



# CARTREF YW POPETH HOME IS EVERYTHING

## Shelter Cymru response to the Local Government and Housing Committee inquiry into social housing supply

April 2024

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## About Shelter Cymru

Shelter Cymru exists to defend the right to a safe home, because **home is everything**. We help thousands of people across all of Wales every year who have been affected by the housing emergency by offering free, confidential, and independent advice. When necessary, we constructively challenge on behalf of people to ensure that they are properly assisted and to improve practice and learning.

We work with people who use our services as equals. We provide information, advice, and support to help people identify the best options to prevent homelessness, to find and keep a home and to help them take back control of their own lives.

We fight the devastating impact the housing emergency has on our people and communities with campaigning, advice, and support – and we never give up.

## Future Work

We have recently begun new research activities which relate to this inquiry. We will be exploring many of the same areas of concern and look forward to updating Senedd Members and Welsh Government on our findings as we move forward.

Working with the Bevan Foundation, we will be highlighting the human cost of our housing emergency and the shortage of social homes. We will be capturing the experiences of those living in temporary accommodation and considering the broad spectrum of policy directives which are at play. This work is kindly supported by funding from the Lloyds Bank Foundation.

## Overview

### A vision for home and ending homelessness

Shelter Cymru welcomes the opportunity to provide evidence to this inquiry.

Increasing the supply of social homes, and in particular, homes for social rent sits at the very heart of tackling the housing emergency we face. Unlike other tenures social rent homes offer affordability and security by design – not just by accident.

Without an adequate number of social homes, it will never be possible to ensure that everyone in Wales has access to a safe, secure, suitable, and affordable home. In fact, whatever ambitions

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we may set in housing policy, whether it be ensuring quality, ending homelessness, or improving affordability; the supply of social housing has a crucial role to play.

In addition, social homes are vital in helping realise wider ambitions for the Welsh Government as they play a significant role in supporting people's life chances, their employment opportunities, and their physical and mental wellbeing. Unless we ensure that people have access to a home that is safe, secure, suitable and affordable we are failing to remove one of the fundamental barriers they may face in their lives.

It is important that the supply of social housing is also considered within the context of a wider vision for home and ending homelessness in Wales. A vision that recognises the interconnectedness of various strands of housing policy and that has at its heart a recognition of a legal right to adequate housing. Without this overarching vision it is possible that policy changes, however welcome, lead to unintended consequence in other areas.

This vision should also be clear on the importance of ensuring that people can both access and keep a home. In terms of social homes that means setting out not only how we will identify need and deliver homes but also how to support people into them, taking account of allocations policies and support needs.

**Shelter Cymru recommends that the Welsh Government takes steps to set out a new housing vision: A vision for home and for ending homelessness that builds on the positive steps taken by Welsh Government to date, and that recognises the significant role that housing has to play in realising its cross-government ambitions.**

## Building a picture of the homes we need

At Shelter Cymru we are clear that **home is everything**. However, for many people today home is a dream rather than a reality. Something we see in a range of housing need statistics, including:

- Rising numbers living in temporary accommodation, with 11,501 people in Wales currently trapped in such places, more than 3,000 of whom are children.<sup>1</sup>

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<sup>1</sup> StatsWales, [Homeless individuals temporarily accommodated at the end of the period by local authority and period](#), accessed 16.04.2024

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- Ongoing rough sleeping, with 126 people estimated sleeping rough across Wales in January 2024.<sup>2</sup>
- Record waiting lists for social housing, with Freedom of Information requests from BBC Wales showing 139,000 people were waiting for a social home at the end of 2023.<sup>3</sup> A number that is likely to be an underestimate of actual social housing need.

Although shocking these numbers can tell us only so much, and what they cannot do is help us to fully understand the impact that an inadequate supply of homes is having on people and families across Wales, something we see every day at Shelter Cymru through our advice services.

Last year we provided help to **12,348 households – 1 in every 109 in Wales** and in all these cases we encounter the realities of a system that isn't working and that isn't fit for purpose. A system where families are forced to share single rooms, where people face eviction from their homes for no reason, and where the homes that are available are often unaffordable or unsuitable.

This housing emergency has not manifested overnight. It is the result of decades of failure to build the homes we need or to set out a clear vision for home and ending homelessness in Wales. A failure we see in the significant increase in reliance on the private rented sector (PRS) over recent decades. With the number of households living in the PRS increasing by 155% over a 20-year period, an increase driven by a failure to ensure adequate choice in the homes people can access.<sup>4</sup> A lack of choice compounded by the long-term effect of the Right to Buy and its impact on the stock of social homes in Wales. Faced without the option of owning their home or a secure social home people are often left with the PRS as an option of last resort.

When building a picture of need for social homes we must also look beyond the number of homes needed to also include the type and location of the homes.

