

Communities, Equality and Local Government Committee

Inquiry into the provision of affordable housing in Wales

Response from Gwynedd Council

October 2011

Thank you for the invitation to provide comments for the above inquiry which, in our view, is very timely and key. Provided below is Gwynedd Council's response to the specific questions asked as part of the original correspondence from the Clerk of the Communities, Equality and Local Government Committee at the National Assembly for Wales, dated 7 October 2011.

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■ **How effective are public grants, particularly the social housing grant, in delivering affordable housing;**

1. Effectiveness is largely dependent on the availability of grants – more units can be developed with more grant.
2. Welsh Government Acceptable Cost Guidance Levels can have a negative influence on schemes – the banding is too low for some of Gwynedd's communities.
3. Lower allocations of annual public grants present a challenge for Local Housing Authorities.
 - Do we need to secure more outcomes from the grant allocation e.g. by developing Intermediate Rented Housing schemes – meaning, in theory, providing twice as many affordable units? (A maximum of 25% Social Housing Grant is available for the Intermediate Rent scheme compared with 58% of Social Housing Grant towards traditional social rented units.)
 - However, while considering maximizing the use of the grant, we will need to ask the question whether we are really targeting those in genuine need of affordable housing by providing intermediate rent units?
4. Annual grant allocations are far too low to be able to realize a wide range of affordable housing provision including the ability to complete more specialized schemes such as Extra Care Housing Units which are very costly. How do other Local Authorities cope with this situation?
5. Effectiveness is also dependent on the collaboration that is required between Local Housing Authorities and the Authority's internal and external partners. There is now a need to ensure that affordable housing schemes, where there is proven demand, seek to marry elements of specialist housing provision within the overall

provision. In order to achieve this, it will be necessary to receive a clear input from relevant services and agencies well in advance, in terms of specialist needs information.

6. Housing environmental standard requirements have been higher over the past 5 years, contributing towards reducing the impact of the Social Housing Grant in terms of the number of units, although it is recognised that this is a way of ensuring that housing maintenance is more affordable.
7. Ensuring more effective use of grants e.g. Gwynedd Council has given priority in 2011-12 to targeting the Homebuy scheme at applicants who are current tenants of social rented housing AND who can afford to part-own their homes. This is a means of releasing social rented housing and assisting first time buyers.
8. There is certainly a need to strengthen the economic/social/community regeneration aspect and the housing field in terms of strategic housing schemes for the future, including the joint funding of schemes from more than one source e.g. Strategic Regeneration Area funding with Social Housing Grant – these areas are certainly inter-connected.

Do we make the most of alternative options to public grants;

1. Although work is being done to examine alternative options, and alternative options are beginning to be piloted, there is certainly a need to do more and to draw up options that are acceptable to all – from the developer, to the funding body, to the tenant / buyer.
2. Given the lack of financial resources, there is a need to consider how to create more viable models – including with the private sector.
3. There is a prominent role here for the private sector, particularly in the current climate.
4. All stakeholders – whether they are housing associations, local authority or private developers – need to consider doing more without grants.
5. More use needs to be made of the current housing stock by collaborating with private sector owners and landowners. There is an example of collaboration in Gwynedd through the Private Sector Leasing Scheme.
6. There is a need to think of alternative methods of funding housing schemes – options may include:
 - Charging an additional Council Tax on second homes, and consequently ‘ring fencing’ the additional income for delivering of affordable housing (e.g. 120% of Council Tax, and ‘ring fencing’ the 20%.)
 - Ensuring more financial contributions from developers where affordable housing on a site is not a high priority in the wider strategic housing picture e.g. in an area where there is a high number of empty houses or a high number of houses for sale – and using this money to bring these houses back to affordable use.

■ **Do the Welsh Government, local authorities and registered social landlords use their powers effectively to increase both the supply of, and access to, affordable housing;**

