



Crisis response to the Welsh Government's Homes for Wales white paper and consultation on Proposals for a Better Private Rented Sector in Wales

August 2012

1) Do you support our ambition to make further improvements to the whole housing system?

Crisis welcomes these white papers and the Welsh Government's ambition to tackle the current housing shortage and increase in homelessness.

It is essential that both the UK and Welsh governments take a strong stance on addressing housing need. We are currently building only a fraction of the new homes we need, with only 2,486 affordable new homes being built in Wales during 2011-2012¹. It is welcome therefore that the White Paper sets out proposals to build 7,500 new affordable homes by the end of the current term in office. However, given studies suggest 5,000 new affordable homes must be built annually in Wales to meet demand², this commitment may not be strong enough to fully address the scale of the problem.

We welcome the Welsh Government's commitment to social housing, and in particular the continued distinction from 'affordable housing'. Social housing and the support it offers are of great importance to many households, including those who are vulnerable or have been homeless. It can offer the platform people need to improve their circumstances and achieve their aspirations. The below market rents mean that tenants are better placed to move into work without needing to rely on housing benefit. The longer and more stable tenancies social housing offers help create mixed communities and cohesive neighbourhoods. The securing of the Social Housing Grant from the UK Government and the intention to find extra funding will help to deliver much needed new social housing.

Proposals to better regulate the Private Rented Sector (PRS) are also welcome given the sector's increasingly prominent role in the housing market. Whilst the PRS is not the right solution for everyone, Crisis' experience shows that with the right support and safeguards in place it can provide sustainable housing for even vulnerable and homeless people. There are significant challenges which need addressing if the PRS is to play its role in meeting housing need. We strongly support the Welsh Government's commitment therefore to reform the PRS.

After many years of declining trends, homelessness in all its forms is on the rise. Homelessness statistics from 2011/12 show a 4 per cent increase on the previous year in the number of households accepted as homeless in Wales by their local council³. Independent research carried out for Crisis shows that the housing and welfare systems in the UK have traditionally acted as a buffer between poverty, unemployment and homelessness, but cuts to housing benefit, limited supply of housing and the weakening of the homelessness safety net are starting to erode this and that we can expect to see further increases in homelessness.⁴ It is therefore

¹ Welsh Government, Affordable Housing Provision in Wales, 2010 – 2011 (October 2011)

² Welsh Government, Affordable Housing Provision in Wales, 2010 – 2011 (October 2011)

³ Welsh Government, Homelessness, January to March 2012 (June, 2012)

⁴ The Homelessness Monitor, Crisis (2011)

extremely welcome that the Welsh Government is taking steps to improve the homelessness prevention work carried out by local authorities.

2) Do you have any comments on the proposals for legislation and/or the issues being considered for legislation?

a) To improve the private rented sector, including landlords, lettings agents and managing agents.

Our response to this question will consider the detailed points made in the consultation on Proposals for a Better Private Rented Sector in Wales.

The private rented sector (PRS) has grown significantly over the last decade and in 2011, accounted for one in seven dwellings in Wales. The PRS nationally is continuing to grow at a rapid rate and will be larger than the social sector by 2013. The sector is increasingly being looked to by policy makers to address rising housing demand. While Crisis believes that the PRS can provide a sustainable home for many households, including vulnerable people and those who have experienced homelessness, we have serious concerns around standards, security, affordability and access.

Particularly at the bottom end of the market, accommodation can be of a poor standard. Although many landlords are good and maintain decent standards, there are others who lack awareness of their responsibilities, often because renting a property is not their main business and there are also some who are just unscrupulous. Unfortunately there is often little or no enforcement action taken. The result is that it is all too often vulnerable people accessing the PRS on low incomes with limited choice over where they live who end up in poor quality, badly managed accommodation.

Lack of security is also an issue. Tenancies are generally short and tenants can usually be evicted with as little as two months notice. The standard tenancy offered to most new tenants is an Assured Shorthold Tenancy (AST) which has a minimum term of just six months. This offers little security to landlords and tenants alike. It can be unsettling and stressful for tenants who want to put down roots and can cause problems for landlords who do not want to see tenancy voids.

Affordability is also a major problem for people on low incomes, with Housing Benefit often not covering the contractual rent. The recent change to the way LHA is calculated, pegging it to the 30th rather than the 50th percentile of market rates, will diminish the pool of properties available for benefit recipients. The UK Government's intention to in future uprate LHA and in future the housing support element of Universal Credit by inflation will break the link between housing support and the local rental market, meaning that areas where rents rise more rapidly will over time become unaffordable for benefit recipients. These changes will make it even more difficult for households on low incomes to access PRS accommodation.

