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National Assembly for Wales
Communities and Culture Committee

Making the most of the Private Rented Sector in Wales

February 2011
The Communities and Culture Committee
The main function of scrutiny committees is to examine within their remit the expenditure, administration and policy of the government and associated public bodies.

The Communities and Culture Committee’s remit covers:
- housing;
- community safety;
- community Inclusion including Communities First and the Spatial Plan;
- Welsh Language, sport and culture.

Powers
The Committee was established on 26 June 2007 as one of the Assembly’s scrutiny committees. Its powers are set out in the National Assembly for Wales’s Standing Orders, particularly SO 12. These are available at www.assemblywales.org

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Our homes provide us with both shelter and warmth: they can physically protect us, and provide comfort to both mind and soul. The quality of our housing can have a great impact on our health, our ability to learn and work, our capacity to interact socially with other people.

Wales’ different housing sectors need to work together to address our country’s growing need for new homes. We decided to focus this inquiry on the private rented sector because it plays a major role in Wales’ housing market, and has been a focus of political debate in both Wales and Westminster.

Our inquiry highlighted a number of areas where the private rented sector in Wales could be improved to deliver both better housing and better management standards. We also heard a number of innovative ideas about how the private rented sector could help to address community objectives, while still offering a profitable business for landlords. The evidence we gathered also illustrated that a number of local authorities have engaged with this area of work in an effective and strategic manner, though this was not consistent across Wales.

We welcome the Welsh Government’s continuing commitment to address this important issue, and urge it to implement the recommendations of this report.

On behalf of the Committee, I would like to offer my sincere thanks to all those individuals and organisations that gave us the benefit of their experience and advice, whether in formal committee meetings or in responding to our call for evidence. It would be impossible for us to have written this report without their hard work and contributions.

Finally, I would also like to thank all the members of the Communities and Culture Committee for their insights and input throughout this inquiry, and to express my gratitude to the Assembly Members who acted as substitute Members during this investigation.
The Committee’s Recommendations

The Committee’s recommendations to the Welsh Government are listed below, in the order that they appear in this Report. Please refer to the relevant pages of the report to see the supporting evidence and conclusions:

**Recommendation 1.** We recommend that the Welsh Government actively seeks to promote a positive public image of the private rented sector as a tenure of choice in Wales. (Page 17)

**Recommendation 2.** We recommend that the Welsh Government promotes the development and use of Social Letting Agency schemes and Private Leasing Schemes by local authorities. (Page 21)

**Recommendation 3.** We recommend that the Welsh Government produce a specific strategy for making the most of the private rented sector in Wales. (Page 23)

**Recommendation 4.** We recommend that the Welsh Government continues to promote Landlord Accreditation Wales, working with publicly funded bodies and bodies representing the interests of both landlords and tenants to share and develop understanding and incentives for landlords to become accredited. (Page 26)

**Recommendation 5.** We recommend that the Welsh Government researches the potential effectiveness and feasibility of a mandatory licensing or registration scheme for all managers of private rented sector accommodation (including landlords) in Wales. (Page 31)

**Recommendation 6.** We recommend that the Welsh Government takes appropriate legislative action to enable the introduction of statutory regulation of all letting agencies in Wales. (Page 33)

**Recommendation 7.** We recommend that the Welsh Government encourages Local Authorities to continue to improve the strategic co-ordination of their different departments’ engagement with the private rented sector. (Page 36)

**Recommendation 8.** We recommend that the Welsh Government works with local authorities to develop ways of increasing tenants’ knowledge of their legal rights. (Page 50)
Recommendation 9. We recommend that the Welsh Government works with local authorities to develop and disseminate further guidance on bringing empty homes back into use, including the provision of examples of good practice, and monitors the outcomes of such guidance.  

Recommendation 10. We recommend that the Welsh Government examines the potential for developing a ring-fenced fund, from which local authorities can allocate grants or recyclable loans to landlords and property developers, with the purpose of improving empty properties, recycling them back into use for renting to vulnerable households.
Introduction

Who are we?

1. The Communities and Culture Committee is a cross party committee, made up of Members from all 4 political parties represented at the National Assembly for Wales.

2. The Committee is not part of the Welsh Government. Rather, the Committee is responsible for examining the expenditure, administration and policy of the Welsh Government, and associated public bodies, in relation to Housing, Community Safety, Community Inclusion, the Welsh Language, Sport and Culture.

3. Sometimes we do this work by holding an inquiry into a particular issue. This involves us speaking with lots of different people to gather evidence about what’s happening about a particular issue, before presenting our findings to the Welsh Government. This enables us to hold Welsh Government Ministers’ work to account, and also allows us to suggest recommendations on how the Welsh Government could improve its work in relation to a particular issue.

4. This report details one such inquiry, entitled ‘Making the most of the private rented sector.’

Why did we want to do an inquiry into the private rented sector?

5. Housing has a critical impact on peoples’ lives. It can affect our health, our financial situations, our ability to access work and education.

6. The Private Rented Sector (PRS) is not the largest housing sector in Wales, but still represents a relatively substantial number of properties,¹ and is widely recognised as playing “a major role in the housing market.”² Indeed, the Deputy Minister for Housing and Regeneration asserted to us that:

   “A strong private rented sector is an essential part of a well functioning housing market. In Wales, the private rented sector

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¹ Welsh Government, *Dwelling Stock Estimates 2008-09*, 1 April 2010 suggested that around 12 per cent of dwelling households in Wales were in the private rented sector. Local authority housing and housing association homes were estimated to account for around 8 per cent each.

² CC(3) PRS 07, Welsh Local Government Association
performs a critical role in supporting economic mobility, providing flexibility and choice to those who choose not to enter into home ownership and providing housing to many of the most vulnerable in society. The recent financial downturn has also highlighted an increasingly important role for the sector in the housing market of the future, both in providing homes for younger people, and in contributing towards an increase in the supply of homes.”

7. As noted by the Deputy Minister, the private rented sector accommodates a wide range of tenants. Young professional, students and migrants, who might not wish to stay in a particular area for a significant period of time, may be attracted by the option of 6-12 month contracts in the private rented sector.

8. In addition, the sector is increasingly meeting the needs of those who cannot enter social housing, and the growing number of people who cannot afford to buy their own home outright.

9. Indeed, the current economic climate has brought into even sharper focus the potential of the sector to meet the housing needs of people in Wales. In a period of housing pressure, the sector has the potential to provide more decent homes for the people of Wales.

10. There has also been increased use of Private Rented Sector accommodation to house vulnerable tenants, with initiatives such as social lettings agencies and private sector leasing schemes being developed in parts of Wales.

11. Despite this, as the Chartered Institute of Housing Cymru commented to us, until recently “the PRS has not been seen as nationally or locally as important as other sectors in meeting housing need.”

12. However, a recent review of the Private Rented Sector in England carried out by Dr Julie Rugg and Dr David Rhodes (known as the Rugg Review) highlighted many issues that apply equally to Wales and influenced a recent consultation carried out by the Welsh Government on the Private Rented Sector in Wales.

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1 CC(3) PRS 22
2 CC(3) PRS 09, p19
3 CC(3) PRS 05, p3
4 CC(3) PRS 06, p2
13. A number of areas that could be progressed on an England and Wales basis were identified in this consultation, including the registration of private landlords, the regulation of letting agents and a mandatory requirement for written tenancy agreements.

14. However, on 10 June 2010 the Housing Minister for England, Grant Shapps MP, announced that the UK Government would not be proceeding with plans announced by the previous administration to implement aspects of the Rugg Review. Speaking in the House of Commons on 10 June 2010, Mr Shapps said:

“it is important that we strike the right balance between tenants and landlords. The current legislative framework, which I have been looking at closely, does exactly that. We therefore have no plans to take forward the previous Government's ideas about further regulatory measures on this subject.”

15. This announcement naturally created uncertainty within the housing sector as to how this issue will be progressed in Wales.

16. The proposals within the Welsh Government consultation were in keeping with recent legislation as most of the significant legislative changes affecting the private rented sector have taken place on an England and Wales basis. Notable amongst these changes were the replacement of the housing fitness standard with the Housing Health and Safety Rating System; the introduction of mandatory tenancy deposit protection; and licensing of certain properties, including some houses in multiple occupation.

17. We therefore considered that an inquiry into the Private Rented Sector in Wales would be both within the remit of our cross-party Committee, and- in light of both the economic climate, and the UK Government’s announcement- to be particularly timely.

Terms of reference

18. We agreed the following terms of reference for conducting an inquiry into ‘Making the most of the private rented sector in Wales’ in October 2010.

19. The Committee will:

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7 Hansard, House of Commons Debate, 10 June 2010, column 446
– examine whether the private rented sector can be used more effectively to ease pressure on social housing waiting lists and provide accommodation for those unable to buy a home;
– identify strategic changes that could raise standards within the sector;
– examine perceived barriers preventing access to the private rented sector such as affordability and security of tenure and identify any potential for reform;
– examine the potential for more empty homes to be brought back into occupation as rented accommodation.

How did we conduct the inquiry?

20. We launched our inquiry into ‘Making the Most of the Private Rented Housing Sector’ in October 2010 with a call for written evidence. We received 22 responses to this call from a variety of statutory, private and third sector stakeholders. We also took oral evidence on the inquiry over three formal Committee Meetings, between November 2010 and January 2011.

21. Several of our witnesses commented that they were particularly pleased that we had carried out this inquiry. For example, Cymorth Cymru considered that “this inquiry is timely, given the difficulties that we are going to be facing and the opportunity that the legislative competence Order on housing presents.”8 Similarly, the Welsh Local Government Association (WLGA) commented that they were:

“absolutely delighted that this committee has decided to look at the private rented sector. It is an area that has not drawn an awful lot of attention, but plays an absolutely critical role in meeting housing need in Wales.”9

22. We were also pleased that the Deputy Minister for Housing and Regeneration told us that:

“Work is currently being undertaken on further developing the evidence base around the private rented sector... [which] will inform the Welsh Government’s consideration of priorities and

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8 Record of Proceedings (RoP), Communities and Culture Committee, 10 November 2010, Paragraph (Para) 5
9 RoP, Communities and Culture Committee, 8 December 2010, Para 172
suggestions for future action. It is likely that these recommendations will be submitted around the same time as the Communities and Culture Committee publishes its own report and the combined body of information that will become available will have a role in helping to determine future policy and action.”

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10 CC(3) PRS 22
Key Themes

23. Having carried out our inquiry, we are now able to provide a set of conclusions and evidence-based recommendations to the Welsh Government, and relevant others. A summary of our recommendations is detailed on pages 6-7.

