

Local Government and Housing Committee
Senedd Cymru
Bae Caerdydd
Caerdydd
CF99 1SN

Sent via email to: Seneddhousing@senedd.wales

8 April 2024

Dear John,

Thank you for the opportunity to provide further feedback to your inquiry on the private rented sector. In response to your letter of 21 March 2024, I outline the National Residential Landlords Association's (NRLA's) thoughts on the matters raised.

Leasing Scheme Wales

The NRLA supports the principle of a national leasing scheme. However, there are limitations to the Scheme which hinder its appeal to private landlords. Firstly, rental payments aligned to the Local Housing Allowance (LHA) are simply not reflective of the current market. The NRLA welcomes the LHA uplift from April 2024, but remains concerned that without a commitment to review LHA rates annually, they are likely to fall quickly out of alignment with market rents. This is likely to preclude many landlords from engaging with the Scheme on the basis of affordability and uncertainty of rental income in the longer-term. Coupled with the management fee levied, margins are further constrained.

The NRLA recommends that the Welsh Government considers the following:

- Whether increased flexibility of the lease duration, such as introducing a 3-year option in addition to the 5+ year commitment available, would reduce perceived risks and entice more landlords to participate.
- Whether rent capped at the LHA rate could be topped up to a market rent, or at a minimum increased in line with inflation annually to provide some assurance that landlords' costs can be met.
- Whether the management fee can be eliminated to improve cost margins and incentivise landlord participation.

Introduction of a referral duty

The NRLA agrees that a duty to refer a tenant to homelessness services if a tenancy is at risk could be beneficial, but only in so far as a local authority is sufficiently equipped to discharge its homelessness prevention duty. If a local authority does not have adequate resources and access to suitable accommodation, a referral duty will do little to help tenants. In fact, it may even lead to

tenants incurring significant additional costs as landlords recoup their legal costs through the possession process.

In Scotland, where a similar requirement is in place, a lack of available accommodation has resulted in tenants being advised to 'stay put' as the local authority would not help until a possession order had been granted. If the tenant did choose to leave prior to a possession order they would be considered intentionally homeless. This advice is not limited to Scotland, and we are aware of a number of local authorities in Wales that provide similar advice to tenants, leading to the tenant incurring the costs for possession claims.

We welcome the proposals outlined in the Welsh Government's consultation on ending homelessness to align the homelessness prevention duty with the notice period introduced by Section 173 of the Renting Homes (Wales) Act 2016. But any referral duty must also be introduced alongside an efficient mechanism for exercising it. If a landlord is required to inform Rent Smart Wales or a local authority directly, it must be done with minimal additional bureaucracy and cost to the landlord.

HMO regulation exemption

We do not consider an exemption from HMO regulations for certain tenants to be beneficial. HMO regulations are in place to ensure minimum safety standards are met, and interventions that undermine these standards send a mixed message to the sector. We have particular concerns that disabled tenants, as proposed, could be put at risk from any exemption, which appears to contradict broader efforts to improve housing quality and safety. A more effective way of supporting disabled tenants would be boosting access to grant funding to make more accessible homes available, providing greater choice for tenants.

I trust this is helpful, but if we can be of further assistance, please feel free to contact me via policy@nrla.org.uk.

Steven Bletsoe
Operations Manager, Wales

