

Rhondda Cynon Taf

Private Rented Sector Strategy

2023 - 2026



Contents

1. Executive Summary	2
2. Introduction.....	4
3. Private Rented Sector & Housing Need	9
4. Legislative Framework.....	13
5. Challenges within PRS	17
6. Current Approaches	23
7. Strategic Aims	32
8. Action Plan and monitoring	35

1

Executive Summary



Executive Summary

The importance to have a distinct Private Rented Sector (PRS) strategy is in recognition of the increase in demand for housing, across all tenures in Rhondda Cynon Taf (RCT). The PRS plays an important role in helping the Council meet its housing need and provides an alternative housing option to social rent or owner occupation.

The PRS in Wales has grown over the last two decades and now accounts for 15% of the Welsh housing stock. In RCT, between the 2011 and the 2021 Census, the percentage of private rented properties grew from 13.7% to 17.6%, with an estimated 18,180 private rented properties in the Borough.

The PRS in RCT has faced a number of challenges over the past decade such as changes to welfare reform, increase in tenants with support needs, poor property standards and the introduction of legislation aimed at regulating the PRS and improving standards. These challenges have intensified further as a result of the Covid-19 pandemic, the cost of living crisis and an increases in interest rates.

Despite these challenges, the PRS has continued to be invaluable as a housing option for residents in RCT and to enable the Council to discharge its homelessness duty.

The Council's current approaches in the PRS, serve to increase the availability of affordable private rented properties, support tenants to access and maintain private rented tenancies, and to work with landlords to ensure that standards in the private rented sector ensure properties are safe and attractive where residents want to live.

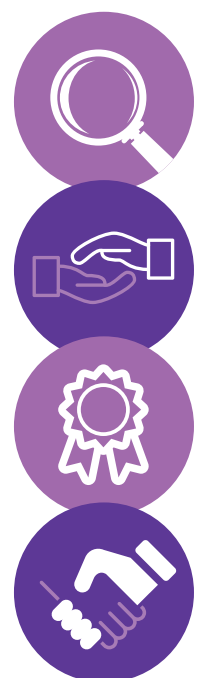
RCT's overall vision for the PRS is

“to ensure that the private rented sector in RCT offers safe, affordable accommodation, that is well managed and of a good standard, creating accessible and sustainable tenancies.”

The following strategic aims have been identified to achieve the vision:

- 1** | To identify opportunities, funding and vehicles to increase the supply of affordable private rented accommodation.
- 2** | To support residents to access and maintain well managed privately rented accommodation.
- 3** | To ensure the private rented sector offers good quality and managed housing.
- 4** | To develop strong partnerships and engagement to support the private rented sector.

The strategic aims will ensure that the PRS in RCT provides a suitable housing option for all residents and contributes towards a functional housing market which will result in prosperous communities.



2

Introduction



Introduction:

Background and Strategic Context

The Private Rented Sector (PRS) Strategy forms part of the overarching RCT Housing Strategy 2023 - 2028 and outlines how the Council will work in partnership with landlords, residents and statutory bodies to understand the profile of homes across the PRS in Rhondda Cynon Taf (RCT). The Strategy provides a framework for all activity in RCT aimed at improving housing conditions and management standards to ensure the PRS is an accessible housing option for residents of RCT.

The need to have a distinct PRS Strategy in RCT is in recognition of the increase in the demand for housing, the PRS also plays a flexible and important role in the overall local housing market as a key partner in meeting housing need.

Across the Borough, more and more households are becoming homeless. This is due to a combination of continued welfare reforms, serving of section 21 notices (no fault eviction notices), the freeze on Local Housing Allowance (LHA) rates and rents being increased by landlords for a number of reasons including the increase in interest rates. At the same time Rent Smart Wales data suggests that 70% of landlords own only one property and for many that may have been inherited or bought to supplement their income rather than property rental being their main business focus. For these smaller landlords, increased regulation through mandatory registration, the changes introduced by the Renting Homes (Wales) Act 2016 and increased interest rates have understandably led many of them to question whether they want to remain in the sector.

We have seen a dramatic increase in PRS use for temporary accommodation for homeless families, short terms lets, investment build to rent, and general need rentals for those who cannot access a mortgage or social housing. In short, it is a vital element of the housing market in RCT and one that looks set to be increasingly important in years to come.



In March 2020, the Council’s Corporate Plan ‘Making a Difference’ was adopted. The plan sets out a vision for:

“Rhondda Cynon Taf to be, the best place in Wales to live, work and play, where people and businesses are independent, healthy and prosperous”

The three main priorities of the Council’s Corporate Plan are:

Ensuring
PEOPLE
are

independent, healthy, and successful.

Creating
PLACES
where people are

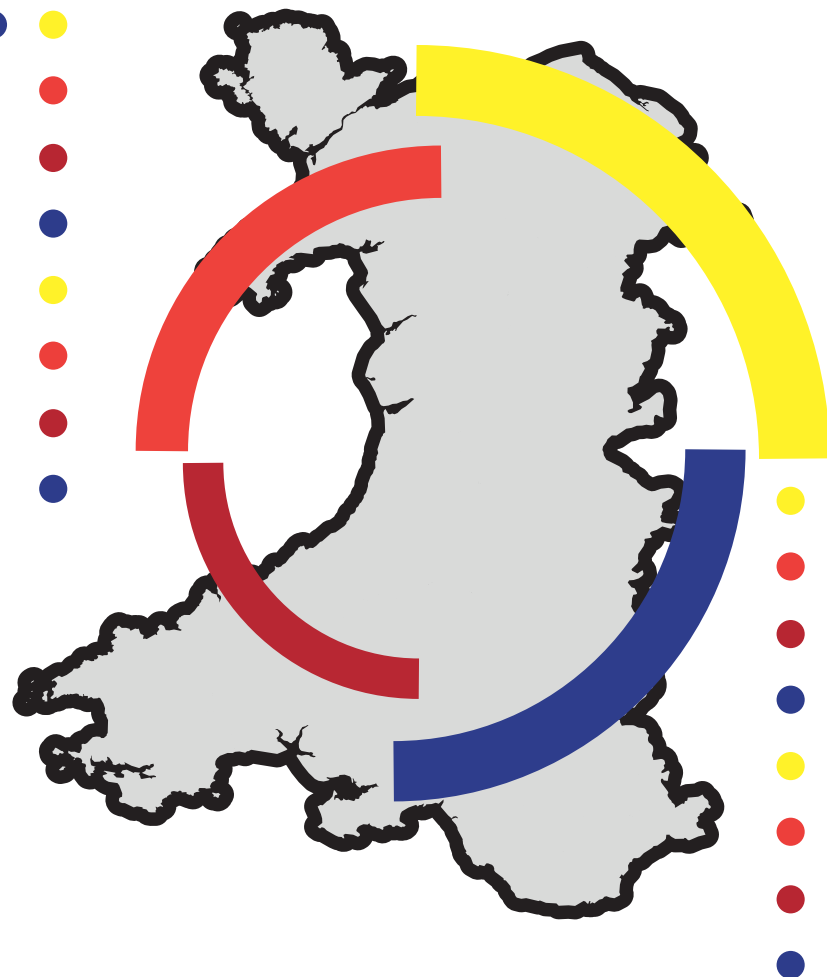
proud to live, work, and play.

Enabling
PROSPERITY
creating the opportunity for people & businesses to

be innovative, be entrepreneurial and fulfil their potential & prosper.

The PRS Strategy contributes to all three principles of the Corporate Plan as well as contributing to four of the seven well-being goals that the ‘The Well Being of Future Generations (Wales) Act 2015’ puts in place as follows:

- 1 A prosperous Wales**
- 2 A healthier Wales**
- 3 A more equal Wales**
- 4 A Wales of cohesive communities**



The 'Ending Homelessness in Wales: A high level action plan 2021 -2026' sets the direction for the work of Welsh Government (WG) and its partners to end homelessness in Wales over the next five years. The Plan outlines the systems and processes that prevent homelessness, focusing on early prevention and making a transformational shift in approaches towards rapid rehousing. The Plan commits to making homelessness **rare** where it cannot be prevented; ensuring the experience of homelessness is **brief**; and supporting people to access suitable, long-term and stable homes so that homelessness is **unrepeated**. Increasing housing capacity, both in the social and private rented sector will be fundamental to ending homelessness.

