



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Pwyllgor Deddfwriaeth Rhif 2
Legislation Committee No. 2**

**Dydd Mercher, 20 Ionawr 2010
Wednesday, 20 January 2010**

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Gareth Jones	Plaid Cymru The Party of Wales
Val Lloyd	Llafur (Cadeirydd y Pwyllgor) Labour (Chair of the Committee)
Rhodri Morgan	Llafur Labour
Jenny Randerson	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Brynle Williams	Ceidwadwyr Cymreig Welsh Conservatives

Eraill yn bresennol
Others in attendance

Nick Bennett	Prif Weithredwr Cartrefi Cymunedol Cymru Chief Executive, Community Housing Cymru
Peter J. Cahill	Cartrefi Cymunedol Cymru Community Housing Cymru
Steve Clarke	Cydgysylltydd Polisi a Phrosiectau, Sefydliad Tai Siartredig Policy and Projects Co-ordinator, Welsh Tenants Federation
Keith Edwards	Cyfarwyddwr, Sefydliad Tai Siartredig Cymru Director, Chartered Institute of Housing Cymru
Vikki Hiscocks	Rheolwr Polisi a Materion Cyhoeddus, Sefydliad Tai Siartredig Cymru Policy and Public Affairs Manager, Chartered Institute of Housing Cymru
Gail McFee	Cadeirydd, Tenantiad Cymru Chair, Welsh Tenants Federation

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Sarah Beasley	Clerc Clerk
Jonathan Baxter	Gwasanaeth Ymchwil yr Aelodau Members' Research Service
Gwyn Griffiths	Cynghorydd Cyfreithiol Legal Adviser
Sarah Sargent	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 9.14 a.m.
The meeting began at 9.14 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1] **Val Lloyd:** Good morning and welcome to this morning's meeting of Legislation Committee No. 2. I have received an apology from Lynne Neagle, and there is no substitution for her this morning. I would like to welcome our new member, but I may do that later on.

[2] I will just make a few housekeeping announcements before we start. We are not expecting a test of the fire alarm this morning, so if you do hear it, it is for real and please make your way to the exit—you will be guided by the ushers. Please turn off your mobile phones and such equipment as they interfere with the broadcasting equipment. The National Assembly for Wales operates in the media of both English and Welsh, and headphones are provided for simultaneous interpretation on channel 1. They are also useful for amplification, if you need it. That is on channel 0.

9.15 a.m.

Gorchymyn Cynulliad Cenedlaethol Cymru (Cymhwysedd Deddfwriaethol) (Tai a Llywodraeth Leol) 2010 - Sesiwn dystiolaeth 3
Proposed National Assembly for Wales (Legislative Competence) (Housing and Local Government) Order 2009 - Evidence Session 3

[3] **Val Lloyd:** The purpose of today's meeting is to take evidence from the Chartered Institute of Housing Cymru, Community Housing Cymru and the Welsh Tenants Federation. Before we do that, I welcome our new member, Rhodri Morgan, to the committee. You are very welcome, Rhodri. I also welcome to the meeting Nick Bennett, the chief executive of Community Housing Cymru, Peter Cahill, the chair of Community Housing Cymru, Vikki Hiscocks, policy and public affairs manager for the Chartered Institute of Housing Cymru, and Keith Edwards, director of the Chartered Institute of Housing Cymru. You are all very welcome. We will now start the questioning and I will ask the first one.

[4] In relation to the general principle of the proposed Order, will you let the committee know whether you support the general principle of the Assembly gaining the competence proposed, and why existing legislation and executive powers are not adequate?

[5] **Mr Edwards:** Thank you very much, Chair. First, thank you for the opportunity to give evidence to you today and to answer the questions that you will pose to us. Very simply, you need to take an historical view of the powers that the Assembly has to intervene and deal with housing issues to understand why the existing powers are inadequate. Peter and I are old enough to remember the pre-devolution housing situation, when a lot of our housing policy and decisions were driven by an English-based agenda. A lot of the stuff was around our capacity to develop Welsh-based solutions and our confidence to intervene in housing issues. We feel, therefore, that it is timely, particularly in relation to our growing capacity and confidence, to look at what we can do to intervene in ways that are appropriate to housing in Wales. This legislative competence Order offers a very good opportunity to take that forward.

[6] **Val Lloyd:** Thank you very much. Does anyone else want to respond?

[7] **Mr Bennett:** Yes, thank you, Chair. Back in 2007, Community Housing Cymru developed a manifesto for the 2007 Assembly elections. We tried to do some internal brainstorming in terms of where we wanted to see legislative change to improve the lot of social housing in Wales. We came up with two areas at the time: the suspension of the right to buy and the issue of tenure reform. Currently, there are differences between the rights of local authority tenants and those of housing associations. Assured and secure tenancies derive from different legislation. Those differences can be a worrying factor for tenants who are confronted with the option of voting to transfer stock from a local authority, so we would certainly see that as an area for legislation.

[8] Overall, over the past few years, we have been very pleased with the way in which housing policy has been developed by the Assembly Government, and we are very pleased with the outcome of the Essex review. The biggest challenge that faces Wales in terms of its

housing stock is dealing with an inadequate supply and the quality of that stock. Legislation itself is no panacea, but this proposed LCO certainly does nothing but good in terms of being consistent with the policy approach taken from the Essex review. It is also entirely consistent, in our view, with the draft housing strategy that the Assembly Government is currently producing.

[9] **Val Lloyd:** Thank you very much. We will move on to Gareth Jones's questions now.

[10] **Gareth Jones:** Diolch yn fawr, Gadeirydd. Mae'r cwestiynau hyn i'r sefydliad ac i Gartrefi Cymunedol Cymru. Yr oedd Cartrefi Cymunedol Cymru yn feirniadol o'r Gorchymyn cymhwysedd deddfwriaethol arfaethedig cyntaf ynghylch tai fforddiadwy, yn enwedig o ran y diffiniadau yn y Gorchymyn hwnnw. Mae Sefydliad Tai Siartredig Cymru hefyd wedi mynegi pryder y gallai atal yr hawl i brynu, sef nod polisi Llywodraeth Cymru wrth gyflwyno'r Gorchymyn arfaethedig ynghylch tai fforddiadwy, mewn ardaloedd penodol lle mae galw mawr am dai, arwain at system ddwy haen.

Gareth Jones: Thank you very much, Chair. These questions are to the institute and Community Housing Cymru. Community Housing Cymru criticised the first proposed legislative competence Order on affordable housing, particularly in relation to the definitions within that Order. The Chartered Institute of Housing Cymru also expressed concerns that suspending the right to buy, which was the Government of Wales's policy intention in relation to the proposed LCO on affordable housing, in specific areas where there is a great demand for housing, could lead to a two-tiered system.

9.20 a.m.

[11] Dyna'r pryderon. Y cwestiwn yw: a yw'r Gorchymyn arfaethedig newydd hwn wedi rhoi sylw digonol i'r pryderon a oedd gennych chi'r tystion am y Gorchymyn cymhwysedd deddfwriaethol arfaethedig gwreiddiol ynghylch tai fforddiadwy?

Those are the concerns. The question is: has this new proposed Order paid sufficient attention to the concerns that you the witnesses had about the original proposed legislative competence Order regarding affordable housing?

[12] **Mr Bennett:** Yr oedd gennym bryderon. Byddai'n well imi ddatgan fy muddiant gan fy mod yn aelod o Gonfensiwn Cymru Gyfan. Yr ydym ni, fel corff, o blaid gweld pwerau deddfwriaethol yn y Cynulliad. Felly, ni fyddai'r un Gorchymyn yn ddigon eang i ni yn yr ystyr honno, gan ein bod am weld system hollol glir ar gyfer y dinasyddion ac ar gyfer ein haelodau. O safbwynt hollol hunanol, mae'n llawer haws i ni, fel elusen Gymreig, ddod yma i drafod deddfwriaeth na gwneud hynny yn Llundain. Yr ydym lawer yn hapusach gyda'r Gorchymyn arfaethedig hwn na'r un diwethaf.

Mr Bennett: We did have concerns. I ought to declare an interest, as I am a member of the All Wales Convention. As a body, we are in favour of seeing legislative powers for the Assembly. Therefore, no single Order would be broad enough for us in that sense, as we want to see a completely transparent system for citizens and for our members. From a completely selfish perspective, it is much easier for us, as a Welsh charity, to come here to discuss legislation than to do so in London. We are much happier with this proposed Order than we were with the previous one.

[13] **Mr Edwards:** It is right to say that we had expressed concerns previously. In one sense, however, while the opportunity to intervene in the right to buy is still a relevant issue, in terms of where we are and the overall housing market, of course, the issue of right to buy is nowhere near as big a feature as it was even two years ago. Some 50 per cent of all local authority social housing has now been sold under the right to buy, but right-to-buy sales have

decreased significantly over the last few years, partly because of measures that the Assembly has taken.

[14] In general terms, we believe that the Assembly Government should now have discretion, and this proposed LCO will allow that to happen, to intervene in the right to buy, but we do not think it would be as significant an issue as it was, as I said, even two years ago.

[15] **Gareth Jones:** A ydych yn credu bod cwmpas y Gorchymyn arfaethedig yn ddigon eang? **Gareth Jones:** Do you think that the scope of the proposed Order is wide enough?

[16] **Mr Bennett:** Ar hyn o bryd, mae'i gwmpas yn hollol resymol. Mae'n cynnwys pob dim y gofynasom amdano, o safbwynt newid, yn ein maniffesto yn ôl yn 2007. Hefyd, gwyddom fod Llywodraeth y Cynulliad am adolygu'r rhaglen Cefnogi Pobl. Felly, mae'n eithaf teg o safbwynt y gallu i ddelio â'r her sydd o'n blaenau ar hyn o bryd ac, efallai, yr anghenion newydd fydd yn codi yn ystod y ddwy i dair blynedd nesaf, gyda mwy o waith polisi. **Mr Bennett:** Currently, its scope is entirely reasonable. It encompasses everything that we asked for regarding change in our manifesto back in 2007. Also, we know that the Assembly Government wants to review the Supporting People programme. So, it is pretty fair with regard to the ability to deal with the challenge facing us now and, perhaps, any new needs that might arise over the next two to three years, with more policy work.