At Shelter Cymru we believe in ensuring everyone has access not just to a secure and affordable home but also one that is suitable. For some, that will mean a home suited to specific needs relating to disability, for others it will mean suited to their family size. For everyone though it is important that suitability is considered alongside other aspects (e.g. genuine affordability) when assessing housing need in Wales.

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<sup>2</sup> StatsWales, [Rough sleepers by local authority](#), accessed 16.04.2024

<sup>3</sup> BBC, [BBC Wales Investigates: I'm homeless – how will Santa find me?](#), December 2023

<sup>4</sup> Office for National Statistics, [Housing, England and Wales: Census 2021](#), January 2023.

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Understanding the homes we need is vital to ensuring that the ambitions of the Welsh Government can be realised. For example, ending homelessness can only be achieved if we ensure that people have access to the right homes, in the right places, with the right support. And it's necessary that housing need calculations and assessments reflect this.

**Taking all this into account it is clear that the level of need for social homes in Wales today is extreme, and far outstrips current supply. Addressing this by delivering the homes we need will require an increase in the priority given by Welsh Government to both understanding the true level of need and to planning long term for effective delivery.**

## Building on success and establishing a right to adequate housing

In any discussion of social housing supply in Wales it is important to acknowledge the progress of recent years. The decision by the Welsh Government to set out a clear commitment to deliver 20,000 social homes in this Senedd term is hugely welcome, as is the allocation of record amounts of capital funding in the Welsh Budget to deliver this. Additionally, the flexible approach to delivery through programmes like the Transitional Accommodation Capital Programme (TACP) is a positive demonstration of intent and shows an understanding of the current need to work around barriers to achieve ambitious targets.

However, whilst the steps that have been taken are welcome, levels of need continue to outstrip delivery. In addition, whilst delivering 20,000 social homes is undoubtedly a positive thing it can only ever be one part of a wider plan – a KPI that helps us track progress against wider ambitions to end homelessness and to ensure everyone has access to the safe, secure, suitable, and affordable home they deserve.

This is why we need the Welsh Government to set out a vision for home and ending homelessness, and within this provide clarity around the role that social homes will play in ending the housing emergency. That means engaging with questions including:

- Who Welsh Government believes social homes are for, and how they will establish the level of need of those groups?
- How we ensure that the homes built today will continue to be maintained as high quality, affordable homes in perpetuity.

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- How we ensure that allocations policies work to contribute to the vision we have for social homes in Wales and to ending homelessness.
- How we ensure that people and communities in need are heard in the design of policy, the design of schemes and the design of the overarching vision we need.

At Shelter Cymru, we believe it is vital that this vision for home and ending homelessness is underpinned by the establishment of a legal right to adequate housing for everyone in Wales.

## **The role of the right to adequate housing**

Enshrining in domestic law the internationally recognised Right to Adequate Housing would require Welsh Government to set out its vision and long-term, cross-tenure strategy for home and ending homelessness so that it can bridge the gap between supply and demand/need, over time. It would provide a framework for defining the purpose of social homes within the whole housing system, and ensuring the long-term strategy for, and delivery of, the social homes we need. This legal change would ensure that future governments' have a clear obligation to enact policies that progressively realise this right for everyone in Wales.

Whilst a Right to Adequate Housing would enable governments to be held more strongly to account for their progress in delivering sufficient, suitable, and affordable homes to meet need, its value is much wider. This is about driving the clear whole system vision we lack; it's about ensuring a longer-term focus – well beyond a Senedd term. It is the lack of long-term strategy and a legacy of underinvestment in social homes that underpins the current housing emergency. In the context of social housing, it would require an unrelenting focus on removing barriers to delivery of social homes.

**We should also not overlook the fact that a Right to Adequate Housing is popular, in keeping with our international obligations as a nation, and financially prudent.**

Research conducted in 2020 by CIH Cymru shows that 77% of people in Wales support a legal right to housing.<sup>5</sup> Meanwhile independent research conducted by Alma Economics on behalf of the Back the Bill campaign showed that a £5 billion investment in delivering against the Right to

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<sup>5</sup> CIH Cymru, [Three-quarters support legal right to housing in Wales](#), December 2020

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Adequate Housing would realise £11.5 billion of socio-economic benefit over 30 years. Put another way that's a return of £2.30 for every £1 invested.<sup>6</sup>

## Building the social homes we need

In this response Shelter Cymru is clear that a vision for home and ending homelessness is central to understanding the social homes we need, and to delivering them. However, we also recognise that the scale of the housing emergency in Wales today means that whilst this vision is being developed we must also take steps to ensure homes are being delivered now by directly enabling delivery and by removing blockages to homes where they are identified.

