



# **Cynulliad Cenedlaethol Cymru** **The National Assembly for Wales**

## **Y Pwyllgor Cymunedau, Cydraddoldeb a** **Llywodraeth Leol** **The Communities, Equality and Local Government** **Committee**

**Dydd Iau, 14 Mai 2015**  
**Thursday, 14 May 2015**

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Christine Chapman	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Alun Davies	Llafur Labour
Jocelyn Davies	Plaid Cymru The Party of Wales
Janet Finch-Saunders	Ceidwadwyr Cymreig Welsh Conservatives
John Griffiths	Llafur (yn dirprwyo ar ran Gwenda Thomas) Labour (substitute for Gwenda Thomas)
Mike Hedges	Llafur Labour
Mark Isherwood	Ceidwadwyr Cymreig Welsh Conservatives
Gwyn R. Price	Llafur Labour
Rhodri Glyn Thomas	Plaid Cymru The Party of Wales

**Eraill yn bresennol**  
**Others in attendance**

Karen Anthony	Y Gymdeithas Tir a Busnesau Cefn Gwlad Country Land and Business Association
Jennie Bibbings	Shelter Cymru
Lee Cecil	Cymdeithas Genedlaethol y Landlordiaid National Landlords Association
David Cox	Y Gymdeithas Asiantaethau Gosod Preswyl Association of Residential Letting Agents
Douglas Haig	Cymdeithas y Landlordiaid Preswyl Residential Landlords Association
Tom Jones	Sefydliad Brenhinol y Syrfewyr Siartredig Royal Institution of Chartered Surveyors

Elle McNeil	Cyngor ar Bopeth Cymru Citizens Advice Cymru
Adrian Thompson	Urdd y Landlordiaid Preswyl Guild of Residential Landlords

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol  
National Assembly for Wales officials in attendance**

Jonathan Baxter	Y Gwasanaeth Ymchwil Research Service
Claire Morris	Clerc Clerk
Matthew Richards	Cynghorydd Cyfreithiol Legal Adviser
Sarah Sargent	Dirprwy Glerc Deputy Clerk

*Dechreuodd y cyfarfod am 09:16.  
The meeting began at 09:16.*

**Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau  
Introductions, Apologies, Substitutions and Declarations of Interest**

[1] **Christine Chapman:** Good morning and welcome to the National Assembly's Communities, Equality and Local Government Committee. We've had apologies this morning from Gwenda Thomas and, again, John Griffiths is substituting. Now, the first item today is the seventh evidence session on the Renting Homes (Wales) Bill. Before I do that, can I just ask Members if they have any declarations of interest?

[2] **Janet Finch-Saunders:** Yes.

[3] **Christine Chapman:** Yes.

[4] **Janet Finch-Saunders:** On the renting homes Bill, yes.

[5] **Christine Chapman:** Yes. What is your interest?

[6] **Janet Finch-Saunders:** Oh. Landlord.

[7] **Christine Chapman:** Okay. Alun.

[8] **Alun Davies:** I'm a private landlord.

[9] **Christine Chapman:** Anybody else? Any other declarations of interest? Okay.

**Y Bil Rhentu Cartrefi (Cymru): Sesiwn Dystiolaeth 7—Y Gymdeithas Tir a  
Busnesau Cefn Gwlad, Urdd y Landlordiaid Preswyl, Cymdeithas Genedlaethol  
y Landlordiaid, Cymdeithas y Landlordiaid Preswyl  
Renting Homes (Wales) Bill: Evidence session 7—Country Land and Business  
Association, Guild of Residential Landlords, National Landlords Association,  
Residential Landlords Association**

[10] **Christine Chapman:** Well, as I said, this is the seventh evidence session on the Renting Homes (Wales) Bill. We have a panel with us this morning. Can I ask you to

introduce yourselves for the record, please? Karen, do you want to start?

[11] **Ms Anthony:** Yes. Thank you. I'm Karen Anthony, director of policy for the Country Land and Business Association Cymru.

[12] **Mr Thompson:** Adrian Thompson, Guild of Residential Landlords and a private landlord.

[13] **Mr Haig:** Douglas Haig. I'm the vice chairman of the Residential Landlords Association and its director in Wales, and I'm a private landlord as well.

[14] **Mr Cecil:** Good morning. Lee Cecil, National Landlords Association for Wales.

[15] **Christine Chapman:** Okay. Well, welcome to you all. I know you sent some evidence in. Members will have read the papers, so we'll go straight into questions. I just want to start off. I mean, it's a very technical Bill so there will be lots of specific questions, but I just want to start off. Could you sort of outline whether you feel the Bill is necessary or not? What are your views on this? Who'd like to start?

[16] **Mr Haig:** I'll start then. I think, overall, initially, we felt, and we presented the evidence as such, that the Bill could probably be achieved without quite so much complication. Saying that, broadly, there are many measures within the Bill that we do support, but, ideally, we wanted to structure it under the current existing system and maybe adjust some of the existing tenancies and areas like abandonment and bring those in, because we're concerned about the overall cost and upheaval to the system overall.

[17] **Christine Chapman:** Okay. Would you all agree with that view, generally?

[18] **Mr Cecil:** I'd add to it, really. As Doug says, we're law-abiding people round the table, and things are pretty common-sense and straightforward, but what's sort of baffled me over the last 10 years of doing this sort of role for the NLA is the predominance of the chair always being public sector. If we're going to go forward and really truly partner right across all the sectors, with an inclusive home offer, then I think it would be nice to see a different group chaired by one of these people here, with the inclusion of all other sectors to actually deliver real housing options for the whole of Wales, because a three-bed terrace doesn't suit everyone. It's a different product and different locality. Whilst the regulation is fine, my problem has always been the regulation of good landlords and not dealing with the bad.

[19] **Christine Chapman:** Do you think that—? I mean, obviously, the amount of legislation—. Do you think the amount of legislation impacting on the private rented sector, you know—. How do you respond to that?

[20] **Mr Cecil:** Yes, I think it is. Again, you've got many different types of landlords. You've got the accidental landlord, who would only ever have one property—and, normally, that's by the death of a family member—or they've taken control of their own finances because they don't think their pension is going to be worth anything when they retire. So, they're very unlikely to get a portfolio, or even a second property. So, I think that is little understood by people who just want regulation for regulation's sake. Again, it goes back to a group that actually delivers. Obviously, there has to be some priorities of what that group will do and what it would deliver in a short space of time, but that can easily be decided around a table such as this.

[21] **Christine Chapman:** Okay. Well, obviously we're going to look at some of the detail of the Bill, and I just wondered, other members of the panel, as they are proposing a one-day training course as part of the landlord licensing process, whether you think that's

going to be sufficient for the landlord to become familiar with a Bill of this size and complexity.

[22] **Ms Anthony:** Well, if I may start, the Country Land and Business Association have long argued that a light-touch non-regulatory approach would be less damaging for the sector. We're concerned, as we noted in our response, that there are sufficient legislative safeguards already in place, and the burden of over-regulation runs a very real risk of good landlords being driven from the sector. That, we fear, would have a distinct effect, in the rural context, on the impact of availability for affordable homes in those areas. With regard to having conversations with members of the public in the autumn of last year, when the mandatory landlord registration was going through the Senedd, there is a large degree of ignorance amongst the populace on the proposals. So, we are deeply concerned. Lee refers to the accidental landlords. We, too, would echo those sentiments. There are a number of people out there that, through no fault or no desire of their own, have found themselves in this position. This is undoubtedly a complex Bill, as is outlined in the papers themselves. This is yet a further tier of bureaucracy.

[23] **Christine Chapman:** Okay. Adrian, any response?

[24] **Mr Thompson:** Yes. In answer to the question about one day, if I could go back to that point, I think that you can do it. I'm in quite a fortunate position in that I actually do some of the training for the accreditation at the moment—I was there on Tuesday, in north Wales. We are already bringing this in at the moment, just to forewarn the landlords who are attending right now. It's a long day and it's very hard to get everything in. But, I think you probably can do it. I think if you started to try to increase that day to two days, for example, I think you really would alienate a lot of landlords. A day is bad enough. When they arrive in the morning, often they're not pleased to be there. Hopefully, they leave happy at the end, but I think if you made it longer than a day it could really be a problem.

