

# Communities, Equality and Local Government Committee

## Inquiry into the provision of affordable housing in Wales Response from Caerphilly County Borough Council



Pontllanfraith House  
Pontllanfraith  
Blackwood  
NP12 2YW

Tŷ Pontllan-fraith  
Pontllan-fraith  
Coed Duon  
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Dear Sir / Madam

Please find attached Caerphilly's response to the *"inquiry into the provision of affordable housing"*

Responses relate to the five themes of the consultation and are detailed below;

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

Caerphilly has benefited significantly from Social Housing Grant (SHG) investment (including slippage) over the past few years. This has been, in part, due to the local authority having a designated affordable housing officer. We have a number of developing housing associations and the excellent partnerships that have developed over the past few years have enabled us to deliver on SHG investment.

There has been difficulty delivering supported schemes within the Borough due to a number of complex local issues. We have however overcome these initial objections through extensive consultation. SHG has delivered a number of supported schemes within the Borough. As this funding has been top-sliced from the main programme, and supported schemes by their very nature are difficult to deliver, the WG has acknowledged this and has enabled SHG to be carried over a number of financial years to enable supported schemes to be delivered.

In addition, Caerphilly has delivered two extra care schemes with the assistance of top-sliced SHG.

In the future, there will be difficulty in delivering Extra Care and supported schemes without an element of public subsidy due to the large capital costs associated with such developments. This will be something that the WG will need to consider. In discussions with other local

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authorities, there is a reluctance to have top-sliced SHG funding for extra care and supported housing as this will further reduce the availability of SHG for mainstream schemes.

In response to the reduction in SHG, some informal discussions have taken place between the council and its housing association partners about delivering more for less - a mantra being peddled by the housing fraternity in recent times. In response to the reduction in SHG, housing associations partners in Caerphilly have been carrying out viability testing to deliver developments with reduced amounts of public subsidy. One consequence of the reductions will be that new affordable housing developments undertaken by housing associations will need to contain a mix of affordable housing tenures, thereby meeting the housing need of a mix of people, rather than those people in the greatest housing need. In terms of creating sustainable communities this may be a good thing, however, those in greatest housing need are in danger of being squeezed by affordable rents that are being devised to make developments viable. In effect, we will start to experience housing association rents for certain products moving away from benchmark rents and closer to 100% of the local housing allowance. How dissimilar is this to the '80% of market rent policy' being pursued in England? As a result, this may also increase levels of benefit dependency and efforts to get people back into employment.

WG developed a Rent First intermediate rent model. This product assists people on to the housing ladder and uses less SHG than social rented developments. More products of this kind are needed if local authorities are going to meet housing need in their areas. However, the danger of this product is that housing associations don't use it for its intended purpose, as a mechanism of helping people in to homeownership, but use it as a way of increasing rental income from their developments. A review of all Pilot Intermediate Rent schemes should be concluded by WG.

### **Whether alternatives to public subsidy are being fully exploited**

Prior to the reductions in Welsh Housing budgets, with SCIF funding and SHG being brought forward, housing benefited from increased levels of public subsidy to develop much needed affordable housing. This has enabled the council to increase the number of affordable homes it developed in partnership with its housing association partners. However, SHG has been reduced under the Welsh budget for the next three years and it may never reach the level of investment local authorities experienced in the years leading up to the last budget. Without a new model of investment, local authorities will not be able to maintain recent levels of affordable housing provision. As a consequence, housing need will continue to rise and so will the number of homeless presentations made to the local authority.

We do however have an active landbanking programme with our housing association partners and are currently looking at remodelling our existing approved schemes to deliver 'more for less' with the direct benefit of creating mixed and balanced communities. We are working with the WG on the release of surplus WG sites and continue to identify local authority land holdings for the delivery of affordable housing. The overarching aim is to continue to regenerate communities, creating employment and training opportunities and homes for local people in various forms of housing need.

In an attempt to minimise the uptake of SHG on schemes, whilst attempting to maintain current levels of affordable housing development, there are three guiding principles that we are adopting –

- Varying rental levels from benchmark to Local Housing Allowance.
- Variety of tenure options on schemes
- Utilisation of the 15% uplift on benchmark allowance on new schemes, to cross subsidise non-grant funded schemes.

We are adopting these principles in partnership with United Welsh Housing Association on the Caerphilly Miners Hospital site. This site forms part of the WG land release protocol. The link below will provide information on the scheme. Essentially there will be four tenures on this scheme (social rented, Intermediate housing, low cost home ownership and market housing)

[http://www.uwha.co.uk/Caerphilly%20Miners/Caerphilly%20Miners%20\(Home\).html](http://www.uwha.co.uk/Caerphilly%20Miners/Caerphilly%20Miners%20(Home).html)

With large cuts in the existing and future Social Housing Grant budgets, Caerphilly is currently working with its partners to maximise the opportunities available to deliver affordable homes and will continue to do so.

The discounting of land is harder to achieve with increased budgetary pressures on both WG and LA. Both local authorities and the WG need to work more closely with all partners on the release of land for affordable housing.

Within Caerphilly we have worked very closely with our members and other internal departments in an effort to deliver affordable housing schemes on local authority land. Members have recently approved sales of land to housing associations, which will contribute, in part, to increasing affordable housing within the county borough over the next few years.

### **Whether there sufficient collaborative working between local authorities, RSLs, financial institutions and homebuilders**

In relation to collaborative working, the CIH/RTPI network is helping to achieve collaboration in the housing market. This network is in its infancy and it will only strengthen in the future.

In addition, the Housing Strategy Network and South East Wales Regional Housing Forum are all helping to bring together greater collaborative working throughout the region.

We have delivered a pilot rent first scheme with the Seren Group here in Caerphilly. The Principality have been key to delivery of this scheme and schemes such as this along with the s106 Essex workgroup will help to reinforce the message that collaboration is key to successful delivery of affordable housing in the future.

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

We have not had any direct involvement in Community Land Trusts.

Should you wish to receive more information on any of the above, do not hesitate to contact me on the above number

Yours faithfully

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