

# Private Rented Sector

## Local Government and Housing Committee Inquiry

### A response from Cymorth Cymru

19<sup>th</sup> April 2023

#### About Cymorth Cymru:

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Cymorth Cymru is the representative body for providers of homelessness, housing and support services in Wales. We act as the voice of the sector, influencing the development and implementation of policy, legislation and practice that affects our members and the people they support.

Our members provide a wide range of services that support people to overcome tough times, rebuild their confidence and live independently in their own homes. This includes people experiencing or at risk of homelessness, young people and care leavers, older people, people fleeing violence against women, domestic abuse or sexual violence, people living with a learning disability, people experiencing mental health problems, people with substance misuse issues and many more.

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## 1. The supply, quality and affordability of the private rented sector

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- 1.1. We know that the right home in the right place is essential for people who are trying to recover from homelessness and other types of trauma. However, our members and the people they support have told us that it has never been more difficult to find affordable, good quality private rented housing in Wales.
- 1.2. Several decades of under-investment in social housing has led to increased pressure on the private rented sector (PRS). People who would have previously had their housing needs met by social landlords have little hope of this now, forcing them to seek housing in the PRS. At the same time, there is a generation of people who cannot get onto the housing ladder, with the cost-of-living crisis and huge increase in interest rates making it extremely difficult for them to save for a deposit of afford a mortgage. This means that more people are competing for a limited number of private rented homes, pushing rents up and making it virtually impossible for people on low incomes to find a decent quality, affordable home.

*“There just isn’t enough accommodation and PRS is unaffordable.”*  
*Expert by Experience*

- 1.3. In addition, many people who are currently living in private rented homes are seeing their rent increase significantly, sometimes to the extent that they cannot afford to stay in the property. When they look for alternative accommodation, they often find that there are no affordable homes for rent, resulting in them presenting as homeless to their local authority and being placed in temporary accommodation.
- 1.4. The latest Welsh Government statistics<sup>1</sup> show that 9,601 people were in temporary accommodation on 28<sup>th</sup> February 2023, a figure that has been growing since the pandemic began. Too many of these people have been in temporary accommodation for far too long, because they cannot find affordable housing in the social or private rented sectors. The latest statistics show that 1,509 people were placed in temporary accommodation during February 2023, but only 650 were moved into suitable long-term homes, demonstrating the clear gap between demand and supply.
- 1.5. In addition to this, there are people are stuck in supported accommodation, ready to move on to independent living but unable to do so. They have overcome crises and traumas, regaining the confidence and skills to live independently, but cannot find affordable housing. This is incredibly frustrating for them, but it also means that people who are waiting to access supported accommodation cannot do so until a space becomes available.
- 1.6. Where the unaffordable properties in the PRS become a last resort, it can have significant consequences for people’s finances and mental health. Many end up in further debt, therefore putting them at risk of eviction, hindering the potential to ensure that their experience of homelessness is not only brief but unrepeatable.

*“PRS – too expensive even when working.”*  
*“Being forced into PRS has increased my debt. PRS is not the best housing option for those on low income and DHP only pays for 6 months shortfall.”*  
*Experts by Experience*

- 1.7. A recent article in *The Guardian*<sup>2</sup> detailed a rise in women turning to ‘sex for rent’ because of the cost-of-living crisis. In many of the cases reported by charities, it was found to be a particular issue among vulnerable women, including those with mental health issues, past trauma, asylum seekers and those attempting to leave abusive relationships.

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<sup>1</sup> Welsh Government, [Homelessness accommodation provision and rough sleeping](#), 2023

<sup>2</sup> The Guardian ‘Vulnerable UK Women Forced into ‘Sex for Rent’ by Cost of Living Crisis’ (April 2023)

## 1.8. One-bedroom properties

- 1.9. While there are issues across the board with access to affordable, good quality homes, we know that the shortage of one-bedroom properties is a particular challenge for people experiencing homelessness, many of whom are single.
- 1.10. Shared accommodation can be really difficult for people who have experience of trauma, mental health issues and/or are recovering from addiction. The lack of single bed properties means that people are being forced into shared accommodation, potentially alongside people with similar experiences of trauma. Consequently, people fear that this will impact their recovery and put them at risk of repeat homelessness.

