Housing in Wales
The housing sector in Wales faces a challenging and rapidly changing landscape. The overriding challenge is meeting demand. Projections show a continued annual increase in the total number of households in Wales, but with marked regional variations. Population size in some rural areas and parts of North Wales are likely to decline whilst housing demand in Cardiff may grow by over 25 per cent by 2030.

But there is also an affordability challenge. The Renting Homes Bill introduced tenancy reform and a new licensing scheme but the growth of the private rented sector is the stand out feature of tenure changes in Wales, with around one in seven people now in privately rented accommodation. It is no longer the case that private renting is a temporary solution primarily for young people waiting to save enough to buy a home. Driven by necessity more than choice, growing numbers of Welsh people population now live in rented housing and will continue to do so unless housing affordability changes.

As Westminster and Welsh legislation and policy diverge, Welsh housing policy grows further away from England than ever before, and we have seen new legislation, regulations and policy in Wales, and growing tensions between Welsh housing policy and UK welfare policy. Rising private sector rents are pricing some people out of their local area and increasing the pressure on social housing. The benefit cap reduction is pushing some tenants out of the private rented sector into a reliance on social housing. And there is increasing evidence that the ‘bedroom tax’ is driving changes in patterns of demand for social housing with increasing numbers of people seeking smaller properties.

PPIW Work to date
These challenges raise questions about whether we have the right properties in the right areas, whether there is enough housing to meet demand and what the impact of current reforms will be. A rapidly-changing sector requires careful monitoring to help us understand the changing size and
shape of housing provision need and possible ways of meeting this. In response to Ministers’ evidence needs, we have worked with experts to:

1. Model the future need and demand for housing in Wales.
2. Examine the role of the private rented sector in Wales.
3. Explore ways of meeting the housing needs of older people in Wales.
4. Provide evidence on approaches to tackling homelessness.
5. Examine the provision for young care leavers at risk of homelessness in Wales.
6. Assess ways of evaluating if the Supporting People programme helps tackle homelessness.
7. Investigate the impact of welfare reform on housing policy.

The key messages from this work are summarised below.

**Action is needed to meet future need and demand for housing**

Our analysis of future housing need and demand in Wales, published in October 2015, presents two estimates – one based on the Welsh Government’s official projections for the growth in the number of households, the other based on analysis by the late Dr Alan Holmans from Cambridge University’s Centre for Housing and Planning Research.

Dr Holmans concluded that the Welsh Government’s projections underestimate future housing need and there is a need to build 60,000 more houses than was previously thought. He concludes that we will only meet the demand for housing over the period 2011 to 2031 if the rate of house building in Wales returns to levels not seen for almost 20 years.

His findings informed a motion that was tabled as an amendment in Plenary on Tuesday 24th November 2015 and unanimously agreed upon by Assembly Members.

**The growth of the private rented sector dominates tenure changes in Wales**

Our report, prepared with Professor Christine Whitehead from the London School of Economics, concludes that the growth of the private rented sector is the largest structural change in the Welsh housing market for at least two generations.
Between 2001 and 2013, the private rented sector more than doubled in size in every local authority area in Wales. The result is that new building, while directed at social and owner-occupied sectors, has hardly affected the scale of provision in these tenures because 80 per cent of the growth in private renting came via transfers within the existing stock of owned and socially rented homes.

This has important implications for policies on new house building, the allocation of supply subsidies, rent determination and the role of social and intermediate housing. Preliminary analysis shows that there are areas of growth in private renting where there are concentrations of unemployment, low income and poor quality housing. This needs further investigation, but if it is true there is cause for concern throughout Wales. The research also highlights the need for much stronger evidence about the private rented sector in Wales and the extent to which it is capable of providing good quality, secure, well-managed affordable options for those in housing need.

The need for ‘future-proofed’ and ‘age-sustainable’ housing

Wales has a larger proportion of over 65s than the rest of the UK. We found that whilst the majority of over 65s in Wales are homeowners, Wales does not collect core data on the profile of its tenants. As a result, we have very limited information about older people’s housing needs and the numbers currently living in extra care, specialist or sheltered housing.

Our report conclude that Wales lacks an adequate supply of housing with care accommodation which meets policy goals of promoting independent and autonomous living for older people. It calls for short term measures and a long-term strategy to provide ‘future-proofed’ and ‘age-sustainable’ housing solutions. It recommends that the Welsh Government:

- develops population-based housing needs assessments;
- identifies brown-field sites suitable for housing with care developments; and
- ensures quality standards.
In December 2015, the Welsh Government set up an expert group to look in detail at these recommendations.

**Tackling homelessness requires individualised, joined up support from a range of agencies**

There is a wealth of research on tackling homeless including 15 reports commissioned by the Welsh Government. We found that the evidence shows that homelessness is a complex problem which has multiple causes which vary between individuals and tackling this requires tailor made professional support from multidisciplinary, joined-up services.

**Recommendations for better provision for young care leavers at risk of homelessness**

Many young care leavers face a lack of affordable housing and an earlier 'cliff edge' to independent living than most young people. Our report reveals that the number of care leavers across Wales is increasing and there are serious concerns about the increased levels of those with complex and multiple needs and patchy service quality across local authorities which is not explained by geographical, population or socio-economic factors.

The report makes recommendations to:

- reduce variation of provision and support joint planning of services;
- improve accommodation and support arrangements;
- improve joint planning and preparation; and
- protect and support those with complex and multiple needs and solve the challenges of supply and affordability.

The Minister for Communities and Tackling Poverty and the Minister for Health and Social Services wrote to councils directing their attention to the report. Our expert, Anna Whalen, has been commissioned to work with local authorities and develop a young people’s pathway model for Wales.
Evaluating the Supporting People programme’s contribution to reducing homelessness requires effective data collection and analysis from numerous sources

We were asked to advise on ways of evaluating the contribution that the Supporting People programme makes to preventing and tackling homelessness. Our expert concluded that this would require:

- quantitative and qualitative data drawn from organisational and service user perspectives;
- maximising the use of existing data sources and processes;
- embedding homelessness in the new outcomes framework for Supporting People;
- exploration of the potential for data matching via the SAIL databank; and
- providing local authorities and support providers with sufficient notice to ensure they have systems through which they can effectively collect the data and piloting new approaches to ensure that they are tested before roll out to all local authorities/service providers.

These findings are confirmed by a recent Welsh Government feasibility study which identified challenges involved in acquiring, reconciling and analysing existing data.

We need more evidence about the implications of welfare reform for housing policy

A number of reports have explored the impact of welfare reform in England and Wales and have shown that it is having the greatest impact on deprived communities, particularly vulnerable groups such as single parents and those with disabilities. But there has not been a systematic analysis of the implications for housing policy in Wales. Our report recommended that the Welsh Government commission a review of this.

Recurring themes and evidence needs

The work that we have undertaken on housing to date has highlighted four recurring themes:

1. More housing needs to be built in Wales and it is not clear that current approaches will be sufficient to stimulate the market to meet future levels of demand.
2. There is a need for more fine grain data to inform housing policy at national and local level.
3. Analytical capacity needs to be improved so that Wales make better use of existing evidence.
4. Housing providers need to become better at learning from each other and from developments elsewhere. There are many examples of good practice in Wales but current approaches to the development and spread of good practice are not applied in a sufficiently consistent way.

We look forward to working with Ministers, officials, local government, the third sector and others to continue to generate and disseminate rigorous evidence and expert analysis that assists policy makers and practitioners in identifying the most effective and cost effective responses to these pressing policy issues.