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Community
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The Housing Associations of Wales: Measuring the Impact II

Executive Summary

Commissioned by Community Housing Cymru
Produced by the Welsh Economy Research Unit

WELSH ECONOMY RESEARCH UNIT
Yr Uned Ymchwil i Economi Cymru

Executive Summary

This report was commissioned by Community Housing Cymru (CHC) and prepared by the Welsh Economy Research Unit (WERU) at Cardiff Business School. It builds on the findings of the first economic impact assessment which took place in 2008. Since that report, three organisations previously operating in shadow form have joined CHC. These are Monmouthshire Housing Association, Bron Afon Community Housing and RCT Homes. This report now takes into consideration the economic impact of these new members, and uses the most up to date accounts to produce new estimates of the impact of CHC members on the Welsh economy.

Housing Associations (HAs) or Registered Social Landlords (RSLs) are not-for-profit voluntary bodies whose central aim is to provide good quality, affordable homes for those in housing need, while supporting housing-led regeneration and social care. HAs are often highly professional and innovative, acting as a modernising force in society through the pursuit of the Welsh Housing Quality Standard, the provision of facilities, accommodation for students and the aged, and through the renovation of historic buildings which may otherwise be left to decay or be demolished.

The general business model is one which allows the reinvestment of surpluses from the renting or sale of properties to provide housing and safe guarding stock. HAs are managed by boards of volunteers comprising; professionals, local councillors, and tenants.

Over 112,000 homes are currently provided by CHC members. This figure does not include the social housing stock that is currently managed by Ceredigion, Gwynedd and Blaenau Gwent, although all three have opted for voluntary transfer.

CHC members also employ nearly 5,000 people. Around 30 of these CHC member HAs are involved in new housing development (source: CHC).

The ambitions of the Welsh Assembly Government with regard to housing were set out in the One Wales document (2007). This stated the aspiration that "...all households, in all communities and irrespective of their means, can afford a decent home...". These ambitions are linked to a commitment to increase the supply of affordable homes by 6,500 in Wales by 2011.

In 2009, CHC once again carried out a count of new homes provided by RSLs in 2008/09, using the template as set out below:

- Number of additional homes by local authority area and tenure.
- Number of additional homes by local authority area and SHG/non SHG.
- Number of additional homes by local authority area, which were built, renovated or acquired.

This year's data collection also covered the Strategic Capital Investment Fund (SCIF) allocation - capital funding from the Welsh Assembly Government designed to deliver strategic, cross-cutting projects during the economic downturn. The survey indicated that 2,142 new homes were provided during the year 2008/09 by RSLs. Of these, 1,198 (or 56%) were achieved through Social Housing Grants (SHG), and 103 (or 4.8%) through the Strategic Capital Investment Fund (SCIF). See pages 6, 7 and 8 for detailed tables.

CHC Developments during 2008/09

Towards the end of 2008, the Welsh Assembly Government secured an additional £42m of SCIF funding to support the provision of 500 additional homes to 2011, and brought forward £12m of SHG in 2008/09 with a further £28m to be available in 2009/10 to support RSL schemes. These moves were in response to the deepening effects of recession on the construction sector. CHC has also sought to focus action in five areas to help the sector weather the recession. These are summarised on the next page.

