

## Housing and local government committee inquiry into homelessness

The Bevan Foundation is Wales' most influential think-tank. We aim to end poverty and inequality by working with people to find effective solutions and by inspiring governments, organisations and communities to take action. We are grateful for the opportunity to submit written evidence to the Housing and Local Government Committee's inquiry into homelessness. For the past 18 months the Bevan Foundation have been working on a project to further understanding of the link between the Local Housing Allowance (LHA) and Homelessness in Wales, and to develop solutions. Our response draws on this work, and addresses each of the terms of reference set out in the consultation document in turn.

### The supply, suitability and quality of temporary accommodation currently being used to house people experiencing homelessness and the support services made available to them

Wales is in the midst of a housing crisis. The number of people presenting themselves to homelessness services and the rate of rough sleeping, have been gradually increasing in recent years.<sup>1</sup> These pressures have worsened significantly during the Covid-19 pandemic, as households have struggled with stagnating wages and rising inflation.<sup>2</sup> It is perhaps not surprising that in this context that the Bevan Foundation have become aware of a number of problems within the temporary accommodation system.

First, there is not a sufficient supply of temporary accommodation to meet current demand. Research undertaken by the Bevan Foundation over the summer of 2022 revealed that the shortage of temporary accommodation is so acute that some local authorities are asking tenants who have been issued with an eviction notice to remain in the property until they have been issued with a court order to leave, with the local authority paying for their legal fees.<sup>3</sup>

Second, there is concern as to the quality of some temporary accommodation. The extensive use of holiday accommodation such as hotels and static caravans puts significant pressure on homeless families. Such facilities often lack adequate cooking facilities forcing families on already low incomes to spend more on food or rely on low

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<sup>1</sup> StatsWales, *Households for which assistance has been provided by outcome and household type*. (2021, December 16) available at - <https://statswales.gov.wales/Catalogue/Housing/Homelessness/householdsforwhichassistancehasbeenprovided-by-outcome-householdtype>; and StatsWales, *Rough Sleepers by local authority*. (February 2020) available at - <https://statswales.gov.wales/Catalogue/Housing/Homelessness/Rough-Sleepers/roughsleepers-by-localauthority>

<sup>2</sup> The Bevan Foundation, *Snaopshot of poverty in summer 2022*. (July 2022) available at - <https://www.bevanfoundation.org/resources/a-snapshot-of-poverty-in-summer-2022/>

<sup>3</sup> The Bevan Foundation, *Wales' Housing Crisis: an update on the private rental market in summer 2022* (September 2022) available at - <https://www.bevanfoundation.org/resources/wales-housing-crisis-summer-2022/>

quality meals. There are further concerns about some families living in cramped and crowded conditions.

Third the extent of the pressure placed on the system may be undermining the quality of some of the services that are in place to support households. This includes both services to support people living in temporary accommodation and some of the services that are in place to prevent households from having to move into temporary accommodation in the first place. For example, the soon to be implemented Renting Homes (Wales) Act 2016 will see landlords be required to provide tenants with a six month notice period when issuing a no-fault eviction. This legislative change should provide local authorities with a significant period of time to support low-income tenants into alternative permanent accommodation. However, our research has revealed that many are unlikely to start providing tenants in such situations with significant levels of support until 56 days before eviction, the time they are legally required to do so under the Housing (Wales) Act 2014.<sup>4</sup>

### The impact living in temporary accommodation has on individuals and families

As part of our work looking at the relationship between the LHA and homelessness the Bevan Foundation has heard from people living in temporary accommodation across Wales about their experiences.<sup>5</sup> One key message that emerged is just how difficult it is for many households to find permanent accommodation once they are in temporary accommodation.

We heard from people living in temporary accommodation and from staff working within the sector that many private landlords and letting agents are extremely reluctant to let to people in temporary accommodation due to preconceptions and prejudices held about homeless people. This challenge is made even more acute given that most people living in temporary accommodation do not have access to a referee or a guarantor, a precondition of securing much of the accommodation that is available within the private rental sector.

These factors mean that people are often left to live in temporary accommodation for significant periods of time. Single adults under 35 were felt to be at particular risk of being trapped in such a position. This was thought to primarily be the result of the single adults under 35 only being entitled to the LHA shared accommodation rate.

### The impact of the ongoing demand for temporary accommodation and support services on local authorities, their partners and communities

As already noted, the ongoing demand for temporary accommodation is having a severely detrimental impact on local authorities, their partners and communities. The shortage of available temporary accommodation is placing a significant strain on many public services and affecting the ability of public bodies and partner organisations to both prevent homelessness and support homeless households.