To deliver this will need:

- Unrelenting political will.
- Greater capital investment, including an increased percentage of Welsh Government spending being directed towards building social homes as part of a focus on prevention and on investing to save.
- An increased role for Welsh Government in directly enabling the building of homes, through greater involvement in areas like land assembly and planning.
- Greater investment in and support for skills development to ensure that our home building sector has the necessary capacity to deliver against need.

Fundamentally, Shelter Cymru believes that across Wales there is a shared commitment to deliver social housing and a shared recognition that more needs to be done to deliver it – this gives grounds for optimism. But we must move faster. We must reach the current 20,000 social homes to rent target and keep delivering social homes until need is met. And for the people we help, we must remain mindful that their lives and childhoods are passing by; we can expect they will be scarred by the absence of a suitable, stable, and genuinely affordable home. In this response we have tried to reflect that context and to provide feedback and views in a constructive manner. Beyond this we would be happy to work with the Committee or the Welsh Government to investigate the viability of our recommendations further or to provide more evidence to support them where we can.

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<sup>6</sup> Alma Economics, [The right to adequate housing in Wales: cost-benefit analysis](#), September 2022

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## Key Recommendations

1. The Welsh Government should set out a clear vision and long-term strategy for home and ending homelessness. A vision underpinned by the progressive realisation of a right to adequate housing and that provides clarity on the role of the different aspects of our housing system (e.g. social housing, community housing, private rented sector, homeownership).
2. Improvements should be made to how housing need is assessed to ensure a clear picture of need across Wales and in individual areas. This should include greater engagement with people to understand their needs and those of communities, as well as regular national level surveys and assessments of the numbers and types of homes needed to end the housing emergency.
3. The Welsh Government should expand its role in enabling the building of homes, and particularly social homes. This should include a greater role in land assembly and greater transparency around the ownership of land in both public and private hands.
4. The Welsh Government should provide additional investment and support towards promoting planning as a career.
5. The Welsh Government should develop an expanded role for acquisition of homes by social landlords, including both Mortgage and Rent Rescue schemes. This should be accompanied by funding to support social landlords in bringing those homes up to necessary standards for a high-quality social home.

## **Response to terms of reference**

Progress towards meeting the target of 20,000 low carbon social homes for rent; and the extent to which current and projected levels of social housebuilding are likely to meet housing need

### **Progress towards 20,000 social homes**

During the first two years of this Senedd term a total of 5,775 social homes have been delivered.<sup>7</sup> Placed against a basic division of 4,000 homes needed per year to deliver a 20,000 target, then this would suggest we are significantly short of where we should be. However, it is important to acknowledge that in any building programme we would expect delivery to ramp up over its life

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<sup>7</sup> Welsh Government, [Affordable housing provision: April 2022 to March 2023](#), November 2023.



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cycle. That being said we would caution against the idea that progress towards the target is where it should be as it is clear that the barriers to the delivery of homes in Wales today are immense and that meeting the 20,000-home target will be difficult, although we urge Welsh Government to continue striving towards this.

Within this question of progress against target it is also important to make a distinction between the delivery of entirely new homes and the acquisition of existing homes from elsewhere within the market.

We welcome the flexibility that the Welsh Government has provided to Registered Social Landlords (RSLs) for acquisition through approaches like the Transitional Accommodation Capital Programme (TACP). An approach that helps ensure the full allocation of capital grant can be spent and that more homes are provided to people in need. However, whilst contributing to the target for social housing, shifting homes between tenures (e.g. acquisition from the private rented sector) will not have an overall impact on housing supply in Wales. This is not to say that the Welsh Government should not include homes delivered through acquisition in their tracking against the target but rather that it is important to recognise that acquisition as an approach makes a different contribution to addressing the housing emergency in Wales by reducing the availability of homes in another sector, albeit that it is being used effectively to prevent homelessness for individual households.

Recognising differences in type of supply, and the value of different approaches, should also be part of setting out a vision for home and ending homelessness. Ensuring that there is a clear understanding of how approaches in one part of the housing sector can mean knock on impacts in another, and the need to plan for those.

Even with welcome flexibility such as TACP, the challenge of meeting the 20,000-home target remains significant. Barriers such as access to suitable land, skills shortages, planning delays and funding combine to create a difficult environment where progress may be slower than hoped. The difficulty of meeting the target also reflects the fact that meeting it should not be the only aim of the Welsh Government's approach to social housing. More broadly there should be an explicit strategy to reduce barriers to social housing delivery and to develop a sustainable long-term pipeline of delivery for social housing that will ensure we reach a position where everyone who needs one has access to a safe, secure, suitable, and affordable social home.

