

## Welsh Government Green Paper: A Call for Evidence on securing a path towards Adequate Housing - including Fair Rents and Affordability

September 2023: Crisis response

### About Crisis

Crisis is the national charity for people facing homelessness across Wales, Scotland and England. We know that homelessness is not inevitable, and we know that together, we can end it.

We provide services directly to people experiencing homelessness, carry out research into the causes and consequences of homelessness, and campaign for the changes needed to end it.

### Introduction

Crisis believes that access to adequate housing is a human right and that a systemic recognition of this right is a key part of ending homelessness.

Homelessness is much more than 'rooflessness' or lack of physical shelter, it is the lack of a home. That is why it is important for us to emphasise that achieving housing adequacy must be seen as more than ensuring people just have a place to stay or a roof over their head – the adequacy of housing must be understood as universal access to a safe and settled home.

A safe and settled home is the foundation on which people can build a decent life and meet their true potential. Having a decent home is vital for good health and wellbeing and makes it easier for people to succeed at work and in education, to maintain relationships with family and friends and to contribute to their community. Making sure that everyone has a safe and affordable home benefits us all.

However, the chronic undersupply of housing in Wales (and across Great Britain) means that many people are currently living without a home - the most recent Welsh Government statistics show that 12,537 households were homeless during 2022-23.<sup>1</sup> The combination of rising rent costs, wage stagnation and the freeze of housing benefit is particularly devastating for people on lower incomes, who have fewer and fewer options because the homes that are available to them are either unaffordable, difficult to access, or very poor quality. There is therefore an urgent

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<sup>1</sup> Welsh Government Statistics, (2023) *Homelessness: April 2022 – March 2023*. Available at: <https://stats.wales.gov.wales/Catalogue/Housing/Homelessness/householdsforwhichassistancehasbeenprovided-by-outcome-householdtype>

need to unlock access to more homes that provide security, decent living conditions and manageable rents.<sup>2</sup>

## Green Paper questions: Crisis responses

1. Do you think that the 7 factors of adequacy are something to aspire to achieving in Wales? If so, what mechanism or combination of mechanisms do you think are required to achieve the 7 factors of housing adequacy in Wales?

The 7 factors of housing adequacy are certainly something to aspire to achieving in Wales – they are central to ending homelessness and creating a future where everyone in Wales has an adequate home.

Crisis has worked closely with people with direct experience of homelessness and sector and topic experts to develop principles on core elements of housing provision within the context of preventing and ending homelessness. The outcome of this work is a framework which sets out four crucial ingredients to enable someone to make a home and to feel at home, so their experience of homelessness can be ended for good:

- **Quality** - A home will provide an environment where the people living there can make a home, feel safe and secure. Home is a place where people's privacy and dignity are protected.
- **Affordability** - Rent and utility costs must be affordable so that people can enjoy their homes without worrying about the essentials.
- **Accessibility** - A home will be within a reasonable walking distance of important local amenities and public transport links and people with mobility issues will be able to access and move around their home with ease.
- **Settled** - People will have the right support and information to have confidence that they can live in their home for as long as they need/want to. Homes will provide people with opportunities to establish a connection to place and community.<sup>3</sup>

We are pleased that this framework aligns with the 7 factors of adequacy, and we endorse all 7 factors identified on page 15 of the consultation. We hope that the above framework provides helpful information for the further consideration of the 7 factors of adequacy.

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<sup>2</sup> Crisis (2023). *Home is where the start is: the case for ending homelessness with homes*. Online. Available at: [https://www.crisis.org.uk/media/249236/home-is-where-the-start-is\\_crisis\\_april\\_2023.pdf](https://www.crisis.org.uk/media/249236/home-is-where-the-start-is_crisis_april_2023.pdf)

<sup>3</sup> Ibid.

Whilst we are supportive of aspirations to achieve the 7 factors of adequacy in Wales, we feel it is important to highlight that UN Guidance on the right to adequate housing makes it clear that the 7 factors of adequacy only represent one of many aspects of achieving adequate housing.<sup>4</sup> We would advise the Welsh Government to consider the wider details of the UN Guidance and to incorporate the full right to adequate housing.

We believe that the delivery of the Welsh Government's Ending Homelessness Action Plan and reform of the homelessness legislation are the principal mechanisms needed to enable everyone in Wales to access a safe and settled home. However, we also consider that the incorporation of the right to adequate housing into Welsh legislation would strengthen the purpose, increase the momentum, and ensure the perpetuity of this transformational programme of work. It would also be consistent with the Welsh Government's approach to incorporating other human rights into Welsh law (for example, the rights of the child).

Whilst incorporating housing as a human right into domestic law will not, in and of itself, improve outcomes for people experiencing or at risk of homelessness, it will bring new dimensions of accountability to ensure the intentions of the current work are met.

