

Cymorth Cymru consultation response

Independent Review of Affordable Housing Supply

About Cymorth Cymru:

Cymorth Cymru is the umbrella body for providers of homelessness and housing related support services in Wales. Cymorth Cymru acts as the 'voice of the sector', influencing the development and implementation of policy that affects our members and the people they support. We work in partnership with members and other stakeholders to prevent and reduce homelessness and improve the quality of life for people who are marginalised or at risk of housing crisis across Wales.

Cymorth has approximately 100 members across Wales, made up of third sector organisations, housing associations and local authorities. Our members work with a wide range of people, including people who are homeless, or at risk of homelessness; families fleeing domestic abuse; people dealing with mental or physical health problems; people with learning disabilities; people with alcohol or drug problems; refugees and people seeking asylum; care leavers and other vulnerable young people; and older people in need of support.

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Introduction

We welcome the opportunity to respond to this consultation. Housing supply, particularly the supply of affordable housing, should be at the foundation of any effective response to tackling homelessness. Despite the progress being made in Wales on the delivery of homelessness prevention services and the development of Housing First, one of the most significant barriers to addressing homelessness is the lack of adequate, truly affordable and accessible housing.

We would like the Welsh Government to commit to ending homelessness in Wales within 10 years. Housing supply and affordability is central to meeting that aim.

Definition of 'affordable housing' and additional vulnerability factors

The definition of 'affordable housing' needs to be considered in more detail, as most of our members would argue that the definition used by the review includes forms of housing that are unaffordable for many of the people they support. While this is significantly influenced by the impact of welfare reform, the Welsh Government has a responsibility to do all it can to ensure that people's housing needs can be met through the powers it has over housing and planning.

Any definition of affordability needs to be rooted in the realities of people on lower incomes and people who rely on the housing element of Universal Credit to pay their rent. We understand that the Welsh Government's finances are finite and therefore urge them to prioritise people on the lowest incomes and the provision and affordability of social housing. This is the right thing to do and it will also reduce long term costs to the public purse through improvements in health and wellbeing, educational attainment and other devolved areas.

We and our members strongly believe that affordability also needs to take into account the additional costs associated with living in a property, such as energy / fuel costs, food prices, access to employment and transport, and increasingly, access to services. For the vulnerable people our members represent, these additional burdens on affordability have a pronounced impact on quality of life, accessibility, affordability and sustainment of housing.

Key vulnerability factors to add to consideration as part of the review need to be:

- **Distance from, and accessibility of, services:** Austerity has resulted in support services, mental health and substance misuse services, being increasingly harder to reach in terms of the physical distance from people who need support. Lack of capital funding for example, within substance misuse services in Gwent, has resulted in rehabilitation and recovery bases being closed – meaning longer journeys to those people seeking to address addiction. Similar examples can be found across Wales, with public transport links in both rural and urban areas making it harder for individuals to have equitable (and therefore, non-

costly) access to services. Housing supply absolutely must be seen in this context in order to successfully plan delivery across Wales over the next decade.

- **Distance from employment and Jobcentre offices:** affordability should also include the likelihood and ease of finding stable employment, and also accessing the welfare system. Additional costs for travelling to sources of employment and welfare need to be factored in to the planning of housing supply.
- **Energy costs:** The ability of people on low incomes to maintain a tenancy can be significantly affected by the energy costs. The stark choices between heating and eating have been well rehearsed during this period of austerity, but it a reality for too many people. This is particularly important for older and vulnerable people who spend large parts of the day at home.

Understanding housing need

Understanding housing need is one of the key barriers to providing housing supply in the right locations, and for the right groups of people. At Cymorth Cymru our approach to this call for evidence has been to consider it as the cornerstone of any approach to end homelessness. Therefore, the starting point of understanding housing need has to be the Welsh Government Homelessness Statistics ([1](#)). These should identify the key priority areas both in terms of location, but also levels of need.

The latest Welsh Government homelessness statistics show:

- At 31 March 2017, 2,052 people were in temporary accommodation;
- During 2017/18 11,277 people were owed a duty to help secure accommodation;
- 41% (4,653) had this duty discharged, which leaves 6,624 remaining;
- In addition, 2,229 people were assessed as priority need, with 78% (1,746) positively discharged into settled accommodation.

