



Independent Affordable Housing Supply Review – Call for Evidence

Response from the Wales Co-operative Centre, September 2018

Summary

- Community-led housing can make a real contribution to the target of 20,000 new homes in Wales and should be given increased priority. We support the Co-operative Party's call for at least 10% of new affordable homes to be co-operatively managed.
- In our view, community-led housing schemes are one of the most effective mechanisms for bringing forward public sector land for house building to enable the delivery of affordable homes. Such schemes preserve long term affordability, accessibility and a sense of community while building community wealth.
- Evidence from elsewhere suggests that releasing public land to private developers does not lead to more affordable housing. The review panel could also consider the role of anchor institutions, such as hospitals and universities, in using their place based resources to support community control of land and housing.
- The review panel could also consider the feasibility of establishing a community controlled land trust to obtain land in areas where change of use or infrastructure investment will occur and to distribute land and any value created to the community.
- The review should consider how more affordable homes could be delivered in a manner that maximises the social benefits and adds value. This includes engaging SMEs and social businesses in the supply chain
- The Co-operative Housing project initially supported six 'pioneer' housing co-operatives across Wales. These demonstrate collaboration and partnership working between a number of organisations and local communities.
- We would encourage the review panel to visit co-operative housing schemes to see the standard of the homes and speak to residents about the difference co-operative housing makes to their lives. We would be happy to facilitate these visits .

Introduction

The Wales Co-operative Centre is a not-for-profit co-operative organisation that supports people in Wales to improve their lives and livelihoods.

We are working for a fairer economy. We help to create and retain wealth within our communities through the growth of co-operatives and social businesses and by providing people with the skills to take more control of their own lives and strengthen their communities.

Our Co-operative Housing Project offers support and advice to new and existing organisations looking to develop co-operative and community-led housing schemes in Wales. Co-operative and community-led housing encompasses housing co-operatives, community land trusts, tenant management organisations, cohousing and self-build schemes. Our goal is to stimulate and support the demand for co-operative and community-led housing approaches throughout Wales by:

- Providing access to expertise & advice about co-operative housing
- Providing skills development & training opportunities for members of co-operative housing schemes
- Supplying networking opportunities & sharing good practice
- Producing research that can inform the development of co-operative housing schemes
- Developing guidance for future co-operative housing schemes.

About Co-operative Housing

There is a need to build more homes but, building on rich traditions in Wales, there is also a need to build supportive and viable local communities. A range of housing need is met through the provision of social, intermediate, market rented, shared ownership, leasehold co-operative ownership and management.

Co-operative housing can provide an innovative, affordable and alternative model for home ownership and rented accommodation in Wales. The approach offers affordable housing in a climate where mortgages are difficult to get and house prices too high for many buyers.

As with traditional housing, co-operative housing can be developed in new or existing housing and it can enable modern design and building methods and high standards of environmental sustainability. It can be established to provide any tenure and adapt to most circumstances dependent on local priorities.

Co-operative housing is about communities having democratic control over any decision-making relating to their homes, neighbourhoods and communities. It

enables people in the local community to become members of a co-operative society or other legal entity. Those who become members own the co-operative and through that have some level of control over their homes and community. These features are what builds the sense of community and ownership from which the benefits of co-operative housing spring.

Evidence suggests that motivated co-operators, who have a say in the management of their housing, can help reduce the long term cost of housing management and maintenance. The Taf Fechan Co-operative is a good example where the co-operative has frozen rents for two years as they are out performing their business plan assumptions on voids and bad debts.

We would encourage the review panel to visit co-operative housing schemes to see the standard of the homes and speak to residents about the difference co-operative housing makes to their lives. We would be happy to facilitate these visits.

Understanding housing need

We support Cadwyn Housing Association's assertion that the term "housing need" needs revisiting to distinguish it from housing demand and that it should reference affordability and whole housing costs, tenure, standards, and security. We also agree that there should be more of a future focus with consideration of long term demographics to help inform the assessment of housing need. Finally, we would like to see local communities involved in assessing housing need in their area. There should be meaningful engagement and co-production with communities to discover what they want and what is needed in a local area. It should consider whether affordable housing proposed is in areas where people want to live.

It is evident that the current tenure mix of properties being built is not meeting the need. The number of homes available does not meet the number of people on housing waiting lists or those people living with family, trapped in the private rented sector and the rise in numbers of people who are homeless.