There is currently no legislation governing letting agent practices, yet both tenant and landlord organisations have long reported problems with private sector letting agents. These include the charging of exorbitant fees, failure to enforce basic health and safety standards in properties, inadequate client money protection provisions. Indeed, the situation is such that the largest professional body for lettings agents in the UK (ARLA –the Association of Residential Lettings Agents), which itself has been

at the forefront of self-regulation, is strongly in favour of statutory regulation to tackle problems in the industry⁵.

Crisis therefore strongly supports the Welsh Government's proposals for introducing mandatory registration and licensing of private landlords and lettings agents as a way to address some of the problems outlined above. Ensuring that landlords meet the fit and proper person test is a basic requirement and certainly we would not want to see anyone letting a property who could not satisfy this. Requiring landlords and letting agents to undertake accredited training will help to raise management standards within the sector and reassure tenants.

Another benefit of landlord registration is that landlords can be easily identified and contacted. The register could be used to effectively disseminate information, guidance, best practice and training opportunities for example. The Government should ensure that full use is made of this function as a means of helping to improve management standards across the board.

Mandatory training for letting agents could help drive up standards. However, one of the biggest issues with letting agents is the charging of exorbitant fees. In Scotland, the recent PRS regulation includes the banning of any pre-tenancy premiums. We recommend that the Welsh Government looks at their approach and considers whether a similar law may be appropriate for Wales.

It will be very important to monitor compliance with the new licensing regime. In Scotland, the implementation of landlord registration has been inconsistent and patchy, with some local authorities enforcing the regulations much better than others. The Welsh Government should think about developing monitoring mechanisms to find out which local authorities are enforcing the regulation effectively and help others to learn from their example. All local authorities should be properly resourced and supported to enforce the regulation.

For people on low incomes, including vulnerable people, PRS access schemes are invaluable in supporting them into accommodation. We therefore strongly welcome the Welsh Government's commitment to ensure all areas are covered by a social lettings agency.

In addition to providing a lettings service, PRS access schemes can help with some of the concerns landlords may have around letting to vulnerable tenants or those on HB. Schemes can support tenants to live independently, offering pre-tenancy training and ongoing help. They build relationships with landlords and offer a liaison service should problems arise. Some guarantee rent deposits, removing the need for a large cash deposit whilst still assuring the landlord that their property will be maintained and looked after. Schemes across Wales which provide these services should be properly funded and supported by the Government, and training opportunities and best practice should be shared widely.

Crisis has many years experience with the PRS. We work with local government in England and Scotland and the devolved administration in Scotland to offer resources, advice and best practice on setting up and running access schemes. We would be very happy to share our expertise with the Welsh Government and offer advice on setting up access schemes and how access schemes will be able to work with the new licensing regime.

⁵ "Lettings agents let off the hook by government" BBC 2010 <http://www.bbc.co.uk/news/10299948>

We have also produced a guide to local lettings agencies, available here <http://www.privaterentedsector.org.uk/llaguide.asp>, which may be of use to the Welsh Government.

b) To prevent homelessness and to end family homelessness by 2019.

Crisis welcomes the renewed focus on preventing homelessness and the Welsh Government's long-term goal to end homelessness completely.

Homelessness in Wales has been rising since 2009 and recent statistics show that homelessness acceptances rose by 4 per cent during 2011/2012⁶. It is therefore essential that the Welsh government take strong action to stop homelessness from rising further, particularly given the impact that cuts to Housing Benefit made by the UK Government will have.

The Welsh Government does not currently conduct street counts to discover how many people sleep rough. Counts were carried out in 2007 and 2008 and found that on the night of the counts, there were 138 people sleeping rough in 2007 and 124 in 2008.⁷ We strongly recommend that the Welsh Government considers how best to form an accurate picture of the extent of rough sleeping across the country and whether it is increasing, including reviewing the need for street counts. This will better enable the Government to plan provision of homelessness services.

We support the proposal to improve housing advice services and to deliver advice through a network of nationally branded services. Many people who are struggling with their housing only need a small amount of advice and support to prevent them from becoming homeless. Whilst some households have high needs, not all do – and a failure to address their housing problems can be what causes them then to fall into homelessness, rough sleeping and a situation where other issues, such as mental health or alcohol abuse, develop. By addressing housing need at an early stage and preventing homelessness from occurring, we can avoid people developing further problems and higher support needs at a greater cost to both them and the state.