RCT's Housing Support Programme (HSP) Strategy, which feeds into both the overarching RCT Housing strategy 2023 – 2028 and this PRS Strategy, sets out the Council's approach to support the most vulnerable residents – those at risk of experiencing homelessness and those who need support to maintain their tenancies and live as part of their communities. The Housing Support Grant is an early intervention grant programme to support activity which prevents people from becoming homeless, stabilises their housing situation or helps potentially homeless people to find and keep accommodation.

National Context

According to WG’s most recent statistics, as at 31st March 2020 there were an estimated 1.4 million dwellings in Wales, of which 204,995 were privately rented¹. The PRS in Wales, as in other parts of the UK, has grown significantly over the last two decades, now accounting for 15% of the Welsh housing stock.

As it has come to play a more important role in meeting housing need and demand, there are concerns around issues such as the affordability of PRS rents and regulating standards in the sector. Research carried out by Tyfu Tai Cymru (July 2022) (Part of CIH Cymru) revealed that the PRS in Wales is the worst performing tenure in terms of energy efficiency, with 20% of private renters living in fuel poverty, compared to 11% of owner occupiers and 9% of social housing tenants.²



Local Context



RCT is the second largest authority in Wales with a population of 241,900 and 108,420 dwellings³. Of these dwellings, 92,930 are in the private sector (either owner-occupier or privately rented). Between the 2011 and the 2021 Census, the percentage of privately rented properties within RCT rose from 13.7% to 17.6%. This represents the second highest rise in Wales. There is now an estimated 18,180 private rented properties in the Borough, which is an increase from 14,353 in April 2018.

There is a total of 549 (3.02%) Houses in Multiple Occupation (HMOs) in RCT. Historically HMOs in RCT have been the domain of students and this associated demand has seen the highest concentrations developed in areas adjacent to the University of South Wales, predominantly in the Treforest ward. There has been a reduction in the number of students living in Treforest, which could be the result of the merger with Newport and Merthyr, one of the faculties being based in Cardiff and students securing accommodation to Cardiff and commuting to Treforest. This has been instrumental in a significant change in the use of HMOs in the Treforest ward and HMO landlords have had to adapt to this change in the market to negate the inability to let their properties. As a result, landlords are turning to the non-student, single person demand and this trend is likely to continue.

Despite the increase in the number of properties in the PRS, recent local anecdotal knowledge from RCT’s Homelessness Service reports an increase in Section 21 eviction notices. The main reason provided by landlords for issuing a Section 21 notice is due to selling properties and leaving the PRS.

The owner-occupier market is out of reach for many households, which in turn is increasing the demand for both social and rented accommodation. In addition to this, social housing demand is outstripping supply and therefore the only tenure for many people to access is the private rented sector. This competitive market means that landlords are in a position to demand higher rents. The most recent breakdown of average private rental prices in RCT, indicates a growth of 9% between 2017 and 2019⁴.

¹ Welsh Government, StatsWales
² Welsh Housing Quarterly, July 2022

³ Office of National Statistics – Census 2021
⁴ Rent Officers Wales – Lettings Information Database

3

Private Rented Sector & Housing Need



Private Rented Sector & Housing Need

The Welsh Government Local Housing Market Assessment (LHMA) Guidance 2006 explains that housing need refers to *'households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their housing needs in the housing market without assistance'*.

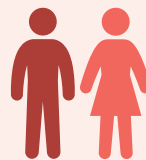
The private rented sector plays an important role in meeting some of the housing need within RCT.

Local Housing Market Assessment

The Council has identified an overall shortfall in affordable housing units, as well as a predicted future increase in housing need. The most recent Local Housing Market Assessment (LHMA), undertaken in 2022, has identified a need of 255 new affordable homes each year between 2022 and 2037.

The LHMA projection indicates that the population of RCT will grow to over 250,000 by 2035 and that the biggest rise will be amongst people aged between 20-29. This age group will be predominately single and will be affected most by the lack of affordable housing and will be most likely to seek accommodation in HMOs.

Changes to lettings policies such as the Local Housing Allowance (LHA) shared housing rate for under 35s and pressures on the housing stock make it less likely for single persons aged under 35 years to be allocated a one bedroom social rented or affordable rented property. Therefore, the PRS makes a vital contribution towards providing housing options for low-income households, particularly where private rents can be cheaper.

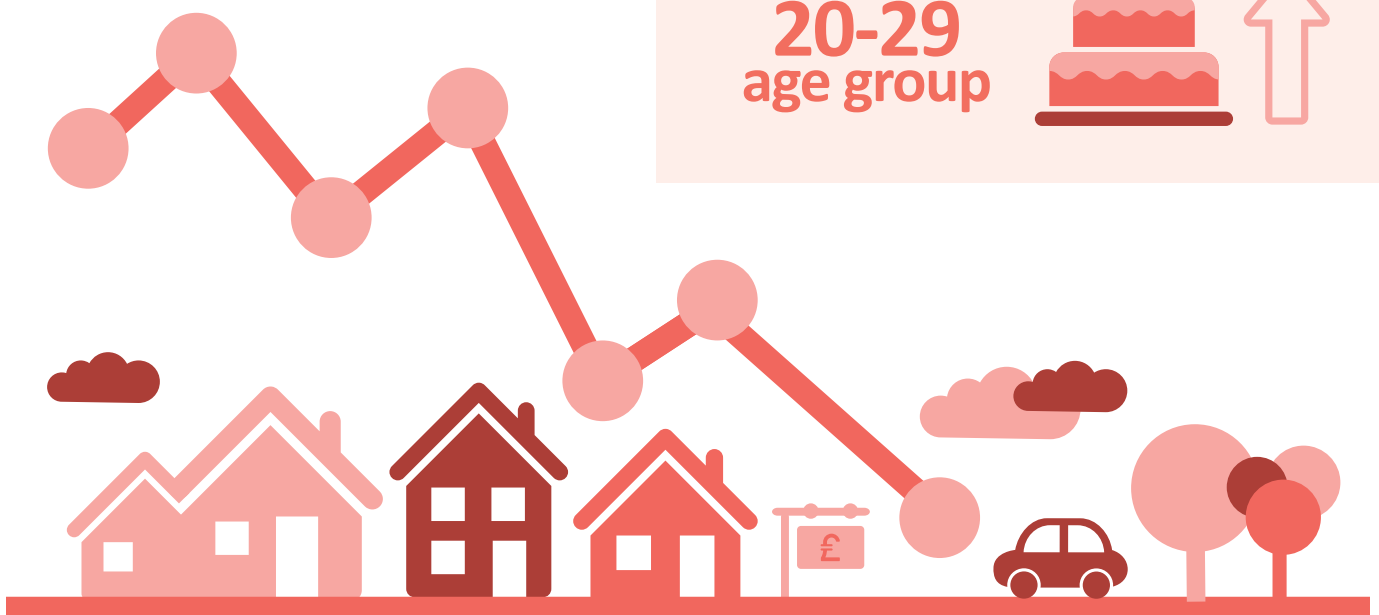


RCT population by 2035:

**over
250,000**

Biggest rise:

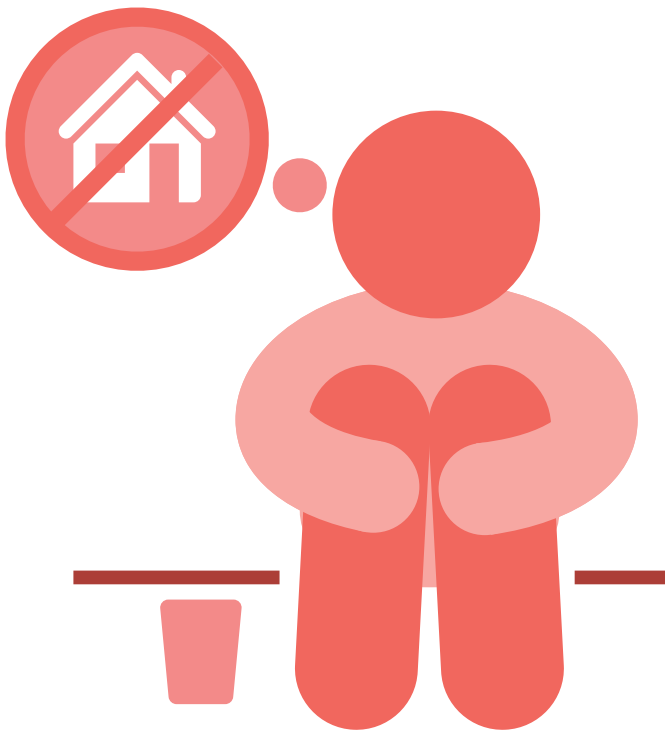
**20-29
age group**



Homelessness

Current pressures on the housing system in RCT has witnessed an increase in the number of homeless presentations. This is largely due to the removal of the priority need criteria linked to a 'no one left out' policy and the ban on evictions during the Pandemic, which when lifted resulted in a surge of homeless presentations as landlords followed through with eviction notices. The result of this is an increased reliance on emergency temporary accommodation, such as Bed and Breakfast accommodation. However, cuts to homeless prevention and hardship grants during the Pandemic has resulted in a barrier to secure (block book) temporary accommodation such as hotels. This presents a risk of not being able to secure enough emergency temporary accommodation during periods of increased homeless presentations, such as the winter months.

The private rented sector can offer an alternative model for temporary accommodation in the form of more suitable, intermediate accommodation as opposed to using establishments such as hotels and Bed and Breakfasts, particularly for families.



The loss of private rented accommodation is the highest reason for homelessness in RCT, which is mainly attributed to affordability and the impact of the Local Housing Allowance (LHA particularly in the Taff area⁵ where LHA rates are significantly lower than market rents). The LHA rates in RCT are determined by the Rent Officer Service for Wales which calculates the rates according to the 30th percentiles of all rents, for each size of property, within the two separate Broad Market Rental Areas (BMRA) applicable to RCT. The two BMRAs in RCT are Cynon/Merthyr and Rhondda/Taff. During 2022/23, a total of 440 households were threatened with homelessness due to loss of rented or tied accommodation⁶. There was also a 44% increase in the number of temporary accommodation placements between 2019/20 and 2022/23.⁷

There are growing concerns that people who are looking to rent in the private sector are struggling to access and sustain a tenancy where they are expected to meet rent shortfalls putting pressure on already tight household budgets exacerbated by the current cost of living crisis. Many properties in RCT are unaffordable for those individuals in receipt of housing benefits or on a low income.

In addition to affordability, RCT has amongst the highest reported incidences of substance misuse, mental illness and poor well-being in Wales, with mental health being the most common reason for there being priority housing needs in RCT. According to RCT's Housing Support Programme Strategy 'people with mental illness are far more likely to live in rented accommodation and mental ill-health is often given as a major reason for tenancy breakdown'⁸.

With the difficulties associated for people in RCT to become homeowners and the demand on social housing, the Council recognises the critical role played by the PRS in meeting this housing need and in turn helping to prevent homelessness.

⁵ Housing Support Programme Strategy 2022 - 2026

⁶ Arbitas Housing Solutions Software

⁷ Arbitas Housing Solutions Software

⁸ Housing Support Programme Strategy 2022 - 2026

Support to Refugees, Ukraine Nationals and Asylum Seekers

RCT Council has played an important role across all UK resettlement schemes and is committed to providing support to refugee families assessed by the United Nations as particularly vulnerable and therefore eligible for formal resettlement. The commitment to resettle the increasing numbers of refugees, Ukrainian nationals and asylum seekers in RCT presents challenges in terms of emerging housing need, support and financial demands.

Resettlement is organised through the following government funded schemes and overseen by the Home Office:

- UK Resettlement Scheme (UKRS) – under this scheme, vulnerable refugees are mainly nominated from the Middle East (notably Syria), North Africa and from refugee camps in other areas.
- Unaccompanied Asylum-Seeking Children (UASC) – this scheme is overseen by the Director of Children’s Services in RCT in partnership with Bridgend and Merthyr Councils.
- Afghan Relocations and Assistance Policy (ARAP) – this scheme offers the opportunity for resettlement to locally employed staff and their families who worked for the UK government in Afghanistan.
- UK Asylum Dispersal Scheme – under this scheme all local authorities in England and Wales are required to become asylum dispersal areas.



In Wales, there is a requirement to offer over 2,300 bed spaces and a regional dispersal plan for all 22 local authorities has been developed. One of the operating principles of the dispersal plan is to procure properties directly from private landlords.

Between 179 and 236 asylum seekers are to be located in RCT by December 2023, subject to the availability of appropriate accommodation. New private rented properties that are proposed to house individuals on the Asylum Dispersal scheme are identified by the Home Office contractor who works in partnership with the Community Safety Partnership, Police, Health, Education and Housing departments of the Council to consider their suitability.

In addition to the above, RCT contributes to the Ukraine response through the UK government’s Homes for Ukraine Response scheme, which was launched in March 2022. However, the challenge is finding suitable accommodation due to the limited availability of properties for rent.



4

Legislative Framework



Legislative Framework: Housing (Wales) Act 2014

The Housing (Wales) Act 2014 provides a system of regulation for landlords and letting agents, aimed at improving standards in the private rented sector, and has also reformed homelessness law with a stronger emphasis on prevention by allowing local authorities to use suitable accommodation in the PRS to discharge their homeless duty.



Part 1



Part 1 of the Act brought about a legal requirement that requires the registration of private rented properties in Wales with landlords who self-manage their properties required to be licensed. The underlying purpose of Part 1 of the Act is to raise the standards of rented accommodation and the professional practice of managing landlords and agents.

All private landlords are required to register themselves and the addresses of their rental properties in Wales. Landlords who undertake defined letting or property management activities of a rental property must become licensed. If a landlord instructs an agent to do such work on their behalf, it is the agent that must become licensed. The administration of the registration and licensing process is carried out by Rent Smart Wales.



Part 2



Part 2 of the Act covers the reform of homelessness law, including placing a stronger duty on local authorities to develop strategies to prevent homelessness and allowing them to use suitable accommodation in the PRS to discharge homelessness duties.

The Act places a duty on local authorities to take reasonable steps to prevent homelessness for anyone at risk of homelessness within 56 days. Homelessness Services need to consider their duty to assess housing need, the duty to prevent homelessness, the duty to help secure accommodation, the duty to provide interim accommodation, the duty to relieve homelessness and the duty to secure accommodation.

Renting Homes (Wales) Act 2016

The Renting Homes (Wales) Act 2016 came into force on 1st December 2022, introducing changes to the way all landlords, both private and social, rent their properties. The aim of the Act is to improve how properties are rented and managed, and will require all landlords to make necessary updates to their properties and paperwork.

Under the new legislation tenants are known as 'contract holders' and there are two types of landlord:



Tenancy and licence arrangements have been replaced with 'occupation contracts', of which there are two types:

- **Secure contracts** – these are issued by community landlords
- **Standard contracts** – these are the default contracts for the PRS (they can also be used by local authorities in certain circumstances such as supported accommodation)

The legislation has been brought in with the aim of creating security and improved accommodation for tenants and a more simplified process of operation for landlords.

Renting Homes (Fees etc.) (Wales) Act 2019

The Renting Homes (Fees etc.) (Wales) Act 2019 came into force on 1st September 2019, and made it an offence for a landlord or agent to require a person to make a payment which is prohibited, or to enter into a contract for services, or to require the grant of a loan in consideration of the grant, renewal or continuance of a standard occupation contract, or pursuant to a term of a standard occupation contract.

