

WLGA evidence to Local Government and Housing Committee – Private Rented Sector

Welsh Local Government Association - The Voice of Welsh Councils

The Welsh Local Government Association (WLGA) is a politically led cross party organisation that seeks to give local government a strong voice at a national level. The Association represents the interests of local government and promotes local democracy in Wales. The 22 councils in Wales are all members of the WLGA and the 3 fire and rescue authorities and 3 national park authorities are associate members.

We believe that the ideas that change people's lives, happen locally

Communities are at their best when they feel connected to their councils through local democracy. By championing, facilitating, and achieving these connections, we can build a vibrant local democracy that allows sustainable communities to thrive.

The main aim of the Association is to promote, protect, support and develop democratic local government and the interests of councils in Wales.

This means:

- Promoting the role and prominence of councillors and council leaders
- Ensuring maximum local discretion in legislation or statutory guidance
- Championing and securing long-term and sustainable funding for councils
- Promoting sector-led improvement
- Encouraging a vibrant local democracy, promoting greater diversity
- Supporting councils to effectively manage their workforce.

Senedd Cymru's Local Government and Housing Committee is undertaking an inquiry into the **private rented sector**. This is the WLGA's submission to that inquiry.

The terms of reference for the inquiry, which the Committee has invited contributors to share views on, are to:

1. The supply, quality and affordability of accommodation in the private rented sector;

The private rented sector is an important option for those seeking help from Councils across Wales in meeting their housing needs. This includes households threatened with homelessness and those who become homeless.

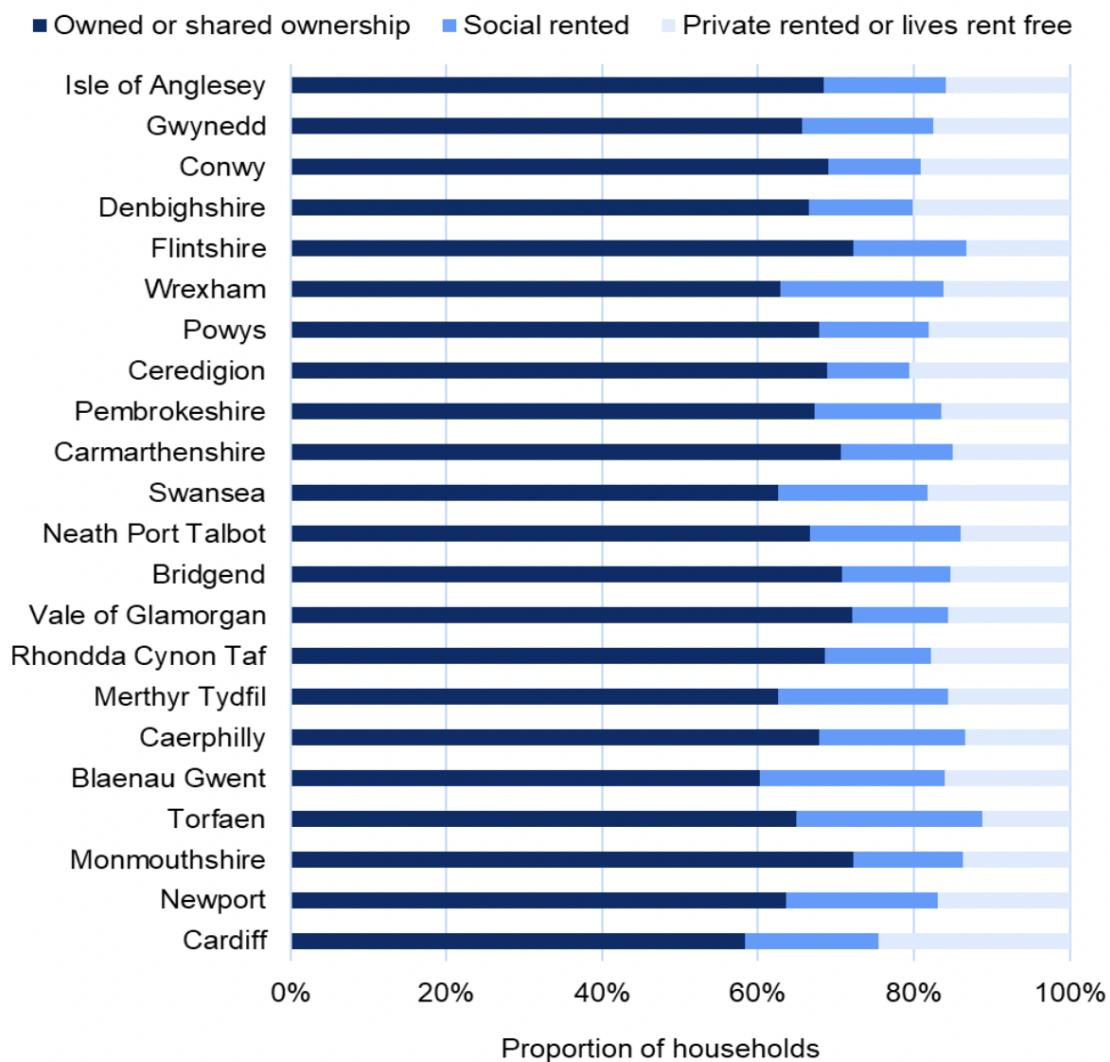
A healthy and adequate supply of homes in the private rented sector allows Councils to more readily discharge homelessness duties, provides housing options, and offers flexibility and choice of property types, location, quality and costs for prospective tenants.

