

Speech (not delivered verbatim) by Julie James delivered on 27th February 2019 at the launch of round three of the Innovative Housing Programme in Swansea



Julie James AM. Minister for Housing and Local Government.

The people of Wales need more social and affordable housing. Prosperity for All makes clear this Government's intention to *increase* the number of homes available, *increase* the rate at which they're delivered, and *improve* the quality of homes built.

It is clear to me that if the scale and pace of house-building is to increase significantly, traditional approaches are unlikely to deliver on their own. A fresh approach is required, which is why today, I am launching a further £35 million pounds of investment as part of our Innovative Housing Programme.

We live in challenging times. Building the homes of the future in Wales is challenging. Whatever the outcome of Brexit, there will be a shortage of construction workers to build Welsh Homes. We are already seeing such shortages as any organisation seeking a decent bricklayer at the moment will tell you!

But one of the most important challenges we face at the moment - and a challenge that has brought us all together today - is the need for housing to respond to the challenges posed by climate change. This is why we have put further funding in the area. The Welsh Government's first Low Carbon Delivery Plan, will be published on the 21st of March. It will be an important milestone. But building for a low carbon future is an area where all need to up our game. I am encouraged by what I have learned already about the response of the housing sector to this challenge. But you only have to read last week's report by the UK's Climate Change Committee that there is plenty more for us to do.

The low carbon action plan shows we have made good progress in terms of embedding decarbonisation into the policy development and decision making processes. We have begun the task of aligning carbon and financial budgets. We know where we as a Government need to focus our efforts.

But the targets are stark. That it certainly true of the construction sector. If Wales – or indeed the whole of the UK - is to meet its climate targets, buildings will need to operate at close to zero emissions by 2050. This will require a substantial change in how we heat and power buildings in the future. The amount of energy we use to construct those buildings will have to be significantly lower. The electricity we use to light and – increasingly - heat our buildings will need to be from low carbon and renewable sources. Achieving significant emission reduction from the built environment will require changes to behaviours and the adoption and effective use of smart energy technologies.

The Innovative Housing Programme is an important opportunity to help deliver these actions. I want it to play a central role in providing learning for the next low carbon action plan. I am anxious that it should provide real practical experience for our partner housing organisations who will need to deliver that plan. And I want it to continue to demonstrate how Welsh Government investment can clearly make a difference to delivering local, regional and national decarbonisation ambitions.

IHP cannot be seen in isolation. I was very pleased to have the opportunity earlier this month to meet Chris Joffe who is chairing our review of housing energy retrofit measures. We cannot put off any longer the need to tackle the carbon consumption associated with our existing housing stock. I look forward to what I expect will be challenging recommendations from Chris' group.

IHP has helped us to come to terms with the associated challenges of delivering low carbon solutions for new homes. But - in case any of you were wondering – the UK triple C [CCC] very helpfully reminded us last week that some of the measures we have been describing as 'innovative' need rapidly to become 'the norm'.

We need to move very quickly indeed to setting new standards for social housing in receipt of government grant. But decarbonisation is not something which will only apply to buildings supported by public funds. The low carbon challenge is if anything even greater for the private sector. This is something I look forward to discussing with house-builders here in Wales.

I'm not only Minister for Housing. My responsibilities also include planning matters and building regulations. Later this year we will be announcing a review of current arrangements under Part L of the Building Regulations. And we will certainly be taking full account of the advice of the Climate Change Committee when I do so.

However, where there is challenge and change, there lies opportunity. An opportunity to *think* differently. An opportunity to *do* things differently. I'm encouraged by what I've been told about variety of innovation brought forward by Year 1 and 2 of the IHP programme. So far as a government we have invested in 44 schemes, to the tune of £53 million. Even *within* individual schemes a variety of innovative approaches are being tested. Take for example, the Former Trelai Community Centre in Cardiff. This development is a community co-operative which is developing a local supply chain. It's using green energy technologies for

communal energy generation to reduce running costs, service charges and overall carbon emission. We believe the combined energy system being developed for this scheme is the first of its kind in the UK.

