

## Cross Party Group for Rented Housing and Leasehold Properties

---

31<sup>st</sup> May 2023, 10am – 11:10am

Virtual meeting

### Barriers to private landlords providing homes to rent

**Senedd Members:** Mike Hedges MS (Labour, Swansea East – Group Chair), Huw Irranca-Davies MS (Labour, Ogmore), Jenny Rathbone MS (Labour, Cardiff Central), Janet Finch-Saunders MS (Conservative, Aberconwy), David Rees MS (Labour, Aberavon)

**Senedd staff:** Gillian Brockley (Office of Carolyn Thomas MS), Alex Sims (Office of Jenny Rathbone MS), Andrea Algar (Office of Huw Irranca-Davies MS), Owen Jones (Office of Jayne Bryant MS), Branwen Lloyd (Office of Sioned Williams MS), Tom Perry (Office of Tom Giffard MS), Owen Thomas (Office of John Griffiths MS), Mostyn Jones (Office of Janet Finch-Saunders MS)

**Secretariat:** William Ward (Consultant to the NRLA), Richard Robinson (Consultant to the NRLA).

**Speakers:** Bethan Jones (Operational Manager, Rent Smart Wales), Malin Joneleit (Campaigns and Public Affairs Manager, NRLA).

**External members:** Dr Bob Smith (UK Collaborative Centre for Housing Evidence), (Ceri Cryer (Age Wales), Debbie Thomas (Crisis), Beth Taylor (TPAS Cymru)

- Mike Hedges welcomed everyone to the meeting and thanked Bethan and Malin for agreeing to contribute.

#### Bethan Jones

- Introduced Rent Smart Wales (RSW) which operates registration and licensing schemes in the private rented sector in Wales.
- Raised issues concerning the quality of houses in the private rented sector which she said varied enormously, some being very good, with others being problematic.
- Highlighted the amount of older housing stock in the sector which she said invariably has a negative effect in respect of instances of damp and condensation.
- Referred to a small proportion of problematic landlords who absorb a huge amount of resource taking enforcement action against them.
- Rogue landlords are in effect criminals and often possess significant portfolios. Whilst RSW and local authorities have enforcement powers, by their very nature rogue landlords are difficult to deal with.
- On the energy efficiency of the housing stock in the sector she said significant inroads and improvements have been made through work that RSW has undertaken. This has included grant aid and soft enforcement techniques. Progress in compliance and standards is also happening.
- Acknowledged that landlords are increasingly concerned about minimum energy efficiency standards increasing to EPC Band C and the costs and uncertainties surrounding this. Landlords are doubtful whether any work undertaken will meet the standards required.
- Anti-social behaviour (ASB) is a big issue, and often there is a perception that landlords are inactive when a tenant is behaving badly. More support should be available for landlords dealing with ASB.

- The vast majority of landlords want to do the right thing, it is important that the right messages are given to them, and training opportunities made available where there is demand for this, and the maximum support offered.
- Bad management of properties is a small proportion of the whole private rented sector, and there is not enough focus on the good that is happening. Positive relationships should be built to help landlords deal with the issues they have with tenants. It was noted how this happens in the social rented sector – but this vital support is invariably missing in the private rented sector.
- Unfreezing the Local Housing Allowance is also very important to consider, as it affects so many aspects of the everyday lives of tenants and landlords in the private rented sector.

