



Ein cyf/Our ref MA/JJ/2861/21

28 October 2021

Dear John,

Thank you for your letter of 5 October requesting further information on some of the topics we discussed at the Committee session on 22 September. I will answer your questions in the order you have raised them.

### **Affordable Housing**

As mentioned during the Committee session, we unfortunately cannot begin the process of setting budgets for future years until we have Westminster's Spending Review and therefore cannot give long-term certainty until then. Once the Spending Review has been received, it is our intention to allocate multiple year budgets to provide that clarity. However, regardless of the outcome of the spending review, we remain committed to providing sufficient investment to deliver this key Programme for Government Commitment. Work is also underway on developing a new tripartite Housing Pact agreement between this Government, the WLGA and Community Housing Cymru. Our intention to provide sufficient funding is highlighted as a key enabler within the draft Housing Pact.

As the Committee is aware, the increased global demand for building materials coupled with reduced production has led to shortages in the availability of some building materials and increased prices. Currently contractors are still feeling the pressure. There is need to note, however, that the issue is not limited to just the housing sector. The impact is significant across the whole of the construction sector.

Although material price rises are starting to stabilise, there is a risk that prices will not revert to historically low levels. We are therefore working with the sector to mitigate these risks as far as practically possible. As part of mitigation measures, I have recently agreed to provide additional funding to Registered Social Landlords (RSLs) and local authorities to support the increase in material costs. I have made it clear that this additional funding, will not mitigate all the risks and risks should be shared between RSLs, local authorities, Welsh Government and the contractors themselves. I have therefore limited Welsh Government's contribution to 42% of increased costs with a view to RSLs and/or local authorities matching this contribution.

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The Welsh construction and Modern Methods of Construction (MMC) sectors both play a vital role in delivering the social homes we need in Wales. Wales is fortunate to have an existing experienced and capable MMC supply chain to service contracts with social landlords here in Wales and across the UK. Last year, our Innovative Housing Programme, was a 'MMC special', delivering over 400 new, energy efficient MMC homes, all manufactured using Welsh based MMC suppliers and local workforces. MMC requires a different construction skill set to traditional building techniques, providing an opportunity to showcase a broader range of new and innovative careers to attract a new and diverse workforce. This should encourage more women and younger entrants to the construction sector, changing perceptions of construction work and promoting new types of careers to help meet the skills and workforce shortage in the UK construction sector.

Early discussions have been held between my officials and Housing Justice Cymru around their Faith in Affordable Housing (FiAH) Project and their commitment to bring underutilised church land or buildings forward for the purposes of affordable homes. Through the project, Housing Justice Cymru have established a partnership with nine RSLs across Wales. It is envisaged this partnership will unblock the barriers previously experienced by the FiAH project around releasing land and the timely development of homes. The project is also supported by an Expert Panel, which has representation from Welsh Government.

### **Implementation of the Renting Homes (Wales) Act 2016**

As I mentioned during our discussion, implementation has taken longer than originally anticipated for a number of reasons, including the need to divert much of our limited legal and policy resource to managing Brexit and, of course, Covid priorities. The Committee will be aware that officials also worked over two years on the amending Bill which adds further protections for contract-holders to those already included in the 2016 Act.

We currently have a team of officials finalising the 23 pieces of subordinate legislation required to bring the Act fully into force. Implementation during the first year of this current Senedd term is one of our legislative priorities, and our intention is the Act will be implemented before summer recess next year.

We intend to lay the Fitness for Human Habitation, Supplementary Provision and Model Written Statement regulations in the coming months. These contain the essential information stakeholders require in order to make the necessary preparations ahead of the 2016 Act coming into force, and they will be made available at least six months ahead of the implementation. The remaining subordinate legislation will be laid in the period leading up to implementation. We will also be publishing a range of non-statutory guidance prior to implementation.

### **Building Safety**

We have no plans to ask UK Government for further Welsh amendments to the Building Safety Bill from a building regulations perspective.

However, included within the Building Safety Bill are provisions to establish a New Homes Ombudsman (NHO). These are currently England only provisions. The UK Government are keen to work with all devolved administrations to seek agreement for the new arrangements under the Ombudsman to be UK-wide. I consider the NHO scheme to be of potential benefit to home owners and businesses in Wales and we have been working positively with the UK Government with a view to extending the scheme.

The NHO will provide dispute resolution and determine complaints by buyers of new build homes against developers. Once the arrangements for the NHO scheme have been made,

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developers will be required to become and remain members of the scheme. It is intended that the housebuilding industry will meet the costs of the NHO and, once established, the NHO service will be free to consumers.

As many of the house builders here in Wales work across the border in England, joining a UK-wide NHO will ensure a standard approach, implemented at a single point in time, which will reduce confusion and complexity both for consumers and developers. It will also be beneficial in terms of cost and timing, ensuring Welsh consumers have access to effective redress as soon as possible.

A Supplementary Legislative Consent Memorandum (LCM) will be required if these provisions are extended to Wales and this will be laid after a Government amendment to the Bill.

### **Second Homes**

The cross-party group on second homes is an informal group which Ministers (the Minister for Education and Welsh Language, Minister for Finance and Local Government and I) attend, alongside party spokespeople on housing matters. Welsh Government Ministers have been clear that no one party has a monopoly on good ideas and this forum provides an opportunity for us to discuss a number of issues relevant to discussions on second homes. The group has met four times this year, with short presentations given on a number of matters, including, most recently, the consultation on local taxes and, separately, on Land Transaction Tax. The group also provides an opportunity for updates on policy development. A further meeting for November is due to be scheduled.

In terms of piloting our interventions, we have met a large number of stakeholders across sectors – including an estate agent and a representative group of second home owners – and three town and community councils' representatives in different parts of Wales.

We anticipate a package of measures within the pilot, and are working through options and timelines we can agree with partners, including at local authority level. We are also clear that there will need to be community engagement and appropriate buy-in – across the communities – before we can initiate the pilot.

Once we have agreed with our partners the precise scope of the pilot, I will make an announcement, including on location, and take forward the necessary steps to engage the communities. I anticipate being able to make an announcement over the coming weeks.

Yours sincerely



**Julie James AS/MS**

Y Gweinidog Newid Hinsawdd  
Minister for Climate Change