

# The New Housing Crisis

IN THE RHONDDA



**CHRIS BRYANT MP**



# The new Housing Crisis in the Rhondda

In recent months, I have become increasingly concerned about the number of housing issues in the Rhondda that have been raised with my constituency office.

From Section 21 no-fault evictions to damp and mouldy conditions to spiralling maintenance and rental costs, the range of housing issues facing Rhondda residents is rising. Simultaneously, the sheer volume of these cases underlines what has developed into a new and potentially unique issue for housing in the Rhondda, with seemingly no clear path forward.

Recent policy decisions have exacerbated the housing crisis in the Rhondda, amplifying the pressure on sectors that currently cannot cope with public demand.

I have written this report to raise awareness of the threat that this housing crisis could pose going forward, and to inform policymakers and stakeholders with the objective of finding solutions in anticipation of the impending crisis.

**Chris Bryant MP**



# 1. Housing in the Rhondda – the statistics

## A. Property ownership

There are roughly 30,500 properties in the Rhondda, according to the 2021 census. 40.9% of properties were owned outright and 25.3% were owned with a mortgage or subject to shared ownership.

Percentages of each tenure of households	
Ownership type	Percentage of properties
Owns Outright	40.9%
Owns with a mortgage/Shared ownership	25.3%
Social rented	12.1%
Private rental	21.6%

Trivallis and Rhondda Housing Association are the largest social landlords in the Rhondda, but Hafod and Aelwyd also own properties in the constituency. This is very different from Cardiff, for instance, where just 58.3% own their own home. This table shows some useful comparators.

Area	Home owner	Social rent	Commercial rent
Rhondda	66.2	12.1	21.6
RCT	68.5	13.7	17.8
Cardiff	58.3	17.2	24.6
Neath Port Talbot	66.7	19.2	14.1
Swansea	62.6	19.1	18.3
Newport	63.6	19.5	16.9
Lambeth	34.8	33.6	31.6
Birmingham	53.7	23.5	23
Barnsley	62.9	19.7	17.5

## B. Type of property

Approximately 66% of households in the Rhondda are made up of families or couples, while one person households make up 34.1% of all households in the Rhondda. Of family-based households, almost half of these have exactly two people living there, a large proportion of whom are retired couples, which correlates with the higher average age of residents in the Rhondda. However, while one-person and two-person households make up a large majority of households in the Rhondda, only 5.6% of properties have exactly 1 bedroom and 22.3% have 2 bedrooms. Most properties are 3-bedroom properties, standing at 60.5%, with a further 11.6% of properties containing 4 or more bedrooms. As a result, 39.7% of households have 2+ bedrooms more than they require, and a further 37.4% have 1 spare bedroom. Barely 2% of properties in total contain fewer bedrooms than are required.

Number of Bedrooms	Percentage of properties	Occupancy rating per bedroom	Percentage of properties
1	5.6%	+2 or more	39.7%
2	22.3%	+1	37.4%
3	60.5%	0	20.8%
4+	11.6%	-1	1.9%
		-2	0.2%

There are no properties in the Rhondda in Council Tax Bands G-I i.e., properties above £324,000 as of the Valuation Office's estimates in 2003. Similarly, 91% of properties are in Council Tax Bands A-B, the highest percentage in Wales. These too are based on the Valuation Office's estimates in 2003 for properties below £65,000 at the time.





