

HB 5

National Assembly for Wales

Communities, Equality and Local Government Committee

Housing (Wales) Bill: Stage 1

Response from: Chartered Institute of Housing Cymru

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Evidence Submission to

The National Assembly for Wales

Communities, Equality and
Local Government Committee
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**Consultation on the Housing (Wales)
Bill**

Chartered Institute of Housing Cymru

The Chartered Institute of Housing is the only professional organisation representing all those working in housing. Its purpose is to maximise the contribution that housing professionals make to the well-being of communities.

In Wales, we aim to provide a professional and impartial voice for housing across all sectors to emphasise the particular context of housing in Wales and to work with organisations to identify housing solutions.

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Introduction

CIH welcomes the opportunity to present evidence to the Communities, Equality and Local Government Committee for stage 1 scrutiny of the Housing (Wales) Bill.

CIH is the professional body for people working in housing and communities, with over 22,000 members across the UK, Ireland, Canada and Asia Pacific. Our mission is to maximise the contribution that our members make to the well being of communities.

We have provided written submissions to previous consultations on issues relating to the Bill and this paper draws heavily from these. In relation to the Bill itself, our response is informed by feedback from our members, our knowledge of the sector and expertise from our policy and practice teams.

General Comments

CIH Cymru supports the development of Welsh policies, practices and legislation that aim to address the key housing challenges we face. We promote a *one housing system* approach that:

- places the delivery of affordable housing at the top of national, regional and local strategies;
- secures investment to ensure the high and sustainable quality of all homes;
- promotes the concept of housing led regeneration to capture the added value that housing brings in terms of economic, social and environmental outcomes;
- recognises the central role of Welsh Government as the housing 'system steward' to deliver an integrated housing system that encompasses all sectors and tenure options;
- recognises that meeting the housing needs of our communities is a key aspect of tackling inequality and poverty;
- ensures that there are properly resourced support services in place to prevent homelessness and protect the most vulnerable;
- supports the key role of local authorities as strategic housing enablers;
- utilises the existing housing stock, including initiatives to bring the wasted resource of empty homes back into use;
- uses current and potential financial powers to intervene in housing markets and provide more homes, including the development of innovative funding models.
- supports the development of new models of ownership and control, including co-operative housing.

Specific Issues

In relation to the terms of reference of the inquiry we have addressed each issue in turn:

1. The general principles of the Housing (Wales) Bill and the need for legislation

a) Compulsory registration and licensing scheme for all private rented sector landlords and letting and management agents

CIH Cymru has a strong track record of advocating the integration of the Private Rented Sector (PRS) into the housing system and broadly welcomes the content of this Bill and the aim of modernising and improving the sector in Wales. We believe this is an exciting opportunity to ensure that the sector is fit for purpose, and to encourage inclusive partnership working, improve outcomes for tenants and landlords, build knowledge and understanding about the sector, and grow a healthy Welsh PRS. We have developed a number of services to support the professional development of the sector and are keen to work alongside Government and others to deliver.

We acknowledge that issues of the quality of management and accommodation are not the exclusive preserve of the PRS and that the majority of individual landlords and agents act responsibly. However, evidence from local authorities and advice services is that many PRS tenants are vulnerable to poor property condition, bad management and insecurity of tenure. In general therefore, CIH Cymru endorses an approach based on an appropriate balance of sanctions and incentives, supported by appropriate resources for those undertaking the implementation of the scheme.

We support Welsh Government's commitment to progressing the 2008 *Rugg Review* recommendations and those of the Communities and Culture Committee 2010 report, which recommended a national mandatory licencing scheme to regulate private landlords and letting and management agents.

This approach will advance consumer protection, help target the worst properties and providers, and reinforce the key role of local authorities in overseeing good quality housing standards. Raising standards in the sector, mapping supply more accurately, and forging positive inter-sectoral relationships are critical if other PRS-related proposals in the bill are to be successful, such as the homelessness discharge of duty into the PRS.

We therefore specifically endorse the proposals in the Bill for:

- all private landlords and agents to register and become licensed;
- local authorities to collaborate to establish and administer a national scheme and to be responsible for any enforcement action;
- agents to become members of an approved body at registration as the means of progressing to becoming licensed.

