

Affordable Housing Scrutiny Inquiry Panel

Date: 3 December 2014

Time: 5.00PM

Venue: Chamber Meeting Room, Civic Centre

Members of the Panel:

Councillor Terry Hennegan (Convener)	Councillor Uta Clay
Councillor Peter Black	Councillor Lynda James
Councillor David Cole	Councillor Linda Tyler Lloyd

Attending the meeting:

Cllr David Hopkins (*Cabinet Member for Housing and Communities*)
David Evans (*Housing Business Manager*)
Peter Williams (*Housing Strategic Planning & Enabling Manager*)

Copy of agenda for information to:

Phil Roberts (*Director Regeneration and Housing*)
Lee Morgan (*Head of Housing and Public Protection*)

AGENDA

No.	Item
1.	<p>Progress and Impact Report: Scrutiny Inquiry into Affordable Housing:</p> <p>1. Main body of the report, pages 2-4</p> <ul style="list-style-type: none">a. Appendix A – original report from Scrutiny to Cabinet, pages 5-23b. Appendix B – response from Cabinet member including original action plan from Cabinet on 3 December 2013, pages 24-32c. Appendix C – Cabinet Action Plan and progress update as at November 2014, pages 33-37 <p>In attendance to discuss progress will be:</p> <ul style="list-style-type: none">• Cllr David Hopkins, Cabinet Member for Housing and Communities• David Evans, Housing Business Manager• Peter Williams, Housing Strategic Planning & Enabling Manager
2.	<p>The Panel to:</p> <ul style="list-style-type: none">a. Discuss evidence provided about progress/impactb. Discuss and agree the feedback they wish to make to the Cabinet Member in the Convener's letter and to the Scrutiny Programme Committee

Please note members should declare personal and prejudicial interests and party whipping in the usual manner.

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ITEM 1

Report of the Cabinet Member for Housing & Communities

Affordable Housing Scrutiny Inquiry Panel – 3rd December 2014

IMPACT REPORT: SCRUTINY INQUIRY INTO AFFORDABLE HOUSING

Purpose	To help the Scrutiny Inquiry Panel to assess the impact of their report into affordable housing.
Content	This report deals with three questions related to the impact of the inquiry: <ol style="list-style-type: none">1. What has changed since the report was presented to Cabinet?2. Have the agreed recommendations been implemented?3. What has been the impact of the scrutiny inquiry?
The Scrutiny Inquiry Panel are being asked to	<ul style="list-style-type: none">• Consider the contents of the report• Reach conclusions about the impact of the inquiry
Lead Councillor(s)	Councillor David Hopkins – Cabinet Member for Housing & Communities
Lead Officer(s)	Lee Morgan – Head of Housing & Public Protection
Report Author	Peter Williams – Strategic Planning & Enabling Manager

1. Introduction

1.1 The Affordable Housing Scrutiny Inquiry Panel undertook an in-depth inquiry between July 2012 and May 2013. This final report is attached at Appendix A. The Cabinet Member response and action plan are attached at Appendix B.

1.2 The reporting timeline of the inquiry is as follows:

Commenced	July 2012
Agreed by the Scrutiny Programme Committee	8 July 2013
Presented to Cabinet	23 July 2013
Cabinet Response agreed	3 December 2013

1.3 The final stage of the scrutiny inquiry process is the follow up. It is at this point that the original panel reconvenes in order to assess the impact of the work.

1.4 The purpose of this report is to assist the panel as it seeks to answer the following three questions, each of which will be dealt with in detail below:

- What has changed since the report was presented to Cabinet?
- Have the agreed recommendations been implemented?
- What has been the impact of the scrutiny inquiry?

2. What has changed since the report was presented to Cabinet?

2.1 Since the inquiry concluded the following changes have taken place;

- A review of the Housing Enabling function and responsibilities was undertaken in the Autumn of 2013 and as a result, staff resources were strengthened and some staff were given additional responsibilities.
- The Authority's Empty Property Strategy is currently being implemented. During 2013 the Authority approved 18 loans under the Houses to Homes initiative to bring private sector empty properties back into use. In addition, a further 6 properties benefited from the Grants for Nominations scheme.
- Officers are in the process of researching new financial models and have met with an external organisation that specialise in alternative financial models to fund affordable housing on a number of occasions. Progress is being reported to the Cabinet Member.
- The Authority's Corporate Improvement Plan monitors the number of new affordable homes completed each year. In 2012/13 the Authority completed 50 new affordable homes, in 2013/14 this increased to 212. However, it must be stressed that the completion of new affordable homes is cyclical in nature with a time delay of several years in some cases from receiving the finance to build to properties to the properties actually being completed. These time frames are due to the need to design developments, to gain Planning permission's needed, to install utilities and infrastructure (gas/electricity/ water/ road construction etc) in addition to the time taken to actually construct the properties.

3. Have the agreed recommendations been implemented?

3.1 In responding to the inquiry an action plan was drawn up showing what steps would be taken to implement all of the scrutiny recommendations agreed by Cabinet (Appendix B).

3.2 The table at Appendix C shows progress against each recommendation and specifically:

- the Cabinet decision in respect of each recommendation
- the action taken / proposed to implement the recommendations
- the responsible officer(s)
- timescales involved

4. What has been the impact of the scrutiny inquiry?

4.1 The Inquiry has raised the profile of Affordable Housing within the Council. Although many of the recommendations proposed by the Panel were planned already or were in the process of being implemented once all the recommendations have been fully implemented there should be a positive effect on the number of affordable housing units delivered in the City and County.

Background Papers:

Contact Officer: Peter Williams

Appendix A

Building the Right Foundations

How can the Council and its partners increase the overall supply of affordable housing in the City & County of Swansea?

A Report by the Affordable Housing Scrutiny Inquiry Panel
June 2013

City and County of Swansea
Dinas a Sir Abertawe



Why This Matters



Councillor Terry Hennegan (Convener)

As a Panel we believe that affordable housing matters. Everyone should have access to a good quality home that meets their needs and everyone should have a home that they can afford to live in. This is the Council's aspiration and it is the reason we undertook this inquiry.

Nobody, however, should underestimate the importance, scale or complexity of the affordable housing challenge. While we need about 500 new affordable homes every year in Swansea, only about a quarter of this number is actually being provided. At the same time it has never been so difficult to make affordable homes available to those that need them. Reductions in public funding coupled with the difficult market conditions of recent years mean that we can no longer rely on the traditional ways of getting things done.