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## Understanding need more clearly

Establishing the 20,000-home target as one part of a wider vision for home and ending homelessness is vital. Not least because delivering the full target – whilst welcome – would not mean we have met the need for social homes in Wales. As outlined in our introduction, even a basic assessment of need based on waiting list data and on statutory homelessness figures shows that demand exceeds 20,000. If we also account for people who do not appear in statistics, such as those living in overcrowded conditions, hidden homeless households, and those in inadequate homes but who have not registered for a social home then the true figure of need would be even higher.

The current target is also based on assessments of need from 2019 that included inputs such as 2,600 households living in temporary accommodation.<sup>8</sup> A number that has since grown to more than 11,500. Other estimates also reinforce the challenge of an ongoing failure to deliver at the levels needs. For example, in 2018, Crisis estimated housing need per year in Wales at 14,000 with 4,000 of these to be social homes – a level of delivery that has not subsequently been met.<sup>9</sup>

The existing approach to calculating need nationally and at a local level is also limited in how far it can ensure the best possible housing outcomes for communities. Research produced by Tyfu Tai Cymru: Right place, right home, right size?<sup>10</sup> Highlighted the conflict between a hard, minimal assessment of need and creating a desirable and sustainable home. To address this a qualitative element should be included in how need is assessed to ensure that outcomes reflect the needs of communities.

A new approach to assessing need should also make clear the distinction between social homes and homes for social rent. Currently, the Welsh Government target of 20,000-homes is inclusive of a range of products (e.g. social rent and intermediate rent). Whilst a range of products to suit all types of need is important, we believe that a clear distinction between different products and the roles they can play in ending the housing emergency is key. **In addition, at a time when the housing emergency is acute, we urge that social rent is prioritised over other tenures unless there is a clear unmet need for an alternative.**

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<sup>8</sup> Statistics for Wales, [Estimates of Additional Housing Need in Wales \(2019-based\)](#), August 2020.

<sup>9</sup> Crisis, [Housing supply requirements across Great Britain: for low-income households and homeless people](#), November 2018

<sup>10</sup> Tyfu Tai Cymru, [Right place, right home, right size?](#), 2020

<sup>11</sup> Tyfu Tai Cymru was a five-year housing policy project from the Chartered Institute of Housing Cymru that provided insightful analysis and helped fill key evidence gaps to support policy progression on housing.

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A distinction should also be drawn here between local assessments of need that help establish plans and policies in individual areas and a wider national assessment of need, something that is necessary to inform a clear vision for home and ending homelessness. We recognise that the Welsh Government has previously produced such assessments, however, there should now be a commitment to periodically producing a detailed assessment of housing need across Wales – building on the last assessment of housing need published in 2020.<sup>12</sup> This periodic assessment should be supported by a more regular housing review that helps to build a dataset of need and housing conditions in Wales. This would better enable an assessment to be based not only on establishing a shortage of homes but also on the number of homes needed to ensure that nobody is living in inadequate housing.<sup>13</sup>

## Recommendations

1. As well as retaining numerical targets a new overarching vision for home and ending homelessness should commit to removing barriers to building social homes and to the Welsh Government playing a greater role in enabling delivery.
2. Full transparency should be provided in social housing figures to make clear how many homes being delivered are at social rent vs. other tenures.
3. New guidance on assessing housing need at a local authority level should be introduced that includes qualitative elements to ensure that the best possible picture of need is developed.
4. The Welsh Government should produce both periodic assessments of housing need across Wales and more frequent housing surveys.

## The challenges faced by social landlords in increasing supply

Shelter Cymru is confident that other organisations will be able to offer greater detail on the challenges faced by social landlords in increasing supply. However, we do think there are specific areas that should be considered as part of this inquiry and that we would support further investigation on with a view to reducing barriers. These include:

- Availability of skilled workers.

<sup>12</sup> Statistics for Wales, [Estimates of Additional Housing Need in Wales \(2019-based\)](#), August 2020

<sup>13</sup> The English Housing Survey may offer a starting point for such a review, although we would expect that changes could be made to ensure that it delivers the best possible data set for understanding need and for supporting the specific approach to housing taken in Wales.

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- A shortage of materials/cost of materials.
- Access to sufficient funding/finance.
- Overstretched and under resourced planning departments.
- Access to land.
- The impact of guidance on phosphates

One way the Welsh Government can address these issues is to increase its role as an 'enabler' of housing delivery. Taking a proactive approach in areas like land assembly to help support the delivery of social homes.

There is also more that the Welsh Government could do to reduce barriers to delivery. For example, investment in planning departments and a focus on promoting careers in planning would help to address backlogs related to staff shortages.

One other area that the Welsh Government should consider is the support that RSLs may need to fully take advantage of flexibility in capital funding. For example, where the Welsh Government is enabling the acquisition of properties, it may be that additional funding is required to ensure that those homes meet relevant quality standards.

