

# Evidence Paper from Minister for Climate Change on Housing for Local Government and Housing Committee scrutiny on 9 November 2023

## CONTEXT

1. Secure homes in vibrant places of all types, are fundamental to people's well-being and to every aspect of their lives, including their mental and physical health and well-being, their educational opportunity and achievement, their employment outcomes and their social and cultural well-being. My overall aim is that everyone is able to live in decent, secure and affordable homes and communities which meet the diversity of their needs.
2. Activity is divided broadly into four main areas – how we use public sector land for social good and lead by example in development standards; supporting the sector to deliver more homes (especially affordable ones) and regenerate our towns and cities; policy and practice to prevent homelessness, support and protect residents and communities; and, 'regulating' to ensure good and improving standards of our housing stock and how it is managed.

## HOMELESSNESS

3. As outlined in the evidence to the Committee's inquiry on homelessness earlier this year, our [Ending Homelessness Action Plan](#), published in November 2021, sets out the next steps being taken to implement our strategy to end homelessness and has been informed by both the recommendations of the expert Homelessness Action Group and learning throughout the pandemic. An [Update to the Action Plan](#) was published in August 2023 and provides an overview of the changing context, key progress to date, and updated action tables with a number of refined actions and underlying activities incorporated.
4. Further to the updates set out in the plan, on 10 October 2023 the Welsh Government published a [White Paper on Ending Homelessness in Wales](#). Reforming housing law is a key part of the Programme for Government (2021-2026) and the Co-operation Agreement with Plaid Cymru to end all forms of homelessness in Wales, by making it 'rare, brief and unrepeated'.
5. The White Paper focusses on improving prevention and early intervention, through the introduction of a package of reforms to create significant change to the existing Welsh homelessness and housing system.
6. Through legislative reform, I aim to achieve the following:
  - The risk of homelessness will be prevented at the earliest possible stage and responsibility for identification and prevention will be shared across the Welsh public service;
  - Local Housing Authorities will offer a person-centred, trauma-informed service that is led by the needs of those facing homelessness;

- Those most likely to be impacted by homelessness will benefit from bespoke proposals to mitigate their risk.
7. The White Paper is heavily based on the findings of an Independent Expert Review Panel who were asked to review existing legislation and make recommendations to the Welsh Government. As part of this review, over 350 people with lived experience of homelessness have shared their views to help develop the proposals. The White Paper consultation runs until 16 January 2024.

## **DELIVERING MORE HOMES**

8. A key component of our long term ambition to end homelessness is increasing housing supply. Social housing is a key priority for this Government, and it is why I have set out the challenging commitment to deliver 20,000 new low carbon homes for rent within the social sector during this government term.
9. It is more challenging than ever to deliver 20,000 newbuild homes in current conditions, therefore I have launched a range of initiatives that will deliver more genuinely affordable homes as quickly as possible to meet urgent housing need.
10. We know that investing in social housing reduces poverty, improves health and helps drive economic growth. It is why we are seeking to increase the provision by 20,000 and I have set out record levels of funding to achieve this – allocating £1.2 billion over the first four years of this Senedd term.
11. The Social Housing Grant budget has been significantly increased to directly support the delivery of the housing target with more than £1.2bn allocated for the first four years of this Senedd term (2021-2025).
12. As well as committing record levels of investment to fund newbuild homes, I am also supporting a range of initiatives that will deliver more genuinely affordable homes as quickly as possible to meet urgent housing need, such as acquiring properties, remodelling existing accommodation, converting buildings into good quality accommodation, and the innovative use of modern methods of construction and modular accommodation on ‘meanwhile’ sites.
13. In 2022-23, to support local authorities with move-on from temporary accommodation, I created the Transitional Accommodation Capital Programme (TACP). In its first year it provided £76.4m to LAs and RSLs to bring 936 more homes into use. Building on this success the programme re-opened to new applications for 2023-24 which are currently being assessed. We are also supporting access to longer term affordable housing in the private rental sector, with £30m over this Senedd term invested in Leasing Scheme Wales (LSW). A proportion of the homes delivered through TACP and LSW will count towards the housing target.
14. Despite committing to record levels of investment, several challenges are facing the housing sector, in delivering the 20,000 housing target. I am working closely with the sector to help mitigate or overcome these challenges where possible.