We have called this report 'Building the Right Foundations' as we have concluded that the challenge of affordable housing is a system problem that will not be solved by any single scheme alone. Affordable housing needs to be a genuinely high priority and all sectors need to work together if the many difficult dilemmas associated with this challenge are to be solved. Through the process of receiving evidence we also came to realise that the role of the Council will be critical. While the Council manages the grant money it receives well, it will need to develop a more strategic role in future and lead partnerships with the social housing sector, the private sector and with communities if a sufficient number of affordable homes are to be provided.

In developing the conclusions and recommendations contained in the report we have relied on the evidence of the partner organisations and Council officers who have been willing to come and talk to us. On behalf of the Panel I want to thank all of those who have contributed and we hope that you will find that the contents of the report reflect your contributions. I would also like to thank Councillor Uta Clay who acted as convener for the first part of this Inquiry.

Finally, in asking Cabinet to consider the recommendations in this report I want to underline that we do not underestimate the difficulty of solving the affordable housing challenge. We hope, however, that this report will be of some help and stimulate some new thinking but we also recognise that it represents the beginning of a conversation not the definitive answer.

Summary

1. Aims of the Inquiry

The inquiry aimed to answer the following question:

How can the Council and its partners increase the overall supply of affordable housing in the City & County of Swansea?

The Panel also agreed that the main lines of inquiry would be:

1. How can we increase the amount of social housing in Swansea?
2. How can we increase the amount of affordable housing in the private sector?
3. What can the Council do better?
4. What innovative and good practice can be learnt from elsewhere?

2. Evidence Considered

- Overview from Council officers for Planning and Housing
- Discussion with Malcolm Wilson from RCT Homes re. DevCo Consortium
- Good practice examples
- Examples of other scrutiny reviews/inquiries
- Discussion with representatives from local Housing Associations
- Results of Local Housing Market Assessment
- Housing White Paper – consultation responses from Council of Mortgage Lenders and City & County of Swansea
- Discussion with representatives from Chartered Institute for Housing and Welsh Local Government Association
- Discussion with Council Officers on current council policy on land use and capital receipts
- Discussion with representatives from the Homebuilders Federation
- Discussion with Shelter Cymru
- Written Response from Welsh Government

3. Conclusions

- 3.1 Be clear about the extent of the affordable housing challenge
- 3.2 Ensure that affordable housing is a top priority
- 3.3 Engage the right people in the needs assessment process
- 3.4 Foster partnership working at the strategic level
- 3.5 Make the most of our existing housing
- 3.6 Encourage a diversity of approaches for building high quality new homes

- 3.7 Reflect the differences between areas
- 3.8 Ensure the Council has the capacity to facilitate new schemes

4. Recommendations

The Panel recommends to Cabinet that it:

- 4.1 Makes the case to Swansea Local Service Board for affordable housing to be included as a challenge within the Single Integrated Plan
- 4.2 Publishes a 'Commitment to Affordable Housing' setting out how the Council is corporately addressing this issue
- 4.3 Clearly identifies a single portfolio holder with responsibility for all aspects of affordable housing
- 4.4 Undertakes stakeholder engagement, including with councillors, to test the results of future needs assessments
- 4.5 Establishes a strategic partnership forum for affordable housing that will allow the Council to engage with the private sector, voluntary sector, the Welsh Government and the utility companies
- 4.6 Formally asks Swansea Local Service Board to invite a representative of the housing sector to join as a member
- 4.7 Establishes a partnership task group to consider how more publically owned land can be used to subsidise new affordable homes
- 4.8 Ensures that empty homes, the private rented sector and the Council's own housing stock are considered as part of any strategy to increase the number of affordable homes
- 4.9 Takes active steps to ensure that new affordable homes remain as affordable homes over the long term
- 4.10 Introduces measures that allow innovative schemes to be proposed and debated
- 4.11 Writes to the Welsh Government asking them to consider whether unnecessary development requirements are hindering the building of new affordable homes
- 4.12 Evaluates whether an area approach can be used for determining and delivering new housing schemes
- 4.13 Undertakes a 'systems thinking' review of the support service that the Council provides in respect of new developments

1. Aim of the Inquiry

1.1 The inquiry aimed to answer the following question:

How can the Council and its partners increase the overall supply of affordable housing in the City & County of Swansea?

1.2 The Panel also agreed that the main lines of inquiry would be:

4. How can we increase the amount of social housing in Swansea?
5. How can we increase the amount of affordable housing in the private sector?
6. What can the Council do better?
4. What innovative and good practice can be learnt from elsewhere?

2. Evidence Considered

2.1 The review was carried out in task and finish groups that concluded in May 2013. This report provides a summary of the key findings from the evidence gathering. The full findings from the inquiry can be found in the findings report.

Date	Evidence considered
26 th July	Affordable Housing Overview
22 nd August	Scoping/planning Inquiry
10 th Sept	Inquiry planning meeting and previous consultation results
24 th Sept	Overview on the provision of affordable housing in Swansea with Council officers from Planning and Housing
15 th Oct	<ul style="list-style-type: none"> • Discussion with Malcolm Wilson from RCT Homes re. DevCo Consortium • Good practice examples • Examples of other scrutiny reviews/inquiries
22 nd Oct	Discussion with representatives from local Housing Associations
5 th Nov	<ul style="list-style-type: none"> • Results of Local Housing Market Assessment • Housing White Paper – consultation responses from Council of Mortgage Lenders and City & County of Swansea
12 th Nov	Discussion with representatives from Chartered Institute for Housing and Welsh Local Government Association
26 th Nov	Discussion with Council Officers on current council policy on land use and capital receipts
3 rd Dec	Discussion with representatives from the Homebuilders Federation
10 th Dec	Discussion with Shelter Cymru
18 th March	Written Response from Welsh Government

3. Conclusions

The purpose of this report is to offer advice on how the Council and its partners can increase the overall supply of affordable housing in the City & County of Swansea.

As the definition of affordable housing is sometimes open to debate we begin this report by stating our preferred definition that we received from the Council's planning team. In line with the Welsh planning system, affordable Housing can be defined as:

Housing where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers.

