

John Griffiths MS
Chair
Local Government and Housing Committee
Welsh Parliament
Cardiff Bay,
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5th April 2024

Dear John,

Private rented sector

Thank you to you and the committee for hosting me at your evidence session on private renting on 13th March 2024. I am also grateful for your two follow-up questions, which I address in turn below.

“We have heard that the demographics of renters are changing, as more people remain in rented accommodation for longer. In your view, to what extent do you believe the private rented sector is meeting the needs of diverse groups, such as families and older people?”

The private rented sector is shaped by the legislation that governs it. Over the past thirty or so years it has been defined by short fixed terms and minimal protection from eviction. In the 1990s, when the sector was small and there were other viable tenures, most people who lived in private rented homes were young single people, who were more willing and able to move home more frequently.

The low barriers for landlords to exit the private rented sector through no-fault evictions attracted many more landlords to the sector than legislators probably anticipated, which pushed house prices up to trap private renters in the tenure, and also made it more likely for tenants to rent from an amateur landlord who viewed their property as an investment rather than a home for their customer, as a social landlord would.

As more people found themselves stuck in renting, we have got older and started families. These groups of renters are less willing and able to move frequently. As such, the continued right of landlords to evict tenants without needing a reason places greater risk on households that we will have to move when it doesn't suit us, which hinders our ability to settle down in a home and neighbourhood.

The unaffordability of homes also means that if you face a no-fault eviction you may need to look much further afield for a place you can afford. This also puts older people and particularly families (who need stable schooling) at a disadvantage.

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“We would also like to hear your views on a potential proposal to exempt certain groups of tenants from HMO regulation. In situations where there are three people from separate households who wish to live together, perhaps for mutual support if they are disabled, should there be greater flexibility in HMO regulation so that they could be counted as a single household and therefore pay a cheaper rent?”

HMO regulation varies by local authority and indeed neighbourhood. The default is that shared houses of five or more unrelated people must be licensed and, on top of this, local authorities can decide to license houses of three or more unrelated people, through “additional” HMO licensing.

HMOs where tenants don’t know each other well may be at a higher risk of health and safety hazards, so it is right that they meet certain regulatory requirements. At the same time, we believe that there must be better regulation of all private rented homes. With Rent Smart Wales, Wales is ahead of England on this. We are concerned that different regulatory regimes that depend on the nature of the household may put certain tenants at a disadvantage. We have heard anecdotally that it can be difficult for small groups of friends to find a home where additional licensing requirements are in place.

However, a key factor that affects what rents are charged on HMOs compared with other types of housing is what Local Housing Allowance individual tenants can receive. Typically, HMOs fetch a higher rent than a home let to a family because, for example, the shared accommodation allowance for three people is greater than the LHA available for a family who need three bedrooms. Where households are not claiming benefits, a family of one or two earners will typically have less to spend on rent than a group of three single adults. While additional licensing schemes may reduce the availability of HMOs, the benefits system puts families at a disadvantage versus groups of friends.

A third factor is the supply of new homes in an area – a shortage will lead to more competition between sharers and families, creating pressure on the council to introduce additional licensing even if that wouldn’t actually address the root cause of the problem.

A fourth factor is the restricted eligibility for LHA for people under the age of 35, many of whom would prefer to live alone but only get enough for a room in an HMO. This creates additional demand for HMOs and in turn puts pressure on the supply of family homes.

Given these factors, we don’t believe the solution is as simple as creating exemptions from HMO licensing.

Best of luck with this vital inquiry, please do contact me if I can be of further assistance.

Yours sincerely,



Ben Twomey

Chief Executive, Generation Rent