

Social Research Number: 76/2016

Publication date: 22/11/2016

Evaluation of Rent Smart Wales

Executive Summary

1. Evaluation Objectives and Methodology

- 1.1 PACEC Limited was appointed by Welsh Government to undertake an evaluation of the implementation of Part 1 of the Housing (Wales) Act 2014 (the Act) via Rent Smart Wales.
- 1.2 Overall, the Act “aims to improve the supply, quality and standards of housing in Wales”¹. Its purpose has been defined as to “introduce significant improvements across the housing sector to ensure that people have access to a decent, affordable home, and better housing-related service”².
- 1.3 The Welsh Government commissioned this longitudinal evaluation over two to three years, with repeated fieldwork and reporting, to monitor the impact the implementation of the Act has on awareness, attitudes, behaviours, and practices of landlords, letting / managing agents, and tenants within the Private Rented Sector (PRS) in Wales. The evaluation will also gather and assess evidence in respect of the processes involved in implementation and in doing so will also provide learning regarding the practical implementation of the Act. This baseline report covers the period November 2015 - July 2016.
- 1.4 The purpose of the baseline report is to review how effectively the processes to implement the Act have been developed, levels of awareness and perceived future impacts.
- 1.5 A range of research methods were used, as summarised below.

¹ Welsh Government: <http://gov.wales/topics/housing-and-regeneration/legislation/housing-act/?lang=en>

² Welsh Government: [http://www.assembly.wales/Laid%20Documents/PRI-LD9558-EM%20-%20Housing%20\(Wales\)%20Bill%20-%20EXPLANATORY%20MEMORANDUM-18112013-251741/pri-ld9558-em-e-English.pdf](http://www.assembly.wales/Laid%20Documents/PRI-LD9558-EM%20-%20Housing%20(Wales)%20Bill%20-%20EXPLANATORY%20MEMORANDUM-18112013-251741/pri-ld9558-em-e-English.pdf)

Desk Research

- 1.6 Analysis of Stats Wales data on the levels of home ownership and provision of affordable housing; published policy documents detailing the rationale and context for improving housing standards in the Private Rented Sector; Welsh Government / Rent Smart Wales publications on the intended effects of the Act on landlords, letting agents and tenants and its implications for local authorities; and a review of aggregate data from Rent Smart Wales

Research with Landlords and Letting Agents

- 1.7 An online survey was undertaken with landlords and letting agents in March 2016. It was piloted with five landlords / letting agents before being sent directly to seven representative bodies for landlords and lettings agents in Wales (requesting that they forward this to their landlord and letting agent contacts) and directly to 260 lettings agents. When this failed to generate the required sample / response rate, the survey was subsequently sent to a database of registered landlords held by Rent Smart Wales.³
- 1.8 The survey was completed by 783 landlords (86%, n=662) and letting agents (14%, n=110). The precise survey population is not known and it is not therefore possible to state the confidence with which results can be reported⁴. It should therefore be noted that the sample is not representative of all landlords and letting agents and therefore findings should be treated as indicative.
- 1.9 Following the quantitative survey, in-depth interviews were completed with a sample of landlords and letting agents. From a sample of 469 landlords / lettings agents that agreed to be re-contacted following the quantitative survey, telephone interviews were carried out with 50 landlords and letting agents within the first Wave of research to gather more in-depth information on their experience of the Rent Smart Wales scheme to date, specifically in relation to registration, licensing, training and communication.

Research with Tenants

- 1.10 A quantitative telephone survey with tenants was undertaken in July 2016. A usable sample of 880 contacts were identified via the National Survey for Wales re-contact database.
- 1.11 Telephone interviews were completed with 164 tenants, representing a response rate of 19%. It should be noted that the sample cannot be considered to be representative of private rented sector tenants in Wales, and therefore findings should be treated as indicative.
- 1.12 Following the quantitative survey with tenants, in-depth interviews were conducted with 50 tenants within the first Wave of research, drawn from the survey cohort who indicated they were willing to be re-contacted. The research team used purposive sampling to ensure that responses were obtained across ages and geography. It is expected that a minimum of 25 tenants will be contacted again in subsequent waves of the evaluation.

³ It is acknowledged that there is a potential bias with this approach as those drawn from the Rent Smart Wales database were more likely to have already had an awareness of the scheme

⁴ The legislation used 2011 Census figures to estimate that there were approximately 185,000 properties and 130,000 landlords in the Private Rented Sector in Wales. See CIH Cymru "*Part 1 Housing (Wales) Act 2014 and Rent Smart Wales*", 2015 and Welsh Local Government Association "*Understanding Your Private Rented Sector*" available at: <http://www.wlga.gov.uk/understanding-your-local-private-rented-sector>.

Interviews with Local Authorities

- 1.13 Telephone interviews were carried out with 21 local authorities⁵ during March and May 2016 to help understand their expectations regarding the likely impact of the scheme and to gather their views on what further support may be required during the implementation period.

