

## **Local Government and Housing Committee**

### **Inquiry into the private rented sector**

#### **Response from the National Residential Landlords Association**

#### **1.0 About the NRLA**

1.1 The **National Residential Landlords Association (NRLA)** is the leading voice in England and Wales for private sector residential landlords. It has over 100,000 members, making it by far the largest organisation in the sector. The membership owns and manages around 10% of private rented housing in England and Wales, equating to half a million properties.

1.2 The NRLA provides training and support for landlords to ensure they fully understand their responsibilities and are equipped to provide good quality housing for their tenants. It also campaigns for policies that seek to improve the sector for the benefit of tenants and responsible landlords.

#### **2.0 Executive summary**

2.1 Like other areas of the UK, Wales is facing a shortage of private rented housing. Tenant demand remains strong and continues to outstrip supply. This is placing an upwards pressure on rents out of tenancy, although rental growth remains below inflation.

2.2 To address this issue more landlords need to be brought into the market while current landlords should be encouraged to stay rather than leaving the market or moving to short-term and holiday lets. This can be achieved by addressing landlords' key concerns, such as uncertainty around future energy efficiency requirements, current regulations in Wales, and the prospect of rent controls being introduced by the Welsh Government.

2.3 The introduction of rent controls, so soon after the introduction of the Renting Homes (Wales) Act, risks pushing landlords out of the market. The introduction of such a substantial change to how the private rented sector works in Wales is alarming given the lack of data on the make-up of the PRS and the possible unintended consequences such a move could have.

2.4 The NRLA is calling for a number of measures to alleviate the pressure on the PRS and ensure that supply in the sector grows, helping to meet demand and improving the affordability of the sector. These include:

- A comprehensive strategy to support landlords in retrofitting the remaining fifth of PRS properties with a low EPC rating, particularly those that pose significant challenges and high costs for retrofitting.
- The Development Bank of Wales should offer additional funding, in the form of low-interest loans, to landlords who are facing prohibitive costs when making energy efficiency improvements to their properties.
- Any further incentives, such as a higher guaranteed level of rent or property upgrade grants, to ensure that the Leasing Scheme Wales is more successful and works for responsible landlords.

- An increased rate of Local Housing Allowance that realistically reflects rents in each area, and for access to the full rate of LHA to be extended to those under the age of 35.
- The purchase of additional homes for long-term rent should be exempt from the higher rate of Land Transaction Tax (LTT), thereby encouraging landlords to bring properties into the sector, adding much-needed supply. In addition, Welsh Government should urge the UK Government to undertake a full review of taxes affecting the sector to mitigate the detrimental consequences of a loss of investment on current and future tenants, tax revenue and expenditure on homelessness prevention.
- Both the Welsh and UK Governments should allow for more flexible deposit amounts for tenants with pets. Additionally, tenants should also be required to have pet insurance or pay the landlord for it, and this should be allowed as a requirement for a tenancy where relevant.
- An assessment of Rent Smart Wales should be conducted by Audit Wales to establish if it is meeting its objectives and advise on what improvements could be made to ensure it is effectively regulating the sector with the tools it already has.
- Rent Smart Wales should be required to publish annual performance statistics that include property conditions, energy efficiency data, the number of landlords in Wales, and other key tenure data to provide a more comprehensive picture of its performance.
- A Scrutiny Board should be established to provide oversight of Rent Smart Wales, and include representatives from across the sector, including tenant and landlord representative bodies.
- An annual Welsh Housing Survey should be developed to provide a comprehensive picture of the housing sector in Wales.