[17] **Mr Edwards:** It is sufficiently broad to deal with immediate issues and to anticipate things that might become more relevant over the next few years. I would stress the point that, from CIH Cymru's point of view, it is really important that we take a whole-system approach. The broad nature of this proposed LCO allows us to look at housing as an entire system and it is consistent with that approach.

[18] **Gareth Jones:** Mae un rhan bwysig a all fod ychydig yn ddadleuol, ond mae'n rhaid inni ei hystyried, sef y sector preifat a'r berthynas ag ef. A ydych yn credu ei bod yn bwysig bod y Gorchymyn arfaethedig yn cynnwys y sector rhentu preifat, a beth yw eich barn am awgrymiadau tystion eraill y dylid ymdrin â'r sector rhentu preifat mewn Gorchymyn ar wahân yn y dyfodol? **Gareth Jones:** There is one important aspect that could prove a little controversial, but we have to consider it, namely the private sector and the relationship with it. Do you think it important for the proposed Order to include the private rented sector, and what is your opinion of other witnesses' suggestions that the private rented sector should be dealt with in a separate Order in the future?

[19] **Mr Bennett:** Nid wyf yn cynrychioli'r sector preifat o gwbl. Y sector gwirfoddol yr ydym ni yn ei gynrychioli. Fel y dywedais, byddwn o blaid datganoli'r maes tai yn ei gyfanrwydd a'r pwerau deddfwriaethol drosto. Efallai fod problem gyda Rhan 3 o Ddeddf Llywodraeth Cymru 2006, oherwydd os nad yw rhywbeth yn bosibl, mae'n rhaid ichi fynd ar ôl materion yn lle delio â'r maes yn ei gyfanrwydd. Efallai bod hynny'n un o'r rhesymau pam nad yw'r sector preifat wedi cael ei gynnwys yn y Gorchymyn arfaethedig. Yr wyf yn gobeithio bod ffyrdd eraill o wneud hynny, drwy Ddeddf sy'n cynnwys Lloegr a Chymru, er enghraifft. **Mr Bennett:** I do not represent the private sector in any way. We represent the voluntary sector. As I said, I would favour devolving responsibility for the field of housing entirely and the legislative powers over it. Perhaps the problem lies with Part 3 of the Government of Wales Act 2006, because if something proves impossible, you have to chase after matters instead of dealing with the field in its entirety. Perhaps that is one of the reasons why the private sector is not included in the proposed Order. I hope that there are other means of doing that, through an Act that includes England and Wales, for example.

[20] Ar hyn o bryd, mae'r Gorchymyn arfaethedig yn un da ac yn un a fydd yn ein galluogi i symud ymlaen â pholisïau Cymru. At the moment, the proposed Order is a good one, and it will enable us to make progress with Welsh policies.

[21] **Mr Edwards:** Again, CIH Cymru's approach is consistent with that of the CHC on this. On the one hand, we recognise the importance of the private rented sector and this whole-system approach to housing, if you like, but it is also true to say that it is in the private rented sector, traditionally, that the rents are highest, standards are sometimes poorer and security of tenure is also quite severely limited. So, there are good reasons to approach the issue of the private rented sector in a comprehensive package of housing measures. However, bearing in mind the lack of evidence and of work in this area, we would not want the process of passing the proposed LCO to be held up. So, the best way to deal with it would be to consider it as a job not yet done and one to return to in the future legislative process.

[22] **Gareth Jones:** Bu ichi gyfeirio at dystiolaeth, ac efallai y gallwch ehangu tipyn ar eich barn am dystiolaeth y Dirprwy Weinidog. Dywedodd y Dirprwy Weinidog fod y diffyg datblygu polisïau yng Nghymru ar gyfer y sector rhentu preifat yn golygu nad oes digon o dystiolaeth ar gael i wneud cais am gymhwysedd deddfwriaethol yn y sector rhentu preifat. **Gareth Jones:** You referred to evidence, and perhaps you could expand on your view on the Deputy Minister's evidence. The Deputy Minister said that the lack of policy development in Wales in relation to the private rented sector means that there is not sufficient evidence available to make a bid for legislative competence in the private rented sector.

[23] **Mr Edwards:** I think that that is eminently true. If you look at the shortfall in social housing provision—despite the valiant efforts of the Assembly, which have increased the volume of social housing—we are still way short of the needs that have been identified for people to have access to affordable housing. Inevitably, more attention is focused on how we might provide for that through the private rented sector. However, it is fair to say that our thinking on that is not well advanced at the moment. For that reason, it is pragmatically dealt with as a separate issue.

[24] **Gareth Jones:** Mae'r cwestiwn hwn i Nick o Cartrefi Cymunedol Cymru. Bu ichi gyfeirio ato, ond gofynnaf y cwestiwn. A fydddech yn hoffi gwneud sylwadau ynghylch eithrio'r sector rhentu preifat o'r Gorchymyn arfaethedig? **Gareth Jones:** This question is to Nick from Community Housing Cymru. You have referred to it, but I will ask the question. Would you like to comment on the exclusion of the private rented sector from the proposed Order?

[25] **Mr Bennett:** Nid oes gennyf dim byd i'w ychwanegu at yr hyn a ddywedais yn gynt. **Mr Bennett:** I do not have anything to add to what I said earlier.

[26] **Rhodri Morgan:** Mae gennyf gwestiwn sy'n dilyn o'r drafodaeth rhwng Gareth, Keith a Nick. Yr wyf am fynegi fy marn i ac wedyn gofyn eich barn chi ar fy marn i. Mae'n un o'r pethau mwyaf trist a welais yn ystod bron i chwarter canrif fel cynrychiolydd cyhoeddus. Pan ddechreuais fy ngyrfa, byddai pobl yn dod i fy syrjeri fel Aelod Seneddol gan ofyn am gymorth i gael tŷ cyngor. Heddiw, maent yn sôn am y problemau sydd ganddynt o ran byw yn yr **Rhodri Morgan:** I have a question following on from the discussion between Gareth, Keith and Nick. I want to express my opinion and then ask your opinion on my opinion. It is one of the saddest things that I have seen in almost a quarter of a century as a public representative. When I started my career, people would come to my surgery as an MP asking for help to get a council house. Today, they talk about the problems that they have in living in what was a council house, but is

hyn a oedd yn dŷ cyngor, ond sydd yn awr yn cael ei rhentu'n breifat oherwydd bod y tŷ cyngor wedi cael ei ailgylchu i mewn i'r sector rhentu preifat. Mae'n costio ddwywaith cymaint ag y byddai pe byddai wedi aros yn y sector tai cyngor. Yr un tŷ ydyw, ond mae bellach yn costio £100 yr wythnos yn hytrach na £50 yr wythnos. Yr wyf yn siarad yn fras, wrth gwrs. A oes ffordd o ddatrys y broblem, er enghraifft, drwy wella'r LCO arfaethedig hwn a thrwy unrhyw Mesur sy'n deillio ohono? A fyddai hynny'n mynd i'r afael â'r broblem hon o dai cyngor yn cael eu hailgylchu o'r sector cymdeithasol i'r sector rhentu preifat? Yr un tai ydynt, ond maent yn costio ddwywaith gymaint i'w rhentu. Yr ydych wedyn yn dod o hyd i'r holl broblemau hynny'n ymwneud â budd-dal tai a hawliau byrddaliad a phroblemau cyfreithiol ac yn y blaen.

now privately rented because the council house has been recycled into the private rented sector. It costs twice as much as it would have cost had it remained in the council house sector. It is the same house, but it now costs £100 a week rather than £50 a week. That is roughly speaking, of course. Is there a way of solving that problem through, for example, improving this proposed LCO and through any Measure that arose from it? Would that tackle this problem of council houses being recycled from the social sector into the private rented sector? They are the same houses, but cost twice as much to rent. You then encounter all of those problems with housing benefit and shorthold rights and legal problems and so on.

[27] **Mr Cahill:** Yes, I think that there would be, given the broad scope of the proposed LCO in this case. There could be measures under the right to buy procedures where sale would be subject to a covenant that subsequent resale of those right to buy properties could be a preferential arrangement either to the local authority or to the local housing association thereby providing an opportunity to recycle back into the rented sector those very properties that have been subject to the right to buy, particularly in high pressure areas.

9.30 a.m.

[28] **Mr Bennett:** Mae pwynt arall, sydd y tu allan i'r maes polisi tai, sef nad yw'r ochr gwasanaethau ariannol wedi'i ddatganoli i'r Cynulliad. Mae gennym dystiolaeth fod pobl sydd wedi prynu tai cyngor yn cael eu targedu gan siarcod benthyg, sy'n dweud wrthynt, 'Mae gennych ased; efallai eich bod wedi cael cymhorthdal ac wedi cael y tŷ am bris rhad, ac fe gewch fenthyca yn ei erbyn.' Yr oedd nifer fawr o'r bobl sydd wedi colli tai yn ystod y wasgfa gredyd wedi prynu tai cyngor—mae'r dystiolaeth yn dangos hynny. Mae mwy i'w wneud o ran gweithio ag undebau credyd ac o ran sicrhau bod gwasanaethau ariannol ar gael i bobl. Yr ydym wedi sefydlu menter newydd, sef Moneyline Cymru, er mwyn sicrhau bod pobl nad ydynt yn cael eu gwasanaethu gan y banciau ar hyn o bryd yn gallu osgoi'r siarcod benthyca. Fodd bynnag, mae'n broblem enfawr.

Mr Bennett: There is another point, which is outside of the housing policy field, which is that the financial services side has not been devolved to the Assembly. We have evidence that people who have bought council homes are being targeted by loan sharks, who tell them, 'You have an asset; maybe you have received a subsidy and have bought it for a low price, and you can borrow against it.' A large number of those people who have lost homes in the credit crunch had bought council houses—the evidence shows that. There is more to be done in terms of working with credit unions to ensure that financial services are available to people. We have set up a new initiative, Moneyline Cymru, in order to ensure that those people who cannot receive services from the banks at present are able to avoid loan sharks. However, it is an enormous problem.

