Homes for all: Right to Adequate Housing, Rent Control and Affordability

Siân Gwenllian MS, December 2024

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Foreword

Since being elected as the Member of the Senedd for Arfon in 2016 I've witnessed the severe and worsening housing crisis that is impacting my community daily. Nearly 25% of all casework in Arfon relates to housing, with almost a quarter of those cases involving individuals who are homeless or living in temporary accommodations. Another 20% of constituents reaching out are desperately seeking social housing. They are often living in unsuitable and inadequate private housing and the rents are soaring.

In the summer of 2024, I was privileged to take on the housing portfolio in the Senedd for Plaid Cymru when my role as Lead Designated Member on the Co-operation Agreement came to an end. The Agreement saw the introduction of radical measures to tackle the housing crisis and a commitment to "publish a White Paper to include proposals for a right to adequate housing with a view to establishing a system of fair rents and new approaches to making homes affordable for those on local incomes."

The Welsh Government has finally published the White Paper but its proposals are weak, lacking the ambition needed to tackle the crisis in full. This right should be more than aspirational; it should be enforceable, providing Welsh citizens with a legally backed guarantee that their homes will meet acceptable standards for health and safety. Current policies, however, fall short. The government's response lacks a robust, transformative approach to truly address the needs of Wales's low-income households and struggling communities.

This paper is the first in a series that starts to set out Plaid Cymru's housing proposals ahead of the 2026 Senedd election. Paper 1 is our policy position on the right to adequate housing, fair rents and affordability. I welcome your response to this paper. Please contact me on Sian.Gwenllian@Senedd.Cymru with your comments.

Addressing the housing crisis would help alleviate some of the pressures on our health services. Poor housing conditions contribute to respiratory illnesses and mental health challenges, worsening the very health issues our NHS is struggling to manage. We need to recognize that housing is not just a social issue; it's a public health priority that urgently needs more focus and resources.

The housing crisis in Wales demands urgent, ambitious action. Our communities deserve real solutions that deliver safe, affordable homes. Plaid Cymru is making housing a true priority.

Siân Gwenllian
December 2024

Summary of recommendations

- Plaid Cymru should support the introduction of the right to adequate housing into Welsh law through a Housing Rights Bill, reinforcing the belief that housing is a fundamental human right. The party should advocate for legislative changes and work with communities, tenants' associations, and stakeholders to ensure the implementation of the right to adequate housing reflects the needs of the people of Wales.
- Rent controls should be introduced to address the affordability crisis in the private rental market, with safeguards against unjustified rent increases and housing insecurity. Rent controls should be progressive and based on the residual income measure, ensuring no rent leaves tenants unable to meet essential needs. This measure should apply to the cheapest 30% of rental properties, capping rents at Local Housing Allowance rates. For the remaining 70% of rental properties, rent control should be linked to housing quality, encouraging landlords to improve property standards, modelled on systems in the Netherlands, Sweden, and Denmark.
- Plaid Cymru should address concerns of a two-tier rental market by ensuring low-income renters can still afford energy-efficient, high-quality homes, mitigating the risk of being pushed into poorer quality housing. The party should also prioritise investment in social housing and a long-term retrofit programme to improve housing quality and energy efficiency alongside rent control policies.
- In addition, the introduction of Community Assessments should replace broad Local Housing Market Assessments, co-produced by Local Authorities and residents, to better understand real-time housing needs in each community. A priority window for local buyers should be implemented in areas with acute housing pressures, giving local residents a six-month window to purchase homes before they go on the open market. Planning policies should also be adapted to include priority windows for new housing developments, with Local Authorities encouraged to integrate this into local development plans.
- ·Plaid Cymru should explore creating a system of two housing markets, one for local buyers and another for open market buyers, drawing inspiration from Guernsey to protect communities from speculative investment and second-home purchases.
- Plaid Cymru should develop and implement tailored housing support policies in areas of linguistic sensitivity through:
    - reintroducing and expand Local Authority Mortgage Schemes to prioritise first-time buyers and those with local ties, especially in rural and Welsh-speaking areas;
    - reforming Local Housing Market Assessments (LHMAs) to include linguistic and cultural factors, providing a more accurate foundation for local housing planning and funding allocations;

- expanding Rural Housing Enabler Programmes to better identify and support localised housing needs in Welsh-speaking communities;
- making the Dwyfor pilot and similar Welsh language housing initiatives permanent and scalable to support affordable housing and linguistic sustainability in Welsh-speaking areas;
- Exploring the establishment of a Community-Led Housing Support Fund offering low-interest loans, grants, and equity stakes to empower communities to develop locally driven housing projects;
- working with mortgage providers to improve access to financing for restricted properties under Section 106 or local occupancy conditions, to help local people purchase homes in their communities;
- Exploring the establishment of a Community Housing Sustainability Fund to support projects that sustain Welsh-speaking and rural communities, retain essential services, and protect cultural heritage.

Introduction

Background and Context

The housing crisis in Wales is a pressing and pervasive issue that has far-reaching consequences for individuals and communities across the country. This crisis manifests in various forms, from the visible homelessness on our streets to the hidden struggles of families in overcrowded, damp, and poorly insulated homes. The demand for social housing continues to outstrip supply, resulting in long waiting lists, while the reliance on temporary accommodation, including bed and breakfasts, has become an unfortunate norm for many. This situation not only affects the physical and mental well-being of residents, a moral and financial burden[1], but also undermines the social cohesion and economic stability of Welsh communities, with dire consequences for the broader Welsh economy, for the Welsh language, and most importantly, for those who call Wales home.

The causes of the housing crisis are multifaceted, encompassing a shortage of affordable housing, rising property prices, and escalating rent costs. In particular, the disparity between local incomes and housing costs has widened, leaving many unable to afford a decent home in their own communities. The lack of affordable housing options forces some into unsuitable or insecure living situations, perpetuating a cycle of instability and hardship. Furthermore, the quality of available housing often falls short, with many properties lacking basic standards of safety, warmth, and habitability.

Key statistics illustrate the severity of the situation: the latest data tells us that 192 individuals sleeping rough throughout Wales on 31 July 2024[2]. Research suggests just over 139,000 people, including at least 34,000 children, were waiting for social housing in Wales in October 2023 from all 22 councils[3]; 11,384 individuals– a third of whom being under the age of 16 - were housed in temporary accommodation on 31 May 2024, with the most common type of temporary accommodation being bed and breakfast and hotels, housing 3,623 individuals. A staggering 12,537 households were assessed as homeless in 2022-23.

The situation for private renters is no cause for optimism either. According to the ONS, average rent for Wales was £752 in August 2024. Average rents rose by 8.5% in Wales in the 12 months to August[4] 2024, and the median monthly rent in Wales for 2021-22 represented 23.4 per cent of the median gross income of private renting households. However, for people on the lowest income (bottom 25 per cent of the income distribution) the cheapest dwellings (at the bottom 25 per cent of the price distribution) represented 31.9 per cent of income.

The idea of owning a home is becoming increasingly unrealistic, with the average house price for Wales standing at £216,000 in May 2024. According to analysis from the ONS, a full-time employee in Wales can expect to spend 6.1 times their earnings on purchasing a home in the local authority area they work in. These statistics paint a stark picture of the housing landscape in Wales.

[1] [https://phw.nhs.wales/news/the-cost-of-poor-housing-in-wales/the-full-cost-of-poor-housing-in-wales/
[2] Homelessness accommodation provision and rough sleeping: July 2024 [HTML] | GOV.WALES
[3] Homeless boy fears Santa will not find him at Christmas - BBC News
[4] Private rent and house prices, UK - Office for National Statistics (ons.gov.uk)

The crisis is exacerbated by insufficient housing supply: The Welsh Government reports that in the first two years until March 2023, 5,775 homes were delivered towards their target of delivering 20,000 new low carbon homes for social rent within this Senedd term. This figure includes social rented, intermediate rented, shared ownership units, and leased homes to provide temporary accommodation where the lease is more than a year. The figure does not take account of losses of stock.

