

Senedd Finance Committee: A call for information – Welsh Government Draft Budget proposals for 2025-26
Response from Propertymark November 2024

Background

1. Propertymark is the UK's leading professional body for estate and letting agents, property inventory service providers, commercial agents, auctioneers and valuers, comprising over 18,000 members representing over 12,800 branches. We are member-led with a Board which is made up of practicing agents and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development. Members benefit from guidance, advice, and research as well as a comprehensive programme of workshops, conferences and events and we regulate members' activity according to a code of conduct and rules, with disciplinary action for instances of non-compliance.
2. The Welsh Government has announced it is planning to publish the outline and detailed draft budgets together on 10 December 2024, and the final Budget on 25 February 2025. The Welsh Parliament's Finance Committee looks at the Welsh Government's Draft Budget from a strategic, overarching perspective. We are focussing our attention for this budget consultation on areas pertinent to the housing sector.

Call for information

What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

3. In our budget consultation response for the financial year 2024-25¹, Propertymark called for fair funding for the Housing Support Grant (HSG.) The HSG is allocated from the Welsh Government to local authorities for them to prevent homelessness and support people to access and/or maintain a stable and suitable home.
4. We welcomed the Welsh Treasury decision to uplift the Housing Support Grant by £13 million in 2024/25 compared to 2023/24², which given the post Covid, and cost-of-living pressures was both necessary and urgent. However, we also called for local authorities to use the HSG more radically to meet the challenges the housing sector is facing, by engaging with property agents and private landlords more effectively.
5. Additionally, while we welcomed the HSG uplift, we also called for the Welsh Government to provide a three-year indicative funding settlement for the HSG, which would increase by at least inflation each year, from a baseline of £166 million. In turn, some of this HSG should be ringfenced by local authorities to be used to engage with the PRS to tackle and avoid homelessness.
6. Propertymark welcomed the 2024-25 budget funding to support planning and regulation and housing to increase the supply and choice of both affordable and market housing: to support people to live independently in their homes through the Supporting People,

¹ [Senedd-Finance-Committee-call-for-information-Propertymark-Response.pdf](#)

² [Housing Support Grant to receive £13 million uplift - Cymorth Cymru](#)

Independent Living and Integrated Care Fund and to prevent homelessness³. However, if there is a genuine desire to boost housing tenure, including in the PRS, the Welsh Government must consider taxation policy to support landlords and stimulate the market.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

7. Propertymark is a well-established not-for profit organisation, which operates across the UK. Our membership base of property agents continues to rise, and we continue to provide guidance, advice and research as well as a comprehensive programme of workshops, conferences and events for our members. We are in an advanced position to support the UK Government and the devolved nations in the further regulation of property agents.
8. However, despite our strong financial position, many of our members who include small and medium family businesses are increasingly struggling due to the challenging economy. Letting agents are reliant on landlords using their services in the discharge of their management of their properties. Landlords who use well-regulated and supported letting agents, such as those who are Propertymark members, are advantaged by professionalism and compliance in legislation and standards. However, the ability for landlords to afford this is compromised by several challenges:
 - **The rising costs for landlords:** One of the main challenges for landlords is the significant increase in costs in maintaining properties. This includes challenges from supply chain issues and inflation which have driven up costs for both material and labour.
 - **Renting Homes (Wales) Act.** The Renting Homes (Wales) Act has radically changed the lettings industry in Wales. While there are many positive provisions in the Act, the legislation has resulted in some landlords exiting the market. Accordingly, Propertymark has called for a pause on any future legislation.
 - **Regulatory Compliance:** Landlords must adhere to regulatory compliance including gas and electricity checks, Rent Smart Wales registration and ensure that their properties are fit for human habitation.
 - **Energy efficiency:** New energy performance regulations have been introduced by the UK Government, requiring all rental properties to have a minimum EPC rating of C by 2030. This is more challenging for Welsh rental properties where the property values are generally lower than in other parts of the UK.
 - **The prospect of rent controls:** While the recently published White Paper has ruled our rent controls being implemented for the time being, the Welsh Government should end any speculation of endorsing them at a later point to encourage development and the supply of privately rented property.
9. We recognise and acknowledge the Welsh Government's Social Leasing Scheme as one proposal to support landlords and boost supply. However, this is not a viable option for all landlords and is compromised by the difference in Local Housing Allowance Rates and market rents which are typically awarded in such schemes as guaranteed rent.
10. Overall, the biggest challenges to landlords, and subsequently property agents, is the increase in costs from property taxes. Using survey data from our members, and other