In simplistic terms, this leaves:

- 4,395 people who were owed a duty to help secure accommodation, who may still need accommodation, who are not in priority need, and;
- 483 people who are in priority need but who were not positively discharged – and who will most likely have higher degree of needs and vulnerability.

In addition, recent work undertaken by Crisis identified that Wales needs to build 4,000 houses at social rent each year for the next 15 years in order to meet the needs of people at risk of or experiencing homelessness. While the definition used by the review includes intermediate rent and other schemes, the importance of a clear target for social housing will be critical. We fully endorse the Crisis response to this consultation, in particular their analysis of homelessness figures and need for homes. This is the level of analysis that needs to be conducted regularly across Wales to ensure supply is sufficient for the need.

These stats are hugely important in identifying not just the necessary numbers of supply, but also need to inform the *type* of housing that is provided for people. Key areas to consider as part of housing supply for the most vulnerable include:

- **Housing First supply:** People who are currently sleeping rough (estimates currently range up to around 300 people) are exhibiting increasingly complex needs and have been failed by existing systems. Housing supply that is suitable, sustainable and affordable needs to be provided so that RSLs (and in parts, the PRS) can provide properties that are suitable for Housing First schemes.
- **Single person accommodation:** This is a vital part of the housing supply discussion. Feedback from Cymorth Cymru members and local authorities is that these properties are harder and harder to find – any developments in housing supply needs to be fully aware of the population needs both now and trends for the future.
- **Young person's accommodation:** Increasingly, accommodation for young people is a challenge due to the disparity in the welfare system for younger people. Whilst some changes to UK Government policy have lessened the crisis in this area, it still remains harder to find accommodation solutions for younger people.
- **Learning disability / older people's accommodation:** Any housing needs analysis needs to also take into account the need for suitable housing that can help maintain the independence of people with learning disabilities and older people. This is essential for people's quality of life and will also reduce pressures on public services, particularly health and social care;
- **Integration and social cohesion:** It is important to avoid the creation of isolated or segregated communities for people on lower incomes, rough sleepers, or other people with support needs. This would have a lasting and damaging impact to societal cohesion and would embed much longer-lasting problems for future generations to address – housing supply is not just about numbers of units, but about suitability of accommodation and integration with community.

It will also be important to ensure strong links between decisions about the nature and location of housing supply and the strategic plans and activities of other local and regional organisations across Wales such as:

- **City Regions:** This will allow the economic / transport elements of housing need to be linked with housing supply, and will help situate housing as a key part of economic policy across Wales / England;
- **Local authority homelessness reviews:** Under the Housing (Wales) Act 2014 local authorities have a duty to carry out a homelessness review and formulate a homelessness strategy based on the results of that review. The review must include a review of - (a) the levels, and likely future levels, of homelessness in the local housing authority area, (b) the activities carried out in the local housing authority's area that aim to: (i) prevent homelessness, (ii) ensure that suitable accommodation is or will be available for those who are homeless, and (iii) ensure that satisfactory support is available to those who are

homeless. In addition, a review of the resources available to the authority must be included within a review.

- **Supporting People Regional Collaborative Committees (RCCs):** The latest Welsh Government Guidance¹ states that the role of RCCs includes to advise on regional and local needs mapping about the housing-related support needs of local authorities within that region, including the prioritisation of client groups based on need. This will inform the type of housing that may be required to meet the needs of vulnerable people within that area.
- **Regional Partnership Boards (RPBs):** There is a requirement on RPBs, placed by the Social Services & Wellbeing (Wales) Act 2014 to conduct population needs assessments on a regional basis – this includes the needs of vulnerable children but also the future population trends in terms of aging and need, and these should be linked in with future planning of housing supply across Wales.

Grant allocation

It is important that Social Housing Grant remains as high as possible to enable RSLs to develop houses for truly affordable social rents. Any reduction in SHG will put at risk the ability of the sector to deliver enough social housing at truly affordable rents to meet the needs outlined above. It is also important to recognise that SHG helps RSLs to lever additional investment and the benefit this delivers to RSLs, communities and the economy may be lost if SHG rates decrease. We also understand that current levels of SHG help RSLs to access reasonable borrowing costs and any reduction could lead to an increase in borrowing costs.

