



Eich cyf/Your ref
Ein cyf/Our ref MA/JJ/2861/21

7 September 2021

Dear John,

This evidence paper provides the Committee with an update on several housing matters as set out in your letter of 9 August: Rough Sleeping and Homelessness; Tenancy Hardship Grant; Discretionary Housing Payments; Evictions and the Pandemic; Building Safety; and the recent report by the Future Commissioner for Wales on “Homes fit for the future: The Retrofit Challenge.

I believe it is also important to provide an overview of what we are doing to significantly increase the supply of social housing which of course underpins so much of our ambitious agenda for housing in Wales. Our aim is to build better and greener social homes in Wales, build more of them, build them more quickly and ensure they are fit for the future.

Social housing brings multiple benefits including:

- Delivering high-quality, warm secure and energy-efficient homes for people who need them most, helping reduce fuel poverty.
- Supporting the foundational economy, construction industry and supply chain in Wales, delivering training and employment opportunities, including jobs and apprenticeships.
- Supporting the transformational shift of homelessness services to a rapid rehousing approach, where those who experience homelessness are quickly supported into a suitable permanent homes.
- Supporting older people and those with additional care requirements to live independently and to avoid dependence on residential or long term care, reducing the call on the NHS.
- Delivering good quality social housing which has a significant positive impact on people and communities, helping to achieve our long-term goal of ensuring people have access to decent and affordable housing, ending homelessness, improving physical and mental health and educational and employment outcomes, and ensuring those with complex needs receive the support they need.

The pandemic has highlighted the need for everyone to have access to a safe, affordable, home. It has also emphasised the huge challenges people who do not have a permanent

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home face. This is reflected in our Programme for Government which sets a challenging target to deliver 20,000 new low-carbon homes for rent in the social sector. The target specifically focusses on increasing homes within the social sector – it is not about market housing. From our housing need estimates, we know that under central estimates, 7,400 additional homes per year for the next five years are needed. This includes 3,500 additional affordable homes. Our target goes beyond this and I believe it is right that it does.

In recognition of our continued commitment to social housing, and in our ambition to deliver this challenging target, we have allocated a record £250m to the Social Housing Grant for both Registered Social Landlords (RSLs) and local authorities to access this financial year. This is more than double the budget seen in 2020/21.

Our new “Welsh Development Quality Requirements 2021 – Creating Beautiful Homes & Places” space standards (WDQR2021) set out our ambition to deliver low carbon housing, with homes delivered through our Social Housing Grant programme leading the way. WDQR2021 promotes the use of Modern Methods of Construction (MMC) and non-fossil fuel heating systems. To support our target further, it is my intention that the next phase of the Help to Buy Wales scheme which, subject to the availability of funding, will commence in April 2023, will demand market homes are built to the new standard. This will mean that RSLs and local authorities will be able to buy housing ‘off the shelf’ from market developers, thus increasing the supply of social and affordable homes.

Complementing this, the Innovative Housing Programme has provided £155m for the delivery of circa 2000 social homes across 64 developments over the last 4 years, showcasing innovative and MMC for low carbon social housing. Our ambition remains to see more low carbon MMC homes via mainstream delivery as part of the core social housing grant delivery programme.

Our Programme for Government makes a number of commitments in relation to communities in Wales facing particular pressures of affordability where there are high numbers of second homes. We have agreed a three-pronged approach to address the challenges these communities face. In terms of the support element of this approach, existing housing programmes will be tailored and targeted as part of a package to address issues of affordability, testing options in a pilot area initially. Homebuy, a shared equity scheme, which is available on existing homes will form part of the proposed package. The scheme allows a shared equity loan of between 30-50% to be made available, and will be a key tool in enabling local people to be able to afford to buy homes in areas where affordability is an issue. We have also encouraged our community-led housing programme, Communities Creating Homes, and our Rural Housing Enablers to offer advice and support as to how their work in local communities can help form part of the proposed package.

Homelessness / evictions and the pandemic

The Programme for Government contains a commitment to fundamentally reform homelessness services to focus on prevention and rapid rehousing. This will build on the inclusive approach we have taken during the pandemic to ensure no-one is left without the accommodation and support they need to stay safe. Up to the end of May 2021, around 11,500 people have been supported into temporary accommodation since last March. I am extremely grateful to staff in local authorities and the third sector who are working tirelessly to achieve this.

