

Senedd Cymru, Local Government and Housing Committee Consultation on homelessness

Written evidence from Propertymark

November 2022

Background

1. Propertymark is the UK's leading professional body of property agents, with over 17,000 members. We are member-led with an executive Board of practicing agents who we work closely with to ensure that we uphold high-standards of professionalism and are able to advocate for legislative change on behalf of the sector.
2. The Senedd's Local Government and Housing Committee have agreed to examine the supply and quality of temporary accommodation, the impact living in temporary accommodation has on families, options for increasing the supply of affordable housing options and to discuss progress on implementing Ending Homelessness in Wales: A high level action plan 2021-2026.

The supply, suitability and quality of temporary accommodation currently being used to house people experiencing homelessness and the support services made available to them

3. When it comes to social housing, demand far outstrips supply, which is fundamentally the best equipped sector to house vulnerable tenants and their families, especially those with complex needs. In our 2021 Welsh Parliamentary election manifesto, Propertymark called for an increase in the allocation of social housing. Until the Welsh Government commits to a significant programme of building social housing to ensure that renting is more affordable and secure, the private rented sector (PRS) will become the only viable tenure for many vulnerable people. We have called on the Welsh Government, to adopt a more positive attitude towards the PRS and to view the sector as part of the solution, rather than part of the problem, in solving the housing needs of many people.
4. Propertymark recently responded to the Welsh Government's consultation on the proposal to extend the notice period required for converted periodic standard contracts, from two months to six months, under section 173 of the Renting Homes (Wales) Act.¹ We understand that one of the drivers for this proposal was because the stock of temporary accommodation from Welsh local authorities is very low. Since March 2020, data from the Welsh Government reveals that over 23,000 people were supported into temporary accommodation.² Clearly the supply of temporary accommodation is of concern. However, rather than elevating the situation, current policy is putting more pressure on Welsh local authorities by reducing PRS supply with more landlords exiting

¹ <https://www.propertymark.co.uk/resource/objections-raised-on-proposals-to-extend-notice-periods.html>

² [Renting Homes \(Wales\) Act 2016: improving security of tenure by increasing the period of notice \[HTML\] | GOV.WALES](#)

the market. With temporary accommodation at such critical levels, we believe that while the social sector catches up with demand, vulnerable people's needs would be better met if they were accommodated into the PRS, and the Welsh Government should be doing more to support an increase in supply for the PRS.

The impact living in temporary accommodation has on individuals and families

5. We believe that many people who access temporary accommodation, would have their needs better catered for in longer term accommodation. In 2021, the national average time spent in temporary accommodation was 111 days.³ However, many families spent up to several years spread across different temporary locations. This would have a profound impact on individuals and their family's ability to settle into a community, to be able to call somewhere their home. Consequently, there are two main impacts that living in temporary accommodation has on individuals and families. Firstly, temporary accommodation should be seen as exactly that – a temporary solution – until individuals and families have been allocated longer term suitable accommodation. When living in temporary accommodation, tenants might be living far away from families, friends, and support networks they have built up. They might be isolated from employment opportunities, have insufficient access to healthcare or their children might have to difficulty in attending their current school. Secondly, the situation is even more serious for those families and individuals who are housed in temporary accommodation in hotels and bed and breakfasts. For these people, there is very limited opportunities to establish yourself in the community and to have your needs fulfilled. Furthermore, some temporary accommodation requires service users to share facilities such as bathrooms and washing facilities which can be inappropriate for those families with young children.

The impact of the ongoing demand for temporary accommodation and support services on local authorities, their partners and communities

6. We are concerned that the proposal to extend notice periods, the cost of decarbonisation with limited funding opportunities and the prospect of rent freezes in Wales, will have a devastating impact on the sector with more landlords exiting the sector and the supply of PRS tenancies further detracting. This could mean that families may have extended stays in temporary accommodation with a greater financial burden on local authorities. In 2017, a Freedom of Information request found that the Welsh government had spent £8.6 million on housing homeless individuals and families in temporary accommodation.⁴ The likelihood is that this figure has risen and will continue to rise if the negative rhetoric against landlords continues, and supply of private homes further reduces.

