

## **CEREDIGION COUNTY COUNCIL**

**Report to:** Council

**Date of meeting:** 3rd March 2022

**Title:** Community Housing Proposal

**Purpose of the report:** To consider proposals for the introduction of a Community Housing Scheme that will provide younger generations with a better pathway to home ownership.

**For:** Decision

**Cabinet Portfolio and Cabinet Member:** Cllr Rhodri Evans, Cabinet Member for Economy and Regeneration

### **BACKGROUND:**

On the 29<sup>th</sup> November 2021 the Independent Group presented a paper setting out a vision towards creating a pathway to Home Ownership for the Younger Generation of Ceredigion. The vision had been drafted in response to the economic situation facing young people in Ceredigion and the lack of opportunities to enable them to purchase their first home.

Evidence was presented to show that due to the economy in Ceredigion there are limited opportunities for young people to be able to purchase a first home.

The Committee were supportive of the proposal and all recognised the need to develop a scheme that would support and enable young people to purchase their first property that would also benefit the County's economy and culture. It was therefore agreed that:

(i) the 'Vision towards creating a pathway to Home Ownership for Younger Generation of Ceredigion' was supported and passed to Officers to work up the viability of the scheme;

(ii) following consideration of the scheme, Officers revert to the committee with their recommendations;

(iii) if the scheme was ultimately approved by Council, the preferred funding option was to be modelled into the annual budget setting.

A report has subsequently been considered by the Corporate Resources Overview and Scrutiny Committee on the 7<sup>th</sup> February and by Cabinet at its meeting dated 22 February and recommended for approval by Council.

## KEY POINTS IN THE VISION

That some form of shared equity scheme would assist people accessing the market. Whilst existing affordable housing meets a wide range of needs in the County there is insufficient stock or mechanisms to help meet all needs. There is also an intermediate need because existing affordable housing is inaccessible due to social rented accommodation being prioritised to those most in need and being unable to meet existing eligibility criteria for affordable houses to purchase.

Eligibility criteria for a new option centred around:

- New properties with a value of less than £250k
- To occupiers not being able to borrow 20% more than the value of the house
- To the house being an occupiers sole property
- To the occupier having a local connection through birth, schooling, employment and the length of time they've resided in the County
- This to be managed in a similar way to existing purchasers of affordable housing.
- That a share of equity was controlled by way of a charge on the property.

Options were put forward to finance the scheme that included an annual premium of £200K from Revenue Support Grant (RSG). The £200K can be used to guarantee the repayments on a bank loan. A figure of £200K would raise £2m (based on each £100k = capacity to borrow £1m). Other options included use of Social Housing Grant funding, S106 planning payments and Second and Empty Homes premiums.

The Council could also consider re-introducing a scheme to help with mortgages by offering mortgages with a deposit guarantee scheme. The previous scheme supported people to obtain a mortgage for up to 80% of the purchase price with only a 5% deposit from the potential buyer, with the council guaranteeing the remainder of the 15% deposit for up to 5 years.

The paper concluded that whilst Ceredigion certainly has an affordable housing needs issue, it is worth noting that a significant amount of work has already been undertaken and remains ongoing to service these needs. There are 4000 affordable homes county-wide available (approximately 12% of total housing stock) and an additional (on average) 45 delivered every year. At present a Strategic Viability Assessment is being conducted county-wide by the Housing Policy team, to identify where and how much affordable housing contributions can be considered within the Local Development Plan Review document (LDP2). They are working with the Economy and Regeneration team to complete a strategy for self-build and live/work units on council-owned land. The Housing team are considering alternative models of delivery including the re-introduction of a local Home Buy scheme and working with the development bank of Wales to secure finance for self-builders.

The introduction of any future schemes will be of benefit to the residents of Ceredigion, as it widens the scope and availability of affordable products in helping the youngsters of Ceredigion to access homes.

## **APPRAISAL OF PROPOSAL**

### Need

The evidence provided with the paper to the Scrutiny Committee in November has been updated. The conclusions remain the same: there are significant challenges within the County for those seeking to access housing in particular those looking to buy in the open market for the first time.

Recent trends, and in particular the increase in demand for properties in the county combined with limited supply, have created a housing boom with house prices reaching record levels. The 'evidence of need' for further support is clear, particularly in relation to affordability and in creating opportunities for people to live and stay in the county. Tackling these issues through schemes such as community-led housing aligns closely to the local housing priorities of the Council and the Future Generations Commissioner.

### Options

Officers have reviewed the proposal and other options for tackling these issues. These include shared equity, rent to own and self-build options and undertaken some initial financial modelling to assist forming a view. The following information captures the current view on those options.

#### a) Shared Equity

A form of shared equity scheme similar to that proposed would be possible subject to some amendments. There are already some similar approaches available in the County e.g. Help to Buy Wales, Home Buy schemes supported by Welsh Government and Registered Social Landlords.

An approach which has previously been successful in Ceredigion and in line with Welsh Government policy ambitions and future intentions of the housing team, would be to create a local 'homebuy' scheme. Eligible potential buyers get a mortgage for 60-80% of the purchase price and the council owns the remaining share. At agreed intervals the occupants can at a pre-determined price stair case up to purchase more and more of the share of the home. Alternatively at some future point when they chose to move on and sell the house the initial percentage share of the value at sale becomes payable to the Local Authority.

The Council introduced a similar low cost ownership scheme in the mid-1990s. Individuals purchased their own properties with standard mortgages and then alongside that the Council gave an interest free loan for up to 30% of the purchase price. Loan repayment crystallises on sale, with repayment based on the original loan %age against the original purchase price then being applied to the sale price. (e.g. £15k loan against £50k purchase results in a repayment of £60k if it's now sold for £200k).

There are still x28 properties on our Low Cost Home Ownership Register with original loan values totalling £375k and now likely to be worth at least 4 times this amount. These are treated as Deferred Capital Receipts on the Balance Sheet and

result in a real Capital Receipt when repayment crystallises.

Experience to date shows a track record of loans remaining in place for long periods of time so Council benefits from long term property market movements.

Funding for a trial could come from the existing Second Home Owner Premiums reserve, this should be sufficient to fund around 7 to 10 loan facilities. Further funding could then be added by using future premiums or other sources.

Caps and eligibility would need to be developed further but are likely to be similar to those in the proposal. It is however suggested that occupancy criteria mirrors that of the existing affordable housing schemes in order to ensure those in genuine need are utilising it and it complies with legislative requirements such as the Equalities Act 2010. (See Appendix 1).

As demand could outstrip supply, having a capped number or pot would be necessary to manage demand. Over time the shares of the dwelling the Council owns should increase in value thus ensuring no loss of capital and when returned can be recycled to provide to support others (albeit experience has shown recycling funds to be slow).

It is understood such a scheme would operate legally as a 2nd charge on the property and therefore no S106 agreement would be required. It is a straightforward process to start, thus offering a simple to manage quick win. Furthermore, it relies on existing and new-build housing market stock – offering opportunities for young people to access the house of their choice in the location of their choice.

#### b) Rent to Own

A Rent to Own approach has been trialed in a number of locations by different housing agencies with various models. Essentially offering a part rent part purchase option. With people paying a portion of rent to the scheme manager and a portion to a regular mortgage company; in time building a nest egg from the rental income to use as further deposit to staircase up to a higher percentage of ownership.

Welsh Government and other bodies have tried to operate a similar scheme; however, this has now ceased. Effectively the occupants paid a mortgage and a rent, and after 2 years and before 5 years in the property they could staircase up to full ownership by building a deposit through the rent paid for the additional mortgage borrowing. These properties tend to be new build to limit maintenance requirements of the 'landlord', and thus availability of such units is limited to new developments in certain locations.

In reality, such schemes prove difficult to manage and maintain viability, with many occupiers choosing not to staircase up and / or rent arrears causing significant problems. Viability of such schemes has also proved difficult as counties such as Ceredigion have traditionally areas of high and low rent with viability very geographically spread and the scheme being aimed at Intermediate tenures (effectively part owners). This means that they are usually not eligible for Local Housing Allowance (LHA) even if they were given the variability of rental levels across Ceredigion suggests in a number of locations LHA would not cover their

costs.

In order to proceed with a rent to own type scheme, detailed viability work will be required and a mechanism for addressing staircasing and payment of rent as well as outlining what percentage of rent is effectively savings. Situations where applicants are unable to staircase up and / or become in rent arrears would also need to be addressed. The Local Authority would need to be mindful that there would be a resource implication with such a scheme in managing tenancies, managing savings for the deposits, supporting tenants in a staircasing up / rent arrears scenario and if in time eligible occupiers were unable to staircase up – acting as a landlord with maintenance implications in perpetuity.

### c) Self Build

Developing a self -build pathway for affordable home ownership is an existing priority of the Economy and Regeneration Team and a pilot project has been introduced to outline the key issues in managing such a model. Further council owned sites have been identified that could be made available for self-build plots and work on such a scheme remains ongoing including utilising the Land and Building Development Fund to bring forward such schemes. However, it is a longer-term ambition, as delivery partners, planning and detailed viability work is required to ensure the merit of such schemes.

## **CONCLUSIONS**

The Paper presented to the previous scrutiny committee rightly highlights the challenges facing the County and the need for additional options for people to access housing they need.

It is recognised that whilst there is existing stock of over 4000 affordable homes (over 12% of the total housing stock countywide) across Ceredigion of varying tenures, including over 400 'Intermediate Tenure' products delivered over the last 15 years, it simply isn't enough to meet demand. As set out, the existing properties are generally restricted to those people in most need (Social rented) and those people eligible to purchase under the Affordable Housing scheme. There remains a group of people who we may consider in 'intermediate need' who wish to purchase or rent properties in their local communities who are 'priced out of the market' due to the increasing demand for rural properties and availability of affordable units in rural settlements. Therefore supporting these young people to remain in their communities is where 'community housing' could assist.

By pursuing the Shared Equity model outlined above the Local Authority could support people to find suitable accommodation from the existing stock amounting to over 30,000 homes in the location of their choice. Whilst the Council would in effect be offering an interest free loan, which may take time to crystallise, the approach would mutually beneficial for the Council and the sellers.

The Council could consider a 2-strand approach:

1. Short to medium term reinvigorate/pilot. This would be a shared equity type product using existing £650k + from the Second Homes Premium with the

addition of whatever is added to the pot this year. This could potentially support the equity share at up to 40% of average market values to 8 applicants.

