

Dadansoddi ar gyfer Polisi



Analysis for Policy

Ymchwil gymdeithasol
Social research

Rhif/Number: 7/2014



Llywodraeth Cymru
Welsh Government

www.cymru.gov.uk

An Evaluation of the Rural Housing Enablers in Wales FINAL REPORT



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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government)

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Welsh Government Social Research, 2014

Ymchwil Gymdeithasol Llywodraeth Cymru)

ISBN 978-1-4734-0867-8

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Table of contents

Glossary of acronyms	1
Key Findings	4
Introduction	14
2 Methodology	16
3 Context for the Research	19
4 RHE Role and Remit	25
5 Outcomes and Outputs	38
6 The Delivery Process	44
7 Management arrangements	81
8 Pan-Wales working	86
9 Funding RHE posts and Value for Money	88
10 Recommendations	105
APPENDIX ONE	115
APPENDIX TWO	118

Glossary of acronyms

ACG – Acceptable Cost Guidance

CHC – Community Housing Cymru

CLT – Community Land Trust

HA – Housing Association

LDP – Local Development Plan

RES – Rural Exception Sites

RHE – Rural Housing Enabler

SHG – Social Housing Grant

TAN – Technical Assistance Note

WLGA – Welsh Local Government Association

Glossary text

Acceptable Cost Guidance – are used to as a guide for costs of schemes funded under the Welsh Government’s Social Housing Programme.

Community Land Trusts – are non-profit, community-based organisations run by volunteers that develop housing, workspaces, community facilities or other assets that meet the needs of the community, are owned and controlled by the community and are made available at permanently affordable levels.

Commuted Sums – are a financial payment made by a developer in lieu of providing affordable housing on site

Development Management – in this context it refers to the practice of early and proactive engagement of local authority planners in discussions that shape development proposals. It is intended these involve developers and other relevant local authority departments. The aim is to improve the standard of development, including maximising sustainable development benefits and speed up the planning process.

Housing Associations – non-profit making organisations that build and manage properties for rent and sale at prices below market values for low income households.

Local Development Plans – Every local planning authority in Wales has a statutory duty to prepare a local development plan within the framework set by national planning policy in Planning Policy Wales. LDPs provide the proposals and policies to control development of the local area for the next 15 years

Rural Exception Sites – are sites on the edges of rural settlements that are not allocated for development. They can, however, be developed to provide affordable housing that is available for occupation by people with a local connection to the community where the development is built and the homes are available as affordable housing in perpetuity.

Rural Housing Enablers – individuals employed by a local authority or housing association to assist rural communities meet their housing needs.

Section 106 Agreements – are legal planning obligations that are attached to planning permissions. They are used to secure a range of benefits from the development. In this context they are the mechanism usually used to ensure the housing remain affordable in perpetuity and is occupied by people with a defined local connection to the community in which the development occurs.

Social Housing Grant – is a grant given to housing associations by the Welsh Government to provide new affordable rented or low cost home ownership homes.

Technical Assistance Notes – are produced by Welsh Government to provide guidance to local planning authorities as they prepare Local Development Plans.

Key Findings

- 1.1 The key findings are presented in two parts: the overall findings of the research, followed by the more detailed findings for each element of the evaluation.

Overall findings

- 1.2 The evaluation has revealed the high value that is placed on the RHE role in six areas. Even in two of the areas where there is currently no RHE post, there is a commitment to continue the role in the future. Only one area seems to have abandoned the role all together.
- 1.3 The dilemma facing all those involved in the RHE project is that delivery of rural affordable housing remains low. Ultimately, delivery is the goal of the RHEs' work, but there is also a recognition that the RHEs are just one part of the delivery process. Against their expected outcomes, which primarily centre on engaging communities and bringing partners together through a brokering role, RHEs are achieving their objectives.
- 1.4 This evaluation has revealed that barriers which are out of the hands of the RHE hinder delivering rural affordable homes, which is the ultimate objective of the RHE project. Most significantly, it is perceived that the limited amount of SHG (Social Housing Grant) and low Acceptable Cost Guidance (ACG) that do not take account of the costs of developing rural schemes that is holding back supply. Coupled with this in most areas is the lack of sites, a combination of landowner expectation on price, out of date Local Plans and the state of the local housing market. There was also a concern that local authorities are not releasing sites at a price that makes it possible to provide affordable housing, even though this is often a corporate priority.
- 1.5 These are strategic barriers that have been highlighted as challenges through numerous reports dating back to the Joseph Rowntree

Foundation Inquiry into Rural Affordable Housing in 2008. Their continuation is a concern and the reluctance of the RHE Steering Groups to venture into taking a strategic role is perhaps a reflection of this situation.

- 1.6 There is a paucity of information on delivery in rural communities. National data compiled by Welsh Government does not provide this evidence. The reports to the Steering Groups provide detailed scheme progress information, but it is not compiled in a way that would support them tackling, as a Group, the fundamental barriers affecting the translation of pipeline into completions.
- 1.7 Against this context, together with the pressure on local authority and Housing Association (HA) budgets, the future funding for the RHEs is precarious. There is a real danger that this valued resource will be lost. Yet, there is a willingness to look at alternative funding solutions, possibly using combinations of grant and fee earned income. More radically, there is also interest in coupling RHE funding with a targeted capital funding programme for rural schemes.
- 1.8 There is also interest in organising the RHEs in a different way. This could mean reducing their coverage to those areas where there is active support and engagement of local authorities and HAs in delivering rural affordable housing.
- 1.9 Such an outcome would reflect the key conclusion of this evaluation. That it is that the RHE role has worked most successfully in the areas where rural housing is a real priority for the local partners. For the role to fulfil its potential it has to be one of a number of integrated mechanisms.

Detailed findings

The role and remit of RHEs

- 1.10 The key conclusion is that for the majority of respondents to this evaluation the role of RHE is still seen as essential to delivering rural affordable housing and delivery would reduce if the role were withdrawn. Engaging communities in meeting their housing needs remains the golden thread that runs through RHE tasks and remains a priority for all stakeholders. However, there has been a change in activity away from raising community awareness of rural housing need and measure it. In its place a more delivery focused and targeted approach is taking hold. This is largely driven by concerns that: the expectations of communities were being falsely raised; as RHE projects have matured they have recognised the virtue in targeting the RHEs' activities to specific communities where more of the pre-requisites are in place; cuts in SHG; and progress towards adoption of Local Development Plans.
- 1.11 The length of time that a post has existed and the time that an individual RHE has been employed appear to have a significant impact on outcomes and outputs. 89% of homes provided with input from RHEs are in Gwynedd, Monmouthshire and Powys South, all areas where there has been an RHE in post since 2009.
- 1.12 It is commonly acknowledged that the most important input of the RHEs is at the earliest stages of providing affordable housing: raising awareness; working with communities to identify needs and possible sites; increasing communities knowledge of the process; and dispelling myths.
- 1.13 A noticeable difference emerged between areas. In those where the RHE post has existed the longest the RHEs' tasks were seen as an integrated package and there was a consensus across the partnership on its component parts. In contrast, in the areas where a post has been

established in the last four years, there is a tendency to define the RHE role in terms of separate tasks. Perhaps of more concern is that in some of these areas there is either a lack of clarity or difference of view among the HAs and local authorities of what should be the RHEs' tasks.

- 1.14 An emerging role, particularly in the more rural areas is that of the RHE being a facilitator of rural regeneration and community sustainability. This complements other community development activity, usually, but not always, including housing.
- 1.15 Universally, it was considered that the loss of the RHE would reduce the already low levels of rural affordable housing delivery. Neither HAs nor local authorities considered that they had the staff time or capacity to take on the intensive community engagement work that is seen as essential to a scheme progressing.
- 1.16 The caveat to this generally positive view of the RHE role is that in three areas the RHE post no longer exists, although in two of these areas there are plans to fund a post in the future.

Outputs and Outcomes

- 1.17 While respondents consider that the ultimate goal of the RHEs' work is the delivery of rural affordable homes, there is unease at using this output as the sole measure of the success of RHEs.
- 1.18 Instead most respondents expected and saw the results of the RHEs' work in terms of outcomes. These highlighted what was commonly seen as the vital role of putting in place the pre-requisites for successful delivery: galvanising community support and engagement; providing evidence of need; contributing to the design of supportive policies; and

raising overall awareness of the need for rural affordable housing and how this can be met.

- 1.19 It is the focus on rural communities and that RHEs have the time, skills and knowledge to nurture positive engagement that run as threads through the perceived added value and unique selling point of the RHEs. They are seen as a resource for the community, giving them a voice and helping them to help themselves.
- 1.20 Equally, it is these factors that mean the RHEs provide a brokering and facilitation role that is highly valued by respondents. Underpinning all these is the importance placed on the independence of the RHE in terms of their not articulating the views of one organisation. The achievement of the expected outcomes demonstrates that these features of the RHEs role are being deployed successfully.
- 1.21 The community representatives interviewed for the evaluation also confirm this success. For them the most important roles that the RHEs played were as negotiators and co-ordinators, but above all else being good communicators. Underpinning this the skills they valued in the RHEs were their knowledge and expertise, enthusiasm and dependability, tenacity, organisational skills and in three cases their ability to speak Welsh.

RHE role in the pre-development process and barriers to delivery.

- 1.22 As identified earlier in the report, gaining data on affordable housing in rural communities is almost impossible. The only information was that provided by six RHEs. It confirms that to date delivery has been low. Since 2004 when the first RHE came into post 186 units have been delivered. However, what is noticeable is that 89% of these have been delivered in the three areas where an RHE post has existed for the longest period of time. More encouragingly, since 2011 RHE activity has

resulted in a pipeline of 28 schemes that have the potential to deliver a minimum of 240 units.

1.23 The RHE data also confirms the view that delivering affordable housing takes a long time, averaging six years, but ranging from two to ten years. However, there is some limited evidence that the pace is quickening.

1.24 The low level and slowness of delivery reflects the significant barriers that rural affordable housing schemes encounter. From the RHE returns this is noticeably after need and a site have been identified. That is when the RHEs' input reduces and other partners take the lead responsibility for moving the schemes through planning, funding and to construction.

1.25 The analysis of each of the pre-development stages revealed that RHEs' involvement is greatest at the earliest stages of the pre-development process. They lead on evidencing needs and often have a key role in identifying sites, although interestingly this was seen by the local authorities and HAs as a stage they led. Throughout the process the RHEs help galvanise and maintain community engagement and support.

1.26 The principal barriers identified by respondents are:

- Difficulties identifying sites, something which is very much affected by the status of the Local Plan, the buoyancy of the local housing market and ownership. Interestingly, problems agreeing valuation means that having a local authority site does not necessarily mean schemes will progress more rapidly.
- Implementation of planning policy. Sometimes difficulties arise because of the age of Local Plans: policies are out of date. Encouragingly, more local authorities are moving from a Development Control to a more proactive Development Management approach which increasingly involves the RHEs.

- The greatest barrier is capital funding. SHG is limited and there is felt to be an urban bias in its allocation. This is heightened by the failure of ACGs to take account of the additional costs associated with very small, often remote rural schemes. Given the time it takes for rural schemes to come through and the uncertainty of their progress an annual capital programme is also seen as a barrier. Opportunities for using cross-subsidy from market housing to fund affordable housing are restricted. National policy does not support this in smaller communities and so it rarely appears as a Local Plan policy. In other areas market values are so low that this is not a viable solution.
- Only in two areas have the RHEs been involved in bringing empty homes back into use. In other areas the scarcity and costs of bringing such properties up to standard means this is not seen as a good use of the RHE resource.

1.27 Communities value very highly the support and expertise of the RHE. Being able to access this resource has meant they become involved in meeting their affordable housing needs, which for them is a pressing problem.

1.28 A significant success of the RHEs has been their involvement in policy development. This has ranged from making it easier for rural residents to register and take up properties to shaping local plan policies and guidance.

1.29 There is increasing awareness of the role the RHE can bring to supporting community activity that supports wider rural regeneration, sometimes filling a gap where national funding has been re-directed away from rural community development. The case studies are exemplars of this type of activity.

RHE Management arrangements

- 1.30 The strategic role of the Steering Groups is very weak. This is in part a reflection of the lack of strategic monitoring information that would help form an overview of where common barriers to delivery were being encountered. In consequence there are only very few examples of Steering Groups taking action as entities in their own right to unlock barriers.
- 1.31 In contrast, individual scheme progress monitoring information is more readily available and discussed on a regular basis by the Steering Groups. This translates into action being taken by the relevant organisation to unlock scheme specific barriers. Not collating this information for more strategic consideration is a missed opportunity. As the section of this report on delivery indicates this probably results in some barriers, such as land supply and lack of capital funding, being constantly revisited.
- 1.32 For most of the RHEs line management arrangements are in place to combat the isolation that sometimes comes with their role. However, when it goes wrong there does not appear to be a means of holding line managers to account, particularly if the Steering Group is weak. This can have a significant detrimental effect on the individual RHE and the ability of the area to retain them in post.
- 1.33 As shown earlier in this report the independence of the RHE is highly valued. For the most part this appears to be respected by the hosting organisation and line manager. On balance there may be greater benefits in being hosted within a local authority where the RHE can access a wider range of professional advice, data and other support resources. This may be particularly the case where there is more than one HA delivering rural affordable housing in an area.

Pan Wales working

- 1.34 The RHEs network has provided a valuable resource and source of support for the RHEs, particularly those new into post.
- 1.35 The Rural Affordable Strategic Housing Group has struggled to make its voice heard, but has the potential, possibly through the findings of this evaluation, to play a more active and influential role.

Funding RHE posts

- 1.36 The broadly balanced funding model of today - which spreads responsibility of funding between the Welsh Government, local authorities and HAs - is broadly supported and is seen as bring 'tried and tested'.
- 1.37 While the majority consider their contribution offers value for money this viewpoint is not universal and as budgets tighten, it is highly unlikely that many HAs or local authorities would be prepared to contribute more to make up a funding shortfall.
- 1.38 The current model of funding does not seem sustainable in the long term, and certainly would not be if the Welsh Government withdrew or significantly reduced its contribution. New funding sources are not easy to identify and those that there are, have not been widely tested.
- 1.39 While more radical options for funding have their drawbacks, we are recommending that the process is started of developing an alternative approach that provides a more sustainable model for the future. In the short term, there is a need for transition funding arrangements until a more sustainable option is put in place.

1.40 These findings inform the recommendations of this evaluation and can be found in Chapter 11.

Introduction

- 1.41 There is a well-documented and longstanding shortage of affordable housing in rural Wales arising from the difference between house prices and local incomes and the limited supply of homes provided by local authorities and Housing Associations (HAs). This impacts on the ability of low income households to find a home in rural areas and also undermines the ability of rural communities and economies to thrive as young and working age people leave. In some parts of Wales it has an added cultural dimension as the loss of local residents can weaken the continuing use of the Welsh of language.
- 1.42 Addressing these challenges has always been complex: rural schemes are small and often costly, site supply has been constrained and misinformation and lack of involvement can result in communities opposing development.
- 1.43 It was in response to these issues that in 2004 three RHE posts were piloted. Then, acting on a recommendation in the 2008 Joseph Rowntree Foundation Commission on Housing in Rural Wales¹, the Welsh Government agreed to fund a pan-Wales RHE Network. It supported this by providing £150,000 per annum match funding for ten RHE posts.
- 1.44 The current funding for RHE posts was for three years, finishing in March 2014. During this time there have been significant changes in policy and financing of affordable housing. The Welsh Government now wishes to consider how the RHE network is taken forward and funded. It is these factors that prompted the Welsh Government to commission an evaluation of the RHE Project.
- 1.45 In September 2013, a consortium of Rural Housing Solutions, Cyngor Da, Celandine Strategic Housing and Three Dragons was appointed to undertake this evaluation.

¹ <http://www.jrf.org.uk/publications/rural-housing-wales>

Purpose of the evaluation report

1.46 The Welsh Government defined three principle aims for the evaluation which were to:

- assess how far the RHEs have linked directly with rural communities and local stakeholders to identify and find potential resolutions to housing needs
- evaluate RHE influence on the strategic landscape of affordable housing
- provide conclusions and recommendations for the future, including potential funding options.

2 Methodology

- 2.1 Quantitative and qualitative evidence was collected to gain an understanding of outputs and outcomes, together with stakeholder views on the operation and management of the project

Quantitative evidence

- 2.2 Quantitative evidence was used for two principle purposes. Firstly, to gain an understanding of the housing market context in which the RHEs were operating. This relates to the level and nature of housing needs and the opportunities available to meet them. Secondly, to assess levels of delivery through the RHE and others.

Qualitative evidence

- 2.3 The purpose of the qualitative evidence was to provide a more in-depth understanding of the way in which the RHE role operates, the extent to which the posts meet their objectives, their management and funding arrangements. The qualitative evidence was assembled through a series of interviews that were also used to explore the factors that affect the delivery of rural affordable housing and the ability of the RHEs to achieve outcomes and outputs. By using common questions across interviews it was possible to compare the views of different stakeholders.

- 2.4 In total interviews were held with:

- 7 RHEs currently in post
- 2 ex- RHEs
- 22 local authority housing and planning staff
- 21 housing association development staff
- 3 officers from National Parks
- 8 community representatives who had experience working with the RHE. These respondents included the Chairs of all the RHE Steering Groups.
- Representatives from the WLGA, CHC and the Welsh Government

- 2.5 The interviews were, in the vast majority of cases, conducted separately with: local authority and National Park officers; HA staff; RHEs; and community representatives.
- 2.6 The nature of their involvement with the RHE meant it was possible to gain information from those who work with the RHE on an operational level and through the respective RHE Steering Groups. Often these and the line management roles overlapped.
- 2.7 As far as possible there were group interviews with the RHEs, local authority, National Park and HA staff. However, in a minority of cases it was not possible to bring people together in one location. In these cases interviews were undertaken over the telephone. The interviews took on average 1.5 hours. A common set of questions was used across these groups to gain an understanding of the commonalities and differences of view between the different stakeholders. This was captured by collating the interview results from these three groups into a single schedule.
- 2.8 Views of the community representatives were collected by pre-arranged telephone interview. The RHE identified communities where they had worked, where possible with different degrees of success in terms of delivery of affordable housing.
- 2.9 To gain a Pan-Wales perspective interviews were held with representatives from the Welsh Local Government Association, Community Housing Cymru, Welsh Government and the Chair of the Rural Strategic Housing Group.
- 2.10 Over and above the interview questions evidence of the added value that RHEs can facilitate through affordable housing were explored through three case studies. Their selection was based on criteria relating to: successful delivery of rural housing facilitated by the RHE, community involvement, impact on community sustainability, added value contributed by the RHE and geographical spread across rural Wales. We also sought to illustrate the breadth of the RHE role and skills and their ability to adapt and implement new

initiatives, overcome barriers and work in partnership to access additional opportunities for communities.

- 2.11 The RHEs were invited to submit examples of schemes they have been involved with that they considered demonstrated added value/good practice. The 14 case studies submitted were considered against the criteria above and, in discussion with Welsh Government officials, a shortlist of three was selected. Additional information gathered from Housing Associations, local authority officers and members of the community was reviewed to ensure that each case study still met the initial criteria and presented a rounded, objective description of the scheme.
- 2.12 Recognising the importance of land supply an electronic survey was sent out to 17 land agents and landowners identified by the RHEs. Six responses (35%) were returned from: one private landowners, one charitable landowner, two land agents/planning advisers, one architect/design practice, and one building surveyor. Two covered all Wales, two mainly worked in Powys, and two from Gwynedd. As such they are not a representative sample and the findings are not statistically significant, however, they did offer some interesting insights from their own experience of delivering rural affordable housing and working with RHEs.
- 2.13 The final element of the qualitative research was to run two workshops for RHEs and funders respectively. The purpose was to explore possible future funding scenarios. All the RHEs and 17 funders participated.

3 Context for the Research

- 3.1 An understanding of the context in which the RHE network has developed and operates provides the background within which the detailed findings and recommendations should be read. This section provides an analysis of overall delivery of housing and affordable housing in Welsh rural local authorities. It also provides a summary of the Literature Review that provides a comparative view of practice and policies for rural affordable housing and support for rural housing enabling across the Home Nations. This is accompanied by a synopsis of policy announcements published by the Welsh Government during the course of the evaluation that have potential future relevance to delivery of rural affordable housing in Wales.

Setting the scene

- 3.2 The evaluation of the RHE network has reviewed in detail where new affordable housing has been provided with the input of the RHE. As context, this chapter considers overall delivery of affordable housing in rural Wales. Data is limited to information at the local authority level and so the picture is necessarily very high level. Nevertheless, the analysis shows that the delivery of affordable housing in rural areas is limited, especially on rural exception sites (RES).²

Type of information collected

- 3.3 Information on the nature and amount of house building has been sourced online from published sources with data available for all local authorities in Wales. The information allows a comparison between 'rural' and 'urban' authorities but not between rural and urban communities within each authority. For the analysis, rural authorities are defined as Isle of Anglesey, Gwynedd, Conwy, Denbighshire, Powys, Ceredigion, Pembrokeshire, Carmarthenshire and Monmouthshire. The remaining authorities are the 'urban' authorities.

