

John Griffiths MS
Chair of the Local Government and Housing Committee
Welsh Parliament
Cardiff Bay
Cardiff CF99 1SN

10th April 2024

Dear Chair,

Private rented sector: Paragon response to request for written evidence on select matters

Introduction

I would firstly like to offer my sincere thanks to you for the invitation to give evidence before the Local Government and Housing Committee as part of this vital inquiry into the private rented sector (PRS) in Wales. I hope that the answers we were able to provide will help to inform the subsequent findings and lead to substantial recommendations about how the PRS could be further supported into the future for the benefit of both tenants and landlords.

To provide further background, Paragon pioneered Buy-to-Let (BTL) lending in the UK, launching the first products in 1995, and we have consistently led the development of socially responsible BTL lending policies over the last two decades. We remain committed to supporting the growth of the PRS in Wales, and today we have over £400 million of active lending supporting almost 2,000 individual accounts.

Response to questions

In addition to the evidence we shared on 13th March, we would be pleased to provide further views in relation to the matters you outlined in your letter, where possible.

- Firstly, we support the ambition of Leasing Scheme Wales and believe this has potential to increase the availability of good quality and affordable homes in the PRS for those who are most vulnerable in society, while at the same time, providing landlords with the guarantees they need that their properties will be looked after for the duration of the lease. To ensure the Scheme can perform as best as possible, we would encourage the Welsh Government to work in partnership with the BTL sector to identify practical solutions to increase the attractiveness of the Scheme and build awareness to ensure greater uptake.
- We also recognise that Local Housing Allowance (LHA) rates will increase this April which will be of significant benefit to tenants who are most at risk of homelessness, as well as provide landlords who are enrolled on the Scheme with greater certainty over their rental income.
- Paragon is supportive of the proposal to introduce a duty on landlords to refer their tenants to homelessness services if the tenancy is at risk. We do not feel this is burdensome on the landlord, but we would like to see this requirement extended to letting/management agencies if the landlord utilises these services.
- Whilst the proposal to allow for greater flexibility in HMO arrangements, for example where mutual support may be required, seems practical, as a lender it is not our place to stipulate which type of tenant may live in a property or the profile of tenants in HMOs. That is the role of the landlord. However, we do believe that a property portal would be a practical solution to help facilitate this situation and lead to improved outcomes more broadly across Wales. This is something that is being introduced in England and should help improve overall standards, particularly if lenders, landlords and tenants have equal access.

Wider points to note

- We would like to take this opportunity to impress upon the Welsh Government the importance of taking a more holistic and strategic approach when looking at the contribution that all tenures can

make to meeting the needs of tomorrow's population. Within this, the PRS clearly has a role to play in providing good quality and affordable accommodation to a range of tenants, and a significant number of people rely on the sector for the high-quality employment it provides.

- A recent [report](#) we published jointly with the National Residential Landlords Association (NRLA) – produced by PWC – highlights just how important the PRS is to the economy of Wales, supporting an estimated 14,000 jobs in areas such as construction and building maintenance, while contributing £1.6 billion to the Gross Value Added (GVA) of Wales.
- Nevertheless, better data on the housing market will be central to the development of effective policy to address Wales' housing needs. From Paragon's perspective, our lending is mostly concentrated in towns, cities and coastal areas across Wales where there is a distinctly better source of data available on factors which indicate the overall health of the local market. To help create better conditions for increasing the provision of finance and supporting investment in the PRS, particularly in rural locations in Wales, we urge the Welsh Government to come forward with proposals for a Welsh Housing Survey as soon as possible.

I hope the views provided in this response will be of use to the Committee as it undertakes further evidence sessions and considers its findings from the inquiry. Please let me know if you require further information, and my colleague Will Monks (will.monks@dentonsglobaladvisors.com) will be able to assist.

Kind regards,



Richard Rowntree
Managing Director, Mortgages