

# **Communities, Equality and Local Government Committee**

## **Inquiry into the provision of affordable housing in Wales**

### **Response from Sue Essex**

#### **CONTEXT**

Following the Review into Affordable Housing in 2008 I gave evidence to the Assembly Committee at that time and stressed the need for the Committee to monitor progress on the implementation of the Review and I therefore welcome this current investigation into affordable housing. From my perspective I think that considerable progress was made in taking forward the Review's recommendations. In particular the focus on delivering the Assembly Government's target for new affordable housing units actually resulted in the target not only being met but being exceeded. It is to the credit of all those involved that the commitment to delivery actually did deliver. We cannot overstate the social, economic and environmental value of the new, quality, affordable housing that has been built in communities across Wales as a result of this.

At the heart of this success was practical partnership, with the Welsh Assembly Government showing strategic leadership, Welsh local government showing commitment and the housing association movement in Wales showing it could rise to the challenge. I think these and all the other organisations and people engaged in the wider housing partnership can take enormous credit for what they have achieved in the last few years, particularly in the way that strategic aspirations were translated into practical delivery. In my view the housing model of partnership has much to commend to other areas, but we all know that we are now in more difficult economic times and it is time to move the housing model on to meet current and future housing challenges

#### **CHALLENGES**

There has been considerable learning from the last few years, which gives a good base to work from, but activity will need to be intensified and extended to meet the challenge of the coming years. The difficult economic climate, which is in my view likely to prevail for many years, will lead to an enormous increase in the demand for affordable housing and without strategic intervention, this need will not be matched by housing supply. Social housing grant from the Welsh Government is set to decrease, Sect 106 benefits will most likely also decrease as constrained private construction activity and viability arguments mean falling numbers of available affordable units. Lending for owner occupation is also likely to remain constrained. There are plans from some retained authorities to build again but these plans, although very welcome, are currently not expected to produce substantial numbers of new homes in the context of total Welsh need. Insufficient supply of affordable private rented housing will inevitably mean that price, as expressed in private rental levels, will go up alongside increases in waiting list numbers and homeless presentations.

The housing pattern in the UK characterised as one based largely on the market with high levels of new entry to owner occupation had been viewed as the norm in the years

preceding the credit crunch of 2008. This pattern in my view will no longer be the norm, as we are reverting to a pattern more like the 1970s/ early 80s, with an increasing dependency on renting but without the supply of council housing that existed in these previous times. It is easy to become very gloomy and despondent in these circumstances, but despite the challenges we should not underestimate our ability in 2011 to do things differently and better. In particular we need to take this opportunity to produce a housing pattern that avoids the downsides of the pre credit crunch years, creates less social polarity, and gives people more choice through the use of diversified housing products that are responsive to new financial realities and the way people live their lives.

## **THE WAY FORWARD**

In my view it is crucial that there is a strong programme of intervention on the supply side to respond to the economic climate, building on what we have learned in recent years, with three key features: main-streaming what works well, supporting change and innovation, and sustaining effective leadership and partnership to secure delivery. We also need to recognise that spending on housing, supports employment, economic and physical regeneration, better health and community well-being and environmental objectives. Government at all levels must think how best to intervene and what they can do, both directly and indirectly, to respond to housing need.

Essential elements to be addressed are as follows:

### **Finance**

This is the cornerstone of further delivery, particularly in terms of developing new affordable housing. Securing new finance and sustaining this finance to enable capital investment is an absolute priority. Potential ways could include:

- methods of turning rental streams into capital investment
- capturing new institutional investment into Wales
- trying to harness more Welsh savings
- looking at the scope for more borrowing by local authorities and also when it has the powers, by the Welsh Government
- looking at the Welsh Government/ local government use of other abilities and powers to attract and secure private investment

### **Land**

There needs to be a strategic acceptance of the need for a sustained affordable housebuilding programme. Sufficient land availability located in areas of need and at affordable price levels will be fundamental to support this programme over many years. There has been a willingness to bring forward publicly owned land at below market rent but the scale and speed of this land release needs to increase, providing of course that the land is in the right place for housing. For those authorities that have undertaken stock transfer the new stock transfer associations will have land supply in their ownership and the working relationships and the compatibility of strategic priorities between the relevant local authorities and the new associations will be important in making best use of this land resource.

