

Communities, Equality and Local Government Committee

Inquiry into the provision of affordable housing in Wales

Response from the Seren Group

Seren Group provides affordable housing and support across South Wales and the West of England. We employ 1,000 people and have a stake in 6,000 homes. We provide support services to over 1,800 people.

We endorse the comments made in the response from Community Housing Cymru. In addition, the Seren Group is part of the GENuS Consortium and has worked on the Consortium response which is being submitted separately. We will not repeat in this Seren Group response any of the comments made by Community Housing Cymru or GENuS.

One of the critical challenges facing the Welsh Government is ensuring there is an adequate pipeline of new affordable homes to rent or part own. In an economic climate where capital funding is in short supply we believe that the Welsh Government has two opportunities to make an impact and facilitate a significant supply of new homes.

By making publicly owned land available in sufficient quantities and at an appropriate cost.

By supporting models which mix affordable housing tenures and further reduce reliance on grant.

Publicly owned land

We believe that the Welsh Government should consider the following:

- A clear and quantified commitment to make publicly owned land available for affordable housing at reasonable cost. The Welsh Government, Health Authorities and Local Authorities have a part to play in this and it will require leadership and determination from Government to free up housing providers to create quality, affordable homes where they are most needed.
- The Public Sector's existing partnerships with RSLs are the key to creating volume in house building. An element of subsidy, either through land or capital grant will be the trigger for developing more affordable housing and stimulating growth in housing construction with the additional benefits this brings to the Welsh economy.
- For maximum impact there needs to be a clear plan about the number of homes that will be delivered from land assets and a commitment to deliver it.
- Ensuring that Local Authorities, in preparing their local development plans, are making sure that they are creating realistic opportunities to maximise the provision of affordable housing

through flexible S.106 Agreements. Also that they have a genuine commitment to bring forward publicly owned sites and are not bound by procurement rules that focus on receipts rather than community benefit.

Models mixing affordable housing tenures and further reducing reliance on grant

Collectively we must focus on creating innovative and secure sources of funding. Our Group has a track record of finding innovative ways to increase the supply of quality, affordable housing and to make maximum use of public subsidy to lever in as much private borrowing as possible. **Seren Group is part of the Welsh Housing Partnership** and we believe that there is merit in looking at how we can expand the use of this model. However, this is part of the solution and this is not the only option we are considering.

For some time we have recognised that **one of the key challenges is to broaden the range of affordable housing that we offer.** We have already developed our own successful shared ownership model which does not rely on public subsidy. Our aim is to create balanced communities where we provide new homes for affordable rent, intermediate rent, shared ownership and outright sale. Using a limited amount of money from the Strategic Capital Investment Fund we have been able to develop new homes for intermediate rent, shared ownership and outright sale at Oak Grove in Cwmfelinfach and at Parc Eglwys in Bassaleg. Our aim is to do this on a larger scale and embrace community ownership principles with our proposals for the redevelopment of the former Pirelli site in Newport.

We believe that this is the sort of model that needs to be developed and delivered across Wales, whilst recognising that there may only be a limited number of RSLs who have the capacity to deliver it. This model provides a real opportunity to make best use of the limited public subsidy that is available and provides a great range and volume of affordable housing.

Partnerships with the private sector, and in particular house builders, are still an important part of the future. However, our role is changing; house builders are no longer building the volume of homes for outright sale and seeking to minimise the amount of heavily discounted affordable housing they are obliged to provide, through, for example, Section 106 agreements. RSLs now play a key role in stimulating growth in the housing market and the larger housing associations have the skills and experience to facilitate land assembly and bring in other partners and uses which gives house builders the confidence to build more homes. Key to this is land supply and we believe the Welsh Government should bring new momentum to bringing forward publicly owned land at reasonable cost to increase the supply of new homes and help us create the mixed communities with the range of affordable homes that we mentioned earlier.

In conclusion, we believe RSLs are in a unique position to deliver a range of housing options for people in our communities, spanning from affordable rents to intermediate rents to shared ownership. **RSLs are able to lever in private finance on the back of public subsidy and for every £1million of public finance made available to us we can supplement it with up to £4million private finance.** The economic impact of building new homes is well documented and a WERO study has identified that for every £1million invested in house building, the economic multiplier is between 2 and 3. So for every £1million of public subsidy invested in housing, the economic impact for Wales is £10million.

A sizeable programme of new, affordable housing construction will deliver a significant benefit to the economy of Wales and we firmly believe that making publicly owned land available at reasonable cost and the wider use of a model which mixes affordable housing tenures will deliver more new homes and extract more value from public subsidy invested in producing affordable housing.