An increase in the supply and availability of genuinely affordable, accessible, good quality housing in both the social and private rented sectors will also be key to achieving housing adequacy in Wales, as noted in the recently published Welsh Government Ending Homelessness National Advisory Board annual report 2022-23.<sup>5</sup> Beyond this, it is vital to secure further investment in housing and homelessness services, particularly the Housing Support Grant, to enable local authorities to work efficiently towards the goal.

## 2. What considerations should be taken into account when establishing a minimum core for Wales against the 7 factors of housing adequacy?

As the UN Economic, Social and Cultural Rights Handbook explains, the 'minimum core' must be understood as the first step of a longer-term process of realising economic, social and cultural rights.<sup>6</sup> Any communication around the minimum core against the 7 factors of housing adequacy should emphasise that

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<sup>4</sup> Office of the United Nations High Commissioner for Human Rights. *The right to adequate housing*. Available at:

[https://www.ohchr.org/sites/default/files/Documents/Publications/FS21\\_rev\\_1\\_Housing\\_en.pdf](https://www.ohchr.org/sites/default/files/Documents/Publications/FS21_rev_1_Housing_en.pdf)

<sup>5</sup> [Ending Homelessness National Advisory Board: Annual Report to Welsh Ministers 202-23 \(gov.wales\)](https://www.gov.wales)

<sup>6</sup> United Nations (2005). *Economic, Social and Cultural Rights Handbook*. Online. Available at: <https://www.ohchr.org/sites/default/files/Documents/Publications/training12en.pdf>

the minimum standards are indeed a minimum, and that we must continue to be aspirational and aim to exceed the minimum core, ideally through progressive realisation of the right to adequate housing.

It will be important for the Welsh Government to engage with people with lived experience of homelessness, professionals working in housing and homelessness and the general public to co-produce the minimum core against the 7 factors of housing adequacy in Wales.

We would suggest including consideration of energy efficiency and connection to Welsh-speaking communities for Welsh-speakers within the broader factor headings on affordability and cultural appropriateness respectively. We would also suggest including consideration of the recommendations on suitability of accommodation within the upcoming report from Expert Review Panel convened to explore reform of homelessness legislation in Wales.<sup>7</sup>

Another crucial part of the process to establishing a minimum core will be to recognise that the 7 factors are interdependent

As outlined in the Green Paper, there are already measures in place in Wales which align to the UN-defined criteria for adequate housing; however, it must be acknowledged that alignment is not currently resulting in successful delivery of the desired outcomes. It will be important to be mindful of this as the Welsh Government moves forward in delivering adequate housing.

For example, the Green Paper refers to housing benefit as a mechanism to address affordability, but we know that the ongoing freeze on Local Housing Allowance has been one of the key contributors to unaffordability and homelessness for many years.<sup>8</sup>

With regards to habitability, the Green Paper points to the Renting Homes (Wales) Act Fitness for Habitation standards, but local authorities do not appear to be fully monitoring and enforcing these standards at present. The number of inspections carried out by local authorities in Wales under the Housing Health and Safety Rating System (HHSRS) has decreased significantly in recent years. Whilst the low numbers of assessments between 2019-2021 can be attributed to the Covid-19 pandemic, it is clear that the trend is continuing beyond the pandemic. In 2021-22, only 4,363 assessments were carried out across Wales – this represents a 22% decrease of assessments carried out in 2018-19 (the most recent data year

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<sup>7</sup> Once published, the report will be available here: [Wales Expert Review Panel \(crisis.org.uk\)](https://www.crisis.org.uk/wales-expert-review-panel-report)

<sup>8</sup> Basran, J. (2019). Cover the cost: Restoring Local Housing Allowance rates to prevent homelessness. Online: Crisis. Available at: [crisis-cover-the-cost-solutions-report.pdf](https://www.crisis.org.uk/crisis-cover-the-cost-solutions-report.pdf)

unaffected by the pandemic) when the number of assessments had already fallen by 10% in comparison to the year before that.<sup>9</sup>

Further, whilst the Welsh Government is taking steps towards improving accessibility in the housing market in Wales, we know that far too many disabled people are unable to access a home which enables them to live an independent life.<sup>10</sup>

### 3. What type of monitoring arrangements and/or enforcement measures should be available to ensure the delivery of housing adequacy?

Whether we are to establish a minimum core of adequacy or fully incorporate the right to adequate housing as per UN guidance, consideration must be given to how progress towards these standards would be assessed and monitored, with adequate reflection on how regulation would be funded and resourced. This consideration must include assessment of data gaps that need to be filled to provide a comprehensive picture of the current landscape before developing a mechanism for tracking progress. It will be important to link this mechanism to the Ending Homelessness Outcomes Framework.

Crisis believes that the most effective measures for monitoring and enforcing housing adequacy rely on the right to adequate housing being incorporated in Welsh law. Monitoring should take place at national, regional and international levels to ensure that obligations in relation to the right are being adhered to.

