



Community Housing Cymru Group response

The National Assembly for Wales Finance Committee -call for information into the Welsh Government draft budget proposals for 2012-13

The Community Housing Cymru Group welcomes this opportunity to comment on the Welsh Government's draft budget proposals for 2012 – 13.

Community Housing Cymru (CHC) is the representative body for housing associations and community mutual's in Wales, which are all not-for profit organisations. Our members provide over 127,386 homes and related housing services across Wales. Our members employ 4,900 people and spent over £689million in the Welsh economy in 2009/10. Members work closely with local government, third sector organisations and the Welsh Government to provide a range of services in communities across Wales.

CHC fully recognises that this initial consultation is based on indicative figures and at the time of writing the Welsh Government has not published its budget for 2012–13.

1. Looking at the indicative budget allocations for 2012-13, do you have any concerns from a strategic, overarching perspective?

CHC is concerned to see a reduction in the budget allocations to the Housing, Regeneration and Heritage MEG. We realised after the publication of the Comprehensive Spending Review that capital spending for the Assembly Government would be under massive pressure, although we are concerned in particular of the cuts proposed to social housing grant presented in the capital budget under 'increase the supply and choice of housing'.

The £69.248m figure for Social Housing Grant in 2011/12 has been presented in the budget as an increase of £9.348m from the 2010/11 SHG budget, although SHG figures in 2010/11 did not include the £40m brought forward (£12m into 08/09 and £28m into 09/10) - so therefore there was a cut of around 30% in 2011/12 and under the draft proposals SHG would shrink to £60m in 2012/13 and £48m in 2013/14.

In 2007, the One Wales Coalition Government challenged Housing Associations in Wales to develop 6,500 homes over four years and Housing Associations exceeded the target by 23% - building a total of 8,000 new affordable homes over the four year period.

However, statistics state that there are over 90,000 people on social housing waiting lists in Wales and according to research an estimated 284,000 additional homes are required in Wales between 2006 and 2026, which includes 101,000 homes from the social rented sector to meet newly arising need and demand.

Property prices remain too high in relation to average earnings for most first-time buyers, with figures from Nationwide showing that the first-time buyer 'Average House Price/Earnings ratio' for the second quarter of 2011 in Wales was 4.0. Ministry of Justice figures revealed that there were 5,030 repossessions in Wales in 2010.

The rate of home ownership has declined in recent years due to the level of house prices, the need for larger deposits and stricter lending criteria set by banks, and there is a real risk of further falls in home ownership rates and even higher rents. After a period where Housing Association supply has been on the increase, we need to ensure that we protect supply during the most challenging funding environment for a generation.

The National Housing Federation, our sister organisation which represents Housing Associations in England has commissioned research which suggests that the proportion of home ownership in England, which has been falling steadily for the last 10 years, could decline further from its current rate of 67% to 63.8% over the next decade. The forecasts are based on assumptions that affordability will worsen, as employment prospects and wages fail to keep up with a predicted 21% rise in house prices over the next five years. With rents rising and 90,000 on social housing waiting lists in Wales - it is the lack of affordable alternatives to home ownership that is worrying.

As a sector we realise the importance of being innovative to ensure we build more affordable homes for the thousands of people currently on housing waiting lists. As demand for social housing and intermediate rental housing increases, the Social Housing Grant (SHG) budget comes under further pressure. With increased pressure on traditional lending, there is also a need to identify new sources and forms of funding. We need to ensure our members are providing mutual solutions for affordable housing, care and regeneration across Wales.

Community Housing Cymru has commissioned research into Innovative Funding Options to support new social housing development in the future and this piece of research is attached with the email. Working with our members we have examined a range of innovative ways to increase funding in response to the downward pressure on public sector budgets including mechanisms for existing unused borrowing facilities which could be accessed by other Housing Associations. The study has identified several possible ways to access this funding both through Bond issues, including a potential dedicated Welsh Bond. These will be initially time-consuming to develop but need to be progressed now.

2. Looking at the indicative budget allocations for 2012-13, do you have any concerns about any specific areas?

As noted in question 1, we are concerned in particular of the cuts proposed to social housing grant.

3. What expectations do you have of the 2012-13 draft budget proposals? What spending commitments and priorities would you like to see in the 2012-13 draft budget proposals?

CHC expects a remaining commitment to those areas that have been protected in future budgets. To note just a couple of examples, the major repairs allowance which supports the continuing commitment to the Welsh Housing Quality Standard and a continuing commitment to the Rapid Response Programme.

4. The new Welsh Government has not yet published a programme of government. However, the Welsh Government has emphasised that it is seeking to deliver an outcomes-based approach, with the First Minister declaring that "delivery will be the watchword of the next Welsh Labour government." What- if any- outcomes do you believe the Welsh Government should be trying to achieve with its 2012-13 draft budget?

We set out 3 clear priorities in our manifesto which fell under three headings-notably actions to increase and improve affordable housing, actions for regeneration and actions for delivering better care and support.

Please see here to view our manifesto:

http://www.chcymru.org.uk/shadomx/apps/fms/fmsdownload.cfm?file_uuid=6CA60E8D-F3A8-4DC3-8650-0F53BFEDA442&siteName=chc_dev_final

We were glad to see the commitment in the labour manifesto to "*increase the supply of new affordable, energy efficient homes through Social Housing Grant together with accessing innovative forms of finance such the Welsh Housing Partnership and housing bonds*".

As already mentioned above, Community Housing Cymru has commissioned research into Innovative Funding Options to support new social housing development in the future and we'll be looking to work with Welsh Government ministers over the next few months to make sure we have the right investment and regulatory policies in place to get the maximum amount of investment in social housing over the next few years.

CHC would like to see commitment to a range of initiatives outlined in the labour manifesto into future budgets. A non-exhaustive list includes:

- Introduce a new Empty Properties initiative in partnership with local authorities to target the thousands of homes in Wales that have been empty for more than 6 months.
- Securing a further £1.2 billion to deliver the Welsh Housing Quality Standard for all council and housing association tenants across Wales. Using this massive investment not only to improve housing stock but also maximise its impact on local and community economic development through imaginative procurement to promote skills development and employability.
- Ensure that housing investment delivers a minimum of 2,000 additional jobs and training through the i2i Can Do Toolkit and will work across Assembly Government departments

to embed this imaginative, flexible approach to procurement in other investment programmes.

- Exploit the potential for increased job creation, training and community regeneration by encouraging the imaginative use of community benefit and social clauses in procurement contracts by rolling out the 'Can-do' Toolkit across public service providers.
- Invest a further £50 million in the ARBED programme to increase the energy performance of our existing homes and help combat fuel poverty. Introduce a new Flexible Tenure initiative that will allow people to move between renting, home ownership and shared ownership as their life circumstances change.
- Support for third sector advice providers to assist people who have debt problems or need help to manage their finances

5. Can you suggest any elements that should be in the 2012-13 draft budget proposals to support more effective collaborative working?

Joining up the work of departments at the Welsh Government is essential if savings are to be delivered and value for money ensured. In line with Welsh Government policy, we are interested in opportunities which result in integration of services around citizen needs, enabling both prevention of crises and earlier intervention when problems do arise – and which held the promise of better value for public money too. The CHC group has commissioned research to identify opportunities for the community housing sector to support health outcomes, particularly in meeting the needs of our ageing society. In line with Welsh Government policy we were particularly interested in opportunities which result in integration of services around citizen needs, enabling both prevention of crises and earlier intervention when problems do arise- and which held the promise of better value for public money too. **This research report is again attached with this email.**