

# Communities, Equality and Local Government Committee

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Meeting Venue:  
**Committee Room 3 – Senedd**

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Meeting date:  
**23 November 2011**

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Meeting time:  
**09:15**

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Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



For further information please contact:

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## Agenda

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### **09.15 – 09.30 Private Pre Meeting**

- 1. Introductions, apologies and substitutions**
- 2. Inquiry into the provision of affordable housing**

### **Home Builders Federation and Royal Town Planning Institute (09.30 – 10.20)**

(Pages 1 – 27)

CELG(4)–09–11 : Paper 1

CELG(4)–09–11 : Paper 2

Richard Price, Planning and Policy Advisor – Wales, Home Builders Federation  
Andrew Crompton, Regional Land Director at Persimmon Homes  
Dr Roisin Willmott, National Director, RTPI

### **Break (10.20 – 10.30)**

### **Welsh Local Government Association (10.30 – 11.20) (Pages 28 – 37)**

CELG(4)–09–11 : Paper 3

Steve Thomas, Chief Executive  
Cllr Dyfed Edwards, WLGA Housing Spokesperson and leader of Gwynedd CC (by

video link)

Sue Finch, WLG A Housing Policy Officer

**Welsh Government (11.20 – 12.05) (Pages 38 – 44)**

CELG(4)–09–11 : Paper 4

Huw Lewis AM, Minister for Housing Regeneration and Heritage  
Ceri Breeze, Head of Housing Directorate  
Rhidian Jones, Senior Affordable Housing Officer

**3. Papers to note (Pages 45 – 52)**

CELG(4)–09–11 : Paper 5

Follow up information from the meeting held on 19 October from the Minister for Business, Enterprise, Technology and Science

CELG(4)–09–11 : Paper 6

Follow up information from the meeting held on 19 October from the Minister for Education and Skills

CELG(4)–09–11 : Paper 7

Follow up information from the meeting held on 5 October from the Police Authorities of Wales

CELG(4)–09–11 : Paper 8

Follow up information from the meeting held on 3 November from Shelter Cymru

CELG(4)–09–11 : Paper 9

Correspondence from the Commission on a Bill of Rights

# CONSULTATION RESPONSE



Welsh Government Inquiry into the provision of affordable housing

14/11/2011

Dear sir/madam,

Please find below our comments in relation to the Inquiry into the provision of affordable housing in Wales.

## **Question 1 - The effectiveness of public subsidy in delivering affordable housing, in particular Social Housing Grant**

It is clear that the availability of public subsidy plays a significant role in helping to deliver affordable housing. In terms of Social Housing Grant, if you study the content of the various Affordable Housing Viability Assessments (AHVAs) that have been undertaken by local authorities, the availability of SHG plays a significant role in ensuring development schemes remain viable for the delivery of affordable housing.

For example, the Torfaen Affordable Housing Viability Assessment states that the availability of public subsidy in the form of Social Housing Grant can have a significant impact on scheme viability. It goes on to state that SHG given to the affordable housing providers enables them to pay more for affordable housing units, thus increasing overall scheme revenue and therefore the residual value of a mixed tenure scheme. The results of the assessment clearly show that when SHG is provided, the potential level of affordable housing secured increases substantially, particularly in areas with lower house prices/land values.

The Torfaen AHVA goes on to conclude that use of Social Housing Grant in locations such as the North Torfaen and Cwmbran North & West is critical if affordable housing is to be delivered in any significant numbers. This conclusion however, is not limited to Torfaen and can be found in many of the Affordable Housing Viability Assessments undertaken by local authorities. The availability of SHG is a key driver to increasing the provision of affordable housing and makes huge difference to scheme viability. Furthermore, given the extent of current and proposed planning obligations and regulatory requirements being imposed on developments, coupled with the effects of

the economic downturn, the delivery of significant numbers of affordable housing in the future will be even more reliant on some form of public subsidy, in order to ensure development viability is not adversely affected. We discuss the issue of development viability and its relationship to the delivery of affordable housing in a later section.

In terms of further issues with respect to delivery, without the availability of public subsidy, the cost of providing affordable housing on mixed development sites is also proving to be a huge issue, particularly with respect to current ACG values. With ACG values set at 42% (and in some cases even lower) the sale value of the affordable housing unit to the RSL does not cover the build cost of the property, which means private housing sales will also need to part fund the build cost of the affordable units. In many cases, particularly where affordable housing percentages are high, this effectively equates to roughly half the site producing a negative impact on the land value, with the remainder having to fund the total section 106 package, including the requirements of National Guidance. Our members state that this is having a detrimental impact on residual values, even in attractive areas such as Cardiff, with lower value areas being substantially affected. In turn this is causing landowners to hold back bringing their land to the market, whilst they consider their options or wait for land values to increase. Therefore, without the availability of public subsidy, it is clear that increasing (or even continuing) the delivery of affordable housing in many areas of Wales will be extremely difficult.

We are fully aware of the limited availability of SHG in the years to come. Our discussions with local authorities, Welsh Government and RSL's all point to the conclusion that SHG is on a downward spiral and is unlikely to be readily available in the future. This is obviously a huge concern. However, we have also been made aware (although somewhat anecdotally) that where SHG is to be made available, it should only be used for the delivery of 100% affordable housing sites. We believe this would be a rather punitive restriction to impose, given the need for affordable housing across Wales. Surely the delivery of affordable housing should be based on need and the location of that need, and the fact that the site is proposed for 100% affordable housing or for a mix of tenures should be irrelevant.

As a potential solution to the above, we would ask the Committee to consider the possibility of private developers in Wales being able to bid for public subsidy such as SHG for use on their own developments. This would enable developers to provide

affordable housing units directly on their sites, whilst ensuring best value is made of any public subsidies provided.

### **Questions 2 and 3**

- 2. Whether alternatives to public subsidy are being fully exploited;**
- 3. Whether the Welsh Government, local authorities and RSLs are effectively utilising their powers to increase both the supply of, and access to, affordable housing;**

We discuss issues with regard to these two questions below.

#### **Alternatives to public subsidy**

As we have discussed above, the availability of public subsidy will be limited going forward and therefore, it is clear the Welsh Government must consider alternative ways to ensure homes are made more affordable to the people of Wales.

In the current economic climate the delivery of housing is being compromised by a variety of constraining factors, with mortgage availability being a critical one. In response to this, the Chancellor of the Exchequer allocated £250 million at the last Budget in order to create the FirstBuy scheme. FirstBuy is aimed at helping first time buyers get onto the property ladder by providing an equity loan of up to 20% of the purchase price split equally between the government and the housebuilder, with purchasers being required to raise funding (a mortgage plus deposit) of at least 80% of the purchase price. This allows first time buyers to bridge the 'deposit gap', and also allows lenders to offer products to purchasers at sensible interest rates.

In the UK, FirstBuy will assist nearly 10,500 purchasers over the next two years and our members are using the scheme with some considerable success. Preliminary reports show that the house building industry took over 1000 reservations in first few weeks and this momentum will continue to grow. However, in Wales, the situation is somewhat different. Even though the Chancellor allocated £12 million to Wales specifically for FirstBuy, we have been advised by the Welsh Government that the scheme will not be introduced and the funding will be used for a different purpose, (potentially not housing related) to be determined at a later date.

We were obviously extremely disappointed at this decision, as we believe the

introduction of FirstBuy in Wales could have helped over 1000 First Time Buyers onto the property ladder. The knock on effects of this could also have been considerable, given the essential role the first time purchaser plays in kickstarting the delivery of potential housing sites.

In light of the above, we believe a significant opportunity has been missed by the Welsh Government not introducing FirstBuy into Wales and we would urge the Government to reconsider the use of the funding provided by the Chancellor in order to adopt the scheme in Wales. We would also urge the Government to consider how the £38.9 million in consequential funding (gained as a result of the Council Tax Freeze in England), could be used to help fund FirstBuy in Wales. The First Minister has made clear that the consequential funding would be used to create jobs and facilitate growth and therefore, we believe support of FirstBuy would provide an excellent opportunity to ensure these aims are achieved. To put this into context, with every new home built there are 1.5 full-time jobs directly created as a result, with a further 2/3 jobs created in the supply chain. Therefore, if we were able to build 1000 new homes in Wales from the adoption of First Buy, it would have the potential to create 1500 full time jobs directly in the construction industry and a further 2000 (plus) jobs in the supply chain. In addition to this, given that every £1 spent on housebuilding generates nearly £3 in economic activity, the benefits of adopting FirstBuy in Wales to the economy and employment are clearly significant.

In addition to the above, we have also been made aware that, given its initial success, the UK government is considering extending FirstBuy in the UK in order to further stimulate the market. As such, we believe it is critical the Welsh Government acts promptly to adopt the FirstBuy scheme in Wales, in order to ensure first time buyers in Wales do not suffer adversely with respect to their counterparts in the rest of the UK.

### **Further Alternative Approaches – Increasing Housing Supply**

We believe it is important not to lose sight of what we are trying to achieve when providing affordable housing i.e, ensuring we provide mixed and balanced communities and essentially, ensuring housing is made more affordable to more people. In light of this, we believe it is important to ensure that we achieve these aims when planning for housing in Wales.

In terms of the provision of housing, we agree that the requirement for affordable

housing is great and needs to be addressed. However, we believe the real solution to affordability lies with providing more homes for everyone, and not just those that qualify for affordable housing. We also believe that without a strong and competitive private housing sector, the delivery of affordable housing would be adversely affected. We believe that by increasing overall supply in the housing market, you not only help to solve the problem of rising house prices, you also increase the opportunity to deliver more affordable homes via the planning system. Therefore, in order to ensure we address the housing affordability problems people face in Wales at present, a holistic approach is required that places the delivery of market housing on an equal policy footing to that of the delivery of affordable homes and recognises the contribution the private sector makes to affordable solutions.

Through the LDP system in Wales, we are already witnessing local authorities trying to allocate lower housing numbers than those predicted within the population and household projections and therefore at present, it seems the problem will only get worse. National guidance therefore needs to take a strong leadership role and provide local authorities with robust guidance to state that increasing the number of homes we build in Wales is a national priority and should be reflected within each LDP strategy. This, we believe, is the only way we will begin to tackle the housing shortage properly and start to deliver on the commitment to provide more homes, of the right type, for everyone in Wales.

### **Definition of Affordable Housing and the ‘affordability gap’**

We believe the definition of ‘affordable housing’ needs to be reconsidered. At present, we believe there is a growing ‘affordability gap’ in Wales. Given the narrow focus of the affordable housing definition and the way in which the housing market has changed over the last decade, we believe there is a growing band of people who do not qualify for affordable housing, but also cannot afford to access private market housing. Therefore, we believe research must now be undertaken to identify the extent of this ‘affordability gap’ and to consider how best we can address it through National and local policy approaches. In our view, it seems that the constant over-reliance on the provision of affordable housing to solve our housing problems will only make this particular situation worse and therefore we need to consider the needs of the entire housing market when planning for the provision of housing in Wales.

In addition to increasing the supply of housing in general, we believe in the short term

the definition of affordable housing could also be widened in order to ensure we meet the needs of the entire housing market. Our members have innovative products that can help to deliver more affordable housing to prospective customers, however, all too often the definition of 'affordable housing' prevents these products from being utilised in the proposed housing mix. If it would benefit the Committee, we would be more than willing to explore this issue in more detail with our members, in order to provide examples of how their own products could help provide more affordable homes to more people in Wales.

### **The risks to the delivery of housing and affordable housing - The Cumulative Impact of Regulation**

We have discussed the issue of cumulative impact of regulation with the Welsh Government consistently since the start of the recession. Our concern is that despite widespread recognition of the problems we are all facing at present, the cost and regulation on housing development seems to be increasing, with a continued expectation that these costs can simply be absorbed by land values.

The recent recession has had a damaging effect not only on land values in Wales, where in many areas we have witnessed falls of up to 50% of their previous values, but has also had a marked impact on the availability of finance for house purchasers, particularly for first time buyers. The cumulative impact of these issues has had a catastrophic effect on the housebuilding industry in Wales, with many housebuilding companies having to reduce in size dramatically and some unfortunately going into administration altogether. However, despite this, we are now witnessing a surge in planning obligations and other requirements from local authorities and the Welsh Government, which we have not experienced in the past.

For example, proposed change to Part L of building regulations on energy and carbon efficiency could potentially add nearly £20,000 to the build cost of each new home in Wales. This change is due to be implemented in 2013 and has the potential to wipe out the positive land values needed to undertake development in many areas of Wales, particularly those areas that require regeneration and wider investment. In this context, it also important to note that such a requirement within such a short timescale is not proposed for England and could therefore put investment in housebuilding, and indeed the economy, in Wales at a clear competitive disadvantage.

