

CC(3)-16-10 (Paper 2)

Cymorth Cymru Evidence to: Communities and Culture Committee's Inquiry:

Making the most of private rented housing and the role the sector can play in meeting housing need in Wales

Cymorth Cymru is the representative body for providers of housing-related support, homelessness and supported living services in Wales and as such has three overarching objectives:

- To improve the links between policy and practice by ensuring that those working in frontline service delivery understand and are influenced by the wider policy context, and those working in policy development understand and are influenced by the experiences and knowledge of those working on the ground.
- To ensure that the sector maximises its contribution to the lives of citizens and the communities in which they live, by helping to build and develop the sector's capacity and professionalism.
- To increase public understanding and support for the sector and the work it does in helping people build the lives they aspire to within the community.

1. Background:

Cymorth Cymru is grateful for the opportunity to give evidence to the Committee on this important area. The Assembly and partners in the housing, housing-related support and homelessness sector have long believed that the private rented sector (PRS) could be utilised more effectively to meet housing need and this Inquiry is particularly timely when, because of the economic difficulties the country faces and the impact this will have on our most

vulnerable citizens to build the lives they aspire to, we need more than ever a vibrant and responsive housing system.

Our evidence is presented in responses to the questions put by the Inquiry before summarizing our recommendations. In drafting this response we are grateful to our members working within housing associations, third sector organisations and local authorities for their input.

Naturally, as the representative body for providers of housing-related support, homelessness and supported living services, our interest in the PRS lies primarily in how it can be used most effectively to help vulnerable people with housing, care and support needs. We also endorse the input of partner organisations, in particular, CIH Cymru and Shelter Cymru.

2. Responses to key questions:

2.1 How can better use be made of the private rented sector (PRS) so that it will become a tenure of choice and contribute more effectively to meeting housing need in Wales?

There are two elements to this question:

- Making better use of the PRS
- PRS being a tenure of choice

Our response deals with the second element first.

There are certain circumstances where the PRS is a tenure of choice, for example when moving to a new area and becoming established, or when only intending to stay somewhere for a short period, for example studying or working on a temporary contract. If someone has sufficient income, then quality private rented accommodation can be accessed so it is important to recognise that the PRS offers a positive choice in certain circumstances and/or when the income levels a person enjoys doesn't limit their options to poor quality accommodation.

Where the PRS is not a positive choice is where it is the only option and/or income levels preclude access to good standard accommodation. For this reason policy drivers should primarily be aimed at addressing quality and cost

issues for people who are not in a position to afford high quality/high rent accommodation.

Another issue relevant to making the PRS a tenure of choice is security of tenure and this paper responds to this issue in section 2.4.

In terms of making better use of the PRS, the Assembly's most recent homelessness policy documents rightly identify using the PRS more effectively to meet housing need as a strategic priority and there have been a number of initiatives such as bond schemes, social letting agencies and leasing arrangements that have achieved much on this agenda. These approaches are seen by our members as offering significant opportunities and this is reflected by their inclusion as a one of a range of solutions throughout this paper.

In relation to social lettings agencies, we are grateful to Cefni Lettings, a social lettings agency initiated by Agorfa, a third sector organisation working with homeless people in North Wales for the following input:

Cefni lettings is a community based social enterprise funded by the Welsh Assembly Government and local authorities which works with landlords in Anglesey, Gwynedd, Conwy, Denbighshire and Powys. Services provided depend on the particular needs of individual landlords and tenants and the type of accommodation provided but can include:

- *Assessment of landlord's needs and expectations*
- *Advertising properties*
- *Management of tenancies*
- *Tenant finding and selection*
- *Tenancy agreements*
- *Collection of rent*
- *Overseeing housing benefit applications*
- *Payment of rent in advance*
- *Arranging for deposits to be collected or guaranteed*
- *Inspection of properties and preparing inventories*
- *Arranging gas/electricity certificates*
- *Mediation between landlord and tenant*
- *Landlord development training*
- *Information and guidance on health and safety ratings system*
- *Property maintenance and repair services*
- *Early information of landlords intending to sell properties*
- *Assistance with identifying and applying for grants*
- *Provision of information and opportunities to discuss business development plans*