2. Medium to longer term: To potentially pursue a goal to do more specific work around Council owned sites, aiming to release them for intermediate housing. This would be within the confines of Housing Revenue Account and an understanding of internal capacity in managing such schemes. Such a project would need dedicated officer time to secure consents and manage the process but this is already being considered as part of the Asset Development Panel remit.

Approaching matters in this way would see a phased approach to implementing the Independent Groups vision to help people in the County with the details of the shared equity scheme worked up and agreed within 12 months of the Council decision. Work on extending the options available to help local people would take place concurrently with the aim of agreeing details and implementing those in years 2 and 3 of the new political administration.

Has an Integrated Impact Assessment been completed? If not, please state why	An IIA is pending subject to further discussions when the scheme is drawn up.
--	---

**Wellbeing of Future Generations:**

**Summary:**  
**Long term:**  
**Collaboration:**  
**Involvement:**  
**Prevention:**  
**Integration:**

**Recommendation(s):** That Council consider the report and agrees that:

1. The Council decision 24/3/16 Minute 12) Report of the Deputy Chief Executive upon the Council Tax Premiums for long-term empty homes and second homes, point 4 be amended as follows:

“4.a) The level of Council Tax Second Homes Premium charged to be set at 25% (with effect from 1 April 2017); and,

b) that all monies raised from the 25% Council Tax Second Homes Premium (net of the Council Tax refunds), be ring-fenced and used to support the Community Housing Scheme.”

2. That all monies raised from the 25% Council Tax Second Homes Premium between the period 1/4/17 to 31/3/22 (net of Council Tax refunds), to be ring-fenced and used to support the Community Housing Scheme.
3. That all monies raised from the 25% Council Tax Second Homes Premium from 1/4/22 (net of the Council Tax refunds), to be ring-fenced and used to support the Community Housing Scheme.
4. That from 1/4/22, all monies raised from the 25% Council Tax Empty Homes Premium (net of the Council Tax refunds), be ring-fenced and used to support the Community Housing Scheme.
5. That Council decision 16/3/17 minute 8.b) Council Tax Premiums on Second Homes, be revoked.
6. That details of a shared equity element of the scheme are prepared and agreed within 12 months of the Council decision and that work continues on the other options.
7. The possibility of establishing a Community Benefit Scheme be deferred for one year.

**Reasons for decision:**

1. In order to prepare and implement a Community Housing Scheme that acts on the vision set out by the Independent Group.
2. To implement a scheme that supports people within the County to access housing that meets their needs.

**Overview and Scrutiny:**

Papers have been presented to the Corporate Resources Overview and Scrutiny Committee on the 29<sup>th</sup> November 2021 and 7<sup>th</sup> February 2022.

**Policy Framework:** Housing and Planning Legislation and Guidance

**Corporate Priorities:** Corporate Strategy Priorities 1 to 4.

**Finance and Procurement implications:** To consider as scheme is developed

**Legal Implications:** To consider as scheme is developed

**Staffing implications:** To consider as scheme is developed

**Property / asset implications:** To consider as scheme is developed

**Risk(s):** To consider as scheme is developed

**Statutory Powers:**

**Background Papers:** Reports to the Corporate Resources Overview and Scrutiny Committee 29/11/2021 and 07/02/2022.

Community Housing – Evidence of Need December 2021

**Appendices:** Appendix 1 - Eligibility Criteria

**Corporate Lead Officer:** Russell Hughes-Pickering, Economy and Regeneration

**Reporting Officer:** Russell Hughes-Pickering

**Date:** 08/02/2022



## Appendix 1 – Eligibility Criteria

### Properties

- Those up to £250k

### Loan

- Owner to take 60-80% Mortgage in the Property
- Remainder to be made up of 20-40% interest free loan
- Loan to be repaid on sale on proportionate basis to any increase in value (e.g. a 10% increase in the value of the house from say £200k to £220k over a 5 period would result in a corresponding increase in the share to £55k where an initial £50k sum was invested by the Council).

### Occupancy Criteria

- As per those defined in the Local Development Plan (See below)

### Notes:

It is recommended that the planning policy team manage the eligibility of the community housing rather than a third party on the basis that no banding assessment. The criteria would also be the same as those applied currently and managed by the planning policy staff.

When undertaking eligibility certification no value judgements are made it is a simple process of determining whether an applicant qualifies or not, when third sector organisations are involved a complex interplay of local politics can come into play, thus internal management of the eligibility ensures that a fair unbiased assessment is made of eligibility only. It is important to ensure in the eligibility criteria (as has been done for planning gain affordable housing) that the legislation as set out in the Equalities Act 2010 are respected. It is therefore not possible to set eligibility criteria that discriminate on for example marital status, Welsh Language Ability, age etc.

In order to ensure that the planning delivered affordable homes in Ceredigion genuinely are occupied by people in affordable need we expect occupiers to obtain a certificate issued by the planning policy team whereby they demonstrate that they meet the 3 eligibility criteria set out below:

These eligibility criteria have been developed to ensure they comply with the Equalities Act 2010 and are able to secure mortgages on by working within the guidelines set out by the Council for Mortgage Lenders (CML). It is worth noting we do have some mortgage-ability issues with our existing Affordable products as there are only a subset of national lenders (approx. 3) willing to lend on them in CCC at present.

In a shared equity scenario it would most likely not be necessary to implement a S106 agreement and therefore mortgage-ability is less of a concern so differing criteria could be applied for the scheme and it would be worthwhile investigating what the previous scheme utilised in the 1990's.

For the planning gain Affordable Housing the following criteria apply:

1. Financial Qualification:

**In Respect of Discounted For Sale Affordable Housing:**

A (combined) ability to borrow not more than the amount required to purchase the property at its discounted price plus 10% of that price. In respect of plots for self-build the 'discounted price' will be based on an off-plan estimate of the value of the unit.\*

**In Respect of Intermediate Rent Affordable Housing:**

It is important that the Intermediate Rent affordable housing scheme should reach its target audience, that is:

- those who are realistically unlikely to be able to access housing through the Common Housing Register who may have little option but to choose to spend a higher proportion of their income as rent than is deemed 'affordable' (i.e., >35%).

Intermediate Rental properties will be 'banded' by size and applicable intermediate rent level.

The specifics will change over time as a function of rent and wage levels in the county and the property size / rental value bandings from time to time will be set out in SPG.

Eligibility to occupy Intermediate Rent Affordable Housing needs to satisfy the following requirements:

- Applicant is a household with at least one member working full time (defined for the purpose of this scheme as 35 hours per week)
- Intermediate Rental property applied for will not be 'under-occupied' by the household (that is, it meets the needs of the household as confirmed by the Affordable Housing Officer).
- The applicant cannot access market rented properties to meet their needs at 35% or less of their gross earned household income

2. Residency Qualification

In the current LDP (under the past UDP it was 10 out of 20 years but this was considered un-mortgage-able by the Council for Mortgage Lenders CML)

In Respect of Discounted For Sale and Intermediate Rent Affordable Housing:

i. A local connection in that the applicant must at some time in their life have lived in Ceredigion or an adjoining town/community council area (or a combination of the two) for a continuous period of 5 years.

Or

ii. A need to live in Ceredigion to substantially care for or be cared for by a close relative where the relative meets the requirements of paragraph "2(i)" above and the relative's property is incapable (whether as it stands or subject to extension) of meeting the needs of the combined household.

Or

iii. A need to be in Ceredigion for employment purposes as a key worker on a full time (35 hours) permanent basis. For the purposes of the LDP, a key worker is defined as follows:

a A teacher in a school or in a further education establishment or sixth form college;

b A nurse or other skilled health worker in the National Health Service;

c A police officer;

d A probation service worker;

e. A social worker;

f An educational psychologist;

g An occupational therapist employed by the local authority;

h A fire officer;

i Any other person whose employment fulfils an important role in the provision of key services in Ceredigion where recruitment from within the County has proven difficult.

### 3. Occupancy As Sole Residence:

In respect of Discounted For Sale and Intermediate Rent Affordable Housing:

The applicant will be expected to occupy the property as their sole residence and will be required to confirm that they do not own other residential property. Where the applicant is returning to Ceredigion and has unsold property which they previously occupied then a period of grace of not more than 12 months will be extended to allow the sale of the property to take place.



# Community Housing Project

Evidence of need for a Community Housing Project in Ceredigion



December 2021



# HEADLINE DATA: EVIDENCE OF NEED FOR COMMUNITY HOUSING IN CEREDIGION

## £22,028

Average median earnings in  
Ceredigion  
(£1,637 lower than the national  
average across Wales)



## 6.97

Housing Affordability Ratio  
(4<sup>th</sup> highest nationally in 2020,  
consistently in the top 5 nationally  
since 2000)

## 15.2%

Increase in house prices in  
Ceredigion over the last 12  
months  
(At September 2021)



## £228,032

Average house price in  
Ceredigion  
(Highest on record)

## 21%

Projected decrease in the  
20-29 age group up to 2029  
(A loss of 2,595 people)



## 61%

Of 17-24 year olds identified  
affordable housing opportunities  
as the thing they value the most  
in a Prosperous Ceredigion  
(Assessment of Local Well-being)

**Longer-term impact on:**

- Culture
- Language
- Demographics
- Local Economy



**The opportunities created by a  
Community Housing Project  
align with:**

- The Council's Corporate Priorities
- The National Well-being Goals
- The Well-being and Improvement Objectives
- The Council's Housing and Economic Strategies

**Sources:**

Office for National Statistics, Annual Survey of Hours and Earnings 2020  
Office for National Statistics, House price to workplace-based earnings ratio  
HM Land Registry, House Price Index, September 2021  
Office for National Statistics, 2018-based Sub-National Population Projections

# Background

This document brings together the evidence in support of the need for a community housing project in Ceredigion at November 2021. This is the first stage in the development of the project, and aims to present the current situation drawing on the data that is available to us, the trends emerging from the Covid-19 pandemic and in doing so, highlight the challenges faced by younger people and first time buyers in affording properties in the county.