Interviews with Key Stakeholders

- 1.14 Email invitations were sent to 14 key stakeholders who were identified as being able to provide a strategic perspective on the Rent Smart Wales scheme from the landlord / letting agent, tenant and local government perspectives. Of the 14 contacted seven agreed to take part in a telephone interview during March and May / June 2016.

2. Key findings

Implementation

- 2.1 The baseline research concludes that Part 1 of the Housing (Wales) Act 2014 is being implemented as intended, with an initial period of one year to allow for registration of landlords and licensing of landlords / letting agents prior to enforcement by Local Authorities and Rent Smart Wales which is on track to begin in November 2016.
- 2.2 There have been visible awareness raising activities by both Rent Smart Wales and Local Authorities and evidence of registration and licensing by landlords and letting agents.
- 2.3 Responses from Local Authorities (n=7) and landlords / letting agents indicates that Rent Smart Wales has provided good quality information and guidance. However it was also suggested that that in the initial stages of introducing the scheme there was insufficient planning, particularly in relation to the funding given to Local Authorities which two interviewees felt could have been provided in a timelier way to allow for greater planning of activities.
- 2.4 Four Local Authority interviewees felt that information sharing and communication between Local Authorities could be better, particularly regarding approaches for identifying non-compliant landlords, and regarding sharing detail on any commonly cited enforcement issues in future.

Awareness of the Scheme and its Requirements

- 2.5 Awareness raising up July 2016 has had a positive effect, as evidenced by increasing call volumes to Rent Smart Wales relating to registration and licensing (increased from 960 in November 2016 to 1,925 in July 2016). In addition, the survey of landlords and letting agents indicated high levels of awareness of the scheme and its requirements (94% of landlords and 99% of letting agents responding to the survey stated that they were aware of the Housing Wales Act and Rent Smart Wales). Respondents were also asked if they thought the differences between registration and licencing were adequately understood by landlords and agents with 67% of landlords and 79% of letting agents feeling this was well understood.
- 2.6 Respondents were subsequently asked how they would rate levels of awareness regarding mandatory registration and licencing within the sector generally and only 16% of landlords and 22% of letting agents who responded to the survey felt awareness of mandatory registration and licensing within the sector was good or very good. In addition, the survey found little evidence of

⁵ Interviews were conducted with Environmental Health Officers / Managers, Private Sector Housing Leads / Managers, Housing Enforcement Officers, Private Sector Development Officers, Domestic Public Health, Project Managers for Enforcement and Supply, Community Wellbeing Managers, Public Protection Managers, and Housing Improvement Managers.

tenant awareness of the Act, what the requirements are or what it means for them / their landlords. While raising awareness amongst tenants has not been a focus of activity to date, tenants should be made more aware of what they can expect from their landlords as a result of the Act. Therefore, the promotion of the scheme could be improved for both the housing sector and tenants.

- 2.7 The focus of Rent Smart Wales activity at the time of interviews with Local Authorities (March – May 2016) had been on awareness raising and promotion. However responses from all Local Authorities highlighted a need for further clarity on how the scheme will be enforced following the November deadline for registration and licensing, and the roles and responsibilities of those involved. A key issue for Rent Smart Wales going forward will be the identification of non-compliant landlords and the ability of Local Authorities to enforce the scheme.
- 2.8 Rent Smart Wales representatives indicated in May 2016 that work has been undertaken to plan for enforcing the Act, for example Rent Smart Wales is preparing to employ enforcement officers and develop procedure manuals / provide training for staff and it has been agreed between the Licensing Authority and Local Authorities that £5m will be allocated to local authorities over the next five years to enforce the Act and ensure compliance with Rent Smart Wales activity.

Registration / Licensing

- 2.9 The majority (87%) of landlords responding to the survey have already registered (as of March 2016) as a landlord with Rent Smart Wales. The Rent Smart Wales data shows the number and rate of landlords registering with Rent Smart Wales is increasing (from 1,408 in November 2015 to 1,796 in July 2016) and as of July 2016 15,670 landlords have registered with Rent Smart Wales. While this is an encouraging number at this early stage, the total number of landlords that remain outside the scheme is estimated to be significant.
- 2.10 While there may be a number of reasons for this (for example landlords not registering until the 'last moment'), the scale of work to increase the number of registrations and process these prior to enforcement, as well as the scale of the task facing Local Authorities to enforce the Act based on those that have not registered will both be significant.
- 2.11 The number of landlords obtaining a licence has increased from 124 in February 2016 to 295 in July 2016 and has increased month on month from March 2016. The number of licences obtained by letting agents has also increased month on month however to a lesser degree (from zero in February 2016 to 34 in July 2016).
- 2.12 The survey found that landlords and letting agents who have registered and / or obtained a licence were satisfied with the registration process (67% of landlord survey respondents stated that they had found the registration process to be easy or quite easy) and to a lesser extent the licensing process (50% of letting agents felt the licensing process was easy or quite easy).
- 2.13 However, it was suggested that there are ways in which the registration and licensing process could be improved. For example, it was suggested that the process could be simplified / made clearer via an introduction or welcome pack for both registration and licensing.