Incorporation would provide the opportunity to offer individuals opportunities for redress through strategic and structural litigation related to the right, beyond the complaints, redress and dispute resolution systems that currently exist regarding housing legislation. However, in order for such opportunities to be taken, it will be crucial to ensure that the general public are supported to understand the 7 factors of adequacy and the right to adequate housing, and that they are given access to the support and resource required for them to enforce the right through the courts system. For this to be achieved, the Welsh Government must ensure there are sufficient resources to provide Wales-wide access to independent legal representation.

<sup>9</sup> Welsh Government, (2023) *Housing hazards and licences: April 2021 to March 2022*. Online. Available at: [https://www.gov.wales/housing-hazards-and-licences-april-2021-march-2022-html#:~:text=In%202021%2D22%2C%204%2C363%20HHSRS,the%20assessments%20made%20\(29,4%25\)](https://www.gov.wales/housing-hazards-and-licences-april-2021-march-2022-html#:~:text=In%202021%2D22%2C%204%2C363%20HHSRS,the%20assessments%20made%20(29,4%25).).

<sup>10</sup> Equality and Human Rights Commission, (2018) *Housing and disabled people: Wales's hidden crisis*. Online. Available at: <https://www.equalityhumanrights.com/sites/default/files/housing-and-disabled-people-wales-hidden-crisis.pdf>

**4. Are there any other considerations or potential implications of working towards delivering the 7 factors of housing adequacy you wish to highlight?**

The principle of indivisibility is an important aspect of the purpose and function of human rights and means that the fulfilment and enjoyment of one right is dependent on the protection and fulfilment of another. Crisis would suggest that consideration is given as to how the progressive realisation of housing adequacy might connect to other ICESR (International Covenant on Economic, Social and Cultural Rights) rights. For example, affordability is connected the Right to an Adequate Income. Given that income is a reserved policy area reserved, such consideration may need to involve work with the U.K. Government.

**5. Do you agree with the proposal to define "fair" in its broader context?**

**6. What considerations do you think should be taken into account when defining what is meant by fair rents – and how might we avoid unintended consequences?**

Crisis broadly agrees with the definition of 'fair' included in the Green Paper; however, we are conscious that this is a high-level overview, and that further detail will be important. We would particularly welcome further information about how the Welsh Government plans to balance the need to make rents more affordable for renters with the need to prevent landlords leaving the market so as to avoid further depletion of housing supply.

We are also unsure about defining 'low income' as 'less than 60% of the average (median) net disposable equivalised UK household income'. We feel this lacks nuance and would prefer a more holistic definition.

**7. What considerations do you think should be taken into account when defining "local incomes" – and how should it be defined?**

Crisis suggests that the Welsh Government commissions further research in this area, building on the research already outlined in the Green Paper, before it makes any proposals for definitions.

This research should include an equality impact assessment of any potential local income models and acknowledge that local income models must distinguish between the incomes of owner-occupiers, second home owners, private renters and social renters.

We would also advise that the ability to assess local incomes may be hindered by the increase of people working from home since in the Covid-19 pandemic. It has now become common for a person to live in one locality whilst working in another, and this may skew data on local incomes.



- 8.
- a. What measures should be used to assess affordability, and why?
  - b. Do you agree that 30% of a household's income is an appropriate indicator of affordability?

There are limitations to all established mechanisms of affordability assessment and expert understanding of the detailed context is vital to accurate and meaningful assessment.

With this in mind, Crisis suggests that the Welsh Government commissions further specialist research to develop a mechanism appropriate for the Welsh context.

We have reservations about the Green Paper's suggested price-to-income ratio as an appropriate indicator of affordability in Wales. As The Organisation for Economic Co-operation and Development (OECD) Affordable Housing Database explains:

*"Price-to-income ratios have their limits. Because they are calculated at the aggregate level, they say little about the distribution of housing costs and housing affordability. They do not take into account household borrowing costs to acquire housing. They do not provide information on who does and does not have access to affordable housing, or why, nor do they provide any indication of the quality of housing that households are paying for. Because these measures provide only a general indication of the extent to which housing is (un)affordable for a (median) household, they are ill suited to support policy makers in targeting housing supports to different groups."<sup>11</sup>*

The OECD goes on to explain that, whilst 30% price-to-income ratio is a commonly used affordability threshold, the 30% figure is largely arbitrary and that for low-income households, spending 10% or 20% of income on housing costs might mean that they are unable to cover other essential costs.<sup>12</sup> This would be particularly true in the current economic climate – during a cost-of-living crisis, the 30% price-to-income ratio becomes an even blunter tool.