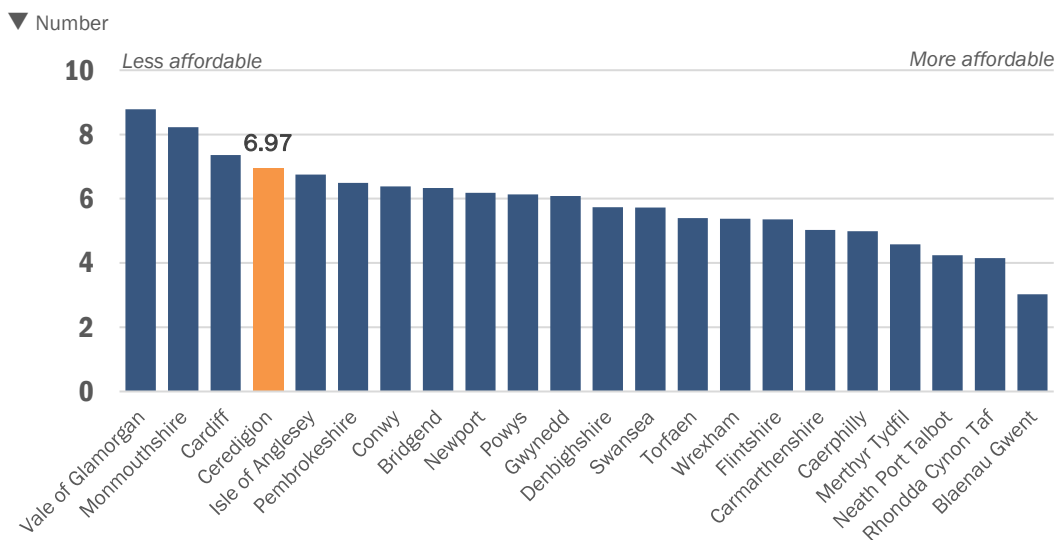
The Ceredigion Public Services Board (PSB) has recently completed the draft PSB Assessment of Local Well-being, and this report draws on the Assessment to demonstrate how the issue of housing affordability plays a critical role in the well-being of Ceredigion’s residents and communities. It concludes by considering how such a project would align with the Council’s local priorities and the wider national policy framework.

## The Housing Market

Much of the evidence available comes from trends in the housing market, and in particular, the issue of housing affordability. Whilst it is true that housing affordability affects every local authority in Wales, the issue is particularly acute in Ceredigion due to consistently high demand, limited stock<sup>1</sup> and lower than average earnings. For example, the Housing Affordability Ratio, which is the ratio of median house price to median gross annual work placed based earnings has consistently ranked one of the highest across Wales for the last twenty years, never dropping out of the top 5 during that time. Put simply, a high ratio equals less affordable and vice versa, so this trend demonstrates one of the ongoing features of the market in Ceredigion. The latest data for 2020 shows that this trend is continuing as Ceredigion ranks 4<sup>th</sup> highest nationally, as seen in Fig.1.1 below.

**Fig.1.1: Housing Affordability Ratio**

**Ratio of median house price to median gross annual workplace-based earnings**



Office for National Statistics, House price to workplace-based earnings ratio

Demand for properties in Ceredigion has also increased noticeably over the last 18 months, and average house prices in Ceredigion are currently at their highest level on record, reaching £228,032 by

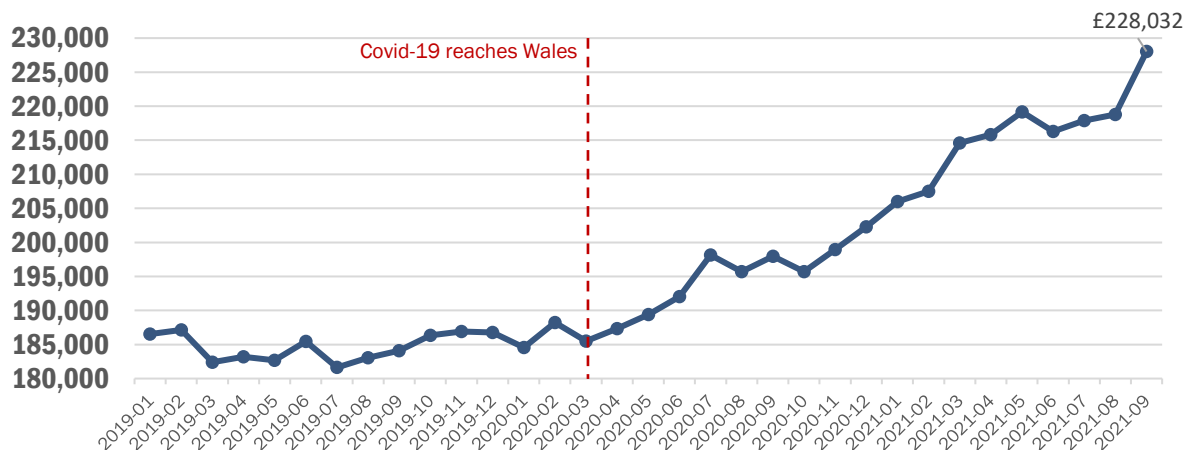
<sup>1</sup> See Appendix 1 for the latest housing stock figures in Ceredigion.

September 2021, rising from £185,484 in March 2020. In the previous year (2019), prices remained relatively stable between £182,000 and £187,000. However, immediately following the arrival of the Covid-19 pandemic, prices started to increase as demand for properties in the county grew as demonstrated in Fig.1.2.

**Fig.1.2: Average Property Prices in Ceredigion**

Average property prices in Ceredigion for all property types

▼ £'s



HM Land Registry, House Price Index, September 2021

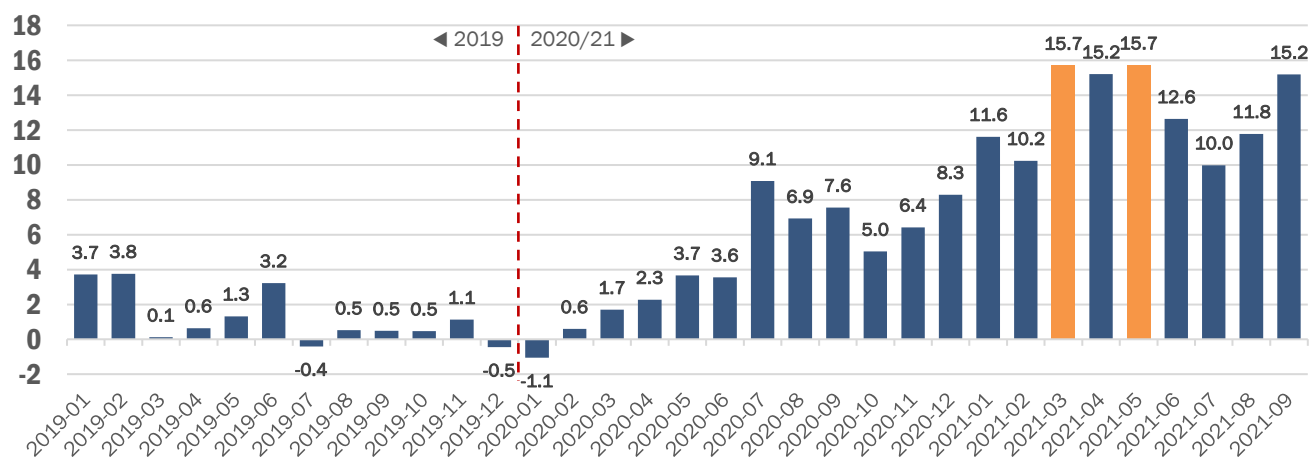
During the Covid-19 pandemic, Ceredigion has also seen some of the highest increases in house prices nationally, consistently exceeding 10% during 2021. Since then, Wales as a whole has seen an increase in prices, and this 'housing boom' looks set to continue as the imbalance of demand versus supply continues to push prices up and place additional pressure on the housing market both local and nationally.

The extent of the increase in Ceredigion is perhaps better reflected in the yearly percentage change in prices, which shows that in March and May 2021 property prices in Ceredigion had increased by 15.7% compared to just twelve months earlier. To put this into perspective, this was the highest increase in Ceredigion for over a decade. Fig 1.3 displays the rolling twelve month percentage increase in property prices for Ceredigion since the beginning of 2019, and the recent increases are clearly visible from the spring of 2020 onwards.

**Fig.1.3: Percentage Change in Property Prices**

Percentage change (yearly) for all property types in Ceredigion

▼ Percentage



To put the pressures of affordability into perspective for those looking to buy in Ceredigion, and particularly for first time buyers, we also need to factor in relative earnings and income. Some areas in Wales, for example Cardiff, Newport, and Monmouthshire have higher than average property prices, but also higher than average earnings. However, in Ceredigion the opposite is true – average earnings are below average compared to the rest of Wales at £22,028, which is £1,637 lower than the national average and the 3<sup>rd</sup> lowest nationally. This is demonstrated in Table 1.1 which compares the relative earnings of the South West Wales region, and as can clearly be seen the region as a whole has lower than average earnings.

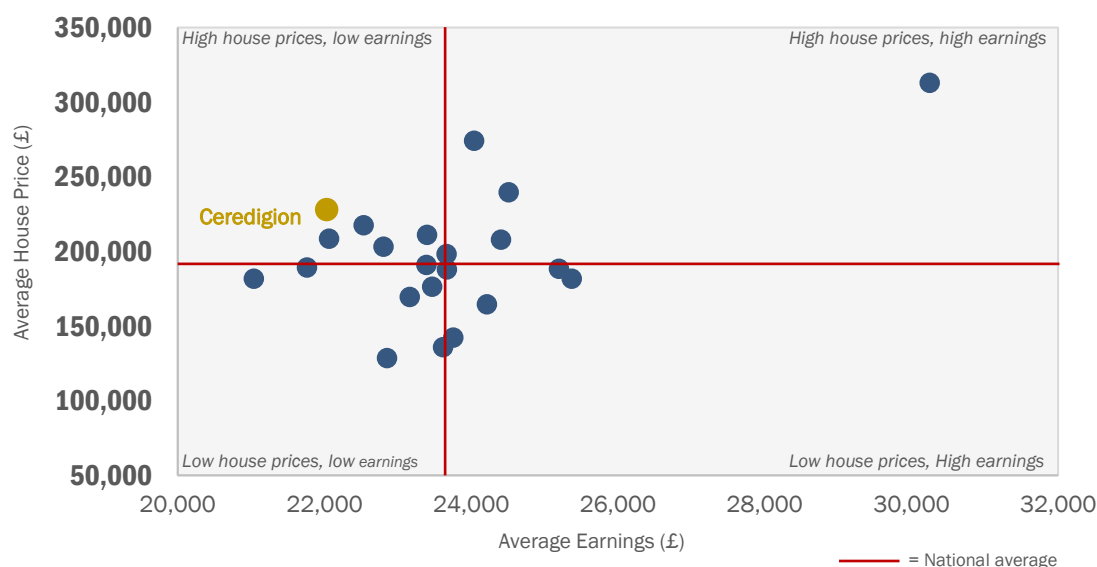
**Table 1.1: Comparison of Average Earnings across the South West Wales Region**

Area	Annual gross pay (Median)	Annual gross pay (Mean)
Ceredigion	£22,028	£24,412
Carmarthenshire	£23,669	£27,250
Pembrokeshire	£22,062	£26,466
Powys	£22,534	£24,244
Swansea	£23,164	£25,227
Wales	£23,665	£26,805
UK	£25,780	£31,590
Ceredigion as % of Earnings in Wales	93%	91%
Difference between Ceredigion and Wales	-£1,637	-£2,393

Source: ONS ASHE 2020, Table 8.7a Annual gross pay for all employee jobs by place of residence.