*“[shared accommodation] sometimes hinders any recovery if having to live with people with similar issues.”*

*Expert by Experience*

- 1.11. Research from End Youth Homelessness Cymru highlights that some neurodivergent young people find it difficult to maintain a tenancy in shared accommodation due to their difficulties with social interaction. In some situations, sharing with others may serve as a catalyst for issues which may later impact their opportunity to find future tenancies, putting them at risk of repeated or prolonged homelessness in the future.

## 1.12. Second homes and holiday lets

- 1.13. Communities in many parts of Wales continue to be impacted by second homes and holiday lets, leaving many locals priced out of renting or even buying property of their own, therefore adding to the increased demand for the PRS. Many of our members, particularly in areas such as North and West Wales have reported a rise in the number of private landlords converting their properties to holiday lets with many seeing this as more profitable than traditional private sector rentals. Frustratingly, councils are being forced to place people in temporary accommodation such as hotels and B&Bs, while traditional private rented housing is let out to holiday makers.
- 1.14. The Welsh Government should continue to make efforts to limit the number of second homes and holiday lets, as well as providing incentives for PRS landlords to keep homes on the market as homes to rent, such as the PRS Leasing Scheme.

## 1.15. Empty Homes

- 1.16. Our members and the people they support often express frustration at the number of empty properties in their communities which could be used to provide much needed housing. Welsh Government statistics<sup>3</sup> show that there are over 22,000 empty homes in Wales. The dwelling stock estimate in 2020<sup>4</sup> suggested that around 95% of the vacant dwellings were private sector dwellings.

*“Buildings rotting away that could be used as supported accommodation.”*

*“Want to see empty properties brought back to life.”*

*Experts by Experience*

- 1.17. We have spoken to people sleeping rough who are very aware of the empty properties in their local communities, and are angry that they are living on the streets while houses are boarded up and not being made available to rent.

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<sup>3</sup> StatsWales, [Chargeable empty and second homes, by year \(number of dwellings\)](#), 2023

<sup>4</sup> Welsh Government, [Dwelling Stock Estimates for Wales](#), 2020

## 2. Barriers to accessing the private rented sector

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### 2.1. Stigma: Benefit claimants

- 2.2. Access to the PRS is a particular concern to those in receipt of housing benefit. As demand for housing grows, opportunities to find housing are becoming increasingly restrictive, with many landlords being able to pick and choose from a wide range of applicants. For people experiencing or at risk of homelessness, their reliance on the welfare system can act as a barrier to being able to access the very housing it is supposed to pay for.
- 2.3. According to research from Shelter Cymru, being a claimant of housing benefit acts as a significant barrier to accessing the private rented sector. In Shelter Cymru's report *Can I Get a Home? Barriers to getting a private rented home in Wales*, 51% of landlords asked or sometimes asked prospective tenants if they were claiming benefits, while just over a third (37%) of landlords do not or would prefer not to let to those who claim benefits.<sup>5</sup> This has been reflected in our Experts by Experience research with one expert stating:

*“There is not enough social housing to meet needs and private landlords will not accept you if you are young and on benefits.”*  
*Expert by Experience*

- 2.4. The reasons for landlords asking about benefits are varied with some claiming mortgage and insurance policies prevent them from renting to those claiming benefits. However, it is determined that landlords' own perception of risk plays a central part in the decision to refuse at tenancy. As a result, it's clear that many private landlords maintain generalisations towards benefit claimants, often due to previous bad experiences, rather than judging tenants on a case-by-case basis. However, by refusing to let to a benefits claimant, landlords could be in breach of the Equality Act 2010, particularly when refusing disabled or women claimants, who are more likely to be in receipt of housing benefits than men and non-disabled people.
- 2.5. For some landlords, the nature of how the benefits system operates is a central factor in the decision not to rent to benefit claimants. When assessing a tenant's affordability to pay rent, people on benefits are seen as more likely to be in rent arrears, often because of when claimants receive their benefit payments. Additionally, the loss of direct payments to the landlord has created further reasons for landlords to refuse benefit claimants.
- 2.6. According to the research from Shelter Cymru, 77% of landlords would be more likely to let to benefit claimants if housing benefit was paid directly to them, while 46% said they would be more likely to do so if payments were made in advance rather than in arrears. Similarly, 30% said they would be more likely if there wasn't a five week wait for people's first Universal Credit payment.<sup>6</sup> While discrimination against people in receipt of benefits should not be accepted, the UK Government should consider improvements to the welfare system to enable greater security and assurances for both tenants and landlords.
- 2.7. Some landlords (approximately 34%) also stated that they would be more likely to rent to those claiming Universal Credit or other forms of housing benefit if they could secure a guarantor for them. However, this can be difficult for people experiencing homelessness, who may not have the family or support networks to provide this.