[25] **Christine Chapman:** I know Jocelyn wants to come in, but Alun first, and then Jocelyn.

[26] **Alun Davies:** Yes. Thank you for that. I was interested, Mrs Anthony, in your closing remark that this is just another layer of bureaucracy. I'm a private landlord and I don't see another layer of bureaucracy in this Bill at all. In fact, as a private landlord, I would like to see it go a bit further to regulate the sort of accommodation that I see, both as a constituency Member, provided to people, and also that I see in other places. I don't understand where the bureaucracy is in this. I would be grateful if you could outline perhaps where it is.

[27] **Ms Anthony:** Yes, no problem at all. I represent, as you are aware, rural businesses. The vast majority of those rural businesses are farming enterprises in Wales. In many instances, the larger estates have always had a residential portfolio associated with the holding. There are other situations, as my colleagues have alluded to, where people have invested in property as an alternative to a pension plan. Those individuals are already grappling with the legislation pertinent to their primary enterprise, whatever that may be, and the various forms of diversification that has been undertaken. The concern is deep-rooted in as much as, as I said, talking to people, for instance, in the dairy event in October last year, we had been publicising the transit of the mandatory landlord registration through our monthly magazine, and it was amazing how many members hadn't taken it fully on board, let alone people who were enquiring as to what services we actually offer as a membership organisation. So, any further legislation could be perceived as additional bureaucracy. We are finding ourselves—

[28] **Alun Davies:** Any further legislation?

[29] **Ms Anthony:** Of this nature, in this area, at the moment, yes. We've already got, as I said, the landlord registration coming in in the autumn of this year and we've had the water undertakers regulations of recent times. We are deeply concerned that those areas—. Again, there needs to be a more robust communications enterprise to ensure that not just members of our four associations, but the wider populace is aware of them. We don't want to inadvertently put people in positions of jeopardy for future sanctions against themselves.

[30] **Alun Davies:** No, we don't, but they're not children either.

[31] **Ms Anthony:** No.

[32] **Alun Davies:** And, as a landlord, I think I've got a personal responsibility to understand where the law is and how the law operates, and how I fit into that. As a businessman before I was elected, I took responsibility for ensuring that I ran my business within the law. Now, surely the people you represent have the same responsibility.

[33] **Ms Anthony:** They do, indeed, and they don't shy away from that, but, to be perfectly frank, what we're looking at is that with any further complexity to this kind of situation, the concerns of many of our members is that that will need to be reflected in rent increases. Certainly, when you look at rural areas, there are a number of situations where the rents aren't terribly high. There is a distinct urban/rural divide in the rental housing market.

[34] **Alun Davies:** Well, I'd like to see the numbers on that, Mrs Anthony, because I suspect that things might be a bit different. Certainly, my experience in Ceredigion is that rentals there can be considerably higher than they are in Blaenau Gwent. So, I think you need—. I'd like to see the numbers if you have them, to sustain that argument.

[35] **Mr Cecil:** Can I give you a different view on that question?

[36] **Alun Davies:** Okay.

[37] **Mr Cecil:** What you're saying is correct—no law-abiding person would have a problem with the law. The problem of any Bill or law—. It's a little bit like speeding; there's a 30 mph limit and some people will do that and some people won't. The problem with this is not the good landlords, and it has never been the good landlords. While you or I, and Karen and all of us, would accept the law, how do you manage the bad landlords who will never do it? So, it goes back to enforcement and it goes back to regulation and implementing Bills, and that has never been done.

[38] **Alun Davies:** Sure. I accept that. I don't disagree with your argument there at all. However, I don't think it's a very convincing argument to say that we can't legislate on this because there are bad people out there who will ignore the law. I'm not suggesting—

[39] **Mr Cecil:** I'm not saying that, and I don't think we are, either.

[40] **Alun Davies:** Okay, I accept that. But the point I'm making is that there must be a case and a very good case for saying that we understand, and, certainly, in my experience of the last two months' canvassing, I've seen an awful lot of very poor accommodation in the private rented sector—

[41] **Mr Cecil:** Yes, there is far too much.

[42] **Alun Davies:** —and I've seen that in too many places. I come to this thinking we should be here looking at improving and increasing the quality and standards, squeezing out—. Because, if people are not prepared to abide by or to deliver on their legal

responsibilities, I'm not sure I want to see them in the sector and I'm not sure I want to see them practising—

[43] **Mr Cecil:** Agreed.

[44] **Alun Davies:** —because people will suffer as a consequence of that. So, I would've thought that your organisations would have a very real desire to see greater regulation and greater enforcement, because that benefits everybody, both tenants and good landlords.

[45] **Christine Chapman:** Right. Jocelyn wants to come in, but I'm going to bring Douglas in first, and I know Peter wants to. So, Douglas, to respond.

[46] **Mr Haig:** I agree with one of those two parts. We want to see greater enforcement, and the problem is that the enforcement is not being followed through as appropriately as it could be, and the automatic reaction, constantly, is that when something's not happening to the level that we want it to happen—and that's both sides of this table—we'll automatically just create more regulation around it to improve it. Unfortunately, what happens with that is that our members just turn around and comply and the others don't comply, so you get a greater gap between the poor accommodation and the good accommodation.

09:30

[47] I'm not denying that when you went canvassing you saw some terrible properties, and I would love to go in there with you and tell you exactly how they could be enforced and brought up to the appropriate standard. But, equally, I can take you to lots and lots of fantastic accommodation, usually of one of our members across this panel, who are doing a very good job. This is the distinction we have to make: how do we actually solve the problems that we're facing? I just don't think increased regulation is the right way. We all need to stick together and figure out how to actually improve the enforcement standards.

[48] **Christine Chapman:** I think this is part of that process. I'm going to bring Jocelyn in, then Peter and then Mark.

[49] **Jocelyn Davies:** I guess what you're saying is that some people will drive at 30 mph, and telling them to sit up straight, not to talk to anybody and not to have the radio on doesn't stop the speeders, who don't care—whatever the speed limit was, they'd be breaking it. So, your problem is enforcement, even of current regulations on bad landlords. You say that this isn't going to solve that problem. I'm not sure about how you feel about the accidental landlords, because a number of you have mentioned them, saying, 'Well, it's seen now as an alternative to a pension,' because, I suppose, interest rates are low or whatever. I agree entirely with Alun, whether you become one accidentally or whether you deliberately set out to have a good pension plan, you still have to do it properly and treat people decently, so I'm not sure how you feel about that. We did hear from Shelter during the last Bill that a very significant proportion of their casework is landlords with one property. We were surprised to hear that it was such a problem, so it does seem that the accidental landlord or the person investing for their pension, you know, is a problem and we need to address that. So, can you tell us how you feel about the accidental landlord or the people with one property? Obviously, you come here as umbrella organisations; bad landlords are unlikely to join you, so you probably don't represent the bad landlords, and I don't suppose they'd be putting themselves forward to come and give evidence to us to defend their position.

[50] **Mr Cecil:** Yes, this is part of the problem. Personally and as an association, we have no problem with a landlord who has one property or a landlord who has 42,000 properties, which one of our members does have. It's a staggering amount of property, but that's the case. They have to do it properly. I continually say to individuals who do have one property,

when we try and get them to join the NLA—they say, ‘Well, I’ve only got one property,’ and I say, ‘Well, it doesn’t matter whether you’ve got one or 1,000, the full weight of the law applies equally to you, so get your act together.’ Education—the speeding thing is, if you speed all the time and you get caught all the time, you’re going to lose your licence. This is very similar to what you’re creating here. Everyone should have a chance to—

[51] **Jocelyn Davies:** But you are not saying that. You are coming here and saying that what we are doing is over-regulating the driver who is not speeding, and, as to the person who is speeding, we’re not catching that person. That’s what you’re coming here to say.