The total affordable housing provision over the two years is 6,045, as the figure includes shared equity affordable units which are not counted for the 20,000 target. Do the maths – 139,000 people are on the waiting list for social housing, with over 11,000 people, over 3,000 children, currently living in temporary accommodation, and the Welsh Government has barely delivered a quarter of their social housing construction target, which itself stands at an insufficient 20,000. Quite simply, current construction rates are inadequate to meet demand.

In conclusion, the housing crisis in Wales is not merely a policy issue; it is a humanitarian emergency that demands immediate and sustained action. The stark statistics highlight a growing divide between the housing needs of the population and the capacity of current systems to address them. The consequences of inaction are severe: homelessness, continued physical and mental health challenges for residents, a worsening climate emergency, escalating costs for the NHS, and a fraying social fabric that threatens the economic and social viability of Welsh communities across the country. In order to safeguard the future of Wales and its people developing and implementing a comprehensive and ambitious strategy is imperative, one that views adequate housing as a basic right, one that priorities the construction of a fairer housing system for all those who call Wales home.

Structure of the Paper

This paper aims to explore and propose solutions to the housing crisis in Wales, focusing on three key areas: incorporating the right to adequate housing into Welsh law, introducing rent controls, and implementing new approaches to make homes affordable for those on local incomes.

1) The Right to Adequate Housing in Welsh Law

This section will discuss the conceptual framework of adequate housing as a human right and explore how this right can be effectively integrated into Welsh legislation. It will examine existing legal frameworks, international precedents, the case for incorporation, and the potential impact on policy and practice in Wales.

2) Introduction of Rent Controls

This part of the paper will delve into the proposal for a system of fair rents or rent controls within the private rental market. It will analyse different models of rent control, and consider the specific needs and context of Wales. The aim is to outline a balanced approach that ensures rental properties are affordable for local people on local incomes.

3) New Approaches to Affordable Housing

The final section will explore approaches to increasing the availability of affordable housing for local people on local incomes. This will primarily focus on creating a local market for housing, based on Cymdeithas yr Iaith's

Property Act Proposals[5] and legal work on affordable housing by Gwion Lewis KC, commissioned by Plaid Cymru.

Without a doubt, there are further areas Plaid Cymru need to focus on in terms of policy development if we're going to get to grips with the crisis, including but not limited to a mass programme of social housing construction; planning reform; retrofit; land; financing models; housing benefits; and our approach to homelessness, but these will be dealt with in separate papers. This being said, the myriad of policy areas mentioned are all inextricably linked, and are all part of the key to addressing the crisis.

With this in mind, our advocacy for the incorporation of the right to adequate housing into Welsh law is based on the belief that the right would drive key policy changes in Wales's broken housing system. This paper will consider how the right might be implemented and drive change by establishing a system of fair rents and affordable housing provision for households across Wales.

In addressing the three critical areas listed above, the paper will propose a comprehensive set of policies aimed at mitigating the housing crisis in Wales. The recommendations will be grounded in a commitment to social justice, economic equity, and the well-being of all Welsh residents. This paper should serve as a call to action for policymakers, including the Plaid Cymru Senedd Group, stakeholders, and the broader community to work together towards a future where everyone in Wales has access to safe, affordable, and adequate housing.

[5] Cynigion Deddf Eiddo 2022 S.pdf (cymdeithas.cymru)

Introducing the Right to Adequate Housing into Welsh Law

Overview of the Right to Adequate Housing

The right to adequate housing is a fundamental human right recognised internationally, notably in the Universal Declaration of Human Rights (Article 25) and the International Covenant on Economic, Social and Cultural Rights (Article 11). This right encompasses more than just having a roof over one's head; it includes the right to live in security, peace, and dignity. Adequate housing is defined by several core criteria: security of tenure; availability of services, materials, facilities, and infrastructure; affordability; habitability; accessibility; location; and cultural adequacy.

Furthermore, certain freedoms and entitlements are also attached to the Right to Adequate Housing. These freedoms include protection against forced evictions and the arbitrary destruction and demolition of one's home; the right to be free from arbitrary interference with one's home, privacy, and family; the right to choose one's residence, to determine where to live and to freedom of movement. The Right to Adequate Housing provides entitlements such as security of tenure; Housing, land, and property restitution; equal and non-discriminatory access to adequate housing. Participation in housing-related decision-making at the national and community levels.

It has been argued by proponents of the right, including the 'Back the Bill' campaign, that incorporating this right into Welsh law would enshrine the principle that everyone in Wales should have access to a safe, secure, and affordable home. It would establish housing as a legal entitlement, not merely a policy goal, thereby creating a binding obligation on public authorities to ensure this right is realised. This legal recognition would align Wales with international human rights standards and reaffirm the nation's commitment to social justice and equality in the realm of housing.

The Moral Case for Introduction

The moral case for recognising the right to adequate housing is grounded in the principles of dignity, equality, and justice. Access to adequate housing is essential for the realisation of other fundamental rights, such as the right to health, education, and work, or the ability to contribute to the economy. It provides a foundation for a stable and fulfilling life, fostering social inclusion and community cohesion, with clear implications for the Welsh Language. Ensuring adequate housing for all is not just a matter of human rights but a cornerstone of a fair and compassionate society.

The moral case for introducing the right to adequate housing in Wales is clear and compelling. Housing is a fundamental human right, yet the current debate often centres on who "deserves" support rather than recognising the universal need for secure, adequate housing. While a majority of the population (77%, according to CIH polling) agrees that everyone should have this right, the reality is that those most affected by poor housing conditions are often the most disadvantaged in our society.

Black, Asian, and Minority Ethnic communities are disproportionately likely to live in overcrowded conditions and face a higher risk of homelessness. Refugees, asylum seekers, and migrants often encounter housing inequalities due to racism, discrimination, and structural barriers. For individuals who have experienced domestic abuse, one of the primary obstacles to escaping abusive situations is the lack of access to secure and affordable housing. The LGBTQ+ community also faces significant housing challenges, with evidence suggesting they are four times more likely to experience homelessness compared to their peers. Additionally, people with mental health conditions are four times as likely to report that poor housing exacerbates their mental health issues. Women, particularly single parents, are disproportionately impacted by high rents in the private rental sector, making it harder for them to secure stable housing. Such stark disparities highlight the urgent moral imperative for a right to adequate housing in Wales.

The adoption of the right to adequate housing in Wales could serve as a transformative step towards addressing housing inequality and homelessness. Internationally, we can look to Finland as a powerful example of how enshrining this right can lead to significant social progress. In 2000, Finland incorporated economic, social, and cultural rights, including the right to housing, into its constitution. This legal framework ensures that public authorities are accountable for protecting these rights, which are enforced through ordinary legislation and upheld by the courts.

The Finnish approach, where every law is scrutinised by the Constitutional Law Committee to ensure consistency with these rights, has led to tangible outcomes. The right to housing was pivotal in the development of the Housing First initiative, a policy that prioritises providing permanent housing to those experiencing homelessness. As a result, Finland has seen a dramatic decline in homelessness, demonstrating how legal and policy changes can work in tandem to create meaningful, lasting change.

By following Finland's example and incorporating the Right to Adequate Housing into Welsh law, Wales could not only address the immediate housing needs of its most vulnerable citizens but also set a precedent for ensuring that the right to adequate housing is protected, enforced, and serves as the foundation for future housing policies.

The Financial Case: Costs and Benefits

From a financial perspective, the introduction of the right to adequate housing could lead to significant long-term economic benefits. Secure and adequate housing contributes to better health outcomes, reducing the burden on public health services. It can improve educational attainment and employment prospects, thereby enhancing economic productivity and reducing welfare dependency. Moreover, addressing housing inadequacies proactively can prevent the higher costs associated with homelessness, poor health, and other social issues stemming from inadequate housing conditions.

The implementation of the right to adequate housing will undoubtedly involve costs, including the potential need for increased public spending on housing services, infrastructure, and support. Homebuilding, securing suitable accommodation for homeless households, and housing adaptations will need to take place. There may also be costs associated with regulatory reforms, enforcement mechanisms, and the potential increase in litigation as individuals and groups seek to assert their rights.

