

Local Government and Housing Committee,
Welsh Parliament,
Cardiff
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SeneddHousing@senedd.wales

17 September 2021

Subject: Consultation on the Priorities for the Local Government and Housing Committee

Thank you for the opportunity to respond to the above consultation.

About the NRLA

The National Residential Landlords Association (NRLA) represents over 90,000 private sector residential landlords in England and Wales. The NRLA provides support and advice to members and seek to raise standards in the Private Rented Sector through our code of conduct, training, accreditation and the provision of guidance and updates on legislation affecting the sector.

Responding to your consultation

The Local Government and Housing Committee is a very important committee with a direct remit to many issues that are important to our landlord members and the Private Rented Sector (PRS) in general.

We believe that to effectively respond to your consultation, then it would be essential to ensure that our member's views are heard. Therefore, we conducted a short questionnaire which was shared with local authorities asking them to distribute to known landlords operating in their areas. It is highly likely, therefore, that the views captured would be representative of both members of the NRLA and landlords not currently members of a landlord trade body.

You will find a briefing to our survey research as part of this consultation response at the end of this consultation under Appendix A.

Greater scrutiny on Rent Smart Wales

We asked landlords what they thought should be the priority for the committee from several pre-selected topics. Overall, with 61%, the most popular choice was greater scrutiny on Rent Smart Wales.

We are aware that several members of the committee are keen to discuss RSW. However, we would recommend that any scrutiny on RSW should be ongoing and continuous rather than as a single item on the committee's agenda.

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The committee might wish to consider how the performance of RSW be subject to a proper, independent evaluation programme. This evaluation could assess whether RSW is making a positive contribution to the Welsh PRS and how this can be sustained. The committee may also wish to consider auditing arrangements to ensure that the body achieves value for money.

We believe, the absence of a central, guiding strategy for the private rented sector (PRS) from the Welsh Government has contributed to RSW's shortcomings. When RSW was created as part of a series of wider reforms, central to this was a wider strategy for the sector. To date, this strategy is yet to be published making it appear that RSW lacks direction and makes reactive decisions.

In particular, the committee might wish to establish to what extent RSW has effectively engaged with both landlords and tenants. While some engagement has commenced particularly via local landlord forums and via the RSW newsletter, engagement appears unstructured.

Some of our members have also raised concerns over the difficulty in contacting RSW, the quality of advice given and the timeliness of RSW to respond. Any performance indicators that RSW have in terms of communication and ability to deal with correspondence would be useful to analyse.

The absence of a sound financial and auditing regime is of further concern. Research we conducted via Freedom of Information requests back in 2020 revealed that RSW had an income of £10.8m from fees incurred from landlord registrations. However, their expenditure amounted to just £6.3m leaving a surplus of over £4m. This money should be ploughed back into the PRS to support landlords raise standards in the sector.

Leaving aside the lack of focus and scrutiny on RSW for the time being, the extent to which RSW has achieved its outcomes is questionable. Research we conducted from a survey of our members in Wales indicated that:

- Only around one-third felt RSW had improved the skills and knowledge of landlords in the sector.
- An even smaller proportion – about 20% - feel RSW has raised the perception of landlords and renting in the PRS.
- This is a similar proportion who stated they agreed with the statement the RSW initiative had improved the quality of housing in the PRS.
- Just over 10% of all respondents felt RSW had offered a value for money service. In addition, just 14% of landlords and agents felt the initiative was successful in rooting out rogue or criminal landlord activities.
- Fewer than one-third of survey respondents felt RSW was raising or modernising standards in either management skills or the rental stock.

Access to justice

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The second most popular priority was access to justice with 53%. Fair access to justice for both landlords and tenants is an essential part of a well-functioning housing market. Landlords must have the confidence that they can regain possession of their property quickly in legitimate circumstances, such as rent arrears, anti-social or criminal behaviour and should they need to sell. Likewise, tenants whose landlords are renting substandard or dangerous properties should be able to enforce their rights without waiting on overstretched or inefficient local authorities to act.

Serious rent arrears are a major problem for landlords despite many adopting a sympathetic attitude to tenants having difficulty in paying their rent. While many landlords have offered rent holidays and rent reductions, serious and persistent rent arrears make sustaining tenancies difficult for landlords as rental income is often their only source of income and they may have mortgages to pay.