We strongly support legislation to increase the definition of 'threatened with homelessness' from 28 to 56 days. People should be offered help at the earliest possible opportunity in order to prevent their housing problems from spiralling. The new duty proposed will allow for earlier intervention, which is essential to preventing homelessness.

We support the Welsh Government's dedication to ending family homelessness by removing the intentionality test for households with children. Households in great need are often denied help on the grounds of intentionality criteria and left with little or no support and no solution to their housing crisis. This can include single people who are very vulnerable and in a priority need group. We therefore recommend that the Welsh Government considers removing the intentionality test for all people in priority need, not just families.

The Welsh Government's recognition of the lack of support for single homeless people is very welcome. The new duty to be placed on local authorities to 'take all reasonable steps to achieve a suitable housing solution for all households which are homeless or threatened with homelessness' has the potential to improve the assistance that single homeless people receive. However, with no legal right to housing, single homeless people may still find themselves with few options and some

⁶ Welsh Government, Homelessness, January to March 2012 (June, 2012)

⁷ Statistics for Wales (2008) National Rough Sleeping Count, Wales, 2007 and 2008

with no choice but to sleep rough. We would like to see the new duty strengthened so that all single homeless people are entitled to written advice, real assistance and emergency accommodation when they need it.

The White Paper lays out the Welsh Government's intention to at some point pass legislation to gradually phase out priority need. The Scottish commitment to end priority need by the end of 2012 has resulted in 'considerable improvements to the situation faced by homeless people in Scotland'⁸ according to the Infrastructure and Capital Investment Committee. Reported improvements include a cultural change towards helping people rather than focusing on assessment and a greater emphasis on prevention. It is telling that, in stark contrast to the rest of the country, homelessness fell in Scotland in 2011-2012 with a 17 per cent decrease from 2010-2011 in the number of homeless applications made to local authorities. Crisis recommends that the Welsh Government look at what the Scottish Government is doing and consider adopting some of their successful initiatives in this area.

Finally, we have concerns as to the proposal to review the priority need status of former prisoners who became homeless upon leaving prison. There are strong links between homelessness, unstable housing and criminal behaviour. Around a third of prisoners are not living in permanent accommodation prior to imprisonment, a third lose their accommodation whilst in prison and a third about to leave say they have nowhere to stay.⁹ At the same time, stable accommodation can make a difference of over 20 per cent in terms of reduction in reconviction¹⁰. Whilst there is of course a need for local authorities to balance the interests of different groups and ensure social housing goes to those who need it most, we would be very concerned if this important safety net for those leaving prison were to be lost, potentially leaving many ex-offenders vulnerable to homelessness and increasing the risk that they will return to offending behaviour, with implications for the community and the public purse.

c) To provide local authorities with a discretionary power to levy a higher rate of council tax on long-term empty properties.

Crisis supports this proposal as a way to disincentivise property owners from leaving their houses empty. Although making use of empty homes will not solve the housing crisis, it will play an important role.

The UK Government is intending to cut Council Tax Benefit by 10% and devolve responsibility to the Welsh Government, or in England to local authorities. Pensioners must be protected from any reduction which means other groups are likely to see a cut to their entitlement of more than 10%. Some councils in England are looking at levying a higher rate of council tax on empty and second homes to help make up some of this funding deficit¹¹ - the Welsh Government could consider using the extra money raised this way to help with council tax support for those who need it.

e) Defining Community Land Trusts

f) Enabling a new co-operative housing tenure to aid developments.

We welcome proposals to look at ways to develop diverse forms of tenure and more affordable housing for rent and to buy. Community Land Trusts have the potential to create more affordable housing and we support attempts to overcome some of the

⁸ 2nd Report, 2012 (Session 4): Homelessness in Scotland: the 2012 Commitment

⁹ *Green Paper on Criminal Justice and Addiction*, Centre for Social Justice (2010)

¹⁰ *Green Paper on Criminal Justice and Addiction*, Centre for Social Justice (2010)

¹¹ Barnet Council are looking at abolishing the second homes discount to help fund Council Tax Benefit <http://www.24dash.com/news/housing/2012-08-02-Tory-run-Barnet-plans-to-remove-Council-Tax-discounts>

problems they have faced in the past. Co-operative housing could enable more people to enter the housing market.

g) Requiring local authorities to produce and regularly update Local Housing Market Assessments.