Working with Alma Economics, the Back the Bill coalition has argued that while realising the right to adequate housing would cost Wales £5 billion over a 30-year period, it would return economic benefits of £11.5 billion – the equivalent of £2.30 in benefits for every £1 spent. Broken down, Alma Economics' analysis suggests that over this period, £5.5billion could be generated through improved wellbeing, £2billion will be saved in costs for local authorities, the NHS and the criminal justice system will save £1bn each, and £2bn will be generated through additional economic activity and the value of new housing.

There is a clear financial case for introducing the right to adequate housing in Wales. Costs must be weighed against the substantial benefits. Ultimately, ensuring adequate housing will lead to a more resilient and healthier population, reduced inequality, and greater social stability. It will also stimulate economic growth by boosting construction, supporting local businesses, and increasing consumer spending as people have more disposable income. Furthermore, a clear legal framework can provide greater certainty for investors and developers, potentially attracting additional investment into the housing sector.

No country can deliver the right to adequate housing overnight, nor can the necessary supply of quality homes be built or upgraded immediately. However, this does not make the right to adequate housing unattainable. Rather, it is achieved through a process known as progressive realisation. This approach legally obliges the government to commit the maximum available resources—such as land, technology, workforce, and finance—over time, toward fulfilling this right. Importantly, it also requires that no actions be taken that would undermine the right to adequate housing.

Wales has a strong tradition of using rights-based approaches to drive meaningful change. For example, the incorporation of children's rights into Welsh law and the Well-being of Future Generations Act have both set important precedents, ensuring that policy decisions prioritise the needs of vulnerable groups and long-term societal well-being. These initiatives demonstrate how enshrining rights in law can be a powerful tool for achieving lasting change.

In this way, the right to adequate housing becomes a long-term, achievable policy objective. By enshrining this right in law, we believe it will serve as a powerful lever, driving the necessary investment and ensuring that housing policy is aligned with this fundamental human right. Additionally, embedding the right to adequate housing within the legal framework ensures continuity between governments, making it a sustained national commitment that transcends political cycles and short-term agendas.

Recommendations on Plaid Cymru's Position

In practice, the right to adequate housing in Welsh law could take several forms. It could include legislation mandating minimum standards for housing quality and safety, with regular inspections and penalties for non-compliance. Affordability could be addressed through a range of policies, some of which will be discussed in this paper, such as rent controls and cooperative housing aimed at reducing the cost of housing relative to income.

Beyond this, local authorities and housing associations could be empowered and resourced to increase the supply of social and affordable housing, ensuring a diverse and adequate stock that meets the needs of different demographic groups. Support services could be enhanced to assist vulnerable populations, including the homeless, those with disabilities, and low-income families, in accessing and maintaining suitable housing. Furthermore, the legislation could establish a mechanism for individuals to claim their right to adequate housing, ensuring accountability and redress in cases where this right is violated.

The UN has provided guidelines for the practical implementation of the right to adequate housing, which include several critical steps. The first and most crucial step is the legal incorporation of housing as a right within Welsh law. This legal recognition requires amendments to existing legislation and possibly the introduction of new laws that explicitly protect this right, ensuring that everyone in Wales has access to safe, secure, and affordable housing.

It's been acknowledged that the vision and process of realising this right cannot be completed overnight, but it must begin with immediate steps toward its progressive realisation. This involves setting concrete goals, actions, and timelines that direct resources to those most in need. The principle of progressive realisation, guided by the UN standard of reasonableness, mandates that the Welsh Government use the maximum available resources—whether land, finance, or technology—to advance this right over time.

A participatory approach is essential for the effective implementation of the right to adequate housing. Ensuring meaningful public participation, particularly from those directly affected by housing policies, is crucial in the design, implementation, and monitoring of these policies. This inclusion ensures that housing strategies are not only effective but also equitable, reflecting the needs and aspirations of all communities in Wales.

Comprehensive housing strategies must be developed to operationalise the right to adequate housing. These strategies should identify clear goals, outcomes, and coordination mechanisms while addressing challenges such as homelessness, overcrowding, and the availability of accessible homes. A key component of this strategy must be a commitment to eliminating homelessness as swiftly as possible, shifting away from punitive measures and towards supportive, rights-based approaches like the Housing First model, which has proven effective in Finland.

Addressing housing inequalities is another critical aspect of practical implementation. Certain groups in Wales, including Black, Asian, and Minority Ethnic communities, refugees, asylum seekers, migrants, individuals from the LGBTQ+ community, and women—particularly single parents—face disproportionate housing challenges. The implementation of the right to adequate housing must include proactive measures to eliminate discrimination and ensure equal access to housing for all, reinforcing existing anti-discrimination laws and improving the availability of accessible homes.

Local authorities and housing associations play a central role in delivering housing services, and their capacity must be strengthened for the right to adequate housing to be effectively realised. Adequate funding, training, and coordination are necessary to ensure that local strategies align with national housing goals and human rights standards. Accountability mechanisms must be established to monitor compliance and address any shortcomings.

The right to adequate housing must also be responsive to the climate crisis. Housing policies should promote energy-efficient building practices, retrofitting existing homes to improve energy performance, and ensuring that new developments are sustainable and resilient to climate-related risks. This integration of climate considerations ensures that housing remains adequate not just in the present, but also in the face of future environmental challenges.

Effective monitoring and accountability are vital to ensure the progressive realisation of the right to adequate housing. Regular assessments of housing conditions, affordability, and access, along with the impact of housing policies on different demographic groups, are essential. The introduction of a "due regard" duty, as proposed by the "Back the Bill" campaign, would ensure that policymakers actively consider the right to housing in all decisions, supported by housing rights impact assessments and a comprehensive housing rights strategy.

Access to justice is a cornerstone of the practical implementation of the right to adequate housing. Ensuring that individuals and groups have avenues for redress if their rights are violated is essential. A dual approach, combining a due regard duty with an enforceable compliance duty, provides both a proactive framework for policy-making and strong enforcement mechanisms to protect housing rights.

In sum, incorporating the right to adequate housing into Welsh law would build on Wales' strong tradition of rights-based approaches, such as the incorporation of children's rights and the Well-being of Future Generations Act. These initiatives have demonstrated how legal frameworks can drive meaningful, long-term change. Embedding the right to adequate housing in law ensures continuity across different governments and political cycles, making it a sustained national commitment that transcends short-term agendas. This approach will not only address the immediate housing needs of Welsh citizens but will also lay the foundation for a fairer and more equitable society in the long term.

Recommendations on Plaid Cymru's Position

Plaid Cymru should firmly support the introduction of the right to adequate housing into Welsh law through the introduction of a Bill on Housing Rights. This would underscore Plaid Cymru’s belief that housing is a fundamental human right and that everyone in Wales deserves a safe, secure, and affordable place to live. This commitment to the introduction of the right to adequate housing would echo Plaid Cymru's broader vision of a just and equitable society, where all citizens have the opportunity to thrive.

The introduction of this right will require concerted effort and collaboration across all levels of government, the private sector, and civil society. Plaid Cymru should commit to working towards this goal, advocating for the necessary legislative changes and ensuring that adequate resources are allocated to realise this right. The party should recognise the importance of engaging with communities, tenants' associations, and other stakeholders to ensure that the implementation of this right reflects the needs and aspirations of the people of Wales.

By enshrining the right to adequate housing in law, Plaid Cymru would lay the foundation for a fairer Wales, where housing is not a privilege but a guaranteed right for all. This initiative represents a bold and transformative step towards addressing the housing crisis and ensuring a decent standard of living for everyone in the nation.

Introducing Rent Controls in Wales: A System of Fair Rents

Overview of the State of the Rental Market in Wales

The private rental market in Wales has seen significant challenges in recent years, with rising rents outpacing local income growth. This disparity has made it increasingly difficult for many residents, particularly low and middle-income earners, to afford adequate housing. The private rental sector plays a crucial role in housing a diverse population, including families, young professionals, and those unable to access social housing or home ownership. However, the lack of affordable rental options has exacerbated housing insecurity, leading to overcrowded living conditions and financial stress for many tenants, forcing many to choose between heating and eating, and limiting their economic opportunities due to the location of affordable housing.

