



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Cymunedau a Diwylliant
The Communities and Culture Committee**

**Dydd Iau, 13 Ionawr 2011
Thursday, 13 January 2011**

Cynnwys
Contents

- 4 Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions
- 4 Craffu ar Waith y Gweinidog
Ministerial Scrutiny
- 15 Ymchwiliad i'r Sector Rhentu Preifat—Casglu Tystiolaeth gan Lywodraeth Cymru
Inquiry into the Private Rented Sector—Welsh Government Evidence Gathering
- 27 Cynnig Trefniadol
Procedural Motion

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee. In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mohammad Asghar	Ceidwadwyr Cymreig Welsh Conservatives
Lorraine Barrett	Llafur (yn dirprwyo ar ran Alun Davies) Labour (substitute for Alun Davies)
Eleanor Burnham	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Mark Isherwood	Ceidwadwyr Cymreig Welsh Conservatives
Bethan Jenkins	Plaid Cymru The Party of Wales
David Lloyd	Plaid Cymru The Party of Wales
Sandy Mewies	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Lynne Neagle	Llafur Labour
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Ceri Breeze	Pennaeth y Gyfarwyddiaeth Dai, Llywodraeth Cynulliad Cymru Head of Housing Directorate, Welsh Assembly Government
Jocelyn Davies	Aelod Cynulliad, Plaid Cymru (y Dirprwy Weinidog dros Dai ac Adfywio) Assembly Member, the Party of Wales (the Deputy Minister for Housing and Regeneration)
Richard Harris	Pennaeth Dros Dro, Adfywio Strategol a Blaenau'r Cymoedd, Llywodraeth Cynulliad Cymru Acting Head of Strategic Regeneration and the Heads of the Valleys, Welsh Assembly Government
Huw McLean	Rheolwr Adfywio ac Adnewyddu Tai, Llywodraeth Cynulliad Cymru Housing Regeneration and Renewal Manager, Welsh Assembly Government
Alyn Williams	Pennaeth y Gangen Dai a Chymunedau, y Gyfarwyddiaeth Dai, Llywodraeth Cynulliad Cymru Head of Housing and Communities Branch, Housing Directorate, Welsh Assembly Government

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Sarah Bartlett	Dirprwy Glerc Deputy Clerk
Tom Jackson	Clerc Clerk

*Dechreuodd y cyfarfod am 8.59 a.m.
The meeting began at 8.59 a.m.*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions

[1] **Sandy Mewies:** I welcome Members, officials and anyone who may be in the public gallery to the first meeting of the Communities and Culture Committee of the spring term, which I am sure will whizz by.

[2] Headsets are available for translation and sound amplification. The translation is on channel 1 and amplification is on channel 0. I ask everyone to switch off their BlackBerry, their phone or any other electronic device as they interfere with the sound equipment. I have not been informed of a fire drill, so, if an alarm sounds, we will follow the ushers from the room.

[3] I invite Members to make any relevant declarations of interest under Standing Order No. 31.6.

[4] **Eleanor Burnham:** I would like to declare that I have been a landlord over the past year.

[5] **Sandy Mewies:** We have received apologies from Alun Davies, and Lorraine Barrett is substituting for him. There have been a few late changes to the team.

9.00 a.m.

Craffu ar Waith y Gweinidog Ministerial Scrutiny

[6] **Sandy Mewies:** I welcome the witnesses, Jocelyn Davies, the Deputy Minister for Housing and Regeneration, Ceri Breeze, the head of the housing directorate, and Richard Harris.

[7] Members have received the paper, and I am sure that they have read it with great interest. I do not know about other Members, but I wish that we had had more time to spend on this issue. I have found that what has come out has been both dense in facts and extremely interesting, and I have certainly found all the papers interesting. Would you like to make some introductory remarks, Deputy Minister?

[8] **The Deputy Minister for Housing and Regeneration (Jocelyn Davies):** Yes, I have a few points to make before we go into questions, because I would like to update Members on developments since the paper was drafted. I am assuming that we will be covering the private rented sector in our session later on. I recall that, the last time that I came to committee, a Member—I think it may have been Joyce Watson—asked me about young people and that tranche of people who would not be eligible for social housing, but who find it impossible to access market housing, whether to rent or to buy. I am pleased to be able to tell Members that we have now developed and are piloting the Rent First model. That is being done with money from the strategic capital investment fund. We are doing it through housing associations, which will be developing homes for rent at 80 per cent of the market rent. There would be the ability to purchase the property after a few years, as some of the rent would count towards a deposit on the property. It would be targeted at young people, first-time buyers, and those who are on waiting lists who would like their own home but who are currently unable to buy. So, it is targeted at the intermediate market, and we think that a significant number of people

in Wales would be attracted to that product, and that it would suit them very well.

[9] Our code for sustainable homes pilot scheme is well under way. As part of the social housing grant programme, we have 200 properties that are being built to higher-than-required environmental-code level. That is being done to give us a better understanding of the practicalities of construction to the higher code, to see whether we have the skills and materials, what the costs are and how people adapt to living in those properties. We have 22 schemes in the social housing grant programme, involving, as I said, about 200 homes, and five of those schemes have now been completed. An interim report is being prepared to help to inform us, which will help us to move towards the new energy standards in the Welsh building regulations. As soon as that interim report is available, I will circulate it to Members.

[10] With regard to the legislative competence Order and the proposed housing Measure, we are awaiting the report of the Assembly's legislation committee on that. On the Welsh housing investment trust, I want to clarify that for Members, as I know that it has attracted some media interest, and has been subject to misleading speculation that it has failed. I would like to put things straight and say that, in fact, it has not failed. We knew that a mechanism such as the investment trust would raise a range of issues, including legal issues and issues relating to property and tenancy. Originally, the model assumed that registered social landlords would transfer existing properties into it. You will remember, Chair, that the concept on which the WHIT is based is that the trust would own the properties and then lease them back to RSLs. There have been considerable complexities in transferring existing properties that are already tenanted, which has deterred some RSLs from being interested in that model. That does not mean that the WHIT has failed, but we are now exploring a revised model that has a particular emphasis on the intermediate market. The rents will still be well below market rents, and tenants will still be fully eligible for housing benefit. So, we will keep you up to date once there is something to report, but that is just to put on record the reality of the situation as opposed to the misleading press reports that Members may have seen.

[11] On the review of housing-related support—the report that we commissioned from Sir Mansel Aylward on Supporting People—the implementation group has been established, involving Government officials and others from within the sector. I know that some feel that the recommendations could be implemented very quickly, but I am determined that we are not going to rush this at the expense of having robust arrangements for an improved programme. So, over the coming months the implementation group will be looking at how we implement those recommendations.

[12] On the Welsh housing quality standard, we are at the final stages of the pilot project, which will provide us with an update on progress towards achieving the standard. We have involved the Wales Audit Office, and we have now learned that it will be using that as part of its current study of the standard. On the regeneration side, I recently announced a sum of £1 million to continue JobMatch in the Heads of the Valleys. So, this scheme is now backed by the European social fund and has helped 7,500 people back into work since its launch in 2003, and I am delighted that we were able to continue that. Members will recall that the JESSICA fund was launched in October. The board has now been appointed and will hold its first full meeting at the end of this month. So, that brings Members up to date with developments since the evidence paper was drafted.

[13] **Sandy Mewies:** Thank you, Deputy Minister. I ask the clerk to circulate to Members the detail of what the Deputy Minister has said—Joyce, you have just missed something that I think you will be interested in. Thank you for your offer of the interim report, Deputy Minister. Moving on, as I said, there have been some late changes here, so if I am doing things in the wrong order please forgive me. I have the first question. Can you provide an overview of how the developments outlined in your paper have enabled you to meet the 'One

Wales' commitments in your portfolio over the past year?

[14] **Jocelyn Davies:** Obviously, 'One Wales' drives our actions in the administration. There is the target of 6,500 affordable homes, and we are very pleased that we have been able to meet that early. There is the Rent First product that I mentioned earlier. We have had a pilot scheme on grants of up to £5,000 for first-time buyers in relation to energy efficiency measures. We were doing that through renewal areas so that we did not have to create a new scheme. The pilot scheme went very well, but, unfortunately, there were not many first-time buyers because of the collapse of the property market. Last year, local authorities felt that the money that we were putting into that pilot scheme should be put into the mortgage rescue scheme because they thought it would be a better use of that money. So, that is what we did last year.

[15] We have a new regulatory regime for housing associations. It is not a 'One Wales' commitment, but Members will know that we asked Sue Essex, a former Assembly Minister, to carry out a review of the regulatory regime for housing associations. Although it was not a 'One Wales' commitment, it has underpinned a great deal of the work that we have been able to do in order to keep our 'One Wales' commitments. Another thing that I would point out is that we have had increased funding for Supporting People, which was a promise in 'One Wales'. The review of Supporting People will ensure that we spend that money wisely. One thing that Members will be aware of is that we were not able to pursue the commitment on not-for-profit nursing homes because, since that commitment was made, there has been case law at a European level.

