

On the brink:

how PRS tenants in Wales remain at the sharp end of the cost-of-living crisis

Having a secure, decent and affordable home plays a vital role in people's physical and mental well-being.

The Welsh government is taking important steps towards improving housing adequacy in the private rented sector (PRS) in Wales in the longer term. However, what we hear from our clients and see in our data is that many PRS tenants are struggling to maintain or secure affordable and habitable housing **now**.

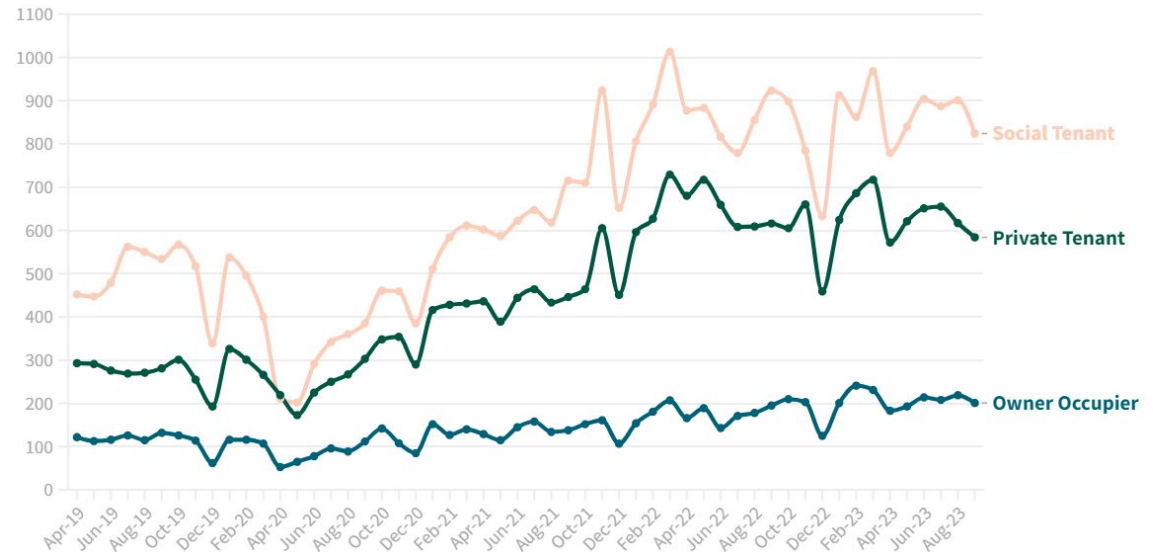
This is having a significant impact on their financial wellbeing, sense of security, and physical and mental health. Ensuring access to affordable, decent homes for private renters therefore needs to be a priority in the immediate future, as well as the longer term.

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Many private renters are struggling to afford their rent

Citizens Advice services across Wales are seeing more and more people struggling to keep up with housing costs. Since January 2023, we have seen over 20,000 people who are struggling to find or stay in their accommodation as a result of costs. Nearly a quarter of people seeking our help on housing affordability¹ issues (23%) are PRS tenants.



Key findings from our recent research with private renters in Wales² show that:



1 in 4 (24%)

often or always struggle to pay their rent



1 in 2 (56%)

have seen their rent increase over the last year

Amongst those struggling to meet rent costs:



3 in 4 (74%)

have had to **go without at least one essential item** in order to pay their rent



1 in 3 (30%)

are already in rent arrears

Rent increases are making it harder for people to find homes they can afford

Demand has grown for accommodation in the private rented sector. Long waiting lists for social housing and high mortgage costs have left more people relying on the private sector.

This demand is pushing up prices and reducing the availability of properties to rent. Our advisers tell us³ this is making it harder for people to find accommodation in their price range. Areas with more second homes or holiday homes are seeing particular pressure on housing stock.

Rising rents are exacerbating the affordability problem

Private rents in Wales have risen by 6.9% in the year up to September 2023 - the highest of all countries in Great Britain⁴.

Our recent research found **more than half (56%)** of private renters in Wales **have seen their rent increase** over the last year.

Some groups are more likely to have experienced rent hikes, including:

- disabled people (59%)
- people from a minority ethnic group (63%), and
- people with children at home (62%).

Many more tenants (45%) are concerned about affording their rent in the coming months⁵.

