

Senedd Housing and Local Government Committee Inquiry into Social Housing Supply



The Bevan Foundation is Wales' most influential think-tank. We create insights, ideas and impact that help to end poverty and inequality. We are grateful for the opportunity to submit written evidence to the Housing and Local Government Committee's inquiry into the supply of social housing.

We have just begun new housing research activities which directly relate to this inquiry. We will be exploring many of the same areas of concern and look forward to updating Senedd Members and the Welsh Government on our findings as we move forward.

Working with Shelter Cymru and the Lloyds Bank Foundation, we will be looking at how we can get people moved on from temporary accommodation by providing more social homes. We will be capturing the experiences of those living in temporary accommodation and considering the broad spectrum of policy directives which are at play, from the availability of land opportunities for development, the planning system, the use of existing buildings and the process for allocating social housing.

In a partnership with Housing Justice Cymru and Cwmpas, supported by the Nationwide Foundation, we will be looking more closely at land supply. Our research will look at the potential of land held by different types of social and public owners for the development of social and community-led housing and the barriers preventing this from being done at scale.

Our response addresses each of the terms of reference set out in the consultation document in turn. At this early stage in our research, we reflect on what is known already and where we intend to provide further insight. Our key messages for the inquiry are as follows:

- A more tightly focused target, concentrating delivery on homes to be let at a social rent, is needed to address the blockages in our housing system.
- We need greater insight into how many homes are being removed from the social housing stock as additional homes are only part of the story.
- The 20,000 homes delivery target needs to be reviewed and increased due to the cost of living and ongoing housing crisis.
- Welsh Government need to consider alternative approaches to understanding housing need rather than relying on social housing registers.
- For many social landlords, investing in their stock to reach the required standards will need to become their priority. Delivery rates of additional homes are expected to fall as a result.
- The development of affordable, subsidised homes needs subsidy,

- It is simply not practical, let alone ethical, to rely on social rent payments by some of the poorest people in Welsh society to fund the development of new homes.
- There is a lack of joined-up working across the public sector which is preventing social housing delivery at scale.
- We need to explore opportunities for compulsory purchase powers at both a national and community level rather than relying upon action by local authorities.
- The creation of any new funding streams for affordable housing is to be applauded; but we must ensure that there are mechanisms to enable, encourage and monitor spend to get additional homes into the system, rather than more money just sitting in bank accounts.
- The delivery target for social homes focuses on “new” rather than “additional” units, reinforcing the perception that the answer to increasing supply is primarily in newly built properties.
- The purchase of existing private sector properties to increase the social housing stock provides an opportunity to make improvements within the wider housing stock.
- We need a conversation about what can be achieved through the existing privately owned housing stock to provide what is needed most now, and where flexibility and compromise can allow for retrofitting to meet standards later.
- For community groups looking to develop affordable homes themselves, a lack of funding and difficulty in securing land are the greatest barriers.
- We need to explore areas of policy development which strengthen the opportunities for community-led action.

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 recognise the need for more social homes, but the reality of delivery is slow when compared to the 20,000 homes target between 2021 and 2026.

Data for 2021/22 and 2022/23 reports¹ that in the first 2 years of the target period, we saw only 5,775 homes delivered for the social rented sector, averaging 2,888 per year. The target calls for 4,000 per year. It’s important to remember that this figure includes intermediate rentals and shared ownership. We estimate that only 4,780 of the homes delivered over the two years were to be let at a social rent.

The Bevan Foundation’s housing research will focus primarily on homes for social rent. For the 11,501 individuals living in temporary accommodation at the end of January

¹ [Affordable housing provision: April 2022 to March 2023 | GOV.WALES](#)

2024², the key to a social home would be life-changing. It is only this tenure that can provide a truly affordable, secure and sustainable housing option.

A more tightly focused target, concentrating delivery on homes to be let at a social rent, is needed to address the blockages in our housing system which can be seen in hotel rooms across the country.

Other respondents may argue that the intermediate rental option should also continue to be prioritised as it requires less capital funding support (25% grant rather than 58%) therefore enabling more units to be delivered/supported. We have some concerns about the affordability of this tenure and its ability to alleviate pressures for low-income households in our current housing system.

In a report from the Centre for Social Justice³ focused on the equivalent tenure of affordable rent in England, it was acknowledged that *“in areas where private rents are high – such as urban centres and the capital – the homes delivered under the system of “Affordable Rent” often fail to live up to their name”*. Polling for this report indicated that over 60% of the public were more supportive of building social homes that are let at lower rents even if that means fewer are built.