[52] **Mr Cecil:** Yes and no. There’s a huge amount of regulation. Some of it we all agree with, some of it I don’t agree with. What have we done over the last 10 years with the rogue and bad landlords in the UK, not just in Wales? Certain individual councils have done excellent jobs, but it’s not consistent—it’s not right throughout the UK. This is such a big Bill, and there will be additions to it going forward. At the front end, when I started, this was about a working team—a task and finish group or whatever you want to call it; I don’t really mind—but, for me, it does have to have social impacts at the end of it. So, if we’re saying, ‘Right, we all agree that we want to get the bad landlords out of it, and some of the accidental landlords are well-intentioned people, but they’re not very professional’ then we can educate those. But it always comes down, in society, that, with some people, you’ve just got to use a big stick. The rented sector, unfortunately, is a huge attraction to organised crime, and then you’re into a different league of enforcement and you’re into a different league of management and what you do with them. My issue has always been engagement, not enforcement. If you engage with the good, you’ll get a far better result for the whole of the UK. If you enforce against the good and the bad, you get issues like this, where there’s always a grey area.

[53] **Christine Chapman:** Jocelyn.

[54] **Jocelyn Davies:** Well, we haven’t had the powers in Wales for the last 10 years. This is one of the first opportunities we’ve had to do something about the private rented sector. And of course, that stick, if you like, depends on the detail, and this is a very detailed piece of legislation. So, how do you feel then about the effectiveness of this model contract, getting down to the detail of it?

[55] **Mr Haig:** The model contract? I mean, obviously it’s not laid down in primary legislation, which is maybe a bit of a problem, because we could end up with a completely different model contract to what we’ve been presented with, and that’s maybe a large problem with this Bill overall—

[56] **Jocelyn Davies:** Do you think it should be on the face of the Bill?

[57] **Mr Haig:** Certain parts of it should probably be on the face of the Bill. If we take the model contract in itself, yes, it’s good to lay it down, in certain circumstances, because, when we’re dealing with work, we come across so many different types of contracts, and some of them are handed down from various people and are not worth the piece of paper they’re written on, half of them. So, on that side of things, yes, that is positive. We would like to see the model contract—. The fundamental terms; we’re concerned about the way that’s put together in the sense of the arguments, and I think you made the representation as well on this, that the fundamental terms can only be changed in preference of the occupier. I think we’ll get into all sorts of trouble with that.

[58] **Jocelyn Davies:** I was going to ask you about that, actually—what you see the complications would be there.



[59] **Mr Haig:** It's going to be in the eye of the beholder as to whether that's—

[60] **Jocelyn Davies:** Well, who would judge it? Who do you think should judge it?

[61] **Mr Haig:** In terms of the fundamental terms, I think we should just agree fundamental terms, and that's where we are with them. We just don't want to be ending up in court, which is where I think we'll end up a lot in those circumstances. You'll make minor mistakes—

[62] **Jocelyn Davies:** And then you'll be in court.

[63] **Mr Haig:** Yes. And there's no intentionality of doing anything rogue there, a lot of the time.

[64] **Jocelyn Davies:** Do you think that the contract holder, the tenant, will be able to negotiate with landlords about changing some of the terms?

[65] **Mr Haig:** Absolutely, and I think if we can continue to increase supply within the sector, which is really what we want to do, which enables improvement in the sector and competition within the sector, then people are going to be able to negotiate terms. But the—

[66] **Jocelyn Davies:** And landlords will be willing to do that, do you think?

[67] **Mr Haig:** I think it's demonstrated on a regular basis that landlords are highly negotiable on terms. There are going to be certain areas that are going to be incredibly popular. We're in Cardiff, so a one-bedroomed flat in Cathays, for instance, would face huge levels of demand, but there's plenty of scope for negotiation in other areas. I suppose, with some of the additional terms, we'd like to see a lot of them laid down and discussed so that people know—we can select from a number of additional terms, and we know that we're not going to fall foul of unfair contract terms.

[68] **Jocelyn Davies:** Okay. But you think, in terms of the ability to negotiate, it will depend on where the property is, how desirable it is, and how many tenants there are that want it, as to whether the landlord would be willing to negotiate, because you could have other people to turn to—other tenants to turn to.

[69] **Mr Haig:** Yes. To a certain extent, yes.

[70] **Jocelyn Davies:** So, that might not be in every case.

[71] **Ms Anthony:** If I may, supply and demand most certainly does play a part. Certainly, in north Wales, the landlords that we have association with in north Wales have more property on occasion, and they have tenants looking for property, so there is a definite geographical shift. If I may add, on the additional terms conversation, we have a number of people, because of the type of property that they're owning—thatched cottages, for instance, have come out as one particular situation where, because of insurance clauses, there are requirements on certain safeguards within the home so that we'd need to see some flexibility within additional terms to satisfy those situations rather than see these buildings unoccupied.

[72] **Jocelyn Davies:** So, I guess what you're saying is that you have to take into consideration that the private rented sector market has got a huge variety not just of people, but of properties—the sorts of properties—and some of them are going to be quite old.

[73] **Ms Anthony:** Some of them quite old, and some of them, frankly, quite unique.

[74] **Jocelyn Davies:** Listed?

[75] **Ms Anthony:** Most definitely listed: listed and historic properties. So, each has a charm; some also have their challenges and we can't shy away from any of those.

[76] **Jocelyn Davies:** Yes, okay. I notice that you—. How do you all feel then about being able to give this contract electronically, because I know you've had concerns about the amount of paper?

[77] **Ms Anthony:** That could prove a challenge for some of the rural areas. Again, I have to say that until we've got adequate broadband coverage—. We're getting there, but it's not quite there yet. We've experienced difficulties; I can speak on the part of the farming community in recent weeks in getting their basic payment scheme forms completed. So, there are challenges. There would certainly be a desire that, you know—if it could be done electronically, it could be useful, but we're not in a position to be able to say that it's a wholly electronic situation.

[78] **Jocelyn Davies:** It could be that, in the future, that could be better, and I guess you'd—

[79] **Ms Anthony:** In the future, who knows?

[80] **Mr Haig:** That's why I think we should reverse the stance on this. I think we should actually be saying that it should be digital by default, with 'and you can't refuse a request'.

[81] **Jocelyn Davies:** But hard copy on request.

[82] **Mr Haig:** Absolutely. You can't refuse that request for a hard copy, because, whilst I appreciate your situation, and of those that are not particularly digitally connected—and some of the facts on digital connectivity in Caerphilly are quite surprising, so we don't want to exclude those—really, the vast majority of the private rented sector would prefer, and be more likely to engage with digital copies.

[83] **Jocelyn Davies:** But with an exception if there is no broadband available to the—.

[84] **Mr Haig:** Or if it's requested by the tenant to be in hard copy.

[85] **Jocelyn Davies:** Or if it's requested. You mentioned in your evidence the Rent Act 1977; you think that they should be included in the scope of the Bill, but you'd like to exclude service occupiers. Could you expand a little bit on that and your reasons for that?

[86] **Ms Anthony:** The service occupiers could present a challenge, frankly, with regard to contracts of employment. Quite often—less so these days—we still see contracts of employment that come with accommodation and when there has been a change, a breakdown in a relationship on the employment contract, or a retirement, et cetera, then the property is still needed for the next person. So, that could be a difficult situation to manage. With regards to the Rent Act 1977 situation, quite often, the rent Act—. What we would like to see in the Rent Act, frankly, is that, in terms of any improvements that are undertaken, you could accept a cumulative review to look at the rent. What we're finding is that, because of the way that the legislation is at the moment, if you undertake one improvement, it stands in time; the next improvement stands in time. We don't have regard for the cumulative effect, which we think would benefit, frankly, both landlord and tenant in many situations, in being able to bring forward more improvements to the quality and the standard of the housing in the long term.

