

Social housing supply

Summary of roundtable discussions

15 May 2024

1. Introduction

As part of the Local Government and Housing Committee's inquiry into social housing supply, roundtable discussions were undertaken with relevant stakeholders. This summary paper highlights key points raised during these discussions.

A separate paper provides information about informal interviews carried out by the Citizen Engagement Team with people recently placed in social housing or with experience of waiting lists for social housing.

1.1. Contributors

Stakeholders involved in the development and construction of social housing were invited to attend an informal, private discussion with Committee members. Contributors included representatives from local government, housing associations and development companies.

1.2. Format

The contributions in this paper are drawn from the two focus groups which were held simultaneously on 1 May 2024. One session was undertaken solely in person while the other was hybrid.

Thanks are extended to all who participated in these engagement sessions.



2. Key points

Key discussion points from the focus groups will be highlighted within this section. These qualitative findings have been arranged thematically as follows.

2.1. Land

Across both sessions, land supply was identified as a key challenge. Contributors within both groups suggested that available public sector land should be identified and used more effectively in the delivery of affordable housing.

It was suggested that the time taken for public sector land to be released was prohibitive, with the lengthy procurement process in the health service being cited as an example. Some housing association contributors highlighted that public land is often sold for 'best value' as long as it is policy compliant, meaning that they can struggle to compete.

One participant described a recent example where a bid was made by a housing association which would have delivered a site with 70% affordable housing. However, they lost out in the sale to a private developer which was planning to deliver 20% affordable housing through Section 106.

Initiatives such as the Welsh Government's Land Division were recognised for their positive efforts towards releasing public sector land, however it was felt that more could be done in this regard. Participants were also keen to see more land coming forward from local authorities and the Welsh Government.

Across both groups, contributors suggested that local authorities should weigh up the short-term benefit of higher capital receipt for land against the longer-term cost savings to the local authority that more social housing will bring. This might include savings in areas such as temporary accommodation and health costs. Contributors felt that social value outputs should be considered as well as best value in terms of cost.

A contributor suggested that regulations which incentivised landowners and developers to move more quickly in releasing and building on land would be welcome. Several participants were supportive of reforms to make Compulsory Purchase Orders (CPO) more feasible, with even the threat of CPO likely to incentivise landowners to take advice and engage at an earlier stage.

It was suggested that the option for an arms-length body to lead on land assembly might be beneficial, if the body was able to fast-track bringing land forward. One participant felt that this was the most exciting aspect of the Unnos proposal.

Participants were aware of research from the Home Builders Federation showing that large amounts of Section (S106) funding is unspent. Participants suggested that this was predominantly happening in larger local authorities and that the unspent funding was likely being earmarked for larger developments. Some felt that these authorities should be enforcing requirements for housing rather than taking commuted sums.

Contributors suggested that private developers are able to negotiate on S106 requirements and downplay the value of homes.

2.2. Standards

Participants within both groups were supportive of the standards and net zero ambitions, with the new Welsh Housing Quality Standard (WHQS) being described by one contributor as ‘very aspirational.’ However, there was related feeling that achieving these standards would be challenging, with the amount of required investment meaning that development programmes will be reduced unless an alternative funding solution can be provided by the Welsh Government.

Several contributors suggested that there is some tension between the need to invest in building new homes, and requirements to improve and retrofit existing homes to meet the standards required by the Welsh Government. It was felt that this could lead to fewer new homes being built, without an alternative funding solution being provided by the Welsh Government. It could also lead to disparities in new green technologies, with those living in new houses benefitting more than those in pre-existing homes.

One contributor described a new housing development which they felt was in line with the Welsh Government’s standards and ambitions in terms of energy efficiency and accessibility. However, whilst they would have liked to have made 70% of the homes in the development affordable, they were only able to offer 50% in order for the project to remain viable.

Some participants felt that meeting EPC A across the board by 2033 would be 'impossible.' One contributor suggested that pathways to achieving this goal should be organisation-specific, as opposed to a generally imposed deadline.

Opinions were mixed with respect to a potential relaxation of these standards in order to focus on the delivery of affordable housing. Some contributors suggested that some standards could be relaxed (e.g. aiming for EPC B rather than A) while others felt that these essential standards should be prioritised and that failure to do so could risk adding to the amount of defective properties.

One contributor suggested that tenants living in EPC A rated homes could pay higher rent to counter the cost of their very low energy bills. This could potentially offset the cost of building to net zero. The need for a stable long-term rent settlement from the Welsh Government was also raised.

2.3. Construction

Pressure on the sector was raised as an issue in both groups. One participant noted a 35% increase in building costs since the pandemic. There is a lack of capacity within the sector, with few companies able to deliver more than 50 units.

Contributors suggested that procurement needs to be more collaborative. It was noted that the Welsh Government is working with Community Housing Cymru and Construction Excellence Wales on a programme to improve this.

Contributors also linked this sectoral pressure to a skill shortage, noting that this is an ongoing problem that will take 20-30 years to address. Shortages are present across the board.