Research from research consultancy BVA/BDRC in the first two quarters of 2021, suggests that a significant number of Welsh landlords experienced issues relating to rent arrears over the course of the previous year. The research also reveals that landlords in Wales experienced a significantly higher incidence of rent arrears than their counterparts in England in the first six months of 2021. When serious rent arrears occur, this is just another example of when access to justice is imperative.

Unfortunately, the current court system is too slow for both tenants and landlords. The NRLA has long called for a dedicated housing court, which has the support of the House of Commons Housing Select Committee, Shelter Cymru, Chartered Institute of Housing and two Senedd Committees including the Local Government and Housing Committee. As justice is not devolved to Wales, the committee could explore the viability of improving the tribunal service for housing related matters and to liaise with the UK Government over the possibility of wider reform in the courts.

Bringing empty homes back into use.

47% of landlords chose bringing back empty homes as a priority. Indeed, this is an important area for the PRS, and the committee has previously looked at this issue. Many landlords invest in empty properties to bring them back into use as a home. This is especially important given the limited housing options especially for vulnerable tenants.

The NRLA are going to respond to a separate consultation on local taxes for second homes and self-catering accommodation. In our response, we comment that the PRS is currently facing huge challenges and that many landlords invest in properties that have been empty for a long period of time, we believe that landlords should be incentivised to play a part in solving the empty homes problem too.

This can be done by introducing interest-free council loans or grants in low-value and hard-to-rent areas and a holistic package of Council Tax incentives, recognising the potential impact of sanction and reward in the system, and the unhelpful nature of arbitrary deadlines

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for premiums. Another means of doing this is removing the second home-Land Transaction Tax (LTT) premium and separating buy-to-let/properties from “second homes” as they are defined in current discourse.

These incentives and any other methods to reduce empty properties and increase supply would no doubt be an important topic for the committee to revisit.

Sustaining tenancies in the PRS and possession of tenure

Possession of tenure is one of the key areas for the PRS. Ideally, the Welsh Government must look at developing a road map into bringing back notice periods back to pre-pandemic levels as the UK Government has put in place from October 1st.

As we have already demonstrated, there are many examples when a landlord quite legitimately will require possession especially in cases of serious rent arrears and anti-social behaviour. It should also be noted that quite rightly the notice periods were set on public health grounds due to the pandemic. However, due to the rollout of the vaccine, the case to continue these notice periods is becoming increasingly weak.

We hope that the Welsh Government can offer urgent clarity on the future of notice periods and that it might not be timely for the committee to discuss this. However, given the importance of possession claims to the sector, we felt it was pertinent to raise in this consultation response.

Turning to sustaining tenancies, homelessness is a growing issue and as vulnerable people become increasingly dependent on the PRS, privately rented households need to be given the same support as those in social housing. The committee may wish to consider what support landlords are given to support their tenants including providing help for those with short-term problems and support-needs that can affect their ability to sustain a tenancy.

While we welcome the introduction of the Tenants Hardship Grant, which is ringfenced funding for tenants in Covid related rent arrears, we would recommend the committee investigating to what extent the grant has achieved its aims and how effectively it was promoted.

Rent Smart Wales as the single licensing authority

We asked an additional question on whether landlords would like Rent Smart Wales to become the single licencing authority. Almost three quarters of respondents (74%) were in favour of RSW being the single licensing authority. This would effectively mean that RSW would be the only authority responsible for landlord licensing and the abolishment of local authority licensing.

Rent Smart Wales (RSW) and Fitness for Human Habitation (FFHH) obligations require landlords to meet the highest of standards, meaning there is no need for councils to introduce local licensing schemes that often duplicate many conditions and increase the cost of compliance. These superfluous local schemes should be abolished, with any beneficial

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features and safeguards incorporated into RSW and FFHH. This will reduce costs and bureaucracy for landlords, meaning savings can be invested in improving the property and maintaining rent levels for the tenant.

Satisfaction with local authority enforcement of standards for the PRS

Improving the standards of the PRS in Wales is a high priority for the NRLA. However, when asking landlords how satisfied they were with ability of local authorities to enforce standards, the questions was met with ambivalence with 55% saying they had no opinion. Accordingly, the committee may wish to consider to what extent local authorities are improving standards within the PRS.

Rent controls

Our final question asked landlords what impact rent controls could have on their tenancies. We note that some political parties included rent controls as part of their manifestos during the recent 2021 Senedd elections.