[29] **Mr Edwards:** I know that you will hear from Steve and Gail from the Welsh Tenants' Federation, and that they have a keen interest in how you look at the issue of tenants' rights, for example on estates where there are now private sector tenants as well. I

have had discussions with Steve on this, and there is some interesting thinking on it. It is ironic that, in the first wave of the right to buy, you could recognise the owner-occupied properties by the fact that they had new windows and doors and so on, but, as a result of the Welsh housing quality standard programme, the situation is now becoming reversed, and many of the houses of the worst quality will be those that were bought, and particularly those that were rented subsequently in the private sector. I would like to see any measures that could embrace that issue, but again I would have to temper that by saying that if it delayed our getting competence in other areas, the Assembly Government would have to balance that against it.

[30] **Brynle Williams:** Hoffwn fynd yn ôl at yr hyn yr oeddech yn ei ddweud yn gynharach ynghylch pobl mewn trafferthion ariannol. A oes unrhyw ffordd y gallem rwymo'r gwerthiant unigol, fel bo modd i rywun sydd mewn trafferthion fynd at gymdeithas tai megis Cymdeithas Tai Clwyd? Byddai hynny'n sicrhau bod y tai'n aros yn y gymuned.

Brynle Williams: I would like to go back to what you were saying earlier about people in financial difficulties. Is there any way of linking the individual sale so that if someone is in difficulties, they could go to a housing association such as Cymdeithas Tai Clwyd? That would ensure that the housing stays in the community.

[31] **Mr Bennett:** Dyna yr ydym yn ceisio ei wneud, ond yr ydym wedi dod ar draws problem arall sydd gan denantiaid ar hyn o bryd. Yng Nghymru, cyn y wasgfa gredyd, yr oedd 15,000 o bobl yn benthycu gan siarcod benthycu, ac yr oedd 150,000 o bobl yn benthycu gan fenthycwyr carreg drws. Fel arfer, os benthycwch ar y garreg drws, yr ydych wedyn yn talu llog ar gyfradd flynyddol o 200 y cant. Mae hynny'n dreth ychwanegol ar gymunedau na allant ei fforddio, ac mae'n cael effeithiau ehangach ar gymdeithas, ar wasanaethau lleol ac ar yr economi leol. Yr ydym wedi cael cefnogaeth gan yr Adran Gwaith a Phensiynau a chyllid cymdeithasol, ac yr ydym wedi creu bond newydd gyda £2 filiwn fel bod cyfalaf i fenthycu. Mae pump ardal yn ne Cymru lle mae prosiectau peilot ar waith, sef Casnewydd, Caerdydd, Pen-y-Bont ar Ogwr, Cwmbrân a Phontypridd. Hoffem ymestyn hynny i'r gogledd, oherwydd gwelwn yr effaith ar bobl yno. Mae pobl sy'n byw ar fudd-daliadau ar hyn o bryd yn talu £200 y mis i fenthycwyr carreg drws. Gallwn fenthycu yr arian iddynt i dalu'r ddyled honno, a fyddai'n golygu, yn lle talu hynny, eu bod yn talu £60 y mis, a gallant ymaelodi ag undeb gredyd. Felly, mae ffyrdd i wneud gwahaniaeth.

Mr Bennett: That is what we are trying to do, but we have come across another problem that tenants have at the moment. In Wales, before the credit crunch, 15,000 people borrowed from loan sharks, and 150,000 borrowed from doorstep lenders. Usually, if you borrow money on your doorstep, you pay interest at an annual percentage rate of 200 per cent. That is an additional tax on communities that cannot afford it, and it has wider effects on society, on local services and on the local economy. We have received support from the Department for Work and Pensions and social finance, and we have created a new bond with £2 million so that there is the capital to lend. There are five areas in south Wales where pilot projects are underway: Newport, Cardiff, Bridgend, Cwmbrân and Pontypridd. We would like to extend that to north Wales, because we see the effect on people there. People who are currently living on benefits are paying £200 a month to doorstep lenders. We could loan them the money to pay off that debt, which would mean that instead of paying that amount each month they would be paying £60 a month and could join a credit union. Therefore, there are ways of making a difference.

[32] **Brynle Williams:** Nid yw hyn yn effeithio ar drefi yn unig ond ar ardaloedd gwledig hefyd. Rhaid inni gofio bod tai cyhoeddus mewn pentrefi gwledig. Mae

Brynle Williams: This does not just affect towns but rural areas as well. We have to remember that there is public housing in rural villages. The cost of living is much higher

costau byw pobl yn llawer uwch yno, ac felly mae problem yno hefyd.

[33] **Gareth Jones:** Yr wyf yn derbyn bod hwn yn faes tu hwnt o gymhleth a dyrys—gwrandawais arnoch, Nick, yn cyfeirio at yr hyn y dymunwch ei weld, ac yn sicr hoffem weld datrysiad i'r broblem ddifrifol hon sydd gan gymdeithas o ran benthyciadau—ond y cwestiwn syml i ni, sydd yn ceisio craffu ar yr LCO arfaethedig, yw: a fyddai'r LCO arfaethedig, o ystyried ei ehangder a'i gynnwys, o gymorth ichi yn eich gwaith i fynd i'r afael â'r math hwnnw o broblem, ynteu a oes rhwystrau yn parhau i fod ynddo?

[34] **Mr Bennett:** Heb os bydd y Gorchymyn arfaethedig yn ein helpu fel mudiad. Bu i ni ofyn am adolygiad annibynnol a chawsom hynny yng ngwaith Sue Essex. Bu i ni roi cynnig i'r Llywodraeth bryd hynny, sef pe baem ni'n cael gwell cyfundrefn, byddem yn gallu benthyg mwy. Dyna fantais cymdeithasau tai: maent yn gallu cymryd arian cyhoeddus ond maent hefyd yn gallu cael arian oddi wrth y sector breifat. Ein cynnig oedd, gyda gwell system, y gallem fenthyg mwy a gwneud mwy mewn cymunedau. Bu i ni addo y byddem yn benthyg o leiaf £100 miliwn yn ychwanegol rhwng 2007 a 2011. Dros y ddwy flynedd diwethaf, yr ydym wedi benthyg £0.25 biliwn, sydd yn cymharu gyda'r rhaglen Amcan 1 neu gydgyfeiriant. Felly, yr ydym yn gwneud mwy, a hynny oherwydd bod y Llywodraeth wedi gwrando. Mae nifer o fesurau wedi dilyn adolygiad Essex, felly yr ydym yn hapus.

[35] **Mr Edwards:** Briefly, there is a more specific issue around the housing system and the ability of people to staircase up and down at different points in their lives. CIHC has long been an advocate of a much more flexible approach to tenure. That is aspirational at this stage, and I know it will come up later in some of the questions, but it is important to recognise that the proposed LCO will give you opportunities to look at tenure relationships and at flexibility in people's lifestyles and life cycles, so that they will not be hamstrung by a particular tenure that they found themselves in at a point in time.

[36] **Brynle Williams:** I will move on to a question for CHC. Can you expand on your comments on your written evidence, where it is stated that the proposed Order would enable the Assembly

[37] 'to implement a comprehensive regulatory regime'

[38] for social housing?

there, and there is therefore a problem there too.

Gareth Jones: I accept that this is an extremely complex and intricate area—I listened to you, Nick, referring to what you would like to see, and we would certainly like to see a solution to this serious problem that society has with regard to loans—but the question for us, who are trying to scrutinise the proposed LCO, is: would the proposed LCO, given its scope and content, help you in your work to get to grips with that type of problem, or are there still barriers within it?

Mr Bennett: There is no doubt that the proposed LCO will help us as an organisation. We asked for an independent review and got one in the work undertaken by Sue Essex. We made a proposal to the Government at that time, which was that if we had a better system in place, we could lend more. That is the advantage of housing associations: they can take public money but they can also borrow from the private sector. Our proposal was, under a better system, that we could lend more and do more in communities. We pledged that we would lend at least an additional £100 million between 2007 and 2011. Over the past two years, we have lent £0.25 billion, which is comparable with the Objective 1 or convergence programmes. So, we are doing more and that is because the Government listened. A number of measures have emanated from the Essex review, so we are happy with that.

[39] **Mr Cahill:** It is fair to say that the current arrangements are such that the Assembly's regulatory powers of intervention, to use that rather dramatic term, are limited in comparison with those of Scotland or England. It makes absolute sense, in the context of the comprehensive overview of the regulatory arrangements for the sector in relation to the proposed Assembly's current legislative competence under the proposed LCO, to expand the breadth of those arrangements to enable the sector and the Assembly to work effectively together in a robust and transparent way that is accountable not just to the Assembly but to the communities in which housing associations work the length and breadth of Wales.

[40] **Mr Edwards:** We welcome the broad definition of social housing providers. We have long been proponents of the idea of domain regulation, for example, so that local authority tenants and housing association tenants are on the same footing, have equal rights and are treated in the same way across the piece. We particularly welcome the emergence of some of the new models through the stock transfer programme, particularly the community housing mutuals that have been established in places such as Blaenau Gwent, Rhondda Cynon Taf and Torfaen. I know that Peter's organisation has a model that anticipates becoming a community mutual over the next five years. Tenants in Neath Port Talbot will, basically, be voting on a community mutual model in which tenants own the housing. So, we would welcome and support the idea of taking a broad, all-encompassing approach to tenure.

[41] **Brynle Williams:** You have answered this question in part, but do both organisations believe that it is necessary and appropriate for the Assembly to gain competence in this area and is it necessary and appropriate for the allocation of social housing to be in the scope of the proposed Order?

[42] **Mr Edwards:** Absolutely. I know that the Assembly Government intends to build and support sustainable communities, but without powers in those areas, it is difficult to see how it could fully deliver that, particularly in some of the most disadvantaged communities in Wales.

9.40 a.m.

[43] **Mr Cahill:** I concur with Keith's comments. It is refreshing to see that, albeit in draft form, as it would enable the Assembly to reflect that agenda. Building on the work done to date on housing quality development in Wales, that legislative competence would deal with the sorts of issues that have impacted upon local communities, and facilitate the concept of sustainable communities.

[44] **Val Lloyd:** Have you finished your questioning, Brynle? I see that you have. I now bring in Jenny Randerson.