The planning system has been crucial for ensuring land and building supply and delivering affordable housing through planning gain, however in times of market difficulties in the house building industry the planning system is far less able to deliver on affordable housing. Although the Welsh Assembly Government looked at the relationship between planning and housing a few years ago, in view of the changed economic circumstances

and the anticipated growth in housing need, it is perhaps time to make a reassessment as to how far the planning system as it currently operates can deliver on affordable housing and also whether planning policy and guidance is sufficiently supportive of residential use.

### **Costs of construction**

It has been right to emphasise environmental standards in new build, particularly in meeting energy efficiency targets and we have seen good pilots in Wales but there is a need for a greater emphasis on innovative construction and processes to meet not just climate change targets but at reducing overall building costs. Procurement approaches, supply chains and construction techniques are vital components to achieving lower unit housing costs and best use of available finance. As an urgent priority we need to collectively understand the learning outcomes from pilots and experience and good practice main-streamed to give best value.

### **Better use of existing buildings**

The Review highlighted the need for empty buildings to be tackled and best practice on empty homes along with the use of social lettings agencies needs to be transferred. It is worth highlighting social letting agencies as a significant and effective local innovation in recent years responding to housing need. Councils working with the private sector in a constructive way are often at the heart of making progress and there may be a need for local authorities to work together to secure desired outcomes where individually they may not have the capacity to act.

There is a need across Wales to bring forward a comprehensive approach to older peoples housing both to better fit the needs of older people but also to help voluntarily release under-occupied affordable housing. Many local authorities are preparing their older peoples housing strategies but there will need to be considerable focus as to how these can be taken forward if change is to be achieved.

There is also an opportunity to assess whether town centres and other retail areas that are underused could be converted and adapted for residential use particularly with the involvement of local housing associations

### **Diversity of housing product**

It is clear that we have been producing housing products that are too narrow and stereotyped, often poor at meeting peoples changing physical, financial, tenure and locational requirements. Recent research (due to be published) commissioned by the Joseph Rowntree Foundation shows that future housing characteristics of young people will be complex and varied. It is time to put more variation and flexibility into housing supply using models that deliver more responsive options particularly around tenure.

### **Recognising space and place**

It is important to stress that we are about creating homes and communities not just counting unit numbers and location and place matter to people. Good design and community planning is needed to make sure that new housing is of the right type, of the right quality and is in the right place.

In addition we will need to accept that some locations in Wales will come under greater housing pressure than others in difficult economic circumstances. These locations are likely to be our larger urban areas where jobs and private rented sector housing appear to be more available. Getting the right regional and local spatial distribution of new housing development is fundamental.

## **Sustaining the relationships**

One of the significant features of the last few years in the field of housing is the development of networks of interest and the level of practical collaboration that underpins progress. Local government is often the lynch pin of much of this collaboration and it has made great strides in Wales in developing collaboration, for instance through the use of local housing forums, to support development and delivery. The collaborative approach should be welcomed and given more recognition. The delivery of affordable housing in Wales depends upon organisations working together within their own sector but also working together across the public, private and third sectors. In some cases these working arrangements are informal and their importance can be underestimated and at times overlooked, but their existence is often crucial to delivery and best practice. It is vital that valuable joint working and support systems are given the recognition they deserve and the time and resources to make sure they are sustainable.

## **CONCLUSION**

The key lessons from the last few years are that leadership and vision, partnership and commitment, innovation and focus are essentials of tackling the challenge. This approach has been proven to work. It needs to be reaffirmed and mechanisms put in place and sustained to drive this through this Assembly term and beyond.

One of the most encouraging aspects of the last few years for is to see the talent and enthusiasm that exists in people involved in the wide field of housing. They have shown that endeavour does deliver tangible results that can dramatically change lives for the better. There can be no better incentive.

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