

Y Pwyllgor Cymunedau, Cydraddoldeb a Llywodraeth Leol
Communities, Equality and Local Government Committee
CELG(4)-11-15 Papur 2 / Paper 2

Let Down in Wales

Campaigning for Private Rented Sector reform

Response to the Renting Homes (Wales) Bill

We are one of many renter groups campaigning with Generation Rent (generationrent.org) and Let Down (letdown.org) to reform the poor state of private rented housing in the UK. Let Down in Wales is the only Welsh campaign group at present specifically focused on the private sector.

We welcomed the Housing (Wales) Act, particularly the move to license landlords, but we have concerns that it did not go far enough. We need to see far more concrete measures to keep track of landlords and to ensure bad landlords are effectively removed from the rental market. This Act was also predominantly for the social housing sector, rather than the private, but it is vital to remember that more and more vulnerable people are being put in the private sector so it is more important than ever to fix it to work for everyone.

The Code of Conduct for landlords has yet to be drafted, but it seems that this is where the vital voice of tenants will be heard, in making sure that landlords treat tenants - their customers and their livelihoods, essentially - with respect. The Housing Act's effectiveness very much depends on this secondary legislation and how it works with the Renting Homes Bill. We think the Renting Homes Bill could do what the Housing Act didn't, by creating a fair deal for renters and ensure we can hold letting agents and landlords to account. But unfortunately, it will not as it is currently drafted.

1. On standardising rental contracts and making them easier to understand

We very much welcome this and thought the sample documents were a good starting point. They would have to perhaps be altered for letting agents to use in some instances and it should be made clear to tenants how their contract is arranged i.e. if the landlord manages the property or if it is the letting agent they signed with. Tenants have overwhelmingly told us they prefer dealing directly with a responsible landlord as it tends to be simpler and quicker to get repairs done. An agent seems to delay things and are sometimes even less likely to sort out repairs than a landlord would. Arguably, an agent has less interest in keeping a property up to a good standard than the owner would.

Landlords have also told us they prefer to deal directly with good tenants, so the contracts seem useful in how they encourage tenants and landlords to discuss at the beginning who is responsible for what. This will also increase tenants' awareness of their own responsibilities i.e. like ensuring utility companies are informed when they move (or specified in the contract where the landlord or agent will do this instead).

Let Down in Wales began as a campaign highlighting the bad practice of letting agents in Cardiff. We very much welcome that the Bill may professionalise the sector further and make it clearer what tenants should expect. However, we very much regret that it hasn't gone any further in reducing or banning letting agent fees; encouraging longer term 3-year contracts rather than shorter, insecure contracts; or ensuring there is funding for tenant education, or a housing advisory body specifically for the private rented sector (as there are many organisations that are focused on social housing or homelessness, but do not specialise in private tenant issues).

2. Encouraging shorter contracts

Proposals on encouraging shorter term lets are very concerning, as no tenants involved in Let Down have experienced long contracts as a problem. However many have cited instances where they are kicked out of their tenancy without being asked if they would like to renew it or simply kicked out with very little notice.

Renters on rolling contracts (where only one month's notice is needed from either party to leave the property) are particularly vulnerable to being evicted at short notice. This can be because the landlord simply wants to stop renting the property, as they may wish to sell it or move in themselves or, on a worse note, may want new tenants because they don't like the amount of repairs they've been asked to do or complaints that have been made by the current tenants. The problem of 'revenge evictions' was raised by us in a letter to the Minister for Communities and Tackling Poverty; the reply said *"concerns relating to retaliatory eviction was raised in response to the Renting Homes White Paper and have been taken into account in the development of the Renting Homes Bill."* Since the Bill has been introduced, we welcome the mechanism taken when a judge can decide to take retaliatory evictions into account, but it is still slightly flawed in that it relies on the case to go to court, when most tenants with very little money are unlikely to let it get that far. They are more likely to be evicted without any justice of any kind. In fact, they are more likely to accept a lost deposit or lost rent rather than take it to court.

On shorter contracts, the department said: *"Our engagement with landlords indicates a strong preference for letting on contracts of at least six months' duration, with many preferring initial fixed terms of twelve months. Since the six-month moratorium is only relevant to periodic contracts, removing the moratorium will not affect the vast majority of tenancies. It will, however, assist those tenants looking to rent for less than six months."*

This response is hardly reassuring. We maintain that if most tenants and most landlords prefer longer contracts, that this is what the Bill should be encouraging. This in turn should lead to more stable conditions for renters and encourage landlords to seek long term lets. This Bill seems like a key opportunity to show political leadership for long term letting. We found it very concerning that the Minister described social housing as for 'longer term lets' and the rented sector as 'for shorter term lets'. This is one of the vital issues at the centre of private housing; that it is unstable and not set up for people renting long term. But with the average first-time house buyer now aged 36, many renters will have been renting for up to 18 years.

This is not a 'short term sector'. People rent for years but usually in a dozen different homes rather than one house they can take care of, settle into and look after. Most importantly, this is not out of choice; people do not want to move house every year and they definitely do not want to pay more extortionate letting fees in order to do so. Short-term contracts are the result of a badly managed sector that treats its tenants like disposable consumers. This kind of culture is exactly what this Bill should be trying to fix, not encouraging.