- **The Provision of affordable housing on public land** - HAs are negotiating with partners to make public land available so that more affordable homes can be built. CHC welcomed the decision to pursue this issue at the economic summit in St Asaph, and since then action on this has taken place in both Sandfields in Neath and Old Town Dock in Newport. CHC report that together these two projects will deliver more than 100 units, and there is scope for further sites to be utilised in this way.
- The Assembly Government supported the case made by CHC that HA activity can make a real difference in buying vacant/unfinished private developments to house people where this reflects community need. **The SCIF monies of £42m over three years** were allocated in record time, with criteria agreed in the Essex workstream. Year 1 investment will fund 205 units.
- **Expanding Mortgage Rescue** - HAs have worked with partners, particularly the Welsh Assembly Government and local authorities, to provide mortgage rescue to help people avoid repossession at a time when court actions and repossessions are increasing. CHC welcomes both WAG funding for this purpose (which increased from £5m per annum to £9.5m), and the improvements in eligibility criteria.
- **Expanding Financial Inclusion Services** - With the cost of traditional borrowing rising, tenants frequently take up loans with door step lenders at extortionate interest rates. CHC report that 150,000 people in Wales are paying at least 180% APR to such lenders, and that around 15,000 people in Wales are also borrowing from illegal money lenders. It is CHC's belief that stakeholders need to find innovative methods for delivering financial inclusion in the most excluded communities in Wales. 18 HAs have come together to create a highly innovative chain of five pilot outlets entitled Moneyline Cymru - a Community Development Financial Institution (CDFI) in Wales, aimed at providing social and economic assistance to the individuals in greatest need. The initiative is part of the WAG financial inclusion strategy and has already received £620,000 of Department of Work and Pensions (DWP) support. The five pilot outlets were launched in October/November 2009.
- **Match funding European Union Convergence Programme** - Last year CHC argued that HAs currently invest over £90m in community regeneration in Wales. By harnessing this third sector regeneration investment as match-funding, the Assembly Government could ensure further significant investment on the ground in education and training, community assets, the physical regeneration of communities and reducing carbon footprints (and reducing fuel poverty). Since then the European Commission have agreed with CHC's European Election priority, changing the ERDF regulation so that investments can be made in energy saving in low income households. CHC have developed five strategic projects with cross-sector participation and WAG Regeneration support, which await WEFO approval.

An introduction to the three LSVT Organisations

Three new LSVT organisations have emerged since the last WERU report, following consultation and tenant approval of the respective offer documents. These organisations share a social-enterprise ethos, with total commitment to their tenant community.

Together they employ around 965 people, the largest employer being Bron Afon (437 members of staff), and provide over 22,000 homes. In 2008/09 they spent £99m in total, of which just under 80% was spent in Wales.

They have common goals of upgrading the housing stock they have inherited and bringing it up to WHQS, improving upon the services which tenants have received in the past, supporting local employment and managing their business in a democratic and tenant-inclusive manner.

Moreover, they have already demonstrated that they are an important source of innovative initiatives, with examples given below:

- New tenant payment card systems
- Piloting a financial inclusion agenda
- Repairs Hotline
- Money Matters Project
- Achievers Programmes and Apprenticeships
- Leadership programme with PSMW and a Management Development Programme
- Anti-social behaviour teams initiative with housing officers and local police force which has received UK Exemplar status
- The Fall service - an initiative which proactively seeks to prevent domestic falls
- Community audits leading to local action plans for each community
- Quality and Design Forum of members involved in selection and monitoring of contractors and setting of specifications
- Members involved in recruitment of all key posts, including Management Team
- Major programme of placements for young people having difficulty at school, and adults with disabilities that cause them difficulties finding work.

Results of the Economic Impact Assessment

In 2008/09 Welsh HAs spent an estimated £487m (including operational expenditure, staffing costs, construction spend and maintenance/ major works).

Table E1 Estimated Gross Spending of Welsh HAs by category 2008/09

| | £m | Percentage of all Welsh HA spend |
|---|--------------|----------------------------------|
| Construction | 141.9 | 29.1 |
| Maintenance repair and upgrading (includes WHQS spend) | 140.2 | 28.8 |
| Direct Labour costs | 114.7 | 23.6 |
| Other * | 34.0 | 7.0 |
| Land acquisition | 29.0 | 5.9 |
| Finance and business services | 13.5 | 2.8 |
| Transport/post/telecoms | 5.7 | 1.2 |
| Training services | 2.4 | 0.5 |
| Rents and rates | 2.0 | 0.4 |
| Consumables (stationery) | 1.8 | 0.4 |
| Energy/water | 1.6 | 0.3 |
| Hotels/Distribution | 0.1 | 0.03 |
| Total | 487.0 | 100.0 |

* 'Other' includes items such as 'depreciation of stock' and 'other management charges'.