A further example can be seen with the current proposal to require the installation of fire sprinklers in all new homes, which has the potential to add more than £5,000 to the build cost of each new home in Wales. The proposal makes the assumption that there would be little impact on development viability, despite not properly considering the costs associated with delivery and also not making any attempt to ascertain how the cost might impact on development viability in light of the plethora of other regulatory requirements and their associated costs. For information, again this is another requirement on housing development that is not being proposed in England.

In terms of the risks to the delivery of affordable housing, we must consider the nature of the planning obligation(s) and/or regulation(s) being required. In the context of delivering housing development on the ground, it is clear there will be requirements of any development that will need to be met to ensure it can be physically delivered. In most cases these requirements come in two forms, the physical constraints of a development that need to be resolved, and planning obligations or regulatory requirements that are essential and must be adhered to.

In terms of the requirement to remediate site constraints, it is important to recognise that these are physically required to deliver the site and therefore cannot be renegotiated to make the site more cost effective and viable. The same can be said for the requirements of building regulations. The requirements of building regulations (the changes to Part L and fire sprinklers) would be required by law and are outside the planning process and therefore, they also cannot be renegotiated in order to make a site more cost effective and viable. As such, when considering the delivery of affordable housing, it is vital that the substantial cost of these requirements is taken into account and the corresponding impact on the residual land values is assessed, in order to ensure the remaining residual land value would be sufficient in order to facilitate the delivery of affordable housing.

In addition to the above, we must also consider the various other planning obligations that are required on development sites. All too often we hear planning authorities declare that they will reconsider their 'other planning obligations' to prioritise the delivery of affordable housing, however, this is clearly not as straightforward as it seems. For example, if we consider the 'big ticket' items in terms of planning obligations, such as transport requirements and education, it is unlikely that these will be sacrificed for the delivery of affordable housing, given that in most cases transport infrastructure will be

required in order to physically deliver the site and education provision would be seen as a more important planning requirement by most local authorities. As such, it is clear that when we assess the ability for most local authorities to reconsider their priorities in order to deliver more affordable housing, the scope to actually achieve this is relatively limited. As a consequence of this, the planning obligations that remain as options for re-prioritisation might not be substantial enough to relinquish the necessary capital in order to ensure the development remains viable whilst delivering the stated affordable housing requirement. Therefore, in many cases it is the affordable housing requirement itself that must be reduced, in order to ensure the development is capable of being delivered.

As you can see from the above, given that the requirements of site remediation and building regulations (which will require huge subsidies from land values) are outside the scope of negotiation on planning applications, and given that the major planning obligations requirements would also need to be considered before the delivery of affordable housing, it is clear that the delivery of affordable housing will be compromised in the future, despite claims that it is will take centre stage. In addition to this, it is also clear that due to these other 'essential' requirements, the residual value left in land transactions will be extremely limited and therefore the potential for the delivery of affordable housing, along with other non essential (but still important) planning obligations will become more increasingly difficult.

At present there seems to be an attitude from those proposing new requirements that their particular requirement will not affect viability. Affordable housing requirements are rising to unprecedented levels and we are now witnessing policies being adopted requiring up to 70% affordable housing in some areas. In this respect, if we do not consider the impact of this on development viability, along with the issues described above, we risk a situation whereby the affordable housing policies themselves could be directly responsible for hindering the delivery of affordable housing. We understand that affordable housing policies are negotiable, however, we are concerned that unless Welsh Government departments and local authorities are more realistic with their requirements, the provision of housing in Wales, including affordable housing, is likely to be seriously adversely affected, which will obviously have wider social impacts and also a negative impact on the economy and the way Wales is able to recover from the recession.

In order to highlight the above, we have attached a report outlining the potential cumulative impact of planning and other regulation (current and proposed) on land values in various areas of Wales. This report has been circulated widely to Welsh Government Ministers and Officials and has been the subject of much discussion. However, for the Committee's benefit, we have provided a copy with our submission, in order to highlight the extent of the problem. We would be more than happy to explain any aspect of this report at our oral evidence session.

**4. Whether there sufficient collaborative working between local authorities, RSLs, financial institutions and homebuilders;**

Our members believe collaboration between RSLs and the house building industry could be improved. Our members indicate that the way in which consortiums of RSL's have been formed in Wales limit's the scope for competition, particularly where there is no SHG on offer. In this context, when discussions have started with an RSL, other RSL's are then very reluctant to become involved if the developer is unhappy with the proposed contract value. This issue of competition has been brought up by a number of our members, who feel they should not be (indirectly) forced to work with certain RSL's merely because they are favoured by a certain Local Authority. Our members believe they should be able to tender their potential affordable housing plots to RSL's in order to secure the best deal for both parties, however, the system seems to prevent this.

In order to caveat the above with some positivity, although it would be fair to say developers and RSL's do engage in dialogue over the delivery of affordable housing, we believe the system of affordable housing provision could be altered to enable this exchange to be more equitable.

In addition to the this, we would ask the Committee to consider how RSL's might be able to secure finance on their existing assets in order to help fund the delivery of affordable housing, particularly in instances where Social Housing Grant is not available.

In terms of more collaborate working with financial institutions, we believe this is a question best answered by the Council for Mortgage Lenders. However, in many cases, the various caveats that exist in Section 106 agreements and differences in the way in which financial models for the delivery of affordable units are structured, often make it extremely difficult for people to obtain mortgages on affordable housing units. This

clearly needs to be addressed, particularly if there are affordable units built, but the relevant people cannot access them. Again, we could provide examples from our members where they have experienced difficulties in this regard, if the Committee wishes to explore this issue further.

**5. Whether innovative methods of delivering affordable housing such as Community Land Trusts or co-operatives could be promoted more effectively by the Welsh Government**

The HBF in Wales has no direct experience with the above concepts and we would therefore not wish to comment on their potential success (or otherwise). However, we would be more than willing to engage with the Welsh Government in order to identify whether or not these initiatives could provide sensible and workable solutions to the delivery of affordable housing in Wales.

(Cont...)

Thank you for taking the time to consult the HBF at this stage of the process and I look forward to working with you in the future.

Yours sincerely,



**Richard Price**

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# BRIEFING



## Residual Land Values and the Cumulative Impact of Regulation

2/3/2011

### Introduction

What follows is an example of how the cumulative impact of planning and other obligations can affect land values in various local authorities in Wales. The report aims to demonstrate the impact of current and future regulations, across a number of local authority areas in Wales, using data taken directly from studies undertaken by each local authority. The example areas we have used are Bridgend, Caerphilly, Merthyr, Monmouthshire and RCT, as these local authorities have all undertaken Affordable Housing Viability Assessments (using similar methodologies), in order to assess the impact of affordable housing requirements on land values within their respective authority areas. From these assessments, it is possible to illustrate the impact of affordable housing requirements, together with the impact of current development requirements and future regulations (planning and otherwise) on land values, and hence on the viability of housing development as a result.

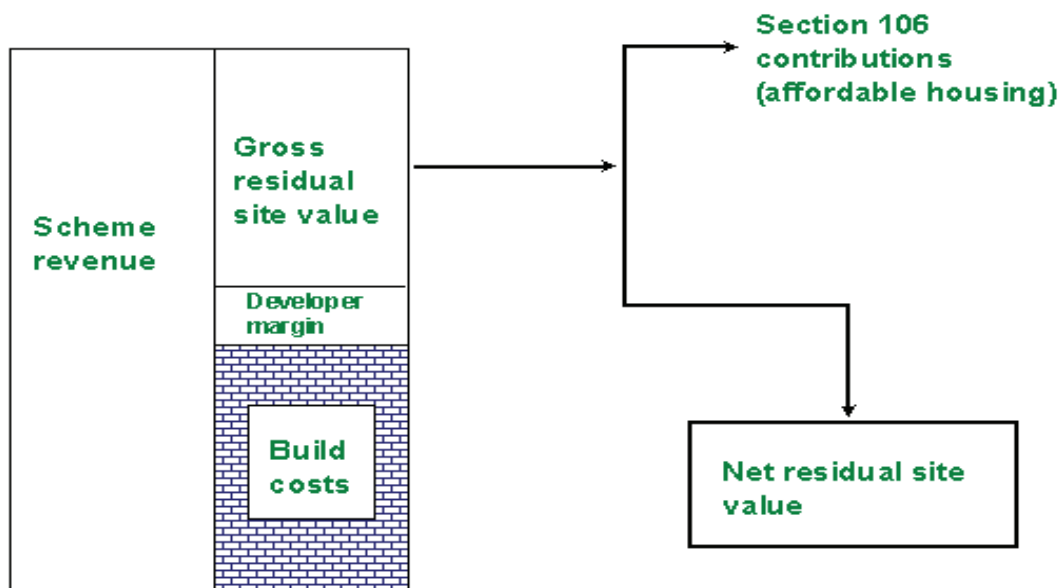
### Methodology

The source data has been taken from the Affordable Housing Viability Assessments undertaken by each local authority in collaboration with the Three Dragons consultancy, which follow a 'residual valuation approach'. In essence this methodology can be explained as follows:-

- **Assumed Gross Development value of the site (the total sales revenue)**
  - *Minus*
- **Development costs (Build Costs, Finance Costs, Overheads etc)**
  - *Minus*
- **Developer Profit**
  - *Minus*
- **Section 106 Contributions (Affordable Housing, Education, Transport, Open Space, Public Art etc)**
  - *Equals*
- **Final Residual Value**

Crucially, the *Final Residual Value* must be sufficient to incentivise the land owner to sell their particular piece of land for development, otherwise the scheme will not go ahead.

The following diagram is given within each affordable housing viability assessment to illustrate the process.



Within each assessment, the above methodology is used to achieve a net residual land value, however, in order to demonstrate the impact of future policies, regulation and other requirements on this value, it will be necessary to include additional data into the assessment.

- **Site abnormalities and remediation**

Firstly, it is important to point out that the affordable housing viability assessment methodology is carried out using a notional one hectare site that is free from any abnormalities or site remediation requirements. Therefore, given that most local authorities within the list above are expecting the majority of their housing to come from previously developed land, it will be necessary to include a cost for site remediation works. In this respect, I have included within the assessment the average cost per acre of remediating site abnormalities as provided by HBF members. The value is given as £250,000 per acre or £617,500 per hectare.

- **WAG policy and proposed regulations**

Next, it is important to recognise that the viability assessments do not take into account the effect of future policy and regulatory proposals, such as the proposed changes to building regulations and also the potential requirement for fire sprinklers. The viability assessments do undertake some sensitivity testing for various scenarios, however, they do not tackle these specific WAG's proposals and therefore, the cost of these requirements will need to be included within the analysis. The values we have used are as follows:-

- Building Regulations Changes - £20,000 per plot
- Fire Sprinklers - £5,000 per plot.

These values have been discussed in detail with the WAG and the development industry and are agreed to be correct approximations.

- **Other Section 106 requirements**

Before we move onto the results, it is important to discuss the issue of *Other Section 106* contributions. Within each affordable housing viability assessment, the local authority needs to make an assumption of what section 106 obligations will be required other than the requirement for affordable housing, and assign a cost to those requirements for use within the assessment. In this context, the '*other section 106*' costs assumed by each local authority within their respective assessments are given below:-

- Bridgend - £5000 per plot
- Caerphilly – Caerphilly Sub Market - £8500 per plot and other areas £5000 per plot
- Merthyr – Merthyr Sub Market £1361 per plot and other areas £600 per plot
- Monmouthshire - £6000 per plot
- RCT - £5000 per plot

In terms of the figures above, as stated they are assumed averages and in many cases can be considerably lower than the actual cost of section 106 requirements on development sites. In support of this view, we would invite you to study RCT's recent Planning Obligations SPG, where the cost of the planning obligations requirements when totalled amounts to more than £40,000 per dwelling, which is considerably larger than the £5000 estimate as given within their viability assessment. In addition to this, Merthyr Council has recently announced an intention to charge a fee for monitoring Section 106 obligations, which again is something that was not considered within their particular affordable housing viability assessment. Crucially, we believe the point to be made here is that the figures assumed in the viability assessments by each local authority are merely ballpark assumptions, which are not based on current policy and requirements as given within their respective planning policy documents. Therefore, in most cases the actual cost of other section 106 requirements is likely to be much higher, particularly given the plethora of requirements that are now being pursued by each LPA through LDPs, SPGs and also by the Assembly Government.

## **Results and conclusions**

In light of the exercise above, the results and conclusions are described below.

The graphs within the Appendix below display the impact on residual land values within each local authority area, at varying affordable housing percentages, when the cost of site remediation works for abnormals, building regulations changes and fire sprinklers are applied to the assessments. For information, the affordable housing percentages are given on the horizontal axis of each graph and vary between each authority, according to the way in which each assessment has been undertaken.

You will see from the graphs that despite the affordable housing percentage tested, virtually all residual land values are negative, with only a handful of areas (Porthcawl, rural Bridgend and the more affluent areas of Monmouthshire) displaying positive values. It is important to note here that merely because a development appraisal shows a positive value does not mean the development in question would be

viable. The residual value of site must be sufficient to incentivise the landowner to sell the particular piece of land for development.