[87] **Jocelyn Davies:** Okay. Thanks.

[88] **Christine Chapman:** Okay. We want to move on shortly to an issue about joint contracts. I'm going to bring John in, but, before that, I know a number of Members had some specific questions. Can we make them quite brief, because, obviously, we've got quite a lot of things to cover? So, I've got Peter, Mark, Janet, Alun and Mike. So, Peter first.

[89] **Peter Black:** I think we've moved on since my question, so I'm not going to go back where we were.

[90] **Christine Chapman:** Fine. Mark.

[91] **Mark Isherwood:** You mentioned the need to target criminal or bad landlords rather than act to create a burden for all landlords. What action do you think should be taken alternatively to meet that goal, bearing in mind that a contract is a two-party matter, involving the landlord's rights and responsibilities and tenants' rights and responsibilities: so, protecting the most vulnerable tenants and enabling them to exercise their rights, if faced with a criminal or bad landlord, but, equally, enforcing the responsibilities of the tenant to the contract that they've entered into with the landlord. Related to that, in the context of the limitations expressed by local authorities on their ability to resource further enforcement, how do we address the need to tackle those bad landlords once councils are made aware of their existence?

[92] **Mr Cecil:** I've had a lot of conversations with different police forces and the Home Office to try and get an answer to that a) to make them aware that landlord associations are willing to partner and work in partnership with them, if needed—. A couple of years ago, I worked with Neath Port Talbot County Borough Council, the illegal money-laundering outfit and the Neath landlord forum et cetera—all the local stakeholders—to put away a rogue landlord who'd been operating for over 25 years. The interesting observation for me is that, in that relationship with those local stakeholders, individually they all knew this gentleman and I was a bit shocked, quite frankly, because I said, 'Well, you've got the power to put him away, so why aren't you putting him away?' There were certain excuses at the time and the solution to that was partnership; so we partnered together. So, for me, personally, I knew that worked. So, that could be scaled up.

09:45

[93] Now, everything costs, and there's a lot of reduction in a lot of public sector budgets, so I'm conscious of that, but when you—. Listening to my police colleagues on how it works, you get proceeds from organised crime and that then can go back into community benefit schemes. So, I said, 'Well, okay, then, if it's that big a problem—. It's got to be a big enough problem. If it's one person, then you can alert—there are channels to go through that should quickly and easily solve that, but that's not the case either because I know another individual instance in Cardiff where it didn't, sadly. But to work together, organised, in a way—proceeds of crime then pay for it. Sometimes it's a three-year or five-year regeneration thing because on the back of drugs, prostitution, et cetera, et cetera—the usual stuff—there's a lot of hurt in that community, which you could engage with third sector and voluntary sector organisations equally to then come together, because dealing with organised crime is not a quick fix.

[94] **Christine Chapman:** Okay. Douglas, did you have a comment?

[95] **Mr Haig:** Yes. I'll try and be brief. It's not a unique problem to Wales and, as a result, the RLA put together a manifesto, which I think we've sent to the vast majority of Members here, if not all, and that does contain a lot of ideas in terms of co-working for enforcement because we understand that we can't just turn around and say, 'Well, you've got

to put more money into this to enforce it', because there's not a lot of money there. So, our main policy, really, is around the concept of co-regulation, which is working on a similar model to that of building regulations, where you can draft in partners to help regulate those in the sector who are signed up, good and accredited landlords, and they are governed by a co-regulatory partner, so that you can focus your enforcement on those who aren't under co-regulation or on those that aren't dealt with effectively by co-regulatory partners. So, we'd really encourage you to look at that model, if you've got time afterwards, and I'm happy to go through it in more detail with any of the Members.

[96] **Christine Chapman:** Alun, do you want to ask a question?

[97] **Alun Davies:** I sympathise greatly, Mr Haig and Mr Cecil, with your response on enforcement and I was simply going to ask if you could provide the committee with a note on enforcement issues, because it isn't contained in the legislation—you are absolutely right. I thought that that would be useful for us in our deliberations.

[98] **Christine Chapman:** If you could do that, that would be good. Mike.

[99] **Mike Hedges:** Very briefly, for Ms Anthony, I go back in IT before broadband existed and everything was sent under baseband. We still sent documents around under baseband. It'll be slower, but I just don't understand why you can't send it, because even when people haven't got broadband, they can pick it up under baseband. It might take 10 times as long, but why can't it be sent?

[100] **Ms Anthony:** It can certainly be sent. Our concern, frankly, is in the receipt of it. We are still experiencing some instances of the signal being disturbed and a big document failing to come through properly.

[101] **Mike Hedges:** So, what I'll describe as the 'BT copper-type electrical line' is being disturbed.

[102] **Ms Anthony:** Yes. There are still periodic reports of difficulties. We are in discussions with BT themselves in certain geographical areas, but, as Douglas said, we are more than happy for it to be electronic, but we have to have a reserve standpoint of a paper copy at this point in time.

[103] **Mike Hedges:** I'm very happy with that and I suggest you take this up with BT because that should not be happening.

[104] **Ms Anthony:** We will indeed be doing so.

[105] **Christine Chapman:** Okay, we are going to move on now to some of the other specifics. John, you had a question on joint contracts.

[106] **John Griffiths:** Yes. I've some questions on joint contracts and the provisions that are suggested to provide more flexibility, really, for standard contracts and particularly the periodic standard contracts. I'd also like your views, really, on how that might impact that greater flexibility in terms of individuals withdrawing from tenancies and the effect then on remaining contract holders and potential problems for landlords. If you could just set out your general views on the provisions and how you think they would impact, I think that would be useful for the committee.

[107] **Christine Chapman:** Adrian.

[108] **Mr Thompson:** The first thing I would say is, at the moment, of course, when the

tenancy ends—if we just take the removal of one for a moment—then, if one gives notice to quit—and say there’s four, and one of those gives a notice to quit—then the whole tenancy ends, so that’s what you’re trying to fix. I don’t personally have any issue with whether it ends the tenancy or not, really. Your proposal is that it wouldn’t end the tenancy, and that’s fine. What my worry is with the scenario—and it is in the response—say, that we have four tenants on a property, and two or three go or give notice to leave, that then leaves that poor single tenant with one heck of a burden of a four-bedroomed house. They’re completely stuck and bound. The problem is when it comes perhaps to them going to the local authority for housing. They could say, ‘Well, I have a problem’, but they wouldn’t be homeless, because they have a tenancy in place, and, of course, they can’t give a notice to quit because then they’re intentionally homeless. Now, it has been put to me that local authorities will see sense and that they will take that into consideration, but, frankly, if there aren’t any houses, I’m afraid that they’ll use everything in their powers. Guidance, at this very minute, says, where a section 21—the two months, no-fault notice—is served, actually, when that’s expired, they should treat them as homeless from that point of expiration. Every local authority that I know of awaits a court order, but some even wait for the bailiff, which is, frankly, disgusting. So, although it may be well intentioned, where this single person is stuck with this tenancy that they don’t particularly want any more and can’t give notice, I fear that that is a problem. It’s fairly straightforward, I would’ve thought: you could legislate for the homeless provision of the local authority in that kind of scenario. Maybe you could say ‘if there are more than 50 per cent of tenants remaining’, I don’t know, but you could force the local authority to deem them as homeless in some kind of position like that, I would’ve thought, and then it would be okay. But that’s my worry—not as a landlord, as I don’t think we really care either way. It’s the tenant who is of concern to us.

[109] **Christine Chapman:** Douglas, you wanted to come in.