The Welsh Government delivery target covers all additional affordable housing units, whether through new build, purchase, acquisition, leasing or conversion of existing dwellings. It does not take account of any loss of affordable housing stock through demolitions or sales during the year. Looking at other Welsh Government datasets⁴, the total social housing stock across Wales (housing association and local authority) on 31 March 22 was 237,373 homes, increasing to 238,966 on 31 March 23. This shows a reality of only 1,593 additional homes. The total stock at social rent⁵ has increased by 13,227 over the last 10 years (2013-2023), so averaging 1,322 homes per year. In contrast, over thirty years between the mid-1940s and the mid-1970s, an average of around 8,000 new social homes were built every year in Wales⁶.

We thankfully do not have the Right to Buy reducing the social housing stock in Wales as it still does in England. However, there needs to be greater recognition that some homes are still removed from the available stock each year for a variety of other reasons. For example, we are aware of social housing regeneration schemes which through demolition or the remodelling of the stock, lead to a reduction in unit numbers. We have also heard that individual homes may be sold if they cannot be brought up to the Welsh Housing Quality Standard.

We need greater insight into how many homes are actually being removed from the stock of social landlords, as additional homes into the system are only part of the story.

The 20,000 homes target was based on pre-pandemic housing need data, before our cost of living crisis took hold and when our housing system was more stable and

² [Homelessness accommodation provision and rough sleeping: January 2024 | GOV.WALES](#)

³ [Living Rent that Works \(nationwidefoundation.org.uk\)](#)

⁴ [Total social housing stock by local authority area and provider type \(gov.wales\)](#)

⁵ [Total social housing stock by local authority area and provider type \(gov.wales\)](#)

⁶ [Building social housing: can the Welsh Government do more? \(senedd.wales\)](#)

accessible to those on lower incomes. Today, we have more than double the number of people living in temporary accommodation now than in December 2020.

The Bevan Foundation's snapshot of poverty surveys have shown that a consistently high proportion of the Welsh population feel the threat of becoming homeless. In the most recent survey⁷, 14% of people reported that they were worried about being evicted or having their home repossessed in the three months from January 2024.

The deepening issue of housing affordability and availability means that the delivery target now needs to be reviewed and increased. If it does continue to be used as an operational target, it should be clearly recognised that it will only go some way towards addressing current housing need levels across Wales.

We have also begun to consider how we accurately quantify housing need. Our early conversations with those working with the new Local Housing Market Assessment (LHMA) model have highlighted concerns about the background calculations and worry that the results "vastly underestimate need". We have also heard concerns about the cost and resource implications of this work being carried out at an individual local authority level and issues of consistency.

Recent research is also questioning the validity of housing register data as a measure of need, a key component of the LHMA model. In their 2021 report *People in Housing Need*, the National Housing Federation (NHF) recognise that "*registers are generally felt to be inadequate as a measure of housing need...as the data on these registers is not necessarily reviewed for accuracy on a regular basis (and) it's very difficult to arrive at a robust national figure. While local registers do serve an important administrative function, they don't give us the full picture of how many people are in need of a home.*"

It is widely accepted that housing need will be underrepresented on housing registers if there is no accommodation for households to apply for. It is commonplace for there to be no one on the register for communities which have no existing social homes – this doesn't necessarily mean that there are no households in housing need. In these circumstances, housing need surveys are invaluable. We do wonder if there will now be a wider picture of unregistered need as households question the point of applying for the scarce resource of social housing more generally.

Academic researchers such as Professor Glen Bramley of Heriot-Watt University are demonstrating how other data sources can be used to quantify need levels. In the NHF research, Bramley makes use of the Understanding Society Household Longitudinal Study⁸ - which we understand receives financial support from the Welsh Government - alongside contextual market data to quantify housing need levels in terms of concealed households, overcrowding, affordability, suitability and external conditions.

We would like to see the Welsh Government considering alternative approaches to understanding housing need across Wales, the use of data sources such as Understanding Society, as well as a regular Census style, pan-Wales Housing Need Survey.

⁷ [A snapshot of poverty in winter 2024 - Bevan Foundation](#)

⁸ [Understanding Society – The UK Household Longitudinal Study](#)

2. The challenges faced by social landlords in increasing supply

The aim of the Bevan Foundation's new housing research is to explore the challenges of increasing social housing supply and to develop innovative, deliverable solutions. We plan to do this through conversations and close working with a range of social landlords. Community Housing Cymru have already done work in this area with their January 2024 briefing⁹ highlighting some of the key barriers to development:

- Planning and consenting systems – a lack of joined-up working amongst stakeholders involved in the process and issues around staffing capacity.
- Sector competition, land, contractors and suppliers – competition from construction projects both inside and outside the sector leads to difficulty in securing land and contractors as well as increased material costs.
- Phosphates – the Natural Resources Wales guidance on phosphates has led to significant delays in affected areas.

