



Welsh Government

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# Written response by the Welsh Government to the report of the Local Government and Housing Committee – Private Rented Sector

03/12/2024

I am grateful to the Local Government and Housing Committee for their report on the Private Rented Sector and welcome the recommendations and conclusions contained in the report. I have provided a detailed response to each below:

## Recommendation 1

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The Welsh Government publishes by October 2025 a concise statement outlining its vision for the role of the private rented sector in the short and longer terms in meeting housing need in Wales, and outlines how it will use the statement to provide focus for Welsh Government policy, legislation and spending.

Response: Accept in principle

Welsh Government set out the important role that the Private Rented Sector plays in helping to address housing need in Wales, in

our recently published White Paper on Housing Adequacy, Fair Rents and Affordability.

The outcome of that consultation and evidence gained through it, will help inform and shape the focus for policy and legislation, and associated budgetary considerations, in relation to the Private Rented Sector.

We intend to publish the outcome of the White Paper consultation by Summer 2025.

**Financial Implications:** None.

## Recommendation 2

The Welsh Government should work with stakeholders to put in place training and education for landlords and tenants on the grants and support available through the rapid response adaptations programme.

**Response:** Accept in Principle

We will work with stakeholders to scope training packages already in development and will consider how these could be best utilised to provide support to landlords and tenants.

**Financial Implications:** None. Funding is in place for training packages currently under development.

### Recommendation 3

The Welsh Government considers how a register of accessible accommodation available to rent privately could be introduced. This should include whether the register for accessible social housing properties proposed in the Welsh Government's White Paper could be extended to private sector properties

Response: Accept

We will examine the potential for a register of accessible accommodation for the private rented sector, and the considerations that would need to be addressed for such a register to be introduced.

Financial Implications: None.

### Recommendation 4

The Welsh Government, in its response to our report, should set out clear timescales and milestones for the reviews referred to in the commitment in the Welsh Housing Quality Standard to extend the Standard to other housing types and tenures. This should include details of when reviews will take place, what such reviews will consider, and how decisions will be taken on whether and when to extend the Standard to the private rented sector.

Response: Accept in principle

The current iteration of the Welsh Housing Quality Standard (WHQS) was introduced a year ago and our social housing landlords are beginning its implementation. We committed to reviewing this new standard within three years, before 31 March 2027. We are currently gathering evidence on roll out of this standard for social housing, before considering how the standard might be extended to other tenures.

The Committee will be aware that at the time of its introduction, the previous UK Government had decided not to proceed with reform of the Minimum Energy Efficiency Standard for Private Rented Properties. However, on 23 September, the current UK Government confirmed it would be reversing that decision and plan to shortly issue a consultation on minimum energy efficiency standards (MEES) for rental properties. We understand this will include a requirement to bring private rented homes up to Energy Performance Certificate (EPC) C by 2030.

Given the new standard will apply to Wales, the immediate focus and priority in this area is therefore working with UK Government to understand the implications for Wales and to support the sector in ensuring uptake and compliance with the new MEES standard.

**Financial Implications:** None

### Recommendation 5

The Welsh Government should work with Rent Smart Wales to develop a property MOT for fitness for human habitation for use as part of the licensing regime. The Welsh Government should, in its response to our report, commit to providing us with annual progress updates on the development and implementation of the MOT, including whether it will be ready in sufficient time for use in the next landlord registration cycle (due to begin in late 2026).

**Response:** Accept in principle

We are currently consulting within the White Paper on Adequate Housing, Fair Rents and Affordability on the introduction of an Annual Property Condition Record. This would, if taken forward, introduce a requirement on licence holders to self-certify to Rent Smart Wales that their property meets fitness for human habitation standards (i.e. gas and electrical safety certificates and mains wired smoke alarms) and supply evidence to demonstrate compliance if required.

Subject to the outcome of the consultation, Annual Property Condition Records could be introduced ready for the next landlord registration cycle in late 2026.

**Financial Implications:** None. Any financial implications will be considered as part of the outcome of the consultation and decision on whether to proceed with implementation of an Annual Property Condition Record.