[110] **Mr Haig:** Yes. I agree with the vast majority of what Adrian said, and he’s outlined the case very well. There are scenarios when, actually, you’ve got maybe two or three people in the property, and that tenancy was set up predominantly on the basis of the income and security provided by two, and you could be left with a third, which is, possibly, a less secure income. As a landlord, it’s your responsibility, partly, to make sure that that person is capable of maintaining that tenancy, and that’s what we’re encouraged to do: be responsible landlords for our tenants. So, our proposal would be to balance the Bill—not to change the overall idea, because I don’t think it’s a bad idea for people to be able to exit contracts without ending the tenancy, but, at the point of one person giving notice, for everybody to be given the opportunity, including the landlord, to terminate that tenancy at the same time, if they choose to do so. If one person gave notice and everybody else was happy to continue, that’s absolutely fine. If one person gave notice and one of the other parties also wanted to leave, then they should have the opportunity to leave or terminate the tenancy at the same time. So, it just balances it both ways to make sure that everybody can afford it.

[111] **John Griffiths:** Just one other point, really, on deposits, because, obviously, if one contract holder does withdraw where there are more than one, and withdraws their deposit, there’s a question then, isn’t there, in terms of the remaining contract holders, and, indeed, the landlord’s confidence that the total amount of deposit is enough to cover eventualities. Have you got a view on how that situation could be dealt with by this legislation?

[112] **Mr Haig:** It’s incredibly concerning, this section, and probably could take most of the session to really debate it all, but it is something that needs to be looked at. We don’t have a direct solution, because, ultimately, if you’re doing things properly, when a tenant leaves, you need to do a full inventory and schedule of condition of that property, and finalise any deductions on that basis. Doing that with tenants in situ is very difficult to do. It’s difficult enough as it is to get it right when the property is empty, and, if you want to put another tenant back in, that makes the situation even more complex. If you’re using the custodial

scheme, which locks the money away, you've got another layer of complication on top. So, there's quite a lot of work around this area that needs to be done before I'd be happy, personally, on this scenario. The intention's great, and we'd support the intention, but we need to iron these things out, because this legislation—the deposit legislation—has added something like £2 to £2.50 a week to tenancy costs as a result of the complexities of it, so this may increase that cost further.

[113] **Mr Thompson:** A good example would be an iron having been put on the floor in the living room. It never ceases to amaze me how many times I see an iron mark on the carpet—always bizarre. So, there's an outgoing tenant, so we go and check it, but the remaining three have put the sofa over the iron mark to cover it up. So, we go in and check it. Is the new tenant coming in, when the property is empty, now liable for the iron mark that was there before they entered? Of course, nobody saw it because the tenants had covered it up with the sofa, and surely we can't go around stripping the property to inspect. How you fix that, I don't know, I'm afraid, but that would be a genuine concern and problem that would be real.

[114] **Mr Haig:** Again, it's something that we'd love to work with you on—and the deposit schemes—to try and work this out.

[115] **Christine Chapman:** Okay. Mark, is this on joint contracts?

[116] **Mark Isherwood:** It is.

[117] **Christine Chapman:** Yes, okay, and then I want to move on to Gwyn on deposits. Mark?

[118] **Mark Isherwood:** When a household breaks up, a mortgage lender cannot release the exiting parties from the mortgage unless the remaining parties show that they can afford to fund the mortgage alone or with a guarantor. Should that not apply in circumstances such as these?

[119] **Mr Haig:** I think that was in my point around the security and assuring that the remaining tenants can afford it, so, yes, I would agree entirely with that.

[120] **Christine Chapman:** Jocelyn, very quickly.

[121] **Jocelyn Davies:** It was just on this point, really. Mortgages are slightly different because you've both borrowed the money in the beginning. That's not the same as paying the rent next week, is it? This is a future liability. You've both borrowed the money, so you both have to pay back the money. Is there any liability between the tenants? So, if I'm in a joint tenancy with Rhodri—by the way, we're not in a joint tenancy—with you, Douglas, one of us leaves and the one who remains has to carry on paying the rent, why can't I just sue Rhodri on the side here for his proportion of the rent that he said that he'd pay in the beginning? What's that got to do with you?

[122] **Mr Haig:** Sorry, just to clarify, Rhodri's left or I've left?

[123] **Jocelyn Davies:** You're the landlord. I'm not living with you. I'm living with Rhodri. *[Laughter.]*

[124] **Rhodri Glyn Thomas:** But we're not.

[125] **Jocelyn Davies:** We're not living together, but we share—. He leaves and I'm left having to pay the rent to you. So, the joint tenancy's finished and I'm paying rent to you. Why can't I just sue Rhodri by here in the county court for his proportion of the rent he said

he'd pay?

[126] **Mr Haig:** Well, under the existing laws, that's what happens.

[127] **Jocelyn Davies:** That's what happens. So, why doesn't that—? That's a separate thing all together, isn't it? That is just common law. I can sue Rhodri for the contract that he's broken with me. You don't have to sue Rhodri.

[128] **Mr Haig:** No, absolutely. It's likely you would be the first point of contact, normally, under those circumstances. We would, indeed, contact Rhodri as well, but it's easier to contact the person who's still remaining in the property.

[129] **Jocelyn Davies:** I'd still have to pay all the rent, but I can sue Rhodri for his portion.

[130] **Mr Haig:** Yes, and that's how it is.

[131] **Jocelyn Davies:** That wouldn't probably happen with a mortgage, would it, because the mortgage company keeps going after both of you?

[132] **Mr Haig:** Yes.

[133] **Mr Thompson:** Doesn't all the liability cease once the correct procedure's followed? Doesn't the outgoing tenant cease—?

[134] **Mr Haig:** Under the new procedure, yes.

[135] **Mr Thompson:** So, you wouldn't be able to sue, because there is no more liability.

[136] **Jocelyn Davies:** You wouldn't be able to sue, but I might be able to sue.

[137] **Mr Thompson:** I don't think so, because there'd be no liability.

[138] **Mr Haig:** Yes, under the new procedure. Under the current situation, that's exactly what would happen. Under the new procedure for being able to terminate a single contract, they are able to do that. As long as they've given the right notice and the correct procedure is followed, that person can leave and they are no longer jointly liable for anything.

[139] **Jocelyn Davies:** To you, but are they jointly liable—? This is what I'm not clear on.

[140] **Mr Thompson:** No, they wouldn't be jointly liable to you either. That's my point.

10:00

[141] **Jocelyn Davies:** So, it takes the right off the existing tenant to be able to go after Rhodri for his half of the rent?

[142] **Mr Thompson:** That was my point. You're now stuck with a tenancy you may not necessarily want.

[143] **Rhodri Glyn Thomas:** So, it means I can't get sued by anybody?

[144] **Mr Haig:** Absolutely.

[145] **Mr Thompson:** You're all sorted.

[146] **Mr Haig:** You've done well. [*Laughter.*]

[147] **Christine Chapman:** Right. We're going to move on now. Gwyn, you had a question.

[148] **Gwyn R. Price:** Yes. I hope my question's not so complicated for you. Good morning to you all. Could I ask you how effective deposit protection is at present and whether the Bill improves on the current arrangements?

[149] **Christine Chapman:** Who'd like to answer that one?

[150] **Mr Thompson:** I don't see much change. I think it's horrific. The problem with the deposit legislation is that everybody's a criminal all of a sudden because nobody can get it right because it's so complicated. If you are not giving around 12 pages of prescribed information, which nobody understands, then you owe between one and three times the penalty and you can't serve a section 21, and that's it. The problem is that everybody feels like such a criminal for getting it wrong in the first place—because they didn't intend to; they didn't mean to. Many are protecting them perfectly well, and I'm not sure I see any change really. It seems to me it's exactly the same wording, in essence, as what we already have. So, I don't mind the principle in theory, but it's that nobody can get it right. It's so complicated. Mainly, if the information could just be a sheet, it would help. It's the vast amount—it's so difficult.

[151] **Mr Haig:** I would agree with Adrian. I think the deposit legislation is an abhorrent piece of legislation and it's probably what should be being examined right now instead of this Bill. It's incredibly difficult to fully comply with, and it's caused probably more complications since it's been introduced than there were before. On the balance of this Bill, I don't think there's any significant balance, other than the joint contract holders' situation, which definitely needs to be resolved before we allow that to happen.