Many of these challenges are reflected elsewhere in the terms of reference for this inquiry.

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

Social landlords currently face a difficult financial balancing act. Do they improve their existing stock to meet the new Welsh Housing Quality Standard and decarbonisation targets or add to their stock through new development? Do they have the financial capacity to do both?

For many social landlords, investing in their stock will have to be their priority and delivery rates of additional homes are expected to fall as a result.

At the Bevan Foundation, we recognise that the challenges will vary for different types of landlords. Local authorities and large-scale voluntary transfer (LSVT) associations will have significantly older housing stock in need of greater investment. We plan to explore the ongoing appetite for development across the whole sector.

We understand that housing standards and decarbonisation can also affect decisions about bringing existing homes into the stock, with development teams quite understandably thinking about the practicalities of bringing older properties up to the required standard. We'll discuss this further in our response to point 8, below.

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

Whilst this inquiry is focusing on the challenges of delivering social homes in this response, we should not forget that we are in a fortunate position in Wales to still have significant capital funding support through the social housing grant programme.

To put it simply, the development of affordable, subsidised homes needs subsidy,

⁹ [Jan 2024 - Barriers to social housing development \(chcymru.org.uk\)](https://www.chcymru.org.uk)

Elsewhere in the UK, England has seen the lowest levels of affordable housing delivery which can be attributed to a relative underinvestment. Scotland has also recently seen significant cuts to its historically high funding programme.¹⁰

It is good to see the Welsh Government's continuing and growing its commitment to provide support delivery with social housing grant with budget levels increasing from £250 million in the first year of the new programme (2021/22) to an indicative £365 million for 2024/25. However, development is also dependent on significant private finance which, in general, is sourced and serviced by individual landlords through their rental income.

As the Bevan Foundation commented in October 2023¹¹, at the time of the last social rent settlement, the policy context surrounding it is a thorny issue. On the one hand, if the Welsh Government does not allow social landlords to increase rents, this impacts on their ability to build new social housing, maintain homes, and invest in decarbonisation measures. On the other hand, significant rent increases place financial pressure on low-income tenants.

Our view is that it is simply not practical, let alone ethical, to rely on social rent payments by some of the poorest people in Welsh society to fund the development of new homes.

5. How effectively the planning system is supporting social housebuilding

At the Bevan Foundation, we have identified that challenges in the planning system will be one of the first areas that we consider with our research. We are aiming to engage with a wide range of professionals involved in the development of social housing to hear about its impact on increasing supply. A recent report by the Competition and Markets Authority into housebuilding¹² confirmed that uncertainty in the planning system is a key outcome driver. It suggests that there are three key concerns with the planning system which are limiting its ability to support the level of housebuilding:

- Lack of predictability.
- Length, cost, and complexity of the planning process.
- Insufficient clarity, consistency and strength of LPA targets, objectives, and incentives to meet housing need.

Worryingly, Savills latest Welsh housing market and supply update¹³ reports that whilst starts on site across the residential sector are improving, planning consents continue their decline. *"This shrinking pipeline of new housing in Wales threatens the future delivery of homes."*

We're hearing that it is not just the planning process itself which is causing delays. Statutory consultees across the public sector can cause delays and drive up costs, whilst other approval processes such as SuDS add further requirements and confusion.

Overall there is a lack of joined-up working across the public sector which is preventing social housing delivery at scale.

¹⁰ [UK Housing Review 2024](#) - J Perry, Housing Expenditure Plans

¹¹ [Wales' social rent setting policy is not fit for purpose](#) - Bevan Foundation

¹² [Wales summary \(publishing.service.gov.uk\)](#)

¹³ [Savills UK | Welsh Housing Market and Supply Update – April 2024](#)

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

A further area that the Bevan Foundation will be exploring in our research is the potential of land held by different types of social and public owners for the development of social and community-led housing and the barriers preventing this from being done at scale.

As Community Housing Cymru have reported¹⁴ that *“our members have relayed the infrequency in which local authority public land comes to the market and with no preferential treatment for affordable homes.”*

The Independent Affordable Housing Supply Review in April 2019¹⁵ made the following recommendations which we will be reviewing for progress:

- An arms-length body should be established by the Welsh Government to act as a hub for public sector land management and professional services. This body should work alongside individual departments/bodies to provide capacity and resources to accelerate the development of public land assets and to support greater consistency and efficiency in managing those assets.
- The Welsh Government should mandate the mapping of all public land and require owners to publish the development potential for the land they own.

