

Evidence Paper from Minister for Climate Change on Housing for Local Government and Housing Committee scrutiny on 29 September 2022

Preventing homelessness

1. Local Authority homelessness and housing services continue to face considerable pressures with 8,134 people in temporary accommodation at the end of May 2022. There is evidence of significant rent increases in some areas in Wales, with considerable demand for private rented sector properties and a lack of affordable rented properties. This is exacerbated for those on housing-related benefits by a UK Government Local Housing Allowance (LHA) rate that was last updated in 2020 and which is pegged at the 30th percentile of local rents at that time. This is the rate at which housing-related benefits are paid to meet people's rent, and it is woefully inadequate - there is a significant gap between LHA and market rents across most areas in Wales, in some areas running into hundreds of pounds per month.
2. It is widely recognised that there is a need for more affordable homes in Wales – our ambition remains that every person has access to a decent and affordable home in their own community. In addition to our ambitious programme of work, including our commitment to deliver 20,000 low carbon social homes for rent and our action to address second homes and short-term holiday lets, intensive work is underway to increase medium and long-term accommodation to help both with the Ukraine response and to respond to the wider pressures in terms of those facing homelessness and in temporary accommodation.
3. We have also provided additional funding for local authorities to provide temporary accommodation to support our 'no-one left out' policy, and a £6m Homelessness Prevention Grant, giving local authorities maximum flexibility in using the funding to prevent homelessness. This might include, for example, providing bonds, rent in advance, clearing rent arrears and providing items of furniture.
4. The Committee will be aware of the commitment to take forward primary legislation that will reform the response to homelessness later in this Government term. In order that we build on the progress made during the pandemic through our 'no-one left out' approach in the interim, we will bring forward transitional regulations in the autumn. The consultation on the transitional measures closed on 20 June and I look forward to updating Members further on this matter in due course.
5. Work on the wider legislative reform is continuing in parallel. We have commissioned Crisis to convene an Expert Panel to inform the development of detailed proposals for legislative reform to end homelessness in Wales. The group will hold their inaugural meeting on the 31 August 2022, when it is expected it will agree a set of themes to guide their work over a twelve-month period. The group will provide their final report in August 2023.

6. Alongside the early work of the panel, we intend to publish a Green Paper in early 2023. The Green Paper will refer to the themes set by the expert panel and will provide additional and broad context into the proposed reforms, for consideration alongside the Expert panel's report.
7. As part of our published commitment to make the move to rapid rehousing, local authorities have been submitting their draft Rapid Rehousing Transition Plans to my officials for feedback. Final plans will be submitted by the end of September. These plans will set out how each local authority plans to put in place the required access to both accommodation and support in order to align with the rapid rehousing approach over the next five years.
8. The pressures on housing are huge – we are rightly supporting Afghan, Syrian and other refugees in temporary accommodation and want to support people to move on to longer-term accommodation as quickly as possible. Welsh Government is working with partners to increase the access to affordable housing as quickly as we can and we recognise the need to be flexible and creative. As part of this approach, we have established the Transitional Accommodation Capital Programme to increase accommodation to support existing housing pressures together with the Ukraine response. Phase 1 of this £65m programme has seen over £12m has being approved for bringing back into use 420 void properties. Phase 2 will see the delivery of additional homes over the next 12-18 months, as the focus moves to acquisitions, remodelling, demolitions and rebuilding work. Between them, Phase 1 and 2 will provide more than 1,000 homes.
9. We are also rolling out Leasing Scheme Wales to increase access to affordable homes in the private rented sector. Launched in January 2022, Leasing Scheme Wales is a key Programme for Government commitment, with funding of £30 million being made available by the Welsh Government over the next five years. Under the scheme property owners lease their properties to local authorities in return for a rent guarantee of Local Housing Allowance (LHA) rate. The funding being provided will cover the Local Authorities' costs in respect of administration, management, repairs and payment to landlords for any void periods.
10. To date 55 properties have been tenanted through Leasing Scheme Wales and the earlier pilot pathfinder. 15 local authorities have signed up to offering the scheme. It is likely that an additional two local authorities will join the scheme by the end of the year. Early indications suggest that local authorities will meet their Year 1 targets for bringing properties into the scheme.
11. Grant funding is available to landlords signing up to the scheme to improve the condition of their property, including for energy efficiency improvements. The level of grant available will depend on the length of time that the property is signed up to Leasing Scheme Wales. Grants range from £5,000 to £25,000.