Welsh Input-Output tables detail transactions between different sectors of the economy and allow the effect of the target sector to be traced through the entire Welsh economy. These indirect impacts (supplier effects plus induced-income effects) are estimated to be £511m of additional output in the region, £218m of additional gross value added, and additional employment to service this extra demand of 10,440 Full-Time Equivalents (FTEs).

For every one full time person employed by a HA, another two and a half jobs are supported elsewhere in the economy.

The combined direct and indirect economic impacts are shown in Table E2. HAs supported a total output of £998m in 2008/09, Gross Value Added of around £332m, and an estimated 14,540 FTE jobs in Wales.

Table E2 Estimated Economic Impacts of the Housing Associations of Wales on the Welsh Economy 2008/09

| | Direct Impact: HA Sector Output/ Employment | Indirect Impact: (Supplier effect + Induced Income effect) | Total Impact |
|--|---|--|---------------------|
| Output £m | 487 | 511 | 998 |
| Gross Value Added (GVA) £m | 114 | 218 | 332 |
| Employment: Full Time Equivalents (FTEs) | 4,100 | 10,440 | 14,540 |

* To provide an estimate of the direct GVA impact, total wage spend of Welsh HAs was used. This total should be treated as indicative only.

Table E3 Estimated Regeneration Spend (excluding staff costs)

| Spending Category | £m 2008/09 |
|--|-------------------|
| Brownfield construction | 96 |
| Greenfield construction assoc with regeneration | 16 |
| Repair & maintenance | 140.2 |
| Training budgets | 2.0 |
| Community Regeneration projects and other expenditure | 2.5 |
| Total | 256.7 |

Note: These estimates are based on assumptions that spending on training budgets and community regeneration projects has been maintained at the same rate as the previous year, and the distribution of spending on greenfield versus brownfield has remained constant over the year.

With the addition of the LSVTs, the sector can be credited with around £257m worth of regeneration spending.

Conclusions

The emphasis of this latest assessment has been to understand the economic consequences arising from the latest stock transfer, using the most up to date figures available. Clearly, the new members make a substantial contribution to the economy through their expenditure on repair and maintenance programmes, all contributing to WHQS, and having the overall effect of maintaining capacity within the construction sector during a particularly difficult period.

Additional Homes provided in 2008/09 by Tenure (Source: CHC)

| LA Area | Integrate | | Gorwel | | DEVCO | | Syrriad | | GENus | | Undod | | Total |
|---------------------|------------|------------|------------|-----------|------------|-----------|------------|------------|------------|------------|------------|-----------|--------------|
| | Rented | LCHO | Rented | LCHO | Rented | LCHO | Rented | LCHO | Rented | LCHO | Rented | LCHO | |
| Isle of Anglesey | | | | | | | 3 | | | | 24 | 6 | 33 |
| Gwynedd | | | | | | | | | | | 39 | | 39 |
| Conwy | | | | | | | 3 | | | | 11 | 4 | 18 |
| Denbighshire | | | | | | | 61 | | | | 9 | 3 | 73 |
| Flintshire | 2 | | | | | | 53 | | | | 10 | | 65 |
| Wrexham | 1 | | | | | | 2 | | | | 2 | | 5 |
| Powys | | | | | | | | | | 23 | 2 | 1 | 56 |
| Ceredigion | | | 6 | | | | | | | | | | 6 |
| Pembrokeshire | 44 | 4 | 19 | | | | | | | | | | 67 |
| Carmarthenshire | 10 | | 21 | 29 | 27 | | | | | | | | 87 |
| Swansea | 38 | 98 | 187 | 26 | | | | | | | | | 349 |
| Neath Port Talbot | 67 | 10 | 4 | | | | | | | | | | 81 |
| Bridgend | 7 | 1 | | | 52 | 13 | | 43 | | | | | 116 |
| Vale of Glamorgan | | 5 | | | | 1 | | | | | | | 6 |
| Cardiff | 353 | 26 | | | 16 | 15 | 100 | | 1 | | | | 511 |
| Rhondda Cynon Taf | 2 | 12 | | | 75 | 3 | | | | | | | 92 |
| Merthyr Tydfil | | | | | 20 | 4 | | | | | | | 24 |
| Caerphilly | 61 | 25 | | | 30 | | | 46 | | 17 | | | 179 |
| Blaenau Gwent | 47 | | | | 1 | | | 2 | | 1 | | | 51 |
| Torfaen | | | | | | | | 50 | | 9 | | | 59 |
| Monmouthshire | | | | | | | | 80 | | 16 | | | 96 |
| Newport | | | | | 2 | | | 86 | | 41 | | | 129 |
| Totals RSLs | 632 | 181 | 237 | 55 | 223 | 36 | 265 | 266 | 287 | 86 | 125 | 14 | 2,142 |
| Total | 813 | | 292 | | 259 | | 266 | | 373 | | 139 | | 2,142 |
| Total rented | 632 | | 237 | 55 | 223 | 36 | 265 | 287 | 86 | 125 | 14 | | 1769 |
| Total LCHO | | 181 | | | | 36 | | 1 | | 86 | 14 | | 373 |

