



RESIDENTIAL LANDLORDS
ASSOCIATION

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Dear Ms Chapman

As Chair of the Communities, Equality and Local Government Committee examining the Housing (Wales) Bill, and following my recent appearance before the Committee, you will be aware that the legislation proposes radical changes to the operation of the private rented sector with the introduction of a new national registration scheme for landlords.

As the largest landlord representative body in the country, the Residential Landlords Association (RLA) supports efforts to improve standards in the private rented sector and drive out criminal landlords. We do not believe that these proposals, based on little evidence, are the best way of achieving this.

With local authority environmental health departments facing severe cuts and the sector creaking under the weight of over 100 laws and almost 400 regulations the problem is not a lack of powers, but a willingness and financial ability for local authorities to enforce the powers they already have.

Under registration it is not those landlords who will come forward to make themselves known that cause the problem but those operating under the radar who will not bother to join a register. The legislation as it currently stands does very little to increase enforcement capabilities.

As the enclosed briefing outlines, the RLA proposes a system of co-regulation whereby the majority of good landlords are given the opportunity to voluntarily join an industry-run accreditation scheme taking them out of the purview of local authority control. Such a scheme would not be a soft option. It would include independent property inspections and strong sanctions against those landlords failing to abide by their obligations under the scheme. This would then free local authorities' time and resources available to them under currently existing regulation to go after those who do not register and seek to operate under the radar as they are the ones who are most likely to operate poor standards. Co-regulation would expand the number of regulators and improve performance and already successfully operates elsewhere.

If you would like further information or would be able to meet to discuss these issues further, please contact me on 07771817194 or email dhaig@rla.org.uk. I look forward to hearing from you.

Yours sincerely,

Douglas Haig
Director for Wales

REGISTRATION WILL NOT FIND CRIMINAL LANDLORDS

The Government's proposals for a landlord registration and licensing scheme in Wales will do little to address the problem of those landlords who will simply not make themselves known under any scheme.

ABOUT THE RESIDENTIAL LANDLORDS ASSOCIATION

The Residential Landlords Association (RLA) represents 20,000 small and medium-sized landlords in the private rented sector (PRS) who manage over 250,000 properties across the UK. It seeks to promote and maintain standards in the sector, provide training for its members, promote the implementation of local landlord accreditation schemes and drive out those landlords who bring the sector into disrepute. Members also include letting and managing agents.

LACK OF UNDERSTANDING ABOUT THE SECTOR

- ❑ Part One of the Housing (Wales) Bill seeks to introduce a compulsory registration and licensing scheme for private rented sector landlords and letting and management agents in an effort to improve standards in the sector. As an Association we support efforts to professionalise the sector and address the problem of deliberate and/or inadvertent property mismanagement by landlords which can cause misery for tenants. We don't think that the proposed scheme, as outlined in the Bill, will achieve these aims.
- ❑ One of the RLA's overarching concerns is a lack of information about the problems that registration is supposed to deal with. Much is said of poor standards, and it is inevitable that Ministers, AMs and Councillors are more likely to hear about cases of poor quality accommodation. Policy cannot and should not be based on an assumption based on a minority of complaints. Before legislating in this area the RLA believes a new Welsh Housing Survey, similar to that developed in England, would give AMs, Ministers, officials and local authorities a much better understanding of the nature and extent of the problems that need addressing. It should be noted also that the English Housing Survey is able to collect the information it does without the need for a national register.
- ❑ During his appearance before the Committee to give evidence on the Housing Bill, the Minister explained that the Government did not have a definitive figure for the number of private rented properties and suggested that registration would be a way of collecting this information. Figures from the 2011 Census produced by the Office for National Statistics show that 184,254 homes in Wales are in the PRS. That's just over 14% of all households in Wales.