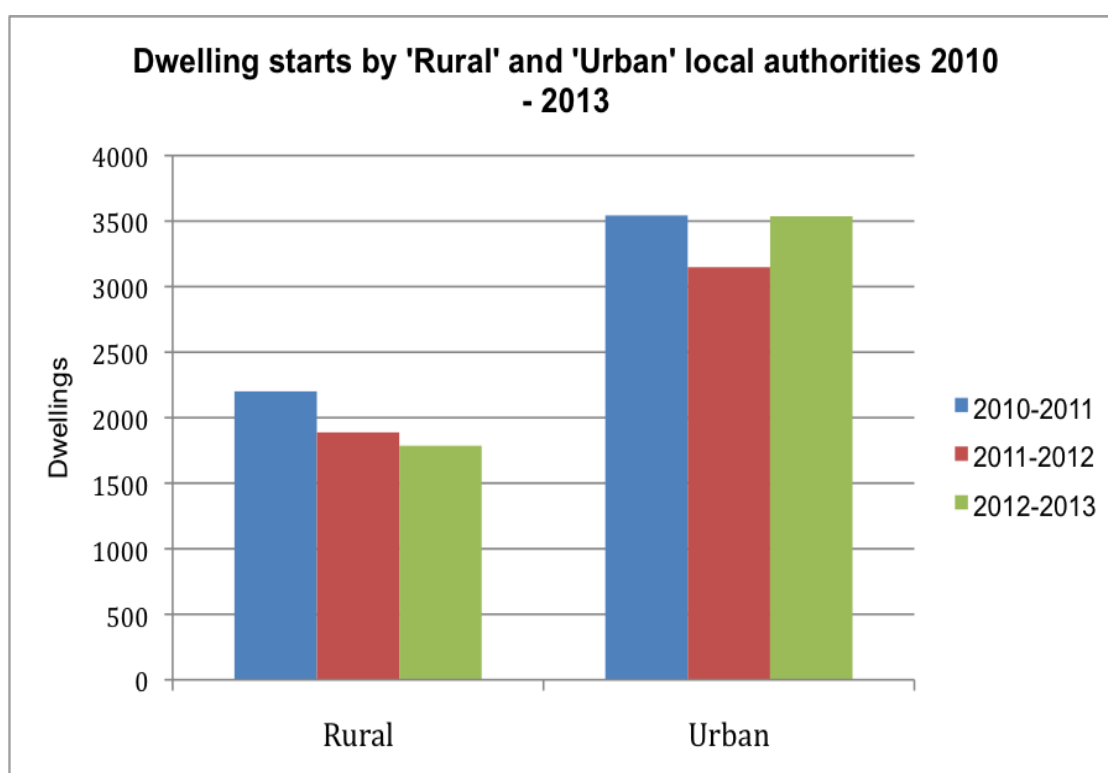
² RES are typically windfall sites in smaller rural settlements, outside the normal settlement boundaries and which provide 100% affordable housing

Overall patterns

3.4 The general pattern in recent years is for the rural authorities to have lower levels of house building than the urban authorities (as measured by the number of dwellings starting construction or 'dwelling starts'). Of the ten authorities that had the greatest number of starts 2010 to 2013, seven are urban authorities and only three are rural authorities (Monmouthshire, Powys and Carmarthenshire).

3.5 As shown in Figure 4.1, over the last three years, dwelling starts in rural areas have dropped while in urban authorities there was a decline between 2010-11 and 2011-12 but with an increase in starts in 2012-13.

Figure 4.1

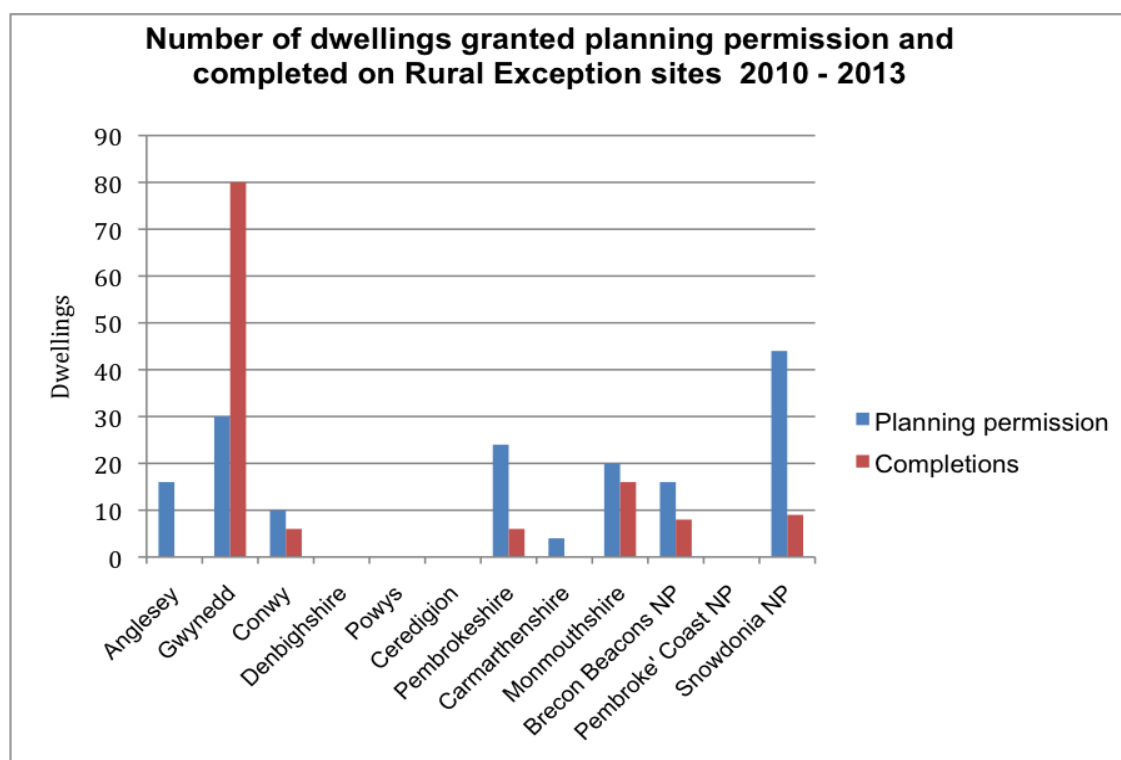


Source: Stats Wales website

3.6 Provision of new affordable housing in RES is the best indicator available of delivery of affordable housing in rural settlements and will often involve the input of RHE. The chart below shows the number of dwellings on RES granted

permission and the number completed from 2010 to 2013 in the rural local authorities.

Figure 4.2



Source: Stats Wales website

- 3.7 In RES across the 12 'rural' authorities, 164 dwellings have gained planning permission and 125 dwellings have been completed over the last 3 years - on average about 5 dwellings completed per annum per authority.
- 3.8 Four 'rural' authorities had neither a RES granted planning permission or with completed dwellings during 2010 to 2013. Three of these had an RHE at the time³.
- 3.9 Gwynedd is exceptional in terms both of RES gaining planning permission (30) and delivery of completed units (80). Two other authorities also achieved more than 20 dwellings on RES being granted permission – Pembrokeshire and Carmarthenshire. Monmouthshire also achieved more than 10 completed RES

³ Powys, Ceredigion, Pembrokeshire Coast National Park

dwellings. Otherwise, the number of dwellings completed and/or granted permission are low.

- 3.10 The data is too limited to draw outright conclusions, but actual levels of permission were higher in 2010 - 2011 at 81 dwellings than in the two subsequent years (at 41 and 42 dwellings). This suggests that delivery of affordable housing is not picking up, but evidence on the potential scheme pipeline reported later and taken directly from the RHE projects indicates a little more optimism about future pace of delivery.

House prices

- 3.11 A review of average house prices provides a very high level indicator of affordability. It is not a substitute for a proper analysis of affordability, which takes into account incomes, but taking mean average house prices for September 2013, of the five most expensive authorities in Wales, 3 are rural (Monmouthshire, Gwynedd and Powys). All five authorities with average house prices below £100,000 are 'urban authorities'⁴. So house prices are generally higher in the rural areas, but there are also expensive urban areas. Feedback from interviewees reported later confirms that affordability does remain an issue in rural areas covered by RHEs.

Conclusions: delivery and affordability

- 3.12 The available high level indicator (house prices) points to the potential need for affordable housing.
- 3.13 The best information available about delivery of affordable housing in rural settlements i.e. in RES schemes (in terms of both granting planning permission and completions) indicates relatively low levels of activity generally with no immediate signs that the pace of development is picking up. There are clear

⁴ Source Land Registry website - Data produced by Land Registry © Crown copyright 2013

disparities between authorities with Gwynedd achieving higher levels of permissions and completions than the other 'rural' authorities and some authorities providing very little or nil rural affordable housing in the last three years.

- 3.14 Reporting data only at local authority level means that development in the urban centres of rural authorities, such as Carmarthen and Llandudno, disguises levels of delivery in rural communities. It would be very helpful if information tailored to monitoring housing delivery in rural settlements was directly available so that delivery patterns could be robustly recorded.

Literature Review

- 3.15 To provide a deeper understanding of the challenges facing rural affordable housing and how these have been addressed a Literature Review of policy and practice in Wales, England, Scotland and Northern Ireland was undertaken.
- 3.16 The underpinning causes of the rural affordable housing problem are common to all the Home Nations. There are however some nuanced differences that reflect the differences in the remoteness of rural areas. This affects the nature of the housing market and heightens the links between economic and social regeneration with affordable housing.
- 3.17 All the Home Nations have taken action to improve the supply of rural affordable housing, including in various guises supporting a rural housing enabler role. The key differences reflect the priority and willingness to flex national policy and programmes to meet rural housing needs. Perhaps this is most developed and certainly most innovative in Scotland, reflecting the extent of devolution, the remoteness of much of its rural area and the history of land holding.
- 3.18 The evaluation drew on the Literature Review to inform the design of the interviews, the development of possible future funding scenarios and the

recommendations. A copy of the Literature Review is produced as a separate but accompanying report to this document.

Synopsis of emerging policy

3.19 During the evaluation the Welsh Government published a number of policy initiatives and consultations that could impact on the delivery of rural affordable housing. Although their rural impact was not tested specifically through the evaluation, it provided a context for some of the discussion with stakeholders, particularly during the workshops. A copy of the synopsis is provided in Appendix One

4 RHE Role and Remit

- 4.1 This chapter explores the role and remit of the RHE and whether there have been any changes since the posts were introduced. It begins by looking at their geographical coverage and the definition of affordable housing used in their areas of operation. These provide the frame within which the more specific roles of the RHEs are defined.

Geographical and tenure remit

Definition of rural

- 4.2 Common to all the current RHE posts is that their work is outside the major towns. However, there are some nuanced variations to what this means in practice. In Powys there is a recognition that all the county is rural, ranging from very isolated hamlets to small towns, the only more urban centres being Newtown and Welshpool. The housing market functions across all these communities and so there is more fluidity in where the RHEs work. A similar flexibility is used in Gwynedd. In contrast, in Anglesey there is a much sharper focus on rural communities outside of the towns in response to the historic concentration of housing investment in its urban centres.
- 4.3 Interestingly, it emerged that two of the RHEs had in the past developed a matrix or undertaken a mapping exercise to determine where their activity would be focused. In one case this seems to have been abandoned as the pressures of speculative development and/or limited land supply have fostered a more reactive approach. However, in six areas, steps are being taken to focus RHE activity on specific communities where there is community support and a deliverable site. This is often a reaction to the lack of delivery from a more 'scatter-gun' deployment of the RHE resource.
- 4.4 Only in the Pembrokeshire National Park was there initially a requirement for the RHE to focus on rural exception sites. This has now been dropped.

- 4.5 Where there is a geographically broad remit there was some evidence that RHEs' work was extending into the generic enabling activity of the local authority, such as involvement in larger S106 sites and Extra Care. However, even in the former of these the focus of the RHE's work appears to be close working with communities.

Definition of affordable housing

- 4.6 For all those interviewed, affordable housing is anything that is available for sale or rent at below open market values. Primarily, this is led by the guidance in Technical Advice Note 2: Planning and Affordable Housing (TAN2) that states that affordability is *'generally defined as the ability of households or potential households to purchase or rent property that satisfies the needs of that household without subsidy'*.⁵ It goes on to advise that this could be based on the ratio of household incomes or earnings to the price of property. The open nature of this definition is echoed in the tenure neutrality that is attached to the award of SHG. It is only quite late in the pre-development process that tenure is assigned, something that can hinder discussions around viability.
- 4.7 For some respondents the lack of specificity was seen as helpful and allows the RHEs to offer a range of products that are suitable to the market conditions of different communities. Others would welcome more detail that sets out the tenures that fall within the definition.
- 4.8 It was evident that some local authorities are already doing this through their Local Development Plan (LDP) or Supplementary Planning Documents (SPDs). Anglesey, for example, requires a legal obligation to be signed that sets out how affordability will be secured in perpetuity. In the Brecon Beacons National Park the new LDP will include intermediate rent and sale housing, alongside social rent and shared ownership tenures.

⁵ Technical Advice Note 2: Planning and Affordable Housing – Welsh Assembly Government – published June 2006 pp 2

- 4.9 In practice, through the collection of evidence of housing need from secondary and primary sources the RHEs often provide community level data on incomes, prices and rents. This assists the HAs and communities identify the affordable tenure that will best meet local needs.

Role of the RHE post

Reasons for establishing an RHE post

- 4.10 The common drive to establish RHE posts was that rural areas were missing out on social housing investment despite the need for affordable housing in rural communities. This was often matched by a broader concern for the future of rural communities and, in some areas, the continuation of the Welsh language. The funding for the RHE posts presented an opportunity to create a dedicated post that would increase the capacity of local authorities and HAs to respond to this challenge. Primarily, this was through raising awareness of the issue and working with small communities to identify their housing needs and solutions.

Length of time RHEs have been in post

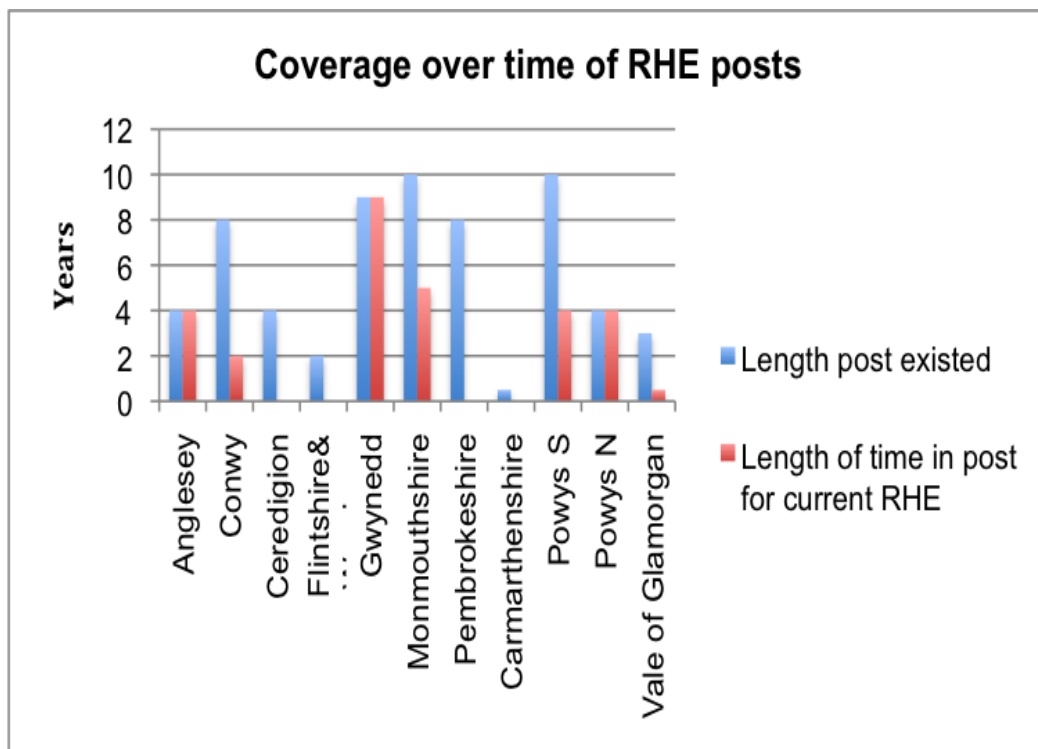
- 4.11 The deployment of an RHE was first piloted across the Brecon Beacons and part of Monmouthshire and Gwynedd in 2005. Acknowledging the value of these posts the Joseph Rowntree Foundation Commission on Housing in Rural Wales in 2008⁶ recommended that the Welsh Assembly Government establish a network of ten RHEs across the country. In partnership with the Welsh Local Government Association and Welsh HAs six additional posts were created. This expanded over the next three years to support for ten RHEs. Since then changes in geographical coverage and reductions in funding have resulted in a

⁶ Op cit

re-configuration of the RHE network and a reduction in posts. Currently there are six RHEs in post with two vacant posts potentially to be filled. Only one area has chosen not to continue an RHE post.

4.12 As Figures 5.1 and 5.2 show, there has been some staff turnover. Only in Gwynedd has the same RHE been in post since the beginning, a period of nine years. Among the others time in post ranges from 6 months to 5 years. Currently, there is no RHE coverage in Flintshire & Wrexham, Pembrokeshire, Carmarthenshire or Ceredigion.

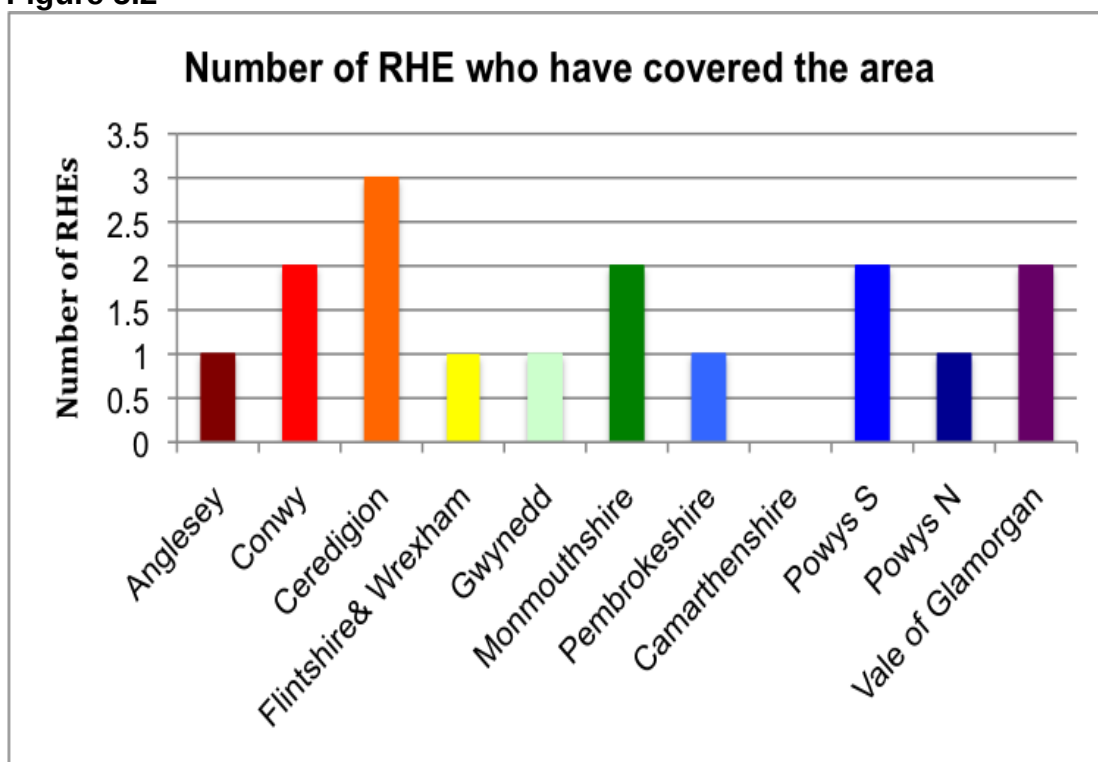
Figure 5.1



Source: Evidence collected as part of evaluation

* Powys S. includes the area that was part of the initial pilots. It became a separate area in 2009

Figure 5.2

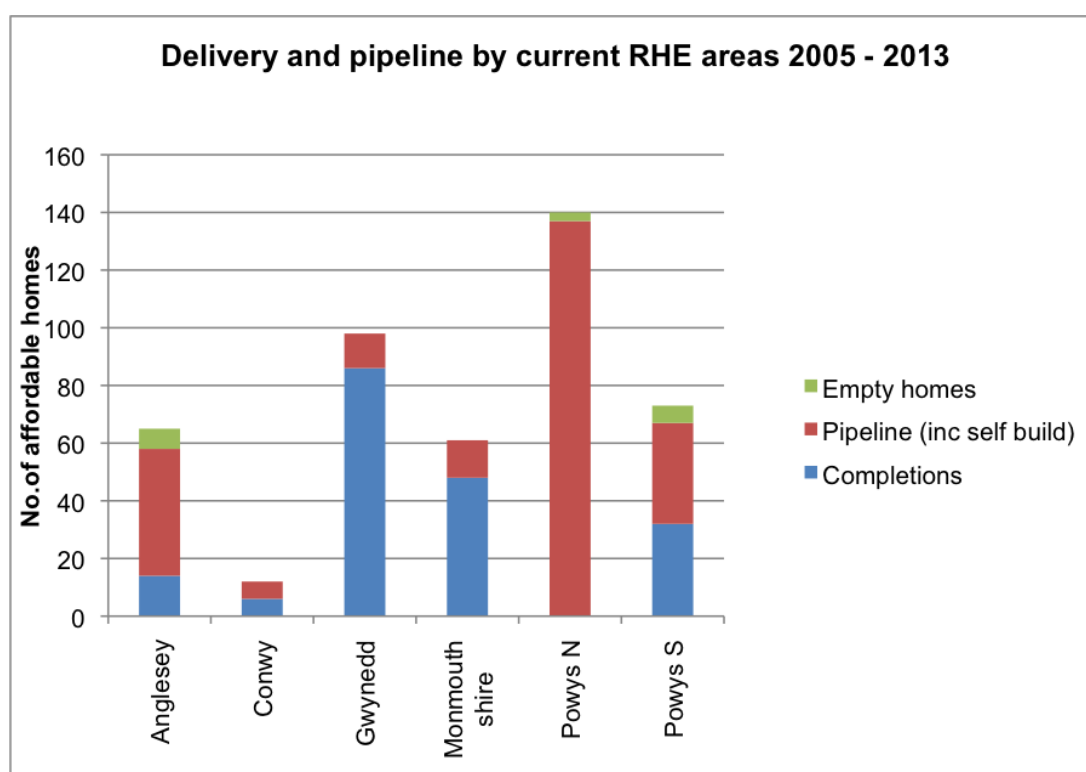


Source: Evidence collected as part of evaluation

4.13 Length of time for which a post has been existence and the time that an individual RHE has been employed appear to have a significant impact on outcomes and outputs. Six areas provided data on delivery and between them they had completed 186 units since the RHE posts started. Of this 89% of completions were in Gwynedd, Monmouthshire and Powys South, all areas where there has been a RHE in post since 2009.

4.14 Length of time for which a post has been existence is not, on its own, sufficient to ensure that the foundations of a rural affordable housing programme are in place. Longevity has to be supported by continuity. Comparing Figures 5.1 and 5.3 shows that for most areas where delivery data was obtained there is a correlation between the length of time the RHE post has existed and the number of completed and projected homes. The most obvious exception is Conwy where continuity was disrupted: the post was vacant on two occasions and the role was shared with Denbighshire until April 2012.