24. There was agreement amongst many of our witnesses on a number of key themes during this inquiry. For example, most witnesses asserted that there was great value in dealing with the private rented sector through a joined up approach, between and within local authorities, private landlords, registered social landlords and tenants.

25. Similarly, our witnesses almost universally advocated introducing regulation for letting agents. Most witnesses were also in favour of further regulation of landlords, although there was debate as to whether this could most effectively be achieved through voluntary accreditation schemes, or mandatory landlord registration. Landlord registration was also seen by many witnesses as an effective way of obtaining more accurate data on the sector, though some witnesses were concerned by the potential costs and accuracy of such regulation.

26. Finally, most witnesses considered that local authorities already have a broad range of legal powers with which to tackle the private rented sector (for example in dealing with empty homes), but that more resources were required for local authorities to use their existing powers more effectively and strategically.

27. We have considered these themes in greater detail over the 4 following chapters:

   - the potential of the private rented sector;
   - changes that could raise standards within the private rented sector;
   - barriers preventing access to the private rented sector;
   - the potential for empty homes to be brought back into occupation.
1. The potential of the private rented housing sector

28. Recent research has suggested that Wales faces a housing supply time bomb. Professor Alan Holmans 2010 study suggests that Wales needs to build 284,000 homes by 2026 in order to meet our population’s housing needs (which equates to around 14,200 per year).11

29. Our witnesses agreed that the private rented sector (PRS) has the potential to assist in meeting this demand, by delivering well managed, well maintained and affordable housing, for both short and long term tenants. For example, the Chartered Institute of Housing Cymru commented that “the private rented sector has to play a more important role in meeting housing demand going forward.”12

30. However, it was also widely acknowledged by our witnesses that issues such as security, affordability, standards and supply have become more pronounced in recent years. For example, the National Landlords Association’s (NLA) written evidence to us argued that if the sector is to be relied upon in the future there needs to be a greater emphasis on acquiring stock and facilitating the maintenance of sustainable tenancies.13

31. Similarly, The Royal Institute of Chartered Surveyors Wales suggested to us that while the advent of the ‘buy to let’ market had introduced newer and better quality property to the private rented housing sector, standards of management remained varied.14

Is the Private Rented Sector perceived to be a tenure of choice?

32. The Private Rented Sector is already a type of housing arrangement that many people already choose to stay in (i.e. it is a tenure of choice to many people).

33. The evidence of our inquiry also detailed that a wide range of people currently use the private rented sector, including young professionals, students, migrants, and people unable to access social

12 RoP, Communities and Culture Committee, 8 December 2010, Para 18
13 CC(3) PRS 09, p2
14 CC(3) PRS 15, p2
housing. Indeed, the Chartered Institute of Housing noted that the Private Rented Sector could become a tenure of choice for an increasingly broad range of people in society, commenting that although:

“80 per cent of people have been in owner occupation in the past... given everything that has happened with the economic climate over the past couple of years, people are not necessarily looking to that sector to meet their housing needs and will increasingly look to the private rented sector as a sector of choice in order to do so, for the various reasons that we have outlined in our paper.”

34. Notably, for those people prepared to pay higher rent rates, high quality accommodation, coupled with good management was often available. Shelter Cymru commented in oral evidence that it was worth recognising that while:

“the lower-income end of private rented accommodation has a certain reputation... other private landlords would say that there are successful parts of the market that are working particularly well. You have to recognise that there is a market for young professionals, and high-quality accommodation with good management standards.”

35. However, a number of our witnesses suggested that the Private Rented Sector wasn’t a tenure of choice for many people who really needed social housing, but weren’t able to access it, and for whom the Private Rented Sector was therefore an unsatisfactory substitute for it. For example, Cadwyn described how:

“social housing is attractive because it offers security of tenure, low rents, high standards of management and maintenance and accountability. Private renting cannot currently compete with social housing on any of these points but has the advantage of location – it is possible to privately rent in locations where social housing is scarce, and provides an alternative to people who don’t want to wait for social housing and is a way for people to avoid homelessness.”

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15 RoP, Communities and Culture Committee, 8 December 2010, Para 20
16 RoP, Communities and Culture Committee, 10 November 2010, Para 7
17 CC(3) PRS 18, p1
36. Shelter Cymru suggested that the Private Rented Sector needed to become a more attractive tenure of choice, commenting that:

“the Assembly Government should legislate to improve the private sector and make it more of a tenure of choice in Wales. We believe that effective legislation, including comprehensive landlord registration, regulation of letting agents and, crucially, dealing with security of tenure and affordability, will assist in developing the sector and benefit both tenants and landlords.”

37. Cymorth Cymru agreed that policy drivers should be aimed at addressing quality and cost issues for people who are not in a position to afford high quality/high rent accommodation. Cymorth Cymru also suggested that the development of more leasing arrangements between the Private Rented Sector and third sector organisations, particularly to house and support people with housing, care and support needs is a priority.

38. We share these concerns, and have considered in the following chapters how the Welsh Government could take action to raise standards in the Private Rented Sector, and to tackle the barriers which prevent more people from accessing the Private Rented Sector.

39. However, in considering how standards in the private rented sector can be improved, we also recognise comments from a number of witnesses that all stakeholders could take responsibility for promoting a more positive image of the Private Rented Sector. We recognise, for example, comments from The Wallich and National Landlords Association that fears around security of tenure are sometimes overstated, with most landlords wanting long term sustainable tenancies, rather than a high turnover of tenants. Likewise, the Chartered Institute of Housing Cymru commented that:

“If the PRS is to become a tenure of choice in Wales, it is important that potential renters are aware of the positive benefits of renting privately. It is our view that all partners

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18 CC(3) PRS 05, p1
19 CC(3) PRS 03, p2-3
20 CC(3) PRS 03, p11
21 A lack of ‘security of tenure’ means that when a contract for renting accommodation comes to an end, a person or family could potentially have to find a new house, or become homeless, and would potentially have to find new schools, health services, etc., if their landlord was unwilling to renew their contract
could take responsibility for promoting a more positive image of the PRS."²²

40. Similar comments were made by Merthyr County Borough Council, while the Homelessness Network suggested that:

"the PRS needs a boost in its public image. There still appears to be a public perception it is either swish apartments in Marina type settings, or grim low quality accommodation with Rachman style landlords. This is clearly not the case."²³

41. We concur with our witnesses’ observations that the Welsh Government could help to promote a positive image of the private rented sector. We consider that the Welsh Government could assist this process by communicating key strategic messages, through a wide range of broadcast and print media platforms. We were therefore pleased that the Deputy Minister for Housing commented to us that:

"we as a Government could do a lot more to spread good practice and perhaps change the perception of the private rented sector, so that it is not seen as a tenure of last resort."²⁴

**We recommend that the Welsh Government actively seeks to promote a positive public image of the private rented sector as a tenure of choice in Wales.**

42. We consider that this recommendation will not prevent the Welsh Government from also working to improve standards in the private rented sector.

**The potential of private rented sector access schemes (including social letting agencies and private sector leasing schemes)**

43. A number of schemes have been introduced in Wales which are intended to deliver both social, community objectives, and to allow landlords to make their properties profitable. These include social letting agencies, private sector leasing schemes, bond schemes, rent deposit schemes, and are sometimes collectively referred to as ‘Private Rented Sector Access Schemes’ or ‘Private Rented Sector Access Agencies.’ For example, social letting agencies are publicly funded bodies which will provide private landlords with the same service as a

²² CC(3) PRS 06, p4
²³ CC(3) PRS 08
²⁴ RoP, Communities and Culture Committee, 13 January 2011, Para 109
conventional agent (i.e. the letting and management of property), but will focus on providing such accommodation to social groups vulnerable to homelessness, or who may have difficulties in accessing accommodation for various reasons (e.g. offenders). During this inquiry, we took evidence from Agorfa Cefni Social Letting Agency, which housed drug offenders in private rented sector accommodation. We understand that over 3 years, Agorfa Cefni had enabled 87 tenancies, of which only 2 had failed. We heard that, as a result of such success, Private Rented Sector landlords were confident to come to Agorfa Cefni, and to work with them to identify the area and type or size of a property required to house particular tenants. 25

44. Alternatively, private sector leasing schemes have seen local authorities utilise private rented accommodation under arrangements with individual landlords where the local authority will lease the accommodation from the private landlord to place homeless families in. Often, such accommodation will be managed by a housing association.

45. A wide range of witnesses noted both the achievements and potential of such schemes, with Cymorth Cymru commenting that:

“there have been a number of initiatives such as bond schemes, social letting agencies and leasing arrangements that have achieved much… these approaches are seen by our members as offering significant opportunities.” 26

46. Likewise, Cardiff County Council asserted that:

“Successful and well-established schemes, such as Cadwyn Housing Association’s CanDo Lettings, could be further replicated across Wales. More extensive use of this approach could provide greater access to the private rented sector for low income households and homeless people.” 27

47. Similarly, the Chartered Institute of Housing Cymru commented in oral evidence that:

“there are some excellent examples where RSLs [Registered Social Landlords] and local authorities have taken on the

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25 CC(3) PRS 19  
26 CC(3) PRS 03  
27 CC(3) PRS 21a
responsibility. What you get there is, very clearly, a much greater commitment to standards and to the rights of tenants... Those sorts of schemes are a win-win situation for everyone involved. Landlords get the responsibility of managing taken off them, if that is the approach that they want, it allows the registered social landlords and local authorities involved to deliver some of their community objectives, and the tenants benefit from better standards of management in general.”

48. The WLGA also highlighted the benefits of such schemes for landlords, commenting that they are:

“designed to share the risk of voids, rent arrears and problematic tenants with landlords, in exchange for a reduced level of rent. They can also offer longer term security as well as good quality housing and professional management. However the financial viability of these schemes following the housing benefit changes is a matter of concern.”

49. The Homelessness Network saw these types of schemes as a positive way forward, and argued that existing bond schemes needed to work in closer partnership with social letting schemes, and merge where necessary as part of wider Private Rented Sector Access Agencies. The Homelessness Network considered that such partnerships would encourage a more professional approach to working with the sector.

50. The Housing Technical Panel, Shelter Cymru and Cymorth Cymru also stated that through social letting agencies the provision of accommodation is very much targeted to homeless (and potentially homeless) people and families. They agreed that feedback received on social letting schemes had indicated that they are successful in making the best use of the sector and providing quality accommodation, with better security of tenure at affordable rents.