Humanitarian response to the war in Ukraine

12. As a nation of Sanctuary Wales welcomes refugees from across the world. In order to support those fleeing the war in Ukraine, the Welsh Government established itself as a Homes for Ukraine super sponsor, providing accommodation and support services to Ukrainian people when they arrive.
13. Welcome Centres and other initial accommodation have been set up around Wales to offer accommodation and initial support, with a view to supporting people into longer-term homes as soon as practicable. We are working closely in partnership with local authorities, health boards and other public and third sector organisations to provide appropriate services and support; our partners have been outstanding in responding to the humanitarian crisis.
14. Securing accommodation is key to provision of support for those displaced by the crisis in Ukraine. This will involve a mixture of accommodation including individual hosting, the private rented sector and social housing.

Affordable Housing

15. Housing Need estimates show that 7,400 additional homes are needed annually across Wales. Under the central estimate, this additional housing need estimate of 7,400 is split into 3,900 additional market housing units (52% of the additional housing need) and 3,500 additional affordable housing units (48% of the additional housing need).
16. Local authorities undertake periodic reviews of housing need, discharged through the Local Housing Market Assessment (LHMA) process. The quality and currency of the outputs from the assessments are particularly important to the evidence base for Local Development Plans and play a vital part in delivering market and affordable housing and in meeting housing need.
17. A new approach to undertaking LMHAs was published on 31 March 2022. This new approach provides more consistency in how LHMA's are undertaken by providing a pre-populated tool. The new approach also includes Welsh Government review and sign-off of LHMA's.
18. From the Housing Need estimates, it is clear there is a need for all types of housing across Wales. As the Committee will be aware, this government has committed to deliver 20,000 new low carbon homes for rent in the social sector. The first data showing progress towards delivering the target is expected in the Autumn.
19. To support the commitment to deliver 20,000 new low carbon homes for rent in the social sector, record levels of funding have been provided. £250m in 2021-22 was allocated to the Social Housing Grant, doubling the budget from 2020-21. Record levels of funding have also been set through the budget in this current year (2022-23) with £300m being committed, and indicative draft budget allocations of £330m in 2023-24 and £325m in 2024-25.

20. This budget is allocated to local authorities using a formula and each local authority is responsible for bringing forward schemes to meet its strategic housing priorities. The Welsh Government formally approves these Local Authority Programme Delivery Plans (PDPs).
21. Work has also been undertaken to align the Social Housing Grant (SHG) funding process more closely with evidence of local housing need. Local authorities are required to produce a “prospectus” which outlines their strategic housing priorities for SHG. Local authorities will be encouraged to utilise evidence from their LHMA’s to inform their funding prospectus going forward.
22. The Land Division currently has approximately 25 parcels of land within its portfolio that are being considered for new home development. Four sites were transferred for housing between (February 2021 – January 2022) and have the potential (subject to local planning approval) to deliver 707 new homes of which 421 will be affordable. A further five sites are in the pipeline for transfer in the next 12 months which will deliver 441 homes of which 226 will be affordable. It is envisaged that construction will begin on these sites within the next 12 months.
23. We are also actively applying for planning permission on assets held by Welsh Ministers to build homes for social rent and market sale.
24. We want our developments to lead by example. Our schemes will aim to deliver 50% low carbon social housing and adopt Welsh Development Quality Requirements (WDQR 21) standards across all tenures, encourage innovative designs, support biodiversity, make greater use of modern methods of construction and embrace the placemaking principles.

Housing standards (including decarbonisation and adaptations)

25. Welsh Development Quality Requirements (WDQR 2021) – New Homes: In response to the Independent Review of Affordable Housing Supply 2019, a new housing quality standard called the “Welsh Development Quality Requirements 2021 – Creating Beautiful Homes & Places” (WDQR 2021) was launched in July 2021, setting new quality requirements for social housing centred on flexibility, space and sustainability. New general need homes constructed with Social Housing Grant (SHG) must comply with WDQR 2021. The standards favour good design and generous space to ensure people live well in their homes. This is not only intended to boost wellbeing and keep communities together, but to respond to the changing needs of residents over time.
26. Through WDQR 2021, the social landlord sector is now leading the way in terms of requiring new build homes funded with public money to be high quality, beautiful and low carbon. These standards are designed to maximise community, economic and wellbeing outcomes, and support equalities and social justice. The aim is that these standards will be applicable to all new-build homes in Wales in future.
27. On 11 May, we launched the consultation on a revised quality standard for existing social housing – Welsh Housing Quality Standard 2023 – (WHQS 2023).

