



Llywodraeth Cymru
Welsh Government

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Meeting the Housing Challenge

Building a consensus for action

December 2011

Foreword

Few things are as important in people's lives as a decent home. It provides stability and opportunity which, along with equality and social justice, are the values that shape our actions in government. Housing is a significant influence on people's social and economic well being. For people without a home or those who lose a home, those benefits are lost and the effects can be devastating for adults and children alike. On a much broader note, improvements to houses and energy efficiency can make a major contribution to our efforts to improving the environment and tackling climate change.

Housing is an essential part of our commitment to tackling poverty and inequalities. This crucial agenda is not just about providing new homes, and improving existing homes, it is also about helping people to live independently for as long as possible and reducing demand on the NHS and social care services. Investment in housing also contributes to national and local economies, supports businesses large and small in the construction sector, and creates jobs and training opportunities. Housing organisations provide support to individuals and families with benefits for their health and well being, and their education and skills, and I'm confident there's scope for them to do even more to tackle poverty and the inequalities that exist between people in different communities.

The demand for housing has increased considerably due to population growth and the trend towards more single-person households. At the same time, the current economic situation and cuts in public spending have had a devastating effect on the housing market and, consequently, on the number of homes built as affordable housing and for the market. Houses are being built but supply lags well behind demand. The challenges that face us are immense and as a consequence, we have tough decisions to make. Priorities need to be set and in doing so, consideration needs to be given to where Government should intervene and how; the impact of our interventions; who needs our help and how we can achieve the biggest impact with our limited resources. But fairness and equality, and helping people whose needs cannot be met by housing markets is at the heart of our considerations.

We will do all we can. Some matters, such as the changes to Housing Benefit, are outside the control of the Welsh Government but we already have supported action in all parts of Wales to help people to manage the changes. But even for those matters over which we have some control, we can't do it alone. Meeting people's housing needs is a responsibility that is shared between many different organisations in the public, private and third sectors. We will play our part to the full and I look to others to do the same. I am confident that the strong partnership working that already exists in Wales will ensure all organisations rise to the challenge of improving people's lives and communities – even in these tough times.

This Government has made a clear public commitment to making housing a greater priority in the coming years. Our recent announcement of a £5 million programme to reduce the number of empty homes across Wales shows that we are serious in our ambitions. Our new powers give us the opportunity to do even more to change things for the better.

We are in the early stages of preparing the Housing Bill and while more legislation is not the only answer to the problems we face, the Bill can deliver vital change to how housing works in Wales.

In spring next year, I will publish my proposals for legislation and other action to help people to meet their housing needs. Before we get to that stage however, I have in this paper set out my thoughts about the challenges we face - in order to instigate a debate on this most vital of issues. I know from the work I have already seen across Wales that no one political party and no house-builder, social landlord, academic or journalist has the answer to all the questions we face. So this is the opportunity for us, together, to seek common ground and to develop a shared agenda to help meet people's needs.

I welcome views on the issues raised in this document and on anything else relevant to meeting people's housing needs. Information on how you can contribute can be found at the end of this document.

Huw Lewis AM
Minister for Housing, Regeneration and Heritage

Summary

A decent home is a vital part of your life. It affects everything including health and well being, children's education, the ability to hold down a job, the strength of our communities.

The Welsh Government understands this. It is committed to ensuring everyone has access to a decent home. But there are some big challenges facing us and they are not easy to solve:

- There are not enough homes to go around because our population is increasing, people are living longer, and more people are choosing to live alone.
- Many homes are in need of improvement, particularly those rented from private landlords and some of the older houses that people own.
- Ensuring people get the services they need to find and keep their home, particularly those in very difficult personal circumstances or crisis situations at home.
- The impact that the rising cost of living and benefits changes are having on some people are cause for concern.
- Public money is in short supply, which means we have to make difficult decisions about how to spend it.

The Welsh Government is determined to make a difference. It is looking at things it can do, including new laws and other action.

But it is not down to the Government alone. Meeting people's housing needs depends on the joint efforts of the Welsh Government, local authorities, housing associations, banks and building societies, industry representatives, charities and voluntary organisations.

The good news is that there are already plenty of ideas and possibilities. For example, tightening up on bad landlords, finding better ways to tackle homelessness, bringing empty properties back into use, and using Government land for more homes, to name but a few.

But there is a limited amount of money available and choices will have to be made. A debate is needed about what's important. Where should efforts be focused? What needs to be done? What should be the priorities for spending the money we have? Who needs help the most?

This summary sets out the main themes of this document. Your views are important and will be taken into account in the proposals that will be made next spring for legislation and for other action. That will provide an opportunity for the people of Wales and the organisations that serve them to comment on detailed proposals but at this point in time, it is the "big picture" issues and priorities that are important.

