



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor ar y Gorchymyn Arfaethedig ynghylch
Tai Fforddiadwy
The Proposed Affordable Housing LCO Committee**

**Dydd Mawrth, 29 Ionawr 2008
Tuesday, 29 January 2008**

Cynnwys
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2008
National Assembly for Wales (Legislative Competence) (No. 5) Order 2008

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Alun Davies	Llafur Labour
Lesley Griffiths	Llafur Labour
Mark Isherwood	Ceidwadwyr Cymreig Welsh Conservatives
Leanne Wood (Chair)	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)

Eraill yn bresennol
Others in attendance

Naomi Alleyne	Cyfarwyddwr Cydraddoldeb a Chyfiawnder Cymdeithasol, Cymdeithas Llywodraeth Leol Cymru Director of Equalities and Social Justice, Welsh Local Government Association
Sally Davies	Rheolwr Datblygu, Cyngor Dinas Casnewydd Development Manager, Newport City Council
Sue Finch	Swyddog Polisi Tai, Cymdeithas Llywodraeth Leol Cymru Housing Policy Officer, Welsh Local Government Association
John Puzey	Cyfarwyddwr, Shelter Cymru Director, Shelter Cymru

Swyddogion Gwasanaeth Seneddol y Cynulliad yn bresennol
Assembly Parliamentary Service officials in attendance

Ruth Hatton	Dirprwy Glerc Deputy Clerk
Gareth Williams	Clerc Clerk

Dechreuodd y cyfarfod am 9.45 a.m.
The meeting began at 9.45 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1] **Leanne Wood:** I welcome everyone to this meeting of the Proposed Affordable Housing LCO Committee. I have not received any apologies. I need to go through the general housekeeping rules. In the event of a fire alarm, Members should leave the room by the marked fire exits and follow the instructions of the ushers and staff. No test is scheduled for today. I ask Members and guests to please switch off all mobile phones, pagers and BlackBerrys because they interfere with the broadcasting equipment. The National Assembly for Wales operates through the media of the Welsh and English languages, and headphones are provided through which the interpretation may be heard. For any of you who are hard of hearing, the headphones may also be used to amplify the sound. Interpretation is available on channel 1, and the verbatim feed is on channel 0. Please do not touch any of the buttons on

the microphones as that can disable the system, and please ensure that the red light is on before speaking.

9.46 a.m.

Gorchymyn Cynulliad Cenedlaethol Cymru (Cymhwysedd Deddfwriaethol)
(Rhif 5) 2008
National Assembly for Wales (Legislative Competence)
(No. 5) Order 2008

[2] **Leanne Wood:** The purpose of today's meeting is to take further oral evidence in connection with the Assembly Government's proposed legislative competence Order on affordable housing. I welcome John Puzey, the director of Shelter Cymru. Later, we will be joined by Sue Finch, the housing policy officer for the Welsh Local Government Association, Naomi Alleyne, the director of equality and social justice for the Welsh Local Government Association, and Sally Davies, the development manager for Newport City Council. We will take evidence from John Puzey first. John, please introduce yourself for the record.

[3] **Mr Puzey:** I am John Puzey, director of Shelter Cymru.

[4] **Leanne Wood:** Thank you very much. I invite Lesley Griffiths to ask the first question.

[5] **Lesley Griffiths:** John, you state in your paper that you believe that the Assembly's acquisition of powers relating to the right to buy scheme could contribute towards addressing the shortage of affordable housing in Wales. Can you tell us why you think that?

[6] **Mr Puzey:** I apologise that it is such a brief response, by the way. I think that 'contribute' is the right word, because it would be useful as one instrument—hopefully among others—that could assist in controlling the loss of stock and help in areas where there may be particular demands for social housing. So, in that sense, it could make a contribution. However, local authorities across Wales tell me that they do not think that it will make a huge contribution; it would be useful to have as a power, but it will not necessarily make a crucial difference when it comes to meeting the demands that most local authorities now face.

[7] **Lesley Griffiths:** What do you think these new powers would be able to achieve that cannot be achieved through current legislation?

[8] **Mr Puzey:** The possibility of suspending the right to buy would be useful. Being able to control and hold onto the stock would be a useful instrument at times, when there are particular demands on housing in a particular area. However, I have to keep emphasising that, in terms of affordable housing overall, there is still much that needs to be done to address the issue. The suspension of the right to buy by itself will have quite a marginal impact, I think.

[9] **Alun Davies:** Thank you very much, John, and thank you for your response, which I enjoyed reading. With regard to where policy is going and what we are doing, there are two items making their way through the legislative process in different ways: the LCO that we are debating this morning, and the Housing and Regeneration Bill in Westminster. Do you have a view on how the work that we are doing here will relate to the Welsh provisions in the Housing and Regeneration Bill?

[10] **Mr Puzey:** I have not really examined the Bill, so I cannot really help you there, Alun. There could be read-across, but the point that we are trying to make in our paper is that there may be many other areas that you would want to look at that could also contribute to the

wider issue of affordable housing and, indeed, housing regeneration.

[11] **Alun Davies:** Could you outline those areas for us?

9.50 a.m.

[12] **Mr Puzey:** Certainly. As you know, the Assembly Government has already launched a number of reviews. It is looking at a new housing strategy, a new homelessness plan, and at the Supporting People strategy. Therefore, I assume that ideas will emerge from those discussions that may be amenable to Measures. One that comes to mind is something looking at the community right to buy, which is an idea that has been piloted in Scotland. There might be a presumption in some small communities that when land is put up for sale a bona fide local community body, parish council or whatever might have a preference to buy it in order to provide affordable housing for local people. There might be possibilities under planning regulations to control the purchase of second homes. There might even be issues related to homelessness legislation. Again, I am not saying that this should or will occur, but it may be that the group looking at the homelessness plan for Wales will have some recommendations about local authorities having a duty to look at the wider housing market and find ways in which it can address homelessness. It may be that Measures might be able to manipulate and use the private rented sector to meet housing need. Therefore, there is a range of possibilities that should be further examined that could be amenable to Measures and help to meet demand.

