



We would like to thank The Equality, Local Government and Communities Committee for the opportunity to be able to grant evidence for the scrutiny of the general principles of the *Renting Homes (Fees etc.) (Wales) Bill*.

Fundamentally the Residential Landlords Association (RLA) is opposed to this measure of statutory penalisation of agency fees in the sector. We believe that the current Bill as proposed will not meet the Welsh Government's aims and objectives. That the transparency of the cost of the agency fees will not be clear for those who will still be paying for the service, essentially through increased rents.

Instead we propose to use current powers conferred in the *'The Consumer Rights Act 2015'* and introduce a capped agency fee scheme throughout Wales. This would serve to grant transparency in the sector as the amount and terms of fees charged will be clear to the prospective tenant (Contract Holder) and there is fair remuneration for work completed for the agency. This is reflected as Option 3 in the consultation contained in memorandum accompanying the Bill.

With the Welsh Government's aim being to 'reduce the barriers to enter the Private Rented Sector' we believe that they have not taken the lead by taking a proactive approach of allowing transferrable insured deposits within this Bill.

We have further concerns to the sections relating to fixed penalty notices and the lack of consultation with the sector for determining the 'prescribed limit' for security deposits.

We detail below our concerns and proposed amendments.

About the Residential Landlords Association

The Residential Landlords Association (RLA) represents the interests of landlords in the private rented sector (PRS) across England and Wales. With over 30,000 subscribing members and an additional 20,000 registered guests who engage regularly with the Association, the RLA is the leading voice of private landlords. Combined, they manage over a quarter of a million properties.

The RLA provides support and advice to members and seeks to raise standards in the PRS through its code of conduct, training and accreditation, and the provision of guidance and updates on legislation affecting the sector. Many of the RLA's resources are available free to non-member landlords and tenants. The Association campaigns to improve the PRS for both landlords and tenants, engaging with policymakers at all levels of Government to support its mission of making renting better.

1.1 Transferable Deposits

The RLA recognises that one of the biggest upfront costs tenants face is the deposit. This is exacerbated by a system that means that when a tenant moves to a new rental property they need to raise funds for a new deposit before being repaid the deposit for their last property.

To remove this barrier, the RLA is calling specifically for the development of a new insurance-based scheme that would enable a tenant to transfer a deposit from one rental property to another while protecting the new landlord from a reduced deposit caused by deductions for the previous tenancy.

This would include provisions for a tenant to be able to top up a deposit being transferred where the new one is higher, or claim some of the deposit back where it is lower than for the previous property. This will allow tenants to save a larger deposit as they move and reduce financial barriers when moving in the private rented sector. Further landlords will have the assurance that under such a scheme that a deposit would be available in full if the tenant could not top it up between tenancies.

1.2 Deposit ‘Prescribed Limit’ Amount

The RLA welcomes the Welsh Government’s comments in the memorandum that maintaining the option of charging higher security deposits will provide flexibility for landlords to adapt to the conditions of the property and to cover possible higher cleaning costs, for example, such as tenants with pets. We further welcome the fact that the Bill doesn’t place an immediate cap on security deposits. However, with severe penalties in place for those charging prohibited payments the RLA is concerned that there is insufficient clarity within this *Bill* for consultation when seeking to set, increase or decrease the ‘prohibited amount’ for security deposits.

The RLA believes that any future cap should not simply be determined by further regulations by the Minister without further consultation. With the memorandum mentioning a possibility of a similar 6-week cap being introduced in later regulations, the RLA is concerned that for those tenants whom are deemed to be of ‘higher risk’ they will be less likely to obtain a tenancy.

To address this concern the RLA proposes that there is an amendment to the Bill, that where security deposits are set to a ‘prescribed limit’ that the landlord can request for a higher deposit in justified situations of specific extenuating circumstances. Such examples could be listed, such as tenants with pets, tenants with uncertain or unprovable income or properties with unique masonry. This would allow landlords to balance the risk posed by tenants whilst retaining the core objectives of the limitation.

1.3 Fixed Penalty Notices

We have further concerns with regards to the lack of transparency for fixed penalty notices (FPN) under s13 of the Bill. The officer may grant a FPN in lieu of proceedings being taken against a person for an alleged breach of ss 2 or 3 of the Bill. S13(4) of the Bill states that a FPN will be served as if it was given under s29 of the *Housing (Wales) Act 2014*.

The RLA is concerned that there is a lack of provision to grant the person being offered the FPN of any or at least a summary of the evidence of the alleged breach. With the authorised officer granted this authority under s13(1), for transparency and accountability, the RLA believe that it is only fair that there is a provision for the person offered the penalty is granted sufficient details of the breach to decide as to whether to accept the FPN or to challenge the alleged offence in court.

Conclusion

We will seek to grant a more detailed written evidence as invited in the Consultation by the 7th of September 2018. We look forward to granting our further oral evidence on the Bill on the 5th of July and we thank you again for the opportunity to contribute.