The key themes

1. A decent home plays a critical role in people's lives. It provides safety and security, and is a significant influence on people's social, economic, health and well being. Conversely, the lack of a home, losing a home, or a home in poor condition has a marked effect on physical and mental health, the ability to find and keep a job, children's educational attainment, and in the case of older people, the ability to continue living independently. Investment in housing is also a significant economic driver, creating jobs and training opportunities.
2. History has shown that people's housing needs cannot be met by the market alone. It has played a vital role and will continue to do so. Owner-occupation is still dominant in Wales and it is still the aspiration of most people. But the financial crisis means that the prominence of home ownership is being eroded. It is becoming out of reach of an increasing number of people, particularly young people and young families.
3. Responding to the situation in which society finds itself is a challenge for us all, local and national government, the public sector, third sector organisations, and those in the private sector. We have to respond. Now more than ever, not everybody's needs can be met by the housing market. Our resources are limited but the challenges of the current situation and the opportunity presented by a Housing Bill means that the time is right for a hard look at where we put our efforts, what we should do, and how. Four main themes cover the more specific issues we need to consider in the coming months: affordability, the supply of homes, quality, and preventing homelessness.
4. People, families and communities have differing housing needs and differing aspirations for their home. Future action and priorities must be informed by people's needs and aspirations in a community, not by immediately splitting up the thinking into "silos" of social rented housing, or homes rented from private landlords, or owner-occupied houses. Similarly, actions need to reach out across Government departments. Some of the problems that face us today cut across policy areas and Ministerial portfolios. So do many of the solutions.
5. Providing people with a home is the essence of a fair society; a society that is geared towards helping those whose needs cannot be met by the housing market. More than ever, the housing system needs to be efficient; a system that makes the best use of its current housing stock and finds ways of increasing the supply of housing to meet rising demand. It also needs to ensure that all groups within the population, particularly vulnerable people, have equal access to it. Ideally, future action should be informed by broad agreement on what we are trying to achieve.

Aiming high: meeting people's housing needs

- Everyone has a home that they can afford, which is in good condition.
- The number of new homes being built is increased dramatically for those who can afford to buy outright through the market and, very importantly, for those who require subsidised housing.
- New models of housing, such as co-operative housing, are developed and new ways of financing housing developments are found.
- The best possible use is made of existing housing, with as few as possible long-term empty properties.
- Homelessness is minimised through prevention and a better, more efficient, housing advice and support system that is accessible to everyone regardless of where they live or whether they own or rent their home.
- Better use of not-for-profit organisations such as housing associations as part of the new public services model for Wales to deliver services for the NHS and social care, and to support their tenants, their families, and their local communities to tackle poverty and to reduce inequalities.

6. Our overall goals need to be clear, and challenging but realistic. Ideally, there should be consensus on the priorities. Tough decisions will need to be made on the use of very limited resources but this can also be helpful by forcing the consideration of new, innovative approaches.

System stewardship – the Welsh Government role

7. If we are aiming high to meet people's housing needs, we must address the overall health of the housing market, reflected in affordability, supply, quality and support for poorer households. These objectives are discussed in turn through the rest of this statement. However, the overall health of the housing market is the product of a complex system comprising interlocking markets for land, construction, finance options for householders and the prices set in the existing housing stock. In addition, not all possible levers are within the control of the Welsh Government.

8. In taking this approach the role of the Welsh Government must perform as the 'system steward', ensuring the combination of planning policies, regulations, various forms of planning obligations, financing support and construction sector incentives combine to ensure that enough new homes are built to meet the rising demand.

9. At present we believe that approximately 14,000 new households are expected to form each year over the next few years, but new housing supply has been considerably less than this, averaging around 7,000 over the last five years. The deficit which has been accumulating over a number of years is contributing to an overall supply shortage and therefore generating additional pressure on the social housing system.

10. At 31 March 2010, approximately 70% of housing in Wales was owner-occupied, and the remainder split between private rented (14%) and social housing (16%). It follows that the private sector is a key player in meeting our overall objectives for housing in Wales. It is also an economic driver and, as such, is a major contributor to employment and construction skills. In performing our function as system steward, we need to create the conditions to increase private sector supply to bring it closer to meeting rising demand. In doing so, we need to consider carefully all the factors that drive private sector housing development, including:

- Planning policies
- The quality and location of development land allocated to housing
- The incentives of local authorities to support housing growth.
- The impact of new building regulations
- The impact of affordable housing obligations
- The impact of community benefit provisions
- The availability of good quality housing options through different forms of housing tenure – ownership, co-operative models, shared equity, private rental, and social housing
- The barriers to securing mortgage finance and whether intervention is justified
- The opportunities for housing developers to earn greater rates of return outside Wales if the conditions for development are more advantageous.

Affordability

11. The term “affordable housing” has long been used as a substitute for “social housing” but is being used by some in a broader sense; that is, to describe a home that someone can afford, based on their income and circumstances. In reality, this is “affordability” and the two terms should not be confused. Our commitment to social housing has not changed. Indeed, in the current economic circumstances, our resolve to help those whose needs cannot be met by the housing market is even greater.