In Crisis suggests that further research to develop a more meaningful measure of affordability should consider the following components:

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<sup>11</sup> OECD (2021) 'Building for a better tomorrow: Policies to make housing more affordable', *Employment, Labour and Social Affairs Policy Briefs*, OECD, Paris. Available at:

<http://oe.cd/affordable-housing-2021> pp.5.

<sup>12</sup> Ibid.

- Specification of which 'housing costs' are included in calculations

This should include 'total' housing costs, including rent, utility costs, mortgage interest payments, structural insurance premiums (for owner occupiers), and service charges. Consideration should also be given to whether maintenance costs of the property should be included, as well as upfront costs involved in accessing housing, such as tenancy deposits, first month's rent, removal costs and the costs of furniture/white goods.

- An agreed minimum income standard for non-housing goods

The Minimum Income Standard research provides for this.<sup>13</sup>

- An agreed minimum standard for housing quality

It is important to ensure that any measure of affordability does not allow for under-consumption of housing below a tolerable standard to be considered 'affordable'. Minimum standards of housing quality (including issues of overcrowding) should define a 'floor' below which consumption is considered unaffordable, by virtue of it being unacceptable. This should be linked back to the 7 factors of housing adequacy.

- An agreed threshold or price above which housing costs are considered 'high'

For example, Padley, Marshall and Valadez-Martinez (2019) define this for working households as more than the average proportion of net income taken up by housing costs for working households with below median income.

- Equivalisation by household size and type

The definitions of a) a minimum income standard for consumption of non-housing goods; b) minimum size which is considered adequate; c) household income; should all be equivalised by household size and type, using the OECD-modified equivalence scale (ONS, 2015).

- Interactions with the benefits system

Given that the benefits system is designed to provide support to cover housing costs for households in- and out-of-work, any measure of affordability must consider how income from benefits should be treated. As

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<sup>13</sup> Padley, M., Marshall, L. and Valadez-Martinez, L. (2019) 'Defining and measuring housing affordability using the Minimum Income Standard', *Housing Studies*, 34 (8) pp.1307-1329.



was concluded by the Affordable Housing Commission<sup>14</sup> and others,<sup>15</sup> in dealing with benefits, housing benefit should be factored into housing costs, subtracted from the expenditure side of the equation rather than added to the income side, and, where a household with no-one in work does not see their housing costs met by housing benefit/Local Housing Allowance, they can be assumed to be facing a problem of affordability.

- **Specification of which part of the distribution the measure is supposed to apply to**

The measure must be clear which section of the income distribution averages are derived from. Some researchers apply the ratio measure to only the bottom 40% of the distribution. Some have proposed weighting affordability ratios by income quintile;<sup>16</sup> whereas others define 'high' housing costs with reference to the average paid by the bottom half of the distribution.<sup>17</sup>

- **Testing against indicators of financial stress and under-consumption of housing**

A measure should be tested against empirical data of households' experiences of financial stress, as has been done by, for example, Bramley (2012),<sup>18</sup> the Affordable Housing Commission (2019)<sup>19</sup>, and Meen and Whitehead (2020)<sup>20</sup>.

<sup>14</sup> Affordable Housing Commission (2019) *Defining and measuring housing affordability – an alternative approach*. Online: Affordable Housing Commission. Available at: <https://www.affordablehousingcommission.org/news/2019/6/6/defining-and-measuring-housing-affordability-an-alternative-approach>

<sup>15</sup> Padley, M., Marshall, L. and Valadez-Martinez, L. (2019) 'Defining and measuring housing affordability using the Minimum Income Standard', *Housing Studies*, 34 (8) pp.1307-1329.

<sup>16</sup> Meen, G. (2018) *How should housing affordability be measured?* Online: UK Collaborative Centre for Housing Evidence. Available at: <https://housingevidence.ac.uk/publications/how-should-affordability-be-measured/>

<sup>17</sup> Padley, M., Marshall, L. and Valadez-Martinez, L. (2019) 'Defining and measuring housing affordability using the Minimum Income Standard', *Housing Studies*, 34 (8) pp.1307-1329.

<sup>18</sup> Bramley, G. (2012) 'Affordability, poverty and housing need: Triangulating measures and standards', *Journal of Housing and the Built Environment*, 27 (2), pp.133–151.

<sup>19</sup> Affordable Housing Commission (2019) *Defining and measuring housing affordability – an alternative approach*. Online: Affordable Housing Commission. Available at: <https://www.affordablehousingcommission.org/news/2019/6/6/defining-and-measuring-housing-affordability-an-alternative-approach>

<sup>20</sup> Meen, G. and Whitehead, C. (2020a) 'Is Housing Really Unaffordable?' in G. Meen and C. Whitehead (eds.) *Understanding Affordability: The Economics of Housing Markets*. Bristol: Bristol University Press, pp.17-38.

