



Llywodraeth Cymru  
Welsh Government

PUBLICATION

# Building 20,000 new low carbon homes: integrated impact assessment

How the commitment to build 20,000 new low carbon social homes for rent may impact on a number of areas.

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# Section 1. What action is the Welsh Government considering and why?

**In narrative form, please describe the issue and the action proposed by the Welsh Government. How have you applied / will you apply the five ways of working in the Well-being of Future Generations (Wales) Act 2015 to the proposed action, throughout the policy and delivery cycle?**

The 2021-2026 Programme for Government contains the commitment to *“build 20,000 new low carbon social homes for rent”*.

The Minister for Climate Change, Julie James MS, published a written statement on 14 June 2021. The statement set out the commitment to deliver 20,000 new low carbon homes for rent within the social sector during this government term.

The statement also sets out that the target will focus exclusively on homes rented out by social landlords. It confirmed that the target will be defined within the recognised Technical Advice Note (TAN) 2 affordable housing definition however it will only include social homes for rent, intermediate homes for rent and shared ownership schemes.

It also confirmed that the option of meeting immediate housing need through acquisitions is important and where appropriate remains. Whilst the vast majority of the target will be on delivering new homes, acquisitions will contribute to the housing target.

The move to focussing the target specifically on housing for rent in the social sector is challenging. The social housing target goes beyond the annual additional housing need estimates set out in the Welsh Government Additional Housing Need Estimates published in August 2020.

Whilst support for market housing through a number of Welsh Government

programmes (including Help to Buy Wales and Homebuy Wales) remains an important part of the suite of support for those wishing to own their own homes, it does not contribute towards the delivery of the target.

Latest Affordable Housing Provision statistics, published on 21 December 2021, show that an additional 3,603 additional affordable housing units were delivered across Wales in 2020-21. This is a 22% (661 homes) increase on the previous year and the 2020-21 figure is the highest annual total to date. The average annual additional TAN2 affordable homes for the last term of government is 2,800. These statistics include additional affordable homes without a rental element. The first statistical release reporting progress towards delivering this target was published in February 2023. The release showed 2,676 additional affordable homes were delivered across Wales in 2021-22, the third highest delivery figure recorded.

To support the formal data collection, an informal collection is undertaken annually through regulation development survey data returns. Registered Social Landlords (RSLs) and Local Authorities (LAs) provide annual projections for the number of homes they expect to deliver. Whilst these projections provide an indicator towards delivery against the target, the projections have a degree of inaccuracy within them.

In 2021-22, Welsh Government allocated a substantial budget of £250m to the Social Housing Grant, this doubled the budget from 2020-21 to directly support the delivery of the Housing target. Significant continued capital investment is required through the Social Housing Grant to deliver against the target. Record levels of funding have also been set through the budget in this current year (2022-23) with £300m and indicative draft budget allocations of £330m in 2023-24 and £325m in 2024-25.

There are significant challenges facing the housing sector which are affecting the delivery of affordable housing, but there is ongoing collective action across Welsh Government and the housing sector to unlock sites and progress

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developments in a managed and prioritised manner. Whilst our focus is on building new homes, acquisitions are important in helping to meet the needs of our most vulnerable groups. We are supporting a range of initiatives that will deliver more homes towards the 20,000 homes target, including acquiring properties, remodelling existing accommodation, converting buildings into good quality accommodation, and the innovative use of modern methods of construction and modular accommodation.

The housing target is supported by clear governance arrangements including a Steering Group and a Programme Board. The target is also supported through a formal agreement with key representatives of the housing sector. The 2021-26 Housing Pact is in the process of being developed and will set out how Welsh Government / Welsh Ministers, Community Housing Cymru and the Welsh Local Government Association (WLGA) will work together to deliver the target.

## **Section 8. Conclusion**

### **8.1 How have people most likely to be affected by the proposal been involved in developing it?**

The social housing target will directly impact individuals and families in housing need. It will seek to deliver good quality housing that meets their needs now and in the future. Whilst the target is a Welsh Government Programme for Government commitment, homes will be delivered by local authorities and Registered Social Landlords. It is therefore the responsibility of those delivering the homes, and the local planning department through the local development plan and planning process, to ensure individuals are directly involved where possible.

### **8.2 What are the most significant impacts, positive and negative?**

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The delivery of social homes in achieving the target will have a significant positive impact of the individuals in housing need. It will provide good quality, affordable homes for some of the most vulnerable people in society.

### **8.3 In light of the impacts identified, how will the proposal:**

- **maximise contribution to our well-being objectives and the seven well-being goals; and/or,**
- **avoid, reduce or mitigate any negative impacts?**

The new target is designed deliver 20,000 new low carbon homes for rent in the social sector. It will provide additional housing for individuals and families in most need. This, in turn, will contribute to the well-being objectives and seven well-being goals in the following way:

- a prosperous Wales;

Housing building contributes to local economies, creating and supporting jobs, training opportunities and housing development supply chains.

- a resilient Wales;

Housing and the 20,000 target will provide homes for those who are most in need in Wales. Location and need will be undertaken by local authorities through the LHMA process. This will include engaging with their local communities to assess need.

- a healthier Wales;

There are clear health, mental health and wellbeing benefits of having a good quality home that suits the needs of an individual and families.

- a more equal Wales;

The social housing target will provide more homes for those in most need. We know that it is often those who are most vulnerable and at the lower end of the socio-economic scale who will usually be residents of social housing. It is therefore vital that more good quality, social housing is provided across Wales.

- a Wales of cohesive communities;

Providing additional social housing will ensure good quality homes are provided for those most in need. Any additional homes will have to adhere to planning and local development plan allocations to ensure developments are built with cohesive communities in mind.

- a Wales of vibrant culture and thriving Welsh language;

We know there is a social housing need across the whole of Wales including within Welsh language speaking communities. We know that not every community will face the same challenges and requirements in terms of housing. This is why Welsh Government relies on local authorities and RSLs to deliver homes in response to local housing need in their areas.

#### **8.4 How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?**

The progress towards delivering the 20,000 target will be monitored through the Affordable Housing Provision statistics. The first statistical release reporting progress towards delivering this target was published in February 2023. The release showed 2,676 additional affordable homes were delivered across Wales in 2021-22, the third highest delivery figure recorded. There are significant challenges facing the housing sector which are affecting the delivery of affordable housing, but there is ongoing collective action across Welsh Government and the housing sector to unlock sites and progress developments

in a managed and prioritised manner. Whilst our focus is on building new homes, acquisitions are important in helping to meet the needs of our most vulnerable groups. We are supporting a range of initiatives that will deliver more homes towards the 20,000 homes target, including acquiring properties, remodelling existing accommodation, converting buildings into good quality accommodation, and the innovative use of modern methods of construction and modular accommodation.

Officials also work with the sector to understand informal statistics during April / May of each year to understand the position towards delivering the target, including the information provided through the Social Housing Grant Programme.

The target is also supported through formal governance arrangements, including a programme board, steering group and appropriate governance documentation.

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