

**Senedd Local Government and Housing Committee
Inquiry into the Private Rented Sector (PRS) May 2023
Crisis response**



About Crisis

Crisis is the national charity for people facing homelessness across Wales, Scotland and England. We know that homelessness is not inevitable, and we know that together, we can end it.

We provide services directly to people experiencing homelessness, carry out research into the causes and consequences of homelessness, and campaign for the changes needed to end it.

Introduction

Crisis believes that people experiencing or at risk of homelessness should be able to access a range of housing options, enabling them to exercise choice over the features of a home which meet their needs and preferences. For many people, renting privately is the most suitable housing option and they need access to good quality, well managed, affordable PRS homes.

However, we know that there is currently an undersupply of affordable, quality housing in the PRS in Wales, and this is directly contributing to homelessness.

At our Crisis Skylight centre in South Wales, we work in partnership with a number of private sector landlords to secure homes and prevent evictions for our members across Swansea, Neath, and Port Talbot. However, many of our members still face a number of barriers to accessing and sustaining tenancies in the PRS. Further, as part of our role as convenor of the Welsh Government Expert Review Panel for the reform of homelessness legislation, we have engaged with multiple stakeholders across Wales who report that they are experiencing the same problems.

We are therefore pleased that the Committee is investigating this area, and prior to addressing the terms of reference of the inquiry, we would like to offer five key recommendations for consideration.

Crisis recommendations

1. Increase Local Housing Allowance

In Crisis' view, the quickest way to increase the supply of affordable housing is to urgently invest in Local Housing Allowance rates so they cover at least the bottom third of rents. Investing in housing benefit would make it more affordable for people to stay in their current homes, preventing homelessness, and make it easier for those currently experiencing homelessness to find a suitable home, ensuring their homelessness is brief.

We are grateful for both the Committee and the Welsh Government's recent support of this recommendation and advise that the Welsh Government continues to raise this issue with counterparts in Westminster.

2. Stabilise rents

Any investment into or reform of benefits should be complemented with rent stabilisation linked to an inflationary measure. Crisis would suggest that the Committee considers a recommendation to limit rent increases to average wage growth. This would make tenancies more sustainable and ensure that people who have experienced homelessness in the past are less likely to be forced into homelessness again in the future.

It is important to note here that Crisis would not be supportive of hard rent controls that freeze rents completely for a specified time period – our research suggests that this type of intervention risks creating longer-term problems for the people most at risk of homelessness and their access to affordable housing. For example, there is potential for this to encourage a mass of rent rises prior to such a measure coming into effect.

3. Extend the functions of Rent Smart Wales

As part of the Welsh Government's review of Rent Smart Wales, the function of Rent Smart Wales should be extended to include detailed data collection and greater provision of training for landlords on how to support tenants. All PRS landlords should be legally required to submit annual rent data to Rent Smart Wales and to complete training on working with vulnerable private tenants.

4. Widen access for groups at risk of homelessness

There are multiple barriers to accessing and sustaining tenancies in the PRS, particularly for low-income households and groups that face barriers specific to a protected characteristic or life experience. The Welsh Government must consider interventions to break these barriers and reduce the increased risk of homelessness for these groups.

5. Continue investment in social housing

Given the undersupply of social housing in Wales, the PRS is currently the 'residual' tenure which absorbs demand from people who need social housing but cannot access it. The Welsh Government must continue to work to address ongoing barriers and meet its social housing building targets to alleviate pressure on the PRS.

Inquiry terms of reference: Crisis response

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

The undersupply of good quality homes that are genuinely affordable to people on low incomes is causing and prolonging homelessness. Many people are stuck in temporary accommodation for several months, and in some cases, years, due to lack of suitable options to move into permanent homes.

Supply

The supply of residential lets is threatened by the profitability available to landlords in the short-term let sector. The Bevan Foundation report that several landlords are leaving the private residential rental sector in search of bigger profits and reduced regulation in the short-term holiday rental sector. The number of Airbnb properties in Wales increased by 53% between 2018-2022, with coastal and mountainous areas being the most affected. In Gwynedd, for example, Airbnb properties represent almost a third of all private rented sector stock.