Further to the above, you can also see that land values in most areas fall well below the negative value threshold, which also demonstrates the lack of capacity to absorb any planning obligations (or any cumulative requirements) that result in a significant additional cost.

Finally, the last graph within the Appendix gives an indication of what residual land values would look like at 20% affordable housing in some of the main areas of each local authority. In terms of this graph, you will see that the only area to achieve a slightly positive value is Monmouth, however, this value would still not be sufficient to incentivise a landowner to sell their land for development, considering it represents a value that is approximately 90% below the average residential land value of the area (at July 2009).

We believe this preliminary research demonstrates a clear indication of the need to pay close attention to the cumulative impact of planning and other regulation on land values in Wales. We also believe it demonstrates the need to ensure that public policy objectives remain realistic and deliverable and to ensure the cumulative impact of such requirements takes full account of the financial capacity to deliver them. This is particularly pertinent where some policy objectives and development requirements will inevitably take priority in the hierarchy of requirements at a local and national level – such as changes to building regulations (which are required by law) and the physical requirements of a development site that are required in order to actually deliver the site on the ground.

In addition to the above, we believe it provides a stark picture of the likelihood of development in areas that require inward investment and regeneration, such as the Rhondda Valleys and Merthyr etc. These areas show severe negative values even at minimal affordable housing percentages, which indicates that providing housing in these (and similar areas of Wales) would be extremely challenging (or virtually impossible). As many LDPs have specified an intention to try and regenerate communities that face particular challenges with inward investment and development, we believe it is important that the impact of all new policy and regulation is considered in terms of its likely effect on the success of such LDP strategies and the delivery of housing in these areas.

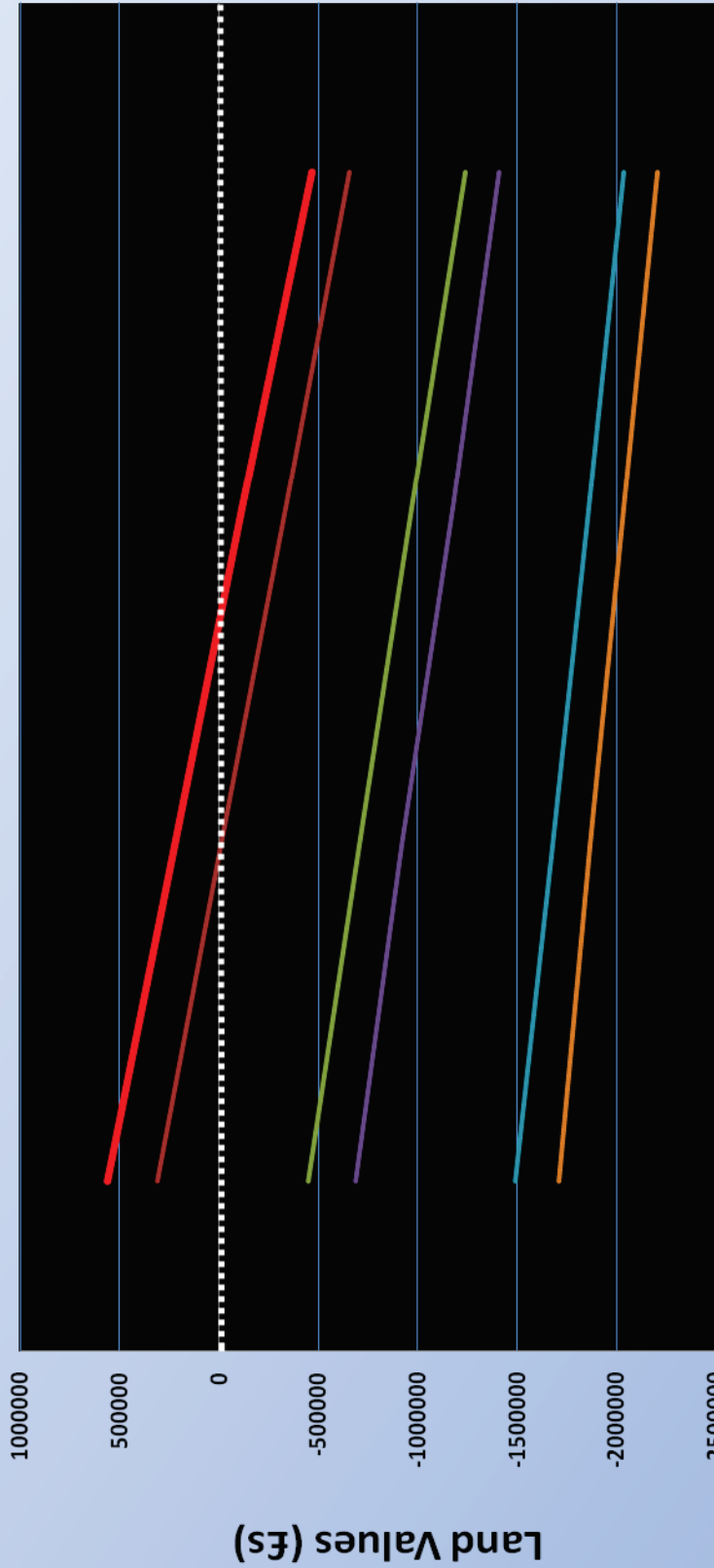
**Richard Price**

**Planning and Policy Advisor - Wales**

**The Home Builders Federation**

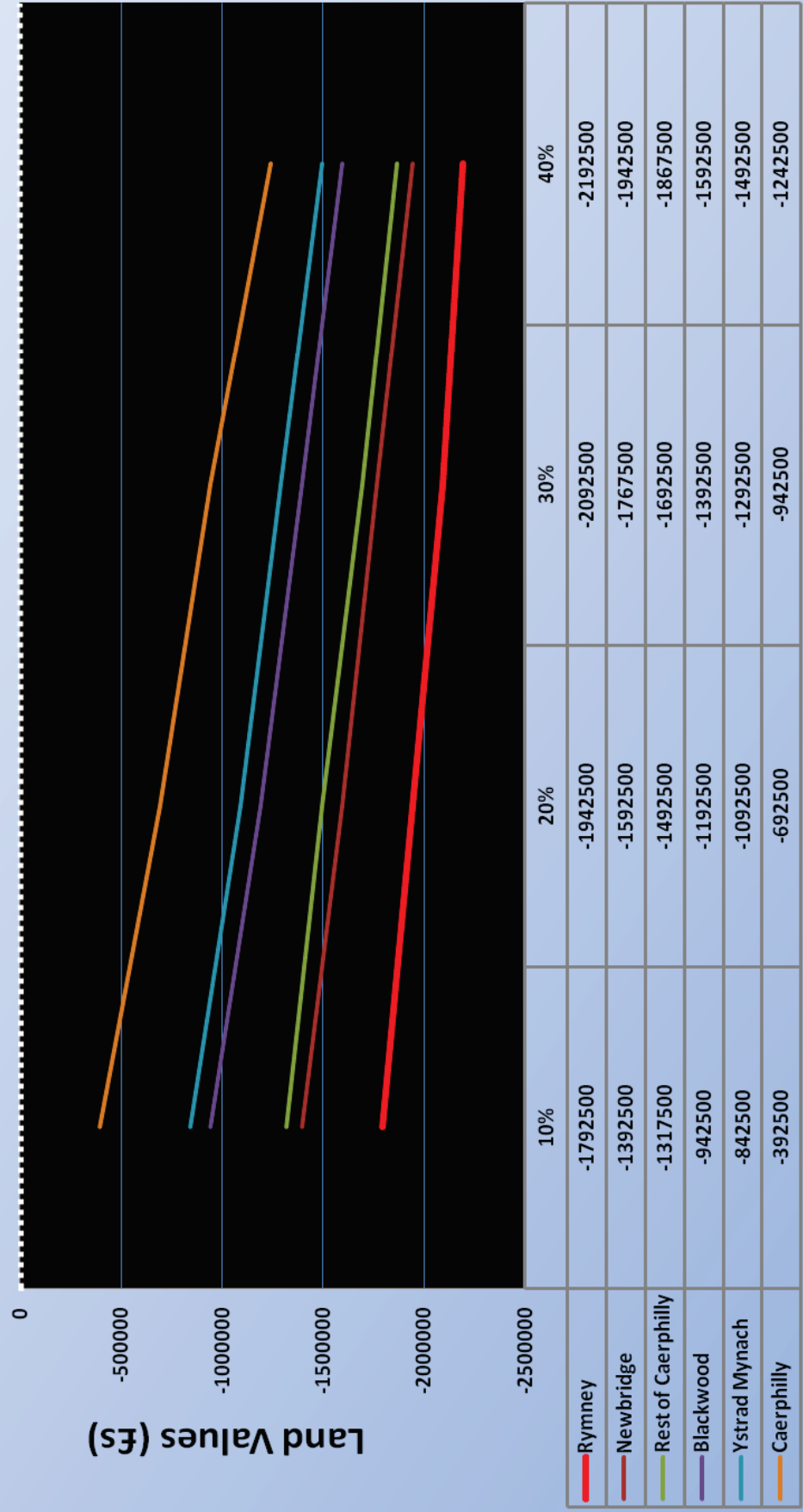
# APPENDIX

### Bridgend County residual land values (Inc cost of site remediation, building regulations changes & fire sprinklers)

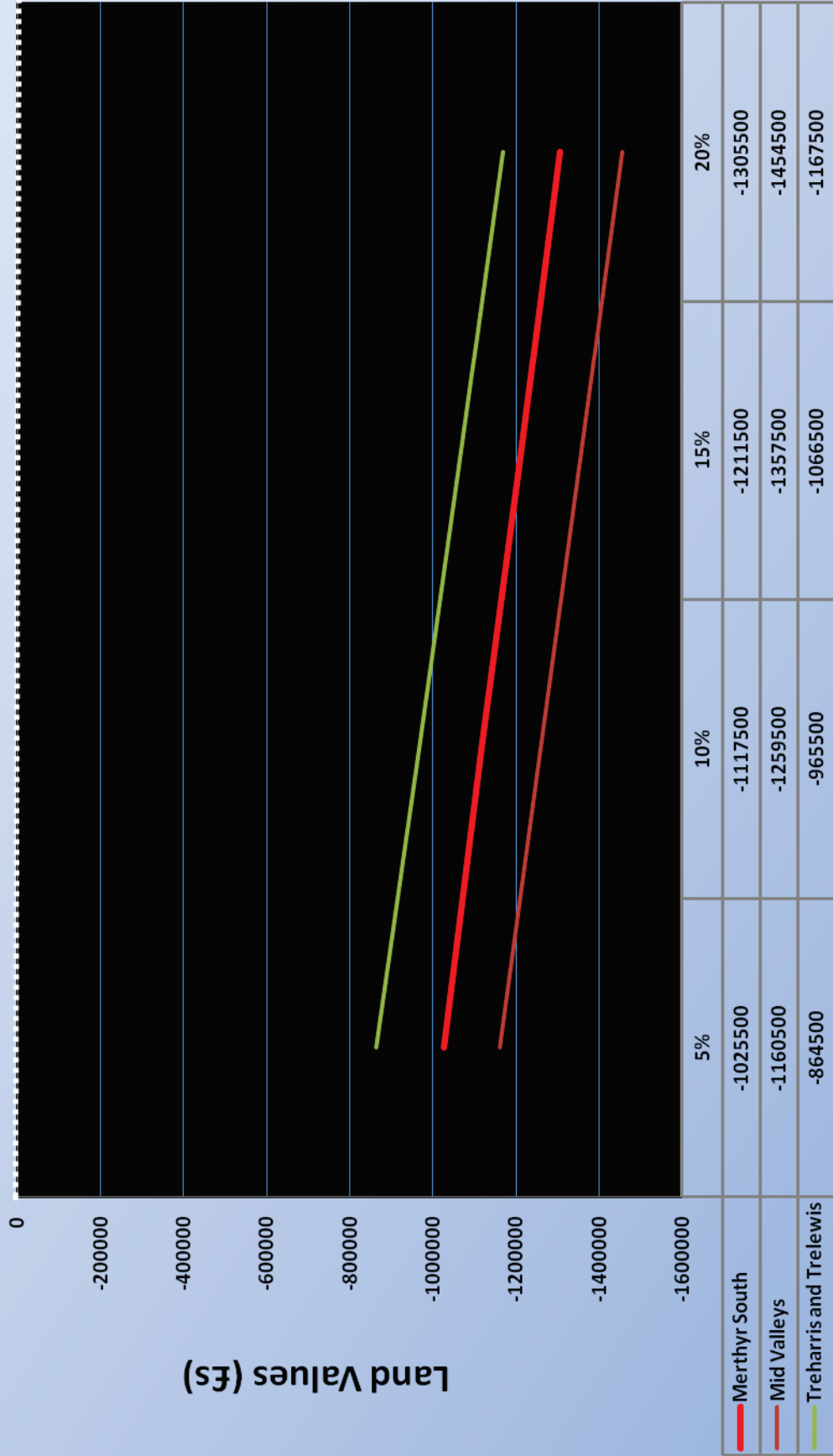


Area	0%	10%	20%	30%
Porthcawl	562500	222500	-117500	-467500
Rural Areas	312500	-7500	-337500	-657500
Pencoed and Hinterland	-447500	-707500	-967500	-1237500
Bridgend	-687500	-917500	-1177500	-1407500
Western Valleys	-1487500	-1677500	-1857500	-2037500
Ogmore Garw and Up Lynfi	-1707500	-1867500	-2037500	-2207500