51. The WLGA concurred with this assessment, commenting in oral evidence that:

“another important role that social lettings agencies can play is in giving de facto security. If a landlord hands over a property...
to a social lettings agency for, say, five years, if the tenants comply with the tenancy agreement there is absolutely no reason why they should not have security for that period of time. In fact, if the landlord wanted that property back, the social lettings agency could, in fact, move that tenant to another desirable property, perhaps in the same neighbourhood. So, social lettings agencies can play a crucial role in addressing some of those fundamental problems that are about security, affordability and standards.”

52. The WLGA also commented that such partnership schemes had more broadly provided an opportunity to engage landlords and improve standards in properties in many cases. Cymorth Cymru agreed that “if we can promote these and make more of social lettings and leasing arrangements, we can achieve a great deal for the people we really care about helping.”

53. We concur with the comments made by our witnesses as to the value of social lettings agencies, and private sector leasing schemes, and consider that they have great potential to both tackle both social issues and to make properties profitable. We were pleased that the Deputy Minister agreed that such schemes can be very effective, commenting in her evidence that:

“the Cadwyn leasing scheme is a good example: the housing association leases from private landlords, so the private landlords have no risk at all and their rent is guaranteed over a long period because the property is in the management of the housing association. It gives the association access to many more properties than it would otherwise have, and often they are family-sized properties in places where people want to live. There are some good examples of that.”

54. We consider that the Deputy Minister could continue to promote the development of such schemes, and ensure that good practice in this area is shared between local authorities.

31 RoP, Communities and Culture Committee, 8 December 2010, Para 218
32 RoP, Communities and Culture Committee, 10 November 2010, Para 69
33 RoP, Communities and Culture Committee, 13 January 2011, Para 157
We recommend that the Welsh Government promotes the development and use of Social Letting Agency schemes and Private Leasing Schemes by local authorities.

55. We also note and are grateful for a personal submission from Franklin Scrase, which suggested a similar option to such schemes:

“that could be supported more effectively is housing co-ops, with a support service with access to grants for feasibility and start-up costs and links to suitable lenders. This would enable people who are stuck in a part of the market that is difficult to move from to innovate with solutions that suit them. This would be particularly attractive for people with young families and with older people without children.”

Addressing homelessness

“the private rented sector has to play an increasing role in meeting undersupply.”

Chartered Institute of Housing Cymru

56. Many of our witnesses expressed concerns that homelessness in Wales is likely to increase in the near future. For example, Cymorth Cymru commented that “we will see an increase in homelessness just because of the economic situation, and that is without considering the benefit changes.”

57. However, several witnesses highlighted the potential role of the Private Rented Sector in addressing homelessness. Shelter Cymru, for example commented that:

“further investment into the sector is required to ensure that it can successfully play the role that central government, local government and its partners expect of it in terms of helping to resolve homelessness and provide, what it is fast being perceived as, the largest source of accommodation for low income households and those who are more vulnerable.”

58. Similarly, the Chartered Institute of Housing commented that:

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34 CC(3) PRS 14
35 RoP, Communities and Culture Committee, 8 December 2010, Para 18
36 RoP, Communities and Culture Committee, 10 November 2010, para 14
37 CC(3) PRS 05
“not dealing with the issue of a lack of private rented sector accommodation could, in itself, have perverse consequences. For example, what we do not want to see, and what everybody is desperate to avoid, is families being put into bed and breakfast accommodation on the sort of levels that we saw some time ago. Those costs will fall on local authorities, so an authority that has a very clear strategic approach to this issue might recognise that there have to be some additional costs over here to avoid significant additional costs over there.”

59. The Homelessness Network agreed that private sector leasing schemes were useful in providing suitable temporary accommodation as an alternative to bed and breakfasts.

60. Indeed, Shelter Cymru recognised that the Private Rented Sector is already a key part of the Welsh Government’s Ten Year Homelessness Plan for Wales to tackle and prevent homelessness, but that it believed:

“the [Welsh] Assembly [Government] should outline a comprehensive and ambitious vision of the private rented sector in the future and how it intends to improve issues such as security of tenure and promote growth. It is only in the past few years (as housing need has increased and other options have become even less accessible) that local and central government have really begun to focus on exploiting the potential of the sector as a major contributor to fulfilling housing need.”

61. Cardiff Council concurred with this suggestion, commenting that currently:

“There is a requirement for councils to have a housing strategy. Traditionally, I guess that the focus in those housing strategies has been on the public sector. It would be helpful to have direction that requires more emphasis on the private rented sector within those strategies.”

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38 RoP, Communities and Culture Committee, 8 December 2010, Para 68
39 CC(3) PRS 08, p2
40 CC(3) PRS 05, p7
41 RoP, Communities and Culture Committee, 10 November 2010, para 113
62. We concur with these comments, and are pleased that the Deputy Minister asserted to us that:

“the importance of the private rented sector is reflected in “Improving Lives and Communities”, the National Housing Strategy. The strategy reflects the Welsh Government’s commitment for further action to improve this important part of the housing market in Wales.”

63. We consider that it would be appropriate for the Welsh Government to now develop and produce a specific strategy for making the most of the private rented sector. We consider that this strategy would include the promotion of growth in the sector, would encompass the improvement of relevant regulation in the sector, and would assist Local Authorities in using the powers and tools they already have more effectively, such as the Housing Health and Safety Rating System. We anticipate that such a strategy would be aligned with the existing National Housing Strategy.

We recommend that the Welsh Government produce a specific strategy for making the most of the private rented sector in Wales.

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42 CC(3) PRS 22
2. Changes that could raise standards within the private rented sector

“it is the bad landlords who inevitably get the publicity and are the ones who we need to focus our attention on.”

Chartered Institute of Housing Cymru

64. The majority of the evidence gathered in this inquiry agreed that good progress has been made in raising standards in the private sector, but that there remains room for improvement. For example, Shelter Cymru stated to us that:

“property conditions have improved since the House Condition Survey of 1998 for example, with a reduction in unfitness from over 18% in 1998 to slightly over 12% in 2004.”

65. Accreditation, engagement and regulation were recognised by many witnesses as important tools in addressing standards throughout the private rented sector.

Accreditation of landlords

“we know that the landlords that are in the scheme are good landlords that have met certain criteria and are committed to continuing professional development, so I would have no problem with recommending any of those landlords to tenants.”

The Deputy Minister for Housing and Regeneration

66. Currently, all 22 local authorities in Wales participate in the voluntary Landlord Accreditation Scheme Wales. This scheme provides landlords with the opportunity to voluntarily get training and accredit themselves.

67. The All Wales Housing Technical Panel, which is responsible for initiating and developing the scheme, advised us that currently all 22 local authorities support the scheme, and that since its launch approximately 800 landlords have been trained and accredited in

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43 RoP, Communities and Culture Committee, 8 December 2010, Para 29
44 CC(3) PRS 05
45 RoP, Communities and Culture Committee, 13 January 2011, Para 90
Wales. The Chartered Institute of Housing Cymru strongly recommended the continuation of this accreditation scheme,\textsuperscript{46} while the Residential Landlord Association asserted that it “advocated accreditation as a way of improving standards and promoting professionalism in the PRS.”\textsuperscript{47} Similarly, in oral evidence Cardiff Council suggested that:

“we should be doing the best that we can to protect some of the fragile initiatives that we have put in place in Wales in the past few years. Of course, they are at greater risk at the moment because of the economic climate. I point in particular to the national accreditation scheme that Wales has that no other part of the UK has in such a comprehensive way.”\textsuperscript{48}

68. Landlord Accreditation Wales (LAW) and Richard Booth (an individual landlord) suggested that there needs to be increased incentivisation for landlords to become accredited.\textsuperscript{49} Similarly, the Residential Landlords Association commented that “more encouragement is needed to encourage landlords who do not currently participate.”\textsuperscript{50}

69. The Deputy Minister for Housing and Regeneration concurred with these comments in her evidence, commenting that:

“I would like to offer something to the landlords that do that, because it takes up their time; they have to spend at least one day undertaking the requirements of the scheme in order to get accredited and meet certain criteria. That is an inconvenience, so there must be an advantage to them from doing that. If not, it is difficult to ask them to give up their time. It must be of advantage to them, and we need to think about that. I have few legislative powers in this area, although things might be different in the future.”\textsuperscript{51}

70. Notably, Cardiff Council provided us with an example of how such incentives might be enabled under the Welsh Government’s existing legislative powers, describing how in:

\textsuperscript{46} CC(3) PRS 06, p7
\textsuperscript{47} CC(3) PRS 20
\textsuperscript{48} RoP, Communities and Culture Committee, 10 November 2010, para 96
\textsuperscript{49} CC(3) PRS 04
\textsuperscript{50} CC(3) PRS 20a
\textsuperscript{51} RoP, Communities and Culture Committee, 13 January 2011, para 91
“the accreditation scheme in Cardiff, we have linked with local universities, which are telling the landlords that they put on their lists that they will not be advertising their properties unless they are accredited. That kind of leverage helps every scheme to be successful.”

71. Indeed, the All Wales Housing Technical Panel recommended that the scheme “could do with some profile... at a local authority level, we are trying to give it some credence and support, but it would help if we could get some national support.”

72. We consider that the Welsh Government should usefully highlight the accreditation of landlords as an example of good practice, and develop ways of rewarding landlords for becoming accredited, or of incentivising accreditation.

73. For example, in the final chapter of this report, we have considered the potential for using grants and loans to bring empty homes back into use. We consider that accreditation should be a pre-requisite for being provided with such public funds. Indeed, we were pleased that the Deputy Minister for Housing commented to us that funding could:

“be offered to accredited landlords, so that they can bring empty properties back into use, but we would only offer that opportunity to someone who met certain criteria.”

74. Similarly, we consider that bodies receiving public funding- such as universities- could usefully only advertise the properties of accredited landlords. Finally, we consider that accredited landlords could be invited to advertise themselves as ‘recommended by the Deputy Minister for Housing and Regeneration.’

We recommend that the Welsh Government continues to promote Landlord Accreditation Wales, working with publicly funded bodies and bodies representing the interests of both landlords and tenants to share and develop understanding and incentives for landlords to become accredited.

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52 RoP, Communities and Culture Committee, 10 November 2010, para 98
53 RoP, Communities and Culture Committee, 10 November 2010, para 103
54 RoP, Communities and Culture Committee, 13 January 2011, para 112
Registration and Licensing of landlords

75. However, several witnesses pointed out that a voluntary accreditation scheme tended to attract landlords whose properties were already of a good standard, and who already sought to treat their tenants both legally and fairly. The Chartered Institute of Environmental Health Cymru commented that it was:

“important that [Local Housing Authorities] focus on those landlords who chose not to participate in such initiatives as these are more likely to be those owning and managing properties that give rise to concern.”