MORE REGULATION DOES NOT MEAN BETTER REGULATION

- ❑ Research conducted by the RLA has identified over 100 current Acts of Parliament or statutory regulations that specifically impact on private rented sector landlords. These contain around 400 individual requirements which could affect the way in which a landlord owns and manages his/her property and conducts tenancies. The findings of an RLA-commissioned report on Investing in private renting by Professor Michael Ball of Reading University also revealed a regulatory system that has "*developed in a haphazard, uncoordinated manner over many decades.*"
- ❑ The RLA believes that the problem within the sector is not the lack of regulatory powers to drive up standards, but the ability of local authorities to properly enforce the powers already available to them. A study conducted in 2012 by UNISON of 70% of councils in the UK revealed an 8% budget decrease for environmental health services over the preceding two years and a total of 1,272 Environmental Health Officer (EHO) posts having been lost over the same period. Given such

pressures, how can EHOs be expected to properly enforce what is likely to be a costly and time confusing licensing and registration system on top of all other regulations affecting the sector?

- ❑ Ministers have failed to learn the lessons on registration from elsewhere in the country. In 2009 for example, the then Labour Government produced an impact assessment for a proposed national register of landlords. This document concluded that full licensing would be *“onerous, difficult to enforce and costly.”*
- ❑ In 2009, Shelter Scotland published its three year review of the national register of landlords introduced by the Government at Holyrood which found that 15% of all landlords, comprising up to 25% of private rented properties had not registered. Many of this group, the RLA advises AMs, are the ones that actually cause misery for tenants’ lives. If the only landlords that come forward to register are the ones that provide a decent service and accommodation in the first place, how does registration actually help those tenants whose landlords are the ones that prefer to operate under the radar? How do Ministers in Cardiff intend to increase intelligence capabilities to find these criminal elements?

THE ALTERNATIVE

- ❑ For the system to work properly, hard pressed local authorities need to be able to devote their finite resources to properly enforcing existing legislation and targeting those landlords who actually cause problems rather than spending significant amounts of time registering and regulating those landlords who are always the first ones to sign up to Government schemes and to make themselves known.
- ❑ If Ministers want to know where private rented homes are and who the landlord is, a simple box could be included on council tax forms for tenants to tick if they live in a private rented home. This information can then be run pass the land registry database with the owner identified. Not only would such a system prove to be less costly that a full registration scheme, it would also make it much more difficult for criminal landlords to avoid making themselves known since it would be the tenant identifying where the properties are.
- ❑ The RLA proposes a system of co-regulation within a local authority whereby landlords are given the opportunity to join an industry-run accreditation scheme, taking them out of the purview of local authority control. Such a scheme would not be a soft option. It would include independent property inspections and strong sanctions against those landlords failing to abide by their obligations to be accredited under the scheme. It is likely that the majority of decent landlords would apply as it would help them to market their properties and free them from unnecessary more intrusive control. This would then free local authorities’ time and resources available to them under currently existing regulation to go after those choosing not to join the accreditation scheme as these are more likely to be the landlords seeking to evade scrutiny. It would expand the number of regulators; thus improving performance. Such a model is already used for building control.
- ❑ The Leeds Council PRS demonstrates that a voluntary landlord accreditation scheme can work well. This successful private landlord accreditation scheme is voluntary and has been in place in Leeds since 1997. Landlords who join agree to provide quality housing and in turn are awarded accreditation status by Leeds City Council. In 2003 the scheme was extended to include tenant accreditation. Combined, the council’s own scheme together with that run by UNIPOL in the city for student accommodation has accredited over 35,000 bedrooms in the city. The council’s cabinet member for Housing, Cllr Peter Gruen, has strongly urged landlords to join to access the *“wealth of information to help improve their properties”*.
- ❑ There is a need also for better informed tenants, which the current Bill does not address. Informed tenants, as consumers of the PRS, would be endowed with a greater capacity to understand the implications and consequences of their choices in the PRS market, enabling them to better understand what to look for, what questions to ask and when as well as how to complain where they face a landlord refusing to carry out work that might be needed.
- ❑ In the event of the introduction of the Bill as it stands, we agree with the provision in Section 4(2), allowing a licensing exception to landlords who opt to transfer management of their property to an

agent. We propose that agent registration and licensing precedes any mandate for landlord licensing for a period of approximately 2 years. This will allow letting and management agencies an opportunity to hone and refine the requisite industry-related proficiencies to effectively operate as agents. This approach better serves the interests of both landlords and tenants as both sides will be involved with properly trained, accredited, and competent professionals, especially for those landlords likely to opt out of the full licensing and accreditation process and transfer property management authority directly to an agency.

For more information, please contact Ed Jacobs on 0113 278 0211 or email policy@rla.org.uk
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