

RHF 15

Bil Rhentu Cartrefi (Ffioedd etc.) (Cymru)

Renting Homes (Fees etc) (Wales) Bill

Ymateb gan: Country Land & Business Association (CLA)

Response from: Country Land & Business Association (CLA)

Introduction

1. The CLA (Country Land & Business Association) is a well-established representative organisation with headquarters in London and a national office in Wales. We work closely with both the Welsh Government and the UK Government as a consultee-of-choice on issues concerning agriculture, land-use, housing and the rural economy.
2. We represent 30,000 members in England and Wales, around 10 per cent of whom are in Wales. The needs of the rural community are often under-represented in UK politics. Our membership footprint accounts for the ownership/management of around half of the rural land in both countries. 77% of CLA Cymru members let between one and five properties and one third of members let at least one property below market rent, with most doing this to support their community¹.
3. The CLA opposes the prohibition of fees within the private rented sector (PRS). Agents provide a professional service to both landlords and tenants and there is a risk that the proposed ban on fees will reduce the level of service to both parties. In the case of services such as credit references or inventory assessments, the tenant has a vested interest in having these completed to a high level of professionalism. The removal of fees for these services may lead to a lower level of service with greater costs borne by the tenant later as a result of disputes relating to the condition of the property, or arrears accruing in properties a thorough referencing check may have shown they could not afford.
4. The CLA has a small number of specific points on the Bill itself and wider issues relevant to the Welsh PRS which are set out below.

Security deposits

5. The proposal in Schedule 1 2(4) to set the limit of security deposits in secondary legislation removes the opportunity for all stakeholders to comment on what is an important piece of this change in the law. The setting of security deposits is clearly an area where there must be some flexibility. In discussion with members, it is not uncommon for landlords to ask for larger deposits where the tenant is seen to be a greater risk. Setting too low a prescribed limit would remove one way in which landlords currently mitigate against riskier tenants. A potential solution to this would be to list circumstances under which it would be legitimate and in the interests of both parties to agree a security deposit which exceeded the prescribed limit, such as the tenants wishes to have a pet in the house.

Prohibition of certain payments

¹ [CLA Cymru Strong Foundations report](#)

6. While the research accompanying this Bill shows the letting agent views themselves as working in the interest of the landlord, it should not be overlooked that without some of the services a letting agent undertakes the tenant would not qualify for the property, such as immigration checks or credit checks. Rather than a complete ban on all costs to the tenant it seems more proportionate to separate the costs that must be borne by the landlord and those by the tenant. Given the fact that the tenant cannot decide not to use the letting agent, whilst the landlord can, The CLA would support a cap on the fees that can be charged to the tenant.
7. The relationship between landlord and letting agents and letting agents and contract holders are blurred. There is a conflict of interest with the letting agent being the recipient of monies from both parties. The prohibition of certain payments towards contract holders would make it clearer that the landlord is the client of the letting agent.

Treatment of holding deposits

8. We welcome the clarity on holding deposits.

Impact of increased cost for landlords

9. The Welsh Government should be aware that the impact of banning fees will invariably increase costs for landlords. While itself not in itself a significant increase in expenditure, the CLA is concerned that for rural properties in the PRS there are a number of regulatory and fiscal challenges that landlords are grappling with.
 10. The change in the tax treatment of let property as well as the requirement for properties to reach a minimum level of energy efficiency is leading to some rural landlords deciding to let their properties as short term holiday lets rather than as long term rented homes – already 18% of the private rented stock owned by CLA members is comprised of holiday lets. In a 2017 survey, 43% of CLA Cymru members stated they believed their letting business was less profitable than it was 10 years ago, and 53% believe it is more time consuming². The impact of policy changes must be considered when there are straightforward alternative uses for an asset that would ultimately work against the goals of the Welsh Government.
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² [CLA Cymru Strong Foundations report](#)