[16] So, I think that nearly all of our 'One Wales' commitments will be met, apart from that on not-for-profit nursing homes. I think that we have had to change slightly the commitment on second homes, but we decided that we would go for the council tax. The legislative competence order provides for powers over council tax on dwellings that are not your main residence, which would cover second homes, so that local authorities would be able to raise council tax above 100 per cent in that case.

9.10 a.m.

[17] **Mr Breeze:** I will just come in on that. There are around 12 'One Wales' commitments relevant to housing and regeneration. The housing legislative competence Order and the proposed Measure have addressed three of those, as the Deputy Minister said—they addressed the second homes issue, legislative powers on homelessness and the 6,500 homes. On regeneration, there are two particular issues in 'One Wales', on economic development initiatives and regeneration. The regeneration elements of the paper outline how much has been done along those issues.

[18] **David Lloyd:** Diolch i'r Dirprwy Weinidog am y papur bendigedig sydd ger bron. Trof at y strategaeth dai genedlaethol. Yn eich papur— **David Lloyd:** Thank you, Deputy Minister, for the wonderful paper before us. I turn to the national housing strategy. In your paper—

[19] **Jocelyn Davies:** Chair, I am sorry, but I do not currently have translation. I do not know if other people are having the same problem, but it has been coming and going.

[20] **David Lloyd:** Ailadroddaf y ganmoliaeth i'ch papur ysgrifenedig bendigedig, a throi at y strategaeth dai genedlaethol. Yn eich papur, yr ydych yn dweud mai gwella bywydau pobl yw nôd sylfaenol y strategaeth dai genedlaethol. Sut **David Lloyd:** I will repeat my compliments for your wonderful paper, and turn to the national housing strategy. In your paper, you note that improving people's lives is central to the approach of the new national housing strategy. How will the strategy help to

y bydd y strategaeth yn helpu i gyflawni hyn? achieve this?

[21] **Jocelyn Davies:** You are quite right; I have a copy of the strategy here, and we see housing as being central—I suppose that it is an obvious thing to say—to people’s lives. It has a huge impact on people’s health and on the wellbeing of the community and so on. However, one thing that we have tried to do with all our investment in housing is to ensure that the benefit does not just fall to the property and the people living in the property, but that it is spread throughout the community. We have used the i2i toolkit. I do not know if Members have seen a copy of that toolkit, but it is a way of ensuring that investment is spread throughout the community. There are procurement opportunities, job opportunities and training opportunities. So, as well as focusing on having the right sort of houses in the right places, we try to ensure that there is a general community benefit with any investment. Ceri has been central to the development of the strategy and drafted the strategy for us. Do you want to come in on that, Ceri?

[22] **Mr Breeze:** I would like to say a few things. As the Deputy Minister said, housing is central to people’s lives and investment in housing is an investment in people’s lives. I do not think that that is fully recognised at this point in time; we can do more to flag that up. If you take the three main strands of the strategy, the first is improving the supply of houses. That not only impacts on families and their ability to live, there are labour market impacts as well. Affordable housing has personal economic impacts. Improving the quality of housing is another main strand, and that is done through the Welsh housing quality standard. You are talking there about physical and mental health impacts and energy efficiency, which also leads to personal economic and financial benefits. There are also the improvement programmes themselves. Investment in new homes supports 21 jobs for every £1 million spent; with improvement programmes, that is 32 jobs. So, as well as the local economic effect, it is interesting, as the Deputy Minister said, that the i2i approach has been working up training development opportunities from transfer programmes, and 12 housing associations created nearly 500 jobs and training opportunities. That not only has an economic benefit because we all know that employment is also good for people’s health. There are some direct effects, but there are some knock-on effects as well.

[23] Turning to the housing-related service, which is the third strand of the strategy, the work that the Supporting People programme does, and the homelessness programmes, in terms of tackling and helping people in very difficult personal circumstances, not only benefits them, including issues of poverty and financial inclusion, but also helps keep people out of hospital and enables people to come out of hospital. The aids and adaptation services, which, again, prevent illnesses and accidents, also keep people out of hospital, and it is said that every £2 million invested in our rapid response adaptations programme saves the NHS and social services £50 million. That is a really good investment, and it would be very welcome if the committee could help raise the profile of that; we are working hard to do the same.

[24] **Jocelyn Davies:** The i2i toolkit was developed, as Ceri said, for the stock transfer and for meeting the WHQS, to ensure that there was a broader benefit. We have also used it outside the WHQS, and I am sure that Richard will be able to elaborate on that from the regeneration side. The strategy is not lengthy, but we have laid out our thinking—what our priorities are and what will be done to achieve them—in it. So, we set out to produce as brief a document as possible that goes straight to the point and that lays out what could be done. Richard might want to elaborate on the use of the toolkit outside the WHQS. We also know that it is being used outside of Wales.

[25] **Mr Harris:** We have been working closely with our colleagues in housing with regard to the i2i toolkit. From a regeneration perspective, we have been looking to utilise community benefit clauses, through the i2i toolkit, in projects, for instance at Swansea

railway station, which is in the Swansea regeneration area, which has seen a number of employees being brought into the scheme. Indeed, Dr Dai Lloyd visited that scheme the other day. We have also been looking to turn a number of properties across the whole area around, and ensure that we instigate these benefits, so that we can remove people from the inactivity register. We have also been looking at the dualling of the A465, which was instigated by the work carried out on the Heads of the Valleys road.

[26] **Jocelyn Davies:** Several of the private companies that have been asked to use the toolkit—and they may not be Welsh companies—have told me that they use the toolkit wherever they work now, because they find it incredibly useful and not a barrier to what they want to do.

[27] **Mr Harris:** Indeed, the first project was by the Urban Regeneration Company in Londonderry in Northern Ireland, which used the i2i toolkit that was instigated here.

[28] **Eleanor Burnham:** Darllenais y papur gyda diddordeb mawr. Gan ystyried y pwysau ariannol sy'n effeithio ar y sector tai yng Nghymru ar hyn o bryd, sut yr ydych yn sicrhau bod gwasanaethau tai yn cael eu rhedeg mewn ffyrdd mwy arloesol ac effeithlon, ac a allwch roi enghreifftiau o arfer da yn y maes hwn nad ydych wedi'u crybwyll hyd yma?

Eleanor Burnham: I read your the paper with great interest. In light of the financial pressures currently affecting the housing sector in Wales, how are you ensuring that housing services are being run in more innovative and efficient ways, and can you provide examples of good practice in this area that you have not mentioned thus far?

[29] **Jocelyn Davies:** We have completely reformed and brought up to date the regulatory regime, which ensures quality of service and efficiency and effectiveness. It also ensures that we have a robust and healthy housing sector in Wales, working alongside the social landlords that are registered with us. In these financial circumstances, where lenders are particularly careful about lowering the risk as much as possible, it ensures that lenders see Wales as a safe place to lend. So, that was important.

[30] You mentioned the streamlining of services, and I suppose that the Supporting People review is a good way of showing how we are going to ensure that we have the very best value for money. It is a big programme, worth £140 million a year, which, as we heard earlier from Ceri, saves an awful lot of money for other services, particularly the health service, but also the probation service and probably the prison service in some cases. So, the streamlining of services and getting the best value possible is vital.

[31] There has been some collaboration between some of our outside organisations, and there is a new group structure between Community Housing Cymru, Care and the Repair and Centre for Regeneration and Excellence in Wales. In fact, I think that you were at the Royal Welsh Show at the launch of that new structure, which ensures that those organisations are now working together. Some of these organisations receive a grant from us.

9.20 a.m.

[32] It is important that they also spend it wisely, but they looked forward to being able to share their expertise and experience with each other. The housing sector in Wales has been very good at adapting and looking for new and innovative ways to ensure that we can demonstrate that we are getting the very best value for money. When you are arguing to defend or justify a budget, which we all have to do, it is important that we can point to good practice and say, 'Where we can make savings and changes, we are doing so'.

[33] **Mr Breeze:** To add one further example, we have had £1 million in additional

funding for homelessness prevention projects this year. Fourteen projects have been supported across Wales, one of which is specifically looking at streamlining housing advice services for homelessness to make them as effective as possible from the users' point of view. A number of local authorities are working together on that, and I think that that will achieve exactly the sort of thing that you are looking for.

[34] **Sandy Mewies:** I have an additional question on that. While producing our report, I began to think about the context of the change and additional pressures that will come about because of the changes to housing benefit and housing allowance, which, while not in the hands of the Welsh Government, will have an impact in Wales. I have been thinking all along, while reading about what is happening here, that you have done so much good work so far, but how will you cope with this? Will you be mentioning this in your paper now or later?