**Table 28: Percentage of dwellings in council tax valuation bands by Senedd Constituency at 31 March 2020 (a)(b)**

Region/ Constituency	Bands A – B	Bands C – D	Bands E – F	Bands G – I
North Wales	27%	46%	23%	5%
Mid and West Wales	30%	38%	28%	4%
South Wales West	46%	35%	16%	3%
South Wales Central	31%	37%	24%	8%
Cardiff Central	18%	41%	30%	11%
Cardiff North	4%	34%	48%	13%
Cardiff South & Penarth	14%	52%	27%	7%
Cardiff West	21%	42%	28%	10%
Cynon Valley	76%	17%	6%	1%
Pontypridd	36%	43%	18%	3%
<b>Rhondda</b>	<b>91%</b>	<b>7%</b>	<b>2%</b>	<b>0%</b>
Vale of Glamorgan	15%	44%	27%	13%
South Wales East	46%	34%	16%	4%
Wales	36%	38%	22%	5%



## C. How old are the properties?

In 1921, there were 28,139 properties in the Rhondda, compared with 30,500 recorded by the 2021 census. While more than 2,500 properties have been built in that time, many of the properties built prior to 1921 have been knocked down and replaced. Yet a large proportion of Rhondda properties were built prior to 1921 largely in terraces. Terraced houses were not built after the First World War due to new regulations and lack of demand. Similarly, about 440,000 properties in Wales were built before 1919, the majority of these in cities and the South Wales Valleys. Most houses in the Rhondda were built before 1921, and certainly before 1961.

## D. Heat & insulation

99.0% of properties in the Rhondda are fitted with central heating. 87% of Rhondda properties have mains gas only, 2% are electric only, and 7% have two or more types of central heating.

## E. Average value

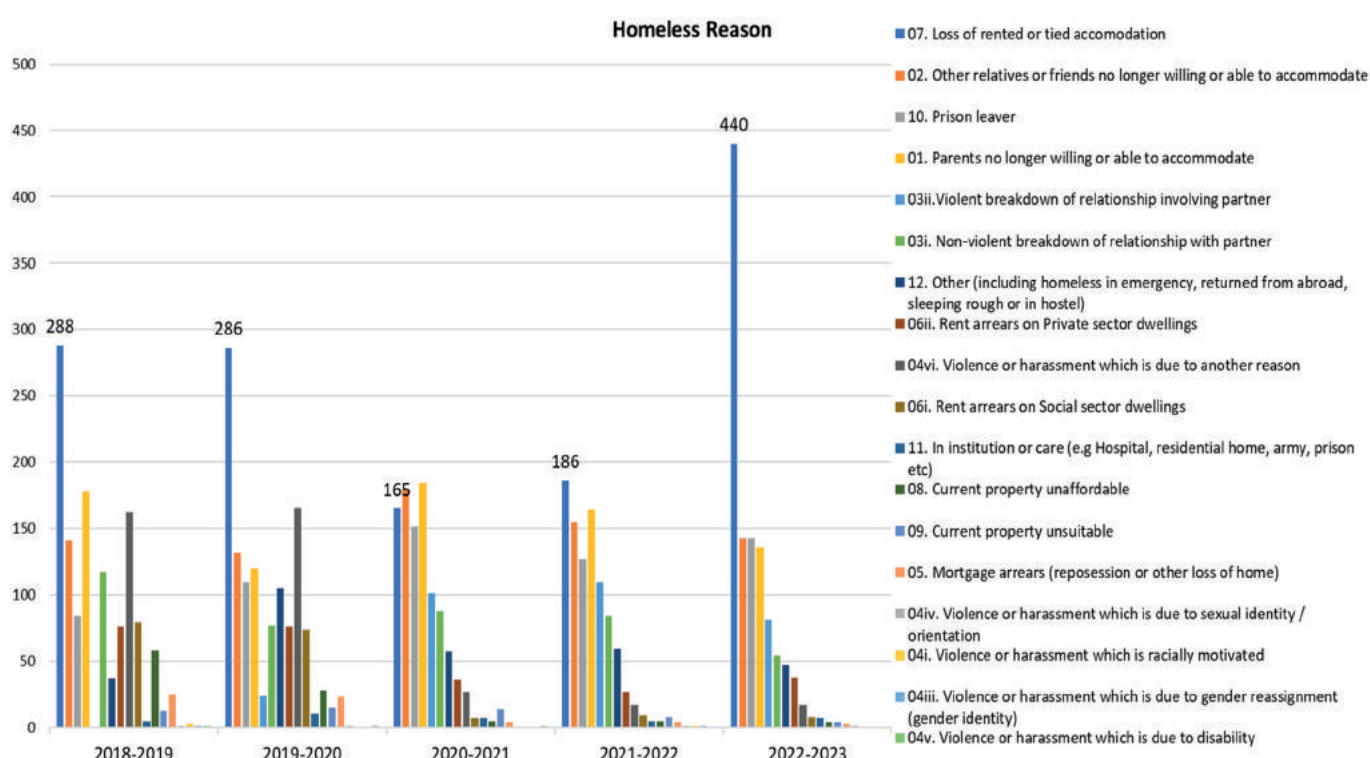
The overall average value of properties across the Rhondda was £110,000 as of September 2022. The Rhondda has some of the lowest house prices when compared with the rest of the country. As of 2019, the average price for a detached home was £210,000. For semi-detached properties and terraced house, which make up the bulk of the Rhondda stock, the average prices were £102,000 and £75,000 respectively.