15. I want to ensure homes meet the needs of people who need them, now and in the future. Estimates of future housing need and demand are essential when developing national and regional plans and strategies. In March last year, we reviewed the approach for undertaking Local Housing Market Assessments. Local authorities are required to undertake an LHMA every five years and refresh their LHMA every two years. This assessment in turn informs local authorities' LDPs, which include targets for the number of affordable homes the authority aims to deliver over the plan period. LHMA's are vital in determining local housing requirements and levels of local homelessness should be considered when determining local housing need.

## **PRIVATE RENTED SECTOR**

16. Affordability of the Private Rented Sector for people in receipt of housing benefits has always been difficult and is continuing to be extremely challenging. With Local Housing Allowance (LHA) rates set by UK Government, and frozen since April 2020 (based on 30th percentile of rents as at September 2019), the gap between LHA rates and current rents being charged is significant. Despite repeated calls, the UK Government continues to freeze LHA rates at the 30th percentile of rents in 2020.

17. As outlined in my recent evidence to the Committee's inquiry on the Right to Adequate Housing, we have undertaken a Green Paper Call for Evidence consultation over the summer on securing a path to adequate housing, including fair rent and affordability. The consultation closed on 15 September, and my officials are currently analysing submissions from over 370 respondents.

18. The Green Paper evidence, along with the report of the Local Government and Housing Committee's Inquiry into adequate housing, will help inform the development of proposals to be set out and consulted upon in the subsequent White Paper next year.

## **Empty Properties**

19. I recognise that empty homes/properties, particularly those which have been empty for long periods, can present problems for local communities.

20. For the purposes of charging council tax, a property becomes liable after being empty for 6 months. For the purposes of charging council tax premiums, the property is defined as "long-term empty" if it has been unoccupied for over 12 months.

21. As the process of selling a home can take some time, the figures for empty homes include houses that are on the market for sale. This can give a distorted impression.

## **Statistics**

22. The latest statistics for 2023/24, which were released on the 19 January 2023, show that there are 22,457 long-term empty properties in Wales. There were 24,170 second homes in Wales reported for the same period.
23. While any increase is regrettable, this is a relatively small increase (317 or 1.4%) from the previous figures (22,140 for 2022-23) and, at 22,457, the number of long-term empty homes is 3,244 less than for 2021-22 (25,701) and 2,861 less than the average for 2019-22 (25,318).
24. It is difficult to know the exact reasons for the increase, but it's possible that the increasing cost of building materials, a shortage of building contractors, the cost of living crisis and increasing interest rates have all played their part.

### **Empty Homes Council Tax Premium**

25. We have given local authorities powers to charge council tax premiums of up to 300% on long-term empty dwellings (as well as second homes).
26. Local authorities decide whether to apply a premium and at what level to apply it.
27. Local authorities can tailor the use of the premiums to their local circumstances, and to address the particular issues and priorities in their area – recognising that different authorities can face very different housing challenges. The following table provides details of the premiums charged by local authorities in 2023-24.

<b>2023-24</b>	Long-term Empty Property Premium
Isle of Anglesey	100%
Gwynedd	100%
Conwy	50%
Denbighshire	50%
Flintshire	75%
Wrexham	50%
Powys	100%
Ceredigion	25%
Pembrokeshire	25/50/100%
Swansea	100%
Bridgend	100%
Vale of Glamorgan	100%
Rhondda Cynon Taff	50/100%
Merthyr Tydfil	100%
Cardiff	100%

28. Following consultation on amendments to the Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015 the Welsh Government has extended the

existing exceptions to the council tax premium for properties with a planning condition which specifies that the property may only be used for holiday lets or which prevents their permanent occupation as a person's sole or main residence. Such properties would become liable for council tax at the standard rate if they do not meet the letting criteria for classification as non-domestic property but they could not be charged a premium. This is consistent with our policy view that property owners should make a fair contribution to local communities either through local taxation or through the economic benefit they bring to an area.

29. The amendment regulations were laid on 6 March 2023 and came into force on 1 April 2023, in conjunction with the changes to the letting criteria and to the maximum council tax premium.
30. Revised guidance for local authorities on implementing and enforcing council tax premiums for long term empty dwellings and second homes was published on 9 March 2023. This highlights the discretionary powers and additional options that are available to local authorities in the event that self-catering properties not restricted by planning conditions do not meet the letting criteria.

