Cartrefi Cymunedol Cymru | Community Housing Cymru

Affordability principles

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Today we will:

- Reflect on the journey so far, and the direction of travel laid down by the **Independent Review of Affordable Housing Supply**
- consider the recently published **Welsh Government Rent Policy** and the work in place to support members to deliver local rent policies
- Reflect on emerging themes as part of our work on **sector wide affordability principles**

The journey so far

- HA and CHC have long called for locally determined rent policies in dialogue with tenants
- In 2019, the Independent review of Affordable Housing Supply, recommended a five year, sustainable rent settlement
- Commitment from HA to put in place local rent policies by 2021, in dialogue with tenants and partners

Independent Review of Affordable Housing Supply

- recommended a five year, sustainable rent settlement
- consideration of value for money alongside affordability
- an “annual assessment of cost efficiencies should be part of the rationale for **justifying** any rent increases”

Independent Review of Affordable Housing Supply

“Tenant affordability is paramount and should be a key driver for rents alongside provider viability as distinct from the creation of surpluses which might then fund new development”

“ … rent and affordability issues should be regularly debated at the highest corporate level, backed up by an up to date evidence base on their tenants circumstances”.

Rent Policy 2020 - 2024

The details

- Five year settlement, 2020 – 2024
- Balance between affordability for tenants and landlords
- Annual rent uplift of up to CPI +1%
- Individual flexibility up to £2 over CPI +1%, as long as total rent income doesn't exceed CPI +1%

Rent Policy 2020 - 2024

Wider sector commitments

- Minimising evictions, and no evictions into homelessness
- Standardised tenant satisfaction survey
- Aspiration for DQR 2020 standards across tenure
- Aspiration for all new build housing to reach EPC A standards with funding from WG from April 2021

Rent Policy 2020 - 2024

Monitoring compliance

- an annual assessment of affordability, cost efficiencies and value for money
- “justify” rent increases: policy settlement is a maximum, not a target
- monitoring form will be developed to measure compliance

Our work to deliver affordable rents

5 strands

- Learning from existing practice
- sector wide affordability principles
- a tool to understand housing related costs for tenants
- support to engage and make decisions with tenants
- support to demonstrate value for money

Affordability principles

In July 2019, 4 headline principles emerged:

- **Transparent & accountable**: Board sets local plan, stress tested, involving tenants, annual reporting by WG & assurance via regulation
- **Sustainable**: longer term policy (at discretion of HA) to support business plan & social goals
- **Fair**: free to adjust rents to respond to local market conditions and need
- **Affordable**: models used in determination of rents

Affordability principles: Jan 2020

Clear: easily understandable to boards, tenants and other partners
Based on evidence: appropriate data and engagement
Flexible: enough to allow for local decision making
Stable: seek to make changes over time
Real costs: based on an understanding of real costs, for tenants and housing associations, and take account of cost efficiencies
Accountability: monitoring policies to understand their impact and any potential adverse consequences, and regular review
Non-discriminatory: take an equalities approach to ensure no groups are unfairly disadvantaged

Affordability principles

Our next steps

- Monthly meetings of our task and finish group
- Survey of the sector to understand where the are in the development of local rent policies
- Engagement sessions with external bodies – Welsh Government, Shelter Cymru, Tai Pawb, TPAS Cymru etc
- Commitment to share principles with sector for consultation by Easter 2020

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Diolch
Thanks

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