Introduction

Welcome to the latest edition of our Homes for Wales Bulletin. This bulletin highlights some of the key initiatives we are working to deliver and importantly marks a number of key legislative milestones, particularly the launch of the Rent Smart Wales brand and the Right to Buy and Right to Acquire – Change to Discount Levels.

The launch of the “Rent Smart Wales” identity is another significant step in the implementation of Part 1 the Housing (Wales) Act 2014, which aims to improve letting and management standards for people who rent private accommodation across Wales. This landmark legislation will make Wales the first country in the UK where managing landlords and agents will need to undertake training to ensure they are aware of their rights and responsibilities. We know approximately 184,000 homes in Wales, around one in seven, are now privately rented. With so many people renting, a strong sector with good working practices is absolutely essential.

Earlier this year, I announced my intention to prepare new legislation to end the Right to Buy and Right to Acquire to protect Wales’ social housing stock. As recent statistics reveal, hundreds of Welsh council homes were sold last year under the Right to Buy. In the short-term, I have acted to protect the social housing stock by halving the maximum discount available. The maximum discount on properties in Wales is now £8,000, reduced from £16,000. Over the past 30 years, Right to Buy has resulted in a significant reduction in social housing stock. Between 1981 and 2014, 138,709 council homes were sold, a 45% reduction in the social housing available since the policy was first introduced. Right to Buy is depleting our social housing stock and this damaging policy is further increasing the pressure on our social housing supply, forcing many vulnerable people to wait longer for a home. We have taken decisive action to protect our social housing and ensure it is available for those who need it moving towards our eventual goal of abolishing the Right to Buy and Right to Acquire in Wales.

The impact of the UK Coalition Government’s welfare reform agenda is continuing to be felt by communities across Wales. In addition, further welfare cuts have been announced in the UK Conservative Government’s recent budget. These included a number of housing related welfare
reforms, which are outlined in this bulletin. Unfortunately, there are a number of reforms which will result in making life extremely difficult for many low income families in the future. My officials are currently estimating the impact of these welfare cuts on the people in Wales.

We will continue to work closely with our stakeholders, particularly Local Authorities, Housing Associations, to help mitigate the impact of the UK Government’s welfare reform agenda for our communities and those most in need across Wales.

Lesley Griffiths AM  
Minister for Communities and Tackling Poverty

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Housing Legislation

Rent Smart Wales – brand launch for the forthcoming landlord and agent registration and licensing system

The Minister for Communities and Tackling Poverty introduced the Rent Smart Wales brand on 14 July 2015. The countdown to the new legislation coming into force this autumn has begun.

We are implementing new legislation to improve letting and management standards in rented accommodation in Wales. The new regulations for landlord registration and licensing within the private rented sector will include training for landlords and agents who let and manage property in Wales. This will be delivered via Rent Smart Wales managed by Cardiff Council, which is our Designated Licensing Authority.

The registration system will provide a much clearer picture of the private rented sector. Licensing will improve management standards by ensuring landlords and letting agents are aware of their responsibilities. We will also help to make tenants aware of their responsibilities and rights.

From autumn 2015, landlords and agents must become registered and licensed via Rent Smart Wales. This means:

- all private landlords who have a rental property must register themselves and the addresses of their rental properties
- landlords who undertake defined letting or property management activities at a rental property must apply for a licence. If a landlord instructs an agent to do such work on their behalf, it is that agent who must become licensed
- in order to get a licence, a person must be adequately trained, and also declare themselves ‘fit and proper’
- licensing training will be offered through Rent Smart Wales or people can choose to attend Rent Smart Wales approved training courses delivered by other bodies.

The legislation will result in:

- improved standards of letting and management practice in the private rented sector
- more information on landlords available for tenant verification and for local authorities to assist with strategic intervention and dissemination of information
- increased awareness by landlords and agents of their respective rights and responsibilities
- increased awareness by tenants of their respective rights and responsibilities.