Key statistics highlight the severity of the issue: the at the time of writing this paper, the most recent ONS data[6] shows us that Wales experienced rent increases above the UK average, with an increase of 8.5% in the 12 months to July 2024 (an increase to £752). Whilst there is a lack of Wales-specific data in this regard, a high proportion of renters are finding it difficult to pay rent, with over 40% of renters (in England) reporting that their disposable income had gone down a lot over the last 12 months[7]. Available data shows us that Wales has the 3rd highest ratio of household rent to income in the United Kingdom (UK) in July 2023 and July 2024, with the average (privately renting) household spending 34.6% of their income on rent[8].

The escalating cost of renting, coupled with a shortage of affordable rental properties is a significant barrier to those trying to move on from temporary accommodation – high rents are trapping people in homelessness[9]. 26 per cent of the Shelter Cymru cases identified a lack of affordable private rented homes as a barrier to moving on, and research by the Bevan Foundation found that in February 2023, only 32 properties advertised across 24 Wales were available at local housing allowance rates (the rate at which the housing element of Universal Credit is paid), equating to just 1.2 per cent of the market. 16 local authorities did not have a single property available at local housing allowance rates[10].

Ultimately, these facts underscore the urgent need for effective intervention to ensure that housing remains accessible and affordable for all Welsh residents. Plaid Cymru's long-term aspiration should be to significantly expand the social housing sector and the proportion of households living in social housing in order to provide long-term, secure and affordable homes, with regulated rents, that meet high housing quality standards. However, budgetary constraints and pressures on the construction sector mean that the provision of

[6] Private rent and house prices, UK - Office for National Statistics (ons.gov.uk)
[7] English Housing Survey (www.gov.uk)
[8] Household rent to income ratio by region UK 2024 | Statista
[9] Nowhere-to-call-home-living-in-temporary-accommodation-2.pdf (bevanfoundation.org)
[10] Wales-Housing-Crisis-Winter-2023.pdf (bevanfoundation.org)

social housing is no quick fix. As it stands, more households are living in the private rental sector in Wales than in social housing[11] -- in the interest of helping more people with greater urgency, regulating the private rental sector must be implemented alongside our aspiration for more social homes.

What do we mean by 'fair rents' and 'affordability'?

Agreeing on what constitutes a 'fair rent' is essential in order to proceed with developing our position on a system of fair rents – as it stands, our latest policy on the matter lacks clarity. Plaid Cymru's currently stated position is that we 'believe in a system of fair rents and rent control so that they are affordable to local people on local incomes, and that individuals and families are not priced out of the area where they currently live'[12], however, there is no explanation of what we mean by this. We must agree upon a definition of fairness in order to decide what system of rent regulation we will seek to adopt.

It goes without saying that there is no universally accepted definition of a fair rent – fairness in this sector means different things to different parties. What may seem fair to a landlord may not seem fair for a tenant, and vice-versa. It follows, that in its Green Paper[13], the Welsh Government proposes a broad definition of 'fair' as 'equitable' for all parties involved in order to 'ensure supply and quality are not compromised'. Further to this, fairness is defined in relation to how 'reasonable and proportional' proposals are to specific localities.

In their response to the Green Paper consultation[14], the Bevan Foundation expressed concerns about the Welsh Government's definition of 'fair' due to a lack of clarity on the factors that would be taken into account when exploring local circumstances. In this regard, the Bevan Foundation warned that only taking local market rents into account would leave low-income renters, those currently worst served by the private rental market, unaccounted for. Further to this, the Bevan Foundation asserted their belief that the priority of the Welsh Government must be ensuring that the needs of low-income households are met, and that a definition which focuses on affordability for the median renter would itself be unfair for those on low incomes.

To my mind, fair rents have to be defined or assessed in relation to which rent levels are affordable for low-income households, as a group who are at the highest risk of falling into homelessness, or not being able to afford basic essentials. In other words, fair rents must be affordable for those on the lowest incomes, and one way this (affordability) could be measured is in relation to a household's disposable income after housing costs, and whether this is sufficient to cover basic essentials. In other words, a residual income measure, as outlined in the Alma Economics paper commissioned by the Welsh Government[15].

Based on work undertaken by the Trussell Trust and the Joseph Rowntree Foundation, the necessary level of residual income to afford all essentials for a single adult is £120 a week, raising to £200 a week for couples.

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[11] The onward march of Wales' private rental sector - Bevan Foundation
[12] Fairness in the Private Rental Sector - The Party of Wales
[13] housing-adequacy-fair-rents.pdf (gov.wales)
[14] Housing-Green-Paper-response-BF.pdf (bevanfoundation.org)
[15] alma-economics-final-report.pdf (gov.wales)

In line with the position of the Bevan Foundation, approaching affordability in these terms should be considered, given that it would ensure a basic level of affordability for those on the lowest incomes, and is a campaign that has already been endorsed by the Welsh Government. As a minimum, I recommend Plaid Cymru should adopt this measure of affordability (residual income measure) when setting rent controls, in order to ensure housing costs in the form of rents don't deprive people of basic essentials. More work will need to be undertaken to ensure the measure we adopt takes into account the additional needs of people with larger living costs such households with children or disabled people.

Rent Controls: Types and International Examples

There are a myriad of measures Plaid Cymru should consider in forming it's policy on rent controls. In essence, rent control measures are regulatory frameworks designed to stabilise or limit rent increases in the private rental market, ensuring affordability for tenants. There are several models of rent control, each with varying degrees of regulation and impact including, but not limited to:

1) Rent Ceilings

These impose a maximum limit on the amount landlords can charge for rent. For example, in New York City, rent-stabilised apartments are subject to maximum rent limits and controlled increases.[16]

2) Rent Stabilisation

This approach limits the rate of rent increases over time, providing tenants with predictable rent costs. Berlin, Germany, implemented a form of rent stabilisation with the "Mietendeckel" (rent cap), which froze rents at a specific level for five years.[17]

3) Tenancy Rent Controls

These controls restrict rent increases within a tenancy, but allow for market-rate rents to be set for new tenancies. In France, rent increases within a tenancy are limited, but landlords can reset the rent to market levels between tenancies, within certain guidelines.[18]

4) Vacancy Control

This is a stricter form of rent control where rent increases are controlled even between tenancies. San Francisco, USA, has implemented such measures to varying degrees, where landlords can only raise rents between tenants by a regulated amount.[19] Cities in Minnesota have also implemented such measures.[20]

In simpler terms however, rent controls can be divided into three distinct categories: first, second and third generation rent control measures – each with their own advantages and disadvantages. These were outlined in a briefing paper[21] initially asked for by the Scottish Government, which considered overviews of European practice before providing further detail experience in Ireland, France, Germany, Sweden and the Netherlands, and were defined in the Welsh Government's Green Paper[22].

[16] Rent Stabilization (nyc.gov)
[17] Berlin's rent cap, though defeated in court, shows how to cool overheated markets | David Madden and Alexander Vasudevan | The Guardian
[18] Level of Rent French Rental Property Indice de Référence loyers (french-property.com)
[19] Rent Control – San Francisco Tenants Union (sftu.org)
[20] America's Most Controversial Rent Control Law Is Getting a Hasty Makeover (reason.com)
[21] 220518-rent-control-briefing_v3.pdf (housingevidence.ac.uk)
[22] housing-adequacy-fair-rents.pdf (gov.wales)

First generation rent controls are usually referred to in relation to strict price ceilings or rent freezes, such as the The Cost of Living (Tenant Protection) (Scotland) Act 2022, which allowed the Scottish Government to set rents in the private and social rented sector. Second Generation rent controls are usually referred to as situation where moderated rent increases are permitted, such as measures introduced in France and Germany. Germany's rent control model (introduced in 2015) puts a limit on how much rent can be raised for new tenants in areas where housing is scarce. The rent can't be more than 10% higher than similar rents in the area, and rents can't go up by more than 20% over three years. Some housing, like student accommodation or new builds since 2014, is exempt. France's rent control model limits how much rent can be increased for new tenants or renewals in certain crowded areas. Rent must stay within a range of 30% below to 20% above a set median rent. These limits are based on a reference index. Finally, Third Generation rent control models can be defined as models where rents are 'reset' at or around market levels between tenancies, such as the Irish model, where landlords can't set rent higher than the going market rate. The Residential Tenancies Board regularly publishes data showing typical rents, which helps guide landlords and tenants on what rent should be for new leases.