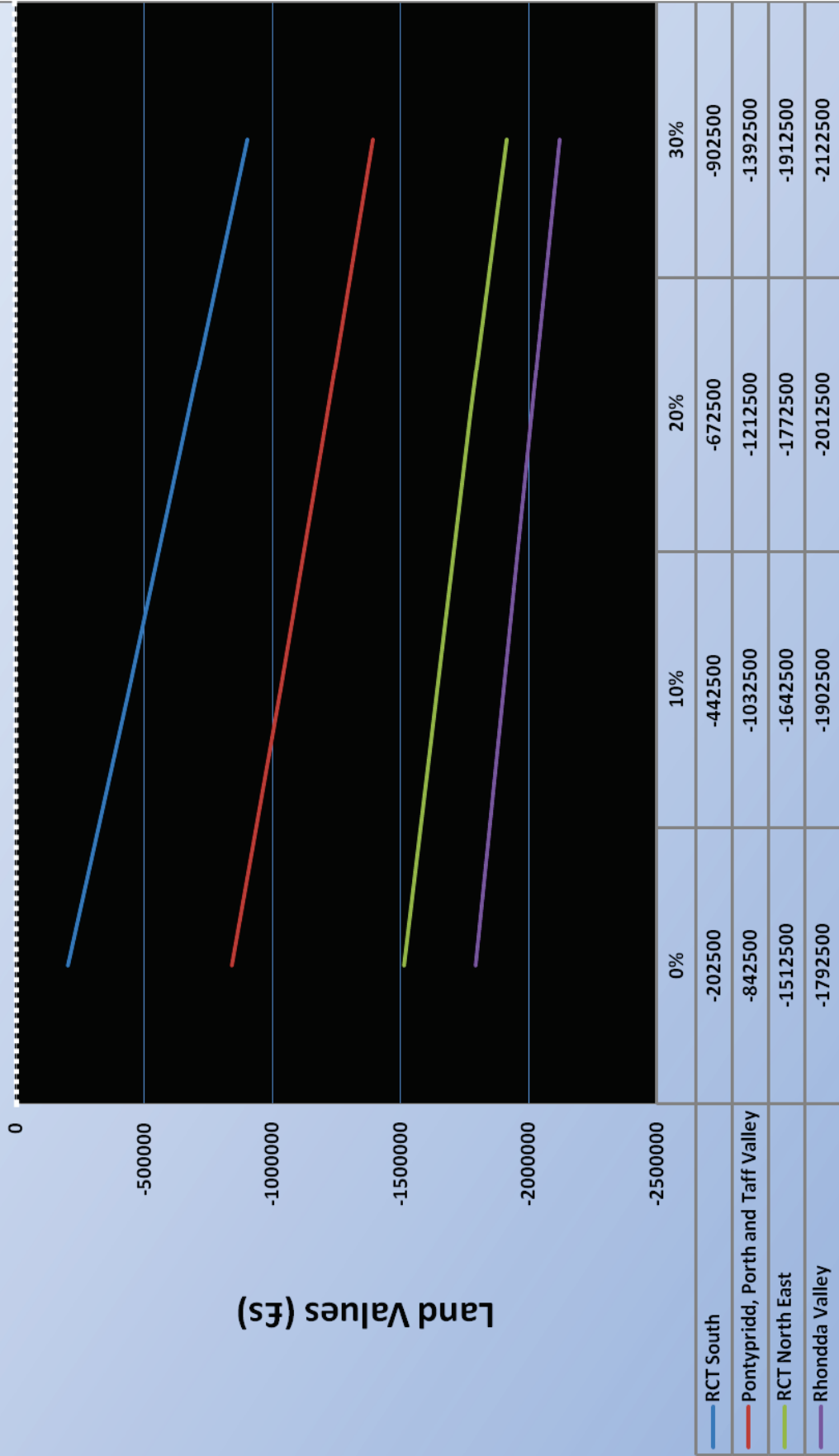
### Caerphilly County residual land values (Inc cost of site remediation, building regulations changes & fire sprinklers)



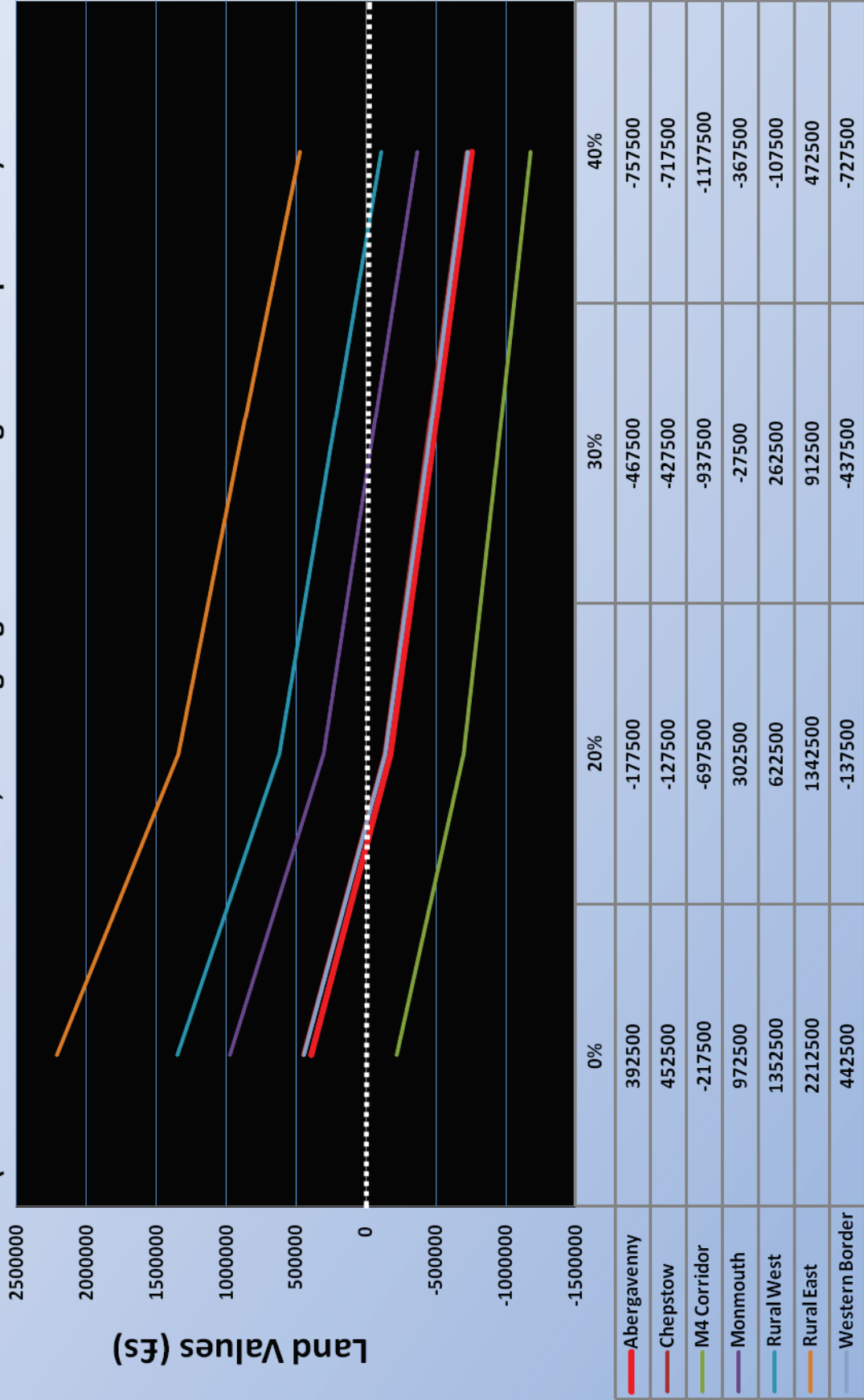
## Merthyr County residual land values (Inc cost of site remediation, building regulations changes & fire sprinklers)



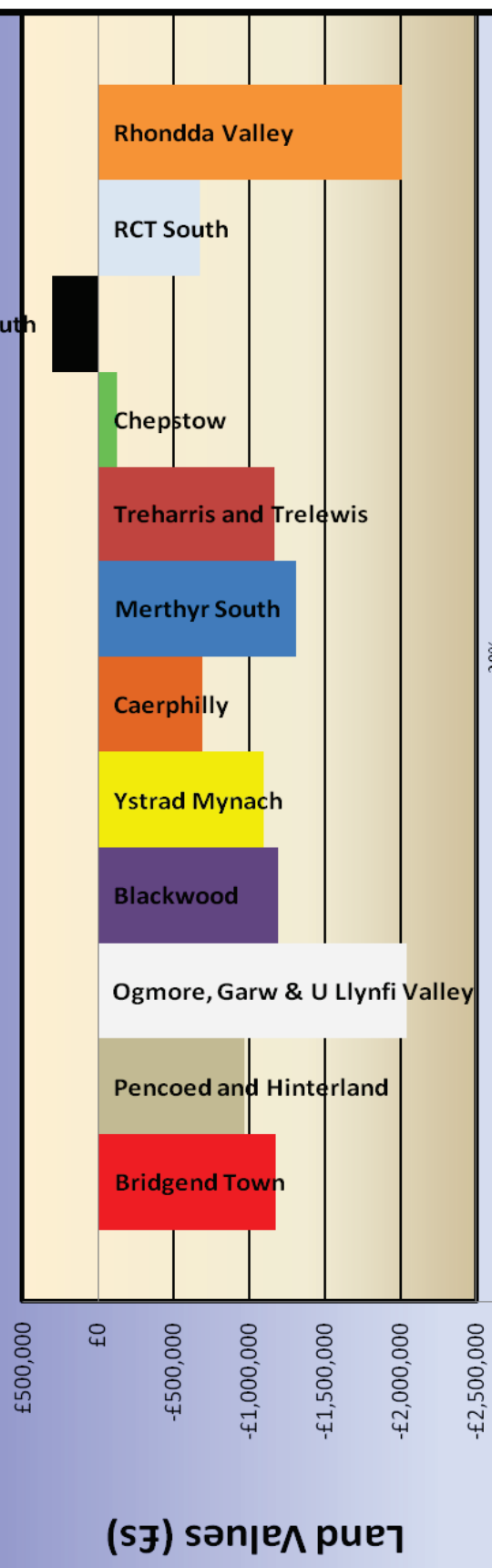
**RCT residual land values  
(Inc cost of site remediation, building regulations changes & fire sprinklers)**



**Monmouthshire residual land values  
(Inc cost of site remediation, building regulations changes & fire sprinklers)**



**Residual Land Values at 20% affordable housing  
(Inc cost of site remediation, building regulations changes & fire sprinklers)**



■ Bridgend Town	-£1,177,500
■ Pencoed and Hinterland	-£967,500
■ Ogmore, Garw & U Llynfi Valley	-£2,037,500
■ Blackwood	-£1,192,500
■ Ystrad Mynach	-£1,092,500
■ Caerphilly	-£692,500
■ Merthyr South	-£1,305,500
■ Treharris and Trelewis	-£1,167,500
■ Chepstow	-£127,500
■ Monmouth	£302,500
■ RCT South	-£672,500
■ Rhondda Valley	-£2,012,500





**RTPI**

mediation of space · making of place  
cyd drefnu gofod · creu cynefin

## **National Assembly for Wales:**

### **Communities, Equality and Local Government Committee Inquiry into the provision of affordable housing**

#### **Evidence submitted by RTPI Cymru**

#### **Background**

The Royal Town Planning Institute (RTPI) is a membership organisation representing over 22,000 spatial planners; RTPI Cymru represents the interests of almost 1,100 members in Wales. It exists to advance the science and art of town planning for the benefit of the public.

RTPI Cymru welcomes the Inquiry by the Committee. This evidence has been developed by RTPI Cymru's Policy and Research Forum, which has representatives from across the planning community in Wales.

#### **General**

RTPI Cymru believes that whilst planning has a role to play in delivering affordable housing, it is unable to be a consistent vehicle for delivery, as it must consider viability.