Participants linked this to a failure within schools to promote the sector as a potential career path. One participant raised that this should be tackled by a national campaign aimed at bringing public perception of the industry more in line with that in other countries such as France and the USA.

Low pay was discussed as a related issue, with low apprenticeship wages contributing to a difficulty in competing with other sectors offering better-paid apprenticeships. It was also noted that higher wages would have cost implications for the industry.

Modern Methods of Construction (MMC) were raised in both groups, with both recognising its significance, while also noting that it is not a panacea to all construction issues. Contributors across both groups flagged the difficulty of

upscaling MMC, linking this to a need to have certainty around regularity of orders and related timescales which are both difficult to achieve. SuDs Approval Body (SAB) applications and the presence of phosphates have added an extra layer of difficulty. One participant noted the recent failure of two MMC companies, which suggests the current lack of a sustainable, workable model.

Participants suggested the potential of a MMC pattern book for Wales which would require all housing providers to sign up to it. While not a 'fix-all', this would help with planning and provide certainty to support manufacturers. It was noted that this would need further development to be applied across Wales in order for all housing providers to sign up.

Participants raised a comparative example of a pattern book for timber-based net zero development (not MMC) being developed by The All Wales Net Zero Group. This is made up of all 11 stock-holding local authorities plus some Registered Social Landlords (RSLs).

2.4. Planning

Both groups raised the issue of complexity and delays in relation to planning. It was suggested that delays might be due to lack of resources within local authorities as well as 'minor' issues leading to applications getting 'stuck in the system.' These delays are variously problematic, leading to gaps in work and having implications for cost and land.

Delays may also be related to statutory consultees such as Natural Resources Wales. Participants noted that these consultations are critical but the process is too time-consuming. Again, this might be related to lack of resources or systemic blockages. Contributors felt that the Welsh Government should take a fresh look at processes to identify potential efficiencies.

Participants noted the difficulties faced by case and planning officers, who must deal with increasing and competing demands. It was suggested that there needs to be more support in place to ensure that requirements can be fully understood and met. Some participants felt that case officers needed to be empowered to ensure decisions are made and deadlines are met.

Contributors felt that planning committees were sometimes making decisions which overrule policy, rather than ensuring that policy is applied correctly. It was suggested that better training for councillors and new members could help. Participants felt that inconsistency in decision making was problematic, leading

to a lack of trust in the system. This was linked to a lack of understanding amongst planning staff about the implications of delays for developers.

One participant shared an example where they gave a presentation to planning staff in a local authority, to highlight the issues caused for developers as a result of delays to planning processes. They felt this had led to significant improvements.

One contributor suggested that the Welsh Government should direct local authorities to offer significant weight to the delivery of affordable housing in the planning system.

The need for more flexibility and responsiveness in the Local Development Plan (LDP) process was raised. Under the current system, there are periods of stagnation where new sites can't be released until the new LDP is in place.

Some contributors felt that local authority committees can sometimes create delay and uncertainty, with decisions potentially being made on political grounds. One participant suggested that if providers are presenting schemes that are policy-compliant, planning committee chairs should have delegated powers to grant consent.

2.5. Funding

Participants welcomed the Welsh Government capital investment through the Social Housing Grant (SHG), the Transitional Accommodation Capital Programme (TACP), and the Optimised Retrofit Programme (ORP). However, they called for longer-term financial certainty for these programmes.

Participants suggested that the annual setting of budgets prevents the sector from business planning for the long term. One contributor noted that at the time of the roundtable (May 2024), local authorities had not heard about their grant allocations for the current financial year, 2024-25.

TACP is a welcome initiative, but participants noted that the Welsh Government is slow to process applications to this fund. The delay means that properties identified for acquisitions have often been sold elsewhere and the cost of contracts can also uplift. Participants were unclear whether these delays were due to Welsh Government capacity or systemic inefficiencies.

Some participants noted that the Welsh Government is consulting on whether to pay housing associations the grant in arrears. Participants felt strongly that this would block progress with development.

2.6. Communities

Contributors felt that it was important for social housing developers to consider the sustainability and tenure mix of new communities being built.

One contributor mentioned the need for a policy shift to give options for people under-occupying properties to go into smaller accommodation by choice, releasing family accommodation and helping both parties.

2.7. Infrastructure

Contributors felt that the quality of infrastructure – water, electricity, etc. – is not always good enough in sites allocated for homes in the LDP, and these costs fall back onto RSLs. National grid infrastructure is a challenge.

2.8. Rural developments

Contributors noted that there were particular challenges for rural development. Contractors want to go to nearest and easiest sites, so can be challenging to get contractors for rural areas. Rural sites also lack the same economies of scale. However, others felt that costs are site-dependent and that small rural sites don't necessarily cost more than complex city centre sites.

A contributor raised the potential issue of political difficulties in getting approval for rural sites. They cited an example of a rural area where they are doubling the number of homes in a village which has received pushback.