Additional Homes provided in 2008/09 with and without SHG (Source: CHC)

| | Integrate | | | Gorwel | | | DEVCO | | | Syniad | | | GENUS | | | Undod | | | Total | |
|------------------------|-----------|------|---------|--------|------|---------|-------|------|---------|--------|------|---------|-------|------|---------|-------|------|---------|-------|------|
| | SHG | SCIF | NON-SHG | SHG | SCIF | NON-SHG | SHG | SCIF | NON-SHG | SHG | SCIF | NON-SHG | SHG | SCIF | NON-SHG | SHG | SCIF | NON-SHG | | |
| LA Area | | | | | | | | | | | | | | | | | | | | |
| Isle of Anglesey | | | | | | | | | | | | | | | | | | | | 33 |
| Gwynedd | | | | | | | | | | | | | | | | | | | | 39 |
| Conwy | | | | | | | | | | | | | | | | | | | | 18 |
| Denbighshire | | | | | | | | | | | | | | | | | | | | 73 |
| Flintshire | 2 | | | | | | | | | | | | | | | | | | | 65 |
| Wrexham | 1 | | | | | | | | | | | | | | | | | | | 5 |
| Powys | | | | | | | | | | | | | | | | | | | | 56 |
| Ceredigion | | | | 6 | | | | | | | | | | | | | | | | 6 |
| Pembrokeshire | 42 | 6 | | 19 | | | | | | | | | | | | | | | | 67 |
| Carmarthenshire | | | | 10 | 8 | 11 | | | | | | | | | | | | | | 87 |
| Swansea | 36 | | | 100 | 179 | 8 | | | | | | | | | | | | | | 349 |
| Neath Port Talbot | 67 | | | 10 | | 4 | | | | | | | | | | | | | | 81 |
| Bridgend | 1 | 7 | | | | | | | | | | | | | | | | | | 116 |
| Vale of Glamorgan | | | | 5 | | | | | | | | | | | | | | | | 6 |
| Cardiff | 83 | 2 | | 294 | | | | | | | | | | | | | | | | 511 |
| Rhondda Cynon Taf | 2 | | | 12 | | | | | | | | | | | | | | | | 92 |
| Merthyr Tydfil | | | | | | | | | | | | | | | | | | | | 24 |
| Caerphilly | 47 | 14 | | 25 | | | | | | | | | | | | | | | | 179 |
| Blaenau Gwent | 47 | | | | | | | | | | | | | | | | | | | 51 |
| Torfaen | | | | | | | | | | | | | | | | | | | | 59 |
| Monmouthshire | | | | | | | | | | | | | | | | | | | | 96 |
| Newport | | | | | | | | | | | | | | | | | | | | 129 |
| Totals RSLs | 328 | 29 | | 456 | 212 | 23 | | 57 | 70 | 31 | | | 2 | | | | | | | 2142 |
| Total (excluding SCIF) | | 784 | | | 269 | | | 228 | | 158 | | | 261 | 0 | | | | | | 2039 |
| Total Including SCIF | | 813 | | | 292 | | | 259 | | 266 | | | 266 | 5 | | | | | | 2142 |
| Total SHG | 328 | | | 212 | | | 70 | | 261 | | | 202 | | | | | | | | 1198 |
| SCIF | | 29 | | | 23 | | 31 | | | 0 | | 15 | | | | | | | | 103 |
| Non SHG | | | | 456 | | | 57 | | 158 | | | 5 | | | | | | | | 841 |