The Joseph Rowntree Foundation published, in June 2008, a report of an independent Commission into Rural Housing in Wales which suggested that problems of affordability are more acute and that social housing supply is more limited in rural areas as compared to urban areas. Delivering affordable housing through the planning system is able to deliver relatively more in the urban areas of Wales because the sites involved generally involve a higher number of private housing units; it is far more difficult in rural areas as the numbers involved are far lower.

The remainder of this paper addresses the specific planning related issues raised by the Committee.

#### **The effectiveness of public subsidy in delivering affordable housing, in particular Social Housing Grant**

Previously developers relied on the availability of Social Housing Grant (SHG) to help them deliver affordable housing and this has all but dried up recently. However, many of the sites brought forward in 2008-2011 were fully or partly SHG funded or other housing grant money brought forward by Welsh Government and this may have artificially increased the numbers of affordable housing units being delivered and are quoted in the recent figures.

## **Whether alternatives to public subsidy are being fully exploited**

A large percentage of the development cost remains the land value and the opportunity for land held by local authorities and Welsh Government to be released for development at no or minimal cost needs to be considered. There is a lot of land which people thought would obtain a value but this was in the good times when developers would build on most sites; in reality a large amount of this land has little or no value either in the short or long term. How to encourage or adjust people's perception of the value of their land is a problem that needs to be overcome if land in private ownership is to be successfully brought forward in the short and medium term.

### Section 106 / Planning Agreements

Where Section 106 obligations restrict occupancy to those in affordable housing need, this can cause problems in obtaining mortgages from lenders. This can result in a difficulty in finding purchasers for these units and they remain empty, despite a recognised high level of affordable housing need in the area. The fact that each LPA has a different approach to the drafting of these agreements and each lender's requirements are also not constant, compounds the problem.

Where private developers are providing affordable housing without the involvement of a RSL attempts to sell the affordable housing units via the high street estate agents does not appear to be the best way to target the correct customer base as most people utilising estate agents do not qualify as being in affordable housing need. Work to establish registers of those in need of affordable housing as an alternative customer base has been very slow and is proving difficult to get off the ground in some areas where stigmatisation acts as a deterrent to people's willingness to be included on such registers.

Workable Section 106 obligations with inbuilt flexibility that are acceptable to the lending bodies are essential if private developers and self build schemes are going to be able to make any contribution to satisfying the current need for affordable housing. RTPI Cymru understands that work is underway to address this and is being progressed with the WLGA in conjunction with representatives for lenders and involving a number of other interested parties.

### Community Infrastructure Levy (CIL)

The Community Infrastructure Levy (CIL) is a new mechanism for leveraging funding from new development to support the provision of infrastructure in an area. It was introduced in the 2008 Planning Act, and there are amendments to it in the Localism Bill. CIL is being progressed on an England and Wales basis, given that it is deemed as a tax.

In terms of CIL, at present affordable housing is not included in the definition of Infrastructure and therefore will continue to be delivered through Section 106 agreements. Therefore, when setting CIL levels, LAs must ensure that they do not undermine the viability of developments so that affordable housing provision suffers.

The UK Government are currently consulting on this (and other matters); they may choose to include affordable housing within the definition of Infrastructure for CIL, but even if they do, its delivery will very much depend upon local political priorities and how high up the agenda Affordable Housing falls.

### **Whether the Welsh Government, local authorities and RSLs are effectively utilising their powers to increase both the supply of, and access to, affordable housing**

Local Planning Authorities (LPA) in Wales follow TAN2 guidance to include specific policies and proposals in their Local Development Plans (LDPs) for affordable housing. To do this, they work with their housing colleagues to assess demands via local housing market assessments and deliver affordable housing requirements via the development management process.

RTPI Cymru has previously made points about greater control of second and holiday homes to reduce these pressures on the rural housing market and also on assisting local authorities to release land for affordable housing development.

#### Current National Policy

There has been a lot of national policy produced promoting affordable housing including the Welsh Government guidance "Delivering Affordable Housing Using s106 Agreements" and this has been useful. However, there may be a need to promote this policy direction and mechanisms for delivery to those LPA officers who deal with planning applications; there may have been a focus on Planning Policy and Housing officers taking a lead on this.

However, RTPI Cymru does not believe that national guidance alone will be successful in delivering more affordable housing in Wales. The main hurdles that stand in the way are: the speed at which local policies are able to catch up with national policy; the political will at a local level to prioritise affordable housing; the economic viability and the ability for developer's to provide affordable housing; and the lack of social housing grant to cross-subsidise affordable housing delivery.

#### Viability

Viability is a significant issue affecting development in the current economic market and this restricts the ability of the planning system to deliver affordable housing through planning agreements, as viability is a material consideration for LPAs to consider.

During the current downturn in the housing market, developers who bought sites in more profitable times (and before national and local policies increased % affordable housing requirements) argue that they cannot afford to meet LPAs' requirements for affordable housing, and in many cases they are able to evidence this, in which case LPAs are forced to accept lower levels of affordable housing. It is not expected that this will change in the short or medium term and therefore, the ability to deliver affordable

housing through Section 106 (planning gain) agreements will be limited until the market improves substantially. On a recent case in the Vale of Glamorgan, the District Valuer advised there would need to be a 20% increase in house price values before more affordable housing or other obligations could be delivered.

Furthermore, housebuilders argue that landowners still have artificially high expectations of land values and if national and local policies continue to set high targets, land owners will 'sit on' their land until policies ease up. National housebuilders have also advised that if the Welsh Government continues to pursue the current direction of travel for affordable housing policy (alongside the push for sustainable homes) then they will stop developing in Wales and only work in England. They argue that in England there is more competition between RSLs so they compete against each other and pay the developer more per unit thus enabling the developer to provide a higher % of affordable housing units. In Wales, this has been deliberately stamped out to maximise the money RSLs have in reserves to enable them to provide affordable housing.

With regard to sustainable buildings policy; we would not advocate a relaxation of this policy. The link between this and affordable housing need must be understood and the implications for occupants and fuel poverty.

#### Local Policy

Up to date local policies are an essential element for the delivery of any LPA or Government policy. The majority of LPAs in Wales are now progressing their LDPs, with five now adopted and two submitted for examination. Without strong local planning policies the shape of housing provision can only be marginally influenced. Consequently the type of housing built, for example family homes vs apartments, cannot be directed by LPAs in response to local housing need.

Whilst some LPAs have now produced LDPs which reflect the national policies and higher priority given to affordable housing, in the main these are in relatively lower value development areas (e.g. Caerphilly, Rhondda Cynon Taf) and therefore only time will tell as to how viable these policies will be. Higher value areas like Cardiff, the Vale of Glamorgan, Bridgend and Monmouthshire are still to produce their LDPs. In the mean time, most LPAs have up to date SPG or Delivery Statements and these set lower thresholds and a higher % of affordable housing schemes. However, because the housing market has been very quiet for the last four years, these policies have not been tested very thoroughly.

Regardless of national or local policies, each planning application will be subjected to scrutiny by Planning Committee. Members serving on Planning Committees do not always prioritise affordable housing over other matters such as education, transport or community facilities. This is particularly relevant where development viability is an issue and the number of Section 106 obligations is reduced below the policy requirements.

### Empty Homes Strategies

Many local authorities, particularly rural authorities, are undertaking work to bring empty homes into use. In many cases, Authorities have been able to use planning legislation to assist with this activity. RTPI Cymru and CIH Cymru have been promoting this activity through the joint Planning for Housing Network. This area of work could be promoted further through guidance to authorities and partners, including RSLs, building on the experience of existing schemes.

### **Whether there is sufficient collaborative working between local authorities, RSLs, financial institutions and homebuilders**

RTPI Cymru supports inter-professional collaboration. Specific to housing, we run jointly with CIH Cymru a Wales Planning for Housing Network which holds joint events in north and south Wales to bring together planners and housing professionals, across sectors, to discuss issues of common interest.

RTPI Cymru is also a founder member of the Regeneration Skills Collective Wales (RSCW), working with five other built environment professional bodies to promote the skills agenda for built environment professional bodies in delivering regeneration, which housing forms a key element.

The work of the Centre for Regeneration Excellence Wales (CREW) also undertakes positive work in promoting good practice on the delivery of affordable housing in Wales.

Problems with current section 106 obligations covering affordable housing provision highlighted earlier in this evidence demonstrate the urgent need for collaborative work between the various bodies. Without a workable Section 106 the implementation of both national and local policy will be ineffective.

November 2011

# Agenda Item 2b

CELG(4)-09-11 : Paper 3

## **Evidence to Communities, Equalities and Local Government Committee into the provision of affordable housing across all tenures in Wales**

### **Introduction**

1. There is increasing recognition that a failure to meet housing need in Wales will have significant impact on our ability to address important policy areas including social inclusion, social justice, health and well being, community safety, regeneration, educational achievement and economic prosperity. An adequate supply of good quality affordable housing is therefore fundamental to achieving a wide range of Welsh Government, Local Government and community priorities and improved outcomes.
2. Housing has a crucial role to play in economic, social and environmental regeneration. There is substantial evidence of the important role housing investment plays in generating direct and indirect employment and training opportunities. It also has a significant impact on the local economy and labour market and can play a particularly important role in securing the sustainability of communities and local services in rural Wales.
3. It is clear that there is a historic and growing under supply of housing in Wales and across the UK and this is impacting on the supply of homes that are affordable. At a time when demand and need for housing exceeds supply it is inevitable that vulnerable households and those on lowest incomes will experience the greatest difficulty in securing a home. Ultimately a lack of affordable homes will increase homelessness and increase pressure on a wide range of public services including health care, social care, housing support, child protection and criminal justice. Addressing the need for good quality affordable housing is therefore priority for Local Government.
4. A University of Cambridge study (Holmans & Monk 2009) has projected that between 2006 and 2026 the need for housing will increase by 14,200 dwellings per year - 9,200 in the market sector and 5,100 in the non market sector. In addition there was estimated to be a backlog need for 9,500 homes in 2006 and given the reduction in supply over recent years, it is inevitable that this figure has increased.
5. There has been a failure to increase housing supply in Wales to meet the growing need for a significant time. Between 2000 - 2005 the annual increase in housing supply has been 8,000 – 9,000 homes, with a steady decline to 5,505 in 2010 -11, the lowest level since the Second World War. It appears unlikely that housing supply will rise significantly above this level for some time given current economic and housing market conditions. Housing registers for social housing are lengthening, with between 4 – 5 people

registered for every vacancy and homelessness is rising rapidly with an increase of 16% in 2010/11.

6. Our ability to rely on past mechanisms for providing affordable housing - public investment and subsidy through the planning system - is very limited. The challenge of meeting the need for affordable housing is therefore considerable and will require close collaboration and a diverse package of responses, including making the most effective use of existing homes.

### **Affordable homes**

7. The term 'affordable homes' is used to describe a wide spectrum of subsidised housing, from social rented homes at one end of the spectrum to properties that are marginally below, and sometimes above open market costs at the other. This raises important questions about the degree to which such housing is affordable to lower income households. The term 'affordable housing' is also used to describe housing that is affordable for the initial purchaser, but is subsequently resold at full market value.

8. At a time when resources are under extreme pressure it is important that there is clarity about the term 'affordable housing' and the related policy objectives in order that limited resources are used to maximum effect.

9. For the purposes of planning the term 'affordable homes' is defined in the 'Planning Policy Wales Technical Advice note 2: Planning and affordable housing' as housing which is '*accessible to those who cannot afford market housing both on first occupation and for subsequent occupation*'. The term includes '*social rented housing provided by local authorities and registered social landlords and intermediate housing where prices or rents are above those of social rent but below market housing prices or rents*'. Clearly this definition covers a wide range of housing options, not all of which will be affordable for low income households. The definition also fails to incorporate wider aspects of affordability in terms of service charges and access to transport and services.

10. Public investment and subsidy is declining rapidly with a reduction of 30% in Social Housing Grant (SHG) in 2011/12 to £69.5m, a reduction to £60m in 2012/13 and a further reduction to £48m in 2013/14. This has prompted attempts by Authorities and RSL's to 'stretch SHG' by supporting intermediate housing with lower levels of grant. This focus on producing 'affordable housing' which requires less SHG will inevitably reduce the number of additional social rented homes delivered and this will have a real impact on households in greatest housing need.

11. At a time when subsidy for affordable housing is increasingly scarce it is important that there is greater clarity about the term "affordable homes". This raises questions about the extent to which public subsidy should focus on

housing need or housing aspiration, and how long the subsidised home remains affordable.

### **Essex Review of Affordable Housing**

12. The Essex review of affordable housing (Essex et al 2008) identified a range of barriers to the delivery of affordable housing and made a number of significant recommendations. Good progress has been made in implementing many of the proposed changes but new challenges and opportunities continue to emerge.