Turning to privately owned land, the Competition and Markets Authority report into housebuilding concluded that whilst there is *“land that is potentially available for development in most areas”* its availability on the market at any time will *“depend on landowners’ assessment as to when and if it makes sense to try to sell.”*

Legal action, such as the use of local authority compulsory purchase powers (CPO) can be used to bring land into public ownership to enable housing development, but their use is not commonplace. A review of the Register for Compulsory Purchase¹⁶ reveals that only 26 CPOs were made for housing purposes between 2011 and 2021. 14 of these were to address individual empty properties.

The Affordable Housing Supply Review¹⁷ recommended that CPO process should be streamlined to improve the acquisition of land for housing purposes. It is therefore good to see that there has been recent consultation¹⁸ by the Welsh Government and a commitment to improve the CPO process to make it fairer, more efficient and intelligible.

Whilst land assembly activities through CPO are primarily used by local authorities, we are interested in exploring opportunities for action at both a national and community level.

In our research we will be considering the benefits of land assembly at a national level, a role historically fulfilled by the Land Authority for Wales (1976–1999) powers transferred to the Welsh Development Agency then the Welsh Government. Combined with new CPO powers under the **Levelling Up and Regeneration Act 2023**¹⁹ – where

¹⁴ [Jan 2024 - Barriers to social housing development \(chcymru.org.uk\)](https://chcymru.org.uk)

¹⁵ [Independent Review of Affordable Housing Supply launches | GOV.WALES](https://gov.wales)

¹⁶ [Register of Compulsory Purchase Orders | GOV.WALES](https://gov.wales)

¹⁷ [Independent Review of Affordable Housing Supply launches | GOV.WALES](https://gov.wales)

¹⁸ [reforms-to-compulsory-purchase-powers-and-procedures-consultation-document.pdf \(gov.wales\)](https://gov.wales)

¹⁹ [Levelling-up and Regeneration Act 2023 \(legislation.gov.uk\)](https://legislation.gov.uk)

land can be CPO-ed more cheaply than hope value where it is in the public interest, we feel that there are a powerful set of tools at a national level to get social housing delivery moving at pace.

We also want to look more into the Community Right to Buy (Scotland) and Community Right to bid (England) models.

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

Land value capture refers to policies that allow public authorities to recover increases in land values that result from government actions, including the development of land and the alteration of land use regulations such as local development plans. As the OECD recognises²⁰ *"changes in land use regulation or the provision of public services by government often triggers significant increases in the value of land. Making even some of this additional value available for public investment can greatly help make cities more liveable and sustainable."*

We've seen the benefits of funding received through planning gain and section 106 agreements to provide funds rather than onsite provision. However, as research²¹ by the Home Builders Federation has found, much of this potential funding remains unspent. They estimate that around £112 million of S106 contributions (for all purposes) is likely to be held by Welsh local authorities, an average of £5.1 million each. Pembrokeshire County Council also holds the most in unspent affordable housing contributions in Wales at £4.4 million.

Whilst not part of the planning or development process, taxation of second homes and empty homes via Council Tax has also successfully created a new funding source for a growing number of authorities. We're now beginning to see the first homes being purchased with this money,²² but housing associations also report to us that there may be tensions to come as monies are kept for local authority developments rather than to support affordable housing development across all partners. Delivery capacity issues may lead to this funding also remaining unspent.

Whilst the creation of any new funding streams for affordable housing is to be applauded, these examples highlight the need to ensure that there are mechanisms in place to enable, encourage and monitor spend to get additional homes into the system, rather than more money just sitting in bank accounts.

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 rising costs of construction are well documented. As the Cabinet Secretary for Housing, Local Government and Planning herself has commented before the pandemic, *"we could get somewhere between five and seven houses for £1 million:*

²⁰ [Global Compendium of Land Value Capture Policies | en | OECD](#)

²¹ [Section 106 agreements and unspent developer contributions in England and Wales report \(hbf.co.uk\)](#)

²² [Gwynedd council buys Welsh Riviera homes to tackle homelessness - BBC News](#)

now we get four if we're lucky".²³ It is accepted that new local carbon technologies will add to the cost of construction but will be an investment for the future. What wasn't perhaps predicted was the rise in costs due to supply issues and competition from elsewhere in the construction market.

Another area where the Bevan Foundation feels that the aspiration for low-carbon social homes is having a negative impact is in the acquisition of existing homes and buildings to increase supply.