- *Support for tenants when needed*
- *Out of hours support for landlords and tenants*

It is felt that the benefits achieved by the agency include:

- *Creating a housing resource in the local community*
- *Supporting the successful development of the local private rented sector*
- *Improving the quality of private sector accommodation*
- *Providing real choice for landlords and tenants*
- *Enhancing partnership working with statutory and third sector agencies to provide accommodation*

There is also good practice in relation to linking the work of housing-related support teams within local authorities and third sector provider organisations with the PRS. We are grateful to Rhondda Housing Association for the following example:

Originally a referral was made via the Supporting People Team for a private rental tenant, who had been served with a Notice To Quit for rent arrears. A full needs and risk assessment was undertaken and the landlord was contacted from the outset.

The following goals were set:

- *Complete a Housing Benefit Application*
- *Set up an interim payment plan with the landlord*
- *Complete alternative applications for social housing, in the event of the tenancy being lost.*

Outcomes Achieved:

- *Full Housing Benefit Award was made and backdated, significantly reducing the rent arrears*
- *As a result, the landlord withdrew the Notice to Quit*
- *A regular payment plan was established and adhered to by the tenant, in order to reduce the remainder of the rent arrears. The tenancy was saved*

The private landlord in question was updated weekly by the Housing Support Officer and this line of communication proved to be a vital link in terms of the landlord's approach / attitude in dealing with the tenant (who had avoided contact previously). The landlord understood the value of the support being

provided: in terms of ensuring their rental income was protected and that the tenant could remain living at the property.

Due to the positive result with the above case, the same private landlord has since referred three additional cases for housing-related support services. Ultimately, the landlord benefits from what is essentially a business viewpoint. However, through a holistic approach to joint working practices and effective communication, positive outcomes are achieved for tenants and a potential homelessness situation is prevented.

These examples demonstrate that positive joint working between the public, third and private sectors can deliver positive outcomes that:

- make best use of the PRS,
- prevent homelessness thereby delivering cost savings for the public purse, and
- ensure a local business/landlord is rewarded financially whilst also contributing positively to the housing and support of vulnerable people in the community.

The expansion of this kind of joint working where appropriate to local circumstances would help to maximise the contribution PRS makes in Wales and this is our key recommendation to the Inquiry.

2.2 What can be done to address the poor condition of some properties and standards of property management within the PRS?

Although much has been done, standards can still be improved. Local authorities, through their housing and environmental health functions do have tools to address elements of poor quality, particularly in relation to HMOs, but limited resources or a lack of prioritisation as well as challenges around coordination between departments mean that responses aren't always as effective as they might be.

The Rugg and Rhodes recommendation to regulate letting agencies should be considered in assisting to address this issue, however we would suggest that a positive way forward would be the greater involvement of housing associations and third sector organisations and the further development of social lettings agencies and leasing arrangements.

2.3 Is there sufficient engagement with the PRS through voluntary initiatives like Accreditation Schemes and Landlords Forums to help raise standards across the sector or is more enforcement and regulation needed? Do these efforts need more strategic co-ordination at a national level?

As ever, practice varies across Wales and where there is a strong strategic lead from the local authority and good buy-in from the PRS and other partners, positive outcomes are achieved.

Greater engagement and a stronger lead from the centre could encourage those private landlords who don't engage to deliver more for the local community. A strong lead from the centre encouraging private landlords to work with authorities, housing associations and third sector organisations to respond more positively to housing homeless people and people with support needs as described in the example above, would also be beneficial.

In Wales we often consider our culture to be characterised as one with a strong community focus, perhaps the Assembly could encourage greater social responsibility within the PRS by encouraging engagement with housing-related support organisations, leasing arrangements, the use of social letting agencies and the involvement of bond schemes to assure landlords that their properties will be well maintained, income assured and community needs met.