12. “Affordability” is different to affordable housing and arguably, is a function of supply and demand. But several factors affect it. The combined effects of the economic downturn, possible employment losses and rising prices already mean that many individuals and families, whether renting or owning, are struggling to meet their housing costs. Central to our purpose is not only increasing the supply of housing but equally, a commitment to enhancing the help that is available to people to cope with these pressures and the potential impact on their lives.

13. Affordability is important in today's economic circumstances and across the full range of options for meeting people's different housing needs and circumstances. These include renting from social landlords such as local authorities and housing associations or at intermediate rent levels. They also include renting from private landlords or buying a home outright or with some form of assistance such as those provided through shared equity schemes.

14. We must seek to address affordability in all its aspects, and across all forms of tenure, beginning with the needs of the family and their community together with their aspirations. Public funding is limited and has to be used to best effect but there is scope to do much more with lenders and investors. We must bear in mind that the type of housing an individual or family occupies may change over time with their circumstances. The UK Government's policy on benefits and rents risks segregating the poorest people into the cheapest areas. Ghettoisation is a real risk, which must be resisted.

15. We remain committed to the principle of subsidising the cost of housing for people who, without such assistance, would not be able to secure a home. There are questions about the role that social housing plays in meeting people's housing needs and how we can make the best possible use of it to meet people's different housing needs and circumstances, which change over the course of their lives. We must also consider how, in difficult financial circumstances, limited Government funding can be used to best effect to increase the supply of affordable housing. With much reduced capital budgets, priorities need to be set and tough decisions made.

16. We also remain committed to mixed communities, avoiding single tenure developments wherever possible thus avoiding the segregation of communities by income. Tenure reform is part of the equation and is being explored as part of work to prepare for the Housing Bill. Tenure has many facets and is particularly relevant to two of the Bill's key elements: preventing homelessness and improving conditions in the private rented sector.

17. Tenure reform has clear potential to contribute to a more efficient housing system; a system that makes best use of existing social housing and which caters for people with different needs and circumstances by allowing organisations such as local authorities more scope to meet people's needs. At the same time, and reflecting the reality of housing markets today, it can help provide more choice for people by allowing options and flexibility for people to move between tenures, with appropriate safeguards for vulnerable people. Creating a level playing field between local authorities and housing associations as social landlords and private landlords is considered important for a number of reasons including the removal of barriers – perceived or otherwise – that currently prevent or constrain people's ability or willingness to move between tenures.

Mortgages

18. In the current economic situation, the cost of housing is one of the main concerns of families, and rent or mortgage payments are a significant part of this. When the cost of finding or keeping a home is cause for concern, people need timely, good quality, advice and they need to be able to find it easily. There are a

variety of sources of help and this should be readily available regardless of whether someone owns or rents their home. Everyone should be entitled to timely, accurate and impartial advice.

19. There is scope to develop a more holistic advice and support service; a housing options service that helps people to address the issue of affordability in the widest sense. Taking existing good practice and joint working as the model, it would be a gateway to housing advice and support for everyone, with local authorities and other organisations coming together in a series of housing “hubs” across Wales, sharing resources and expertise.

20. Much of what would be needed in terms of advice and support already exists, but action could enhance its visibility, its accessibility, and the quality of the service people receive. A nationally-branded service with a higher profile could also stimulate a more proactive approach to reaching people with information and advice as early as possible. For those in difficulties, it would be a preventative service aiming to intervene well before any crisis, such as repossession, occurs. For others seeking a home, it would be proactive, with the goal of enabling people to make informed choices about the housing they need and how they can secure it.

21. Such a development could also stimulate greater co-ordination between services, minimising the risk of people being passed from pillar to post. This should include lenders, who could be asked to offer financial backing for this system as it is not in the interest of any landlord or lender to see their customers go to the wall. The coming Housing Bill could establish such co-working in law.

Obvious partners for a more comprehensive housing advice and options service include: housing associations, local authorities, Shelter Cymru, Citizen Advice Bureaux, the Money Advice Service, the Department for Work and Pensions, credit unions, private landlords and lenders.

Credit Unions

22. Credit unions in Wales have matured enormously over the last decade. But we must not be content with the extent of their development to date. We should aim for, and work towards, a future where credit unions, as in an example in Glasgow, are able to enter the mortgage market, probably as partners with housing associations and/or local authorities. This will demand cross departmental working.

Fuel Poverty

23. Fuel poverty is an increasing problem and, with rising electricity and gas prices, is of great concern. Modelled figures for 2010 based on the 2008 Living in Wales Survey, estimated that around 332,000 households in Wales (26%) were in fuel poverty, which is defined as having to spend more than 10% of income (including housing benefit and income support) on all household fuel use in order to maintain a satisfactory heating regime. The Fuel Poverty Strategy is addressing this through practical steps, which include a new demand-led fuel poverty programme

“Nest”. The area-based energy performance improvement programme “arbed” is also making an important contribution and has shown positive results in reducing the cost of heating people’s homes.