### Recommendation 6

The Welsh Government should explore the feasibility of enabling tenants who are subject to no-fault evictions to retain the last two months' rent of their tenancy as compensation for the financial and wellbeing impact of a forced move, and write to us by April 2025 to set out its conclusions.

#### Response - Accept

We will engage with a wide range of stakeholders, including members of the Stakeholder Advisory Group who supported the development of the White Paper on Adequate Housing, Fair Rents and Affordability to explore the feasibility of this proposal. We will respond with our conclusions before the end of April 2025.

**Financial Implications:** None.

### Recommendation 7

The Welsh Government should outline what steps are being taken to ensure that the remaining five local authorities become part of the Leasing Scheme Wales. This should include timescales by when the Welsh Government intends that all 22 local authorities will be part of the Scheme, and, if any local authority indicates that it does not intend to participate, details of the reasons and the alternative

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arrangements that local authority will put in place to achieve the equivalent ends.

**Response: Accept**

Our aim is to achieve all Wales coverage, and that all 22 local authorities participate in Leasing Scheme Wales. We believe this will ensure consistency and get maximum impact.

The Scheme was launched in January 2022 for five years. The number of local authorities has increased since the PRS inquiry session last year and there are now 19 Local Authorities on the scheme. Bridgend County Borough Council joined the scheme in March 2023 and Torfaen Borough Council and Caerphilly Borough Council in 2024.

We will continue to engage with and support the three remaining local authorities (Flintshire, Swansea and Vale of Glamorgan), who are not currently participating to join the scheme. Swansea and Flintshire have expressed interest in joining in 2025. However, should the remaining local authorities not join the scheme, we will write to the Committee outlining the reasons and the alternative arrangements in place.

**Financial Implications:** None. The costs of authorities joining Leasing Scheme Wales are covered within existing budget allocations.

### Recommendation 8

The Welsh Government should review how many private sector landlords receive Housing Support Grant for tenants who have support needs, and take steps to review and promote examples of good practice within the sector.

**Response: Reject**

The Housing Support Grant (HSG) is distributed to local authorities to plan and commission housing related support services. This may take the form of floating support services to help an individual who may be at risk of homelessness to help sustain a tenancy. The HSG is tenure neutral, therefore support can be provided to any individual to prevent homelessness and/or assist people with a range of support needs to live independently and sustain a tenancy, regardless of tenure. Support is provided direct to the tenant; the PRS landlord would not receive the HSG funding.

The Welsh Government asked local authorities and Rent Smart Wales (RSW) to promote awareness of the HSG across stakeholders, including the PRS, as well as supporting RSW and Shelter Cymru to provide assistance and advice for landlords and tenants who may need it. Local authorities are also required to engage with the PRS in the process of developing their Housing Support Programme Strategy and HSG Delivery plan. We will continue to work with local authorities and RSW to ensure HSG services are sufficiently promoted and examples of good practice identified.

**Financial Implications:** None.

## Recommendation 9

The Welsh Government should provide an update on the PRS Action Plan it committed to the development of in its Anti-racist Wales Action Plan of July 2022. An update should be provided by December 2024.

**Response:** Accept

The Welsh Government's refresh of the Anti-racist Wales Action Plan was published on 5 November, following engagement with stakeholders.

The refreshed plan does not include a specific action in regard to a separate Action Plan dedicated to the Private Rented Sector. Rather, the refreshed plan focuses on the commitment to work with the

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Private Rented Sector to improve awareness of racism and hate crime. Our commitment over the next two years is therefore to work with landlords and agents across the Private Rented Sector to improve poor attitudes and behaviours that may persist. This activity includes:

- supporting those on lower incomes to access affordable and longer-term tenancies;
- continuing to deliver anti-racism and hate crime training for landlords and agents;
- providing information to tenants to enable them to report racism and hate crime; and
- improving communication and engagement with Black, Asian and Ethnic Minority tenants within the Private Rented Sector so that they are aware of their rights and how to enforce them and have confidence in doing so.

I can provide further updates to the Committee as this work progresses over the next two years.

