

## A call for action: joint pledges from Bevan Foundation and NRLA to support low income tenants

On July 22<sup>nd</sup> the Bevan Foundation and the National Residential Landlords Association (NRLA) held a joint roundtable discussion for landlords and stakeholders at Cardiff's City Hall.

The purpose of the event was to encourage discussion about how landlord's and tenant's experiences in the private rental sector could be improved, particularly in light of challenges caused by the gap between rents and the Local Housing Allowance (LHA).

The event was well attended, and the discussion explored several solutions that could lead to an increase in the number of landlords that would consider leasing their properties to low-income tenants.

We heard from several landlords that they would be happy, in principle, to lease their properties to low-income tenants, but were reluctant to do so now given the large gap that has developed between LHA and rents.

Recent Bevan Foundation research has highlighted that whilst the LHA should cover the rents of the bottom 30% of the market, in May 2022, it only covered the rents of 1.4% of properties advertised on the formal rental market in Wales.<sup>1</sup> Landlords felt that closing the gap between LHA rates and market rents would make them more likely to lease their home to a low-income tenant, leading to an increase in supply.

Some landlords did comment that, even if the gap between LHA and rents were eradicated, they would still be reluctant to let their property to a low-income tenant. There were two primary reasons for this reluctance.

First, there was a perception among some landlords that low-income tenants were a "higher risk" to their investments than middle to higher income tenants. We heard concerns from some landlords that people in receipt of benefits would be more likely to fall into arrears on their rent.

Landlords did propose solutions that would alleviate some of their concerns. These included Housing Benefit or the housing element of Universal Credit being paid directly to the landlord, and landlords having their rents guaranteed by the UK/ Welsh/ local government if they leased their property to a low-income tenant. Crucially any guarantee scheme would need to be tied to market rents, a feature that was felt to be missing from the current Welsh Government leasing scheme. It was also acknowledged there was room

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The Bevan Foundation. (2022). *Wales' Housing Crisis: an update on the private rental market in Wales*. Merthyr Tydfil: The Bevan Foundation. Read more here:

<https://www.bevanfoundation.org/resources/wales-housing-crisis-an-update-on-the-private-rental-market-in-wales/>

for further work to challenge some perceptions held by landlords about low-income tenants.

The second reason given by some landlords as to their reluctance to lease a property to people on low-income was concerns about the level of support that they would be expected to provide tenants.

Unlike the social housing sector, private landlords do not have the skills to support vulnerable tenants with complex problems such as mental health, benefit support and employment issues. The provision of good quality support for landlords from local authorities was identified as one solution to this challenge, whilst there were also calls for Rent Smart Wales to provide landlords with greater training on a range of issues from domestic violence to mental health.

## Recommendations

The Bevan Foundation have developed a package of policy solutions that would help improve the situation for landlords and tenants alike. We are pleased that the NRLA agrees with us on several steps that should be taken to address the weaknesses within the current system. Among our shared asks of the UK, Welsh and local government are:

### Reforming LHA

- The UK Government should uprate the LHA annually so that it keeps pace with rising rents.
- The UK Government should scrap the shared accommodation LHA rate with single tenants under 35 years old being entitled to the one-bedroom LHA rate.
- Welsh local authorities should use existing mechanisms to ask the UK Government to review Welsh BRMAs where they are a poor fit with current markets.
- If the UK Government is unwilling to review BRMAs the Welsh Government should request the devolution of powers to determine BRMA boundaries.
- The UK Government should undertake a review to determine at what percentile LHA rates should be set to provide low-income renters with enough assistance to cover their rent.

### Closing the gap between LHA and rents

- All Welsh local authorities should spend their DHP allocation in full and where necessary consider topping up DHP resources with council revenue.
- The Welsh Government should guarantee local authorities that their DHP pot will not fall below a designated floor. If the DWP cuts DHP allocations the Welsh Government should step in and fund the difference. This would provide local authorities with more long-term security.
- The Welsh Government should regularly review the tenant support provided through its Leasing Scheme, amending the scheme as necessary to assist as many low-income tenants as possible.

## Protecting tenants

- The Welsh Government should work with local authorities to explore how they can support more low-income tenants to meet landlord requirements. For example, the Welsh Government should explore how its Leasing Scheme could be developed to allow local authorities to act as guarantors for low-income tenants.
- Welsh local authorities should start the process of providing support to tenants who have been issued with an eviction notice at the beginning of the six-month notice period.
- The Welsh Government should actively monitor whether landlords try and exploit any loopholes in the Renting Homes (Wales) Act 2016. If there is evidence of this taking place the Welsh Government should look at international best practice to consider how tenants can be better protected.
- Local authorities should work with support organisations in their area to produce a pamphlet for tenants. It should include a list of tenant's right and local contact details for support with tenancy queries. The Welsh Government should encourage all private rental sector landlords to share this pamphlet with their tenants at the start of a new tenancy.
- The Welsh Government should conduct undertake an annual survey of the private rental sector in Wales, working with Rent Smart Wales to share information.

## A Welsh Home Guarantee

- The Welsh Government should establish a Welsh Home Guarantee to ensure that homeless people and people threatened with homelessness are provided with a package of support to ensure they can access suitable accommodation. Such assistance should primarily be provided by local authorities with the Welsh Government ensuring that they have the required resources to do so.