[45] **Jenny Randerson:** My first set of questions relates to matter 11.4, which is about the tenure of social housing. Nick, you make reference in your written evidence to the importance of a single form of social housing tenure, especially in relation to stock transfer. Could you please expand on those comments?

[46] **Mr Bennett:** The fact that tenure rights are different following a stock transfer can be a significant factor. It can create fear among some people who might be concerned about change. There might even be better tenure rights following the transfer, but the fact that there is a change at all would perhaps allow some people who may have a dogmatic problem with the issue of stock transfer to exploit those fears. There are occasions when Defend Council Housing will warn people that if they vote for stock transfer, they have a greater risk of losing their homes and that there is a greater chance that their rents will be increased, even though rents are regulated by the Assembly Government. For me, the classic fear story was in south

Gloucestershire, where the local campaign against stock transfer included a warning along the lines of: 'Vote 'yes' and they will put your pets down.' That is the type of fear factor that is impossible to legislate against.

[47] However, regarding what is possible within this proposed LCO, moving towards a transparent and clear unified system of tenure would be something that would be citizen-centred, but could also take some of those fear issues away for tenants. It would also be a more consistent basis, regardless of whether somebody is the tenant of a registered social landlord or a local authority tenant.

[48] **Jenny Randerson:** Thank you, Nick.

[49] **Val Lloyd:** Vikki wants to come in.

[50] **Ms Hiscocks:** We support what Nick has said. As an organisation, we are very aware of the problems that Nick highlighted on the differences between tenancies. This proposed LCO would give the opportunity to provide greater clarity, not just for existing tenants but for prospective tenants as well. From our point of view, it is only fair that opportunities are explored to ensure greater consistency across different tenures. This would give the opportunity to do that.

[51] **Jenny Randerson:** Is that what is encompassed in the term 'flexible tenure' in your evidence?

[52] **Ms Hiscocks:** That moves on to something different. It comes back to some of the economic problems that we talked about earlier, and Keith mentioned it in that context. Flexible tenure has been around as a policy tool for a number of years. It was mentioned in 'Better Homes for People in Wales', the first national housing strategy; it was also one of the recommendations of the Essex review. However, it is still at a conceptual stage. The idea is that it gives greater flexibility to people so that they can move between tenures, and not just in response to economic circumstances—for example, moving out of owner-occupation if you can no longer afford it and into social housing. It is also about allowing people to make those sorts of moves in response to different needs and preferences. It could apply to an older person who is in owner-occupation and can no longer keep up the maintenance of a property. There may be other social and environmental factors that would drive a move to a different form of tenure.

[53] **Rhodri Morgan:** When you say 'moving out', you do not mean 'moving out of the property', do you? You mean 'moving out of a form of tenure'.

[54] **Ms Hiscocks:** Yes, exactly.

[55] **Rhodri Morgan:** If that person would prefer to.

[56] **Ms Hiscocks:** Absolutely. It is about being able to stay in a particular property and move tenures without having to physically move, which may be appropriate to meeting your particular needs.

[57] **Rhodri Morgan:** I am just thinking that, in the light of what Nick said about south Gloucestershire, once you say 'move out', people think they are going to be shoved out.

[58] **Mr Bennett:** These are the legalistic issues that can be used to confront and build fear among some people.

[59] **Jenny Randerson:** Was there anything else that you wanted to add?

[60] **Ms Hiscocks:** This is an issue that is high on the policy agenda at the moment, and something that the Chartered Institute of Housing Cymru has been advocating. We feel that this sort of housing system could bring many benefits, and the proposed LCO would give the opportunity to explore different models that might come under that banner of flexible tenure in the future.

[61] **Jenny Randerson:** Having said all that, do both organisations feel that the proposed Order, as it stands, is sufficient and broad enough to satisfy all the needs that you referred to?

[62] **Ms Hiscocks:** Yes.

[63] **Mr Bennett:** Yes.

[64] **Jenny Randerson:** Moving on to matter 11.5, on the right to buy and the right to acquire, Keith, can you expand on the comments in your written evidence regarding the right to buy? Do you believe that the proposed Order is necessary and appropriate in relation to that?

[65] **Mr Edwards:** If it is okay, I will defer to Vikki on this question.

[66] **Ms Hiscocks:** We are aware of the previous LCOs that have dealt exclusively with the right to buy. As I mentioned earlier, right-to-buy sales have declined considerably due to house prices in the current economic climate. The overall impact of this particular matter with regard to bought-housing assistance will be relatively limited. Having said that, we feel that it is important for it to be included as it is closely linked to some of the other matters. We mentioned that other products, which are more fit for purpose, are available in the current housing market, such as homebuy, or products that come under the flexible tenure heading. Our main concern with the right to buy scheme is that it does not allow housing to be affordable in perpetuity, and we feel that there are other products and initiatives that address this problem. Linked to the other matters around tenure and finding social housing providers, this is an important matter to include in the proposed LCO.

[67] **Jenny Randerson:** We heard evidence last week that, although the numbers of people affected by this provision, if it were applied, would not be high, it is of strategic significance, particularly in rural areas where you may have isolated groups of properties that could be subject to the right to buy. Is that your experience?

[68] **Ms Hiscocks:** Absolutely. CIH Cymru has long been advocating the role of a strategic housing function to decide on needs and priorities, and those of local authorities in particular. We see that enabling role as crucial in meeting local housing needs. This would allow individual local authorities to make strategic decisions about what is needed in their area. For rural authorities it may only be one property, but that can have a significant impact on the community. So, yes, we agree with that.

[69] **Jenny Randerson:** Nick, would you like to expand on the comments in your written evidence that the proposed Order would cover both statutory and voluntary disposals, and explain to the Committee why that is necessary?

[70] **Mr Bennett:** It is important to distinguish between these two because of the different statutory basis according to the Housing Act 1985. The statutory disposal is the right to buy, a voluntary disposal would include something such as stock transfer. We were concerned with the previous LCO that the difference between the two was not clear enough and could have created problems. On the broader issue of suspending the right to buy, we would agree with everything that Vikki has said. To some extent, the horse has bolted. There were 300,000

council houses in Wales in 1981; there were 220,000 social housing units this time last year, including all RSL and local authority units. Our development rate has not kept up with sales under the right to buy. However, last year we saw a small increase in the overall net level of social housing in Wales. Part of that is due to the fact that we have been borrowing more and doing more. The Government has been investing more and we built just over 2,000 houses last year, which is an increase in our output.

9.50 a.m.

[71] The other reason is that, while the last LCO was subject to constitutional ping pong between this place and Whitehall, the market suspended the right to buy. People could not get the loans during the credit crunch, which meant that there were even fewer members of the public exercising the right to buy. We were able to increase supplies, and we have seen that small, net increase moving forward whatever the level of demand. We think that it is right and proper that local authorities with a strategic housing role should be able to make that assessment closer to communities, particularly rural communities where there might be specific pressures.

[72] **Jenny Randerson:** Moving on to matter 11.6, which is housing-related support, I would like to ask both organisations whether the powers sought in this matter are necessary and appropriate for us to implement any recommendations that may come from the independent review of housing-related support that has been commissioned by the Welsh Assembly Government.

[73] **Ms Hiscocks:** Housing-related support is a valuable funding stream, and helps to support the most vulnerable people in society. We are aware of the review that has been commissioned, and is due to report later this year. We do not know what sort of recommendations it will make, or what legislative requirements it will lead to. As an organisation, this is not our specific area of expertise, but we support the inclusion of this matter in the proposed LCO. We think that it is broad enough to cover any recommendations that might come out of the review.

[74] **Mr Bennett:** On the Supporting People grant, increasingly there have been aspects that have been much more Welsh in terms of its administration because it was originally an English initiative. The funding was outside the Welsh block grant for a number of years, but it is now part of the Barnett block. Professor Mansel Aylward will be undertaking this independent review, and it is entirely appropriate that, if he wants to look at specific Welsh policy initiatives, he is commissioned to do that, and to have the free reign within his terms of reference to come back and report to a Minister. To receive a response that some recommendations cannot be enacted without further legislative powers would be a missed opportunity. This is a service area for some very vulnerable people, and the more freedom and flexibility the Assembly Government has, the better.

[75] **Rhodri Morgan:** A vexed issue for a long time has been this question of the rights of Gypsies and Travellers to have sites, and whether local authorities should or should not be required to provide them where there is an established demand. In the context of the Gypsy/Traveller strategy for Wales, on which the consultation closed a week or so ago, do you think that the coverage provided by this proposed LCO, which would enable the Assembly to pass a Measure requiring local authorities to provide sites where appropriate for Gypsies and Travellers, is sufficient and appropriate?

[76] **Mr Edwards:** All authorities are required to assess the accommodation needs of Gypsy/Traveller communities and identify suitable sites, and Rhodri is right that—although we have to say it openly for people to be aware of it—it is often a contentious issue. However CIH Cymru and others are committed to the concept that everyone should have their

accommodation needs met, and it should be done on the basis of equal treatment. As it is a contentious issue, it often depends on the softer brokering, but we believe that there sometimes needs to be a stick involved in this process, and the proposed LCO would allow the Assembly to bring enforcement into the frame where necessary. So, for that reason, we support the proposed LCO as it would provide for that.

[77] **Rhodri Morgan:** Are there any comments from CHC, or is it not your field?

[78] **Mr Bennett:** We support what Keith said.

[79] **Brynle Williams:** I am not sure whether this is relevant, but in listening to what you said, we have an awful lot of people who are not Travellers or Gypsies, living in caravans on isolated areas of land. They do not seem to have any cover. There is no social housing for them, yet they are being evicted by local authorities because the planning system does not permit them to stay there. Is there any way in which we can assist these people? It seems to be a major problem in north Wales, because several constituents write to me about it on a regular basis.

[80] **Mr Edwards:** This is at the heart of some of the things that we said earlier. Ideally, there would be a system that was not only based on the individual needs of people, but which also treated people equitably in terms of security of tenure, for example. Unfortunately, a lot of that stuff remains an aspiration. We think that the proposed LCO helps to move that agenda forward, but we would be wrong to suggest that it is likely to solve all the problems that you identified.

[81] **Brynle Williams:** However, it is a step in the right direction.

[82] **Mr Edwards:** Absolutely.