In accordance with the Act, a landlord or agent can only charge the following:

- Rent
- Security deposit
- Holding deposit
- Payments in default
- Payment in respect of council tax
- Payments in respect of utilities
- Payments in respect of television licence
- Payments in respect of communication services

In addition to the above, landlords can charge a fee for late rental payments (this is limited), and can ask for a tenancy deposit and rent in advance. The Act also places restrictions on the rent that can be charged whereby landlords or lettings agents cannot request different rent each month. The Act only applies to those whose contract started after 1st September 2019.

The Act aims to ensure that costs associated with renting in the private rented sector are reasonable, affordable and transparent.



Mandatory Licensing Scheme (Housing Act 2004)

The UK Mandatory Licensing Scheme (Housing Act 2004) came into force on 1st June 2006 and requires HMOs that are 3 storeys or more and occupied by 5 or more persons living in 2 or more households to be licensed.

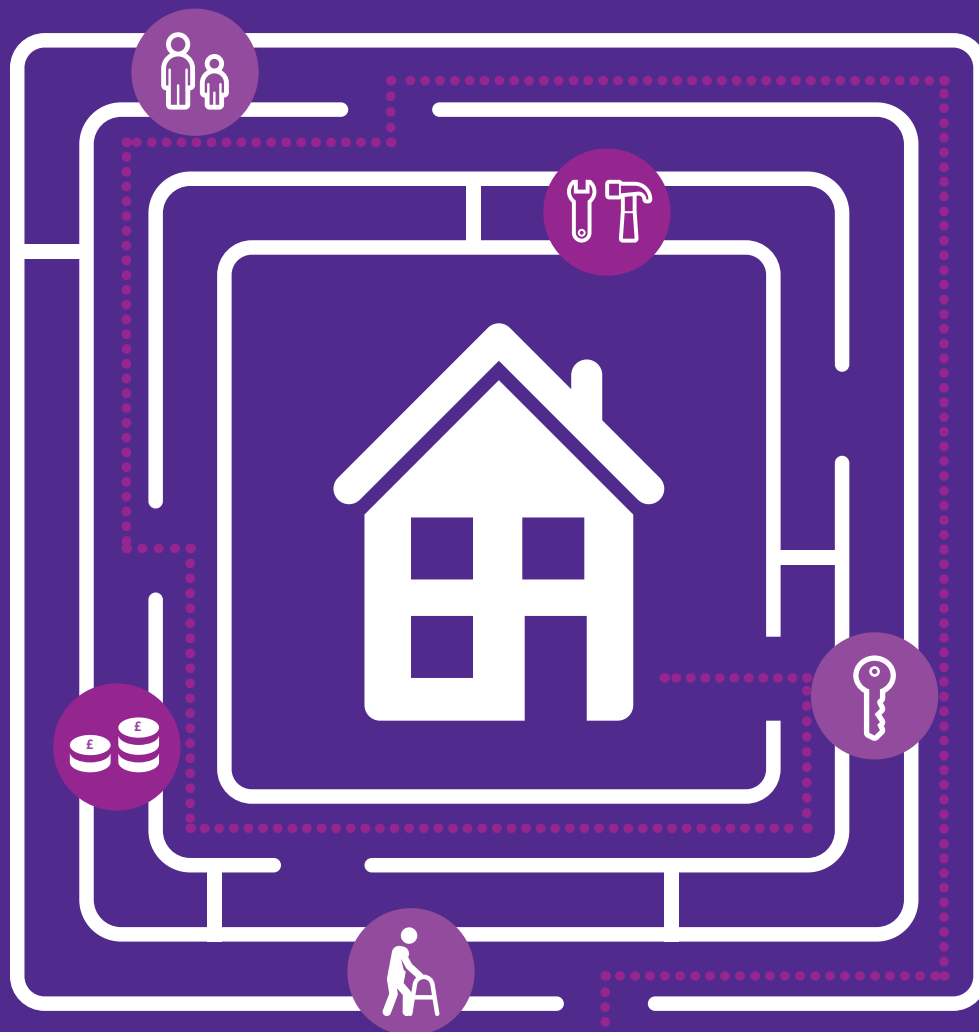
Licensing of HMOs is dealt with under Part 2 of the Housing Act 2004 and gives local housing authorities discretion to specify that landlords of some other, or all HMOs must apply for a licence if they want to let to tenants. This is called Additional Licensing. Each local authority can decide to implement an Additional Licensing Scheme to bring more HMOs within the scope of the licensing regime.

HMOs have been subject to proactive regulation in RCT for the last 17 years.



5

Challenges within the Private Rented Sector



Challenges within the Private Rented Sector

There are a number of different and sometimes localised challenges associated with the Private Rented Sector in RCT, some of which are:

Affordability of the PRS

The decline of the affordability of the PRS over the last couple of years is not only a local trend in RCT, but is also the case at a national level. The Office of National Statistics' (ONS) index for recording prices paid for private renting, rose by more than 11.7% between January 2015 and January 2023. The average rent in the PRS in Wales in February 2023 was £614 per month, compared to £430 in the social rented sector.

Welsh Government's Local Housing Market Assessment Guidance defines affordability in the private rented sector as:

'a household should be taken to as being able to afford market housing in cases where the rent payable would constitute no more than 25% of their gross household income'

The increase in rental costs in RCT can be attributed to increasing interest rates resulting in landlords struggling to service their mortgages and increases in operational costs such as certification, repairs and materials.

The LHA rates in RCT, which are set by the Rent Officer, can be problematic due to Rhondda and Taff being grouped together, even though the two areas are so distinct locally with rents being far higher in Taff than Rhondda. This has resulted in LHA rates being far lower than market rent in the Taff area, this can then cause difficulty engaging with the PRS and being able to discharge the Council's homelessness duty. Many private landlords cannot afford to charge rents as low as the LHA rates due to other financial commitments such as mortgage repayments.

Figure 1 provides an overview of the LHA rates for both BRMAs in RCT, for all property sizes:

Figure 1: **Local Housing Allowance Rates up to April 2020**

Source: www.lha-direct.voa.gov.uk		Shared Accommodation Rate	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedroom
Cynon/ Merthyr	Weekly	£54.00	£77.10	£86.30	£97.81	£149.59
	PCM	£216.00	£308.40	£345.20	£391.24	£598.36
Rhondda/Taff	Weekly	£54.00	£75.00	£92.05	£98.96	£137.51
	PCM	£216.00	£300.00	£368.20	£395.84	£550.04

Figure 2 below shows a comparison of the average LHA rates in RCT, as at April 2022, against the median and lower quartile private rents, for all property sizes, across both BRMAs.

The current boundaries of the BRMA are contributing to increasing difficulties of inequality and a polarisation of low income benefit dependent households in deprived areas of the Rhondda Valleys. Low income households in receipt of LHA are faced with increasing shortfalls in the

difference between what they are able to claim and the actual rent of properties in the South of RCT. As shown in Figure 2 below, other than the LHA rate for a 3 bedroom property, lower quartile rents are higher than the maximum LHA rate in Rhondda Cynon Taf. Although the difference between the lower quartile rents and LHA is small, it is evident that tenants who are fully dependant on housing benefit cannot afford to rent a property in the PRS based on these figures.

Figure 2: **Median and lower quartile rents against LHA rates**

Source: Valuation Office Agency 2021 – 2022	Median Private Rent	Lower Quartile Private Rent	Local Housing Allowance (Merthyr/Cynon and Rhondda/Taff BRMAs)
1 Bedroom	£83.71	£76.27	£76.05
2 Bedroom	£104.24	£90.16	£89.18
3 Bedroom	£109.93	£99.50	£100.69
4+ Bedroom	£173.15	£135.72	£135.50



Welfare Reform

Welfare reform has had an impact on the private rented sector for a variety of reasons. In addition to the issues with LHA rates outlined in the previous section, the introduction of Universal Credit (UC), the spare room subsidy and the extension of the shared room rate to under 35 year olds have also impacted significantly on the PRS.

UC is a monthly payment for people of working age, who are on a low income, out of work or cannot work and is designed to top up income to a minimum level. UC replaces several benefits, including Housing Benefit, with one single payment.

According to data published by the Department for Work and Pensions, as of August 2021, 63,102 households in the PRS in Wales, in receipt of UC had a housing cost support element (LHA) included in their payment. Of this group, 42,891 (68%) households had a gap between the LHA award and their rents.