In all local authorities bar Torfaen, a landlord could generate more income in under 10 weeks by letting their property on Airbnb than they could earn via letting their property at LHA rate for a whole year.¹

In addition to overall supply issues, there are specific issues with undersupply of the types of accommodation required to meet the demands of the population. For example, there is a lack of one-bedroom properties and properties suitable for people with disabilities.

Affordability

Rightmove estimated that rents rose by 15.1% in Wales between 2021-2022², meaning that Wales faces the second fastest growing rent costs in Great Britain, surpassed only by London. Recent research from the Bevan Foundation suggests that less than 2% of private rented homes in Wales are affordable to low-income renters and that many local authorities do not have any properties available for rent at LHA rates.³

Quality

The Welsh Housing Conditions Survey which provides information about the condition and energy efficiency/performance of all types and tenures of housing in Wales was last conducted in 2018. Crisis would recommend that this survey is repeated to get a better sense of the national standards of quality across the PRS in Wales.

Whilst the introduction of the Fitness for Habitation Standard in the Renting Homes Act 2016 is a positive step towards improving the quality of the PRS, we are concerned that without enforcement, the standard will not result in improvement of quality. This issue is explored further with regard to regulation on Page 7 of this response.

At our Crisis Skylight centre in South Wales, we support our members to secure tenancies in the PRS, but many of the properties available to them are of such poor quality that they are not a sustainable route out of homelessness.

For example, two of our members rented rooms in an extremely poor-quality shared house in Swansea. There were exposed wires, bare floorboards and broken locks – see photos in Appendix A. The rent was £450 per room per month, which

¹ The Bevan Foundation. (2022). [Holiday lets and the private rental sector](#).

² Rightmove. (2022). [The Rightmove Rental Trends Tracker](#).

³ The Bevan Foundation. (2023). [Wales Housing Crisis: Local Housing Allowance and the private rental market in Wales, Winter 2023](#)

is around £36 more than our members were receiving in Housing Benefit each month. If they had been under 35 years old and only entitled to the shared accommodation rate of LHA, the shortfall would have been £200 per month.

Another of our members went to view a property to find somebody sleeping in the bedroom they were viewing. There were holes in the walls and the bedroom was covered in rubbish.

One of our members was renting a flat which had a rat infestation at the front of the property and at one point, a snake came up the drainpipe. The front door to the property was broken and the landlord refused to pay for it to be fixed.

The challenges currently facing private sector landlords

The benefits system

The roll-out of Universal Credit included the consolidation of payments to be monthly single payments, with a five week wait before the first payment. This five-week wait has been linked to a rise in rent arrears, which may discourage landlords from letting to low-income households.⁴

If people in receipt of benefits had easier access to direct rent payments in Universal Credit and the five-week wait was replaced with a starter payment, this might increase PRS landlords' faith in the benefits system and encourage more landlords to let to low-income households.

Lack of understanding of vulnerable tenants

Private landlords have a vital role in housing people in Wales, and this includes people who may be vulnerable. There are many reasons why people renting in the PRS could be vulnerable. They might, for example:

- Be transitioning from living in an institution such as prison
- Have care experience
- Be experiencing mental ill health
- Have, or be recovering from, drug or alcohol dependencies
- Have a physical disability
- Be neurodivergent
- Be receiving welfare benefits
- Have learning difficulties
- Be living with, or escaping from, domestic abuse.

We understand that private landlords may not be aware or have a sound understanding of many of these issues that tenants face, which can make it difficult for a landlord to work successfully with a vulnerable tenant and therefore increase the tenant's risk of homelessness. Therefore, it would be beneficial to both landlords and tenants if landlords were legally required to complete comprehensive training on how to work successfully with vulnerable tenants, including how to signpost them to appropriate support services.

⁴ House of Commons Work and Pensions Committee. (2020). [Universal Credit: the wait for a first payment](#).

