invest in social housing

As above, CIOB is not best placed to comment on this.

8. The Welsh construction sector's capacity to build new low-carbon social homes; the potential for acquisitions of existing homes and remodelling of existing buildings;

The construction sector in Wales faces unprecedented pressure. With an ageing population and high levels of turnover in the industry, CITB predicts that an extra 9,100 workers will need to be recruited between 2023 to 2027¹⁰, most of whom will “deliver improvements to existing buildings to reduce energy demand”. It is clear that if we are to meet the demands for increased housebuilding – across all tenures and developments – and repurposing existing buildings, there needs to be a longer-term solution.

⁸ <https://www.gov.wales/developing-new-welsh-taxes#9135>

⁹ <https://research.senedd.wales/research-articles/vacant-land-tax-discussions-at-an-impasse#:~:text=In%202018%2C%20the%20Welsh%20Government,commercial%20development%20on%20vacant%20land.>

¹⁰ <https://www.citb.co.uk/media/edsoltu2/csn-lmi-wales.pdf>

This pressure is compounded with wider supply chain issues, continued Covid-19 recovery, and recruitment difficulties: alongside an ageing workforce, there is a significant gap between the supply and demand of new skilled workers in the construction sector, and this pressure will increase in the coming years.

There are opportunities, however, to reduce the pressure. To meet housing targets, Welsh Government should continue pioneering modular building and Modern Methods of Construction (MMC). This would reduce pressure on traditional construction skills and resources, while proving that modular building and offsite manufacturing is a viable alternative to brick-and-mortar construction in the wider housing market.

Inevitably, modular and offsite construction has value to prove in the housing sector: it is quick to put up and easily repeatable, and as such less time and resource consuming than traditional housing. That being said, there are numerous barriers, including a lack of funding on offer for these so-called unproven projects, and a lack of insurers willing to take the risk to protect the final product. Positive public perception of these developments is also low, and as such people may be reluctant to move into these kinds of properties.

Another barrier is also skills and resources in modular building: while modules are *theoretically* easy to make and assemble, there is a lack of factory space open to doing so and a lack of resource in this sector to make the risk inherent with buying and running a factory space an unattractive option. Welsh Government has an opportunity with the proposed closure of Tata Steel to ensure that the people being made redundant from this site – with a range of transferable skills, including working with heavy machinery – are be offered training and new roles in building and assembling modular buildings.

Regarding acquisitions of existing homes, there are avenues here that Welsh Government has yet to explore. Firstly, taxation systems – including Land Transaction Tax (LTT) – could be better utilised to encourage the purchase and refurbishment of homes, which would increase viable, low-carbon housing stock numbers across Wales. While these may not be immediately available for social housing, this should be part of a wider Welsh Housing Strategy; allowing independent developers to bring properties back to life (likely alongside the empty homes funding).¹¹ Bringing properties back to use in this way may also increase opportunities for local authorities and housing associations to buy properties into their portfolios.

¹¹ <https://whq.org.uk/the-magazine/issue/129/flipping-the-green-switch-in-wales/>