UC is designed with a monthly payment in arrears with the idea that this will mirror the world of work. There can often be a five week wait from the time of application for a claim to the first UC payment, in this time, arrears can rise sharply before plateauing after approximately 12 weeks. Although arrears generally stop increasing further, they are not paid down, causing a spike in claimant debt that they are then unable to pay off⁹. The rent arrears not only pose a significant, ongoing financial risk for local authorities at a time when the financial pressures faced by local government have never been greater, it also has a detrimental impact on the claimants themselves. Perhaps an even greater concern is the potential impact of claimants in the PRS, where the level of arrears could place vulnerable claimants at direct risk of being made homeless.

The housing element of UC is calculated based on the number of bedrooms in the property, if a tenant has a spare bedroom, the LHA rate, or the housing costs element of UC, might be reduced. This can have an impact on both tenants and landlords as tenants struggle to meet the shortfall to cover rents, which is in part due to the lack of suitable properties available to people, especially one bedroom properties for single adults.

⁹ The Smith Institute: Falling Behind, The Impact of Universal Credit on Rent Arrears

Property Standards

All rented homes must meet certain health and safety standards. The Council can inspect a property and use the Housing Health and Safety Rating System (HHSRS) to assess if there are risks. The HHSRS looks at a variety of standards, including, damp and mould growth, excessive cold, overcrowding, faulty gas boilers, fire risks, dangerous electrics, the risk of falling on stairs, floors or paths leading to your home. The Council can then take action against landlords if risks are identified and can issue warnings and enforcement notices to landlords to ensure that repairs or improvements are carried within a set timescale.

In addition to the HHSRS, landlords will now have to follow the Fit For Human Habitation (FFHH) standards, which will be implemented as part of the Renting Homes Wales Act 2016. WG has set out the 29 matters and circumstances that must be considered when determining if a property is Fit for Human Habitation (FFHH).

The 29 items contained within The Renting Homes (Fitness for Human Habitation) (Wales) Regulations 2022, are almost the same as those that are used in the HHSRS. WG has produced guidance for landlords to ensure it is understood that properties should be in good repair and fit for habitation. The Act states that rent will not be payable by the tenants where a property falls short of the required standards.

The majority of housing stock in RCT is pre-1920 traditional terraced housing, followed by pre-fabricated post war housing. These types of houses are often considered harder and more costly to bring up to the required standards.

According to a report published by Inside Housing in July 2022, the PRS in Wales is the worst performing tenure in terms of energy efficiency. In 2020, it was estimated that 20% of private rented tenants were living in fuel poverty in Wales, compared to 11% of owner-occupiers and 9% of social housing tenants.



Much of the housing stock in RCT is considered ‘hard to heat’ and is located in areas of deprivation with lower income levels, higher number of residents with existing health issues, posing a greater risk of fuel poverty to those living in cold homes. ‘Hard to heat’ homes are also some of the most difficult to treat due to the nature of the expensive energy measures and enabling works required to bring them up to an energy efficient level.

As at January 2023, 52% of homes registered as private rented in RCT are rated D, with another 25% rated E or below, totalling 77% of private rented homes rated D or below. Across RCT, the figure of all homes below a D rating is 70% highlighting the lower efficiency in the PRS. Since 1st April 2020, the domestic Minimum Energy Efficiency Standard (MEES) regulations prevents landlords (unless the property is exempt) from letting or continuing to let properties if they have an EPC rating of F or G. Only 22% of rated homes registered as private rented are C rated and government policy encourages homes to reach a minimum standard of C, to help mitigate fuel poverty. Increasing the number of properties to a C rating contributes to achieving the target of all homes being net zero by 2050.



Tenants with Support Needs

According to RCT's Housing Support Programme Strategy, RCT has been identified as having some of the highest reported incidences of mental health problems, substance misuse and poor well-being in Wales. Meeting the needs of these individuals, especially where there are co-occurring issues, is a significant challenge for the Council and its partners. The Housing Support Programme Strategy states that 'people with mental illness are far more likely to live in rented accommodation and their mental ill health is often given as the major reason for tenancy breakdown'.¹⁰

Since the Covid-19 Pandemic, there has been an increase in the number of people with complex needs. Difficulties accessing NHS services for treatment of mental health and substance misuse issues is having a negative effect on individuals managing their tenancies. The Housing Support Programme Strategy reports that mental ill health is the main reason for tenancy breakdown¹¹.

Private landlords with little experience and no formal training on how to work with vulnerable tenants with complex needs are having to manage greater levels of a breach of tenancy. These could be due to non-payment of rents, anti-social behaviour and often damage to property. The financial costs to the landlord can include legal action, loss of income and repairs, thus resulting in a reluctance from landlords to work with the Council to house tenants with support needs.

Financial barriers for tenants

There can be a range of barriers for prospective tenants when attempting to access accommodation in the PRS. These barriers can be even greater for those individuals on a low income or who are claiming LHA to assist with their rent.

In most situations where a property is proposed to be let to a tenant, the tenant is required to provide upfront costs and assurances to access the property. Most landlords/agents will now ask for one or more financial payments to secure the property. However, many individuals cannot meet these requirements and need further financial assistance to gain access to a tenancy in the PRS.

Private landlords often ask a tenant to pay one month rent in advance, and in some cases this has been as much as 6 months rent in advance, at the start of a new tenancy. Landlords require a deposit or bond, which offers some protection to the landlord in case of damage to the property or

unpaid rent. Figure 3 presents the typical upfront costs required to secure a property in the PRS:

Figure 3: **Average upfront costs in RCT**

Number of bedrooms	Average Monthly market rate	Bond	Rent Guarantee	Typical upfront costs
1 Bedroom	£522	£522	£522	£1,044
2 Bedrooms	£565.50	£565.50	£565.50	£1,131
3 Bedrooms	£609	£609	£609	£1,218
4 Bedrooms	£739.50	£739.50	£739.50	£1,479

(Source: Right Move)

Another requirement that is often stipulated in order to access the PRS is to provide a guarantor, someone who will be liable to pay the rent if the tenant does not. Many prospective tenants may not have a support network such as family or friends and would therefore be unable to provide a guarantor to secure accommodation.

¹⁰ Housing Support Programme Strategy

¹¹ Housing Support Programme Strategy

Demand and Availability of the Private Rented Sector

The PRS plays an important role in meeting housing need in RCT. With an excess of 5,000 applicants on the Council’s housing waiting list, a rise in homelessness presentations, and the requirement to find suitable housing as part of the Resettlement and Dispersal schemes, the availability and accessibility of the PRS is fundamental in helping the Council meet its housing need in RCT.

A growing concern in RCT, and also at a national level, is the number of landlords leaving the PRS. According to a recent survey carried out by the Council, 63% (42) landlords are considering leaving the private rented sector. This can include landlords with just one property, to large portfolio landlords. This scenario is not unique to RCT, with Bridgend, Blaenau Gwent, Ceredigion, Conwy, Newport and Vale of Glamorgan recently reporting similar scenarios.

Many private landlords consider the new legislation as too cumbersome and complex and feel that it favours the tenant over the landlord, with cost implications for the new ‘Fit For Human Habitation’ housing standards. Landlords are also concerned with the new notice periods, whereby they are unable to serve a possession notice for up to 12 months.

The survey highlights that landlords are considering leaving the sector for various reasons, such as high costs, damage to property, tenants not paying rent and the introduction of the Renting Homes (Wales) Act 2016, as highlighted in Figure 4 below.