**9. Can you provide any additional data or evidence which has not been considered?**

Crisis firmly rejects any assertion that Wales “does not have an affordability issue” as suggested on page 49 of the Green Paper. On a daily basis, at our South Wales Skylight, we work with many people for whom housing is simply unaffordable.

Further, as part of Crisis’ role as convenor of the Expert Review Panel considering how legal reform could end homelessness in Wales, we have run multiple stakeholder engagement sessions with professionals across the homelessness sector, and unaffordability of the private sector has been a key emerging theme. The Expert Review Panel’s report will be published later this year.

Research from the Bevan Foundation suggests that less than 2% of private rented homes in Wales are affordable to low-income renters and that many local authorities do not have any properties available for rent at LHA rates.<sup>21</sup>

**10. Do you agree that better data on incomes and affordability is necessary to inform policy interventions – and how could this data be obtained?**

**11. What data do you consider needs to be captured on rents and relevant affordability factors, at what scale, and how often?**

Crisis agrees that we need better data on incomes, affordability and rents to inform policy interventions.

We have suggestions on the collection of rent data which will be explored later in this response.

Alongside this, we believe that in order to inform the Welsh Government of an accurate picture of (un)affordability in Wales, data on wide-ranging affordability factors should be collected at least annually. We also think that a review of these factors could be triggered by significant economic events, for example, changes to the benefits system or a sudden spike in inflation.

Particular consideration should be given to linking the definition of affordability to the availability of support with rent through the benefit system, addressing the gap between rents and what Housing Benefit covers.

Insight into this area could potentially be gained from data collected by local authorities in regard to bond schemes, PRS access schemes, and Discretionary Housing Payments (DHPs).

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<sup>21</sup> The Bevan Foundation. (2023). [Wales Housing Crisis: Local Housing Allowance and the private rental market in Wales, Winter 2023](#)

12. Are there other considerations and potential impacts (including other data sources) you wish to highlight in regard to the current and future private rental market?

There are many factors that have an impact on the private rental market. To name but a few: the number of empty homes, the short-term lettings market, availability of social housing, legislative change, environmental standards, planning, landlord and developer incentives.

13. What other sources of data on rent might we draw on to inform policy development and future monitoring and evaluation?

14. Do you think there should be a requirement to provide rent information to Rent Officers?

15. How do you think such a requirement could be enacted and enforced?

16. Should such a requirement apply to all landlords or only some, perhaps larger, landlords? Why?

The Welsh Government should consider introducing a legal requirement for all landlords to provide rent information to Rent Officers. Analysis by Crisis and Zoopla<sup>22</sup>, and the Bevan Foundation<sup>23</sup> shows that limitations in rent officers' datasets is leading to unreliable estimates of the real cost of renting.

As there is currently no legal requirement for private residential landlords to disclose to Rent Officers how much rent they charge, the UK Government is making decisions about Local Housing Allowance levels without comprehensive or up-to-date information, with no assessment of the risk to people facing homelessness.

LHA rates are based on 'actual rents' rather than 'advertised rents'. However, collecting a snapshot of actual rents might fail to capture the rate at which average rents for new tenancies are rising, as existing tenants may be paying less rent than prospective new tenants. On the other side of the coin, advertised rents only include new tenancies and will not always reflect the actual rent level agreed, particularly in high demand areas where there is an increasing trend for tenants to bid over listed rents.

As a potential solution to these issues, Crisis thinks that it would be helpful to introduce a legal requirement for all landlords to complete annual rent reporting through Rent Smart Wales. This should include detail on rent paid by tenants and

<sup>22</sup> Crisis and Zoopla. (2022). *Falling short: Housing benefit and the rising cost of renting in England*. Online. Available at: <https://www.crisis.org.uk/ending-homelessness/briefings-and-responses-search/falling-short-housing-benefit-and-the-rising-cost-of-renting-in-england-august-2022-zoopla-and-crisis/>

<sup>23</sup> The Bevan Foundation. (2021). *Wales' housing crisis: the role of LHA*. Online. Available at: <https://www.bevanfoundation.org/wp-content/uploads/2021/09/Wales-housing-crisis-Bevan-Foundation-Report.pdf>

the proportion of rent being paid through LHA. This would help the DWP and HM Treasury to accurately assess Local Housing Allowance shortfalls and improve the value for money on investment by ensuring that spending is efficiently targeted. It would also improve the accuracy of inflationary measures themselves, contributing to the work of the Office for National Statistics.

17. What do you consider to be the advantages and/or disadvantages of first, second, and third generation rent control measures?
18. What factors should apply to determine if a rent control measure is required?
19. Who should be responsible for determining if a rent control measure is to be introduced?
20. How could compliance with a rent control measure be monitored and enforced?
21. Do you have any views on the models for rent control measures?