³ [Final Budget 2024 to 2025: motion](#)

private and public sector organisations, we developed a position paper which highlighted the detrimental impact that UK government decisions since 2015 have had on the tax and financial situation for landlords in the PRS⁴. While most of these taxation measures are reserved to the UK Government, including measures from Section 24 of the Finance Act⁵ and Capital Gains Tax, we are calling for the Welsh Government to do a review of all property taxes to assess the impact on the sector. We are also renewing our call for the Welsh Government to exempt new long-term rental properties from the four per cent Land Transaction Tax (LTT) levy on additional homes. The Welsh Government should also consider wider access to grants and interest free to include private landlords to bring empty properties back into use as part of their Empty Homes Grants Scheme⁶.

3. What action should the Welsh Government take to:

- help households cope with inflation and cost of living issues;
- address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities?

11. We have already addressed the challenges for landlords and property agents from increased inflation and the costs of living issues in question two of this response. However, we also recognise these are challenging times for tenants and some homeowners. We support a series of welfare reforms and respect the fact that these welfare measures are reserved for the UK Government but believe the Welsh Government should use its influence to communicate the importance of reforms to the UK Government to protect the most vulnerable tenants:

- Local Housing Allowance rates (LHA) should be set at the 50th percentile if not the 30th and these rates should be topped up annually to keep pace with increases in market rents. We also believe that Broad Rental Market Areas (BRMAs) should be reformed to a smaller geography to reflect local trends.
- Reform to welfare should also extend to the provision of Universal Credit. The end of the five-week waiting time should be ended, and loans for advance payments should be converted to grants to prevent further debt to vulnerable people.
- Another source vital to supporting vulnerable tenants is access to Discretionary Housing Payments⁷, and while DHP is again allocated by the UK Government, given the challenges we would welcome a commitment from the Welsh Government to top up allocations to local authorities and ensure that they use their allocations fully.

12. The challenges in finding affordable and suitable housing in rural areas, is increasingly difficult due to the lack of supply. Our tax and legislation proposals to support landlords and property agents would equally support supply in rural areas. However, local authorities have additional challenges in enforcing standards and compliance in the PRS in rural areas. This is challenging due to the sporadic and isolated nature of rural properties, but also due to the difficulties in recruiting and retaining technical staff such as environment health officers in these areas. With legislation coming from the Renting Homes Act, and the potential for

⁴ [Impact of tax changes on the private rented sector | Propertymark](#)

⁵ [Finance Act 2015](#)

⁶ [Apply for an empty homes grant | GOV.WALES](#)

⁷⁷ [Applying for a Discretionary Housing Payment - GOV.UK](#)

additional legislation from the Welsh Government White Paper on adequate housing and fair rents⁸, local authorities in rural areas may require additional funding to retain such technical officers to enforce new and existing legislation.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

13. One of our concerns for supporting businesses and the vitality of town and city centres across Wales, is the number of vacant commercial properties in many Welsh communities. According to the Welsh Retail Consortium, one in six Welsh shops are now empty leaving Wales having the second highest number of vacant commercial properties in the UK.⁹
14. We acknowledge the Welsh Government's Together for Retail, a Wales Retail Forum Action Plan, which seeks to reduce vacant properties, increase town centre footfall and reduce non-domestic rates for eligible businesses.¹⁰ However, given the scale of the challenge we would recommend addition measures.
15. The Welsh Government should consider piloting the UK Government's High Street Rental Auctions Scheme¹¹ which will give English local authorities new powers to auction long term empty properties giving businesses and community groups a 'right to rent' these long-neglected town-centre commercial properties. Propertymark supported this proposal providing local authorities act on the advice of professional commercial agents.¹²
16. Another major boost to the Welsh economy is the home buying and selling process. We welcome the Welsh Government Help to Buy scheme¹³ which has helped first-time buyers into the market. However, more must be done to increase levels of homeownership and reduce social inequality in Wales. Help to Buy should be extended to the second-hand home market, including older properties and new builds put back up for sale. Doing so will boost house sales and allow more first-time buyers to get onto the property ladder.

5. Are Welsh Government plans to build a greener economy clear and sufficiently ambitious? Do you think there is enough investment being targeted at tackling the climate change and nature emergency? Are there any potential skill gaps that need to be addressed to achieve these plans?