Figure 4: **Reasons for leaving the sector (RCT Landlord Survey)**

Reason for landlords considering leaving the PRS	Number
Tenant with arrears	9
Bad tenants	5
Damage to property	7
Rising rental costs	9
Renting Homes Wales Act 2016	9
Other *Retirement - 1, Lack of support for tenants - 1, Future expenses – 1	3

(Source: RCT Private Landlord Survey)

6

Current RCT Approaches To Support The Private Rented Sector



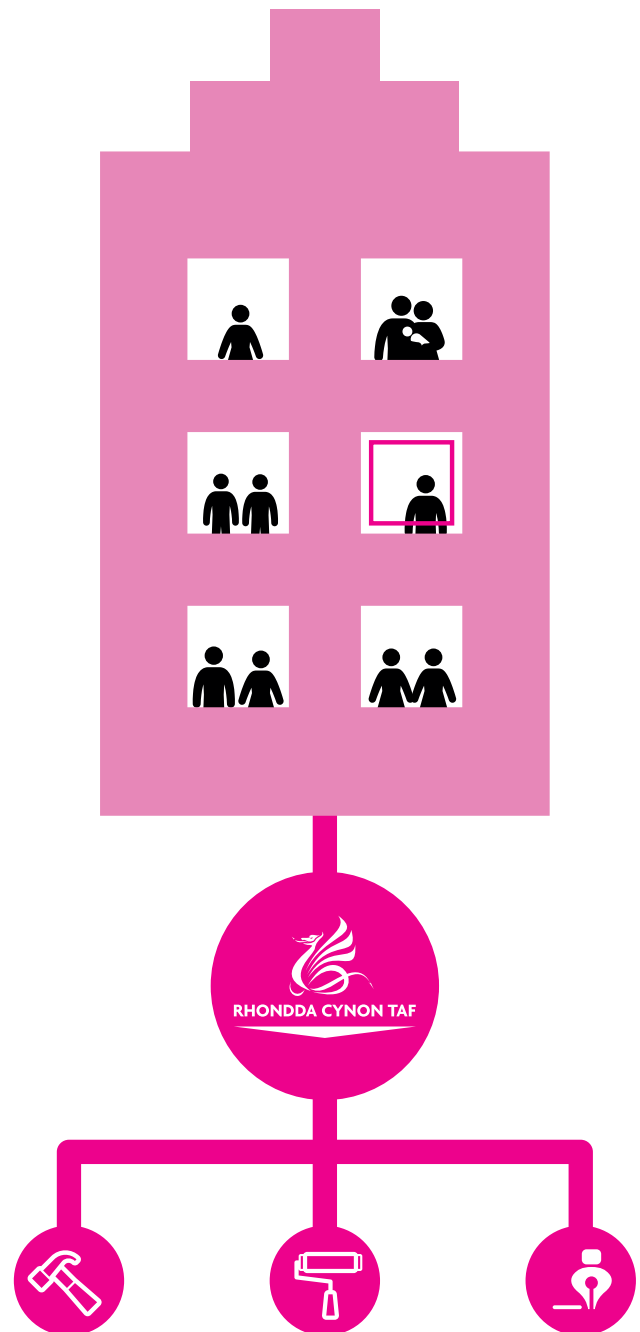
Current RCT Approaches To Support The Private Rented Sector: RCT's Social Letting Agency

In 2022, WG launched its national Leasing Scheme Wales, giving the opportunity for all local authorities to work with private landlords to offer those at risk of homelessness or who are homeless, longer-term security of accommodation (between 5 and 20 years) in the PRS with rent at LHA level. The scheme also offers ongoing housing related support whilst keeping properties at a high standard (maintained by the Council) with no additional cost to the landlord.

RCT's Social Lettings Agency (SLA) offers landlords a full property management service for the duration of the lease, including repairs and maintenance, and a guaranteed rental income even when the property is void.

At the end of the lease term, the property will be returned to the property owner in its original condition, in accordance with the terms of the lease. The aim of the scheme is to address challenges around housing induced poverty, where households are priced out of the PRS. The SLA also aims to increase the availability of affordable PRS properties to those in receipt of benefits, along with addressing mental and physical health issues, tackling inequalities associated with the risk of homelessness as a result of living in insecure, poor quality accommodation.

All properties accepted onto the scheme are required to meet mandatory quality standards as set out in the Leasing Scheme Wales – Scheme Guidance. In order to bring the property up to the minimum standards landlords are offered a grant of up to £5,000 where the property has been empty for under 6 months, or up to £9,999 where the property has been empty for 6 months or more.



RCT has been allocated Welsh Government funding to deliver the SLA with a target of 24 properties to be signed up by 2023/24, 65 properties by 2024/25, 97 properties by 2025/26 and 161 properties by 2026/27 (these targets are cumulative). To date, the target for 2023/24 has already been exceeded which evidences the demand for the scheme.



Landlord Engagement

RCT's Landlord Forum provides an opportunity for landlords to meet and share experiences, views and opinions of developing, letting and managing private rented accommodation. Landlords are able to benefit from information on good practice in all aspects of the PRS and ultimately raise the standard of their professional practice.

The Landlord Forum is held quarterly and provides the Council with a mechanism for raising awareness of Council services and strategic objectives and directly influencing the provision of rented accommodation options.

RCT's Landlord Newsletter is published bi-annually and is instrumental in reaching-out and engaging with private landlords who have properties in RCT. The newsletter provides a means of notifying landlords of new services, initiatives, legislation and opportunities to raise their knowledge and skills as a landlord in the PRS.

To ensure direct links with landlords are maintained, a database of landlords has been established which provides a fast and efficient mechanism for communicating with the extensive landlord list. It keeps communication lines open and is a fast and effective way of sharing important information that could benefit landlords and their tenants.

The all Wales PRS Officers Network forum is ceasing to be chaired by Welsh Government, however, all local authorities have agreed to continue with the meetings on a quarterly basis to share PRS knowledge and processes with colleagues from local authorities across Wales.

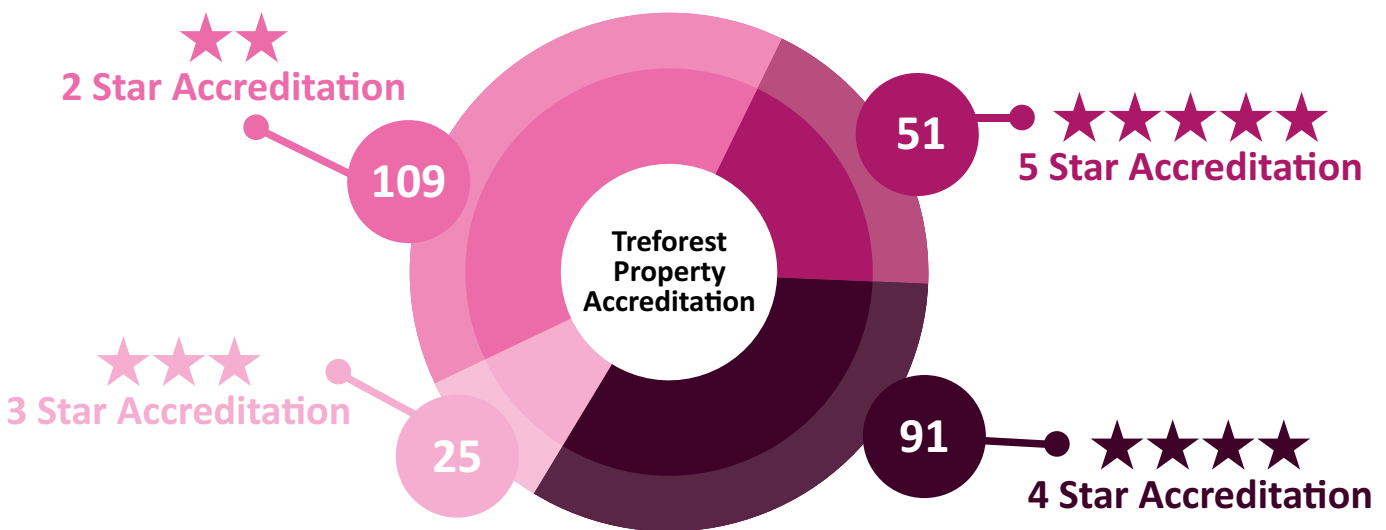
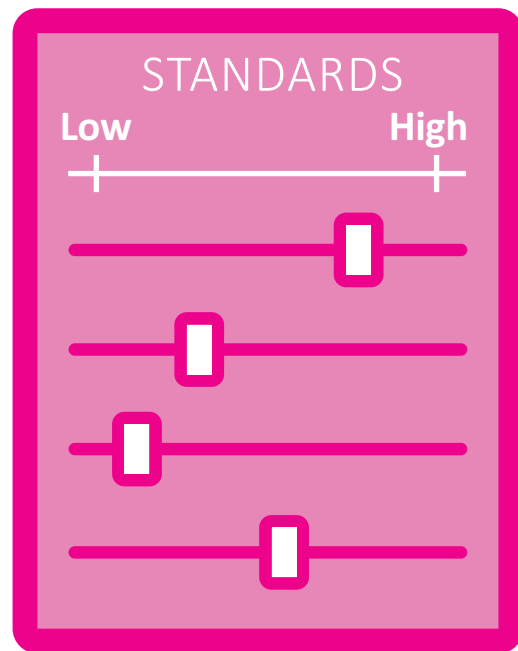
Treforest Property Accreditation Scheme

The Treforest Property Accreditation Scheme (TPAS) was introduced with the objective of raising the quality, amenity and management of the PRS in the Treforest area of RCT.