CIH Cymru also supports¹ the proposals in the Renting Homes White Paper to undertake tenancy reform and provide a clear rental framework in Wales, through the introduction of standard contracts in the private rented sector and other proposals including changes to shared tenancies that should reduce administration costs and give greater flexibility to occupants.

Further, we feel strongly that tenants deserve the same rights of protection, standards and information, regardless of whether their landlord operates a large, professional business or is an 'accidental' or 'reluctant' sole-trader.

We would also propose a co-production approach to implementation (involving Government, landlord representative bodies, tenant organisations and local authorities) as adopted in relation to the RSL sector following the recommendations of the *Essex Review*. CIH Cymru further believes it might be prudent to implement changes on a roll-out basis, to manage resources and capacity. We would support a roll-out that targets letting and managing agents first, with individual landlords being required to register within a reasonable timescale later.

b) Reform of homelessness law, including placing a stronger duty on local authorities to prevent homelessness and allowing them to use suitable accommodation in the private sector

Homelessness prevention services are a better investment of scarce resources than the provision of reactive services, in terms of the health and well being of households, reducing levels of homelessness and value for money. CIH Cymru welcomes the adoption of this 'preventative' approach into legislation.

Many local authorities have already successfully implemented such an approach, and have, as a consequence, reduced the likelihood of a homelessness experience for many individuals and families. Recent statistics² show that homeless acceptances fell by 11 per cent during 2012-13 and this decrease has continued into the first half of 2013-14. This seems to underline the efficacy of this approach in challenging times.

However, we agree with Government on the need for caution when analysing current data, not least because of the on going challenges of welfare reform, tighter public sector budgets and wider economic difficulties, but also because, whilst the number of homeless acceptances has decreased during 2012-13, the number of applications has risen compared with the previous year.

The number of households living in the PRS in Wales is projected to overtake the number living in social housing in the next two years and is projected³ to reach 20% of total stock by 2020. We believe the discharge of homelessness duty into the PRS is a logical policy adjustment to broaden housing options for vulnerable individuals and homeless families as long as this is undertaken in conjunction with raising standards and consumer rights in the PRS under other provisions of the Bill.

¹ http://www.cih.org/publication-free/display/vpathDCR//templatedata/cih/publication-free/data/Wales/Consultation_response_to_Homes_for_Wales_white_paper

² <http://wales.gov.uk/statistics-and-research/homelessness/?lang=en>

³ *Tenure Trends in the UK Housing System: Will the private rented sector continue to grow?* Ben Pattison with Diane Diacon and Jim Vine, Building and Social Housing Foundation: 2010

We specifically endorse the proposals in the Bill to:

- ensure a greater emphasis on the ‘prevention’ duties of local authorities;
- improve services to those deemed not in priority need;
- improve the ability of authorities to offer accommodation through the PRS;
- improve co-operation between authorities and RSLs by strengthening the duty to co-operate to both prevent and relieve homelessness;
- provide greater protection for children experiencing homelessness by introducing a provision that households with children found to be intentionally homeless⁴ will still have a right to the full homelessness duty, provided that it is the first time that they have been found to be intentionally homeless within the past five years.

We have concerns about:

- **Changes to priority need for former prisoners.** We believe that services that work with perpetrators and aim to reduce re-offending rates are as fundamental to public protection as services that focus on supporting and protecting victims. It is important that delivery and development of homelessness services and housing access are based on need, vulnerability and evidence, rather than public perceptions and subjective views on how to treat ‘deserving’ and ‘undeserving’ groups of people. Two concerns about the current situation are raised in the original consultation document, firstly that there is no evidence to support the effectiveness of the priority need status for former prisoners in Wales and the extent to which it has made a positive impact, and secondly that previous research has highlighted ‘perverse incentives’ of homelessness legislation as a route to social housing. We would suggest that further research could be undertaken to ascertain the effectiveness or otherwise of the current situation or a pilot could be undertaken, to ascertain the impact of the pilot before it is rolled out nationally. In addition, the proposed change to the discharge of homelessness duty into the private rented sector should deal with concerns regarding applicants motivated by easier access to social housing.
- **Strengthening links to housing-related support services.** CIH Cymru supports the target of greater protection for children at risk of homelessness. However we would suggest that this is linked to the development of appropriate housing-related services, providing intensive family support, to ensure that those households experiencing difficulty in sustaining tenancies (often due to multiple and complex issues), are supported in a multi-agency context. Cost benefit analysis of the *Lasting Solutions* programme evidenced more than a fourfold net return on investment in intensive support services⁵ and the recent Louise Casey report⁶ for the UK Government concludes the behaviours and problems of ‘troubled families’ can be properly understood only by providing a holistic family-focussed service, to restore functionality.