### **Empty Homes Grant**

31. In January 2023 I announced the national Empty Homes Grant Scheme.
32. Up to £50m investment is being made available to bring up to 2,000 long-term empty properties back into use.
33. Grants of up to £25,000 will be available for home-owners or prospective home-owners to remove significant hazards from their properties to make them safe to live in and to improve their energy efficiency.
34. Aside from owner occupiers, Registered Social Landlords, local authorities and community housing groups can access the funding for empty properties they are acquiring to bring back into use as affordable housing.
35. This funding will accelerate our work to bring empty properties back into use and complement our existing schemes.

### **Loans – Property & Transforming Towns**

36. I have given local authorities nearly £43m of recyclable funding to provide interest-free property loans for landlords and homeowners for home improvements or to renovate empty properties and bring them back into use. This includes turning commercial properties into houses or flats with landlords able to access loans of up to £35k per unit or £250k per application.
37. This ongoing scheme has been used to bring back around 1,800 units into use from empty properties across Wales, and supported improvements to a further 1,600 occupied homes. So, a total of 3,400 units have been brought back into use or improved under this scheme.

38. In addition to this, 330 town centre residential units have been brought back into use through our Transforming Towns Loan scheme.
39. Transforming Towns Loans can be used by RSLs to provide social/affordable housing from empty properties. In the Vale of Glamorgan, Newydd Housing Association used a £1m loan to redevelop a vacant site to create nine affordable flats. In Powys, a loan of £270k was provided for the RSL to convert the former Newtown Magistrates Court into seven affordable domestic units.

### **Enforcement on empty homes/properties**

40. I am supporting local authorities to use the full range of legislative powers at their disposal to tackle empty properties.
41. We have provided training to more than 850 councillors and officials across all local authorities in Wales on using enforcement measures to deal with empty properties.
42. This covered the broad range of powers and legislation available to deal with poor condition and empty properties that are having a negative impact on our town centres and local communities.
43. All local authorities have produced Empty Property Enforcement Action Plans which each identify empty properties for priority action.
44. Our Industry Expert has worked in partnership with the 22 LAs to provide bespoke and specialised advice on individual cases.
45. We have established an Empty Property Enforcement Fund to de-risk enforcement action for local authorities. This fund means that local authorities can take enforcement action without fear of losing out financially. We have extended access to the fund to include non-town centre residential properties, to support our wider work on empty homes.

### **SECOND HOMES**

46. I also want to ensure everybody has a decent, affordable home to buy or to rent in their own communities so they can live and work locally. Following the Committee's inquiry on second homes last year, we have been providing six-monthly updates both on the significant progress of our national interventions and also the Dwyfor pilot and its independent evaluation.
47. Since my last oral evidence to the Committee, the Welsh Government has introduced a range of measures as part of a broad and balanced approach. Last April, we made changes to the maximum level of discretionary council tax premiums local authorities can apply to second and long-term empty homes. We also introduced, at the same time, changes to the criteria used to classify short-term holiday lets for local taxes, to ensure that owners and operators make a fair contribution to their local communities. Those changes augment those we

introduced in October 2022 to planning laws, giving local planning authorities more leverage to manage future numbers of second homes and short-term holiday lets.

48. Local authorities in Wales have been applying council tax premiums since 2017-18. This year, nine of the 22 local authorities in Wales are applying a premium to both second homes and long-term empty dwellings. The premiums on second homes currently range from 25% in Ceredigion to 150% in Gwynedd. A further six local authorities are applying premiums to long-term empty dwellings only.
49. We have also encouraged local authorities to publish details of the funds raised, the number of second homes and long-term empty properties that have been charged, and information about how the premiums have been spent.
50. As part of the interventions taking place in the Second Homes and Affordability Pilot area, Dwyfor, we have provided resource support to Cyngor Gwynedd in association with a possible Article 4 (planning) direction in Dwyfor. Cyngor Gwynedd has concluded the first consultation in Wales on proposed use of the new powers and it will be for the Council to decide how it wishes to proceed. Funding will allow us, through the independent evaluation, to make an ongoing assessment of the costs and implications of Article 4 directions. We will actively share information broadly throughout the duration of the pilot and its duration.
51. The Welsh Language Communities Housing plan has provided grant support through the Perthyn project to 21 community groups to help create new social enterprises and community led co-operative housing. A second round of grant funding was launched at the National Eisteddfod.
52. The Commission for Welsh-speaking communities published a Position Paper in June highlighting the findings of their discussions and evidence gathered to date. The Commission, chaired by Dr Simon Brooks will publish its final report and recommendations in August 2024.