[13] **Peter Black:** Thank you for your interesting paper. I wish to follow up on the answer to the last question. I am interested in what we can do now with our existing powers and what additional powers we can acquire to deliver the affordable housing agenda. You suggested that it may be better to wait and see what we want to do. However, given that we have this LCO in front of us, do you think there is any way to widen its scope to encompass your suggestions, and do you have any specific ideas on what we might consider?

[14] **Mr Puzey:** We suggest that the two options are to delay or to widen this. If it is imperative to move this forward, and I am not sure that it is, we would strongly suggest that we should look at widening it, if at all possible. The issue is that it may well need to widen beyond housing, into land and planning. You may want to capture those areas in particular as they could make a significant contribution to the provision of affordable housing. I must say that the real issue with regard to affordable housing is finding the right level of investment. In the end, affordable housing is not amenable to Measures or legislation generally, but there are some useful things that could be done to facilitate affordable housing, including using current resources and stock. As I said, the private rented sector could be part of the affordable housing mix. However, if the Assembly wants to look in any real way at the possibilities of Measures and keep the heading of 'affordable housing', it is going to have to look beyond the issue of housing itself to land and planning in particular.

[15] **Mark Isherwood:** What might the advantages be of having one broadly defined affordable housing LCO, as you have referred to, rather than a series of LCOs focusing on different areas that might have an impact on the availability of affordable housing?

[16] **Mr Puzey:** I would suspect, although you would need to talk to your experts and lawyers, that a broader LCO, which would allow you to create the necessary Measures in a wider range of areas, might be more useful. As I said earlier, an affordable housing LCO would go beyond housing and draw in several other areas such as planning and land. I suspect that that might be a better way of capturing that, and then, as ideas develop and proposals come forward from the various strategy groups that the Assembly Government has set up, it might be possible to slot those in, for want of a better phrase, and draw down Measures that might be associated with them. However, you would need to talk to your experts on that

matter.

[17] **Leanne Wood:** John, would you like to see additional matters, maybe under the planning field, included in the proposed LCO? Is there anything that you would like to see included?

[18] **Mr Puzey:** Possibly, in relation to second homes, the idea that a second home needs to be agreed through the planning process by a local authority might be an interesting issue to consider. There may be other issues as well related to planning, land and, for example, the development of community land trusts, with, again, some presumptions in favour of affordable housing in the planning system. You have to be very careful there in terms of the balance between local democracy, in terms of planning, and the housing demands and needs of people in an area, but perhaps that balance could be examined in a way that maintains democracy but that also ensures that that housing need is met.

[19] **Mark Isherwood:** You mentioned planning, land and community land trusts—which of those could be dealt with within existing powers and what would require an LCO?

[20] **Mr Puzey:** It is possible to set up community land trusts under the present powers, because three are already in existence in Wales. So I am not suggesting that it is not possible, but it might be possible to facilitate an easier set-up of community land trusts via an LCO. The Scottish model of the community right to buy—I do not know if that is the formal name, but it is informally called the community right to buy—which allows bona fide community groups to acquire land, or at least have the first preference, would be an interesting one.

[21] There may also be ways—and this goes well outside of housing and even planning—of assisting community land trust groups to be set up. There are quite a lot of complications and issues around the setting-up of those groups and there may be some manipulation there—possibly that could be done through secondary legislation, I do not know—that can be looked at to ease the setting-up of community land trusts, in terms of the technical needs of those trusts as well. Certainly, the community right to buy is interesting idea and the Assembly should look at that as a possibility.

[22] **Alun Davies:** You said in your written evidence, and also this morning, that you support the general principle of suspending the right to buy.

[23] **Mr Puzey:** Yes.

[24] **Alun Davies:** We have received information and lobbying from various people who have said that the right to buy is no longer the key element, would not make any substantial contribution to resolving issues of homelessness in Wales, and that this, in effect, is not what we should be doing—we should be focusing on other instruments and on other issues. How would you respond to that?

[25] **Mr Puzey:** I suppose that in some ways I am saying that, am I not? Suspension could be a useful part of a suite of tools that you might want to draw down in Measures. However, I do not think that it is the central issue any more. I am not sure that it ever was, but perhaps in the past suspension would have been a far more useful tool to prevent the loss of council housing that has occurred over the last 20-odd years. There is now a feeling of having locked the stable door after the horse has bolted—I often get that saying the wrong way around and people look at me perplexed—and that perhaps the time has passed for this power to make a huge difference. Nevertheless, I still think that it can be a useful part of the armoury in trying to hold on to social housing in particular. We also have to think about the future, and whether there will be a further increase in social housing. If you have the ability to control the potential loss of that social housing, that could be useful. So I do not think that it is just about

now, it is about what might happen in the future. I am optimistic that we will see an increase in social housing in the future and maybe having this kind of Measure will be useful.

[26] **Alun Davies:** In terms of the legislative tools that we can use to resolve, or help to resolve, this issue, if I were to ask you to choose one, and one alone, which would it be?

[27] **Mr Puzey:** In terms of addressing affordable housing?

[28] **Alun Davies:** Yes.

10.00 a.m.

[29] **Mr Puzey:** I do not think that there is one, quite frankly, because I think that the big issue about affordable housing is supply—it is about investment. So, I do not think that there is one big, serious tool that you could draw down that would make a huge difference, or would make a substantial contribution to affordable housing to the degree that we know is necessary. We are suggesting that there might be a range of other powers that it would be useful to capture now, rather than miss them—powers that could assist, or facilitate to some extent, the provision of affordable housing, though any one of them by themselves would not be significant enough to be described as a magic wand.