## **Recommendations**

1. The Welsh Government should seek an expanded role in enabling the delivery of social homes, including through a more proactive role in land assembly.
2. The Welsh Government should provide additional investment and support towards promoting planning as a career.

## How housing standards and decarbonisation affect the delivery of new social housing

Shelter Cymru believes others will be well placed to give a detailed response on this point. However, it is important to consider this in the context of what social housing is for, and why a clear vision for home and ending homelessness in Wales is so important.

The affordability of social homes is – rightly – a central part of their identity and the way that they provide people with support and security. However, affordability is only one part of what makes a social home an important part of our housing market. Providing people with a social home is also about ensuring they have a high-quality home that is suitable for their needs and that is

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managed by a landlord who can offer support services where necessary. In the context of a discussion around the potential trade-offs of high standards vs. supply this is important to keep in mind.

We recognise that maximising the delivery of social homes is vital, and that a focus on areas such as low carbon homes can mean increased per unit costs and fewer overall homes. **However, we would urge that a focus on maximising both the quality of the homes we deliver and the number continues, as that will deliver the best overall long term outcomes for the people we support and for people in Wales.**

Currently, the Welsh Government is rightly committed to delivering not just 20,000 social homes but 20,000 low-carbon social homes. Demonstrating that it understands the importance of quality in social homes and also the way that investment in social homes can drive change, by helping to drive growth in skills and innovation for delivering low carbon homes more widely.

Moving forwards the Welsh Government should use a vision for home and ending homelessness to set out the role it sees for social homes beyond just a product to tackle affordability pressures and to maintain a high-level of ambition for how quality homes support cross government priorities.

## **Recommendations**

1. The Welsh Government should use a vision for home and ending homelessness to set out the role of social homes and to set ambitious plans around quality that help drive progress across the home building sector.

## The opportunities and risks in increasing government borrowing and institutional investment

At Shelter Cymru we believe that the case has long been made that the benefits of investing in social homes significantly outweigh the costs of doing so, and particularly at a time when housing need and the housing emergency across Wales is acute.

Significant public spending is currently directed towards mitigating crises or towards dealing with the symptoms of issues rather than the causes. Increasing investment upstream, in

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prevention measures, would help to address this and to drive down costs in other areas over time.

This approach – an invest to save model – is particularly relevant in housing because of the role that a good quality, affordable and suitable home can play in people’s lives. Ensuring that everyone had access to a home like this would help drive down both the direct and indirect costs that stem from a lack of adequate homes, including:

- Costs associated with homelessness such as local authority spending on temporary accommodation.
- Costs associated with poor mental and physical health that in some cases stem directly from, or are exacerbated by, low quality or inadequate housing (e.g. living in damp conditions or the stresses associated with a lack of security and affordability).

## **Healthy homes, healthy Wales**

Health is a policy area where the impact of a long-term failure to provide access to good quality, suitable homes is seen. Research from Public Health Wales has shown that poor quality housing in Wales already costs the NHS £95 million in first-year treatment costs, with an overall societal cost of £1 billion.<sup>14</sup> The same research estimates that the cost of mitigating poor housing (with a focus on ensuring current homes are hazard free) would be £548 million.<sup>15</sup>

Ensuring a sufficient supply of high-quality social homes has a key role to play in realising the benefits of healthier homes for the people of Wales – and for our NHS. Good-quality, affordable and suitable homes will mean fewer people suffering direct health consequences from issues like damp and mould. It will also help to reduce stress from issues like affordability and give people the stability needed to focus on education, employment or others areas of their life that can make a difference to their overall wellbeing, and national wellbeing

## **The investment value of a Right to Adequate Housing**

The Back the Bill coalition, of which Shelter Cymru is a member, has undertaken research to demonstrate the economic value of realising a Right to Adequate Housing in Wales.<sup>16</sup> That research found that that for every £1 invested in realising this right £2.30 of socio-economic

<sup>14</sup> Public Health Wales, [Making a Difference Housing and Health: A Case for Investment](#), June 2019

<sup>15</sup> Ibid

<sup>16</sup> Alma Economics, [The right to adequate housing in Wales: cost-benefit analysis](#), September 2022

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benefit would be generated.<sup>17</sup> Over a 30-year period that would equate to £11.5 billion of benefit for the Welsh Government.<sup>18</sup> Some of that benefit would derive from reducing the costs outlined above, however, others come from the act of investing in homes themselves, such as:

- The rental value of newly built housing.
- Increased economic output from job creation in a home building programme.

## **Recommendations**

1. The Welsh Government should adopt an invest to save approach in its approach to the delivery of homes and consider the broad cost savings and public health benefits that might stem from an increased focus on ensuring an adequate supply of high quality, affordable, suitable homes.
2. The Welsh Government should legislate for everyone in Wales to have the Right to Adequate Housing.

