

RHA 15

Bil Rhentu Cartrefi (Diwygio) (Cymru)

Renting Homes (Amendment) (Wales) Bill

Ymateb gan: Cyngor Bro Morgannwg

Response from: Vale of Glamorgan Council

## **RESPONSE TO CONSULTATION ON THE RENTING HOMES (AMENDMENT) (WALES) BILL.**

The response below is sent on behalf of the Vale of Glamorgan Council.

Contact Information: -

Carol Price

Housing Strategy Coordinator/Cydlynnydd Strategaeth Tai

Housing Services/ Gwasanaethau Tai

Vale of Glamorgan Council / Cyngor Bro Morgannwg

### **Terms of reference**

In scrutinising the general principles of the Bill at Stage 1, consideration has been given to the following terms of reference:

#### **1. The general principles of the Renting Homes (Amendment) (Wales) Bill and the need for legislation to deliver the stated policy intention.**

The stated policy intent, for which this legislation is required, is to increase security for people renting their homes in Wales, particularly those who live in the private rented sector. The Bill aims to increase security of tenure in relation to standard occupation contracts by increasing the period a landlord must wait before serving a section 173 notice from two months to six months and by extending the length of the notice to six months.

As a local authority with a current stock holding of 3824 and a social housing waiting list of 4,310 our principle interest in this Bill centres around these applicants as well as the number of people presenting as homeless to whom we have a duty. In the last twelve months 650 households presented with a housing related concern, which is consistent with the previous year.

As a LA our duties include the need to re house people who are currently living in poor conditions and we often move people out of homes in disrepair. This new legislation places greater repair obligations on landlords, so could assist the Council by reducing the number of people in this situation, as it is hoped that tenants would feel more able to report repairs without fear of retaliatory evictions.

As a stock holding landlord we also have an interest in not only existing tenancies but also how new tenancies are managed. The current legislation was introduced to enable action to be taken when serious issues arise during the initial months of a tenancy. There is a concern that the amendments will hamper this process by extending the time frame for obtaining possession, thus causing communities and victims issues over a more prolonged period.

## **2. Any potential barriers to the implementation of the Bill's provisions and whether the Bill takes account of them.**

Barriers to implementation will be mainly around knowledge and understanding of the new powers and the cost of training staff to ensure staff working within the housing sector can be provided with the correct support and advice.

Rent Smart Wales licensing requirements in terms of the on-line landlord course content will need to be amended to reflect this new legislation. Rent Smart Wales and any agencies who deal with landlords will also have to provide additional training for their staff to enable them to correctly inform landlords.

## **3. The appropriateness of the powers in the Bill for Welsh Ministers to make subordinate legislation (as set in Chapter 5 or Part 1 of the Explanatory Memorandum).**

We cannot see anything within the documentation supplied to suggest that Welsh Ministers do not have the power to make such changes. However, this is a complex and specialist legal area and we do not feel qualified to comment further on such powers of implementation.

## **4. Whether there are any unintended consequences arising from the Bill.**

As a local authority with a duty to help homeless people we frequently use the private rented sector to discharge our duties. There is a concern that this legislation may reduce the number of private landlords willing to rent out their properties. This potential reduction in supply in the PRS would further increase demand on the social housing sector and increase the pressure on temporary accommodation which is a limited but critical resource the Vale of Glamorgan.

Any reduction in PRS properties would lead to an increase in the use of bed and breakfast accommodation, an area which the Vale of Glamorgan Council has worked hard to reduce and which is now only used in emergency situations. This could lead to families with children being placed into bed and breakfast accommodation sometimes outside of the local authority's area and away from their essential support networks and schooling. These would also be of significant financial cost to the Authority. There could also be a detrimental effect on the health of such households in this situation.

