

Cabinet Secretary for Housing, Local Government and Planning
Welsh Government
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Sent via email to: Julie.James@gov.wales

17 May 2024

Dear Cabinet Secretary,

I watched your session with the Local Government and Housing Committee on 24 April with interest and wanted to follow-up on a number of points you raised.

I was encouraged that you acknowledged the need for more private rented homes and welcome efforts to support landlords into the sector. We continue to be concerned that the demand for private rented housing in Wales it is outstripping available supply, as noted by RICS among others. To that end, we will be responding to the Welsh Government's consultation on land transaction tax (LTT) relief and will be outlining the need for reform to enhance the provision of decent private rented homes.

The NRLA wants the private rented sector to work for all and agrees that homelessness represents a far greater human and financial toll than intervention to support a tenancy. In enabling local authorities to provide guarantors for households where needed, the Welsh Government is rightly providing direct assistance to prospective tenants and helping to reduce the increasing financial risk faced by private landlords. But importantly, it is signalling that it recognises the critical role the private rented sector plays in the housing market.

Nevertheless, in your evidence, you referred to data suggesting that "eviction numbers have dropped very substantially" as a result of the Renting Homes (Wales) Act "bedding in". Certainly, the number of accelerated claims for possession has decreased markedly since Q1 2023, which correlates with the period in which most Section 173 notice periods increased from two to six months. However, the decrease in accelerated claims is not mirrored in the number of fault-based (private landlord) claims, which remains higher than historic averages. Of course, we will continue to monitor the data, but we fear the fall in accelerated claims will not be sustained and that, as notices begin to expire, more will re-enter the courts.

You also commented that anecdotal evidence of landlords exiting the sector is "not borne out by our stats". We recognise the improvements in data sharing by Rent Smart Wales. However, the latest available data for April 2024 suggests that, outside of Cardiff, Swansea and Blaenau Gwent, an average of 302 private rented homes has been lost from each local authority since June 2021.

In some local authorities, the number of properties available to rent are down by as much as 7%, while Neath Port Talbot has lost just under 8% since June 2021. This should sound the alarm that the sector is not operating at optimal health, and we urge the Welsh Government to take steps to mitigate further losses.

I enclose a briefing outlining our proposals and look forward to meeting next week, when I hope we can discuss these issues and others in more detail.



Ben Beadle
Chief Executive

Copy to: John Griffiths MS, Chair Local Government and Housing Committee
Local Government and Housing Committee Clerk
James Hooker, Head of Private Sector Housing Policy, Welsh Government



Attending from the NRLA:

- Ben Beadle – Chief Executive
- Eleanor Bateman - Senior Public Affairs Officer

AGENDA

1. State of the PRS in Wales

- [Research by PwC](#) for the NRLA and Paragon Bank has found that:
 - 14,000 jobs in Wales are reliant on, or supported by, the private rented sector, including tradespeople such as electricians, plumbers and builders.
 - Small and medium sized landlords in Wales contributed £1.6 billion to the economy a year.
- Polling for the NRLA conducted by the research consultancy Pegasus Insight has found that in the first quarter of the year 82% of landlords in Wales said the demand for private rented housing was ‘strong’. Despite this, the same polling revealed that thirteen times as many landlords plan to divest as invest – 38% plan to reduce their portfolio this year, versus just 3% who plan to increase their investment.
- [Data from RICS](#) continues to point to the demand for private rented housing in Wales outstripping supply.
- [Rent Smart Wales data](#) shows that, outside of Cardiff, Swansea and Blaenau Gwent, 5,744 private rented homes have been lost from the sector since June 2021: an average of 302 per local authority.

2. White Paper on Fair Rents and Adequate Housing

- We welcome the Cabinet Secretary’s recent comments that the rent controls policy in Scotland “*hasn’t really worked.*”
- [Research](#) has pointed to £3.2bn of investment in new homes in Scotland having been put “*on hold*” and “*at risk*” in large part because of the rent caps introduced.
- We agree with the [International Monetary Fund](#) which warned in December that: “*increasing supply has proven to be a far more effective way of providing affordable rents than implementing rent controls.*”
- Renters in Wales should instead have the same rights as those in England to challenge, at a tribunal, proposed rent increases that are above market rents.

3. Consultation on Land Transaction Tax

- We welcome the recent consultation on the Land Transaction Tax.
- The mismatch between the supply of, and demand for, private rented housing in Wales is driving up rents, reducing choice for tenants, and limiting tenants’ ability to hold rogue and criminal landlords to account given the lack of alternative accommodation to move into.

- Ending the 4% Land Transaction Tax Levy on the purchase of homes to rent out long term would support the provision of new long-term homes to rent for local households who need them, rather than short-term holiday lets. This could be linked to landlords providing properties for the Leasing Scheme Wales.
- Paul Johnson, Director of the Institute for Fiscal Studies, has [warned](#) that: *“The more harshly that landlords are taxed, the higher rents will be.”*

4. Strategy for the PRS

- We welcome the Government’s commitment to develop a housing strategy.
- The NRLA plans to convene stakeholders to establish ideas as they relate to the PRS to feed into the Government’s thinking.
- Linked to this, we would welcome an update about what stage consideration of an annual Welsh housing survey is now at.

5. Tenant rights to keep pets

- We note that in his manifesto for the leadership of the Welsh Labour Party, the First Minister pledged to look at strengthening the rights of renters *“so they can make their house a home – including by ending unreasonable ‘no pet’ clauses”*.
- We agree that for many tenants, pets provide invaluable companionship. However, any move to improve renters’ rights in this regard needs to be matched by enabling landlords to require pet owners to have the necessary insurance to cover the heightened risk of damage to a property.
- Likewise, the details of such a policy would need to be considered carefully. For example:
 - In a shared house, whose rights would prevail if one tenant wanted a pet and another did not?
 - What happens if a property is unsuitable for a certain type of pet? For example, a large dog in a small flat without a garden.
 - What would happen if a freeholder has rejected a request for pets to be allowed in a property rather than a landlord as the leaseholder?