We are giving powers to the Licensing Authority to administer the new legal system and register landlords and grant licences. After the initial “light touch” first year of operation, there will be an increasing focus on compliance with the legislation. Where necessary, this will utilise the range of enforcement powers in the Housing (Wales) Act 2014, such as fixed penalty notices and prosecutions.
For updates on progress of the implementation of the legislation, visit the Rent Smart Wales holding webpage and subscribe: www.rentsmart.gov.wales

Right to Buy and Right to Acquire – Change to Discount Levels

On 14 July 2015, the maximum discount available in relation to Right to Buy and Right to Acquire properties was reduced from £16,000 to £8,000.

The change is made by the Housing (Right to Buy and Right to Acquire) (Limits on Discount) (Amendment) (Wales) Order 2015. This Order amends the Housing (Right to Acquire) (Discount) (Wales) Order 1997 and the Housing (Right to Buy) (Limits on Discount) (Wales) Order 1999 to reduce the discount available in relation to both Right to Acquire and Right to Buy to £8,000 from £16,000.

Social landlords need to ensure any applications served on them before 14 July 2015 are subject to a maximum discount of £16,000. Applications served on or after 14 July 2015 will be subject to the maximum discount of £8,000. Please see article 5 of the Housing (Right to Buy and Right to Acquire) (Limits on Discount) (Amendment) (Wales) Order 2015 www.legislation.gov.uk/wsi/2015/1349/made

A public consultation was undertaken on the future of the Right to Buy and the Right to Acquire. The Summary Report can be accessed via the following link: www.gov.wales/consultations/housing-and-regeneration/future-of-right-to-buy/?lang=en

If you have any queries regarding the changes please contact Louise.jones3@wales.gsi.gov.uk on 0300 062 8562 or Peter.Morris@wales.gsi.gov.uk on 0300 062 8260.

Background to the Legislation


Following consultation, which demonstrated overall support for our proposals, we have reduced the maximum discount from £16,000 to £8,000 and we are developing a new Bill to end the Right to Buy, ready for consideration by the next Government.

Social housing is an important safety net, providing an affordable home to people who are unable to acquire a home via the housing market. Many people, including many vulnerable people, depend on social housing. We need to protect stock from further erosion – an approach which is recognised by the Joseph Rowntree Foundation as a good way in which housing policy can be used to tackle poverty, which is this Government’s priority.

Over the past 30 years, the Right to Buy and Right to Acquire policy has resulted in a significant reduction in social housing stock. Between 1981 and 2014, 138,423 homes were sold – a 45% reduction in the social housing available from when the policy was first introduced.

There is evidence that a relative large number of former Right to Buy properties have ended up in the private rented sector where higher rents are charged. A study by Glasgow University, for example, suggests in Renfrewshire alone, more than 40 per cent of properties bought
under the *Right to Buy* are now rented out by private landlords. This is estimated to cost an extra £3 million a year in housing benefit payments compared with what would have been paid had those homes remained in local authority ownership.

Abolishing the *Right to Buy* and *Right to Acquire* will provide social landlords, particularly local authorities, with an incentive to build new social housing for rent – safe in the knowledge that they would not have to sell the homes after only a short time.

**Consultation: National Pathway for Homelessness Services to Children, Young People and Adults in the Secure Estate**

This consultation is gathering views on the draft National Pathway for Homelessness Services to Children, Young People and Adults in the Secure Estate.

Part 2 of the Housing (Wales) Act 2014 introduces a new system to tackle homelessness and the threat of homelessness, including a far greater emphasis on preventing homelessness in the first place. This has been achieved by strengthening the role of prevention in the duties which Local Authorities owe to homeless people.

Section 70 of the Act outlines the priority need categories for those who require additional support. As a result of s.70, those released from custody are no longer automatically eligible for priority need.

In response to concerns about this change in legislation, the then Minister for Housing and Regeneration established the Prisoner Accommodation and Resettlement Working Group to ensure those held in custody would have access to prevention services prior to release.

The purpose of this consultation is to seek views on the National Pathway for Homelessness Services to Children, Young People and Adults in the Secure Estate which has been produced by the Working Group in response to concerns around access to the prevention services.

The closing date for comments is 24 September 2015.