The public consultation on the standard ran until 3 August and received 291 responses from a range of stakeholders, landlords, representative bodies and tenants.

28. The original WHQS was introduced in 2002, to boost the quality of existing social housing in Wales and, by the end of 2020, 99% of social housing in Wales had met the original WHQS. Reflecting on the levels of achievement of the current standard, and after 20 years, the standard was due to be reviewed, especially to acknowledge the considerable changes to how people live, work and feel about their homes. Now is the right time for the standard to be reviewed, acknowledging this shift, as well as the unprecedented cost-of-living crisis facing the people of Wales.
29. Together with our social landlord delivery partners, we have invested billions of pounds over two decades to significantly improve and maintain the quality of social homes across Wales through WHQS. Spanning six administrations, WHQS is an example of how government can take the long view: investing in long-term policies and programmes, with long-term funding models. We have enabled social landlords to confidently invest over the long term in assets and communities. This has resulted in driving up the standard of social housing in Wales.
30. The proposed standard for WHQS 2023 builds on the achievements of its predecessor. The new standard keeps anti-poverty requirements at its heart, introducing the requirement to provide flooring throughout the home at each new tenancy, improve energy efficiency, and minimise exposure to noise, with the aim of putting more money in tenants' pockets and supporting their comfort and well-being. It also introduces water efficiency standards and encourages landlords to consider biodiversity opportunities.
31. Officials are currently analysing the results of the consultation and we will bring forward our proposals considering the feedback we have received from the consultation process. We have worked very closely with a wide range of stakeholders, listening, and taking into account their concerns and challenges during the drafting of the proposed new standard. This collaborative approach has underpinned the development of the WHQS 2023 thus far and will continue to underpin our approach to refining the standards moving forward, as we take into account the important feedback provided and issues raised.
32. Along with the proposed focus on decarbonisation in the revised WHQS 2023 standard we continue to invest in the Optimised Retrofit Programme (ORP), focussing at present on social housing. We have invested £70m to date and are investing £150m in the Programme over the next three years to continue to learn how to decarbonise social homes efficiently and effectively. What we learn from social housing will amplify, and accelerate, efforts to reduce carbon emissions for all homes.
33. We are, however, changing the operation of ORP moving forward. We will no longer be operating the programme as a competitive bidding process and instead propose to fund social landlords on a formula basis to ensure the engagement of

as much of the social housing sector as possible moving forward. We will also provide indicative funding to landlords across a 3-year period to enable better planning.

34. A formula funding approach will better support equity and will go further to ensure that the whole of the social housing sector is being supported by the ORP investment. Annual funding can lead to short-termism that is inefficient so moving to a longer-term consistent investment, will address that potential short-coming and create a culture of continued co-investment that will support the developments and expectations of WHQS 2023
35. Over the next 3 years, the Welsh Government is also investing around £1m into a new Housing Net Zero Carbon performance Hwb. The 'Hwb' brings together expert guidance on all aspects of decarbonising residential homes on a 'For Good' basis. In the first instance, the Hwb will provide social landlords with access to expert advice, research and development, materials guidance, procurement, and best practice under one virtual roof. After the first year, it is anticipated the services offered by the Hwb will be expanded to help private landlords and homeowners.

Building Safety

36. Building safety remains a priority for this Government and we have made £375 million available over the next three years to invest in Building Safety work. This is alongside plans for a significant programme of legislative and cultural reform to establish a fit for purpose building safety regime in Wales. This funding is substantially more per capita than the equivalent investment in England. In addition, we have adopted a holistic approach in Wales that is not focussed solely on cladding, but which takes account of both internal and external factors.
37. Our priority remains that leaseholders should not have to pay for fire safety defects that are not of their own making. We have been clear from the outset that developers must step up to their responsibility in matters of fire safety. To this end, we have written to 47 developers in the first instance, including those which have committed to the UK Government's Building Safety Pledge and other developers who operate at scale in Wales.
38. From the initial list of 47 developers, 42 of have replied, with 28 confirming they do not have any medium or high-rise buildings in Wales. We are awaiting confirmation this is the case from one more developer.
39. A roundtable meeting was held on 11 July with the remaining 13 developers. During this meeting, all confirmed their intention to sign the Welsh Government's Developers' Pact, which commits them to address fire safety issues in buildings they have developed in Wales over the last thirty years that are 11 metres and over in height. I have issued the Pact to these developers and asked for their signature. Officials continue to engage with developers and a further roundtable meeting is scheduled for 6 October.