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76. The Deputy Minister for Housing and Regeneration acknowledged this concern in her oral evidence, commenting that:

“the best landlords, of course, will want to be in the accreditation scheme. Obviously, we think, ‘Something should be done in the private rented sector, because we want good standards; we want a minimum standard so that we know that no-one falls below that’. However, those that volunteer themselves for something like the accreditation scheme are probably very good landlords anyway.”

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77. The written evidence received in this inquiry cited a variety of measures that could potentially further improve standards in the sector, and address those landlords who had chosen to not voluntarily seek accreditation. These included mandatory licensing, registration, training or certification of all landlords and the registration of privately rented properties.

78. A number of witnesses, such as the WLGA, The Wallich and the All Wales Housing Technical Panel, highlighted Houses in Multiple Occupation (HMO) licensing as an example of how licensing arrangements had been used in the past to provide authorities with good information. They stated that such information then allowed local authorities to much more effectively target support and enforcement action.

79. Many witnesses indicated that they would like to see broader ranging mandatory licensing and registration schemes for all

55 CC(3) PRS 13, para 2.5
56 RoP, Communities and Culture Committee, 13 January 2011, para 102
landlords. For example, the Chartered Institute of Housing Cymru commented that, as a step towards increasing strategic information and knowledge about the Private Rented Sector in Wales “all landlords should be included in a registration scheme.” 57 Similarly, Shelter Cymru observed that currently:

“there is licensing in some parts of the sector but not in others. The regulatory system in the private rented sector is fragmented, in England as well as Wales. We believe that it should not be that fragmented and should be more comprehensive. There should be landlord registration and letting agent regulation. Often, letting agents are the main point of contact for the tenant. Data should be collected and used more strategically. At the moment, that is not possible.” 58

80. While the WLGA concurred that:

“until we know where these properties are, we are never, ever going to be able to service this properly and exploit the opportunities… what we would be keen to see is a no-barriers approach to registration so that we would be asking landlords to come forward. We would not, in the first instance, be asking for anything other than telling us that they were a landlord. That would then give us the ability, if we found a poor landlord or wanted to take action, to deregister rather than, at the moment, looking for people to come forward and register.” 59

81. However, the NLA and Cadwyn’s evidence expressed concerns about introducing mandatory registration for all landlords, based on the administrative costs and resources required to deliver such. The NLA stated that it:

“does not believe that a landlord register is an effective way of improving property standards as it may represent an additional intrusive burden for private landlords which is likely to provide little benefit.” 60

57 RoP, Communities and Culture Committee, 8 December 2010, Para 31
58 RoP, Communities and Culture Committee, 10 November 2010, para 35
59 RoP, Communities and Culture Committee, 8 December 2010, Para 178
60 CC(3) PRS 09, p5
82. The NLA also stated that any regulation should be carefully balanced\(^\text{61}\) in order to reflect the shared objectives of all parties, and that accreditation was their recommended method to improve the condition and management standards in the Private Rented Sector. The NLA stated in oral evidence that:

“there are two key problems with landlord registration, which is why it was probably scrapped by the UK Government at Westminster. The first is churn: private landlords, on average, according to the Rugg review in 2008, churn their property portfolio about an average of 10 per cent to 12 per cent every year. If you were to ask landlords about their property portfolio as at 8 December 2010, for example, by 8 January 2011 it could be very different and, at which point, the register would be completely out of date and would serve no useful purpose whatsoever. The second is clear from looking at Scotland and the resource issue. Scotland, in the five years that they have had the registration scheme, has only licensed approximately 75 per cent of the landlords in Scotland. It is taking a huge amount of time to get the licences through and some landlords are coming up on renewal before they have even got their original licence. Of the 25 per cent of landlords that are still unlicensed, a lot of the time, the local authorities know where they are, but do not have the resources necessary to enforce the scheme. We would suggest that there are far better ways of spending the money through targeted enforcement, rather than blanket registration and licensing schemes.”\(^\text{62}\)

83. However, Shelter Cymru’s evidence cited an alternative example of landlord registration in the Republic of Ireland, commenting that:

“the Residential Tenancies Act 2004 introduced landlord registration, regulation of rents (they must not be greater than the open market rate and can be reviewed up or down only once a year), security of tenure, and an alternative dispute resolution service... If the sector in Wales is to become a more important contributor to the supply of suitable homes, standards of letting and regulating the sector must also become more professional. This means effective legislation,

\(^{61}\) CC(3) PRS 09, para 19

\(^{62}\) RoP, Communities and Culture Committee, 8 December 2010, para 106-107
regulation and partnership to improve standards across the sector and provide support to both landlords and tenants.”

84. Shelter Cymru’s evidence also stated that they would support schemes such as landlord registration and letting agent regulation, as outlined in the Welsh Government’s consultation paper, The Private Rented Sector in Wales in February 2010.

85. However, when the Deputy Minister was asked about mandatory registration of landlords, she commented that:

“Sometimes, when you introduce regulations, you find that the people that that inconveniences the most are those who did not need regulation to start with... I would like to see a registration scheme, but if it means bureaucracy for those who are already doing fine, we would have to know what we wanted from that registration scheme.”

86. Similarly, a Welsh Government official commented to us that:

“I think that compulsory regulation could be seen as a sign of failure, not least in the communication between local authorities and landlords and letting agents. There has been a great deal of success with the accreditation scheme, and we need to build on it and extend it towards the letting agents and get as many of them as possible on board as well.”

87. We consider that voluntary accreditation schemes, if effectively incentivised, may engage a significant proportion of landlords.

88. However, we also consider that it would be prudent for the Welsh Government to begin to examine the potential ramifications of introducing mandatory licensing or registration of all landlords. Far from signalling failure for voluntary accreditation, we believe that researching the potential effectiveness and feasibility of mandatory licensing would provide a clear signal that the Welsh Government was determined to tackle management in the private rented sector effectively. We also consider that such research could determine whether mandatory licensing/registration would represent effective value for public money, and whether the additional bureaucratic

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63 CC(3) PRS 05, p4-5
64 RoP, Communities and Culture Committee, 13 January 2011, Para 103
65 RoP, Communities and Culture Committee, 13 January 2011, Para 108
burdens of mandatory licensing/registration could potential dissuade potential landlords from entering the sector.

89. In forming this conclusion, we have also noted the comments of the Residential Landlords Association, which commented that:

“any register should be restricted to the registration of landlords who manage properties i.e. self manage. With properties managed by an agent then the agent would under the Assembly Government’s proposals in any case be licensed... Under our proposal a manager, either a landlord who self manages or a managing agent would take responsibility for each tenancy. It would be their registration/license number which would appear in tenancy documentation... Landlords who manage properties and who are registered on the register must be subject to compulsory training... Ideally the registration entry should continue indefinitely until death, or if it is cancelled by the landlord or following disciplinary action.”

We recommend that the Welsh Government researches the potential effectiveness and feasibility of a mandatory licensing or registration scheme for all managers of private rented sector accommodation (including landlords) in Wales.

Regulation of letting agents

90. While witnesses' opinions were divided over the value of introducing mandatory licensing for landlords, there was much more widespread agreement that there needs to be better regulation of letting agents. Letting agents are able to become accredited under the existing accreditation scheme, but a Welsh Government official acknowledged that “currently, not many, if any, have taken it up.”

91. The All Wales Housing Technical Panel stated to us that:

“many local authorities are working well with some of the local lettings agencies as a means of raising standards and promoting accreditation schemes. Again the Housing Technical

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66 CC(3) PRS 20
67 RoP, Communities and Culture Committee, 13 January 2011, para 108
Panel is in favour of better regulation through licensing via local authorities.”

92. The NLA was also in favour of regulating letting agents, commenting that:

“it would be a positive step if you accredited or licensed them; the Association of Residential Letting Agents, Royal Institute of Chartered Surveyors and all the main players in that pond want that and have lobbied for it since 1996. It beggars belief that someone could, technically, come out of prison with a record for fraud and on the very same day set up a letting agency.”

93. Similarly, the Chartered Institute of Housing Cymru and the WLGA stated that letting agent regulation is one of the biggest causes of concern in the PRS at present, and recommended that this is taken forward as a matter of urgency.

94. Indeed, the WLGA told us that unregulated letting agents are responsible for much of unprofessional property management, and the introduction of regulation for this sector would have the advantage of improving management and valuable information about the location and ownership of privately rented homes.

95. The All Wales Housing Technical Panel’s evidence also noted that visits and audits of letting agents are sometimes currently carried out, but these currently require the development of partnerships with letting agents in advance. However, Shelter Cymru stated that the Rugg/Rhodes report had noted that closer working between Housing Associations and private landlords and landlord representatives in terms of management standards could be beneficial. Shelter commented that associations should be encouraged to actively enter the marketplace and sell their rental management skills to private landlords and property investors.

96. We consider that there would be considerable merit in the Welsh Government taking the legislative steps necessary to introduce

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68 CC(3) PRS 02, p3
69 RoP, Communities and Culture Committee, 8 December 2010, para 120
70 CC(3) PRS 06, p5
71 CC(3) PRS 07, para 30
72 CC(3) PRS 02, p2
73 CC(3) PRS 05, p12
mandatory regulation of all letting agencies in Wales. In making this assertion, we recognise the Deputy Minister’s comments that:

“the Welsh Government’s ability to introduce further legislation in the sector will not only depend on effective working arrangements with Whitehall Departments to fulfil its policy aims, but also on the outcome of the Referendum on Additional Powers in March 2011.”

We recommend that the Welsh Government takes appropriate legislative action to enable the introduction of statutory regulation of all letting agencies in Wales.

Engagement with landlords

97. A consistent theme throughout the evidence we gathered in this inquiry was that joint working between the public, third sector and private sectors can help Wales to make the best use of the Private Rented Sector. The All Wales Housing Technical Panel considered that local authorities:

“have made great inroads to improving relationships with landlords and tenants over a number of years [and as a result] our general perception is that standards are improving, particularly with regard to housing in multiple occupation.”

98. Similarly, the Chartered Institute of Housing Cymru considered that:

“a lot of authorities are doing some really good work through the landlord fora, providing information and advice, and training for landlords. All that kind of early intervention stuff is equally as important as the enforcement, which you would hope would be a last resort... there is a role for organisations like ours and other national representative bodies in terms of disseminating good practice. I guess that there is a leadership role for the Assembly Government as well; the evidence that you will get on this sort of committee will help to highlight some of the good things that are going on.”