**Housing Supply**

**Vibrant and Viable Places (VVP) Regeneration Programme**

The Vibrant and Viable Places Regeneration Programme (VVP) is enabling significant improvements in housing standards and supply across Wales.

Over the period 2014-2017, more than £100 million of Welsh Government funding will support a range of regeneration projects across 18 local authority areas, with over £60 million focussed on housing led interventions. This funding will secure match funding of over £150 million in our housing provision, largely from the private sector, with a particular emphasis on work to improve the viability of our town centres.
The programme will enable energy efficiency improvements to more than 3,000 homes, providing a range of interventions such as loft insulation, external wall insulation and photo-voltaic panels, making a major impact on fuel poverty and reducing carbon emissions. More than 200 empty properties will be brought back into use as homes, making best use of an under utilised resource and addressing issues of environmental blight. Working with both Private Sector developers and Housing Associations, the programme will deliver in excess of 1,000 new homes, in many cases unlocking neglected brownfield sites, helping to address the housing needs of our communities and supporting more than 2,000 jobs within the construction sector.

Examples of the projects being delivered include:

- **In Colwyn Bay**, the **Space for Living Project**, delivered within a partnership of the local authority and three local housing associations. This project is focussed on improving housing standards in the northern area of the town centre, and will deliver energy efficiency improvements to over 500 properties, significantly increasing the sustainability of the local housing offer. The project will see the demolition and/or conversion of a number of poor quality housing units, enabling the re-provision of 24 modern, energy efficient, affordable homes including apartments and houses;

- **In Port Talbot**, the **Green Park Project**, delivered in partnership with Coastal Housing, will see a once derelict area of the town re-developed to provide 34 new affordable homes including houses, bungalows and flats. The project has enabled the demolition of an eyesore building at Green Park Industrial Estate, opening up the way for the £3.6 million housing re-development, as well as a new community open space and improved links between the town centre and the seafront.


### Help to Buy – Wales

Help to Buy – Wales is a £170 million shared equity loan scheme designed to support home ownership, stimulate building activity and provide a boost to the housing sector and wider economy. Under the scheme, loans are available to buyers wishing to purchase a new-build property worth up to £300,000:

- **By the end of May**, there had been over 1,600 completions though the scheme – three quarters of these purchases have come from first time buyers;

- **In total**, over 2,200 applications have been approved for Help to Buy – Wales assistance;

- **The main beneficiaries** of the initiative are buyers who, without the scheme, would not be able to purchase the new build property of their choice.

On 3 June 2015, the Chancellor of the Exchequer committed £6 billion to extend the Help to Buy Shared Equity Scheme in England to March 2020. The rules and eligibility criteria will remain the same as the existing scheme with the commitment profiled across the next four financial years, from 2016-17 to 2019-20 at approximately £1.5 billion per annum.
In February 2015, the Minister for Communities and Tackling Poverty announced her intention to extend the Help to Buy Wales Shared Equity Scheme post March 2016. It is envisaged a proportion of the consequential derived from the Chancellor’s announcement will be used to fund the extended scheme in Wales.

A further announcement on the extended scheme in Wales, will be made later this year, once the new UK Government have completed their Spending Review, which will also set the future Welsh Government budget.

**Home Improvement Loans and Houses into Homes to Amalgamate**

The Welsh Government is working in partnership with local authorities across Wales to amalgamate local authority operated loan schemes. This includes the successful Houses into Homes scheme, which brings empty properties back into use and the Home Improvement Loans initiative, which was introduced earlier this year to assist those in the private sector who live in poor quality homes.

The aim of bringing these schemes together is to ensure that we are making more efficient use of our resources by streamlining processes, monitoring procedures and scheme documentation. Work is already underway with the establishment of a joint steering group to take this forward. Members of the steering group include Welsh Government officials and a number of local authority representatives. We aim to have developed the new processes and procedures by the end of this financial year 2015/16. Further progress will be reported in the Houses into Homes Regional Collaboration Groups and the Welsh Heads of Environmental Health Private Sector Housing Expert Panel, who oversee the project.