Properties are assessed and accredited based on the level of standards and amenities they provide. There are four levels of accreditation to reflect the quality of the property and its compliance with legislative requirements. Information on the properties and their accreditation is available for prospective tenants to view on RCT’s website.

The TPAS is a voluntary accreditation scheme and is open to all landlords and letting agents without charge. Landlords are supported in the self-assessment process and provided with relevant information such as the Housing Health & Safety Rating System (Housing Act 2004) and good practice in the PRS.

The TPAS is supported by RCT Council, the University of South Wales, representative bodies of the PRS and South Wales Police and Fire Services. The main benefit to landlords is the recognition of the quality of their property and the housing management they provide, whilst both attracting tenants and competing in a highly competitive rental market.



Tenancy Finder Service



RCT's Tenancy Finder Service is managed by the Council's Housing Solutions Service and assists landlords to source prospective tenants. Tenants are matched to a property according to their ability to meet the financial obligations in paying a set level of rent. At this point of the process, tenants are supported to set up UC claims for their housing costs and assisted to set up utilities.

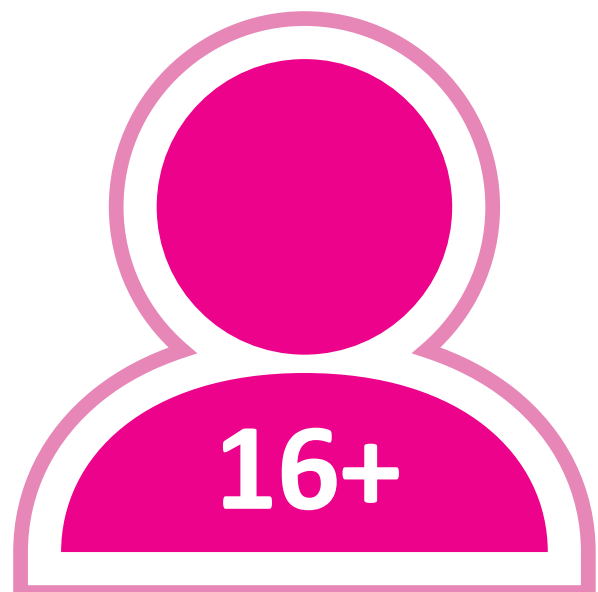
If further support is needed, a referral to Supporting People is made where the tenant would then receive tenancy related support (Floating Support) for the first 3 to 6 months of their tenancy, this support is fully reliant on the engagement of the tenant for it to proceed. Landlords are under no obligation to accept households nominated by the Council's Housing Solutions service and are still able to advertise and let the property privately.

Floating Support Service

Floating Support is a free housing-related support service in RCT for people aged 16 and over. The service helps prevent homelessness by building people's confidence and helping with the skills they need to live independently and successfully manage a home.

Floating Support is available for vulnerable households to access and sustain accommodation in the PRS. Specialist tenancy support enables vulnerable households to develop independent living skills and assist them in understanding the responsibilities associated with the terms of a tenancy agreement. Landlords are able to benefit from the added security provided in the knowledge that their tenant is able to comply with the terms of their tenancy.

During the financial year 2022/23, RCT's floating support service received 642 referrals for tenants living in the PRS, where 486 tenants were actually supported with housing related support.



Houses into Homes Loan

The Houses into Homes Loan is a Welsh Government funded scheme, which provides an interest free loan up to £25,000 per property or unit, and up to a total maximum of £150,000 per applicant. The scheme is aimed at returning privately owned empty homes into use and is managed by the Council. The loans are not available for potential owner-occupiers and are designed for applicants who want to rent or sell their property on completion of the refurbishment works. The loan must be repaid on sale or within 2 years from the date of loan approval, whichever is sooner, or within 3 years from the date of the loan approval if the property is for rent.

The Houses into Homes Loan has proved to be very popular with landlords and investors, the Council has approved and completed 149 loans, which equates to 220 new units of accommodation and investing over £4M since the start of the scheme in 2012.



Housing Standards Team

RCT's Housing Standards team works with landlords, tenants and partners to ensure the accommodation in the PRS provides a safe, attractive and healthy environment in which people want to live. The effective management of rented properties is also important, particularly in communities with high concentrations of rented properties.

The Council has adopted a Corporate Enforcement Policy that seeks to ensure it encourages people to comply with the law. Where this is undermined, the Council will use its legal powers to protect residents and communities. This Policy underpins the Council's approach to Housing Enforcement.

The Council endeavours to liaise with landlords to ensure they are aware of the standards required in letting properties. RCT also offers an advice service to new and existing landlords to support them as they undertake improvements, repairs and conversion of their properties. In addition, regular programmed inspections of houses in multiple

occupation are undertaken, as well as responding to service requests tenants concerned about their living conditions.

To achieve compliance with statutory requirements the Housing Standards Team, where possible, work informally with owners, landlords and managing agents. Where an informal approach is not effective or in high-risk situations, the team will consider the use of relevant legislation to remove or reduce risks posed to the health and safety of occupants or other members of the public.

Where significant hazards are found in a property and particularly where the occupiers are vulnerable and are at risk of injury, the Council uses a range of enforcement options to protect their health and safety. This will range from service of improvement notices to require repairs to a house, to the issue of prohibition orders to stop the use of whole or part of a property, to the use of emergency remediation notices to effect repair to prevent imminent risk. Where legal documents are not complied with, the Council will act to prosecute landlords where appropriate and may also undertake works in default and recover the costs.

HMO Additional Licensing Scheme

An Additional Licensing Scheme (ALS) has been in operation in RCT since 2006, this is in addition to the Mandatory Licensing Scheme.

Currently, the RCT Additional Licensing scheme covers the following HMOs:

- Entire houses or flats which are let to 3 or more tenants who form 2 or more households and who share a kitchen, bathroom or toilet
- Houses, which have been converted entirely into bedsits or other non-self-contained accommodation and which is let to 3 or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities
- Converted houses, which contain one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by 3 or more tenants who form two or more households
- Buildings that are converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies
- In order to be a HMO the property must be used as the tenants' only or main residence and it should be used solely or mainly to house tenants
- It is important to note that large HMOs i.e. those of 3 storeys or above with 5 or more tenants that comprise 2 or more households continue to be regulated through the Mandatory Licensing Scheme

The RCT ALS serves a dual purpose, both to protect the safety of tenants living in HMOs and to minimise the impact of shared housing on the character and amenity of the surrounding area. Changes in the market, as currently experienced in Treforest, present a prime example of how the RCT HMO licensing scheme can be utilised in tandem with other council initiatives to govern, monitor and ensure the quality and standard of both the property and its management. The ALS also

serves to mitigate the negative impacts associated with high densities of HMOs and effectively manages the changes in the dynamics of the housing market that, if left un-checked, could have an adverse impact on the desirability of an area, a rise in anti-social behaviour and a breakdown of social cohesion.

HMO inspection figures highlight that 1050 Category 1 and 2 hazards were removed from 360 licensed HMOs since the commencement of the 2018 ALS. This demonstrates that without continued regulation of smaller HMOs and converted buildings, there is a high risk that they would either be let in a low standard or would quickly deteriorate in standard and present hazards for occupants over time once the requirement for licensing ceased.