[83] **Mr Cahill:** I completely concur with that. It goes back to some of the opening comments that were made about the scope of the proposed LCO being all-inclusive in enabling the Assembly to take legislative competence on interrelated areas. Keith mentioned one, namely allocations. In context, it could be seen as part of a whole-system approach that will enable the Assembly to intervene in a more subtle and specific way to recognise the particular issues and pressures in particular communities across Wales.

[84] **Val Lloyd:** I think that the answer there was that it is within the scope of the proposed LCO, which is what you were looking for, I think, Brynle.

[85] **Rhodri Morgan:** Moving on to the huge issue of homelessness, in relation to the 10-year review of homelessness that was announced by the Assembly Government last year, CHC made a very strong recommendation that prevention was probably more important than cure when it came to dealing with homelessness, because if you can prevent it in the first place, it is much less resource-intensive than dealing with what happens after people become homeless. Would both groups of witnesses comment on the way in which the proposed LCO, as framed, confers the appropriate degree of competence to deal in a Measure with the issues of homelessness, including the prevention of homelessness as distinct from dealing with homelessness after it has happened?

[86] **Ms Hiscocks:** We did not mention the prevention of homelessness specifically in our evidence, because we see it as part of the broader homelessness agenda. Wales has set a positive precedent in developing a homelessness policy that is specific to Wales. Wales had the first national homelessness strategy, regulations about the use of bed-and-breakfast accommodation, and the priority need Order. All of these things, when added together, have given Wales a specific approach to homelessness that is being taken forward in the new 10-

year homelessness plan that was launched last year. There is a commitment in that plan to look at the statutory framework for homelessness, and how that might be adapted to better meet the needs of Wales. In order to follow that plan through, it is important for the Assembly to have legislative competence in this area. Prevention is a significant part of that area; we would support CHC's view that prevention is better than cure. Any legislative changes in this area should not be introduced without a proper impact assessment that is properly thought through, but we would welcome the Assembly having the powers to look at that area.

[87] **Mr Bennett:** Thank you for that endorsement of CHC, which I think that we are going to stick with. [*Laughter.*]

10.00 a.m.

[88] **Rhodri Morgan:** Can you be a bit more specific on how the proposed Order would deal with the prevention of homelessness? I think that it was CHC that said that, if you can prevent homelessness, it is a hell of a lot cheaper than dealing with homelessness, as is true of many health issues and crime and disorder issues as well. Any prevention work that can be done is much cheaper and better than anything that you have to deal with afterwards. Can you relate the competence that is proposed for transfer here to the point about the prevention of homelessness being what we all want to achieve if possible?

[89] **Mr Bennett:** The broad point here is about flexibility. If there is a further review of homelessness arrangements—and Vicky pointed to the fact that secondary legislation has been used by the Assembly in the past, which was seen at a UK level as being innovative in terms of dealing with homelessness—surely it is appropriate that those tools exist at the Assembly Government level. Those savings, in public policy terms, might be made in other areas that we are not involved in from day to day, such as health and education, or crime and other non-devolved issues, but we would still support that if it is good for tenants and for citizens generally.

[90] Some of these regulations could make our lives, as representatives or deliverers of social housing, harder and more demanding, as could some of the other aspects of the proposed LCO in terms of earlier intervention and issues around our regulation and so on. However, the principle has to be that we cannot have the penny and the bun. We are not only in favour of primary legislative powers coming to the Assembly in areas where we want change. We have to be consistent and say that, if this is the place where legislation should be made to improve social housing and the homelessness situation more generally, then so be it. We would obviously want to take the opportunity to shape specific Measures on preventing homelessness after this proposed LCO has been approved.

[91] **Mr Cahill:** The question goes to the heart of the interrelated nature of the legislative competence being sought here in the sense that the issues around all of the matters on allocations and in respect of some of the other things that will enable empty homes to be addressed are all related to an idea that is shared by the Assembly and the two bodies that are represented here, namely that homelessness in a modern society is a disgrace and has to be avoided in all cases. We should do anything that we can to strengthen the strategic and housing advisory role of local authorities and work in partnership to provide a range of housing options to those in most need. This is something that, in Wales in the twenty-first century, we should all be striving for. Therefore, the prevention agenda would be greatly bolstered by the Assembly gaining legislative competence through this broadly scoped proposed legislative competence Order.

[92] **Gareth Jones:** I would like to make a comment based on that discussion. If we are talking about the prevention of homelessness—and I listened to what Brynle was saying earlier about caravan dwellers and so on—is part of the problem not the relationship with the

private sector? The private sector sometimes has a role to play when homelessness occurs because of circumstances. If we are taking this comprehensive approach to prevention and to deal with this problem, we cannot dissociate from the private sector. It is a part of the problem and possibly part of the solution. That is just a comment that I wanted to make. If we want to solve this in the best interests of the people of Wales, we need to look at all aspects.

[93] **Val Lloyd:** Thank you, Gareth. I have a few questions. I want to turn to matter 12.18, which relates in the proposed Order to council tax payments in respect of homes that are not the main residence of an individual. In view of CIH Cymru's written evidence, which states that

[94] 'while empty properties are not the whole answer to the housing crisis, government and local authorities cannot ignore their potential',

[95] do you think that additional powers are needed to deal with empty homes/second homes? Is the competence outlined in the proposed Order necessary and appropriate to deal with the issue? Should empty properties be a specific matter on its own in the proposed Order?

[96] **Mr Edwards:** My one unashamed plug for the morning is that we have produced recently a briefing on empty properties with Shelter Cymru. You may have been sent links to that, but I have copies here for the committee. Essentially, this goes back to the fundamental issue of supply. Community Housing Cymru and its members have made significant inroads over the last few years into providing additional affordable housing. However, Nick and I are in agreement that it still does not match the overall need by any stretch of the imagination. Shelter has estimated that we need something like 4,000 properties a year to meet the demand for affordable housing, as there is somewhere in the region of 80,000 people on waiting lists. We see empty properties as being critical with regard to the potential to do something about that. There is somewhere in the region of 28,000 properties in Wales that have been empty for more than six months—and that is probably an underestimate, if we are honest. We see that as a huge potential resource, and some of the practice that we have identified in other parts of the UK shows that it is an economic way of bringing housing back into the supply chain.

[97] We believe that the proposed LCO, as it stands, will allow the Assembly Government to develop specific proposals and models, as well as ways of regulating and of dealing with the issue, should you get the competence to do so. We do not necessarily see the need for a huge amount of more specific detail, but it is an area in which the competence to do things would be welcomed.

[98] **Val Lloyd:** Peter or Nick, do you wish to comment on that?

[99] **Mr Bennett:** On the issue of empty properties being a specific matter in the proposed Order, we do not feel that that is necessary. The key issue, which may sound slightly bizarre, is empty properties that are not people's main residence, and the proposed Order allows action in that area. There are some areas in which we would not want to see action, as you get empty properties that are a main residence, where issues have come up relating to elderly care and so on, where intervention, for example in respect of council tax, would be inappropriate. So, we think that the proposed LCO is perfectly fit for purpose.

[100] **Val Lloyd:** Thank you; that is quite clear.

[101] To finish my part of the questioning, on the interpretation of field 11, the proposed Order provides definitions of a number of terms that would be inserted into that field. For example, we heard in earlier evidence that the proposed Order will provide a definition of 'social housing' for the first time in Wales. I would like to address this question to you all.

Are all the terms in the proposed Order defined clearly enough in your view?

[102] **Mr Edwards:** Yes.

[103] **Val Lloyd:** That is an unequivocal answer, is it not?

[104] **Rhodri Morgan:** I have one more question to ask, if I may.

[105] **Val Lloyd:** Certainly, by all means.

[106] **Rhodri Morgan:** Nick Bennett mentioned the Welsh housing bond about half an hour ago. If the use of bonds to finance the creation of new social housing, or to refurbish and modernise existing stock, became more prevalent, in what way would the proposals for the Assembly to have greater competence and the use of that competence by way of a Measure to provide more flexibility and consistency across the different sectors, and so on, be affected by a greater dependence on the Welsh housing bond in its different forms?

[107] **Mr Bennett:** I apologise, Rhodri; I have no recollection of bringing up the housing bond in my earlier evidence.

[108] **Rhodri Morgan:** I thought that you had mentioned the word 'bond'. Maybe I heard the word 'bond' in a different context.

10.10 a.m.

[109] **Mr Bennett:** An issue that Keith and I have discussed outside this meeting—I think that you have received evidence on this from the Welsh Local Government Association—is the frustration in relation to the fact that we are talking about legislation, but many financial decisions are made in the Treasury, and are not devolved, for example on housing, the revenue account, and other issues. What is really interesting about the bond is twofold. First, is there evidence that it is more efficient or can we do more—and the key issue here is the supply of more affordable housing? Perhaps more critically, secondly, is there an ongoing strategic threat, and are we overdependent on bank lending? Where else in the economy would you see sectors of industrial activity in which all the long-term lending was with the banks? Normally, it tends to be a mix of equity, bonds and so on. Is there a strategic reason for us to ensure that we are not putting all our eggs in one basket in securing social housing for the future, and is it more efficient?

[110] **Rhodri Morgan:** However, does it change the issues in relation to housing tenure or rental levels, or how a bond has to be financed on the expectation of revenue streams? Does that mean that you have to commit to higher rental levels, lower subsidy levels, a change in tenancy levels, or any matter that might fall under a Measure arising from this proposed LCO, when passed?

[111] **Mr Bennett:** You are quite right. The critical issue perhaps in ensuring that a bond would be attractive, certainly to Community Housing Cymru members, is our gearing. As I have said, we have borrowed an additional £250 million over the past two years. The issue is that we have borrowing arrangements with banks, which usually stipulate that your gearing must not exceed 40, 50 or 60 per cent. As we approach that point, it is an opportunity for banks that are keen to build up capital to renegotiate the terms of their lending. So, what is the point of having a bond? A bond or a trust could operate in the landlord sense, in that you would develop the housing through the bond or a trust. That is a possibility. You would then lease it to the registered social landlord. Of what benefit is that to the RSL? You are providing more housing but it is not going on your balance sheet and so you are able to do more. Your gearing is not going up now. If it is leased to the RSL, it is unlikely to have an impact on

tenure rights for individual tenants, but it could. We have not worked out every single detail when it comes to the operation of a bond or investment trust. So, having language in the proposed Order like ‘social housing providers’ is very useful if there is innovation in the offering in how we finance social housing. However, precisely when we will see a bond issued is still unclear, but we hope that it will be sooner rather than later.