[35] **Jocelyn Davies:** I suppose that most of the changes will impact quite heavily on the private rented sector, which I know that we will discuss later. However, we are acutely aware that changes to the housing benefit system affect a great many people. I suppose that many of the plans that we have rest on that income coming to social landlords as well as to private sector landlords. The intention is to cover that later.

[36] **Sandy Mewies:** I was thinking about homelessness in particular.

[37] **Jocelyn Davies:** I know that the entire housing sector, which deals with homelessness, is incredibly worried about the changes that are coming and is looking for ways to mitigate the changes that are bound to come.

[38] **Sandy Mewies:** Would you like to ask your questions, Oscar?

[39] **Mohammad Asghar:** How will the proposed housing Measure assist you in meeting the priorities outlined in the national housing strategy? Why did you choose the right to buy and regulation of social landlords as the areas to be covered in the proposed Measure?

[40] **Jocelyn Davies:** The right to buy commitment is a 'One Wales' commitment; so, it obviously needed to be met. It was contained in a number of manifestos for the last Assembly elections. In fact, our manifesto, along with the Labour and Lib Dem manifestos, had that as a promise, as did the Welsh Local Government Association, Shelter and Community Housing Cymru manifestos. A number of manifestos at the last elections suggested that this would be a way forward and, obviously, parties had a mandate to do that. It was a 'One Wales' promise, so that is why the right to buy was there.

[41] The proposed Measure is in two parts. The first part is devoted to the right to buy, and the second part is devoted to the regulatory regime. I mentioned earlier, in answer to Eleanor, I think, that it was very important to add a statutory force. We have already made the changes to the regulatory regime, but the proposed Measure reflects the statutory force. It was one of the things that lenders, particularly the Council of Mortgage Lenders, had urged us to do. They were very supportive of the changes that we were making to the way that we were regulating housing associations, but they wanted it to have a statutory force. We hope that we will never need to use any of that part of the proposed Measure in intervening in the dealings and affairs of a housing association, but the legislation is there should we ever need to do so. Giving that comfort to lenders was important for the global health of the sector, because if lenders perceive a risk, even if they are prepared to lend, you will pay more for it—you will pay for that risk. It was important for a number of reasons. I felt that it was best to do it right now. We had the support of the sector to do it, and we had the opportunity with the proposed Measure coming, so we took that opportunity.

[42] **Lynne Neagle:** My question was to be on affordable housing and young people, and

obviously you touched on that in your opening remarks. I welcome your announcement on the pilot project. Could you say a little more about that, particularly on the scope and the coverage of the project?

[43] **Jocelyn Davies:** This is the Rent First project, for which we have been able to secure strategic capital investment funding. It has been developed to be a bit more flexible, and to offer a wider range of options to people who are looking for housing. It is a pilot project at the moment. It will offer people the opportunity to rent a property from a housing association—so, the housing association will be their landlord—at about 80 per cent of market rent, and then, potentially, they will be offered the option of purchasing that property after a number of years. Some of the rent that they will have been paying up until then will count towards their deposit, which will remove a big barrier for some, because we are told that the average deposit that people are being asked for now is in the region of £17,000 to £20,000. When you consider that people were buying properties a few years ago without any record of saving whatsoever, you see that the pendulum has now swung the other way, I am afraid. It is an enormous sum for anyone to save up, and fewer families are now in the position to be able to release equity from their own property to provide a deposit for another.

[44] We see this project as one way of offering that. It provides a route to home ownership on an equity-share basis, and is attractive to purchasers and lenders. The involvement of the housing association gives lenders more confidence. As someone with 20 and 21-year old daughters, it struck me as incredibly depressing that the average age of the first-time buyer is now 37. That is an incredible statistic. It has gone up from 31 to 37, so anything that we can do to help people to buy the home that they want is helpful. This model also works well financially for the housing association, so I hope that the pilot goes well. This is one way of addressing that particular market.

[45] Some people will not be eligible for traditional social rented housing—that is becoming rare—but will never be able to save a deposit of £15,000 or £20,000. We are hoping that this is something that can be developed and perhaps, if we are able to do this through the Welsh housing investment trust, which I mentioned earlier, then it will have huge potential for a significant proportion of the Welsh population. We still have Homebuy, of course, Lynne; that is being reviewed, and we now have a better and more targeted scheme. That involves a 30 per cent equity share, so the purchaser has bought 70 per cent and the housing association retains 30 per cent equity. The purchaser is not buying 100 per cent of the property and, therefore, the mortgage is obviously more manageable.

[46] The other measure for young people, which I mentioned earlier, is the grant that we made available to those living in renewal areas. That is up to £5,000 for energy efficiency measures such as new boilers, central heating systems or solar panels. Renewal areas are declared by local authorities, and tend to be quite run-down areas that they intend to focus on for perhaps 10 years or more. These are areas with very old properties, and sometimes first-time buyers are completely maxed out once they have bought them, but tend not to be eligible for other benefits. Perhaps both partners in a couple are working, and have no money left for something like a new boiler. Those who accessed the grant found it a huge benefit. I visited a couple in Wrexham who bought a property, but were completely broke after doing so; they had no heating or hot water from November until they received this grant in February. I know that when you are young, and you have just bought a property, that might sound exciting, but I can tell you that they were really miserable. They were unable to borrow any more money, and they did not know when they would have been in a position to change the boiler without that grant. It offered them an opportunity and, for that group of people, there is very little available.

9.30 a.m.

[47] **Lorraine Barrett:** You mentioned the Welsh housing investment trust; how confident are you that a viable model will be established early this year, because there were some concerns towards the end of last year about the implications for tenants in that they would have to transfer?

[48] **Jocelyn Davies:** That is right, and originally the hope was that registered social landlords would be able to transfer into the existing WHIT properties, but the practicalities around that have meant that that is unlikely and it has deterred the associations that are interested in the WHIT from pursuing that. However, we now have a number of associations that are keen to go ahead with this intermediate product because they recognise that many people who are on waiting lists would be attracted to this. So, we are looking at something that would be below market rent, and would still be fully eligible for housing benefit, but aimed at the intermediate level. Therefore, we are still pursuing it, but I do not think that we will be announcing anything in the next few weeks. It is a matter of taking one step at a time, I am afraid, with something like this. However, I can tell you that there has been a meeting this week of the associations that are keen, and they will pursue this next option.

[49] We have had to draw up a workable model that is off-balance-sheet, that does not affect the financial situation of the Assembly Government in terms of the block grant—these are incredibly complicated things to develop—and that makes financial sense to the associations and works out for them financially. This has the potential of producing a number of properties with much less of a grant than we would normally put into the traditional grant. At the moment, we do that on a 59 per cent grant basis, but with this intermediate product, we could produce a great many more properties because the grant requirement from us could be considerably lower. As I said, there are associations that are very keen to pursue it.

[50] **Sandy Mewies:** We have an awful lot of questions to get through and I would like to get through them all, if possible, in the time allocated. I am also mindful that the Deputy Minister and colleagues will have to stay for the next session and I do not want to overburden them. So, if everyone is quite succinct, I hope that we will be able to get through most of the questions in this first session.

[51] **Bethan Jenkins:** A allwch roi'r wybodaeth ddiweddaraf ynghylch y trafodaethau â'r Trysorlys am gymhorthdal y cyfrif refeniw tai? Os bydd y Mesur Lleoliaeth yn arwain at sicrhau cymhwysedd deddfwriaethol dros gymhorthdal y cyfrif refeniw tai, pa ddeddfwriaeth yr ydych yn bwriadu ei chyflwyno? **Bethan Jenkins:** Can you give an update on negotiations with the Treasury in relation to housing revenue account subsidy? Should legislative competence in respect of the housing revenue account subsidy system be gained through the Localism Bill, what legislation do you intend to bring forward?

[52] **Jocelyn Davies:** I know that you asked us to be succinct, Chair, but the housing revenue account subsidy system is not an easy subject to cover quickly; it is incredibly complicated. This was raised in the Chamber this week and I can say that discussions are being held with the UK Government, and the Chief Secretary to the Treasury has written to Jane Hutt offering to discuss this at official level. For the record, the letter says that the possible application of English reforms to the Welsh Assembly Government would address the Welsh Assembly Government's concerns about surrendering surpluses. So, we are pleased that there has been some development, but I cannot tell you how those negotiations will go. However, we will try our very best.

[53] The Localism Bill gives us the opportunity to legislate in this area, but without a financial understanding with the Treasury, I am afraid that I cannot see of what use that would be. If we are still in a situation where money is being clawed back from Welsh local authorities from the rents that people pay, I cannot see of what benefit the legislation would

be to us. However, if we could get both of those things, we would be in a much better position. We will keep you informed as soon as there are any developments.

[54] **Joyce Watson:** Good morning. Can you provide the committee with some further information on the progress of the independent review into social sector rent policies?