Not only does the tenure mix not meet the current need, but also the number of homes being built should be questioned, During 2018, 6663 homes were completed in Wales, less than half the number being built during the 1970s. The majority of those homes, 5465, were built by private developers, with RSLs completing 1117 new homes, and local authorities only completing 81. A recent report published by the BBC Shared Data Unit suggested that only three local authorities in Wales met their housing demand during 2016-17.

We believe that community-led housing should be given increased priority in order to meet the current need and demand. Co-operative and community-led housing can help to create sustainable places in line with goals of the Well-being of Future

Generations Act, through community land trusts, co-housing schemes, housing co-operatives and custom/self-build projects. Community-led housing, by nature, empowers local people and communities to take ownership of their housing situation, enabling them to develop homes that meet their needs.

Grant allocation and intervention rates

We have the following observations on grant allocation and intervention rates:

- We support the suggestion from the Co-operative Party that a co-operative grant is added to the Social Housing Grant and is repaid at the end of the first 5 years.
- The grant regime could best achieve value for money and efficiency and deliver more affordable housing from current resources through considering the triple bottom line – social, economic and environmental value.
- We suggest that the zoning areas for RSLs should be increased to encourage partnership working and cross boundary working. Zoning areas could be made consistent with the footprint of local health boards to ensure that a more holistic approach is taken.
- We recommend leveraging S106 funds for community-led housing as an alternative financial structure for affordable housing that truly meets the needs of communities. Private developers should be regulated to ensure that S106 funds are used within 5 years for community-led schemes.

Standards/development quality requirements (DQR)

We would welcome a commitment to co-produce standards with communities. This would help to ensure that affordable homes meet people's needs. We would also welcome a commitment to high eco-standards and for all homes built on Welsh Government land to be zero carbon, as recommended in the 'Low Carbon Housing: the Challenge' report published by the Climate Change, Environment and Rural Affairs Committee.

We would also question whether we should be considering more than the cost implications when considering if the DQR is justifiable. We would urge that rather than simply considering the DQR on financial costs it should be assessed for impact on well-being, health, resilience and cohesive communities. The DQR could be seen as a long term investment in sustainable future housing. The Living Home Standard, published by Shelter Cymru in 2017 provided a benchmark for standards in Wales and allowed progress to be monitored in order to achieve better homes for all.

Local authority building

In our view, for local authorities to deliver new homes at pace and scale, they should consider changing the following:

- Best consideration policy: Local authorities should focus on the best long-term value of land rather than selling it to the highest bidder, usually to large scale developers. In line with the Well-being of Future Generations Act, prioritising the long-term would achieve wider social benefits. We understand that local authorities are under immense pressure with a clear tension between land disposal, bridging the funding gap and the need to develop high quality affordable housing and other infrastructure. More local authorities across Wales should be retaining land and directly developing affordable housing, which would benefit the public in the long term.
- Work in partnership: Local authorities should be encouraged to work in partnership and across regions to deliver new, affordable homes at pace and scale, and that meet the needs of communities. Regional housing strategies would enable key stakeholders to have a more holistic view of affordable housing provision. Joint working would also allow land and resources to be utilised more efficiently.
- Alternative methods of delivery: Local authorities should consider working with a range of partners – housing associations, health boards, rural housing enablers, SME builders, and social enterprises – to deliver affordable housing. They should also consider working with community-led housing schemes, including co-operative housing, cohousing, self-build, and community land trusts. These models ensure that local communities have a voice and control over affordable housing provision in their communities. They can also ensure that land and housing remains permanently affordable. Community land trusts and some other organisations are able to place an asset lock on land to ensure that the value of the asset cannot be used for private benefit. These models also allow for house prices to be linked to local wages/incomes ensuring that they are truly affordable for local people.
- Planning Policy Wales: We welcome the recent proposal to align Planning Policy Wales with the Well-being of Future Generations Act's goals. We particularly agree that local planning authorities should be allocating a range of site sizes to provide opportunities for all types of housing builders. While we agree with the plan-led system in principle, we feel that there needs to be more emphasis on neighbourhood plans. Community engagement and wider consultations need to be carried to ensure that the voice of communities across Wales can influence developments in their areas. Our recommendations for amendments to Planning Policy Wales were submitted

earlier in 2018 and we would be happy to share our response with the panel. We believe a more holistic approach needs to be taken to deliver more affordable housing.

