

Cartrefi  
Cymunedol



Community  
Housing

Cymru

WELSH ECONOMY RESEARCH UNIT  
*Yr Uned Ymchwil i Economi Cymru*

# The Housing Associations of Wales: Measuring the Impact IV

Investing in communities, changing lives



# 1. Introduction

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This year's Welsh Economic Research Unit study clearly shows that Housing Associations are having a greater impact on the Welsh economy than ever before. The statistics reveal high levels of investment by the sector and demonstrate that the sector is moving from strength to strength.

Housing associations deliver far more than just affordable homes. They improve the quality of lives in Welsh communities.

Community Housing Cymru (CHC) is the membership body for housing associations and community mutuels, and in 2010 they formed a group structure with Care & Repair Cymru (CRC) and the Centre of Regeneration Excellence Wales (CREW) in order to jointly champion not-for-profit housing, care and regeneration, giving a more powerful and collaborative voice on the range of issues affecting the housing sector. There are over 70 organisations under the CHC umbrella with over 30 of these involved in new housing development. Latest estimates report that over 140,000 homes are currently provided by CHC members, including recent transfers. CHC member organisations now employ over 10,500 people (including both full and part-time employees). Since the last study CHC has been joined by three new Large Scale Voluntary Transfer organisations: Tai Ceredigion, Tai Calon Community Housing and Cartrefi Cymunedol Gwynedd (NPT Homes is not included as the stock transfer was after the deadline for data returns).

Housing associations (HAs) are fast becoming the principal business model for the provision of good quality, affordable homes for those in housing need. They are also an important agent in supporting housing-led regeneration and social care and, as they continue to deliver the Welsh Housing Quality Standard (WHQS), are modernisers of the social housing stock in Wales. The WHQS standard is set out by Welsh Government as the standard that Welsh homes should adhere to and they must meet a number of conditions including being equipped with modern kitchens and bathrooms. Revenue surpluses are reinvested to provide housing and safe-guard stock. HAs are managed by boards of volunteers comprising professionals, local councillors, and tenants.

These are challenging times for the housing sector with cuts to Social Housing Grant, cuts to Supporting People funding and welfare benefit reform to name but a few. However, despite these challenges, the housing association sector is growing and continues to look at innovative methods of funding to increase supply and ensure that the people of Wales have access to secure and affordable housing.

The following tables and charts highlight the estimated economic impact of the sector in 2010/11 and compare with the impact in previous years.<sup>1</sup> A review of progress over the last four years shows that the sector has a lot to be proud of and its wider economic impact continues to grow.

<sup>1</sup>The Assessment by the Welsh Economic Research Unit (WERU) contained in this summary report is based on data provided in the Financial Statements of Welsh Housing Associations (2010).

## 2. Total Economic Impact

In 2010/11 HAs supported a total output of £1,541m, gross value added of around £484m and an estimated 17,900 full time jobs in Wales.

**Figure 1: Estimated Economic Impacts of the Housing Associations of Wales on the Welsh Economy 2010/11**

	Direct Impact: HA Sector Output/ Employment	Indirect Impact: (Supplier effect + Induced Income effect)	Total Impact
Output £m	802	739	1,541
Gross Value Added (GVA) £m	174	310	484
Employment: (Full Time Equivalents)	6,300	11,600	17,900

