

Appendix 3

TITLE **Supporting Local Housing Authorities to secure long term housing options in the Private Rented Sector**

DATE **5th November 2019**

BY **Julie James AM, Minister for Housing & Local Government**

Thank you Llywydd

This statement provides details of the trial of a new scheme aimed at increasing the housing stock available to local authorities in discharging their housing duties, and more particularly their Part 2 Housing (Wales) Act 2014 duties. Local authorities' discharge of these duties has done much to prevent individuals and families from becoming homeless. However, there are still far too many whose homelessness is not prevented. This trial proposes using the Private Rented Sector to increase the stock available to local authorities when discharging their Part 2 duties by offering tenants access to good quality housing at affordable rents with an appropriate level of support. We are trialing the scheme in a small number of local authorities to prove the concept and provide the necessary evidence base for a model to be developed for roll out across Wales.

Prosperity for All emphasises the role good quality homes play in all aspects of an individual's life and the importance of secure, affordable housing as a basis for improved health and life outcomes. Insecurity of tenure or poor quality housing can cause or exacerbate anxiousness and ill-health, and limit the ability of renters to engage with their local community or for their children to settle to education.

Preventing and resolving homelessness in all its forms is a key priority for this Government. The numbers of households presenting as at risk, or already, homeless in Wales has been aggravated by benefits cuts and austerity. This Government is committed to building social homes at scale and pace but we also accept that homes are not built in a day. We are

looking at additional, innovative approaches to increasing the stock of housing and a model such as this could make a significant and important difference for Wales.

Increasingly, Local Authorities are looking to the private rented sector to find homes for the families and individuals they support. However, the private rented sector is increasingly a tenure of choice for a far broader range of households than in the past, long gone are the days when renting was something for students and young professionals before they 'settle down'. Today in some areas the market for rental properties is very competitive, landlords can pick and choose to whom they rent and as a result have pushed some of our more vulnerable households out of the market.

Many local authorities work hard to identify landlords willing to take households on benefits and to accept the low rents afforded by benefits. This hard work is admirable but frequently only results in a short term solution, with only 6 months security and little support we know that often these tenancies break down and the household goes back through the 'revolving door'.

For those struggling financially, the disparity between Local Housing Allowance rates and market rents limits access to the PRS. This problem is intensified by some of the anecdotal evidence suggesting private landlords are less likely to rent to those in receipt of benefits. Investing in and evaluating a trial focused on increasing access, quality and security for such groups is a worthy and worthwhile enterprise.

Working collaboratively with external stakeholders we have developed a model that we believe will give local authorities a significant extra resource in helping to prevent and relieve homelessness. Finding an offer that also works for landlords has been an important part of developing this model. This is a win-win deal, it offers a good deal for those seeking a stable, good quality home and a good deal for landlords who want long term rental income stability without the day to day responsibility of being a landlord.

In exchange for a commitment from private sector landlords to lease their properties to a local authority for a period of up to five years, those property owners will receive guaranteed rent, every month, for the period of the lease and an undertaking that subject to fair wear and tear at the end of the five years they will receive their property back in the same condition as they leased it. Additionally, property owners will be eligible for a grant and an interest free loan to bring their properties up to a required standard, should their property not meet the minimum requirements for the trial. Interested private sector landlords will receive rent at the relevant Local Housing Allowance rates, less a sum equivalent to a competitive management fee.

The minimum standard of properties accepted onto the trial will be linked to WHQS standards and, as I have said, there will be an element of grant and loan to ensure that any property participating in this trial is of a high standard. The households we are seeking to house here deserve high quality homes and choice as much as any other households but the incentives we will provide will also help improve the standards of the PRS more generally in Wales.

Tenants who live in these properties will be assured, subject to their observance of the terms of their contract, up to five years of accommodation in the Private Rented Sector at Local Housing Allowance rates. Importantly, for both tenant and landlord, the households moving in will receive the support they need to help them thrive in their new homes.

As I have said this is a win-win deal, it works for landlords and local authorities as much as it works for tenants. Tenants will have access to good quality, affordable private sector housing with the kind of support that they would normally only have access to in social housing. Landlords can be confident that while receiving regular rent every month their property is being looked after and they need not worry about many of the day to day responsibilities that go with being a landlord as they will be carried out by the local authority as 'managing agent'. Local authorities will have the benefit of an extra resource to help meet their objectives for preventing and reducing homelessness.

We are all aware that supported, happy, settled long term tenants help to build more integrated communities. Tenants housed through this trial will be able to access a high level of support should they require it and an essential part of the trial will be promoting independence and skills for life to reduce the burden on the supply of social housing.

Local authorities are ideally placed to lead this initiative. Their private rented sector teams already have contact with a number of private sector landlords who might be interested in leasing their properties through such a model and they already know and work with the families that need these homes.

We will now be inviting local authorities to submit expressions of interest in running the trial. We will appoint three local authorities to operate the trial scheme, these will be selected on the basis of a series of qualitative and quantitative measures. I will provide more detail on the successful areas in due course.

The goal is for this trial to provide a scalable model that leads to a national scheme that provides significantly more affordable housing, of increased quality, with greater security of accommodation across Wales.