Crisis is open to exploring whether rent stabilisation measures might form a part of a wider package to support tenants and create a fair renting system in Wales. In our 2018 plan to end homelessness, Crisis called for the introduction of limits on annual rent increases linked to an inflationary measure, alongside longer tenancy security<sup>24</sup>. This remains our position, but in times of high inflation it begs the question: which inflationary measure is it most appropriate to use? We think there is room to consider linking rental price regulation to wage growth.

We are concerned about the wider effects of 'hard' first generation rent controls. As evidenced across the literature on this topic,<sup>25</sup> there is a considerable risk of unintended consequences that might exacerbate the very problems we are trying to solve (availability and accessibility of affordable private rental supply for people facing, at risk of, or experiencing homelessness).

Whilst there is merit in exploring the potential of different models of rent regulation, we want to be clear that careful approaches to design and implementation are necessary, and must include consideration of measures to avoid the following unintended consequences:

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<sup>24</sup> Downie, M., et al. (2018) Everyone In: How to end homelessness in Great Britain. Online: Crisis. Available at: [https://www.crisis.org.uk/media/239951/everybody\\_in\\_how\\_to\\_end\\_homelessness\\_in\\_great\\_britain\\_2018.pdf](https://www.crisis.org.uk/media/239951/everybody_in_how_to_end_homelessness_in_great_britain_2018.pdf)

<sup>25</sup> Gibb, K., Soaita, A.M., Marsh, A. (2022) *Rent Control: A Review of the Evidence Base*. Online: UK Collaborative Centre for Housing Evidence. Available from: <https://housingevidence.ac.uk/publications/rent-control-a-review-of-the-evidence-base/>

- **An immediate flood of notices to quit and letters notifying of rent increases following the announcement of a rent freeze.**  
Crisis would advise learning from the announcement of rent control legislation in Scotland in 2022. During the delay between announcement and enactment, colleagues across the housing sector in Scotland reported tenants being issued with notices to quit and letters notifying them of rent increases.
- **A wave of rent rises on the termination of a temporary rent freeze.**  
Pausing rent rises does not necessarily stop them happening in the longer term. We need to ensure that homelessness is sustainably prevented rather than just delayed. Furthermore, from the perspective of homelessness services, it is unhelpful to have few applications over a period, and then lots of applications at once.
- **Challenges enforcing the proposed measures.**  
Responsible landlords and letting agents are likely to do their best to follow policy, even when introduced at short notice, but there are still unscrupulous landlords who do not have regard for regulation. Careful consideration would need to be given to enforcement and, potentially to the role that Rent Smart is able to play in this regard.
- **A potentially negative impact on the supply of and access to private rented housing for those at the lowest end of the market.**  
We are acutely aware of the challenges that currently exist in terms of access to tenancies. Should these measures encourage landlords to exit the sector, we believe it is the lowest income households who will be squeezed out of accessing the properties available in the longer term. It would therefore be imperative to guard against:
  - Depletion of supply of affordable housing available to people most at risk of, or experiencing, homelessness.
  - People on lower incomes being locked out of the private market altogether in the longer term.
  - Creating the conditions for the emergence of a 'shadow' rental market acting outside of any regulatory regime (enforcement must be invested in to make regulations work).
  - Making assumptions about the extent to which a nationally designed model can have consistent impact at the local level (with respect to the housing market and institutional context).

To avoid any counterproductive unintended consequences, any system of rent controls must be carefully designed. One way of achieving this would be to create an expert panel, independent of but accountable to the Welsh Government, with responsibility for reviewing all the relevant evidence and setting any limitations

on rent increases/rent levels. This panel should include expertise from across the housing and homelessness sector and should ensure the policy design predicts and mitigates any adverse consequences, incorporates adequate enforcement mechanisms and can take account of variance in local market conditions.

In designing any system of rent regulation, it is important to ensure:

- There is robust modelling of scenarios based on a range of assumptions about how the market could react and how this might affect availability/demand/affordability of rental supply for people at risk of or experiencing homelessness.
- Other aspects of the regulatory regime are taken into consideration when assessing what the impact of price regulation on investor behaviour and the tenure mix of housing might be. For example, rent controls might influence investors to withdraw from the Buy-to-Let market in favour of the short-term holiday lets market, depending on regulation on short-term holiday lets.
- There is a reliable method for evaluating the impact of any measures introduced, noting that this is more difficult to achieve when rent regulations are introduced as part of a package of measures to reform the PRS, as their impact cannot be isolated.
- Careful consideration is given to determining the most appropriate inflationary measure for limiting rent increases. There may be merit in including wage growth in the calculation, as well as Consumer Price Index (CPI).

The expert panel should consider the following characteristics of the area in which the system would operate, including:

- nature of the housing market
- 'types' of landlords present, i.e., 'big' or 'small'/'accidental' or 'corporate' landlords
- landlord and tenant behavioural responses
- availability of support to access housing (especially help with deposits/upfront costs for example provided by the local authority)
- the housing needs and aspirations of different groups within the population
- proportion of people in receipt of benefits
- Local Housing Allowance rates

The panel should also consider any triggers and the sunset clauses for rent regulation, clearly outlining and then overseeing procedures for implementation and de-control.