[30] **Alun Davies:** You said in your evidence this morning that you would like to see this LCO widened in scope, and you also said that one of the choices—I think that this was in your written evidence—was between widening it now, or waiting until the strategy was developed and looking for an LCO at that time. One of the reasons that I am supportive of this piece of legislation and others, as well as the acquisition of this power, is because of the very real crisis impacting upon people's lives. In the region that I represent—I was in Pembrokeshire yesterday—you get a real sense of a crisis taking place in people's lives, and in the lives of communities in different parts of Wales. Do you think that waiting would necessarily be the option to take at this time, or that moving ahead and doing this now, with the assumption and belief that we can return and ask for additional powers in the future, when the strategy is in place, would be a better option? I get a sense that people would not understand why we would wait and that waiting would not help resolve the issues today. Do you see what I am getting at?

[31] **Mr Puzey:** I know exactly what you mean, Alun, but what I am saying, and I guess what others are saying, is that if you move ahead on this and only focus on the right to buy, the stress, the problems, and the crisis, to some extent, which you quite rightly identify, will not be resolved—it would almost be a marginal gesture in that sense. I am not sure what the timetable on this issue is. I do not know when we will be able to come back to look at a future LCO to address issues of affordable housing—

[32] **Alun Davies:** Do not worry—neither do we.

[33] **Mr Puzey:** I suppose our concern, and the concern of other people that I have spoken to, is whether this might be the last shot that we will have for some time. In that case, would it be better to wait six or seven months, while the Assembly-facilitated groups develop their ideas? Then, when those ideas emerge, it might be possible to capture a broader set of instruments that might make a reasonable contribution on the issue of affordable housing. Alternatively, if we wait, might we lose out in some ways? Will it be a long time before we come back to address some of the issues that may be identified as key elements of a developing housing strategy? If the housing strategy is to be launched next year, and there are identified areas that could assist in affordable housing through Measures, how long will it be until we get back to that?

[34] **Alun Davies:** I appreciate the points that you are making. I find this quite curious, because the Deputy Minister for Housing was here last week, and I think we all made a point of asking whether she had sufficient powers in this LCO. She was quite clear, I felt, that this gave her all the powers that she would require to implement the policies and the strategies that she had in mind. I think that it is fair to say that many of us were quite surprised by that response. You seem to share the view that this does not give the Assembly the powers that it requires to implement a homelessness strategy that would meet the needs of people in Wales.

[35] **Mr Puzey:** What I am saying—and I am sorry to repeat myself—is that there are three strategy groups now: the overarching homelessness strategy group; the homelessness planning group; and the Supporting People strategy group. The housing strategy group has not yet met, as I understand it, but the homelessness planning group and the Supporting People group have just started. I know that the homelessness planning group has had its first meeting, and already there is quite a lot of new thinking and ideas. One can imagine that, over the next five or six months, it may well identify areas that might be appropriate for consideration for Measures. With the greatest respect to the Deputy Minister, she has set those groups up and I assume that she will be waiting to see what they recommend to her.

[36] **Mark Isherwood:** This week, I have homelessness planning and the Supporting People—*[Inaudible.]*.

[37] **Mr Puzey:** We will have a new housing strategy launch next year, and a panel of experts is being brought together at the end of the month. For some reason, I have been invited; I have no idea why. So, that has not had its first meeting yet. It would be difficult not to imagine that there will not be ideas in there about saying, ‘Let’s see whether we can flex this a bit and use the Assembly’s powers to help us with delivering on affordable housing in some ways’. Although the issue will always come back to investment, as I said earlier, there might be areas that can make a contribution.

[38] **Leanne Wood:** Do you want to come back on that, Mark?

[39] **Mark Isherwood:** Yes, if I may. The phrase that you used in your contribution, Mr Puzey, was ‘marginal gesture’ with regard to a marginal impact, and you have used the word ‘crisis’. I concur that it is a crisis but, as a committee, we are trying to develop facts and evidence. If this suspension were put in place, what impact do you think that would have on housing supply in the foreseeable future? I am aware of independent research suggesting that it could be up to 10 years on average before a house that would otherwise be vacated sooner would be vacated, whereas the concern is for now—as well as for the future, obviously. Would you comment on the historical statutory position? The right-to-buy scheme was introduced, parallel legislation was not put in place to generate alternative supply until 1985, and, from then, we saw that alternative supply building up, and it really kicked off around 1990 and ran through to, I think, 1998, provided through registered social landlords. That was the Government strategy that was introduced. People’s views may differ over whether or not the Government should have done that but that is what happened. The capacity to generate that enhanced supply exists in the Assembly’s existing powers, according to its budget priorities and its use, as you say, of other measures, such as the planning system. Could you make an observation on that?

[40] My second point relates to the Deputy Minister’s responses at the last meeting. We heard reference to the housing revenue account subsidy refunds, which, even this year, will be £48 million, and we were told that those were automatically handled by the Treasury and that that is an almost procedural action that happens everywhere. However, housing experts have advised me that that does not apply in Scotland and Northern Ireland, and there is an article in this month’s *Welsh Housing Quarterly* confirming the details of that. Could those areas, if we were able to remedy and address them, have a significant impact?

[41] **Mr Puzey:** I think that they could, if you could address those issues, and there is no reason why they could not be addressed in Wales, because, as far as I know, there are differences between that housing revenue account approach here and that in the rest of the United Kingdom. So, we could improve the situation here.

