

National Assembly for Wales

Communities, Equality and Local Government Committee

CELG(4) HB 16

Inquiry into barriers to home building in Wales

Response from : Chartered Institute of Housing Cymru

The Chartered Institute of Housing is the only professional organisation representing all those working in housing. Its purpose is to maximise the contribution that housing professionals make to the well being of communities.

In Wales, we aim to provide a professional and impartial voice for housing across all sectors to emphasise the particular context of housing in Wales and to work with organisations to identify housing solutions.

## Introduction

CIH welcomes the opportunity to present evidence to the Communities, Equality and Local Government Committee. CIH is the professional body for people working in housing and communities, with over 22,000 members across the UK and Asian Pacific. Our mission is to maximise the contribution that our members make to the well being of communities.

Our response is informed by feedback from our members, our knowledge of the sector and expertise from our policy and practice teams. ..

In general CIH Cymru:

- promotes the concept of *housing led regeneration* to capture the added value that housing brings in terms of economic, social and environmental outcomes.
- recognises the central role of the Welsh Government as the housing *system steward*.
- advocates placing the delivery *affordable housing* at the top of national, regional and local strategies
- supports the role of local authorities as *strategic housing enablers*
- promotes a *joined up approach* to delivery that encompasses all sectors and tenure options
- advocates an approach that includes utilising the *existing stock* as well as building new homes
- encourages an *innovative approach* to delivering quality homes
- builds in the high *quality and sustainability* standard

- The development of innovative funding models to increase delivery of affordable housing

We have given our response to each of the three questions posed by the inquiry below.

### **1. To establish whether development costs are impeding and constraining the delivery of new homes in Wales;**

Wales is not currently delivering the level of housing to meet the ambitious targets of the White Paper. New dwelling starts across all tenures in 2011 totalled 5,140 dwellings<sup>1</sup>, a decrease of 13.6% on the previous year, and a shortfall of more than nine thousand dwellings when compared to the 14,200 target.

In England housing policy is heading in a different direction to Wales; less regulation and an emerging taste for private sector-led economic regeneration. In Wales responsibilities for safeguarding and sustainability are being prioritised by Welsh Government; the new Park Homes Bill, Private Rented Sector registration proposals, revised Part L building standards and the homelessness 'solutions' approach are all part of a cross-sectoral strategy aiming to raise standards, protect the vulnerable and future proof our stock by building environmentally-friendly housing, with higher energy performance ratings.

CIH Cymru believes that it is important to ensure that legislation and regulation encourages, rather than discourages housing investment in Wales. We are aware that there is a view from parts of the housing sector that some of the proposed measures – sprinklers and part L - will have a detrimental impact on the numbers of affordable homes delivered. However Welsh Government has a strong track record of requiring higher standards that improve sustainability and the quality of life of occupiers. In a number of instances these have been of a significantly higher standard than those required in other parts of the UK including requiring:

- all new social housing to be built to the through the Lifetime Homes on accessibility and adaptability.
- all existing and new social housing to reach the Welsh Housing Quality Standard

There is no firm evidence that we are aware of that either of these requirements has proved to be a deterrent to development and investment. The assertion that a better regulated housing system, with higher standards across the board, will decrease development is also unproven. For example institutional investors might be more likely to invest in high quality homes, properly managed and regulated, with consistently high consumer demand. Residential properties have given returns that are 30% higher<sup>2</sup> than for commercial properties over the last 20 years in the UK. RCT Homes' recent announcement<sup>3</sup> of the £1billion finance deal with Bellerathon to deliver more intermediate level rental homes is an example of the institutional investment opportunities that are currently being developed by housing providers.

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<sup>1</sup> Edwards, Hiscocks & Nicholas, *Welsh Housing Review 2012* CIH Cymru [http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Wales/Welsh\\_Housing\\_Review\\_2012](http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Wales/Welsh_Housing_Review_2012)

<sup>2</sup> Cook, L *Spotlight: Rental Britain as an Asset Class* Savills: 2012 [http://www.savills.co.uk/research\\_articles/141564/142076-0](http://www.savills.co.uk/research_articles/141564/142076-0)

<sup>3</sup> <http://www.rcthomes.co.uk/main.cfm?type=NI&objectid=2744>

We endorse the view that if done properly, 'good standards and growth are not mutually exclusive; they go hand in hand'<sup>4</sup>.

Raised housing standards ensure that the housing that is delivered today not only meets the needs of current populations, but that it is future-proofed for future generations. We know that Wales has a higher proportion of people aged over 65 than the other UK nations, as such future-proofing our properties is even more important. As housing straddles so many different agendas, we believe that raised standards also help to meet the aims and objectives of other strategies regarding the environment, sustainability, health, social care, social inclusion and anti-poverty.

Improved standards can be evidenced to have had wider beneficial outcomes. For example the Carmarthenshire 2011 Health Impact report<sup>5</sup>, evidenced a range of health and well-being benefits following implementation of the Carmarthenshire Housing Standard. The Lifetime Homes standard has recently been evaluated and found to provide significant<sup>6</sup> health benefits and societal savings.

CIH Cymru also supports the Welsh Governments' current proposals to raise standards across the industry in Wales; including the Private Rented Sector, (PRS) which has been described as a 'sector of extremes'<sup>7</sup> and to complete the WHQS programme across all social housing providers in Wales, as well as initiatives to address the wasted resource of empty properties.

Sue Essex 2012 report<sup>8</sup> to identify the reasons for the overall fall in new house completions in Wales identified four main areas of concern which emerged from discussions with a range of interviewees, these were Finance, Land, Planning, and Opposition & 'Nimbyism'.