Unsurprisingly, 64% said that it would have a negative impact on their tenancies with 33% say negatively and 31% saying very negatively.

We would point out that while rents in Wales are rising, these rises are proportionate compared with regions in England and are below inflation. Despite the economic challenges, there is very little appetite for landlords to put up rents. We have also seen many examples of landlords supporting their tenants including rent holidays and rent reductions. Our survey data further reveals that of those Welsh tenants who went into arrears, 64% were supported by their landlords.

On the other hand, we would raise serious caution over the prospect of rent controls. We believe rent controls reduce housing options for vulnerable people, reduce the overall quality of homes and in some cases rent controls have increased rents. In addition, research from our previous organisation, the Residential Landlords Association, reveals the impact [Rent Controls](#) have had on the sector in the USA and across Europe.

We do not necessarily think that the topic of rent controls should be discussed as a priority for the committee. However, we thought it would be useful to clarify are views and concerns on the subject.

The NRLA is grateful for the opportunity to express our views on this consultation, and we hope that our feedback will prove useful to you. We would be delighted to further engage with you on this or on any other matters pertinent to PRS.

Kind Regards,

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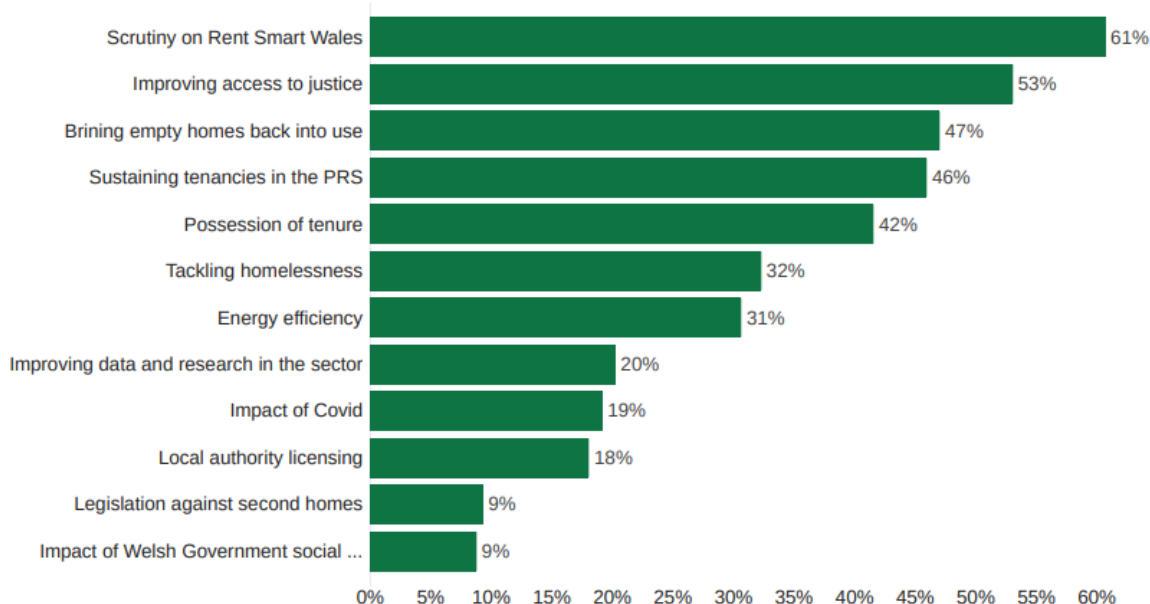
National Residential Landlords Association
Cymdeithas Genedlaethol Landlordiaid Preswyl

Appendix A

- **The Senedd Committee for Local Government and Housing are consulting on what the committee's priorities should be over the next twelve to eighteen months. The consultation closes on September 17th.**
- **To ensure that landlord's views were central to our consultation response, we devised a quick survey which should only take about one or two minutes to complete.**
- **The survey was distributed to local authority contacts who work with the Private Rented Sector asking them to distribute to any landlords on their databases.**
- **In total we received 183 responses and it is likely this would include both members of the NRLA and landlords not currently members of a landlord organisation.**

Which of the following do you think should be the committee's priority?