Figure 5.3



Source: Evidence collected as part of evaluation

4.15 Reasons put forward for the length of time it takes for schemes to be built were the complexity of delivering rural affordable housing arising from the multiplicity of partners who need to be involved and the policies and funding arrangements that need to be in place. Having a RHE in post for a number of years means they can build the relationships, expertise and confidence to manage the process, including developing the skills needed when working with rural communities for whom affordable housing can be a contentious issue.

4.16 Respondents were concerned at the limited and slow rate of delivery. Whilst they acknowledged that this did not reflect well on the RHEs, they also recognised that delivery is not in the control of the RHE. These issues are explored in more detail later in the report.

Purpose of the RHE post

4.17 At its core the commonly acknowledged purpose of the RHE role is to work with communities to facilitate provision of housing that meets their needs.

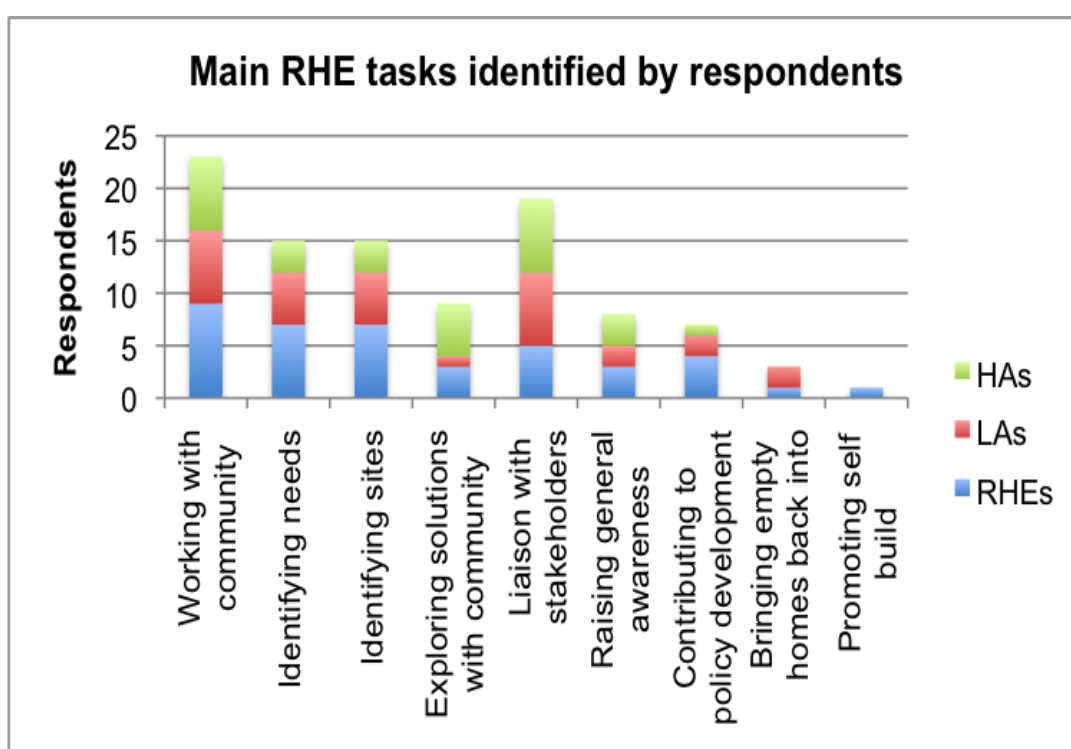
Alongside this is their role as a broker and bridge builder, bringing all those with a role in delivery together. It is at the earliest stages of providing affordable housing that their purpose is seen as being most relevant; raising awareness, working with communities to identify needs and possible sites; increasing communities' knowledge of the process; and dispelling myths. As the links between housing and community regeneration have become recognised it appears that the purpose of the RHE has expanded to assist the community find ways of improving its long-term sustainability. In such cases housing may be a consequence of the RHE's involvement, but it may result in other community benefits.

4.18 Heralding a recurrent theme of this evaluation there was a difference of view about the extent to which the RHE's purpose was to deliver affordable housing. Most respondents' remarks acknowledged that while providing homes on the ground was the ultimate objective, the RHEs' purpose was to facilitate this rather than deliver it. More often delivery is assigned to the HAs and local authorities, but with subtle differences about where the RHE role ends and theirs begins. We return to this point later.

Main Roles and tasks

4.19 Figure 5.4 encapsulates the main RHE tasks identified by interviewees. For all of them, working closely with communities ran as a golden thread through the tasks of the RHEs. The extent and nature of this involvement is explored in greater depth in the analysis of the pre-development process.

Figure 5.4



Source: Evidence collected as part of evaluation

- 4.20 It is in the early stages of providing affordable homes that involving the community is most likely to occur and it is, therefore, not surprising that those tasks are the most commonly named as key RHE tasks.
- 4.21 There are, however, some differences in perceptions of key tasks between the stakeholders. For example, HAs see exploring solutions as a more significant task than the local authorities. It is also noticeable that greater weight is attached to contributing to policy development and liaison with stakeholders by the RHEs compared with the other respondents.
- 4.22 The analysis of these responses revealed a further interesting feature. In the areas where a RHE has been in post for the longest period of time, Gwynedd, Monmouthshire and Conwy, it was clear that all stakeholders, including the RHEs, described the main tasks in terms of an integrated package, rather than separate tasks.

How priorities and tasks have changed over time

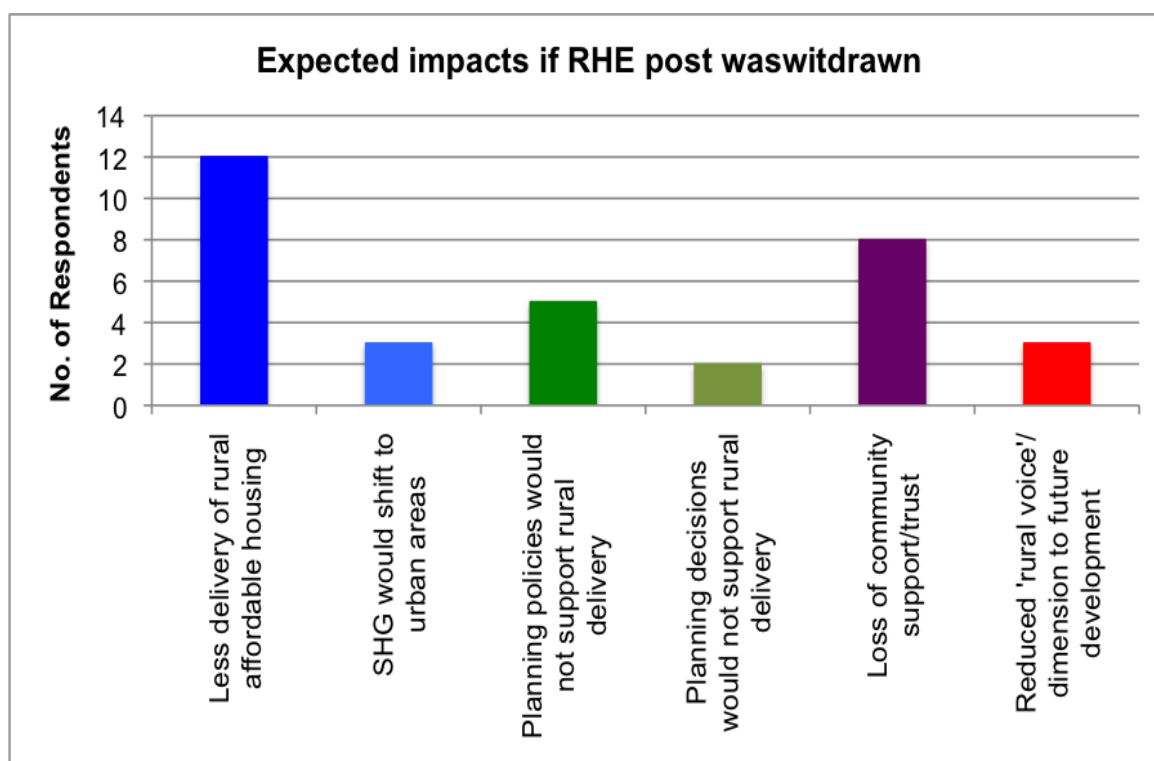
- 4.23 All areas reported a change in priorities that has sometimes altered the detail of the tasks. Commonly, there has been a shift from undertaking housing needs surveys. In six areas there is a corresponding shift to focus the RHE tasks towards securing delivery of affordable housing. This has largely been driven by four factors. Firstly, concern that untargeted housing needs surveys were falsely raising community expectations. Secondly, and related to the first, a deeper appreciation about the complexity of delivering rural affordable housing and the help that a RHE brings to the process when they have the time to focus on a limited number of schemes. Thirdly, reduction in SHG has required a more targeted approach. Fourthly, the stage of the Local Plan. As Local Plans move towards adoption and there is a clearer picture on policy and which sites will be allocated, so the RHE role has moved from contributing to policy development towards implementation. In practice this has translated into more emphasis on site identification and, in three areas, more involvement of the RHEs in appraising the deliverability of potential sites. One further consequence of these changes is the targeting of RHE activity where there are realistic opportunities to deliver. In some cases it is accepted that this will mean the RHE withdrawing from those communities where there are no deliverable sites or a lack of community support.
- 4.24 It is notable that the areas that appear to have embraced a delivery focused approach most fully, with support across the stakeholders, are where the RHE post has usually existed for the longest time. In such locations the RHE has built up the necessary community engagement and development related skills. These increasingly include an understanding of the realities of the value of development land that they can use in early discussions with landowners.
- 4.25 In the remaining three areas stakeholders expressed different views on how the role has changed or will change. One HA in particular noted the lack of clarity that they perceived around the RHEs' role. In a similar vein, in one area the role of the RHE changed as the hosting of the role moved between organisations.

4.26 In two areas there is now explicit recognition that the RHEs' role is about supporting the regeneration and future sustainability of rural communities, sometimes extending beyond a focus on affordable housing. This is often a complementary role to that of other community development workers. In one case it was also a response to the re-alignment of the Communities First Programme towards deprived urban communities. The case studies provide examples of where the RHEs have successfully supported the broader sustainability of rural communities.

Impact if the RHE role no longer existed

4.27 Overwhelmingly respondents considered that the loss of the RHE role would have a negative impact on the delivery of rural affordable housing, albeit that the levels of delivering are generally recognised as being low and achieving new rural affordable homes can be a lengthy process. As Figure 5.5 shows, this was primarily expressed in terms of reduced delivery and loss of community support and trust. Other impacts were also noted such as planning policies and decisions would be less supportive of delivery.

Figure 5.5



Source: Evidence collected as part of Evaluation

- 4.28 Only three respondents stated that they thought the impact would be minimal, for one this was specifically in terms of the responsiveness of planning policy, largely because the LDP process takes so long.
- 4.29 Universally, all local authority and HA respondents said that it would be more difficult to enable rural affordable housing without the RHE. Primarily this was because they lacked the staff time to undertake the necessary intensive community engagement work. This was even the case for two respondents who thought HAs had improved their community consultation skills.
- 4.30 Interestingly, for one local authority the funding pressures presented an opportunity to review the role of the RHE, possibly to play a role bringing a delivery team together, and exploring solutions that do not necessarily involve development through an HA.

Conclusions: the role and remit of RHEs

- 4.31 The key conclusion is that for the majority of respondents the role of RHE is still seen as essential to delivering rural affordable housing and delivery would reduce if the role was withdrawn. Engaging communities in meeting their housing needs remains the golden thread that runs through RHE tasks and remains a priority for all stakeholders. However, there has been a move away from raising community awareness of rural housing need and measuring it. In its place a more delivery focused and targeted approach is taking hold. This is largely driven by concerns that: the expectations of communities were being falsely raised (coupled with maturing projects that recognise the virtue in targeting the RHEs' activities to assigned communities); cuts in SHG; and progress towards adoption of Local Development Plans.
- 4.32 The length of time that a post has existed and the time that an individual RHE has been employed appear to have a significant impact on outcomes and outputs. 89% of homes provided with input from RHEs are in Gwynedd, Monmouthshire and Powys South, all areas where there has been an RHE in post since 2009.
- 4.33 It is commonly acknowledged that the most important input of the RHEs is at the earliest stages of providing affordable housing: raising awareness; working with communities to identify needs and possible sites; increasing communities knowledge of the process; and dispelling myths.
- 4.34 A noticeable difference emerged between areas. In those where the RHE post has existed the longest the RHEs' tasks were seen as an integrated package and there was a consensus across the partnership on its component parts. In contrast, the areas where a post has been established in the last four years, there is a tendency to define the RHE role in terms of separate tasks. Perhaps of more concern is that in some of these areas there is either a lack of clarity or difference of view among the HAs and local authorities of what should be the RHEs' tasks. For example, in two areas the local authority has asked the RHE to be involved in their Extra Care work. In another the RHE has been heavily

involved in shaping planning policy. For the HA respondents in these areas this was seen as diverting the RHE away from the core task of delivering rural affordable housing.

- 4.35 An emerging role, particularly in the more rural areas is that of the RHE being a facilitator of rural regeneration and community sustainability. This complements other community development activity, usually, but not always, including a housing dimension. Examples of this wider regeneration role are provided in the Case Studies.
- 4.36 Universally, it was considered that loss of the RHE would reduce the already low levels of rural affordable housing delivery. Neither HAs nor local authorities considered that they had the staff time or capacity to take on the intensive community engagement work that is seen as essential to a scheme progressing.
- 4.37 The caveat to this generally positive view of the RHE role is that in three areas the RHE post no longer exists, although in two of these areas there are plans to fund a post in the future.

5 Outcomes and Outputs

5.1 This evaluation uses the New Economics Foundation's Social Return on Investment definitions of outcomes and outputs.

- Outcomes - changes resulting from an activity
- Outputs - way of describing the activity in relation to each stakeholders input in quantitative terms

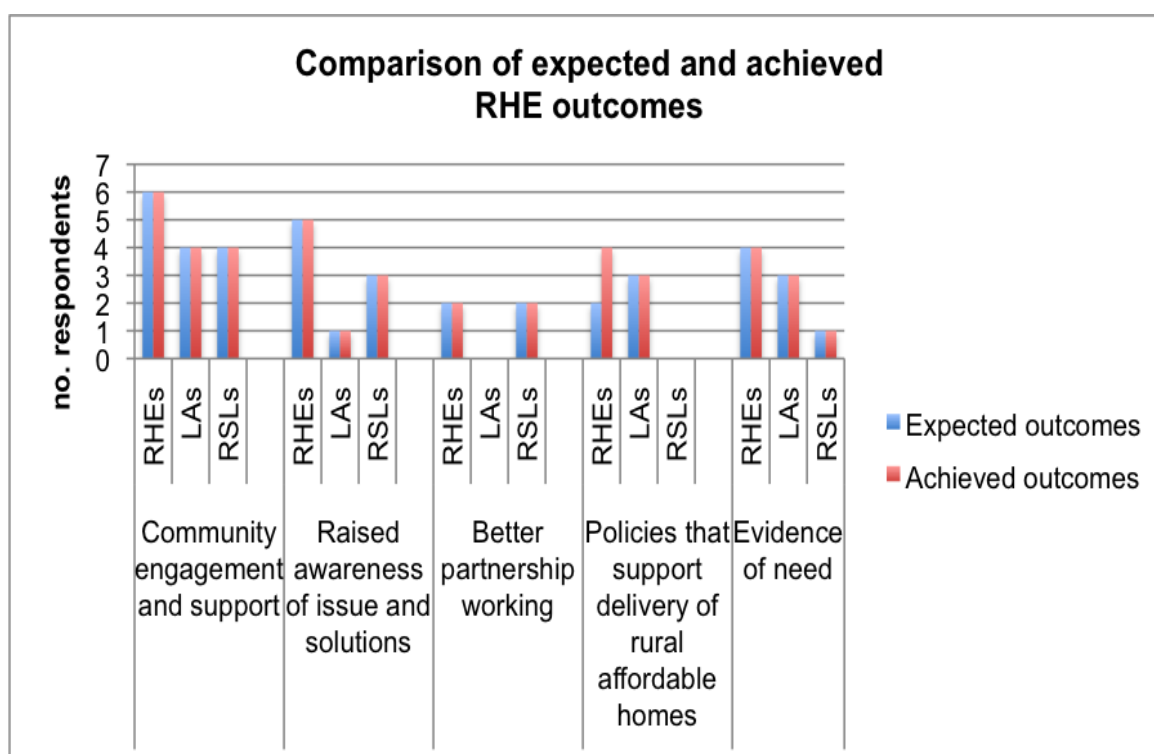
5.2 Defining the outcomes and outputs of the RHE role proved to be complicated. There was some confusion amongst respondents on how these differed from one another and data on outputs was patchy. More fundamental was an unease at defining the RHE output as completed rural affordable homes, although recognising that this should be the ultimate goal of the RHE 'project'.

5.3 As a first step all respondents were invited to say what they thought should be the outputs and outcomes and what they think were achieved. Their responses are set out in Figures 6.1 and 6.2.

Outcomes

5.4 The co-incidence of the expected and achieved outcomes across all those involved is particularly noteworthy. This indicates agreement on what the RHE should be providing and that partners are satisfied that these are being achieved.

Figure 6.1



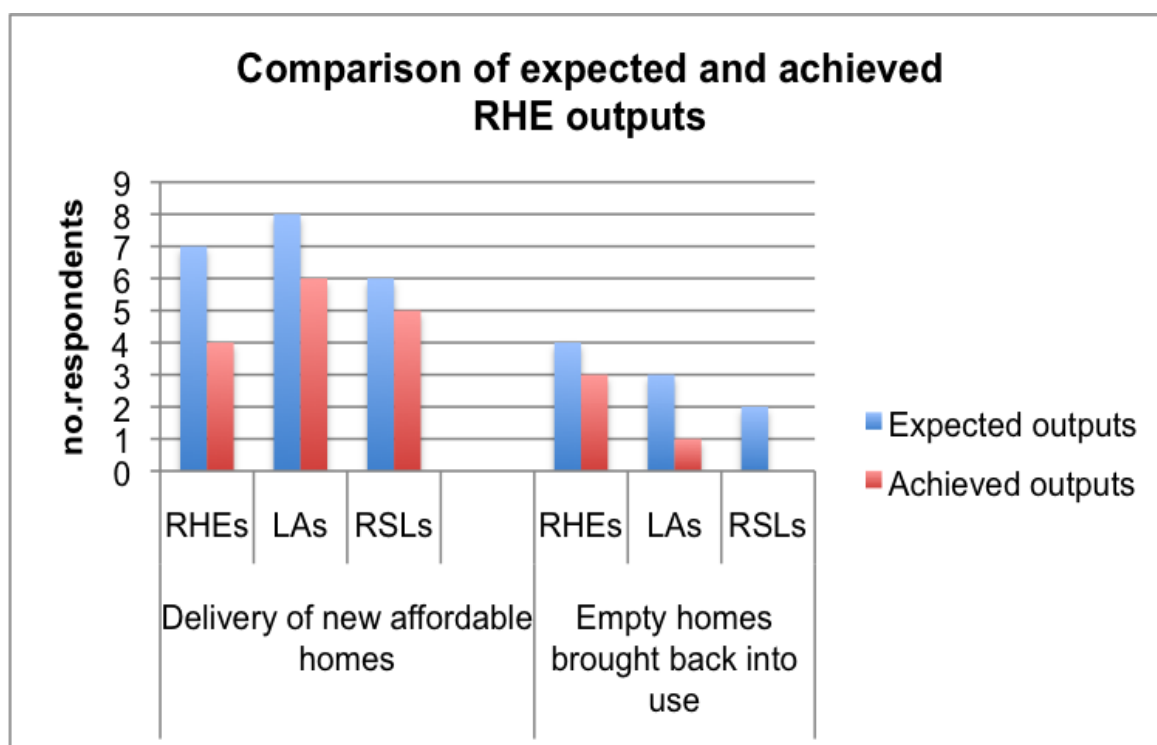
Source: Evidence collected as part of evaluation

5.5 Inevitably there is some duplication across the outcomes. For example, raising awareness might also cover activities that increase community engagement and result in supportive policies. That said, the results do show the weight that is given by all respondents to outcomes that will occur at the early stage of the development process and are achieved primarily at the community level.

Outputs

5.6 In contrast, as Figure 6.2 shows, there are distinct differences in the expected and perceived outputs. However, again there needs to be some caution as not all respondents stated what they thought should be outputs, choosing instead to note outcomes. Notwithstanding this caveat, there is a clear recognition that ultimately the project should result in the delivery of affordable homes and, for fewer respondents, empty homes brought back into use. What is also interesting is the greater perception among local authority and HA officers compared with the RHEs that affordable homes have been delivered. However, a number of respondents did note that the numbers were very low.

Figure 6.2



Source: Evidence collected as part of evaluation

- 5.7 Not captured on the Figure are the comments that the RHEs' work should contribute to the sustainability of rural communities. What this meant in practice and how it should be quantified was not commonly defined. In some instances it was seen as a by-product of affordable housing contributing to the retention of local services, the maintenance of social networks, in some areas the continuation of the Welsh Language, and some employment and environmental gain. Examples of these added benefits are demonstrated by the case studies.
- 5.8 The appropriateness of using solely or even primarily the number of homes delivered to assess the success of the RHE role was a discussion point in most of the interviews. Specifically, six RHEs, five local authorities and four HAs raised this as a concern. Most respondents acknowledged that while this had to be a result of the RHEs' work, its delivery was also dependent on the action of others.

- 5.9 Delving into this a little further, HA and local authority respondents were asked how much control they think the RHE has over the output of new affordable homes. None thought this was solely vested in the RHEs. Instead respondents acknowledged the complexity of the development process where successful delivery requires positive action from a number of players of which the RHE is one. Within this process they recognised that the influence of the RHE was at the start of a scheme compared with the later planning, funding and build stages.
- 5.10 The limitations on the RHEs' control were primarily listed as site availability and, in particular, landowner behaviour, capital funding and planning decisions. For one respondent this underlined the point that *'the RHE can't do it alone, they need good relationships with and support from local authority housing and planning staff'*. Echoing this, but more negatively, two respondents noted the lack of steer and support from the RHE steering groups.

Added value and Unique Selling Point of RHE role

- 5.11 These results raise interesting questions about what is seen as the added value of RHE role. Overwhelmingly, the principal added value identified by respondents was that RHEs have the time and skills to work intensively with communities. Flowing from this was their ability to devise solutions that are appropriate to the community's needs. Equally, respondents highlighted the added value of the brokering role provided by RHEs. This was variously described as bridge building, brokering and bringing partners together. Perhaps most succinctly one respondent stated, *"their impact is massive, without the RHE there are too many unconnected roles, the evidence base is weak and they are vital to garnering support."*
- 5.12 Of particular relevance to three areas was the importance that the RHE was a Welsh speaker. Again this was seen as contributing to a relationship with the communities built on trust and ensuring communities are able to express their needs and views.