HMOs provide an invaluable source of affordable accommodation in a time of high demand and cater to a diverse range of tenants. Well-managed and maintained HMOs provide a valuable asset and form an essential part of RCT's housing stock. However, without the means to monitor, govern and enforce acceptable standards there is a risk that the sector will deteriorate, and in-turn present a blight on the communities in which they are located and a risk to the safety and well-being of the residents who depend on them most.

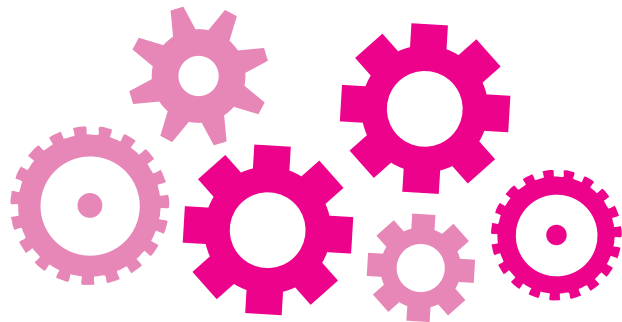


Supplementary Planning Guidance for HMOs

Local Planning Authorities (LPAs) have the opportunity to formally control proposals for HMOs. In RCT, as mentioned previously in the Strategy, HMOs are heavily clustered in Treforest as a result of demand in previous years from students wanting to live close to the University. The recent trend of the decrease in the student population in Treforest has meant that there is no longer a need to have HMOs clustered in one area.

Supplementary Planning Guidance (SPG) is non-statutory supporting information that supplements the policies and proposals of the Local Development Plan (LDP). The SPG has a twin purpose of identifying when it is deemed that the concentration of HMOs in an area has reached a level considered to adversely impact on a community, and secondly to provide guidance on standards of HMOs and how they should be developed. As a result of concerns relating to the high concentration of HMOs in Treforest, an SPG was introduced in 2018 to ensure that HMOs in

that area do not exceed a 20% threshold (within a 50 metre radius) and that they do not exceed a 10% threshold (within a 50 metre radius) for the rest of RCT.



Financial Support for Tenants

RCT's Housing Solutions Service works with tenants and landlords to ensure that the PRS is affordable, particularly for those on benefits who are or have been at risk of homelessness. Support is available to ensure vulnerable tenants can secure and maintain tenancies such as help with bond payments.

Discretionary Housing Payments (DHPs) are a top-up to benefit to cover a shortfall between Housing Benefit / Universal Credit housing costs and rent and are considered if a person needs extra help with their housing costs. Any payment awarded is made in addition to any Housing Benefit / Universal Credit that has been awarded.

DHP is a limited budget, therefore an application is required in order to assess eligibility. DHPs are generally only available as short-term assistance, not a long-term solution.

Disabled Facilities Grants

Disabled Facilities Grants (DFGs) are available to landlords, whose tenant(s) have a disability and require adaptations to the property to help them maintain their independence within their home. The landlord applying for the grant will be asked to sign a certificate stating that the tenant requiring the adaptations will occupy the property being adapted for at least five years. A certificate of ownership or tenancy is required when applying.



DFGs are awarded for essential adaptations to enable the freedom of movement around the property and can include:

- Installation of a stairlift
- Installation of a level access shower or specialist bath/toilet
- Improving or installation of appropriate heating system
- Widening doorways or installation of ramps
- Adaptation of heating and lighting controls
- An extension for extra care facilities
- External adaptations for safer access into the home

The maximum grant allowed is £36,000 and a contribution may be required for large adaptations such as an extension, through floor lifts or significant modification. The DFG budget of £4.3M for 2022/2023 was fully spent with 436 grants being approved and 348 completed that financial year.

Temporary Accommodation for Homeless Single People



The Council has worked in partnership with a private landlord to develop 18 units of good quality temporary accommodation in the form of a shared housing model for single people across RCT.

The scheme avoids placement and reduces reliance on Bed and Breakfast establishments. This provision has been extremely successful and there is ongoing work with the landlord to secure and develop an additional 10 – 20 units.



7

Strategic Aims



Strategic Aims

Whilst there is evidence to show that there has been some good work carried out to improve the PRS, it is clear that there is still more to do in order to increase the availability and accessibility of good quality, affordable private rented housing. In order to do this and address some of the challenges identified this Private Rented Sector Strategy has four strategic aims that will drive its delivery.

1 | To identify opportunities, funding and vehicles to increase the supply of affordable private rented accommodation.

This includes:

- Supporting partner organisations to push for a review of LHA and BRMA rates in RCT due to the current rates being significantly lower than market rents in the South of the Borough, and therefore not affordable.
- Working with partners including Welsh Government to introduce an 'intermediate product' with revised standards, different to those determined by Welsh Housing Quality Standards (WHQS). This would enable more use of the PRS for medium use and reduce time spent in emergency temporary accommodation.
- Work with WG and other stakeholders to access funding and identify new models and vehicles to increase the scale of affordable private rented accommodation such as the Leasing Scheme Wales (RCT's SLA).
- Promote the Social Lettings Agency with landlords through the RCT Landlord forum, RCT Landlord newsletter, and via the dedicated SLA page on the Council's website.
- Maintain strong links with current private landlords and look to work with new landlords, offering support and incentives to encourage them to work with the Council to increase the number of homes available to our residents.

2 | To support residents to access and maintain well managed privately rented accommodation.

This includes:

- Working closely with Housing Providers and landlords to raise awareness and promote the tenancy related support that is available through the Housing Support Grant Team such as Floating Support.
- Refer residents to appropriate support available in order for them to be able to improve their access to the PRS, such as the Council's Floating Support service and budget support commissioned by CAB.
- Work with partners to review and develop the multi-agency response to housing support needs by building on relationships with health, probation, social services and landlords and jointly review and develop working practices and processes.
- Evaluate the effectiveness of HSG funded services in light of increasing needs and risks, which will enable the Council to understand the level of support required by landlords.
- Develop a policy for the provision of financial support, including the use of rent in advance and rent top ups.



3 | To ensure the private rented sector offers good quality and managed housing.

This includes:

- Working with landlords to improve management standards and conditions of properties and ensure effective management of properties by raising awareness of required standards, ensuring landlords are complying with the law and carrying out enforcement action where necessary.
- Evaluate the continued benefits of the Treforest Property Accreditation Scheme, to determine whether it has a continued role in improving managerial and service standards.
- Promote the grants and loans on offer to Landlords to improve the energy efficiency of their housing stock, such as WG’s Warm Homes Programme in order to help landlords reach an EPC Band C by 2030 in line with national policy.
- Offer advice to both Landlords and tenants regarding how to make homes more energy efficient and reduce energy bills through the Council’s Heat & Save by attending Landlord forums and community events.
- Reviewing the current Additional Licensing Scheme and put forward recommendations following the review to be taken forward and implemented.

4 | To develop strong partnerships and engagement to support the private rented sector.

This includes:

- Ensuring that communication with landlords is regular, clear and transparent. The Council will continue to engage with landlords through the RCT’s Landlord Forum and newsletter on a quarterly basis and provide a wide range of advice, knowledge and education to keep landlords well informed and up to date on relevant topics and legislation.
- Mapping all products that are available to landlords and develop an online ‘One Stop Shop’ where landlords will be able to navigate between services and clearly understand the different options and services available to them.



8

Action Plan and Monitoring



An annual action plan will be developed to deliver and drive forward the aims of the Strategy and ensure that the Council's ambitions related to the Private Rented Sector in the county borough are met. It will be monitored quarterly by the Private Rented Sector Working Group and performance will be measured against it.



Rhondda Cynon Taf

Private Rented Sector Strategy

2023 - 2026

52349-14 • August 2023

Mae'r ddogfen yma ar gael yn y Gymraeg. Mae croeso i chi gyfathrebu â ni yn y Gymraeg.
This document is available in Welsh. You are welcome to communicate with us in Welsh.