Any system of rent regulation must be adequately enforced and include an accessible mechanism whereby a tenant can report/challenge breaches with no



adverse consequences to the security of their tenancy. It must also include mechanisms to evaluate its efficacy based on robust data that is routinely collected before, during and after the system is introduced.

## 22. Do you have any further evidence or observations that you wish to provide?

Whilst we support work to consider whether rent control models could be effective in Wales, it will require extensive work to ensure that the above risks are mitigated. Given the urgency of the current housing crisis in Wales, we believe that it is important to continue to make other less risky policy changes that will work towards tackling access to and unaffordability of the PRS whilst more data is collected to inform any future proposals on rent control.

Whilst this Green Paper has focussed largely on the PRS, it is important that we also acknowledge the need for fair rents in the social rented sector. It would be useful for the Welsh Government to set out their overarching vision for the role that it sees both the private and social rented sector playing in the national approach to ending homelessness.

With regard to the PRS, there are multiple barriers, beyond unfair rents, to accessing and sustaining tenancies, particularly for low-income households and groups that face barriers specific to a protected characteristic or life experience. The Welsh Government must consider interventions to break these barriers and reduce the increased risk of homelessness for these groups. We will explore some of these barriers and some potential solutions below.

### The benefits system

Crisis has long campaigned for the increase of Local Housing Allowance (LHA) rates and eligibility to better meet the housing costs of those at risk of or with experience of homelessness.<sup>26</sup> Single people under 35 are entitled to a lower rate of Housing Benefit which makes affordability even more challenging.

Increases to LHA rates must also be accompanied by an increase to the benefit cap, to ensure that everyone can benefit. It is evident that the benefit cap is set far too low to effectively cover households' now spiralling cost of living.

The roll-out of Universal Credit included the consolidation of payments to be monthly single payments, with a five week wait before the first payment. This

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<sup>26</sup> Basran, J. (2019) *Cover the Cost: Restoring Local Housing Allowance rates to prevent homelessness*. London: Crisis. Available from: <https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/benefits-and-employment/cover-the-cost-restoring-local-housing-allowance-rates-to-prevent-homelessness/>

five-week wait has been linked to a rise in rent arrears, which may discourage landlords from letting to low-income households.<sup>27</sup>

If people in receipt of benefits had easier access to direct rent payments in Universal Credit and the five-week wait was replaced with a starter payment, this might increase PRS landlords' faith in the benefits system and encourage more landlords to let to low-income households.

### Excessive landlord requirements

Landlords often ask potential tenants to supply:

- excessive deposits/rent in advance
- proof of income
- guarantors
- multiple references
- credit checks

We also know that some landlords request insurance for rent arrears, voids and damage from organisations supporting people on low incomes.

Many landlords also refuse to let properties to people with a history of arrears. These arrears could relate to rent, council tax, or energy bills.

### Discrimination

Despite its illegality, we know that certain landlords continue to discriminate against potential tenants based on their age, ethnicity, sexual orientation, gender, disability and being a recipient of benefits.<sup>28 29</sup>

### Right to refuse adaptations

PRS landlords have the right to refuse adaptations for disability, even if they are at no cost to the landlord. This makes it more difficult for people with disabilities to access and sustain tenancies.<sup>30</sup>

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<sup>27</sup> House of Commons Work and Pensions Committee. (2020). *Universal Credit: the wait for a first payment*. Online. Available at:

<https://committees.parliament.uk/publications/3069/documents/28787/default>

<sup>28</sup> Bevan, P. (2022) *Can I get a home? Barriers to getting a private rented home in Wales*. Online: Shelter Cymru. Available at: [https://sheltercymru.org.uk/wp-content/uploads/2022/03/Can-I-get-a-home\\_Report\\_FINAL.pdf](https://sheltercymru.org.uk/wp-content/uploads/2022/03/Can-I-get-a-home_Report_FINAL.pdf)

<sup>29</sup> Price, J. (2021) *Improving Race Equality in Housing and Accommodation*. Online: Wales Centre for Public Policy. Available at: <https://www.wcpp.org.uk/wp-content/uploads/2021/03/Improving-Race-Equality-in-Housing-and-Accommodation-.pdf>

<sup>30</sup> Equality and Human Rights Commission, (2018) *Housing and disabled people: Wales's hidden crisis*. Online: Available at: <https://www.equalityhumanrights.com/sites/default/files/housing-and-disabled-people-wales-hidden-crisis.pdf>

### Offending history

People who have a history of offending often struggle to access the PRS as many landlords will not let to people with a criminal record. It is particularly difficult for those who have committed arson in the past, as landlords state that their insurance would be void if they let to a person with this on their record. This means people leaving prison have extremely limited options when seeking a home in which they can rehabilitate and reintegrate into society, and this can lead to re-offending – evidence from the Ministry of Justice shows that offenders in stable accommodation are 50% less likely to commit further crimes.<sup>31</sup>

We would recommend that the Welsh Government considers how it can encourage PRS landlords to work with prison leavers.

