

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2025-26](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2025-26](#).

WGDB_26-27 30: Ymateb gan: 7na XYjH Ugmi@UbX`cfXjUjX`DfYgk m | Response
from: BUjcbU`FYgjXYbhjU`@UbX`cfXg'5ggcVjUjcb`fBF 5k



Call for information – Welsh Government Draft Budget proposals 2026-27

Submission from the National Residential Landlords Association

1. About us

- 1.1 The National Residential Landlords Association (NRLA) is the leading voice for private landlords. We represent more than 100,000 landlords across England and Wales who collectively own and manage around half a million private rented homes.
- 1.2 Our members range from full-time landlords running property portfolios to those letting single bedroom flats. We support our members to navigate the private rented sector's regulatory and legal framework by delivering training and advice to ensure they understand their responsibilities and are equipped to provide safe, good quality homes for their tenants.
- 1.3 We are a leading source of intelligence on the private rented sector and are focused on securing improvements that enable the sector to thrive, benefitting tenants and landlords alike.

2. Executive summary

- 2.1 Wales faces an acute housing crisis, with supply failing to keep pace with demand, rising affordability pressures, and growing reliance on temporary accommodation. The private rented sector (PRS), which provides homes for 16% of Welsh households, is under significant strain from regulatory changes, financial pressures and an ageing housing stock.
- 2.2 To ensure the PRS can continue to play its vital role, the Welsh Government should introduce targeted measures in the 2026–27 Budget to stabilise supply, support affordability, and improve housing standards.
- 2.3 First, we propose a full rebate of the 5% Land Transaction Tax (LTT) levy on additional residential properties where they are let through Leasing Scheme Wales. This would incentivise more landlords to join the scheme, improve the quality and range of homes available, and strengthen local authorities' ability to reduce homelessness.
- 2.4 Second, we are calling on the Welsh Government to facilitate affordable routes to the decarbonisation of the private rented sector, including access to low-interest loans from the Development Bank of Wales to help landlords retrofit homes ahead of the UK Government's proposed uplift in Minimum Energy Efficiency Standards to EPC Band C by 2030. This would safeguard rental supply while reducing tenants' energy bills and improving the quality of homes across Wales.

3. Introduction

- 3.1 Wales is in the midst of a housing crisis. Housing need continues to rise,¹ yet unlike England, Wales has no overarching housing supply target. Affordable housing delivery has increased in recent years but is still projected to fall short of the Welsh Government's 20,000 homes target by 2026 without further investment of up to £740 million.² While annual housing completions in England have remained broadly stable since 1991,³ in Wales they have more than halved over the same period, down by 55% from 1991 to 2025.⁴ This sustained shortfall in new supply has compounded affordability pressures and further limited access to secure and affordable homes.
- 3.2 The pressure on the Welsh housing sector is clear. There are now 11,000 people being housed in temporary accommodation,⁵ while approximately 170,000 people are on social housing waiting lists.⁶ With demand for the private rented sector increasing, the combined effect of complex regulations and financial pressures risks further reducing the number of private rented homes available just when they are needed most.
- 3.3 The Future Generations Commissioner has acknowledged Wales' housing crisis and concluded that *"the consequences... are a threat to achieving well-being for both current and future generations"*.⁷ This underlines the urgency of comprehensive, strategic action to support long-term solutions across all tenures. **We therefore urge the Welsh Government to develop a housing strategy, alongside a credible delivery programme,** which recognises the essential role of the private rented sector in providing long-term homes for those across Wales who want and need them.

¹ Welsh Government, Estimates of housing need: <https://www.gov.wales/estimates-housing-need-2019-based>.

² Savills, April 2025. Welsh Housing Market and Supply Update: https://www.savills.co.uk/research_articles/229130/374601-0

³ MHCLG, September 2025. Housing supply - indicators of new supply, England: <https://assets.publishing.service.gov.uk/media/68cc103d8c44a661b4995d59/LiveTable213.ods>

⁴ StatsWales, August 2025: <https://statswales.gov.wales/Catalogue/Housing/New-House-Building/newdwellingscompleted-by-period-tenure>

⁵ StatsWales, June 2025: <https://statswales.gov.wales/Catalogue/Housing/Homelessness/homelessness-accommodation-provision-and-rough-sleeping/individualtemporarilyaccommodated-by-localauthority-period>.