99. While the WLGA commented that:

24 CC(3) PRS 22
25 RoP, Communities and Culture Committee, 10 November 2010, para 92
26 RoP, Communities and Culture Committee, 8 December 2010, para 38
“as far as landlord fora are concerned, they are extremely important. In Caerphilly, for example, three and a half years ago we did not have a landlord forum. The first one that we had, we had something like six people there. Now we regularly have 60 to 70 people there, and it is a vehicle for engagement.”

100. However, while Shelter Cymru concurred that many local authorities are conducting positive work in this area, it considered that the situation was not consistent across the country. Indeed, several witnesses noted that while some local authorities appeared co-ordinated when engaging with landlords, letting agents and tenants, others appeared disjointed, with different departments speaking with the same landlords and tenants about enforcement actions, homelessness, promoting good practice, etc.

101. Merthyr County Borough Council’s evidence illustrated the value of a single point of contact for a local authority’s engagement with tenants, landlords and agents. Similarly, the Chartered Institute of Housing Cymru stated to us that some:

“local authorities currently engage with private landlords in a variety of different ways, and this is often carried out by different departments within the local authority. For example, one section will have responsibility for dealing with standards and enforcement, while another will be trying to engage landlords from a housing options/homelessness perspective. It is rare that one post or department takes a strategic lead within a local authority for co-ordinating the approach to the PRS and joining up these different functions. Having a dedicated post to take a strategic lead on the PRS within a local authority would be a good way of ensuring that the authority is making best possible use of this sector.”

102. The Chartered Institute of Housing Cymru also commented in oral evidence that:

“there are various points of contact within the authority and they are all carrying out different tasks and have different sorts

77 RoP, Communities and Culture Committee, 8 December 2010, para 196
78 CC(3) PRS 01, p1
79 CC(3) PRS 06, p7
of relationships with private landlords and have a different role to play in the use of the private rented sector. The authorities that have joined that up and have a strategic lead to bring those different elements together have shown the most progress... It is incredibly difficult to be prescriptive and say, ‘You have to have a dedicated post’, but we all have a part to play in ensuring that that sort of approach is generalised. Obviously, a clear lead from the Assembly Government that that would be something that it would want to see in place, through the recommendations of this committee, for example, would be very helpful.”

103. Indeed, the WLGA concurred that:

“authorities [are] working in many different ways with private landlords. It might be that the homelessness department is working with them on the one hand, and private sector enforcement on the other, and the housing strategy is trying to assess the numbers of them, but very rarely does that conversation happen within the authority.”

104. The WLGA suggested that such dialogue could be facilitated through its recently developed toolkit. The WLGA also stated that it was valuable for officials involved in ‘engagement’ to have a close working relationship with those involved in ‘enforcement,’ so that rogue landlords could more effectively be identified and driven out of the market.

105. We welcome the introduction of the WLGA’s improvement toolkit, and consider that it will increase the potential of local authorities to work in a co-ordinated fashion.

106. We also consider that the Welsh Government could usefully provide a lead to local authorities on the value of strategically co-ordinating their engagement with the private rented sector. In particular, we consider that there would be considerable merit in local authorities having a single person ultimately responsible for their various departments engagement with landlords and tenants across issues like enforcement, homelessness, housing benefits, etc.

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80 RoP, Communities and Culture Committee, 8 December 2010, para 48
81 RoP, Communities and Culture Committee, 8 December 2010, para 191
82 CC(3) PRS 07, p7
We recommend that the Welsh Government encourages Local Authorities to continue to improve the strategic co-ordination of their different departments’ engagement with the private rented sector.

107. Increasing the effectiveness of local authorities’ engagement with landlords and tenants was also seen as key issue to Agorfa Cefni and others. Several witnesses commented that landlords appear to be difficult to engage with, with Merthyr Tydfil County Borough Council suggesting that forums and accreditation may account for less than 5% of the Private Rented Sector, and that many landlords apparently do not wish to be known by local authorities for fear of not complying with regulations. The NLA concurred that there was a problem with:

“landlords who have been landlords for 30 years who think that they know everything about the regulation. They are not necessarily bad, but they are not legal in some respects because they do not understand tenancy deposit schemes or energy performance certificates. So, it is a result of a lack of information and education.”

108. Cymorth Cymru also agreed with these concerns, and suggested that there needs to be a stronger lead from the centre to encourage private landlords to work with local authorities, housing associations and third sector organisations to respond more positively to housing homeless people and people with support needs.

109. The evidence gathered in this inquiry also suggested that many tenants are also difficult to engage, and in particular unwilling to make complaints about their landlord, because of fears of retaliatory evictions. This naturally has significant implications for enforcement action, which we have considered in the following subsection.

Local authority powers and enforcement action

110. A few of our witnesses suggested specific new powers for local authorities to utilise in tackling poor management standards in the private rented sector. For example, Landlord Accreditation Wales and
the Home Rental Company, suggested that training and education could be given a higher priority in the Private Rented Sector, as an enforcement tool. In particular, Landlord Accreditation Wales that:

“as an enforcement tool, councils should be able to insist that landlords go on the one day training offered through Landlord Accreditation Wales, as a way to increase their understanding.”

111. However, most of our witnesses suggested that local authorities already have sufficient legal powers to tackle poor management standards, considering that while enforcement action could be a barrier to landlord engagement, it was a critical tool in raising standards.

112. For example, Shelter Cymru asserted that “local authorities can employ a wide range of powers, so, broadly, they have sufficient powers.”

113. Similarly, the All Wales Housing Technical Panel stated that since the Housing Act 2004 there has been an improvement in local authority powers to deal with poor standards, in terms of tackling health related issues and licensing houses in multiple occupation. Their evidence also cited a current approach of using tenant advocacy services to give tenants advice on eviction and complaints.

114. However, a range of witnesses suggested that local authorities’ powers are often unused, because local authorities are reliant on tenants making complaints to actually identify poor landlords in the first place, and as noted in the previous subsection- many tenants are unwilling to make such complaints. The Chartered Institute of Environmental Health Cymru commented that responding primarily to tenants’ complaints “does not address priorities as many tenants fear retaliatory eviction.”

115. Similarly, the City and County of Swansea commented that while:

“councils have sufficient powers to deal with poor standards and hazards in the worst housing... the difficulty is in

88 CC(3) PRS 10
89 RoP, Communities and Culture Committee, 10 November 2010, para 53
90 CC(3) PRS 02, p2
91 CC(3) PRS 07, para 31
92 CC(3) PRS 13, para 2.3
identifying those and dealing with them in a more strategic way. Most councils have a reactive service, which deals with complaints. Those complaints are dealt with a very structured way, but that approach picks out individual properties throughout the authority and deals with them. You cannot take a more general view, principally because of the lack of data."93

116. Indeed, the NLA concurred that local authorities tend to reactively address tenants’ complaints, rather than proactively identify poor landlords. The NLA commented that although local authorities collect information about the Private Rented Sector:

“we have seen little evidence of local authorities contacting their landlord databases to provide information that may assist them in running their businesses.”94

117. Other witnesses considered that local authorities did not utilise their powers effectively, because they had insufficient resources engaged in the Private Rented Sector to proactively identify poor landlords. Shelter Cymru considered that:

“the extent to which... [local authorities’ powers] are exercised varies and may reflect the priority and level of investment given to that particular activity in different local authorities.”95

118. The Chartered Institute of Housing Cymru concurred with this assessment, and commented that:

“local authorities have a range of powers to intervene in relation to housing generally within their areas. It is not necessarily about the powers that they have to intervene; it is about the resources that they have to be able to do it and the capacity that they have locally.”96

119. The NLA agreed that local authorities have sufficient powers, but suggested that resources were misapplied rather than unavailable, commenting that:

“the difficulty is that their resources are being used to cover blanket licensing scheme upon blanket licensing scheme. So,

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93 RoP, Communities and Culture Committee, 10 November 2010, para 105
94 CC(3) PRS 09, para 48
95 RoP, Communities and Culture Committee, 10 November 2010, para 53
96 RoP, Communities and Culture Committee, 8 December 2010, para 37
rather than using their powers by their environmental health officers, they are unnecessarily diverting those resources to bureaucratic licensing schemes.”97

120. National Energy Action (NEA) Cymru and the Department for Work and Pensions Financial Inclusion Champion, Katiya Dew, also raised the point that private rental properties are more likely to suffer fuel poverty than other tenures, largely due to the lower energy efficiency of privately rented properties. NEA stated that at present private landlords are required by law to provide an Energy Performance Certificate for their property; however, there is no minimum energy efficiency standard that landlords are obligated to achieve.

121. NEA also noted that the Housing Health and Safety Rating System (HHSRS) offers a form of protection to tenants whose homes are excessively cold or damp, but in their opinion, it is not used as much as it should be.98 The Chartered Institute of Environmental Health Cymru (CIEHC) concurred that too few local authorities use the HHSRS strategically, and that considerable improvements in the standards and quality of PRS stock can be achieved by such an approach which will be targeted at the worst properties containing the most serious hazards to the health and safety of tenants.99

122. We were pleased that when we raised these concerns with the Deputy Minister for Housing and Regeneration she stated that she would:

“take this up with council cabinet members for housing. I meet with the WLGA and cabinet members for housing regularly. As I mentioned earlier, we have two sets of guidance relating to that, and we could certainly look at that again or emphasise it. Of course, if there are examples of specific local authorities not doing as they should, I am quite happy to take that up individually with those local authorities. If most local authorities are operating the system perfectly well, I would be reluctant to complain to them, but I can deal with specific cases. We are a small enough country that we can do that. I

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97 RoP, Communities and Culture Committee, 8 December 2010, para 147
98 CC(3) PRS 11, p2
99 CC(3) PRS13, para 2.2
would be delighted to hear about specific cases. Perhaps I can look at the evidence that you have received and take that up.”

123. We welcome the Deputy Minister for Housing and Regeneration’s commitment to address this issue, and look forward to her looking at the strategic use of the Housing Health and Safety Rating System by local authorities.

124. We also noted an alternative proposal from the Royal Institute of Chartered Surveyors Wales for tackling poor standards of property. The Royal Institute of Chartered Surveyors Wales suggested that investment by landlords in the private rented sector could be incentivised, advocating that:

“there should be a review of fiscal incentives within the PRS to look at, for example, making a full set of capital allowances similar to the commercial property sector for all landlords in the PRS, both institutional and individual. This will ultimately help reduce costs and increase yields.”

125. We consider that introducing capital allowances for landlords in the private rented sector could improve standards of property in the private rented sector. However, we do not believe sufficient evidence was gathered in our inquiry to clearly indicate that this would represent an effective use of public money (in that the introduction of capital allowances would lead to lost revenues for the UK Government). Rather, we consider that a strategic use of the Housing Health and Safety Rating System by local authorities represents the most effective way of tackling poor housing standards, at the current time.