24. Improved energy performance and greater energy efficiency must become an inherent and enhanced element of housing renewal programmes for people who own their homes, and action is needed to help those living in private rented accommodation. More dialogue is needed with utility providers, including water companies, especially in relation to the least well-off families with young children and elderly persons on low income. The development of new measures specifically for Wales and in partnership with the providers should be explored. This should include ways of reaching more people who need help, which may include older persons, who are “asset rich and cash poor”; that is, people who own their own homes but who for a variety of reasons, do not have the income or savings immediately to hand to be able to afford the essential energy improvements that can save them money, keep them warm and ultimately, prevent ill health.

25. Action will be taken to ensure that people in Wales gain maximum benefit from UK-led initiatives that support energy efficiency and low carbon energy generation. This includes the new Energy Supplier Obligation, which will replace the Carbon Emission Reduction Target and the Community Energy Savings Programme, and the “Green Deal”, which will enable people to access funding for energy efficiency improvements in their homes, which will be repaid via energy bills.

The “arbed” programme is making an important contribution and has shown positive results in reducing the cost of heating people’s homes and creating jobs and training opportunities in the process. Much can be learned from it for future action.

Renting

26. The 2011 Communities and Culture Committee Report “Making the most of the private rented sector” highlighted a need to change the perception of the private rented sector to make it a tenure that people are content to choose. The credit crunch and the economic climate will lead to increasing reliance on the private rented sector for a place to live. Government needs to ensure that, as far as possible, they enjoy similar standards to people who rent from social landlords.

27. The level of rent is an important issue for both tenant and landlord alike. It should reflect affordability to the tenant as well as the opportunity for social landlords to invest not only in existing housing but also in new housing stock as one means of addressing the housing supply issues highlighted elsewhere in this paper. This is a tension in itself and there is no easy answer. We have social and intermediate rent within Wales now but we should look further afield to see what we can learn from others, such as the Scottish commitment to ‘mid-market rent’. The development of the Housing Bill will involve discussions on rents, which will feed into the work that is already in hand on proposals for a national rents policy.

Boosting the range of housing finance options by working with private lenders

28. There has been a fundamental change in mortgage availability. Many who might have been first time buyers in other economic circumstances now find themselves locked out of the market. We need to work with the private sector to provide and promote other options e.g. rent to buy, shared equity, and self-build. More innovative means of financing housing options are needed. There are compelling examples of pilot schemes across the UK, which should be evaluated with a view to realising their benefits for Wales.

The Welsh Housing Partnership, which was launched in September, is an example of a more innovative approach to funding new homes. Based on a partnership between the Welsh Government and housing associations, it will increase the supply of quality rented homes.

Permanent affordability and co-operative housing

29. “Permanent affordability” is a feature of the “New Foundations” model, and is a crucial factor in our commitment to explore its use as a new model of housing provision. New, innovative, approaches can take time to develop but a demonstration project will be developed as quickly as possible.

30. Establishing a new, bold, and ambitious Welsh co-operative housing movement would essentially create a new form of affordable home ownership. Unlike some European countries, co-operative housing is a rarity in the UK let alone Wales. But that does not mean we should dismiss it; co-operatives could make a significant contribution to new, affordable, housing options that can help people’s needs at different stages of their lives. The landlord-tenant relationship that governs much of the housing system simply is not relevant to the ethos and principles of co-operative living which has commonality of interest at its heart. There appear to be real barriers to developing co-operative housing. These need to be examined and the scope for creating a new form of co-operative housing tenure explored. This, together with other work to develop demonstration projects for co-operative housing, will contribute to the goal of providing even more opportunity and choice for people to find a home that meets their needs.

Housing supply

31. There are approximately 1.3 million homes in Wales at 31 March 2010, of which by far the largest part – 70% – is owner-occupied. Of the remainder, 16% is social housing (that is, rented from a local authority or housing association), and around 14% rented from private landlords.

32. There is debate about the methodology for assessing national and local housing needs but it is clear that there is a considerable shortage of housing across all types of tenure. The report by Alan Holmans and Sarah Monk published in

July 2010 indicates that Wales needs approximately 14,000 more homes per year, of which around 5,100 should be “non-market” homes. This comprises social sector tenants, owner-occupiers buying through the right-to-buy and private sector tenants receiving housing benefit, that is, subsidised social housing. During 2010/11, 5,505 new homes were built, of which 992 (18%) was social housing. The gap between demand and new supply is stark and becomes even greater because of the backlog of unmet need from a year on year failure to meet demand. The economic downturn and much tighter public finances means that increasing supply is an uphill struggle but it simply can’t be ignored. Much more needs to be done to increase the supply of new homes. Over and above helping to meet housing need, investment in housing is a significant economic driver, creating and supporting jobs in the construction sector. There is also a great need to make the best use of existing housing by reducing dramatically the 22,000 private sector homes that have been empty for six months or more as at 1 April 2010.