**Figure 2:**

**Total Estimated Economic Impacts of the Housing Associations of Wales on the Welsh Economy 2010/11**

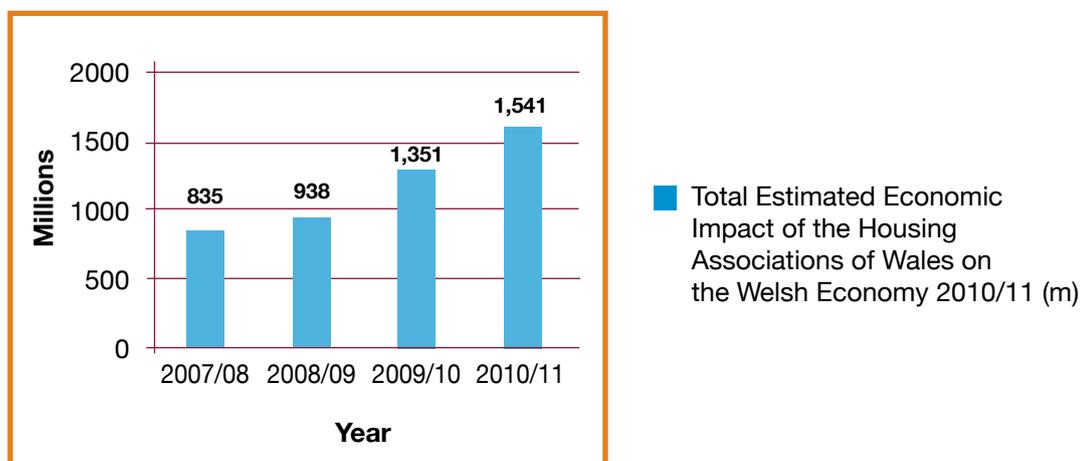


Figure 2 reveals that the economic impact of housing associations spectacularly increased from £835m in 2007/08 to an estimated £1,541m in 2010/11 - this is a fantastic achievement in just four years.

### 3. Spending

This achievement is reflected in spending patterns which have increased significantly year on year since 2007/08. The total spend for 2010/11 was £802m with 80% of that money retained in Wales. The spending questionnaires completed by HAs also show high levels of local sourcing for maintenance, repairs and renovation which

was the largest component of Welsh HA spend - £200m of this expenditure is retained in Wales.

Increasing expenditure on repair and maintenance activities can, in part, be attributed to the inclusion of new stock transfer organisations in the analysis.

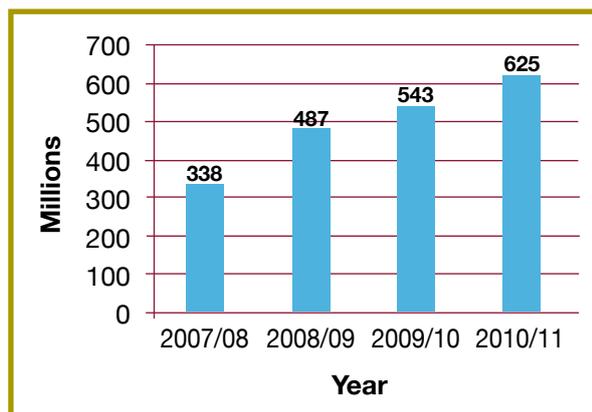
**Figure 3: Estimated Gross Spending of Welsh HAs by category 2010/11**

Category	£m	Percentage of all Welsh spend
Construction	253.4	31.6
Maintenance, repairs and upgrading (includes WHQS spend)	235.8	29.4
Direct Labour costs	174.0	21.7
Other *	65.0	8.1
Land acquisition	30.5	3.8
Transport/post/telecoms	12.8	1.6
Finance and business services	10.5	1.3
Energy/water	7.2	0.9
Rents and rates	4.8	0.6
Training services	4.0	0.5
Consumables (stationery)	3.2	0.4
Hotels/ Distribution	0.8	0.1
<b>Total</b>	<b>802.0</b>	<b>100.0</b>

\* 'Other' includes items such as 'depreciation of stock' and 'other estate costs/management charges'.

**Figure 4:**  
**Estimated Gross Spending of Welsh HAs in Wales**

■ Estimated Gross Spending of Welsh HAs in Wales (m)