**Information gathering**

126. A range of our witnesses suggested that there was currently insufficient data and information available about the Private Rented Housing Sector, which has hindered decision makers. For example, the Chartered Institute of Housing Cymru commented that:

“we do not know enough about the sector. We know, generally, that it offers poorer standards relative to other sectors and we know that there are issues around how people are able to access it at present, but the short answer is that we need to

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100 RoP, Communities and Culture Committee, 13 January 2011, Para 130
101 CC(3) PRS 15, p2
have a much clearer idea of not just what the sector comprises and what the standards are like, but how to use that evidence as a base for the policymaking tool going forward to ensure that we capture the potential of a sector that, as I say, is going to be much more important.”

127. Shelter Cymru concurred that there was currently a lack of:

“sufficiently robust data on the sector. We know some things about the sector. For example, from the 2004 Living in Wales survey, we have some idea of the size of the sector at that time. We broadly know about the condition of housing in the sector, which has more problems than the rest of the housing sector in Wales. We do not know, if you want to boost the growth of the sector, how much property owners can expect to get from rents in the sector. If owners want to invest in the sector, they will need to know that.”

128. Merthyr County Borough Council’s evidence highlighted the importance of effective data gathering and sharing in order to identify the locations and extent of private rented properties, as only those in receipt of benefits are currently recorded. The Royal Chartered Institute of Chartered Surveyors, among others, highlighted the recommendation from the Rugg Review for development of a sound evidence base. They stated that local authorities should be encouraged to collect data on rented accommodation. The All Wales Housing Technical Panel agreed that local authorities were best placed to administer a scheme for gathering information.

129. The WLGA concurred that data collection on private rented properties could benefit from a more strategic approach at a national level, a view echoed by the response from Chartered Institute of Environmental Health Cymru.

130. However, as noted in the earlier subsection on licensing and registration, the NLA expressed concerns about using mandatory
licensing or registration schemes as a method for gathering data, commenting that:

“we need to free up the time of environmental health officers in order to use a scalpel to get to the heart of the problem, which is the rogue landlord, rather than employing blanket licensing schemes that soak up environmental health officers’ time and do not achieve their main purpose, which is to improve the private rented sector.”\textsuperscript{109}

131. Indeed, the Deputy Minister for Housing and Regeneration commented that:

“as long as they are not bad landlords and as long as the tenants and landlords are happy, I do not know why I would want to concern myself with them. There could be thousands of landlords in Wales; I have no idea. Many people could be renting out just one property. People may say ‘I’ll rent that property for the next two years, and then sell it’. So, you have some people who do it for a long period of time and some people who do it for a short period of time. We would not want to deter people from making homes available because the system for renting out was so bureaucratic.”\textsuperscript{110}

132. We consider that there is a strong case for introducing a robust gathering of data about the private rented sector. We consider that this could most effectively be achieved through mandatory licensing or registration of landlords, though we also recognise the financial and bureaucratic implications of such work. We believe that our 5\textsuperscript{th} recommendation, which called for the Welsh Government to begin researching the potential effectiveness and financial implications of a mandatory licensing or registration scheme will help to address these concerns.

\textsuperscript{109} RoP, Communities and Culture Committee, 8 December 2010, para 115
\textsuperscript{110} RoP, Communities and Culture Committee, 13 January 2011, Para 117
3. Issues limiting use of the private rented sector

133. Our witnesses identified four key issues which might limit tenants’ use of the private rented sector, both now and in the future:

- the availability of Private Rented Sector accommodation, to meet increasing demand;
- the affordability of Private Rented Sector accommodation;
- insecurity of tenure in the Private Rented Sector;
- housing benefit changes.

The availability of Private Rented Sector accommodation, to meet increasing demand.

134. The first issue identified by witnesses was simply that tenants will not be able to access private rented sector accommodation if there is insufficient accommodation to meet demand. Shelter Cymru noted that demand for the sector overall is likely to increase, as owner occupation remains expensive and there is a lack of social housing available. Shelter commented that this increasing demand is likely to represent a potential barrier to more people accessing the private rented sector.\(^{111}\)

135. Cymorth Cymru agreed that demand for private sector accommodation was likely to increase, stating that they:

“anticipate an increase in demand from people facing personal difficulties as a result of the current economic situation and social housing will not be able to meet this demand.”\(^{112}\)

136. The WLGA concurred with this assessment, and suggested that demand for cheaper and shared private rented accommodation in particular will increase as a result of the changes to housing benefit. They argued that this could:

“result in an expansion in the number of properties at the bottom of the market, which may force private landlords to reduce rent and also reduce investment in improvement and repair.”\(^{113}\)

\(^{111}\) CC(3) PRS 05, p11
\(^{112}\) CC(3) PRS 03, p10-11
\(^{113}\) CC(3) PRS 07, para 18
137. The NLA suggested that bringing empty properties back into use could be one way of tackling the issue of higher demand for cheaper properties.\textsuperscript{114} We have considered the potential for bringing empty properties back into use in the following chapter of this report.

**Affordability**

138. A range of witnesses commented to us that people will not be able to access private rented sector accommodation if they cannot afford it. In particular, Merthyr County Borough Council’s evidence explained that the requirement for a bond, at the beginning of a rental contract, is sometimes an obstacle for people on a low income. However, Merthyr County Borough Council also stated that Bond Board Schemes can sometimes assist with this. Their response also stated that within Merthyr Tydfil there are few choices within the PRS for people on a low income, and there is a distinct lack of suitable single person’s accommodation.\textsuperscript{115}

139. The Department for Work and Pensions (DWP) Financial Inclusion Champion, Katija Dew, also pointed out that individuals may be prevented from accessing the Private Rented Sector if they do not have a transactional bank account or access to affordable credit. She asserted that by financially including people so that individuals are better able to manage their money, rent payments and any other commitments relating to their home and tenure, access to the Private Rented Sector is likely to be promoted.\textsuperscript{116}

140. We concur that financial inclusion has a wide range of benefits, including increasing access the private rented sector. In our November 2010 report, on ‘Financial Inclusion and the impact of Financial Education’ we made a number of recommendations to the Welsh Government, which we believe will help to increase the financial capability and inclusion of Wales.\textsuperscript{117}

141. The Chartered Institute of Housing Cymru and Shelter Cymru noted that affordability was particularly an issue for people wishing to access the Private Rented Sector who are in receipt of housing benefit. Both organisations suggested that even at the cheapest end of the

\textsuperscript{114} CC(3) PRS 09, para 79
\textsuperscript{115} CC(3) PRS 01, p2
\textsuperscript{116} CC(3) PRS 17, p4
\textsuperscript{117} National Assembly for Wales, Communities and Culture Committee, 3 November 2010, Financial Inclusion and the impact of Financial Education.
private rented market, there can often be a shortfall between housing benefit and rent levels. The Chartered Institute of Housing Cymru suggested that this may be tackled through greater partnership working between local authorities and private landlords, who may be willing to offer lower rent levels in return for more long term security of the income stream. We believe our 2nd recommendation, which called for the Welsh Government to promote the development and use of Sector letting agency schemes and Private Sector Leasing Schemes, may help to address these concerns.

142. Additionally, we noted evidence from the WLGA, which stated that a number of local authorities have attempted to address the reluctance of landlords to let to vulnerable tenants by providing a landlord tenant liaison officer who is able to provide advice on the rights and responsibilities of both parties and mediate in the event of a dispute. We consider that this is an excellent example of good practice, and could usefully be recommended to all local authorities.

**Insecurity of tenure in the private rented sector**

143. As noted earlier, a significant number of tenants in the Private Rented Sector, including young professionals, students and migrants, are unlikely to be concerned by a lack of security in their tenure in a private rented property. Rather, they will most likely see 6 and 12 month contracts on houses as a positive thing, giving them greater flexibility. This was recognised by Shelter Cymru’s written evidence, which stated that:

“it is important to remember that the PRS is a collection of different sub-sectors that presents both opportunities and barriers. Identifiable sub-markets within the sector include, young professionals (the PRS has a younger age profile than other tenures), students, housing benefit/local housing allowance market, people on higher incomes, and immigrant communities.” For some the flexibility that the PRS provides is

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118 CC(3) PRS 06, p9
119 CC(3) PRS 07, para 26
120 Julie Rugg and David Rhodes, The Private Rented Sector: its contribution and potential (Centre for Housing Policy, University of York, 2008)
important e.g. the sector provides homes for a range of households – younger households, professional people.”

144. However, the evidence received in this inquiry clearly suggested that for other people in the private rented sector, who wanted to remain in a particular area for a long period of time, the insecurity of their tenure in the private rented sector could be of great concern. People with families were believed to be particularly concerned about such security, worrying that they could have to re-settle and link up with local services such as doctors and schools, at short notice. Cymorth Cymru stated that:

“for those who wish to stay long term in an area, for example because they have children in school, or have work or responsibilities in the area, the possibility that they may have to move on can be a worry and consequently undermine the sector as being one of choice. Taking forward the Law Commission’s proposals on tenure reform would help address this issue.”

145. The Wallich suggested that these concerns could be addressed by the abolition of shorthold tenancies altogether. Similarly, Cardiff County Council commented that:

“within Cardiff it is felt that security of tenure is one of the biggest concerns for tenants. It is therefore proposed that a longer minimum contractual period is introduced along with the option for follow on tenancies for a minimum of 12 months after the first 6 month tenancy agreement. If landlords were able to offer a choice of tenancy lengths, it would increase security for both landlord and tenant. In addition, reversing the current operation of short hold tenancies so that a landlords who have not served a notice during the first tenancy period automatically create a periodic tenancy of a minimum length could also assist in increasing security.”

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121 Living in Wales 2004 Tenure. Table 3 shows that 35% of households were in the 18-29 age group. This second only to owner occupation (38%), double the percentage in local authority housing and more than triple that in housing association homes. (Welsh Government, SDR 94/2005 (r), 2008)
122 CC(3) PRS 05, p10
123 CC(3) PRS 03, p7
124 CC(3) PRS 12, p1
125 CC(3) PRS 21a
146. These views found support from the Chartered Institute of Environmental Health Cymru (CIEHC) which commented that:

“There is no evidence of which CIEH is aware to suggest that greater security of tenure in the PRS constitutes an obstacle to the further development of the sector. In the view of CIEH it is important that tenants should have adequate security of tenure to ensure that they can make complaint about poor conditions that may affect their ongoing health, safety and welfare without fear of retaliatory eviction.”

