CARTREF YW POPETH
HOME IS EVERYTHING

SHELTER CYMRU

Ruth Jones, MP
Chair of the Welsh Affairs Committee

Sent by email:

Friday 20th May 2025

Dear Ruth,

Thank you for your recent letter seeking thoughts from Shelter Cymru around how decisions taken at Westminster impact the housing emergency here in Wales. As Wales' national housing advice provider we see every day the impact of our current housing system on people across Wales. We are uniquely positioned to see the structural issues that create and amplify the challenges people face. Last year, Shelter Cymru helped 1 in every 113 households in Wales, over 20,000 people, all of whom were experiencing homelessness or housing insecurity. [1]

Our research shows that over 94,000 households, around 170,000 people, are currently waiting for a social home in Wales.[2] While we understand that waiting lists are not a direct measure of housing need, these lists represent thousands of families experiencing a range of housing issues, all of whom believe that a social home is the best option for them. I have attached to this letter Shelter Cymru's infographic detailing the housing emergency in Wales to provide you and the committee with some key figures that outline the sheer scale of housing issues people in Wales are facing.

As this letter will set out, the UK Government has a clear role to play in ending the housing emergency in Wales. While we welcome this initial evidence gathering, Shelter Cymru would encourage the committee to explore the potential for a more detailed enquiry into the impacts of UK Government policy and legislation on the devolved issue of housing in Wales. We would be happy to support the development of this through our pan-Wales casework understanding.

WELFARE POLICY

Local Housing Allowance

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[1] Our-Impact-Infographic-2024.pdf
[2] Waiting for a home: An update on social housing waitlists in Wales - Shelter Cymru

Your letter rightly sets out a range of welfare policies that have a direct impact on the housing emergency in Wales. Last year, 45% of Shelter Cymru's casework was with households who privately rent their homes. These households were facing a range of issues but affordability concerns are a continuous thread throughout our casework. Low-income families receiving welfare support towards their private rental costs have this financial support capped at the Local Housing Allowance. LHA is expected to cover the lowest 30% of rents in an area but this is no longer the case when LHA rates are not uplifted each year.

After a four-year freeze on LHA, Shelter Cymru welcomed the 2024 decision to rebase rates to the 30th percentile. However, this positive step has been undermined by the decision of the UK Government to freeze rates again for the 2025/26 financial year. A decision that is taken in Westminster by the Secretary of State for Work and Pensions but many of the consequences of which are shouldered by the Welsh Government and Welsh Local Authorities through increased demand on homelessness services. Shelter Cymru have set out our views on this in a detailed blog post.[3]

At a time when rents in Wales are increasing faster than in any other GB nation, and when many parts of Wales are seeing double digit annual rises, to not commit to an annual uplift of LHA leaves households under increasing financial pressure. By our analysis, this current LHA freeze will be hitting families with children the hardest as the shortfall between the actual lowest 30% of rents and what LHA will cover is starkest for three and four bedroom homes. For example, a family privately renting a four bedroom home in Newport will currently be facing a shortfall of £3,000pa.

Regarding LHA, there is also a distinct difference between UK Government and Welsh Government views on the policy. The Welsh Government continue to call for LHA to be restored to cover rents up to the 50th percentile and Shelter Cymru strongly support this call.[4]

Underinvestment in social homes and support for first-time buyers has pushed thousands more households into private renting over the last two decades. In 2001, nearly 90,000 households in Wales were privately renting their homes, by 2021 this was close to 230,000 households.[5]

Right now, there are a significant number of households in the PRS not by choice but due to a lack of alternative options. Charlotte* is a member of our Take Notice project and a single mother who has been forced into private renting although she hopes to

[3] Shelter Cymru warns of increased risk of homelessness following UK Government freeze on Housing Benefit: A Growing Crisis for Families in Wales - Shelter Cymru
[4] Written Question - WQ95808 - Welsh Parliament

secure a social home. At the time of writing she is experiencing her second no-fault eviction in recent years but wanted to share this with the committee:

> *"I feel there are so many of us in the same system with no chance of a positive outcome or somewhere decent to live. The council are almost leaving you with no choice but to rent privately, which I can ill afford at £800/900 a month. It's leaving people destitute. I'm living beyond my means and it's impossible – no good will come of it. A single income is not enough to get by. God help us."*

The Removal of the Spare Room Subsidy, "Bedroom Tax"

It is Shelter Cymru's view that the so-called "bedroom tax" is a policy that is not fit for purpose and one that leads to housing insecurity, financial pressure and an increased risk of homelessness for households. It has disproportionately impacted vulnerable groups (particularly disabled people and older people) while failing to meet its aim of significantly reducing instances of under-occupancy of social homes. Census data highlights the meagre impact of this policy on under-occupancy of social homes - 44% of social tenants were under-occupying their homes in 2021, a drop of less that 4% from the decade before.