# 2. Private rental/Social housing

## A. The private rental market – who are the landlords

21.6% of properties in the Rhondda are privately rented. However, there has been a 65% increase between 2018/19 and 2022/23 in families being forced to leave private rented accommodation, primarily through Sections 8 and 21.

288 households in Rhondda Cynon Taff (RCT) made a homelessness application due to a loss of rented or tied accommodation in 2018/19, but that rose to 440 in 2022/23. Government freezes on evictions during COVID saw the numbers almost halve in that time, only to rise considerably in the aftermath.



A series of government decisions, at Westminster and in Cardiff, have led many commercial landlords, whose portfolios are on the whole small, to sell their properties. These include the cap on housing benefit, changes to the taxation of rental income, tighter quality controls and dramatic increases in buy-to-let mortgage rates, all of which make it difficult for commercial landlords to stay afloat. Plans to cap social rent rises at 6.5% may accelerate this trend. Rent prices are primarily between £135 and £250 per week in Rhondda Cynon Taff.



## **B. The social housing market – voids, the Housing Associations**

12.1% of properties in the Rhondda are social housing. 2,287 single person households were registered on the social housing waiting list in RCT as of September 2022, while 2,254 applications from households were with more than one person, totalling 4,541 households. Only one purchase under Help-to-Buy is recorded as having been completed in the Rhondda between 2014-2020 for a value of £150,000, far fewer than any other constituency in Wales.

## **C. Unoccupied housing**

There were 2,894 empty properties in RCT as of April 2022 in total, down from 3,556 in 2017. The Welsh Government offer an Empty Homes Loan of up to £25,000 per property for renovation of empty homes to make them fit for habitation. RCT Council also offer grants for renovating long term empty properties, as long as the buyer lives in the property for five years, otherwise they must return the grant.

## **D. Temporary accommodation**

As of January 2022, there were 290 people in RCT defined as homeless, 184 of whom were aged between 25 and 44. There are no rough sleepers recorded in the Rhondda. Anyone who is identified as rough sleeping is provided with Temporary Accommodation in line with the Welsh Government's "Every In" approach.

There has been a 69% increase in temporary accommodation placements between pre- and post-COVID, from 598 in 2019/20 to 861 in 2022/23, while the number of homeless applications in RCT has fallen slightly from the start of COVID from 1,247 in 2018/19 to 1,126 in 2022/23. The total number of days of people having to stay in temporary accommodation has risen significantly at the same time from 29,675 days to 44,251, meaning that not only are more people entering temporary accommodation but stay longer due to limited move on options.



While single males continue to make up the largest percentage of homeless applications, the largest increase in this time has been in applications from couples with dependent children, tying in with the trend of landlords selling their properties.