Part of the work Bond Schemes do is to work with clients to ensure they can afford a property before assisting with a bond, thereby reducing the likelihood of rent arrears. The following input from the Carmarthenshire Bond Scheme highlights the benefits that can be achieved and puts forward some suggestions for better joint working to raise standards of accommodation:

Carmarthenshire Bond Scheme works closely with Carmarthenshire County Council in identifying properties that have not been accredited and properties that would like to be accredited onto their Landlord Accreditation Scheme.

To improve the conditions of some of the properties within the PRS, all properties should have an environmental health visit. The bond scheme does this for all the bonded properties. Perhaps all private rented properties whether bonded or not should have an environmental health inspection? This would reduce the likelihood of rogue landlords renting properties that are in a bad state of repair.

2.4 Is security of tenure an obstacle to developing the PRS further? Are there any other critical barriers preventing access to the PRS? How can these be overcome?

In relation to security of tenure, this is a concern for households who are not choosing the PRS positively as described at the beginning of this paper. For those who wish to stay long term in an area, for example because they have children in school, or have work or responsibilities in the area, the possibility that they may have to move on can be a worry and consequently undermine the sector as being one of choice. Taking forward the Law Commission's proposals on tenure reform would help address this issue.

In response to the question around other barriers, these include landlords being reluctant to house people on benefits, the forthcoming changes in LHA/HB, single room rates and JSA, and the difficulty for people on limited incomes to provide a bond/deposit. Many tenants already pay out of their benefits to cover the shortfall between the rent and housing benefit and the benefit changes will exacerbate this.

This mis-match between rent levels and disposable income for those on benefits probably constitutes the greatest barrier now and in the future for accessing the PRS and for maximising the contribution the PRS can make to meeting housing need.

Overcoming these obstacles can partly be achieved through:

- better joint working across LA supporting people, homelessness and housing teams and housing-related support and homelessness organisations;
- the wider development of social letting agencies and leasing arrangements with the third sector and housing associations; and
- working together to find ways to work within the new welfare reform framework as well as lobbying to shape any changes we can still influence

The paper returns to this last issue at section 2.6.

2.5 Can you identify any “quick wins” (that wouldn’t require new legislation) which could have an immediate impact on improving the PRS?

Research has shown that the human cost of economic difficulties is an increase in domestic abuse, family breakdown, drug and alcohol problems, mental health issues and ultimately homelessness. We need to prepare for this. Private landlords will be concerned about the impact of the current economic climate and welfare reform on the income from their investment and those working in public policy will be concerned about how we are going to help people experiencing the difficulties expressed above. If the Assembly could provide leadership for bringing together private landlords with organisations supporting vulnerable people and people in housing need and encourage them to develop innovative ways to work together to create a win-win for both, building on the good practice that already exists, this could help us to get the best from the PRS when its most needed. Cymorth Cymru would be very happy to help develop and support how this could be done.

2.6 What can Wales, and the Welsh Government, do to prepare for the changes to Housing Benefits announced by the UK Government?

A strong lead from the Assembly, working with the key partners already outlined to develop creative and innovative solutions building on the approaches discussed previously are what we can do to prepare; the other action we need to take is to work together to try to influence the UK government’s welfare reform agenda where final decisions are yet to be made.

To this end we need to campaign for a number of exemptions:

- the continuation of the exemption of supported accommodation from LHA
- exemption of leasing arrangements used to provide accommodation and support/care for vulnerable people
- residents of supported accommodation to be exempt from the reduction in JSA after one year because of their particular circumstances. (Initial analysis carried out by providers of homeless hostel accommodation indicates that a typical resident is likely to have between £4.50 and £9 a

week to live on after accommodation and other costs are covered if JSA is reduced.)

