PRS 02
Ymgynghoriad ar y sector rhentu preifat
Consultation on the private rented sector
Ymateb gan: PayProp
Response from: PayProp

PayProp UK consultation response:

Senedd Local Government and Housing Committee inquiry into the private rented sector

About PayProp

PayProp is a technology platform that enables letting agents to streamline their incoming and outgoing rental payment transactions in real time. Our core service is the automation of the entire life cycle of rental payments – from collection to reconciliation and distribution of monthly rental payments. This service significantly reduces the administrative burden of letting agencies, whilst enhancing efficiency, speed of payments, oversight and accountability for the property owner, agent and tenant alike. Established in 2004 and trading in the UK since 2015, PayProp is a trusted partner in the property industry with a central focus on transparency. Our market experiences indicate there is a critical, immediate and ongoing need to adopt and utilise technology to drive up standards across the sector and deliver on key government agendas.

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

It is vital that families have secure places to live, whether they are owned or rented. PayProp is committed to supporting the delivery and development of a private rented sector (PRS) that is fair, open, professional and economically viable for tenants, agents and landlords, and which delivers a stable supply of high-quality homes.

To achieve this, we must harness the use of technology across the PRS. Property technology – PropTech – has unmatched potential to enhance transparency, accountability and security for all in the sector.

We welcome ambitions by the Welsh Government to drive up living standards across PRS properties, including through the fit for human habitation (FFHH) requirements which came into force in December 2021. We would encourage the Welsh Government to go further and ensure that all tenants are able to live in a home which abides by the Decent Homes Standard.

As governments across the UK explore the implementation of the Decent Homes Standard in private rented homes, PayProp is keen to demonstrate the role and value of technology to support compliance. In concert, for maximum efficiency and enforceability, clear rules would have to be developed to ensure homes meet the standards set out, and it will be vital to ensure all property defects are communicated clearly and transparently and that they are recorded securely.

PropTech could be utilised to support the reporting and communication of hazards for all involved parties. For example, when a Category 1 hazard is identified, a PropTech app or portal could be used by a tenant to report the issue, which can then be escalated to landlords and agents, automatically advising them on their legal obligations (as per the Decent Homes Standard) to remedy the situation. As a Category 1 hazard can cause a property to be uninhabitable, landlords and agents should be required to act on such a hazard within 24 hours of the issue being reported on a PropTech system.

Suggested priorities

- Promoting or requiring the use of PropTech to efficiently report hazards in properties, thereby ensuring landlords and agents are aware of their legal obligations and cannot dispute the reporting of an issue.
- Requiring landlords and tenants to record all reported hazards and solutions using a PropTech platform to avoid future disputes.

Challenges currently facing private sector landlords and how the private rented sector can be effectively regulated

Challenging unjustified rent increases

Due to rising costs, landlords must be able to set rent at a rate that is reflective of their costs and the market, whilst tenants are given adequate time to consider their choices when their rent is proposed to increase by a justified margin. Tenants should also be able to confidently challenge unjustified rent increases and should not have to fear eviction when the courts deem an increase unjustified.

Suggested priorities

- Establishing an effective and impartial channel of communication between landlords and tenants on proposed rent increases.

- Agreeing standard wording for proposed rent increases that includes the right for a tenant to challenge an unfair increase.

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

As outlined across the areas covered above, data and PropTech can be harnessed across the private rented sector to enhance transparency, accountability and security for all in the sector.

Accurate data on rent payments and increases are vital to ensure effective policy-making. Unlike currently available rental indices, which publish rental prices landlords are asking for (asking prices) or the rental income landlords are insuring (insured income), PayProp can provide (statistically significant) data that is based on actual invoiced and transacted rent (rental payments), giving the truest reflection of rental prices across the UK. Furthermore, we can demonstrate percentage rent increases on a regional basis. This data could satisfactorily support decisions over what constitutes a fair rent increase and could also assist with policy decisions.

Next steps

We would value a meeting with the Local Government and Housing Committee to discuss these issues in further detail and would be happy to provide further written or oral evidence to the committee.

If you have any further questions, please do not hesitate to contact our team via paypropuk@plmr.co.uk.