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

- 3.1 The demand for private rented properties in Wales is outstripping supply. By the simple laws of supply and demand, this is placing upwards pressure on rents.
- 3.2 In November 2022, Savills noted in its Welsh Housing Market update: “Surveyors have consistently reported a significant excess of demand over supply in the last year, suggesting strong rental growth is likely to continue.”<sup>1</sup> Separately, the Bank of England reported in February that: “Demand for rental properties continued to outstrip supply as the number of landlords choosing to exit the market increased. Contacts attributed this to a combination of factors including tax and regulation, higher maintenance and borrowing costs, and an inability to recoup increased costs in rents.”<sup>2</sup>
- 3.3 According to a recent survey conducted by the research consultancy BVA-BDRC, 73% of NRLA members in Wales reported an increase in tenant demand in the final quarter of 2022. Despite such strong demand, four in ten landlords stated that they plan to reduce the

<sup>1</sup> Savills. *Welsh Housing Market and Supply Update*. Available at: [https://www.savills.co.uk/research\\_articles/229130/335606-0#:~:text=Rents%20increased%2011.9%25%20in%20Wales.growth%20is%20likely%20to%20continue](https://www.savills.co.uk/research_articles/229130/335606-0#:~:text=Rents%20increased%2011.9%25%20in%20Wales.growth%20is%20likely%20to%20continue).

<sup>2</sup> Bank of England. *Monetary Policy Committee Report, February 2023*. Available at: <https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2023/february/monetary-policy-report-february-2023.pdf>.

number of properties they let, compared to almost one in ten (9%) who said they would increase the number of properties they rented out.<sup>3</sup>

- 3.4 The PRS in Wales has become more popular than ever before, with the 2021 census data revealing that it now provides homes for 16.6% of all households in Wales, an increase from 14.1% in 2011 and just 7.4% in 2001.<sup>4 5 6</sup>
- 3.5 Contrary to the popular belief that landlords raise rents solely to maximise their profits, the main reason for increasing rents is to reflect market conditions when there is a change in tenancy. Typically, landlords will not raise rents when renewing a contract with an existing tenant who wishes to remain in the property.
- 3.6 Whilst not Wales-specific, the latest English Private Landlord Survey shows that 68% of landlords kept rents the same or reduced them instead of increasing them when extending or renewing a tenancy. The Office for National Statistics, which tracks changes in all rents, including in tenancy changes, reported that rents are increasing well below inflation in Wales. The average level of private rents in Wales increased by 4.4% in the 12 months leading up to March 2023, compared to inflation of 10.1% (by CPI) over the same period.
- 3.7 As of December 2021, the average rent in Wales is £550 per month, representing 23% of an average person's income. This makes them more affordable than those in England where an average rent is £730 a month, which is more than a quarter of an average person's income.<sup>7</sup> Over the medium-term, rents in Wales increased by 15.6% between 2010 and 2023, while median weekly pay increased by 33% during the same period.<sup>8 9</sup>
- 3.8 Increasing the supply of homes in the areas where people want to live is key to improving access to the sector. As well as undertaking a review of all taxes affecting the PRS to mitigate the detrimental consequences of a loss of investment on current and future tenants, tax revenue and expenditure on homelessness prevention, the UK Government must be urged to adopt pro-growth measures to sustain the sector. Additional support must also be provided to better support those on the lowest incomes to access private rented housing.

#### **4.0 The challenges currently facing private sector landlords**

- 4.1 Landlords in Wales currently face four significant challenges. Renting Homes (Wales), the spectre of rent controls, rising costs, and a lack of clarity around energy efficiency improvements.
- 4.2 Compliance with the recently introduced Renting Homes (Wales) Act is proving to be challenging, particularly for landlords with sitting tenants in place. The Act made sweeping changes to the way that tenancies operate in Wales, and many are still getting to grips with these changes. There are also a number of outstanding issues yet to be resolved.

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<sup>3</sup> BVA BDRC Survey: Q4 2022. Not yet publicly available.

<sup>4</sup> Office for National Statistics. Census 2021: Housing in England and Wales. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingenglandandwales/census2021>.

<sup>5</sup> Nomis. Census 2011: Tenure. Available at: <https://www.nomisweb.co.uk/census/2011/ks402ew>.

<sup>6</sup> Nomis. Census 2001: Tenure. Available at: <https://www.nomisweb.co.uk/census/2001/ks018>.