Crisis would advise that introduction of this requirement is accompanied with a legal duty for PRS landlords to refer tenants to local authority housing support teams if they believe that they are at risk of homelessness. To ensure that landlords are supported in this, Crisis also believes that local authorities should be legally required to support sustainment of tenancies as part of their wider homelessness duties.

Barriers for people accessing the private rented sector

There are multiple barriers to accessing the private rented sector, particularly for those on low incomes. Some groups also face barriers specific to a protected characteristic or background.

The gap between LHA and rent costs

As explored above, the combination of rising rents and the freeze of LHA rates means that people on low incomes cannot afford the majority of PRS tenancies.

Excessive landlord requirements

Landlords often ask potential tenants to supply:

- excessive deposits/rent in advance
- proof of income
- guarantors
- multiple references
- credit checks

We also know that some landlords request insurance for rent arrears, voids and damage from organisations supporting people on low incomes.

These requirements present significant barriers for low-income households and many other groups of people at particular risk of homelessness, for example, care leavers, prison leavers and those fleeing domestic abuse (who may have been subjected to financial abuse). Crisis would welcome further consideration of how such policies could be avoided or of how vulnerable groups could be supported to overcome the barriers these requirements present.

History of arrears

Many landlords refuse to let properties to people with a history of arrears. These arrears could relate to rent, council tax, or energy bills.

Shared accommodation rate

Single people under 35 are entitled to a lower rate of Housing Benefit which makes affordability even more challenging.

Discrimination

Despite its illegality, we know that certain landlords continue to discriminate against potential tenants based on their age, ethnicity, sexual orientation, and disability. Many landlords are reluctant to let to families with children and people in receipt of benefits.

Right to refuse adaptations

PRS landlords have the right to refuse adaptations for disability, even if they are at no cost to the landlord. This makes it more difficult for people with disabilities to access and sustain tenancies.

Offending history

People who have a history of offending often struggle to access the PRS as many landlords will not let to people with a criminal record. It is particularly difficult for those who have committed arson in the past, as landlords state that their insurance would be void if they let to a person with this on their record. This means people leaving prison have extremely limited options when seeking a home in which they can rehabilitate and reintegrate into society.

We would recommend that the Welsh Government considers how it can encourage PRS landlords to work with prison leavers.

Anti-social behaviour

Landlords are often reluctant to let to people with history of anti-social behaviour (ASB). It is important to note that ASB is often linked with mental ill health, and it can intersect with neurodivergence and how people interpret other people's behaviour. It can also be linked with families living in overcrowded homes, or people who are being victimised by a neighbour or someone else in their home. Tenants who are experiencing domestic abuse are four times more likely than other tenants to have ASB complaints made against them⁵. This is often due to the misidentification of domestic abuse as ASB.

Pets/companion animals

Landlords can be apprehensive about allowing pets in rented properties, and tenancies that do allow for pet ownership often come with inflated costs for deposits and damage protection. However, if managed correctly, allowing the keeping of pets facilitates happy, healthy tenants. Companion animals play an important role in improving their owners' physical and mental health and wellbeing, helping to reduce loneliness. This can benefit landlords by helping to maintain longer-term, successful letting arrangements.⁶ For some people experiencing homelessness, their pet has been a source of comfort and companionship during a traumatic chapter in their lives. Leaving their pet behind can therefore feel inconceivable – making no pet policies a considerable barrier.

Crisis would recommend that the Welsh Government bans blanket 'no-pet clauses' in PRS contracts. If a prospective tenant asks for a pet to be allowed as part of their contract, a landlord must not unreasonably refuse the request.

Under 18s

There are many reasons that people under 18-years-old may need to live independently of their parents or carers. Under land law, a minor cannot hold a

⁵ Jackson (2013), cited by Henderson, K. (2019) p.60. *The role of housing in a coordinated community response to domestic abuse*, Durham theses, Durham University. Available from: <http://etheses.dur.ac.uk/13087/> and SafeLives (2018), *Safe at Home*, Available from: <https://safelives.org.uk/sites/default/files/resources/Safe%20at%20Home%20Report.pdf>

⁶ RSPCA Cymru. [Housing and animal ownership](#).