Supply

Overall, the private rented sector in Wales has grown over recent years, encouraged by variety of factors including the ready availability of Buy-to-Let mortgages, etc. Census 2021 data shows that 17.0% (229,000) of households in Wales rented their accommodation privately, up from 14.2% (184,000) in 2011

However, the proportion of homes in each tenure varies across Wales, as illustrated by this graph based on Census 2021 data: -

Tenure variation across Wales



Cardiff had the highest percentage of households that rented their accommodation privately including rent free accommodation (24.3%), with

significantly lower proportion of homes in the private rented sector in areas such as Torfaen and Caerphilly.

However, despite the long-term growth of the private rented sector overall, many Councils are reporting that there has recently been a marked reduction in the numbers of homes in the sector being available to those in housing need.

While we do not have a definitive picture of the “all Wales” position, a significant number of authorities have reported substantial increases in the numbers of S.21 notices being given to existing tenants in the private rented sector. For example, Cardiff Council has reported that between 2021 and 2022 the overall number of cases where a homelessness duty was accepted, and involved a S.21 notice being served, rose almost three-fold from 231 to 609. Similarly, Cardiff Council report that the number of notices directly attributed to landlord’s leaving the market due to a property sale has increased significantly from 102 in 2021 to 302 in 2022.

Ynys Mon Council have also reported an overall increase in the numbers of households seeking assistance following the servicing of a S.21 notice, with those identifying the landlords wish to sell the property being the most common reason overall, and more than doubling from 18 cases in 21/22 to 37 in 22/23.

Other Councils report similar trends, with other changes affecting supply including landlords withdrawing from leasing schemes with Councils due to the increasing gap between Local Housing Allowance and market rents in some areas. Authorities also report market-shift by some landlords in popular tourist areas to using their properties for short-term lets and holiday accommodation, reducing the availability of accommodation for those seeking longer-term homes in the private rented sector.

Although the decisions of individual landlords are likely to be driven by numerous and varied factors, Councils report that the implementation of the Renting Homes Act, particularly the associated increased notice periods, is regularly cited as one of the reasons for landlords deciding to sell properties. Other common reasons given include mortgage cost increases, tax changes, perceived over-regulation, uncertainty over future energy efficiency requirements, retirement prompting realisation of capital assets.

Councils also report that the supply of homes being made available for those approaching them for assistance is also being impacted upon by the changes to the accommodation model being utilised by the Home Office’s accommodation contractor which is seeking accommodation for asylum seekers – moving away from mainly hotel-based contingency accommodation

to utilising dispersed self-contained accommodation, often in the private rented sector.

While the private rented sector is not the only option for households in housing need, the imbalance between supply and demand for homes across all sectors is illustrated by the fact that Councils are supporting increasing numbers of households in emergency temporary accommodation - currently more than 9,600 people. For many households, in most areas, the private rented sector still provides the most likely route to a settled home.

Quality

The most recent Welsh Housing Conditions Survey was carried out in 2017-18. Among the main points identified by the survey were that: -

- Since the last survey in 2008 housing conditions across all tenures in Wales have improved.
- Wales has the oldest housing stock in the UK, with a similar spread of housing types.
- The proportion of dwellings in the private rented sector has increased considerably since 1986. The private rented sector generally has the oldest housing stock and a higher proportion of poor quality housing (e.g. containing damp or other hazards).
- Social housing is generally of better quality than private housing (both owner occupied and private rented); as are newer houses.
- The average energy efficiency band has improved from Band E in 2008 to Band D in 2017-18.