5.13 The RHE post's Unique Selling Point (USP), that is the aspect that differentiates them from other enabling activity, is similarly universally acknowledged as being their independence. This does not ignore the fact that they are employed/hosted by one organisation, but reflects that they 'straddle boundaries'. As one respondent stated, 'they are independent in that they do not promote the outlook of any single organisation.' It also became clear that the RHEs have become very skilled in managing this role. Part and parcel of these remarks were comments that the RHEs are a resource for the community, giving them a voice and helping them to help themselves. This leads into the fourth USP identified by respondents, the RHE focus on 'rural' communities. Finally, and reflecting all the other points were the comments about the very particular knowledge and skill set required of RHEs including, their specialist technical knowledge, facilitation, negotiation and communications skills.

Conclusions: Outputs and Outcomes

5.14 While respondents consider that the ultimate goal of the RHEs' work is the delivery of rural affordable homes, there is unease at using this output as the sole measure of the success of RHEs.

5.15 Instead most respondents expected and saw the results of the RHEs' work in terms of outcomes. These highlighted what was commonly seen as the vital role of putting in place the pre-requisites for successful delivery: galvanising community support and engagement; providing evidence of need; contributing to the design of supportive policies; and raising overall awareness of the need for rural affordable housing and how this can be met.

5.16 It is the focus on rural communities and having the time, skills and knowledge to nurture their positive engagement that runs as a thread through the

perceived added value and USP of the RHEs. They are seen as a resource for the community, giving them a voice and helping them to help themselves.

- 5.17 Equally, it is these factors that mean the RHEs provide a brokering and facilitation role that is highly valued by respondents. Underpinning all these is the importance placed on the independence of the RHE in terms of their not articulating the views of one organisation. The achievement of the expected outcomes demonstrates that these features of the RHEs role are being deployed successfully.
- 5.18 The community representatives interviewed for the evaluation also confirm this success. For them the most important roles that the RHEs played were as negotiators and co-ordinators, but above all else being good communicators. Underpinning this the skills they valued in the RHEs were their knowledge and expertise, enthusiasm and dependability, tenacity, organisational skills and in three cases their ability to speak Welsh.
- 5.19 All this raises an interesting question, if outcomes are being achieved, what is hampering delivery of the goal of delivering rural affordable housing? This is explored in the next section.

6 The Delivery Process

- 6.1 As respondents noted, the RHE is not in control of delivery and yet improving the supply of rural affordable housing is the ultimate goal of the RHE project. It is also apparent that, despite the fact that the RHEs' role is generally clearly understood and implemented, delivery of rural affordable housing through the RHEs is patchy. Understanding what sits behind this apparent contradiction provides the context and possible pointers for the future funding and role of RHEs. It may also suggest other action that could improve delivery of affordable homes in rural communities.
- 6.2 Before looking in detail at the delivery achieved through the RHEs' work it is worth highlighting the overall levels of delivery and the nature of the housing markets in their areas of operation.

RHE delivery

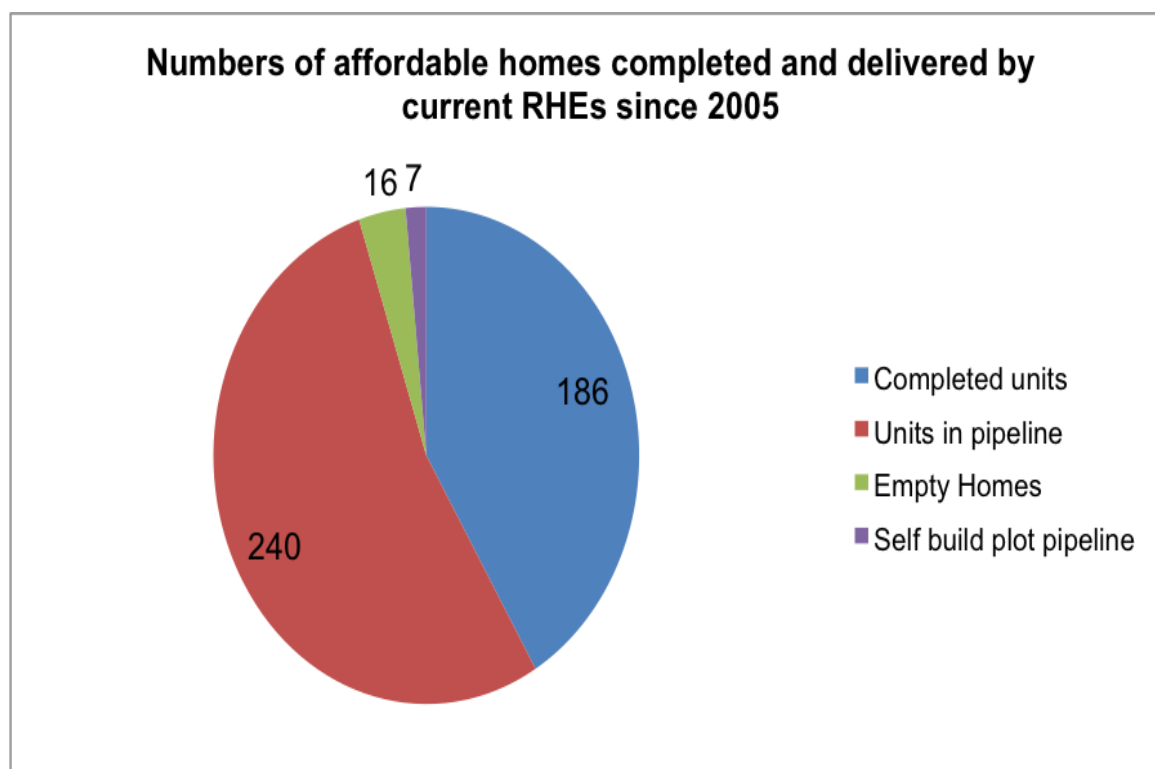
- 6.3 As part of the evaluation RHEs were asked to provide information on the units they have helped deliver and details of their scheme pipelines since 2011. Seven RHEs responded. It has enabled a detailed analysis for Anglesey, Conwy, Gwynedd, Monmouthshire, North and South Powys. However, data obtained for the Vale of Glamorgan has been excluded from the detailed analysis as the majority of the sites are being developed privately on a speculative basis. This is a reflection of the lack of an up to date Local Plan and 5 year land supply in a relatively buoyant market area. These tend to be major developments and the numbers involved would distort trends and patterns across the other local authority areas. It is also apparent that this has changed the role of the RHE to one that, while appropriate to the circumstances, is different from the usual RHE role. However, where possible, Vale of Glamorgan data is reported alongside that for the other areas.

- 6.4 A number of caveats have to be attached to the reporting of this data. Time periods are approximate as precise dates are not available in all cases. Full information is not available for every scheme due to factors including:
- Sites developed privately without RHE involvement throughout the process
 - Withdrawal of a local authority from the RHE programme.
- 6.5 Types of site that have come forward have varied according to the strength of the market in the area concerned.

The Overall RHE delivery picture

- 6.6 186 units of new accommodation have been completed since the start of RHE 'project' in the six areas since 2005. There are at least 240 units and seven self-build plots in the pipeline. This is a minimum figure as numbers for some sites have not been finalised. Sixteen empty homes have been restored to useable condition with RHE involvement. This is a total of 449 homes.

Figure 7.1

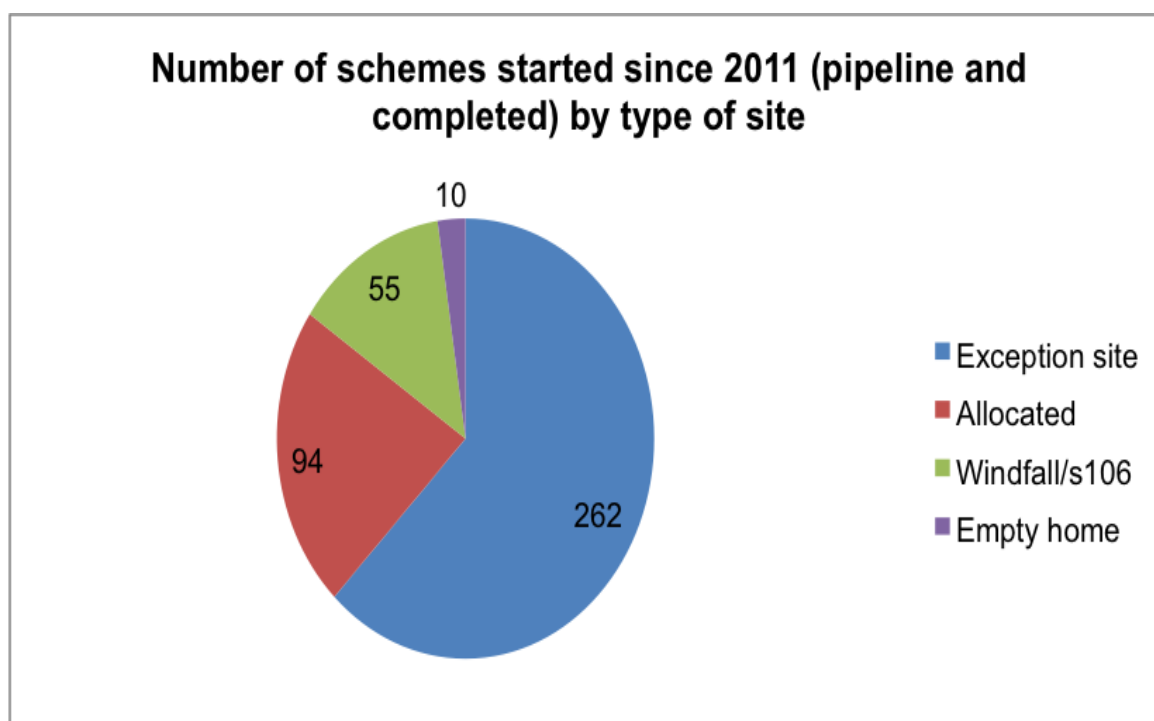


Source: Evidence collected as part of evaluation

6.7 In addition, 30 homes have been delivered in the Vale of Glamorgan with a pipeline of a further 341 affordable homes.

6.8 As Figure 7.2 demonstrates since 2011 the majority of RHE activity has involved the use of rural exception sites.

Figure 7.2



Source: Evidence collected as part of evaluation

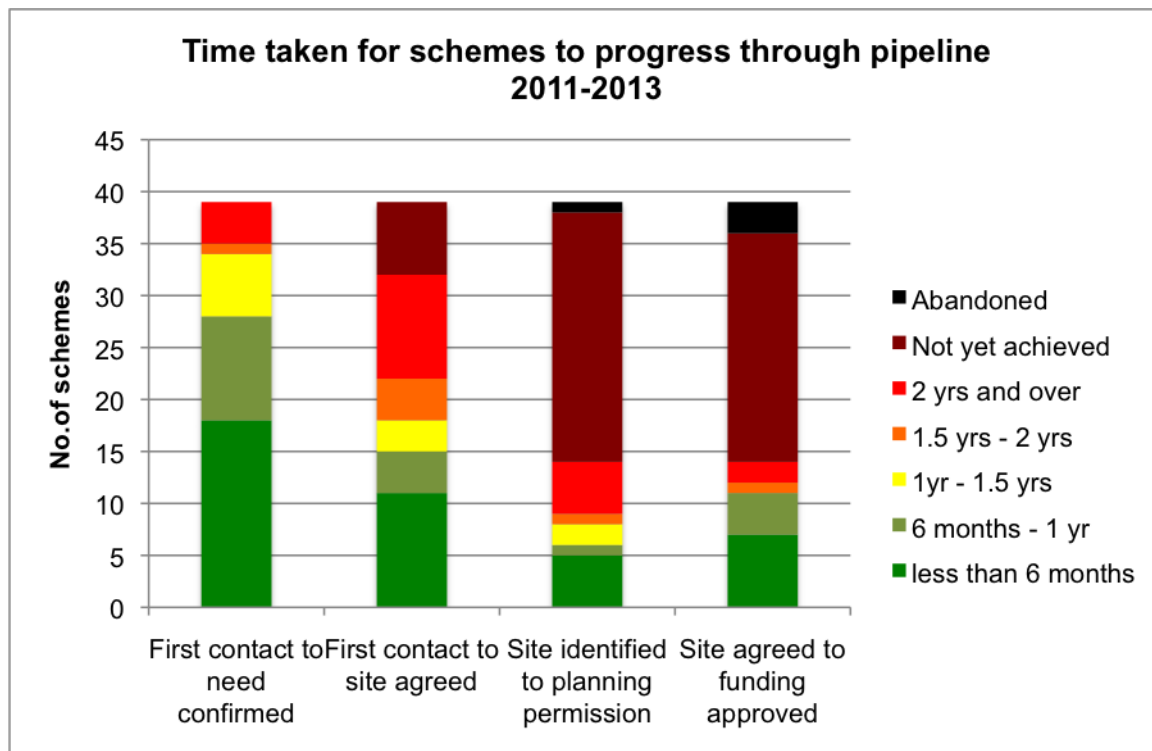
6.9 The sequence of activity has not been the same in all cases. For example, where need or a potential site had already been identified in a community or Local Development Plan it was possible to proceed more rapidly to secure planning permission and funding.

6.10 In areas where fewer sites have come forward in recent years the RHEs have been instrumental in seeking new opportunities and solutions. For example, work is in progress in Gwynedd to develop a recycled loan fund for community groups that is expected to fund four sites.

Timescales

- 6.11 RHEs provided data on those schemes where they have had input and there has been positive progress towards development since 2011. In 28 cases the pre-development process is still on-going.
- 6.12 For completed schemes, the average time from first contact to completion is 6 years. The slowest were two schemes that took ten years from first contact with the community to completion of the homes. One of these was a s106 site 'allocated' in the Unitary Development Plan where the slowest phase was the agreement of funding.
- 6.13 The longest period between first contact and need being confirmed was almost 6 years months. The longest period between first contact and a site being agreed was almost 7 years - this was on the same site.
- 6.14 Fastest was an exception site developed by an HA which took less than two years from inception to completion.
- 6.15 For schemes started since 2011, Figure 7.3 shows the average time taken for schemes to progress through the key pre-development stages. It is important to note that this does not extend to start on site or completion.

Figure 7.3

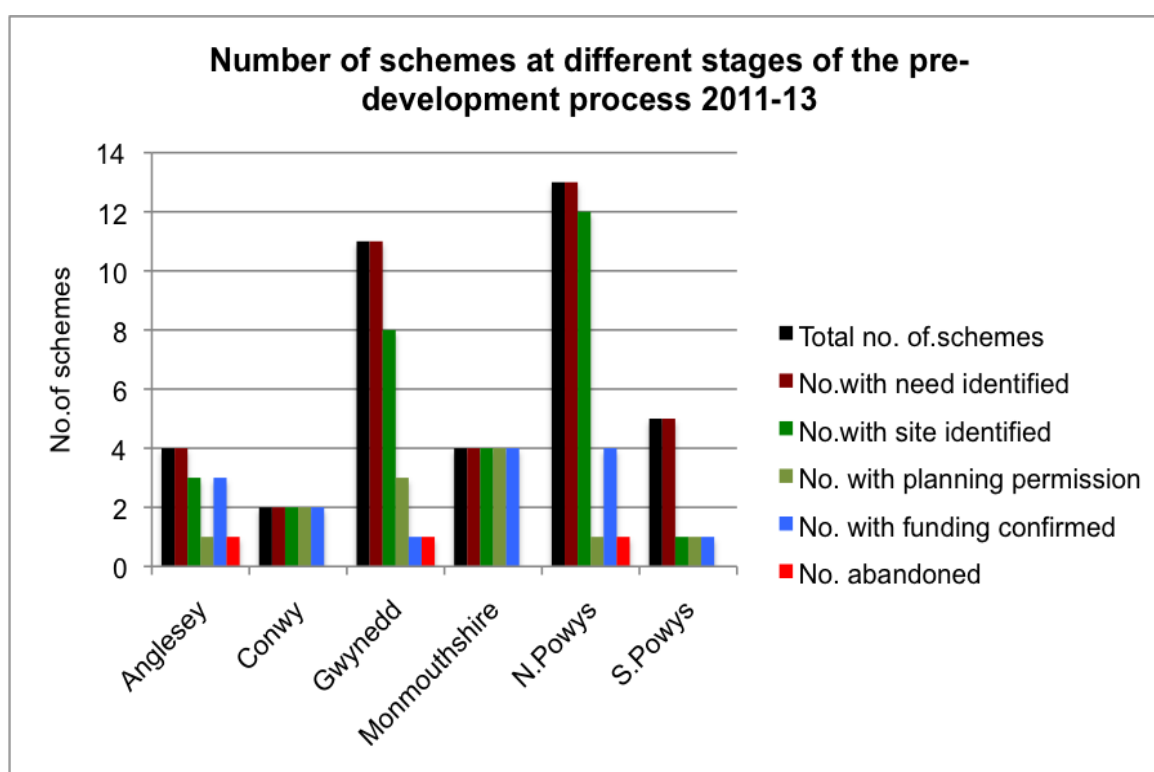


Source: Evidence collected as part of evaluation

6.16 What this starkly illustrates is the fall off of scheme progress once a need and site has been identified. Fewer than half the schemes reported had progressed beyond identifying need and a site. Where schemes have progressed the longest time is spent identifying a site and gaining planning permission.

6.17 Figure 7.4 below graphically shows the slow rate of conversion from the early stages to gaining planning permission and securing funding in Powys and to a lesser extent Gwynedd. Unfortunately these are also the areas with the highest level of potential schemes that have needs and sites identified. The most successful is Conwy and Monmouthshire with all schemes achieving these stages. However, they will only deliver two and four schemes respectively.

Figure 7.4



Source: Evidence collected as part of evaluation

Analysis of the pre-development process

6.18 Taking each element of the pre-development process, this section examines who takes the lead, the role of the RHE and respondents' views of the barriers. Through this it is possible to gain a deeper understanding of where and why the barriers noted in the above section are occurring.

Identifying housing need

6.19 Housing need information has three purposes: to support a planning application; inform scheme design and the assessment of financial viability; and garner community support.

6.20 In all areas the RHE was identified as having a major and usually the lead role at this stage. All but two RHEs use a combination of secondary and primary

data. The secondary information is generally drawn from the waiting list, housing register, Low Cost Home Ownership register and the Local Housing Market Assessment. Only one RHE cited use of Choice Based Lettings data. Interestingly, two respondents highlighted the relatively new guidance for Local Housing Assessments issued by Welsh Government that encourages an analysis down to local community level. This together with other secondary data has demonstrated to many respondents that there is a need across their rural communities.

6.21 Perhaps in consequence the nature of primary data collection has changed. In three cases respondents referred to an initial 'scatter gun' approach to housing needs surveys, often also noting that the majority of these did not translate into schemes. Although RHEs will still respond to a community's request for a survey, there is evidence of a more targeted approach. For example, in Anglesey the Council has devised a matrix based on secondary evidence which the RHE Steering Group use to direct the activity of the RHE. A similar approach was started in the Vale of Glamorgan, but has been abandoned as the RHE responds to the need for evidence to inform decisions on the currently large number of speculative developments in its rural communities.

6.22 A second trend is for the use of drop in events in place of the conventional household housing need questionnaire.

6.23 Only two HAs, covering the same area, raised concerns that needs evidence was out of date and that local surveys recorded aspiration rather than need. Perhaps in response to these concerns, the RHE in this area provides a detailed report that includes an analysis of affordability ratios using community level income and house price data. The depth of this report was commended by one of the community representatives interviewed in this area.

Identifying solutions

6.24 A mixed picture emerged of how solutions to communities' housing needs were explored. In half of the areas communities were not engaged in these discussions, although in two of these the RHE is involved to varying degrees. In the three longstanding RHE areas there is an integrated approach involving joint discussions with the local authority housing and planning staff, HA development officers and the RHE. The RHEs' role is to explain and explore options, feed these into the discussion with partners and feedback the reasons for the preferred option to the community. In a fourth area the local authority planner sees the introduction of a Development Management as the means to implement this integrated approach. He envisages the RHE having a major role as the conduit for seeking community views and providing them with feedback.

6.25 Only one HA raised a concern that their involvement in exploring solutions was too late with the consequence that viability was not sufficiently taken into account.

Identifying sites

6.26 The process for identifying sites is heavily influenced by the ownership, the status of the Local Development Plan and the extent to which rural housing enabling is site led.

6.27 Private sites may be brought forward as allocated/windfall or rural exception sites. For the former the RHE involvement is minimal. None of the respondents indicated that the RHEs were tasked with encouraging communities to put sites forward into the Strategic Housing Land Availability Assessment for consideration as allocated sites. However, in Powys they have assessed the deliverability of currently allocated sites in rural communities as part of the LDP preparation.

- 6.28 For windfall and exception sites all the RHEs play a role, but the extent of their involvement and the degree to which they support community involvement in site identification is mixed.
- 6.29 For the majority of respondents site identification is seen as primarily a local authority or HA responsibility. This appears to be particularly the case where rural housing enabling is site led, often as a consequence of targeting RHE activity where there are greater chances of delivery. However, even in these areas the RHEs' involvement varies. In Gwynedd for example the RHE will involve the community in the process and tries to gain their input into the selection of the preferred site. At the other extreme the RHE's input is confined to providing supporting advice or assisting in early site appraisal. The latter has had mixed results.
- 6.30 In Powys and Monmouthshire the selection of sites is clearly a collaborative task. In both cases the RHEs involve the communities in a 'walk about' to identify a long-list of possible sites. Local planners then appraise these and a short-list of preferred sites is agreed. In Monmouthshire the community are then involved in choosing their preferred site and the RHE will make approach the landowner to see if they are willing to sell. It is worth noting the value that the local authorities and HAs in Monmouthshire give to the RHE having site appraisal skills and his role in bringing more realism to landowner price expectations.
- 6.31 The status of the LDP can also have a significant impact. In the Vale of Glamorgan the relative buoyancy of the market and absence of an up to date LDP means a large number of speculative sites are coming forward in the rural communities. This currently dominates the RHEs work. Her main task is to assemble the evidence to support the inclusion of affordable housing that meets the local need in these developments.
- 6.32 In stark contrast in other areas the market is flat with little private sector development interest. As a consequence landowners have been unwilling to release land for affordable housing in the hope that in time the market will

change. In response local authorities have identified possible sites in their own ownership. In these areas the RHE role is very much secondary to that of the local authority and housing associations. However, where there is more than one possible site the RHEs are variously involved in appraising the site against local need or including these sites in a long list to be considered with the community.

