

Y Pwyllgor Cymunedau, Cydraddoldeb a Llywodraeth Leol/  
Communities, Equality and Local Government Committee  
Bil Rhentu Cartrefi (Cymru)/Renting Homes (Wales) Bill  
Ymateb gan: Cartrefi Cymunedol Cymru  
Response from: Community Housing Cymru

## 1. About Us

**The Community Housing Cymru Group (CHC Group)** is the representative body for housing associations and community mutuels in Wales, which are all not-for profit organisations. Our members provide over 153,000 homes and related housing services across Wales. In 2011/12, our members directly employed 7,500 people and spent over £850m in the Welsh economy.<sup>1</sup> Our members work closely with local government, third sector organisations and the Welsh Government to provide a range of services in communities across Wales.

### **Our objectives are to:**

Be the leading voice of the social housing sector.

- Promote the social housing sector in Wales.
- Promote the relief of financial hardship through the sector's provision of low cost social housing.
- Provide services, education, training, information, advice and support to members.
- Encourage and facilitate the provision, construction, improvement and management of low cost social housing by housing associations in Wales.

In 2010, CHC formed a group structure with Care & Repair Cymru and CREW Regeneration Wales in order to jointly champion not-for-profit housing, care and regeneration.

## **Introduction**

This paper is a response to the Communities, Equality and Local Government Committee request for evidence on the general principles of the Renting Homes (Wales) Bill. It looks at the need for legislation to improve the arrangements for renting a home in Wales and has been structured to cover general points and specific issues raised in the terms of reference.

## **General Points**

Overall we very much welcome the proposals outlined in the rented homes bill and are supportive of the suggested legislative change. Simplifying the legal framework for tenancy agreements and providing additional rights and security for tenants is a positive step. We agree that the proposals create a more flexible approach to joint tenancies and provide

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<sup>1</sup> Measuring the Economic Impact of Welsh Housing Associations, November 2012

additional help the victims of domestic abuse from a housing perspective. CHC also believes that the Bill will bring improvements for landlords and occupiers and favours Option 3 as outlined in the Explanatory Memorandum.

## **Specific Issues**

### **Occupation contracts**

The benefits of the occupation contracts are that:

- they replace the many existing tenancy and license types which are complex and confusing
- they allow for identical contracts for council and housing association tenants.
- they are model contracts approved by the Government which will make private renting easier, cheaper and more flexible.

However, in supported housing we feel strongly that:

accommodation categorised as shared or very temporary accommodation should retain the ability to use excluded licences for the duration of an individual's occupancy, due to the difficulties in managing risk to other occupants and staff.

long term supported housing ( mainly for people with learning difficulties or living in accommodation designed for older people) should have secure tenancies and not standard contracts (with or without the extra management provisions for supported housing). This is important to prevent people in supported living schemes being moved around at the convenience of social care commissioners.

To avoid confusion the definition of supported accommodation should also be extended to include broadly "where the support has been commissioned by the local authority using Supporting People Programme Grant"

### **Succession Planning**

CHC agrees that a fair and consistent approach to succession rights is important and will assist with homelessness prevention. However, the proposal to allow a carer to receive possession if they have given up their home is of much concern as experience suggests that there could be false claims which will be difficult to prove. If this is the case, then turnover of tenancies will be lower, adding to the pressures on an already limited supply of social

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housing. This also runs contrary to Welsh Government aims and objectives around increasing housing supply and improving services for tenants.

### **Abandonment**

The proposals on abandonment are very helpful, in particular, the proposals for joint tenancies whereby tenants can be removed from a tenancy without a new one having to be granted e.g. in the case of a relationship breakdown. Abandonment frequently leads to the landlord having to seek approval of the court to repossess the property which takes time, is costly and adds to supply pressures.