'legal' interest in land and can only hold an 'equitable' interest. This creates difficulties for young people under 18 in accessing tenancies.

How effectively the private sector is regulated

Crisis is concerned that the regulations relevant to the PRS are not being enforced and that this is resulting in homelessness.

The Renting Homes Act sets out requirements for properties to be 'fit for habitation', but the reality is that local authorities do not have the resources to enforce these requirements.

The number of inspections carried out by local authorities in Wales under the Housing Health and Safety Rating System (HHSRS) has decreased significantly in recent years. Whilst the low numbers of assessments between 2019-2021 can be attributed to the Covid-19 pandemic, it is clear that the trend is continuing beyond the pandemic. In 2021-22, only 4,363 assessments were carried out across Wales – this represents a 22% decrease of assessments carried out in 2018-19 (the most recent data year unaffected by the pandemic) when the number of assessments had already fallen by 10% in comparison to the year before that.⁷

A further cause for concern is illegal eviction. Shelter Cymru report that cases of illegal evictions are rising in Wales, and a recent court case revealed that Cardiff Council has not investigated a single illegal eviction for at least ten years.⁸

We also worry about the fact that the onus is on tenants to enforce regulation through the Residential Property Tribunal. Tenants may be deterred from reporting issues for fear of losing their home or due to a lack of understanding of their rights and/or the bureaucracy of the tribunal.

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

Analysis by Crisis and Zoopla⁹, and the Bevan Foundation¹⁰ shows that limitations in rent officers' datasets is leading to unreliable estimates of the real cost of renting.

As there is currently no legal requirement for private residential landlords to disclose to Rent Officers how much rent they charge, the UK Government is making decisions about Local Housing Allowance levels without comprehensive or up-to-date information, with no assessment of the risk to people facing homelessness.

LHA rates are based on 'actual rents', rather than 'advertised rents'. However, collecting a snapshot of actual rents might fail to capture the rate at which average rents for new tenancies are rising, as existing tenants may be paying less

⁷ Welsh Government. (2023). [Housing hazards and licences: April 2021 – March 2022](#).

⁸ Wilks, R. (2023). [Cardiff Council's Systemic Failure to Investigate Illegal Eviction Exposed](#).

⁹ Crisis and Zoopla. (2022). [Falling short: Housing benefit and the rising cost of renting in England](#).

¹⁰ The Bevan Foundation. (2021). [Wales' housing crisis: the role of LHA](#).

rent than prospective new tenants. On the other side of the coin, advertised rents only include new tenancies and will not always reflect the actual rent level agreed, particularly in high demand areas where there is an increasing trend for tenants to bid over listed rents.

In order to solve this issue, annual rent reporting through Rent Smart Wales should be a legal requirement for landlords. This should include the rent paid by each tenant, and confirmation of whether any is paid through Local Housing Allowance. This annual data reporting would not be burdensome but would immediately provide a comprehensive and up-to-date evidence base. This would help the DWP and HM Treasury to accurately assess Local Housing Allowance shortfalls and improve the value for money on investment by ensuring that spending is efficiently targeted. It would also improve the accuracy of inflationary measures themselves, contributing to the work of the Office for National Statistics.

Conclusion

The private rented sector is a key part of the housing landscape in Wales and has clear potential to help with the unmet housing needs of the people of Wales. However, at present, many people are struggling to access a privately rented home, which is consequentially contributing to the housing crisis and rising homelessness rates. In order to maximise the potential of the PRS, it is important that the Welsh Government, Rent Smart Wales, private landlords, local authorities and support providers all work together towards implementing the many solutions highlighted in this evidence and beyond.

Thank you for reading this response. For more information, please email Jasmine Harris, Senior Policy and Public Affairs Officer jasmine.harris@crisis.org.uk

Appendix

Photos of a PRS property in Swansea, costing £450 per month per room.