### Malin Joneleit

- Thanked the Chair for the invite and confirmed she was attending in place of Chris Norris.
- Discussed three main topics – regulatory uncertainty, energy efficiency and the impact of the tax burden and rising interest rates on the sector.
- **Regulatory uncertainty** – confirmed how many Welsh landlords had faced many challenges relating to the implementation of the Renting Homes (Wales) Act 2016. She pointed to how it was implemented without thorough consideration and with unclear time scales. This had resulted in the confidence of responsible landlords being damaged. She also alluded to the proposals for more radical reforms such as rent controls having the potential to be equally as damaging. Of particular concern was the lack of official data on the private rented sector in Wales to understand the impact of proposed policies. The effect of rent controls would inevitably cause some landlords to leave the sector.
- **Energy efficiency** - Wales faces unique challenges due to its older housing stock. Welsh homes are often lower in value compared to homes in the rest of the UK. She also pointed to the proposed timeframes for new Minimum Energy Efficiency Standards being a major concern. She said that the NRLA are calling for consideration of how landlords can retrofit the remaining 5% of properties with a D-G EPC rating, focusing on those that are hardest to retrofit and where costs may prove prohibitive. This in turn would help to retain investment in the sector and potentially reduce energy costs for tenants.
- **Tax burdens and interest rates** - highlighted the impact on landlords of rising interest rates, reducing their ability to invest, resulting in an exodus from the sector or increasing rents. The NRLA are calling for the Welsh Government to consider easing the tax burden by introducing an exemption from the 4% Land Transaction Levy on the purchase of additional homes where homes are being rented out long term.

### Questions

- **Jenny Rathbone MS** sought clarity on the position concerning landlords with multiple properties and asked whether a landlord could be suspended if they were acting illegally in respect of one property but not another. Bethan Jones noted landlords were licensed as individuals, not per property. As a result a landlord would be unable to rent out any properties if they did not have a licence. She added however that nothing could be done to prevent landlords owning (but not renting) a property, even if they did not have a licence.
- **David Rees MS** asked about evictions, anti-social behaviour, rogue landlords and licensing, and in particular how to tackle landlords who will not comply. Bethan Jones stated that evidence is always needed and being able to make use of civil penalties is important and added that there needs to be clear standards that landlords should follow. RSW can support with this and also consult more with the private rented sector. In the case of evictions, a way needs to be found of being able to move tenants on effectively where needed.
- **Huw Irranca-Davies MS** asked about the number of landlords operating outside the requirements of the registration schemes, support for civil penalties for rogue landlords

and levels of housing benefit. Bethan Jones confirmed that not all landlords comply, however across the sector there is widespread compliance. RSW do have strategies in place to try and tackle issues that do arise. On the Local Housing Allowance (LHA), she pointed out that a good proportion of housing stock is not available for people on LHA – meaning that poorer stock is inevitably often all that is available for poorer people. Malin confirmed that the NRLA supports civil penalties for rogue landlords, but that this needs to be accompanied alongside proper enforcement of regulations pertaining to the private rented sector, as well as resourcing for local authorities to enable enforcement.

- **Janet Finch-Saunders MS** emphasised how the majority of landlords like herself are providing accommodation for people who will never be able to own a home. She wanted to know what more could be done to support landlords. Bethan Jones confirmed that the Welsh Government are planning to undertake an evaluation of RSW. Last year RSW did struggle with recruitment, however, this problem has now been solved. She pointed to a large number of people that use their services, and that they always do their best to assist landlords especially on issues related to changes in the Renting Homes Act. RSW are keen to learn from the evaluation that takes place and improve services as required going forwards.
- **Robert Smith** referred to the lack of official data in respect of the PRS and asked how in future data collected by RSW can be publicised more widely and then acted upon. Bethan Jones confirmed that some data is currently available on the RSW website, and pointed to plans to include more interactive dashboards on registered properties across Wales.
- **Alex Sims** talked about students and problems they experience when trying to redeem deposits, and wanted to know how letting agents can be made more accountable. Bethan Jones said that a deposit was there to help try and resolve disputes by giving landlords piece of mind that they could recover costs if damage was caused to the property. She said that it was important for students for example to take pictures of the state of a property when they moved in, to protect themselves and offer proof.
- **Debbie Thomas** wanted to know more about the scope of the review of RSW, and also where relations between landlord and tenant breakdown, whether there should be a duty on local authorities to help sustain/support the tenancy. On the latter point Bethan Jones indicated that whatever support was available to help a social sector tenant should likewise be available to one renting privately. Bethan confirmed that the Welsh Government are commissioning the evaluation of RSW, rather than looking at the wider picture concerning the legal framework about managing the private rented sector.

### **Mike Hedges MS**

- Thanked everyone for attending, the questions, and in particular to the two speakers. The slides presented at the meeting will be shared. Future meetings will consider the topic of how the Government can expand social rented housing in Wales.