6.33 Difficulties identifying sites was cited as one of the principle barriers to delivery of affordable housing. The first set of barriers relate directly to the land market and landowner behaviour. Experience shows that allocation of land for residential use results in such an uplift in value that landowners will hold onto sites until they know whether they have been included in the LDP. In the interim their expectations inflate land prices to a point where it is unviable to deliver affordable housing, even on rural exception sites. In other areas the market is so flat that there is no interest from private developers so the opportunities to gain affordable from a market site are extremely limited.

6.34 The second barrier arises from existing planning policy and a disjuncture between local policy and national guidance. Although this too may be a consequence of LDPs being outdated.

6.35 A small number of respondents pointed to national planning guidance as an inhibitor to development in rural areas. Others considered that the new LDPs using national guidance offered opportunities.

6.36 Technical Advice Note 6:Planning for Sustainable Rural Communities⁷ provides a positive framework for the provision of affordable housing in rural areas. It encourages planning authorities to be innovative and proactive in securing its delivery. Specifically it states that for smaller villages and clusters, 'planning

⁷ Technical Advice Note 6:Planning for sustainable rural communities – Welsh Assembly Government 2010
<http://wales.gov.uk/docs/desh/policy/100722tan6en.pdf>

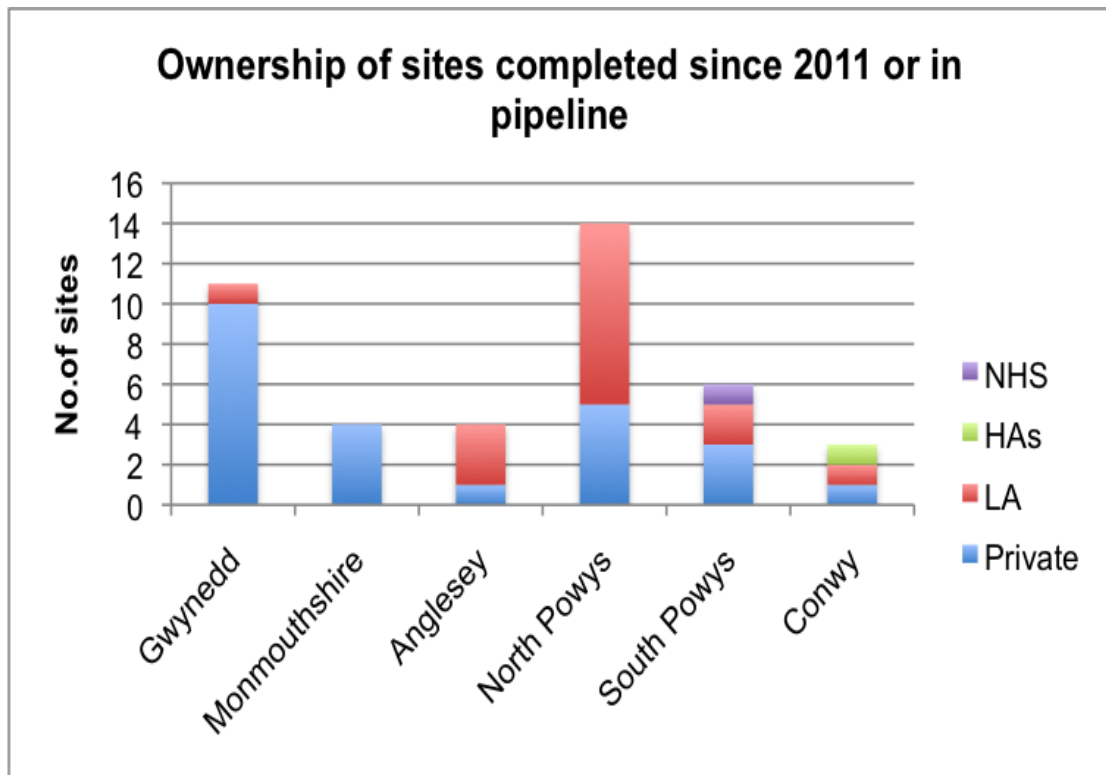
authorities should proactively engage with local communities and rural housing enablers'⁸.

- 6.37 It supports a differentiated approach. In market towns and larger villages planners are advised to provide affordable housing through allocated sites, rural exception sites and, in high-pressure areas, allocating sites for 100% affordable housing. In areas where development opportunities may be constrained by environmental factors and social or cultural considerations, planning authorities are required to identify small villages and clusters where they may give priority and limit residential development to affordable housing to meet local housing needs. It goes on to state that, 'The requirement for market and general affordable housing should be accommodated elsewhere in the planning authority's area'.
- 6.38 It is this apparent prescription against market housing in these smaller settlements that presents a barrier. TAN 6 states that 'the price of affordable housing covers development costs'. This is rarely the case, particularly in low value areas and for social rented properties. This can leave a funding gap, particularly with the low levels of Acceptable Costs Guidance (ACG), a point picked up later in this report. Some market housing to provide cross-subsidy may assist affordable housing delivery in rural areas.
- 6.39 The third barrier is a consequence of local authorities identifying sites, sometimes as part of an asset management approach, but then failing to agree a price that would make it viable to provide affordable housing. In one particular area the tension between corporate priorities to provide affordable homes and need to raise money to support core services has significantly stalled delivery.
- 6.40 The data provided by the six areas revealed diverse land ownership of completed and pipeline sites, as shown in Figure 7.5. The majority are privately owned. 69% of the council sites were in the ownership of one authority and

⁸ op cit para 4.23

were identified as part of a pro-active response by the Council and RHE in response to the lack of private sites coming forward. Of these all but two were identified as preferred sites over a year and half ago, but none have progressed any further.

Figure 7.5



Source: Evidence collected as part of evaluation

Landowner survey

6.41 Six landowners/agents responded to an e-survey. Whilst this is too small a number to draw any statistically significant results, their experiences offer useful insights into the site identification and planning process from a landowner and private developer perspective.

6.42 Interestingly, their perception of the factors that make landowners reluctant to release sites echo those of other respondents. They all cited the impact that affordable housing has on residual land value and that this can depress price to a point where it is unlikely that the landowner will release the site. It was

proposed that only on larger sites or where the owner needed money immediately for some other purpose was the attitude likely to be different.

- 6.43 All but one, who did not respond to this question, noted problems with planning which ranged from: uncertainty around the LDP; contradictory and misleading policies between national and local levels and between different local authorities; lack of appreciation of financial viability in policies for affordable housing. Three also mentioned difficulties raising private finance that arise from the Section 106 agreements.
- 6.44 Three respondents identified difficulties securing capital grant as a barrier, particularly for 100% affordable housing schemes. In one case, a respondent whose practice covers all Wales stated that finding a landowner willing to sell land was easy, the problem was securing the funding for building the scheme.
- 6.45 All the landowner/land agent respondents had worked with RHEs and viewed their input as an important and positive contribution. Their local knowledge, and skills as brokers, negotiators and communicators were valued, as one respondent noted, “ *They [the RHE] made a huge difference. They have been arbiters, negotiators, peace-makers, motivators and tea makers. They are now a recognisable independent service which has proven invaluable for moving schemes forward. It is essential for communities to have somebody providing this vital role which is not badged as the local authority or the evil developer!*”. Interestingly, two noted that the impact of the RHE was limited, for example one respondent who has worked with a number of RHEs stated, “*They [RHEs] are generally well intentioned and committed, but seem pretty powerless against the negativity of the planners and indecisive and underfunded HAs.*”.

Gaining planning permission

- 6.46 HAs and developers take the lead in gaining planning permission. In most areas significant preparatory work and discussions takes place in advance of the formal application. This is variously through informal discussion with local

authority housing and development control officers and more formalised pre-application discussions.

- 6.47 The RHEs' activity varies. At one extreme it is a quite narrowly defined role as a consultee feeding into the local authority's housing team response to a planning application. At the other they have more in depth involvement in Development Management meetings that primarily involve local authority housing and planning departments and the HAs.
- 6.48 Three areas specifically noted the move to a development management approach, although an HA claimed that in one case this was only used for schemes in urban areas. Reiterating comments made earlier the local authority planners highlighted the value that the RHE can add through the evidence they can bring to bear, articulating the community perspective and galvanising community support. In two areas the RHEs have tried to involve the community in these meetings.
- 6.49 Of particular note is the practice in Conwy where the whole pre-development process is coordinated and monitored through the steering group with the RHE driving the process on a day-to-day basis. In consequence seeking planning permission and funding will take place in parallel with an understanding of how schemes are progressing. A practice explored later in this report.
- 6.50 Beyond this, three of the RHEs have also assisted communities make their case for supporting a scheme at the point that a planning application was submitted.
- 6.51 Only two barriers were raised at the planning application stage: in one area charges are made for pre-application discussions, even when the development was for affordable housing; and inconsistency of approach between development control officers, policy and development control officers and junior and more senior officers.

- 6.52 Attendees at the workshops were asked to identify five changes in planning policy and practice that would improve the supply of rural affordable housing. The majority of the local authority and HA responses clustered around the need for greater clarity and realism in planning policies. This encompassed: taking account of financial viability, including allowing cross-subsidy on exception sites; approving exception sites where allocated sites were not being developed; greater flexibility over the type and tenure of housing allowed on rural exception sites; and allowing for some market development in smaller communities to meet a shortfall in supply and opportunities for cross subsidy.
- 6.53 The RHEs in particular called for more flexibility in planning policy. They too called for policies that allow cross-subsidy on exception sites and a more responsive approach to the rural regeneration and community sustainability needs. In addition the RHEs called for wider adoption of a Development Management approach and removal of charges for pre-application discussions.

Securing capital funding

- 6.54 Gaining capital funding was primarily defined as securing SHG. It is identified as a shared task between HAs and local authorities. The local authorities are responsible for the strategy and allocating funds from their annual programme. HAs submit the schemes and raise the loan funding and in some instances will front-fund in expectation that the local authority will provide grant the following year. In one area schemes will not be considered for funding until they have planning permission and the HA owns the site. In contrast another area will not consider schemes for planning unless they have funding.
- 6.55 The RHE role is generally to feed evidence into the discussions that informs the HA's decision on whether to progress a scheme and the local authorities decisions on allocation of SHG. Interestingly, in Conwy this is part and parcel of the holistic management of the pre-development process by the Steering Group, managed on a day-to-day basis by the RHE.

- 6.56 Very little mention was made of the use of cross-subsidy to fund rural development. In part this reflects the limited number of privately led S106 sites in most rural areas, the exception being the Vale of Glamorgan. It is interesting to note the new approach in the Brecon Beacons National Park Local Development Plan. Its policies require an affordable housing contribution from all residential development, with a range of targets reflecting the different housing markets in the Park. On sites of fewer than three units a commuted sum will be taken in place of on-site provision. This will provide a capital pot that will be used to help fund affordable housing in other parts of the Park.
- 6.57 Securing capital funding emerged as the greatest barrier perceived by respondents. The unanimous concern was the low level of ACG. It was considered these did not take account of the small scale of rural schemes that make it difficult to absorb the additional infrastructure and design costs associated with rural development. Closely following this was the concern that the local authority did not give priority to rural schemes and steered most of their SHG investment to urban schemes, and in two areas Extra Care developments. The resulting perception is that allocation for rural schemes is opportunistic rather than part of a strategic plan. This was encapsulated by one RSL respondent's comment that, *"rural schemes are seen as a reserve pool that can fill the gaps, rather than part of a strategy"*.
- 6.58 Allied to these barriers respondents raised concerns about the annual nature of the capital funding programme. Two HAs in particular noted that in consequence they focused their activity into urban schemes where there was greater certainty of delivery.
- 6.59 Some of these difficulties were perceived by the HAs as a lack of local authority understanding of HA finances. In particular that tenure affected scheme income and ability to raise loan finance, which as one RSL pointed out is often 75% of scheme funding. Secondly, three respondents raised the difficulties of gaining capital loan and residential mortgages on schemes with S106 perpetuity arrangements. Finally, concerns were raised about the risks of voids if rural

communities became too unsustainable and as a consequence of Welfare Reform.

6.60 What became apparent was that all these barriers acted as disincentives to HAs becoming involved and developing rural schemes.

6.61 The proposed changes to SHG highlighted by the workshop attendees echo these concerns. An equal number called for more SHG funding alongside higher ACGs to reflect the costs of delivering small rural schemes. Associated with this calls were made for a specific rural 'pot', possibly top-sliced from the main programme. This was followed by a group of suggestions seeking more flexibility to support a rolling programme over more than one year.

Securing and maintaining community support

6.62 All respondents noted that this was the RHE role and in most areas they take the lead in this task. A range of mechanisms were mentioned including; initial consultations, involving the community in the identification of need and sites, encouraging community engagement in open events, in some cases providing input into scheme design, and providing progress reports. A frequently mentioned role was to explain to communities the allocation process and provide reassurance that the homes would be for local people. In three areas, the task of engaging communities was seen as a joint activity, with HAs and LAs working with the RHE. Only in one area did the HA see this as being primarily their role. Interestingly, the RHE for this county stated that they were often brought in as a fire fighting operation to bring the community on board after schemes had run into difficulties.

6.63 Only in one area was lack of community support not a problem. In all the others the catch all phrase of NIMBY (Not In My Back Yard) opposition was raised as a barrier. However, it was perceived that this often involved a minority of residents who were becoming increasingly sophisticated in how they made the argument against affordable housing. In many cases this seems to be

assuaged when the RHE explains the allocation process and is able to provide reassurance on the high quality of design and build.

- 6.64 Little attention appears to be given to building support with local authority councillors. The level and nature of political support was described as ranging from very supportive to absent. Only in one case is it practice to speak face to face with the ward councillor at the outset of a potential scheme. Two HAs noted that the political commitment to development of affordable homes in urban schemes skews the allocation of SHG. It is also relevant to again flag up the lack of political leadership in some areas which results in schemes stalling because there is no political agreement on the disposal of sites in council ownership for affordable housing.

Bringing Empty Properties back into use

- 6.65 Bringing empty properties back into use is not a core RHE task. However, respondents recognised it as a possible route for providing affordable homes where there is only a small level of need or it is proving difficult to find a site. Providing additional capacity for council private sector teams, four of the RHEs have worked with communities to identify empty properties and make initial contact with the owners. This has resulted in 16 new affordable homes being created in three areas. As the case study of Llanwrtyd Wells demonstrates, this activity can bring housing and regeneration benefits to a community. In Anglesey the evidence provided by the RHE sets the price the council will pay for empty properties. The local authority also stated that owners are more willing to sell their properties, confident that they will provide a home for a local person after intervention by the RHE.
- 6.66 In other areas there remains scepticism about whether bringing empty properties back into use is a good deployment of RHE time. In smaller rural communities truly available empty properties are scarce and the costs of bringing them up to the necessary standards can be prohibitive, particularly if they are to be used as affordable homes.

Opportunities and alternative mechanisms

- 6.67 Respondents suggested a range of alternative mechanisms for improving delivery, with those offered by the RHEs being the most innovative. Most commonly suggestions revolved around the need to build greater flexibility and responsiveness into planning policy. Under this heading, overwhelmingly, respondents proposed allowing some market housing on rural exception sites to cross-subsidise affordable homes. Along similar lines the suggestion was made that sites should be allocated where affordable housing makes up a higher percentage the development than market housing. Reflecting that some allocated sites have not come forward for development a RHE and local authority called for powers to de-allocate sites.
- 6.68 In terms of alternative delivery three respondents specifically mentioned Community Land Trusts (CLTs). These are legal entities that are established and run by the community to provide a social, economic and or environmental benefit to the local community. None of its assets can be sold except to benefit the community and all profits must similarly be used to benefit the local community. A CLT is controlled by its members, with people who live in the specified area having the opportunity to become members.
- 6.69 CLTs can be completely independent with the community raising the capital, building and managing the asset, which in this case would include affordable homes. Alternatively, the CLT can work in partnership with a HA. The RHE through their skills of working with communities and understanding of the development process is well placed to steer communities through either of these routes.
- 6.70 It was apparent through the interviews that this option has been and is being tentatively pursued, possibly using some self-build to fund the CLT.
- 6.71 From a practice perspective the opportunity identified by the RHEs and HAs is for earlier and closer working across all those involved. In some cases this

being achieved through the adoption of the development management or delivery team approach to rural development.

Supporting rural communities to meet their housing needs

6.72 So far the report has focused on the views of RHEs, local authorities and HAs. All have emphasised that engaging communities in meeting their needs is at the heart of the RHE role. To explore this further the evaluation interviewed community representatives from each of the areas where a RHE is currently in post. In total ten community representatives were interviewed.

6.73 Six were Community Councillors and three were County Councillors for the communities involved and one was a Community Council Clerk. In five communities affordable homes have now been completed, in four there is a scheme in progress and in one it has been withdrawn. (One of the County Councillors had worked with the RHE in two different communities). For the majority the reason they became involved was because of an awareness of a lack of affordable housing within their community. In one case, whilst this was the drive, their involvement was much more reactive, spurred by a large, proposed private sector development that did not provide affordable housing.

6.74 In the majority of cases the RHE made the first approach to the community, often by offering to come and speak to a meeting of the Community Council. In two cases, in the same locality, the County Council referred them to the RHE. It appears that this was a crucial first step, with the RHE being able to build a rapport with the Community Council, empathising with the difficulties being faced, able to explain what action could be taken, including as a first step the requirement for robust evidence to demonstrate the nature and extent of need.

6.75 At this stage their expectations were that the RHE would be able to offer support and expertise to help identify needs and sites. All but one felt these expectations had been fulfilled.

- 6.76 The role that the RHE played as the scheme proceeded was dependent on the genesis of the scheme. It is noteworthy that for two where the development was private sector led, one of which was speculative, the RHE input was later in the pre-development process. In consequence, their role was one of providing information and supporting the community to change the design.
- 6.77 Seven of the community representatives identified the key role played by the RHE in identifying needs. Interestingly, in four cases the Community Council or the representative had worked closely with the RHE, encouraging people to take part, register their needs and in some cases delivering questionnaires. For the other three the community's role was more passive. Their more active engagement began when the RHE had presented their report which became a trigger for discussing what type of housing should be built.
- 6.78 In three cases a site had already been identified, but for the remainder the RHE worked with the community to identify possible sites.
- 6.79 The extent to which the community is involved in design and how this is facilitated by the RHE is variable. In five cases the community were very much part of the process, with one County Councillor citing a more collaborative approach for the second scheme in which he had been involved. For three others design was reported as being a process undertaken by the RSL and planners with some input from the RHEs, but not the community.
- 6.80 In one case community involvement at the design stage had meant they had been able to change the scheme so it provided a footpath to the local school. Other than that the added value that schemes had brought was more broadly expressed in terms supporting local services and the economy.
- 6.81 Respondents reported that as schemes moved to gaining funding and planning permission their engagement reduced. However, they were all able to identify which were the lead organisations at these stages. In three instances, with the RHE's support, they had been involved in discussions on local occupancy

criteria in the S106 Agreement. In two cases they also had an input into the allocation criteria in the lettings policy.

- 6.82 Six of the community representatives praised the way the RHEs have kept them and the wider community informed on progress, or in some cases explaining why there were delays. In this context two remarked on the bridge-building and 'behind the scenes' input of the RHEs to push schemes forward.
- 6.83 The concerns they raised were expressed in terms of the scheme rather than the RHEs involvement, although one remarked that the RHE and community should have been involved at an earlier stage.
- 6.84 For the community representatives the most important roles that the RHEs played were as negotiators and co-ordinators, but above all else being good communicators. Underpinning this the RHE skills the valued were their knowledge and expertise, enthusiasm and dependability, tenacity, organisational skills and in three cases the ability of the RHE to speak Welsh. What became clear from these interviews was the leadership role played by the RHEs, For example on respondent said, *"He's demonstrated great leadership with persuasion, honesty and without putting pressure on individuals and always considering the local community"*. Another, *"He did do a very good job. His local knowledge is excellent and most community councillors would say the same"*
- 6.85 Interestingly, only one of the community representatives explicitly listed 'independence' as an important part of the RHEs role. Two did not know who funded the RHE post. For those that did, only one felt this affected the RHEs work. For them the RHE being hosted by the local authority brought the benefit of easy access to planning officers.
- 6.86 Asked to score the overall performance of their RHE four scored them as excellent, four a score between very good and excellent and one as very good. One chose not to answer.

Other RHE tasks

6.87 Alongside the RHE's scheme specific roles they are also involved in: raising general awareness of rural affordable housing need and possible solutions; and influencing policy, primarily at a local authority level.

Raising awareness

6.88 The extent of this activity varies across the RHEs, They are all involved in generic awareness raising through 'rural' events, such as the Royal Welsh Show. The aim being to reach those individuals who would not normally become involved in its delivery or register a need.

6.89 Beyond this the 'promotion' package is varied. Three of the RHEs provide information for County Councillors and speak at public events and open meetings. In Anglesey, it is particularly well developed with the RHE providing web and paper based information on affordable housing, fact sheets for Community Councillors, briefings for councillors and publicising good news stories through the Council's website and local media.

6.90 All could point to successful outcomes from this activity through higher levels of community and local authority councillor support for the idea of rural affordable housing and increased registrations on local authority Housing Registers.

6.91 All the RHEs are involved to some degree in local policy development. In most cases this is welcomed and encouraged by the local authorities, for example, one housing officer claimed the RHE's input into policy to be 'invaluable'. At the other extreme a RHE offered to assist in the development of policies in the LDP but their offer was rejected.

6.92 The success of the RHEs' influencing role is impressive. They include:

- Changing the allocation policy criteria to ensure people with a local connection are considered for housing;
- Helping to develop and pilot a Common Housing Register that is now being rolled out across the county;
- Setting up a Low Cost Home Ownership Register
- Encouraging the local authority to adopt a protocol for releasing sites in their ownership for affordable housing;
- Having the RHEs role written into the local authority's policy for bringing empty homes back into use;
- Achieving a more flexible approach to the allocation of SHG
- Shaping LDP and SPG policies, in two cases by being a member of the local planning authority's working groups.

Case studies

Three case studies, illustrating the diverse range of RHE skills and impact on community sustainability through delivering housing and other benefits are described on the following pages.