<sup>7</sup> Office for National Statistics. *Private rental affordability: 2021*. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/privaterentalaffordabilityengland/2021#:~:text=Wales%20%2D%20%2C%20A3550%20monthly%20rent,household%20income%20of%20%2C%20A32%2C350>.

<sup>8</sup> House of Commons Library. Average earnings by age and region. Available at: <https://commonslibrary.parliament.uk/research-briefings/cbp-8456/>.

<sup>9</sup> Office for National Statistics. Index of Private Rental Prices: January 2023. Available at: <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/january2023>.

- 4.3 Converted contracts in particular are a source of great concern for landlords as Schedule 12 (and by extension the required converted contract terms) have been repeatedly changed in the run-up to, and even after, the introduction of the act. These changes are a reflection of the lack of clarity for pre-existing tenancies, but also makes it very difficult to access clear guidance on how to comply. This in turn increases the likelihood of providing an incomplete or incorrect written statement and the likelihood a landlord will be penalised.
- 4.4 The NRLA has been informed by a number of landlords that the conversion process has increased the likelihood they will exit the private rented sector once their current contracts end rather than continuing to rent. Rising possession claims in Wales prior to December 1<sup>st</sup> suggests that many landlords had already started exiting rather than engaging with the conversion process. In the last quarter of 2022, accelerated possession claims in Wales increased by 354% compared to 69% in England.<sup>10</sup> In the first quarter of 2023, accelerated possession claims rose by 236% compared to the same quarter in 2022. Over the same period, claims in England rose by just 16%.<sup>11</sup>
- 4.5 Similarly, the NRLA's latest Landlord Confidence Index, compiled by the research consultancy BVA-BDRC shows that a quarter of Welsh landlords have reduced the number of properties they rent out over the last 12 months, and almost half (47%) intend to reduce the number of properties they let over the next year. This contrasts to the same quarter in 2022, where 15% said they had reduced the size of their portfolio and 31% said they were planning to sell or reduce their portfolios.<sup>12 13</sup> Furthermore, the new legislation may impact the courts, as there is a plethora of new legislation to interpret, leading to increased waiting times and workload.
- 4.6 While pre-existing 'converted' contracts are the main source of concern at the moment, the courts will also have to rule on a number of grey areas over the next year for new contracts too. For example, it is not clear whether the requirement to provide a written statement can be met before occupation. Many landlords may, as a result, find themselves open to penalties because they gave their contract-holders a statement promptly. There are similar issues around the applicability of previous contracts and the exact terms of renewals which the courts will have to rule on.
- 4.7 All of which means that landlords face significant challenges in understanding and complying with the current regulations in Wales. There is a very significant risk that the Act will lead to a reduction in the size of the PRS, particularly if it is followed by further regulation such as rent controls. Landlords and the legislation itself, would likely to benefit from a period of calm where the impact can be fully assessed before pressing on with further regulatory change.
- 4.8 The Co-operation Agreement signed by the Welsh Government and Plaid Cymru included a commitment to publish a White Paper to explore how "fair rents" could make the private

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<sup>10</sup> Ministry of Justice. Mortgage and landlord possession statistics: October to December 2022. Available at: <https://www.gov.uk/government/statistics/mortgage-and-landlord-possession-statistics-october-to-december-2022/mortgage-and-landlord-possession-statistics-october-to-december-2022>.

<sup>11</sup> Ministry of Justice. Mortgage and landlord possession statistics: January to March 2023. Available at: <https://www.gov.uk/government/statistics/mortgage-and-landlord-possession-statistics-january-to-march-2023/mortgage-and-landlord-possession-statistics-january-to-march-2023>.

<sup>12</sup> NRLA Landlord Confidence Index. Q1 2023. (data available upon request).

<sup>13</sup> NRLA Landlord Confidence Index. Q1 2022 (data available upon request).

rented sector affordable for local people on local incomes.<sup>14</sup> This commitment indicated that that some form of rent control might be considered in Wales.