[152] **Christine Chapman:** Okay. Gwyn, did you have—

[153] **Gwyn R. Price:** Yes. Going on to rent increases, could we have your views on the suggestion that there should be some rent controls in the private rented sector? That'll make you smile.

[154] **Mr Thompson:** Well, if you go back to the 1977 Rent Act, we have a number of those still—well, I think they're nearly all gone, but the simple fact is you cannot physically afford to do those ones up because you can't increase the rent. You know, you couldn't go round and put central heating in, for example. All rent control does is give you bad properties. That's all rent control does, and makes people exit the market. I'm a real believer in the idea that, if you want to control rents, dump a million properties on the market and you'll control your rents.

[155] **Gwyn R. Price:** Any other views?

[156] **Mr Cecil:** I think the other view is reality. In a lot of Valleys towns—the usual areas; we all know around this table that there are areas of deprivation and still are, sadly—you don't need rent control because open market rent is local housing allowance, which is housing benefit—

[157] **Mr Haig:** Sometimes lower.

[158] **Mr Cecil:** Even lower. So you've got that anyway. What I'd rather do is look at ways of energising those areas in a joint approach, not, as was suggested on a tv programme



recently, getting everyone out of north Rhondda and moving them somewhere else, because that doesn't work. So, again, it's your understanding of what rent control is. London is a different market. Cardiff, to a certain degree—it's not London, obviously—is vibrant and it's got job creation. Job creation provides a lot of positive things, but with people who can't afford because of their lack of income, then you're talking about economics and other things. So, I think, in a lot of places, you've already got rent control.

[159] **Christine Chapman:** Have you finished Gwyn?

[160] **Gwyn R. Price:** Yes. Thank you very much.

[161] **Christine Chapman:** Alun, you had a supplementary.

[162] **Alun Davies:** Yes. A fair rent, of course, is fair to a landlord and fair to a tenant, and that generally happens when the market is in equilibrium—when there are relatively similar numbers of people seeking properties and properties available. Where it's out of equilibrium, either rents fall or rents go through the roof. Surely, a level of regulation would provide a structure within the market that would enable the market to function effectively. We've seen the property market go completely out of control in all sorts of different ways in the United Kingdom over the last few decades. I'm not sure that's provided us with the sort of market for homes, if you like, that any of us would necessarily choose.

[163] **Mr Haig:** Well, if we look at Wales, then we've actually had a reduction in rents compared to inflation over the last two or three years and, overall, we're well below inflation in the last 10 years. So, from the perspective of the tenant, they're actually in a fairly good situation. If you're looking at controlling rents, then for that to be fair—if we're going to use that word—you really need to restrict house prices. Because even if you look at—. And I'm not suggesting that we do that, by the way. If you look at the actual profitability of your standard private rented sector property, and if you put down a 30 per cent deposit, even in areas of traditionally high rents—for instance, Cardiff, again—then you're not making obscene profits by any means. All you need is a couple of months of rent not being paid by a tenant or having to refurbish the kitchen and you've taken your profits away for the next two to three years. Property investors—. I think everybody on this panel would agree that property is not a short-term market; we always invest on a long-term basis. I would never advise anybody to put their money into property for making a short-term gain. So, realistically, it's very rarely you're investing your money purely on the basis of your rental income. So, any restriction of that is going to disrupt the market in a negative way. It would reduce standards and it would reduce supply.

[164] **Alun Davies:** I'd like to see your numbers on that.

[165] **Christine Chapman:** Would you be able to send those?

[166] **Mr Haig:** I was actually going to bring them in for the panel today, but my printer didn't work.

[167] **Christine Chapman:** If you could just send them to us.

[168] **Alun Davies:** The wider economic analysis, of course, is—

[169] **Mr Haig:** We've got an entire paper, but written by a Professor Ball, which we can present to you, who was the Labour economic adviser back in early 2000s. He wrote a paper on this, and we can present you with that.

[170] **Alun Davies:** Sure, because the information that you'd generally see in economic

commentary, of course, is that, given where we are with mortgage rates, and given where we are with interest rates at the moment, property is—and I accept what you say about the longer term—the only way of maintaining serious growth in terms of profitability. I've got no issue with that. I've got no issue at all with people receiving a significant return for making a significant investment. I've got no issue with that at all. My concern is that it's done fairly and within a regulated market, which enables both tenants and landlords to have a fair deal.

[171] **Mr Haig:** But you've already pointed out that you get a fair rent on the basis of supply, whether that goes up or down. So, would it not be better to be looking at how we increase supply so that everybody can live in the areas and the types of properties that they want to live in, which means that if you increase supply you also generally increase quality? Therefore, we should be looking at planning laws, building regulations, and areas like that in brownfield sites in city centres as opposed to just saying, 'Well, no; we'll choose the easy option and we'll just cap rents and that will be it'.

[172] **Alun Davies:** I don't disagree with you, but you do accept, then, that there is a role for public intervention in the marketplace.

[173] **Mr Haig:** No, I think there's a role for public intervention in terms of getting the ability to build properties where we need them built, at the speed we need them built. That's why I accept—

[174] **Alun Davies:** So, we both want public intervention. We just want it in different places.

[175] **Mr Haig:** Ours is about encouraging investment and growth and the capacity for people to live where they want to live. I think that rent control is just going to drive everybody out of the market, meaning that you're going to have poorer quality properties and less choice for people in the market.

[176] **Alun Davies:** Of course, that's not everybody's experience. It's not the international experience either.

[177] **Mr Haig:** But the basis of rent control in other cities and other countries is done with a much wider look at the economic situation.

[178] **Alun Davies:** Well, I'd be happy with that.

[179] **Mr Haig:** You can't just introduce one part of the law. If you want to introduce rent control, like in areas of Germany, you've got to bring in all of the economic benefits and advantages of owning the properties that you have in Germany as well.

[180] **Alun Davies:** I accept that.

[181] **Mr Haig:** So, it's not just a simple tick in the box.

[182] **Alun Davies:** I accept that.

[183] **Mr Haig:** We can provide information on that as well.

[184] **Christine Chapman:** I'm going to move on, because I know that some Members haven't come in yet. Sorry. Peter.

[185] **Peter Black:** Thank you. On the point of supply, I accept that there's a supply issue at the moment, but demand, of course, impacts on rents as well, particularly where there is no

demand. That's not the situation at the moment, obviously.

[186] Moving on to the six-month moratorium, I'm just interested in your views on the current proposal in the Bill, which effectively abolishes that six-month moratorium.

[187] **Mr Thompson:** It's a good thing. If somebody just wants a two-month tenancy for some genuine reason—occupation contract; my apologies—then, I see no reason why we shouldn't be free to do that and, if, for some reason, a court order is required, why our agreement between two parties should be interfered with, for no gain to—

[188] **Peter Black:** Is it going to lead to an increase in costs to both landlords and tenants, as properties change hands more frequently?

[189] **Mr Thompson:** The reality is that that will not happen. I don't think that many people really know about the six-month moratorium, anyway. We're in the business of letting property, not evicting people. That's our job. Evictions cost money and they lose rent, but the free market—. That ability to know that, if there is a problem, it can be resolved, is what fuels the market and brings landlords in, because of that ability to be able to serve notice.

[190] **Peter Black:** In reality, if you want to serve notice at the beginning of a tenancy, it's going to take you two or three months to get them out anyway, isn't it?

[191] **Mr Thompson:** Absolutely. And, you're proposing they use it or lose it, anyway, so it runs out, as it were, which is a change from now, which is—. So, yes, I just don't see—. I've never understood the need for it from day one when they introduced it; I've never understood why.

[192] **Peter Black:** We've had evidence from tenants who consider that it actually reduces their level of security, because they feel that, at the moment, they've got six months, they feel that they could be kicked out of there at any moment.

[193] **Mr Thompson:** But if they're given a six-month tenancy, they can't be evicted sooner.

[194] **Peter Black:** No, but if you get rid of the six-month moratorium, you can.