- For this question landlords were given a pre-selected number of topic areas, and they could select all that they believed should be a priority for the committee.
- All 183 respondents answered this question. All options to a degree had some support and interest.
- However, the most popular choices were; scrutiny on Rent Smart Wales (61%), Improving access to justice (53%) and bringing empty homes back into use (47%)

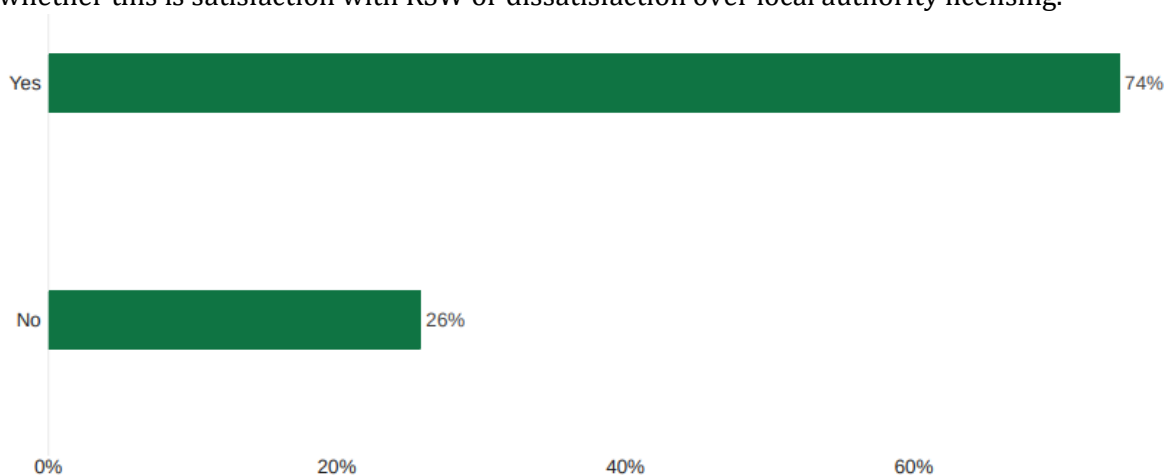


- The least popular options were the Welsh Government's Social leasing scheme (9%), legislation against second homes (9%) and local authority licensing schemes (19%) Although these areas had less interest, they appear to remain interesting to a sizable number of landlords who responded.

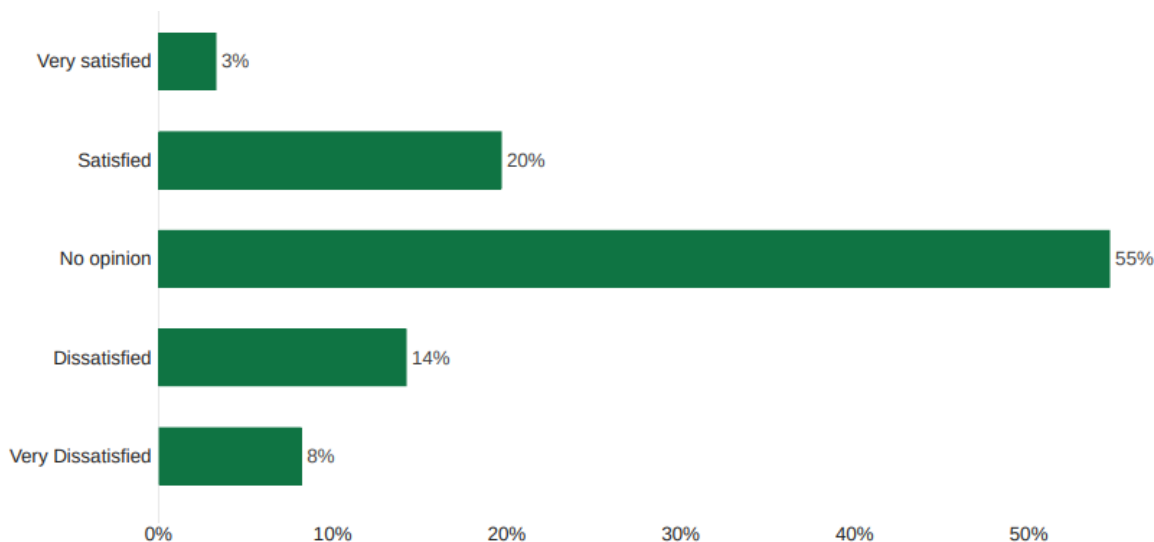
Would you be in favour of Rent Smart Wales becoming the single licensing authority in Wales?