### **Six Month Moratorium**

We believe that ending the six month moratorium will encourage more private landlords to rent to social housing tenants particularly those seen as high risk. Many landlords let for an initial period of six or twelve months and most want to sign tenants for longer than this. It does not make financial or business sense for private landlords to evict in the first six months – exceptions to this may include circumstances where there is anti-social behavior (ASB) or rent arrears. Therefore it is unlikely that many tenants would be evicted before six months but removing the moratorium gives more flexibility to landlords dealing with ASB. To counter any malpractice we have argued for a licensing scheme in the PRS which will help with rogue landlords.

### **Prohibitive Conduct (ASB)**

RSLs need to be able to take action against individuals who endanger other tenants through their conduct, so the proposals on anti-social behaviour are very much welcomed.

### **Unintended Consequences**

#### **Barriers and financial implications**

While CHC welcomes the simplification of the legal framework, we are concerned that:

- These changes are ill-timed and will create more anxiety for tenants who are already grappling with welfare reform changes. It is unlikely that issues around welfare reform will be resolved by 2017 so we would urge Welsh Government to postpone implementation of these proposals until the roll-out of UC is completed.

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- The resource burden on landlords implementing the changes will be significant at a time when capital and revenue budgets are being cut. We also anticipate that the costs for Housing Associations will be far in excess of the estimated £660,356 included in Table 10 of the explanatory memorandum. While we appreciate that the intention is that implementation will happen in “one big bang” and that tenants won’t have to individually sign their new agreement - it simply comes into effect - the introduction of two contracts to existing contracts will require a significant amount of resource from landlords who will need to re-draft tenancy agreements and ensure all tenants are clear about their new rights and responsibilities. Landlords will be using face-to-face meeting to do this as part of best practice.
- While CHC will support the provision of good quality information and provide briefings for the sector this will not be a substitute for legal advice. Therefore we are cautious of Welsh Government’s assertion that legal costs will be significantly less on this basis.
- **Removal of mandatory grounds for possession (Ground 8)**  
CHC acknowledges the reasons why it is proposed that Ground 8 is removed and we agree:
  - Ground 8 was only ever intended be used as a last resort. Therefore its use to date has been limited.
  - The mandatory nature of Ground 8 means courts are not able to take into consideration factors that may have contributed to any rent arrears. Non-payment of housing benefit due to an error or lengthy processing times is something Housing Associations will be aware of and would not use Ground 8 in these circumstances.
  - There have developments in human rights and equality law and these should be considered when landlords are considering using Ground 8. Where District Judges are unwilling generally to accept the mandatory nature of Ground 8 this is an issue with the District Judge not the mandatory ground.

There is a body of evidence which illustrates that welfare reforms are leading to rises in arrears despite the 8 week trigger.. Of particular concern are tenants affected by the bedroom tax, who are unwilling to move and are likely to very quickly accrue high levels of

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arrears. Increases in rent arrears and continued increases in court costs pose a real challenge for RSLs with large numbers of tenants on benefits. Excessive court costs combined with serious cases of arrears is a real concern and a business risk. While Ground 8 has only ever been used as a last resort, more RSLs have said that they will look to use Ground 8 and lenders have been clear that if rent arrears continue to rise then they may increase borrowing costs to reflect higher levels of risk. Increased borrowing costs and higher levels of arrears will be unsustainable for some RSLs long-term, which puts all tenants at risk of facing homelessness. The proposal to remove Ground 8 is therefore of much concern to CHC and we strongly propose Ground 8 should be retained as an option for serious cases of arrears.

Ground 8 also serves as an important reminder for tenants about the importance of paying rent.

CHC strongly disagrees that :

- abolishing Ground 8 is the only viable option for establishing a single secure contract. Local Authorities are not subject to the same lending constraints as RSLs therefore it is reasonable to argue for its retention for RSLs.

## **Conclusions**

In summary, CHC welcomes the spirit and intention of the legislation, however, we have strong concerns about some of the proposals which we feel run counter to Welsh Government aims and objectives around increasing housing supply and improving services for tenants.

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