The delivery target for social homes focuses on "new" rather than "additional" units, perhaps unintentionally, but wrongly reinforcing the perception that the answer to increasing supply is primarily in newly built properties.

The Joseph Rowntree Foundation report *Making a house a home*²⁴ advocates for the socialisation of the existing housing stock to meet our unmet need for social homes. The report argues that transactions of existing homes far outweigh the contributions of new buildings. Of the 20 million privately owned properties in England, around 3% were built in the last 5 years. Whereas around a quarter (25%) changed hands over the same period. We imagine that we would see a very similar pattern in Wales. JRF argue that these transactions present a potential opportunity to intervene in the housing market and redistribute ownership from the private to the social sector.

The purchase of existing private sector properties to increase the social housing stock provides an opportunity to make improvements within the wider housing stock.

Wales has the oldest housing stock in UK and some of the least energy-efficient in Europe, with the worst examples in private ownership. As ONS data confirms²⁵, energy efficiency scores are higher in social housing than in any other tenure.

We have also been reading that improving a house instead of building a new one saves two-thirds of the embodied carbon of an equivalent new house and, on average, saves 18 metric tons of carbon dioxide. For the same embodied carbon budget of one new house, more than three houses can be improved and made safer²⁶.

From our initial discussions across the sector, we are already hearing that development teams are understandably wary of the risks of purchase and conversions and the costs required to meet WHQS and decarbonisation standards, or even whether the property is capable of reaching those standards.

We appreciate that the Transitional Accommodation Capital programme was primarily aimed at working with existing properties, but are under the impression that, to date, this has mainly supported housing associations to fast track long-term voids within their own stock.

²³ [How will Santa find me? asks one of the 3,400 children living in temporary accommodation in Wales \(nation.cymru\)](https://nation.cymru)

²⁴ [Making a house a home: Why policy must focus on the ownership and distribution of housing | Joseph Rowntree Foundation \(jrf.org.uk\)](https://jrf.org.uk)

²⁵ [Energy efficiency of housing in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

²⁶ <https://embodiedcarbon.climateresilienthousing.org/downloads/Build-Change-Carbon-Executive-Summary-compressed.pdf>

Our project partners, Housing Justice have been telling us that it is becoming more difficult to take forward development schemes, which they have identified through their Faith in Affordable Housing project, due to rising costs and increased risk. We will be working with them to follow a number of case study sites to document the challenges and look creatively at what changes in the system would unlock the potential for them to provide social homes.

We need a conversation about what can be achieved through the existing privately owned housing stock to provide what is needed most now, and where flexibility and compromise can allow for retrofitting to meet standards later.

9. How local communities can be effectively engaged in social housing developments in their areas.

Effective community engagement has an important role to play in identifying needs and opportunities for social housing development as well as ensuring that developments are accepted and become integral to the existing community.

The Tyfu Tai report, *Housing Need and Desirability*²⁷, reflects upon the current opportunities to involve local communities in assessing housing need and delivery of social housing developments. The report's recommendations include:

- Communities need to be involved in the calculations of housing need to ensure the right homes are built in the right place.
- Work is needed to eradicate stigma around existing and proposed new social housing developments.
- Further work is needed to understand what is important to existing and future tenants in terms of where and how social housing is delivered.
- Community engagement should be a key part of the social housing grant process.

For community groups looking to develop affordable homes themselves, a lack of funding and difficulty in securing land are the greatest barriers.

As Cwmpas also highlights in their report, *Community ownership of local assets*²⁸ "the conversation about land ownership and community access to and ownership of land is a relatively underdeveloped one in post-devolution Wales. Elsewhere within the UK, there exist policies that enable the transfer of land and assets into community ownership which could set useful precedents for Welsh approaches". The Building Communities Trust adds²⁹ to this by saying that Welsh community groups had lower levels of awareness of community ownership options than those in Scotland and England, where formal policies of the Community Right to Buy (Scotland) and Community Right to Bid (England) models are in place.

We're excited to be partnering with Cwmpas for some of our new research work and to be in a position to explore community engagement and ownership models further.

In particular we are interested in exploring areas of policy development which strengthen the opportunities for community-led action.

²⁷ [0512-ttc-report-housing-need-and-desirability-eng-v3.pdf \(cih.org\)](#)

²⁸ [Community ownership of local assets - Cwmpas](#)

²⁹ [\[Eng\] Executive summary - Community Ownership: A Way Forward for Wales \(squarespace.com\)](#)

If you would like to find about more about our new housing research projects please visit our website - www.bevanfoundation.org/current-projects/

Our Senior Policy and Research Officer, Wendy Dearden can also be contacted about this work by email - wendy.dearden@bevanfoundation.org