The cost of temporary accommodation in RCT has increased 475% between 2017 and 2022. In 2019, spending on temporary accommodation was at £514,000, almost double the cost in 2017 of £278,000, and this was exacerbated further during the COVID pandemic, when expenditure rose to £1,496,000 in 2020/21 and then £1,633,000 in 2021/22.<sup>1</sup>

Local authority	2017-18	2018-19	2019-20	2020-21	2021-22
Powys	n/a	£300,000	£271,000	£740,000	£1,000,000
<b>Rhondda Cynon Taf</b>	<b>£278,000</b>	<b>£413,000</b>	<b>£514,000</b>	<b>£1,496,000</b>	<b>£1,633,000</b>
Swansea	£53,000	£148,000	£337,000	£389,000	£444,000
Torfaen	n/a	£230,000	£217,000	£289,000	£274,000
Vale of Glamorgan	£425,000	£481,000	£461,000	£451,000	£660,000
Wrexham	n/a	£477,595	£452,710	£435,614	£386,881

## 3. People who need help

### A. Families

The rise in families requiring temporary accommodation is particularly concerning relative to other groups as families are usually more difficult to rehouse due to their requirements and runs the risk of leaving families for a prolonged period in an environment unsuitable for raising children. Added to this, almost a third of parents with adult children living at home expect for it to take 10 or more years for their children to move out. The affordability crisis is also taking its toll on prospective parents, who are less likely to commit to having children in the short term while they do not have stability with long term accommodation or having financial difficulties as a result of trying to get on the housing ladder. In 2020, 13 per cent of UK adults that were under the age of 45 and in a couple delayed or chose not to have children due to their housing situation.



<sup>1</sup> Inside Housing - News - Welsh council sees more than 7,000% rise in temporary accommodation costs as total spending doubles



## B. Veterans & Prisoners

Attempts to systemise the housing of returning military personnel and released prisoners have and continue to be challenging. There is an over-reliance on charitable organisations to take up the cases of individuals who seem to have little or no help, and a dependence on the limited numbers of Resettlement Officers, despite government efforts to structure a plan for their return. The advice is that service professionals should get in touch with their Local Authority six months prior to end of service to begin the process, but access is not readily available and while others need properties in the short term, Local Authorities will struggle to make veterans and prisoners their priority.

## C. Young and single

People under the age of 30 are spending more than 30% of their income on rent, higher than any other age group, and with Housing Benefit remaining frozen at 2019 levels, this seems unlikely to abate. Welfare changes and lack of one-bed properties also explains the rise in the number of young single people and couples without dependent children in temporary accommodation. These households are also only able to access one-bed social housing and the one-bed LHA rate, which is too low to cover most private rented properties. There are also socioeconomic factors to consider, such as recent changes to the welfare system. For example, the introduction of the shared accommodation rate for Local Housing Allowance (LHA) for those under 35 in 2017-18 has priced many young single people out of the private rented sector in many areas of Wales, resulting in longer stays in temporary accommodation. This has increased costs, as there are not enough one-bed social housing properties to let.

# 4. Changes in the Law

## A. Changes in the Law

The Bedroom Tax, introduced in 2013, reduces the amount those living in a Housing Association or Council property receive in Housing Benefit if they are deemed to have spare bedrooms. One spare bedroom will result in a 14% reduction in Housing Benefit, two or more spare bedrooms a 25% decrease. As established in item 1b, this accounts for a considerable proportion of the Rhondda population, even when discounting private homeowners.





## **B. Housing Benefit/Local Housing Allowance Cap**

Outside of London, the Housing Benefit cap on a weekly basis for families/couples with children is £423 and £284 for single people. The Housing Benefit Cap doesn't apply if you receive working tax credits, receive disability benefits, have reached State Pension age, live in temporary accommodation, or live in sheltered accommodation. The Housing Benefit Cap also doesn't apply if you or your partner stopped work less than 9 months ago and you had worked for 50 weeks in the year before you stopped working and you haven't got Income Support, Jobseeker's Allowance or Employment and Support Allowance since stopping work.

Housing Benefit has been frozen at the level set in 2019 and, with rents having risen over time, keeping Housing Benefit rates fixed over a number of years reduces the amount of support that is available as a proportion of families' actual rental costs.