Options to increase the supply of affordable and appropriate housing in the short to medium term to reduce the use of temporary accommodation.

³ [Unsuitable: People's experiences of temporary accommodation in Wales - Shelter Cymru](#)

⁴ [Wales' housing crisis leaves councils with £8.6m bill for temporary accommodation - Wales Online](#)

7. There are three options that the Welsh Government can pursue to reduce the use of temporary accommodation. Firstly, the Welsh Government must, as a matter of urgency, both boost the supply of social and PRS homes. Secondly, rather than continued punitive measures on letting agents and landlords which will further restrict supply, we believe it would be far more positive if the Welsh Government did more to increase supply within the PRS. Thirdly, the Welsh Government should also use tax powers to boost supply. The measures proposed above would have a positive influence on the supply of homes for the medium term and would reduce the dependence on temporary accommodation. However, as we have already warned the proposal to increase notice periods, implement rent freezes and to limit grants and funding opportunities to improve standards and energy efficiency will have the unfortunate unintended consequence of reducing supply.

Boost supply of social and PRS homes

8. The Welsh Government must, as a matter of urgency, both boost the supply of social and PRS homes. However, their only clear method of doing so is via their social leasing scheme. The take up in some local authority areas of the scheme has been very low. One of the main reasons for this is the barrier in the guaranteed rent level of Local Housing Allowance level, which in most local authority areas is extremely limiting and far below market rents. From the tenant's perspective, the evaluation of the scheme revealed that in some local authority areas, the accommodation did not meet the needs of the tenant, and some tenants were also not aware of support available to them. Propertymark can help liaise with the Welsh Government and to act as a conduit between the professional agents in Wales who could play a key role in housing vulnerable people.

Increase housing supply within the PRS

9. Rather than continued punitive measures on letting agents and landlords which will further restrict supply, we believe it would be far more positive if the Welsh Government did more to increase supply within the PRS. While many of the levers to boost supply within the PRS are not currently within the legislative competence of the Welsh Government and reserved for the UK Government, we believe that the Welsh Government should use its influence to communicate with the UK Government and do four things. Firstly, this could include a call for the annual uprate of Local Housing Allowance. Secondly, call for the UK Government to scrap the Shared Accommodation Rate for single tenants under thirty-five. Thirdly, and a review of Broad Rental Market Areas that do not reflect fair LHA levels. Fourthly, Additionally, the Welsh Government should encourage all Welsh local authorities to spend Discretionary Housing Payments (DHP) in full and to consider top ups where necessary. Greater reassurance could be given to local authorities from the Welsh Government, that they would guarantee the level of DHP should the Department for Work and Pensions DWP cut current levels in the future. This would give local authorities a long-term vision on improving supply for the most vulnerable.

Use tax powers to increase supply

10. The Welsh Government should also use tax powers to boost supply. One consideration should be to exempt landlords from the 4% Land Transaction Levy for the purchase of

additional homes providing they commit towards renting the property for a long-term period. This would help to boost the supply of rented housing as well as reduce rent rises in the private rented sector in Wales. Furthermore, landlords renting properties in the PRS have seen their tax burden increase in recent years. Higher rates of Land Transaction Tax on buy-to-let properties, the withdrawal of tax relief on mortgage interest costs and replacement with a 20% tax credit, removal of the 10% Wear and Tear Allowance for fully furnished properties being replaced with an at-cost relief, maintaining Capital Gains Tax (CGT) for rented property at 28%, when it was reduced to 18% for other assets, and a rise in corporation tax from 19% to 25% from 2023. Without providing greater incentives to landlords, it is unlikely that supply in the private rented sector will increase.

Conclusion

11. We are very grateful for the opportunity to discuss our views on this important consultation. Propertymark recognises the importance of striking the balance between ensuring individuals and families have sufficient stocks of temporary housing and the need to house them in more long-term accommodation. We believe the PRS has an important role in supporting families in their housing needs. However, this progress is being hampered by current proposals and their unintended negative consequences. We continue our call for more positive engagement between the Welsh Government, local authorities and the PRS to enable landlords and their agents to be part of the solution. We would welcome the opportunity to meet to discuss any of our proposals with the Committee should you wish for more clarity or further dialog.