

## **Generation Rent Submission to Senedd Private Rented Sector Consultation**

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

Ultimately, supply of housing in general must be addressed through a housebuilding programme which includes social housing as a core objective.

As is the case throughout the UK, this failure of supply to keep pace with demand across all tenure types has led to overstretched demand within the private rented sector and thus rents which are increasingly unaffordable.

The prominence of holiday lets and short term rentals in Wales is a driver of this, and we commend the changes introduced to combat this. The outcomes must be monitored and assessed regularly to ensure that they are having the desired effect.

There is relatively little data available about the quality of private rented homes in Wales, compared with England. We do know that energy efficiency is a significant factor in terms of both thermal comfort and common problems such as damp and mould. ONS data indicates that private rented homes in Wales have the joint worst energy efficiency at a regional level – a median rating of 63 along with Yorkshire.<sup>1</sup>

According to StatsWales, just 42% of PRS homes had adequate energy performance – the same proportion of owner-occupied homes and far fewer than the social sector where 69% were adequate according to the Welsh Housing Conditions Survey 2017/18.

Wales's recent reforms to evictions have created a protection from no-fault eviction for tenants whose property is in disrepair. This was intended to improve tenants' confidence to report issues with their homes to the landlord or letting agent by removing the fear of a revenge eviction. It is too early to say what difference this is making to security of tenure or the quality of the Welsh PRS.

### **The challenges currently facing private sector landlords;**

The wider financial context, including vastly higher interest rates, that we have seen since the end of the pandemic have made things difficult for landlords but there remains no compelling evidence either that landlords are leaving the market in significant numbers. If more landlords do exit the market, the short term problem will be the eviction of their tenants, which tends to happen in such cases. However, in the long run this won't affect supply where homes continue to be lived in, and if private renters become home owners, there is dampened demand for rentals.

We must acknowledge that holiday lets are an issue in this context, as they are often a more attractive proposition for landlords and an exodus to this sector would have a significant impact on the homes available for long-term accommodation. We have yet to see how recent policy changes have made an impact in this space. As of 2022 the number of holiday lets registered for business rates (recorded by the Valuation Office) were at all-time highs, having more than doubled since 2015. In the current financial year more second homes than ever are registered for council tax, with only Pembrokeshire, which charges a 100% premium, having seen a fall from the previous year, from 3,794 to 3,492.

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

### **The opportunities for greater partnership working between social and private landlords;**

N/A

### **Barriers to accessing the private rented sector including challenges facing young people and people with pets;**

The benefit system is a hinderance to young people. LHA for under-35s only covers enough for a room in a shared house, which is not suitable for many. Benefit payments are also often not counted towards income in agents' vetting processes, hamstringing tenants' ability to access housing even if the amount received is sufficient. 99 percent of available homes in Wales in 2022 would have been too expensive for someone on Universal Credit or housing benefit to afford, according to the Bureau of Investigative Journalism.

People with pets continue to suffer from blanket bans and an inability to access tenancies, especially in such a competitive market.

It is clear that a sustained failure to build enough, particularly social housing, is another key barrier to young people's access to housing.

### **How effectively the private rented sector is regulated;**

The mechanisms in place as a result of Rent Smart Wales are broadly positive and an improvement on the current situation in England. Requiring landlords to be registered is essential as a means to identify who is responsible for meeting minimum standards and holding them accountable. However, it is not clear how much non-compliance there is and whether tenants have much of an incentive to report non-compliant landlords. In the financial year 2022-23 the property tribunal heard just two rent repayment order cases and one of them was brought by RSW itself.<sup>2</sup> While the rent repayment orders in place for non-compliance are welcome, we would urge the Welsh Government to consider how to promote their existence.

The government should also consider how this system can be built upon to enable a better understanding of the rental market to be garnered. For example, information around rents, deposit claim history and energy efficiency could easily be collected and this would provide data which could be used to inform further policymaking, specifically around abuse of the deposit dispute system by landlords, the state of the rental prices in certain areas and the energy efficiency of the housing stock (and thus the best measures to improve it.)

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

Rent Smart Wales should consider running an annual survey to collect further data bespoke to the needs, queries and concerns of tenants and the local authority.

As mentioned above, RSW should also hold more information as standard, including rents, deposit claim history and energy efficiency.

The utility of RSW should also be assessed, including analysing how much is RSW used, and by whom – ie. how many searches have been done – as well as the numbers of landlords estimated to be non-compliant. The results of that information gathering exercise should be used to strengthen enforcement with more targeted measures aimed at those estimated to be missing/evading the system.

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<sup>2</sup> <https://residentialpropertytribunal.gov.wales/decisions/4/2022-04--2023-04>