## **C. Taxation of Buy-to-Let**

On a buy to let property, you must pay tax on the rental income. You pay differing rates depending on your income, between 20% and 45%. You must pay stamp duty tax when purchasing the property and capital gains tax when selling it. Previously, borrowing money through a buy-to-let mortgage could be a tax advantage. However, now landlords can no longer deduct any of the mortgage expenses from their rental income to reduce the tax bill, with credit only being refunded at the basic 20% tax rate, not at the top rate of tax. This means that landlords who are higher-rate taxpayers will pay double what they were required to prior to 2017.

## **D. Welsh Government Standards**

Welsh Housing Quality Standard 2023 has raised the benchmark that properties have to reach to be fit for habitation. While these regulations are necessary to set a minimum quality of housing so that people can feel safe and remain healthy in their property, it must be acknowledged that further regulations and heightened standards for properties to meet mean existing properties need considerable work before they are fit for habitation, with a risk of many properties today becoming obsolete, resulting in an even greater housing shortage. For example, bedrooms now must meet a minimum space requirement. As most properties in the Rhondda were built long before these regulations were in place, bedrooms in several properties are too small, making it illegal to rent them out and impossible or prohibitively expensive to alter.





## E. Interest rates

Historic interest rate rises have seen interest rates for buy-to-let mortgages increase for landlords, with these mortgage rates having doubled since October 2021. When landlords refinance at the end of their fixed-rate agreements, costs have risen sharply. While inflation remains high, so will interest rates, and projections show this is likely to continue in the medium term. The likelihood is that this will force many landlords to sell up, reducing the market for renters who cannot afford to buy their own property. It will also discourage new landlords from entering the market due to increasing unaffordability. The other impact it may have is the increase in demand for rental properties. With mortgage rates rising across the board, prospective first-time buyers are likely to be put off from purchasing properties in the immediate term, yet if there are to be fewer landlords then there could be fewer rental properties available at a time when demand for rental properties is greatest.

## 5. The Problem

### A. End of Priority Need

The Welsh Government's initiative to end priority need, while well-intentioned, has driven a sharp increase in the number of households deemed a priority. Whereas previously Local Authorities were only required to house those considered to be "Eligible Homeless and in Priority Need. The amendment to the "Priority Need Order" placed a new duty to accommodate those who are deemed homeless. Using Rhondda Cynon Taf County Borough Council as an example, the number of applicants the Council now has a duty to assist through the provision of temporary and permanent accommodation has increased by 50%.

The increasing numbers in temporary accommodation and the number of households who make application to the Common Housing Register has also increased particularly for households placed in Band A. Because of the numbers being placed in higher bands those placed in lower bands have an increasingly difficult chance of rehousing opportunities. It must be noted that the number of properties the Local Authority can allocate to has not increased whilst those individuals seeking social housing has increased significantly leading to supply and demand issues.

Demand for social housing since the pandemic has risen with for example a one-bedroom flat in Maerdy receiving four times the number of bids and a three-bedroom house in Penygraig having ten times more bids in 2023 than in 2019.



## **B. No fault evictions**

Section 21 of the 1988 Housing Act, or no-fault evictions, enables private landlords to retake possession of their property from tenants without reasonable cause. In Wales, two months' notice must be given to the tenant before eviction. No fault evictions are up 76% from the previous year across the UK. Tenants find it difficult to challenge landlords if conditions in the property are worsening or if they are putting up rent due to the looming threat of eviction, but there are concerns that landlords may leave the sector if no fault evictions were to be outright abolished. The process for evicting tenants and being able to buy and sell properties will become more difficult and the process longer. The UK government plan to scrap no fault evictions in the Renters Reform Act.