[42] On the right-to-buy scheme and its impact on stock, it will be a long time before a significant impact occurs. Right to buy is down to 30 or 40 a year in some local authorities, and they do not consider this a major issue for them. The other thing to remember is that suspending the right-to-buy scheme does not suddenly free up lots of council houses, because people are still living in them and will continue to live in those homes afterwards. However, there are issues about whether it is a sensible way of using subsidised housing and that is a key issue. When there are high levels of demand, particularly for social housing, from people on low income and on benefits, is it sensible to lose whatever stock you have, however peripheral it might be, in that way all the time? Our view is that if we have this instrument, we should use it sensibly in areas where there is high demand and, where there is not high demand, there is no reason why you cannot continue with the current arrangements. As I said earlier, the issue of right to buy, in a sense, has passed us now. A long time ago, it would have been very useful to be able to suspend it. A predecessor of mine once described the right to buy as rather like giving everybody a mini and calling it a transport policy. I do not think that it was a very good idea or policy in the first place, but the time when we could say, 'Let's do something about it' has passed. As I said earlier, there might be issues for the future, however, so it would be useful to have the ability to control the loss of council houses, but we need to move on to identify other areas in which we can assist in the provision of affordable housing.

10.10 a.m.

[43] **Peter Black:** I am afraid that they have given me the legal bits to ask about. We have established that the legislation is fairly narrow in its scope, and the view was expressed in our last meeting, when we questioned the Deputy Minister, that even the legislation, as it stands, is perhaps too narrow in the way it defines 'dwelling-house', 'dwelling' and 'social landlord' by reference to other Acts, in the sense that you are effectively subject to any changes made by the UK Parliament to those Acts. Do you feel that the terms used in the proposed LCO are wide enough, or could we have been less prescriptive in the way in which the LCO has been drawn up? I know that you are not a lawyer, but I am trying to—

[44] **Mr Puzey:** Thank you. [*Laughter.*] We felt that the way in which the LCO was defined was in line with current definitions and law, and we did not think beyond that. Having said that, the definitions do tie you in to possible legislative changes in another place, and that might have an impact on what we do in Wales. So, I suppose that, in one sense, it might be useful to take a step back and look at the definitions and define in a way that is appropriate for us in Wales; that may de-link the LCO from definitions elsewhere. I must admit that this is occurring to me only now, because when we looked at the definitions, we passed over them and said, 'These fit the legal and normal definition of a 'dwelling-house' and what we would understand to be 'council housing''. So, that may be something to look at.

[45] **Peter Black:** Thank you.

[46] **Mark Isherwood:** Following on from that, could 'dwelling-house', 'dwelling' and 'social landlord' be defined in any future Measures rather than the proposed LCO?

[47] **Mr Puzey:** I cannot say that I have seriously thought about that issue, Mark, but I suppose that you could define the terms. Are you asking me if the terms can be defined in different ways in the future?

[48] **Mark Isherwood:** Yes, because whether or not it should be a statutory definition and could be amended was the subject of some debate when we took evidence last time.

[49] **Mr Puzey:** I am inclined to say that it would be useful to have a statutory definition but, other than that, I am finding this issue quite difficult because I have not really thought about it, and I probably need to consider it by talking to my lawyers about how useful it might be. I am not entirely sure and I cannot give you a clear answer on that.

[50] **Leanne Wood:** You clearly have not given much consideration to the issue of definitions. You may want to give it some consideration and perhaps write to us with any views that Shelter Cymru may have. Is that okay?

[51] **Mr Puzey:** Absolutely.

[52] **Leanne Wood:** I think that we have asked everything that we wanted to ask as a committee, but is there anything further that you wish to add?

[53] **Mr Puzey:** No, I think that we have covered everything. As I said, our key message is that we need to find out whether or not there are other issues that might be useful in terms of providing affordable housing. I am thinking about the mechanism to do that, and I am not entirely clear what that might be. We have suggested either waiting or drawing up a broader Order, and given the debate here, a broader Order may be a better approach. Other than that, I think that everything has been covered in the questions.

[54] **Leanne Wood:** Thank you for that. You are welcome to stay while the Welsh Local Government Association gives evidence, and, if there is anything further that you wish to add in the light of that discussion, that would be great.

[55] I invite representatives from the WLGA and Newport City Council to join us at the table. From the WLGA we welcome Sue Finch, housing policy officer, and Naomi Alleyne, director of equalities and social justice. We also welcome Sally Davies, who is the development manager at Newport City Council. I would be grateful if you could introduce yourselves for the record. I do not know who wants to start answering the questions. Perhaps we can ask Members to ask their questions and you can then decide which of you should answer. Peter Black has the first question.

[56] **Peter Black:** Thank you for your paper; it was very interesting. You indicated in it that the power to suspend the right to buy and the right to acquire could make a welcome contribution to attempts to increase the availability of affordable housing in Wales. Can you tell us how that might work?

[57] **Ms Finch:** I think—

[58] **Leanne Wood:** Sorry, but could you just tell us your name for the record?

[59] **Ms Finch:** My name is Sue Finch and I am the housing policy officer for the Welsh Local Government Association. I think that it would make a welcome contribution, although the committee has already acknowledged that the amount of properties being sold through the right to buy and the right to acquire has dwindled because of the change in legislation. However, we need to put into perspective the fact that even though the numbers are small, they represent three times those of the homebuy programme. So, the Assembly has so far seen the homebuy programme as making a valuable contribution to addressing affordable housing. So, if we can safeguard three times the homebuy programme by suspending the right to buy, that would be welcome.

[60] It is also important to look at this in light of the future stock of social housing. We must accept that the social housing that we have left in Wales does not have the ideal profile needed to address housing need. We have a high proportion of sheltered housing units left after the right to buy has been exercised, for instance. However, with the growing social housing grant programme, we hope to see an increase in the supply of social housing, and we need to safeguard that given the affordability crisis in Wales. We cannot afford to expend a lot of effort developing that supply and then see it disappear in front of our eyes.