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<sup>4</sup> ibid

<sup>5</sup> Bevan Foundation, *Wales' Housing Crisis: making the LHA work for Wales* (March 2022) available at - <https://www.bevanfoundation.org/resources/wales-housing-crisis-making-the-lha-work-for-wales/>

## Options to increase the supply of affordable and appropriate housing in the short to medium term to reduce the use of temporary accommodation;

The Bevan Foundation have identified a number of short-, medium- and long-term actions that could be taken to reduce the use of temporary accommodation and the pressures faced by the homelessness system more broadly. These can be grouped together into five key ideas. More detail on each of the recommendations can be found in our recent publications.<sup>6</sup>

### 1. Reform the LHA

The gap that has developed between the LHA and rents is a key driver of homelessness in Wales. It both pushes households into homelessness and traps households in temporary accommodation as households are unable to find a property to rent at a rate covered by LHA.

Many of the key levers to reforming the LHA are to be found at Westminster. Actions that should be taken by the UK Government include uprating the LHA annually to reflect rising rents and scrapping the shared accommodation rate for under 35s. There are actions that could be taken at a Welsh level however that would improve the system. For example, the Welsh Government should mandate all landlords in Wales to share how much they charge for rent on an annual basis. This data should be collected and processed by Rent Smart Wales as part of their broader activities. This would ensure that if the LHA was uprated it was done based on more accurate data of the market in Wales.

### 2. Closing the gap between rents and the LHA

Even allowing for the issues with the LHA system there are more actions that could be taken at a Welsh level to try and close some of the gap between rents and the LHA.

For instance, all Welsh local authorities should spend their DHP allocation in full. To support this the Welsh Government should guarantee local authorities that their DHP pot will not fall below a designated floor. There is also a need for the Welsh Government to regularly review the support provided through its Leasing Scheme, amending the scheme as necessary to assist as many low-income tenants as possible.

The forthcoming white paper on rent caps provides a further opportunity to consider approaches that could close the gap between LHA and rents, reducing the pressure faced by low-income tenants. The white paper should focus on the needs of low-income tenants. Focusing on rents at the upper end of the market is unlikely to make a difference to the challenges facing low-income tenants.

### 3. Protecting tenants

There is a need for the Welsh Government to take further action to protect tenants. Unfair landlord practices can often be a cause of homelessness, with low-income tenants struggling to find the money to pay large deposits or being unable to satisfy credit checks

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<sup>6</sup> ibid

or guarantor requirements. The Welsh Government should introduce legislation that prohibits such requirements where they are unfair.

In the interim the Welsh Government should work with local authorities to explore how they can support more low-income tenants meet landlord requirements. For example, the Welsh Government should explore how its Leasing Scheme could be developed to allow local authorities to act as guarantors for low-income tenants.

It is also important that Welsh local authorities are provided with the resources so that they can start the process of providing support to tenants who have been issued with an eviction notice at the beginning of the six-month period, rather than wait until the final two months of the notice period. Providing local authorities with the ability to do so could reduce the pressures placed on the temporary accommodation system.

#### 4. Increasing the supply of social housing

In the medium to long term, increasing the supply of social housing is crucial if we are to ease the demand for temporary accommodation. It is therefore imperative that the Welsh Government significantly increase its investment in the construction of new social homes.

Even if the Welsh Government were to adequately invest in the construction of new social housing such investment would take a number of years to come to fruition. Given the scale of the homelessness crisis in Wales today there is a clear need for speedier developments. We therefore believe that the Welsh Government should explore, and support means of increasing social housing stock quickly, including purchasing empty houses and the use of modular construction techniques at scale.

In the longer term we believe that the Welsh Government should undertake a review to assess the challenges and opportunities that would be presented by devolving the housing element of Universal Credit and Housing Benefit.

#### 5. A Welsh Home Guarantee

We believe that the Welsh Government should establish a Welsh Home Guarantee in partnership with local authorities. Such a guarantee would see homeless people or people who are at risk of homelessness provided with a comprehensive package of assistance that is tailored to the needs of the household. We envisage that the guarantee would be delivered by local authorities but with Welsh Government providing adequate resources to enable them to do so.

Among the actions we recommend that local authorities should be permitted to take with the support of the Welsh Government under the guarantee are:

- Act as a guarantor on a lease.
- Provide a reference for prospective tenants.
- Commit to providing a DHP to cover any rent gap for at least the first twelve months of a new tenancy, with this support rolled over where appropriate.
- Work with people to ensure that they receive any financial support that they are entitled to. Such support includes the Discretionary Assistance Fund, the Council Tax Reduction Scheme and the Winter Fuel Support.

Providing such support could significantly increase the money that low-income renters have in their pockets, easing the impact of the rent gap, whilst also addressing some of the issues that currently exist with regards to landlord practices.

### Progress implementing Ending Homelessness in Wales: A high level action plan 2021-2026, and in particular the move towards a rapid rehousing approach.

Whilst supportive of the actions set out in the Ending Homelessness in Wales: A high level action plan 2021-2026 we are increasingly concerned that the pressure currently being placed on the homelessness system is such that many local authorities and partner agencies are operating in "firefighting mode". This means that the focus of various support agencies has shifted to providing support to those in most acute need. If resources are limited and demand is increasing, we think this is entirely rational approach for service providers to adopt. The concern is, however, that when services are provided in such a way many of the broader aspirations set out in the action plan are viewed as less of a priority, leading to the risk of them not being implemented in full.