## How effectively the planning system is supporting social housebuilding

In our response to the question on barriers facing social landlords we have touched on the issue of resourcing the planning system in Wales and we refer the Committee back to this.

## **Recommendations**

1. The Welsh Government should provide additional investment and support towards promoting planning as a career.
2. The Welsh Government should investigate the value of a central planning function that can provide support to local authorities where needed. For example, on one off large-scale applications or in times where resourcing leads to significant backlogs.

## How to improve the strategic management of public and private land for social housebuilding, including compulsory purchase

The value at which land enters development is a key determinant of how viable a high-quality, affordable development will be. In recent years many organisations have produced significant pieces of work examining this topic and considering how different approaches to land could

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<sup>17</sup> Ibid

<sup>18</sup> Ibid

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deliver better housing outcomes.<sup>19</sup> Much of this work has focused on England, however, there are many transferable lessons that could be drawn, and we would encourage the Welsh Government to commission research in this area and the viability of approaches such as:

- An increased role for Community Land Trusts (CLTs) in the delivery of new homes and the acquisition of existing homes.
- The delivery of homes via a Development Corporation model in which the Welsh Government plays an active role in land assembly and master planning.

The Welsh Government should also commission research into the lessons that can be learnt from international approaches to delivering and managing new affordable homes, such as those in Vienna, Hamburg and across the Netherlands.<sup>20</sup>

In addition, the Local Government and Housing Committee would be well placed to launch a specific inquiry into land in Wales, taking learnings from a similar inquiry conducted in England by the House of Commons Select Committee on Housing, Communities and Local Government.<sup>21,22</sup>

Specific changes to the management of land that should be considered include:

- **Increased transparency around the ownership and control of land in Wales:** Organisations such as Housing Justice Cymru have done important work in drawing attention to the role that land owned by faith bodies can play in helping to address our housing emergency.<sup>23</sup> However, the difficulties in identifying the land owned by single institutions (e.g. the Church) draws attention to the wider problem of land transparency.

Understanding who owns the land beneath our feet is key to improving the way that we identify the best sites for development. Its central to ensuring that competition in housebuilding is possible and it is central to ensuring that the public sector is maximising the role it can play in delivery. However, a lack of accessible data on land ownership, means that building a picture of this even in a single area can be challenging. Changing

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<sup>19</sup> See: JRF: [The missing piece: the case for a public sector master developer](#); Shelter: [New Civic Housebuilding](#); Shelter: [Grounds for Change](#); Centre for Progressive Policy: [Gathering the Windfall](#)

<sup>20</sup> See: Urbed, [Learning from International examples of affordable housing](#)

<sup>21</sup> Now the Select Committee on Levelling Up, Housing and Communities

<sup>22</sup> See: House of Commons Housing, Communities and Local Government Committee report on [Land Value Capture](#)

<sup>23</sup> See: Housing Justice Cymru [Faith in Affordable Housing](#)



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this would not only enable large organisations (e.g. social landlords) to identify sites for development but could also play a significant role in empowering local communities. By providing them with clear data on ownership and control of land in their area we would be providing a key tool to bring forward small scale housing plans for addressing need at a community level, potentially increasing the scale of delivery via Community Land Trusts and Exception Sites.

- **Developing updated policies on the use of public sector land for housing:** Public land is a powerful resource in addressing housing need and boosting the supply of social homes. Where land is already in the public sector then it can – theoretically – enter a development project for no cost, giving scope for innovative and ambitious delivery on such sites.

Through the Welsh Government Land Division, and the exemplar sites it is releasing, an appetite for using public land to deliver housing is being shown. In remarks to the Local Government and Housing Committee Julie James MS stated that:

“we’re very keen to make sure that we use Welsh Government land to show people what can be done—what can be developed in a way that gives you a decent return on your money, but also really excellent mixed-use developments, mixed-tenure developments, as well.”<sup>24</sup>

This is a welcome approach and moving forwards we hope that the Welsh Government will expand this and publish any findings from initial sites that could form a best practice guide. **We would also urge Welsh Government to make the delivery of social rent homes a key objective within any public land for housing programme.**

To maximise the potential for public land we would also suggest that Welsh Government consider creating specific policies around the extraordinary release of public land for housing where such a development would exceed the level of affordable housing required by the local plan. This would enable communities or organisations to bring forward proposals for development on public land even where that land has not been allocated within the existing local plan.

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<sup>24</sup> Julie James MS [remarks to the Local Government and Housing Committee](#), January 2024.

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- **Committing to the use of new compulsory purchase powers where necessary to boost the supply of social housing:** Changes to compulsory purchase legislation through the Levelling Up and Regeneration Act 2023 in Westminster offer the Welsh Government a new opportunity to boost the delivery of social homes. However, to maximise this there will be a need for Ministers to set out clearly their willingness to use such powers and to identify appropriate sites for land assembly to support this purpose.

