

Welsh Government consultation
Renting Homes (Wales) Act 2016: improving security of tenure by increasing the period of notice
Written evidence from PropertyMark October 2022

Background

1. PropertyMark is the UK's leading professional body of property agents, with nearly 18,000 members representing over 12,800 branches. We are member-led with an executive Board of practicing agents who we work closely with to ensure that we uphold high- standards of professionalism and are able to advocate for legislative change on behalf of the sector.
2. The Welsh Government are consulting on proposals to extend the notice period required for converted periodic standard contracts, from two months to six months, under section 173 of the Renting Homes (Wales) Act.

Questions

In the case of converted periodic standard contracts, do you support increasing the notice period required under section 173 of the 2016 Act from two months to six months?

3. In the case of converted periodic standard contracts, PropertyMark does not support increasing the notice period required under section 173 of the 2016 Act from two months to six months. There are three reasons why we are not supportive. Firstly, it will reduce the flexibility required for some landlords to seek possession and deter landlords from remaining in the sector. Secondly, there will be unintended consequences including increased costs for landlords and confusion over recent changes in dates. Thirdly, local authorities and the Welsh Government will be impacted financially because with demand of social housing far outstretching supply, we are concerned that the most vulnerable tenants will have an extended stay in temporary accommodation which will not meet their long-term needs.

Reduce flexibility for landlords and housing options for tenants

4. The notice period extension was originally implemented on public health grounds and as part of the sector's combined efforts to support tenants against Coronavirus. Letting Agents and landlords showed a great deal of flexibility to support tenants and only to seek possession in the most serious of cases including anti-social or criminal behaviour. While the proposal continues to allow letting agents and landlords to seek possession, with a reduced notice period for some grounds, some landlords still require greater flexibility to seek possession if they wish to sell the property or live in the property themselves. Accordingly, we believe the proposal will have a negative impact on the sector and could result in further shrinkage in private rented sector (PRS) supply. The purpose of the proposal is to mitigate against a shortage in supply of temporary accommodation and to give tenant's more time to find appropriate property to ensure that as little disruption is caused in terms of their children's education, care responsibilities or employment. While this is undeniably a laudable aim, we believe the proposal could have a negative impact on supply. Thus, further reducing housing opportunities particularly for those that are most vulnerable.

Unintended consequences

5. The Renting Homes (Amendment) (Wales) Bill will not improve security of tenure for those who rent their homes in Wales. The proposals are overly biased towards the tenant and as such letting property becomes less of a viable business asset for landlords. This is because there is an increased risk in protecting their assets where there isn't straightforward means to regain the property quickly when things go wrong. With less landlords the supply of homes in the PRS will reduce, which will ultimately leave tenants with less choice of where to live. A decrease in private rented homes will create two unintended consequences. Firstly, there is a possibility that costs incurred on landlords will increase from less flexibility to gain possession.

This could result in rent increases for those tenants that remain in PRS accommodation. In addition, with the level of risk appearing to increase when letting to potentially vulnerable tenants, landlords may become more risk adverse to letting to this cohort. Thus, further reducing housing options for vulnerable tenants. Secondly, we are concerned that the proposed implementation of the increase in notice periods for six months after the enactment of the Renting Homes Act in December, could lead to landlords that are already considering exiting the market, accelerating their decision early before the implementation. This could lead to significant challenges in housing options around and before the enactment of Renting Homes.

Financial impact on local authorities and Welsh Government

6. One of the aims of the proposal is to reduce pressure on the supply of local authority temporary accommodation. Supplies of temporary accommodation should be maintained as a short-term housing option for the most vulnerable people. The aim should always be to reduce the time people spend in temporary accommodation and to accommodate them, in the medium term, either in social housing or the PRS. Unfortunately, we believe the proposal will further decrease the supply of PRS housing options. With demand of social housing far outstretching supply, we are concerned that the most vulnerable tenants will have an extended stay in temporary accommodation which will not meet their long-term needs. This will come at a significant cost to both the Welsh Government and local authorities. More capital will need to be invested in building and acquiring homes to be socially rented to make up for the shortfall in the PRS. Furthermore, it is likely that the decrease in PRS and social stock, will result in local authorities being mandated in expanding their provision of temporary accommodation.