We agree with Cadwyn Housing Association that the role of non-stock owning local authorities in housing supply is to take a strategic role to support and enable affordable housing to be delivered in their region. Non-stock owning local authorities should work with communities to identify the need for affordable housing in order to influence the type and mix of homes that are developed. Non-stock owning local authorities should work in partnerships with a range of stakeholders – RSLs, SME builders, community-led housing groups – to deliver the housing that is needed. They should also seek financial support to enable the delivery of affordable housing.

A good example of a non-stock owning local authority supporting the development of affordable housing can be seen in Merthyr. Within Wales the HRA freedoms that have been agreed with Her Majesty's Treasury in England includes a cap on HRA additional borrowing; however low cost prudential borrowing from the General Fund has already financed one co-operative at Taf Fechan Housing. In this case Merthyr Tydfil County Borough Council used their prudential borrowing powers to on lend to Merthyr Valleys Homes at 2% interest fixed over 25 years. This is significantly cheaper than any rates housing associations can borrow at. This low interest rate allowed for the creation of a grant free co-operative scheme where Merthyr Valleys Homes have a 25 year lease with a fully mutual co-operative who are responsible for all their own management and controls. An unused housing scheme was refurbished, which had been considered for demolition, and has been part of the wider regeneration of the Gellideg area. However more telling is the success of creating demand, of virtually no void loss and a rent freeze due to the excellent co-operative management of the homes.

Construction supply chain

The review should consider how more affordable homes could be delivered in a manner that has maximum social benefits to add value. This can include:

- Employing small, local home builders and tradespeople to retain benefits in the local economy
- Maximising the use of social businesses in the supply chain. Social businesses are anchored in their communities and investment by the public sector in co-operatives and social enterprises stays in the community and will be recycled for wider economic and social benefits. Examples of social businesses in the construction supply chain include Merthyr Tydfil Institute for the Blind who have supplied recycled paint to companies such as Wates.

We would recommend that the Review Plan meet with the Valleys Taskforce to discuss their foundational economy pilots to share lessons learned.

Public sector land

In our view, co-operative and community-led housing schemes are the most effective mechanism for bringing forward public sector land for house building to enable the delivery of affordable homes. Such schemes preserve long term affordability, accessibility and sense of community while building community wealth. This would help to maximise contributions to delivering the seven well-being goals outlined in the Well-being of Future Generations Act while also encouraging more long-term thinking in line with the Act.

Loftus Village Association, a pioneer housing co-operative supported by the Wales Co-operative Centre housing project, took advantage of brownfield land at a reduced price from the Welsh Government. The 19 co-operative homes were developed as part of a much larger site, but have completely integrated into the community and manage some of their own housing services.

Old Oak Housing Co-Operative, another pioneer scheme supported by the Wales Co-Operative Housing project, utilised public land for community-led housing. This partnership scheme saw Gwalia Housing (now part of the Pobl Group) work in partnership with Carmarthenshire County Council to develop 27 intermediate rent homes on public sector land. The scheme has gone on to win TPAS Cymru award for Improving Services, and an RICS award for Community Benefit.

The Wales Co-operative Centre housing project is working with a number of groups and associations across Wales that would benefit from access to public sector land. Access to land is a huge barrier for community-led housing project, with some schemes unable to overcome this huge obstacle, unable to compete with large scale developers.

The New Economics Foundation suggest that shifting focus from one off sale value to the best long term value for land would lead to wider social benefits. It suggests working with long term equity investors such as pension funds or community led projects to directly fund affordable developments.

Evidence from elsewhere suggests that the sale of public land to private developers does not result in affordable homes. Recent research by the New Economics Foundation found that the sale of public land in England was not leading to more affordable homes being available. They found that only one in five new homes built on public land were affordable and as little as 6% of new homes were likely to be

social rented housing.¹ In response, NEF are working with community groups to intervene in individual sales of public land to secure public land for community housing. For example, through StART Haringey they are working with local residents who have detailed and costed plans to develop 800 homes with three quarters being genuinely affordable compared to the original developer's 14%.

A recent report from the Democracy Collaborative also highlights a role for anchor institutions.² It suggests that anchor institutions, such as universities and hospitals, should use their place based resources to support community control of land and housing.