- 4.9 Rent controls, regardless of their intent, have proven to be ineffective in addressing affordability in the private rented sector. Implementing a system of “fair rents” is likely to result in unintended consequences that might harm tenants and shrink the rented housing supply in Wales. This will make it even more challenging to access housing, rather than increasing choice and affordability for lower income tenants.
- 4.10 Our research shows that implementing rent control measures would exacerbate the supply problems tenants are facing, ultimately causing a sizeable proportion of landlords to either decrease the number of properties they offer for long-term let or leaving the market altogether.
- 4.11 According to a survey by the NRLA of 1,013 landlords in England and Wales, the proportions that would either a) transfer some of their properties to the short-term/holiday-lets market; b) sell some of their properties in an area affected by rent controls; or c) sell all their properties in an affected area were:<sup>15</sup>

Type of rent control	Proportion of landlords who would leave the long-term let market, or reduce their portfolio
Rents are fixed by an external authority both between and during tenancies.	38%
Rent increases are linked to inflation between and during tenancies.	23%
Rents for new tenancies could be set by landlords with subsequent rent increases limited to inflation or set by an external authority	22%

- 4.12 The recent rent controls imposed in Scotland have disrupted the supply of new rental homes at a time when homes for private rent are in short supply. The Scottish Property Federation’s assessment of the rent freeze in Scotland found that: “The emergency legislation is intended as a short-term measure to help to solve an immediate cost-of-living crisis but, by acting against new supply, risks worsening affordability and availability problems in the PRS over the longer term, as well as negatively impacting on other Scottish Government objectives around net zero and energy efficiency.”<sup>16</sup> The rent freeze/cap policy was not only opposed by landlords, but also by the Chartered Institute of Housing, who said that they were “concerned that the continuation of the rent cap in the PRS will have significant unintended consequences which will undermine tenants’ housing outcomes.”<sup>17</sup> Unintended

<sup>14</sup> Welsh Government, *Co-operation Agreement*, November 2021, available at: <https://gov.wales/sites/default/files/publications/2021-11/cooperation-agreement-2021.pdf>.

<sup>15</sup> YouGov survey, December 2021: <https://www.nrla.org.uk/research/deep-insight/YouGov-Winter21>.

<sup>16</sup> Scottish Property Federation. Assessment of Scotland’s Rent Freeze and Impacts. Available at: <https://scottishpropertyfederation.org.uk/our-work/research-and-briefings/assessment-of-scotland-s-rent-freeze-and-impacts/>.

<sup>17</sup> Chartered Institute of Housing. CIH Scotland responds to statement on rent setting for private landlords and eviction protections across the rented sector. Available at: <https://www.cih.org/news/cih-scotland-responds-to-statement-on-rent-setting-for-private-landlords-and-eviction-protections-across-the-rented-sector>.

consequences of rent controls are indeed something that the Welsh Government has expressed concern about in the past.<sup>18</sup>

- 4.13 We believe that the private rented sector should be accessible and affordable for everyone. However, this can only be achieved by ensuring there is sufficient supply of rental housing to meet the demand. Rent controls would not address this issue.
- 4.14 Another key challenge landlords face is meeting the energy efficiency requirements that the UK and Welsh Governments might set as part of their push towards achieving net zero carbon emissions.
- 4.15 In Wales, this challenge is particularly acute due to the old age of the housing stock. Retrofitting and upgrading the energy efficiency of these properties is a costly and complex process, especially when compared to the value of homes in Wales relative to the rest of the UK.<sup>19</sup> As of February 2023, the average property price in Wales was £215,343 compared to £308,365 in England.<sup>20</sup>
- 4.16 32% of Welsh homes were built before 1919, whilst just 6% have been built since 1987.<sup>21</sup> In England, 20% of homes were built before 1919, and 24% of English housing was built after 1987.<sup>22</sup> Homes built before 1919 present particular challenges for energy efficiency improvements as they are less likely to have cavity walls, and the Welsh PRS has a higher proportion of such homes than any other tenure, with 43% of homes in the Welsh PRS built before 1919.<sup>23</sup>
- 4.17 That said, the PRS is becoming more energy efficient. Despite the challenging requirements to retrofit older properties, landlords have made continuous progress in improving the energy efficiency of the private rented sector. With limited support, they have successfully reduced the proportion of PRS homes with an Energy Performance Certificate (EPC) rating of D or lower from almost two-thirds in 2008 to 21% in 2018, representing the largest reduction of any tenure. Moreover, there are now more homes in the PRS with an EPC rating of C or above (25%) than those with an E rating or below.<sup>24</sup>
- 4.18 A comprehensive strategy is needed to support landlords in retrofitting the remaining fifth of PRS properties with a low EPC rating, particularly those that pose significant challenges and high costs for retrofitting. This approach would not only help mitigate a loss of investment from the sector, ensuring the homes are kept in the PRS, but could also reduce energy costs for tenants. We agree with the assessment of the Welsh Government, which stated in its response to the Climate Change, Environment and Infrastructure Committee's report into decarbonising the private housing sector that: "If UK Government introduces a