3. Monitoring landlord activity and encouraging tenant awareness

Our final concern is how the Code of Conduct will be enforced, alongside new provisions in the Renting Homes Bill that landlords will be required to ensure there are no Category 1 health and safety hazards. How will Councils monitor this and how will tenants know and be encouraged to report those who do not follow the Code of Conduct? We have raised this repeatedly to the Minister and AMs have raised it in the Assembly, but we are none the wiser as to how it will actually be effective. We argue that tenant awareness is vital for all of the new legislation and the Welsh Government's promised communication campaign should only be the start. We would prefer a dedicated and resourced body to provide advice, legal assistance and information for tenants, such as England's Housing Ombudsman or the Housing Tribunal in Scotland.

However a dedicated housing body may be what the Welsh Government intended to begin with. We note with interest that the White Paper originally stated the Welsh Government intends to work towards a "*nationally branded, locally delivered, housing advisory service*". We are wholly supportive of this, if it is still Welsh Government policy. We are concerned that Local Authorities will have great difficulty enacting the legislation, as house inspections will only be carried out by Housing Officers if a complaint has been made, meaning only a small amount may be surveyed and the most vulnerable are unlikely to complain. A nationally-branded service with more central support would be very welcome, as we very much doubt Local Authorities have the resources right now.

What happened to this policy? A Welsh Government branded and operated advisory service could bring together so many schemes that get 'lost in the wilderness' of housing schemes. It could provide all the information needed for the public on Help to Buy Wales, Nest, Arbed, how housing waiting lists work, the new Renting Homes contracts and even signposting to Shelter, Welsh Tenants or Citizens Advice. We appreciate that in a time of cuts that this could not be as well resourced as we would like. But an online advisory service would be cost-effective but a real game changer for the sector. We would appreciate AMs and Ministers' thoughts on such a scheme.

Finally, whilst local authorities may be well-intentioned, we seriously question whether they have the capacity to do this. And in a time of local government reform, it is not the time to be placing new duties on them. We believe that a new Welsh Government coordinated housing body would be ideal.

What Let Down would like to see in a Renters' Bill

In the last 2 years of campaigning, Let Down has identified some key interventions that would benefit tenants the most in Wales. If not in this Bill, then in another Renters' Bill in the next Assembly.

1. Ending or capping letting agent fees - in the words of Emma Reynolds MP, the shadow Housing Minister, *"just because you know you're getting ripped off, doesn't make it any better"*. Agents pretend that an 'exit inspection' or 'references' cost over £100 a time, even when these are often never carried out. The most frequent complaint we received from tenants was the extortionate and various fees that agents charge, particularly 're-signing' fees up to £250 just to renew the contract. It makes no difference that they have to invent a reason as to why they are charging that amount.

2. Longer tenancies - a Renters Bill that is written for tenants, rather than landlords, would increase the length of tenancies and ensure the rent is frozen throughout that contract, or only allowed to rise with inflation. Many renters that 'voluntarily leave' a contract is because it is now too expensive for them. Even when the rent hasn't risen, the cost of living has.

3. A fair council tax system for renters - we would welcome any kind of subsidy or reduction for renters who are living in a council tax-banded property, but do not benefit from the actual value of a property or the surrounding area. Particularly HMOs, where six flats may be crammed into one house, but they are all paying a high band of council tax. Council tax should be reformed for renters, starting by a Wales-wide survey of all private rented housing, including their conditions in terms of energy efficiency and their relative value to renters to re-evaluate Council Tax Bands for Renters.

4. Freezing rents - controlling rent is something that is far more common in Europe, where many countries seem to have forseen and acted on unfairness in the private rented sector, rather than foster conditions for a 'buy to let' market. Generation Rent proposes caps based on property values that still allow landlords to charge higher rent, but they have to pay 50% (or less) of any additional rent above the cap back into a government fund that is specifically there to improving housing conditions. So increasing rents would in turn help fund new housing, better PRS conditions and better information services.

5. Harsher sanctions on landlords who do not fulfill their contract - We do not think that simply losing a license is an effective way of discouraging bad practice. They can simply ask an agent or someone else to obtain a license and rent out the property a different way. We do not think the licensing measures have gone far enough to deter rogue landlords and think harsher sanctions may make more of an impression. There is an argument that we should wait to see how effective they are when fully introduced, but Let Down would also argue that by the time we wait and measure the performance of the Housing Act, we would have lost a generation of renters to poor, unstable and unpleasant conditions. The worst off will end up homeless with no chance of ever living in a decent private property, let alone owning a property. We need to act now.

Let Down in Wales

About the campaign

We focus our work on the key issues facing tenants in Wales.

- 1. *Improving conditions in the private rented sector:*** by asking that landlords maintain their properties to a high standard, by ensuring health and safety checks are rigorous and compulsory, by incentivising landlords with recommendations and further business if they are recommended or endorsed by tenants
- 2. *Giving a voice to tenants:*** by improving their relationship with landlords, making sure they don't fear revenge evictions after complaints, by making them aware of their rights and responsibilities, and by enabling them to campaign on issues that still need work
- 3. *Making renting a 'good option':*** making sure that policy-makers and decision-makers don't just consider home buyers but renters too, by raising awareness of tenants' needs, and campaigning for lower rents so tenants are not prevented from saving

We gather renters' views through formal and informal conversations, online letting agent and landlord reviews and social media. These views inform the campaign priorities.

Find us online at:



Let Down in
Wales



letdownincardif
f.wordpress.co



@letdowncardiff