In 2017, a Freedom of Information request found that the Welsh government had spent £8.6 million on housing homeless individuals and families in temporary accommodation. The likelihood is that this figure has risen and will continue to rise if the proposals are made and there is a continuation on policy that is negative towards landlords.

If you are a landlord and have answered 'no' to Q2, which of the following are most important you:

- a) **Easier / quicker to gain possession of property**
- b) **Short-term rental is preferred**
- c) **Other**

7. As a body which represents the interests of letting agents, it is difficult to suggest what would be the most important to our members as the sector is very diverse. There is a recognition that it is important to improve security of tenure, especially for vulnerable groups. However, possession of tenure is paramount to the running of the sector.
8. Furthermore, to reduce the pressure on temporary accommodation, rather than continued punitive measures on letting agents and landlords which will further restrict supply, we believe it would be far more positive if the Welsh Government did more to increase supply within the PRS. While many of the levers to boost supply within the PRS are not currently within the legislative competence of the Welsh Government and reserved for the UK Government, we believe that the Welsh Government should use its influence to communicate with the UK Government and do four things. Firstly, this could include a call for the annual uprate of Local Housing Allowance. Secondly, call for the UK Government to scrap the Shared Accommodation Rate for single tenants under thirty-five. Thirdly, and a review of Broad Rental Market Areas that do not reflect fair LHA levels. Fourthly, Additionally, the Welsh Government should encourage all Welsh local authorities to spend Discretionary Housing Payments (DHP) in full and to consider top ups where necessary. Greater reassurance could be given to local authorities from the Welsh Government, that they would guarantee the level of DHP should the Department for Work and Pensions DWP cut current levels in the future. This would give local authorities a long- term vision on improving supply for the most vulnerable.

Please provide any further thoughts on the proposals set out in this consultation including the impact that the current 2 month notice period has had on you as a landlord or tenant, positively or negatively.

9. We believe that the current two month notice period strikes the right balance in supporting tenants find alternative accommodation and the needs of landlords. We have already highlighted the negative impact increasing the notice period to six months will have. We would like to briefly use the remainder of this response to highlight improvements to grounds-based approach to seeking possession. To support letting agents against anti-social behaviour, we are calling for a better relationship between local authorities and letting agents in dealing with anti-social behaviour and compiling evidence.

Increased use of seeking possession via Section 8

10. With the proposed increase in notice periods using section 173 of the Renting Homes (Wales) Act, some landlords may favour seeking possession using Section 8. While we are against the Welsh Government's proposals to increase notice periods using Section 173, if the proposal was approved, this could be an opportunity for the Welsh Government to improve the grounds-based approach for possession.

11. The current courts procedure is slow and costs landlords' large amounts of time and money while waiting for a decision. We would like to use this opportunity to reaffirm our support for specialist Housing Tribunal for England and Wales. The Housing Tribunal should be given the existing powers of both the County Court (claims for possession and disrepair in respect of rented dwellings) and First-tier Tribunal (Property Chamber) to ensure that wherever possible persons bringing proceedings before the Tribunal should be able to have their matters dealt with in a single process. The creation of a Housing Tribunal would make longer contracts by default workable for landlords. This would improve access to justice for both landlords and tenants, free up court time for other areas and would rapidly speed up decision making.

Conclusion

12. We are very grateful for the opportunity to discuss our views on this important consultation. Propertymark does not support your proposal to increase notice periods for Section 173 possession claims. We favour more progressive methods that would improve access to the PRS for vulnerable groups while simultaneously not disadvantaging landlords and letting agents. We would welcome the opportunity to meet to discuss any of our proposals with the Welsh Government should you wish for more clarity or further dialog.