



NATIONAL RESIDENTIAL
LANDLORDS ASSOCIATION

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27/05/2020

Equality, Local Government and Communities Committee
Welsh Parliament
Cardiff
CF99 1SN

Re: Inquiry into COVID-19 and its impact on matters relating to the Equality, Local Government and Communities Committee's remit

Dear Sir / Madam,

Thank you for the opportunity to respond to the above consultation. The National Residential Landlords Association (NRLA) are grateful for this opportunity to give our views as an organisation on this important call for evidence for the Equality, Local Government and Communities Committee into the impact of Covid-19.

We have structured our response into the subject remit areas of the committee accordingly:

- Local government;
- Housing;
- Equalities;
- Tackling poverty;
- Human rights; and
- Any other issues within the committee's portfolio.

We have also included data from our latest survey which chiefly looked at the impact Covid-19 has had on landlords and the sector as well as three case studies where landlords have supported tenants during the pandemic. You will find the survey data under appendix a and the case studies under appendix b.

Local Government

The NRLA recognise that local government in Wales was at the forefront in tackling Covid-19, developing community resilience and in working to develop a coherent and partnership led approach to supporting people during the pandemic.

Council Tax support for landlords with void properties

The impact of Covid-19 will cause significant financial pressure on local government and many of their services that they provide have been reprioritised. The NRLA would be supportive of additional financial support for local authorities in order to support them not only in tackling Covid-19, but to support the many services they perform thereafter.

While recognising local government's financial challenges, we would hope that greater core funding would allow local authorities to be more flexible on their policies towards empty properties and in Council Tax support for landlords operating in the Private Rented Sector. Accordingly, we would like to see Council tax waived on hard to rent properties or those that are left void due to the Coronavirus. We have had feedback from some of our members who have expressed financial hardship as there properties have been left empty during the Coronavirus, which has been especially problematic for Houses of Multiple Occupation.

While the UK Government's support with mortgage holidays has been a relief for relatively few landlords, some of our members have paid off their rental property mortgages but are still heavily reliant on rental income. Any flexibility on Council Tax would significantly help landlords.

It should also be noted that the payment of rent in many contracts, also covers Council Tax. This is commonly the case for HMOs which is an increasingly difficult factor for landlords which is further evidence of need for council tax support.

Other financial support

Local Government was responsible for much of the distribution of the UK and Welsh Government financial support to individuals and businesses including business rate relief schemes, the Economic Resilience Fund and many other packages of support for small, medium and large businesses including the self-employed.

While these support packages should be welcomed in sustaining businesses across Wales, similar financial support was not applicable to most PRS landlords. This was primarily because HMRC do not recognise landlords as being self-employed and many landlords operate single-handedly and do not employ other people. Access to grants and loans would be welcome to ensure that landlords can continue to provide essential accommodation both during and after the pandemic. Current support for landlords appears to be chiefly centred around the welfare system. However, many landlords would be unfamiliar that this support is open to them and they have limitations in navigating the system for their personal support. Accordingly, we stress the importance of communicating with landlords and drawing to their attention support mechanisms that are currently in place. The NRLA is in a good place to act as a conduit and would be delighted to work in partnership with stakeholders to support landlords in this way.

Our recent survey data shows landlords are operating under incredibly difficult circumstances. If financial support is not open to them like it is for people working in other sectors, then we are very concerned that landlords will consider selling their properties which will further restrict housing options particularly for the low waged and vulnerable groups.

Housing

Paying rent

Right from the start of the pandemic, we have been clear that tenants who are struggling financially to pay their rent, should speak to their landlord as soon as possible. In turn, we have recommended to our members that it is in their and their tenants' best interest if they adopt a flexible and sympathetic attitude towards the payment of rent, should their tenants be struggling. This could include temporarily reducing rents or giving tenants more time to pay rents over a period. However, we would like to make it clear that, where tenants can afford to, rent should still be paid during this difficult time and that this message should be made clear from stakeholders.

Standards and licensing

Local Government plays an important role in ensuring that the legal standards for the PRS are adhered to a sufficient standard. During the pandemic, our members informed us that finding suitably qualified contractors and resources has become increasingly problematic as a result of the lockdown measures. With this in mind, we would welcome a six-month extension for the validity of all gas, energy performance and, for HMO properties, electrical safety certificates, in line with the similar policy on inspection of MOT certificates for motor vehicles.

We are pleased that our requests to pause new local authority licensing schemes has been agreed and that landlords will not be penalised if they are unable to comply with non-essential licensing requirements at this time.