Rural Housing Enabler Case Study 1 6 new affordable homes: Bersondy, Llanarth, Monmouthshire

This study demonstrates how a holistic approach to community needs, drawing on the RHE's specialist knowledge and expertise, can enable additional community benefits to be delivered through an affordable housing development.



Local Authority:	Monmouthshire
Housing Association:	Monmouthshire Housing Association (development managed by Melin Homes)
Community Council:	Llanarth Fawr
Contractor:	Opco (Cardiff based)
Wider community benefits:	Refurbishment of Llanarth village hall Improvements for other village halls Community grant secured for play equipment Playgroup set up for local families
Scheme initiated date:	2009
Completion date:	22 November 2010
Social Housing Grant:	£519,576
Other financing:	Loan finance with Monmouthshire Housing
Overall scheme cost:	£773,522
Code for Sustainable Homes Level:	Level 4

Key features of the scheme:

This development project was one of the first by Monmouthshire Housing Association (MHA) following stock transfer from Monmouthshire County Council.

The groundwork for the project had been undertaken by the RHE with a housing needs survey carried out in 2005 which identified 22 local people in housing need. Consultation with the community council and the wider community about potential sites eventually led to selection of the Bersondy site, owned by Monmouthshire County Council.

The completed homes were all let to households from the Llanarth Community Council area. The homes were allocated using the local authority's Rural Allocation Policy which had been developed with input from the RHE. Developed on a neutral tenure basis, all the homes were let for social rent. The homes were completed to Level 4 of the Code for Sustainable Homes, keeping running costs low - a particularly important factor in this remote location where reliance on the use of private vehicles and high fuel costs put pressure on household budgets.

Throughout the pre-development and construction phases the RHE was the main link between the community council, MHA and other partners. His regular attendance at council meetings meant MHA were in continuous touch with the community's views. For example, once development started, concern over the route large lorries were taking to the site was relayed to contractors and a different approach was adopted.

The RHE had devised a questionnaire for one of the community events which included a question 'What other community resources would you like to see return to the Llanarth Fawr Community Council area?' The RHE together with the community council examined the responses and presented them to MHA in order to determine if any of them could be done as part of the project. A member of staff at OPCO, the contractors for the development, who was assigned to deal directly with social responsibility, met with a number of the community councillors to discuss what additional projects OPCO would be willing to support.

The two parties decided that the best option would be to refurbish the local village hall, with a new kitchen, the reinstatement of a disused room so that it could potentially be used as an office, redecoration and the installing of security lights, not just on the Llanarth Village Hall, but on the other community halls in the Llanarth Fawr area. The majority of the work for the community was carried out during the later stages of the development.

Shortly after the homes were occupied, during an informal encounter with the community council clerk, the RHE asked how the village felt now that the homes

were occupied. The response was that the village had life again and it was brilliant to see school children getting off the school bus, playing snowballs and having fun.

The RHE had made the community council aware that there were grants available to support local projects and he was happy to help point them in the right direction. A number of months after completion of the development one of the residents of the new affordable homes applied for a grant to help set up a playgroup in the newly refurbished village hall. The grant was for play equipment. The playgroup was set up and attracted 10 different families from the surrounding area to attend; this was the first time in 25 years that a playgroup had been in place in Llanarth Village Hall.



Rural Housing Enabler Case Study 2

Refurbishment of empty home: Victoria House, Llanwrtyd Wells

This is an excellent example of how the RHE as an honest broker with local knowledge and connections can achieve a breakthrough where others cannot and where one achievement can open the door to more opportunities to meet the needs of local people.



Before



After

Local Authority:	Powys Council
Town Council:	Llanwrtyd Wells
Contractor:	Tony Price Builders (a local firm)
Property:	One six-bedroom four storey house with habitable attic space, renovated as a single dwelling.
Wider community benefits:	Improved appearance of a prominent property in the town centre Improved local pride and street image in Llanwrtyd Wells Business for many local building trades people when very few other opportunities were available Established a positive relationship between the Rural Housing Enabler (RHE) and Town Council leading to further opportunities to deliver housing to meet local need.
Scheme initiated:	2010
Completion date:	Autumn 2012
Provided by:	Private Owner

Social Housing Grant:	None
Other financing:	Interest free loan of approx £50,000 via Powys Council Private Sector Housing Team
Overall scheme cost:	Approx £150,000
Energy efficiency measures:	New central heating system, roof / loft insulation and wooden framed double glazed windows.

Key features of the scheme:

Victoria House, a large property in the centre of Llanwrtyd Wells, had been empty for over ten years prior to the RHE's involvement. The building was in poor condition and becoming increasingly dilapidated. Unsuccessful attempts to encourage the owner to improve the appearance of the building prior to a visit to the town by the Prince of Wales (July 2010) prompted the Town Council to respond to a letter from the RHE by inviting her to discuss how the situation might be improved.

The RHE undertook to liaise with the owner on a confidential basis. The owner had insufficient resources to invest in renovating Victoria House and was nervous of potential enforcement action by the local authority. He welcomed the opportunity to meet with the RHE as an independent local intermediary able to provide information, discuss options in a positive way and provide introductions. Regular liaison between the owner and the RHE enabled concerns to be addressed and overcome which could have caused project failure.

Initial attempts to make the renovated property available as affordable housing proved unviable as the rents that could be charged would not repay the investment needed. Conversion into several smaller, self-contained units did not prove to be possible due to location and limited parking facilities. Once the owner had information about the possible options he decided to take advantage of loan finance from the Powys Council to partially finance the renovation.

Labour was sourced from Llanwrtyd Wells or as locally as possible and - as a minimum - from within Wales. Tradespeople working on site commented that the contract had come at a great time when work was scarce. A local window

manufacturer who produced the 20+ new sash windows was able to employ more labour as a result of the contract.

Victoria House has been sympathetically restored to a very high standard, improving the aesthetics of the main street in Llanwrtyd Wells. The owner is considering letting the property, improving the scarce supply of housing available to local people unable to access home ownership.

The community have tasked the RHE to deal with a second problem property and other projects including a development for affordable homes. Adjoining Community Councils have heard about the success in Llanwrtyd Wells, leading to further empty properties being brought back into use with support from the local authority loan scheme.

The Private Sector Housing Team (PSH) commented,

‘The work of the RHEs has been of great value to the team. The RHEs have been able to make invaluable links with community groups and bring the issues in their respective areas to the forefront. Due to PSH’s vast enforcement and renewal remit, with limited resources, we are not always best placed to dedicate time to community engagement. In this instance, and many others, the RHE worked very closely with the community council and through collaborative working PSH were able to engage with the owner and agent and provide financial assistance to tackle an issue which was at the heart of the local community. It is very much hoped that this approach will continue in the future.’

Rural Housing Enabler Case Study 3

12 homes & an enterprise centre: Congl Meinciau, Botwnnog, Gwynedd

This scheme demonstrates how an RHE's broad range of knowledge and skills add value, supporting community sustainability more holistically than simply through enabling affordable housing.



Local Authority:	Gwynedd
Housing Association:	Cymdeithas Tai Eryri
Community Council:	Botwnnog
Other partner:	Cymunedau'n Gyntaf Pen Llyn (Llyn Peninsula Communities First)
Architect & Contractor:	J&C Jones Llanbedrog
Number and tenure of homes:	12 x 3 bed semi-detached houses (rent / neutral tenure)
Local eligibility criteria:	Local connection criteria and geographical area defined in rural allocation policy where RHE has undertaken a housing need survey, planning S106 (exception site)
Wider community benefits:	The creation of an Enterprise Centre providing employment opportunities and a community meeting place.
Scheme initiated date:	July 2008
Completion date:	April 2011
Land provided by:	Private Developer
Social Housing Grant:	£914k

Other financing: HA private finance £662k

Overall scheme cost: £1.576m

Code for Sustainable Homes Level: 3

Key features of the scheme:

This scheme was developed between Pwllheli and Aberdaron on the Llyn Peninsula in partnership with Cymunedau'n Gyntaf Pen Llyn (Llyn Peninsula Communities First). It has been part of a larger regeneration project - Tai, Iaith, Gwaith (Housing, Language and Work) - through which the Welsh Government supported Tai Eryri's vision of regeneration linked to the development of affordable housing in a deep rural and Welsh speaking part of Wales.

The scheme resulted from initial work by the RHE who was invited to consider the housing need in the local area but also to look at employment opportunities in 2007. The work concentrated on three wards on the tip of the peninsula where employment, housing and in-migration were seen as key issues that needed to be considered if the area was to become more sustainable. Open days held in all three wards explored the potential for development and possible sites. As a result an offer of a piece of land was made - the site of a derelict farm house and petrol station next to the village school in Botwnnog - a village with only a post office as well as school. This site, which was an exception site where affordable housing was the only possible permitted form of development, was pursued by Tai Eryri. With the support of the RHE working with partners and the planning authority the association was given the green light to develop the scheme. The scheme both removed a blot on the local landscape and brought people back to the area where they belonged. From the outset there was a strong feeling in the community that people had moved away from the area due to lack of suitable housing. All scheme residents have a local connection, having either lived or worked locally for the past five years or having previously lived or worked in the area.

The RHE's role was critical to development of both the housing and the enterprise centre. His initial survey showed a local need not only for housing but also for economic development and employment opportunities. The housing scheme

became the catalyst for developing the centre. In Tai Eryri's view, without the development of the new homes neither the public sector nor private market would have been prepared to invest in an enterprise centre in that location.

Tai Eryri and the local Communities First project accessed £1.8m in funding from Welsh Government, the EU and Tai Eryri itself, to create a building (built to BREEAM Excellent standard) with 10 offices, 2 workshops, a café and various training and IT rooms. 93% of the construction work went to Welsh SMEs with over half of it benefitting contractors and suppliers in Gwynedd. Social clauses included in the procurement contract led to the creation of three apprenticeships during the building of the centre and a requirement that the contractor donate 0.25% of the contract value to create a community fund for local and community groups to obtain small grants. Completed and opened in November 2011, the Centre is run by Cywaith, a social enterprise and subsidiary of Tai Eryri.

The Centre is now (November 2013) two-thirds occupied, providing 16 jobs. Tenants include a digital inclusion project, physiotherapist, food and hygiene technologist, tourism business, accountant and an education consultancy. It is also the base for two third sector organisations, one of which, Cymydmaen Cyf has developed from the now defunct Communities First programme in the Lleyn. The Enterprise Centre is their first 'proper' project and a key part of legacy work arising from Communities First, with several of their projects now based around the Centre - including projects on digital inclusion, renewable energy, support for local food producers and artists. A survey in March 2013 measuring the Centre's economic impact concluded that it looked set to reach its target to recoup its running costs within 2 years, tenants were happy with the facilities and it was a popular place for residents and businesses to meet.

This broader approach to regeneration involves looking at the viability of a range of interdependent community assets. The RHE was able to work closely with Communities First which was keen to know more about employment needs and looking to identify sustainable employment opportunities.

Wil Parry, a local community representative who now works in the centre was asked for his views: 'The housing and enterprise centre have, without a doubt, rejuvenated the village of Botwnnog. There is a definite buzz about the place that was not there before. I have no doubt that this would not have happened without the work Arfon (the RHE) put into the project'. He added that 'the housing and enterprise centre complement each other remarkably well and could, or even should, be used as a model for regeneration'.



Conclusions: RHE role in the pre-development process.

6.93 As identified earlier in the report, gaining data on affordable housing in rural communities is almost impossible. The only information was that provided by six RHEs. It confirms that to date delivery has been low. Since 2004 when the first RHEs came into post 186 units have been delivered. However, what is noticeable is that 89% of these have been delivered in the three areas where an RHE post has existed for the longest period of time. More encouragingly, since 2011 RHE activity has resulted in a pipeline of 28 schemes that have the potential to deliver a minimum of 240 units.

6.94 The RHE data also confirms the view that delivering affordable housing takes a long time, averaging six years, but ranging from two to ten years. However, there is some limited evidence that the pace is quickening.

6.95 The low level and slowness of delivery reflects the significant barriers that rural affordable housing schemes encounter. From the RHE returns this is noticeably after need and a site has been identified. That is when the RHEs' input reduces and other partners take the lead responsibility for moving the schemes through planning, funding and to construction.

6.96 The analysis of each of the pre-development stages revealed that RHEs' involvement is greatest at the earliest stages of the pre-development process. They lead on evidencing needs, and often have a key role in identifying sites, although interestingly this was seen by the local authorities and housing associations as a stage they led. Throughout the process the RHEs help galvanise and maintain community engagement and support.

6.97 The principal barriers identified by respondents are:

- Difficulties identifying sites, something which is very much affected by the status of the Local Plan, the buoyancy of the local housing market and ownership. Interestingly, problems agreeing valuation means that having a local authority site does not mean schemes will progress more rapidly.

- Implementation of planning policy. Sometimes difficulties arise because of the age of Local Plans: policies are out of date and this may change. Encouragingly more local authorities are moving to a Development Management approach which increasingly involves the RHEs.
- The greatest barrier is capital funding. SHG is limited and there is an urban bias in its allocation. This is heightened by the failure of ACGs to take account of the additional costs associated with very small, often remote rural schemes. Given the time it takes for rural schemes to come through and the uncertainty of their progress an annual capital programme is also seen as a barrier. Opportunities for using cross-subsidy from market housing to fund affordable housing is restricted. National policy does not support this in smaller communities and so it rarely appears as a Local Plan policy. In other areas market values are so low that this is not a viable solution.
- Only in two areas have the RHEs been involved in bringing empty homes back into use. In other areas the scarcity and costs of bringing such properties up to standard means this is not seen as a good use of the RHE resource.

6.98 The community respondents valued very highly the support and expertise that the RHE brings. It has assisted them to become involved in meeting their affordable housing needs, particularly at the early stage of scheme development. However, this is reduced where a scheme is private sector led.

6.99 A significant success of the RHEs has been their involvement in policy development. This has ranged from making it easier for rural residents to register and take up properties, to shaping local plan policies and guidance.

6.100 There is increasing awareness of the role the RHE can bring to supporting community activity that supports wider rural regeneration, sometimes filling a

gap where national funding has been re-directed away for rural community development. The case studies are exemplars of this type of activity.

7 Management arrangements

- 7.1 The management of the RHEs' role is through a steering group and their respective line managers. This section looks at the different roles these arrangements play and the relationships between them. Given the limited control that the RHE has over the later stages of the pre-development process, particular attention is given to exploring the role of the steering group in monitoring progress and taking action to unlock barriers.

The management role of the Steering Group

- 7.2 A steering group manages every RHE to some degree. Their membership is drawn from the post funders and includes HA development staff, usually at Director level, and senior housing and planning officers from their respective local authorities, which may include National Park officers. In one area there is a single HA representative who is responsible for feeding back to other HAs working with the RHE. Unfortunately, an HA officer who was interviewed, but who does not sit on the steering group, was unaware of this arrangement.
- 7.3 Senior housing officers from the local authorities chair the majority, but not all the steering groups. In all cases at least one organisation has been a member of the steering group since the RHE post was established.
- 7.4 Commonly the roles of the steering groups are defined as providing guidance, steering the RHE role, monitoring the work-plan, and agreeing priorities. Only three respondents, from different areas, identified unlocking barriers as a steering group role.
- 7.5 Despite this co-incidence of view of the steering group roles, the interviews also revealed some significant tensions within some of the groups. At its most extreme was a view that the steering group had '*lost its way*': a consequence, it was suggested, of too strong a focus on the targets set by Welsh Government

and insufficient joint action to unlock barriers. Four respondents pointed to disparate views between members of what should be the role of the RHE, with competing calls on their time, which do not seem to be fully resolved. In two cases HAs expressed concern that the RHE was being distracted into local authority work beyond the remit of the RHE.

- 7.6 Similar tensions became apparent in responses to questions about who sets the RHE work-plan and how is it monitored. In three areas this is done by the RHEs in conjunction with their line manager with sign-off or 'tweaks' made by the steering group. In one of these areas the HA reported that they were not involved at all, but the RHEs were willing to respond to any tasks asked of them by the HA.
- 7.7 These areas also have weaker work-plan monitoring arrangements with the consequence that other members of the steering group often feel excluded, as one stated. *"I feel a bit out of it....we need to own the project"*.
- 7.8 In contrast, in other areas the steering groups take a more active role with the work-plan being devised as a joint endeavour between themselves, the RHE and line manager. Alternatively, the task is sometimes solely the role of the steering group, although it always includes the line manager. Probably, the most robust arrangements are in Anglesey and Conwy where the steering group agree the work-plan, based on an annual project report. It is then reviewed quarterly using monitoring information provided by the RHEs.
- 7.9 Generally meetings are quarterly, but in three areas it was reported that meetings had become less frequent and in one attendance had declined dramatically. This appears to be a consequence of partners feeling that the steering group is not given the opportunity to be effective.

The role of the steering group to unlock barriers

- 7.10 In none of the areas is scheme progress through the pipeline reported in a way that would support a strategic discussion or action by the steering group. In two areas this type of information was at one time provided by the RHEs, but in one it has been replaced by briefer reports and in the other it has been abandoned. Possibly the most strategic approach is that taken in Anglesey where a matrix is presented to the steering group meeting using a traffic light system. Where red issues are reported these are recorded on the Housing Services risk register and escalated to the Corporate Risk Register if necessary. This can lead to action at a strategic level, for example, the steering group promoted a change in policy to allow for the re-use of local authority buildings for affordable housing that has now been adopted.
- 7.11 The interviews revealed one steering group was somewhat ineffective. Pipeline reporting had been abandoned, but the local authority considered that issues were discussed by *'open and frank discussions'*. However, the partners expressed frustration that barriers were neither addressed nor discussed. As one partner reported *"we keep re-visiting the same issues, but don't do anything."*
- 7.12 In place of strategic monitoring and action the common practice is for the steering group to discuss progress on individual schemes, often as part of the monitoring the RHE work-plan. Individual members are then tasked with unlocking specific barriers within their own organisation.
- 7.13 Reflecting this, the role of individual members of the steering group was defined in terms of unlocking specific scheme barriers, rather than them taking a strategic lead on some aspect of the activity in the RHE work-plan.
- 7.14 Three areas have either a Strategic Housing Group or Affordable Housing Partnership. These often have common membership with the steering groups. Only in one is the RHE is a member and there is a standing item on the agenda

for them to make a report. In the other two the RHE has an indirect link either through a lower tier sub-group or their line manager.

Line management

- 7.15 The line managers of the RHEs are drawn almost equally from HA and local authority officers. The nature of line management usually involves regular formal meetings on a weekly or monthly basis, but with genuine opportunities for more informal discussion and support between times. Only in one case was this not the case, where there was a significant divergence between the RHE and local authority view of the nature and quality of line management.
- 7.16 The commonly identified benefit from location within an HA or local authority was access to professional advice and support. However, within a local authority this spanned across a range of expertise. RHEs in particular valued the access a local authority location gave to information, evidence of need, housing market data and GIS facilities, professional advice.
- 7.17 In one area there have been significant complications arising from the RHE being managed by the local authority. Despite their mixed funding support, the RHEs were deemed to be local authority employees and were part of an internal Job Evaluation review. This resulted in a downgrading of their salary, even though it is set by the steering group.
- 7.18 Perhaps it is not too surprising that there were mixed views about which management arrangement assured the most independence for the RHE role. With local authorities favouring their location and pointing out the disadvantages of hosting within an HA and vice versa for the HAs. Only in one area has this been addressed by rotating the line management role between funders. Interestingly, this is also the only area where specific measures have been put in place to re-enforce the independence of the RHE. These include the RHE not having a landline and having his own e-mail address.

Conclusions: RHE management arrangements

- 7.19 The strategic role of the RHE steering groups is very weak. This is in part a reflection of the lack of strategic monitoring information that would inform an overview of where common barriers to delivery were being encountered. In consequence there are few examples of steering groups taking action to unlock barriers in their own right.
- 7.20 In contrast, scheme monitoring information is more readily available and discussed on a regular basis by the steering groups. This translates into action being taken by the relevant organisation to unlock scheme specific barriers. Not collating this information for more strategic consideration is a missed opportunity. As the report on delivery indicates this probably results in some barriers, such as land supply and lack of capital funding, being constantly being revisited but left unresolved.
- 7.21 For most of the RHEs line management arrangements are in place to combat the isolation that sometimes comes with their role. However, when it goes wrong there does not appear to be a means of holding line managers to account, particularly if the steering group is unable to assert its authority. This can have a significant detrimental affect on the individual RHE and the ability of the area to retain a RHE resource.
- 7.22 As shown earlier in this report the independence of the RHE is highly valued. For the most part this appears to be respected by the hosting organisation and line manager. On balance there may be greater benefits in being hosted within a local authority where the RHE can access a wider range of professional advice, data and other support resources. This may be particularly the case where there is more than one HA delivering rural affordable housing in an area.

8 Pan-Wales working

- 8.1 Given the isolated nature of the RHE role and the commonality of issues that confront the delivery of rural affordable housing wider support and influencing structures are in place. This section explores the role they perform.

Rural Housing Enabler Network

- 8.2 This is an informal network established by the RHEs. It provides a mechanism for them to share experience and expertise. Through it they are also able to take joint action to raise awareness of the lack of affordable housing, ways of meeting the need and some of the barriers that impact on its delivery. The RHEs value this network, particularly those newer to the role.

Rural Housing Strategic Network

- 8.3 The Strategic Rural Housing Network has had a mixed history. Its antecedent the Rural Housing Network had faltered, but it was recognised that there was a lack of strategic consideration being given to rural affordable housing by Welsh Government. The CHC sponsored the creation of the Rural Housing Strategic Network. Its membership is drawn from senior local authority, HA staff and Welsh Government officials.
- 8.4 Its purpose continues to be to raise rural affordable housing issues at Governmental level and press for changes that will assist its delivery. It was agreed that this would take the form of: formally reporting to the Welsh Government's Housing Group; organising two rural housing events per annum, and contributing to a strategic evidence base to inform policy development.
- 8.5 The interviewees responses suggested that the Rural Strategic Housing Group had lost its way. As one respondent noted, *"everyone sees there is something to do, but not sure what"*. Their view is that whilst the lack rural affordable

housing is recognised as a priority issue, there is not the political will to address it. A slant on this was that rural affordable housing becomes marginalised in housing policy discussions, particularly when resources are tight.

- 8.6 Countering this rather negative stance, the Rural Housing Strategic Group was involved in gaining Ministerial input into Rural Housing Week this year. It was also involved in designing the specification for this evaluation. The hope is that its findings will provide a platform for closer and co-ordinated involvement of the Welsh Government, WLGA and CHC to promote changes in practice and policy at a national and local level, which will improve the supply of rural affordable housing. It is anticipated that this will include shaping the future funding and organisational arrangements for the RHEs.