Each generation of rent control has distinct subcategories, as outlined in the Welsh Government's Green Paper. First Generation Rent Models (usually involving a hard freeze or a cap) include models such as the Yield Based Model, Cost Based Model, and Affordable Supply Models (which include the Quasi Social Rent Model and the Intermediate Rent Model).

An example of a Second Generation Rent Model which involves moderated rent increases could involve an Energy or Quality based model. Third Generation Rent Models (those based on Market Rent Data) include Income Based Indices to determine Rent Pressure Zones.

The table below includes further detail on the various subcategories of rent control models outlined above, as outlined in the Welsh Government's Green Paper on securing a path towards Adequate Housing – including Fair Rents and Affordability[23]:

[23] housing-adequacy-fair-rents.pdf (gov.wales)

Generation and Model	Model Description
First Generation: Yield Based Model	This type of model would set a maximum rent level based on a % yield based on the property value, either at the time of purchase or on an agreed valuation date. This could either be a gross yield or net yield model, which would allow future costs of investment in improving the property to be taken into account. So, for example if we said that rents would be capped at a 10% annual yield then in a scenario where a property had been purchased for £100,000 then the maximum monthly rent would be £833 per month. Under the gross yield model, no allowance is made for costs such as interest charges on a buy to let mortgage, or any capital improvements that have been made to the property. In this case, the calculation would be as follows: Monthly Rent= (Capital Purchase Price + Annual Interest Charges)/12
First Generation: Cost Based Model	A cost-based model, which would allow a landlord to demonstrate that the costs incurred on maintenance and improvements to a property in the previous 12 months, which benefit a tenant through providing improved quality of accommodation, are used to determine the rent that is charged. In this case: Monthly Rent = (Annual Mortgage Payments + Annual Maintenance Cost)/ 12.
First Generation: Affordable Supply Model (Quasi Social Rent Model)	Under this model a certain proportion of new build units would be secured for "affordable rent" through the use of Section 106 planning obligations. Under this approach the "affordable rent" would be set at the Local Housing allowance rate (and could where in operation be put onto Leasing Scheme Wales) for a minimum of 25 years with options for RSL purchase (if meets Welsh Housing Quality Standards) at end (based on Acceptable Cost Guidelines at time of construction). OR if unit is to revert to private sector rental, a financial payment based on agreed formula that would be able to be recycled into securing more affordable housing.

First Generation: Affordable Supply Model (Intermediate Rent Model)	Again, under this model a certain proportion of new build units would be secured for "affordable rent" through the use of Section 106 planning obligations. Under this approach an agreed number of units would be retained for rent and the "affordable rent" would be set at 20% discount from Market Rent for the area and type of property. There could also be a financial mechanism to ensure that funding can be recycled back into securing more affordable housing.
Second Generation Rent Model (Moderated Rent Increases) Energy/Quality Based Model	This type of model would link rents to the Energy Performance ratings of properties based on rent bands. As an example, and purely for illustrative purposes, a banding system could operate along these lines.Rent caps would be limited at 8% for properties at EPC Band A, 7% for EPC Band B, 5% for EPC band D and so on.
Third Generation Rent Model (Market Rent Data) (Income Based Indices to determine Rent Pressure Zones)	This model would use the Rent Officer Data based on Broad Rental Market Areas and property type to determine an index of market rents that landlords would need to use to set the rent for a property. An income-based index would identify areas where the average household spends a certain percentage of income on rent, thus indicating that affordability was an issue. Such a model would result in rent pressure zones, which would allow for targeted intervention of rent control measures in a specific geographical location, over a defined period.

I am inclined to agree with the concerns of the Bevan Foundation with regards to the more detailed First Generation rent control models. As expressed, the yield-based rent control model proposed by the Welsh Government in its Green Paper could result in rent caps that are unaffordable for many renters. As highlighted by the Chartered Institute of Housing (CIH) in their consultation response, this model could set rent caps above £2,000 per month in Cardiff. This would either render the cap irrelevant, as it would be higher than current market rents, or risk pushing rents even higher.

The cost-based model suggested in the Green Paper has similar drawbacks. According to CIH, this approach could also set excessively high rent caps, carrying the same risks as the yield-based model. Additionally, if landlords are allowed to charge higher rents for well-maintained properties, it could create a two-tier system, making quality housing inaccessible to low-income renters and pushing them into substandard, expensive-to-heat homes.

These objections are also reflected when concerning the affordable supply models. Again, according to the Bevan Foundation, the creation of a new "affordable rent" category through Section 106 is unlikely to lead to a substantial increase in housing supply. There are well-documented instances of developers avoiding their obligations to deliver affordable housing via s106 agreements. The Bevan Foundation's findings that only 1.2% of rental properties in Wales were advertised at Local Housing Allowance (LHA) rates in February 2023 suggest that developers could argue that providing housing at "affordable rent" levels is economically unviable.

Moreover, it is their belief that establishing a "quasi-social rent" category and expanding the "intermediate rent" model to the private rental sector would risk undermining efforts to expand social housing. These "affordable rent" models are likely to be less affordable than social rents, and resources should be focused on the development of social housing, which is a more effective solution for improving housing affordability. In this regard, we should revisit our intermediate rent commitments in the 2021 Plaid Cymru Senedd Election Manifesto.

The Bevan Foundation, among others responding to the Welsh Government's consultation, express similar concerns with regards to Second and Third Generation Rent Control Models outlined by the Welsh Government. While there was some agreement with the principle of the models - based in part on the fact that Second Generation controls are already in place for the social housing sector in Wales, Second Generation models have the potential to smooth increases in rent, and Third Generation models took certain local factors into account - concerns were expressed around the risks of a two-tier rental market being formed, or permitted rent rises pushing people into poverty. Furthermore, there were concerns that challenges around data would limit the ability of the Welsh Government to set caps fairly.

Stakeholder Engagement for Effective Rent Control Implementation

To establish a rent control system that truly meets the needs of tenants while supporting a sustainable rental market, Plaid Cymru should engage in thorough consultation with all key stakeholders in the sector. Plaid Cymru's approach to fair rents must be underpinned by an understanding of the perspectives, needs, and concerns of both tenants and landlords, ensuring that rent controls are fit for purpose and minimise the risk of unintended consequences.

Plaid Cymru should engage with tenants to understand the real pressures facing renters in Wales. By consulting directly, Plaid Cymru can gather firsthand insights into affordability challenges, security of tenure issues, and the specific impacts of rent increases on community stability and wellbeing. This information is essential for developing a rent control model that offers meaningful relief to tenants while preserving their housing options.

At the same time, Plaid Cymru should consult with landlords to ensure that rent control measures do not inadvertently reduce rental supply or discourage investment in the housing sector. By working with landlord groups and representatives, Plaid Cymru can identify and address potential concerns around maintenance standards, property investment, and the long-term sustainability of the rental market. This dialogue can also help refine the design of rent controls, ensuring they are fair and proportionate, avoiding adverse effects such as driving landlords out of the market.

A balanced, consultative approach will enable Plaid Cymru to craft a rent control policy that supports tenants, respects the rights and needs of landlords, and works effectively across different housing markets in Wales.

By committing to an inclusive consultation process, Plaid Cymru should aim to establish a rent control system that strengthens tenant protections, enhances market stability, and promotes community resilience.

Recommendations Plaid Cymru's Position

Plaid Cymru should strongly support the introduction of a fair and balanced system of rent controls in Wales. The party recognises the urgent need to address the affordability crisis in the private rental market and is committed to protecting tenants from unjustified rent increases and housing insecurity. Plaid Cymru believes that rent controls, implemented thoughtfully and alongside other housing policies, can help ensure that all residents have access to safe, secure, and affordable housing.

The party advocates for a system that not only stabilises rents but also promotes investment in the rental sector, encourages high standards of property maintenance, and protects the rights of both tenants and landlords. Plaid Cymru is committed to working with stakeholders, including tenant associations, landlords, and housing experts, to develop a comprehensive rent control framework that meets the unique needs of Wales.