Lower than average earnings are one of the characteristics often associated with predominantly rural economies. When the level of average annual earnings is mapped alongside property prices we find that Ceredigion is very firmly in the 'High House Price and Low Earnings' category, and has the 'worst' ratio between house prices and earnings nationally, i.e. the highest house prices and the lowest earnings, see Fig.1.4.

**Fig.1.4: Average House Prices compared with Average Earnings across Wales**



Office for National Statistics, Annual Survey of Hours and Earnings 2020  
 HM Land Registry, House Price Index, September 2021



Even when we consider 'overall income' compared to average property prices, rather than just earnings, a similar trend is visible. It shows that Ceredigion is one of the least affordable counties in Wales – overall incomes in the county are below average nationally but house prices are the fourth highest. It also has the highest average house prices amongst counties with a below average overall income, and mean annual incomes represent only 15.4% of current house prices, the second lowest nationally behind Monmouthshire, see Table 1.2. (Overall income is income not only from paid employment, but also from pensions and other investments).

**Table.1.2: Most and Least Affordable Counties in Wales**

	Average Property Price	Mean Income	Median Income
Blaenau Gwent	£116,221	£29,636	£23,340
Merthyr Tydfil	£128,360	£30,657	£23,950
Rhondda Cynon Taf	£135,729	£32,840	£25,854
Neath Port Talbot	£142,165	£32,478	£25,841
Caerphilly	£164,404	£34,782	£27,849
Swansea	£169,435	£34,666	£27,458
Bridgend	£176,352	£36,430	£29,287
Torfaen	£181,514	£35,699	£28,821
Denbighshire	£181,532	£35,069	£28,119
Carmarthenshire	£187,841	£34,821	£28,186
Wrexham	£188,334	£35,458	£28,280
Gwynedd	£189,103	£33,397	£26,831
Flintshire	£190,836	£38,994	£31,803
Conwy	£203,010	£36,286	£29,473
Newport	£207,764	£36,682	£29,063
Pembrokeshire	£208,309	£35,531	£28,841
Isle of Anglesey	£211,081	£36,035	£29,078
Powys	£217,509	£35,489	£28,770
<b>Ceredigion</b>	<b>£228,032</b>	<b>£35,068</b>	<b>£28,595</b>
Cardiff	£239,580	£40,913	£33,209
The Vale of Glamorgan	£273,981	£43,365	£35,697
Monmouthshire	£312,935	£45,193	£37,595

*House Prices: UK House Price Index September 2021, HM Land Registry  
Mean and Median Income: CACI Paycheck 2020*

## Younger People and First Time Buyers

Whilst these are issues that affect all of us, evidence has long pointed to specific challenges faced by younger people in the local housing market in Ceredigion, and one of the reasons why some look to move away from the area. Since the last census in 2011, the population of Ceredigion has shown a marked decline, particularly in the 16-64 age profile. In short, Ceredigion has experienced outward migration of young people, partly as a result of a decline in public sector jobs, which have always been an important part of the Ceredigion economy, but also in search of career opportunity and higher value jobs.

The 18-24 population, for example, has decreased by 3.7% or 3,198 during this period, and these trends are projected to continue. Of particular note is the 20-29 age group, which is projected to decrease by

21% by the end of the decade, which equates to the loss of 2,595 people. The impact is of course more than just economic, it has longer-term implications for culture, language and the demographics of the Welsh heartlands.

In January 2020, Ceredigion County Council engaged with its younger residents on economic and employment related issues.<sup>2</sup> The findings lent considerable weight to the importance of jobs and housing in the local economy, as both **employment opportunities** and availability of **affordable housing** were two of the top three priorities identified, as show in Fig 1.5 below.

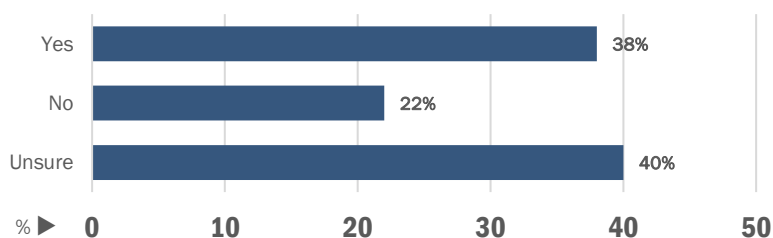
**Fig. 1.5: Younger Persons Economic Survey 2020 – Top Three Priorities**



When asked directly about their intentions following school or further education, more than a third (38%) said that they intended to leave Ceredigion, with less than a quarter saying they did not, see Fig.1.6.

**Fig. 1.6: Young People's Intentions after School / Further Education**

'Following finishing your time at School or Further Education do you intend to leave Ceredigion?'



Similar themes were also visible in the recent consultation on the draft Ceredigion Economic Strategy during the winter of 2020/21, with accessibility and affordability of housing, along with the need to create opportunities for younger people highlighted in the feedback, a selection of which is shown in Table 1.3 overleaf<sup>3</sup>. It is not surprising therefore, that the new Ceredigion Economic Strategy identifies these trends and which heavily influences its interventions within the 'Place' theme.

<sup>2</sup> "Consultation on Developing a New Ceredigion Economic Strategy 2020-2035: Feedback Report". Ceredigion County Council, 18<sup>th</sup> February 2020.

<sup>3</sup> "Boosting Ceredigion's Economy: A Strategy for Action 2020-35 Consultation Feedback Report". Ceredigion County Council, February 2021.

**Table 1.3: Sample comments from the Consultation on the draft Ceredigion Economic Strategy 2020-35**

"Strongly agree with the need to attract young people to stay in the area."	"A need to support and help the people who currently live here."
"Keeping young people in rural areas is vital if Ceredigion is to maintain a productive and competitive agricultural industry. It is imperative that the next generation are given the opportunities to work on farms and develop their skills as they build their careers in food and farming, but for this to happen, affordable rural housing at their place of work is a must."	"Affordable housing options in rural areas need to be considered in addition to within towns and villages."

Source: *Boosting Ceredigion's Economy: A Strategy for Action 2020-35 Consultation Feedback Report. February 2021.*

## The Impact of Covid-19

The Covid-19 pandemic and the subsequent lockdowns in Wales have also played their part in the growing need for action in tackling the challenges faced in accessing the housing market. Two of the main themes emerging from the pandemic are the way which young people have been disproportionately impacted, particularly in relation to employment, and the way in which the concerns over housing affordability have been exacerbated. Both of which are being monitored regularly by the Ceredigion PSB's 'Poverty Sub Group'.

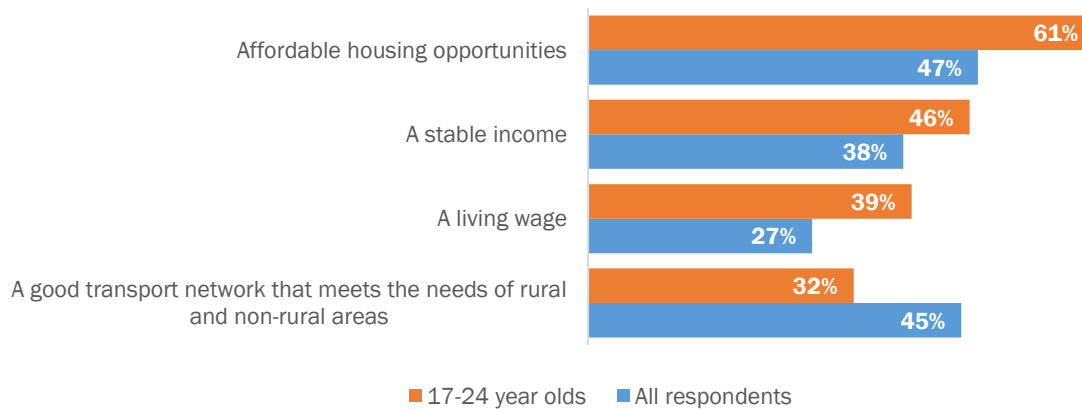
For example, the increase in demand for properties in Ceredigion since the pandemic began, and the subsequent increase in house prices highlight the struggle many first time buyers face in trying to gain a footing on the housing ladder. Although Wales as a whole is witnessing a housing boom, the growth in the more rural and coastal regions during the pandemic has been profound - Carmarthenshire, Ceredigion, Gwynedd and Anglesey have all witnessed significant growth during this period. At the height of the second lockdown in December 2020, average house prices in Ceredigion broke the £200,000 barrier and exceeded its previous peak just prior to the global financial crisis of 2008/09. During 2020, Wales also saw the largest increase in first time buyers' deposits across all regions of the United Kingdom at 25%. In cash terms this was an increase of £6,634, although the number of first time buyers in Wales also decreased from 15,890 to 12,190 between 2019 and 2020, see Appendices 2 and 3.

## Link with the Ceredigion Assessment of Local Well-being

During the summer of 2021, the Ceredigion Public Services Board undertook extensive engagement with individuals and communities in Ceredigion on all aspects of well-being, to support the delivery of the draft PSB Assessment of Local Well-being. The results of the engagement, which included a well-being survey, stakeholder events and workshops, highlighted the importance of affordable housing opportunities to one's well-being, and also demonstrated how this issue has rapidly ascended the agenda in the county in recent years.