Crisis supports this proposal. Requiring local authorities to monitor market conditions and housing need in their local area will help in planning how to deliver new housing supply. We believe this requirement will go some way towards ensuring that local housing policy is fully evidence based and responsive to the changing needs of the community.

h) Tenancy reform to improve the way the housing system works for housing organisations, landlords and tenants alike.

We await with interest the Welsh Government proposals for tenure reform for both the social and private rented sectors.

The white paper is correct to draw particular attention to the problems created by short tenancies in the private rented sector. Both tenants and landlords can benefit from greater security of tenure. Tenants often want to make a home and put down roots, whilst landlords want a guarantee over ongoing rental income. We are aware that some mortgage lenders place restrictions on BTL mortgages, preventing landlords from issuing longer tenancies. In trying to encourage greater security of tenure, the Government needs to understand the full range of reasons why mortgage lenders take this approach and consider how the issue could be solved. They should also explore ways of encouraging landlords to offer longer tenancies.

On social housing tenure, we would urge the Welsh Government not to adopt UK Government plans to offer fixed term tenancies of as little as two years. For some households including those who have been homeless, social housing can be the first real stability people have experienced and this important security should not be lost. A long term social tenancy can offer the platform people need to improve their circumstances and achieve their aspirations and the below market rents mean that tenants are better placed to move into work without needing to rely on housing benefit.

Fixed term tenancies will mean that people may stay in an area for shorter periods of time. High turnover on estates often causes problems, as residents have less commitment to their neighbourhoods and each other. If we want to achieve mixed communities and well functioning neighbourhoods, it is important that people, and crucially this must include those in work and with good prospects, have some roots in an area and stay there for longer periods. We therefore recommend that Welsh councils and housing associations continue to offer lifetime tenancies.

3) Do you have any comments on any other action set out in this White Paper?

Placing homeless households in the PRS

During the passage of the Localism Act, Crisis strongly opposed changes which will allow local authorities to discharge their homelessness duty into the PRS whether or not the household consents. For statutorily homeless households, a social home and the stability and security that it offers will often be the most appropriate option. We oppose the removal of this choice.

We are disappointed that the Welsh Government intends to make use of this new freedom. However, if they are committed to going ahead, it will be very important to ensure the accommodation offered to homeless households is suitable. The UK Government will soon be publishing regulations defining suitability – the criteria will include physical property standards, property management and landlord behaviour, health and safety considerations and location. It will only cover England, but we would strongly recommend Welsh local authorities to adhere to the standards that it sets out as a minimum.

Crisis believes that local authorities should take affordability into consideration as well when securing PRS properties to end the homelessness duty. The Homelessness Code of Guidance states that accommodation should not be regarded as suitable if 'after meeting the cost of the accommodation [...] the applicant is left with a residual income which would be less than the level of income-based jobseekers allowance' they are entitled to.¹² We believe that this principle should be adopted by local authorities.

It will also be very important for local authorities to look at providing the right support to homeless households placed in the PRS. The Scottish Government, when placing homeless households in the PRS, used a two-stage discharge process. This involves a 6 month introductory tenancy which allows time for the landlord and tenant to decide if the tenancy is working out and assess any support that the tenant may need. If they are happy at the end of the introductory period, a standard assured shorthold tenancy can be signed. The Welsh Government could consider adopting a similar model.

It could be useful for local authorities to look at the work being done by PRS access schemes in supporting homeless households into PRS accommodation. Some schemes have many years expertise helping very vulnerable households to access and sustain PRS tenancies. Local authorities should learn from the best practice developed by schemes over the years and seek to understand what works for local schemes working in the same rental market as well as considering how best to work with local schemes.

It is good practice for access schemes to provide important support for vulnerable tenants. They should offer pre-tenancy assessment and training to ensure the tenant is prepared to live independently. They also provide ongoing support, tailored to the needs of the tenant, including forming links with other support services. This can help the tenant to sustain their tenancy, and reassures landlords that tenants are being well supported. Local authorities must provide similar support to ensure the tenancy is sustainable.

We would be very concerned however if local authorities discharging homeless households into the PRS affected the work of access schemes or the availability of PRS housing for them to use. We are already hearing some anecdotal examples of local authorities in England competing with access schemes for PRS properties. For households who are not statutorily homeless, the PRS is often their only housing option. We would urge local authorities to take account of demand for PRS housing in their local area and continue to place homeless households in social housing where possible to ensure that an adequate supply of PRS housing is still available for those who need it most.