33. The underlying driver of demand is household formation driven by population growth, demographics, and changing patterns of occupation such as the increasing number of single person households. Private sector housing dominates through home ownership and while this remains the aspiration of most people, realising this ambition is becoming less realistic for some as a result of tighter lending criteria, including price to earnings ratios and loan to value ratios.

34. When supply falls short of demand, prices may hold or rise making private housing unaffordable for more households; more household disposable income goes into meeting the costs of housing, thus reducing disposable income and standard of living. Overcrowding may increase as younger people live longer with parents; and more people become dependent on forms of subsidised housing provision. The way that private sector housing markets function affects the need for social housing or some form of subsidised provision. The two systems are intimately linked.

35. Housing markets are complex. They cut across organisational boundaries and are affected by a variety of factors. Increasing the supply of housing should bring down price but the way that price responds to changes in housing stock is unclear. There are several complicating factors including the price at which the land was purchased, building costs, and wider factors including where people want to live, price relative to earnings, and access to mortgages.

36. The complexity of housing markets means that structural factors such as policy, regulation, and incentives are thought to have more effect on price than, for example, the direct provision of housing. Key issues include:

- The availability of land and its cost, particularly the use of publicly-owned land
- Access to capital, and ways of overcoming possible up-front financial hurdles to development
- Construction, including the costs of meeting regulations and other requirements, which can raise issues of viability
- Planning policy and its use as a housing enabler.

37. Interventions by governments can help to address market failures. Not all possible interventions are in the gift of the Welsh Government but if used to a greater extent or if used differently, those that are have the potential to boost housing supply.

Land

38. Past work on releasing public land for affordable housing, which includes the Welsh Government's land release protocol and the development of a database of publicly-owned land have all been positive developments. However, current progress is still too slow. More needs to be done, and quicker.

39. The priority attached to this work will be raised across Departments of the Welsh Government and across the public sector more widely, including the NHS, police forces, and others. We need a system of release which is as streamlined as possible, which works more quickly and which is based on a comprehensive knowledge of where all publicly owned land actually lies. This needs to be read alongside our projections of housing need in each local authority area.

40. We need to consider the extent to which changes in legislation could speed up and simplify the release of public land and any other ways in which it can be used innovatively as part of developments that create more affordable housing. Procurement too is a vital consideration, not only to make the best use of limited resources but its use in a way that can lever in loans and investment and, importantly, additional benefits such as the creation of new jobs, apprenticeships and other training opportunities for local unemployed people over and above the input to the local and national economies.

Access to capital for subsidised housing

41. The challenge here is to expand the supply of housing in the current financial situation. With private investment slowing, and UK government pressure on the Welsh Government's budget a huge factor, and capital budgets slashed, we need to find new ways to respond. The answer has to be that we expand our range of options, when it comes to financing housing initiatives, beyond those traditionally accepted.

42. We must be innovative, and prepared to learn from successful initiatives. Examples could include:

- Developing further the use of new developments such as the Welsh Housing Partnership
- Innovative use of land value
- Multi-tenure developments involving cross subsidy
- Shared funding with developers/landowners
- Moving beyond Social Housing Grant when investing in building new housing that people can afford; for example, working with lenders such as banks and building societies and investors such as pension funds etc

- Models in Scotland such as the Innovation and Investment Fund and National Housing Trust
- Investigating the potential for a Welsh Housing Bond.

Making the best use of existing homes

43. While increasing the supply of new homes is our priority, we also have to make the best possible use of our existing housing stock. Flexibility is the key.

44. The idea of a more comprehensive and co-ordinated housing options advice service might help to do this by enabling ‘staircasing’. This is traditionally understood to involve ‘staircasing up’ with the eventual aim of outright homeownership, for instance through part ownership. We should also recognise that ‘staircasing down’ may be necessary for some families – even if temporarily. This would allow families to stay in their homes through part ownership or rental deals through housing associations, local authorities, or registered and approved private landlords. It would be based on the best, impartial advice, which would reduce the risk of people falling foul of some of the ‘buy and rent back’ schemes that are being promoted in the market.

45. Flexibility in terms of forms of tenure should be at the heart of what we do, driven by people’s needs and aspirations, and that flexibility should not necessarily involve moving house. Tenure is one of our significant Manifesto commitments and I welcome contributions that can inform the work that is being undertaken on this.