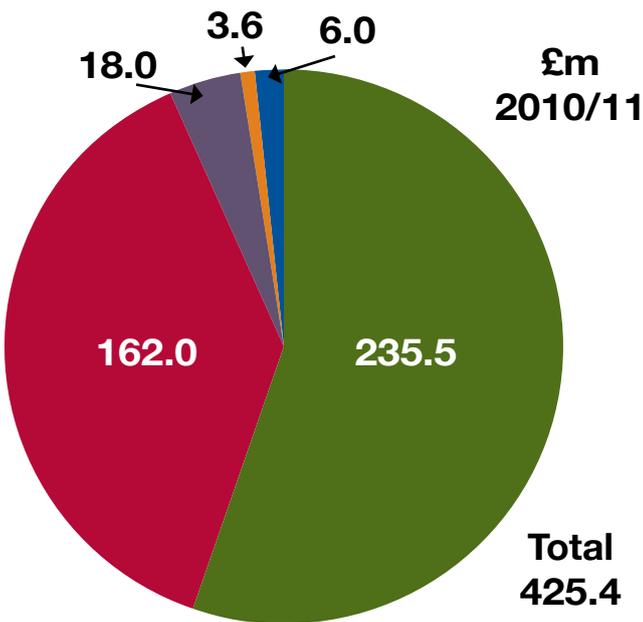
## 4. Regeneration Spending

Housing Associations are increasingly viewed as regeneration agencies with community regeneration regarded as a key housing association function. An analysis of regeneration expenditure over four years shows that investment in this area is greater than ever before despite the considerable challenges facing the sector.

This, in part, can be explained by the contribution of stock transfer organisations bringing their housing up to WHQS, resulting in a sizeable boost to the previous year's spend.

With this effect continuing, the sector is now spending a massive £425m on regeneration every year.

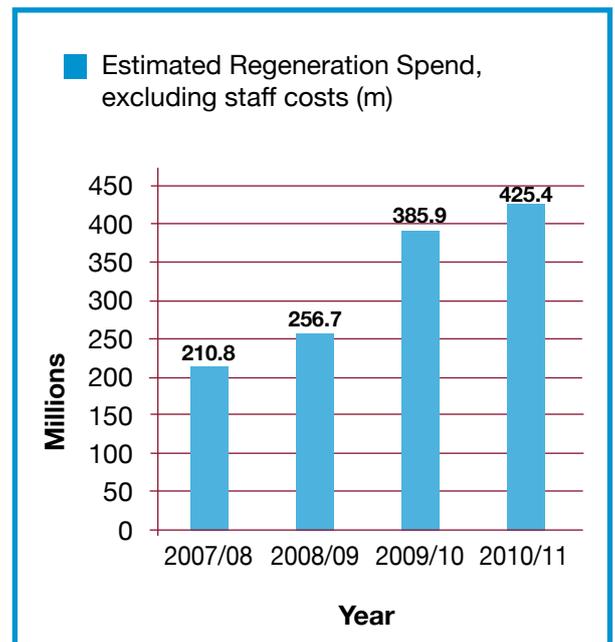
**Figure 5:**  
**Estimated Regeneration Spend (excluding staff costs)**



**Spending Categories:**

- Maintenance, repair and upgrading (includes WHQS)
- Brownfield construction
- Greenfield construction assoc. with regeneration
- Training budgets
- Community regeneration projects and other expenditure

**Figure 6:**  
**Estimated Regeneration Spend (excluding staff costs)**



## 5. Employment

Since the original study was undertaken in 2007/08 there has been a marked increase in the impact of the sector on employment. In 2007/08 3,300 full time jobs were provided by the sector. In 2010/11 this has increased to 6,300 full/time jobs - a 91% increase since 2007/08.

For every full time person employed in a housing association a further two posts are now supported elsewhere in the economy – this equates to 17,900 full time jobs in Wales.

It is worth noting that not only does the housing sector employ an estimated 6,300 full time employees, but it also undertakes a wide range of activities (this includes training, mentoring and apprenticeship schemes) to support individuals to return to work.