[112] **Mr Edwards:** I would emphasise the connectivity between the various components of the proposed LCO. One thing that we talk about is the regulation of the registered social landlord sector. The Assembly would have powers and the potential to introduce new ones to address any issues with the future funding of the sector, as well as with affordable housing. So, it needs to be seen in a joined-up way, giving the Assembly the potential to intervene.

[113] **Val Lloyd:** Thank you very much. Is there anything that you wish to add before we close? Is there anything that we have not asked or that you wish to elaborate on?

[114] **Mr Edwards:** There is just one very brief issue. In some ways, to misquote a former Secretary of State for Wales, we see this as one event in a much longer process of devolving housing policy and practice to Wales. It is framed in such a way as to allow us to look at future legislative competence Orders incrementally, for the private rented sector, for example. It is also consistent with some of the thinking on bigger UK-wide issues, such as housing benefit reform and the review of the housing revenue account. For that reason, we think that it should be set in that context, and, as we have said a number of times today and in our written evidence, we broadly welcome this as a significant step forward in ensuring that Wales has the tools at its disposal to develop effective housing policy.

[115] **Val Lloyd:** Thank you very much. Does anyone else wish to speak? I see that you agree with that statement. On behalf of all committee members, I thank you all for your evidence. I remind you that you will be sent a transcript of today’s proceedings for correction, should you wish, before the final version is published. Thank you very much for coming today. We will take a short break now, until around 10.25 a.m.

*Gohiriwyd y cyfarfod rhwng 10.15 a.m. ac 10.28 a.m.
The meeting adjourned between 10.15 a.m. and 10.28 a.m.*

[116] **Val Lloyd:** Welcome back. I welcome to the committee this morning Steve Clarke, who is the policy and projects co-ordinator of the Welsh Tenants Federation. He is accompanied by Gail McFee, the chair of the federation. We will go straight into questions. I will ask the first one, which is on the general principle of the proposed Order. Could you tell us whether the Welsh Tenants Federation supports the general principle of the Assembly gaining the competence proposed and why existing legislation and executive powers are inadequate?

[117] **Mr Clarke:** Thank you, Chair, and good morning to you all. Prior to devolution, there was an opportunity for the Welsh Tenants Federation to influence UK-wide policy but, since devolution, that has been in decline. A key issue for us is the inability of Wales and of organisations such as ours to influence UK legislation, because it is set in the UK context. We feel that we need to develop policy legislation for Wales by Welsh organisations, consulting with them to address the needs of people in Wales. That is why we think it appropriate to seek legislation in this area.

[118] **Val Lloyd:** Thank you very much. Gail, did you want to say anything?

[119] **Ms McFee:** No. Thank you for inviting us here today, but I am afraid that Steve will be doing most of the answering, although we have conferred on our responses.

[120] **Val Lloyd:** That is fine. I just wanted to give you the opportunity to respond.

10.30 a.m.

[121] **Jenny Randerson:** I have a straightforward question to begin with. Do you believe that the scope of the proposed Order is sufficiently broad?

[122] **Mr Clarke:** Yes. Our organisation was involved in the Essex review and was consulted by the Deputy Minister, and we feel that the measures put in place are sufficient to deal with the broad cross-cutting themes that were raised in Essex, as well as the broader issues comparable to the Beecham agenda.

[123] **Jenny Randerson:** Following on directly from that, you say in your written evidence that private renting, which used to be the sector of choice for those who could afford it, is quickly becoming the default social housing sector for many who would ordinarily have qualified for council housing. In the light of those comments, therefore, do you consider it important for the proposed Order to cover the private rented sector as well?

[124] **Mr Clarke:** To put that in context, we have lost more than 50 per cent of our council housing to the right to buy. We accept that tenants were not getting the investment that they deserved in their social properties, and so the right to buy, when it was first introduced, was one way of recapitalising and getting the investment in those properties. However, we have lost 50 per cent of the stock to the right to buy. It is gone forever. We are concerned that we are not meeting the social housing needs of people in Wales, given the decline in recent years in new-build developments for social housing. That is why we think that, with 80,000 people on the waiting list according to a Welsh Local Government Association report last year, the private sector is becoming the default social housing sector.

[125] As for whether the legislation should relate to the private sector, we understand that quite a few measures have been introduced recently and are being used more now. For example, under the Housing Act 2004, the health and housing safety rating system gives extensive powers to local authorities to intervene in relation to all rented accommodation—and not just in the private sector, but housing association and local authority owned accommodation as well—to address the inequalities or the conditions of those properties. We feel that there is a lot going on in the policy agenda, but it is not sufficiently mature yet for us to be able to say whether it is the right time to introduce legislation. Our members feel that we need compulsory registration schemes for all private sector tenants in Wales. At the moment, there is a voluntary scheme in place, but we would like to see that made compulsory, as it still provides a social function. For equality, we believe as an organisation that tenants should demand the same rights and have the same responsibilities regardless of the sector in which they are renting. So, yes, we feel that there needs to be legislation on the private rented sector, but we are a little cautious as to whether the policy in this area is significantly mature to be able to do it in this proposed LCO.

[126] **Jenny Randerson:** So, you would agree with other witnesses who have suggested that it is a matter for a future LCO.

[127] **Mr Clarke:** Yes, we have discussed that extensively.

[128] **Jenny Randerson:** You have also implied that you agree with the Deputy Minister's view that the lack of policy development at this stage means that this issue needs to be put in a future LCO rather than included in this one?

[129] **Mr Clarke:** Yes, provided that it is not too far down the line.

[130] **Rhodri Morgan:** Previous witnesses have emphasised to us this important point, which also comes up in your written evidence, namely the confusion or inconsistency that can arise depending on which bit of the social landlord sector you happen to be a tenant in. The need for consistency across the different providers is also important. In your evidence, you have made much the same kind of plea for legislation that might follow on from this proposed LCO to produce that kind of consistency, so that you know where you are regardless of which kind of registered social landlord, council, or housing association you come under. Secondly, you also emphasise that, within that consistency, there should be greater flexibility, so that you can move. That is, if you get into difficulty, having exercised the right to buy, you should be able to flexibly move up and down the staircase between being a tenant or part tenant—with shared equity or outright ownership or whatever—without the threat of losing your home. Do you believe that your plea for consistency as regards tenancies would be a potential by-product of a Measure that could itself be a by-product of this proposed LCO if the power is transferred from Westminster to Wales to legislate in this field?

[131] **Mr Clarke:** We have certainly campaigned for and supported a single secure contract tenancy in Wales since 2001, since the Law Commission began its work. We supported the core principles of having better consumer protection and an equalisation of rights across sectors, especially the social housing sector. We are still of that view. The Deputy Minister has given an undertaking to look into that with regard to this proposed Order in order to be able to look at reviewing the different tenancy types to get better equality across the different social housing providers, but not, I understand, the private sector at this stage.

[132] So, yes, we support that principle. It is a principle that the Welsh Assembly Government has been very good at delivering—that is, one of equality, fairness and social justice. We feel that there are significant disparities that need to be addressed. There are a couple of issues in relation to that that have an impact on Welsh policy, including, for example, stock transfer. Defend Council Housing makes light of the differences between the secure tenancy agreement and the assured tenancy agreement and the ease with which—

[133] **Rhodri Morgan:** Do you mean as to whether you can keep your cats, and so on?

[134] **Mr Clarke:** Those issues have been raised and there are different policies in relation to pets. Obviously, we do not subscribe to those views, because of the human rights issues, and various disabilities and carers—

[135] **Rhodri Morgan:** Do you mean hamster rights, rather than human rights?

[136] **Mr Clarke:** The adoption of pets for some people, especially if they have disabilities or mental health issues, is a significant issue.

[137] **Rhodri Morgan:** It is not only for people with disabilities, I can assure you.

[138] **Mr Clarke:** Wherever possible, we try to influence housing association policy where, for example, pet policies are being reviewed. However, the important issue is that it is used as a scare tactic to try to deter people from looking at housing options and specifically looking at drawing in additional funding as a result of stock transfer. We have always maintained that our view in relation to stock transfer is that it is up to the tenants to decide on the offer that has been made by the council in collaboration with their tenants. However, we support the principle of bringing in that additional investment, because it leads to regeneration, social enterprise, and a range of other benefits. That is one issue that is raised consistently as an argument against stock transfer and is one that could be rectified if this legislation was introduced.

[139] The other issue is the right to manage. In England and Scotland, there are significant

numbers of tenant-resident organisations that manage the stock and, according to a Cambridge University report in 2004, they manage it more efficiently than the local authority or housing provider. That right extends only to local authority tenants and they have to be secure tenants. As the security of tenure has been declining because of the declining stock, that right is being lost. Last year, Mount Community Association in Pembrokeshire exercised that right and it is doing fabulous work in terms of meeting the needs of local people and developing a social—

[140] **Rhodri Morgan:** Could you give the name of that body again?

[141] **Mr Clarke:** The Mount Community Association in Pembrokeshire.

[142] **Rhodri Morgan:** I know the Mount estate.

[143] **Mr Clarke:** We have supported it to issue that notice on the council and to develop its right to manage notice in very early stages. There is a disparity there between local authority and housing association properties.

10.40 a.m.

[144] The right to manage is also a way of allowing communities and estates to be able to take responsibility for broader social issues, and that could be the impetus to develop social enterprise in those communities, so we would like that right to be extended to a single tenure model with housing associations across Wales. There is also ground 8, which is a specific possession notice that can be served when a tenant has reached eight weeks of rent arrears. It is a mandatory ground for housing associations, so judges have to consider that. Not all of them do, but some good judges look at the complicated issues behind the rent arrears, and they can make a specific judgment on that, but ground 8 is supposed to mean that it is mandatory to evict the tenant, if that is the landlord's wish.

