



Llywodraeth Cymru  
Welsh Government

# **Affordable Housing Supply Review - Final Recommendations**

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# Review purpose

To examine current arrangements supporting the development of affordable housing and to make recommendations for changes ***designed to increase supply and improve delivery from the resources available***

- scope for increasing matching sources of finance and stimulating competition
- partnership working and collaboration
- impact of moving to deliver zero carbon homes by 2020 including the role of off-site manufacture and modern methods of construction
- design and quality standards
- sustainable rent policy
- development capacity in LSVTs and stock-holding local authorities post WHQS 2020

# How the Panel went about their work

- Call for evidence
- Workstream groups
- TPAS Cymru
- End Youth Homelessness Cymru
- Office of the Future Generations Commissioner
- Decarbonisation Advisory Group
- Digital Innovation Review

# **Adolygiad Annibynnol o'r Cyflenwad o Dai Fforddiadwy**

# **Independent Review of Affordable Housing Supply**



<https://llyw.cymru/adolygiad-annibynnol-or-cyflenwad-o-dai-fforddiadwy-adroddiad>

<https://gov.wales/independent-review-affordable-housing-supply-report>

# The Panel's 22 key recommendations

## **Understanding housing need**

1. The Welsh Government should mandate local authorities to provide Local Housing Market Assessments (LHMAs) based on a consistent timetable, data and methodology across housing tenures. LHMAs should be refreshed every two years and rewritten every five years, and submitted to the Welsh Government. Jointly commissioned LHMAs should also be explored.
2. The Welsh Government statistical service should work with local authorities to agree data sets for use in the LHMA, Local Development Plan (LDP) and other housing requirements work.

## **Housing quality standards**

3. The Welsh Government should develop new consolidated and simplified standards for new build grant funded and S106 homes. The new standards should be easier to use and should not have conflicting requirements. The new standards should concentrate on minimum space standards, including storage inside and outside.
4. The Welsh Government should introduce a requirement for all new affordable homes to be near zero carbon / EPC 'A' using a fabric first approach from 2021, supplemented by technology (renewables) if required.
5. The Welsh Government should set a longer term goal of 2025 at the latest to have the same standards for all homes irrespective of tenure.

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## **Modern Methods of Construction**

6. The Welsh Government should continue to support the trialling of Modern Methods of Construction (MMC) to help establish which methods can contribute to the objective of increasing the scale and pace of affordable housing provision with the existing resources available.
7. The Welsh Government should develop a strategy to map out how Wales could further use off-site manufacturing (OSM) and MMC to deliver near zero carbon homes along with an appropriate timetable for achieving this.

## **Rent policy**

8. The Welsh Government should implement a five year rent policy from 2020-21, providing stability for tenants and landlords.
9. Further flexibilities should be introduced into the Welsh Government's rent formula regime in relation to bungalows (a higher upward differential) in order to better differentiate them from flats and the locational index (a limit on annual adjustment) in line with the recommendations of the Heriot Watt report.
10. There should be a focus on landlords considering Value for Money (VfM) alongside affordability. An explicit annual assessment on cost efficiencies should be part of the rationale for justifying any rent increase.

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## **Local Authorities as enablers and builders**

11. The Welsh Government should encourage local authorities (LAs) to use the flexibilities that the lifting of the borrowing cap creates to support delivery of new affordable housing supply. Where appropriate, LAs should have the freedom and flexibility to access grant from the Welsh Government direct or through wholly owned Local Housing Company structures.
12. The Welsh Government should encourage LAs and housing associations (HAs) to work in partnership to share skills, capacity and resources, and work collectively, through local and regional procurement frameworks, to support local supply chains.

## **Public sector land**

13. An arms-length body should be established by the Welsh Government to act as a hub for public sector land management and professional services. This body should work alongside individual departments / bodies to provide capacity and resources to accelerate development of public land assets and to support greater consistency and efficiency in managing those assets.
14. The Welsh Government should mandate the mapping of all public land and require owners to publish the development potential for the land they own.

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## **Financing affordable housing**

15. The Welsh Government should reform grant funding to introduce a new flexible long term five year Affordable Housing Supply Partnerships model which combines grant funding certainty and flexibility whilst testing grant VfM. The new funding model should be based on principles of fairness, quality, and grant VfM transparency.
16. A number of current funding pots should be consolidated to focus capital and revenue funding on core tenures determined nationally reflecting needs assessments at national, regional and local levels.
17. The new model should test the contribution of private finance and alternative finance models to stretch grant resources to maximise output and demonstrate grant VfM.
18. The new grant system should consider the use of both grant and equity funding interchangeably within the overall capital investment pot, in order to facilitate both new and existing financing models which are capable of demonstrating the necessary regulatory oversight required for public investment.
19. Further consideration should be given to the need for a housing infrastructure and regeneration fund to sit alongside the main grant programme to unlock larger more complex sites.
20. Access to grant and equity funding should be made available to Local Authorities able to contribute low cost finance to deliver grant VfM.



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## **Dowry and Major Repairs Allowance**

21. The Welsh Government should commission an independent financial review of the Welsh Large Scale Voluntary Transfers (LSVTs) in receipt of Dowry and the Housing Revenue Accounts of local authorities in receipt of MRA. The Review should scrutinise business plans post the achievement of Welsh Housing Quality Standard (WHQS) in 2020, including financial metrics together with cost KPIs to examine whether continued receipt of Dowry / MRA on a rolling 5 yearly review period basis can be justified.
22. LSVTs and local authorities should be required to demonstrate an accelerated programme of decarbonisation of existing homes in return for an ongoing commitment to Dowry and MRA.

# What happens next?

- Over to Welsh Government...
- The Minister has agreed to respond to the recommendations before summer recess
- We will engage with people across the sector as we consider our response
- Not all recommendations are equal – there will be a need to prioritise
- The status quo is not an option
- This is a real opportunity



**Further questions / information, please contact:**

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