We are anxious to learn from schemes like Trelai. But we will be learning from all of the other IHP projects as well. And I will be looking carefully to understand which designs are most suited to being replicated elsewhere – and to becoming a model for the sort of social housing we want to build of the future. Whether in relation to young people at risk of homelessness or developing housing solutions for older people I will also be looking for schemes which can support the wider social policy ambitions of this Government. I see little to be gained by looking at technological advances in isolation. Ultimately we are building homes and we need to think about the needs of the individuals and families who will live in those homes.

Innovation will not be stifled by making the requirement for year 3 funding overly-prescriptive. But we will be taking a slightly different approach to this years' IHP. This programme is *more* than just house building - it's about *how* the homes of the future can be produced. And it needs to be about helping those who live in social housing to lead more fulfilled lives. IHP creates a great opportunity to really maximise the impact and social return on publicly invested money – an opportunity I am not prepared to waste.

Today, I'd like to give you a sense of some key considerations about this year's programme, which I hope will help shape your thinking if you are planning to submit a bid.

Welsh Government's commitment to deliver its decarbonisation agenda presents a significant opportunity to produce low and zero carbon homes. Because the reality is we *have* to figure out a way to produce these homes cost effectively and in a way that appeals to tenants.

Of the 63 responses received from the call for evidence regarding Modern Methods of Construction and Supply Chain consultation, last year, virtually every response indicated that to make more innovative housing viable and mainstream approaches, far greater sector collaboration is required. It was recognised that individual organisations are too small on their own to revolutionise home building singlehandedly. As a maturing innovative programme we will, therefore, welcome as part of round 3, *more* collaboration between Local Authorities and partner Housing Associations. And we would like to see *more* collaboration between public bodies and SMEs looking to grow their development programmes using innovative forms of housing. It would also be good to see *more* collaboration between SMEs who may be competing, but find it prudent to share start-up capital investment and overheads to establish and grow their businesses. Only by forging shared approaches to delivery and growing these relationships will we realistically be able to mainstream and scale-up the innovations we are testing on the programme. And it's only by mainstreaming innovation can we hope to make homes built using modern methods a significant component of our national social housing stock.

The production of homes in our local communities has a long and global supply chain. IHP is an opportunity to boost 'buying Welsh'. IHP will seek to invest in schemes which can boost the local supply chain and componentry.

IHP presents an opportunity not just to build homes but to support the wider foundation economy. Housing helps to provide jobs, training and opportunities in communities where people can be a long way from the job market.

It is heartening to know that the message about the importance of using Welsh timber in the production of homes for the future is beginning to be heard. Last year 20 of 24 of IHP schemes contained elements supporting the use of Welsh Timber.

This year IHP will continue to actively support maximising of use of Welsh Timber. Specifically, it aims to deliver this by focusing on innovation and disruption of the existing supply chain. **We want to see much greater use of Welsh timber in social house building** – not just construction grade, but in the wider construction process such as skirting and architraves and so on. The IHP programme must continue to serve as a catalyst in this respect.

In developing new ways of producing homes, there is an opportunity to re-imagine how social and affordable homes can be at the forefront of modern home design. Rather than condemning tenants to live in the often functional but unattractively designed disasters of the past, I want to see beauty and fabulous design! For modular home builders I expect to see you go from pre-fab to ab-fab! For others I want you to rise to the challenge of designing homes which aren't just affordable – but attractive to those who will rent or buy them. We expect to see you make greater use of design standardisation to drive down cost. But we must also ensure that approaches allow tailoring, to personalise homes and avoid regimentation.

I am delighted that Years 1 and 2 of the programme have been hugely oversubscribed, reflecting a real appetite amongst both public and private sector organisations to innovate and bring forward new approaches to the building homes. So, I hope to see many more bids being put forward this year.

We are kindly being hosted today by the Swansea University and the Active Building Centre- a part Welsh Government funded, *UK* facility - located here in Wales. It is leading the way in mainstreaming active buildings that generate, store and release their own solar energy. IHP is also leading the way. The significant investment in the programme means Wales is well positioned at the forefront of the home nations, to determine how the social and affordable homes of the future can and will be built.

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