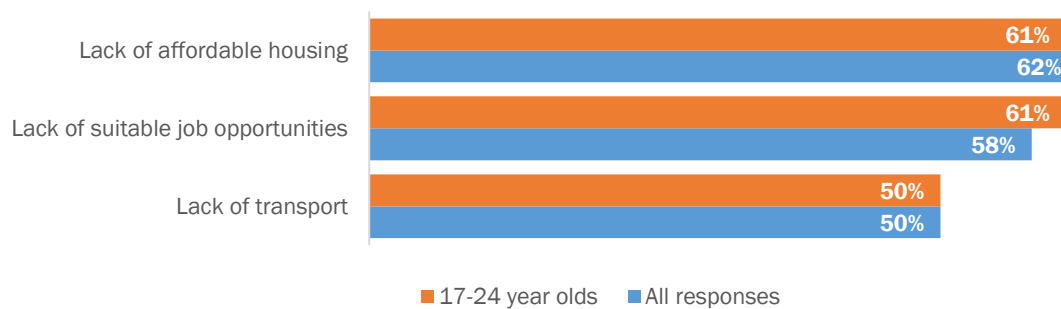
For example, when asked which three things they valued the most in relation to a Prosperous Ceredigion, the majority (61%) of those aged 17-24 identified *affordable housing opportunities*, over and above a stable income and a living wage. The importance placed on the ability to access and afford decent accommodation was highlighted by the fact that this was noticeably higher than the result for all respondents at 47% (Fig.1.7).

**Fig.1.7: Which three things do you value most in a prosperous community?**



When looking ahead to the future, the *lack of affordable housing* was also identified by those aged 17-24 as being the biggest concern in relation to a Prosperous Ceredigion (jointly with lack of suitable job opportunities), see Fig.1.8.

**Fig.1.8: Looking ahead, what concerns you the most about prosperity in the county?**



The written comments to the engagement provide a greater insight into some of these issues. Some highlighted the need for additional support for first time buyers, some highlighted the need for more affordable homes, some focused on the need for affordable rental accommodation and others highlighted the concern over second homes and holiday homes in the county. A sample of these comments are shown in Table 1.4.

**Table 1.4: Sample Comments from the Well-being Survey**

"Hoffwn fynd i fyw i dy rhatach i'w brynu a'i gadw ond nid oes lleoedd tebyg i'w cael. Mae angen tai fforddiadwy i bobl 50+ yn ogystal a'r ifanc - 'first and last time housing' "	"Some houses in the village have doubled in price in 4 years. Whenever they do come on the market or renters leave, they get turned into holiday homes and AirBnbs."
"If you don't stop people buying up all the property for second homes/holiday lets there will be no need for your plans. Younger people will have nowhere to live and older people can't downsize freeing up houses for younger people/families."	"Provide funding schemes to assist local first time buyers to buy a home in the area - too many homes in Wales are being sold to people from outside the area and that is damaging the language and the communities."
"If we really want to build a fairer society we need to ensure that there are houses available for all e.g. all new	"We really need affordable rented accommodation particularly for single people."

developments are £150k+ 2-storey detached houses. This makes it especially difficult for people from other backgrounds, because normally they can't afford to live in a nice area and are forced to either move away or struggle to survive financially without having time and opportunity to integrate and share their culture."

Similar comments were raised throughout the engagement and strongly point to housing affordability becoming one of the critical issues affecting well-being in the county, along with poverty, population change and environmental awareness. In fact, the high housing costs were identified in the draft Assessment of Local Well-being as one of the key drivers of poverty in Ceredigion.

## Alignment with Local and National Priorities

The strategic alignment of a community housing project in Ceredigion would support the fulfilment of local priorities, both the Council's Corporate Priorities and the Improvement and Well-being Objectives, along with the wider policy framework of the National Well-being Goals and the Well-being of Future Generations (Wales) Act 2015. Some of examples of its alignment with key strategies and legislation are outlined in the paragraphs that follow. The long-term themes running through each of these documents, and to which the community housing project align, are:



The **Council's Corporate Strategy 2017-22** is clear about its aims for housing and its understanding of the issues, for under its Enabling Individual and Family Resilience priority it states the following aims:

- *"The unemployment levels coupled with the low income levels has placed increased difficulties on the ability of people to access safe, affordable housing." (p.11)*
- *"The Council will increase the focus on our quality and affordable housing policy to ensure suitable housing stock is available to meet the needs of our citizens." (p.11)*
- *"Outcomes sought: Improved choice and quality of local housing." (p.12)*
- *"How do we know we will have made a difference? Safe affordable housing will be available to vulnerable families and to households with lower incomes." (p.12)*

It will be no surprise that it also aligns very closely to the objectives in the new **Ceredigion Economic Strategy 2020-35**, which directly focuses on creating the opportunities for people, particularly younger people, to stay, live and work in the county. The objectives contained in the strategy recognise not only the provision of affordable and accessible homes, but also the wider social and economic benefits of these opportunities:

- *"Creating opportunities to retain young people in the county and retain their skills in the workforce" (p.7)*
- *"Our ambition is to see young people who wish to stay and develop a career in Ceredigion realise the opportunities to do so" (p.9)*
- *"Our ambition is to reverse population decline in the young and working-age population, and we want to see the people of Ceredigion able to confidently express their uniqueness in communities with strong identities, culture and language." (p.9)*
- *"The need to provide affordable and accessible housing that meets the needs of a changing demographic and workforce." (p.12)*
- *"Enterprise-led innovation will lead to new job opportunities for skilled young people educated and trained in our schools, colleges and universities." (p.4)*
- *"Young people who wish to stay in Ceredigion, as well as those who may want to return to live and work here or move here for the first time, will see Ceredigion as a place of opportunity." (p.4)*

The Council's **Improvement and Well-being Objectives** were updated in 2020 to provide a greater focus on the response and recovery from the Covid-19 pandemic, but are still clear about their aims in relation to housing. They emphasize the importance of affordability and accessibility to all of Ceredigion's citizens and the resulting impact on the well-being of Ceredigion's citizens:

- *"3.1 Promote the well-being of individuals and families within safe, affordable and accessible homes."*

The **Council's Housing Strategy**, "Housing for All 2018-2023", also recognises that high housing costs and low wages along with finance and affordability are specific challenges in Ceredigion. But it goes one stage further, by demonstrating the wider impact that these issues can have on the county's cultural heritage and the importance of providing housing options for young people. This is the same core theme seen in many of the Council's strategies, and one that is central to the case for a community housing scheme in Ceredigion:

- *"The supply and availability of affordable housing is also set in the context of the present decline in Welsh speakers in Ceredigion and the role housing has in enabling our younger people in particular, educated through our local bi-lingual education system, to remain within the county." (p.3)*
- *"The Council will continue with their efforts to ensure that affordable housing is available in the County so that young people who wish to can establish themselves in the county." (p.23)*
- *"It is no longer the case that private renting is a temporary solution primarily for young people waiting to save enough to buy a home. Driven by necessity more than choice, growing numbers of Ceredigion residents now live in rented housing and will continue to do so unless housing affordability changes." (p.27)*

The **Well-being of Future Generations (Wales) Act 2015** is clear that "Having a good quality home that meets our needs is vital". In May 2020 the Future Generations Commissioner published a 5-point plan highlighting investment to support a Green Recovery from the Covid-19 pandemic and included recommendations for all public bodies, including Welsh Government, to focus on:

- Increasing the supply of the right type of affordable homes

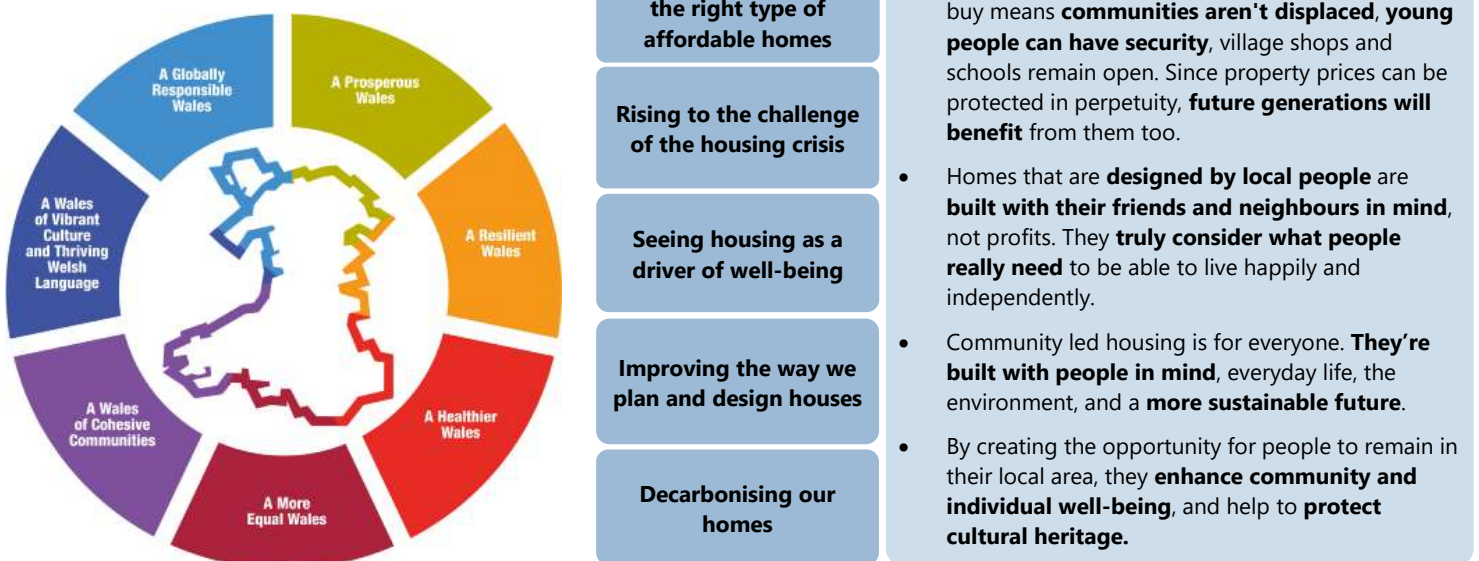
- Rising to the challenge of the housing crisis
- Seeing housing as a driver of well-being
- Improving the way we plan and design houses
- Decarbonising our homes

An integral part of this plan recognises the specific impact on younger people and the ongoing challenges they face to entering home ownership, whilst also reflecting the longer term demographic changes that will place further pressure on the housing stock in Wales for future generations:

*“Due to the significant increase in house prices and stricter lending rules since 2008, many young people are not able to afford to buy a home themselves. As a result, they are not able to leave their family home or are being driven into privately rented accommodation. Evidence shows that young people are unlikely to be able to buy a house without their parents’ help and one in five young people in the UK have sofa-surfed in 2017 with almost half of them have done so for more than a month. Meanwhile more and more households have become single occupancy households due to an increase in the aging population.”<sup>4</sup>*

The Future Generations Commissioner, in setting the vision for homes in 2050, focuses on the involvement of local people in driving new housing opportunities, “people and communities are effectively involved in how, what and where new homes are built”.<sup>5</sup> Community housing schemes provide one such way of tackling these issues, through providing a mechanism for local people to play a central role in creating housing that *directly* meets their needs. There are currently several schemes already operational across Wales, including in the neighbouring counties of Gwynedd and Powys. Although there are many types of different community led housing, the premise always puts people and communities at the heart of their design and purpose. Some of the ways in which these schemes align with, and support the delivery of, the Future Generations Commissioner’s priorities are highlighted in Fig.1.10, while Appendix 4 details the full references to housing priorities in the Commissioner’s report.