The latest available data shows that throughout Wales, 1,094 people presenting as homeless were placed into temporary accommodation during May 2021, 44 fewer than in April 2021. 483 homeless individuals were moved into suitable long-term accommodation, 52 more than in April 2021. At 31 May 2021, there were an estimated 76 individuals

sleeping rough throughout Wales. This is an increase of 6 from the 70 individuals sleeping rough at 30 April 2021.

Welsh Government continues to fund this approach through the local authority Hardship Fund on a needs-led basis. Around £20m additional funding was claimed by local authorities for this emergency response during 2020/21.

We have also adapted the way we work during the pandemic and now have an established group of Homelessness Prevention Relationship Managers whose role is to work closely with all local authorities to support and drive forward the homelessness prevention agenda. The regular two-way engagement means we can better understand issues at a local level and ensure that our policy responses are effective and every effort is being made to support people out of homelessness into suitable, safe accommodation.

Whilst the pandemic has necessarily focused our activity on those who were already experiencing homelessness, given the public health situation we were also able to put in place legislative measures to limit evictions. However, with the improving public health context, the regulations restricting evictions were allowed to expire at the end of June. Evictions, that would otherwise have been restricted, have been able to be enforced since 1 July. As the latest published management information on homelessness presentations is from May this year, there is not yet data available on the implications of the lifting of the regulations on homelessness presentations.

The regulations requiring landlords to give six months' notice to end a tenancy remain in place and no decision has yet been taken on what requirements will be appropriate after the current regulations expire on 30 September. This decision will be taken nearer the time, in light of the prevailing situation regarding the virus at that time.

Another preventative measure we have taken to help people stay in their tenancies and prevent homelessness is the creation of the Tenancy Hardship Grant (THG) which opened for applications on 15 July. This £10m grant, delivered through local authorities, will support private rented sector tenants who are struggling to repay significant rent arrears that have built up as a result of the pandemic.

The THG replaces the Tenancy Saver Loan. Tenants who have already taken a loan through the scheme will have their loan converted to a grant. The THG aims to reach private rented sector tenants who are at serious risk of eviction, and therefore homelessness, and support them to remain in their homes.

Between 15 and 31 July, local authorities declared that there had been:

- 15 applications submitted, totalling just under £37k
- 1 grant paid - £4k
- 5 applications rejected, but all because the tenant was on housing-related benefits – applications were turned into a Discretionary Housing Payment grant applications.

Although we do not yet have figures for August, we know, anecdotally, that the numbers of applications have risen significantly in some areas. Included with the information local authorities are collecting is data on the level of and reasons for the rent arrears; the sustainability of the tenancy; registration by the landlord with Rent Smart Wales; the reason for rejection of applicable; whether referred on for a Discretionary Housing Payment; and where the applicant heard about the grant.

We are also providing an additional £4.1m to local authorities this year to top-up Discretionary Housing Payments (DHP) to help those on benefits who have struggled to pay

their rent as a consequence of the pandemic. This is another preventative measure to help keep people in their homes and prevent homelessness. We have been forced to step in as the UK Government has cut the DHP payments to local authorities this year and we have written to them to express our great disappointment at these cuts at a time when the DHP fund is required more than ever.

Building Safety

The UK Government's Building Safety Bill is currently before Parliament and presents an early opportunity to provide Welsh Ministers with powers and extended functions for local authorities to address many of the criticisms of the building control system in Wales following the Grenfell fire. Given the devolved nature of building standards an LCM has been [laid](#) in the Senedd which sets out those aspects of the Bill that will apply in Wales.

As you are aware, the consultation on our [Safer Buildings in Wales White Paper](#) closed in April of this year. At present we are reviewing responses and intend to publish a summary and Government response in autumn 2021. This will provide an overview of the comments and insights received in relation to our proposed reforms and how we intend to progress with our work on the Building Safety Regime. An announcement on the timings of this proposed Bill will be made in due course.

I have already announced the launch of the Building Safety Passport scheme which will allow Responsible Persons of residential buildings more than 11m in height to access grant funding to undertake survey work to identify the scale of any fire safety defects with the building. The scheme will open to applications in the autumn and I will provide further detail on the application process as soon as possible.

My officials are also working on a package of measures to support leaseholders; this includes a remediation fund to address issues of cladding compartmentation, fire suppression systems and evacuation alert systems. Further details of this next phase of support will be made available as soon as it is finalised and by spring 2022.