⁶ Shelter Cymru, April 2025. Freedom of Information (FOI) Request: <https://www.insidehousing.co.uk/news/one-in-14-welsh-households-on-waiting-list-for-social-home-report-finds-91449>

⁷ Future Generation Commissioner, August 2024: <https://www.futuregenerations.wales/news/housing-is-fundamental-to-well-being-in-wales/>

4. Boost the supply of private rented homes to ease cost-of-living pressures

- 4.1 The private rented sector provides much-needed homes for 16% of households in Wales.⁸ In addition, research conducted by PwC⁹ suggests that small and medium-sized landlords (those with fewer than fifteen properties) contribute £1.6 billion of Gross Value Added (GVA) to the Welsh economy – or 1.99% of Wales' national GVA. It is further estimated that 14,000 jobs in Wales are supported by small and medium-sized landlords.
- 4.2 The Welsh Government should make use of targeted budget measures to create a more accessible and resilient private rented sector. By doing so, it can help to relieve pressure on social housing, reduce reliance on costly temporary accommodation, and prevent homelessness. Such an approach would address immediate housing challenges while laying the foundations for a sustainable private rented sector that meets the needs of households in Wales well into the future.
- 4.3 To support households grappling with inflation and rising living costs, **the Welsh Government should adopt policies that stabilise and strengthen the private rented sector.** Rising demand for private rented homes combined with insufficient supply has led to increased rental costs, impacting affordability. Despite this growing , the latest available figures from Rent Smart Wales show a net fall of 1,295 registered private rented homes (0.6%) between August 2021 and August 2025.¹⁰
- 4.4 Alongside regulatory reforms proposed by successive UK governments, a major factor behind this trend is the escalating tax burden on landlords, which has reduced incentives to remain in the market and discouraged investment in new homes to rent. As Paul Johnson, then Head of the Institute for Fiscal Studies, observed in January 2024: *"The more harshly that landlords are taxed, the higher rents will be. One of the reasons that private rents have risen so much is that government policy has substantially increased tax payable by private landlords."*¹¹ His comments underline the risk for Wales: if tax policy continues to add to the pressures already facing landlords, the supply of homes will shrink further, rents will continue to rise, and pressures on households already struggling with the cost of living will intensify.

5. Safeguard local authority funding and enforcement

- 5.1 The Welsh Government has introduced significant legislation in the form of the Homelessness and Social Housing Allocation Bill and Building Safety Bill, and we are

⁸ Department for Work and Pensions, March 2025. Family Resources Survey 2023-2024: <https://www.gov.uk/government/statistics/family-resources-survey-financial-year-2023-to-2024>

⁹ PwC, March 2024: Economic Contribution of the Private Rented Sector: <https://www.nrla.org.uk/news-prs-supports-over-390000-jobs-across-uk-economy-states-new-report>.

¹⁰ Rent Smart Wales Data Dashboard, August 2025: <https://rentsmart.gov.wales/en/registrationdashboard/>.

¹¹ Paul Johnson, January 2024. *"It's time to stamp on a tax that penalises landlords and renters"*: <https://ifs.org.uk/articles/its-time-stamp-tax-penalises-landlords-and-renters>

concerned that local authorities and fire services are being required to take on ever-greater enforcement responsibilities without the corresponding funding needed to deliver them effectively.

- 5.2 As highlighted in the Homelessness Bill's Regulatory Impact Assessment, legislative change of this scale carries substantial financial implications, an estimated £247 million in additional costs over ten years, the majority of which will fall on local authorities. These bodies are already overstretched, with limited capacity to manage new duties alongside existing pressures. Without proper resourcing, there is a real risk that enforcement of regulations within the private rented sector, including cooperation with Rent Smart Wales, will be undermined.
- 5.3 Fire services face a similar challenge, exacerbated by enforcement provisions in the Building Safety Bill. Grant funding has fallen sharply in recent years, forcing services across Wales to draw on reserves simply to maintain day-to-day operations. It is therefore essential that statutory duties are accompanied by dedicated, long-term funding to ensure that local authorities and fire services are properly equipped to carry out their responsibilities.

6. Maximise incentives to offer long-term homes through Leasing Scheme Wales

- 6.1 There are opportunities for greater partnership working between the social and private rented sectors to meet the rising demand for housing. We support Leasing Scheme Wales (LSW) as a mechanism for retaining private rented sector stock and believe it could play a more significant role with stronger incentives.
- 6.2 At present, purchases of additional residential properties in Wales are subject to a minimum 5% Land Transaction Tax (LTT) levy, rising to 17% for the most expensive properties, irrespective of whether they are used as second homes, short-term holiday lets or homes for long-term rent. **We recommend that the Welsh Government introduces a full rebate of LTT on properties let through LSW to encourage more private landlord involvement in the scheme.**
- 6.3 The Phase 1 evaluation of LSW highlighted a lack of incentives for good quality properties to be let through the scheme.¹² The report notes that while access to grant funding linked to property improvements and a guaranteed rent at the Local Housing Allowance (LHA) rate have induced some landlords to bring properties forward – notably those most likely to benefit from the available funding or that have been empty – these measures have proven less effective in attracting a higher standard of homes to the scheme. An LTT rebate could incentivise more landlords to participate.
- 6.4 As well as the potential to improve the supply of better-quality homes to LSW, an LTT rebate could help to shift the type of properties coming forward. The Phase 1 evaluation