Affordable housing may be broken down into two categories:

- Social Rented Housing – consists of the stock provided by Councils and registered social landlords where rent levels have regard to the Welsh Government's guideline rents and benchmark rents
- Intermediate Housing – covers housing provision where prices or rents are above those of social rented housing but below market housing prices or rents. This can include shared equity schemes (for example Homebuy). Intermediate housing differs from low cost market housing, which the Welsh Government does not consider to be affordable for the purpose of the land use planning system

Having clarified our definition and following our evidence gathering we now offer as a Panel a number of conclusions below.

3.1 Be Clear About the Extent of the Affordable Housing Challenge

3.1.1 The first conclusion of this Panel is that no one should underestimate the importance, scale or complexity of the challenge presented by affordable housing. As a panel we believe that affordable housing matters. We start from the assumption that everyone should have access to a home that meets their personal needs. It is an important factor in promoting health and independence and overall wellbeing. Affordable housing also matters for the economy. Investment in building new homes and bringing empty properties into use contributes to growth, jobs and regeneration.

3.1.2 The gap between what is needed and what is being provided is staggering. Provisional results from the latest Housing Market Assessment suggest that over the next few years there is a need to supply 400-550 new affordable homes per

year. However, over the last five years only 135 new affordable homes have been supplied on average per year. Nationally the Welsh Government has a set a target of 7500 additional affordable homes by 2016.

- 3.1.3 While the need for new affordable homes is considerable the means for supplying them are reducing. There are two traditional ways of supplying new affordable homes; through the Social Housing Grant provided to local councils by Welsh Government to distribute for affordable housing schemes; and through the money collected via section 106 planning agreements that private developers are required to pay as part of new schemes. Both of these sources have diminished in recent years. Public sector funding reductions have meant that the Social Housing Grant for Swansea has reduced from a peak of £6.9m in 2007/8 to an allocation of £2.7m for 2013/14 with a notification that the amount will decline further in future years. At the same time, due to a depressed housing market and fewer planning applications, only a small number of properties have been funded through s106 agreements. In 2011/12, for example, only nine new homes were completed that were funded in this way.
- 3.1.4 At the same time the need for affordable homes is likely only to increase. Both the economic downturn and the UK government's welfare reform programme are likely to have a negative effect although, particularly for the latter, the level of any impact is uncertain. As the Inquiry into affordable housing recently conducted by the National Assembly for Wales Communities, Equality and Local Government Committee notes; 'The need for affordable housing was a key policy issue in Wales well before the onset of the credit crunch and the economic downturn'.
- 3.1.5 Finally we recognise that this is a highly complex issue. Partly this is because the issue of affordable housing is a whole system problem. In other words it cannot be understood as something that can be solved by looking at one service or policy in isolation. Partly this is because some of the solutions that we have heard evidence about are highly technical in nature and have financial and legal aspects that need expert consideration. On this last point in particular we have not sought to comment on these more specialist issues.

3.2 Ensure that Affordable Housing is a Top Priority

- 3.2.1 Given the importance, scale and complexity of the challenge, the Panel firmly believes that providing affordable housing needs to be given the highest priority by the Council and its partners. This view was supported across the evidence that we received and is clearly also the view of the Welsh Government.
- 3.2.2 We recognise that the Council has already listed affordable housing amongst its priority policy commitments and we firmly endorse its inclusion. We are also pleased to note the Council's willingness to sell land to a lower bidder where this contributes to the supply of affordable homes. However we also heard evidence that a greater priority could be given. Registered social landlords, for example, felt that housing was a 'poor relation' in terms of the Council's priorities while the private home builders we spoke to felt that more s106 money might be given over

to affordable housing. While commending the positive steps being taken by the Council, therefore, we also feel that it could go further.

- 3.2.3 While the Local Development Plan, due to be completed in 2014, and the Local Housing Strategy, currently under development, will be the key delivery mechanisms for affordable housing, the document that captures the high level challenges agreed by the Council and its partners is the Single Integrated Plan. At the time of completing this report, increasing the supply of affordable housing was not included as one for the top 21 challenges. It is the view of the Panel that a strong case should be made for its inclusion in future versions of the plan and we urge the relevant Cabinet Members along with partners on Local Service Board, to make this case. Specifically we think that the Welsh Government measure of 'All additional affordable housing provision by local authority area' provides an excellent focus for partnership working and a clear outcome indicator to track progress with.
- 3.2.4 A commitment to increasing the supply of affordable housing also needs to be clearly enshrined in the Council's own corporate planning. The Panel liked the 'Commitment to Affordable Housing' produced by Carmarthenshire County Council and would like to see something similar produced for Swansea. Developing such a commitment would help to clarify what prioritising affordable housing would mean in practice and in particular ensure that the contribution of every department could be considered.
- 3.2.5 We are fully aware that delivering affordable homes locally depends to a great extent on national policy decisions. For this reason we believe that the Council should do all that it can to urge the Welsh Government to protect the levels of Social Housing Grant as far as it can. As a first step we would like to see the relevant Cabinet Member(s) writing to the relevant Welsh Government Minister with this message.
- 3.2.6 If affordable housing is to be given top priority then accountabilities also need to be clear and robust. The Panel are concerned that Cabinet responsibility for affordable housing is unclear. While the Cabinet Member for Wellbeing has 'affordable housing' listed in their portfolio, this appears to overlap with the Cabinet members for Place ('housing strategy') and Regeneration ('Housing – New Development'). While we accept that we have not asked the respective cabinet members about this directly we would ask that this issue is in any case reviewed. While recognising that this is a cross cutting issue in many regards, we believe that one cabinet member, with a clear leadership role should be identified. To reinforce this accountability, we will suggest to the Scrutiny Programme Committee that the relevant cabinet member(s) should report annually to scrutiny on progress.
- 3.2.7 The Panel also noted that officer responsibility for affordable housing was divided primarily between two Heads of Service (Housing and Planning). However, given that there is clear responsibility corporately through the new Director of Place this is not felt to be a concern.