[55] **Jocelyn Davies:** That is linked very closely to the housing revenue account and we commissioned independent experts to help us with both. A steering group is now looking at that. We want a rent policy that is based on transparency and that is simple to understand. The principles that I have asked them to work with are to look at the key components, such as the quality, size, type and the location of the property, so that people have a better understanding of how their rent is calculated. We see properties, perhaps in the same local authority area, that are almost identical with incredibly different rents being paid. So, we are looking for a fair rent. Obviously, we need to ensure that it is affordable and that it allows the property to be maintained properly. So, with all those things in mind, that is what the rent review is looking at. However, it depends largely on, and links very closely to, the review of the housing revenue account system.

[56] **Mark Isherwood:** I will move on to the reference to housing related support and the review that you commissioned on that. When do you expect to be able to announce the response to that review?

[57] **Jocelyn Davies:** As you know, Ministers would normally have an independent review, consider the findings, and then, at some point, respond to it. When we had the review of housing by Sue Essex, we decided to do it in a different way. In fact, one of her recommendations was to take a different approach. So, we took that very seriously, and instead of responding to the recommendations, we set up implementation groups to advise us on how to implement these recommendations. I decided, Mark, to do exactly the same with this review and we have set up cross-sector implementation groups. So, we will work with officials from other departments, people from local government, the voluntary sector and anyone who can help us to consider how we move to implementation. So, I will be implementing all the recommendations, but we are working cross-sector in order to find a way forward.

[58] **Mark Isherwood:** When will that happen?

[59] **Jocelyn Davies:** Those groups are being put together now. I do not think that Mark had arrived, Chair, when I made my introductory comments; I think that he was just coming into the room. I know that there has been some pressure for us to move quickly to implement the recommendations, but what we want is a proper, robust, streamlined service, so we are not rushing to implement them. Obviously, within the implementation programme, there will be timescales, but the most important thing for us is that we get where we want to be rather than worrying about how quickly we get there. So, those recommendations will not be implemented in the next couple of weeks. In fact, working towards that implementation in a proper way will be incredibly important for us. So, it will be over the next year—

[60] **Mr Breeze:** Over the next year.

[61] **Jocelyn Davies:** I suppose that it could be ready for not the coming financial year, but the financial year after that. I am not setting that as a deadline, and I am not saying that we will not do it quicker, but we will get there in the next year.

[62] **Mr Breeze:** As the Deputy Minister said in her opening remarks, there has been some pressure to move very quickly on some of the financial changes, but that has to be done very carefully and thoroughly, and the programme is geared towards doing that, in conjunction

with all the relevant parties.

[63] **Jocelyn Davies:** We must ensure that the changes do not adversely affect the projects that are out there and the people who are being supported at the moment.

[64] **David Lloyd:** Trof yn awr at y cynllun digartrefedd. Yr ydych wedi sôn eisoes am y £1 miliwn ychwanegol sydd wedi'i roi i 16 o brosiectau ar draws Cymru. Yn deillio o hynny, a allwch roi manylion pellach i'r pwyllgor ynghylch cynnydd yn y prosiectau a ariennir gan Lywodraeth Cymru i gynorthwyo i atal digartrefedd? Sut y caiff effeithiolrwydd y prosiectau eu gwerthuso yn erbyn nodau'r cynllun digartrefedd 10 mlynedd?

David Lloyd: I turn now to the homelessness plan. You have already mentioned the additional £1million that has been given to 16 projects across Wales. Stemming from that, can you provide the committee with further details on how the projects funded by the Welsh Government to aid homelessness prevention are progressing? How will the effectiveness of the projects be evaluated against the aims of the 10-year homelessness plan?

[65] **Jocelyn Davies:** I know that evaluation is built into the programme, and that is done externally. Ceri, will you give us an update?

[66] **Mr Breeze:** I am happy to give an update on that. The overall message is that progress is going very well and in very quick time. Three of the projects have got off to a slightly slower start than the others due to set-up. They are catching up, and support is built into the programme to help them to do that. The programme is focused on three broad areas: improving how local authorities advise on and prevent homelessness; improving access to the private rented sector for people at risk of homelessness; and raising awareness of how and where to seek advice and help, which is something that the Council of Mortgage Lenders and others are stressing the importance of doing early.

9.40 a.m.

[67] I mentioned the systems thinking approach earlier in terms of providing a more effective advice system. There is a broad theme in this area, namely that of spreading good practice. It is about identifying good practice, trying it out, evaluating it and making sure that it is taken up across Wales to overcome some of the patchier services.

[68] Evaluation will look at three broad areas: the impact on service users; the impact on service provision, and the change and improvements that are made to that; and funding cost-effectiveness and sustainability.

[69] **Jocelyn Davies:** There is a half yearly evaluation report, so we will not wait until the end of the year to evaluate the whole year only to find that something could have been put right. We had a half yearly report just before Christmas, so we are aware that three projects need a little help. We thought that the most sensible way of doing it.

[70] **Mr Breeze:** I wish to make another point, which is important to all projects, namely that it is important to build in evaluation from the start of the project. This is what we have done with this series of projects. It is not only evaluation for ourselves; we have also put support in place for the projects to evaluate their own work, which is benefitting skills and implementing future action.

[71] **Mohammad Asghar:** My question is on the mortgage rescue scheme, which is admirable and which I respect. I really appreciate the scheme and your proposals on it. What assessment have you made of the impact of the revised eligibility criteria on the take-up of the mortgage rescue scheme, and is the scheme still able to meet its original objectives in light of

these changes?

[72] **Jocelyn Davies:** It is a good scheme, and I am very proud that we were the first administration in the UK to implement such a scheme. To give Members an idea of the resources involved—especially when schemes such as this are successful, as they cost a lot of money—in the first year and the second, we put £9.5 million into the scheme. We are putting £17.5 million into the scheme this year; so, over three years, £36.5 million will be put into the scheme. That money comes out of the social housing grant budget line, so if you are spending money on rescuing mortgages, it means that you are not building new properties. Like many budgets, it is about how much money you have and how much demand there is. Coming back to this year, out of that £17.5 million, you might approve an application but, because of the nature of that housing association purchasing that property and the debts being settled, it can take some months before you pay out the grant—it can take as much as six months sometimes, because these individuals usually have other debt problems that can complicate matters. So, the commitment for this year is £15 million up to now. We currently have applications in to the value of about £1 million. If all of those applications are successful, and they generally are—I do not think that we have needed to turn anyone down, because the housing association and local authority are involved before an application is made to us—that would leave £1.5 million for further support until the end of the financial year.

[73] Since June 2008, 382 applications have been approved, and 35 of those have involved specially adapted homes. The reason why we had to change the criteria was that we did not have any more money to put into it. If properties have been specially adapted, there has already been a public money investment in those properties, which you would spend again if another property is secured. It can be very difficult for specially adapted properties to be sold on the open market; there is a restricted market for them. The individuals concerned find it very difficult to find another property that is suitable for them. We met with the WLGA, Shelter and others to talk about the fact that we need to change the criteria. Because we had had a very open system prior to that, it was felt that this group was particularly vulnerable and very difficult to house, and there was already a public investment. That is why we felt that these should be prioritised within the resources that we now have available until the end of this financial year. So, we are still receiving applications. It is not fair to say that no-one can access the scheme, but those who do really are in dire straits.

[74] **Sandy Mewies:** I am afraid that I am going to have to ask Lynne to ask the last question in this session, which leaves three questions outstanding. Would you mind if I submitted them to you for answers in writing that can be circulated to Members?

[75] **Jocelyn Davies:** No, not at all.

[76] **Lynne Neagle:** How confident are you that local authorities and registered social landlords that are due to meet the Welsh housing quality standard by 2012 will be able to do so?

[77] **Jocelyn Davies:** I mentioned earlier that we are doing a project to assess where we are with the WHQS. I will be in a better position to tell you once that is completed, and we will certainly circulate that information to Members. I am aware that the Wales Audit Office is doing a value-for-money investigation of the Welsh housing quality standard. I am sure that it will be visiting a number of local authorities for that. So, there will certainly be something in the public domain very soon. Of course, a number of authorities are going to ballot on that, and there are a number that have asked for an extension to the 2012 deadline. In certain instances, we have agreed to that. There are a number that have submitted business plans showing that they are on target to meet the target. Of course, we still have two local authorities that returned a 'no' vote, and we are supporting them in order that they can do as best they can with the available resources. So, once we have the results of our project and the

Wales Audit Office's report, we will be in a position to see exactly where we are with the WHQS, Lynne.

[78] **Lynne Neagle:** Thanks.

[79] **Sandy Mewies:** Thank you for those very illuminating answers. Are you happy to move on to the next item without a break?

[80] **Jocelyn Davies:** Yes, if you could give the officials a chance to change over. Thank you, Richard.

9.47 a.m.

