

Communities, Equality and Local Government Committee

Inquiry into the provision of affordable housing in Wales

Response from Wales Rural Housing Enablers Network

Dear Sirs

Inquiry into the provision of affordable housing

This letter is sent on behalf of 'WREN' (Wales Rural Housing Enablers Network).

WREN is made up of the 11 Rural Housing Enablers currently operational across rural Wales. Rural Housing Enablers (RHEs) work with community groups, Local Authorities and developers, both public and private sector, to address the shortage of affordable housing in the rural/semi rural counties of Wales.

The WREN network works together, by considering and addressing strategic issues relevant to the provision of rural affordable housing in Wales.

We would like to put forward the following comments in response to the inquiry.

Social Housing Grant is effective in delivering affordable homes but has limitations. In most circumstances schemes are made a priority in areas of greatest population, and where developments can be delivered most economically. The result of this is that smaller sites, particularly in rural areas are overlooked in favour of larger schemes, in urban areas. Whilst understanding the need to maximise the efficiency when spending money, Greater importance needs to be placed on long term economic and social benefits to rural communities, of providing homes for families on modest/low incomes to stay within areas where they have connections and work. We feel that a perhaps a proportion of SHG should be ring fenced for small scale rural developments.

Other forms of subsidy, particularly Strategic Capital investment Fund have proved effective over recent years, allowing the public sector to develop sites which had stalled due to the prevalent market conditions.

There is an increasing awareness of the need for alternatives to public subsidy to deliver affordable homes. Developers and lenders are devising their own programmes such as the LAMS scheme or other "helping hand" or shared equity schemes to promote home ownership. More Local Authorities are looking to provide equity loans to first time buyers, existing owners or

private landlords. Some, Sir Fon is an example, intend to pilot the provision of loans to self builders of affordable housing which is an area where major lenders often refuse mortgages. We feel there is great potential for RSL's to work with smaller private developers on mixed tenure sites, and to consider investment funding from private sources such as pension funds.

Other alternatives to public subsidy include properties offered for sale at below market price on new developments, or payments of commuted sums on sites below threshold limits, which can then be used in place of public subsidy to part fund affordable homes.

WREN feel that LA's powers are under used. Traditionally, most authorities are reluctant to use powers for compulsory purchase or enforced sales of empty homes, or stalled development sites. Many LA's now have specialist empty homes officers and work is being done to address this. However there remains a problem of sites included in development plans being left completely undeveloped, when they could be used for affordable housing, particularly in areas of housing need where there are no alternative sites.

There is also frustration that areas of publicly owned land are being offered for development at full market price, which lessens the viability for affordable housing. Some LA's have expressed intentions to consider build homes again, which would be an easier move for more Councils, if there was reform of the current Housing Revenue Account subsidy system.

There could be more effective collaborative working between Councils, RSL, lenders and developers. The Welsh Housing Partnership is movement in the right direction, however we are anxious to see this further expanded to ensure that rural areas are not overlooked.

The collapse in the banking industry has drastically reduced the availability of mortgages particularly to first time buyers; caution is dampening the whole housing market, and inhibiting the building of new sites. There is a need for a wider standardised initiative to underwrite or guarantee mortgages for FTB's, regardless of lender.

Delivery of quotas of affordable housing via S.106 agreements works well in more densely populated areas with a healthy housing market, but volume builders rarely operate in rural areas, and smaller developers do not have the capacity to build speculatively in the same way. WREN would like to see additional help in rural areas to encourage affordable properties to be built at the beginning of small developments. We also feel there is a need for a standardised covenant similar to a homebuy to be introduced to make borrowing on affordable homes easier.

Community Land trusts have proven to be popular; if communities have developable land suitable to meet local needs, they should be allowed and encouraged to develop. However in practice they require significant financial and professional backing, this expertise already exists within the RSL sector and hence RHEs have been connecting CLTs with RSL partners to move

developments from concept to completion. If Co-ops and CLTs are to be further promoted as a means of delivering affordable homes it is important that partnerships with the local RHE and a RSLs are encouraged and supported – this will increase the success of potential projects in the long term.

WREN welcomes any opportunity to be able to impart the experience in our network and offer innovative solutions to the delivery of affordable homes and feedback on some of the current barriers to delivery. We hope this response supports the work you are undertaking to understand how delivery of affordable homes in a climate of increasing need, may be maximised to ensure more Welsh people live in the places where they have a connection and are able to contribute to the greater sustainability of our rich and culturally diverse communities.

Your Sincerely

Lynne Beer
Rural Housing Enabler in Carmarthenshire

On behalf of the Wales Rural Housing Enablers Network