Understanding the affordability issues facing particular geographical areas and demographics could be considered as part of future decisions about SHG allocation. In areas where wages are below average, it may be worth considering higher levels of SHG in order to enable the RSL to set rents at an affordable level. In addition, it may be worth considering higher levels of SHG for housing schemes to meet the needs of particular demographics, such as young people, who struggle to afford rent costs due to lower minimum wage entitlements or housing benefit entitlements. SHG allocations could also be used as a lever to secure the commitment of RSLs to house a greater proportion of people who are experiencing homelessness.

It is difficult to comment on the question of linking allocations to value for money and efficiency, as these terms are not defined in the question. We would urge caution in respect of any approach that could lead to poorer quality homes, or the wrong type or location of housing, simply because it is perceived as better value for money or delivering efficiencies. The impact of poor decision making could lead to additional costs in the future, as well as having a negative impact on people and communities.

¹ <https://gov.wales/docs/desh/publications/180730-supporting-people-programme-practice-guidance-2018-en.pdf>

Rent policy

We believe that the Welsh Government should continue to have a rent policy that gives tenants assurances about the limits on future increases and provides stability for the sector. However, this should include a Framework and/or guidance to ensure that this is rooted in the realities faced by people on low incomes and in receipt of Universal Credit. We are aware that rents in some areas are far less affordable than others based on local incomes, so the use of a simple formula based on historical rent, rather than true affordability, is flawed.

We advocate the consideration of the Joseph Rowntree Foundation and National Housing Federation's work on defining a 'living rent'², which takes into account local earnings and property size in order to determine a level of rent which is affordable. While more work will need to be done to ensure this is fit for purpose in Wales, we believe it is a valuable starting point for this debate. It will also be important to understand the difference in earning across local authority areas, as this can vary widely. We recommend that the Review looks at the work that Trivallis has done in its recent rent review, including its analysis of the varying demand and average earnings in different parts of RCT.

We also believe that the Review should look at the work on affordability and setting rents in Scotland, which has been produced by SFHA and HouseMark Scotland (2). We believe that the sector in Wales would benefit from the development of a tool to support them in setting affordable rents – and the Welsh Government should consider financial support for this.

As referenced above, we believe that rent policy should be linked to affordability and that this should be linked to whole housing costs, including factors such as energy costs and travel costs for employment. However, this needs to be widely agreed across the whole of Wales to ensure that people on low incomes do not experience a postcode lottery that leaves some people worse off than others. The involvement of tenants and transparency over decision making is also key.

Any changes in rent policy need to be subject to a full equalities impact assessment. Member responses were concerned about the rises in rent in social housing, but RSL members have also made it clear that those rises have enabled them to continue to provide additional housing and support for tenants. Cymorth Cymru believes that changes to rent policy should be made in a gradual, evaluated way, and on a longer-term basis, facilitating affordability and tenancy sustainment, while allowing RSLs to plan and remain sustainable.

² http://pdf.savills.com/documents/Living_Rent_Methodology.pdf?_ga=1.123272841.345168137.1430233577

Standards / Development Quality Requirements (DQR)

It is important that people have access to good quality homes that enable them and their families to thrive, to live healthy, active lives and achieve their potential in education and employment. While we want to see rents set at affordable levels, and understand the financial constraints on Welsh Government, local authorities and RSLs, we believe that standards should not be relaxed for housing that meets the needs of people on the lowest incomes and people with support needs.

Additional points to consider include the need for adaptable housing. Standards that encourage the development of easily adaptable housing to meet different demographics and need could ensure that future generations benefit from a flexible supply of housing that can react to changes in population and needs.

We would welcome an increase in zero carbon or energy positive homes in Wales, as the ability of people on low incomes to maintain a tenancy can be significantly affected by the energy costs. The stark choices between heating and eating have been well rehearsed during this period of austerity, but it is a reality for too many people. This is particularly important for older and vulnerable people who spend large parts of the day at home.