[195] **Mr Thompson:** Yes, but I think that, as a rule, generally, landlords give either a six or a 12-month tenancy in the real world. There are exceptionally few that will give less and that's where your negotiations come in, if for some reason, somebody wants a lower one, maybe they're moving house, their sale fell through—something along those lines—a flood or fire, so, they're wanting temporary accommodation. I think what you would actually find is that, at the moment, landlords would be fearful, potentially, of giving a shorter one, because there's no point if you've got the six-month, whereas now, you would free that up for those who want it.

[196] But I don't think you're going to see, if you remove it—I think I can say this with relative certainty—everybody all of a sudden, granting one-month tenancies. I just don't think that's realistic. Why would we want to have to re-let the property every two months? That's hugely expensive to re-let a property every time.

[197] **Peter Black:** Which is my point, in terms of the—

[198] **Mr Thompson:** Yes. So, I don't see the need for it.

[199] **Peter Black:** I think Douglas's evidence has indicated that there's a case for a longer

term tenancy, which would provide security both for tenants and landlords. How would that fit in with the proposals under this Bill?

[200] **Mr Haig:** We've certainly recognised in our conversations, both in Westminster and the Assembly, that there is a requirement for landlords to be able to provide and feel comfortable in providing long-term tenancies, because, ultimately, landlords do want to rent for a long period of time; we don't want to evict. If someone turned around to me and said, 'Oh, I want to take this property for 20 years' and we agreed rent increase negotiations over time, I'd be quite happy to consider it for the vast majority of my properties. But there is no real mechanism in place to easily do that. So, we would be keen to establish a comfortable long-term tenancy contract that both landlords were comfortable with and tenants were comfortable with.

[201] I would see the abolishment of the six-month moratorium working very well in those scenarios, saying that you go for a probationary period at the initial stint of that long-term contract to ensure that both sides are happy. Ultimately, a tenant can look at a property and say, 'Well, it looks very nice', but you move into it and two months later, you've got damp and things like that, because it's just been painted over. But likewise, I can have somebody turn up in a suit and it turns out that they love late-night parties and causing hell to all the neighbours. So, equally, that gives us that flexibility at the beginning of the contract, and I think that's one of the positive areas. If we can tie it in, not with a compulsory long-term tenancy agreement, because the vast majority of tenants don't want long-term tenancy agreements, and in our experience in renting the properties, actually, we've been trying to get year-long contracts and most of them want six months, so the driver is that, actually, most tenants want the flexibility of a short-term contract, but I understand that for families, moving to a catchment area of a school or other examples similar to that, they want that stability and we would be keen to work on a—

10:15

[202] **Peter Black:** So, how would you work that into this Bill? I mean, we have a situation now where all we're proposing is to get rid of the six-month moratorium. Could you have an alternative where you have a longer tenancy with a probationary period instead of that, or would you make that an option in addition to that?

[203] **Mr Haig:** I think it would be an option in addition to it. I don't know, unfortunately—we've been trying to finish a model contract to propose the terms. In fact, we only finished it at the beginning of this week. We did send it out. I realise it's very short notice for you to look at the proposed tenancy, but, yes, it would be a separate proposal with a probationary period and then an effective right to renew up to five years, as opposed to a set five-year period, with break clauses for either side to allow you to do that.

[204] **Peter Black:** You keep the abolition of the six-month moratorium alongside that.

[205] **Mr Haig:** Yes, that would be our proposal, to allow for the areas that Adrian's talking about.

[206] **Ms Anthony:** From the rural point of view, we think that the six-month moratorium—. Most tenancies have an initial six-month term in any instance. There's no real good reason why the moratorium will cause any difficulty. People need flexibility. But, equally, the experience with some of the rural properties—people have been in them for significantly longer than 12 months. We're talking a number of years in many instances.

[207] **Peter Black:** Okay.

[208] **Christine Chapman:** Right, we've got a quarter of an hour left; it's not a huge amount of time. I know other Members want to come in with specific issues, so I am going to go according to the order that we have discussed previously. Alun, did you have a question?

[209] **Alun Davies:** Yes. One of the issues that we've debated and discussed here has been the Government's proposal to extend the ability of 16 and 17-year-olds to have rental contracts. Do you have any views on this issue?

[210] **Mr Thompson:** Go for it. Simple.

[211] **Christine Chapman:** Do you all agree with that? Karen.

[212] **Ms Anthony:** Yes, no problem as far as we're concerned. The only thing that I would say is from my experience in a former life. Certainly, when I worked with benefits delivery, there were situations where young people could not enter into contracts for the provision of utilities et cetera. That was certainly a flash-point for care leavers. That is going back a few years, and it may have changed, but I don't suppose it's changed terribly much, so that would certainly be an area that I would be concerned about for the individual, as opposed to any other party.

[213] **Mr Haig:** I'm with Karen on that. I'm not sure, not understanding every part of legislation, how far that goes, so whilst I don't have any particular objections in principle, I am concerned that landlords could get caught out because of other areas. There's also the—. If you did, unfortunately, have to evict somebody, then you're in a situation where you have to have somebody accompanying them to court, I think; if they're 16 or 17, they can't attend on their own, which, obviously, increases the costs and the problems around that. Then, I suppose, on reflection, most people who are 16 and 17 are either doing it under the care of their parents, if they've gone to university early, for instance, and, especially in Scotland, the education timescale is slightly different, so you often get 17-year-olds coming down and renting there, or they're doing it on the basis that they're not able to live with their family anymore. In those circumstances, they are under the guise of the local authority, or should be under the guise of the local authority. So, I think, in those two circumstances, I'd rather see either the local authority take those contracts or parents take those contracts with the permission to sub-let, just to remove any of these other areas of complication. But, as I say, in principle, I don't have an issue. I'm just concerned what other consequences there are.

[214] **Christine Chapman:** Lee, did you have a—?

[215] **Mr Cecil:** I think the practicality would be working together. No-one's mentioned social landlords. So, you know, private landlords don't have a problem working with social landlords in a given, specialist niche market, which this would be, because, despite the age, a landlord would look at affordability—'Can you pay the rent?' With a 16 and 17-year-old, are they a chaotic 16 or 17-year-old? That could apply to any age. So, why do they need a property, blah, blah, blah? So, you should, obviously, interview, correctly, prospective tenants, but if there was a continual demand for that type of accommodation in a particular area, then perhaps a partnership between private sector and social landlords might benefit that locality.

[216] **Christine Chapman:** Okay, Alun?

[217] **Alun Davies:** Yes.

[218] **Christine Chapman:** Rhodri.

[219] **Rhodri Glyn Thomas:** Diolch, **Rhodri Glyn Thomas:** Thank you, Chair. I

Gadeirydd. Mae gen i ddau gwestiwn technegol yn ymwneud â meddiant, ac rwy'n credu y gallwn ysgrifennu at y tystion gyda'r ddau gwestiwn technegol hynny er mwyn arbed amser, gan fod amser yn brin. Felly, a gaf fi jest ofyn y cwestiwn cyffredinol sydd gen i ynglŷn â darpariaethau sy'n ymwneud ag ymddygiad gwrthgymdeithasol. Beth yw eich barn chi ar hyn? Pa effaith yr ydych yn credu y bydd hyn yn ei chael ar landlordiaid preifat?

have two rather technical questions in relation to possession, and I think that we could write to the witnesses with both of those technical questions to save time because time is against us. So, can I just ask the general question that I have about the provisions in relation to anti-social behaviour? What is your opinion of those provisions and what effect do you think that this will have on private landlords?

[220] **Mr Cecil:** Again, for me, I've come across several quite nasty situations over the 10 years. The landlord in this particular case that I'll quote was not the issue—it was the tenants in the property. They were on benefits, so the council were paying the benefits. How the hell I got involved, I don't know, but I got involved. I rang the council and I said, 'Can you do something? Can we partner together, blah, blah, blah?' There were stabbings and all sorts of stuff involved, sadly, over a long period of time, and it's still there. So, anti-social behaviour in terms of, 'Well, you must not do it', is all well and good. We can all say that as long as we're here. But, what happens when something happens? So, landlords do not have the power of a council and the council have far more power than the police, as I've found out over the decade that I've been dealing with these situations. So, by all means, say, 'Don't drop litter and be a good citizen, blah, blah, blah', but what happens when it happens next to you? And the lady living next to this particular property—a homeowner—she's got stress and blah, blah, blah. She's very ill now, and she had nowhere to go. So, it's all well and good, but what happens after?