Possession

While we fully understand that unnecessary moves must be avoided at this time and have accepted the temporary restrictions on eviction, we reinforce our view that landlords require possession to their properties in limited circumstances. This could include possession from the tenant where they have engaged in criminal or anti-social behaviour, including not adhering to any measures implemented to reduce the spread of the virus including social distancing measures. Additionally, a landlord may require possession of a property to live in themselves to care for a vulnerable family member as one such possibility.

Equalities

Support for older tenants and those with disabilities

According to the Chartered Institute of Housing, evidence suggests that an increasingly high number of older people and people living with disabilities are accessing the PRS.

Many of these tenants will be particularly vulnerable to Covid-19 and will be shielding from the virus.

We have many examples of our members who have adapted properties to accommodate for the needs of vulnerable tenants. However, we believe that more help will be required for landlords to support vulnerable tenants especially as they are likely to be spending an increased amount of time at the home.

For PRS landlords to be able to accommodate vulnerable tenants who require adaptations to the home, more financial support will be required for landlords to both adapt the home and to remove adaptations should the tenant leave the property.

In order to support vulnerable people with housing options including within the PRS, it would be beneficial if landlords with suitably adapted homes could voluntarily register their property with local authorities, who in turn could recommend vulnerable people into suitable accommodation within the PRS.

Support for tenants living with Autistic Spectrum Disorder (ASD)

The NRLA welcome the relaxation on guidelines for exercise for people living with certain conditions including ASD. We would welcome additional support and guidelines for landlords who have tenants who live with ASD as we recognise the current restrictions are particularly difficult for people with these conditions.

We also received casework from one of our members where a tenant was having difficulty with their young son who had been diagnosed with Attention Deficit Hyperactivity Disorder Syndrome (ADHD) and their behaviour had been reported by neighbours. We understand that many parents have children with certain conditions would ordinarily be living in supported accommodation, and as a result of the virus have been forced to live at home due to closure of residential units.

Tackling poverty

Welfare reform

The NRLA recognise that reform of the benefits and welfare system is a good opportunity to tackle poverty. We further recognise that much of the welfare system is reserved to the UK Government and not within the remit of the Welsh Government. We would recommend that the Welsh Government continues to engage with the UK Government on opportunities to end the five-week waiting time for receipt of the initial payment of Universal Credit, where the delay is putting many vulnerable people into debt. We appreciate that for some time, the UK Government have issued advance payments, however, this puts vulnerable people into further debt.

The NRLA liaise closely with the Department of Work and Pensions (DWP) in discussing policy implications of Universal Credit and its impact on the PRS. We will not use this opportunity to highlight our work with the DWP in this document. However, we would welcome further opportunities to discuss the impact the benefits system has on our sector at an appropriate time.

Turning to issues within the competence of the Senedd, given the significant increase in applications of Universal Credit and other benefits, including individuals who hitherto would be unfamiliar with the benefits system, we would welcome additional funding being afforded for Discretionary Housing Payments (DHP.) Therefore, we are calling for both the UK and Welsh Governments to work together to promote access to DHP, especially those who will not have been through the welfare system before. These groups might have difficulty accessing benefits as they might not be familiar with the welfare system or might be too proud to access support.

As the PRS continues to house a significant number of vulnerable people, it is inevitable that more people will find themselves in such a position as a result of Covid-19. We recognise that DHP is a useful scheme and could be adopted to support the most vulnerable tenants who are not claiming benefits, and who are struggling to pay rent in these difficult times.

Wider support

An unfortunate additional side effect of poverty is poor mental and physical health. The Social Housing Sector can support vulnerable tenants who have a variety of vulnerabilities including poor mental health, support in employment and money matters and access to food and essentials. While on the one hand, we have received many accounts of landlords supporting vulnerable tenants, they do not have the training and resources to support these tenants, in the same way as social housing providers. We would welcome targeted support for vulnerable people living in the PRS as a wider anti-poverty programme to ensure there is a parity in provision with the social sector.

We also welcomed the Welsh Government guidance for both landlords and tenants on what support is available to them during the pandemic and would welcome a continuation of this support after the pandemic. This could include supporting landlords on sign-posting financial support to vulnerable tenants to highlighting foodbanks,

Human rights and other areas within the portfolio of the committee

We recognise that in order to tackle the spread of Covid-19, then regrettably certain human rights and liberties may have to be restricted on a temporary basis. It appears that compliance with social distancing and other measures to restrict the spread has generally been high across Wales. Accordingly, we hope that the committee will consider



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the basis of an exit strategy for normal social life to return in Wales as quickly but also as safely as possible.

We believe as part of this strategy, emergency legislation to restrict landlords from being able to start possession proceedings to evict tenants for at least a 3-month period during the crisis should not be extended further.