Empty properties

46. Building more homes is only part of the answer to housing need. We must raise our game substantially. Approximately 22,000 private sector homes had been empty six months or more at 1 April 2010. During 2010/11 954 were brought back into use. An empty home is a wasted home and we must make the best use of existing houses. As well as considering the need for legislative change, and issues surrounding council tax levels for long-term empty properties, we must increase the capacity and encourage the willingness of local authorities to deal with this intractable problem. An empty homes partnership with national co-ordination to increase the number of empty homes brought back can help. This will happen as a result of the new investment of £5 million for local authorities to develop a loan scheme to help owners to bring the properties back into use. But we will continue to consider other legislative and non-legislative, financial and non-financial solutions, including both incentives and sanctions.

47. The move towards greater collaboration between local authorities is timely as action to tackle empty homes is ripe for joint working, where limited resources and expertise can be shared and targeted for best effect.

New investment of £5 million will enable a co-ordinated, Wales-wide, approach to tackling the problem of long-term empty properties by bringing more back into use.

48. The injection of £5 million to tackle empty homes is an example of a more innovative approach. It will be particularly helpful to owners that are unable to raise the money to invest in improvements that need to be made before it is suitable for occupancy. In addition, the purchase of properties by housing associations or local authorities should be encouraged, and the prioritisation of empty properties in town centres and renewal area initiatives should be encouraged. The potential benefits of target setting for joint working within local authority areas will be considered as part of a strategic approach to more action throughout Wales.

The private rented sector

49. The private rented sector is an increasingly important part of the housing scene. But the quality of accommodation and the practice of landlords ranges from very good to very poor. We must take our positive engagement with private landlords to a wholly new level, particularly those, often the worst landlords, who are not engaged in current efforts to improve the sector. In addition to committing to landlord registration and training and the regulation of letting/management agencies, we should take further steps to ensure growth and improve quality in the sector.

50. We should support housing associations that wish to provide homes at market rent, if necessary through a subsidiary. We should support landlords by enabling housing associations to provide community based management services to them, with funding support partly through registration fees. Private landlords should be enabled to lease property to social landlords and institutional investors should be encouraged to invest in the sector to increase the availability of good quality homes to rent.

51. Much has been made of the private rented sector becoming more important as a housing option for people who cannot afford to buy a home and it will be. However, even aside from concerns about the quality of some rented accommodation, it is difficult to see how the private rented sector as it currently stands can meet the additional demand. There are simply not enough homes available and therefore, building more homes, while not the total solution, remains as important as ever.

Park and mobile homes

52. Park homes can be a suitable housing option for some people as they can provide an alternative tenure to traditional “bricks and mortar”. It is estimated that the 100 or so registered sites in Wales, comprise some 5,000 units which provide homes for over 10,000 people.

53. The residents of park and mobile homes should enjoy the benefits of adequate protection and good management of the sites on which they live. Similarly, site owners need to have the encouragement and incentives to ensure that their sites are well managed and of a good standard. Good management practice is beneficial to both residents and site owners and this should extend to include consideration of arrangements when residents wish to sell their homes. It is clear that the majority of sites wish to maintain good standards, which can only enhance

their reputation. Individual residents also have responsibilities both to maintain their homes in good condition and to behave responsibly with due respect to other residents.

54. We should seek to ensure that our site licensing regime is enforceable and allows local authorities to recover any costs incurred in enforcing licence conditions. We must also look to streamline the process by which local authorities can revoke licences where a site owner is found to be acting illegally and we should consider a “fit and proper person” test for all site owners to ensure that sites are managed effectively and ensure fairness for residents. Park home sites are not unique to Wales and in developing our proposals it is imperative that we consider best practice from across the UK as this can inform what we do in Wales.

Quality

55. Quality is fundamental to a decent home. For new homes, this includes design standards. For existing homes, it includes their overall condition, warm with efficient heating, safe and secure, and where necessary, adapted to suit the needs of those who live there to enable them to continue living independently for as long as possible. The condition of existing homes is particularly relevant as, due to the age of the housing stock, the overall condition of many properties is poor.

56. We should be concerned about issues of quality across all housing types. The Welsh Housing Quality Standard has driven a powerful agenda to improve social housing. But we also need to address issues concerning owner occupied homes and the private rented sector. We also need to address those parts of Wales where there is currently no prospect of the current Standard being achieved in social housing. However, I also have concerns about the quality of private housing; more specifically, the size of new build private homes, which seems to be some of the smallest homes in Europe.

The Welsh Housing Quality Standard has driven forward a powerful agenda to improve social housing and in doing so, has brought many other benefits including new jobs and training opportunities.

57. While social housing properties are being improved by progress towards the Welsh Housing Quality Standard, there are significant challenges for owner-occupied properties and for the older properties owned by private landlords, who do not invest in improvement. New ways need to be found to encourage and, in some cases, to finance improvements. Without such action, older people for example are even more vulnerable. Poor living conditions such as cold or damp work against the considerable skill and efforts of the health and care services that help people to overcome illness and disability to live as independently as possible in their own homes.

