



Ein cyf/Our ref: LGHC Budget Scrutiny

John Griffiths MS
Chair of Local Government and Housing Committee

28 April 2025

Dear John,

In my response to the Local Government & Housing Committee's scrutiny of the Welsh Government's draft budget 2025-25, I agreed to write to you outlining further information on commitments relating to Housing in Wales. Please see the information below.

Conclusion 3: Use of Financial Transactions Capital (FTC) funding – We believe there is scope for the Welsh Government to make greater use of Financial Transactions Capital (FTC) funding for meeting housing need. We would also like to see a full breakdown of how FTC has been used to fund housing projects in the last five years.

There are a number of schemes that currently utilise FTC that directly help the sector to meet housing need. These are outlined below.

- The RSL Development Loans provides funding that supports our RSL partners to deliver social homes for rent. It helps to unlock and accelerate existing sites, and funding vital improvement works. Since inception, the scheme has provided support for the delivery of 466 affordable homes.
- The Land for Housing scheme increases the funding options available to RSLs to secure land sites for housing development. It has been in operation for 10 years and has facilitated the delivery of up to 8,000 new homes, of which 81% will be affordable.
- Wales Property Development Fund (WPDF) has been supporting SME house builders to build housing since 2013. The WPDF provides access to affordable development financing and has supported 935 new homes of which 88 are affordable homes, through 75 different businesses, on 93 new developments.
- Wales Stalled Sites Fund builds on the success of the WPDF. It provides affordable finance to SMEs to address the issues experienced in making stalled sites viable for development. These often required an earlier intervention. Since inception in 2015, the scheme has supported 755 new homes of which 95 are affordable homes, through 45 different businesses, on 56 new developments.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Gohebiaeth.Jayne.Bryant@llyw.cymru
Correspondence.Jayne.Bryant@gov.Wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

We also utilise FTC funds to support individuals who want to own their own homes as well as helping them to stay in their homes in times of financial uncertainties.

- Since 2014, Welsh Government has supported over 14,000 households to purchase a home through Help to Buy – Wales. Our investment in Help to Buy – Wales also provides support to the house building industry and its supply chains, as well as all those involved in the buying and selling of homes.
- The Self-Build Wales scheme was designed to create an opportunity for people to build their own home. It addresses key barriers of finding a plot, planning and finance. The scheme is also available to those who have identified land and wish to build their own home but require a loan for the land purchase and/or build.
- Help to Stay Wales scheme offers homeowners who are in, or facing, financial difficulty support in paying their mortgage commitments. This offers a funding support package comprised of a shared equity loan. The scheme also encourages households to seek free debt advice which may have provided an alternative solution to meet their needs.

Conclusion 6: Expenditure on building new affordable housing - We would like more information from the Welsh Government as to how it ensures the best value for its expenditure on building new affordable housing and ask for a written response from the Cabinet Secretary to outline this.

The Welsh Government ensures best value for its expenditure on building new affordable housing by balancing cost, quality, sustainability, wider impact and overall value for money.

This involves strategic planning to build the right types of homes in the right places, ensuring high-quality and sustainable housing that meets Welsh Development Quality Requirements (WDQR 2021) and Welsh Housing Quality Standards 2023. Modern Methods of Construction (MMC) are promoted to enhance efficiency, and all new homes must meet high energy efficiency standards (EPC A). Durability is ensured through the use of quality materials and construction techniques, while cost management is achieved through effective procurement and local sourcing.

Moreover, the Standard Viability Model (SVM), developed by Welsh Government officials with the housing sector was introduced for newbuild schemes in 2021, replacing the standard fixed grant intervention rate of 58%. It ensures grant value for money and that Welsh Government are compliant with subsidy control and Managing Welsh Public Money principles. The SVM is a Net Present Value (NPV) model that calculates the minimum subsidy required on individual housing capital schemes. It ensures that public funds are used efficiently by only providing what is necessary to fulfil any financial shortfall. It demonstrates the funding gap, in other words the level of grant required to break even.

Conclusion 7: Criteria to determine the quality accommodation - We are interested to know whether homes currently used as temporary accommodation would be suitable for permanent use. We would be grateful for a written response from the Cabinet Secretary setting out criteria used to determine the quality of temporary accommodation compared to permanent accommodation. We would also like to know the split between numbers of permanent and temporary homes funded by TACP.

Grant funded accommodation delivered through both the Transitional Accommodation Capital programme (TACP) and Social Housing Grant (SHG) programme can be used as permanent or temporary accommodation. All accommodation is required to meet Welsh housing standards if not immediately, over time.

Welsh Development Quality Requirements 2021 (WDQR 2021). This is our Newbuild standard and also applies to conversions of non-domestic buildings or buildings currently used for accommodation, where it is practicable and cost effective to do so.

The Welsh Housing Quality Standard (WHQS), this can apply at the point of purchase for existing dwellings (EDs) or Off the Shelf (OTS) properties from a developer, or conversions when complete, where WDQR 2021 is unable to be achieved.

EDs and OTS properties which do not meet WHQS at purchase have ten years to meet this standard. Any properties that are incapable of meeting WHQS within 10 years can be purchased and used for a minimum a minimum of 5 years and a maximum of 10 years, after which they must be sold on the open market. Properties purchased under this category, must meet our minimum standards which include minimum sizes for bedrooms, nominal occupancy standards and all must comply with the requirement under the Renting Homes (Wales) Act 2016 Act for homes to be fit for human habitation.

The majority of homes funded by TACP have been let on a permanent basis. Homes that are temporary include shared accommodation, supported self-contained accommodation and all meanwhile accommodation.

I trust this information answers the queries the Committee had. Should the Committee require any further information, please let me know.

Yours sincerely,

A handwritten signature in black ink that reads "Jayne Bryant". The signature is written in a cursive, flowing style.

Jayne Bryant AS/MS

Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government