⁴ Para 4.20 in Explanatory memorandum for Housing (Wales) Bill.

⁵ *Charter Housing/SOLAS Lasting Solutions Outcome Evaluation Final Report*; Cordis Bright Consulting: October 2011
<http://www.charterhousing.co.uk/wp-content/uploads/downloads/2012/01/FIP-OUTCOME-EVALUATION-REPORT-FINAL.pdf>
[accessed August 2012]

⁶ *Listening to Troubled Families*; Louise Casey CB, Department for Communities and Local Government; July 2012
<http://www.communities.gov.uk/documents/communities/pdf/2183663.pdf> [accessed August 2012]

c) A duty on local authorities to provide sites for Gypsies and Travellers where a need has been identified

Not only is there an evidenced need for additional Gypsy and Traveller sites in Wales, but improvements are required to some existing sites in terms of quality and addressing environmental and locational issues. CIH Cymru believes that a statutory duty on Local Authorities where there is clear need will help to address issues relating to local public and political opposition and therefore improve deliverability and equality outcomes.

d) Standards for local authorities on rents, service charges and quality of accommodation

CIH Cymru believes that all current and future social housing should meet the Welsh Housing Quality Standard and welcomes the requirement that all local authority and RSL social housing should meet WHQS by 2020 and that this standard is maintained thereafter. The clarity this will provide will also afford an opportunity for increased openness, accountability and independent scrutiny.

We welcome the proposals to ensure that local authorities set rents within a sound, transparent and justifiable policy and financial framework that reflects the type, size, location and quality of the property. We also support the inclusion of service charges within the provisions of the Bill and the move to a more justifiable system, where tenants not in receipt of certain services will no longer have to contribute financially to them through their rents.

We welcome the proposed requirement to comply with a rents and service charges standard, and for the responsibility to monitor compliance with this to rest with Welsh Government.

We recognise the value, within the rent standard, of allowing consideration by local authorities of the use of 'intermediate rents' for newly developed or newly acquired properties, utilising new financial models. However, it is important that any such provision is based on evidence of need and is additional to, and not instead of, increasing the provision of affordable rents through social housing provision, including homes directly provided by councils and by new housing co-operatives.

e) Reform the Housing Revenue Account Subsidy system

CIH has supported Welsh Government to reach a financial settlement for the abolition of the subsidy payable under the terms of the Housing Revenue Account (HRA) to HM Treasury by Welsh councils. Moving to a new system that is self-financing offers opportunities for local authorities to begin building significant numbers of new affordable homes for the first time in a generation, as well as borrowing to invest in their stock where it does not yet reach WHQS.

We welcome the proposals to establish a means through legislation to determine a buy-out value for each authority. We recognise the need to secure the necessary UK legislation to fully implement changes and support calls to expedite this process. It is in the interest of all parties that we move to the new system as soon as possible. We endorse the continuation

of a co-production approach between Government and local authorities to implement changes.

f) The power for local authorities to charge more than the standard rate of council tax on homes empty for over a year

It is estimated that there are 23,000 residential properties in Wales that are either empty or being used as second homes. These properties can have a significant negative social and economic impact on communities. CIH Cymru supports initiatives that encourage owners to make better use of their properties, and to target the wasted resource of empty homes. This can be achieved by a mixture of incentives and sanctions, including raising revenue by charging increased council tax, that would also directly benefit local communities and help redress the economic loss and social consequences that arise from empty properties. We therefore support the proposal to allow Local Authorities a discretionary power to levy a higher rate of council tax on empty properties.

We would also support a similar levy on second homes. In Wales 'holiday homes' are by definition usually in attractive rural or coastal areas, often where Welsh speakers comprise a greater proportion of the population than average, and in certain areas is the majority language. Properties often remain empty for much of the year and local households become increasingly priced out of the market. This leads to sustainability 'double whammy' – population levels fall, threatening service provision, and the language base is further eroded. The cumulative impact on community cohesion and a reduced economic multiplier are obvious. Increasing charges on such properties might encourage owners to utilise the properties differently and help alleviate the local economic loss.