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<sup>18</sup> ITV News. Labour shuns Plaid Cymru bid for rent freeze amid rising costs. Available at: <https://www.itv.com/news/wales/2022-10-13/freezing-rent-would-have-unintentional-consequences-for-landlords-labour-says>

<sup>19</sup> The Health Foundation. *Proportion of properties built before 1919 by local authority*. Available at: <https://www.health.org.uk/evidence-hub/housing/housing-quality/properties-built-before-1919>.

<sup>20</sup> The Land Registry. UK House Price Index: March 2023. Available at: <https://landregistry.data.gov.uk/app/ukhpi/browse?from=2022-03-01&location=http%3A%2F%2Flandregistry.data.gov.uk%2Fid%2Fregion%2Fengland&to=2023-03-01&lang=en>.

<sup>21</sup> Chartered Institute of Housing Cymru. *Decarbonising Wales' Private Rented Sector*. Available at: <https://cih.org/media/zbccclbu/0510-ttc-decarbonising-wales-private-rented-sector-v5.pdf>.

<sup>22</sup> English Housing Survey. 2014-15: Housing stock report. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/539600/Housing\\_Stock\\_report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/539600/Housing_Stock_report.pdf).

<sup>23</sup> Welsh Housing Conditions Survey 2017-18. Available at: <https://www.gov.wales/sites/default/files/statistics-and-research/2020-02/welsh-housing-conditions-survey-headline-results-april-2017-march-2018-update-570.pdf>.

<sup>24</sup> Ibid

requirement to meet EPC C and does not provide financial support there could be a need to look at funding grants and/or loans to support improvements.”<sup>25</sup>

4.19 The NRLA is calling for the Development Bank of Wales to offer additional funding, in the form of low-interest loans, to landlords who are facing prohibitive costs when making energy efficiency improvements to their properties. This would encourage investment in energy efficiency measures for the PRS, rather than pushing landlords to sell their properties as the burden of minimum standards without support could do. As with other businesses, private landlords face rising costs, including mortgage costs and the cost of maintaining properties. According to the Q4 2022 BVA-BDRC survey, 72% of landlords in England and Wales who planned to raise rents cited the increasing costs of running properties as the main reason for doing so. It is essential to provide support to landlords to ensure that they can continue to provide safe and affordable housing while meeting the government's energy efficiency requirements.

4.20 One of the key expenses landlords have to grapple with is the growing cost of mortgages. According to the Bank of England's Financial Stability Report published in December<sup>26</sup>:

- There are around 2 million outstanding buy-to-let mortgages, representing 8% of the house stock.
- 85% of buy-to-let mortgages are interest only, making them “*particularly vulnerable to interest rate rises.*”
- By the end of 2023, monthly repayments for buy-to-let mortgages are forecast to rise on average by around £175, and around 20% of buy-to-let mortgages will have increases of over £300.
- Landlords would need to increase rental incomes by around 20% to offset the projected rise in buy-to-let mortgage costs.

4.21 In addition, in the 12 months leading up to March this year, the Office for National Statistics has shown a notable increase in costs linked to the maintenance and upkeep of dwellings.<sup>27</sup> For example:

- Materials for the maintenance and repair of dwellings increased by an average of 10.2%.
- The costs of furniture, furnishings and carpets increased by an average of 9.4%.

