

COUNCIL FOR ECONOMIC RENEWAL

The Housing White Paper

Introduction

1. Ensuring everyone has a home that is in good condition and affordable is a fundamental part of a fair and supportive society. It is about much more than putting a roof over someone's head. It affects people's health and well being and their ability to find and keep a job.
2. Investment in housing is also a significant economic driver. It supports businesses of all sizes and creates jobs and training opportunities that raise skills levels, particularly in the construction sector.
3. There are many housing challenges facing us as Government and the people of Wales. The strategic priorities are:
 - (i) Increasing the supply of homes to meet demand.
 - (ii) Improving the quality of existing homes.
 - (iii) Improving services so that people receive high quality support when they need it.
4. The Housing White Paper, which was published on 21 May 2012, sets out a bold and ambitious agenda for action including the need to build more homes of all types and tenures. It includes clear and challenging targets to increasing housing supply. It will deliver at least 7,500 more affordable homes and 5,000 more homes by bringing empty properties back into use and develop a new type of co-operative housing option.

Broader approach

5. The White Paper sets out a broad approach, reflecting the responsibility we believe we have, not only for social housing but for the whole of housing system in Wales. In the past, a piecemeal approach to housing has tended to be taken, in which traditional social housing has dominated. Our commitment to social housing remains firm but we are building a more comprehensive approach, grounded in new and innovative ways of helping people to meet their housing needs and new ways of financing this. The role and contribution of house builders is recognised.
6. The Welsh Government does not have control over all elements of the housing system but there is much we can do to help it work more effectively and efficiently, and to make it more flexible to help people to meet their changing needs for housing at different points throughout their lives.

7. The White Paper sets out proposals for both legislative and non-legislative action. A copy of the Executive Summary is attached as Appendix 1 to this paper.

Key points

8. The developments set out in the White Paper include:
 - (i) **A tailored mortgage indemnity scheme for Wales** to boost the construction industry and to assist buyers who can afford to repay a mortgage, but cannot afford the current levels of deposit required. Under the mortgage guarantee scheme the Welsh Government would put 5.5% of the purchase price of the new home into a fund to help indemnify losses in case of a repossession. The developer would put 3.5% of the cost of each new home into the fund.
 - (ii) **A Special Purpose Vehicle** set up in an agreement between the Welsh Government and the Principality Building Society. The Ely Mill scheme in Cardiff involves a not-for-profit company, which aims to spend £100 million developing the site at Ely Bridge. The project is anticipating 700 housing units of which 300 would be for intermediate rent, 100 for social rent and 300 open market sale units.
 - (iii) Further expansion of **the Welsh Housing Partnership** which maximises the impact of public funding by drawing on the support and finances of private sector partners who share our goals. Welsh Government investment of £6 million will lever in an investment of £30 million in total to deliver 280 family homes for intermediate rent. It will provide housing for those in low paid employment who don't have priority on housing association waiting lists.
9. All of these developments will help maintain and create jobs in the construction industry and related fields.

Links to other developments

10. The Wales Infrastructure Investment Plan for Growth and Jobs, which is also on the agenda of this meeting of the Economic Council, was published on 22 May 2012. It included additional investment in housing and is therefore highly relevant to the delivery of a number of commitments set out in the White Paper.
11. The future EU Structural Funds programme is also highlighted in the White Paper in the context of, for example, further developments on regeneration and housing improvements, such as the Arbed programme.

Conclusion

12. Members of the Council are invited to note this paper and the contents of the Executive Summary attached as the basis for discussion.

