

## ELGC(5)-21-18 Papur 7/ Paper 7

18 June 2018

John Griffiths AM c/o Chloë Davies, Deputy Clerk (chloe.davies@assembly.wales)  
Chair, Equality, Local Government, and Communities Community  
National Assembly for Wales  
Tŷ Hywel  
Cardiff Bay  
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Dear Mr Griffiths,

### **Renting Homes (Fees etc.) (Wales) Bill**

I am pleased to accept your kind invitation to give evidence before your committee on the above-named Bill on 5 July 2018.

I am very happy that this Bill was presented some days ago. Letting agency fees have been of great concern to NUS Wales and its members for some years.

We therefore welcome the Welsh Government's proposals to end unreasonable letting agency fees, which are unfair and damaging to the financial and emotional welfare of students.

### **Banning additional fees**

The cost of living is the greatest barrier to students accessing education. Paying for accommodation is, of course, one of the largest costs students face.

In our response to the Welsh Government's consultation on letting agency fees, we called on the Welsh Government to legislate to prevent landlords and/or their agents from charging tenants additional fees. Our firm belief is that any fee, with the exception of a month's rent in advance and a refundable security deposit, is unfair.

As you may know, our research shows that the cost of accommodation is a significant barrier to students. Indeed, in our *Pound in your pocket* research, 62% of students who paid £300-399 a month indicated that they often worried about not having enough money to cover basic living costs such as rent and utility bills<sup>i</sup>.

In addition, in research conducted by our NUS UK colleagues, *Homes fit for study*, 37% of respondents noted that they had entered some kind of debt to pay for the initial costs of a tenancy<sup>ii</sup>.

That is why I believe the provisions of this Bill will be of great benefit to students who have faced high charges in relation to their accommodation for too long.

### **Effect on rent levels**

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In their responses to the Government's consultation, landlords and agents noted the possibility of rents rising to recoup costs, should this Bill come into law.

To some extent, we can accept small rises, as that is significantly better than unreasonable up-front costs.

However, we are somewhat concerned that landlords and agents might use this as an excuse to raise rents unreasonably.

Another risk is that landlords or agents might choose to invest less in their properties in order to reduce their own costs. However, we are of the belief that they have a responsibility to provide high-quality homes.

The banning of letting agency fees should not lead to a reduction in the quality of houses.

NUS UK's *Homes fit for study* research found that 75% of students had experienced at least one problem with their home e.g. mould, damp, infestations, which had negatively affected their ability to continue, and thrive, in education<sup>iii</sup>.

It is essential, therefore, that landlords invest in their properties to ensure that they are of sufficient quality.

Following the ban on fees in Scotland, 59% of agents reported no negative affect on their business<sup>iv</sup>. Indeed, there had been no rise in rent in Scotland as a result of the ban; only as a result of the economic climate.

If rent rises in Wales following this ban here, we are of the view that that will be as a result of greed on the part of landlords and/or agents, and not as a direct consequence of the ban itself.

### **Refundable security deposit**

We welcome the proposal which would ensure that tenants aren't treated unfairly in terms of security deposits. Our general view is that these provisions would not only be fair to tenants, but also to agents and to landlords.

Students very often arrange their accommodation during the first half of the calendar year in advance of September. Perhaps you will be aware of the common practice of charging half rent or even full rent during the summer break, but not allowing access to the property during that time.

As far as we see, this would not represent a permitted payment. If our understanding is correct, then we welcome that strongly.

### **Promotion and advertisement**

Part 6 (18)(1)(a) permits regulations to amend the Consumer Rights Act to require agents to ensure that their specific fees are advertised online.

That is a good start, but we must now ensure that not only are fees advertised online, but that landlords and agents are required to proactively ensure that tenants are aware of all relevant fees before they view a property, and certainly before entering a contract.

In our view, landlords and agents have a moral responsibility to ensure that the fees they charge are clear from the outset. Only in that way can tenants assess if the home in question will be affordable for the duration of the tenancy.

In addition, we would expect the Welsh Government to fully implement and monitor the provisions of the Renting Homes (Wales) Act 2016. There remains some work to be done in ensuring that tenants understand their rights and obligations, and we would ask that the positive changes in this Bill happen hand-in-hand with the full and proper implementation of the Renting Homes (Wales) Act 2016.

### **Other comments**

In our response to the consultation, we called on the Welsh Government to consider ending the requirement for a UK-based guarantor. It does not appear that provision has been made in this Bill in that respect.

There are a range of reasons why tenants may not be able to provide a UK-based guarantor. One of the main reasons is when a student comes from overseas. Very often, such students will depend on personal savings (and not, as often thought, on parents) to pay for additional costs associated with not being able to provide a UK-based guarantor.

It should also be remembered that students are sometimes unable to provide a guarantor because they have lost family connections, or because they come from underprivileged financial backgrounds. In our view, raising additional fees on these groups of students is wholly unfair. We would therefore like to have seen provision made in this regard.

### **General comments**

Our view is that banning letting agency fees will be good for tenants across Wales, and particularly good for students.

The proposed changes will do much to ensure that students are able to have access to affordable homes without facing unreasonable additional costs. We are confident that this will have a positive effect on students' welfare and on their financial situation.

As I'm sure you know, being on a course of education, very often away from home for the first time, is no small thing. Students face incredible challenges and stresses, and the ability to afford living costs is one of them.

As a society we have a duty to ensure that everyone can have access to, and thrive in, education, no matter what their social or financial background. I am of the view that these changes are a positive

step in that direction.

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I would like to note my thanks to the Welsh Government for its willingness to legislate in this area, to work with us and to include us in consultations, and to listen to our views and concerns.

I look forward to further discussion with you and the committee in some weeks' time. I hope this letter is useful to you in summarising our views, but should you require any further information in the meantime, please get in touch.

Yours sincerely,



Gwyneth Sweatman  
NUS Wales President (1 July onwards)  
c/o Cerith Rhys Jones, External Affairs Manager (cerith.rhys-jones@nus-wales.org.uk)

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<sup>i</sup> [https://www.nus.org.uk/PageFiles/12238/NUS\\_poundinyourpocketWales\\_report-English.pdf](https://www.nus.org.uk/PageFiles/12238/NUS_poundinyourpocketWales_report-English.pdf)

<sup>ii</sup> [https://www.nus.org.uk/Global/Homes%20Fit%20For%20Study/Housing%20research%20report\\_web.pdf](https://www.nus.org.uk/Global/Homes%20Fit%20For%20Study/Housing%20research%20report_web.pdf)

<sup>iii</sup> Ibid

<sup>iv</sup> [https://england.shelter.org.uk/\\_\\_data/assets/pdf\\_file/0010/834832/6636\\_Scottish\\_letting\\_fees\\_report\\_v9.pdf](https://england.shelter.org.uk/__data/assets/pdf_file/0010/834832/6636_Scottish_letting_fees_report_v9.pdf)