17. The Secretary of State for Energy Security and Net Zero, Ed Miliband, confirmed to Propertymark that private landlords must achieve EPC C by 2030 subject to exemptions. The Secretary of State also confirmed that the DESNZ are still considering incentives and support measures to support private landlords decarbonise, which is key given the challenges and costs to decarbonise. Propertymark supports the Welsh Government's drive to be Net Zero by 2050 and recognises the contribution existing and future housing provision in all tenures contributes towards carbon emissions. However, the Welsh Government must support landlords and homeowners decarbonise their properties. Decarbonisation is especially

⁸ [Written Statement: Publication of the White Paper on Adequate Housing and Fair Rents \(24 October 2024\) | GOV.WALES](#)

⁹ [High Streets: One in six Welsh shops are now empty, data shows - BBC News](#)

¹⁰ [Together for retail: a Wales Retail Forum action plan \[HTML\] | GOV.WALES](#)

¹¹ [High streets to be revitalised with new legal powers - GOV.UK](#)

¹² [DLUHC-High-Street-Rental-Auctions-consultation-Propertymark-response.pdf](#)

¹³ [Help to Buy - Wales | GOV.WALES](#)

challenging for Welsh properties given the generally lower property value and lower levels of energy efficiency.

18. We applaud the development of the Welsh Government and Development Bank of Wales's Green Homes Wales Scheme¹⁴, which will help households across Wales to implement energy and carbon-saving measures. This will support households lower both energy consumption and energy bills. However, once this scheme is fully rolled out, it should be open to both the owner-occupied sector and for landlords in the private rented sector.
19. With regards to skills gaps, there are significant shortages in skilled, suitably qualified and correctly regulated professionals employed within the energy efficiency installation sector including insulation, renewable energy solutions, and ventilation. This shortage is particularly concerning in Wales and is exacerbated by an aging workforce. The Welsh Government should consider plugging these skills gaps with additional apprenticeship schemes centred on energy efficiency installation.

6. Is the Welsh Government using the financial mechanisms available to it around borrowing and taxation effectively?

20. We have already highlighted the taxation challenges to landlords and their property agents earlier in this response. For more insight into our work on property taxation, we have developed a taxation paper¹⁵. Turning to property taxation that impacts private rented landlords, most of these taxation powers are reserved to the UK Government. Nevertheless, we are calling for the Welsh Government to do a review of all property taxes to assess the impact on the sector. We are also calling for the Welsh Government to exempt new long-term rental properties from the four per cent Land Transaction Tax (LTT) levy on additional homes. Any consideration on the impact Welsh Treasury taxation has on the sector, should also consider the impact HM Treasury taxation has had on the supply of PRS housing including Section 24 of the Finance Act and in particular the impact on phasing out of taxable deductibles for private landlords.

7. The Committee would like to focus on a number of other specific areas in the scrutiny of the Budget. Do you have any specific comments on any of the areas identified below?

21. Of the areas relevant to the housing sector, we believe we have already addressed these points within our consultation response. However, we would like to reinforce the point that Welsh local government must have fair and increased funding. We respect the decision from previous budgets to increase funding for the Welsh NHS. However, we believe that Welsh local government fair funding is essential for two reasons. Firstly, many of the functions of local government perform as a preventative measure which supports health and reduces the burden on the NHS. This could include, for example, the work of environmental health officers in ensuring high quality standards and compliance within the private rented sector. Secondly, there is significant housing legislation and enforcement demands on local authorities. The Renting Homes Wales Act has now bedded in and is an established piece of legislation. The demand on local authorities is likely to increase from provisions in the Renters Rights Bill¹⁶ with the proposal to end the discrimination of tenants in receipt of benefits or for those who have children. Equally, the Welsh Government White Paper on

¹⁴ [Green Homes Wales - Dev Bank](#)

¹⁵ [Impact of tax changes on the private rented sector | Propertymark](#)

¹⁶ [Guide to the Renters' Rights Bill - GOV.UK](#)

adequate housing and fair rents is likely to increase demand on resources for local authorities.

22. An additional future challenge for Welsh local authorities is enforcement and ensuring compliance with the Welsh Building Safety Act. We are concerned that local authorities may not have the capacity to undergo this important role and may have difficulties recruiting and retaining staff to occupy this role. These concerns have been highlighted in a recent Audit Wales report which concludes that local authorities may have ‘resourcing issues make it unlikely that local authorities can successfully implement the new building safety regime or that services are fit for purpose.’¹⁷ Not only do we believe that this is further evidence, if anymore was needed that local authorities need fair funding, but we also call for ringfenced funding to ensure local authorities can under go this essential role in enforcing building safety.
23. We would like to thank the Senedd Finance Committee for considering our views, and we would be delighted to address the committee with any further points of clarification or information.

¹⁷ [‘Cracks in the Foundations’ – Building Safety in Wales](#)