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<sup>5</sup> Shelter Cymru 'Can I Get a Home?: Barriers to getting a private rented home in Wales?' (March 2022) p.5

<sup>6</sup> Shelter Cymru (2022) p.9

## 2.8. **Local Housing Allowance rates**

- 2.9. One of the most common issues raised by our members and the people they support is that Local Housing Allowance (LHA) rates are far too low and do not enable people who are in receipt of housing related benefits to afford a home. LHA rates can be a particular issue for people under 35 years old, who only receive the 'shared accommodation rate'.
- 2.10. The freeze in LHA rates has created a considerable barrier in affordability in the PRS for those on low incomes and claiming benefits. Research from the Bevan Foundation found an increasingly limited number of homes were available at or below LHA rates across Wales with the most recent findings measuring at the lowest rate (1.2%) since research began. Overall, from the 2,638 properties advertised for rent in February 2023, only 32 were available at or below LHA rates.<sup>7</sup>
- 2.11. The lack of available properties at or below LHA rates is also not isolated to any part of Wales, with the research finding that only 6 of Wales' 22 local authorities had homes at or below LHA rates being advertised for rent. However, even within those local authorities the numbers of properties available remain low by comparison to the overall number being advertised.
- 2.12. The limited supply of affordable housing poses a risk to prevention of homelessness when those with limited funds and claiming housing benefit unable to meet the shortfall between LHA and asking rents. From the data gathered, shortfalls between LHA rates and rent ranged from £1.24 to £851.78. Although the shortfall for some properties could be manageable, the large majority present a considerable challenge to those on low incomes.
- 2.13. The pressures presented by the LHA freeze significantly harder for those who do not have a local connection and are therefore unable to apply for social housing or access temporary accommodation. If they cannot afford the private rented housing in their preferred location, they may be forced to leave the area. Moving to their so-called "home" local authority or a different area entirely to find housing could cause significant disruption to their personal lives, including reliving trauma and having to move away from established support networks.

## 2.14. **Landlord requirements**

- 2.15. Due to the increased demand for tenancies within the PRS, numerous landlords are asking tenants to fulfil certain criteria. Research from the Bevan Foundation found that beyond the barriers created by shortfalls in housing benefit, landlords asked for requirements such as deposits equivalent to one month's rent, guarantors, credit checks, minimum income checks, and 'professionals only' notices.<sup>8</sup>
- 2.16. Such requirements further exclude people on low incomes, particularly those attempting to exit homelessness who may not have financial assets of their own or family members who can help them, and are entirely reliant on the welfare system for their income. This creates an environment in which homelessness is prolonged, which can result in additional consequences to the individual.

## 2.17. **Barriers facing young people**

- 2.18. Young people have always been highly reliant on the PRS to find a home. However, due to the status of the housing market and the increased cost of buying, many young people remain reliant on rented accommodation for longer. Equally, the rising cost of rent leaves many young people unable to rent higher quality housing.

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<sup>7</sup> Bevan Foundation, [Local Housing Allowance and the private rental market in Wales](#), March 2023

<sup>8</sup> Bevan Foundation, [Local Housing Allowance and the Private Rental Market in Wales](#), March 2023 p.4