Ymchwiliad i'r Sector Rhentu Preifat—Casglu Tystiolaeth gan Lywodraeth Cymru Inquiry into the Private Rented Sector—Welsh Government Evidence Gathering

[81] **Sandy Mewies:** I am sure that I do not have to remind you about electronic devices, BlackBerrys or the translation equipment, but if you have any questions please ask before we begin. The Deputy Minister is still with us, as is Ceri Breeze. Joining them are Alyn Williams, the head of the housing and communities branch of the housing directorate, and Huw McLean, the housing regeneration and renewal manager. It was a very good paper, and I am sure that everyone has read it. I want to move quite quickly to questions because we have a lot of questions to get through. Deputy Minister, would you like to introduce the paper?

[82] **Jocelyn Davies:** I just wish to say that the private rented sector makes a significant contribution to meeting housing needs in Wales. It is fair to say that the sector's reputation is not fabulous and has been adversely affected, I am afraid, by the poor accommodation provided by some landlords. There are some landlords in the private sector who are very good, but their reputation is tainted by the very bad. More needs to be done, as renting in the private rented sector can be a bad experience if you are unfortunate enough to get one of those awful landlords. It is often seen as a tenure of last resort, unfortunately. We have done a number of things in relation to bad landlords, including the houses in multiple occupation licensing, the housing health and safety rating system, and the tenancy deposit scheme. It would be fair to say that the progress to date has been the result of patience. We have taken a patient approach, and we acknowledge the practicalities councils face in enforcement proceedings.

9.50 a.m.

[83] We were part of the Rugg review, undertaken on an England-and-Wales basis. We now know that the new Government is not bringing legislation in this area, so that is a missed opportunity for us, although I may have something to say a bit later on about legislation. However, on the Wales level, we have the all-Wales accreditation scheme, and I am incredibly proud that every local authority has agreed to participate in that. We have worked very closely with the National Landlords Association; we have incredibly enthusiastic members of the National Landlords Association helping us with that. We do need to consider a registration scheme. If there is a successful referendum, we will have legislative powers in any case in this area over the private rented sector, but we would need to think very carefully before bringing in legislation to ensure that it achieves what it sets out to do. We need a well-managed private rented sector renting good-quality homes to people who are happy and who are also good tenants. In the private rented sector, it is not always the landlord that presents a problem. Sometimes, it is the tenant. We should not forget that.

[84] We will move to questions, Chair, if you are happy to do so.

[85] **Sandy Mewies:** Given that research shows that the staggering amount of 14,200 new homes, in both affordable and market housing, will be needed in Wales each year until 2026, to what extent will the private rented sector be able to address part of the unmet housing need in Wales?

[86] **Jocelyn Davies:** I am very pleased that we have been able to produce 6,700 properties through housing associations, but that has been done over three years. I suppose that considerable numbers are needed each year. There is no reason to think that the private rented sector does not provide affordable good homes. I think that that is getting more and more unlikely with the changes to housing benefit. Regardless of what we do, and the efforts made by landlords, that can make a significant difference, because even the best landlord is relying on that income. I know that there is an expectation that some landlords will just lower their rent, but some of those will have financial models that were worked out based on the rent that they were expecting to collect. Perhaps some will not be able to do so. It might also deter people from being landlords; it might become too much trouble or not make profit. Private sector landlords do not do this out of charity; they do it because it is a legitimate business. It might have an impact. In the past, we could just assume that if the private sector sees an opportunity, if there is a gap in the market and it is a free market, it will often step in. We can no longer assume that that will be the case. Also, if there is less profit available in that market, maintenance might not be done as well as it was before, and if people are looking for cheaper properties, they will not be of the same standard as they could expect, perhaps, if they were paying more rent. I am not making these as political points; it just seems that that is good sense, and it is predictable that these things may possibly happen.

[87] Some landlords might be able to reduce the rent so that the new housing benefit will cover it, but I think that moving the cap from the fiftieth percentile to the thirtieth means that, whereas before, theoretically, five out of 10 properties in any area would be affordable, three out of 10 will now be affordable, but that does not mean that three out of 10 will be available. I have been made aware by a number of Assembly Members that lenders sometimes exclude benefit claimants from the mortgages that they give on the buy-to-let market; so, that does not mean that three out of 10 will be available. Some landlords are unable to let to people on benefits.

[88] So, there are a number of changes. They are things that we cannot really do anything about. I am not quite sure whether the private rented sector, therefore, will be able to meet the demand that could possibly be there for them.

[89] **David Lloyd:** Yr ydych wedi ateb y cwestiwn hwn yn rhannol yn eich geiriau agoriadol. Yn eich barn chi, beth yw'r blaenoriaethau wrth fynd i'r afael â'r angen am dai drwy'r sector rhentu preifat yng Nghymru; a sut ydych yn bwriadu cyflawni'r blaenoriaethau hyn yn yr hinsawdd ariannol sydd ohoni? **David Lloyd:** You have partly answered this question in your opening remarks. What do you see as the priorities in addressing housing need through the private rented sector in Wales; and how do you aim to achieve these priorities in the current financial climate?

[90] **Jocelyn Davies:** As I said, we have been fortunate in Wales in having people in local government and some in the private rented sector who are keen to get our accreditation scheme off the ground. The Rugg review felt that the accreditation scheme was a good idea. Wales is a small enough country that we have been able to do it and we have achieved it. We launched it in 2008. We have a good number of landlords—I think that it is 800—in the accreditation scheme. It is a very healthy number, and the accreditation scheme is running in every single local authority area. So, we know that the landlords that are in the scheme are good landlords that have met certain criteria and are committed to continuing professional development, so I would have no problem with recommending any of those landlords to

tenants. So, we know that that scheme can work.

[91] A priority for us would be to continue the accreditation scheme and encourage more landlords to join. I would like to offer something to the landlords that do that, because it takes up their time; they have to spend at least one day undertaking the requirements of the scheme in order to get accredited and meet certain criteria. That is an inconvenience, so there must be an advantage to them from doing that. If not, it is difficult to ask them to give up their time. It must be of advantage to them, and we need to think about that. I have few legislative powers in this area, although things might be different in the future.

[92] I draw the committee's attention to action that we have taken in Rhyl, not through the housing directorate, but through the regeneration directorate. We bought some properties from slum landlords and demolished them. Through a housing association, we provided resources to buy some of the large properties and knock them down so that those properties could not be reoccupied. They were not fit to be—

[93] **Sandy Mewies:** Was that in the Rhyl west end?

[94] **Jocelyn Davies:** Yes. That seemed to be the best thing to do there, because when the local authority and housing associations rehoused the people who occupied those dwellings, it just meant that they were free to be let to someone else. The tenants who went into those dwellings were those with no choices whatsoever. That is one thing that we should consider. It is very expensive to buy large properties just to demolish them, but, in that case, we thought that it was worth doing to see how it would pan out. I am a bit disappointed that the local Member Ann Jones is not here today, because I am sure that she would have a great deal to say about that.

[95] There are probably very few awful, slum landlords, but we need to make a concerted effort to attack them and encourage the best. Much of the market takes care of itself, but we have a lower end and we need to do something about it. In the short term, to return to your question, Dai, the accreditation scheme and cracking down on the worst landlords are important. We will not have the opportunity to legislate, but we must also acknowledge that the private rented sector is made up of many different sorts of landlords. You might have individuals acting as the landlord of one property, which they might do for a short time. Others are businesses with large numbers of properties and some may have a few properties. I would imagine that most are perfectly responsible and that the tenants and landlords are happy. Why should the Government interfere where everything is going fine?

10.00 a.m.

[96] We would like to see compulsory written tenancy agreements, but that is about consumer protection and makes perfect sense. However, I am led to believe that there is a lot of legislation in this area. I was recently looking at a Joseph Rowntree report into the private rented sector. It was not a Welsh report, but a UK report and quite recent. I think that it says that there are over 50 pieces of legislation governing the private rented sector. Now, you would have to be an incredibly sophisticated person to be au fait with all of that legislation. So, there is probably a great ignorance of the law as it stands, because there is so much of it. Among landlords, even if it is their business, it would be difficult to keep up with that, and certainly among tenants it would be very difficult. So, perhaps being able to find the law in one place would help. Information would be helpful, and continuing with encouraging the best landlords and perhaps trying to offer them an inducement, and cracking down on the worst. However, for the main plank, where everyone is perfectly happy, I do not know why Government would want to interfere or ask local authorities to enforce and check, so using resources that it does not really have. I do not know whether that is helpful, Chair.

[97] **Sandy Mewies:** That is very helpful. Thank you.

[98] **Mr Breeze:** I will just add one point. Better consumer information, as the Minister said, is important for everyone, particularly younger people when they are moving into the private rented sector to perhaps take up employment. So, there is more to inform them than; some people get bad experiences and others get good ones. We need to address the bad experiences.

[99] **Jocelyn Davies:** The regulation and so on around this sector has been piecemeal, so you have criminal law, sanctions, consumer protection, professional bodies, accreditation licensing and environmental health, and it has built up an incredibly complicated picture.