Appendix 1**Housing White Paper: Executive Summary****Introduction**

1. The benefits of investing in homes and related services extend well beyond putting a roof over someone's head. A decent home that people can afford is essential to their ability to live healthy, productive lives in safe, strong, inclusive and fair communities. It provides children with the best possible start to their lives and the chance to realise their full potential. Good homes can also reduce carbon dioxide emissions, which can help to tackle climate change, exemplifying sustainable development in practice.
2. We are in difficult times. Housing markets are depressed and new house building is at a low point. More affordable homes are being built but numbers have fallen as the impact of public sector cuts is felt. Some of the factors behind the changes, such as Welfare Reform, are outside our control. The underlying trend in homelessness is upwards, fuelled by rising costs of living, depressed earnings, and in some cases, people losing their jobs. The quality of existing homes is also cause for concern, with potential impacts on people's safety, and their health and well being, most worryingly for children.
3. The challenges do not deter us from doing as much as we can to help people meet their housing needs. If anything, they strengthen our resolve. Homes that people can afford are fundamental to our goals of reducing poverty and greater equality. We are committed to making housing a greater priority in coming years.
4. This White Paper sets out an ambitious programme of action for the remainder of this term of Government. It describes our proposals for new legislation and other, non legislative, action. In summary, they will:
 - (i) Increase the supply of new homes:
 - a) by 7,500 new affordable homes, of which 500 will be co-operative homes and 500 will be built on surplus public sector sites, and
 - b) by bringing 5,000 empty properties back into use.
 - (ii) Improve the quality of existing homes, including their energy efficiency, through the Welsh Housing Quality Standard and other mechanisms.
 - (iii) Do more to prevent homelessness, and improve housing services to help people, particularly those who are vulnerable, to lead healthy, independent, lives.

- (iv) Make a significant contribution towards our long-term vision by ending family homelessness by 2019.
- 5. Information on how you can comment on the proposals set out in this document is in Chapter 1.

Our values and role

- 6. Our approach reflects our values of fairness, social justice, equality, and sustainable development. The course of action we are pursuing reflects the specific needs of people here in Wales and the importance we attach to homes as the fabric of people's lives and communities.
- 7. Social housing has been the focus in past years. It remains important but we are now taking a much broader view. We see our responsibility as the "stewardship" of the whole housing system. Put more simply, our role is to consider how the whole system works and to intervene where it is sensible and effective to do so. We cannot control some elements, such as macro economic factors, but we have a variety of tools at our disposal to ensure that the system is as effective and efficient as possible. Such tools include legislation, funding, policies and programmes.
- 8. We cannot do it alone. We are committed to even stronger joint working with the many organisations that are active in and around the field of housing in the public, private and third sectors. This includes the NHS, social services, the police, and others.

Our vision

- 9. The scale of the challenges that follow does not mean we are any less ambitious. Our ambition is not limited by where we are now or a horizon that is fixed to the term of this Assembly. Our ultimate goal is a future where everyone has a home they can afford and where homelessness does not exist. Homes will be in good condition and meet relevant standards for safety, design, quality, and energy efficiency.
- 10. Renting a home from a social or private landlord will be seen as good options. Co-operative housing will become a much more significant part of the housing system. People will receive more and better help to live independently, with additional support for our most vulnerable people, and not-for-profit organisations such as housing associations will be used to even greater effect. There will be even better, more integrated, policy and delivery by public services and joint action between organisations, with effective collaboration between local authorities.
- 11. The benefits extend well beyond the basic requirement for somewhere to live. Improving homes and local environments affect many aspects of people's lives; it improves health and well being, supports

independence and reduces inequality and poverty. It also helps create safer communities and better quality of life. The creation of jobs and training opportunities helps to reduce worklessness, and increase workforce and sector skills, such as those in the construction sector, and creates opportunities for business in the whole supply chain, helping their growth and competitiveness.

12. We are fully committed to the principles of social housing and to helping people whose housing needs cannot be met by the markets. But we will look more broadly and innovatively for new ways of helping people to afford a home to reflect differing needs and circumstances. We want to see a more flexible housing system where people can move more easily between social housing, private rented accommodation, and home ownership to suit their needs at different times of their lives.
13. We recognise the increasing part that private landlords are playing in the housing system and we support this. We also recognise the role of house builders and lenders. While we have limited influence on some factors affecting the housing market, we are committed to doing what we can to help house builders to deliver more homes.

New legislation

14. In line with the First Minister's announcement in July 2011 that a Housing Bill forms part of the Welsh Government's legislative programme, we will deliver new legislation to:
 - (i) Improve the private rented sector
 - (ii) Prevent homelessness from happening in the first place and improve the
 - (iii) help available for those who do become homeless
 - (iv) End family homelessness by 2019
15. We will modernise the private rented sector by introducing a mandatory landlord registration and accreditation scheme. This will improve the quality and management of privately-rented homes, which will benefit those who rent from private landlords, including some of our most vulnerable people.
16. To tackle homelessness, we will introduce an even greater emphasis on prevention. This will be based on earlier action to help people to find solutions to housing problems before someone becomes homeless. We will make more options available to local authorities to discharge their duties. We will address the inconsistencies we have found in the way that current law is interpreted and applied. We will amend legislation in order to end family homelessness.
17. In addition, and to respond to identified needs, we will also bring forward new legislation to:

- (i) Provide local authorities with a discretionary power to levy a higher rate of council tax on properties that have been empty for more than a year. This will complement our new “Houses into Homes” programme, which is the first national initiative in the UK to bring more empty homes back into use.
- (ii) Introduce a statutory duty on local authorities to provide sites for Gypsy and Traveller communities where there is evidence of a clear need for new sites.
- (iii) Define Community Land Trusts, which will help local communities to meet their housing needs.
- (iv) Enable a new co-operative housing tenure to aid the development of co-operative housing as a housing choice.
- (v) Require local authorities to produce and regularly update Local Housing Market Assessments.

18. These proposals for legislation will be included in a Housing Bill to be introduced into the Assembly in autumn 2013.

19. The work we have undertaken with other organisations to consider further action to meet housing needs has identified the clear need for tenancy reform to improve the way the housing system works for housing organisations, landlords and tenants alike.

20. Tenancy reform has long been called for but to date has not been addressed. Current housing law relating to tenancy is detailed and complex. It is a significant matter and must be tackled in consultation with tenants of local authorities, housing associations, and private landlords, and organisations that work in the field of housing. An overview of the key issues is set out in this White Paper.

21. We have concluded that it is neither effective nor appropriate to rush the development of such important reform. We will:

- (i) taking forward tenancy reform, via a separate Bill, within the lifetime of this Assembly, giving consideration to the responses to this White Paper.

Legislation under consideration

22. In addition to the proposals above and taking account of the improvements we wish to see in coming years, we are considering the need for legislation on a variety of subjects. These are:

- (i) Setting standards for local authority rents, service charges and quality of accommodation to support the achievement of the Welsh Housing Quality Standard.
- (ii) A duty of co-operation on housing associations and possibly other organisations, to improve even further the joint working that does exist in some areas on, for example, tackling

homelessness, helping meet the housing needs of people with mental health problems, and addressing anti-social behaviour.

23. We are mindful of legislating only where necessary; the proposals set out in this document reflect our thinking to date. The above have been highlighted to encourage comments and feedback through our consultation around this White Paper.

Other action and developments

24. Legislation is not the answer to everything. Over and above our legislative proposals and the ambitious targets we have set for the delivery of new affordable homes, we are taking a wide range of other action to improve the ways in which we and others can help people to meet their housing needs. In doing this, we will ensure that every opportunity is taken to make the most of investment by generating jobs and training opportunities. The detailed lists of actions are set out in the following chapters. The main developments will lead to:

- (i) More action to increase the supply of new homes, including the use of a range of innovative funding mechanisms.
- (ii) Increased focus on tackling empty homes through the national “Houses into Homes” programme.
- (iii) More action to achieve the Welsh Housing Quality Standard.
- (iv) Withdrawal from the Housing Revenue Account Subsidy after concluding negotiations with HM Treasury.
- (v) Better use of Housing Renewal Area funding alongside Strategic Regeneration funding.
- (vi) Effective regional collaborative on housing functions and services, including the Supporting People programme.
- (vii) Further opportunities for tenants and service users to influence priorities and services.
- (viii) Further action to promote equality through implementation of the Welsh Government’s Strategic Equality Plan.
- (ix) Enhanced services for leaseholders and research into the scale and nature of issues facing them to inform future action.
- (x) Support through the National Assembly for Wales for the Member’s Bill on park and mobile homes.
- (xi) A new scheme to provide 95 per cent mortgages for first-time buyers of new-build homes.
- (xii) Opportunities to use the next round of European programmes to make greater use of housing associations to deliver jobs, training and social enterprise support for their tenants and their communities, and more action on energy efficiency by building on “NEST”, our fuel poverty programme, and the successful “Arbed” programme.
- (xiii) An enhanced role for not-for-profit organisations, including housing associations, to support tenants, their families and communities.

- (xiv) Better performance monitoring of local authority housing and related-services.
- (xv) A nationally branded, locally delivered, Property Improvement Loans scheme developed with local authorities.
- (xvi) The further development of accessible housing registers and continued investment in housing adaptations to support independence.

25. We will work throughout this term of Government to ensure coherence, and appropriate links are made, between the Housing Bill and other action to improve housing, and legislation being taken forward by other policy areas, for example, the Domestic Abuse (Wales) Bill, the Planning (Wales) Bill, and the Public Health (Wales) Bill.