## **5.0 The opportunities for greater partnership working between social and private landlords**

5.1 The NRLA is committed to collaborating closely with the social rented sector in Wales in order to meet the demand for housing.

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<sup>25</sup> Welsh Government. Response to Climate Change, Environment and Infrastructure

Committee's report on Decarbonising the private housing sector. Available at: <https://senedd.wales/media/az1fnguy/gen-ld15794-e.pdf>.

<sup>26</sup> Bank of England, *Financial Stability Report, December 2022*, available at: <https://www.bankofengland.co.uk/-/media/boe/files/financial-stability-report/2022/financial-stability-report-december-2022.pdf>.

<sup>27</sup> Office for National Statistics, *Consumer price inflation tables*, April 2023, table 3, available at:

<https://www.ons.gov.uk/file?uri=/economy/inflationandpriceindices/datasets/consumerpriceinflation/current/consumerpriceinflationdetailedreferenceables2.xlsx>.

5.2 We fully support the Government's Leasing Scheme Wales, which enables landlords in 15 local authority areas to lease their property to the local authority on a long-term basis and receive a guaranteed rental income in return. We agree that the scheme enhances access to homes in the PRS, offers tenants longer term security, and can help reduce homelessness. Incentives provided through the scheme, including grants for improving the energy efficiency of a property, are also welcome.

5.3 However, considering that the demand for private rented homes outstrips supply, many landlords may find it easier than before to attract tenants on the open market. As such, we would welcome engagement with the Welsh Government on whether any further incentives, such as a higher guaranteed level of rent or property upgrade grants, might be possible to ensure that the scheme is more successful and works for more responsible landlords.

## **6.0 Barriers to accessing the private rented sector including challenges facing young people and people with pets**

6.1 Increasing the supply of homes in the areas where people want to live is the key to improving access to the sector.

6.2 For young people, this means ensuring properties are available close to colleges or universities, or in cities. While properties to rent can be found in every Welsh city, we continue to urge the UK Government to provide more support to those on the lowest incomes to access private rented housing. Specifically, we call for an increased rate of Local Housing Allowance that realistically reflects rents in each area, and for access to the full rate of LHA to be extended to those under the age of 35.

6.3 We also recognise the importance of pets as companions for tenants and encourage our members to be flexible when considering requests to allow pets in their properties. By being open to such requests, we can help ensure that responsible pet owners are not unfairly excluded from accessing suitable accommodation in the private rented sector.

6.4 However, it's important to note that pets may not be suitable for every property, and that there is often a higher level of risk of property damage where there is a pet present. If allowing pets becomes mandatory, landlords need to have confidence that they will not be forced to pay for any damage caused by pets at the end of a tenancy. We, therefore, call on both the Welsh and UK Governments to allow for more flexible deposit amounts to reflect this greater risk. Additionally, we call for tenants to either have pet insurance or to pay the landlord for it, to be allowed as a requirement for a tenancy where relevant.

## **7.0 How effectively the private rented sector is regulated**

7.1 The NRLA believes that effective regulation can improve the private rented sector for both tenants and responsible landlords. We continue to want to work collaboratively with the Welsh Government and Rent Smart Wales, established as a national licensing scheme for private landlords to ensure compliance with legislation affecting the sector, to support regulations that roots out the small number of criminal and rogue landlords who bring the sector into disrepute, whilst supporting the compliant majority. Although the tools are already in place for Rent Smart Wales and local authorities to effectively police the sector, they need to be used more effectively to achieve this goal.



