

Community Housing Cymru

Financing Affordable Housing

Aaron Hill, Head of Policy & External Affairs

Context

- *Delivering More Homes for Wales* Report (2014)
- 2016 – 2021: £1.7bn investment in housing
- Public Accounts Committee (2016), Perceptions Audit (2019) = Value for Money challenge
- Launch of *Housing Horizons*:
 - 75,000 homes
 - A Wales where good housing is a basic right for all

Affordable Housing Review

- Our response:
 - Fixed grant does not maximise # of homes
 - Current system does not flex to local economic circumstances, rent pressures and the complexity of some sites
 - Long-term certainty and flexibility over a programme
 - Banded grant rates with “bolt-ons” for innovation/complexity
 - Regional zoning

Our Tests

- **Will the recommendations deliver more homes?**
- **Will those homes be genuinely affordable?**
- **Will those homes be high quality and fit for the future?**
- **Will all associations with ambition and capacity be able to develop?**

Review Recommendations

- Five year partnerships which offer certainty and flexibility, based on principles of fairness, quality, VFM and transparency
- Regional prospectus + central allocation
- Local Authority access to grant
- Consolidation of existing funding pots + stronger link to need
- Emphasis on partnership

Government Response

- **July 2019:** Minister accepts all but one of Review recommendations
- **September 2019:** Call for Volunteers for Task & Finish Group
- **October 2019 – January 2020:** Policy development
- **January & February 2020:** Consultation
- **March 2020:** Ministerial Advice

Task & Finish Group

- ROLE: Co-design options for the Minister which respond to the panel's recommendations
 - CHC Reps: Brian Pickett (CCHA), Shayne Hembrow (Wales & West), Jayne Owen (North Wales HA), Richard Mann (United Welsh) & Darrin Davies (V2C)
 - LAs: Cardiff, Carmarthenshire, Conwy, Swansea, Torfaen
- FOCUS: Prospectus Development, Funding Model, Decision Making and Evaluation Process

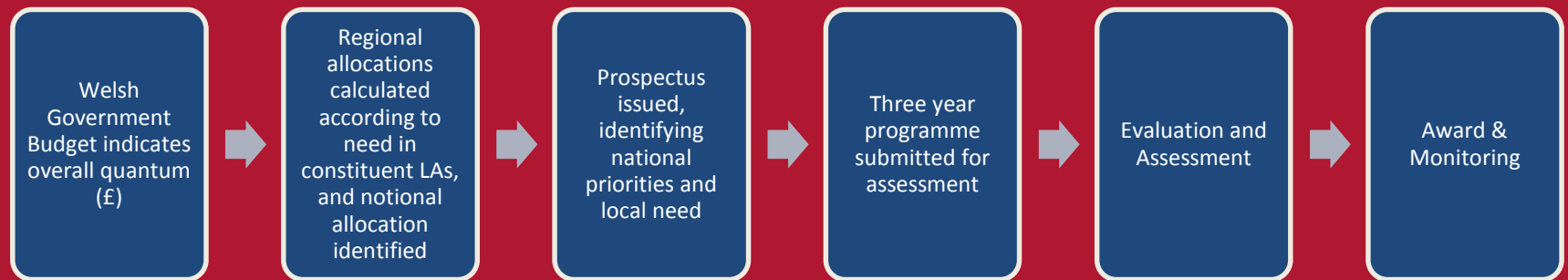
Emerging Options

- Three year programme based on “named schemes”
- Reduced role for Local Authorities; identification of priorities and ongoing dialogue re: support, but **no approval**
- Explored two finance models:
 - Standard Viability Model
 - “Gap Funding” (Ministerial Preference)

Value for Money & Evaluation

- Clear message that not just about lowest %
- Ministerial assurance: standards, tenure and decarb priorities as baseline
- Evaluation split between Grant VFM (65%?) and added value (35%)
- Added value:
 - Government priorities e.g. MMC
 - Innovation
 - Abnormal costs/complex sites
- Final evaluation on deliverability

Process



Additional Issues

- Zoning
- Regulation
- Slippage, substitutions and additional funding
- Transition to new programme

Our Response

- Feedback from members - CEO phone calls and December event
- Engagement with Senior Civil Servants, including letter to John Howells:
 - Consensus that a “named schemes” approach presents significant challenge to the view’s vision of flexibility and longer term planning
 - Gap funding presents significant risks over the long term – system must be built to protect against a “race to the bottom”
- Research on funding models with Altair
- Meeting with civil servants later today

Discussion

Diolch. Thanks.

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