

**The General principles of the Renting Homes (Amendment) (Wales) Bill and the need for legislation to deliver the stated policy intention.**

Overall, we welcome the general principles of the Bill and the attempt to make the private rented sector more secure for tenants. However, we are also cautious of the potential negative impact the legislation may have on private rented sector landlords, and the associated risk of landlords selling their properties as a result.

The Bill allows contract holders who have not breached the terms of their contract with adequate time to find suitable alternative accommodation. However, we are concerned that as a result of this, some landlords may decide to leave the market or be more selective with which contract holders they would accept. There is also the risk that landlords may increase their rents to mitigate any financial losses caused by this new legislation.

However, the opinion that the private rented sector is an unstable and temporary option is wide-spread and leads to increased pressure on social housing as people are attracted by the security of tenure it provides. Any move toward making the private rented sector more secure should therefore be welcomed.

In addition, the increase in notice periods should assist with homelessness prevention and eventually relieving pressure on temporary accommodation.

Therefore, on balance we do welcome the Bill, but education of landlords needs to be handled carefully to ensure they are supported to understand and welcome the changes.

**Any potential barriers to the implementation of the Bill's provisions and whether the Bill takes account of them.**

The explanatory memorandum makes an informed assumption that following the amendments, the vast majority of private sector landlords will seek possession using the breach of tenancy or serious rent arrears ground. This means that there will be an increase in cases which proceed to a court hearing. The court service will need to be prepared to deal with an increase of possession cases under these grounds and judges will require training to fully understand the changes being made.

There will need to be a clear and comprehensive communication strategy about the changes the Bill introduces with contract holders, landlords, local authorities and other key stakeholders. Providing this information is essential to ensure everyone is familiar with the new requirements. The Bill has already accounted in some way towards this by allowing landlords to withdraw and reissue an incorrect notice within fourteen days if errors are made calculating dates and issuing correct paperwork, however further consideration needs to be given to allocating a period of time for the changes to be understood and put into practice by all involved.

Considering the evidence in the Explanatory Memorandum that 'landlords were overwhelmingly against the Bill proposals', it is unclear at this stage if local authorities will have to deal with any enforcement if some landlords do not adhere to their new responsibilities under the Bill or if they have the capacity to do so.

The Bill will allow tenants to report disrepair issues without fear of retaliatory evictions. This may have the positive impact of improving property condition across the sector and improve the reputation of the private rented market. However, more information will be required around implementing the prevention of retaliatory evictions once a tenant has issued a disrepair claim, and clear guidance will be needed in relation to the timescales of reporting repairs and issuing notice.

### **The appropriateness of the powers in the Bill for Welsh Ministers to make subordinate legislation.**

As the explanatory memorandum sets out, we feel it is essential that Welsh Government carry out consultations on the content of the subordinate legislation with all interested parties, including contract holders, landlords, local authorities and other key stakeholders.

Also, as outlined in the post implementation review, an evaluation project will take place to monitor and review the impact of the legislation and its effectiveness. Based on this, consideration should be given to the key findings in this research to support further changes.

Providing any proposed changes are communicated to all parties involved then the powers for Welsh Ministers to make subordinate legislation are appropriate.

### **Whether there are any unintended consequences arising from the bill.**

#### **- Landlords selling their properties**

Due to the introduction of Rent Smart Wales, as well as the new landlord taxation charges, private renting for landlords has become less financially lucrative and landlords have already sold their properties and left the market. This additional legislation may cause this trend to continue which would lead to a decrease of private rented sector properties for people to move to, and an increase in contract holders facing homelessness.

#### **- High risk contract holders**

Landlords could be more cautious and selective when choosing contract holders, due to the increase in time taken to evict them from the property. This may make it harder to find private landlords that want to rent to homeless clients and those with complex needs. This means a decrease in successful move on options for people currently housed in temporary and supported accommodation.

- Higher rents

Rent levels may increase in the private rented sector as landlords become more risk averse and there is a greater demand for private rented properties as the market may get smaller. This may exclude some people from accessing the private rented sector as it is no longer an affordable option.

- Increased pressure on social housing

If there is a decrease of available properties in the private rented sector, the market will become smaller and harder for people to access. People may be forced into applying for alternative housing options where rent levels are more affordable. This may lead to increased numbers of people who apply to join social housing waiting lists.

## **The financial implications of the bill**

### **Contract Holders**

- Moving at short notice can be costly due to removal costs, the bond and rent in advance required and possible loss of earnings during the move. The Bill will allow contract holders more time to prepare and plan a move, therefore giving people the ability to potentially raise funds for removal costs and a deposit. This may result in fewer people needing to access short term or pay day loans to meet these costs and putting themselves into financial hardship.
- Anecdotal information from our Housing Options Service suggests that tenants may have previously paid for repairs rather than reporting these to their landlord, due to fears of retaliatory evictions. The Bill allows for contract holders to report disrepair without the fear of retaliatory evictions, which may save contract holders for paying for repairs themselves.

### **Landlords**

- Where a landlord is trying to regain possession of their property via the breach of tenancy or serious rent arrears ground, they will be required to attend a court hearing, which will have financial implications from court costs and if they seek any independent legal advice about the proceedings. However, the exact costs are not yet known.
- If a landlord needs to move back into their property because they have now become homeless, they may need to rent alternative accommodation in the meantime, whilst waiting for their property to become available and all other associated moving costs and deposits.

### **Local Authorities**

- If landlords are more cautious in selecting contract holders, this may mean that people are staying in temporary and supported accommodation for longer as they

have no other successful move on options. This type of accommodation is expensive for the local authority to manage, and also a waste of valuable resource in cases where people are ready to move to alternative accommodation, but nothing suitable is available.

- However, potential savings could be made within the homelessness service as people will have more time to resolve their own housing situation and may not ask the local authority to provide statutory assistance with the prevention of homelessness. This may result in less homeless presentations and more time can be spent with more vulnerable clients who are at risk of becoming homeless.