[61] **Peter Black:** That is quite important. Are you saying that the reluctance of local councillors to build new council housing and of registered social landlords to build new social housing is partly down to the right to buy, in that councils take the view that, if they build new council houses, they will be sold in four or five years' time and so it is not really worth making the effort? Is that one of the issues facing you?

[62] **Ms Finch:** Not at all. I think that I can confidently say that every local authority in Wales is extremely exercised about issues of affordability in their area. In fact, it is a top priority for all our elected members. Our authorities would be quite shocked if they felt that that was in question. There has never been any concern that there is no point in building new supply, because it will be lost under the right to buy. I have never heard that discussion.

[63] **Peter Black:** The councillors are not building any new houses are they, by and large?

[64] **Ms Finch:** They do not have any income stream to build.

[65] **Peter Black:** So, it is purely down to the income stream. Is that the only reason why they are not building?

[66] **Ms Finch:** Yes. Through Westminster Government policy, that investment programme now comes through the RSLs, so we now have an increasingly positive partnership between local government and RSLs in an effort to maximise the supply of affordable housing by using that investment programme.

[67] **Ms Alleyne:** As Sue said, there is no reluctance whatsoever to build. There are restrictions, but some local authorities have indicated that they wish to develop council houses in the future should they have the powers to do so.

[68] **Peter Black:** They have the powers to build houses now.

[69] **Ms Alleyne:** I am not sure about the powers, but funding is the biggest issue.

[70] **Peter Black:** Yes, but they do have the powers. Allow me to turn my question on its head, then. If the local authority had the power to suspend the right to buy in an area because of a shortage of housing and all the criteria being met, do you think that they might be more encouraged to build in that area than they would be otherwise?

10.20 a.m.

[71] **Ms Finch:** I do not think that the right to buy has ever undermined the approach that local authorities have taken to providing a supply of affordable housing. I agree entirely with my colleague that there are some authorities that would welcome that potential. I think that I am right in saying that Cardiff is the only authority in Wales that has managed to develop some units of affordable housing. However, I think that there was a real financial issue with that. It sees RSLs as a more productive and effective way of investing in future supply, under current arrangements. The Housing and Regeneration Bill, as it applies to England, has the

potential to introduce powers for local authorities to go back to playing a more active role in developing social housing. It might be that some of those ideas could be further developed in Wales.

[72] **Peter Black:** Thank you.

[73] **Leanne Wood:** Before we move on to the Housing and Regeneration Bill, Mark, did you want to ask something?

[74] **Mark Isherwood:** Yes. Following on from your response to Peter's comment, would you agree that, for over 20 years now, the social housing grant has been restricted to registered social landlords because they can access borrowed money, in effect, to double their money, or whatever the ratio happens to be at the time? However, because of public sector borrowing restraints, councils cannot do that, and therefore that policy has been in place under successive Governments for 23 years. Secondly, one issue that has not been mentioned, but which could be related to that, because you are talking about RSLs and councils working far more closely together to plan, what would be your collective views on common waiting lists?

[75] **Ms Finch:** We have lots of evidence in Wales to show that good progress is being made on developing common waiting lists as well as common allocation policies, in some places—Pembrokeshire has had some such arrangements for many years. Certainly, with stock transfer progressing in Wales, local authorities see that as an obvious way of addressing the affordable housing needs of their area. They need to work collectively with RSLs to address the housing needs of the communities that they represent.

[76] **Leanne Wood:** There is a danger that we are straying into the Measures aspect of this. I can see that you wanted to make that point, Mark. We will move on to the Housing and Regeneration Bill.

[77] **Alun Davies:** Before we move onto that, I just wanted to clarify one of the points that you made in your original statements. You described the right to buy and its suspension as an important contribution, echoing similar words that we heard earlier from Shelter. It has been put to us by different organisations and bodies that, in actual fact, the suspension of the right to buy is no longer relevant to housing policy in its totality, as time goes by. I assume that you would disagree with that assertion.

[78] **Ms Finch:** It would make a small but valuable contribution. I think that we should be looking at a jigsaw puzzle of measures, if you like. There is no one single measure that we can pluck out of the air to address the crisis that we are facing; we have to look across the piece and take a strategic and broad view. I think that suspending the right to buy and the right to acquire is an important part of that jigsaw puzzle, not only for the stock that we have at the moment, but more importantly for the stock that will be developed in future. I do not know whether my colleague from Newport would like to add anything to that.

[79] **Ms Davies:** I am Sally Davies, the development manager of Newport City Council. As John Puzey mentioned, at the moment, we are selling smaller numbers through the right to buy scheme. To give you an example, in 2003-04, we sold 357 units and, in this year, we have sold 38. To give you a further idea, my rural colleagues in Monmouthshire sold 107 in 2003-04 and, in this financial year, they have sold nine. However, that is down to the market. Obviously, it will make a relatively small contribution at the moment; however, if there are changes in the market, we will see an increase in the number of applications for the right to buy. This measure would be valuable, if we are looking at it for future measures, as Sue has mentioned.

[80] My job, with my partner housing associations, is to deliver a greater number of affordable housing. Therefore, I am very keen to protect the affordable housing that we are able to deliver through the system. As we all know, land is not in infinite supply, and we all work extremely hard to be able to provide affordable housing. We also want to safeguard that affordable housing for people in the future and provide opportunities for people to invest in those properties, which they can do through low-cost home ownership, and, at the moment, they can staircase up and buy all of that property. If they were able to just buy up to 99 per cent of that, that would allow those people to move within the market, while safeguarding while safeguarding the unit that we had provided. Being able to protect the stock that we are currently developing, and not just the stock that we have, is a key issue for me. Both types of stock make a valuable contribution to the delivery of affordable housing.