13. The review focused on a number of issues including the need for greater clarity in the respective roles of the Welsh Government, Local Government, Registered Social Landlords (RSL's) and the private sector; more robust regulation of RSL's; securing additional finance and making better use of existing resources such as land and the social housing asset base; the need to review the social housing rent regime and the Housing Revenue Account subsidy system and the development of a more robust evidence base. There is no doubt that the increased pace in affordable housing delivery which led to the 'One Wales' target of 6,500 being achieved in 3 years is evidence of the progress that has been made over recent years in delivering affordable homes.

### **Inquiry Questions:**

14. The Essex Review contained some very clear messages which continue to be relevant. Perhaps the most important one is the need for **effective collaborative working between local Authorities, RSL's, financial institutions and homebuilders. (Inquiry question 4)**

15. Key stakeholders including Local Authorities, RSL's, developers and lenders are increasingly working together to explore opportunities to deliver affordable homes. Inevitably the effectiveness of such partnerships is variable across Wales, but there is wide recognition that collaboration across sectors and boundaries is essential if we are to meet the need for affordable homes to rent and to buy.

16. From April 2011 notional Social Housing Grant (SHG) is distributed to Local Authorities using a formula based approach and Authorities now set expenditure priorities for a significant proportion of the SHG programme. This arrangement recognises the strategic housing role of Local Government and provides a useful framework for consolidating partnerships with RSL's, developers and other partners, particularly in relation to SHG funded schemes. A good example of close collaboration between Local Authorities and the RSL sector is the recent co location of two Local Authority housing strategy teams and a housing association.

17. Authorities are also working closely with RSL's to deliver non SHG funded housing developments and in most parts of Wales are able to ensure that RSL developments address local strategic housing priorities. One Authority for example has contributed land at no cost and has worked with RSL partners and developers to provide a significant number of homes without SHG funding.

18. The Welsh Housing Partnership is piloting an innovative approach which uses private funding and 18% SHG to purchase existing homes for a period of up to 10 years for letting by housing associations at sub market rents. The transferability of this model will depend on the extent to which the homes meet local strategic housing priorities and the rents are affordable to low income households. These will be important questions when considering whether WHP it is an appropriate use of limited SHG funding or whether it is a model which potentially can deliver housing without the need for SHG.

19. Local Authorities also work closely with private developers, particularly in relation to the delivery of affordable homes through the planning system. The planning system is a major enabler of affordable housing with over 25% of affordable homes delivered in Wales 2007-10 through this mechanism of cross subsidy. The key tool is Section 106 of the Town and Country Planning Act which enables Local Authorities to agree payments or 'in kind' obligations such as affordable housing with developers, to mitigate any unacceptable impacts of a development. However given the current difficulties in the housing and financial markets there are concerns about the future contribution that s106 agreements can make to the delivery of affordable housing.

20. Housing market uncertainty and restricted lending is leading to a drop in housing and land values across many parts of Wales. This is having an impact on the economic viability of private sector housing development which in turn is leading to a reduction in the level of affordable housing delivered through the planning system. The housing market remains buoyant in some parts of Wales, but is sluggish across much of the country and this is raising growing concerns about the ability of Local Authorities in the current climate to deliver affordable housing through this model of cross subsidy.

21. From 2014 the new Community Infrastructure Levy (CIL) will become the main mechanism for providing local infrastructure through the planning system. However CIL does not include affordable housing and there is an expectation that Local Authorities will negotiate separately for affordable housing to be delivered through s106 agreements. There are concerns that these new arrangements will reduce the subsidy that developers provide for affordable housing through the planning system, particularly on sites where economic viability is marginal.

22. The close partnership between Local Authorities, RSL's and developers has ensured that when funding has been available, for example from the

Welsh Government Strategic Capital Investment Fund (SCIF), it can be used quickly and effectively. SCIF funding was used to purchase properties from developers with stalled sites and resulted in a rapid increase in supply of social and affordable homes. It also successfully kick started stalled developments and protected skills and jobs and the speedy injection of capital investment also had a wider impact on the local economy and labour market.

23. Local Authorities and other partners are developing links with lenders in an effort to address the impact that the restricted lending is having on the housing market generally and on the supply of affordable homes which remain affordable in perpetuity. In the current financial climate lenders are particularly resistant to covenants which restrict future sale of affordable homes.

24. The WLGA is working with Welsh Government and the Council of Mortgage lenders (CML) to develop a good practice note and standardised covenants in an effort to facilitate lending on affordable homes for sale which ensures properties remain affordable in perpetuity. Local Authorities are also helping to address lender concerns by developing registers of potential eligible purchasers for affordable homes.

25. There are a wide range of examples of innovative collaboration between partners and a strong commitment to work together, however the key issues continue to be land values, the economic viability of housing development, lending practices and shrinking public investment.

**The Essex review also underlined the need to make the most effective use of existing powers, resources including SHG and public subsidy, (Inquiry Question 1) in order to increase the supply of and access to affordable housing (Inquiry Question 3).**

26. Public subsidy has historically played a key role in the provision of sub market housing. It is inevitable therefore that the significant reduction in Social Housing Grant over coming years will have a serious impact on the delivery of affordable homes. In response Local Authorities and their partners have been exploring ways in which the reduced SHG can be 'stretched' through funding schemes at less than the standard SHG rate of 58%.

27. A number of approaches are being used which largely focus on providing intermediate housing for households who have average rather than lower incomes. This includes the Welsh Government intermediate rental product 'Rent First' and low cost home ownership products including Welsh Government 'Homebuy'. RSL's have also developed a range of alternative models for intermediate housing and Low Cost Home Ownership. Opportunities to develop mixed housing sites where market and intermediate housing can cross subsidise social homes are also being explored. However this model of cross subsidisation is increasingly difficult given problems of economic viability.

28. These approaches which focus on stretching the reduced level of subsidy will increase the supply of sub market homes for households on average incomes, but will also impact on the number of social rented homes which can be provided. This will make it more important than ever that the most effective use is made of existing social housing and raises some important questions about the role of social housing in Wales and the extent to which access to should be focused on those in greatest need.

29. The availability of land is a key factor in the delivery of affordable homes and represents anything between 25 -75% of the overall cost. Publicly owned land in parts of Wales where land values remain relatively high can be used to cross subsidise the delivery of affordable homes, however in areas where land values are now low the opportunities are more limited. Authorities in areas where land values have remained more stable land continue to be able to use publicly owned land to subsidise development costs or invest in an equity stake. Between 2007 and 2010 around 18% of all additional affordable homes in Wales (1,190) were delivered on land made available by Local Authorities. The degree to which this will continue to be possible will depend on changes in land values and competing demands within Local Authorities for capital investment.

30. The Welsh Government protocol for the disposal of public land for affordable housing has resulted in some land being released for affordable housing, however progress has been relatively slow. A number of appropriate sites have been released but others have not proceeded due to the valuation of the land. There may well be opportunities to make more use of publicly owned land, however with severe pressures on capital investment there will inevitably be many competing demands.

31. Local Authority building programmes have historically made a significant contribution to the supply of social homes in Wales, even after taking into account the sale of 44% of homes through the 'Right to Buy'. However current financing arrangements for council housing has largely prevented Councils from building new homes. In April 2012 the Housing Revenue Account (HRA) arrangements in England will be dismantled and, subject to having borrowing headroom, Authorities will be in a position to re invest rents in existing and new stock.

32. Agreement has not yet been reached regarding the future of the HRA subsidy arrangements in Wales and discussions are underway with the Treasury. A resolution of these discussions and the ending of the HRAs arrangements in Wales will enable councils with stock to reinvest rental income in existing and new affordable homes. The scale of this will depend on the settlement reached with Treasury and the borrowing headroom available.

33. The rental income of social landlords has an important role to play in levering in additional borrowing for affordable homes. The Welsh Government

has recently consulted on a new rent policy for social housing in Wales which is based on the principles of convergence of council housing and RSL rents, delivering greater consistency across Wales and affordability. Welsh Government is proposing that the relatively low social housing rents will continue to increase at more than inflation in order to create additional investment for new affordable homes. This approach has the potential to increase the borrowing of social landlords, but until the HRA subsidy system is dismantled in Wales Local Authorities will be required to return any increased rental income to the Treasury.

34. Social housing tenants have the potential to provide a potential source of additional funding to increase the supply of affordable homes. However in the current financial climate it is important that a balance to be struck between maintaining affordable social rents and the objective of securing additional funding to build affordable homes.

35. RSL borrowing is being affected by the current economic climate with costs of borrowing starting to rise, particularly when there is a perceived increase of risk. The UK Government welfare reform agenda is expected to impact on rental income streams and it is likely that this will increase the cost of RSL borrowing. There is a potential danger that this perceived risk to rental income will also encourage RSL's to review access to social housing and reduce levels of access to households most affected by the Welfare Reform changes.

36. Given the increase in homelessness and rising housing need it is important that households who have most difficulty in accessing market housing have access to the limited supply of social housing. A number of Local Authorities and RSL's have established local or regional common housing registers to ensure access to all social housing is consistent and focused on those in greatest need. It is clearly important that social landlords balance the need to provide homes for the rising number of low income and vulnerable households in housing need with the need for communities to be sustainable.

37. Local Authorities are subject to a Code of Guidance on Allocations and to legislation which requires they give 'reasonable preference' to households in defined categories of housing need. This legislation does not apply to the RSL sector and there is no RSL Code of Guidance on allocations. We suggest greater consistency across social housing in terms of expectations could play an important part in ensuring equitable access to the limited supply of social rented homes.

38. Guidance is soon to be issued relating to the introduction of the power for Local Authorities to suspend the 'right to buy' and the 'right to acquire' in areas of housing pressure. This new power is welcome despite the relatively low level of sales under the right to buy/acquire which totalled 375 in 2010/11. Given the growing demand for social rented homes it is also

important that voluntary sales of social homes are kept to a minimum unless it is clear receipts are being used to invest in replacement stock. The number of voluntary sales of social rented homes by Local Authorities is extremely low, but sales by RSL's are somewhat higher.

39. Discussions about the supply of affordable homes often tends to focus on increasing new supply, however it is also important to explore the potential to make more effective use of existing homes. Social landlords have reduced the number of voids to a very low level (1.7%) but there are a significant number of properties in the private sector that have been empty for more than 6 months, with estimates varying between 18,000 – 26,000. Every Authority in Wales has a strategy in place in relation to empty homes however the work involved is time consuming and also requires Authorities to have access to finance for grants, loans and purchase costs. The potential for establishing a recyclable loans fund to support this work is currently being explored and this could provide a real impetus to the work of bringing empty homes back into use.

40. We also urge the Welsh Government to consider enabling Local Authorities to charge more than 100% council tax on empty and second homes in order to dis-incentivise homes being left empty or being used as second homes. This could also generate additional income which could potentially be ring fenced to bring empty homes back into use and increase affordable housing supply. A WLGA survey of Authorities has estimated that council tax charged at 125% on second homes alone would raise between £4-£6m per year. If Authorities were given powers to charge a similar level of council tax for properties left empty for more than a year this figure would increase.

41. In the light of the significant reductions in the SHG programme it is essential most effective use is made of this funding. The level of top slicing from the grant programme has been reduced since 2011, however £8m per annum continues to be top sliced to provide for physical adaptations to RSL properties. This represents over 13% of the Social Housing Grant programme in 2012/13, rising to 16% in 2013/14. Local Authorities fund adaptations to their properties from the HRA or the Revenue Support Grant (RSG) and if RSL's similarly funded adaptations from income, this would ensure that the limited SHG programme could be focused on increasing the supply of affordable homes.

42. Subsidies which facilitate the delivery of affordable homes are extremely low and will clearly fail to deliver anything near to the figures suggested by the Holmans report (2009). **There is an undisputed need for additional financial investment and this raises the question of whether there is potential to explore further opportunities for leveraging in investment (Inquiry Question 2).**

43. We have discussed above the potential for Authorities, RSL's and Welsh Government to use publicly owned land as a mechanism for subsidising the delivery of affordable homes. In particular we have pointed to potential offered by the Welsh Government land release protocol and suggest that release of Welsh Government and related public land holdings is explored more fully and perhaps a register compiled and published.

44. Some Authorities are exploring the potential for underwriting small scale affordable housing developments. In one example an Authority has underwritten a series of small developments of affordable homes by a private developer as part of a regeneration scheme. The Authority agreed to purchase any properties which the developer could not sell but was not required to step in as all properties were sold to households the local register for intermediate housing. This is a good example of how public bodies can share the risk with other partners and facilitate developments which would otherwise not take place.

45. A further example of risk sharing is the Local Authorities Mortgage Scheme (LAMS) which involves Authorities guaranteeing a proportion of a mortgage (20%) to enable first time buyers to access a mortgage of 70% with a 5% deposit. The scheme which has been taken up by 3 Authorities in Wales so far and it is expected that other Authorities may follow. This model is not specifically aimed at affordable or sub market housing, but will clearly ease pressure on waiting lists and the private rented sector. Some Authorities in Wales are exploring alternative models for first time buyer mortgage guarantees which better target at local households.