1. This has improved since affordable housing gained higher status from the One Wales Government, but greater use still needs to be made on a national and local level – this is the responsibility of every stakeholder.
2. There has been an improvement in terms of the principle of releasing public land for affordable housing e.g. releasing Welsh Government land including Forestry Commission land to develop three affordable houses at Dinas Mawddwy. However, the Welsh Government's Land Disposal Protocol for affordable housing has not been used to its full potential, partly because the Government expects to receive open market value for the land.
3. On a local level, Gwynedd Council has disposed of several pockets of land for less than the market value in order to facilitate affordable housing, by adopting a policy to dispose of property for less than the open market value under the General Disposal Consent (Wales) 2003. This gives general consent to eradicate the need for Local Authorities to have specific approval from the Assembly for a wide range of land and property sold for less than best recognition.
4. As well as the Disposal Consent, Gwynedd Council has made increasing use of the Rural Exceptions Site Policy by selling appropriate sites under this policy to Registered Housing Associations to develop schemes in Gwynedd with the Assembly's Social Housing Grant.
5. The Welsh Government needs to be more proactive with policies such as promoting affordability in the open market by making it more difficult to change the use of a property to a second home/holiday home. This would be a means of assisting local residents to compete better in the local housing market.
6. There is a need to examine extant planning permission regulations and where schemes have only been partly developed but have come to a stop for some years e.g. a site within a boundary in a village in Gwynedd where half the houses have been completed for about 15 years BUT with the remaining plots undeveloped. Is it possible to have more robust legislation to motivate developers to complete such developments?
7. More use needs to be made of current housing – social and private – including:
 - Better use of empty homes through borrowing schemes, higher use of enforcement powers and incentive work.
 - Better use of the current stock through borrowing schemes, higher use of enforcement powers, and incentive work.
 - More effective use of the current social rented stock in terms of responding to situations of over-occupancy and under-occupancy.

■ **Is there sufficient collaboration between local authorities, registered social landlords, financial institutions and homebuilders;**

1. There is increasing collaboration, but this still needs to be strengthened.
2. Gwynedd Housing Partnership is an example of collaborative working. This includes cross-sector members and is an effective way of bringing stakeholders together to discuss housing issues that are crucial on both a national and county level. The Partnership's work includes coordinating the strategic efforts of Gwynedd Housing, as well as an annual conference, and meetings of sub-groups that deal with specific areas. See the Gwynedd Housing Partnership webpage via the link below:

http://www.gwynedd.gov.uk/gwy_doc.asp?doc=27300&Language=2

3. The Gwynedd Rural Housing Enabler Project Steering Group is another good example of a successful partnership where relevant stakeholders from the housing/planning/community fields come together to steer the enabler's work programme including recognizing and implementing affordable housing opportunities in local communities.
4. Financial institutions – better discussions and an improved relationship have been nurtured with these over recent years. Financial institutions tend to 'dictate' what is acceptable and what is not in terms of funding, availability of funding for development etc. However, further collaboration still needs to be strengthened in issues such as:
 - 106 Agreement problems
 - Developing new products and financial models etc
3. The planning framework must be an enabler for delivering affordable housing.
4. In the current climate, there is a need to be more open to compromise with private developers if issues of financial viability are part of the inability to deliver affordable housing –there is a need, for example, to consider alternative methods of ensuring the best benefit from a financially challenging situation. One option we have accepted in Gwynedd, where there are financial viability problems, is to accept an element of open-market part-ownership units from a private developer (this is better than no provision of affordable housing at all!)

■ **Could the Welsh Government promote innovative ways of delivering affordable housing, for example, by using community land trusts or co-operative enterprises, more effectively.**

1. They certainly could. It must be remembered that substantial developments have taken place in this field over recent years including guidance on Intermediate Rent, community land trusts, the 'affordable housing toolkit' all of which will, in theory, lead to additional affordable housing.
2. However, in terms of community land trusts, although there has been much talk about these for some years, no affordable unit has been developed through the endeavours of such trusts. This model is very specialised, and there needs to be more commitment from stakeholders to consider establishing and implementing the model locally. The model has been successful in England and America – is there an opportunity here to examine these successes in other countries and

possibly invite representatives from England's successful community land trusts to give evidence to the Commission?

3. In terms of innovation in the private sector, reference is made to recommendations from the National Assembly for Wales's Communities and Culture Committee Inquiry report, "Making the Most of the Private Rented Housing Sector in Wales," February 2011, including:

“Recommendation 1.

That the Welsh Government actively seeks to promote a positive public image of the private rented sector as a tenure of choice in Wales. (Key theme 1.)

Recommendation 2.

That the Welsh Government promotes the development and use of Social Letting Agency schemes and Private Leasing Schemes by local authorities.

Recommendation 3.

That the Welsh Government produce a specific strategy for making the most of the private rented sector in Wales.

Recommendation 10.

That the Welsh Government examines the potential for developing a ring-fenced fund, from which local authorities can allocate grants or recyclable loans to landlords and property developers, with the purpose of improving empty properties, recycling them back into use for renting to vulnerable households. “

4. More work needs to be done on national schemes similar to Homebuy / Mortgage Rescue / Intermediate Rental housing.
5. Consider working with borrowers/developers to develop approaches that are not dependent on public grants.

General comment

Is there an opportunity here for the Welsh Government to review what has been achieved in the field of affordable housing since 2006 (when the Affordable Housing Toolkit was published) by looking at what has had the greatest impact? All kinds of things happen under the affordable housing 'label', but does everything achieve what is stated in the policy?