**Fig.1.10: Alignment of Community Housing Schemes in delivering the FG Commissioner’s Priorities for Housing**



<sup>4</sup> “The Future Generations Report 2020: Let’s create the future together”. The Future Generations Commissioner for Wales. 2020. 16.

<sup>5</sup> “The Future Generations Report 2020: Let’s create the future together”. The Future Generations Commissioner for Wales. 2020. 7.

Following the Senedd election in May 2021, the Welsh Government published their **"Programme for Government"**<sup>6</sup>, setting out the commitments to be delivered over the next five years. Along with reform of homelessness services, they see a strong correlation between housing and language, and have pledged to deliver a **Welsh Language Communities Housing Plan** as part of the drive towards achieving a million Welsh speakers and protecting the nation's culture and heritage for future generations. Furthermore, they intend to directly **support cooperative housing, community-led initiatives**, and community land trusts, as part of the pledge to make Wales' cities, towns and villages better places in which to live and work. Both of these commitments ensure that tackling the housing challenges outlined in this report will remain at the forefront of national policy over the next term, and also demonstrate how the benefits of community housing align closely that of the Welsh Government.

## Conclusion

The evidence presented in this report outlines some of the main challenges faced by many younger people and first time buyers in Ceredigion in trying to find suitable accommodation and buy into the housing market. Recent trends, and in particular the increase in demand for properties in the county combined with limited supply, have created a housing boom with house prices reaching record levels. The 'evidence of need' for further support is clear, particularly in relation to affordability and in creating opportunities for people to live and stay in the county. Tackling these issues through schemes such as community led housing aligns closely to the local housing priorities of the Council and the Future Generations Commissioner.

---

<sup>6</sup> "Programme for Government". Llywodraeth Cymru Welsh Government. Cardiff, 2021.



## Appendix 1: Dwelling stock in Ceredigion

Dwelling stock estimates by local authority and tenure	Number	%
Local Authority*	0	0%
Registered Social Landlord	3,352	9%
Owner occupied	26,402	74%
Privately rented	5,906	17%
<b>All tenures</b>	<b>35,660</b>	<b>100%</b>

\* LA stock transferred to Tai Ceredigion RSL 30 November 2009

Source: StatsWales, Dwelling stock estimates by local authority and tenure

## Appendix 2: Average first-time buyer deposits

First time buyer deposits	First time buyer deposits		Increase in first time buyer deposits compared with 2019	
	2019	2020	%	Cash terms
North East	£23,788	£29,563	24%	£5,775
Yorkshire and the Humber	£28,008	£33,313	19%	£5,305
North West	£29,519	£34,347	16%	£4,829
East Midlands	£33,268	£39,052	17%	£5,783
West Midlands	£34,008	£42,062	24%	£8,054
East Anglia	£43,474	£51,126	18%	£7,652
<b>Wales</b>	<b>£26,029</b>	<b>£32,663</b>	<b>25%</b>	<b>£6,634</b>
South West	£42,504	£51,397	21%	£8,893
South East	£54,654	£64,910	19%	£10,256
London	£110,145	£130,357	18%	£20,211
Northern Ireland	£25,327	£29,523	17%	£4,196
Scotland	£30,101	£35,745	19%	£5,644

Source: Halifax, 12 months to December 2020, UK Finance<sup>7</sup>

<sup>7</sup> <https://www.lloydsbankinggroup.com/media/press-releases/2021/halifax/soaring-house-prices-failed-to-deter-first-time-buyers-2020.html>

## Appendix 3: Number of first time buyers

	2010	2015	2019	2020
North	8,060	13,120	16,010	13,985
Yorkshire and the Humber	14,800	23,660	29,950	25,683
East Midlands	13,220	21,700	27,210	23,894
East Anglia	6,920	10,230	12,420	11,006
Greater London	33,370	42,510	40,720	38,320
South East	38,030	59,700	68,070	60,960
South West	15,030	24,110	28,210	24,588
West Midlands	15,230	24,590	31,460	26,400
North West	18,870	29,680	37,900	33,113
<b>Wales</b>	<b>7,880</b>	<b>12,550</b>	<b>15,890</b>	<b>12,190</b>
Scotland	17,170	28,430	32,530	25,826
N. Ireland	4,550	7,790	10,790	8,347
UK	193,940	298,080	351,260	304,657

Source: UK Finance and Halifax estimate for 2020<sup>8</sup>

## Appendix 4: Further References to Support Community Housing in the Future Generations Report 2020

### The Future Generations Report 2020 – Chapter 5 – Areas of Focus – Housing<sup>9</sup>

“The current renewed focus on housing is UK wide, and is being driven by the public as well as political leadership. This is due to the obvious need to decarbonise our homes to meet emission targets. But, also because housing shortages are impacting many more people than before - unaffordability, lack of social housing, the insecure private rented sector and homelessness are issues that have become more visible and arguably have arisen because long-term thinking planning and a focus on preventing problems from occurring has been absent or not done effectively”

#### Trends to watch:

- The number of households assessed as being homeless in Wales has increased slightly.
- The number of households threatened with homelessness in Wales has also increased.
- The number of people sleeping rough in Wales has increased by 17% in the past year.
- There has been an increase in the amount of bed space being offered to rough sleepers by local authorities.
- The number of households living in fuel poverty is on the decrease – it has decreased from 332,000 households in 2008 to 155,000 in 2018. This is a decrease of 14 percentage points from 26% in 2008 to 12% in 2018.
- The private rented sector in Wales has more than doubled in since 2001.

<sup>8</sup> <https://www.lloydsbankinggroup.com/media/press-releases/2021/halifax/soaring-house-prices-failed-to-deter-first-time-buyers-2020.html>

<sup>9</sup> “The Future Generations Report 2020: Let’s create the future together”. The Future Generations Commissioner for Wales. 2020.

- The **number** of households in temporary accommodation in Wales had increased by 8% between 2018 and 2019. This is the highest since the Housing (Wales) Act was introduced in April 2015.
- The **number** of households is increasing faster than the number of available Properties.
- The growing pressure to meet housing demands has led to an increasing **number** of new homes being built in areas at risk from flooding.
- Welsh housing stock is not **increasing** with the speed that is needed to meet demand – every year less than half the new homes we need are constructed.
- An **ageing workforce** with 22% of the workers over 50 and a poor pipeline of young people entering the profession.
- Approximately 8% of **Welsh emissions** come from housing currently, of which 97% arises from the fuel used for heating and cooking. This is a 34% decrease since 2005.
- Emissions from the construction sector decreased by nearly a third between 1990 and 2016 but speed of further decrease in recent years has slowed and may even be **reversing**.

#### **Predictions for a possible future:**

- More than 90% of today's stock is **predicted** to remain in use by 2050.
- The **number** of households in Wales is projected to grow faster than the overall population. This would lead to smaller household sizes. The number of single person households is predicted to rise by over 30% in the next 20 years.
- In contrast, there is likely to be **less** suitable land available for development as flood plains and other lower lying land becomes increasingly prone to flooding.
- The **number** of second homes and vacant dwellings is projected to continue to increase with 11,000 properties in total by 2031, which will, in turn, lead to a decrease in the number of dwellings available for the predicted increase of household demand.
- Smart sustainable technology and multi-purpose spaces are on the **rise** and are likely to become the standard in the next 30-40 years.
- General **shifts** in generational living behaviours now mean that houses will have to become flexible spaces that can comfortably hold an ageing population.

#### **The vision for our homes in 2050 – communities fit for future generations**

- Welsh Government and public bodies will continue to see housing as a priority issue, ensuring sufficient resources are available to effectively plan, develop and deliver the homes and communities needed in the future.
- Cross-government budgets ensure there will be enough affordable, homes, which meet the needs of our population and effective systems to enable people to access them, reducing homelessness in Wales.
- We will have re-furbished and re-purposed empty buildings helping to bring back into use the 27,000 empty homes currently in Wales. (A More Equal Wales, A Healthier Wales, a Wales of Cohesive Communities, A Prosperous Wales).
- People and communities are effectively involved in how, what and where new homes are built. There is access to a wider range of housing options, supported by a culture change in Wales which widens people's views of how and where to live.
- The private rented sector is more affordable, professional and reliable, and the associated legislation in Wales gives tenants the security they need to see renting as a viable option. There is a wide range within types of housing. This includes intergenerational residences, co-living (private room and shared spaces/facilities) and

co-housing (private home and shared spaces/facilities), reducing isolation and loneliness for the increasing numbers of single and older people. (A Healthier Wales).