[100] **Eleanor Burnham:** Rhyl is very much improved and I commend all of that work in Rhyl, as a regional member. It is fantastic. I used to visit Rhyl as a child and, even in those days, it was—.

[101] How do you see the proposals to establish a national register of landlords and mandatory regulation of letting agents in Wales being taken forward following your recent consultation, and are voluntary initiatives, such as accreditation schemes and landlord fora, sufficient to negate the need for further regulation?

[102] **Jocelyn Davies:** Sometimes, when you introduce regulations, you find that the people that that inconveniences the most are those who did not need regulation to start with. The best landlords, of course, will want to be in the accreditation scheme. Obviously, we think, ‘Something should be done in the private rented sector, because we want good standards; we want a minimum standard so that we know that no-one falls below that’. However, those that volunteer themselves for something like the accreditation scheme are probably very good landlords anyway. However, spreading good practice is important, so I think that we should continue with the accreditation scheme, but I would like us to be thinking about whether there should be an advantage to those landlords who are in the accreditation scheme that makes it worthwhile for more people to be in it.

[103] Whatever the regulations, as you, as the regional member for north Wales, mentioned, Eleanor, people were still living in slum conditions. The law did not change the conditions for those people, but what has happened is that the local authority decided that it would join with other agencies, such as the police, environmental health, ourselves and others, so there was a whole raft of agencies involved in swooping down and closing some of those landlords down, using a whole range of powers and swooping in together. So, I am not entirely certain as to whether we would need more regulation to do that. I would like to see a registration scheme, but if it means bureaucracy for those who are already doing fine, we would have to know what we wanted from that registration scheme. You mentioned housing benefit earlier, and I suppose local authorities, when you think about it, already have a list of landlords in their areas, because of the administration of the housing benefit system. However, whether that has been used as a database of landlords is another matter. It could be the case that we have information available to us, but that we are not aware of it, or perhaps it has not been brought together in such a way that it could be used for other purposes. I know that we need to look again at our guidance, because, as I mentioned earlier, houses in multiple occupation have been a focus for this Government, and a great deal has been done to improve things, but we still have problems within the private rented sector apart from those with that sort of accommodation. So, at the risk of repeating myself, I want to encourage good landlords to go into the accreditation scheme.

[104] **Eleanor Burnham:** You could do that for letting agents as well.

[105] **Jocelyn Davies:** Yes. You could attach conditions to an accreditation scheme that

would not need any legislation. We need to crack down on the worst offenders, and, where things are going fine without Government interference, then let us not use our resources to interfere, as, quite frankly, it is not needed. I do not know whether that helps you.

[106] **Sandy Mewies:** What about mandatory regulation of letting agents?

[107] **Jocelyn Davies:** Before we make any changes on a legislative basis, we need to work out exactly what the consequences would be. Alyn or Huw, who work daily in this sector, might be prepared to say something about that.

[108] **Mr Williams:** The current accreditation scheme also extends to letting agents. However, it is unfortunate that, currently, not many, if any, have taken it up. I think that compulsory regulation could be seen as a sign of failure, not least in the communication between local authorities and landlords and letting agents. There has been a great deal of success with the accreditation scheme, and we need to build on it and extend it towards the letting agents and get as many of them as possible on board as well.

[109] **Jocelyn Davies:** When I go around Wales and meet local authorities, I see some very good practice. However, I cannot work out why good practice is such a bad traveller. How can you have incredibly good practice in one place and not another in such a small country? We as a Government could do a lot more to spread good practice and perhaps change the perception of the private rented sector, so that it is not seen as a tenure of last resort. For some people, the private rented sector makes perfectly good sense and provides decent, affordable homes where they want to live.

[110] **Sandy Mewies:** We had evidence from Cardiff Council stating that the local universities use accredited landlords. Is that the kind of incentive that you want to see, because you are talking about incentivisation, are you not?

[111] **Jocelyn Davies:** Yes, so that it is worthwhile for the landlord to be part of the accreditation scheme. We could perhaps think about badging it, for example. I know that universities are doing that on their websites. If the parent of a young student who is going away from home, perhaps for the first time, to university can look on the university website and see a list of landlords that that university has said are good landlords, then that parent feels a lot better about that. Perhaps we could expand on that idea, so that it is worthwhile for landlords to become part of the accreditation scheme.

[112] We are incredibly concerned about empty properties, and I know that some people who have perhaps inherited a property, or own a property that they do not use, have been encouraged by local authorities, for a small grant, to bring it up to a usable standard and to become landlords. Perhaps that should be offered to accredited landlords, so that they can bring empty properties back into use, but we would only offer that opportunity to someone who met certain criteria. In that way, there would be a value and benefit from being an accredited landlord. Landlords are probably not short of customers and do not need to be accredited to rent a property. Also, you do not want to make something more bureaucratic than it needs to be, particularly for those perfectly good landlords who are renting a smaller number of properties.

10.10 a.m.

[113] **Sandy Mewies:** Mark has a short supplementary question. I also ask for short answers, because we still have a lot to get through.

[114] **Mark Isherwood:** What role, if any, do you think that accreditation schemes could play in developing private sector intermediate rent schemes by managing the risk against the

payment received? I know that some of the original voluntary schemes in Wales endeavoured to do that and that the UK Government has now announced that it will pay LHA directly, provided that an intermediate rent level is agreed with the private landlord.

[115] **Jocelyn Davies:** The idea behind the local housing allowance scheme being paid directly to the tenant was that it allowed the tenant to shop around. I know that some private landlords dislike the idea that they have to collect the rent from the tenant, although they have to collect the rent from tenants who are not receiving local housing allowance. There should be no return to the old system, in which the rent, if you were on benefits, was paid directly to the landlord, unless you were satisfied with that. Again, the state can use its purchasing power and so on to set conditions without bringing in new legislation and saying what the standard of accommodation must be when it knows that people will not comply with that, that it is impossible to enforce and that it will become terribly bureaucratic. There might be other ways of creating a system whereby we improve standards, which is what we want. In a legislature, you think ‘We want to do something about that, so we’ll bring in a law’. That does not necessarily mean that the people who need it will get the benefit. We must think of smarter ways of regulating, especially in a sector such as this, which is so diverse.

[116] **Mohammad Asghar:** You have already answered part of my question by saying that 800 landlords are already members of the accreditation scheme, but we do not know how many are not. How can local authorities advise and educate landlords who do not participate in voluntary initiatives such as the accreditation scheme? What can the Welsh Government do to publicise and incentivise landlord accreditation schemes in Wales?

[117] **Jocelyn Davies:** As I said, I am pleased that every single local authority has the accreditation scheme, because of a lot of work by a lot of people. A lot is being done, although perhaps we are not always aware of it. I am not sure what we can do about those who do not want to join the scheme. As I mentioned earlier, as long as they are not bad landlords and as long as the tenants and landlords are happy, I do not know why I would want to concern myself with them. There could be thousands of landlords in Wales; I have no idea. Many people could be renting out just one property. People may say ‘I’ll rent that property for the next two years, and then sell it’. So, you have some people who do it for a long period of time and some people who do it for a short period of time. We would not want to deter people from making homes available because the system for renting out was so bureaucratic. As I said, we need to encourage the best and crack down on the worst. Unless I was convinced otherwise by evidence, I would leave the rest to carry on under the legislation as it stands. After all, there are 50-odd pieces of it—I am sure that some of it must be useful.

[118] **Lynne Neagle:** You have said a bit about the need to improve the evidence base on the private rented sector. Can you say more about what the Assembly Government is doing to take that work forward?

[119] **Jocelyn Davies:** This is a difficult one. As I mentioned earlier, Lynne, local authorities have information available, but they have collected it for another purpose. If it were possible to access that, we would have a better idea of who landlords are and where the properties that are being tenanted are. Otherwise, there could be many thousands of landlords. We have no handle on that. We know how many are in the accreditation scheme. We should, perhaps, be able to pursue that.

[120] **Lorraine Barrett:** The committee has received evidence about the need for a more joined-up approach to improving standards between local authorities, private landlords, registered social landlords and tenants, but also within local authorities when dealing with the private rented sector. How can the Welsh Government facilitate a more unified and strategic approach with regard to the private sector? Do you think that local authorities should have a dedicated private rented sector officer to help them to co-ordinate work in a more strategic

way?

[121] **Jocelyn Davies:** I suppose that, in the local authority, there might be someone in the environmental health department and so on—there would be a number of people involved. I would not like to say how local authorities ought to organise themselves. Obviously, for this purpose, there would be a benefit to it. The housing health and safety rating system was introduced in June 2006 in Wales, and we have guidance on the operating and enforcement of it. You mentioned standards, and we know that, in 2008, there were 905,000 dwellings in Wales that had no category 1 hazard. However, when we look at the category 1 hazards, many of them are found in the private rented sector. So, the local authorities need to focus on those properties where there is a category 1 hazard, because that means that there is something about the property that makes it hazardous for the person living there to occupy it. I know that the WLGA has developed a toolkit in order for local authorities to engage with the private rented sector. Huw or Alyn, are you aware of the toolkit?