- 2.19. As mentioned above, people under 35 years of age who are in receipt of housing-related benefits are restricted to the shared accommodation rate, further restricting their options.
- 2.20. Despite their reliance on PRS housing, research from Shelter Cymru has found that landlords are becoming increasingly reluctant to rent to young people. Although 10% of landlords stated that they would not rent to all ages, comments pointed strongly towards a preference of letting to people over the age of 25, often dictated by past experiences or generalisations that young people were less likely to pay rent and more likely to cause damage to properties.<sup>9</sup>
- 2.21. The lack of access is made increasingly complex and difficult for certain groups of young people, including those from a particular background or additional protected characteristics:
- 2.22. **Care experienced young people:** Care leavers are likely to be in receipt of housing related benefits as part of their transition to independence, therefore leaving them at risk of refusal by PRS landlords. Additionally, they may not meet standards of satisfactory financial and pre-tenancy checks due to their background. Unlike some young people, care leavers also lack connection to family members or trusted friends, leaving them unable provide a guarantor or have financial help to find a bond or rent in advance.
- 2.23. **Disabled young people:** As well as being more likely to claim benefits, most PRS housing is not accessible with some landlords reluctant to make changes due to the cost. Additionally, young people with mental health issues or learning disabilities, such as autism or ADHD do not have their needs accounted for in pre-tenancy checks and may be discriminated against due to past issues occurring because of their condition and the lack of support available.
- 2.24. **LGBTQ+ young people:** Evidence<sup>10</sup> also suggests that LGBTQ+ people are particularly at risk of homelessness and over-represented within youth homelessness populations, with family breakdown being a key factor. Young people who are rejected by their families for being LGBTQ+ will have fewer resources to rely on, making bonds, up-front rent and guarantors difficult to secure. They are also at greater risk of discrimination and abuse than their non-LGBTQ+ peers, so finding housing where they feel safe is likely to be extremely challenging if they are in receipt of housing related benefits and only entitled to the shared accommodation rate for private rented housing.

### 3. Opportunities for greater partnership between social and private landlords

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#### 3.1. Private Sector Leasing Schemes

- 3.2. The Welsh Government and local authorities should continue to expand the private sector leasing scheme<sup>11</sup>, which aims to increase access to, and the affordability of, renting privately in Wales. Originally piloted with a small number of local authorities, it is now being delivered in 15 local authorities across Wales.
- 3.3. The scheme encourages private sector landlords to lease their properties to the local authority for 5-10 years, which enables the local authority to allocate it to people experiencing homelessness and/or on low incomes. In return, the local authority manages the property, provides support to the tenants, and guarantees rental payments at Local Housing Allowance rates. Funding is also available to improve property standards.

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<sup>9</sup> Shelter Cymru (2022) p.16

<sup>10</sup> End Youth Homelessness Cymru, [Out on the Streets](#), 2019

<sup>11</sup> Welsh Government, [Leasing Scheme Wales](#)



3.4. Based on the previous review of the Private Sector Leasing Scheme the outcomes of the leasing scheme having been largely positive among both tenants and landlords.

3.5. **Good Practice Example:**

Cardiff Council's PRS Leasing Scheme offers a range of benefits to landlords, including financial assistance to renovate a property, health and safety packages, support to register with Rent Smart Wales, and support throughout the tenancy. The scheme simultaneously promises equal support to tenants and tenant affordability. Outcomes from the scheme has proven positive with the prevention team seeing a more proactive approach from landlords to help tenants in need, as well as less reluctance from tenants to report issues to their landlord. A key element of running the scheme has been maintaining a strong partnership between Cardiff Council's Prevention and PRS teams, which has also proven vital landlord relations in efforts to prevent homelessness.

3.6. The Welsh Government should encourage the remaining local authorities to join the scheme and continue to provide support to new and existing participants. In addition, consideration should be given to whether housing associations could participate within the scheme, particularly in the case of non-stockholding local authorities.

3.7. The Welsh Government should also consider opportunities for local authorities to share good practice to better develop their Private Sector Leasing Schemes and while adapting them to the geographical and socio-economic needs of the area. There should be a continued effort by the Welsh Government to review the outcomes of the Private Rented Leasing Scheme to identify strengths and weaknesses to ensure it continues to be a viable option for both landlords and tenants there needs for continued signposting to encourage private landlords and ensure they're aware of the options available to them.

3.8. **Housing First**

3.9. Over the past few years, there has been an increase in Housing First projects across Wales. These projects continue to demonstrate the positive socio-economic impact this unique approach has in supporting people with a repeated history of homelessness and experiences of significant trauma and associated complex support needs. Recent data published on Housing First in Wales showed a tenancy sustainment rate of 90%.

3.10. Most Housing First projects in Wales continue to work with social landlords, however, as Housing First continues to expand, acquiring extra housing will be critical in ensuring the continued success of such projects. As a result, the opportunity for PRS landlords to play a part in this expansion has readily been identified by several projects across Wales and has the potential to allow homeless individuals maintain long-term tenancies within the private sector, where they have may have otherwise been refused.

3.11. The Housing First Wales Network and the National Residential Landlords Association have published a briefing<sup>12</sup> for PRS landlords to explain the Housing First model and to encourage them to offer their properties to their local Housing First project.