As restrictions begin to lessen, we would welcome consideration on how court procedures could return in Wales. Due to the closure of courts, we envisage that there will be a considerable backlog in cases, which could frustrate both landlords and tenants who are using the court and tribunal services for housing related cases. By using communication technology and by continuing to adhere to social distancing, we believe the court and tribunal system should return as soon as possible for those cases started before the stay, and for section 8 and other housing disputes to be heard.

Finally, we would recommend the opening of the sales and letting market as it is in England. This we believe could be achieved safely by viewing empty properties and viewing those with people living in them virtually. It would be highly beneficial to reopen the sales and letting sector as many people have had life changing circumstances and can no longer afford the rent or cost of their homes that they once could. Subsequently, they are 'trapped' in a property they can not afford. The sales and letting market also offer significant stimulus to a number of businesses within the Welsh economy.

What is the NRLA?

With over 80,000 members across Wales and England, we're the association created by the completed merger of the National Landlords Association and the Residential Landlords Association.

What does it aim to do?

We aim to unite landlords up and down the country behind one consistent voice in government and deliver previously impossible levels of service for our members. Through innovation and development, we will offer unparalleled benefits and experiences and work tirelessly to update the perception of landlords.

Our services

All NRLA members have access to a plethora of relevant services and specifically selected products, including unlimited use of our landlord advice team, deposit protection options, insurance, tenant referencing and credit checking and specialist mortgages to name a few. Our new industry publication will be available quarterly in both hard and digital formats, keeping you up to date with the latest news, proposals and trends within the sector. The NRLA online forum will provide an opportunity to put your questions, comments and experiences to fellow members and build a network of like-minded landlords.

Policy Officer

Swyddog Polisi

National Residential Landlords Association

Cymdeithas Genedlaethol Landlordiaid Preswyl

Appendix A

1. Wales data

There are 209 current active landlords in the survey whose portfolio is focused mainly in Wales – this is what is meant by “Welsh landlords” from this point forward.

Of these 38 (18.2%) are landlords of a single property, the remainder own more than one property.

2. Rental income streams

Table 1: Which of the following statements most closely reflects your experience since the lockdown began?

	No of responses	Percentage of respondents
01 My tenants have been paying all their rent as usual	70	33.65%
02 There are issues with late rent with at least one tenant, but these ARE NOT related to coronavirus	24	11.54%
03 Rental income has been affected as a result of the coronavirus	79	37.98%
04 I have experienced an increase in void periods since lockdown	5	2.40%
05 A combination of options 03 & 04 above apply	26	12.50%
06 Not clear which of the above apply to me	4	1.92%
Total	208	100.0%

Throughout the presentation of the Welsh data there will be minor differences between the Welsh response and the sample as a whole. So for example here the percentage of landlords whose rental income has been affected by coronavirus is approx. 38% compared to 34% across the whole sample.

It is UNLIKLEY you could say this is statistically important or significant: Especially as when added together 03,04 and 05 in the table above is very similar to the whole sample.

3. Loss of rent

Table 2: What has been your lost income?

	No of responses	Percentage of respondents
01 Equivalent to less than one months rent	12	11.01%
02 Approximately one months rent lost	23	21.10%
03 Two months rent or more lost	47	43.12%
04 Still unclear but losses probable	18	16.51%
07 Other	9	8.26%
Total	109	100.0%

Note the cell counts here are very low.

Those under “Other” are mainly extended voids – properties which have remained empty during lockdown – or where tenant has “done a runner”

4. Legal redress

12.5% of Welsh landlords had outstanding claims suspended (Section 8, Section 21 or both) on March 26th when proceedings were suspended. (This is just 26 landlords in total)

Just SEVEN landlords in Wales (3.4%) have served notice since 26th March – four landlords have served notice for rent arrears three to reclaim property.

5. Tenant requests

Because of software limitations and the complex survey collection process - this question is difficult to extrapolate an equivalent Welsh context.

46% of landlords received at least one tenant request and 90% of all landlords granted at least one tenant request. As with the sample as a whole, landlords, when approached, have been supportive.

The numbers in each cell are also very small – there is no reason for the Welsh response to be significantly different from those for the sample as a whole.

6. Mortgage holiday

There are just eight landlords with Wales-based portfolios (this is the correct way to describe the sample) who have applied for mortgage holidays – a further twelve are considering doing so. Again, the proportions are roughly similar given the low numbers.

7. Rent insurance

10% of “Welsh landlords” have taken out rent insurance policies (which is a smaller proportion than the sample as a whole, but again only 20 respondents).

Not one Welsh landlord has yet attempted to make a claim on that insurance.

8. Accessing property

As with the question of tenant requests, this is difficult to extract single region-based responses.

As with the national sample, around 30% have experienced no difficulties gaining access (or getting a contractor on site).