3.3 Engage the Right People in the Needs Assessment Process

- 3.3.1 We believe firmly as a Panel that new affordable housing should be provided on the basis of need not opportunity and that the provision of affordable housing must be underpinned by a robust process of assessing this need. The main process for understanding how much affordable housing is needed and where it is needed is the Local Housing Market Assessment, a process required by the Welsh Government. This Authority has recently commissioned an assessment using an external company in conjunction with Neath Port Talbot Borough Council.
- 3.3.2 The Panel was concerned to hear about a number of problems with the current Local Housing Market Assessment process. As well as delays in the process we found it difficult to understand how the figures for sub areas had been arrived at. While we appreciate that the methods of analysis will be complex, reflecting the complex nature of housing markets, we felt that the overall methods used could be made more transparent and available to the lay person. We are not making any recommendations about this issue, however, as we understand that the Welsh Government will in future require all local authorities to use the same process to ensure that results are compatible and that future assessments will be conducted internally by officers using designated software. We welcome this.
- 3.3.3 While getting the right data on which to base decisions is clearly important it is also important to have a process that sets this data in a real world context. As a Panel we believe, therefore, that there is a case for widening out the needs assessment process to include more interested parties in order to test results and debate the implications more widely. We heard evidence, for example, from the private sector that they would like to be more involved and do not doubt that other sectors would also like to be engaged. We also feel that local councillors could have more of a role to play, particularly when debating levels of need at the sub area level.

3.4 Foster Partnership Working at the Strategic Level

- 3.4.1 The Panel was pleased to find that the Council has performed well in terms of managing the Social Housing Grant made available to it. This was the clear view both of the Welsh Government and of the Registered Social Landlords that we heard from.
- 3.4.2 If the Council is to make progress in addressing the affordable housing challenge it will need to maintain its good record of managing its Social Housing Grant but it will also need to complement this with a strategic approach that recognises the whole system nature of the challenge. At the same time, through the evidence gathering for this Inquiry, the Panel have learned that the Council has a difficult balance to find in a number of areas. The Council has a number of what we are calling *affordable housing dilemmas* including:
- Whether to release land at low or no cost as a subsidy for affordable housing OR to seek the maximum possible receipts from land sales for important capital projects

- Whether to invest in affordable housing OR in the quality of the Council's social housing stock
 - Whether to spread Social Housing Grant more thinly in order to get more homes built even though they are less affordable OR to ensure that new homes are more affordable meaning that fewer can be built
 - Whether to insist that affordable homes are included within new developments OR to take commuted sums from developers to contribute to schemes elsewhere
 - Whether to invest in community infrastructure to ensure the sustainability of schemes OR to use this money to build a greater number of affordable homes albeit with reduced infrastructure
- 3.4.3 As a Panel we are not offering firm answers to these dilemmas and recognise that a definitive view on any of these questions may not be possible and it may be that a scheme by scheme approach is the most sensible. However, we believe that, given the complex and difficult nature of these affordable housing dilemmas, and given the need to adopt a whole system approach, that the Council needs to be having a fuller and more open debate with partners in the private and voluntary sectors to ensure that the choices that it does make are well informed and that partners have a good understanding of those choices.
- 3.4.4 We believe that the way to debate the affordable housing dilemmas faced by the Council is to establish a strategic partnership forum that will allow the Council to engage with the private sector, voluntary sector, the Welsh Government and the utility companies. Given the political dimension to the dilemmas such a forum should including the relevant Cabinet Member(s) as well as the relevant senior officers and councillors from the council. Our evidence from the private home builders and from the Registered Social Landlords suggests that they would certainly be willing to participate.
- 3.4.5 Convening a strategic partnership forum for affordable housing would be consistent with the Council moving from a role of managing land and grants to one of facilitating a whole system. Such a strategic role and the need for greater collaboration are also consistent with how Welsh Government sees local government approaching the challenge of affordable housing. A strategic partnership forum would also build on the commitment to partnership working contained in the last Housing Strategy. We also note that the 2008 Essex Review into Affordable Housing proposed something along similar lines although this has not been adopted in Swansea to date.
- 3.4.6 A further role of such a partnership could be to help facilitate land release from other public bodies and from the Welsh Government. As cash subsidies decline so the provision of subsidy through the use of publically owned land will become increasing important. The National Assembly for Wales inquiry into affordable housing looked at this issue nationally and argued that sites that currently have planning permission but have not been developed, as well as potential new sites needed to be looked at. We believe that work to ensure that both types of land are

being utilised should be progressed locally and that it is a matter not just for the Council but for all land owning public bodies in Swansea.

- 3.4.7 A strategic partnership forum for affordable housing cannot, however, operate in isolation. As a panel we believe that such a forum would need to have clear links to Swansea Local Service Board and that there should be a representative from the housing sector on that partnership. We understand that this is the case in Bridgend.

3.5 Make the Most of Our Existing Housing

- 3.5.1 While recognising that the supply of affordable housing will be increased primarily through the building of new homes, the Panel agrees with a number of those giving evidence, including the Welsh Local Government Association for example, that it is also important to look at existing housing both private and social. The point here is that by making more homes available overall this may free up more affordable homes as people move into market properties.
- 3.5.2 The Panel were pleased to hear about the Council's development of its empty property strategy. Although we recognise that it is not possible to guarantee new affordable homes through this route, we nevertheless welcome the fact that this is an aim of the strategy. We therefore urge the relevant Cabinet Member(s) to maintain support for this strategy and to continue to assess how it can contribute to the overall aim of increasing the supply of affordable homes.
- 3.5.3 In a similar vein we heard evidence from Shelter Cymru about how the private sector can help address the lack of affordable housing. While some options such as intermediate rental and co-operative models may require extensive investment, others such as working with landlords to help increase the provision of accommodation for low income families through a landlord forum, for example, do not. In either case it is important that any strategy to increase the supply of affordable housing explores how the capacity of the private rented sector can be utilised.
- 3.5.4 The Council's own housing stock is also of course an important part of the equation and it is important that it operates at the maximum capacity possible. The new under occupancy regulations associated with the UK government's welfare reform agenda present a major challenge and, if solutions are not found, could result in increased need for affordable housing in other sectors. Again, this policy change and the responses to it must be factored in to any affordable housing strategy.
- 3.5.5 One issue we discussed as part of this inquiry was the potential for a single waiting list, covering all social housing, to be established in Swansea. We speculated that such a list could ensure a more efficient use of the existing stock and therefore free up more affordable homes. As this topic is somewhat outside of our terms of reference we have not explored it further or reached any conclusions. We believe, however, both in terms of affordable housing, and for the other benefits that it

might bring, that a more detailed look at the idea of a single waiting list would be good use of scrutiny time in future.

