

RHF 16

Bil Rhentu Cartrefi (Ffioedd etc.) (Cymru)

Renting Homes (Fees etc) (Wales) Bill

Ymateb gan: Tai Pawb

Response from: Tai Pawb

## Who we are

Tai Pawb (housing for all) is a registered charity and a company limited by guarantee. The organisation's mission is, "To promote equality and social justice in housing in Wales". It operates a membership system which is open to local authorities, registered social landlords, third (voluntary) sector organisations, other housing interests and individuals.

## What we do

Tai Pawb works closely with the Welsh Assembly Government and other key partners on national housing strategies and key working groups, to ensure that equality is an inherent consideration in national strategic development and implementation. The organisation also provides practical advice and assistance to its members on a range of equality and diversity issues in housing and related services.

## Tai Pawb's vision is to be:

The primary driver in the promotion of equality and diversity in housing, leading to the reduction of prejudice and disadvantage, as well as changing lives for the better.

A valued partner who supports housing providers and services to recognise, respect and respond appropriately to the diversity of housing needs and characteristics of people living in Wales, including those who are vulnerable and marginalised.

For further information visit: [www.taipawb.org](http://www.taipawb.org)

Charity registration no. 1110078

Company No. 5282554



## **1. The general principles of the Renting Homes (Fees etc.) (Wales) Bill and the need for legislation to deliver the stated policy intention.**

**1.1** In general, we support the aims of this Bill. In our interactions with private rented sector tenants during the first year of our Open Doors project, we have found letting agent fees to be a significant barrier for people trying to access the private rented sector, particularly for those on low or restricted incomes.

**1.2** Data from the 2011 Census<sup>1</sup> shows that BAME and migrant populations are much more likely to live in the Private Rented Sector than other groups. . (while just over 15% of people in Wales live in the PRS, the number goes up to over 40% for Indian, 47% for African and over 50% for Arab populations and 61% for ) This means that the current fee structure is having a disproportionate effect on these groups and may constitute indirect discrimination if it is not deemed a proportionate means of achieving a legitimate aim.

## **2. Prohibition of certain payments etc.**

**2.1** It is our experience that letting agents are currently charging large and highly varied fees to tenants. These payments have prevented people from moving, or have led them to seek accommodation from other (potentially more risky) sources. The lack of transparency about these fees, and the fact that they can vary wildly between different agencies makes it difficult for tenants to compare and contrast, and because most properties are only listed by one particular agent, it is not possible to shop around for the best deal. Below are case studies from the beneficiaries of the Open Doors project:

**2.2** *Tenant A was looking to move to Cardiff after accepting a new job in the city. Due to the different paydays from his previous job, and the first date of being paid in the new one, he had limited funds whilst looking for accommodation. He found the fees associated with agencies to be more than he could afford, and so he found a landlord on the free listings website*

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<sup>1</sup> (DC4201EW - Tenure by ethnic group by age - Household Reference Persons, Wales stats only)

*Gumtree, who did not charge fees. This comes with much more uncertainty than using a landlord who has appointed a licensed and registered agent, and we were concerned that the tenant might be putting themselves at risk – however, they felt that they had no choice. If the Bill was introduced, it is likely that the tenant would not have had to resort to this.*

**2.3** *Tenant B was living in a one bedroom flat with his wife and child – they were overcrowding their current accommodation, and looking to move. He had been advised by the local authority to look for private rented accommodation, because the waiting list for a larger social housing property was so long. Tenant B was in a very difficult financial situation. The local authority were able to assist with paying the first months’ rent, and a bond, but were not able to cover agency fees. The tenant had no financial means of covering these himself, which meant he was stuck in his current accommodation, and his mental health was suffering as a result. If the Bill was introduced, it is likely that this tenant would have been able to find suitable accommodation in the private rented sector more easily.*

### **3. Treatment of holding deposits**

**3.1** We would like to draw the committees’ attention to the recent letter sent by CIH Cymru, Tai Pawb and partners in relation to the bill and Right to Rent.

<http://www.cih.org/resources/PDF/Wales%20Policy/Joint%20letter%20-%20Right%20to%20Rent.pdf>

**3.2** Right to Rent should not be included in the legislation, as it is currently subject to a judicial review, which has been granted on the basis that the policy is discriminatory. Multiple calls were made in England and Wales highlighting the risk of discrimination and actual discrimination that this policy causes, including a [briefing from Tai Pawb and partners](#).

**3.3** It is unfair for the landlords who carry out the Right to Rent check to retain a holding deposit, if the Right to Rent check fails. We would strongly advise that this provision should be removed from the Bill.

**3.4** There is the potential for abuse by unscrupulous letting agents/landlords who may deliberately target applicants who they know do not have the right to rent, in order to withhold the holding deposit later on.

**3.5** Some tenants fail Right to Rent checks as a result of Home Office error or landlord/letting agent error. For example, there are many people in Wales with a complicated/difficult to prove immigration status which can be wrongly assessed as proving no Right to Rent. The recent Windrush scandal is just one example of unintended consequences of such policies. Holding deposits should not be withheld if the check is proven to be incorrect. Suggest potential for applicants to supply their own credit check document so not charged by landlord/letting agent?

**3.6** We support the security deposit being capped at a maximum of one month's rent – many tenants already struggle to pay this amount, so any increase in what landlords and letting agents could ask for would make things more difficult for these tenants.

#### **4. Enforcement**

**4.1** We agree with remarks made by Shelter Cymru that the £500 penalty is not high enough, and will not be a deterrent to larger letting agencies. We would welcome a larger penalty fee for those agents found to be in breach of the terms of the Bill.

#### **5. Whether there are any unintended consequences arising from the Bill, and – the financial implications of the Bill (as set out in Part 2 of the Explanatory Memorandum)**

**5.1** We are concerned that if online-only letting agencies become the dominant market force (if one of the outcomes of the Bill is that High Street Letting Agencies are forced to cut staff and close branches), then those with low digital literacy or with no internet access, may be excluded from the market.