We also need to argue for a re-think on the proposals regarding leasing schemes where housing associations are leasing properties and receiving payments for intensive housing-management through HB. The proposal to change current arrangements to the receipt of LHA minus 10% plus £60 will make current arrangements unworkable. If, however, leased properties are treated as exempt in a similar way to leased supported accommodation, the development of leasing schemes would be encouraged and this would bring the added benefits for the community and landlord outlined in previous sections.

We also need to argue for an analysis to be carried out of the under 25 single room rate being extended to under 35 and in particular the impact on homeless people and services. It is currently often difficult to assist people to move out of temporary supported accommodation because of the lack of affordable appropriate move-on accommodation. This change to the under 25 rule will effectively make it more difficult and increase the “silting up” of temporary accommodation.

Another client group that finds it difficult to access the private rented sector is people with learning disabilities because the LHA payment will not, in most instances, cover the rental cost of a suitable property. The calculating of LHA at the 30th percentile will push this option further out of reach. An exemption for such groups (for example, people in receipt of DLA) could alleviate this. This could then facilitate the development of similar schemes to those described above for people who require greater housing management input or support and would bring the PRS within the reach of people with disabilities thereby expanding their choices and easing pressure on social housing.

2.7 How can more empty homes be brought back into occupation as rented accommodation?

Because of the anticipated greater challenges and demands outlined above, local authorities need to make bringing empty homes back into use a greater priority. Wider use of the tools developed by Shelter Cymru and CIH Cymru would assist staff to respond effectively. For the Assembly, using the Local Government Legislative Competency Order to give local authorities the power to

charge additional council tax and encouraging them to do this and invest the income generated into supporting other housing initiatives would also provide a useful way forward.

2.8 How can the private rented sector be used more effectively to ease pressure on social housing waiting lists and provide accommodation for those unable to buy a home?

This has been the key focus of our response and previous sections outlining that we need to develop stronger working arrangements across relevant LA departments and the third sector as well as creating more social letting agencies and leasing schemes would help achieve this goal. We would also reiterate the importance of bond/4 weeks in advance schemes for people on limited incomes who might find affordable social housing appropriate to their needs but are unable to access it. Again, we are grateful to the Carmarthenshire Bond Scheme for the following input:

Bonds are very important in helping to reduce homelessness and reduce local authority cost for B&B's. Some have strong links with local credit unions where they have agreed to set up saving accounts for clients. Once an account is opened, a sub-account is then made where clients pay money towards saving for their bonds. Money paid by the client into these sub-accounts cannot be withdrawn and only the bond scheme can agree for the money to be paid either back to the landlord or to the tenant. If the tenant has not saved enough money towards their bond when the time for the bond certificate to be withdrawn is up, the client can apply for a loan through the credit union for the remainder. This results in the client having ownership for their bond, helps the client to move to another property should they wish to and also gives the client more responsibility – after all, it is their money, so they are more likely to look after the property and not leave with rent arrears.

3. Summary/recommendations

In summary, there are a number of initiatives in Wales that are helping people access the private rented sector and these need to be developed across Wales. Housing, homelessness, support and care organisations also need to work together to find creative responses to the situation we face. As stated at the beginning of this paper, Cymorth's main concern is people who are vulnerable and in housing need. We anticipate an increase in demand from people facing

personal difficulties as a result of the current economic situation and social housing will not be able to meet this demand. With a strong lead from the Assembly and a commitment to working creatively together to find solutions we believe that we can work with our partners in the PRS to make the most of what it has to offer.

Summary of Recommendations:

- Encourage better joint working across the PRS, third and public sectors
- Support the establishment of more social lettings agencies
- Support the development of more leasing arrangements between the PRS and third sector organisations, particularly to house and support people with housing, care and support needs
- Support local authorities to use the mechanisms they already have to address poor quality accommodation
- Consider taking forward the Rugg and Rhodes recommendation to regulate letting agencies
- Use the Housing LCO to introduce the Law Commission's proposals on single tenure
- Work with providers and policy organisations to mitigate the impact of benefit changes we can't change and influence decisions currently being formulated