### Anti-social behaviour

Landlords are often reluctant to let to people with history of anti-social behaviour (ASB). It is important to note that ASB is often linked with mental ill health, that it can also intersect with neurodivergence and how people interpret other people's behaviour. It can also be linked with families living in overcrowded homes, or people who are being victimised by a neighbour or someone else in their home. Tenants who are experiencing domestic abuse are four times more likely than other tenants to have ASB complaints made against them<sup>32</sup>. This is often due to the misidentification of domestic abuse as ASB.

### Pets/companion animals

Landlords can be apprehensive about allowing pets in rented properties, and tenancies that do allow for pet ownership often come with inflated costs for deposits and damage protection. However, if managed correctly, allowing the keeping of pets facilitates happy, healthy tenants. Companion animals play an important role in improving their owners' physical and mental health and wellbeing, helping to reduce loneliness. This can benefit landlords by helping to maintain longer-term, successful letting arrangements.<sup>33</sup> For some people experiencing homelessness, their pet has been a source of comfort and companionship during a traumatic chapter in their lives. Leaving their pet behind can therefore feel inconceivable – making no pet policies a considerable barrier.

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<sup>31</sup> Ministry of Justice, HM Prison and Probation Service, and The Rt Hon Damian Hinds MP (2023) *Basic housing to keep offenders off streets and cut crime*.

<sup>32</sup> Jackson (2013), cited by Henderson, K. (2019) p.60. *The role of housing in a coordinated community response to domestic abuse*, Durham theses, Durham University.  
<http://etheses.dur.ac.uk/13087/> and SafeLives (2018), *Safe at Home*, Available from:  
<https://safelives.org.uk/sites/default/files/resources/Safe%20at%20Home%20Report.pdf>

<sup>33</sup> RSPCA Cymru. [Housing and animal ownership](#).

Crisis would recommend that the Welsh Government bans blanket 'no-pet clauses' in PRS contracts. If a prospective tenant asks for a pet to be allowed as part of their contract, a landlord must not unreasonably refuse the request.

### Lack of understanding of tenants' vulnerability

There are many reasons why people renting in the PRS could be vulnerable. They might, for example:

- Be transitioning from living in an institution such as prison
- Have care experience
- Be experiencing mental ill health
- Have, or be recovering from, drug or alcohol dependencies
- Have a physical disability
- Be neurodivergent
- Be receiving welfare benefits
- Have learning difficulties
- Be living with, or escaping from, domestic abuse.

We understand that private landlords may not be aware or have a sound understanding of many of these issues that tenants face, which can make it difficult for a landlord to work successfully with a vulnerable tenant and therefore increase the tenant's risk of homelessness. Therefore, it would be beneficial to both landlords and tenants if landlords were legally required to complete comprehensive training on how to work successfully with tenants with backgrounds as described above. This training should include how to signpost them to appropriate support services.

To ensure that landlords are supported in this, Crisis also believes that local authorities should be legally required to support sustainment of tenancies as part of their wider homelessness duties. This concept has formed part of the discussion of the Expert Review Panel, which was convened by the Welsh Government to consider how legal reform could end homelessness in Wales and is due to publish its report in the near future.<sup>34</sup>

## **Conclusion**

This Green Paper represents a useful insight into the Welsh Government's current thinking around adequate housing, and Crisis appreciates the Welsh Government's attention to this policy area. However, there remains a lot of work to be done to ensure that the most effective and proportionate actions are taken to achieve fair rents and overall housing adequacy in Wales.

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<sup>34</sup> Once published, the report will be available here: [Wales Expert Review Panel \(crisis.org.uk\)](https://crisis.org.uk/wales-expert-review-panel)

It will be crucial that the Welsh Government continues to collaborate with people with lived experience as well as professional experts across the housing and homelessness sector to develop this area of work.

Whilst the research and development phase of this programme of work is carried out, the Welsh Government should continue to move forward with other areas of the Ending Homelessness Action Plan, including the homelessness legislation reform which will be proposed in the upcoming report from the Expert Review panel. Alongside this long-term work, it would also be advisable to consider whether there are any less complex, shorter-term and/or interim solutions that might mitigate the effects of the current affordability crisis and prevent homelessness.

*Thank you for reading this response. For more information, please email Jasmine Harris, Senior Policy and Public Affairs Officer [jasmine.harris@crisis.org.uk](mailto:jasmine.harris@crisis.org.uk)*