3.5.6 We also want to make the point that where new homes are provided they should remain affordable for the long term and we believe that this principle should be enshrined in any strategy to deliver new affordable homes. In practice this implies three things. First that the Council should insist on covenants or similar legal mechanisms, where possible, to ensure that affordable homes remain as affordable homes. We understand that this is already the policy of the Council and so we hope it will continue to be so. Second, if possible, we would like to see an end to the right to buy for council homes in Swansea, finally it means that new home should be of sufficient quality to ensure their long term use and sustainability.

3.6 Encourage a Diversity of Approaches for Building High Quality New Homes

3.6.1 If there was one word we heard more than any other during the course of our inquiry it was 'innovation'. There is no doubt that, within the current economic situation and given the reductions in public subsidy, there is a pressing need to be creative and to explore all options to supply new affordable homes. Changing circumstances and a changing policy environment means that the need to find innovative new ways of doing things will continue. As a panel we believe that diversity should be a matter of principle as well as necessity. We support the idea of a mixed economy of housing provision so that a diversity of needs and preferences can be met.

3.6.2 As a Panel we heard about a number of innovative approaches to supplying new homes taking place in Wales. These include:

- **Devco:** RCT Homes has established a framework and appointed a private developer (Bellerophon) to construct 11,000 affordable homes. Funding of £1bn has been obtained from Legal and General.
- **Ely Mill:** Ely Bridge Development Company is a social enterprise created by the Welsh Government and Principality Building Society. The aim is to build over 700 homes on the 53 acre brown field site, with over 50% quality mixed tenure affordable houses planned and the remaining available for open market sale.
- **Gwynedd Council and Local Authority Mortgage Scheme:** The Local Authority Mortgage Scheme has been developed by Sector and provides local authorities with an off the shelf product. Sector has arranged an agreement with mortgage lenders who will provide mortgages to first time buyers if local authorities underwrite them.

We note, however, that these particular schemes are unlikely to be replicable in Swansea. The Devco scheme operates under the financial regulations for a stock transfer organisation, the Ely Mill scheme has been made possible by a 'one off' subsidy by the Welsh Government that is unlikely to be available to other Councils and changes to Welsh Government funding arrangements mean that the Gwynedd

Mortgage Scheme might not be currently viable. We are not, therefore, recommending that the Council pursues any of these schemes. The point here is that Swansea, like all councils in Wales needs to find innovative new ways of delivering new affordable homes.

- 3.6.3 As a Panel we believe the question, therefore, is not whether there should be innovation and a diversity of approaches but how this innovation should be encouraged and supported. We heard ideas from the private homebuilders for different types of scheme such as one that utilised builder's licences for example, and wonder how such schemes can get raised and debated. We believe that there may be a role for the strategic partnership forum proposed earlier in this report to act as a 'Dragon's Den' for new types of scheme. In any case we propose that the relevant Cabinet Member(s) take a serious look at how an environment that genuinely encourages innovative schemes can be encouraged.
- 3.6.4 While the overriding priority should be to increase the number of affordable homes we do not believe that this should ever be at the expense of quality. First we believe that everyone has the right to basic minimum standards of housing regardless of their ability to pay and second we believe that providing poor quality housing today will simply store up problems for the future. On balance quality should not be sacrificed for numbers.
- 3.6.5 From the evidence we heard it was clear that one drag on new developments, whatever the scheme, are additional building costs that developers, particularly the private homebuilders felt were unnecessary and excessive. While, as we have already made clear, we support the need for quality, there are some aspects of the building regulations that developers have to work with that seem to us to be unhelpful; the need to fit mains sprinkler systems into new domestic dwellings being one prime example of this. We would therefore like the Cabinet Member to take advice on this issue and write to the Welsh Government asking them to take a closer look at whether unnecessary requirements are hindering the building of new affordable homes.

3.7 Reflect the Differences between Areas

- 3.7.1 Throughout the Inquiry it has been clear to us as a Panel that different areas of Swansea have very different needs and require different types of strategy. This difference was particularly evident from the results from the Local Housing Market Assessment that we have seen. At the same time different areas of Swansea provide very different contexts for the implementation of schemes. We think this is a critical point as schemes, whatever their size; need to work well in the areas that they are located in. For us this means ensuring that the local knowledge of communities and of councillors needs to be utilised as far as possible.
- 3.7.2 Given the different needs and contexts of different areas we would like to see the Council exploring much more of an area approach, one which provides for the greater involvement of communities and councillors in determining and delivering new schemes. We further believe that such an approach could prioritise the areas

of greatest need and will sit well with the target areas initiative included within the Council's policy commitments and currently being developed by the Council.

3.8 Ensure the Council has the Capacity to Facilitate New Schemes

- 3.8.1 A consistent theme underpinning all of the work on this Inquiry has been the complex and challenging nature of the topic in hand. We have become very aware both of the diversity of schemes and of the highly technical and complex nature of the different schemes themselves. It is clear to us as a panel that a one size fits all cannot work and the Council needs to work on a scheme by scheme basis. The capacity of the Council to work flexibly as it facilitates new schemes is therefore a critical issue.
- 3.8.2 We have heard mixed evidence about the way in which the Council currently works with developers, private and voluntary sector, through the development of new schemes. We heard from Registered Social Landlords that they appreciated the flexible and clear approach of officers and that meetings were worthwhile and well run. We also heard of good practice examples particularly the project management approach used at the Hazel Court scheme. However, both the Registered Social Landlords and the private homebuilders raised some concerns. While slowness of response and weaknesses in the pre development phase were noted by both, the private homebuilders in particular thought that their relationship with the Council could have been much better and in particular that there could be more flexibility. We were also concerned to hear that developers felt that they had to act as go betweens when dealing with different council departments.
- 3.8.3 There is no suggestion here that the officers involved have been anything but professional but rather that these issues reflect the way in which the service is currently set up. We also recognise that the private home builders in particular will at times have different interests to the Council and that this may colour their perspectives. However, taking the concerns we have heard alongside the complex nature of the work involved we believe that a review of how Planning and Housing Officers work with developers could add value.
- 3.8.4 A review of how the Council's supports new affordable housing schemes would be an opportunity to consider, from a corporate perspective, what such a service should look like in future. Specifically, and in the spirit of the Council's policy commitment to a 'can do culture', we believe this would be a good area to apply systems thinking as has been applied to other areas of the housing service. In conducting such a review the relevant Cabinet Member(s) should consider specifically whether:
- Council officers are able to act on behalf of the Council as a whole, not just one department
 - Council officers have the expertise to be able to assess the financial viability of schemes
 - Council officers have the authority to make as many decisions 'on site' as is reasonable including those relating to enforcement

- Council officers have the skills required to work with the community when developing schemes
- Planning charges are hindering development

4. Recommendations

The Panel commends Cabinet to consider all issues and ideas raised by this inquiry and, in particular, the recommendations set out below.