- 7.2 However, while the tools are already in place for Rent Smart Wales and local authorities to effectively police the sector and root out rogue landlords, they need to be used more effectively.
- 7.3 Despite the establishment of Rent Smart Wales, the number of inspections carried out by local authorities in Wales under the Housing Health and Safety Rating System (HHSRS) is falling. In 2018-19, 5,652 assessments were carried out across Wales, which is 10% less than the previous year and the lowest number since 2011-12.<sup>28</sup> We urge local authorities to increase their efforts in enforcing regulations and taking action against rogue landlords, to ensure that all tenants have access to safe and well-maintained homes.
- 7.4 Furthermore, an evaluation of Rent Smart Wales conducted by the Welsh Government showed that<sup>29</sup>:
- A large proportion (42%) of tenants said they were unaware of the existence of the organisation.
  - Many local authority representatives questioned for the report said that they “*did not have detailed plans specific for Rent Smart Wales enforcement activities.*”
  - Councils reported a lack of capacity to undertake prosecution and enforcement action. The report goes on to note: “*Local authority interviewees suggested that enforcement was not being carried out to its fullest extent due to a lack of capacity. This was cited in relation to both the capacity of the local authorities as well as Rent Smart Wales.*”
- 7.5 In 2022, Rent Smart Wales was unable to service its phone lines sufficiently for a period of time. Whilst the service has now been restored, this period meant tenants and landlords who contacted the service were unable to access support.
- 7.6 Rather than introducing additional regulations that may harm investment in the sector, an assessment of Rent Smart Wales should be conducted by Audit Wales to establish if it is meeting its objectives and advise on what improvements could be made to ensure it is effectively regulating the sector with the tools it already has.
- 7.7 Rent Smart Wales should also be required to publish annual performance statistics that include property conditions, energy efficiency data, the number of landlords in Wales, and other key tenure data to provide a more comprehensive picture of its performance.
- 7.8 Finally, a Scrutiny Board should be established to provide oversight of Rent Smart Wales, and include representatives from across the sector, including tenant and landlord representative bodies. This Board should have the power to prepare reports and make recommendations to the Welsh Government. By implementing these measures, we can work towards a more effective regulatory environment that supports the private rented sector, while rooting out rogue landlords and promoting compliance among the majority of responsible landlords.

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<sup>28</sup> Welsh Government, *Housing Hazards and Licences, 2018-19*, March 2020, available at: <https://gov.wales/sites/default/files/statistics-and-research/2020-03/housing-hazards-and-licences-april-2018-march-2019-649.pdf>.

<sup>29</sup> Welsh Government, *Evaluation of Rent Smart Wales Implementation and Delivery Final Evaluation Report*, June 2018, available at: <https://gov.wales/sites/default/files/statistics-and-research/2019-05/evaluation-of-rent-smart-wales-implementation-and-delivery-final-report.pdf>.

## **8.0 The availability of data on the private rented sector and how it can be improved**

- 8.1 The available data on the private rented sector in Wales is significantly less comprehensive than what is available in England. Our upcoming State of the Welsh Private Rented Sector report highlights the difficulty of getting an in-depth understanding of the PRS in Wales, as data on its size, energy efficiency of the rented housing stock, costs, and other key issues are not available in a central location as can be found in the English Housing Survey.
- 8.2 As policy is developed concerning the private rented sector it needs to be rooted in evidence based on what works. At present much policy is being considered based on anecdotal evidence, or evidence that is not up to date, some of which predates the coronavirus pandemic. The private rented sector in Wales has significantly changed since then, but some of the latest data we have retrieved from government sources, such as the StatsWales website, was quite antiquated.
- 8.3 There remains a considerable amount of valuable information that is not tracked by the Welsh Government. For example, it would be helpful to understand the average income of private renters, their levels of savings, their future housing needs, and aspirations - and how many dependents they have, to fully understand the role that the PRS plays in Wales.
- 8.4 To address this, we call for the development of an annual Welsh Housing Survey, similar to that conducted and produced in England. Our proposal has received support from several organisations from across the housing sector, including Shelter and Crisis, and has bipartisan support in the Senedd.
- 8.5 In the meantime, as an interim measure, the Welsh Government should require Rent Smart Wales (RSW) to regularly publish details of all the data it currently holds on the make-up of the private rented sector. Furthermore, RSW should measure any key metrics that it does not presently cover to inform policymakers on the size and make-up of the Welsh private rented sector.