It is important that any increase in energy positive homes leads to a reduction in energy bills that isn't simply offset by an increase in rent. As a result, the Welsh Government will need to consider the additional capital costs associated with this approach and appropriate grant arrangements to support RSLs to develop this type of housing.

Local authority building

Local authority building, and any other new arrangement, needs to ensure that there is a balance between the risk of increasing costs for existing tenants, but also the need / ability of the sector to provide new capacity for new tenants, or those on the waiting list.

Non-stock owning local authorities have a key strategic role to play in enabling and supporting development by RSLs.

The Welsh Government should identify the causes of non-utilisation and whether any additional support could help to release additional funds for development.

Construction supply chain including modern methods of construction

We support the exploration of new and innovative methods of construction, and would agree that new ways of construction such as modular / off-site homes *could* play an important role in increasing housing supply. We are fully supportive of the Innovative Housing Fund and its aims.

However, one of our key concerns is to ensure that all new homes, regardless of method / mode of construction, meet the DQR standards, are of high quality, and, even more importantly, do not use the vulnerable population as 'guinea pigs' in establishing new models. There are fears that the development of alternative methods of construction could be used to provide cheaper, substandard accommodation for homeless people in order to reduce visible rough sleeping. We are aware of examples in other parts of the UK where this has been presented as temporary accommodation, but people have been unable to move on. It is important that decision makers guard against this.

Public sector land

Public sector land usage needs to be considered more widely – work needs to be done to establish why it is often not financially viable to deliver housing on public sector land, and the reasons behind that additional cost. Once these reasons have been identified, the Welsh Government needs to ensure that support is given to builders to meet these additional costs.

More widely, housing built on public sector land should be held to a high standard – no public sector land use without public sector values should run through all housing projects in Wales. Crucially, there needs to be clear access to services considered when public sector land is used for housing.

Capacity of public sector and RSLs

We are aware of concerns about the capacity and skills within local authorities as a result of public spending restrictions over the past decade. While it is understandable that local authorities have focused their resources on the delivery of statutory services, this is likely to have led to reduced capacity in planning and development. As a result, it is essential that local authorities work in partnership with RSLs in order to develop more sites and to have the greatest impact.

The impact of Brexit on skilled workers is adding to the concerns of the sector, and the Welsh Government should consider its role in the development and delivery of skills training in order to enable the development and delivery of affordable homes.

In order to deliver housing stock that is fit for both current and future needs, there also needs to be early engagement with support providers who offer services within the public and third sectors. They play a key role in enabling people to sustain tenancies and can advise on the development of housing stock to meet particular needs. One example of this need for engagement is with the provision of learning disability accommodation, but this need can be seen in a range of service areas, particularly Housing First, older people and younger people. In terms of accommodation for learning disability supported housing, there is a need for providers to be involved in the *design* stage of new accommodation, so that people with learning disabilities can be supported to remain independent for longer.

Use of existing powers

We believe that local authorities should be much more assertive and proactive when using their powers of compulsory purchase, particularly around empty homes. The process has been described by one Cymorth member as ‘cumbersome’ and ‘inconsistent’. There should be closer working with RSLs, so that the stock of empty homes is made available to RSLs to renovate and re-adapt quickly to provide more affordable homes. The model demonstrated by Empty Homes Wales ([3](#)) should be widened and increased, and local examples adopted by authorities as well as the national scheme.

In summary

Cymorth Cymru is pleased that the issue of affordable housing supply is being considered in such detail. There will be many responses to this call for evidence that will contain a great deal of knowledge about the detailed structures, development standards and sources of funding. While we do not have that level of detailed knowledge, our response has been focused on the people who are often overlooked, but who need housing supply to be more accessible, affordable and available. This housing needs to be good quality, with close links to services and support, and above all, it needs to be flexible, adaptable housing that can respond to changes in demographics.

Wales is currently leading the UK in its efforts to prevent homelessness with its Housing (Wales) Act 2014, and the renewed focus on tackling rough sleeping. One of the key elements that needs to be addressed is supply – but it must be addressed in a way that is both sensitive to, and tailored for, the needs of the most vulnerable in our society.