Amongst our debt clients who rent privately, those on the lowest incomes (between £500-£999 per month), on average, spend 62% of their income on rent, leaving very little left for other essential bills.

Coping strategies

People are most likely to prioritise paying their rent before other bills if they are struggling to cover costs, cutting back or falling behind on other payments if needed. This means that higher housing costs can have knock on impacts elsewhere.

Our recent polling shows that of private renters in Wales who are struggling to keep up with their housing costs:



40% have **cut back spending on heating, hot water or electricity** in order to pay their rent



60% have **run down savings or borrowed more** using options such as payday loans, borrowing from family or friends or using Buy Now Pay Later options to pay for other essentials in order to pay for housing



63% said they either **have, or are considering moving** to somewhere cheaper to help cut costs.

'...if people aren't maxing out their credit, they're getting into debt, or they're not able to pay, whether it's paying their rent or paying their energy bills or going more and more to food banks. So it's just all part of one. An overall cycle of difficulty.'

Adviser- Mid Wales

'We've got priority banded clients, with small babies living in really inappropriate bed and breakfast accommodation, and five people in one room and all the rest...and now, again, as we said, especially on the coast- none of the hotels and B&Bs are taking on and there is no social housing.'

Adviser - North Wales

The wider impact of living in unaffordable and insecure accommodation

The negative impact struggling to afford rent is having on private tenants is evident from our research, with many people saying it's impacting their health, employment prospects and relationships.

Of private renters in Wales who are struggling with rent costs:

- 90% said it had negatively impacted their mental health
- 77% their physical health
- 52% their employment/ ability to look for work
- 62% their relationships with family/friends

For some households, problems with finding affordable housing may be more pronounced. Advisers suggested that people who are disabled, younger (under 35), single adult households, those with a fixed income and those with insecure immigration status may be finding it harder to find suitable, affordable rental properties, or they are more likely to be at risk of accepting properties that are not appropriate for their circumstances.

'So, we're seeing a lot of issues, especially with people who are waiting for settled status. People waiting for support with their immigration, but they're being kind of pushed into terrible housing situations, people taking them for a ride because they're not going to fight the system..'

Adviser - South Wales

'...people coming out of prison, they can't wait to go back inside... people are just like, "it's such a relief to go back inside"- you're warm, you're dry, you've got food, you've got company.'

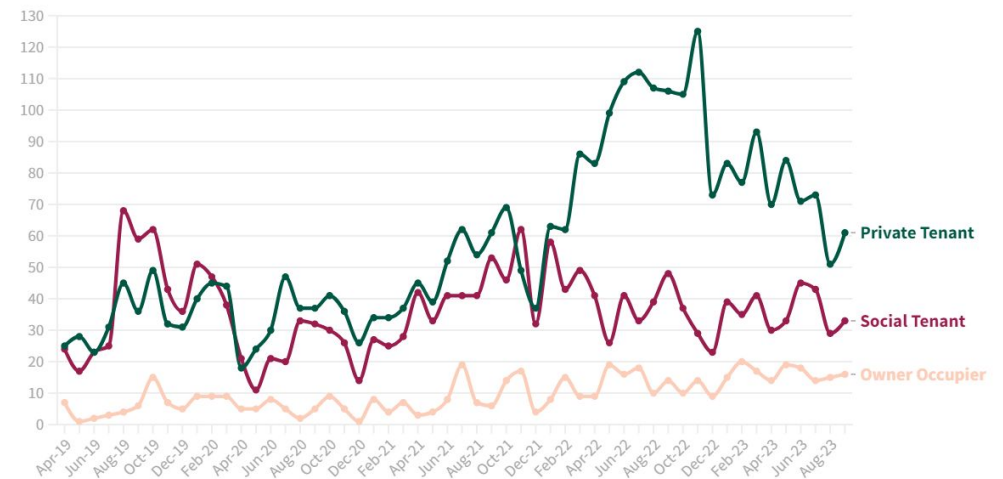
Adviser - Mid Wales

Increasing debt and homelessness

Our advisers are seeing first-hand the impact higher rents, along with other essential costs, are having on people. Many households that can't make ends meet either fall deeper into debt or need crisis support.

Amongst private renters who come to us for debt advice, more than half (54%) now have a deficit budget after paying their essential costs. This has increased from 41% in 2019.