46. The current arrangements for council housing financing make it difficult for Authorities to build new homes. However a small number of Authorities are currently exploring the potential to develop homes outside the HRA using prudential borrowing powers. At a wider level Local Government is currently considering vehicles which could increase access to capital investment for a range of purposes including affordable housing. In particular the potential for a Local Government bond and prudential borrowing are currently being explored.

**The Inquiry has asked specifically whether innovative methods of delivering housing such as Community Land Trusts or co operatives could be promoted more effectively by the Welsh Government**

47. We support the exploration of any new approaches which have the capacity to deliver affordable homes which are sustainable and address local strategic priorities. There has been some experience in Wales of Community Land Trusts and of co operative forms of housing, some of which have a chequered history. It will be important to draw lessons from these previous experiences to identify how best they can be supported and promoted.

48. There are some signs that co operative housing could attract sources of institutional investment which are currently not be exploited. It is important

that this is explored as this might provide the opportunity to not only increase the supply of affordable homes but also introduce greater choice and flexibility to the housing market in Wales.

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Sue Finch  
WLGA Housing Policy Officer  
November 2011

# Agenda Item 2c

CELG(4)-09-11 : Paper 4

## **WRITTEN EVIDENCE TO THE COMMUNITIES, EQUALITY & LOCAL GOVERNMENT COMMITTEE INQUIRY INTO THE PROVISION OF AFFORDABLE HOUSING, ACROSS ALL TENURES, IN WALES.**

### **Introduction**

1. This paper provides written evidence from the Minister for Housing, Regeneration and Heritage for the Committee's inquiry into the provision of affordable housing, across all tenures, in Wales.
2. The terms of reference for the inquiry are:
  - The effectiveness of public subsidy in delivering affordable housing, in particular Social Housing Grant;
  - Whether alternatives to public subsidy are being fully exploited;
  - Whether the Welsh Government, local authorities and RSLs are effectively utilising their powers to increase both the supply of, and access to, affordable housing;
  - Whether there is sufficient collaborative working between local authorities, RSLs, financial institutions and homebuilders;
  - Whether innovative methods of delivering affordable housing such as Community Land Trusts or co-operatives could be promoted more effectively by the Welsh Government.

### **Context**

3. The National Housing Strategy "Improving Lives and Communities – Homes in Wales" published in April 2010 has three priorities: providing more housing of the right type and offering more choice; improving the quality of homes and communities, and improving housing-related services and support, particularly for vulnerable people and minority groups. The Strategy was developed with the Welsh housing sector and its delivery is supported through them.
4. The Government's Manifesto and the Programme for Government reflects these key priorities. Again, the delivery of these commitments is supported through an approach based on collaboration and co-production with the housing sector. This arose from the recommendations in the 2008 Essex report on delivering affordable housing.
5. Using the Essex recommendations as a platform, the Welsh Government, housing associations and local authorities have worked hard to increase supply. Between 1 April 2007 and 31 March 2011, a cumulative total of 9,091 additional affordable housing units were delivered across Wales. This total exceeded the original 'One Wales' target of 6,500 for 2011 by 40 per cent. Over this period of time over £570 million in Social Housing Grant has been allocated to support affordable housing schemes in Wales.
6. However, the financial environment is now very different. Substantial cuts in capital budgets arising from the UK spending review, have led to budget reductions of over

38% meaning housing capital funding reductions from £69 million in 2011/12 to £48 million in 2013/14 compared to a previous annual budget of approximately £100 million. However demand continues to grow. We also know that the financial impact of the recent UK Government changes to housing benefit mean that the vast majority of claimants will be worse off. Expectation is that private sector rents will reduce however if that is not the case there will be considerable social and demographic impacts.

7. The Social Research report 'Housing Need and Demand in Wales 2006 to 2026' commissioned by the Welsh Government in 2010, provides an estimate of future need and demand for housing in Wales to 2026. This estimates that an additional 5,100 non market homes per year are required to meet anticipated need. Non-market housing in this context includes traditional social housing, owner-occupiers buying through Right to Buy and private rented sector where tenants receive housing benefit. The report also estimated that there was a current backlog of unmet housing need of approximately 9,500 households.
8. The First Minister recently announced the Welsh Government's 5 year legislative programme which included a Housing Bill to protect our most vulnerable citizens and help to improve their health and wellbeing. The Bill will enable the Welsh Government to meet our Manifesto commitments, in areas such as tackling homelessness and improving standards and tenants' rights in the private rented sector. The housing sector is fully engaged in our developing thinking about what else needs to be done to tackle the major housing issues we face and this includes increasing the supply of affordable homes and possible content of the Housing Bill.
9. The need to increase supply and the large reductions in our budgets mean that we have to look at new and innovative ways of funding and delivering housing. We will of course be monitoring the outcomes of these new approaches and will look at the issue of an affordable housing target in the future.

### **The effectiveness of public subsidy in delivering affordable housing, in particular Social Housing Grant**

#### **Social Housing Grant**

10. Since 2007, the Welsh Government has allocated over £570 million in Social Housing Grant (SHG) to support affordable housing schemes across Wales. This has provided safe and secure housing that is accessible and affordable to people in housing need in Wales.
11. SHG is the primary source of subsidy for the provision of affordable housing in Wales. Affordable housing is also delivered without subsidy such as that provided on a shared equity basis by house builders or by housing associations building without grant. SHG can be used for a variety of different types of housing provision including different tenures i.e. social rent, intermediate rent and low cost home ownership and different types of housing need e.g. housing for families, older persons and supported housing for people with specific needs.
12. SHG is provided to housing associations as regulated Registered Social Landlords; however where and how the money is spent is determined by strategic local housing

authorities. This ensures that grant funding is targeted at schemes that meet the specific housing needs and priorities of individual local authorities. Successful development also requires close partnerships with the house building industry and these relationships within the housing sector are strong in Wales.

13. SHG has provided funding for specific housing programmes such as the Extracare Programme, the Mortgage Rescue Programme, the Drug and Substance Misuse Programme and Hospital Resettlement Programmes. Additional funding has been made to support affordable housing funded via SHG from the Strategic Capital Investment Fund.
14. Schemes that are funded with SHG are required to demonstrate that they provide value for money and fit with Welsh Government Acceptable Cost Guidance criteria. This ensures that schemes are being developed effectively and at the lowest cost possible.
15. The majority of schemes are funded using a fixed grant rate of 58% which provides properties at a social rent. However, we also provide grant support for intermediate rent (25%) and low cost home ownership (30% or 50%) at lower levels of grant. This grant can also be leverage for affordable housing delivered without subsidy.
16. The remainder of schemes costs are met by housing associations that will look to private finance for the remaining funding. In simple terms an investment of £50 million of SHG will support schemes to a total cost of £86 million. This level of subsidy allows rents of traditional social housing to be maintained at an affordable level.
17. The investment of public funding in affordable housing schemes can often be the catalyst for attracting other sources of funding or supporting linked projects. This can range from the provision of local community centres, or other community facilities to releasing stalled sites in the private housing sector.

### **Other sources of subsidy**

18. Subsidy is also provided via the release of public land. In 2010/11 eight Welsh Government sites were released for affordable housing or sold and the proceeds used to fund affordable housing. We want to see more surplus Welsh Government land released and ensure that all of it is considered for affordable housing. We are targeting to release at least four more sites for affordable housing in 2011/12 as well as working with Local Authorities, the Forestry Commission and the Church of Wales, for example to pursue more land for affordable housing.
19. The recent creation of the Welsh Housing Partnership will provide further intermediate rental housing. This £16million project is being financed through a combination of £3million of Welsh Government grant funding, a £12million loan from the Principality Building Society's Commercial Division and a combined £1million from the four housing associations involved. This partnership is an example of joining forces to work together to share knowledge, experience and risk but most importantly to provide around 150 quality affordable rented homes to people living in Wales.

20. Some Welsh local authorities are again exploring offering mortgages to residents through the Local Authority Mortgage Scheme (LAMS). This is run by participating local authorities for applicants who can afford mortgage payments but not the typical 25% deposit. It is for each local authority to determine whether to participate in LAMS and to identify which lenders would operate their scheme. The Welsh Government is also exploring the use of an insurance captive with the housebuilders which could also potentially provide applicants with a mortgage without such a large deposit being required.
21. Innovative land models are also currently being developed to increase affordable housing in Wales using land as the potential subsidy. A consortium of organisations are working on a new model to utilise potential RSL land, for example, to increase supply, as well as other potential models coming forward.
22. Housing is an integral part of regeneration; its regenerative potential is significant. In the housing sector we are seeing investment that transforms communities and creates new jobs. Better homes lead to improved health and more support for the most vulnerable people in our society. Subsequently this means that investment in housing often acts as leverage to subsidy from other areas such as regeneration or heritage.
23. As an example of this, we have worked with Denbighshire County Council to develop a housing master plan to tackle problem Homes in Multiple Occupation (HMO) in west Rhyl. At the same time, we are also working closely with the local authority and local registered social landlords to purchase empty, derelict or sub-standard HMOs for redevelopment. Over 60 properties have been bought to date and will be brought forward through the Empty to Affordable programme.

### **Whether alternatives to public subsidy are being fully exploited**

24. Housing associations work closely with local authorities to provide affordable housing without public subsidy and from their own resources. Community Housing Cymru who represents housing associations has made a commitment to provide 1500 additional homes without grant over the next four years.
25. Alternative funding options are being explored including using public land and assets as leverage but it is difficult to make the funding work for traditional social housing, primarily because rents need to stay at a certain level which is difficult without subsidy. Generally it is easier to use new non-subsidised options for other forms of affordable housing. However section 106s do provide a level of affordable homes on land sites subject to individual local authority local development plan requirements and the viability of the scheme.
26. The private rented sector (PRS) accounts for around 12-14% of the housing stock and provides approximately 136,000 homes for people across Wales. A strong PRS offering quality accommodation is an essential part of a well functioning housing market. In Wales the PRS performs a critical role in supporting economic mobility, provides flexibility and choice to those who choose not to enter into home ownership and provides housing to many of the most vulnerable in society.

27. The Welsh Government is committed to the development and maintenance of a PRS in Wales with well-managed homes that are in good condition. Fulfilling this ambition may involve increased regulation and we are currently considering what additional legislation might be applicable for the sector.

**Whether the Welsh Government, local authorities and RSLs are effectively utilising their powers to increase both the supply of, and access to, affordable housing**

28. Many RSLs are currently utilising their assets to release funds to increase the supply of affordable homes and Community Housing Cymru is leading work on continuing to explore new funding options to provide more affordable homes. Some RSLs have also utilised the private rented sector to provide more accommodation to meet housing need, however with welfare benefit changes the viability of this option is becoming more difficult.

29. We recognise that a major opportunity for bringing more affordable housing forward is by tackling empty properties. Data collected for the National Strategic Indicators for 2010-11 show that there were 21,970 private sector dwellings that had been vacant for more than 6 months at 1<sup>st</sup> April 2010. Of this total 954 were brought back into use during the year through direct action by local authorities. This is a Manifesto commitment and I am determined that we will tackle it. Discussions with local authorities indicate that the issue is not availability of powers, but using them. In addition, money and skills appear to be the major stumbling block. I am currently working with the housing sector to implement a new initiative to tackle problems with long term empty properties. Part of this is the potential establishment of a dedicated loans scheme to provide additional recyclable funding for local authorities.

30. I am continuing to work to remove Wales from the current arrangements around the Housing Revenue Account Subsidy system (HRAS) which will provide local authorities with more flexibility to develop new affordable homes. Welsh Government is also working closely with Carmarthenshire Council to develop a pilot agreement that would enable the authority to exclude a new development of bungalows from the HRAS. Once an Agreement is in place, this would enable all rental income to be retained by the authority. A full review of the HRAS commenced in December 2009 and discussions with HM Treasury are continuing.

31. The Welsh Government has provided a robust policy framework for the delivery of affordable housing through the planning system. This is set out in *Planning Policy Wales*, supplemented by the 'housing' TANs 1 and 2 – *Joint Housing Land Availability Studies* and *Planning and Affordable Housing*. As part of the evidence base for local development plans, local authorities should assess the need for all types of housing, both market and affordable.

32. There is an opportunity to review other housing services for opportunities to work regionally and/or collaboratively and a wide range of potential areas have been identified, including: empty homes management, regional common housing register partnerships and the development of regional loan schemes. We are working with the

WLGA to prioritise the key areas for regional working and produce an action plan by March 2012.