Within this it is important to remember that a successful approach to compulsory purchase is one in which compulsory purchase is not – in fact – required. The value of updated compulsory purchase powers lies in the way that they help shape the expectation of landowners. Clarity for landowners over what the realisable value of their land is and the willingness of the Welsh Government to use the powers it has should encourage them to participate in the scheme rather than force a compulsory purchase.

## Recommendations

1. The Welsh Government, or the Committee, should undertake a detailed inquiry into land (public and private) in Wales and the role it can play in enabling social homes. This inquiry should include reviewing land transparency and the potential role of public sector land.
2. Welsh Government Ministers should set out clearly how they intend to make best use of updated compulsory purchase powers to facilitate the delivery of social homes in Wales. This approach should be clear that there is a willingness to make use of these powers if necessary but that there is a preference to work in partnership with landowners to bring land into development at a fair value which delivers the best outcomes for communities.

## The potential for increasing income from land value capture mechanisms to invest in social housing

Shelter Cymru believes Committee should approach this question in two parts:

1. Are current land value capture mechanisms, such as S106, delivering the maximum possible numbers of social homes?
2. Are there additional approaches to land value capture that could be employed to increase the supply of social homes?

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## **Maximising current mechanisms**

Shelter Cymru does not believe that current approaches to land value capture are delivering the maximum number of social homes possible. For example, in Wales 72% of social housing supply is currently provided via capital grant whereas in England the largest single source of social rent homes is via S106 agreements with private developers that use no grant.<sup>2526</sup> Whilst there are likely good reasons for this variation (e.g. better grant conditions in Wales and differences in land values and development viability) it does beg the question as to whether more could be delivered via S106 in Wales. As such we would recommend Welsh Government commission research:

- Reviewing affordable housing policies across Wales to understand current approaches in detail.
- Reviewing how frequently (and to what level) housing schemes are being delivered that deliver fewer affordable homes than required by local policies.
- Reviewing how frequently affordable housing requirements are being delivered either 'off-site' or via financial contributions.<sup>27</sup>
- Establishing a best practice guide to support local authorities in Wales to maximise the delivery of affordable – and particularly social – homes via S106 agreements.

Shelter Cymru would be happy to work with either the Government or the Committee on such a review.

## **Additional approaches**

As outlined in our response to the previous question bringing land into development at the right value can play a significant role in enabling the delivery of more social homes and we would encourage the Welsh Government to take an expanded role in land assembly to support this.

## **Recommendations**

1. The Welsh Government should commission research into S106 agreements to understand in more detail any current challenges in delivering social homes through these and to establish a best practice guide.

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<sup>25</sup> Welsh Government, [Affordable housing provision: April 2022 to March 2023](#), November 2023.

<sup>26</sup> Department for Levelling Up, Housing and Communities, [Live Table 1000](#), accessed 16/04/2024.

<sup>27</sup> The HBF has undertaken research into unspent developer contributions in England and Wales ([Section 106 Agreements and unspent developer contributions in England & Wales](#)) that would offer a starting point for this research. However, this is a limited piece of work in that it focuses only on unspent contributions and not the overall value of contributions.

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2. The Welsh Government or the Committee should undertake a detailed inquiry into land (public and private) in Wales. This inquiry should include reviewing land transparency and an expanded role for public sector land in delivering homes.

## The Welsh construction sector's capacity to build new low-carbon social homes: the potential for acquisitions of existing homes and remodelling of existing buildings

### **Capacity for building new low-carbon social homes**

We believe others will be better placed to provide detailed evidence.

### **Capacity for acquisitions**

Elsewhere in this response we have made points relevant to this question, these are:

- That we recognise acquisition can play an important role in meeting housing need and welcome funding such as TACP that enables this.
- That the Welsh Government should consider if any additional funding for RSLs is needed to support acquisition whilst ensuring that homes meet required quality standards such as WHQS2.

We would also draw attention to Shelter Cymru's previous campaigning on mortgage rescue and the role that this can play in supporting households in the homeownership sector facing hardship. The Welsh Government has introduced the Help to Stay scheme to support homeowners, however, an alternative scheme focused on acquisition by social landlords should also be introduced. We set out how such a scheme could be delivered in January 2023 and would recommend this as the basis for further consideration.<sup>28</sup>

The Welsh Government should also introduce a similar scheme for Rent Rescue, enabling social landlords to acquire homes from within the PRS and convert them to social homes. Given current suggestions that private landlords intend to exit the market this scheme would provide a way to both expand the supply of social homes in Wales and protect people from eviction.

