

RHF 17

Bil Rhentu Cartrefi (Ffioedd etc.) (Cymru)

Renting Homes (Fees etc) (Wales) Bill

Ymateb gan: Undeb Myfyrwyr Prifysgol Caerdydd

Response from: Cardiff University Students' Union

### **Cardiff University Students' Union**

1. Cardiff University Students' Union is an independent, democratic membership organisation representing the 30,000+ students of Cardiff University. We advance the education of students at Cardiff University for the public benefit by: promoting the interests and welfare of students; being the recognised representative channel between students and Cardiff University and any other external bodies; and through providing social, cultural and sporting activities, advice services and forums for debate and discussion.
2. Cardiff University Students' Union welcomes the general principles of the Renting Homes (Fees etc.) (Wales) Bill and feels that the Bill, while in need of clarification and strengthening in parts, will enhance the welfare of students who rent in the private rental sector, a significant demographic within the sector.

### **Part 2 - Prohibition of Certain Payments**

3. Starting with Part 2 of the Bill, the prohibition of certain payments, we note the findings of the 2017 Welsh Government consultation on fees in the private rental sector<sup>1</sup> which found that tenants were charged, on average, £250 to begin a tenancy, £108 to renew one and £142 at the end of the tenancy. This chimes with our experience advising students on housing issues, and the financial strain many students find the process of renting a property puts them under. We note the research conducted by the National Union of Students<sup>2</sup> that found 37% of students had accrued debt to cover the initial costs of a tenancy. We therefore welcome the prohibition of the payments identified in the Bill, and would see such moves as alleviating financial "pinch points" where students have to pay many hundreds of pounds in a short space of time to secure a property to rent, and as alleviating financial pressure on students more generally, which can impact a students' ability to continue their studies and achieve well during their course.
4. We note the views of the National Landlords Association<sup>3</sup> and others who have argued that the common payments likely to be prohibited by this Bill represent costs incurred for the benefit of the tenant, though we disagree. Common practices such as referencing checks and providing an inventory should not be considered as additional services or unnecessary luxuries. A reference check is advantageous to the agent or landlord in securing tenants they deem to be acceptable, and an inventory is a vital part of recording and agreeing on the state and contents of a property, without which both parties lose a significant reference point for later disputes about maintenance work, care of the property, and return (or retention) of deposits. We note as well that research<sup>4</sup>

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<sup>1</sup> [Fees charged to tenants in the private rented sector consultation](#)

<sup>2</sup> [Committee evidence: National Union of Students](#)

<sup>3</sup> [Committee evidence: National Landlords Association](#)

<sup>4</sup> [Research into letting agent fees to tenants](#)

has found that the costs charged for these services is vastly inflated relative to the work required on the part of the landlord or letting agent.

5. We observe that the Bill seeks to grant Welsh Government ministers the power to potentially cap security deposits in the future. We believe there is a very strong case for capping security deposits immediately. Security deposits will often require a tenant to pay hundreds of pounds and, in the houses of multiple occupancy that students tend to live in, a group of students may have to pay over £1,000 in total before the tenancy can start. We note that Citizens Advice Wales have found that on average only 25% of the security deposit is ultimately deducted at the end of the tenancy<sup>5</sup>. We feel this shows that the current levels of security deposits generally required are excessive and unnecessary, and that a cap which would drastically reduce the amount would still enable a sufficient security deposit to be held.
6. Regarding the recovery of security deposits, we are concerned that some letting agents and landlords that students have dealt with have not returned security deposits to tenants in the expected time period where the security deposit is protected.
7. A further point that we would like to make is around “summer rent”. Many standard occupation contracts in the student-focused market require the payment of "summer rent" over July and August as a condition of renting the property. This is despite the tenants not being able to live in the property, only able to leave some of their belongings, during this period. We empathise with the sentiment that this practice should be seen as a prohibited payment (as NUS Wales have suggested<sup>6</sup>), as while it is advertised as a form of rent, it falls outside the expected period of occupation.
8. If it is not prohibited, we would be supportive of a move to cap and reduce the proportion of the normal rent amount that can be charged as summer rent, as even 50% of the normal monthly rent amount (the standard practice) for an unoccupied house would appear to be disproportionately high in relation to the time and costs involved in granting keys to the property for one day to allow a tenant to leave belongings in a room that is expected to be unoccupied for two months.
9. We note that Part 2 of the Bill references that it will be an offence for a letting agent or landlord to require a loan to be granted as a condition for the granting, renewal or continuation of a standard occupation contract. We feel this point requires further clarification regarding whether this covers payment of rent in advance. In some instances, students have been charged up to 10 months’ rent in advance. We do not feel that charging a significant proportion of the rent in advance should be permissible.