**Whether there is sufficient collaborative working between local authorities, RSLs, financial institutions and homebuilders**

33. There is a great deal of collaborative working going on across the sector with some excellent projects being taken forward in partnership. The Welsh Housing Partnership is an excellent example of this. However we are not complacent and as the demand for affordable housing continues to grow we will need to do more together.
34. I am keen to explore how the local authority collaborative agenda can benefit housing and there are clear areas where this can work well for affordable housing; working together on empty properties for example. I have had very productive conversations with the WLGA on how we take the collaborative agenda forward and I hope that by next spring we will have a framework in place that sets out how we will do this.
35. I think there is also more we can do with private house builders and I have set up a private sector steering group to look at how we might break down barriers to increasing the supply of housing overall. The Welsh Government has taken a number of steps to support the house building industry in recent years through recession, for example through enabling RSLs to buy stalled private sector sites and by supporting jobs and training through new RSL developments. The massive reductions in our capital funding mean that pursuing the same approach is no longer possible. The lack of funding also raises some important issues about where you focus scarce resources.
36. We are working closely with the Council of Mortgage Lenders, WLGA, CHC and Local Planning Authorities (LPA) to provide guidance around issues of section 106 agreements attached to planning permissions that restrict affordability and occupation. We are aware that some restrictions are making mortgage availability difficult and a task and finish group has drafted guidance and minimum standards for use by LPA.
37. The RSLs and local authorities are working closely to tackle the rising numbers of homeless and address the impact of welfare benefit reform. We know the changes are already having a negative impact.

**Whether innovative methods of delivering affordable housing such as Community Land Trusts or co-operatives could be promoted more effectively by the Welsh Government.**

38. We are actively examining innovative ways of building additional housing by looking at different ways of accessing finance and the creative use of land. Work has already started to look at ways in which we can develop co-operative forms of housing in Wales as a viable option for people to access affordable housing. We have gathered housing and co-operative experts together to look at ways of funding and measures of success for co-operative models in addition to bringing forward a number of pilot projects.

39. We have actively supported the promotion of CLT activity in Wales and have engaged with the CLT movement to be part of the wider co-operative approach to housing we are currently considering. If, during work to develop new innovative products such as CLTs or co-operatives barriers are identified which could be removed through new legislation, this could be considered for possible inclusion in the Housing Bill

### **Next Steps/Conclusion**

40. There is a great deal of work going on to increase the supply of affordable housing in Wales, building on the firm foundations laid by the Essex Report in 2008. Outcomes from that work include:

- the development of the Welsh Housing Partnership to provide more intermediate affordable homes
- the delivery of over 9,000 new homes against the target of 6,500
- a review of the rent regime to make it fairer
- a review of the HRAS system to give Welsh local authorities a fairer financial settlement and flexibility to do more to meet the housing needs of their area

41. But more needs to be done to help increase supply and this will not be easy because of the difficult financial settlement facing us. It will not be possible to do everything without spreading resources so thinly that there is little impact. Consequently decisions will need to be taken on where and how we spend scarce resources.

42. The work with the sector to develop a Housing White Paper for the spring of 2012 will provide an opportunity to explore what needs to be done and find possible new solutions. If necessary I am prepared to use the opportunity of a Housing Bill to do more.

43. I look forward to hearing the Committee's views which will help inform our thinking over the coming months.

Edwina Hart MBE OStJ AC / AM  
Y Gweinidog Busnes, Menter, Technoleg a Gwyddoniaeth  
Minister for Business, Enterprise, Technology and Science



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref

Ann Jones AM

Ann.jones@wales.gov.uk

3 November 2011

Dear Ann,

I agreed at the Communities, Equality & Local Government Committee on 19 October to provide the Committee with a list of events outside of Cardiff which have recently received support, or where a firm future commitment is in place to do so, from the Welsh Government's Major Events Unit; this list is enclosed.

A handwritten signature in cursive script, appearing to read 'Edwina Hart', written in black ink.

**Major Events Unit Commitments 2010/11 outside Cardiff**

<b><u>Name of Event</u></b>	<b><u>Location</u></b>
Beyond the Border Storytelling Festival	St Donats, Vale of Glamorgan
British Elite Series Triathlon	Blaenau Gwent
Do Lectures	Carmarthenshire
European Golden Oldies Rugby Festival	Caernarfon, Gwynedd
Green Man Festival	Crickhowell, Powys
International Harp Festival	Caernarfon, Gwynedd
International 3 Day Horse Trials	Crickhowell, Powys
National Eisteddfod/Will Young	Ebbw Vale, Blaenau Gwent
Pwllheli Sailing Events	Pwllheli, Gwynedd
Radio One Big Weekend	Bangor, Gwynedd
Ryder Cup	Newport
Spirit of Llangollen	Llangollen, Denbighshire
Tour of Britain	Route includes – Newtown (Powys) & Swansea
Wakestock Festival	Abersoch, Gwynedd
Wales Rally GB	Route includes - Margam Park (Neath Port Talbot) & Builth Wells (Powys)

**Major Events Unit Firm Commitments 2011/12 and beyond outside Cardiff**

<b><u>Name of Event</u></b>	<b><u>Location</u></b>
Beyond the Border Storytelling Festival 2012 and 2014	St Donats, Vale of Glamorgan
British (and Wales) Seniors Open Golf	Conwy and Porthcawl, Bridgend confirmed venues
Commonwealth Mountain & Ultra Running Championships 2011	Llandudno, Llanberis & Newborough (Conwy, Gwynedd, Ynys Mon)
Do Lectures 2011 - 2013	Carmarthenshire
Gemmau Cymru	Cardiff but athletes village University Glamorgan, RCT
Green Man Festival 2011	Crickhowell, Powys
Gwyl Gardd Goll 2011	Bangor, Gwynedd
International 3 Day Horse Trials 2011 - 2012	Crickhowell, Powys
Ironman Triathlon 2011 – 2013	Pembrokeshire
Kaya Festival 2012	Bangor, Gwynedd
Llandudno 10 Mile 2011-2013	Llandudno, Conwy
Machynlleth Comedy Festival 2012-2014	Machynlleth, Powys
Merthyr Rock 2011	Merthyr Tydfil, Merthyr
North Wales Choral Festival 2011-13	Llandudno, Conwy
Rugby League World Cup 2013	Venues tbc – including outside of Cardiff
Gemmau Cymru	Cardiff but athletes village University Glamorgan, RCT
SAAB Wales Open 2011-2014	Newport
Tour of Britain 2010 – 2012	Route includes – Powys, RCT & Caerphilly
Wakestock Festival 2011 - 2013	Gwynedd
Wales Rally GB 2012	Route includes - Margam Park (Neath Port Talbot), Builth Wells (Powys) and north Wales
Welsh Yachting Events & Strategy	Pwllheli, Gwynedd

Leighton Andrews AC / AM  
Y Gweinidog Addysg a Sgiliau  
Minister for Education and Skills



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref SF/LA/6200/11

Ann Jones  
Chair  
Communities, Equality and Local  
Government Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

9 November 2011

*Dear Ann,*

### Welsh language screening

During my appearance before the Communities, Equality and Local Government Committee on 19 October I promised to send you a note about Welsh language screening within my department and within other Ministerial portfolios.

The Welsh Government takes very seriously its responsibility for promoting the use of the Welsh language. This is reflected in our Welsh language scheme, as approved by the Welsh Language Board in March 2011, which commits the Government to ensure that its policies support and facilitate the use of Welsh and, whenever possible, help the public in Wales to use Welsh as part of their day-to-day lives.


This commitment is supported by the integration of a Welsh language screening questionnaire into the Welsh Government's policy-making process. That policy-making process seeks to ensure:

- that our policies are underpinned by sustainable development, taking equality, social inclusion and our cross-cutting themes of regeneration, economic inactivity/skills, children and young people, child poverty, improving health and reducing inequalities in health into account
- that policies are integrated and joined up across all departments
- that policy interventions are deliverable, and will be value for money
- cohesion with other key policies, strategies and plans.

The policy-making process is used by all of the Government's departments, including the Department for Education and Skills, as policies are developed.

In addition, every Welsh Government Directorate has to prepare and maintain a *Welsh Language Action Plan*, in accordance with our Welsh language scheme. Those plans include reference to policies to be developed by each Directorate, whilst reflecting the commitment in the scheme to consider the impact of those policies on the language. As part of the Welsh language annual reporting cycle, each Directorate reports on the extent to which the language was considered as policies were developed.

The Welsh language questionnaire, and the preparation of Welsh Language Action Plans, provide a specific process for screening the Welsh language. This process is different to, and separate from, the equalities impact assessment process within the Government.. With regard to equalities impact assessment, an Inclusive Policy Making tool is used by Welsh Government officials in carrying out equality impact assessment for all protected characteristics under the Equality Act 2010 and in meeting the requirements of the Welsh specific equality duties..

Yours sincerely  


**Leighton Andrews AC / AM**  
Y Gweinidog Addysg a Sgiliau  
Minister for Education and Skills



Mr Marc Wyn Jones  
Committee Clerk  
The Communities, Equality &  
Local Government Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

**Police Authorities of  
Wales**

Gwent Police Authority  
Police Headquarters  
Croesyceiliog  
CWMBRAN  
NP44 2XJ

31st October 2011

**Awdurdodau Heddlu  
Cymru**

Awdurdod Heddlu Gwent  
Pencadlys yr Heddlu  
Croes-y-ceiliog  
CWMBRÂN  
NP44 2XJ

Dear Sir,

Re: Communities, Equality and Local Government  
Committee 5<sup>th</sup> October 2011

I read with interest the evidence provided to the  
Committee regarding the inquiry into community safety  
in Wales.

Tel/Ffon: **01633 642016**

Fax/Ffacs: **01633 643095**

I would ask that the following point is raised (if possible)  
with the Members of the Committee and in particular Mr  
Mark Isherwood AM. At paragraph 86 Mr Isherwood  
raised the issue of paperwork for police officers and  
again raised the point at paragraph 93. While Mr

Arundale responded on the bureaucracy issues, he did not deal directly with the  
visibility issue which is directly connected. Mr Isherwood stated at paragraph 93 that  
officers only spend one hour on the streets and nine in the station.

It is a fact that an officer could only spend ten hours on the streets if he or she worked  
24 hours a day, 7 days a week and 52 weeks and one day (2 in leap years) a year. The  
maximum is 2 hours. The other eight reflect the fact that officers, like all employees  
have hours off work every day, days off and weeks off. The very best that could be  
achieved by an officer would be 20%. Clearly any effort to reduce the time that officers  
spend completing paperwork would be welcomed.

We have as Police Authorities raised on a number of occasions the concerns with the  
way this issue is reported (to Home office, Home Affairs Select Committee, & the  
Association of Police Authorities) and felt it was important that this matter was raised  
with the Committee as part of their inquiry.

Yours Faithfully,

S A Bossa

Swyddog Gweithredol PAW  
PAW Executive Officer



**Shelter Cymru Survey of Empty Homes by Local Authority Area**

These figures were provided by local authorities and were taken from council tax records, showing properties that were empty for six months or more. The information provides a snapshot of long-term empty properties taken in July of 2008 and 2009.

<b>Authority Area</b>	<b>Long Term Empty (08/09)</b>	<b>Long Term Empty (09/10)</b>
Blaenau Gwent	900	Not available
Bridgend	1,820	855
Caerphilly	1,074	900
Cardiff	2,289	1,233
Carmarthenshire	1,954	1,925
Ceredigion	597	749
Conwy	1,050	1,060
Denbighshire	893	1,115
Flintshire	868	1,300
Gwynedd	1,308	1,222
Isle of Anglesey	716	725
Merthyr Tydfil	817	716
Monmouthshire	1,482	444
Neath Port Talbot	1,248	2,588
Newport	2,078	1039
Pembrokeshire	1,000	200
Powys	Not available	506
Rhondda Cynon Taf	3,000	3,300
Swansea	1,881	1888
Torfaen	295	260
Vale of Glamorgan	817	787
Wrexham	260	138
<b>Wales</b>	<b>26,407</b>	<b>22,950</b>

# COMMISSION ON A BILL OF RIGHTS

**Sir Leigh Lewis KCB**  
**Commission on a Bill of Rights**  
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Ann Jones, AM  
Chair of the Communities, Equality and Local  
Government Committee  
National Assembly for Wales  
Ty Hywel  
Cardiff Bay  
Cardiff  
CF99 1NA

14 November 2011

Dear Ann

I am writing to thank you and members of your Committee for meeting me and some members of the Commission when we visited Cardiff recently as part of our consultation programme.

I am very grateful for the time you gave us. It was extremely helpful to hear your Committee's views on the issues we are addressing as part of our mandate and on the particular issues for Wales.

We would welcome any further contributions that you might like to make. The formal deadline for responses to our Discussion Paper was 11 November but should you wish to make a submission I would be very happy to receive it in the next week or two, either by email to [responses@commissiononabillofrights.gov.uk](mailto:responses@commissiononabillofrights.gov.uk) or by post to the Commission on the Bill of Rights, Postpoint 9.55, 102 Petty France, London SW1H 9AJ.

In the meantime thank you once again for meeting us.

Yours sincerely,



Sir Leigh Lewis KCB