[145] It is not consistent with the policy that has been developed in terms of eviction as a last resort, given that housing benefit claims and coming off jobs and into work can sometimes be complicated. The processing of housing benefit is difficult—and beyond the eight-week period. So, we would like to see ground 8 being abolished under any revised tenancy agreement.

[146] There are also significant differences between right to buy, right to acquire and the preserved right to buy that people get through stock transfer. So, getting rid of those disparities is obviously a cost-saving measure. Replacing it, as you rightly say, with a real social mobility tool will enable people to stay in their communities. If they get work and are therefore better off and more affluent, they will be able to staircase up and down in their tenancy.

[147] **Rhodri Morgan:** May I ask another question?

[148] **Val Lloyd:** I think Jenny wants to come in first.

[149] **Jenny Randerson:** May I follow up what has just been said? Do you think, therefore, Mr Clarke, that there could be a role in Wales for the community right to buy, which has been developed in Scotland, but which, I gather from the Deputy Minister's written evidence to us, is not within the scope of this proposed LCO at the moment? I can see it as an imaginative and useful way forward. Do you have any views on that?

[150] **Mr Clarke:** There have been various discussions on setting up community land trusts, where the community or a trust owns the land and property in perpetuity, thus enabling

people to rent. When we gave evidence to the Essex review, we suggested that a lot of Forestry Commission land was available, which was held by trusts and so on, and which could be balance-transferred over to community trusts to enable them to develop that model. So, we are in support of that model. In rural areas, there are opportunities, which are covered in the definition of social landlords, to be able to define social landlords in a broader context, taking on board some of the issues that you raise, such as community ownership.

[151] **Rhodri Morgan:** I wanted to move on to the issue of allocation. It is a vexed issue, as you know, particularly for politicians who are requested to assist in the process of allocation for people who are desperate to have social housing. Do you think that it is right that allocation policy should come within the scope of the proposed LCO so that it could come within the scope of a Measure later?

[152] **Mr Clarke:** I believe that different rules are in place for local authorities and housing associations. I think that the Deputy Minister has some extensive powers in relation to definitions for local authorities, but not so much for housing associations. There are different rules in relation to the 1996 Act and the 1985 Act. So, I assume that she is seeking to harmonise those two different legislative streams to enable her to legislate in the area of allocations.

[153] We are a little bit cautious about some of the stories on how social housing should be allocated. We have had many policy discussions and have heard scare stories about the fact that you could only allocate if you had a contract attached to that allocation, or to that social housing provision, to get back into work. We feel that the welfare reform debate should be separate from the housing issue. So, as I said, we have not been involved in many discussions with the Deputy Minister about this proposed LCO, but we have some concerns about some of the scare stories on allocation processes.

[154] **Rhodri Morgan:** Okay, but you are aware that when councillors, Assembly Members, or Members of Parliament are approached in their surgeries by people who tell them, ‘We haven’t got a house; we’ve been on a waiting list for seven years’, or whatever it is—perhaps they are homeless and not on a waiting list but are recorded under a separate, statutory priority category as involuntarily homeless and so on—there is the vexed competition between the two streams as to who will get the next available property and the number of choices they have and so forth. Speaking as an Assembly Member and a former Member of Parliament, the law in relation to that scenario is quite confusing when you are trying to advise somebody who has come to a constituency surgery. There is that aspect of allocation, and there is a clear guideline by which everybody knows exactly where they stand, regardless of whether they have been on the waiting list for seven years or they have just been evicted and categorised as being involuntarily homeless and so on. Should the law regulate that to make it easy and simple to understand, or is it beyond simplification and codification by way of law?

[155] **Mr Clarke:** One of the benefits of legislation is that you can set down clear principles that everyone has to abide by, with penalties for not doing so. So, yes, that could be delivered under this proposed Order.

[156] **Rhodri Morgan:** Okay, that is me done. Thank you.

[157] **Brynle Williams:** Good morning, both. Moving to matter 11.5, could you expand on your comments in your written evidence regarding replacing the right to buy with a new form of flexible tenure?

[158] **Mr Clarke:** As we have said, one of the issues to do with social housing, and one of the key principles, is that, over the decades—over the 100 years that it has been going—

people have tended to be trapped in social housing, unless they move out voluntarily. Public policy can be better served if you have more flexibility in the tenure arrangement. If you allow people to staircase up and have it written in to a single, secure contract tenancy, they would be able, provided they had the means, to purchase an equity stake in the home. The problem at the moment is that the ceiling for the equity stake is high—people have to find £10,000 to £20,000 for that. If you are living on a social housing estate and you have a relatively low-skills job base with both of you working and you have children, it is very difficult to find that level of finance. Something that we would lobby for under any secure contract tenancy is our proposal to allow them to buy in 5 per cent increments. That is, you could buy 5 per cent or 10 per cent, depending on your means, and, of course, your rent would decrease accordingly. If you were to get to the 50 per cent stage and you were unfortunate enough to be made redundant or find yourself out of work for a short time, the housing benefit would benefit you because you would not be paying full rent, but a proportion of it depending on your share of the equity.

[159] At the moment, the rules are loaded against shared ownership, because the owner-tenants are responsible for all the repairs as soon as they enter into such an arrangement, and we feel that that is unfair. We need a fairer system that helps to build social mobility in our communities, so that people, if they are able, can buy an equity stake in their homes to use as a capital asset for later pension provision or to see them through a crisis of some sort. There is also a public purse benefit, because, as I said, housing benefit would be reduced as a consequence.

[160] We feel that there is a demand for such a system. Right to buy involved an outright buy, the property being lost to the social housing sector, and, invariably, somebody profiting and moving away. Subsequently, you have a private sector tenant with less security and no accountability from the landlord and less secure rights.

[161] **Brynle Williams:** Do you think the competence in the proposed Order is sufficient, and necessary, to achieve this?

[162] **Mr Clarke:** Yes, I do. The proposed Order states that the Deputy Minister would legislate in respect of a single contract or a single tenancy. We would certainly look to be engaged in the development of that to try to ensure that any proposed tenancy agreement would consist of those measures in the contract.

[163] **Brynle Williams:** Could you expand on your comments regarding perceived problems in supported housing at present, including the need for greater strategic support on Wales-wide issues?

10.50 a.m.

[164] **Mr Clarke:** It is not within our specific competence, as another organisation represents the needs of supported tenants, but, like Members, many such concerns are raised with us and we also get letters from Assembly Members about issues around supported and sheltered housing. One of the key issues at the moment is that wardens are being withdrawn from sheltered complexes, and there have been several rulings in legal cases where this has been deemed illegal if tenants have not been consulted properly on those proposals. The problem is that the Supporting People funding has not paid for the warden service since it was introduced. Therefore, the costs of the warden service or the support services for sheltered schemes must be met out of pension provisions, or tenants' existing incomes. This has created a rise in service charges and has also placed a disproportionate burden on pensioners who have secured small pensions to supplement their incomes in later life.

[165] We support the principle that the Deputy Minister should retain some of the

Supporting People grant to deliver on strategic priorities, such as those that may emerge as a result of rulings in the Supreme Court or the European Court of Human Rights, on issues that may relate specifically to Wales, and to ensure that there is widespread geographical application of that support in Wales.

[166] It is a very complicated area, but we generally support the proposals to legislate in this area to ensure that the principles that the Assembly employs in relation to the Supporting People grant, such as the provision of support to minority groups, are enshrined in legislation.

[167] **Brynle Williams:** That brings me nicely to matter 11.7. Is new legislation needed so that local authorities can meet the needs of the Gypsy and Traveller community, specifically with regard to the provision of appropriate sites? Is the proposed Order sufficient and appropriate in this respect?

[168] **Mr Clarke:** A great deal of research has been undertaken in recent times on the needs of Gypsies and Travellers. Some local authorities have been deemed to be dragging their feet in terms of the provision of sites, although some have made sites available. It is important for the National Assembly for Wales to have a stick to wave to concentrate minds to provide those facilities, given that Irish Travellers, for instance, are defined as a specific religious or cultural group. Providing there is a need, that need should be met by those local authorities.

[169] **Gareth Jones:** I droi at fater 11.8 sy'n ymwneud â digartrefedd, clywsom yn gynharach am rai o'r problemau mae hynny'n ei achosi o ran y rhestr tai a dyrannu tai. Pan ofynnodd y pwyllgor i'r Dirprwy Weinidog dros Dai ar 10 Rhagfyr a fyddai'r mater hwn yn golygu y byddai modd diwygio y ddeddfwriaeth ar ddigartrefedd yn llwyr, cadarnhaodd y Dirprwy Weinidog y byddai. Fodd bynnag, fel y gwyddoch, ar hyn o bryd mae gan Weinidogion Cymru bwerau gweithredol i ychwanegu at y categorïau o ymgeiswyr sydd i gael blaenoriaeth wrth roi llety, ynghyd â phwerau i bennu safonau neu roi llety dros dro i bobl ddigartref, gan gynnwys cyfyngu ar y defnydd o lety gwely a brecwast. Lansiodd Llywodraeth Cymru gynllun 10 mlynedd i fynd i'r afael â digartrefedd yn 2009. O ystyried y ffeithiau hynny, a ydych yn teimlo bod y cymhwysedd y gwneir cais amdano mewn perthynas â digartrefedd yn angenrheidiol ac yn briodol?

Gareth Jones: Turning to matter 11.8, which is to do with homelessness, we heard earlier about some of the problems that that causes with regard to the housing list and housing allocation. When asked by the committee on 10 December whether this matter would allow for the complete reform of homelessness legislation, the Deputy Minister for Housing confirmed that it would. However, as you know, Welsh Ministers currently have executive powers to add to the categories of applicants deemed to be in priority need for accommodation, as well as powers to set standards or to provide temporary accommodation for homeless people, including limiting the use of bed-and-breakfast accommodation. A 10-year homelessness plan was launched by the Welsh Government in 2009. Considering those facts, do you feel that the competence that is being sought in relation to homelessness is necessary and appropriate?

