

## **Senedd Ymgynghoriad / Consultation**

### **Cyngor Sir Ynys Môn response**

- **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**

Ynys Môn Housing Services contributes directly to the progress of achieving the above target by building new homes by utilising the Housing Revenue Account (HRA) and in partnership with Housing Associations, by utilising in full the SHG allocation for the Island.

We also have an acquisitions programme in buying back ex Council properties via the HRA and TACP funding. We are also converting and remodeling existing accommodation into good quality accommodation.

With the variety of schemes and funding streams we are housing the most vulnerable groups as well as offering opportunities for local people to access affordable housing via our Môn Homebuy Scheme.

In achieving the target of 20,000 low carbon homes the volume of houses can only be achieved with sustained investment from WG coupled with a rent policy which balances the need to keep rents at an affordable level for our tenants, whilst being able to achieve WHQS 2023 and continue to build new homes.

As referenced above, our output contributes to meeting the housing need on the Island. The Housing Prospectus is one of our key documents in identifying, prioritising and responding to housing need. Our Local Housing Market Assessment is in progress and will provide an overarching assessment of need for the Island.

- **The challenges faced by social landlords in increasing supply**

A [report](#) by the Regulator of Social Housing in England states that the Social Housing Sector faces 'substantial financial pressures. High inflation is impacting on operating costs and the cost of debt is rising at the same time as increased cost of living pressures on tenants, a rent cap, and a weakening housing market. To maintain financial resilience, providers need to continue responding appropriately to the changing conditions'.

This appropriately describes the situation in Wales. With the WHQS 2023 requirements there is substantial investment needed to meet the quality, ensuring building safety and decarbonisation commitments of WG whilst the demand for new homes remains high.

It must be acknowledged that there will be trade-off decision that need to be made, prioritising new builds or investment in current stock. There is a balance of ensuring financial viability with new builds, maintaining current tenant safety and delivering landlord services.

Community Housing Cymru have cited barriers to increasing supply which include planning delays and complexity, rising costs due to inflation, and ongoing uncertainty about how the sector can afford to decarbonise existing homes, which reinforces our message above.

- **How housing standards and decarbonisation affect the delivery of new social housing**

As stated above there will be trade off decisions needed for Stock Retaining Councils and RSLs to prioritise new builds against the level of investment they will make within their own stock.

As stated above, increase costs affect the number of new social housing that can be delivered.

- **The opportunities and risks in increasing government borrowing and institutional investment**

It could be argued that Central Government can borrow by accessing historically lower rates and solvent governments, as in UK's case, can access these finances. These types of borrowing could be utilised in investing in energy efficiency which in turn yield gains in terms of innovation and productivity. Construction of homes that are not energy efficient or climate resilient raises a costly risk and central borrowing can assist with mitigating this risk.

The Development Bank of Wales is an example of how central government can assist with providing access to borrowing from government back funds for business and self build plots for those wanting access to affordable housing.

There is also opportunity to leverage private investment which will contribute to a national innovation and skills strategy.

- **How effectively the planning system is supporting social housebuilding**

Currently, Gwynedd and Ynys Môn have an Affordable Housing Policy which facilitates the delivery of affordable housing by a Local Authority or RSL. This ensures that affordable and local housing is provided based on identified need.

Permitted development has facilitated developments to increase the supply of social housing in response to the Transitional Accommodation Capital Programme and has shown that housing supply and planning can work together to increase the supply of housing in the face of increasing need and pressures on LAs to accommodate families under homelessness and Homes for Ukraine scheme.

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

The contractual nature of Section 106 had been successful in generating significant revenue for infrastructure and affordable housing which has helped to ensure delivery of affordable housing. It is important that it is seen as part of a wider package which could include land value capture mechanisms.

Currently there is little incentive for landowners to participate in the development process, by either means of providing sites or developing sites where planning permission has been granted. Owners /developers can landbank schemes with the only proviso that they keep to the planning permission requirements. This serves no benefit in increasing the supply of housing.

By ensuring and effective compulsory purchase powers for Local Authorities this would ensure that communities continue to benefit from developments in their areas where sites are not being developed or where some developers seek to use viability assessments to avoid their obligations. For this to be effective CPO process need to be revised, especially in relation to affordable housing.

Reforms to the CPO process are needed by considering ways in which the process can be further simplified, to make it faster and less expensive for local authorities, whilst not losing safeguards for those affected. Such examples are, the requirement for the Secretary of State to confirm CPO submissions which causes unnecessary delays, such decisions should be made locally. Also, the Land Compensation Act 1961 requires reform so that local authorities have the power to compulsorily purchase land at a fairer price.

The present right of landowners to receive 'hope value'—a value reflective of speculative future planning permissions—serves to distort land prices, encourage land speculation, and reduce revenues for affordable housing, infrastructure and local services and making it prohibitive for LAs to take action due to a risk of higher costs.

Another strategic lever that Welsh Government could utilise is the Levelling Up and Regeneration Act 2023 which empowers Welsh Ministers to direct that particular affordable housing developments are in the public interest. This would have the effect of varying the rules governing compulsory purchase, meaning that land for those developments could be bought more cheaply.

With regards to public body owned land, examples from Germany and the Netherlands could be explored as possible model whereby public land put forward for residential development considers the proposed levels of affordable housing or commitment to providing the necessary infrastructure not the value obtained on the open market.

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

Land value capture (LVC) mechanisms should explored further as it can be argued that affordable housing is being appended within the planning system via s106 agreements. With lack of funding available from central government and subsequently from Local Authorities, LVC mechanism could provide a possible solution.

For this to be achieved, changes to Planning process would be required which include the methodology for assessing viability. By utilising the current method of the mean average increase in land value arising from granting planning permission the value will vary depending on location and previous land use. It could be argued that the process is weighted in favour of the developer and not the community who could benefit from the development.

- **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**

To reiterate a message from Community Housing Cymru building new social housing has 'never been more difficult'. As stated above costs have increased substantially with many within the construction sector finding it difficult to maintain the balance between overheads and maintaining a profit.

WG has facilitated the sector's capacity with grants such as ORP and Innovation Grants which enable the trial and refinement of the digital tools required to enable the decarbonisation of homes across Wales, as well as help build the skills and training needed to underpin this.

Similarly, the cost increase is seen in acquisition of existing homes and remodelling of existing buildings has made it difficult for the construction sector to move forward with difficult sites. In some circumstances, it is only the LA or RSL who is able to deliver on remodelling of existing buildings due to the costs and ability to draw in various grants such as Transforming Towns or Cadw.

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

Ynys Môn Council is part of a North Wales approach, with its key Housing partners, of Rural Housing Enablers which works with communities to identify housing need. Whilst an inclusive role is taken by the Enablers it is not always possible to deliver for each need, i.e. should residents wish to purchase their own home depending on the nature of the scheme and the funding available offering freehold units might not be possible.

Being part of the Rural Housing Enabler scheme assists in having an independent co-ordinator in identifying the need as well as ensuring early engagement with the community (pre any planning requirements).

We have also worked with Learning Disability Teams to develop homes which offer independence as well as providing support for people to live within their communities.