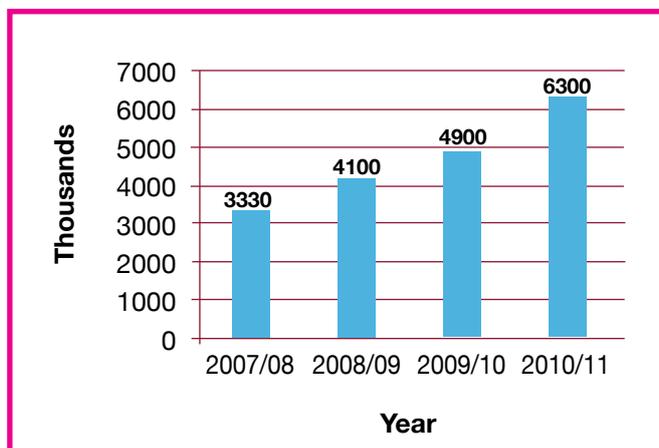
**Figure 7: Employment 2010/11**

	<b>Direct Impact: HA Sector Output/Employment</b>	<b>Indirect Impact; (Supplier effect + Induced Income effect)</b>	<b>Total Impact</b>
<b>Employment: Full Time Equivalent (FTEs)</b>	6,300	11,600	17,900

**Figure 8:**

### Total Full Time Equivalent Jobs in Housing Sector

■ Total Full Time Equivalent  
Jobs in Housing Sector  
(thousands)



## 6. Number of Additional Homes

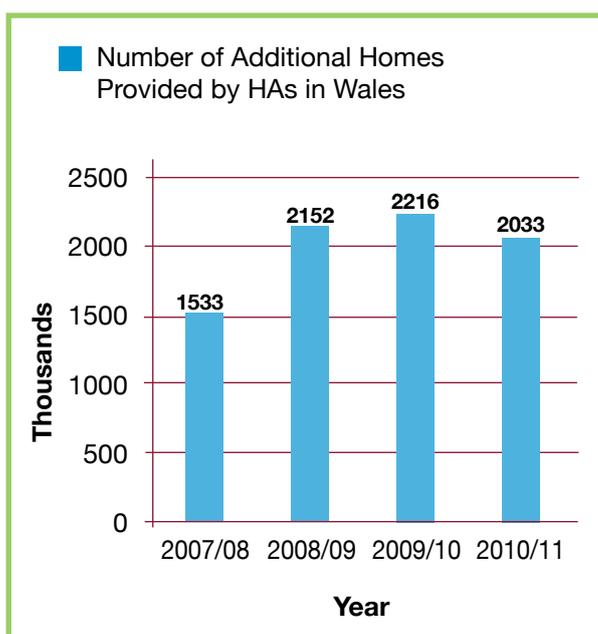
After a period where housing association supply has been on the increase, there has been a slight decrease in the number of additional homes provided in this year's study. However, the sector overall has continued to increase supply and has exceeded the 'One Wales' target of 6,500 by 23%.

In 2009 the Welsh Government announced £42m for the SCIF programme over three years. The SCIF budget of £15m for 2008/09 was spent in full. The SCIF budget for 2009/10 is £16m and for 2010/11 it is £11m. These funds have been designed to stimulate the housing market and to inject additional funding into the construction

sector to see jobs retained. The sector has demonstrated with SCIF that it is able to spend resources in the Welsh economy quickly and effectively.

With cuts to Social Housing Grant, the sector is continuing to look to innovative funding solutions to increase supply across Wales. Demand for affordable housing far outstrips supply and it is critical that supply is protected during the most challenging funding environment for a generation. A recent report commissioned by CHC alongside the Financial Services Forum has explored a number of options. This report is available at [www.chcymru.org.uk](http://www.chcymru.org.uk) to CHC members.

**Figure 9:**  
**Number of Additional Homes Provided by HAs in Wales**



## 7. Conclusion

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This summary clearly highlights that the housing association sector in Wales continues to grow, having a substantial impact on economic activity and quality of lives across Wales. The most recent WERU study demonstrates that the impact of the housing sector is greater than ever with the total economic impact in 2010/11 standing at an estimated £1,541m. 80% of this is retained in Wales! In 2010/11 the sector also supported an estimated 17,900 full time jobs which is equivalent to around £484m of value added.

The report also provides evidence that the sector continues to innovate to provide solutions to the housing supply crisis and undertakes a wide range of projects and initiatives to support the communities in which they operate.

The findings from the study are a reflection of the huge and wide-ranging impact that Housing Associations have on the Welsh economy and, more generally, local communities in Wales. For further details on the WERU study and to view a full copy of this report please visit: [www.chcymru.org.uk](http://www.chcymru.org.uk)

