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Y Gweinidog Cyfoeth Naturiol
Minister for Natural Resources



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: CS/00589/16

William Powell
Chair - Petitions Committee
Ty Hywel
Cardiff Bay
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 April 2016

Dear William Powell,

Thank you for your letter of 21 March regarding further comments on Houses in Multiple Occupation (HMOs) and housing issues that the Petitions Committee has received from Mr Perrott.

As I outlined in my previous letter, I have recently introduced new legislation giving local planning authorities the opportunity to take action to manage the impact of HMOs and I consider that this will address the matters that Mr Perrott raises in his petition in a positive way. This legislation came into force on 25 February 2016 and was accompanied by Practice Guidance which highlights good practice from across the UK in the management and control of HMOs and summarises the relevant legislation. The aim of this guidance is to enable local authorities in Wales to make informed decisions on what is best suited to their area, taking into account local circumstances.

The Welsh Government has no proposals to incentivise HMO Landlords to revert their properties back to sole domestic use. HMOs often provide affordable accommodation and, providing they have been appropriately licensed, can make an essential contribution to local housing supply. So changes such as those suggested in the petition would require very careful consideration, not least because of the impact on-going benefit changes are having on housing supply especially for younger people.

In terms of future business rate modelling, HMO's are classed as domestic dwellings and are therefore liable to pay Council Tax. At present there are no plans to treat such properties as businesses and assess them for non-domestic rates. To setup a non domestic rates category for these properties would require a change in legislation and the establishment of a valuation approach. Such a change could have unforeseen consequences given that HMOs have been taxed on this basis for more than 20 years, such a change would also have an administrative burden for Local Authorities and the Valuation Office Agency.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The Welsh Government has commissioned research into the Private Rented Sector as part of its evaluation of the operation of Rent Smart Wales, introduced under Part 1 of the Housing (Wales) act 2014. The process evaluation will cover how the registration and licensing scheme has been introduced, and how it is administered, from the perspective of Local Authorities and the Licensing Authority, as well as from landlords and letting agents. The impact evaluation will cover the impact on landlords and letting agents in terms of resources and activities, as well as the impact on tenants, Local Authorities and the Licensing Authority.

Regarding the provision of affordable housing in Wales, the Welsh Government has a target of 10,000 affordable homes within this term of Government and has achieved 91% of this target with the last year data yet to be reported. This is excellent progress and a key element of this performance is maintaining support for the Social Housing Grant (SHG) programme as it is the primary source of subsidy for the provision of affordable housing in Wales. Across Wales in 2015/16 the Welsh Government has made available £95.7 million for SHG including £15 million for smaller properties.

Yours sincerely,



Carl Sargeant
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