We are also seeing record numbers of PRS tenants seeking help on homelessness issues. Following a peak in November 2022, numbers are now on a downward trend but remain higher than for other tenures.



Advisers increasingly feel they have 'fewer tools left' to help clients who come to them who are unable to make ends meet.

Support is often inadequate or awareness is low

Existing support isn't enough

Existing support to help people in receipt of benefits with rental costs plays an important role, however currently it is not adequate. Frozen local housing allowance (LHA) rates are adding to the pressures felt by renters who rely on Universal Credit (UC), as the shortfall between LHA rates and the cost of renting locally is widening.

Our recent research indicates that:



3 in 4 (76%)

private renters on UC have a shortfall between the support they receive for housing costs and their rent



For 3 in 4 (73%)

of these renters this monthly shortfall is £100 or more⁶

For households who are in receipt of housing support and have had a change of circumstances, e.g. their children have left home or who have had a relationship breakdown, a lack of alternative, affordable housing can trap them into a property they can no longer afford.

Furthermore, only 42% of private renters in Wales are aware that local support, such as Discretionary Housing Payments (DHPs), might be available to help with these costs.

Ability to challenge rent increases

We heard that renters are often nervous to challenge a rent increase or feel they have no choice but to accept it.

The current Renting Homes Wales Act (2016) has little provision for contract holders to challenge rent increases. This means that renters who have held contracts since December 2022 have less protection from rent increases than those with converted contracts.

Mortgage rate increases and changing regulations in the PRS in Wales are likely to have impacted some landlords' behaviour.

Encouragingly some landlords try to support tenants who are struggling with their rent. 46% of private renters who are in arrears said their landlord allowed them to pay their rent late when they fell behind, and 30% said their landlord had agreed to a repayment plan.

Conversely, more than 1 in 4 (27%) said that their landlord had threatened to evict them⁷.

'...what I'm noticing recently is there's a lot of rent increases happening and they're not £20- £30 a month rent increases, they're £100, £150 or £200 a month and the LHA is nowhere near it...the difference between what landlords expect [and] what the LHA rate is is massive and it's increasing.'

Adviser - Wales-wide service provider

'... I think some of the tenants are also a little bit fearful to challenge the landlords because .. if they refuse, they lose their rental. Although it may be slightly higher than what they were paying or massively higher - the next place they look at could be ten times higher.'

Adviser - North Wales

What needs to happen?

The Welsh Government should:

- 1. Increase the supply of affordable housing across Wales**
- 2. Improve protections for private tenants from rent increases**
 - There needs to be a process set out in regulation for renters to challenge rent increases effectively
 - We believe our evidence supports further exploration of changes that would limit rent increases within the private sector and help stabilise the market.
- 3. Provide greater security to renters**
 - We believe that 'no-fault evictions' should be banned altogether
 - The Welsh Government should continue to invest in and promote the Discretionary Homelessness Prevention Fund.
- 4. Improve data on housing and housing costs:**
 - Require landlords to share information on the rent they receive for their property
 - Reinstate a continuous Welsh Housing Survey to better understand the housing needs of people in Wales.

The UK government should:

- 5. Improve support for housing costs through the benefits system**
 - As a minimum, the UK government should relink LHA rates to the 30th percentile of local rents.

References:

¹ This includes rent and mortgage arrears, homelessness issues, rent/mortgage increases, LHA restrictions, discretionary housing payments, and lack of affordable/suitable accommodation in local area.

² Unless otherwise stated the survey findings quoted in this briefing relate to an online survey of 521 private renters in Wales (unweighted) carried out by Yonder Data Solutions in July 2023.

³ To help us better understand the experiences of our clients evidence was gathered from 15 frontline Citizens Advice staff from across Wales via two virtual focus groups in July 2023.

⁴ [Index of Private Housing Rental Prices, UK: September 2023](#), ONS

⁵ Based on analysis of an online poll conducted by Walnut Unlimited for Citizens Advice in June 2023. The results have been weighted to be representative of the population. The sample included 416 respondents living in Wales.

⁶ See footnote 2 for details of the survey. Due to the sample size for those in rent arrears these results should be treated as indicative rather than definitive.

⁷ See footnote 2 for details of the survey. Due to the sample size for those with a shortfall these results should be treated as indicative rather than definitive.

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