[81] **Ms Alleyne:** I am Naomi Alleyne and I have introduced myself previously. We would welcome flexibility in the memorandum of understanding enabling the suspension of the right to buy in relation to small geographical areas, or to two-bedroomed or three-bedroomed houses. Depending on local circumstances, that could have an impact at a local level, which we would welcome. As Sally said, on the figures, while it might have less of an impact than it would have had a few years ago, having that power to suspend the right to buy or the right to acquire will still have an impact in those areas that have such housing pressures.

[82] **Alun Davies:** That clarifies the situation. On the wider legislative issues, while this process is taking place in Cardiff, the Housing and Regeneration Bill is also going through Westminster. Do you see the Welsh provisions in that legislation having a great impact on the work that we are doing in Wales?

[83] **Ms Finch:** I have not come prepared with detailed knowledge of that Bill, but it has some interesting proposals to look at the housing revenue system that will affect the whole of the UK. That will affect the amount of housing revenue account subsidy flowing back to Westminster at the moment. Previously, it has been about £90 million a year, and it looks as though that figure will be approximately halved through the stock transfer process, with properties moving out of the HRA account. That is a huge amount of money, given that we have some £94 million in the social housing grant programme. Handing £48 million back to Westminster through the HRA account needs to be looked at. We hope that some opportunities will be presented in Wales to reinvest the money that we are currently collecting through council housing rents in the provision of affordable housing. I think that that is a very exciting possibility in the Bill.

[84] **Leanne Wood:** If you have any further information about that Bill that you would like the committee to receive, could you please write to us?

[85] **Ms Finch:** Yes.

[86] **Peter Black:** You have indicated that it is important that authorities have the power to retain the social housing stock, where it can help to address local need. Do you think that the proposed LCO as currently drafted has the potential to enable authorities to do that? Is it sufficient, or could more be included?

[87] **Ms Finch:** As we have said in our evidence, it is very welcome, but it must be part of a much broader approach. As you will be aware, a lot of key strategic housing documents, such as the strategic framework for housing in Wales, the national housing strategy, the Supporting People strategy and the homelessness plan, are currently being revised. I have no doubt that all sorts of approaches will be considered to address the housing problems in Wales. Part of that must be to explore the potential for further legislation to address those problems. We are at a very early stage in that process, and it is difficult to prejudge where that

debate might go, but we can predict that it might throw up some potential for legislative intervention. It is difficult for you to make a decision as to whether to proceed with this particular approach to addressing affordable housing now and to reserve further measures for a later date, or whether to put it all in a larger package.

[88] **Peter Black:** Do you think that this LCO is premature?

[89] **Ms Finch:** From the WLGA's position, we have been calling for this measure for many years, and we very much welcome the prospect of the Assembly taking action. It is a difficult judgment to make as to whether we need to hold this one back to allow other things to catch up, or whether we need to take the opportunity to proceed with this and to follow with other Measures at a later stage. You would need to get advice from your advisers about the potential costs and benefits of either approach.

10.30 a.m.

[90] **Leanne Wood:** Does anyone else wish to come in on that? I see that you do not. Lesley Griffiths has the next questions.

[91] **Lesley Griffiths:** You say in your paper that the challenges facing local authorities in Wales to supply affordable housing are huge, and you have indicated that there are other areas that might be acquired, through legislation, to impact upon this supply, to have a more holistic approach—planning, for instance. What additional legislative powers would the Assembly need to acquire to comprehensively address the shortage of affordable housing?

[92] **Ms Finch:** That probably relates to the previous point. The debate is under way about how we need to address issues in Wales, and what potential there is for further legislation. It would be unfortunate to prejudge that debate, which will involve voices from many different sectors. However, at a generic level, planning, building regulations and, possibly, land supply, would be three areas that would I point to.

[93] **Ms Davies:** I negotiate for affordable housing on a daily basis, and one issue that we have is that it is also down to the quality of what we are able to deliver. At present, we appear to have a two-tier system. There are the properties that we are able to get through the planning system, where grant is invested, and they meet the development quality requirements and are building research establishment environmental assessment method excellent, and all the things that we all aspire to and think are appropriate. When we then look at affordable housing, where we get the developers to provide that affordable housing—they provide the subsidy, in a sense, so no grant goes in—the requirement is on them. The properties that they construct are not as 'onerous', in their terminology, as those provided by our registered social landlord partners. Therefore, we are looking at two different types of housing.

[94] I was lucky in Newport, in that I worked with a private developer on a site and, over extensive negotiations, we managed to deliver affordable housing, part of which was rented, and part of which was for low cost. I took my elected members along to have a look, and defied them to be able to tell me which was which. They could not do that, and they could not tell the difference between the open-market units either. However, it took a considerable amount of work on my part, and a considerable amount of negotiation with the developer over a period of 18 months to achieve that.

[95] The problems that we have are timescales. There are problems in the development industry—time is money—and we need to deliver affordable housing fairly quickly. Therefore, having systems in place that would speed that up would be beneficial for all aspects of the industry—our own, in order to develop that affordable housing, and from the building industry itself. At present, therefore, as I say, there is a two-tier system,

predominantly because of the building control regulations. Those regulations would help us; unless you work in that aspect of the delivery, you do not realise that something that is to do with building control will speed up the delivery of affordable housing, and increase the quality of the product that is being delivered.

[96] **Mark Isherwood:** I believe that you answered the supplementary to the question in your last answer, on field 18: planning. However, rather than being specific about what should be included in this Order, or in future LCOs or Measures, how do you feel this LCO could be amended to broaden its scope, to enable the Assembly to legislate across a broader range of areas in the future? In other words, it is about the power without the specific action detail.