## **COOPERATIVE AND COMMUNITY LED HOUSING**

53. Whilst social housing is the main priority for housing provision, co-operative and community-led housing has a part to play in the housing solution. I am committed to increasing provision and access to funding for community-led groups.
54. Building on our historical support for co-operative and community led housing, we have increased our funding through Cwmpas to £180,000 of revenue funding for three years (2022-23 to 2024-25). This delivers against our Programme for Government commitment to 'support cooperative housing, community-led initiatives and community land trusts'. Cwmpas are currently supporting around 50 community-led housing groups.
55. We are currently piloting a process through which co-operative and community-led groups can access funding from the Land and Buildings Development Fund. Community-led groups can also access the Empty Homes Grant programme.

56. Furthermore, as part of the Welsh Language Communities Housing Plan, the Perthyn Project is providing a bespoke advice and support service to empower community groups to establish new social enterprises and community led housing co-operatives. As highlighted above, in the first round 21 community groups have been supported with grant with 7 aiming to provide community-led housing.
57. Support is also continuing for co-operative and community-led housing groups wishing to develop new homes to access Social Housing Grant where they partner with a Registered Social Landlord.

## **BUILDING SAFETY**

58. We are committed to addressing building safety in Wales and continue to take forward our building remediation programme, alongside a significant programme of reform to establish a fit for purpose building safety regime in Wales.
59. Building safety is part of the Co-operation Agreement. We will work with the Plaid Cymru designated members, to significantly reform the current system of building safety and introduce a second phase of the Welsh Building Safety Fund.
60. Unlike England, access to support through our remediation programme is not predicated on the presence of unsafe cladding. The Programme looks at both internal and external fire safety issues in a whole-building approach that puts people's safety first.
61. We have been clear leaseholders and residents should not have to pay for building works to rectify fire safety issues that are not of their making. A budget of £375m has been allocated to undertake works where needed.
62. The first phase of the Welsh Building Safety Fund work funds both internal and external fire safety surveys for residential buildings of 11 metres or more in height. To date, 163 buildings have been surveyed. The fund remains open for responsible persons to submit an Expression of Interest.
63. The second phase of the fund centres around the remediation of buildings. Buildings fall into one of four categories, major developers, smaller developers, orphan, and social sector.
- **Major Developers** – Ten of the UK's largest residential housing developers have signed contracts with the Welsh Government committing them to undertake fire safety works in Wales. These are Redrow, Lovell, Vistry, Countryside, Persimmon, McCarthy Stone, Taylor Wimpey, Crest Nicholson, Barratts and Bellway. The contracts cover 123 buildings across Wales of which 84 require work.

Officials have extended the list of developers and have invited three more developers to engage with us and sign the contract



- **Smaller Developers** - As we now progress with the Programme and having secured assurances from the largest residential developers, we are now moving to engage with smaller developers and asking they too step up to their responsibilities where it is financially viable to do so. Officials have submitted advice to Minister on options for taking this work forward.
- **Orphan Buildings** – Orphan buildings are those where the developer is unknown, ceased trading or the building is more than 30 years old. The Minister has agreed to an initial cohort of 30 orphan buildings to be supported by the Welsh Government. Work schedules are now being developed ahead of remediation works, both to be funded by the Welsh Government.
- **Social Housing** - Alongside the support to the private sector, substantial works have also been undertaken to remediate medium and high-rise residential buildings in the social sector. To date, £94 million has been allocated to support over 100 buildings in the social sector.

A further round of applications has been invited, to ensure all eligible social sector buildings have an opportunity to have fire safety issues addressed.

64. **Other Work** - The Leaseholder Support Scheme is designed to help people who are in or facing significant financial hardship as a direct result of fire safety issues affecting their property. It opened for applications on the 27 June 2022.

65. The scheme allows leaseholders to sell their property and where appropriate, provide the option for them to either move on or potentially rent the property back. To date the scheme has received twenty applications. Ten of these have been eligible: two purchases completed, six progressing with property sale; and two progressing through the process with the Development Bank of Wales.

66. We have also been made aware of several instances where Responsible Persons / Managing Agents have engaged consultants/contractors privately to undertake survey and remediation work that would otherwise have been funded through the Welsh Building Safety Fund. Following consideration of this matter, I agreed to reimburse survey costs where surveys took place prior to the launch of the Welsh Building Safety Fund in September 2021.

67. I have also since agreed to retrospectively fund any works that have taken place in orphan buildings. Applications were invited from August 2023.