40. Officials are working closely with the Home Builders Federation, who are representing a number of our developers in discussions regarding the Welsh Government Developers' Pact.
41. Our Leaseholder Support Scheme opened on the 27 June 2022. This scheme is the only one of its kind in the UK and offers targeted support to individual leaseholders who find themselves in significant financial hardship due to escalating costs associated with fire safety issues.
42. The scheme allows such leaseholders to access advice and help, and where appropriate, provides an option for them to sell their property and for them to either move on or rent the property back. We have worked with partners and sector experts to identify an appropriate route for property valuation, clear eligibility criteria, and to create a comprehensive property purchase process. We will keep the eligibility criteria under review to ensure that the scheme continues to provide support to those who most need it.
43. Our Welsh Building Safety Fund opened on 30 September 2021 for Responsible Persons of medium and high-rise residential buildings in Wales to submit Expressions of Interest. This is the starting point for accessing support from the Welsh Government. If anyone is unable to identify a Responsible Owner for their building, we would encourage them to contact the Welsh Government's building safety team for more information.
44. To date, we have received 258 Expressions of Interest. Each of these has been subject to a digital survey, which includes assessing existing building condition information and fire risk assessments, other evidence and survey reports. Where information and evidence is unavailable, out of date, incomplete or raises concerns about fire safety risk, those buildings have been identified for further intrusive survey work.
45. To date, 161 buildings have been identified for intrusive survey work, which is currently underway and will continue over the summer.
46. Both the digital and intrusive survey work is being paid for by the Welsh Government. The work will help responsible persons in medium and high-rise buildings to gain a comprehensive understanding of any works necessary to restore the fire safety integrity of their building.

Renting Homes (Wales) Act 2016

47. A Written Statement was issued announcing that implementation of the 2016 Act would be subject to a delay of 4½ months, from 15 July to 1 December. Whilst regrettable, this decision was taken in light of the unprecedented pressures currently being faced by social landlords in particular, including Covid recovery and supporting those who are fleeing the war in Ukraine. This will allow more time for landlords to complete the necessary preparations ahead of implementation and, most importantly, get it right for tenants.

48. Concerns have been expressed by some regarding the retention of a ‘no-fault’ ground within the 2016 Act. However, under the arrangements operating in Scotland and proposed in England, tenants can still be evicted with only two months’ notice when they are not at fault – in effect, this means that no-fault evictions have not been, and will not be, ‘banned’ in Scotland or England. Indeed, in Scotland the ‘no fault’ ground was replaced by a range of other grounds, which in some cases provide as little as 28 days’ notice for tenants. The UK Government appears to be taking the same approach in its recent Renters Reform White Paper.
49. Given that this notice cannot be served in the first six months of occupation, this will give tenants security of tenure for at least a year where there is no breach of contract. The principle we have adopted in Wales is clear: as long as there is no breach of contract, tenants will always have the security of a year’s tenancy and six months to find somewhere else to live.

Regulation of Registered Social Landlords

50. In January, we introduced a revised regulatory framework. The revisions included revised statutory regulatory standards which all Welsh RSLs must comply with. Responding to emerging risks and issues, some of the key changes to the standards include a much greater emphasis on tenants and on equality, diversity and inclusion.
51. To make judgements clearer and easier to understand, we also introduced new “traffic light” judgement reports. Since January, 8 judgment reports have been published and 1 “judgement under review notice” has been published. This is a new feature of the revised framework, giving public notice the regulator is looking into matters which could affect an RSLs judgement status.
52. Feedback to the revised framework has largely been positive to date and the regulation team is working with the sector to capture feedback and learning from its implementation.
53. We remain committed to supporting the housing sector through unprecedented challenges that have been caused by the pandemic new Ministerial and Government priorities as well as the ongoing cost of living crisis.
54. As part of this support, we will be looking at how the regulatory function for Registered Social Landlords in Wales is supported. This will include a re-evaluation of the role and function of the Regulatory Board for Wales, which was a Ministerial advisory Board in connection with the social housing regulation, which has been dissolved.
55. Board members have been thanked publicly and personally for their commitment and engagement throughout their terms, most recently of course in very difficult circumstances through the pandemic.

56. Engagement with the sector will continue through the Regulatory Advisory Group which is made up of a wide range of stakeholder representatives.