[97] **Ms Finch:** As my colleagues have said, it is about looking more broadly. We welcome the issue that has been addressed at present, and the suspension of the right to buy, as we said, is a valuable contribution, and we would be looking at that. My colleagues in rural authorities—such as Monmouthshire and Pembrokeshire; areas where there is a national park, in particular—may be looking at it en masse for their whole area. In Newport, for example, we would perhaps look at it where we have areas where, unfortunately, due to limited land supply, we will not be able to deliver more affordable housing; therefore, the affordable housing in those areas is of greatest value to us.

[98] The information that we have to date is extremely valuable, but we are currently working on looking at different Measures to maximise the provision of affordable housing. In Newport, in partnership with the Assembly, we are piloting something that is looking at our neutral tenure issue. At the moment, we tend to look at affordable housing in the form of two clear tenures—social rented or low-cost home ownership. We are looking at neutral tenure, which allows more flexibility with those units. Within that particular system, we are coming up against problems with regard to its funding and its future funding. We are not quite clear about and, working with our civil service colleagues, we are having to clarify, whether the Assembly already has the powers to facilitate the progression of neutral tenure or whether you will need additional powers to protect those properties and to look at the financing of those properties. It is something that we are currently working on, and it may be that that also throws up issues that you will need to look at and, potentially, address, by seeing whether you need powers to maximise that delivery.

[99] **Leanne Wood:** The next line of questioning has, I think, been covered in that answer, so we will go straight on to definitions, unless there is anything that Members want to take up.

[100] **Alun Davies:** There is. I get the sense that you are hedging your bets somewhat in terms of the scope of this particular LCO, what it does, what it does not do and what you feel we should be doing. What do you really think? Sorry; I put that question rather bluntly. *[Laughter.]* Do you think that this LCO is broad enough in scope to deliver the housing policy that the Government has set itself in ‘One Wales’? Will this deliver the legislative powers that the Assembly Government requires?

[101] **Ms Finch:** As it stands, it will not deliver the housing commitments in ‘One Wales’. It will not deliver 6,500 affordable homes, and neither will it address homelessness. It is valuable in its own right, but it is not sufficient to meet those aspirations. It would be difficult to find anyone who would support the position that it is sufficient. The problems are wide-ranging and complex. The crisis has arisen through a complex interplay of factors, largely driven by the market. So, to a large extent, we are talking about investment as one of the key factors, and we are talking about migration and so on. A lot more could be done.

[102] Perhaps I can just give you an example of planning issues. The planning system was constructed at a certain time in history and with a certain purpose, which, inherently, restricts

development. That is particularly the case in rural areas. That is the planning system's *raison d'être*, if you like. Quite rightly, local residents have a key role to play in that process. However, there is a question to be asked now as to whether the balance between local democracy and the need for affordable housing is the right one. For example, the Wrexham local authority, in developing its draft local development plan, went out to consultation on all the individual sites that it had identified for affordable housing, and it had 5,000 responses to that LDP consultation—unheard of in local government history—and, almost without exception, they objected to affordable housing being built on those sites. That gives you a flavour of the issues facing local government in trying to match its aspirations for its communities against the real issue of delivering on the ground. An area that perhaps needs to be explored is that of the potential for addressing that balance in the current climate around affordable housing.

[103] **Ms Alleyne:** I think that it refers to what we said in the paper about a holistic approach to affordable housing. In 'Let Government Commence', which the WLGA put out after the Assembly elections, affordable housing, as Sue said, was one of the key priorities for local government over the next Assembly term. One of our concerns is that, while there has been an increase in the amount of social housing grant available, it is not at the equivalent level of the late 1990s. Of the other evidence that we have seen with regard to affordable housing, some of it shows that supply is still a massive issue.

10.40 a.m.

[104] You might think that we are hedging our bets on that. We welcome this Order, but it is only one part of a much broader package that needs to be taken forward to ensure that we can deal with the affordability issue that is arising in Wales. Sue mentioned planning, but a host of other issues need to be addressed at the same time to ensure that we can get to that position.

[105] **Alun Davies:** Could you run through some of those issues? Sue asked whether there is a single person who believes that this is sufficient; the answer is 'yes', and she is the Deputy Minister, and she was here last week. The Deputy Minister said that this LCO gave her the powers that she required to implement her policies. I accept that those policies are changing and that it may be the case that, in six months, those policies will be more comprehensive and detailed and—as I think will be the case—will require further legislative competence. Could you outline to us those further areas? You have all said that this is a contribution and not an answer. You outlined planning as a specific issue, and were comprehensive in your answer. However, you said, in your last reply, that there were also other areas to consider. Could you outline those for us?

[106] **Ms Alleyne:** The other areas are the social housing grant, the review of regulatory services, which is being undertaken at the moment, the planning system, and working much closer with developers so that you can agree the number of affordable units within developments. That gives you a flavour of what is needed to get all the ducks in a row. It involves working far more closely with registered social landlords. This is an area that has developed greatly over the past few years. There is a lot of discussion; we now have a joint network on housing, between elected members with responsibility for housing, and housing associations. The debate is ongoing. There has been further development in the relationship with private providers. We held a joint conference with Community Housing Cymru at the end of last year, at which private developers were on the platform speaking about how they want to develop this area. So, there is a need for that engagement and discussion so that we are all very clear about where we are going and so that all the other different bits of the system are working together. Sometimes, they may not work as well as they could in terms of taking that forward.

[107] **Alun Davies:** I accept what you have said. However, you appear to have described ways of working and implementation issues; we are talking about legislative power. They are two different things. Does the WLGA have a clear view on the additional areas where legislative competence would be required to implement a comprehensive housing strategy or housing policy? We would be happy to accept a note on this if you would prefer that.

[108] **Ms Alleyne:** I would prefer to provide you with a note rather than answer that now.

[109] **Alun Davies:** Thank you.

[110] **Leanne Wood:** Thank you. We will now move on to definitions. Peter?