By championing the introduction of rent controls, Plaid Cymru aims to create a fairer and more just housing market, where everyone can afford to live in dignity and security. This initiative is a key component of the party's broader strategy to address the housing crisis and ensure that the right to adequate housing is realised for all Welsh citizens.

In this regard, it is my recommendation that Plaid Cymru's rent control policy should adopt **a progressive approach**, grounded in the **residual income measure.** This means no rent should be set at a level where households are left without enough income to meet their essential needs after paying housing costs. This measure would apply to properties set at Local Housing Allowance (LHA) rates in Wales, targeting those on the lowest incomes—specifically, those living in the **cheapest 30% of private rental properties.** For these households, rents would be capped at a level that ensures tenants have enough residual income to afford essentials like food, heating, and other necessities, as defined by the Joseph Rowntree Foundation.

For the **remaining 70% of private rental properties**, a **progressive rent control system** could be introduced, taking into account **housing quality indicators** such as **Energy Performance Certificate (EPC) ratings** and **Wales Housing Quality Standards**. Rents would be structured into bands, linked to property quality, which would encourage landlords to invest in improving their properties. This would seek to partly emulate the points based models of the Netherlands and Sweden, and the running cost model in Denmark, albeit adapted to the specific circumstances in Wales.

However, concerns about the creation of a **two-tier rental market** are valid and must be carefully managed. There is a risk that lower-income renters could be pushed into less energy-efficient, poorer quality homes. To mitigate this, the **residual income-based cap** on the cheapest 30% of properties would guarantee that those in lower-cost homes are still able to afford basic essentials, including heating and food. This approach would ensure that no household is forced to choose between rent and essential needs, while encouraging landlords to enhance property standards without making housing unaffordable.

Alongside rent controls, a Plaid Cymru Government would prioritize investment in **social housing** and a **multi-term retrofit programme** to raise the quality and energy efficiency of the entire housing stock. This balanced approach ensures that rent controls promote affordability while addressing concerns about housing quality and preventing any deepening of inequalities in the rental market.

Introducing New Approaches to Making Homes Affordable for Local Incomes

Overview of the State of Home Ownership in Wales

As outlined in the introductory section of this paper, home ownership remains a cherished aspiration for many in Wales, yet it is becoming increasingly out of reach for a significant portion of the population. Rising house prices, stagnant wages, and limited housing supply have contributed to a growing affordability gap. For many, the prospect of purchasing a home has become a distant dream, as the cost of homes has far outpaced local incomes.

In the 12 months to July 2024 average house prices in Wales increased to £218,000 (2.0%)[24], whereas median full time annual earnings stand at £32,952.4[25]. Affordability is typically defined as the ratio of median house prices to median household incomes, with a ratio above 4 considered unaffordable. In many parts of Wales, this ratio far exceeds the threshold, placing home ownership beyond the reach of average earners. As it stands, average house prices in Wales are unaffordable by definition, as the ratio stands at 6.62. This situation not only limits access to stable housing but also exacerbates social inequality and hinders economic mobility.

Types of Affordability Measures That Could Be Introduced in Wales

To address the affordability crisis, a range of innovative measures should be considered to make homes more accessible to those on local incomes. These measures have been successfully implemented in various international contexts, offering valuable lessons for Wales:

1) Shared Ownership

This model allows buyers to purchase a share of a property (typically between 25% and 75%) and pay rent on the remaining share. The scheme, used extensively in the UK, including England and Scotland, helps lower the initial cost barrier to home ownership and provides a pathway to full ownership.

2) Community Land Trusts (CLTs)

CLTs are non-profit organisations that own land and lease it to individuals or developers to ensure long-term affordability. This model, popular in the United States and increasingly in the UK, separates land ownership from housing ownership, thereby reducing the cost of homes. The retained land value benefits the community, not private developers.

[24] Private rent and house prices, UK - Office for National Statistics (ons.gov.uk)
[25] Welsh economy in numbers: interactive dashboard | GOV.WALES

3) Co-operative Housing

Housing co-operatives are collectively owned and democratically controlled by their members. This model, prevalent in countries like Sweden and Germany, provides affordable housing by eliminating the profit margin that private landlords would normally seek. Co-operatives can offer both rental and ownership options, promoting affordability and community cohesion.

4) Inclusionary Zoning

This policy requires developers to include a proportion of affordable housing units in new residential developments. The approach, widely used in cities like San Francisco and London, ensures that a percentage of homes in new projects are reserved for lower-income families, often subsidised by the market-rate units.

5) Subsidised Mortgage Programmes

Governments can offer subsidised loans or mortgage guarantees to first-time buyers. Examples include the Federal Housing Administration (FHA) loans in the United States and the Help to Buy scheme in the UK. These programmes can lower the cost of borrowing, making home ownership more accessible to low- and moderate-income households.

Community Centred Housing and Local Markets: An Alternative Approach to Local Housing Affordability

Wales faces an acute housing crisis, where rising prices and the unregulated housing market are excluding local people from securing homes in their own communities. A new approach is necessary—one that shifts the focus from the speculative housing market to a system that prioritises the needs of local residents.

Based on the available evidence, in part on policy proposals developed by Cymdeithas yr Iaith on developing a Property Act[26],as well as legal advice commissioned by Plaid Cymru on such proposals, a novel approach to ensuring the housing system meets local needs could involve placing a responsibility on Local Authorities to co-produce regular Community Assessments with communities as equal partners. These assessments would form the foundation for housing policies and planning, and allow for local people to be prioritised in the housing market.

One of the core elements of this new approach is the introduction of Community Assessments, co-produced by Local Authorities and local communities. Currently, Local Authorities are required by law to conduct Local Housing Market Assessments (LHMAs), which are meant to provide estimates of future housing demand. However, these LHMAs, which are updated every five years, take a broad, regional view based on functional areas rather than focusing on the needs of individual communities. As a result, they often fail to capture the nuances of local housing challenges and are unable to address specific community needs.

Community Assessments would go beyond the scope of LHMAs by focusing on the distinct characteristics of smaller, individual communities, recognising the cultural, social, and economic factors that affect housing demand in these areas. By actively involving local residents and groups in the process, these assessments would produce a more accurate, real-time understanding of housing needs. Importantly, the insights gained from this community-led process would inform all

[26] Cynigion Deddf Eiddo 2022 S.pdf (cymdeithas.cymru)

housing policies, ensuring that decisions are grounded in the actual needs of the people who live in these areas, not just theoretical projections.

A fundamental problem with the current system is its reliance on broad estimates of housing need, which are often disconnected from the realities of local communities. By focusing on functional areas where people are assumed to be willing to relocate without changing jobs, LHMAs overlook the unique pressures faced by specific communities, such as the affordability crisis in Welsh-speaking rural areas or the lack of suitable housing for younger families.

Shifting to community-level evidence would address these shortcomings. Local Authorities, working in close partnership with community councils, housing groups, and other stakeholders, would be able to develop housing strategies that are more flexible and responsive to local conditions. This would lead to a more targeted approach to housing development, where the right type of housing is built in the right places, according to the needs of local residents rather than market forces.

For instance, in North West and South West Wales, Rural Housing Enablers have demonstrated the effectiveness of community-led approaches in identifying housing needs[27]. By working directly with local communities, they have been able to pinpoint the specific requirements of different groups —such as affordable homes for young families or adapted homes for older residents. These assessments have proven essential for securing planning permission for affordable housing on exemption sites, which prioritise local people, as well as for housing associations applying for Social Housing Grants. A nationwide rollout of similar practices could ensure that housing solutions are more closely aligned with the needs of the people who will live in them.

The introduction of regular, community-level assessments would fundamentally alter how housing policies are developed in Wales. Currently, Local Authorities rely on LHMAs to inform their Development Plans and Housing Strategies, which then guide decisions on land use, affordable housing targets, and investment in new homes. However, because these assessments are too broad, they often fail to address the specific housing needs of smaller communities, especially in rural areas.