## **2. To identify specific concerns of small and medium sized construction companies based in Wales;**

Construction is a major contributor to the national economy, in terms of the employment that it generates, the training opportunities it provides, particularly for young people and generating economic stimulus. It is widely recognised that a significant proportion of future economic growth is likely to come from micro businesses and SMEs, especially in terms of new jobs.

The housing sector has been particularly adept at capturing wider economic gains including it is estimated<sup>9</sup> that for every £1m of new housing output 12 additional jobs are supported per year and for every £1 invested £2.60 is generated somewhere else in the supply chain.

The i2i project funded by Welsh Government and delivered by CIH Cymru has supported the sector to deliver 3,765 jobs and traineeships over the past four years.

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<sup>4</sup>Huw Lewis, Minister for Housing, Regeneration and Heritage, NAW Record of Proceeding 20.06.2012 <http://www.assemblywales.org/bus-home/bus-chamber-fourth-assembly-rop.htm?act=dis&id=235496&ds=7%2F2012#q1> [accessed 10.08.2012]

<sup>5</sup>Wouter Poortinga & Ronan Lyons, *Feeling Fine Healthier Homes Health Impact Study*. Cardiff University & Swansea University:2011 <http://www.carmarthenshire.gov.uk/English/housing/Documents/Health%20Impact%20Report%20English.pdf> [accessed 10/09/2012]

<sup>6</sup>Mike Roys, *Assessing the health benefits of Lifetime Homes*, Building Research Establishment Ltd, DCLG: July 2012 [http://www.housinglin.org.uk/library/Resources/Housing/OtherOrganisation/Health\\_benefits\\_of\\_Lifetime\\_Home\\_Standards.PDF](http://www.housinglin.org.uk/library/Resources/Housing/OtherOrganisation/Health_benefits_of_Lifetime_Home_Standards.PDF)

<sup>7</sup>*Homes for Wales: A White Paper for Better Lives and Communities*, Welsh Government: 2012

<sup>8</sup>Sue Essex, *Housing & Planning Scoping Study Report*: December 2012

<sup>9</sup>Sir Adrian Montague, *Review of the barriers to institutional investment in private rented homes August*, Department for Communities and Local Government: 2012

This approach now has widespread support across Welsh Government as underlined by the Finance Ministers' procurement statement<sup>10</sup>, that stated its intention to "build upon 'Opening Doors, the Charter for SME Friendly Procurement'," and ensure that public procurement helps to make Wales a good place for doing business, developing a strong supply base, and contributing to a healthy economic infrastructure.

i2i has developed a number of complimentary good practice resources that are available on our website to support delivery including 'Can Do' Toolkits

- Targeted Recruitment and Training (Toolkit 1)
- SME Friendly Procurement (Toolkit 2).

This has in many senses has become the 'industry standard' for housing and the opportunity exists to build capacity and develop further SME focussed procurement practice.

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<sup>10</sup> <http://wales.gov.uk/about/cabinet/cabinetstatements/2013/housingrevenue/?lang=en>

### **3. To identify “quick-wins” that can be implemented by the Welsh Government to assist the whole homebuilding industry.**

Whilst we recognise the need to focus on delivery we would stress that the problem of undersupply is a chronic one and that Government and partners will need to keep their focus on a strategy that is long term and cross-sectoral

Nevertheless we would offer the following suggestions:

- CIH Cymru has long advocated a one housing system approach and we support the early implementation of the Welsh Government ‘system stewardship’ role proposed in the Homes for Wales White Paper<sup>11</sup>.
- The forthcoming Planning and Housing bills and the systems they inform need to be complementary to each other. It is important that new legislation is aligned and crafted to deal with immediate and longer term delivery of affordable housing.
- Focussing on public land release is another way forward to deliver more affordable housing; particularly in the context of the opportunities afforded by the recent HRAS reform announcement<sup>12</sup>. This will generate a total of £33 million in savings to the 11 stock retention local authorities each year, which could see local councils developing on a much larger scale once again, although details on the borrowing cap have not been published to date.
- Recent research, commissioned by Welsh Government and the Wales Cooperative Centre and undertaken by CIH Cymru, on cooperative housing in Wales<sup>13</sup> suggests that there is an appetite to develop this housing option by consumers, particularly those who are ‘reluctant renters’, however resources are required to capacity-build and support such developments. There are also calls for whether there is scope to introduce bridging loans for those equity-rich but cash-poor owner-occupiers who wish to develop co-housing projects to move to properties and communities that better meet their needs as they age. Cooperative housing that is affordable can also be supported by development links to community land trusts, which will ensure the land is retained for housing need.
- There has been success in housing delivery through the use of rural housing enablers<sup>14</sup> in Wales who provide a brokering service between communities and other parties involved in the development of rural housing. The RHE ensures that the community and those in housing need are the focus of any project. There could be gains to be made in developing this function both in urban areas and for the delivery of accommodation based supported housing and other ‘unpopular’ developments that will meet a local or regional need, particularly where local opposition (NIMBYs) can place a development at risk.
- Recent discussion on addressing claims of land-banking in England could provide ideas for Wales, (e.g. the ‘use it or lose it’ proposed Labour Party policy) to try to bring forward development.

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<sup>11</sup> <http://wales.gov.uk/consultations/housingcommunity/housewhitepaper/?lang=en>

<sup>12</sup> <http://wales.gov.uk/about/cabinet/cabinetstatements/2012/welshprocurement/?lang=en>

<sup>13</sup> <http://www.walescooperative.org/co-operative-housing-a-viable-option>

<sup>14</sup> <http://www.rhewales.co.uk/>