The Panel recognises that the Authority

- (a) will need to ensure that any subsequent actions are legal and meet the requirements of any relevant legislation;
- (b) has a responsibility to make the best use of limited resources and that any additional costs will need to be considered carefully as part of the annual budget setting process.

The Panel has kept these principles in mind in the course of its investigations.

The Panel recommends to Cabinet that it:

- 4.1 Makes the case to Swansea Local Service Board for affordable housing to be included as a challenge within the Single Integrated Plan
- 4.2 Publishes a 'Commitment to Affordable Housing' setting out how the Council is corporately addressing this issue
- 4.3 Clearly identifies a single portfolio holder with responsibility for all aspects of affordable housing
- 4.4 Undertakes stakeholder engagement, including with councillors, to test the results of future needs assessments
- 4.5 Establishes a strategic partnership forum for affordable housing that will allow the Council to engage with the private sector, voluntary sector, the Welsh Government and the utility companies
- 4.6 Formally asks Swansea Local Service Board to invite a representative of the housing sector to join as a member
- 4.7 Establishes a partnership task group to consider how more publically owned land can be used to subsidise new affordable homes

- 4.8 Ensures that empty homes, the private rented sector and the Council's own housing stock are considered as part of any strategy to increase the number of affordable homes
- 4.9 Takes active steps to ensure that new affordable homes remain as affordable homes over the long term
- 4.10 Introduces measures that allow innovative schemes to be proposed and debated
- 4.11 Writes to the Welsh Government asking them to consider whether unnecessary development requirements are hindering the building of new affordable homes
- 4.12 Evaluates whether an area approach can be used for determining and delivering new housing schemes
- 4.13 Undertakes a 'systems thinking' review of the support service that the Council provides in respect of new developments

Acknowledgements

The Panel is very grateful to the following people for their participation and contribution to the inquiry:

Lee Morgan, Head of Housing City & County of Swansea
Peter Williams, Housing Strategy Manager City & County of Swansea
Paul Meller, Planning Policy Team Leader City & County of Swansea
David Evans, Housing Business Manager City & County of Swansea
Richard Jones, Major Projects Team Leader City & County of Swansea
Huw Mowbray, Property Development Manager City & County of Swansea
Geoff Bacon, Corporate Strategic Manager City & County of Swansea
Kate Sinclair, Housing Enabling Officer City & County of Swansea
Phil Roberts, Director of Regeneration and Housing City & County of Swansea
Tim Blanch, Coastal Housing Association
Phil Dennis, Family Housing Association
Lyn Davies, Family Housing Association
Lesley Penn, Gwalia Housing Association
Stuart Davies, Gwalia Housing Association
Richard Lloyd, First Choice Housing Association
Sue Finch, Welsh Local Government Association
Keith Edwards, Chartered Institute of Housing
John Puzey, Shelter Cymru
Richard Price, Homebuilders Federation
Andrew Compton, Persimmon Homes
Ian Griffiths, Barratt Homes
Rhidian Jones, Welsh Government
Malcolm Wilson, RCT Homes
Paul McCurry, Bellerophon Partnerships

About the Affordable Housing Scrutiny Inquiry Panel

The Affordable Housing Scrutiny Inquiry Panel was made up of Councillors who are not members of the Cabinet. As scrutiny councillors their role is to look at policy and service areas in depth and to make recommendations about how things can be improved. Inquiry Panels are time limited task and finish.

Members of the Inquiry Panel

Councillor Terry Hennegan (Convener)	Councillor Jane Harris
Councillor Peter Black	Councillor Lynda James
Councillor David Cole	Councillor Clive Lloyd
Councillor Uta Clay	Councillor Linda Tyler Lloyd
Councillor Robert Francis Davies	

Panel Support

The panel received support to conduct this Inquiry from the Council's Scrutiny Unit including for:

- Project Management
- Research
- Communications
- Report Drafting

The support officers for this Panel were:

- Dave Mckenna, Scrutiny Manager
- Rosie Jackson, Scrutiny Officer

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Appendix B

Joint Report of the Cabinet Members for Well Being and Place

Cabinet – 3 December 2013

RESPONSE TO THE REPORT OF THE AFFORDABLE HOUSING INQUIRY PANEL

Purpose:	To outline a response to the scrutiny recommendations and to present an action plan for agreement.
Policy Framework:	None
Reason for Decision:	To comply with the requirements of the Council Constitution.
Consultation:	Legal, Finance
Recommendation(s):	It is recommended that: 1) The response as outlined in the report and related action plan be agreed.
Report Author:	Peter Williams
Finance Officer:	Kim Lawrence
Legal Officer:	Sandie Richards
Access to Services Officer:	Phil Couch

1.0 Introduction

- 1.1 The Affordable Housing Inquiry report was submitted to Cabinet on the 23rd July 2013 after the Affordable Housing Scrutiny Inquiry Panel completed their inquiry and developed a series of recommendations.
- 1.2 The purpose of this report is to consider each of the Panel's conclusions and to agree a series of actions for those recommendations that the Cabinet agree should be taken forward.

2.0 Response to Scrutiny Recommendations

The following sets out the recommendations by the Affordable Housing Inquiry Panel, the response of the respective Cabinet Member and conclusions on whether the recommendations are agreed or not.