58. The physical factors that can cause ill health and potential hazards that can cause injury must be addressed in both new and existing houses. If not, the result can be a continuous cycle of ill health and treatment and additional demand on

health and care services which, in many cases, is preventable. Home safety, including fire safety and preventing falls and other accidents is particularly important for children and for older persons. The Housing Health and Safety Rating System is an important prevention measure if it is used to its full extent but must be accompanied by broader action that improves energy efficiency and other aspects of homes. This may include forms of equity release, which can help owner-occupiers to be able to afford improvements.

59. Over and above their relevance to increasing the supply of new homes, planning and building regulations are also crucial when it comes to the quality of new build homes. Dialogue with house builders and house building trades unions is one of the next steps to consider in detail, the implications of the devolution of building regulations, the opportunities that brings, and the practical issues that need to be considered and overcome to avoid any adverse consequences for house building.

60. The Housing Bill has the potential to address issues of quality, particularly in the private rented sector, where poor standards and management can also be issues. Compulsory registration of landlords will have action on this issue as its core purpose. The recommendations of the last Communities and Culture Committee provide the foundation for comprehensive action on the private rented sector.

61. Renewal Areas that have been declared and supported by local authorities, with additional funding from the Welsh Government, have done much to improve the condition of private housing. Local authorities have worked closely with other public and private sector organisations, including landlords. In addition to renovating owner-occupied housing, improvements to privately rented housing and bringing empty properties back into use, there are examples of infrastructure and environmental improvements, and improvements to people's health and care, education, law and order, and commercial and economic conditions. The benefits, as demonstrated by the early results of Carmarthenshire County Council's long-term health impact assessment study, include improvements to people's health and well being. Renewal areas, closely allied with our regeneration work, should have the quality and condition of homes at the core of their concerns. There is a need to review both funding streams in order to maximise their impact.

Some local authorities have developed the use of loans to help home owners to make essential improvements to their houses. This local innovation should be the basis for a national initiative that helps people in all areas but which is tailored to local circumstances.

62. Our commitment to the development of 'Property Appreciation Loans' is also relevant and provides the foundation for the Wales-wide development of a property 'improvement' loan initiative that is capable of addressing the issues above.

Preventing homelessness and helping vulnerable people

63. Recent years have seen falls in homelessness in Wales, largely as a result of a greater emphasis on prevention and early intervention. But the numbers are now

rising again and could well continue to do so as the full impacts of Welfare Reform and the general economic situation are felt.

Action across Wales by local authorities and national organisations such as Shelter Cymru is being supported to help raise people's awareness of the changes to Housing Benefit and to help them manage the impact.

64. My earlier reference to a truly comprehensive local housing options service is particularly relevant not only to preventing homelessness but to helping people who find themselves in very difficult circumstances. This includes people whose home is at risk of being repossessed. In addition to taking steps themselves at an early stage to seek help, knowing where to find it and receiving the best possible assistance, is vital to being able to resolve matters. There are other circumstances in which people need help. For example, of the 6,300 or so households that were accepted as homeless in Wales in 2010/11, 700 were in priority need as they were fleeing domestic violence or the threat of it and in 270 cases, children were part of the household. In the last 12 months, 5% of men and 7% of women aged 16-59 reported being a victim of domestic violence or the threat of it.

65. Our housing services already do a huge amount of good work to help people in very difficult circumstances, but we must seek all opportunities to make services even more responsive to people's needs and as easy as possible to access. Specialist advice on housing matters needs to be accompanied by specialist advice on related areas such as debt and managing money, welfare benefits, and help at times of crisis. It extends to helping people suffering from drug and alcohol abuse and people suffering from physical or mental health problems. It also includes helping ex-offenders and young people who offend, to resettle into communities with appropriate housing so that they can rebuild and turn around their lives. There is already joint working between different agencies but there is scope for even better co-ordination between local authorities, housing associations, and the voluntary sector. It includes services such as family mediation services, social lettings agencies, youth outreach projects and financial advice, as well as access to any health, care and support services that are needed.

66. We must do more for young people. Some require the help of housing advice services in addition to social services when they become homeless, sometimes as a result of a breakdown in family relationships. Others need to make the transition from care to independent living. This can be a daunting prospect and the views of young people themselves suggest that the current system does not necessarily serve them well.

67. A comprehensive review of the existing legislation on homelessness is already under way. This will examine what works, what does not, and how it is currently interpreted and applied in practice. It will draw on the views of the organisations that have to work within the legislation and those who use the services. Its findings will inform decisions on how we can achieve a greater focus on prevention through possible changes to legislation.

The Supporting People programme helps some of the most vulnerable people in Wales. Each year, it provides essential support to around 50,000 people who find themselves in very difficult personal circumstances, enabling them to find or keep their home.

68. Housing plays a key role in services that support many vulnerable groups. The Supporting People programme, which helps people in crisis or very difficult situations to find and/or keep a home, is already undergoing a substantial programme of change, which will improve the way it is used to meet needs throughout Wales.