Training

- 2.14 The vast majority of landlords (83%) and letting agents (90%) who responded to the survey indicated that the training they received was very or somewhat useful and helped them to understand the legislation, their requirements and the rights of their tenants. In addition, almost half of respondents indicated that they would be making changes as a result of training (45% of landlords and 47% of agents).

- 2.15 However, based on data from Rent Smart Wales, the number of training courses per month has decreased from the 32 in January 2016 to 16 in July 2016 while the number of attendees has decreased from 636 in January 2016 to 320 in July 2016. In addition, only 52% of letting agents and 35% of landlords that responded to the survey had accessed training (as of March 2016). Those who had not accessed training were asked if they had plans to do so. Fifty-three percent of landlords and 47% of agents reported having plans in place (as of March 2016) to access training.
- 2.16 In terms of the format of training, the majority (up to March 2016) has been completed face-to-face, with over 80% of both landlords and agents accessing face-to-face training. However, the upward trajectory of online training since April 2016 suggests that online training is likely to be a key source for significant numbers of landlords in future.
- 2.17 It is anticipated by Rent Smart Wales and Welsh Government that the number of those accessing training will increase significantly prior to and immediately after post enforcement, which is supported by the findings from landlords and lettings agents regarding reasons for not having obtained a licence to date.

Current and Perceived Future Impact

- 2.18 Landlords, letting / managing agents and Local Authorities consulted as part of this research consider that Rent Smart Wales has the potential to improve standards & management within the private rented sector however each highlighted that it was too early in the process for evidence of impact.
- 2.19 Research participants do believe the Act could have positive implications for the future, dependent on all letting agents and landlords understanding the code of practice and on effective enforcement by Local Authorities on 'non-compliant landlords and agents'.
- 2.20 Tenants who responded to the survey have reported minimal impacts on their experience of renting to date and have not reported any change in the practice of their landlord / letting agent or their relationship with them. For example, most tenants (83% of those surveyed) reported that the management of their property by the landlord was already quite good or very good while 70% of tenants rated the management standards of letting agents as quite good or very good. However, it is recognised that any such impacts should not be expected at this stage and the data gathered at this stage provides a baseline for the current experience of tenants and the change in which will be subsequently reported on.

3. Future Considerations

- 3.1 Since the fieldwork was undertaken the Welsh Government has developed a communication strategy that places greater emphasis on a need to comply before 23 November and also targets tenants and landlords. This is key as the findings of this research highlights the need for a promotional strategy that places sufficient emphasis on enforcement should be put in place to encourage landlords and letting agents that have not registered / obtained a licence to engage with the scheme.
- 3.2 The research also highlights the need for the promotional strategy to include activity and messaging that targets tenants so that they are empowered to identify where they believe their landlord or letting agent is not part of the scheme.
- 3.3 The newly developed Memorandum of Understanding contains detail on the roles and responsibilities of Local Authorities, provisions for the sharing of information and details on enforcement plans / monitoring. It is key that this document should:

- Communicate the roles and responsibilities for enforcement of the Act to Local Authorities and what assistance will be available from Rent Smart Wales to support this. Consideration should be given on how best to identify non-compliant landlords.
 - Put processes in place for Local Authorities to share information on non-compliant landlords and their experience of enforcement.
- 3.4 To ensure that the landlords and letting agents can be clear on the registration and licensing process, a guidance document for registration and licensing should be produced and made available online.
- 3.5 At the time of fieldwork (March/May), very few Local Authorities had detailed plans for enforcement, and although work on this has been undertaken since then, the progress on enforcement by Local Authorities, particularly in the early stages, will need to be monitored so that the legislation is applied consistently across Wales.
- 3.6 The level of resource required, on both the part of Rent Smart Wales and Local Authorities, to successfully implement enforcement should not be underestimated. The Memorandum of Understanding includes detail on what Local Authorities can expect from Rent Smart Wales fees if they deliver enforcement effectively, but it will be key to monitor how this works in practice. For example, via research with Local Authorities undertaken as part of this evaluation, to gain understanding on the progress on enforcement, including for example: good practice among Local Authorities and elsewhere in the UK; key challenges faced, and potential solutions for Local Authorities as enforcement is implemented.



Report Authors: PACEC

Full Research Report: PACEC (2016) Evaluation of Rent Smart Wales, Welsh Government, GSR report number 76/2016 >

Available at: <http://gov.wales/statistics-and-research/evaluation-rent-smart-wales/?lang=en>

Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government

For further information please contact:

Lucie Griffiths

Social Research and Information Services

Knowledge and Analytical

Welsh Government

Cathays Park

Cardiff

CF10 3NQ

Tel: 029 2082 5780

Email: lucie.griffiths@wales.gsi.gov.uk

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

OGL © Crown Copyright Digital ISBN 978-1-4734-7790-2