Additional Homes provided in the financial year 2007/08 (Source: CHC)

| LA Area | Integrate | | | Gorwel | | | DEVCO | | | Syniad | | | GENUS | | | Undod | | | Total | | | | | |
|-------------------|-----------|-----------|----------|--------|-----------|----------|-------|-----------|----------|--------|-----------|----------|-------|-----------|----------|-------|-----------|----------|-------|----|----|---|----|-------|
| | Built | Renovated | Acquired | Built | Renovated | Acquired | Built | Renovated | Acquired | Built | Renovated | Acquired | Built | Renovated | Acquired | Built | Renovated | Acquired | | | | | | |
| Isle of Anglesey | | | | | | | | | | 1 | | | 2 | | | | | | 29 | | 1 | | 33 | |
| Gwynedd | | | | | | | | | | | | | | | | | | | 39 | | | | 39 | |
| Corwy | | | | | | | | | | | | | 3 | | | | | | | | | 6 | 9 | 18 |
| Derbighshire | | | | | | | | | | | | | 60 | | | | | | | | | | 12 | 73 |
| Fflintshire | 2 | | | | | | | | | | | | 50 | | | | | | | 2 | | | 8 | 65 |
| Wrexham | 1 | | | | | | | | | | | | | | | | | | 1 | | | 1 | 5 | 5 |
| Powys | | | | | | | | | | | | | | | | | | | 24 | | | 1 | 6 | 56 |
| Ceredigion | | | | | | | | | | | | | | | | | | | | | | | 22 | 6 |
| Pembrokeshire | 24 | 14 | 10 | 19 | | | | | | | | | | | | | | | | | | | | 67 |
| Carmarthenshire | | 2 | 8 | 50 | | | | | | | | | 27 | | | | | | | | | | | 87 |
| Swansea | 134 | 2 | 206 | | | 7 | | | | | | | | | | | | | | | | | | 349 |
| Neath Port Talbot | 67 | | 10 | 4 | | | | | | | | | | | | | | | | | | | | 81 |
| Bridgend | 7 | | 1 | | | | 13 | | | 52 | | 43 | | | | | | | | | | | | 116 |
| Vale of Glamorgan | | | 5 | | | | | | 1 | | | | | | | | | | | | | | | 6 |
| Cardiff | 151 | | 228 | | | | | | | 31 | 100 | | | | 1 | | | | | | | | | 511 |
| Rhondda Cynon Taf | 2 | | 12 | | | | | | | 66 | | | | | | | | | | | | | | 92 |
| Merthyr Tydfil | | | | | | | | | | 24 | | | | | | | | | | | | | | 24 |
| Caerphilly | 86 | | | | | | | | | 30 | | | | | | | | | | | | | | 179 |
| Blaenau Gwent | 47 | | | | | | | | | 1 | | | | | | | | | | | | | | 51 |
| Torfaen | | | | | | | | | | | | | | | | | | | | | | | | 59 |
| Monmouthshire | | | | | | | | | | | | | | | | | | | | | | | | 96 |
| Newport | | | | | | | | | | | | | | | | | | | | | | | | 129 |
| Totals RSLs | 521 | 18 | 274 | 285 | 0 | 7 | 25 | | | 234 | 254 | 11 | 1 | 256 | | | | | 117 | 74 | 13 | | 52 | 2,142 |
| Total | | 813 | | 292 | | 7 | 259 | | 266 | | 256 | 373 | | 139 | | | | | 74 | | 13 | | 52 | 2142 |
| Total built | 521 | | | 285 | | | 25 | | | 254 | | | | 256 | | | | | 74 | | | | | 1415 |
| Total renovated | | 18 | | | 0 | | | 0 | | | | 11 | | | | | | | | | 13 | | | 42 |
| Total acquired | | | 274 | | | 7 | | 234 | | | | 1 | | | | | | | 117 | | | | | 685 |