Improving public services and standards

69. The Welsh Government has introduced a new regulatory framework for housing associations. The new framework, which has tenants at its heart, will help to ensure financial viability, good governance, and the delivery of tangible outcomes for them and for others who use the services the associations provide. This is an important development for a number of reasons not least the confidence it gives lenders, which can sometimes translate in more favourable borrowing terms. But it does raise a question about the local authorities that continue to own their own housing. The standards of service should be no different to those of housing associations. Therefore, we will examine ways in which the tenants of local authorities can be assured of the same or similar standards to those of housing associations.

70. New models of delivering public services, and initiatives designed to help people to meet their housing needs, need to consider the potential for social enterprise, co-operatives and mutuals. Several of the new housing associations are mutuals and there is scope for greater use of not-for-profit organisations such as housing associations working closely with other public services.

The new Compact between the Welsh Government and local authorities, which will take forward the collaborative agenda, includes action on housing.

71. Housing has a significant contribution to make to the new Compact with local authorities. It will build on, and extend existing collaboration between authorities. It will help make the best use of limited resources, experience and expertise, and should help to spread the good practice that exists in some areas but not in others. The footprint for service delivery will provide coherence for future regional collaboration across public services on the housing agenda.

72. But our thinking needs to go further to consider the need to change on more specific subjects. For example, Disabled Facilities Grants help people to live independently in their own homes. The grant, which is a statutory duty for local authorities, is means-tested, but on grounds of efficiency there is a need to question whether the cost of administering the test outweighs the benefits. With this in mind, it

seems sensible to review Physical Adaptation Grants as well. While these are discretionary to housing associations to adapt their homes, it would seem sensible to review their use and the interface with Disabled Facilities Grants.

Realising the benefits of housing investment

73. Investment in housing brings with it many benefits. We have a great track record of harnessing the jobs and skills agenda with housing investment. This must be universalised across all our activity. The landscape here is also changing. We should call partners together to plan our way through the implications of the Wales Jobs Fund and the new Work Programme. This is a complex area and conditions will vary from place to place. Good communication and partnership working are essential. We must also promote the i2i model across not only the Welsh Government but across the public sector as a whole. It is a shining example of what can be done to harness the wider benefits of contracts, resulting in local unemployed adults and young people having the opportunity to receive training and work experience, which is essential to be able to compete in today's jobs market.

74. A decent home in good condition is a significant determinant of people's health and well being. Poor conditions including the physical conditions in the home and overcrowding, can affect children's development, which in turn can affect their education. Other factors such as hazards and cold are particularly important for older people and if not addressed, can substantially hamper the efforts of health and social care services to help people to live independently in their own homes for as long as possible.

75. Housing-related services also make a significant contribution to improving people's lives. These include the Supporting People programme, which helps people in crises or in very difficult circumstances to find or keep a home, thus helping to reduce the likelihood of ending up in Accident & Emergency Departments or in care.

The Rapid Response Adaptations Programme is helping to prevent people from being admitted into hospital in the first place or helping them to return home from hospital sooner than would otherwise have been possible.

76. Some social landlords, particularly housing associations, have recognised that they can be far more than simply rent collectors. Several have developed a variety of specialist health and care services, which are helping to meet the need for efficient health and social care services in the communities they serve. More widely, and perhaps significantly, most have developed ways of providing extra help for their tenants and their families. The activities are many and varied, but include IT access and skills for the digital age, adult education, homework clubs, and activities that help people to improve their health and well being. There is scope to do more, and their role could be extended across all forms of tenure in a community as part of Communities First and other local action that tackles the root causes of poverty and inequalities in health.

Conclusion

77. This document has set out many, but not all, of the significant issues that need to be addressed if we are to respond to the challenges that face us. It is not a typical consultation paper that sets out detailed proposals for comment. That will follow next spring when proposals for the Housing Bill are published. However, it is no less important as it provides an important and timely opportunity to build further dialogue between politicians nationally and locally, between officials and officers in organisations inside and outside the housing sector, and with the public. This, together with other developments such as the Communities, Equalities and Culture Committee's inquiry into affordable housing, will help to build a shared agenda. This in turn will enable the best possible use to be made of the forthcoming Housing Bill and can inform the policy and other initiatives that will stem from this Government's commitment to doing as much as it can to help meet people's housing needs.

78. Your views on the matters raised in this paper and on other matters relevant to meeting people's housing needs will be welcomed. They can be submitted in the following ways:

- Email: housingministerialstatement@wales.gsi.gov.uk
- Post: Housing Strategy Team, Welsh Government, Rhydycar Business Park, Merthyr Tydfil, CF48 1UZ

79. Note that responses may be published. Personal names and addresses will normally be withheld from publication but if responding on behalf of an organisation or group, you should state whether or not you are prepared for your name to be published with the response.