Recommendation 1
That the Cabinet makes the case to the Swansea Local Service Board for affordable housing to be included as a challenge within the Single Integrated Plan
Cabinet Member Response: The council's policy statement on housing begins with stating our belief that a warm and secure home is crucial and the starting point for so much in life. Whilst it is too late for this challenge to be included in the current Single Integrated Plan (SIP), it can be included in other corporate strategies which are currently under development such as the Local Housing Strategy. When the current SIP is next reviewed, we will seek to raise the profile of this challenge in various aspects of the LSB plans such as giving every child the best start in life, older people's independence, and housing quality.
Recommendation is AGREED

Recommendation 2
That the Cabinet publishes a 'Commitment to Affordable Housing' setting out how the Council is corporately addressing this issue
Cabinet Member Response: The Authority's has committed to working with the Welsh Government, RSLs and the private sector to increase the supply of affordable housing. This was published in the high profile Corporate Policies adopted by the current administration. Also the need to increase the supply of affordable housing appears in the Corporate Improvement Plan and the risks of not increasing the supply appears in the Corporate Risk Register.
Recommendation is AGREED

Recommendation 3
The Cabinet clearly identifies a single portfolio holder with responsibility for all aspects of affordable housing
Cabinet Member Response: The Cabinet portfolios have been designed with a number of aims in mind, one of which is to have a cross cutting element to engender closer working between Cabinet Members and to prevent the organisation working within silos. Affordable Housing is the shared responsibility of the Cabinet Members for Place and the Cabinet Member for Wellbeing. Whilst portfolios are not fixed, it is unlikely this administration will revert to having a Cabinet Member for Housing.
Recommendation is NOT AGREED

Recommendation 4
The Cabinet undertakes stakeholder engagement, including with councillors, to test the results of future needs assessments
Cabinet Member Response: As stated in reply to recommendation two, this council undertakes to work with a range of people and organisations in addressing future needs. The Welsh Government (WG) have indicated that from this year onwards all Local Authorities need to produce Housing Market Assessments themselves using a software package and methodology supplied by the Welsh Government. Whilst there will be stakeholder engagement (which will include Councillors) on the actions needed to take the results forward, the data model itself will be prescribed by the WG with little room to challenge the methodology and results of the Assessment.
Recommendation AGREED

Recommendation 5
That the Cabinet establishes a strategic partnership forum for affordable housing that will allow the Council to engage with the private sector, voluntary sector, the Welsh Government and the utility companies
Cabinet Member Response: The Council already works very closely with Registered Social Landlords (RSLs) and the Welsh Government on deciding the amount, type and location of affordable housing locally, and have planning policies developed to guide developers on what is needed, and to engage with them on all planning applications. In addition, it is a priority of this Administration that the need for affordable housing and the means to provide it will be reinforced in the developing LDP.
Recommendation is NOT AGREED

Recommendation 6
That the Cabinet formally asks Swansea Local Service Board to invite a representative of the housing sector to join as a member
Cabinet Member Response: As set out earlier, the current Single Integrated Plan (SIP) does not include the provision of affordable housing as a key challenge and simply adding a representative of the Housing Sector to the Board would not necessarily increase its profile.. However, housing issues are an important aspect that underpins other key challenges within the SIP and the specific inclusion of affordable housing and membership at Board level will be subject to further review at the appropriate time.
Recommendation is NOT AGREED

Recommendation 7
That the Cabinet establishes a partnership task group to consider how more publically owned land can be used to subsidise new affordable homes
Cabinet Member Response: The Council has adopted a policy commitment to make land available for affordable housing. All land released by the council for development is subject to the Council's planning policies, and the release of such land is normally conditional on meeting specific needs such as affordable housing. Occasionally, this can also lead to accepting a lower receipt for the land in order to maximise the level of affordable housing. Land released by other public bodies is ultimately a matter for them, but we would anticipate working directly with them to address the affordable housing needs, or more generally in the Single Integrated plan, they too would have affordable housing high on their agenda. Having a specific task group at an authority level is unlikely to increase supply. We would also seek to influence all development through establishing affordable housing needs through Planning.
Recommendation is PARTIALLY AGREED

Recommendation 8

That the Cabinet ensures that empty homes in the private rented sector and the Council's own housing stock are considered as part of any strategy to increase the number of affordable homes. Void properties within the Council's own housing stock continue to remain at a low level.

Cabinet Member Response: This Authority is committed to take action to address the blight of empty properties. We have in place an Empty Homes Strategy for reducing the number of private sector empty properties in the Authority's area and working with the Welsh Government this strategy will continue to contribute to increasing the supply of affordable homes.

Recommendation is **AGREED**

Recommendation 9

That the Cabinet takes active steps to ensure that new affordable homes remain as affordable homes over the long term

Cabinet Member Response: Most affordable housing delivered by partner organisations are already covered by range of covenants and rules ensuring that they remain as affordable housing units. For example, if an affordable housing unit funded by Social Housing Grant is sold by an RSL, the Social Housing Grant used to construct the property must be reused by the RSL to construct another affordable home.

Recommendation is **AGREED**

Recommendation 10

That the Cabinet introduces measures that allow innovative schemes to be proposed and debated

Cabinet Member Response: A range of innovative schemes to increase the supply of affordable housing are under active consideration and research is continuing into examples elsewhere. Key staff from across the Council's services are already involved and respective Cabinet Members are kept informed of any potential to adopt such schemes. Innovation is encouraged and the Authority wishes to support independent living. We would welcome approaches from mutuals and co-ops to help meet housing need, and especially to tackle homelessness.

AGREED

Recommendation 11

That the Cabinet writes to the Welsh Government asking them to consider whether unnecessary development requirements are hindering the building of new affordable homes

Cabinet Member Response: The vast majority of the development requirements put in place by the Welsh Government have been introduced for a good reason, for example to improve health and safety or to address sustainability issues.

Recommendation is **NOT AGREED**

Recommendation 12

That the Cabinet evaluates whether an area approach can be used for determining and delivering new housing schemes

Cabinet Member Response: Housing is at the centre of community regeneration both through the physical structure and through employment. £11m spending plans are being brought forward to improve housing stock for council tenants. Also an area approach is already used when delivering new affordable homes by ensuring affordable housing is delivered as part of new housing schemes via a Section 106 Agreement, the terms of which vary according to the area within which the scheme is located.

Recommendation is **AGREED**

Recommendation 13

Undertakes a 'systems thinking' review of the support service that the Council provides in respect of new developments

Cabinet Member Response: It is uncertain at this stage whether a Systems Thinking type review would provide any meaningful benefits. New arrangements are already being introduced within the Housing Service to bring fresh thinking and innovation to the role and at this time, it would be more worthwhile to devote resources to this aspect rather than a systems review.