147. However, the NLA suggested that many lender and insurance companies require landlords to let for no more than 12 months due to fears of tenants getting into financial difficulty. In addition, the Deputy Minister for Housing and Regeneration commented to us that:

“long tenancies might suit both parties, but security of tenure might also encourage landlords not to take on people who they think would stay a long time, if that is not what they want. So, I know that there has been a suggestion that the tenancy agreement, after a probationary period, should be a number of years, perhaps four or five. However, if you are a landlord who does not want someone in that property for five years, you might just take on someone who you think will obviously be moving out next year. So, they might not take on families, for example, and they might filter out people who would want to stay a long time. So, you think that you are giving rights to people, but, in fact, you are creating a system that means that they do not get the chance to get in to begin with… I know that in countries where long tenancies are mandatory, some people find it difficult to get a tenancy at all because landlords know that they will stay a long time, and they do not want the house to be occupied for the next five years.”

148. Furthermore, the NLA argued in its written evidence that security of tenure was sometimes overstated as an obstacle to developing the Private Rented Sector, as currently private landlords could grant longer tenancies if they wish to do so.

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126 CC(3) PRS 13, p6
127 CC(3) PRS 09, para 30
128 RoP, Communities and Culture Committee, 13 January 2011, para 139
129 CC(3) PRS 09, p2
149. Indeed, the Chartered Institute of Housing Cymru’s evidence notably stated that currently “the average private sector tenancy actually lasts for 11 years.”

150. However, the Chartered Institute of Housing Cymru’s paper suggested that security of tenure could be addressed by more tenants being aware of their rights to remain in a property. The Chartered Institute of Housing Cymru stated that many tenants are unaware of their rights in circumstances where their landlord tells them they have to leave their home. The Chartered Institute of Housing Cymru pointed out that the complexity that arises from separate legal codes makes the Private Rented Sector a technical minefield causing both landlords and tenants to avoid their obligations and give up their rights. The Deputy Minister for Housing concurred with this assessment of the legal code, commenting that:

“there is a lot of legislation in this area. I was recently looking at a Joseph Rowntree report into the private rented sector. It was not a Welsh report, but a UK report and quite recent. I think that it says that there are over 50 pieces of legislation governing the private rented sector. Now, you would have to be an incredibly sophisticated person to be au fait with all of that legislation. So, there is probably a great ignorance of the law as it stands, because there is so much of it... perhaps being able to find the law in one place would help.”

151. The WLGA also concurred with this assessment, commenting in their written evidence that reviews of the Private Rented Sector in other UK countries have also identified the need for accessible information for landlords and tenants on their rights and responsibilities. Cardiff County Council suggested that:

“reintroducing Home Information Packs for new tenants would provide them with valuable literature on renting and make them aware of the responsibilities of both tenant and landlord.”

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130 CC(3) PRS 06, p8
131 CC(3) PRS 06, p8
132 RoP, Communities and Culture Committee, 13 January 2011, para 96
133 CC(3) PRS 21a
152. The Chartered Institute of Housing Cymru also commented, in relation to landlords defaulting on mortgages, and thereby putting tenants in an insecure position that:

“the Assembly Government can send very clear messages to landlords about what it expects through any regulation or any scheme that it puts in place in relation to private landlords... if you have no direct legal sanction against individual landlords who default, it may be worth looking at what you can do to support individual tenants who are affected by those sorts of circumstances.”

153. One of our Members, Joyce Watson AM, suggested that tenants could be made more aware of their rights by local authorities, asking the Deputy Minister for Housing and Regeneration:

“do you think that there is any possible mileage, when councils put out their propaganda papers, whatever they call them in different areas, in including a section on knowing your rights as a tenant? Could we not make them do something? I feel very strongly about this, because that is public money used to inform the public. Can we not make them use public money to inform the public to their benefit? Could this not be included as part of that information?”

154. We were pleased that the Minister responded positively to this suggestion, commenting that the Welsh Government:

“could also consider speaking to local authorities about providing a leaflet when they are in communication with housing benefit recipients informing them about their rights, because a letter is being sent anyway.”

155. We welcome the Deputy Minister’s positive response to this suggestion, and look forward to the Welsh Government engaging with local authorities in an effort to increase tenants’ knowledge of their rights.

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134 RoP, Communities and Culture Committee, 8 December 2010, para 35
135 RoP, Communities and Culture Committee, 13 January 2011, Para 133
136 RoP, Communities and Culture Committee, 13 January 2011, Para 134
We recommend that the Welsh Government works with local authorities to develop ways of increasing tenants' knowledge of their legal rights.

156. We also noted comments from the Residential Landlords’ Association on the value of written tenancy contracts. The Association asserted that:

“tenancy agreements should be in writing... The relationship between landlord and tenant needs to be put on a proper contractual footing spelling out the terms.”\(^{137}\)

157. We concur with this view, and were pleased that the Deputy Minister for Housing commented that the Welsh Government “would like to see compulsory written tenancy agreements”.\(^{138}\)

**Housing benefit changes**

158. Although housing benefit is not a devolved matter, a significant number of our witnesses suggested that the forthcoming changes to housing benefit would restrict access to the Private Rented Sector. In particular, a number of witnesses stated that some landlords are already reluctant to rent properties to tenants on housing benefit, and that the proposed changes will only exacerbate this reluctance. The Chartered Institute of Housing Cymru stated that:

“within the PRS lettings to tenants on Housing Benefit account for only 18% of lettings overall and some 30% of landlords have never let to tenants on Housing Benefit. Nearly three-quarters (70%) of those with experience of letting to tenants on Housing Benefit would prefer not to let to people on benefits, with landlords frequently dissatisfied with the speed of processing claims (60%).”\(^{139}\)

159. Shelter Cymru stated that the changes to housing benefits are likely to have serious impacts on the Private Rented Sector in Wales and, particularly, on the Welsh Government’s aspiration to promote an increased use of the sector by households in housing need. They stated that:

\(^{137}\) CC(3) PRS 20
\(^{138}\) RoP, Communities and Culture Committee, 13 January 2011, Para 96
\(^{139}\) CC(3) PRS 06, p11
“reducing the Local Housing Allowance to cover only the lowest third of local rents will reduce the housing available to low income households and mean more people will have to pay higher shortfalls between the actual rent and the level of the Allowance. Further planned reforms, such as reducing by 10% the housing benefit/local housing allowance of claimants who are on Job Seekers Allowance for over 12 months (regardless of the efforts made by individuals to find work) and proposals to link the Local Housing Allowance to the Consumer Price Index rather than local rent levels will also lead to less access to decent homes.”

160. Cymorth Cymru stated that many landlords already refuse to house people in receipt of housing benefit, and the forthcoming changes would worsen this problem. Cymorth Cymru also stated that the:

“mismatch between rent levels and disposable income for those on benefits probably constitutes the greatest barrier now and in the future for accessing the PRS and for maximising the contribution the PRS can make to meeting housing need.”

161. Cymorth Cymru also highlighted the adverse effects that the housing benefit changes will have on particular groups in accessing the PRS, particularly single people who are under 35 years old, homeless people and people with disabilities. The WLGA agreed that changes to housing benefits would have significant consequences for the private rented sector in Wales, commenting that:

“we are going to have a lot more people unable to access self-contained accommodation. There will potentially be a move to the poorer end of the rented market, and the regulation of that is going to be quite challenging. There are a number of areas that could give cause for concern on either the growth or the sustainability of what is becoming an increasingly important market in meeting housing need... we are expecting

\[\text{\footnotesize 140 John Pritchard, The impact of changes to Housing Benefit and Local Housing Allowance (Shelter Cymru, August 2010)}\]
\[\text{\footnotesize 141 CC(3) PRS 05, p2} \]
\[\text{\footnotesize 142 CC(3) PRS 03, p9} \]
\[\text{\footnotesize 143 CC(3) PRS 03, p9} \]
homelessness to increase as benefit and welfare reforms kick in over the next couple of years.‖

162. We understand that UK Government has modified its original proposals on housing benefit to provide local authorities with the discretion to pay housing benefits directly to a landlord, if (and only if) this helps a person to get a new tenancy or remain in their current home at a reduced rent. Cardiff County Council indicated support for this proposal, commenting that:

“one of the largest inhibiting factors discouraging landlords accepting HB claimants is the payments process. Therefore a Welsh formula for instigating direct payments to landlords would give... more confidence to landlords.”

163. However, in oral evidence the Deputy Minister for Housing and Regeneration remained sceptical that landlords would necessarily be prepared to reduce their rents, commenting that:

“I know that there is an expectation that some landlords will just lower their rent, but some of those will have financial models that were worked out based on the rent that they were expecting to collect. Perhaps some will not be able to do so. It might also deter people from being landlords; it might become too much trouble or not make profit.”

164. The NLA’s additional written evidence gave credence to these concerns, commenting that:

“the Government believes that landlords have been profiting from LHA and should just absorb the cuts from their rents. However, the vast majority of landlords are less positive about their ability to keep letting property to LHA tenants. Landlords are adamant that they will move to looking outside of the LHA market for tenants once this programme of cuts is implemented. Landlords are genuinely worried that the cuts as a package, rather than individual proposals on their own, will affect their ability to provide housing.”

144 RoP, Communities and Culture Committee, 10 November 2010, para 226
145 CC(3) PRS 21a
146 RoP, Communities and Culture Committee, 13 January 2011, para 86
147 CC(3) PRS AWE 04
165. When asked what the Welsh Government was doing to deal with the changes in Housing Benefits, the Deputy Minister for Housing and Regeneration commented that:

“We cannot make up the shortfall in the rent. We certainly will not be able to do that. It will be incredibly difficult for some families, particularly large families. We are working with the sector and looking at options. Once we have a clearer picture, we will be in a better position, but we will not be in a position to make up the difference in the rent... I am not sure how we can mitigate that, other than by making sure that people are well aware in advance... the entire Assembly must try to influence the UK Government so that it can appreciate that the solution to a problem in very expensive areas in London might have incredible impacts on other parts of the country that were not intended. Therefore, it is necessary to make sure that everyone knows what the impact is. I know that the Welsh Local Government Association and individual councils are now looking at the effects on families in their areas so that we can make that case.”

166. We remain very concerned by the potential implications of the forthcoming changes in housing benefit. We concur with the Deputy Minister’s comments that the Welsh Government needs to continue to make people well aware of the forthcoming changes, and to continue to make the UK Government aware of the consequences of the changes in housing benefits.