[122] **Sandy Mewies:** We have received that.

[123] **Jocelyn Davies:** As I say, I know that there is some very good practice in local authorities. The issue is spreading it and maybe promoting it. I am now required to re-look at the guidance that we have issued on enforcement in looking at the category 1 hazards and the number of properties that are affected in the private rented sector. However, property that is in the private rented sector today could be sold tomorrow, or it could be empty next week. The situation can change very quickly. So, it is a difficult area for the local authority when it comes to enforcement.

[124] **Sandy Mewies:** I will just remind Members that we now have 12 minutes left of this session, and it is a very important session to inform our inquiry. So, I would ask everyone to keep questions and answers as succinct as possible. Bethan Jenkins has the next question.

[125] **Bethan Jenkins:** Mae gennyf gwestiwn byr sy'n dilyn y pwynt hwnnw ynglŷn ag awdurdodau lleol. Yn eich papur yr ydych yn nodi bod gan awdurdodau lleol nifer o bwerau, ond nad ydynt yn cael digon o adnoddau i allu newid y sefyllfa. Sut y gall awdurdodau lleol wneud gwell defnydd o'r pwerau sydd ganddynt yn barod i ddelio â safonau gwael, yn wyneb y sefyllfa gyllidebol argyfyngus yng Nghymru ar hyn o bryd?

Bethan Jenkins: I have a brief question that follows on from that point on local authorities. In your paper you note that local authorities have a range of powers, but that they do not receive enough resources to change the situation. How can local authorities make better use of their existing powers to deal with poor standards, given the dire financial situation in Wales at present?

[126] **Jocelyn Davies:** Yes, it is a problem, because enforcement relies on people, as I mentioned earlier. I know that there is good practice, for example in Denbighshire, where the local authority is focusing on the worst and has decided that it will crack down on them and close them down. Huw or Alyn, I do not know whether you would like to add anything.

[127] **Mr McLean:** I think that Swansea council gave evidence to you in an earlier evidence session, and its approach is excellent. It looked at having mandatory HMO licensing first and then introduced an additional scheme. We are now looking at selective licensing. It has a very good landlords' forum, which encourages a two-way dialogue. On the issue of why the good practice does not spread, which was mentioned earlier, it is partly a result of devolving power to local authorities, because they are best placed to know what works locally. Swansea has a high incidence of student housing, which influenced the approach that it has adopted.

[128] **Jocelyn Davies:** We would recommend making better use of the toolkit that the WLGA has developed.

10.20 a.m.

[129] **Joyce Watson:** You have already mentioned the housing health and safety rating system, which came in in June 2006. However, we have received a number of pieces of written evidence, and in particular from National Energy Action Cymru and the Chartered Institute of Environmental Health Cymru, saying that that piece of legislation offers a form of protection to tenants whose homes are excessively damp or cold but that, in their opinion, it is not used anything like as often as it should be and that too few local authorities use it even strategically. How well do you feel that that rating system is used by local authorities? Following on from that, what could you or we do to encourage local authorities to use it more strategically?

[130] **Jocelyn Davies:** I can certainly take this up with council cabinet members for housing. I meet with the WLGA and cabinet members for housing regularly. As I mentioned earlier, we have two sets of guidance relating to that, and we could certainly look at that again or emphasise it. Of course, if there are examples of specific local authorities not doing as they should, I am quite happy to take that up individually with those local authorities. If most local authorities are operating the system perfectly well, I would be reluctant to complain to them, but I can deal with specific cases. We are a small enough country that we can do that. I would be delighted to hear about specific cases. Perhaps I can look at the evidence that you have received and take that up.

[131] **Sandy Mewies:** Is it perhaps an issue that tenants have more information and, therefore, have the confidence to complain? Is that an issue as well?

[132] **Jocelyn Davies:** It is an issue. There is a fear that there will be retaliatory evictions if tenants complain. Obviously, it is a bad landlord who evicts someone because they wanted them to fulfil their statutory duties. This is something that Shelter is worried about, and, from my constituency case load, I imagine that people are a bit reluctant to complain officially to the local authority when the landlord does not carry out their duties.

[133] **Joyce Watson:** What if the landlord is the local housing authority or the county council? I see plenty of such cases, as I am sure you all do. Do you think that there is any possible mileage, when councils put out their propaganda papers, whatever they call them in different areas, in including a section on knowing your rights as a tenant? Could we not make them do something? I feel very strongly about this, because that is public money used to inform the public. Can we not make them use public money to inform the public to their benefit? Could this not be included as part of that information?

[134] **Jocelyn Davies:** Yes, it certainly could be. Perhaps we could also consider speaking to local authorities about providing a leaflet when they are in communication with housing benefit recipients informing them about their rights, because a letter is being sent anyway. There probably are ways to deal with that quite effectively.

[135] **Sandy Mewies:** There are several strategic ways to provide information.

[136] **Jocelyn Davies:** Providing that information is important.

[137] **Mark Isherwood:** Your paper refers to tenant security of tenure. I think that landlord evidence indicated that private sector landlords prefer longer term tenancies. Obviously, again, it comes down to risk. In order to develop the private sector as a tenure of choice, how, if at all, should the assured short hold system be changed or reformed? In managing risk, do

you think that there is a greater role for local authorities to use discretionary housing payments where National Landlords Association research has shown that some in Wales do it very well while some do not do it at all?

[138] **Jocelyn Davies:** I know that the National Landlords Association makes the claim that the average tenancy is 11 years or something like that. Not everyone will want to live in a property for a long period. If you have a good tenant and they pay the rent and you are a good landlord there is no reason why someone would not want to stay in a good home for a long period of time. Tenants who stay a long time tend to look after the property and the garden and so on, because they are going to be there next year to enjoy the benefits. Obviously, if you only intend to stay somewhere for a short period, you might not bother to cut the grass. That is normal human behaviour.

[139] We need to be very careful about making any changes, and we must give full consideration to how that might pan out. Long tenancies might suit both parties, but security of tenure might also encourage landlords not to take on people who they think would stay a long time, if that is not what they want. So, I know that there has been a suggestion that the tenancy agreement, after a probationary period, should be a number of years, perhaps four or five. However, if you are a landlord who does not want someone in that property for five years, you might just take on someone who you think will obviously be moving out next year. So, they might not take on families, for example, and they might filter out people who would want to stay a long time. So, you think that you are giving rights to people, but, in fact, you are creating a system that means that they do not get the chance to get in to begin with.

[140] We must bear in mind all possible scenarios before we make changes. If a landlord wants someone to stay a long time, and the tenant is content with that, there is no problem with them staying with the system as it is at the moment. They can grant them a longer tenancy if they want to. So, I am not opposed to changing security of tenure, but what I am saying is that we might think that it is a solution, when it might not be. The landlord could quite rightly ask whether they would be entitled to some financial compensation for the rent that they had not received if the tenant left early, in the same way as a bank seeks compensation if you finish paying off a loan early. Banks expect you to pay a financial penalty because they are not going to be getting the interest off you that they had expected.

[141] So, we must think carefully about security of tenure because of those circumstances. I know that in countries where long tenancies are mandatory, some people find it difficult to get a tenancy at all because landlords know that they will stay a long time, and they do not want the house to be occupied for the next five years. It might not suit them. So, what I am saying, Mark, is that there could be consequences that mean that the people who you want to give an advantage to actually end up more disadvantaged. So, I want to give that more thought.

[142] **Sandy Mewies:** Okay.

[143] **Jocelyn Davies:** I am sorry; I did not answer Mark's question on housing allowance. May I send you a note on that, Mark? I will be perfectly honest and say that I have forgotten what the exact question was.

[144] **Sandy Mewies:** I want to move on anyway, so a note would be good. Dai is next.

[145] **David Lloyd:** Yr wyf am eich holi ynghylch rhwystrau mynediad i'r sector rhentu preifat. Beth y gellir ei wneud i sicrhau bod pobl sydd ar incwm isel yn cael cefnogaeth i gael mynediad i'r sector rhentu

David Lloyd: I want to question you on the barriers to accessing the private rented sector. What can be done to ensure that people on low incomes are supported to access the private rented sector? Are bond boards

preifat? A yw byrddau bondiau yn ddigonol i sufficient to tackle the issue of affordability
 fynd i'r afael â phroblem fforddiadwyedd when trying to access the private rented
 wrth geisio cael mynediad i'r sector rhentu sector?
 preifat?