[111] **Peter Black:** For some reason, you have given me the legal bits. With regard to the way in which the LCO was drawn up, the definitions refer to other Acts of Parliament, as opposed to setting them out on the face of the Order. A view was expressed that that may leave the legislation that we pass subject to any changes in those definitions at Westminster. You have said that the definitions used should be in line with current statutory interpretation. Are you satisfied with the way in which the definitions are interpreted in the LCO, or would you do it in a different way?

[112] **Ms Finch:** We could not see any issues with that, but we might be missing something. Our position is that we need a simple system, because the more complicated you make it with lots of different definitions, the more potential there is for things to get confused. So, it makes absolute sense to use other definitions from the existing legislation until that changes.

[113] **Peter Black:** Do you think that there might be advantages in defining terms like 'dwelling-house', 'dwelling' and 'social landlord' in Measures as opposed to the proposed LCO?

[114] **Ms Finch:** Definitions of those terms exist in other legislation. It would seem sensible to make links between this legislation and other legislation. However, creating a different definition could potentially cause confusion.

[115] **Peter Black:** I am not suggesting a different definition. The danger in referring to existing legislation is that future legislation made in the UK Parliament could change the terms and their definitions. That would have a knock-on effect on any Measures that we have passed. There is a view that how it has been done narrows the scope of the LCO, and that it does not give the Assembly Government the breadth in approach that it wants. Do you have any views on that?

[116] **Ms Finch:** I do not think that we have the legislative expertise to comment on that.

[117] **Peter Black:** I am not sure that I do, either. [*Laughter.*]

[118] **Ms Alleyne:** It does sound like a technical issue in terms of the legal detail. The point is that we would like clarity so that we are sure what that means. You are asking whether the definition should be in the LCO or in Measures: if there was a risk that the Measures would use a different definition, we would prefer it to be in the LCO for clarity. However, with regard to your question about whether definitions being changed later on would have an impact, I am sorry but we are not in a position to answer that.

[119] **Lesley Griffiths:** The proposed LCO would give the Assembly power to pass Measures in relation to the disposal of dwellings to social landlords, and the term 'disposal' is not defined. What do you understand by that term?

[120] **Ms Finch:** My interpretation was that that would mean sale rather than gift.

[121] **Lesley Griffiths:** Do you think that it should or could include the transfer of local authority housing stock to a registered social landlord?

[122] **Ms Finch:** My understanding is that the right to buy relates to the occupier of the property, rather than any external purchaser, and therefore I would not think that the right to buy legislation would cover purchase by a registered social landlord. However, that is my understanding as a layperson.

[123] **Lesley Griffiths:** As I say, it is not defined, but perhaps there should be a statutory definition.

[124] **Leanne Wood:** Do Members have any other issues that they wish to come back on arising from the evidence?

[125] **Mark Isherwood:** Reference was made to Wrexham and the objections to affordable housing. A different issue has arisen there, to do with the Welsh-language culture issue and the Erddig housing application; the objections were that there was insufficient section 106 affordable development. How should we acknowledge that? There are two pressures: the so-called Nimbyism attitude; and the people who want more of this type of housing in order to house people in their community. Is the message getting confused because the term 'affordable' has too wide a definition and people do not really understand what it means?

[126] **Ms Finch:** How one does this in drafting the legislation I do not know, but it is about achieving a balance between people protecting their own interests and property values and the broader needs of the community for housing. There is an increasing public recognition that, as more people are affected by the affordability crisis—it is not just low-income families, but average-income families that are affected now—it is something that could affect everyone. However, the planning system does not seem to facilitate considering all the opportunities for developing affordable housing. Despite the commitment to travel down that road, there are particular blocks in the planning system. I have not done sufficient work on how that would be drafted to say how that would be done in the legislation.

[127] **Ms Davies:** My work obviously involves a great deal of public consultation, and much of it comes down to the public's understanding of what we are trying to achieve. Newport council is in a favourable position in the sense that it has staff who are able to go out and work with local communities on the development of affordable housing. We also work with our housing association colleagues who come out with us to carry out the consultations. Other local authorities do not have the numbers of staff available to facilitate that. It is a key part of what I do.

10.50 a.m.

[128] For example, with the development in Ringland, on which I am currently working in Newport, I have spent the best part of nine months working closely with the community, holding consultation events, going out to see individuals, writing letters and explaining what is going on, so that people have an understanding of what we are trying to do. When people understand that it is to house local people, and that we are looking at community sustainability and those key issues, they have a greater understanding of what we are trying to achieve and are supportive of it. It is great to see that turnaround in people's opinions. It also means that people within that community who are in unsuitable property will be able to move into more suitable property. They therefore have an understanding that it will not only benefit their sons, daughters, granddaughters, and so on who cannot access housing, but could also

potentially help them. So you can allay Nimbyism by explaining to people what you are doing. In the planning committee, I am regularly harangued for not achieving greater percentages of affordable housing—quite how we deal with that one, I do not know.

[129] **Leanne Wood:** Thank you for answering that question, even though it strayed off the agenda a little. Are there any final comments that you would like to add, anything that you have not covered during the session? I see that there are no additional comments. John, is there anything that you would like to come back on?

[130] **Mr Puzey:** I have no further comments other than to welcome the willingness of the Assembly to look at the issue of affordable housing in this way. That is very much welcome.

[131] **Leanne Wood:** Thank you. I see that Members do not have any further comments. I thank you all for your contributions. Please forward to us any specific drafting amendments that you would like to see to the proposed Order and any other additional information that you might have for us. A draft of today's transcript will be sent to you by the clerk for correction.

[132] The next meeting of the committee will take place on 5 February, when we will be taking evidence from Community Housing Cymru, the Chartered Institute of Housing and from Professor Steve Wilcox. I declare the meeting closed.

*Daeth y cyfarfod i ben am 10.52 a.m.
The meeting ended at 10.52 a.m.*