68. Our **REFORM** programme will fundamentally and comprehensively change the building safety culture and legislative framework in Wales.

69. The first phase to implement the new building control regime is being progressed. This will commence legislative changes to rectify problems within the current regime, by bringing in more stringent regulation of the building control profession, which includes private building control approvers, building inspectors and local authorities exercising building control functions. This provision will also change who can advise on, and carry out, certain building control work, with the purpose of improving competence levels, transparency and accountability in the building

control profession. This is to make sure that only individuals who have demonstrated the relevant competence are advising decision-makers before important building control decisions are taken.

70. Secondary legislation has started to be laid which will introduce the creation of the registers for all Building Inspectors and Building Control Approvers.
71. Please be aware that we are planning for the new registration process to open in January 24 with a view of moving to the new regime from April 2024.
72. We are working at pace on a Building Safety Bill for Wales, which will be introduced later this Senedd Term. These plans for reform will improve accountability for building safety at the occupation phase, establishing a robust and coherent regulatory system, which will hold those responsible to account and ensure accurate, up to date information is held on all in-scope, multi-occupied residential buildings. This will include the identification of an accountable person that will be responsible for managing building safety risks. Resident engagement will also be at the core of our proposals.
73. In taking this work forward we are mindful of the occupation regime in England which has been introduced through the Building Safety Act 2022. There are some similarities with that regime and the reform proposals set out in our White Paper, which we continue to develop. However, there are also some significant differences, we will provide more detail as policy develops.

### **Joint Inspection Team**

74. Officials are working with the WLGA to establish the Joint Inspection Team which will work with current enforcement agencies to strengthen building safety.
75. It will bring together a multi-disciplinary team that will work in partnership with Local Authorities and Fire and Rescue Authorities to support existing regulatory authorities and advise on potential enforcement action.
76. Dawood Haddadi has been appointed as the Head of the Joint Inspection Team and will be working with the Fire and Rescue services and local authorities to agree the future inspection programme for the JIT.

### **PHOSPHATES IN RIVERS**

77. The UK Government's nutrient neutrality plans were voted down in the House of Lords on 13 September. Nevertheless, this is an evolving situation: the Welsh Government is still working through what the implications of the UK Government's plans would mean for Wales, particularly for our cross-border catchments, should the UK Government seek to advance their plans through an alternative bill.

78. Meanwhile in Wales, we have been clear we have no intention of rowing back on our environmental protections in the way the UK Government has attempted. We remain committed to the health of our rivers and are clear that there will be no regression of environmental standards here.
79. Earlier this year, the First Minister hosted the second summit on the challenges of phosphorus pollution in Wales and, as a result, key partners – across water, housing, planning and agricultural sectors - have agreed to an action plan which can be found online: [Relieving pressures on Special Areas of Conservation \(SAC\) river catchments to support delivery of affordable housing: action plan \[HTML\] | GOV.WALES](#)
80. Whilst the Action plan focusses on the issue of unlocking development, we are also mindful of our commitment to improve the general health of rivers in Wales. The Action Plan sets out clear actions, timescales, and responsibilities to tackle water quality, and to address planning constraints.
81. Our emphasis remains on delivering against the action plan and accelerating our work to unlock home building plans and reduce phosphate pollution is imperative – the home building sector has a key role to play alongside other partners such as DCWW, NRW and the farming sector.
82. Through our Action Plan we have sped up NRW's Review of Permits so that Local Planning Authorities can make planning decisions sooner. A new permits for Five fords Water treatment works will unlock just under 3000 dwellings which is a major proportion of the applications held in abeyance in the Dee.
83. This work has received strong engagement from representatives across a variety of sectors including water, housing, planning, agriculture and environment conservation.
84. Officials have led three affordable housing scheme/phosphates workshops. The purpose of the workshops is for key partners to take a focused look at case studies of housing schemes delayed due to phosphate issues, to work them through as a group and explore if there are any areas that can be unblocked or given more consideration.
85. We have commissioned Local Partnerships to undertake an analysis of affordable housing development sites that are currently on hold due to phosphates. The work will help draw together information from the review of permits by Natural Resources Wales and Welsh Water's investment programme and use this to prioritise further targeted case studies.
86. The next river pollution summit is taking place on 30 November where we will take stock of progress made against the action plan and continue the open dialogue with all key sectors around the table. The Summit will focus predominantly on Housing and Planning.