Shelter Cymru's Peer Research team recently spoke with Lucy* who had been stuck living in temporary accommodation with her teenage sons for over 12 months following a period of sofa surfing. She entered homelessness after voluntarily leaving her social home due to mounting rent arrears brought on by under-occupancy and the "bedroom tax". Since living in temporary accommodation she has given up work due to transport issues.

> *"I had arrears, they said if I gave up the house they would help me find somewhere else and they didn't so I was homeless. All I want is somewhere permanent so I can get my life back to normal, so I can get a job again. But it's just the waiting. It's been years and other people are moving and we're stuck."*

While we understand that the shortage of social homes across the UK means that steps do need to be taken to effectively manage this limited resource, this policy is not the route through which to do that. Our specialist financial and housing advice team, Arian, have noted that they see a large volume of cases of people who have raised children in their social home and then been subject to the "bedroom tax" when those children grow up and move on. At the point at which these older parents are coming to us for support they have amassed significant rent arrears which are then acting as a barrier to them being considered for a move to a different, smaller social home.

In our conversations with local authorities, some have shared with us the extent to which the "Bedroom Tax" restricts their ability to make best use of vacant social homes locally. Local authorities are unable to allocate social homes with multiple bedrooms to single person households as those homes would be unaffordable due to the impact of the "Bedroom Tax". Welfare policy decisions made in Westminster are forcing people in Wales into longer stays in unsettling and uncertain temporary accommodation despite existing social homes being available.

Fundamentally, this policy wholly undermines the view that a social home is a home for life and it should be for the Welsh Government to decide how best to manage social homes in Wales.

Benefit Capping

As the committee will be aware, households receiving benefit support have this capped by the Household Benefit Cap and the Two-Child Benefit Limit. Shelter Cymru's financial advice service worked with a number of families last year who did not feel the benefit of the LHA uplift after the four-year freeze because they were already subject to benefit caps. Both caps drive up homelessness in Wales by reducing household income and increasing the pressures to make ends meet at the end of each month.

To date, the households benefit cap has affected over 16,000 households in Wales, 98% of which are families with dependent children.[6] Meanwhile the two-child benefit limit continues to affect low-income families in Wales, with existing research showing that single-parent families and families from minority ethnic groups are disproportionately affected.[7]

Shelter Cymru welcome the pace at which the UK Government developed their Child Poverty Taskforce and we hope to see the wider issue of benefit capping as part of their strategy to lift children out of poverty across the UK.

Personal Independence Payments

Shelter Cymru's specialist financial and housing advice team, Arian, work with clients experiencing or at risk of homelessness to understand their financial situations and offer guidance and support that will in turn impact their housing outcomes. The team routinely see the additional costs that people with disabilities and long-term health conditions face. People who need to power specialist equipment, people whose

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[6] Stat-Xplore - Table View
[7] CBP-9301.pdf

conditions mean they acutely feel the cold so face astronomical heating bills, the cost of travelling to multiple health appointments, the cost of specialist diets.

Organisations that focus on disability rights estimate that the additional costs associated with having a disability or long-term health condition are around £1,000 a month.[8] Shelter Cymru staff already support people through the lengthy PIP assessment process and through the process of mandatory reconsiderations and tribunals when the wrong decision was made. During this process people are still incurring additional costs and the financial strain can be unbearable. Shelter Cymru are incredibly concerned that steps to further restrict access to PIP will continue to leave more people with vulnerabilities unable to meet their monthly living and housing costs, with the risks of homelessness then increasing.

Impact on Public Spending

The previous sections have focused on the human impact of this range of welfare policies but there is also a clear impact for public spending and the pressures facing local authorities in Wales.

