

Communities, Equality and Local Government Committee

Inquiry into the provision of affordable housing in Wales

Response from City & County of Swansea

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

Public subsidy, particularly through Social Housing Grant (and more recently Strategic Capital Investment Fund) is vital to the provision of affordable housing and has proven to be effective, particularly in locations where private sector viability and intervention is nonexistent or doubtful.

The use of subsidy allows and significantly contributes to keeping rental/living costs at an affordable level. In particular it allows specific local needs to be met, e.g. families requiring specialist/adapted accommodation, for whom very little suitable homes are available in the existing affordable housing stock.

The availability of such grants allows RSLs to potentially develop sites that have been stuck or mothballed due to the state of the economy, market and lending environment, either totally for affordable housing developments or act as a 'pump-primer' in partnership projects with open market developers.

It has in the past been suggested to consider dropping the rate of SHG payable on schemes from its current level of 58%. Whilst this could be an option in the future, it has to be considered in line with all other factors and not be seen in isolation. For example if the rate was dropped too low it could seriously jeopardize the viability of producing the affordable properties being delivered, thereby potentially stopping delivery. Also even if the SHG rate was dropped this should not affect the overall total of SHG available across Wales, i.e. if the rate was dropped but also the total available then this would have a nil or negative effect on overall provision. However, we would advocate no alteration to the grant level in this current climate.

Authorities, in partnership with local RSLs are examining a number of methods of stretching the amount of SHG received. For example, intermediate rent schemes utilising less than the standard 58% SHG levels whilst still being attractive to families compared with private sector alternatives particularly in areas of high demand.

- ***Whether alternatives to public subsidy are being fully exploited?;***

As mentioned above SHG can be 'stretched' to achieve more homes but at somewhat higher rents than 'benchmark' housing association rents. The delivery

of affordable homes without any public subsidy is more difficult but not impossible.

Subsidy could come via the planning system, in the form of commuted sums either to deliver affordable homes for sale, intermediate rented homes or benchmark rented homes through a RSL. Clearly if lower rents are specified, fewer affordable homes can be provided for the same level of subsidy but this should be up to the relevant local authority to decide based on a thorough analysis of housing need and supply in the area of the development.

There should be scope for commercial arrangements between a private developer/landowner and a registered social landlord. This may happen where the developer is unable to go ahead on their own due to the difficulty in attracting funding for the development. However, it is unclear what scope there is to increase supply through this route as each development has to be individually considered on its viability and the effect it could have on the financial gearing of the RSL (which places limits on borrowing without grant).

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

WG could expand the land protocol and encourage greater participation by public bodies, such as former health and armed services accommodation and land, to assist in producing for greater affordable housing development. WG could also release details and addresses of these properties and land holdings, particularly redundant/unused, to local authority enablers to examine the potential of these sites and broker some form of redevelopment.

In addition WG should encourage greater partnership and joined up working with these bodies. The scope for Council house building as part of the overall approach to increasing the volume of affordable housing should be considered and the connection made between this enquiry and the current review of the Housing Revenue Account Subsidy system.

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

There are many examples of excellent collaboration between these groups, however it is far from standard across Wales. The changes in the economy, housing market and public sector budgets over the past few years have considerably altered the housing landscape. The new Welsh Housing Partnership is a welcome contribution in this context. RSLs and funders should ensure that local authorities are engaged in the scheme, so that effort is directed to meeting housing need in the most effective way.

However, given the scale of the Welsh economy in proportion to the global community, support to the development and promotion of 'Wales wide' branded schemes (such as Homebuy) would assist the provision of affordable housing as lenders would be aware and knowledgeable of the product offered.

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

There is a growing experience in the UK generally of community land trusts and whilst they potentially bring added benefits at a local level, it is questionable how significant an impact they will have on a macro level.

Nevertheless, all such opportunities need to be promoted by the WG in addition to other innovations such as local authority mortgage schemes, utilising RSLs to target bringing empty properties back into use either by renovation via the RSL for discounted purchase or intermediate rent.

In all cases, the WG could and should promote and publicise these innovative solutions that are often developed at a local level.

I trust this is of assistance to you.

Martin Ridgeway
Housing & Community Regeneration,
City and County of Swansea.