### **Part 3 – Treatment of Holding Deposits**

10. Turning to Part 3, we welcome that holding deposits will be capped at one week’s rent. We do however feel that the Bill should clearly state that holding deposits will be refunded in full to prospective tenants who ultimately do not proceed with the tenancy. Current practice puts pressure on prospective tenants to sign inferior or unfair contracts, as these holding deposits are often collected before the potential tenant has had the opportunity to inspect the contract in full and request or negotiate amendments. This is especially pertinent for student housing tenancy

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<sup>5</sup> [Committee evidence: Citizens Advice Wales](#)

<sup>6</sup> [Committee evidence: National Union of Students](#)



agreements due to the unfair and dishonest practice of letting agents of pressuring student tenants into signing for property almost a year in advance of their occupancy with very little chance to consider other available options. As currently worded, the Bill is ambiguous and there should be greater clarity on the reasons why and in what circumstances a holding deposit can be retained, but we think this should only happen in exceptional circumstances.

#### **Part 4 - Enforcement**

11. The enforcement mechanisms of the Bill as set out in Part 4 need to be considered against the capabilities of local authorities to deliver them. Therefore, we would like to suggest to the committee that local authorities should be consulted on whether additional resources from the Welsh Government need to be allocated to enable local authority officers to undertake these new duties. If additional resource is required, we would hope it would be granted.
12. On the adequacy of the proposed provisions for enforcement, we believe it is vital that there is a substantial, negative impact on those who continue to charge prohibited payments. A strong deterrent is especially important for students who, due to a lack of experience in the private rental market, are less likely to be aware of current housing law and therefore able to challenge practices. Therefore, we call upon the Welsh Government to use an enhanced Rent Smart Wales scheme to deter such practices, such as through removing from offending landlords or letting agents their Rent Smart Wales license on the first verified offence. This should be recorded publically for future prospective tenants to see.

#### **Part 6 - Publicising Letting Agents' Fees**

13. Ensuring that letting agency fees are publicised clearly is key to enabling prospective tenants to make well-informed housing decisions. The fact that this often does not happen, is an issue across the sector despite existing regulations. Linked to this, students are at particular risk of pressure selling whereby letting agents and landlords utilise the relative inexperience of most students in the rental market, and often their status as relatively new arrivals to an area, to massively downplay the supply of property in the local rental market and to pressure students to sign a tenancy agreement significantly in advance, often around 6-9 months before the tenancy actually starts. In this context, letting agency fees are often obscured or letting agents do not give prospective tenants enough time to consider them.
14. Therefore, we feel that the Bill should make provisions for prospective tenants to be required to sign that they have had sufficient time to consider the full range of letting agency fees. Not having enough time to consider the fees, or being dissuaded from doing so, should be explicitly stated as grounds for making a complaint. More generally, we would urge the Welsh Government to consider moves to prevent pressure selling in the private rental market potentially through an amended Rent Smart Wales Code of Practice with strict enforcement measures behind it. Moves to increase overall regulation of letting agents as a profession would also work towards this goal.

#### **Rent Levels and Guarantors**

15. To conclude, we would like to make two closing observations on the Bill in general and the situation of students in the private rental sector.



16. We are aware that in discussions around this Bill, some actors have raised the prospect of landlords and letting agents putting up rents to cover lost income that would have come from a range of fees which will now be prohibited. Firstly, we do not feel that this is likely to occur. Evidence from Scotland where the Scottish Government took similar steps in 2012 show only a marginal increase in rent levels in the subsequent years<sup>7</sup>, and in any case, slight increases in rent are less of a burden than having to pay hundreds of pounds at the start and end of a tenancy for services that primarily benefit landlords and letting agents and which seem to bear little relation to the amount of work required on their part. However, we believe any attempt by landlords and letting agents to increase rents by notable amounts in the years following this Bill coming into force would represent a selfish move on their part, clearly designed to undermine this Bill's objectives.
17. We would like to urge the Welsh Government to closely monitor changes to rent levels in the years after this Bill comes into force to ascertain whether landlords and letting agents have increased rents to undermine the intended impact of this Bill. To prevent such increases, the Welsh Government, in collaboration with local authorities, should consider setting limits on acceptable levels of rent increases in local authority areas, taking into account inflation and the local rental market, to prevent unreasonably excessive rent increases in the years following this Bill coming into force. Students and private renters as a whole would benefit from the protection and certainty that limits on rent increases would bring.
18. Most international students, and some home (UK) students for reasons including family estrangement, are unable to provide a UK based guarantor. This is generally a requirement for signing for a tenancy, and leaves students in this situation susceptible to a number of different scams offering a guarantor. We would therefore urge the Welsh Government to remove the requirement for there to be a UK based guarantor to begin a tenancy.
19. Furthermore, the growing expectation from certain agents that guarantors must be home owners is both arbitrary and discriminatory- many student tenants cannot then select their parents or guardians to be their guarantors as they are not homeowners, so must instead place that responsibility on someone else, which can be extremely difficult and not necessarily appropriate. This practice is discriminatory on socio economic grounds.

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<sup>7</sup> [Research into letting agent fees to tenants](#)