We understand that there is some support for allowing a higher percentage than 150% of standard tax to be charged, perhaps using a stair-casing approach for empty properties (so that the amount increases over time) and think this should be considered by the Committee in its scrutiny of the proposals

g) The provision of housing by Co-operative Housing Associations

CIH Cymru supports the development of co-operative housing in Wales. Our research⁷ published in 2013 showed there was considerable public appetite for this tenure and its underlying principles. We consider that supporting co-operative housing will strengthen tenure choice in Wales, help to raise standards and increase community involvement and cohesion.

We therefore specifically endorse the proposals in the Bill to allow housing co-operatives to grant assured tenancies, and that the tenancies will be strengthened further following the implementation of the Renting Homes Bill, to introduce a secure contract based on the current local authority secure tenancy which will strengthen tenant security, increase equity and protect consumer rights.

⁷ <http://www.walescooperative.org/index.php?cid=826&cType=document>

h) Amendments to the Mobile Home (Wales) Act 2013

We support the proposals in the Bill to remove the subsection stating that a 'repayment order may not require the payment of any amount which the tribunal is satisfied... it would be unreasonable for the owner or manager of the site to be required to pay' as well as the other technical and minor amendments listed.

2. Any potential barriers to the implementation of these provisions and whether the Bill takes account of them

We are of the view that legislation alone cannot solve the problems of under supply, the quality of homes and services, and fair and appropriate rights and responsibilities. The Bill needs to be seen in the context of a range of interventions that Government and partners can make to 'join up' a Welsh housing system to deliver good quality, warm and sustainable homes for all.

There are a number of potential barriers to this 'joined up' approach, and we would recommend:

- ensuring the provisions in the Bill 'mesh' consistently with other legislation, including the forthcoming Planning Bill;
- ensuring the provision of adequate resources to implement all of the legislative changes, particularly for local authorities in Wales who are facing difficult financial challenges;
- ensuring the commitment of partners by continuing to promote and support a co-production approach, of which legislation is only one part, albeit an important one;
- continued joint working to mitigate against the impact of welfare reform and rising living costs for vulnerable households in Wales;
- closely monitoring the level of delivery of new homes, and the impact of interventions on the housing market, including the new Help to Buy-Wales scheme, to ensure supply is maximised.

3. Whether there are any unintended consequences arising from the Bill

We recognise the concerns by PRS representative bodies that legislation may penalise good landlords and have little impact on bad ones. However we agree with the previous Minister that it is possible to both improve stock and services and to increase supply of private rented sector housing at the same time; 'Good standards and growth in the sector

are not mutually exclusive; they go hand in hand'⁸. We believe that legislation has a key role to play in delivering this.

4. The financial implications of the Bill (as set out in Part 2 of the Explanatory Memorandum (the Regulatory Impact Assessment, which estimates the costs and benefits of implementation of the Bill))

Any new legislation, particularly where there are expectations on partners, will have additional costs. It is also true that some of the provisions of the Bill (e.g. in relation to reform of the HRAS and supporting the development of co-operative housing) could lead to securing additional resources. It is important to remember that implementation costs should be seen in the context of potential savings brought about by new approaches and legislation, including improved PRS standards and mapping, and homelessness prevention.

In ensuring that the financial implications of legislation are minimised, we believe the National Assembly, Welsh Government and partners need to keep under review:

- the costs of implementation to Government and local authorities;
- the impact of changes to homelessness services and advice agencies;
- the impact of regulation on the PRS and its effectiveness

5. The appropriateness of the powers in the Bill for Welsh Ministers to make subordinate legislation (as set out in Chapter 5 of Part 1 of the Explanatory Memorandum, which contains a table summarising the powers for Welsh Ministers to make subordinate legislation)

We are satisfied that the proposals in the Bill are within the powers of Welsh Ministers to make subordinate legislation.

⁸Huw Lewis, Minister for Housing, Regeneration and Heritage, NAW Record of Proceeding 20.06.2012
<http://www.assemblywales.org/bus-home/bus-chamber-fourth-assembly-rop.htm?act=dis&id=235496&ds=7%2F2012#q1>
[accessed 10.08.2012]