I intend to host a roundtable event for developers later in the autumn which I hope will bring together those who have already engaged positively with me on this important issue, as well as bringing the more reticent developers to the table. I intend to make public those who are not willing to join me for a discussion about building safety.

We are working with colleagues in the Local Authorities and the Fire and Rescue Service to ensure we have as much robust data as possible on medium and high rise buildings. As you can appreciate, this often requires building owners to quite literally look beneath the surface to fully appreciate the scale of these issues. In places there has been some reticence to do so which is why the Building Safety Passport scheme has been launched to support building owners, and Government, to have a more complete picture of the scale of the problem.

Of course, tackling the climate and nature emergencies underpins everything we will do this Senedd term. Our net-zero strategy is due out later in October and will set out how we plan to tackle the decarbonisation of homes across Wales, drawing on the learning from our innovative programmes in the social housing sector. 10 percent of Welsh emissions come from the residential sector and, as in other sectors, I am keen to make the 2020s the decade of action to drive the changes we need.

In relation to the report by the Future Commissioner for Wales on "*Homes fit for the future: The Retrofit Challenge*", we engaged with the Office of the Future Generations Commissioner for Wales (FGC) over the work carried out in partnership with New Economics Foundation and the Sustainable Design Collective to look at options for funding

the decarbonisation of housing across all tenures. The FGC held two workshops (the first focusing on the private rented and owner-occupied sectors, the second focusing on social housing), with a number of key stakeholders which helped to develop their recommendations.

The report estimates that a national programme of decarbonising the housing stock which will help to alleviate fuel poverty will require £14.7bn of investment over the next decade, based upon cost estimates from the Welsh School of Architecture consisting of £5.5bn for social housing, £4.8bn for homes in fuel poverty, and £4.4bn for homes in the owner occupied and private rented ('able to pay') sectors. The report suggests grant funding of £5.3bn is needed over a 10 year period - of which £3.6bn comes from the UK Government (through Shared Prosperity Fund and a Low Carbon Infrastructure Fund) and £1.7bn from Welsh Government. These estimates are based on homes in the social housing sector being decarbonised and having an EPC A whilst the Private rented and owner occupier sectors will be at EPC C. The report recognises that decarbonisation has the potential to be a game changer for the Welsh economy – in creating new industries, skills and jobs, based on local supply chains and supporting the foundational economy.

There is no simple funding solution for housing decarbonisation; instead, we are likely to see a variety of funding solutions being offered across different tenure types, which may include innovative funding solutions. Any funding package for housing decarbonisation will need to sit alongside work on strategy, engagement, delivery, skills, supply chains and standards, together with a regulatory framework to help mandate the improvement. We will continue to engage with stakeholders, including the FGC, to ensure we develop appropriate funding solutions.

Decarbonising Wales' housing can make a significant contribution toward Wales reaching its net zero ambitions but it is a significant challenge. Standards for new build can be set to ensure we do not lock in significant amounts of carbon, that new homes are either low or zero carbon to run, or at a minimum 'future proofed for ease of later retrofit.

However, we have some of the oldest housing stock in Europe and 1.4m existing homes. Decarbonising existing homes is complex; we cannot repeat the mistakes of the past. Our flagship Optimised Retrofit Programme (ORP) will underpin the ongoing development of retrofit policy and practice across all sectors. ORP seeks to understand the best value combination of fabric and space and water heating improvements for individual properties and set out a route to 'net zero' for each home. This draws on the principles set out in the "Better Homes, Better Wales, Better World" report.

A 'one size fits all' approach to retrofit is inappropriate. In the past such approaches have resulted in inappropriate interventions which have had a detrimental impact on residents comfort and the quality of their homes. We launched ORP(1) in 2020-21 supporting 5 schemes with circa £20m. Nearly 2,000 homes will be surveyed and provided with a bespoke 'home passport' setting out the works needed to make each property energy efficient and install an intelligent energy system (IES). The IES produces baseline measurements to allow the impact of energy efficiency works to be assessed over time. This will allow us to report actual rather than estimated sector reductions in emissions. One consortia bid involving 27 social landlords is also developing a procurement Framework through an innovation partnership approach based on Foundational Economy principles supporting our foundational and circular economy ambitions. ORP is being supported with circa £50m of funding in 2021-22.

I hope the Committee find this information helpful and look forward to discussing these issues with you at the Committee session on 22 September.

Yours sincerely

A handwritten signature in blue ink that reads "Julie James". The signature is written in a cursive, flowing style.

Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change