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<sup>28</sup> Shelter Cymru, [Preventing homelessness for struggling homeowners: A call to reintroduce a Mortgage Rescue Scheme in Wales](#), January 2023

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The Welsh Government should also think about the role of acquisition schemes within a wider vision for home and for ending homelessness in Wales as such schemes can help:

- Protect people from homelessness, especially during the current cost of living crisis.
- Grow the overall number of social homes in Wales, which has long-term benefits for providing future homes and in terms of an asset base.
- Enable investment in homes by social landlords and by Government to ensure that people are able to live in a high-quality home.

## **Recommendations**

1. The Welsh Government should introduce a Mortgage Rescue Scheme that focuses on the acquisition of homes by social landlords.
2. The Welsh Government should introduce a Rent Rescue scheme that enables social landlords to acquire homes from the PRS in a range of circumstances.
3. The Welsh Government should include a role for the acquisition of existing homes by social landlords as part of a wider vision for home and homelessness in Wales.

## How local communities can be effectively engaged in social housing developments in their areas.

Engaging communities in the planning for and delivery of social housing should be a priority for the Welsh Government and for individual local authorities in Wales. Already in this response we have noted ways in which this could be done, including:

- **Including quantitative elements in an assessment of housing need:** Engaging communities directly when establishing housing need would help ensure that these assessments are as robust as possible. In addition, it would create new space for assessments to engage more fully in establishing the types of homes that are needed within communities.
- **Delivering a more transparent land market:** Increased transparency in the land market would provide communities with greater opportunities to bring forwards ideas for housing schemes that might meet a particular need they can identify in their local area.

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Engaging communities also goes beyond this and Shelter Cymru has recently produced a report on behalf of Tyfu Tai Cymru looking in detail how we can ensure the homes we build meet need, are desirable and are delivered with community engagement.<sup>2930</sup> This report sets out a number of recommendations that the Committee should consider, including:

1. **Improved understanding and de-stigmatisation:** Housing associations and local authorities should work collaboratively to raise awareness of different housing tenures and their role in the housing market. This work should be supported by the Welsh Government. At the same time work should be undertaken to tackle any prevailing 'myths' about who social housing is for. This should also form a key part of developing a wider vision for home and ending homelessness that – among other things – engages with the role that social homes can play.
2. **Work to understand what tenants want from their homes:** Delivering enough social homes is an important goal, and one Shelter Cymru supports wholeheartedly. However, ensuring those homes are high quality and meet the wants and needs of tenants is also vital. To this end more work should be done at a local level with communities to understand what they would like to see in new social housing developments in terms of design, space, and accessibility. Existing tenant scrutiny panels provide a place to start with this approach but the changing needs of those seeking social homes now, and in the future, also need to be understood,
3. **Tenant inclusion and community engagement should be fundamental to the development process:** Demonstrating a commitment to this should be a fundamental aspect of social housing grant applications and should be encouraged strongly by Welsh Government in all developments.

## Conclusion

A lack of social homes in Wales sits at the very heart of the housing emergency, and without an improved supply of social homes it is not possible that we can end it.

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<sup>29</sup> Tyfu Tai Cymru, [Housing need and desirability](#), February 2024

<sup>30</sup> Tyfu Tai Cymru was a five-year housing policy project from the Chartered Institute of Housing Cymru that provided insightful analysis and helped fill key evidence gaps to support policy progression on housing

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At Shelter Cymru we see every day the impact of the current lack of social homes. We see it in the fact people are driven into homelessness and/or trapped in inadequate housing: in temporary accommodation that lacks basic services, in private rented homes that are far too expensive, and in homes that simply don't meet the quality standards we know they should. But right now, helping people to find the right home, in the right place, with the right support is incredibly challenging. Something that will not change without a significant increase in the number of high-quality, social homes across Wales.

Without sufficient social homes it is also impossible for Welsh Government to deliver against its ambitions in housing and more broadly. Ending homelessness, for example, requires that there are enough homes available and that those homes are the right homes, based on a full understanding what need there is. That means considering issues such as the need for single households, for families, for people with disabilities, for people who need additional support for maintaining a tenancy and many more requirements as well.

Meeting this challenge requires unrelenting political will and will require us to build on the good progress that has been made in recent years and that deserves to be recognised. But it will also need a clear vision for home and ending homelessness, a vision that includes clarity over the role that Welsh Government will play in directly enabling the supply of social homes and in removing existing blockages to these.

This vision should also go beyond the 'how' of delivering homes to engage broadly with the interconnectedness of housing policy. Focusing on ensuring a sufficient supply of homes whilst also thinking about how we support people into the right home and support them to keep their home. For example, making sure that access to advice around housing rights is available, that support services are fully funded, and that social landlords management practices are a gold standard.

At Shelter Cymru, what we want is a Wales where everybody has access to a safe, secure, suitable and affordable home. Right now, we know that is not the reality for many people, but with the right commitment and a clear vision it can be.