By replacing broad estimates with evidence drawn from community assessments, Local Authorities would be able to create Housing Strategies that are more finely tuned to local realities. For each community, Local Authorities would be able to forecast the number of homes required and develop an investment programme that outlines specific projects designed to meet those needs. This programme would also include timelines for delivery and an explanation of how public funds will be allocated to ensure the projects are completed. Crucially, no project should move forward without clear evidence of local housing need, ensuring that public money is invested in a way that benefits local people.

Additionally, these community assessments would allow Local Authorities to anticipate changes in housing demand over time, helping them to plan for the future. By understanding how population dynamics, economic conditions, and cultural factors are likely to evolve, they can make informed decisions

[27] An Evaluation of the Rural Housing Enablers in Wales (gov.wales)

about land use policies, prioritising the development of affordable homes in areas where demand is expected to rise. This forward-thinking approach would ensure that housing strategies remain adaptable and responsive to changing needs.

To ensure that local people have better access to housing, especially in areas where they are being priced out by external buyers, the proposal introduces a mechanism to prioritise local residents in the housing market. In communities where Community Assessments show a significant unmet need, any property coming onto the market would first be advertised locally for a period of up to six months. During this time, a moratorium would be placed on selling the property to anyone without a local connection, ensuring that local individuals or community housing providers have the first opportunity to buy.

Under this scheme, sellers—whether individuals, private organisations, or public bodies—would be required to accept an offer from a local buyer or community provider, provided it meets or exceeds an independent valuation of the property. This system would help keep housing within the local community, preventing speculative investors or second-home buyers from driving up prices. It would also enable local housing associations and community-led organisations to purchase properties, ensuring that affordable homes remain available to residents.

By giving local people priority access to housing, this policy would help stabilise rural populations, maintain the density of Welsh speakers, and ensure the viability of local services, such as schools and businesses. In areas where housing is becoming unaffordable for younger generations, it would also reduce outward migration, helping to retain vital human capital in rural communities.

The overarching goal of these proposals is to create a housing system that truly works for communities. The current market-based approach has failed to address the real housing needs of many Welsh residents, particularly in rural and Welsh-speaking areas. By shifting the focus to local needs and empowering communities to take a central role in housing decisions, we can begin to reverse this trend.

Community Assessments would be a vital tool in this effort, ensuring that housing development is driven by local priorities rather than market speculation. By imposing conditions on property sales and prioritising local buyers, we can protect communities from the destabilising effects of the free market and ensure that houses remain homes, not assets for profit.

This framework represents a bold step forward in building a fairer housing system, one that treats housing as a fundamental necessity for social well-being, rather than merely a commodity. It also lays the groundwork for further interventions to protect communities from the pressures of an increasingly unaffordable housing market, providing a solid foundation for the next section, which will outline the legal advice on these proposals.

Legal Advice on Local Priority

The legal advice obtained for the introduction of a priority window for local residents to purchase housing provides a clear path forward. A priority window, which would allow local people first access to homes coming onto the market before they are offered more widely, has been deemed lawful. However, the implementation of such a policy would require different approaches depending on whether it applies to new housing or existing stock.

Legal Mechanisms for Existing and New Housing

To introduce a priority window for homes that are already built, primary legislation would be necessary. This would enable Local Authorities to enforce a period during which properties must be advertised locally, ensuring local people have the first opportunity to buy. This legislation would be within the Senedd's legislative competence, as housing is a devolved area of policy for Wales.

For new housing, the process could be streamlined without the need for primary legislation. Under the current planning regime, local planning authorities could integrate a priority window requirement into their development plans. This would ensure that any planning permission for new homes comes with a condition that these homes are first offered to local residents for a set period. The Welsh Government could further support this approach by updating its national planning policy, Planning Policy Wales, to encourage Local Authorities to include a priority window policy when revising their development plans. National and local planning frameworks could thus be adapted to make the priority window a standard condition of planning permissions for new developments.

Human Rights and Equality Considerations

There is no substantive legal argument to suggest that such a priority window would violate human rights. Despite frequent public debate to the contrary, case law demonstrates that policies in the planning sphere—especially those designed to achieve legitimate social goals—are generally difficult to challenge on human rights grounds. The introduction of a priority window would fall well within the range of lawful planning policies aimed at preserving community integrity and addressing housing affordability.

Moreover, the policy would not breach the Equality Act 2010. If an argument were to be made that it indirectly discriminates on the basis of nationality—by favouring people already living in Wales over those from outside the region—it could be defended as a proportionate means of achieving a legitimate aim. This is consistent with section 19(2) of the Equality Act 2010, which allows for policies that pursue reasonable, socially beneficial goals, even if they have an unequal impact on different groups.

Potential for Two Housing Markets: Local and Open

While Welsh Ministers do not currently have the power to create two distinct housing markets—one for local residents and one for the general public—primary legislation could establish such a system. Drawing inspiration from Guernsey's housing laws, the Senedd could pass legislation that designates certain areas, such as those with linguistic or cultural sensitivities, as having both "Open Market Housing" and "Local Market Housing."

Under this system, Local Authorities would be required to classify housing in these areas into one of the two categories. "Local Market Housing" would be reserved for residents meeting specific criteria, ensuring that housing remains available and affordable for people with strong connections to the community. The regulations could define who qualifies for local housing, while those who do not meet the criteria would be restricted to the "Open Market Housing" stock.

In conclusion, while a two-market system would require new legislation, the legal framework for introducing a priority window for local buyers is already viable and presents no significant legal barriers, either under human rights law or the Equality Act 2010. These legal provisions offer a strong foundation for Plaid Cymru's proposals to ensure that local housing markets work for the benefit of local communities.

Affordable Housing for Welsh-speaking and Rural Communities

This subsection draws from The Report of the Commission for Welsh-speaking Communities on communities with a higher density of Welsh speakers[28], which highlights the unique housing challenges faced by Welsh-speaking and rural communities. The report offers a range of recommendations to ensure housing policy not only meets local affordability needs but also supports community sustainability and the Welsh language. Plaid Cymru's approach, informed by these findings, should seeks to empower local communities, enhance data-driven housing plans, and facilitate access to affordable homes. The following measures aim to align housing provision with the social, economic, and cultural sustainability that Welsh-speaking communities urgently need.

We know by now that Welsh-speaking and rural communities across Wales face unique challenges in securing affordable, locally-based housing options that address genuine community needs. Creating more affordable homes, specifically designed to meet local needs, is critical for maintaining the fabric of these communities. The right mix of affordable housing not only helps sustain rural Welsh-speaking communities but also supports essential community services. A few new homes, appropriately integrated, can mean the difference between a primary school staying open or closing its doors, a local shop continuing to serve its residents, or a community pub retaining its place as a hub rather than being converted into holiday accommodations. This approach not only stabilizes local communities but helps protect the Welsh language as a vibrant community language.

To achieve this, planning strategies across Wales must be attuned to local needs, drawing on both local and national evidence to guide housing development. Local planning authorities need to incorporate comprehensive Local Development Plans that align with all available evidence, including the most recent Local Housing Market Assessments (LHMAs). Currently, these assessments are carried out every five years and serve as vital evidence for Local Development Plans and Social Housing Grant allocations. However, there are issues within the LHMA framework that need addressing to make it more effective for community-specific planning. The template does not account for

[26] 45614 Adroddiad Interim gan y Comisiwn Annibynnol ar Ddyfodol Cyfansoddiadol Cymru

the linguistic or cultural dynamics of communities and often relies on broad, geographically-defined data rather than data that represents individual community needs. Consequently, the estimates may not accurately reflect local housing demands, impacting housing provision and, ultimately, community sustainability. Addressing this issue requires a shift to more locally-specific data, ensuring that both Local Housing Strategies and Local Development Plans provide tailored, impactful housing solutions.

The Welsh Government is encouraged to update and refine the LHMA methodology, ensuring the latest and most relevant data is used consistently, aligning it with housing projections. Improving these assessments would allow public funds to be allocated more effectively and ensure that communities receive housing solutions that genuinely reflect their needs. The Rural Housing Enabler role, currently operational in regions of northwest, mid, and southwest Wales, provides a valuable model. Rural Housing Enablers work collaboratively with local authorities, community councils, and local groups to understand and support local housing needs. This process involves directly engaging communities through surveys and consultations, gathering essential data on second homes, empty properties, local income levels, and housing costs. The resulting information provides critical evidence for planning applications and Social Housing Grant applications, enabling housing associations and local authorities to develop affordable homes that genuinely align with community needs.