¹² Alma Economics, May 2024: Evaluation of Leasing Scheme Wales: Interim Report: <https://www.gov.wales/sites/default/files/statistics-and-research/2024-05/evaluation-of-leasing-scheme-wales-interim-report.pdf>.

notes that demand is highest for one-bed properties and five- to six-bed family homes.¹³ An LTT rebate could mean a saving of more than £9,500 on the purchase of an average-priced home in Wales.¹⁴ For higher value properties, a full LTT rebate would represent an even stronger incentive for landlords to join the scheme. This would help local authorities to enhance access to the kinds of private rented homes most in demand, offer longer-term security, and help to reduce homelessness.

7. Support an affordable route to net zero

7.1 The challenge of achieving net zero carbon emissions in Wales is amplified by the age of its housing stock and relatively low property values combined with high upgrade costs. This is particularly acute in areas such as Blaenau Gwent and Merthyr Tydfil, which have high proportions of terraced housing relative to other dwelling types¹⁵ and where average property prices are significantly below the national average.¹⁶ Retrofitting and upgrading the energy efficiency of these properties is a costly and complex process, especially when compared to the value of homes in Wales relative to the rest of the UK.¹⁷ As of August 2025, the average property price in Wales was £209,000 compared to £292,000 in England.¹⁸

7.2 Homes built before 1919 present particular challenges for energy efficiency improvements as they are less likely to have cavity walls, and the Welsh PRS has a higher proportion of such homes than any other tenure, with 43% of homes in the Welsh PRS built before 1919,¹⁹ compared with 31% of PRS homes in England.²⁰ In total, almost one-third (32%) of Welsh homes were built before 1919, whilst just 6% have been built since

¹³ Ibid.

¹⁴ ONS, April 2024. Private rent and house prices, UK:

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/april2024#uk-private-rent-and-house-prices>.

¹⁵ ONS, March 2023:

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/numberofdwellingstypesbyhousingcharacteristicsinenglandandwales>.

¹⁶ HM Land Registry, September 2024: <https://www.gov.uk/government/statistics/uk-house-price-index-for-september-2024/uk-house-price-index-wales-september-2024>.

¹⁷ The Health Foundation, Proportion of properties built before 1919 by local authority:

<https://www.health.org.uk/evidence-hub/housing/housing-quality/properties-built-before-1919>.

¹⁸ HM Land Registry, September 2025:

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/september2025>.

¹⁹ Welsh Housing Conditions Survey 2017-18: <https://www.gov.wales/sites/default/files/statistics-and-research/2020-02/welsh-housing-conditions-survey-headline-results-april-2017-march-2018-update-570.pdf>.

²⁰ English Housing Survey 2023-24. Profile of Households and Dwellings (see table 1.6):

https://assets.publishing.service.gov.uk/media/67459d3ecdd295aea8809890/2023-24_EHS_Headline_Report_Chapter_1_Profile_of_households_and_dwellings_Annex_Tables.ods

1987.²¹ By comparison, in England, 20% of homes were built before 1919, and 23% of English housing was built after 1990.²²

7.3 A **comprehensive strategy is needed to support landlords in retrofitting properties** ahead of the UK Government's proposed Minimum Energy Efficiency Standards (MEES) uplift to Band C by 2030. This would not only help mitigate a loss of investment from the sector, ensuring the homes are kept in the private rented sector, but could also reduce energy costs for tenants. We agree with the assessment of the Welsh Government, which stated in its response to the Climate Change, Environment and Infrastructure Committee's report into decarbonising the private housing sector that *"[if] UK Government introduces a requirement to meet EPC C and does not provide financial support there could be a need to look at funding grants and/or loans to support improvements"*.²³ **The Development Bank of Wales should offer additional funding, in the form of low-interest loans, for energy efficiency improvements** where costs are prohibitive. This would enable property upgrades and benefit private rented tenants, rather than pushing landlords to sell their properties as the burden of minimum standards without support could do.

²¹ Chartered Institute of Housing Cymru. Decarbonising Wales' Private Rented Sector: <https://cih.org/media/zbccclbu/0510-ttc-decarbonising-wales-private-rented-sector-v5.pdf>.

²² English Housing Survey 2023-24: Profile of Households and Dwellings (see table 1.6): https://assets.publishing.service.gov.uk/media/67459d3ecdd295aea8809890/2023-24_EHS_Headline_Report_Chapter_1_Profile_of_households_and_dwellings_Annex_Tables.ods.

²³ Welsh Government Response to Climate Change, Environment and Infrastructure Committee's report on Decarbonising the private housing sector: <https://senedd.wales/media/az1fnquy/gen-ld15794-e.pdf>.