Recommendation is **PARTIALLY AGREED**

3.0 Equality and Engagement Implications

- 3.1 Proposed actions resulting from this report will need to undergo an Equality Impact Assessment at the earliest opportunity and will be subject to consultation and engagement with representatives of all stakeholders and groups identified as having an interest - including those parts of the community most affected by homelessness.

4.0 Legal Implications

- 4.1 Other than those which are set out within the body of this report there are no further legal implications arising from this report

5.0 Financial Implications

- 5.1 There are no direct financial implications arising from either the Scrutiny recommendations of the responses

Background Papers:

1. Report of the Affordable Housing Inquiry Panel

Appendices

Appendix 1 – Proposed Cabinet Action Plan

Scrutiny Inquiry of Affordable Housing – Cabinet Action Plan

Recommendation	Action Proposed	Timescale	Responsible Officer	
1.	That the Cabinet makes the case to the Swansea Local Service Board for affordable housing to be included as a challenge within the Single Integrated Plan	The issue of including affordable housing in future versions of the Single Integrated Plan is raised with the Local Service Board	2014/15	David Evans
2.	That the Cabinet publishes a 'Commitment to Affordable Housing' setting out how the Council is corporately addressing this issue	The need to provide more affordable housing is listed as a key priority in the Authority's Local Housing Strategy	January 2014	Peter Williams
4.	The Cabinet undertakes stakeholder engagement, including with councillors, to test the results of future needs assessments	Identify stakeholders for engagement. Councillors and other stakeholders to be consulted when the next Housing Market Assessment is produced.	2014/15	Peter Williams
7	That the Cabinet establishes a partnership task group to consider how more publically owned land can be used to subsidise new affordable homes.	The issue of including affordable housing in future versions of the Single Integrated Plan is raised with the Local Service Board. Once the issue of Affordable Housing is in the Plan, it will raise the profile of the need for more publically owned land to be released.	2014/15	David Evans

8.	That the Cabinet ensures that empty homes in the private rented sector and the Council's own housing stock are considered as part of any strategy to increase the number of affordable homes. Void properties within the Council's own housing stock continue to remain at a low level.	That all elements of the Council's Empty Property Strategy are implemented	2014/15	Mark Wade/Paula Livingstone
9.	That the Cabinet takes active steps to ensure that new affordable homes remain as affordable homes over the long term	To ensure that the revenue generated from any sale of RSL properties that were funded by Social Housing Grant is used to build replacement affordable housing.	All future financial years	Peter Williams
10.	That the Cabinet introduces measures that allow innovative schemes to be proposed and debated	That progress with evaluating new affordable housing models and their appropriateness to Swansea is reported to the relevant Cabinet members	2014/15	David Evans
12.	That the Cabinet evaluates whether an area approach can be used for determining and delivering new housing schemes	That the area approach currently used is continued	2014/15	David Evans
13	Undertakes a 'systems thinking' review of the support service that the Council provides in respect of new developments	Review and update working practices of the Housing Enabling Team.	March 2014	David Evans

APPENDIX C

Scrutiny Inquiry of Affordable Housing – Cabinet Action Plan Progress Up-date

Recommendation	Action already being undertaken	New Action Proposed	Timescale	Responsible Officer	
1.	That the Cabinet makes the case to the Swansea Local Service Board for affordable housing to be included as a challenge within the Single Integrated Plan	The Authority is currently undertaking a 'Needs assessment' to determine what new challenges need to be added to the Single Integrated Plan in future and the case for affordable housing to be included will be made as part of this process. .		November 2014	David Evans
COMPLETED – NO					
2.	That the Cabinet publishes a 'Commitment to Affordable Housing' setting out how the Council is corporately addressing this issue	A draft Local Housing Strategy has now been produced. The issue of Affordable Housing has a high profile within the strategy.		December 2014	Peter Williams
COMPLETED – YES, DRAFT READY FOR THE CONSULATION PROCESS					

3.	The Cabinet undertakes stakeholder engagement, including with councillors, to test the results of future needs assessments	Work on a new Market Assessment will begin in 2015 using the new prescribed methodology issued by the Welsh Government. There will be scope to consult Members regarding the draft results when they are available.		June 2015	Peter Williams
COMPLETED – NO					
4.	That the Cabinet establishes a partnership task group to consider how more publically owned land can be used to subsidise new affordable homes.	The issue of including affordable housing in the next version of the Single Integrated Plan is being fed into the 'needs assessment' exercise that is being undertaken for the next SIP. If the issue is listed in the SIP it will raise the profile of the need for more publically owned land to be released.		November 2014	David Evans
COMPLETED –NO					

5.	That the Cabinet ensures that empty homes in the private rented sector and the Council's own housing stock are considered as part of any strategy to increase the number of affordable homes. Void properties within the Council's own housing stock continue to remain at a low level.	The Authority's Empty Property Strategy is currently being Implemented During 2013 the Authority approved 18 loans under the Houses to Homes initiative to bring private sector empty properties back into use. In addition a further 6 properties benefited from the Grants for Nominations scheme.		Ongoing	Mark Wade/Paula Livingstone
COMPLETED – YES / Ongoing					
6.	That the Cabinet takes active steps to ensure that new affordable homes remain as affordable homes over the long term	Most affordable homes built by the RSLs are covered by a range of covenants ensuring that they remain affordable homes in future. Revenue generated from the sale of RSL properties that were funded by Social Housing Grant is used to build replacement affordable housing.		Ongoing	Peter Williams

COMPLETED – YES /Ongoing					
7.	That the Cabinet introduces measures that allow innovative schemes to be proposed and debated	Officers are in the process of researching new financial models and have met with an external organisation that specialise in alternative financial models to fund affordable housing on a number of occasions. Progress is being reported to the Cabinet Member.		Ongoing	David Evans
COMPLETED – YES / Ongoing					
8.	That the Cabinet evaluates whether an area approach can be used for determining and delivering new housing schemes	An 'area based' approach is currently used especially in relation to Section 106 Planning Obligations and the use of Commuted Sums.		Ongoing	David Evans
COMPLETED – YES / Ongoing					
9.	Undertakes a 'systems thinking' review of the support service that the Council provides in respect of new developments	A review of the Housing Enabling function and responsibilities was undertaken in the Autumn of 2013 and			David Evans

		as a result, staff resources were strengthened and some staff were given additional responsibilities.			
COMPLETED – YES					