Gaining access for gas safety certification was the main difficulty landlords cited – there were 24 landlords (11.5%) who cited this as an example.

9. Landlords’ labour market position

Table 3: Impact of lockdown on your non-rental income

	No of responses	Percentage of respondents
01 I am tradesman/woman and my regular work has as good as disappeared because of coronavirus	12	6.25%
02 My non-landlord businesses have had to close as a result of lockdown	20	10.42%
03 I am in employment as well as being a landlord and I have been furloughed	8	4.17%
04 I was in employment but was laid off/made redundant as a result of lockdown	1	0.52%
05 I am in employment/self employment and my work has carried on much as before	47	24.48%
06 None of the above apply to me	104	54.17%
Total	192	100.0%

These figures are broadly similar to those for the sample as a whole – so around one fifth of landlords have faced some form of economic hardship as a result of the virus. (This represents about half of those landlords who are in employment).

10. In it together

Over one-third of all landlords (34%) had looked in on vulnerable or self isolating tenants.

Almost one-in-five landlords said they had offered a rent free period as a way of supporting tenants. This is somewhat less than the sample as a whole – but I wouldn't make too much of this (why would you): I would need to do much more work to be certain the comparison was truly like-for-like.

Appendix B

Case study [REDACTED]

[REDACTED] a landlord operating in the [REDACTED] area, offered his tenants the opportunity to a three-month rent holiday right from the very start of the lockdown restrictions. [REDACTED] owns three HMO properties each with four tenants.

So far two tenants have taken up the offer, while most of his tenants are working from home. Tenants have a mixture of occupations with only two that are students. In addition, [REDACTED] has one commercial property that is rented by an NHS paramedic where he has given a two-month rent holiday.

Case study - [REDACTED]

[REDACTED] is a letting agent for around one hundred and twenty-five modern self-contained properties across [REDACTED]. He has only had four tenants so far who have contacted him with payment concerns.

At the one end of this spectrum, [REDACTED] has met well to do tenants, who on showing their bank statements when they moved in previously – has had a “substantial sum” in the bank. Nevertheless, the Covid-19 pandemic has been life changing for many and the tenant pleaded hardship and wanted a 55% waiver of rent for 7 months. In addition, [REDACTED] has met other hardship cases where the tenant has required the services of foodbanks.

The first tenant was offered a reduction in rent until lockdown is lifted on the understanding that at that time the rent arrears will be addressed by a mutually agreeable payment plan, which he accepted.

The latter tenant, [REDACTED] offered a 50% rent reduction holiday and said he would address a payment plan once she was in a better position. In the meantime, as a letting agent, [REDACTED] arranged as an act of goodwill a food/gift parcel to include basic foodstuffs, toiletries and Easter Eggs for the family.

The tenant was extremely grateful. [REDACTED] daughter dropped the gifts off, and when she explained what she was delivering, the tenant’s young daughter rushed out and hugged [REDACTED] who was doing her best to explain about social distancing!

Case study - [REDACTED]

[REDACTED] are a married couple who are also landlords in the [REDACTED] area. The couple have reported excellent interaction with their tenants right from the start of the pandemic with regular text messages to each tenant to ensure that they are well and are coping with the lockdown restrictions.

Using their own words, the couple have outlined some positive examples of interaction with their tenants during the Covid-19 pandemic.

'Firstly, we contacted the tenants that we had recently increased their monthly rent and told them we were cancelling the increase for the foreseeable future. They were all so grateful but one said he would pay the increase as he was still working and could afford it. When I asked him to reduce his monthly payment he text back "No thanks [REDACTED].. thanks for asking". He's been a tenant for 6 years. He actually bought tears to my eyes, in a good way of course!'

'Another tenant who wasn't too happy with the rent increase but accepted it has decided to decorate through the property himself as we had offered to do it as a sweetener for his increase. He still is paying his usual top up even though we get more LHA for him & he doesn't have to.'

'A few tenants have contacted us with regard to their job situations and we have accepted partial payments and rent holidays, with the understanding that they will catch up once "normality" improves. They all understand that they will have to clear the arrears at some point. We ourselves aren't taking any mortgage holidays and no tenant has asked us if we are.'

'One young couple particularly have been struggling to pay catch-up with their rent since they were involved in a car accident last year and he lost time in work. They were just about caught up when Coronavirus happened, and he has been furloughed. Even so, they just paid April's rent in full. Their words to us "You've been both fab landlords. I will get back to you about DHP and about how much I can pay on the 10th once I know myself. Take care of yourselves both and stay safe x"'

'Another tenant who has totally lost her income has managed to make £100/£150 payments every few weeks. In her words "Thank you for being so understanding".'