[170] **Mr Clarke:** Yes, we do. We were engaged in the consultation on the 10-year homelessness strategy. It is about prevention and intervention, specifically early intervention. It does not just apply to allocations; it is about the issues of intentionality, local connections, the discharge of strategic duties and the planning responsibilities of local authorities and so on. So, it is wide ranging. Given that it costs around £10,000 to keep a family in temporary accommodation for six months, prevention is better than cure. Again, looking at the homelessness strategy and specifically at the issues of prevention and intervention, we feel that it is important to legislate in this area. Past policies have been about being reactive rather than proactive when responding to homelessness issues. This specific strategy focuses more on prevention and intervention, with a couple of areas around allocations, definitions of social

housing, Supporting People priorities and how you allocate that funding. That is why I mentioned the connections with Beecham at the start. So, it is cross-cutting. We very much support legislation in this area.

[171] In addition, it costs around £8,000 to turn over a tenancy for eviction due to rent arrears and, as I said, it costs thousands of pounds to keep people in temporary accommodation, as well as the administrative burden, education issues and so on. So, we support the prevention model; eviction is a last resort. The intention of the strategy is to ensure that there are no quick evictions and that deep thought is given to what can be done to support those families. Hence, the Supporting People issue about housing-related support.

[172] **Gareth Jones:** Mae gennyf gwestiwn ar fater 12.18 sy'n ymwneud â thaliadau treth cyngor mewn perthynas â chartrefi nad ydynt yn brif breswylfa unigolyn. Dywed Ffederasiwn Tenantiaid Cymru yn ei dystiolaeth ysgrifenedig ei fod yn cefnogi cymhwysedd a fyddai'n galluogi'r Llywodraeth i fynd i'r afael â phroblemau sy'n ymwneud ag ail gartrefi a chartrefi gwag. Yn ogystal â'r pryderon am gartrefi gwag, yr ydych wedi dweud yr hoffech weld mwy yn cael ei wneud i fynd i'r afael ag eiddo lle mae'r lefelau meddiannaeth yn isel. Mae hynny ar glawr gennym. A oes angen pwerau ychwanegol i fynd i'r afael â phroblemau sy'n ymwneud ag eiddo gwag neu ail gartrefi? Yn dilyn hynny, a yw'r cymhwysedd y gwneir cais amdano yn y Gorchymyn arfaethedig yn briodol er mwyn rhoi sylw i'r mater hwn?

Gareth Jones: I have a question on matter 12.18 regarding council tax payments in respect of homes that are not the main residence of an individual. The Welsh Tenants Federation notes in its written evidence that it supports competence that would allow the issue of second and empty homes to be addressed by the Government. In addition to the concerns regarding empty homes, you have stated that you would like to see more done to address under-occupation of properties. That is on the record. Are additional powers needed to deal with the problems related to empty properties or second homes? Following on from that, is the competence that is sought in the proposed Order appropriate to deal with this issue?

[173] **Mr Clarke:** Quite a few issues were raised there. On empty homes, we have a shortfall of social housing in Wales. It is estimated that between 4,000 and 5,000 new social housing properties need to be developed per year. We have around 20,000 empty homes in Wales that are eligible and appropriate to meet the needs of the rented accommodation sector. We feel that those needs could be met by having the power to legislate in the area of empty homes. There are existing powers in relation to the housing health-and-safety rating system, prohibition notices and things like that, which can exacerbate the problem of empty homes, because they can frighten private sector landlords off, so we have to be cautious about that. However, it is right that the Deputy Minister has adopted an approach under which every local authority needs to develop an empty homes strategy and link that to other issues, such as homelessness and social housing need.

[174] I am sure that Gail will want to come in on this, because, as a tenant living in Ceredigion, she has experience of extensive holiday homes and second homes in coastal areas, such as those between New Quay and Aberaeron.

11.00 a.m.

[175] Such homes have a significant effect on the local economy and lead to there being a very quiet nine-month period and a very busy three-month period. If that three-month busy period does not happen, that can put huge pressure on the local economy. So, I do think that there needs to be legislation in place in relation to empty homes, and we would like to see some limitations on the number of holiday lets based on the holiday let-population ratio, or

the population within a village. On the issue of council tax, we believe that there should be a variation of the council tax or that local authorities should have the power to vary the local tax to raise additional funds to meet the decline in revenue in those communities.

[176] I will now turn to our view about under-occupation. The social housing sector has been attacked by some policy persons because of under-occupation in the sector. It is a real issue if there is a lack of supply and that demand is restrictive. What we are saying is that under-occupation does not only exist in the social housing sector; it exists across the board, in the private and home-ownership sectors. If we are to have that debate, we need broader research about how Wales is meeting the total housing need and how we can address that issue. Maybe we could look at varying the council tax so that there is no discount that encourages people to under-occupy a property, and say, 'You should be paying more because you have that advantage and you can afford that advantage'. Money should then be redistributed back into the social housing system to meet some of the other priority need areas. That is a broad discussion that we have had in our organisation across Wales.

[177] **Gareth Jones:** Thank you. You mention having a broad discussion; you have obviously given a lot of time to what you regard to be a significant aspect. So, in view of that detailed answer, I will now ask a final question on empty properties. Should empty properties be a specific matter on its own in the proposed Order?

[178] **Mr Clarke:** The issue has already been addressed in the national housing strategy that has been developed. It has been addressed in the local authorities' provision in the Housing Act 2004 on the need to develop empty home strategies. It is perhaps too early to be able to look at the impact of that approach, but perhaps we could look at it at a later date. I am pretty confident that the proposed Order, as currently drafted, is sufficient. The other measures that relate to empty homes, which are contained in other policies, should also have an impact. I am sure that we will be monitoring that, along with the Chartered Institute of Housing Cymru and Shelter Cymru, to see its effects.

[179] **Val Lloyd:** My final question is on the interpretation of field 11. The proposed Order provides definitions of a number of terms that would be inserted into that field. For example, we heard from the Deputy Minister that the proposed Order will provide a definition of social housing for the first time in Wales. Do you think that all the terms in the proposed Order are sufficiently and clearly defined?

[180] **Mr Clarke:** Yes, we do. We have had extensive discussions, through the Essex review and through the development of the three major strategies—the homelessness strategy, the Supporting People strategy and the national housing strategy—as well as other related strategies. So, we do think that it is sufficiently broad.

[181] In terms of the definition of social housing, most of the provisions of the Acts in relation to local authorities and housing associations were written some time ago. Housing is changing significantly; there are now group structures for housing associations and the devolved governance of some of those bodies in that group structure. There are many organisations providing social-housing-related support. So, it is now time for a review of that definition, and what has been proposed to date seems to fit that broader definition.

[182] **Val Lloyd:** Before I close the session, Brynle has a question.

[183] **Brynle Williams:** I have an observation on which I would appreciate your view. Once again, there seems to be quite a problem in rural areas. We have a lot of single occupiers of social housing who are in three or four-bedroomed houses. They want to stay in the community, but they are taking up a three or four-bedroomed house, as there is insufficient provision in retirement homes or one-bedroomed flats. I think that I know what

your view will be, but I would like to hear your response. Is this an issue that we should be paying more attention to?

[184] **Ms McFee:** I agree that that happens. I am a case in point; although I have four children, I live alone at the moment in a three-bedroomed house. The problem is that you have people who have settled in a community and do not want to move out. There is also the cost of moving to consider. If you place a homeless family in temporary accommodation, over a period of a few months, that costs thousands of pounds. However, if you ask someone to move out of a three-bedroomed house and into something smaller, that will incur costs for that person in moving, transferring phone lines and so on. It costs a lot of money. A lot of people will say, 'This is my home, and I cannot afford to move'. What ought to be looked at is a payment to tenants that would not force them to move if they want to stay, but would offer a sensible amount of money to cover the cost of removal, new carpets, changing the phone, and so on. They could be offered physical help too, if they are elderly. An incentive such as that would free up some of these houses. At the moment, occupants have to cover some of the costs themselves, and that will continue to be an issue until we get such an incentive. In the long run it would save councils money, because instead of paying £10,000 to keep a family in temporary accommodation, or bed-and-breakfast accommodation, for several weeks, you could give someone £3,000 to move. Technically, you would save £7,000.

[185] **Mr Clarke:** May I raise another issue in relation to that? In 2003, we proposed a voluntary downsize scheme. The average compensation for downsizing in Wales is £750 to £1,000, and yet home loss payments are just over £4,100, and disturbance payments around £1,800. There is no adequate incentive for people to downsize, so they are trapped, as well as having the cost of maintaining a property that they probably feel is too large for them. There is also an issue about why that person was allocated that property in the first place. It may be because they were no other properties available that were suitable for that occupant, and that is a supply and demand issue. Getting supply and demand right, with good intelligence about needs in the local community, is really important to deliver housing services more efficiently.

[186] The other issue arises from having a blanket policy in allocation. When I moved to my estate as a tenant, the priority was housing for young people, and the ratio of children per household was four times the national average. It meant that there was not sufficient support for those children—there were no crèche facilities, and so on—and there was also a range of problems because of anti-social behaviour, purely because of the density of children in a small area. So we have to look at allocation policies and vary them where appropriate. When I was on the board of Charter Housing, we varied the allocations process to relieve the pressure on that community, allowing under-occupation in order to relieve social pressures. So, it is a delicate balancing act, and is not a straightforward issue of under-allocation. The biggest issue is that people are sometimes trapped in under-occupied properties and cannot afford to move out, and we should look at improving the incentive scheme in Wales to allow better and efficient use of our existing stock. Of course, we would not ever advocate, as some other organisations have done, forceful eviction from a property that is under-occupied.

11.10 a.m.

[187] **Val Lloyd:** Would you like to add anything to the answers that you have given us this morning?

[188] **Mr Clarke:** No. I am satisfied with everyone's questions. If anyone wants any further information from the organisation, we would be happy to provide it and to contact individual Members as well.

[189] **Val Lloyd:** On behalf of the committee, I thank you both for your comprehensive contributions. I remind you that we will send you a draft copy of the transcript, which will not

be published in final form until you have given it your approval.

[190] I formally thank Steve Clarke and Gail McFee from the Welsh Tenants Federation for coming here today to answer our questions. Thank you.

11.11 a.m.

Cynnig Trefniadol
Procedural Motion

[191] **Val Lloyd:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37(vi).

[192] I see that we are all agreed. Thank you.

Daeth rhan gyhoeddus y cyfarfod i ben am 11.11 a.m.
The public part of the meeting ended at 11.11 a.m.