Conclusions: Pan Wales working

- 8.7 The RHEs network has provided a valuable resource and source of support for the RHEs, particularly those new into post.
- 8.8 The Rural Affordable Strategic Housing Group has struggled to make its voice heard, but has the potential, possibly through the findings of this evaluation, to play a more active and influential role.

9 Funding RHE posts and Value for Money

- 9.1 This chapter explores the costs of delivering the RHE network and how RHEs are funded. It describes perceptions of value for money amongst funders and considers alternative funding models for RHEs.

Costs of RHE

Direct costs

- 9.2 We have collected information from nine RHE projects, seven existing and two that, at the time of the research, did not have an RHE in post but had plans to appoint a new post-holder and had budget information to support this.
- 9.3 The mean annual average direct cost of employing each RHE is £43,800. The average masks significant variation in cost between RHE projects that range from £34,500 to £52,000. Within the 9 RHE projects, two broad groups of roughly equal size can be identified - one group with costs of about £35,000 and another, higher costs group, with costs of about £50,000.
- 9.4 Costs are broken down into employment⁹ and 'other' costs. Employment costs make up by far the larger share of RHE costs at an average of about £34,500 or 79% of costs. There is some variation in the employment component between RHE projects and again the RHE projects can be divided into two main groups – one with employment costs at around £28,000 and another with costs of about £38,000. We do not have the information to comment on whether these variations reflect differences in the type of post holder or the job that RHE are being asked to undertake.
- 9.5 'Other costs' in budgets include items such as RHE training and travel, publicity and conferences. The degree to which the costs of hosting the RHE (office

⁹ Including RHE salary and other costs e.g. NI and pension contributions

costs, telephone and management costs) varies significantly – some projects show some or all of these items separately within the ‘non employment’ element and others do not. These differences in part explain the variation in ‘other costs’ – from £3,000 to £15,000 (with a mean average of £9,300).

Indirect costs

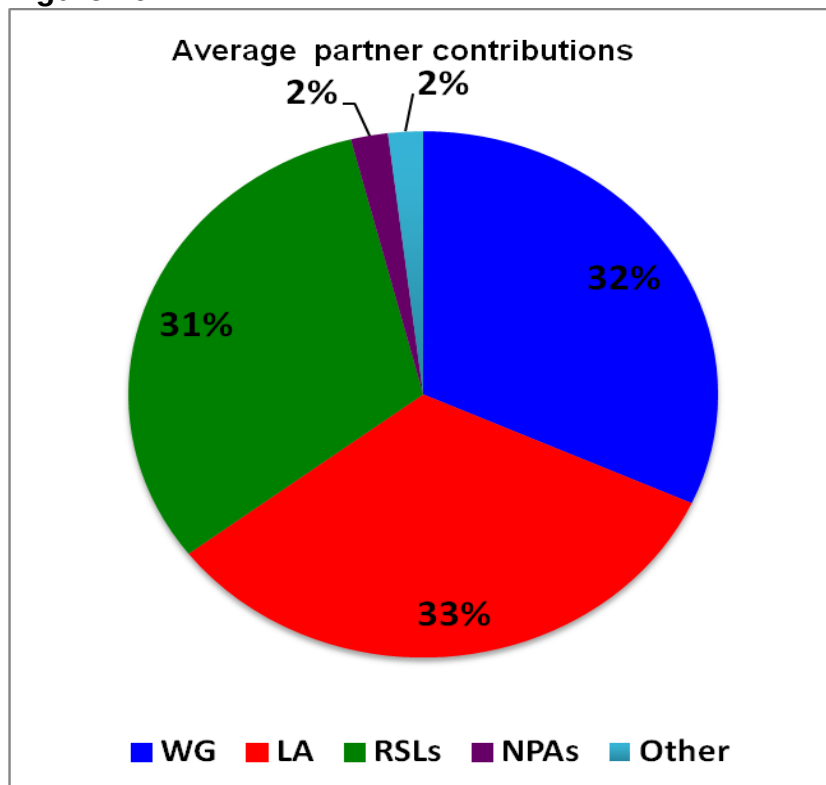
9.6 In addition to the budgeted costs is the cost of time and other resources of those organisations that help with the work of the steering group and in direct management of the RHE. Meetings of steering groups are typically held a set number of times a year (e.g. once every three months) while line management involves a mix of informal advice and support on a regular basis and, in many cases, regular review meetings (be these weekly, monthly or at slightly longer intervals). RHEs also commented on their ability to seek advice from others on their steering group to discuss specific issues.

Funding the RHE post

Sources of funding

9.7 The funding model adopted for all the RHE posts is a combination of funding from the local authority(ies), HAs represented on the steering group and the Welsh Government funding. Figure 10.1 below shows the relative contributions to the overall network of the 9 RHE posts for which we have financial information.

Figure 10.1



Source: Evidence collected as part of evaluation

Notes:

Where budget information showed significant variation over a number of recent years, we have taken an average funding profile. Otherwise, information for the most recent year has been used.

NPA – National Park Authority

Other – e.g. income from consultancy services

9.8 Contributions to funding for the RHE network are seen to be broadly even between the Welsh Government, local authorities and HAs.

9.9 In terms of actual money, in a 'typical recent year', local authorities and HAs have invested about £125,000 each into the RHE network, as has the Welsh Government. The mean average annual local authority contribution is about £14,300 and that of HAs, £13,700.

9.10 There is some local variation in the proportion of funding which is provided by the local authority(ies) and by HAs – in some cases the local authority(ies) are the main funder and in other cases, this is the HAs. The research did not identify any specific trends in funding that might explain these differences - they

appear to reflect the specific local circumstances at the time funding was settled.

Value for Money

9.11 Local authority and RSL interviews were asked whether, as funders, they saw the RHE as providing value for money. The majority view is that it does – *‘...you get a lot for your money...value for money is excellent.....’* There was some dissent from this view with a limited number of commentators suggesting that they (or their councillors/board) were not fully convinced and that decision makers wanted to see better outcomes for the investment they made - especially when budgets were tight. There are then also local authorities and HAs that used to fund RHEs but have withdrawn their support.

9.12 But even for those RHEs currently in post, with further tightening of available public funding, there is concern about how future funding would be guaranteed and little appetite to increase funding support if there is a future shortfall to make up, as these comments illustrate:

"Yes - we get huge value from the RHE but can we continue to afford it?"

"(We)...might be prepared to carry on historic levels but not moreto pick up loss of local authority funding."

9.13 Only one organisation expressed any willingness to increase their contribution if others could not continue to meet their current commitments.

Future funding strategies

9.14 Although steering groups recognise the growing constraints on public funding and the possible difficulties they will have in maintaining their RHE post, there has been limited consideration of future funding strategies or alternative funding sources. Only one Steering Group had a strategy for future funding of the post.

9.15 There is considerable concern that it will not be possible to make up any reduction in the contribution from the Welsh Government, if this were to be withdrawn. It is argued that this is essential to the retention of the RHE posts. Welsh Government support for RHEs is also seen to signal its commitment to rural affordable housing - especially in deep rural areas.

Responses to funding workshop proposals

9.16 To explore alternative sources of funding a workshop was held, split into a session for RHEs and one for funders of RHE posts. All the RHEs attended, seven local authority officers, two National Park officers and staff from five HAs. Six of the funders' group are also the Chairs of the RHE Steering Groups. Six principles for any funding package were agreed:

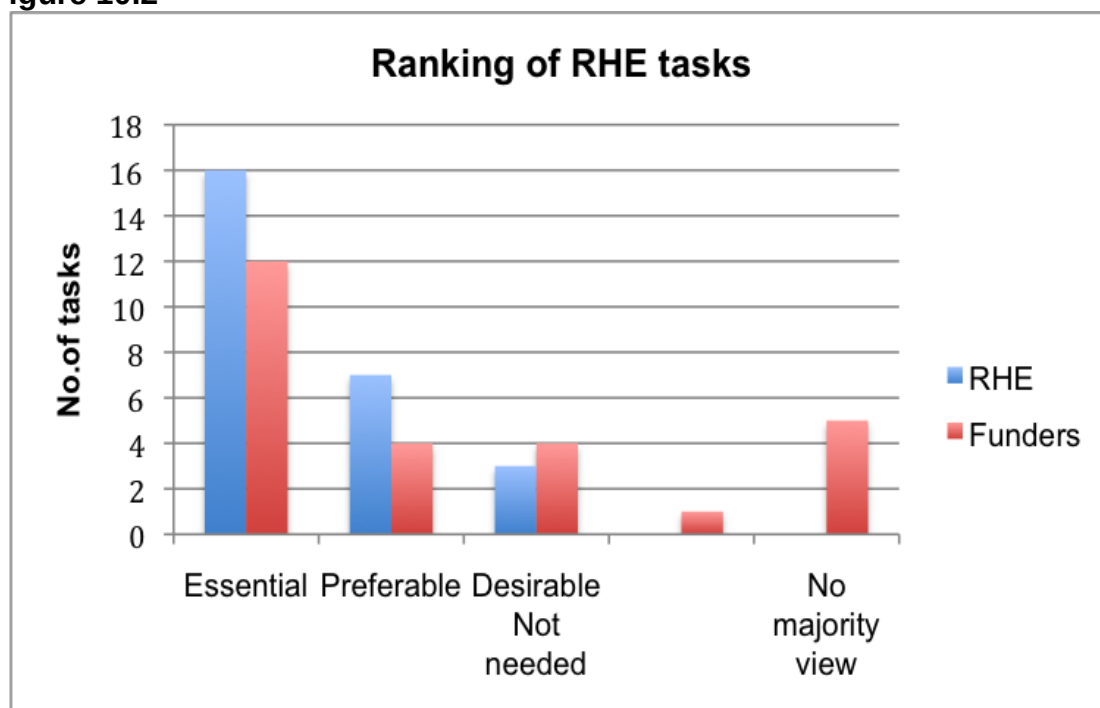
- Funders must want the service
- Provide long term stability and ideally becomes ultimately self financing
- Allow flexibility in the role
- Allocated by transparent and fair process
- Managed through effective governance
- Provides value for money.

9.17 Recognising that one potential source of funding may be to charge for the RHE services, participants were invited to rank by importance the RHE tasks that had emerged from the evaluation interviews. A copy of the list of RHE tasks that were considered during the workshops is provided in Appendix Two. Participants were then asked which of these could be a chargeable service and the funders were asked if in principle this was something their organisation would consider buying.

9.18 This was a very quick exercise and this question would have to be explored in significantly more depth if it was decided to give further consideration to a funding package that raised income from RHE services.

9.19 However, some interesting pointers emerged. Figure 10.2 compares the majority RHE and funders views of the specified RHE tasks. Clearly RHEs consider more of their tasks are essential or preferable compared with the funders, but the difference is not great.

Figure 10.2



Source: Evidence collected as part of evaluation

9.20 There was agreement between RHEs and the funders that 9 out of the 29 tasks were essential. These were primarily tasks associated with identifying needs, engaging the community, identifying sites.

9.21 The RHEs thought all the essential tasks could be income raising. In contrast funders thought only five of the nine tasks they identified as essential were definitely chargeable services. However, there were also some inconsistencies. In three cases the funders stated they would pay for the service, even though they had recorded it as non-chargeable. It is also to interesting to note that HAs were slightly more willing to pay for services than local authorities, but this could reflect the more business orientated culture of HAs.

- 9.22 In advance of the workshop three funding scenarios had been developed by the consultants based on emerging themes from the interviews and practice in the other Home Nations. These were used as a way of widening the discussion on funding options. Again the workshop responses need to be treated with caution as time for discussion was limited. The third option in particular was a radical departure from current practice. Further in depth discussion and negotiation will be needed to discuss which, if any, of these provide a means of funding the RHEs in the future. Notwithstanding this caveat the responses at the workshops raised some interesting pointers for future discussion.
- 9.23 Taking each scenario in turn, the report offers: a description of its principles; a summary of the ideas, practice and experience that informed its design; and a summary of its strengths and weaknesses identified by workshop respondents.

Scenario One: Status Quo

- 9.24 A mix of Welsh Government and locally raised grant fund the RHE post. This is the current mechanism. It was the basis on which RHEs in the other Home Countries have previously been funded. In England national Government no longer fund the RHE posts and the Scottish Government funding is for a wider group of activities that support rural delivery at a local level.
- 9.25 Respondents were invited to discuss and record what they perceived as the strengths and weaknesses of this approach.

Participants' views of the strengths of Option 1: Status Quo
The cost of RHE is not part of development costs so does not directly affect financial viability of the scheme There is clarity about who is funding the post Engenders and re-enforces partnership working Maintains Welsh Government input and commitment to rural affordable housing If Welsh Government fund, others will also fund It has been successfully used in some areas It offers good value for money for Has/LAs/Welsh Government By spreading the funding across partners it preserves the independence of the RHE
Participants' views of the weaknesses of Option 1: Status Quo
It is a very precarious and fragile way to fund posts The funding is not guaranteed in the medium or long term Pressures on LA and HA budgets will reduce level of grant If one partner withdraws the whole funding package falls apart It does not necessarily re-enforce the independence of the RHE – they are linked with those organisations that fund Grant funding is not a very active form of funding, it lacks leadership which can create apathy within the partnership.

9.26 For most respondents the current model was recognised as ‘tried and tested’, it spreads funding responsibilities and demonstrates some commitment by Welsh Government to rural affordable housing. However, it was recognised that the pressures on local authority budgets and HA Business Plans means that this funding model is very vulnerable to withdrawal of funding from one or more parties.

9.27 In recognition of these budgetary pressures respondents were asked to identify alternative sources of grant funding. Their suggestions were as follows:

- European Regional Development Fund
- Rural Development Programme
- NHS 'Health in Homes'
- Commuted sums from S106 sites
- Council Tax on second homes
- Lottery Funding
- Charitable Trusts
- RES
- Private companies – such as energy suppliers
- Private developers

Scenario Two: Mix of local grant and income

9.28 The second model at this stage is hypothetical, but there are examples of the use of this approach in England and Scotland.

9.29 Under this approach a locally raised grant funding is supplemented by charging for services provided by the RHEs. This could be through setting up a contract or Service Level Agreement for specified tasks. Alternatively, a levy could be raised from each development. In addition, additional income could be raised by selling services to new buyers, such as areas where there is no RHE coverage and/or private developers.

9.30 This model has become increasingly popular in England with a number of variations.

9.31 Devon's Rural Housing Partnership is made up of six District Councils and eleven housing associations and employs 2 FTE RHEs. Their work is funded by 60% grant from the local authorities, National Parks and Housing Associations and 40% from income raised from selling RHE services. Initially they set up a Service Level Agreement with the HAs, but this proved difficult to agree and administer. In its place there is now a charge made on each unit to cover the RHE services. This ranges from £15,000 to £21,000 per scheme,

which is approximately £225 per unit where the RHE has only been involved in the housing needs survey and an additional £225 where the RHE has supported community engagement. The fee is paid at start on site, with reserves and grant covering cost of early input and time if schemes are abandoned at a later stage. In addition they gain approximately £20,000 commercially commissioned work. In 2012/13 the RHEs supported delivery of 53 units, in 2013/14 it is expected 58 units will be delivered.

9.32 North Yorkshire's Rural Housing Network is made up of seven local authorities, two National Parks, North Yorkshire County Council and four Housing Associations. It employs 3.5 FTE RHE posts. The annual cost of the RHE programme is £160,000 per annum. This is funded by a mix of grant and income funding. An annual grant of £40,000 drawn from the seven local authorities and one National Park, and there was a one off grant of £50,000 from the County Council. A charge is made on each affordable home built in the rural communities of which is between £500 and £900 per unit, depending on the number being built. The more units built the lower the charge falls. In the event of delivery being less than expected there is a cap of £1,000 per unit. In addition funding has been provided by Leeds City Region to extend the RHE service into rural communities in its area. The North Yorkshire Rural Housing Network's target is to deliver an average of 75 units per annum between 2011-15. In 2012/13 they built 126 units, in 2013/14 this is expected to fall to 59 units.

9.33 Participants were invited to discuss and record what they perceived as the strengths and weaknesses of this approach.

Participants' views of the strengths of Option 2: Mix of grant and income
It would focus minds on delivery as this would trigger income It could strengthen partnership working It would put greater onus on partners actively supporting delivery if they were paying for a service Would mean that the respective roles and responsibilities of the RHE/LA and HA would have to be defined LAs would have to be more strategic to ensure affordable housing is delivered. It could support employing an RHE who works across local authority boundaries Could give more flexibility to the post in that it would operate where there was interest and support
Participants' views of the weaknesses of Option 2: Mix of grant and income
There could be a tension between strategic direction and priorities and delivery that was focused where there was more chance of success There may be insufficient delivery for this raise the income needed to support a post SHG may not stretch enough to increase delivery that would support income stream There may not be the political will to support it working It could stifle development It could diminish HA activity in rural communities where RHE is not involved

9.34 The main perceived advantage would be that it would focus attention of RHEs/local authorities and HAs on delivery. The key counter-balancing risk was that it would not raise sufficient income to cover the costs of an RHE post, particularly in areas where the market values are low or there is little development activity. In such areas an additional levy may make schemes

unviable, and /or there would be insufficient development to raise the necessary level of income.

9.35 As raising income is a departure from current practice workshop participants were invited to suggest possible sources of income. Their suggestions were as follows:

- A Service Level Agreement that sets out the RHE services that the local authorities would pay for
- Charging a fee from development to cover the cost of the RHE post
- Charge a fee for users of the RHE in areas where there is currently no RHE coverage
- Charge private developers for the RHE services they use
- Payback from Community Councils
- Charge landowners for RHE services that lead to their land being developed
- Take a charge for RHE service through S106 agreement

Scenario Three: Mix of income and grant with a direct link to dedicated rural capital funding pot

9.36 This is the most radical of the three scenarios; it too is hypothetical but a hybrid of practice from elsewhere, as described later. Underpinning its design are twin needs responding to the barriers highlighted in the interviews. Firstly, to provide capital funding so rural affordable homes can be delivered, Secondly, to provide an income stream for the RHEs. By providing certainty of delivery there is more likely to be income to support the RHE posts.

9.37 It has three critical elements are as follows

1.A dedicated Capital Programme

- 3-5 Yr. national Rural SHG Programme – could be top sliced from main Programme
- HAs bid to WG for a 3 year Programme of rural schemes – shaped & backed by local authorities

- The HA Programme bid identifies:
 - schemes/units
 - RHE services to be deployed
 - (selected from menu with room for local flexibility)
 - LA/HA resources that will assist delivery
- Local management of delivery/pipeline – with opportunity to use ‘slippage’

2. Revenue funding for RHE

- An agreed fee per unit will be paid from the capital costs (part of professional fee component)
- Based on full cost recovery – eg Wessex CLT
- Fee to be paid at agreed stages
E.g.: site identified/start on site/completion

3. Local grant

- Still needed, to provide cash-flow.

4. Long term and sustainability

- Review after 3 years
- If sufficient future pipeline – could become self-financing (probably after 5 years)

9.38 The capital element of the Programme draws from English experience of the Government’s Approved Development Programme (ADP), the equivalent of the Welsh SHG Programme. It is a three year Programme managed by the Homes and Communities Agency (HCA), who at regional level work closely with the local authorities and HAs to identify priorities and assess deliverability. It is awarded through a competitive bidding process with national bidding criteria. The HCA has an informally adopted, but published target, that 10% of the ADP will be allocated to settlements of less than 3,000 population. Although this is helpful, it is seen as less of an incentive for rural development than the previously government-backed national rural target. It is interesting to note here that in Scotland the Government had agreed to a higher grant rate for schemes in remote rural areas.

- 9.39 The revenue element draws on the experience noted under scenario three and a more recent variant used by the English Umbrella Community Land Trusts (CLT). These organisations provide an enabling resource for communities across a county or region to set up their own local CLT. To fund this work they make a charge on the scheme which is factored in as an 'on-cost' or professional fee. Initially this was set at around 2% of build costs, but is now set at a fee of around £2,000 per unit. This is higher than the charge made in the examples of funding RHE posts through income because the Umbrella CLTs Business Plans look to them becoming self-financing by their fifth year of operation.
- 9.40 This means there is still a need for some grant funding, particularly to meet gaps in cash flow in the early years, until there are sufficient schemes going through to development to cover costs.
- 9.41 As this is such a radical departure from current practice the model includes a formal review at the end of the third year of operation. This will allow for a check on whether this approach is delivering rural affordable homes and is able to continue in the longer term, ideally without the need for further grant.
- 9.42 This scenario inspired a lot of discussion during the workshop, but with a concern that there was not enough time to explore it in depth. The strengths and weaknesses they identified at this stage were as follows:

Participants' views of the strengths of Option 3: Mix of dedicated rural capital funding/income from development fee/grant

Dedicated rural capital programme (possibly top-slice SHG) would improve levels of delivery, particularly if there was a 3-5 year Programme

Bidding for the 'pot' would target it where it was most deliverable (Bidding to nation pot preferred to allocating on basis of formula)

It would encourage a more strategic approach to rural delivery by LAs

It would encourage internal cross-subsidy by HA that would support more costly rural delivery

It could encourage more effective planning policy and implementation as part of LA contribution to delivery and ability to access SHG

There would be clarity/certainty if there was an agreed fee

RHE could become part of delivery team, having their close involvement would reduce risk

Maximises the use of the RHE

Participants' views of the weaknesses of Option 3: Mix of dedicated rural capital funding/income from development fee/grant

It will not work if delivery is low as a consequence of a lack of funding or land supply

Does not work if only small numbers of units are being delivered

Local authorities do not think strategically enough for this approach to work

Undermines the strategic role of the LAs

Increases the costs of development which may reduce viability and HA willingness to develop rural schemes

It is less relevant where schemes are funded without SHG

It could result in competition for sites between HAs

It takes time to build up the necessary critical mass of schemes for this to fund a post.

9.43 Overall there was a lot of support for this approach because of its focus on delivery and the embedding of the RHE role into the 'delivery team'. Aligned with this participants liked the way this could lever in a range of resources to support delivery. Primarily this was the certainty that there would be SHG

funding for rural schemes, but also that it could lever in other support such as LA land, LA and HA capital funding, and more positive planning policies. Part and parcel of this was that it would foster a more proactive and strategic approach to rural development by local authorities.

9.44 The prime risk was seen as low levels of development that could mean there was insufficient income to support an RHE post. Linked to this was the concern that adding a fee to cover the RHEs work would add to development costs and undermine financial viability. In turn this would reduce delivery with the knock on impact on being able to support an RHE post.