**Financial Implications:** No additional costs are anticipated.

### Recommendation 10

The Welsh Government should regulate to address the financial and bureaucratic barriers that tenants may face when they apply for a home, such as guarantor requirements, and requirements for multiple months' rent in advance.

**Response:** Accept in principle

Our White Paper consultation on Adequate Housing, Fair Rents and Affordability includes proposals aimed at removing financial barriers for tenants to enter and remain in the Private Rented Sector. This includes proposals to develop national guidance, in collaboration with local authorities, for the provision of providing a rent guarantor.

The purpose of this guidance would be to develop a consistent approach and clear eligibility criteria to support local authorities in offering to act as guarantors to people who need to rent a property in the Private Rented Sector but are unable to find a guarantor.

We will reflect on the evidence provided to the White Paper consultation in determining next steps.

**Financial Implications: None**

### Recommendation 11

The Welsh Government must urgently outline how it intends to extend tenants' rights to have a pet in to contracts, including whether it will bring forward legislation to end this discrimination.

**Response: Accept in principle**

We have included within the White Paper on Adequate Housing, Fair Rents and Affordability proposals to allow a landlord to cover the cost of a pet damage insurance premium as a permitted payment through amending secondary legislation. This is very similar to the proposal being brought forward by the UK Government in the Renters Rights Bill for England.

In addition, the White Paper also highlights how we would want to promote “pets considered” as the default for letting advertisements to encourage more landlords to be willing to let to prospective tenants with pets.

We will reflect on the evidence provided to the White Paper consultation in determining next steps.

**Financial Implications: None**

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## Recommendation 12

The Welsh Government should set out how it will work with local government to increase local authority inspection capacity to improve housing standards in the private rented sector, including actions to address long term recruitment shortages in environmental health.

### Response: Accept in Principle

Local authorities are democratically accountable bodies, responsible for managing their own resources, including their workforce. Through its budget decisions, the Welsh Government prioritises frontline public services, including those provided by local government, as far as possible. Regular engagement between the Welsh Government Ministers, local authority Leaders, Cabinet Members for Housing, and other local authority colleagues, supports partnership working and provides opportunities to discuss key challenges in delivery of shared priorities.

Work to deliver the Welsh Government's Programme for Government commitment to reduce the administrative burden on local authorities is focused on reducing unnecessary bureaucracy, particularly in relation to funding provided through grants to local authorities. By consolidating grants, or moving funding into the Revenue Support Grant, this allows increased flexibility for local decision making so that funding and other resources can be prioritised to deliver services to people and communities across Wales. The regional structures available, including the Corporate Joint Committees, provide the opportunity to share capacity and capability across a number of authorities, particularly in professional areas which have long-term recruitment challenges.

The Cabinet Secretary for Housing and Local Government is keen to work with local authorities to promote local government as an employer of choice in Wales, and to emphasise the variety of careers

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available across this tier of government. Welsh Government colleagues working on post 16 Education and Training policy are working with partners on the development of apprenticeship programmes, including one in Environmental Health. Both these actions would go some way to help address long term recruitment shortages being faced by local authorities.

**Financial Implications:** None

### Recommendation 13

The Welsh Government should explore the use and effectiveness of local authorities' compulsory purchase powers as a means of discouraging persistent bad practice by landlords, with a view to encouraging their wider use if considered effective. This should include consideration of the legal advice available to local authorities and the progress made in establishing a regional or national source of legal expertise to advise on compulsory purchase powers.

#### **Response: Accept in Principle**

Welsh Government considers that there are sufficient powers under Health Housing and Safety Rating System HHSRS in respect of improvement notices, prohibition notices, and emergency work notices, and the fit and proper person test to deal with bad landlord practices and failures to deal with property conditions. Rent Smart Wales also have the power to remove the licence of a bad landlord so they can no longer manage the property.

In February 2020, Welsh Government secured an Enforcement Industry Expert to offer training and bespoke expert advice to local authorities on enforcement including current enforcement powers and how to use them more effectively. Additionally, they are providing advice to policy officials on the current policy on enforcement, including Compulsory Purchase Orders and Empty Dwelling Management Orders and how to make these tools more effective in the delivery of bringing empty properties back into use.