Bronllys Well Being Park Community Land Trust Ltd (BWBP CLT Ltd) are currently aiming to do this through developing a ground-breaking community asset inspired and owned by local people on land owned by Powys Health Board. It will complement and enhance Bronllys Hospital itself through the sustainable development of housing, transport, work and leisure opportunities. Owned by the local community, BWBP CLT Ltd will provide sustainable and genuinely affordable housing. Their intention is to make it possible for people to live close to their place of work, enabling the community to function effectively. Job vacancies will be filled by young local people who are given an opportunity to remain in the area should they wish to do so and encourage retention of a skilled workforce.

We also support the idea raised in the Co-operative Party's submission to the Call for Evidence for a community controlled land trust. Infrastructure investment by Welsh Government such as new schools, new roads and metro systems will increase land values. In the absence of a land valuation tax, Wales could establish a community controlled land trust to obtain land in areas where change of use or infrastructure investment will occur and then distribute this land and any value created to the community.

As stated in Section 4 all new housing should be built using more energy efficient methods to help tackle fuel poverty, resource depletion and a changing climate. A more holistic approach to standards should be implemented that are in line with the Well-Being for Future Generations Act, co-produced by and with communities. Holistic standards should act as guidance and be more flexible so that they are able to meet the needs and aspirations of communities.

Capacity of public sector and RSLs

The Co-operative Housing project initially supported six 'pioneer' housing co-operatives across Wales. These demonstrate collaboration and partnership working between a number of organisations and local communities. A detailed consideration

¹ <https://neweconomics.org/2018/02/communities-building-affordable-homes-london-needs>

² <https://democracycollaborative.org/community-control-of-land-and-housing>

of the lessons learned from these pioneer projects is outlined in our 'A View from the Foothills' report.³ Each pioneer project was 'hosted' by a housing association, and all six were based on partnership working between the association, local authority, contractors, the Co-operative Housing Project and, of course, residents who formed the co-operative. In our experience, the support from the 'host' housing association at the highest level played a very important role in instigating the co-operative. The support of individual 'champions' within associations and councils in maintaining momentum was also seen as crucial.

Lessons about partnership working from these pioneer projects included:

- Securing early buy-in from the highest level within the local authority
- Developing and adopting a headline protocol for partnership working with all key partners
- Including local Assembly Member and councillors from the start and keeping them informed at every stage
- Ensuring that host associations secure the support of internal partners across all departments and that this is ongoing
- Adopting a community development approach from the outset that seeks to empower co-operators rather than seeing them as recipients of services

Old Oak Housing Co-Operative was established in 2016 as part of the Co-operative Housing Project's pioneer schemes. The scheme was developed in partnership by Carmarthen County Council and Gwalia Housing Association, now part of the Pobl Group, with support from the Wales Co-operative Centre and the Confederation of Co-operative Housing. The scheme has provided 27 affordable homes in Johnstown, Carmarthen and has gone on to win a TPAS Cymru award and an RICS award.

Use of existing powers

We should be doing more to bring existing empty homes and properties back into use. As mentioned above, Merthyr Valleys Homes used prudential borrowing from Merthyr Tydfil County Borough Council and an asset transfer to fund their 12 unit co-operative housing project in Gellideg, Merthyr. The 12 flats had been empty since 1995 and had been considered for demolition, but Merthyr Valleys Homes chose to refurb the properties and let them to local working people in a co-operative structure. Taf Fechan is now successfully operating and is at the heart of the regeneration project in Gellideg, which has completely transformed a previously 'hard to let' area.

³ <http://wales.coop/wp-content/uploads/A-View-from-the-Foothills.pdf>

Another project which is in the early stages of development is the Community Impact Initiative, funded by the Big Lottery and Screwfix. This CIC is a forward-thinking social enterprise that develops and delivers skill and community-development projects in local communities that lead to a range of personal, social and economic benefits. Their first project involves refurbishing empty homes, with disadvantaged groups carrying out the work giving them the opportunity to learn new skills. Initially the homes will be sold on the open market; however there could be opportunities in the future for the properties to be managed in a co-operative/trust.

General observations

We would be pleased to meet the panel to discuss our work and to facilitate visits to co-operative housing schemes that we have supported across Wales.

We also believe that the Review Panel would benefit from input from affordable housing tenants. If it is not possible to include this formally within the structure of the Panel we would be able to arrange for the panel to meet co-operative housing tenants. This input and lived experience would be invaluable in understanding what people want from affordable housing as well as the challenges and opportunities facing the sector.

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The Wales Co-operative Centre is happy to provide any further information on the points raised in our response, and for our response to be in the public domain.