**Housing Regulation**

**The Regulation of Registered Social Landlords**

During the year, a more risk-based approach has been developed and implemented. The Regulation team’s activity has been informed by a sector-wide assessment of current and emerging regulatory risks.

Increased resources for the team have allowed more frequent engagement with individual Housing Associations and, as a result, the gathering of more intelligence and better working relationships. Strong relationships and regular engagement are fundamental to effective co-regulation and inform the regulator’s understanding of risks and performance in each Association.

The Regulation team has also supported Community Housing Cymru’s development and launch of a Code of Governance for the sector. The Code, which is voluntary, is an important development. It sets the bar for standards of governance for Housing Associations and the Regulation team expects every Association to sign up to the Code.
Some of the key issues that have emerged from regulation activity during the year relate to:

- The quality of governance;
- The quality of financial and risk management;
- The Board and Executive culture and behaviours;
- A lack of a co-regulatory approach;
- Regulatory concerns highlighted through external contacts, generally tenants or staff, including whistleblowing;
- A very small number of instances where service issues provided the first indication of regulatory concerns.

Challenges for the sector

Some of the challenges for Registered Social Landlords include:

- Improving governance and the diversity of Boards;
- Improving financial and risk management;
- Embracing the principles of co-regulation;
- Delivering and publishing a robust self-evaluation of its performance.

For further information on published Financial Viability Judgements and Regulatory Assessment Reports visit: www.gov.wales/topics/housing-and-regeneration/services-and-support/regulation/?lang=en

Welfare Reform

UK Government’s Summer Budget 2015 – Housing Related Welfare Reforms

The UK Government’s Summer Budget 2015 confirmed annual welfare spending will be cut by £12 billion. This will take four years (ie by 2019-20) instead of the two years initially expected.

The reforms relating to Housing Benefit include the following (annual savings/costings referred to below are HM Treasury forecasts and relate to 2019/20):

- The biggest single cut to welfare spending is set to come from freezing most working-age benefits, including tax credits and Local Housing Allowance, for 4 years from 2016-17 (saving £3.9 billion). This measure will apply to Jobseeker’s Allowance, Employment and Support Allowance, Income Support, Child Benefit, applicable amounts for Housing Benefit, Local Housing Allowance rates with provision for high rent areas, and Child and Working Tax Credit (excluding disability elements). The Institute for Fiscal Studies (IFS) estimate this will affect 13 million families in Britain who will lose an average of £260 a year as a result of this one measure.
From April 2016, the level of earnings at which a household’s Tax Credits will start to be withdrawn will be reduced from £6,420 to £3,850. The equivalents in Universal Credit (work allowances) will be reduced to £4,764 for those without housing costs, £2,304 for those with housing costs, and removed altogether for non-disabled claimants without children (saving £3.3 billion). The IFS note that this will alter the effects and structure of the Universal Credit system quite substantially. Significant work allowances were an integral part of the design of Universal Credit, intended to give claimants an incentive to move into work. They estimate that this reform will cost about 3 million families an average of £1,000 a year each, and it will reduce the incentive for the first earner in a family to enter work. This policy focuses the cuts in the Tax Credit/Universal Credit system on families in work much more than those out of work.

Rents for social housing will be reduced by 1% a year for 4 years in England from 2016-17 (saving £1.3 billion). The IFS has commented that it is odd to count what is clearly an increase in subsidy to social tenants as a welfare cut. This is an additional cost that will fall on local authorities and housing associations. The Office for Budget Responsibility took the unusual step of warning the Chancellor that his strategy of instructing Housing Associations as to their policies could have the unintended consequence of bringing them into the public sector. If that were to happen, recorded public debt and borrowing would rise.

Support through the child element of Child Tax Credit will be limited to two children, so that any subsequent children born after April 2017 will not be eligible for further support. Similar changes will be made to Housing Benefit too. This will also apply in Universal Credit to families making a new claim from April 2017 (saving £1.1 billion). At the moment, each extra child brings an additional £2,780 a year. There will be provisions for exceptional cases including multiple births. Households who have been in receipt of tax credits or Universal Credit with an interruption of less than 6 months will be protected. Children with disabilities will continue to receive the Disabled Child Element or Severely Disabled Child Element in tax credits and the equivalent in Universal Credit.