The industry expert is contracted until 31 March 2025; enforcement training and support beyond this financial year will be a key consideration as we continue to develop our enforcement support package.

This package will include the provision of the Empty Homes Handbook which will be an informative and practical guide to assist Local Authorities and landlords to bring Empty Homes back into beneficial use. Building on previous interventions and utilising current legislation, the handbook will be an informative and user friendly guide to assist stakeholders with homes that are more complex. The handbook will offer detailed, practical guidance on the steps necessary to identify and secure empty homes through legal, financial, and persuasive means. It will help with learning, provide training and resource material enabling stakeholders to tackle the issues experienced when bringing empty homes back into use.

**Financial Implications:** Costs for training and Empty Homes Handbook are being met from existing budgets.

## Conclusions

In addition to the Recommendations made by the Committee the report also contain six Conclusions which I have responded to below:

### Conclusion 1

The Welsh Government should, as part of its White Paper on Housing Adequacy and Fair Rents, take account of the oral and written evidence presented to us in response to our inquiry on the Private Rented Sector as it develops its proposals and makes decisions on the next policy and legislative steps.

**Response: Accept**

We will consider all the evidence provided in response to the Committee inquiry on the Private Rented Sector, as well as the

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evidence provided in response to the White Paper consultation, to inform next steps.

Financial Implications: None

### Conclusion 2

They intend to write to the Welsh Government to request that, once sufficient evidence is available, the appropriate Cabinet Secretary provides an update to the Senedd outlining the impact of the measures that have been put in place to discourage landlords from transferring properties to the holiday lets markets.

Response: Accept

We await the formal letter from the Committee and will respond in due course. The Cabinet Secretary for Finance and Welsh Language issued a written statement to Members of the Senedd on 12<sup>th</sup> November providing an update on legislating to support tourism in Wales.

Financial Implications: None

### Conclusion 3

They believe that the Welsh Government should explore the feasibility of developing a statutory ratings scheme for letting agents to encourage improvements in housing standards and inform tenants' choices.

Response: Accept

Rent Smart Wales currently undertake audits of commercial letting agents and provide a rating score as part of those audits. We will engage with Rent Smart Wales and letting agents to explore the

feasibility of requiring audit scores to be publicly displayed in letting agents' premises and on their websites.

**Financial Implications:** None

#### Conclusion 4

In light of the concerns raised with the reliability of the data held by Rent Smart Wales, the Welsh Government should not depend on the accuracy of this data providing an up to date picture of the private rented sector in Wales.

**Response:** Accept in Principle

The data on Rent Smart Wales is the best data currently available on the Private Rented Sector in Wales, and therefore it does provide an indication of how the sector is changing.

We do however recognise the limitations of the data and our White Paper on Adequate Housing, Fair Rents, and Affordability includes a proposal to improve data by exploring the potential for a requirement on landlords and/or agents to provide rent data and property condition records to Rent Smart Wales on an annual basis.

**Financial Implications:** None

#### Conclusion 5

They recognise the benefits of introducing a household conditions survey in improving the data available on the housing stock in Wales. We therefore welcome the commitment by the Welsh Government to undertake scoping work on this during the 2024-25 financial year, and would be grateful for an update from the Cabinet Secretary once this scoping work has been completed.

**Response:** Accept

A business case on options for delivering a Welsh Housing Survey is currently being prepared and is expected to be completed for Ministerial consideration by March 2025. An update will be provided to the Committee once the Cabinet Secretary has considered the business case.

**Financial Implications:** None - the cost of preparing a business case will be met from existing budgets.

### Conclusion 6

They believe that the Welsh Government should provide an update on its plans relating to collecting PRS rent data, and whether there could be a role for Rent Smart Wales in this.

**Response:** Accept

Our White Paper on Adequate Housing, Fair Rents, and Affordability includes proposals to improve rent data, including exploring placing a requirement on landlords and/or agents to provide rent data to Rent Smart Wales. The consultation will run until 31 January. After the close of the consultation, we will consider the evidence submitted to inform next steps

**Financial Implications:** None