However, we consider that the overall benefits of increasing the security of tenure for private tenants could outweigh any small reduction in lettings to the PRS

In relation to supported housing licences, clarity is sought as to what happens with those who have been in occupation less than 6 months. There seems to be an indication that these licences can be ended at short notice without the need for a Court Order. The Bill appears silent on this point, and therefore clarification is sought as to whether those (who are the most vulnerable, and thus most likely to present as homeless) will have any protection in the first 6 months of a placement. We do however, welcome the higher security of tenure which is proposed for those still in such accommodation after 6 months.

The Bill is also unclear on the implications for Introductory Tenancies in use by social landlords, which will become Introductory Standard Contracts. There are issues around the use of the section 173 (old Section 21 route) as it will mean waiting 12 months before an application to court is even possible. It is not clear if the alternative possession routes are available for these tenancies, potentially slowing down a social landlord's ability to deal with serious anti-social behaviour and increasing the need for court time, adding pressure on an already stretched system.

Private sector landlords have advised the Council that they are disappointed that WG have not taken on board their concerns around the Section 21 notices and the length of time it will take to get to court. With the prospect of no rent being paid for the 6 month period along with the time it takes for a court to grant possession, there is a concern that landlords with smaller portfolios will find it difficult to manage financially as their mortgages will still need to be paid.

Private Sector landlords who work with the Council have advised that they do not ask for properties back when tenants are paying the rent and looking after their properties, they only use Section 21 Notices for arrears and anti-social behaviour, when in fact they should use section 8 notices. There is therefore a concern that this will lead to an increase in Section 8 Notices in the future.

Currently landlords do not use Section 8 notices as they are very technical, making them onerous and complicated. However, once landlords become familiar with the process this will likely become the route used for possession. Courts would also be put under additional pressure from increased caseloads, which would lengthen the possession period further.

The risk/reward balance for PRS landlords will become more finely balanced and it is envisaged that more landlords will require a guarantor for prospective tenants and selective practices may become prevalent with landlords showing a reluctance to consider lower income families or benefit claimants. This is because they believe that working tenants are more cautious in maintaining a clean credit score especially as their long-term goal will likely be to buy a home.

The projected financial saving is reasonably accurate although fails to consider private landlords who will leave the market as they feel the new rules are too onerous. This may, in the short term, see an increased number of people being given a Notice to Quit so that landlords can clear properties prior to the changes being implemented. This will add short term pressure to local authority homeless teams. We cannot predict the numbers of landlords who will stop renting, however on balance we still welcome the changes as they do appear to reduce the strain on potential homeless applications in the longer term.

## **5. The financial implications of the Bill (as set out in Part 2 of the explanatory Memorandum).**

Local Authority

Training is mentioned, and the cost is estimated to be £35,693. It needs to be clarified whether this sum will be made available by way of a grant to Local Authorities by the Welsh Government, if Welsh Government will be providing the

training with any associated costs or if it will be incumbent on each Council to source and fund the training associated with this?

#### Tenants/Contract Holders

Moving at short notice can be costly, with bonds and rent in advance and possible loss of income to undertake the move. The longer notice periods may reduce financial pressure and result in fewer people needing to access short term or pay day loans, putting themselves in financial hardship.

#### Repairs

Rather than tenants paying for repairs themselves they will be able to report these to landlords without fear of retaliatory evictions, again saving contract holders money.

#### Landlords

There will be financial implications for landlords in gaining possession as they will incur court costs and possibly need independent legal advice for proceedings.

Landlords needing to move back into their properties following the loss of their home may need to rent alternative accommodation in the meantime and incur double moving costs.

#### Local Authorities

If landlords are more cautious in selecting contract holders, this may mean that people are staying in temporary and supported accommodation for longer as they have no other move on options. This type of accommodation is expensive for the local authority to manage, and a waste of valuable resources in cases where people are ready to move to alternative accommodation, but nothing suitable is available.

However, potential savings could be made within the homelessness service as people will have more time to resolve their own housing situations and may not ask the local authority to provide statutory assistance with the prevention of homelessness. This may result in less homeless presentations and more time can be spent with vulnerable clients who are at risk of becoming homeless