In addition, those starting a family after April 2017 will no longer be eligible for the family element in Tax Credits. The equivalent in Universal Credit, known as the first child premium, will also not be available for new claims after April 2017. Similar changes will be made to Housing Benefit by removing the family premium for children born or claims made after April 2016. Households who have been in receipt of tax credits or Universal Credit with an interruption of less than 6 months will be protected. This change is forecast to save £0.6 billion.

The household benefit cap, which applies to out-of-work working-age families will be reduced to £20,000 (£13,400 for single adults without children) outside London and £23,000 in London (£15,410 for single adults without children) to reflect higher rents (saving £0.4 billion by 2019-20). Exemptions will continue to apply for the most vulnerable disabled people. To help protect the most vulnerable housing benefit claimants, £800 million of funding for Discretionary Housing Payments will be provided by the UK Government over the next 5 years.
- The Support for Mortgage Interest scheme (which provides benefits to people to help pay their mortgage interest) will be converted into a loan rather than a welfare payment, so homeowners repay this support (saving £0.3 billion)

- Social housing tenants on higher incomes (over £40,000 in London and over £30,000 elsewhere in England) will be required to pay market rate, or near market rate, rents (saving £0.2 billion)

- From April 2017, automatic entitlement to housing support for childless young people aged 18-21 who are out of work will be removed (saving £35 million). There will be exceptions for vulnerable people, those who may not be able to return home to live with their parents, and those who have been in work for 6 months prior to making a claim, who will continue to be able to receive housing support for up to 6 months while they look for work

- Limiting backdating for Housing Benefit – From April 2016, Housing Benefit claims will be backdated for a maximum of 4 weeks. The forecast saving in 2019-20 is expected to be negligible (compared to £10 million in 2016-17)

The Welsh Government has already undertaken early work to assess the impact of some of these changes. For example, we estimate that around 4,000 – 5,000 households in Wales will be affected by the lowering of the household benefit cap from £26,000 to £20,000. This is an indicative estimate, and is subject to change. We will be undertaking further analysis of the impact of the UK Government’s welfare reforms as part of our research programme.
Useful Links

Support Your High Street Campaign and High Street Heroes Award

The ‘Support Your High Street’ campaign is back this year – raising the profile of Wales’ diverse and vibrant local high streets – with an exciting new feature, the High Street Heroes Awards.

We will be using social media and media relations to raise the profile of the campaign and to help share campaign messages across Wales. We are encouraging our partners, communities and individuals to take part and support us, especially during High Street Week, taking place 19 – 26 September 2015.

Support the campaign and get involved by:

- Liking our page at Facebook.com/SupportYourHighStreetWales
- Following the campaign on Twitter @highstreetwales
- Share messages within your networks
- Sending us information on high street events and activities and interesting high street stories that can be featured in the media and online to highstreetcomms@Wales.GSI.Gov.UK
- For more information on the campaign and how you can take part visit gov.wales/highstreet

The deadline for nominations for the High Street Heroes Awards is 10 August 2015.

Prevention of Pollution (Oil Storage) (Wales) Regulations – Consultation

The Welsh Government is consulting on proposals for new regulations to protect the environment and properties as a result of spills from oil storage containers.

The draft regulations set standards for oil storage facilities which aim to prevent the escape of oil and the resulting risk of water pollution and damage to land and property. The principal requirement will be for secondary containment to prevent any leaks from an oil storage facility escaping into the wider environment. These requirements would apply to all new oil storage facilities from the date the regulations come into force, which is expected to be early in 2016. Existing oil storage facilities serving non-domestic properties will need to comply between two and four years later, depending on the risk they pose to the environment.

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E-bulletin

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Feedback

We always welcome feedback to help us to continue to develop this bulletin. If you would like to provide us with comments, request further information or remove your name from our distribution, please contact: HomesforWales@Wales.gsi.gov.uk

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