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- This question was based on our manifesto call to make RSW the single licensing authority and to effectively end local authority licensing schemes.
- 128 respondents completed this question, and they could either select that yes, they were in favour or that no they were not in favour of RSW being the single licensing authority.
- Almost three quarters of respondents (74%) were in favour of RSW being the single licensing authority.
- Further analysis would be required to establish why 26% of respondents were not in favour as it is not clear whether this is satisfaction with RSW or dissatisfaction over local authority licensing.



To what extent are you satisfied with local authority enforcement of standards for the PRS?



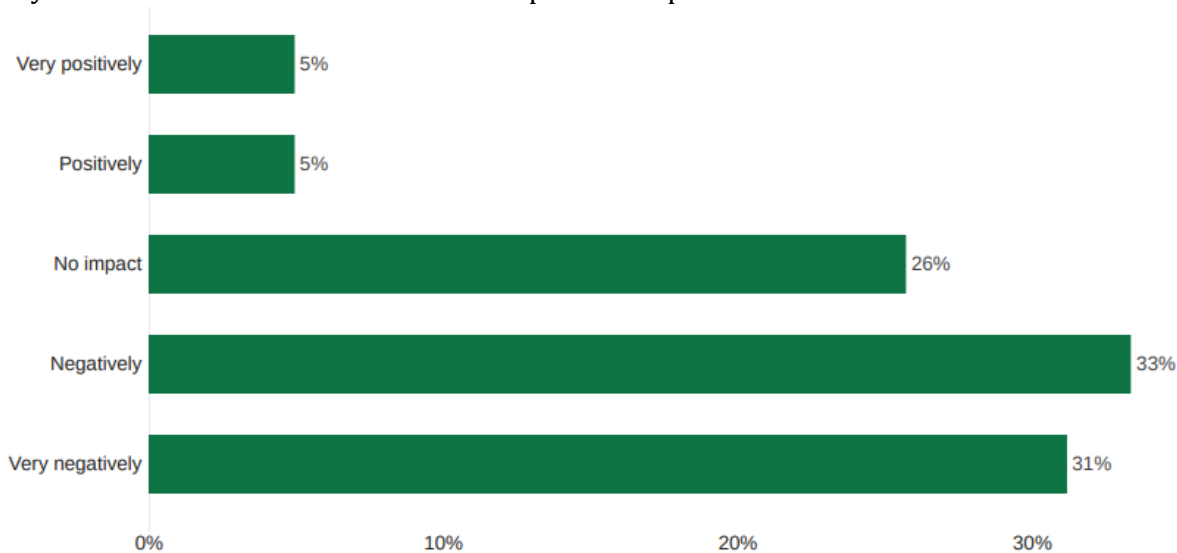
- For this question, there was a great deal of ambivalence towards the performance of local authorities in improving standards across the PRS despite all 183 respondents completing the question. 55% said they had no opinion.
- Furthermore, almost as many respondents were satisfied (23%) as they were dissatisfied (22%)

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- These results may reinforce the NRLA concern, that the costs incurred for landlords in RSW training and licensing are prohibitive and that the standards regime is doing little to improve poor landlords at the expense of compliant landlords.

To what extent would rent controls impact your tenancies?

- The motivation behind asking this question was the fact that rent controls were highlighted in some party manifestos for the 2021 Senedd elections.
- All 183 landlords responded to the question.
- Overall, 64% said that it would have a negative impact on their tenancies with 33% say negatively and 31% saying very negatively.
- From the 26% who said it would have no impact, it is possible that these landlords feel that their rent levels will fall below the threshold and will subsequently not be impacted.
- Only 10% of landlords said it would have a positive impact.



Further comments

- 57 landlords left general comments.
- There were a significant number of comments with the majority being around ASB and problem tenants, access to justice, lack of scrutiny for RSW, second homes and overly prescriptive legislation.

Some quotes included

‘Unfortunately, many prospective tenants are too high risk for landlords due to complexity of section 8 and time it takes to get evictions. As a landlord I provide very nice high-quality homes to people. My average tenancy stands at 7 years and I hope people stay forever. But if it goes wrong it’s an absolute nightmare, hugely costly and very stressful.’

‘Finishing off the Renting Homes Act 2016 - which is now 5 years late and a housing survey which might help them have some idea what they are talking about.’

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‘Clarity is required around what is meant by 'second homes'. There is a world of difference between a holiday cottage that has no permanent resident, from a property in the private rental sector that is providing a home to local people.’

‘Stronger grounds due to ASB and better support with problem tenants’