## C. No rental properties

There are now more homes available to buy (at a time when mortgage rates have increased significantly), but many fewer properties to let. Available stock within the owner-occupied market is now back to a pre-pandemic norm, but the reverse is true for the letting market. A growing population, urbanisation, and the increasing number of people living alone or in smaller households have all contributed to this. The demand for rental properties has also been fuelled by the difficulties that first-time buyers face in getting onto the property ladder due to rising property prices and stricter mortgage lending. Furthermore, landlords lack incentives to invest in the rental market due to caps on rent, reduction in tax relief for buy-to-let landlords and spiralling maintenance costs. This has led to a decrease in the number of new landlords entering the market, resulting in a shortage of rental properties for those who cannot afford to buy. Planning permission processes can also be lengthy and costly, and there are often restrictions on building in certain areas, making it difficult for developers to build new rental properties in areas where there is high demand.

## D. Large Deposits

One of the attractive elements of rental properties is that initial fees are lower than that of a deposit on a purchased property. However, rent deposits are often subsidised by landlords demanding rent in advance. Tenancy deposits are capped at 5 weeks rent in Wales or 6 weeks for annual rents above £50,000 and must be stored with a government-approved deposit protection scheme. However, landlords can ask their tenants for rent in advance at the beginning of the tenancy as a guarantee. Usually this would equate to one month's rent, ensuring that the tenant is able to pay for the first month, but in some instances this initial payment is a lot higher as these are terms that can be set by the landlord. Furthermore, housing benefit cannot be paid until the contract begins, so if rent is required in advance, then there is no initial support that the tenant can receive when making an advance payment.



## 6. The Perfect Storm

### The new Housing Crisis in the Rhondda

The above and other factors which include the cost-of-living crisis have led to a new phenomenon in the Rhondda, which is causing real distress and harm to families and individuals.

Although the deprivation statistics look similar in the South Wales Valleys and inner-city areas. The pattern of poverty in the Rhondda is different from places like Cardiff, Newport and Swansea. It is not just the tight geography of the Rhondda Fach and Rhondda Fawr, or the historic reliance on a single industry, now long departed. In common with neighbouring Valleys constituencies, the Rhondda has a very particular pattern of housing provision – which has over the last two years suffered a drastic and dangerous shock to the system.

In short, two thirds (66.2%) of Rhondda residents own their own home, either outright or with a mortgage, just over a fifth (21.6%) are in privately rented accommodation and just under one in eight (12.1%) are in social rented properties provided by housing associations.

Most Rhondda properties are in the many terraces that were built for coal miners in the 19th century were sold off when the mines closed. The average value of a terraced property is just £75,000 – the average for all properties including detached homes across the Rhondda is £110,00.

Historically demand for social housing was lower than other parts of the borough with very little social housing needed or built, apart from estates such as in Trebanog and Penrhys.

This has meant heavy reliance for many families on the private rental sector. But recent policy decisions in Westminster have created a dramatic crisis in this sector.

Many 'buy-to-let' properties had been bought to provide retirement income for landlords with just one or two properties to rent. Such landlords assumed that they would be able to continue deducting the interest costs of their buy-to-let mortgages against rental income – and that tenants on housing benefit would see their benefit rise in line with inflation.

#### **In the last few years**

- The bedroom tax, introduced in 2013, has penalised those in social housing with 'spare' rooms
- The government has stopped HMRC from allowing the deduction of mortgage interest costs against tax
- The government in Westminster has frozen the housing benefit cap since 2019
- The Welsh Government's new Welsh Housing Quality Standard 2023 has raised the benchmark that rental properties have to meet in a way that many Rhondda properties cannot meet
- Mortgage rates have increased

Some of the above factors have also led to many landlords leaving the market leading to an increase in Section 21 Notices. There are now barely any commercially rented properties available in the Rhondda. Families cannot afford the large deposits required and the higher rents being charged. The number of households placed in temporary housing has increased. Young single men and women, including veterans are struggling to find suitable affordable accommodation to meet their housing needs.

***Something will have to give.***







CHRIS BRYANT MP

# A STRONG VOICE FOR THE RHONDDA



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