In addition to adapting existing strategies, ongoing support for programs such as the Welsh Language Communities Housing Plan is essential. This initiative, along with the pilot program in Dwyfor, represents a proactive response to the challenges posed by high concentrations of second homes and their impacts on affordability and local ownership. These schemes operate within Welsh-speaking communities, and their potential as models for linguistic sustainability should not be underestimated. As a multi-faceted strategy, they address housing affordability, community cohesion, and the economic well-being of Welsh-speaking areas, which often face economic challenges not encountered by other regions in the UK. The Welsh Government should consider making these initiatives permanent and expanding their reach to form a broader, strategic vehicle for community-led housing policies, tailored to the linguistic and cultural contexts of high-density Welsh-speaking areas.The Welsh Government should consider making these initiatives permanent and expanding their reach to form a broader, strategic vehicle for community-led housing policies, tailored to the linguistic and cultural contexts of high-density Welsh-speaking areas.

Community-led housing offers additional promise, allowing local people to address housing needs in ways that align with both housing and community development goals. While housing associations and local authorities can often secure funds for these initiatives, smaller community groups face significant barriers in raising the capital needed to purchase land or properties. Expanding access to affordable loans, grants, and equity investments would greatly support community groups in developing affordable housing solutions. The Welsh Government could consider establishing a dedicated fund offering low-interest loans or providing equity stakes in such projects, fostering local ownership and empowering communities to shape their own housing landscapes.

Addressing barriers to mortgages for restricted properties is another essential step in enabling Welsh-speaking communities to access affordable housing. Many restricted properties fall under Section 106 Agreements or other local occupancy conditions, making it challenging for prospective homeowners to obtain competitive mortgages. This issue is particularly pressing in rural areas, where fewer lenders may be willing to provide financing for properties with restrictions. To support equitable access to homeownership, the Welsh Government should engage with mortgage providers to encourage competitive mortgage options for restricted properties, improving affordability and trust in local housing initiatives.

In summary, a community-focused, locally-informed approach to housing policy is vital for meeting the specific needs of Welsh-speaking and rural communities. By strengthening local data, supporting tailored housing initiatives, expanding access to funding, and fostering a more inclusive mortgage market, Wales can build a more sustainable housing environment that preserves the cultural and linguistic heritage of its communities.

Recommendations on Plaid Cymru's Position

Wales is facing an acute housing crisis, where rising property prices and an unregulated market are increasingly excluding local people from securing homes in their own communities. In response to this challenge, I recommend that Plaid Cymru adopt a bold community-focused approach that shifts the focus from speculative market forces to prioritising the housing needs of local residents.

Central to this approach is the introduction of **Community Assessments**, which would be co-produced by Local Authorities and local residents. These assessments would replace the broad, regional Local Housing Market Assessments currently in use, offering a more nuanced and real-time understanding of housing needs at the community level. By doing so, Plaid Cymru can ensure that housing policies and development plans are rooted in the actual needs of individual communities, rather than theoretical projections based on larger, functional areas. This would allow for a more targeted approach to housing development that is responsive to local circumstances.

Another key element is the introduction of a mechanism to **prioritise local buyers** in areas where housing pressures are acute. This would involve a system where properties in communities with unmet housing demand are first offered to local residents for a set period—up to six months—before being made available on the open market. Such a policy would ensure that housing remains accessible to local people, helping to stabilise populations, maintain the density of Welsh speakers, and support local services such as schools and businesses. It would also reduce outward migration in rural areas, where younger generations are being priced out.

In order to implement this priority window for local buyers, **Plaid Cymru should encourage Local Authorities to adapt their planning policies**. For new housing developments, this could be done without the need for primary legislation by integrating the priority window into local development plans. This would ensure that planning permission for new homes includes a condition that these homes are first offered to local residents. Furthermore, this could be supported by updates to national planning guidance, encouraging Local Authorities to incorporate such provisions into their strategies.

For **existing housing stock**, however, primary legislation would be required. I recommend that Plaid Cymru support the introduction of new laws that would enforce a priority window for properties already built, ensuring that local people have the first opportunity to buy. This would align with the Senedd's devolved powers over housing and address the growing challenge of external buyers driving up prices in rural and Welsh-speaking areas.

In the longer term, Plaid Cymru should explore the potential for establishing a system of **two housing markets** in certain areas—drawing inspiration from Guernsey's model. This system would distinguish between "Local Market Housing," reserved for people with a strong connection to the community, and "Open Market Housing," available to all buyers. By designating certain areas as having distinct local and open housing markets, Plaid Cymru could help protect communities from the destabilising impact of speculative investment and second-home buyers, ensuring that local people remain at the heart of these areas.

These recommendations aim to reshape the housing system in Wales, ensuring it works for the benefit of local communities rather than being driven by market speculation. By adopting these policies, Plaid Cymru would be taking a strong stand in favour of community empowerment and housing affordability, creating a fairer and more sustainable housing future for Wales.

Further to this, following from the recommendations of the Report of the Commission for Welsh-speaking Communities on communities with a higher density of Welsh speakers, re instating and expanding local authority mortgage schemes would offer a crucial pathway to affordable homeownership for residents in rural and Welsh-speaking communities. These mortgages would prioritise first-time buyers and those with local ties, providing a dependable source of finance in areas where traditional lenders may be less available or less inclined to finance properties with occupancy restrictions. This measure would help retain community cohesion and sustain the social and cultural fabric of Welsh-speaking areas.

To further enhance localised housing strategies, Plaid Cymru should advocate for an updated Local Housing Market Assessment (LHMA) framework that includes cultural and linguistic considerations. By incorporating these metrics, planning and funding decisions could be made in alignment with local and cultural needs, resulting in more accurate and relevant data for Local Development Plans and Social Housing Grant allocations. Frequent updates to these assessments would ensure they stay aligned with current housing projections, enabling proactive, community-responsive planning.

An expansion of Rural Housing Enabler programmes, which have been effective in areas like northwest, mid, and southwest Wales, would further support the identification of local housing needs. These roles, which involve direct engagement with community councils, housing associations, and residents, have proven instrumental in building affordable housing tailored to local contexts. Strengthening this programme would ensure it reaches more communities that require support to sustain their Welsh-speaking populations.

The Welsh Language Communities Housing Plan initiatives, such as the Dwyfor pilot programme, should be made permanent and scalable to support affordable housing, economic resilience, and linguistic sustainability in high-density Welsh-speaking areas. Expanding these initiatives beyond their pilot stages would help more communities face the pressures of second-home ownership, high housing costs, and local affordability, reinforcing Plaid Cymru's commitment to community stability and the Welsh language.

Additionally, community-led housing models, which allow local people to take an active role in meeting their housing needs, should be encouraged through a dedicated fund offering low-interest loans, grants, or equity stakes. Such financial support would enable community groups to secure land or properties, fostering local ownership and resilience in housing solutions that reflect social, economic, and linguistic priorities.

Mortgage accessibility for restricted properties, such as those under Section 106 Agreements or local occupancy conditions, is also essential for preserving community cohesion in rural areas. Plaid Cymru should work with mortgage providers to ensure that fairer, more accessible options are available to prospective buyers, reducing financial barriers and supporting affordable, community-focused homeownership.

Lastly, establishing a Community Housing Sustainability Fund would provide a critical resource for housing associations, local authorities, and community-led projects. By targeting funding to address the unique needs of Welsh-speaking and rural areas, this fund could prioritise initiatives that contribute to community vitality, linguistic sustainability, and retention of essential local services, creating a sustainable housing environment that protects Wales's cultural and linguistic heritage.

Together, these measures would allow Plaid Cymru to deliver a transformative housing policy that supports local ownership, meets community needs, and strengthens the resilience of Welsh-speaking areas, safeguarding the vibrancy and sustainability of these communities.

Plaid Cymru
Party of Wales