148 RoP, Communities and Culture Committee, 13 January 2011, Paras 150 and 154
4. The potential for empty homes to be brought back into occupation

Strategic priority

167. Many witnesses, including the NLA, considered that bringing empty properties back into occupation would greatly assist local authorities in tackling homelessness and addressing shortages in the private rented sector, and could be more cost-effective than developing new buildings.

168. However, much of the evidence we collected in this inquiry suggested that empty properties need to be a higher priority for local authorities. For example, Shelter Cymru’s evidence stated that although there are a variety of tools available to local authorities—such as the Welsh Government good practice guidance and the WLGA’s improvement toolkit—the capacity of local authorities to tackle this issue, and the corporate priority placed upon it, remain inconsistent.149 Shelter suggested that:

“one of the quick wins that we have put in the paper that the Assembly Government might want to consider is the setting of targets and allocating some money towards targets for bringing empty homes back into use over a couple of years, and monitoring that. At the moment, what local authorities all over Wales do is patchy.”150

169. The Chartered Institute of Housing Cymru echoed these comments, asserting that although lots of good work is going on around Wales, this is not universal and not every local authority has the corporate commitment or resources to tackle empty homes in a proactive way.151

170. The WLGA suggested that more collaboration between local authorities and housing associations would be beneficial when dealing with empty properties,152 and commented that:

“we all acknowledged that there was some guidance on bringing empty homes back into use that the Assembly has

149 CC(3) PRS 05, P15
150 RoP, Communities and Culture Committee, 10 November 2010, Para 85
151 CC(3) PRS 06, p13
152 CC(3) PRS 07, para 57
been working on for two years that has still not seen the light of day. That is obviously something that would be very important if we had that out there at the moment.”

171. We are aware that the Welsh Government produced the ‘Empty Homes Good Practice Guidance’ in September 2010, and welcome this work, which details particularly effective practice across a range of local authorities in tackling empty homes.

172. However, we consider that the Welsh Government could usefully continue to provide guidance to local authorities on bringing empty homes back into use, which could include both the setting of targets and allocation of financial resources towards this end. We have considered the use of financial resources in the following sub-section of this chapter.

We recommend that the Welsh Government works with local authorities to develop and disseminate further guidance on bringing empty homes back into use, including the provision of examples of good practice, and monitors the outcomes of such guidance.

Financial investment

173. A number of witnesses, such as the Residential Landlords Association, suggested that financial resources could effectively be employed by local authorities to help landlords and property owners get empty properties back into use. For example, Merthyr County Borough Council and the Homelessness Network’s evidence both demonstrated significant potential for bringing empty properties back into use, and cited financial resources as being critical to this. Different witnesses suggested that financial resources could be utilised in the form of either grants or loans.

174. The All Wales Housing Technical Panel stated that approaches to tackling empty properties needed capital investment, which is currently in short supply. Their evidence stated that relatively small grants (less than £10,000) could bring a significant number of empty

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153 RoP, Communities and Culture Committee, 8 December 2010, para 257
155 CC(3) PRS 01, p3
properties back into use and then let out in a short period of time.\textsuperscript{156} Indeed, Shelter Cymru’s evidence stated that:

“2,000 long-term empty private homes can be brought back into use for just £20 million - a much more cost effective way of providing homes compared to new build.”\textsuperscript{157}

175. A number of consultees such as the Housing Technical Panel and the Chartered Institute of Housing Cymru, suggested that a scheme similar to the ‘No Use Empty’ scheme from Kent County Council should be considered, involving a recyclable loan fund to support owners and landlords to improve properties with the aim of bringing them back into use for renting to vulnerable households could be introduced in Wales.\textsuperscript{158} The Chartered Institute of Housing Cymru commented in oral evidence that:

“we would envisage something like a loan fund that could be accessed by local authorities, in particular, and potentially RSLs—although I would say that local authorities needed to take the strategic lead. They could access that funding to support the range of intervention measures that they have locally... We would urge the committee to consider recommending some form of dedicated, all-Wales loan fund, as an overall contribution to increasing housing supply in the very difficult four years coming up... joined up to regeneration opportunities.”\textsuperscript{159}

176. However, Shelter Cymru cautioned that:

“It will be even more important to professionalise the sector if you are looking at giving public money to landlords who may not care about the properties that they are letting. Landlord registration and the regulation of letting agents would at least professionalise the sector, and you would not be giving public money to poor landlords.”\textsuperscript{160}

\textsuperscript{156} CC(3) PRS 02, p4  
\textsuperscript{157} CC(3) PRS 05, p16  
\textsuperscript{158} CC(3) PRS 02, p4  
\textsuperscript{159} RoP, Communities and Culture Committee, 8 December 2010, paras 71, 72 and 76.  
\textsuperscript{160} RoP, Communities and Culture Committee, 10 November 2010, para 80
177. We concur with these comments, and consider that a condition on the provision of public funds to landlords should be that they are accredited, or on a mandatory registration or licensing scheme.

178. Another condition on such funds could be that empty properties, once developed, had to be used for the purpose of renting to vulnerable people, such as those on housing benefits.

179. Bearing in mind that the current economic climate necessitates delivering value for public money, we consider it critical that the Welsh Government carefully examines the potential of schemes that could— in the long term— provide a much cheaper alternative to investing money in new buildings. We also consider that reinvesting in empty buildings could represent a more sustainable approach to housing development, effectively recycling properties and avoiding them going to waste.

We recommend that the Welsh Government examines the potential for developing a ring-fenced fund, from which local authorities can allocate grants or recyclable loans to landlords and property developers, with the purpose of improving empty properties, recycling them back into use for renting to vulnerable households.

180. The NLA stated that they have previously been involved in the construction of a number of local authority loan and grant scheme proposals and would welcome involvement with any local authority which is considering introducing such schemes and the Welsh Government on construction of national guidelines.161

181. The written evidence gathered in this inquiry also suggested that tax incentives for bringing a property back into use and sanctions such as the current discretionary power to abolish Council Tax discounts for vacant properties would be a good ways of encouraging owners to bring their empty properties back into use.162 Other sanctions such as requirements to have periodic surveys and greater use of existing powers such as enforced sales and Compulsory Purchase Orders were also highlighted in the Housing Technical Panel, Shelter and Cymorth’s evidence. We therefore welcomed the Deputy Minister for Housing’s comments on this issue, asserting that:

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161 CC(3) PRS 09, para 27
162 CC(3) PRS 06, p13
“members will know that the legislative competence Order would give us the power to increase council tax over 100 per cent, if we wanted to, on properties that have been empty for a long time. We could give incentives to people to encourage them and if they did not want to take them up, the local authority could gain financially from those who refused. People used to buy empty properties but not do them up, or let anyone live there—they just waited for the price to go up, and sold them. It is not nice to live next to an empty property, especially if it has been empty for a number of years. It is something that people worry about, so I think that we should be intolerant of properties being empty for no good reason.”

182. While welcoming the Deputy Minister’s comments, we also noted that a number of our witnesses also argued that local authorities already have a variety of powers to bring empty properties back into use, but that these are not always used effectively, due to limited local authority resources.

183. For example, the WLGA commented that:

“it is not the case that nothing is being done; plenty is being done, but the orders do not need to be used. It is a resource issue again. The more people that you have on the ground, acting as empty homes officers, the better. There are plenty of tools available to bring empty homes back into use; it is bringing them back in sufficient numbers that is the problem.”

184. Indeed, Merthyr County Borough Council and the All Wales Housing Technical Panel suggested to us that the Welsh Government should provide hypothecated funding to ensure local authorities have sufficient resources to tackle the issue of empty properties. However, we consider that if local authorities place a strategic priority on addressing empty properties, they will also allocate appropriate resources to this end. We believe that our ninth recommendation will help to address this concern.

163 RoP, Communities and Culture Committee, 13 January 2011, para 163
164 RoP, Communities and Culture Committee, 8 December 2010, para 253
165 CC(3) PRS 01, p3
Witnesses

The following witnesses provided oral evidence to the Committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed in full at http://www.assemblywales.org/bus-home/bus-committees/bus-committees-scrutiny-committees/bus-committees-third-ccc-home/cc_inquiries/cc3_mrs_link_to_papers_and_transcripts_.htm

10 November 2010

**JJ Costello, Head of Housing**
**Shelter Cymru**

**John Pritchard, Policy Manager**

**Joy Kent, Director**
**Cymorth Cymru**

**Jonathan Willis, Home Improvement Manager**
**All Wales Housing Technical Panel**

**Steve Hancock**
**City of Swansea**

**Bethan Jones**
**Cardiff Council**

8 December 2010

**Keith Edwards, Director**
**Chartered Institute of Housing Cymru**

**Vikki Hiscocks, Policy and Public Affairs Manager,**

**Lee Cecil, National Representative for Wales**
**National Landlords Association**

**David Cox, Policy Officer**

**Barry Markham, Director**

**Wil Williams**
**Agorfa Cefni**

**Tim Peppin, Director of Regeneration and Environment - Sue Finch, Housing Policy Officer**
**WLGA**

**Kenyon Williams, Head of Private Sector Housing**
**Caerphilly CBC**

**Sarah McGill, Chair of AWCHOP**
**AWCHOP**

**Lyndon Puddy, Housing Options Service Manager – Torfaen**
**Homelessness Network**
List of written evidence

The following people and organisations provided written evidence to the Committee. All written evidence can be viewed in full at [http://www.assemblywales.org/bus-home/bus-committees/bus-committees-scrutiny-committees/bus-committees-third-ccc-home/cc_inquiries/cc_3__rent_responses_received_.htm](http://www.assemblywales.org/bus-home/bus-committees/bus-committees-scrutiny-committees/bus-committees-third-ccc-home/cc_inquiries/cc_3__rent_responses_received_.htm)

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<tr>
<td>Name</td>
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<tr>
<td>John Harper FRICS, Policy Officer</td>
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<td>RICS Wales</td>
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<tr>
<td>Clive Spence, Company Director</td>
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<td>The Home Rental Company</td>
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<tr>
<td>Katija Dew, National Financial Inclusion</td>
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<td>DWP Financial Inclusions Champions Team in Wales</td>
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<tr>
<td>Helen Armstrong Director of Housing and</td>
<td></td>
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<td>Community Services</td>
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<td>Wil Williams</td>
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<td>Agorfa Cefni</td>
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<td>Michael Burke</td>
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<td>Residential Landlords Association</td>
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<tr>
<td>Matthew Lord, Housing Strategy Officer (Private Sector)</td>
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<td>Cardiff County Council</td>
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<tr>
<td>Deputy Minister for Housing and Regeneration</td>
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<td>Welsh Government</td>
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