9.45 Given that this scenario requires dedicated capital funding for rural delivery and pressures on the SHG budget workshop participants were invited to suggest other sources of capital funding. Their suggestions were as follows:

- Bellerophon
- Social Housing Finance Grant
- Second Homes Council Tax
- LA and other public bodies releasing land
- Pension/Institutional funding
- Commuted sums
- EU grant (not specified)

Need for interim arrangements

9.46 Only two RHE posts have secure funding after March 2014. Withdrawal of grant by any of the partners would seriously jeopardise the continuation of their posts. The alternatives discussed in the workshop are more complex than existing arrangements and will necessitate detailed discussions and negotiations between funding partners, including the Welsh Government. Conscious of this, workshop participants called for consultation and interim

arrangements with Welsh Government providing an additional year's funding to give partners time to put new arrangements in place.

Conclusions: funding RHE posts

9.47 The broadly balanced funding model of today - which spreads responsibility of funding between the Welsh Government, local authorities and HAs - is broadly supported and is seen as bring 'tried and tested'.

9.48 While the majority consider their contribution offers value for money this viewpoint is not universal and as budgets tighten, it is highly unlikely that many HAs or local authorities would be prepared to contribute more to make up a funding shortfall.

9.49 The current model of funding does not seem sustainable in the long term, and certainly would not be if the Welsh Government withdrew or significantly reduced its contribution. New funding sources are not easy to identify and those that there are, have not been widely tested.

9.50 While more radical options for funding have their drawbacks, we are recommending that the process is started of developing a more radical approach that provides a more sustainable model for the future. In the short term, there may need to be transitional funding arrangements until a more sustainable option is put in place. This option will be stronger if there is some mix of private and public funding involved.

10 Recommendations

- 10.1 The recommendations build on the conclusions and findings of this report. Principally, RHEs have achieved the expected outcomes of their role in terms of engaging communities in meeting their housing needs and playing the role of honest broker that brings the communities, HAs and local authorities together to act as a partnership. This role is still highly valued, particularly during the early stages of the development process.
- 10.2 The dilemma is that despite this success the delivery of rural affordable housing remains low. To a large extent this is explained by the fact that barriers to development identified by respondents are not 'in the gift' of the RHEs. Instead they are consequence of wider political, policy and housing market factors.
- 10.3 Sadly, these barriers are not significantly different to those first identified by the Joseph Rowntree Inquiry in 2008 and subsequent reports.
- 10.4 Pressure on Welsh Government, local authority and HA budgets make the funding for RHEs very precarious and there is a real danger that this valued resource will be lost.
- 10.5 Yet, there is a willingness to look at alternative funding solutions, possibly using combinations of grant and fee earned income. More radically, there is also interest in coupling RHE funding with a capital funding pot for rural schemes, top sliced from the SHG programme.
- 10.6 There is also interest in organising the RHEs in a different way. This could mean reducing their coverage to those areas where there is active support and engagement of local authorities and housing associations in delivering rural affordable housing. The net result being that the RHEs are empowered by funders to fulfil their role, in full partnership with local authorities and HAs.

10.7 The recommendations flow from these findings. They are best seen as an integrated package, with many of the recommendations having an interface with one another. The proposed actions we recommend to address the challenges highlighted in this report will be most effective if they are taken in a co-ordinated way and involve Welsh Government, RHEs, local authorities and HAs working together, recognising that providing rural affordable housing is a joint responsibility.

Recommendations for the RHE role, employment and funding

Recommendation 1.1

Adoption of a delivery team approach to delivering rural affordable housing, with the involvement throughout of HA development staff, local authority housing, planning policy and development management officers. RHEs would be the part of the team and be responsible for project managing the process.

10.8 This would put the focus of the RHE and all the partners on delivery. It makes good use of the skills and knowledge of the RHEs' essential to managing the complex process of delivering rural affordable housing. Such an approach has proved successful in England and Scotland.

Recommendation 1.2

The greater RHE involvement in initial site appraisal, including the consideration of financial viability issues. This should be supported by providing training for RHEs so they have the necessary skills. It could also be assisted by the adoption of a rural affordable housing viability toolkit that could be used as a basis of discussion between all parties, including communities.

10.9 The aim of this recommendation is to speed up delivery by ensuring that identified sites are deliverable. It also provides a mechanism whereby

communities can take an informed view of preferred sites and provide evidence that will support planning applications. To some extent this practice is being adopted informally in Monmouthshire.

Recommendation 1.3

Greater RHE involvement in formal ‘training’/learning events/master classes for local authority politicians. These could be organised through the Welsh Local Government Association.

10.10 One of the least tangible but most crucial factors that supports the work of the RHE and leads to the translation of their work into delivery is political leadership. In England a good starting point for this has been formal ‘training’ provided by the RHEs, under the auspices of the local authorities’ member training programmes. It needs to be an on-going process, that shows the successes and explains the barriers and how they could be overcome. An example of where this works well is Cornwall Council.

Recommendation 1.4

The Rural Housing Strategic Group working with the Chairs of the Steering Groups and Welsh Government agree a clear model RHE job description, terms and conditions for RHEs across Wales. This could draw on the templates provided in the “Enabling Affordable Housing in Rural Wales: A good practice guide for Rural Housing Enablers RHE Steering Groups” published in 2008 which remain relevant.

10.11 The aim is to ensure there is agreement amongst partners at the outset on the role of the RHE. It would avoid RHEs being caught between competing demands on their time and give funders the re-assurance that they secure the services they have paid for. It would also overcome some of the disparities that currently exist between RHEs.

Recommendation 1.5

The extension of Welsh Government funding until March 2015 with local partners making a similar commitment. During this time in depth

consideration should be given to putting in place funding arrangements that are not wholly dependent on grant.

Recommendation 1.6

Thereafter, local steering groups that demonstrate a commitment to delivering affordable housing in rural areas, should have the opportunity to bid into a pot of funding available for RHE posts with Welsh Government funding never to represent more than 33% of costs.

Recommendation 1.7

In parallel, Welsh Government should work with the RHE steering groups, WLGA and CHC to develop a range of other funding mechanisms for RHEs that can be used to help support RHE costs where there is a wish to continue with an RHE. Given respondents' interest in tying the RHE funding to a capital rural programme, we would recommend that consideration to establishing a capital programme dedicated for delivery in rural communities is included in the discussion of options.

10.12 Recommendations 1.5 to 1.7 are a response to the fragility of funding and the limited attention that has so far been given to the continuation of the RHE posts after March 2014. They acknowledge both the pressure on the Welsh Government's, local authority and HA budgets, but equally the need for some breathing space to devise funding packages that give greater long term security for the RHE posts.

10.13 The tying of the RHE funding with a dedicated rural capital funding pot addresses the twin challenges of lack of delivery with fragile RHE revenue funding. Two likely impacts would be more targeting of the RHEs' work on delivery and more pro-active involvement of HAs and local authorities.

Recommendation 1.8

Closely allied to the previous two recommendations, we would propose that Welsh Government review with the Chairs of the Steering Groups and

the Rural Housing Strategic Group the possibility of changing to a sub-regional approach that extends across different local authority areas, but with more than one RHE covering the sub-region.

10.14 The increasing formalised collaboration across County Councils provides an opportunity for such a review. It would strengthen the rural focus of the RHEs' work and reduce their being drawn into non-RHE activity. The sharper focus would also provide a mechanism for ensuring resources from local authorities and RSLs are deployed to support rural delivery. This approach also opens up other opportunities for managing the RHE project, which could strengthen their independence.

10.15 There are a number of effective sub-regional rural affordable housing partnerships in England. Each have their merits, but perhaps the most relevant to Wales is that in North Yorkshire.

Recommendations for Steering Group arrangements

Recommendation 2.1

The Welsh Government work with the Rural Housing Strategic Group to set Terms of Reference for RHE Steering Groups, including a role to influence strategic policy at local and national level. Signing up to these could be a condition of future funding for the RHE post.

Recommendation 2.2

Steering Groups to formally agree the roles and responsibilities for all those involved in the delivery of rural affordable housing, including RHEs, LAs and HAs.

Recommendation 2.3

Steering Groups should collect data on progress of schemes through the key pre-development stages to gain an overview of where schemes are

stalling. They should use this information to take action as a group to unlock strategic barriers. This should also be provided to the Rural Housing Strategic Group to support their influencing role at a national level.

10.16 Recommendations 2.1, 2.2 and 2.3 are a response to the lack of strategic working by the Steering Groups and the absence of them taking direct responsibility as a group for activities that could support the RHE role. They may also provide some protection for the RHE where line management is weak or they are being distracted from the RHE role by their line manager's requirements. Perhaps most importantly they provide a mechanism for reinforcing a true partnership approach to the delivery of rural affordable housing.

10.17 Three of the English sub-regional rural housing partnerships have formal partnership agreements setting out roles and responsibilities.

10.18 Most of the English RHEs have adopted some form of strategic monitoring. This is relatively high level using a traffic light system. In the East Midlands this is collected on a regional basis and used to inform discussions between its Rural Housing Groups and the Homes and Communities Agency.

Recommendations for Welsh Government policy

Recommendation 3.1

The Welsh Government establishes a capital programme dedicated to rural development to provide HAs with the confidence to take on rural schemes. Ideally, this programme is available on a three year basis with annual reviews.

Recommendation 3.2

As part of this the Welsh Government explore alternative sources for funding this Programme including the Housing Finance Programme and Rural Development Programme funding.

Recommendation 3.3

Consideration is given to whether some of the capital funding could be provided on a ring-fenced revolving loan basis, rather than grant, possibly to support a rural affordable housing land bank. Careful analysis would have to be made of the impact of such approach on scheme viability.

Recommendation 3.4

The Welsh Government undertakes a detailed review of ACGs applied to rural schemes to assess the impact of additional costs and lack of economies of scale that are features of rural affordable housing developments.

Recommendation 3.5

Amend TAN 6 to:

- support the allocation of housing in smaller rural communities that provide a mix of market and affordable housing. This could retain the priority to be given to affordable housing with the market development restricted to that which cross-subsidise the affordable homes.***
- allow: cross-subsidy on rural exception sites where it would significantly increase the supply of rural affordable housing to meet local housing needs; and promotes the use of reverse quotas on allocated sites in rural areas.***

This financial viability of this approach and the parameters that need to be included in policy could be tested in advance of the revisions to policy.

Recommendation 3.6

The Welsh Government to organise jointly with the Rural Housing Strategic Group training events to support this approach, accompanied by a published guidance note. This is in recognition that this approach is not a panacea to lack of SHG funding, but could make a significant difference in higher value rural areas. The consequence of this may be the ability to allocate higher levels of SHG at higher ACGs in lower value areas and remote locations.

10.19 Recommendations 3.1 to 3.6 are a response to the most significant barrier to rural affordable housing delivery, lack of capital funding in terms of the overall budget and the grant rate. Introducing a capital programme targeted on rural communities would bring more certainty to delivery and with it more of an incentive to HAs to invest their time and resources into rural delivery.

10.20 In England there is no longer a national target for delivery of rural affordable housing through the Approved Development Programme, but the HCA allocated 10% of the Programme to delivery in settlements of less than 3,000 population. In Scotland, in response to problems of viability in remote rural areas the Scottish Government has agreed to higher grant rates for schemes in these areas.

10.21 The recommendation to promote cross-subsidy on rural exception sites and through reverse quotas on allocated sites is a recognition of the constraints on SHG funding. In some areas this could be eased by using market housing to fund affordable homes, whilst ensuring that the principles of TAN 2 and 6 of prioritising affordable housing are retained.

10.22 However, this approach will not work in low value areas and its effectiveness will require local authorities to have a full understanding of the viability issues and parameters of the policy. This will reduce the chances of such a policy fuelling land prices which could undermine delivery of affordable homes and help target grant where it is most needed.

10.23 The English NPPF supports this approach and it is increasingly becoming part of Local Plan and Development Plan Document policies.

10.24 In some parts of England, notably Cornwall Council, a decision has been made to allocate its investment for affordable housing through loan rather than grant. In Cornwall this approach supports the county wide Umbrella Community Land Trust

Recommendation 3.5

The Welsh Government collects and publishes data that records: levels and type of delivery of affordable housing in rural communities of less than 3,000 population.

Recommendation 3.6

The Welsh Government collects and publishes the ACGs for rural affordable housing, overall and by dwelling.

Recommendation 3.7

The Welsh Government agrees with the Rural Housing Strategic Group a set of core output and outcome targets, with a requirement that these are monitored by the RHE Steering Groups and included in local authority monitoring returns to Welsh Government. These should be collated by Welsh Government into a published annual report.

10.25 Recommendations 3.5 to 3.7 are a direct response to the extreme paucity of robust and consistent data on the delivery of affordable housing in small rural communities. Currently Welsh Government data only provides figures to local authority level. This will disguise levels of delivery in smaller rural communities as it includes provision in the urban centres of rural local authorities. Without this information it is impossible to assess whether policy or funding is effective.

10.26 The HCA do provide a breakdown of investment in settlements of less than 3,000 population. This is published by operating area, but is available by local authority.

Recommendation 3.8

The Welsh Government and Rural Housing Strategic Group explore some of the alternative practice that is being adopted by the Home Nations, with a particular focus on that being adopted in Scotland.

10.27 The Literature Review revealed that the other Home Nations are experiencing very similar challenges in delivering rural affordable housing as those experienced in Wales. Each has evolved responding mechanisms often devised at the local level and through informal networks are taken up elsewhere. It is in Scotland where this appears to be taken a stage further, with the Councils and Scottish Government supporting strategic interventions.

10.28 Whilst there is learning to be shared between England and Wales, Scotland's experience may have more relevance for much of rural Wales. This stems from their commonalities. Both Wales and Scotland have extremes of a highly concentrated urban population, surrounded by high value rural areas; and large remote rural areas, often with weak local housing markets, but distorted by high levels of second and holiday home ownership. In addition, they both have devolved Governments that provides differing levels, but nevertheless some flexibility to devise policy appropriate to their circumstances. There would be particular benefits in sharing experience and solutions, particularly around land-banking for rural delivery and the work of rural delivery partnerships.

APPENDIX ONE

SYNOPSIS: RECENT POLICY ANNOUNCEMENTS AND CONSULTATIONS FROM WELSH GOVERNMENT AND THEIR IMPLICATIONS FOR RHES.

‘Investing in Housing’

In October the Welsh Government published its draft budget. Under the heading ‘Investing in housing’ the Finance Minister Jane Hutt announced that the Welsh Government was investing additional capital and financial transactions funding totalling £170m in housing initiatives’. This included:

- the Help to Buy Wales Shared Equity Scheme - designed to help people purchase a new build home and aimed at increasing housing supply and boosting the construction industry. Funding of £140m (£69m in 2014-15 and £71m in 2015-16) is designed to lever investment of £800m and produce an estimated 5,000 new build homes (details of the scheme in Wales were announced by the Minister in November who confirmed the scheme will start in January 2014, providing help for homebuyers with a 5% deposit, combined with a shared equity loan for 20% of the purchase price which is interest free for the first five years - on properties up to £300,000).
- Affordable Housing Land Scheme – £5m of funding in 2014-15 is being made available for a new pilot scheme to provide loans to local authorities and housing associations to acquire land in order to accelerate the development of affordable housing schemes.
- Town Centre Property Fund - £5m of funding in 2014-15 for a new pilot scheme to regenerate town centres and increase housing supply by providing a recyclable loans scheme to assist developers to convert empty commercial properties into homes for sale or rent.
- Social Housing Grant - extra funding of £20m (£5m in 2014-15 and £15m in 2015-16), building on the extra £20m allocated in the current year, to provide smaller properties to support those individuals and families who have been displaced as a result of reductions in housing benefit - through the bedroom tax. Again this initiative is aimed at increasing housing supply as well as mitigating the impact of Welfare Reform.

Welsh Housing Finance Grant

In September the Welsh Government launched the Welsh Housing Finance Grant scheme - occasionally referred to as the Welsh Housing Bond. For a number of years the social housing sector has been searching for a large-scale borrowing

vehicle with the withdrawal of the traditional banking sector from long term funding. It is designed to lever in £130m to build 1,000 new homes over the next two years with projects by twenty housing associations in every one of Wales' 22 local authority areas. M&G investments are providing the main source of new finance with Welsh Government contributing a revenue subsidy of £4m each year for the next 30 years.

Other capital funding arrangements

With the decline in capital funding from Welsh Government for affordable housing, a number of initiatives have been developed to enable the development of affordable housing with lower levels of subsidy or no subsidy at all:

- **The Welsh Housing Partnership (WHP)** was launched in August 2011 as a Joint Venture between Seren Group, Coastal Group, Hendre Group and Tai Clwyd, aiming to deliver quality affordable intermediate rented homes to people in housing need. The four year venture has so far delivered over 400 new rented homes and aims to deliver in total 1,000 by the end of 2015.
- **Ely Bridge Development Company (EBDC)** is a not-for-profit social enterprise created by the Welsh Government and the Principality Building Society which plans to develop 700 homes to rent and buy on a derelict urban site in Cardiff by 2017 without grant. EBDC will raise the funds it needs for the development and then sell the completed homes to a not-for-profit investment company which will raise the long term finance from the capital markets based on the future rental income on the homes. This helps to reduce the risk for the investment company which combined with the covenant of an established housing association (and its high rating based on its skills and proven ability at managing and maintaining homes) will ease the burden of raising the long term finance. The capital markets will be approached to fund £60-70m which is at the lower end of typical funding packages but the idea is to build on the success of this project to help seed other developments across Wales.
- **RCT Homes** announced in February 2013 plans to develop 11,000 homes across Wales and the South of England over seven years using no subsidy. It has established a development subsidiary and entered into a framework contract with property developer Bellerophon in January 2013. £1billion of institutional finance has been secured and the first pilot homes were built in August 2013. The approach will require joint ventures with local authorities and housing associations which will share in the equity of projects, all developed using a pattern-book of Code 4 compliant house types and which can be a mix of tenures. The association's ambition is to help unlock unused planning obligations and secure public land for the projects.
- **Community Development Capital** is a development company and joint venture between Warm Wales Cymru Gynnes and the Building Research Establishment (BRE). Its approach combines revenue from social rents and sales with income generated through renewable technology to provide rented homes. It uses no grant and the residents of schemes get the benefit of lower energy costs. Schemes are at an advanced level but none had started on site by November 2013.

Co-operative Housing

In August 2013, following research suggesting interest in the idea, the Welsh Government announced a £1.9m investment in co-operative housing. The Wales Co-operative Centre has been working with a number of pilot projects around Wales and three projects in Cardiff, Newport and Carmarthenshire are being taken forward. The Centre offers support and advice and hopes to stimulate demand and interest in co-operative forms of housing. The Housing Bill published in November 2013 includes proposals to enable co-operatives to grant assured tenancies - to tackle an important difficulty to the promotion of more co-operative housing schemes.

Houses to Homes – bringing empty properties back into use

In April 2012 the Welsh Government launched a 3 year scheme to tackle empty homes in Wales. The Houses into Homes scheme is supported by a £20million recyclable loan fund which provides loans to bring empty houses or commercial buildings back into use as homes for sale or rent. The loans are interest free and are available to individuals, charities, companies and businesses. A maximum loan of £25K is available per property which has to be paid back within two or three years, depending on whether the property is sold or let. The second interim evaluation of the scheme was published in August 2013. In its conclusions it identified loans to bring back 45 properties had been approved, producing 90 units of accommodation.

Consultation on changes to Council Tax for empty and second homes

In September 2013 the Welsh Government issued a consultation seeking views on whether local authorities should be given discretionary power over the council tax they could apply to long-term empty domestic property and second homes. The consultation sought views on the effect such a power might have and also on the effects second homes may have on rural communities. The consultation closed at the end of October. The Housing Bill included proposals to give local authorities the power to charge more than 50% more than the standard rate of council tax that have been empty for a year or more - but did not make any reference to second homes..

Implications for affordable rural housing and RHEs

All of the various initiatives and policy proposals seek to increase both supply and demand for affordable housing. All of them have the potential to assist local authorities and housing associations in delivering more affordable housing. To that extent they are an additional resource that RHEs could be identifying and potentially exploiting to support rural delivery. Some may also provide directly or indirectly a source of income that would support the continuation of their posts.

However, none is aimed specifically at rural Wales and it remains to be seen what effect these will have on the supply of affordable housing in rural Wales.

APPENDIX TWO

RHE TASK LIST – USED IN WORKSHOPS TO IDENTIFY POSSIBLE CHARGEABLE SERVICES

TASKS		Is this: E= essential P=preferable D=desirable N = not needed	Could a charge be made for this service Yes/No	Would your organisation pay for it	
				LA	RSL
Identifying housing and other needs	Housing surveys				
	Collating existing data				
	Holding 'surgeries'/community events				
	Assisting community identify other soc/econ/envirom/needs				
	Assisting community decide on solution that works for them				
Identifying sites	'Walk about' with community to id possible sites				
	Holding public events to publicise/assess sites				
	Discussion with planners and feedback to community				
	Initial discussion with landowners on shortlisted sites				
	Help build up a 'land-bank' for rural aff housing				
Involving RSL/raising funding	Finding/'introducing' RSL to community				
	Providing evidence to support funding bid				

TASKS		Is this: E= essential P=preferable D=desirable N = not needed	Could a charge be made for this service Yes/No	Would your organisation pay for it	
				LA	RSL
Gaining Planning Permission	Running events for community to engage in scheme design				
	Running events to engage community in scheme prior to planning app.				
	Assisting community/RSL make formal case for development				
	Assisting community engage in discussions on the S106 agreement e.g. 'local need' definition & cascade				
Allocations management	Assist community engage in allocation criteria/local lettings policy				
Bringing empty properties back into use	Assisting community identify Empty Properties and their owners				
	Making initial approach to owners				
	Supporting community engagement in re-development of Empty Properties for homes/community use				
Building political support	Running training events for LA councillors				
	Running training events for Community Councillors				
Raising wider awareness of need for rural affordable housing & solutions	Providing and disseminating range of promotional material through conventional means and social media networks				

TASKS		Is this: E= essential P=preferable D=desirable N = not needed	Could a charge be made for this service Yes/No	Would your organisation pay for it	
				LA	RSL
Supporting wider rural regeneration	Assisting communities set up structures/projects that support regeneration and sustainability				
	Assist communities engage with the planning process – beyond affordable housing issues				
	Help communities tackle fuel poverty				
Other ? Please state					