[146] **Jocelyn Davies:** The housing benefit changes could make this incredibly difficult in the future, and we could find that some people who are currently in a rented property might need to move out and find a cheaper property. We could find a lot of people doing that all at the same time, so landlords are not going to be short of customers, which means that they can be very choosy. They therefore might not want to take on tenants who they think might prove to be more challenging than others. So, the situation might be very difficult in the near future. We have some leasing schemes, where associations and organisations lease private rented properties and then take over the management, and I have seen some very good examples of that.

[147] You mentioned bonds, which are sometimes the requirement; it is perfectly understandable that a bond is paid. However, a bond only gets you in; it does not mean that you can pay the rent. So, the fact that you have been able to pay a bond does not always keep you in. Alyn or Huw might be able to say something about the bond boards.

[148] **Mr Williams:** The bond boards are more and more becoming the private sector leasing schemes, whereby, as has been said, the letting and housing management issues are managed by the voluntary sector, a housing association or the local authority, which provides support to both sides. There has been some great success with this, not least, to name just one, with the Cadwyn Housing Association's CanDo Lettings scheme, which has won a UK-wide award. There is also a very good scheme in north Wales where the Welsh Assembly Government is supporting good quality private sector leasing. The imperative is for us to cascade again that best practice and make sure that everyone benefits.

10.30 a.m.

[149] **Eleanor Burnham:** Yr ydym oll yn gwybod bod adolygiadau i'w cynnal o ran budd-daliadau. Sut y daw eich Llywodraeth i ben ag effaith hyn ar ddatblygu'r sector rhentu preifat yng Nghymru?
Eleanor Burnham: We all know that a review is to be undertaken in respect of benefits. How will your Government deal with the effects of this on the development of the private rented sector in Wales?

[150] **Jocelyn Davies:** We cannot make up the shortfall in the rent. We certainly will not be able to do that. It will be incredibly difficult for some families, particularly large families. We are working with the sector and looking at options. Once we have a clearer picture, we will be in a better position, but we will not be in a position to make up the difference in the rent. Do you wish to comment further, Alyn?

[151] **Mr Williams:** It is a matter of publicising the proposed changes, making sure that our colleagues get out and about, making sure that everyone is aware of the changes, getting the information through to the tenants, and making sure that they are as well informed as possible by the time that the changes take place.

[152] **Eleanor Burnham:** Are there any specific groups that are likely to find it more difficult to access the private rented sector as a result of these possible reforms?

[153] **Jocelyn Davies:** Yes, as I say, I think that large families will find it difficult because of the four-bedroom rate now instead of the five-bedroom rate. Also families with several generations, where a large property is required, might find it difficult. I think that that will be incredibly difficult. I know that, for some families, that is an awful lot of money to make up

out of their disposable income. We know that a considerable proportion of people who are currently on housing benefit—60 per cent, I think—are currently paying a higher rent than they get housing benefit for. Therefore, more than half are already making up the gap from their disposable income, but we know that that the number of people in that position will increase. With the squeeze, they will have to make choices about prioritising the roof over their heads over other things on which they would spend their money. I suppose that those people who are least able to find work would find it very difficult, as would those people living in areas with very little choice. In some areas, perhaps people could move to a cheaper rented property, even if it was poor in condition, but that option is not always available.

[154] As I mentioned earlier, moving from the fiftieth percentile to the thirtieth percentile just means that there are fewer properties. The Department for Work and Pensions' own assessment stated that the private sector will shrink as a result of this. Therefore, there will not only be an effect on the family, but some landlords will just say, 'I am not going to do this'. If that happened to the worst landlords, I am sure that we would be pleased, but it is unlikely to happen to the worst landlords. It would be fine, would it not? If those properties then come on the market, there would be a benefit to people who are perhaps first-time buyers who would then be able to purchase a home. I am not sure how we can mitigate that, other than by making sure that people are well aware in advance, as Alyn said. In addition, Eleanor, the entire Assembly must try to influence the UK Government so that it can appreciate that the solution to a problem in very expensive areas in London might have incredible impacts on other parts of the country that were not intended. Therefore, it is necessary to make sure that everyone knows what the impact is. I know that the Welsh Local Government Association and individual councils are now looking at the effects on families in their areas so that we can make that case.

[155] **Sandy Mewies:** It is worth remembering that that is part of the reason why the west end of Rhyl became as it is. I will bring this session to an end with questions from Oscar and Lynne.

[156] **Mohammad Asghar:** Homelessness is a most important topic. How can the private rented sector be used in an effective and sustainable way to meet the needs of vulnerable people and contribute towards homelessness prevention? That was the first part of my question. How successful are initiatives such as social letting agencies and bond boards, which you just mentioned, in utilising the sector to prevent homelessness, easing the pressure on social housing waiting lists?

[157] **Jocelyn Davies:** As I said, I see good examples all the time, so we must not have the impression that the private rented sector is full of evil people who are interested only in getting their hands on the rent. Some of them are very good landlords, and work well with their local authority and with homelessness charities and housing associations. The Cadwyn leasing scheme is a good example: the housing association leases from private landlords, so the private landlords have no risk at all and their rent is guaranteed over a long period because the property is in the management of the housing association. It gives the association access to many more properties than it would otherwise have, and often they are family-sized properties in places where people want to live. There are some good examples of that. We have had discussions on our homelessness prevention approach, and this idea that you intervene early and ensure that people have a number of options rather than going through the homelessness route. The private rented sector has been an important plank of that approach, enabling us to house people perfectly adequately in decent properties with affordable rent, which is what most people want.

[158] It is in the best interests of the local authority to have a good relationship with the better landlords in the local area. They use the private rented sector, and without it they would not have sufficient accommodation. We would all agree that it is better for people to be

housed that way than, for example, having to go back to the old bed and breakfast accommodation that local authorities used to rely on for those without a roof over their heads. It is a win-win situation. We need to ensure that that happens. However, I would stress that those properties must be of a good standard, affordable, and well-managed. In many cases, the private rented sector has stepped up to the plate on that. It is just a case of weeding out those who have not.

[159] **Mr Breeze:** Many of the homelessness projects—

[160] **Sandy Mewies:** May I stop you there? I have one last question from Lynne, and I want to get it in. If you want to send a note to the clerk, that would be fine.

[161] **Jocelyn Davies:** Yes, we will.

[162] **Lynne Neagle:** You referred in your evidence earlier, Deputy Minister, to your concerns about empty homes. Could we do more as an Assembly, or is there anything that local government could do, to address that problem?

[163] **Jocelyn Davies:** Yes, there is a considerable number of empty homes in Wales, which amounts to a wasted resource. I suppose that a good proportion of them would make good homes for people in places where they would want to live. We have been working with Shelter to provide help, support and guidance along with local authorities to bring many empty properties back into use. Members will know that the legislative competence Order would give us the power to increase council tax over 100 per cent, if we wanted to, on properties that have been empty for a long time. We could give incentives to people to encourage them and if they did not want to take them up, the local authority could gain financially from those who refused. People used to buy empty properties but not do them up, or let anyone live there—they just waited for the price to go up, and sold them. It is not nice to live next to an empty property, especially if it has been empty for a number of years. It is something that people worry about, so I think that we should be intolerant of properties being empty for no good reason.

[164] I know that the National Landlords Association has been working with a number of local authorities on encouraging those who own empty properties to bring them back into use. Sometimes, as I mentioned earlier, they can get a small grant to do so, if the local authority then has the right to nominate the tenant. Some landlords are happy to do it. Carmarthenshire County Council has been particularly good, working with the National Landlords Association to encourage the renting out of empty properties. We have good guidance on that and, again, it is about spreading good practice and adapting it to local circumstances so that it can be used. However, we should not be a nation that tolerates empty properties for no good reason. It allows the condition of properties to worsen and it can attract vandalism. Shelter commissioned a telephone survey recently about housing and the No. 1 thing that people in Wales were concerned about with regard to housing was empty properties.

10.40 a.m.

[165] **Sandy Mewies:** I will bring the session to a close. I thank the witnesses who have given evidence today. It has given us a lot of food for thought, Deputy Minister, as I am sure that you are aware. We will send you a transcript of today's meeting, which you can check for anything that is factually incorrect. I would be pleased if the additional information that you said you would give us could be sent as soon as possible.

[166] **Jocelyn Davies:** Yes, and if you send us the unasked questions, we will respond to them.

[167] **Sandy Mewies:** We will. Thank you.

[168] I thank Members for being succinct, as I wanted to get through all the questions.

10.41 a.m.

**Cynnig Trefniadol
Procedural Motion**

[169] **Sandy Mewies:** In items 4 to 6, we shall consider the themes and issues that emerge from the inquiry into the private rented sector, the draft report of the inquiry into the accessibility of arts and cultural activities, and a draft set of terms of reference for the short inquiry that we will hold into the UK Government's Police Reform and Social Responsibility Bill—there was additional information for Members on that. Subject to the committee's agreement, I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37.

[170] I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion carried.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10.41 a.m.
The public part of the meeting ended at 10.41 a.m.*