- Houses across all tenures, are of a consistent quality standard (A More Equal Wales). Homes have more generous space standards and adaptable interior structures to maximise the use of space and to adapt to people changing needs and lifestyles, as our population spend more time in their homes (including working from home) and less in traffic congestion and in offices. (A Wales of Cohesive Communities).
- Housing, transport and planning are integrated in order to ensure that people have access to greenspace, services and leisure facilities locally. Communities are designed to reflect the heritage of the area and actively help link people to the cultural activities of the area (A Wales of Vibrant Culture and Thriving Welsh Language). All housing developments include environmental benefits, such as space for nature, renewable energy generation, and water management and offers well-connected resilient environments for everyone in Wales. (A Resilient Wales).
- Housing is supported by, and integrated with, a modern planning system, which is in line with Planning Policy Wales 10. This considers the wider social, economic, environmental and cultural factors in a plan area in order to ensure the creation of sustainable places and cohesive communities. The planning system is agile and forward thinking, considering current and future population housing needs for local areas. Land is made available for house building for the type of tenure required for the right type of housing, in the right places - close to local amenities, transport links and accessible plots for land and development opportunities for small and medium enterprises (A Prosperous Wales).
- Our homes are energy-efficient and carbon positive and produce their own electricity – some will be covered in solar paint which harvests energy from the sun. They are also resilient to a changing climate and extreme weather. More buildings collect rainwater and manage their own water use. Most importantly, our homes are part of a well-connected community (A Prosperous Wales, A Resilient Wales and A Wales of Cohesive Communities). Because of increased energy efficiency and renewable energy systems, energy is virtually free, thus reducing fuel poverty (A More Equal Wales).
- Housing goes beyond reducing and eventually eliminating emissions in its own sector – it helps tackle climate change and reduce overall emissions from other sectors through environmentally friendly choices such as green infrastructure, sustainable materials and local supply chains. (A Prosperous Wales and A Globally Responsible Wales).
- The construction sector invests in the development of new skills and ways of working, increasing skill resource in Wales and locally. (A Prosperous Wales).
- Higher quality housing improves people's health and well-being, with knock-on benefits for public services, such as the NHS, which will see a significant reduction in accidents, emergencies and life-long health problems caused by poor quality housing. Circular economy is embedded, reducing waste, saving money and improving connections between people. (A Globally Responsible Wales, A Healthier Wales).
- Technology is integrated throughout our homes making life easier, especially for those with additional support needs. The increased technology, together with adaptable interiors, enables people to live independently for longer, reducing the demand on state support services. (A More Equal Wales and A Healthier Wales).

## **Challenges and opportunities for change**

### What future generations need:

Current and future generations need more high quality, low carbon, truly affordable homes, in connected communities, which meet local population needs and improves the local environment. This needs to be done quickly and on a large scale – with the focus shifting from house building to building communities. Proposals such

as Sero Homes, Parc Hadau or the 'Biophilic Living Mixed Use Development' show us what we could be aiming for.

We need everyone in Wales to be adequately housed. This is about collaboration and reallocating the existing stock. We need consistency of practice across all areas of Wales and not necessarily additional resources. We need housing to become a statutory service like education and health otherwise it will take a back seat and housing allocation will continue to respond to emergencies.

Developments should be planned with or around other amenities, services and (critically) public transport, embracing the concept of place-making (see the section on Land Use Planning) and in line with Planning Policy Wales 10.

This states that "effective planning supports and enables the provision of a range of well-designed and located homes which are well connected to existing retail and commercial centres situated at the heart of our communities and job opportunities."

Increasing the supply of affordable, adequate, low carbon homes within cohesive communities must remain a policy priority in the long-term. We need to understand the issues which contributed to current housing shortages in the first place to prevent them from happening again, for example, the largescale financialisation of housing and land, and housing systems that treat housing as a commodity. We need Welsh Government to undertake ongoing monitoring to keep up with the changing trends and needs, of the population and climate.

#### Where are we now:

Research published in 2019 by Tai Pawb, the Chartered Institute of Housing Cymru and Shelter Cymru confirmed that 'Wales, as other devolved nations, is experiencing not only high levels of homelessness, an increase in rough sleeping, but also a shortage of affordable housing, severe lack of suitably adapted and accessible accommodation for disabled people, lack of security of tenure and issues with substandard accommodation.'

The problems with supply are exacerbated by the number of properties projected in planning developments granted by local authorities and the number actually built. According to Stats Wales, over the last decade, developments that have been approved by local authorities should have delivered 13,355 affordable houses. However, only 6,746 of these have been built.

The number of single person households is predicted to rise by over 30% in the next 20 years. Recent trends in house building indicate that the number of properties available [may not keep up with this rise in households](#). The situation regarding our limited affordable housing supply is exacerbated, because whilst housing need in Wales is growing faster than the number of available properties, there is likely to be less suitable land available for development as flood plains and other lower lying land becomes increasingly prone to flooding.

A number of public bodies have objectives or steps which focus on tackling empty properties, but only one Public Services Board, despite them having objectives and steps about viable, safe, attractive communities. And evidence obtained by the Committee suggests that barriers again lie in leadership at a local level and in resourcing for implementation on the ground

## **Young people not able to leave home or driven into private rented accommodation**

Due to the significant increase in house prices and stricter lending rules since 2008, many young people are not able to afford to buy a home themselves. As a result, they are not able to leave their family home or are being driven into privately rented accommodation. Evidence shows that young people are unlikely to be able to buy a house without their parents' help and one in five young people in the UK have sofa-surfed in 2017 with almost half of them have done so for more than a month. Meanwhile more and more households have become single occupancy households due to an increase in the aging population.

The demands on our limited social housing stock, mean young people are less likely to be able to access it, due to the allocation system which must prioritise vulnerable people. As a result, young people are facing greater 'unaffordable' rents that eat up to 30% of their salary, in comparison to approximately 8% for over 60's.

There are also concerns regarding the true cost of so-called, 'affordable homes.' Rents are often too high for young people, people working part-time or on low incomes. The Joseph Rowntree Foundation states that rent is 'affordable' when it takes up no more than 28% of a household's net income. Yet, there are tenants in Wales paying a much higher percentage of their net income on rent.

While Welsh Government has committed to delivering 20,000 new 'affordable homes', use of the term currently includes homes owned through the shared equity scheme 'Help to Buy'. In 2016, 40% of the homes sold through 'help to buy' were sold for over £200,000, which is unaffordable for many people, especially when the average income in Wales is £22,575, after deductions.

**Welsh Government should use financial levers through the social housing grant and Innovative Housing Programme to encourage innovation in developing intergenerational housing and communities and use taxation levers to incentivise intergenerational house sharing.**

Beyond the suitability of homes, the government should also develop policy and funding using the opportunities (such as those presented by Planning Policy Wales 10, the Community Hubs Programme and the Re-imagining School Review) to:

- Consider how they can open-up care homes to become centres for community activities, services and facilities
- Create and support the development of centres for all ages by 2030 as places to mix and share activities and experiences
- Opening schools longer - at evenings, weekends and holidays - as shared community spaces for all ages
- Encourage local authorities to create streets for play - using residential streets as spaces for play, fun and togetherness.

The Affordable Housing Review sought views for tenants on what was important to them both inside and outside their home which can be summarised as:

- Space was the most significant aspect inside the home. One of the common themes was the importance of a having a kitchen with space for dining, separate to the living room
- Outside of the home, security came out as the biggest priority for tenants. It was also seen as essential to have a garden space or a balcony with a flat, to provide access to an outside space to support mental health and well-being

- Digital access was also seen as a high priority, particularly for those accessing benefits, engaging with the Job Centre or seeking employment.

However, many people are trapped in the private rented sector due to our shortage of social housing. Renters in the private sector already face higher rents and lower levels of support services and now, unless the same requirements and timescales are put on privately rented homes, then people in the private rented sector will have less energy efficient properties and higher fuel bills.

Devolved housing policy, together with the requirements and ambitions set out in the Well-being of Future Generations Act, gives Wales the chance to be innovative and bold in overcoming the housing crisis and choosing an approach which is fit for the future.

### **Recent policy reviews have set out how Welsh Government can make more progress on delivering the aspirations in the Well-being of Future Generations Act**

Welsh Government has completed a number of policy area reviews namely: [The Independent Review of Affordable Housing Supply](#), the [Decarbonisation of Existing Homes in Wales](#) report and the report of the Homelessness Action Group on 'The framework of policies, approaches and plans needed to end homelessness in Wales (What ending homelessness in Wales looks like)'

#### **Affordable Housing Review:**

"The Panel was acutely conscious of how housing in general, and affordable housing in particular, contributes to other social and economic priorities in Wales, including health, education, employment, social cohesion, environment, future generations and opportunity. Good housing is inextricably linked to all of these.

"It was evident that the focus on annual funding (grant/rent policy) decisions and the planning that flowed from this have a limiting effect on the capacity to maximise output from the investments being made whether from public or private sources. The Panel has recommended that the affordable housing regime adopt longer term horizons bringing greater certainty to the system and enhancing the opportunities for more efficient and effective supply planning, expenditure and processes"

#### **Independent Review on Decarbonising Welsh Homes:**

"Members of the Advisory Group shared the emerging recommendations with the Future Generations Commissioner for Wales to check alignment with the Well-being of Future Generations' five ways of working and seven well-being goals. An overview of short, medium and long-term benefits can be found in the tables below. The mapping demonstrates that a new 30-year retrofit programme offers enormous opportunity to deliver widespread and profound benefits including: reducing fuel poverty; creating sustainable growth, substantial numbers of jobs, training schemes and supply chains particularly in local communities; promoting good health and wellbeing for everyone; and building more cohesive communities with better environments"

#### **Homeless Action Group:**

A key recommendation of the Homelessness Action Group is for housing to become a fundamental human right. The report of the Human Rights Council states:

'The right to housing should be defined as the right to live in a home in peace, security and dignity, and include security of tenure, availability of services, affordability, habitability, accessibility, appropriate location and cultural adequacy.

Those in need of housing or related social benefits should be treated as rights holders and as experts in what is required for a dignified life, not recipients of charity. They are entitled to participate actively, freely and meaningfully in the design and implementation of programmes and policies affecting them.

“The Minister for Housing and Local Government has confirmed that she is considering whether to place a requirement on all local authorities to have “due regard” to adequate housing which could be achieved through the forthcoming Local Government (Wales) Bill”

## **Housing as a driver of wider well-being**

### Where we are now:

Public bodies and Public Services Boards are increasingly recognising the connections between housing and wellbeing through their well-being objectives, but more could be done to join all the dots.