The most recent figures from the DWP (April-September 2024) set out that only 18% of Discretionary Housing Payments issued in Wales were needed due to reasons that had no relation to wider welfare policy and reform.[9] In this six month period, over £2.5million was spent through DHPs to resolve issues that had been created by UK welfare policy – primarily financial pressures facing households due to LHA (28% of spending) and the "bedroom tax" (38% of spending). These funds could be better used to prevent homelessness if these welfare policies were reviewed and our welfare system was providing the safety net that people in Wales need.

Similarly, local authorities regularly tell Shelter Cymru about the impact that the "bedroom tax" has on their ability to secure permanent homes for people experiencing homelessness. There is a shortage of one-bedroom homes across all tenures in Wales and this policy alongside LHA restrictions makes moving single people on from temporary accommodation incredibly challenging. Shelter Cymru's research found that in the 2023/24 financial year, local authorities across Wales spent almost £100million providing temporary accommodation for households who need it. In this period nearly three-quarters of households temporarily accommodated were single person households.[10]

[8] Disability Price Tag 2024 | Disability charity Scope UK
[9] Use of Discretionary Housing Payments: April to September 2024 - GOV.UK
[10] Households accommodated temporarily by accommodation type and household type (Post 2015-16)

As Shelter Cymru's research sets out, month by month around 50% of all temporary accommodation placements in Wales are being provided by the private sector. This means that vast sums of public money are moving into the private sector. While there is undoubtedly a role for the Welsh Government in addressing this, a review of UK Government welfare policies would help to increase flow through the homelessness system and allow better use of existing housing stock in Wales.

Renters' Rights Bill

Shelter Cymru would like to congratulate the UK Government on prioritising such a progressive piece of legislation to protect renters in England. We are, however, concerned that we are seeing some confusion among landlords and tenants in Wales and a lack of understanding that the high-profile changes in this new Westminster bill do not apply in Wales. Primarily, the welcome abolition of no-fault evictions in England. It is important that both governments work together to ensure that this is understood.

Ensuring that everyone working in – or interacting with – housing and homelessness in Wales understands the true impact of the Renters' Rights Bill in Wales is vital. We would encourage any MPs supportive of the more high-profile changes of this Bill to reach out to Shelter Cymru if they plan to ask questions of their counterparts in Wales. If this UK legislation progresses as intended, Wales will be the only country in Great Britain where no-fault evictions remain a legal and routine practice – although we do acknowledge the additional protection in Wales afforded by the six month notice period for such evictions.

Funding for the Welsh Government

The Welsh Government faces additional challenges in meeting its progressive aims around housing and homelessness in Wales due to the financial settlement from the UK Government and the lack of borrowing powers for the Welsh Government. Organisations, like Shelter Cymru, that campaign strongly for greater investment in social housing in Wales recognise that securing this necessary investment would mean being unable to allocate that resource in other areas. This means the Welsh Government is often forced into making extremely difficult decisions on funding on a regular basis.

Shelter Cymru would encourage further conversation between the Welsh and UK Governments to explore the potential for additional support for the Welsh Government to increase the supply of affordable and social homes in Wales. Either in the form of direct capital funding or through granting the devolved government borrowing powers. We feel that there is a strong case for investment that would drive economic growth across Wales and the UK while also reducing public spending, related to both homelessness and PRS rents, at every associated level of government.

Without an injection of additional funds, the Welsh Government will continue to struggle to build a sustainable pipeline of high quality affordable and social homes in Wales.

The UK Government has a clear role to play in ending the housing emergency in Wales. Through reviewing how policies set at Westminster impact people and homes in Wales, considering how some of these policies undermine the devolved nature of housing to the Welsh Government, and reflecting on how the UK Government can better support the Welsh Government to meet its aim to make homelessness rare, brief and non-recurring. We hope that the evidence in this letter proves useful for the committee and would again like to encourage the committee to explore the potential for a more detailed enquiry into the impact of UK Government policy and legislation on the devolved issue of housing in Wales.

Thank you for taking the time to reflect on this evidence from Shelter Cymru. If you or the committee would like to discuss anything further please do reach out via email.

Yours sincerely,

Ruth Power
CEO, Shelter Cymru