3.12. **Good Practice Example:**

The Wallich in Anglesey is Wales' longest running Housing First Project, after being launched on the island in 2013. After ten years on the island, the project on Anglesey remains unique in its reliance on the private rented sector to provide the levels of accommodation it needs while still maintaining the power to turn down properties offered by the PRS it doesn't deem suitable for its clients. The close working relationship formed with

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<sup>12</sup> Housing First Wales Network, [Housing First: A guide for PRS landlords](#), 2021

between the project and local private landlords serves as a strong example of good collaborative working and that with the right degree of support for landlords and the correct balance in responsibilities between support workers and landlords, private landlords can feel empowered to take on tenants they once may have seen as a risk. The outcomes delivered by The Wallich in Anglesey serve to demonstrate the potential to expand and facilitate these opportunities for collaboration as a central part to achieving a long-term strategy to end homelessness for good.

'One of the first people we supported into a private tenancy back in 2013 had been...sleeping in a barn [for a year], not admitting to friends and family he was homeless. [He was] still working and using the local leisure centre to shower before going to work. That gentleman nine years later is still in the same accommodation and happily getting on with his life, feeling safe and secure, and always happy to let us know how well he is doing if we should bump into him.' (Manager, Housing First Anglesey)

### 3.13. **Rent Rescue**

3.14. Rent rescue describes a situation where a private sector tenancy at risk of being ended due to the property being sold by the landlord is rescued through purchase by a social landlord. Ideally the household continues to live in the property throughout and experiences the minimum of disruption. During a webinar hosted by Shelter Cymru in partnership with the Oak Foundation, data from an interactive poll found that 66% of attendees were not aware of Rent Rescue schemes. Further work could be undertaken by the Welsh Government and local authorities to increase the use of rent rescue schemes, particularly as the current cost-of-living crisis, increased mortgage increased rates and regulation is leading to some landlords selling their properties.

## 4. **Regulation of the Private Rented Sector**

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- 4.1. We are supportive of the Welsh Government's efforts to improve and regulate standards in the PRS, through the introduction of Rent Smart Wales as part of the Housing (Wales) Act 2014, as well as the ban on retaliatory evictions and the introduction of Fitness for Human Habitation requirements in the Renting Homes (Wales) Act 2016.
- 4.2. However, there has been some criticism that registration and licencing schemes such as Rent Smart Wales are good at identifying the good landlords, but fail to deal with bad landlords. Some people also question the effectiveness of such systems without the capacity to conduct rigorous checks or respond robustly to complaints.
- 4.3. As such, it is important to ensure that bodies such as Rent Smart Wales and environmental health departments have the capacity to investigate and deal with landlords who are not maintaining appropriate standards within the PRS. Creating greater capacity to remove bad landlords from the private rental market, will play a part in ensuring that we create a higher quality PRS.
- 4.4. Our members have suggested the addition of a module to the Rent Smart Wales training to educate landlords on how to signpost tenants to financial advice and/or support if they are at risk of eviction. This could help to prevent eviction, helping the tenant to avoid homelessness and the landlord to avoid the cost of finding a new tenant.
- 4.5. **Making regulation work for tenants**
- 4.6. There is the potential to increase awareness around tenants' rights to ensure that those renting within the private sector can interact with regulation in the right way and advocate for themselves when a landlord may be acting illegally or not meeting the required standards.



- 4.7. In addition to creating awareness of tenants' rights, regulation and access to guidance should be streamlined and made more accessible to all tenants. Current signposting of guidance or advice is not always clear or easily accessible which can act as a deterrent for some tenants to seek support and advice. Alongside greater awareness of tenants' rights, the Welsh Government should work with regulatory bodies such as Rent Smart Wales to make the regulatory process more transparent to enable tenants to get the most out these processes. For example, in some instances the outcomes of reporting a landlord to Rent Smart Wales are not always made known to the tenants, with pathways for further action not made clear.
- 4.8. There is also the opportunity to build networks for landlords and tenants dedicated to improving fairness and accessibility in the sector. As part of the Gwent BOOST Project, Tai Pawb is coordinating the PRS Champions Network<sup>13</sup>, which aims to engage with tenants and landlords in the PRS to make the sector a fairer and safer place to be, discussing issues around discrimination and inequality to find mutually beneficial solutions.

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<sup>13</sup> Tai Pawb, [PRS Champions Network](#), 2023