Affordability

As well as increased household costs for everyone, including rising energy costs, there have been significant increases in rents in most areas, with an increasing gap over Local Housing Allowance support means that the private rented sector is increasingly difficult for many households to access and afford.

In their report "Wales' Housing Crisis: Local Housing Allowance and the private rental market in Wales" [Wales-Housing-Crisis-Winter-2023.pdf \(bevanfoundation.org\)](https://www.bevanfoundation.org/publications/wales-housing-crisis-winter-2023.pdf) published in March 2023, the Bevan Foundation concluded the "There is an acute shortage of properties available for rent for low-income households in the private rental sector in Wales. Across Wales, as of February 2023, just over 1 in 100 properties were advertised for rents that were at or below Local Housing Allowance. Nearly 75 per cent of Welsh local authorities did not have a single property available at Local Housing Allowance rates."

The WLGA have previously written to UK Government seeking reform of the Local Housing Allowance rates, and asking that they be realigned to the 50th percentile of local market rents, as was previously the case.

2. The challenges currently facing private sector landlords;

As noted above, many Councils are reporting reduced numbers of homes in the private rented sector being available to those in housing need. While individual landlords may have many different factors which drive their decision-making, common reasons given for those deciding to sell properties include:-

- The recent implementation of the Renting Homes Act
- Perceived over-regulation
- Financial cost and tax changes
- Financial pressure and affordability (mortgage rate rises)
- Uncertainty over future energy efficiency requirement
- Retirement

3. The opportunities for greater partnerships between social and private landlords;

There is an opportunity for greater partnership working between social and private landlords through participating in the Welsh Government's Leasing Scheme Wales, or any of the other local leasing schemes operated by local authorities or social landlords.

Social landlords, and those Councils without their own housing stock are also able to acquire stock from private rented sector landlords wishing to leave the sector. There are numerous examples of this happening in Wales currently, Sometimes with individual properties, but also with larger property portfolios. Acquisition of existing stock can be more cost effective than the development of new homes.

4. Barriers to accessing the private rented sector including challenges faced by young people and people with pets;

The most significant barrier to accessing the private rented sector currently is affordability, with the rising rent levels described above continually increasing the amount of money households need to find to add to LHA allowances. In addition, single people under 35 continue to be eligible only for the reduced single room rate applicable to shared accommodation.

However, the Bevan Foundation report "Wales' Housing Crisis: Making the LHA work for Wales", published in 2022, also highlighted a number of additional barriers low-income tenants may face when looking for properties in the private rental sector, beyond the barriers presented by the gap between Local Housing Allowance and current market rents. The report found that many properties advertised on the private rental market required tenants to

satisfy certain criteria before they would be permitted to lease a property. Many of these additional requirements can prove difficult for low-income tenants to satisfy, such as:

- Deposits equivalent to more than one month's rent
- Guarantors
- Credit checks
- Minimum income checks
- 'Professional only' requirements

In addition, Councils report that, given the overall mis-match between housing supply and the numbers of people in housing need, landlords simply have more choice in deciding who they will contract with.

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5. How effectively the private rented sector is regulated; and

Recent examples of improvements to regulation of the private rented sector in Wales include the introduction of registration and licensing in the shape of Rent Smart Wales, following the implementation of the Housing (Wales) Act 2014, and the more recent implementation of the Renting Homes (Wales) Act 2016.

Local authorities, and Rent Smart Wales on their behalf, are the enforcing bodies for private sector landlords in Wales. However, as a result of reduced resources over recent years, capacity is severely limited and local authorities will almost always seek to bring about change and improve housing conditions by providing advice and assistance wherever possible. Where landlords refuse, or are unable, to follow advice and assistance formal enforcement action and prosecution remain as options to secure improvements, etc.

6. The availability of data on the private rented sector and how it can be improved.

The establishment Rent Smart Wales, following the Housing (Wales) Act 2014 has provided for a significant improvement in the data available on the private rented sector, including a register of landlords and agents, rental property addresses and some key features related to those properties.

Areas for improvement include more detailed house condition data, and the identification of retrofit measures to individual properties to bring about

improvements to energy efficiency in support of the decarbonisation of existing homes in Wales.

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