¹² DCLG (2006) The Homelessness Code of Guidance

Impact of welfare reforms

It will be essential for the Welsh Government and local authorities to take account of the impact welfare reform will have on housing and homelessness.

Councils should ensure that the DHP budget is used effectively to help people affected by the Housing Benefit cuts. This could be by enabling people to stay in their homes where there is a need to do so, helping them find alternative accommodation or plugging temporary gaps. It will be important to ensure that money is available for single people, including those affected by the Shared Accommodation Rate, as well as families. It is also essential for local authorities to spend their DHP budget in full.

Campaigning by Crisis and others secured important exemptions from the extension of the Shared Accommodation Rate for people who have spent a total of 3 months in a homelessness hostel and received resettlement support as well as for very high risk offenders. It will be up to individuals to apply for this exemption, so the Government should ensure all local authorities fully understand the legislation. Local authorities should take steps to actively identify those who might be exempt and support them in their application. They will also need to maintain lists of eligible hostels, ensuring they are aware of those in neighbouring areas and those which may have closed down. Crisis has developed guidance for local authorities in collaboration Homeless Link (an umbrella body for homelessness services in England) which is available here <http://www.crisis.org.uk/publications-search.php?fullitem=340>.

Local authorities should identify and support people who are likely to be affected by Housing Benefit cuts or the total benefits cap. People should be offered a range of support appropriate to their circumstances. This could involve help finding alternative accommodation, negotiating a lower rent with their landlord or in some cases seeking employment. People should also be directed towards alternative sources of financial assistance such as credit unions.

The Welsh Government and local authorities should use their influence to encourage landlords to lower their rents to Housing Benefit levels. This could involve making local agreements with landlords, with councils offering to use properties for homelessness prevention work, so guaranteeing tenants in return for reduced rent levels.

Housing Benefit payments being made directly to landlords is an option to consider for some tenants. Crisis believes that tenants should be able to choose whether they or their landlord receives their Housing Benefit. This choice is not available under the current system, however direct payments can be offered to landlords who are prepared to drop their rents to Housing Benefit levels. This is an important tool that should be used by local authorities to incentivise landlords to lower their rents. Direct payments are also available to the most vulnerable tenants who struggle to pay their rent. Local authorities should ensure that all the people who need it can access this protection.

Finally, the Welsh Government will also need to think about the impact of wider welfare reform on any housing strategy. The abolition of Crisis Loans and Community Care Grants in particular is likely to impact on private rented sector housing. PRS access schemes often help their clients to apply for Crisis Loans and Community Care Grants to cover rent in advance or furnish a new home. Although Universal Credit budgeting loans may be available for rent in advance in the future, Crisis Loans will be abolished before the introduction of UC and it is likely to be some time before the new system is fully and reliably operational.

The devolution of this funding pot provides an opportunity for the Welsh Government to devise a replacement scheme. Crisis strongly believes that the money should be ringfenced for its intended purpose. The new scheme should mirror existing provision as far as possible and have the capability to issue cash grants and loans. In England, where the funding has been devolved to local authorities, we know that some are intending to offer assistance mainly in the form of goods in kind or through social services. We oppose these plans as we believe they would fail to meet the needs of current users of the Social Fund and we strongly recommend that the Welsh Government does not take this path.

About Crisis

Crisis is the national charity for single homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change. Our innovative education, employment, housing and well-being services address individual needs and help people to transform their lives.

As well as delivering services, we are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience. Crisis has ambitious plans for the future and we are committed to help more people in more places across the UK. We know we won't end homelessness overnight or on our own but we take a lead, collaborate with others and, together, make change happen.

Crisis and the PRS

Crisis' involvement with the PRS dates back to 1997, when Crisis launched Crisis SmartMove, a rent deposit and advice scheme model which helped over 14,000 single homeless people into a new home. Following the closure of the National Rent Deposit Forum in 2006 Crisis took over delivery of a national advisory service for local authorities and others setting up and running schemes across the UK and since 2009 Crisis has been working in partnership with the DCLG to prevent homelessness amongst single people. Most recently Crisis was awarded £10 million in funding by the DCLG to manage the Crisis PRS Access Development Programme. Over three years, this programme will help 8,000 single homeless people into new homes. More information is available at <http://www.privaterentedsector.org.uk/index.asp>.



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