Objectives on housing set by public bodies are beginning to shift from a narrow focus on increasing the numbers of affordable housing to an appreciation that housing is the cornerstone of our well-being and has links to health, educational attainment, employment and vulnerability.

Within rural areas, affordability is particularly emphasised within well-being objectives, seeking to ensure that future generations will be able to continue to live within their communities.

Public bodies and Public Services Boards have also made connections between poverty and housing. The issue of ‘affordability’ continues to be the most associated with housing within well-being objectives and steps and the impact of fuel poverty is also recognised. However, some public bodies are going further, considering the impact that housing has on poverty (and vice versa), towards identifying opportunities for developing housing fit for the future whilst also developing skills and local employment.

As set out throughout this report, there are more opportunities for public bodies to be making the connections between their objectives. Housing provides an opportunity to meet each of the well-being goals and many of the objectives set by public bodies.

For example, there is potential for more public bodies and Public Services Boards to link their aspirations around housing to:

- Providing skills locally (see below and the section on Skills for the Future in Chapter 5), given increased demand for skills in the ‘green economy’ and for homes that are low carbon, energy efficient and built in a zero waste way
- Building houses and communities which are proactive in enhancing and restoring nature can help to address the decline in biodiversity
- Building communities not just homes which can help to tackle loneliness and isolation and keep people well
- Working with housing providers provides an excellent opportunity to identify and respond to Adverse Childhood Experiences

### More could be done to make the connection between housing and skills:

The shortage in the skilled trades for house building, is becoming more serious.

The Construction Industry Training Board has estimated that the housing and construction industry needs 44,690 new entrants per annum to maintain the sector. In 2015, just 7,280 construction apprentices completed their training across all trades. One of the factors contributing to this shortage is the number of non-British workers we have been relying on in these trades but due to the implications of Brexit 36% of non-British workers in the UK are thinking about leaving by 2022.



The percentage of small and medium-sized house builders saying that a shortage of skilled workers is a major barrier to their ability to build more new homes, rose to 44% (up from 42% in 2017).

There are some examples of public bodies recognising the links between housing and skills for example Bridgend County Borough Council (referenced earlier on in this chapter) and Caerphilly County Borough Council have linked their objectives on housing to developing skills locally through their steps to: 'Create apprenticeships and work placements in the Housing Repair Operations team linked to succession planning and skill gap practices. Create apprenticeships, employment opportunities and work placements as part of the Welsh Housing Quality Standards investment programme'.

However, not enough public bodies make the links between the local skills required to bring existing properties up to standard and building new homes fit for the future, to the objectives they have set on education and employment. There are missed opportunities in considering what needs different areas have and matching those with the skills of local people – such as jobs in the green and circular economies.

This suggests, that as set out elsewhere in this report, that there is a need for better integration between well-being objectives and the roles of other bodies boards and partnerships, in this case Regional Skills Partnerships.

### **Improve the way we plan, design and build houses**

#### What future generations need:

We must recognise the significance of good housing and communities as a route to physical and mental well-being of people, building cohesive communities, meeting our carbon emissions targets and providing opportunities for jobs and the development of new skills.

#### Where we are now:

Planning Policy Wales 10 provides the right context to build communities not just houses.

There is a unique opportunity for Wales to prevent the problems of the past where building housing units has been permitted without building communities. We have seen clusters of houses in remote locations, isolated from local services and infrastructure, resulting in households relying on cars, commuting out of the area they live in to find work and access amenities and vitally, without any sense of community.

In rural areas, I am often told of people's quality of life feels inequitable to that of people living in more urban areas due to limited public transport infrastructure and difficulties accessing the internet.

It is clear we need to do more to focus on creating communities not just building houses and this must remain our focus despite the housing shortage otherwise we risk building homes today which will not be fit for our needs in 2030, let alone 2050.

However, due to the current reform of the planning system in Wales there is a real opportunity to focus on building communities in Wales. The new Planning Policy Wales (edition 10) published in 2018, embraces the idea of sustainable planning and embeds the principles of the Well-being of Future Generations Act. Welsh Government is currently in the process of developing the National Development Framework and consulting on the new Local Development Plan Manual (See the section on Land Use Planning).

I would also expect to see wider consideration of 'placemaking'. Public bodies and Public Services Boards are not yet explicitly discussing housing that's protected from future challenges like extreme weather, reducing raw material consumption, creating better access to green spaces, more imaginative solutions to demographic change (like younger people house-sharing with older people) and a more explicit link to a placemaking approach.

There is no question that if we are to change people's travel habits and reduce our carbon emissions, we need homes in communities that are fit for the future, so well-being objectives on 'housing' should really be about well-connected environments, that help people move around their communities sustainably.

"To overcome shortages in housing supply, coupled with reducing skills pool, the industry needs to consider forms of construction beyond traditional methods of housing that are both sustainable and of high quality"

## Recommendations

Advice on setting well-being objectives for all public bodies and boards covered by the Well-being of Future Generations Act (including Welsh Government)

Please refer to the chapter on Setting Good Objectives, but in setting their objectives specifically in relation to transport all public bodies and boards covered by the Well-being of Future Generations Act (including Welsh Government) should:

- Ensure they reflect future trends especially demographic changes and the climate and nature emergencies
- Clearly demonstrate the connections between their well-being objectives and steps on housing, and other areas, such as tackling inequality and poverty, the natural environment, fair work, skills, health and well-being.
- Consider the recommendations of the Affordable Housing Review, the Independent Review on Decarbonising Welsh Homes and the report from the Homelessness Action Group.

In setting their steps, public bodies and boards covered by the Well-being of Future Generations Act (including Welsh Government) should focus on the following areas and should:

- Set out how their steps to meet their objectives on housing can align with their objectives on skills, particularly in relation to the construction industry, and development of skills in modern methods of construction, including low carbon build.

Recommendations for all public bodies and boards covered by the Well-being of Future Generations Act (including Welsh Government)

## Process Recommendations

In their day to day actions they should start:

- Embedding values of kindness compassion in their work on housing and ensure these values are embraced by their workforce.
- Ensuring local housing market assessments specifically include well-being assessments conducted by Public Services Boards as part of the data they use.
- Working with housing associations to share and implement innovative practice.
- Considering how they can require zero waste construction through their procurement processes.
- Putting in place a clear plan for addressing climate change displacement (see the recommendation from the Resilient Wales section of Chapter 3).
- Involving the housing sector in the work of the Public Services Boards, including inviting them to join the board.
- Considering housing as one of the wider determinants of health.
- Ensuring Local Development Plans and social housing developments meet the needs of the ageing population.

## Cyngor Sir CEREDIGION County Council

**REPORT TO:** Council

**DATE:** 3<sup>rd</sup> March 2022

**LOCATION:** Virtual Meeting

**TITLE:** Community Housing Proposals

**PURPOSE OF REPORT:** To provide feedback from the Corporate Resources Overview and Scrutiny Committee meeting held on 7 February 2022

### **BACKGROUND:**

On the 29<sup>th</sup> November 2021, the Independent Group presented a report setting out a vision towards creating a pathway to Home Ownership for the Younger Generation of Ceredigion. The vision was drafted in response to the economic situation facing the young people in Ceredigion and the lack of opportunities that they have to get on the housing ladder and be able to stay within their own communities.

Evidence demonstrates that there are limited opportunities for young people to be able to purchase a first home due to the economic constraints within the County.

Committee Members were all supportive of the proposal and agreed that the 'Vision towards creating a pathway to Home Ownership for Younger Generation of Ceredigion' was referred to relevant Officers to work up the viability of the scheme. Officers would then return to Committee with their recommendations and if the scheme was ultimately approved by Cabinet/Council, the preferred funding option would be modelled into the annual budget setting.

The Council Tax Premium Task and Finish Group comprising Councillors and Officers at its 26<sup>th</sup> January 2022 meeting unanimously agreed to recommend that the local housing proposal is presented to Scrutiny and were supportive.

Committee Members considered the report contents' which sets out the Key Points in the Vision, the Appraisal of Proposal and Conclusion.

The report can be viewed via the following link:

<https://council.ceredigion.gov.uk/ieListDocuments.aspx?CId=141&MId=261&Ver=4&LLL=0>

Committee Members then had the opportunity to ask questions which were answered in turn by Officers. The Committee discussed various issues and opportunities that could be considered and developed further by the new administration following the Local Elections in May 2022. There was consensus that the proposals were appropriate for the first phase of a longer term plan to support young people in Ceredigion.

Committee Members were then asked to consider the following recommendations:

**RECOMMENDATION/S:**

For the Corporate Resources Overview and Scrutiny Committee to recommend to Council that:

- 1) The Council decision 24/3/16 Minute 12) Report of the Deputy Chief Executive upon the Council Tax Premiums for long-term empty homes and second homes, point 4 be amended as follows:  
“4)a)The level of Council Tax Second Homes Premium charged to be set at 25% (with effect from 1 April 2017), and,  
  
b) that all monies raised from the 25% Council Tax Second Homes Premium (net of the Council Tax refunds), be ring-fenced and used to support the Community Housing Scheme.”
- 2) That all monies raised from the 25% Council Tax Second Homes Premium between the period 1/4/17 to 31/3/22 (net of Council Tax refunds), to be ring-fenced and used to support the Community Housing Scheme.
- 3) That all monies raised from the 25% Council Tax Second Homes Premium from 1/4/22 (net of the Council Tax refunds), to be ring-fenced and used to support the Community Housing Scheme.
- 4) That from 1/4/22, all monies raised from the 25% Council Tax Empty Homes Premium (net of the Council Tax refunds), be ring-fenced and used to support the Community Housing Scheme.
- 5) That Council decision 16/3/17 minute 8)b) Council Tax Premiums on Second Homes, be revoked.
- 6) That details of a shared equity element of the scheme are prepared and agreed within 12 months of the Council decision and that work continues on the other options.

An additional recommendation was suggested and agreed by Committee members:

- 7) The possibility of establishing a Community Benefit Scheme be deferred for one year.

**Following consideration, Committee Members agreed to recommend that Council agree and adopt points 1,2,3,4,5, 6 and 7 listed above.**

The Chairman thanked the Officers for the comprehensive report and for their support during this process.

**Councillor Ivor Williams**  
***Chairman of the Corporate Resources Overview and Scrutiny Committee***