[221] **Mr Haig:** Anti-social behaviour is by far the most difficult individual scenario for a landlord to deal with. It can be incredibly distressing, obviously, for neighbours and residents in the local area, and it can be incredibly distressing for a landlord as well. Often, it's one of those things that gives our industry a bad name because the tenants who go into the properties create anti-social behaviour, and, actually, the powers that the landlord has to deal with it are very, very limited, and getting a possession order for anti-social behaviour is nigh on impossible. But, the problem is that the landlord is the one who tends to get blamed for putting these tenants in their properties. So, we would love to see provision strengthened. I know that the provisions were strengthened in the recent Anti-social Behaviour, Crime and Policing Act 2014, but they didn't particularly strengthen the position that landlords were in. Social landlords are able to get exclusions and injunctions. I'm not saying that private landlords should individually be given that power, but, certainly, I think that the local authority and the police should be bound to, when requested by a landlord, intervene on areas of anti-social behaviour to help a landlord deal with that area to be able to maybe get injunctions and similar powers that exist for social landlords—that's the sort of thing that we'd like to see because, at the moment, there is still very little we can do.

[222] **Ms Anthony:** I'd agree with Lee and Douglas, and I think, to reiterate a few of Alun's words earlier, there are individual responsibilities. The landlord can only do so much, but the responsibility lies with the tenant—anti-social or other.

[223] **Mr Cecil:** What I would add, because discharge of duty of homelessness to the private rented sector is now going through and whatever, there needs to be an education for those tenants who are being placed into the private rented sector because, for example, they are not used to paying for a lot of things historically and when they're asked to pay, they're very worried and concerned, and obviously, quite rightly, they stick their feet in and say, 'Well, I've never paid before', so they don't know. It's not the fact that they don't want to—they just don't understand. So, I think that education needs to be provided on that part as well.

[224] **Christine Chapman:** Okay. Are there any other questions?

[225] **Rhodri Glyn Thomas:** So, what you're telling me basically is that the provisions in this Bill are not going to make any difference whatsoever.

[226] **Mr Haig:** There are changes that strengthen it, but it doesn't define it.

[227] **Christine Chapman:** Mike.

[228] **Mike Hedges:** I have two questions but I'll put them together. Is retaliatory eviction a serious problem in the private sector, and would you all prefer the approach taken in the Deregulation Act 2015 to be adopted?

[229] **Mr Cecil:** I'll answer the retaliatory question from my own point of view. I don't think it is, but you've just got to look at the people who are suggesting to that it is.

[230] **Jocelyn Davies:** What does that mean, sorry?

[231] **Mr Cecil:** It means that usual organisations for a long time have said, 'Seventy per cent of my staff's time is taken with bad landlords', and I've constantly said, 'Well, let's work together and we can get that down', and they don't want to.

[232] **Jocelyn Davies:** I can tell you now that everybody around this table has got cases of retaliatory eviction in their casework—every single one of us. If you've ever contacted a local authority—

[233] **Mr Cecil:** Okay. Let's take case studies and do something together, then, and then you won't have a problem. I've said that for 10 years.

[234] **Jocelyn Davies:** Certainly, we've, you know—. Because nobody comes to us unless they've got a problem; they don't come to us and say everything's fab.

[235] **Mike Hedges:** And, with the threat of retaliatory eviction as well, people are told, 'If you complain, we will evict you'.

[236] **Mr Cecil:** Well, let's work together. Take real case studies, which you've got, and then report back in an open and honest way, and then do something about it.

[237] **Mr Haig:** We believe that there is current provision there to actually prevent retaliatory eviction. I don't deny that they are complex, but I believe that our policy director is very keen to get hold of a case to try and test them, if somebody wanted to present a case. We don't deny that they exist, but I do think that the amount of it is overplayed. I mean, you just have to look at the total number of evictions that are generated by landlords, which is less than 7 per cent, and that's of all evictions in terms of rent arrears, anti-social behaviour, ending of tenancies for selling the house—all sorts of things. So, retaliatory eviction is going to be a tiny fraction of that. However, yes, it does exist. So, if we're not going to accept that there are defences in place already, no, we don't want what's written in the deregulation Bill, as that's incredibly complex, but what we would like to see is the introduction of—. Our concern is that the way that it's currently written is very, very broad—very, very broad—and we could have all sorts of fun and games coming up as a result of delayed evictions, and that's just going to destabilise the market, it's going to increase people like Shelter's time spent on spurious cases, it's going to increase our time, and it's going to discourage landlords from renting to high-risk tenants, which is absolutely not what you want to happen, considering that you've just passed the Housing (Wales) Act.

[238] So, really, what we need to do is bring a lot of guidance around that. One of the things we'd like to see, actually, is that a complaints procedure is put in place on how a repairs reporting procedure is put in place that tenants need to follow, so that if it does get to the point where retaliatory eviction is claimed, then there's evidence to be able to back that up, because they followed the procedure. I think that that's just part of an overall education programme for tenants, which we need to encourage, because we need to encourage them to make better decisions as to where they live, but I think that it cannot delay—. The most important thing is that whatever we put in place cannot delay the possession proceedings as they are, because they are far too long as they stand, and it cannot discourage landlords from renting to high-risk tenants on the basis that there's going to be lots of spurious claims, which would absorb a lot of our costs and time.

[239] **Christine Chapman:** Okay. Mike, any other questions?

[240] **Mike Hedges:** No, that's me finished.

[241] **Christine Chapman:** Janet, you had a question.

[242] **Janet Finch-Saunders:** Good morning. What impact do you think the proposals in the Bill relating to the disrepair and fitness will have, because there's been much talk during our evidence session about 'fit for human habitation'? Of course, in Scotland, they've gone a lot further. Goodness me, I would think that it's a nightmare trying to actually include things such as white goods and general fixtures and fittings. What is your view on that? Do you think that what is meant by 'fit for human habitation' should be on the face of the Bill rather than left to regulations?

10:30

[243] **Mr Thompson:** I'm extremely frightened about it being connected to the housing health and safety rating system. If you put 10 environmental health officers in a room and ask, 'Is this category 1 or category 2?'—the classic is the dark cellar, no lightbulb, with concrete steps and a concrete floor and no handrail—most environmental health officers will say that that's immediate death, or category 1, which, of course, isn't right, because how often do you go into an empty cellar? Is it four times a year? So, you're reducing the likelihood and the calculation works out, actually, that it's not as severe. So, the problem with the housing health and safety rating system is that there are 29 hazards, including, for example, lead. So, is, all of a sudden, a lead water mains pipe now under the fitness standard? Personally, I think it would be far better just to say what it is you want. What do you want, and say so, rather than—? The HHSRS is okay for what it does, and it gives local authorities immense powers for repairs and works needed. There's no problem with that; it's a fitness standard.

[244] Understanding the formula—I don't know whether anybody's seen the formula in the regulations, but I do half a day to a day's training just on the calculation alone, on how you work out whether it is category 1 or 2. To try to get a landlord to understand whether what they have is a category 1 or 2 would just be immensely difficult, if not impossible. Again, we're back to this thing: would you just create criminals, without realising, if people didn't realise? I think that, if you just say what you want—. The HHSRS, for example, says, 'To achieve 21 degrees C inside at a reasonable period when it's 5 degrees C outside'. So, you could take a little bit of the statutory guidance and say, 'We want 21 degrees C inside within two hours when it's 5 degrees C outside'. There'll be plenty of people who can get a calculator out and work out the size of the radiators and the boiler and whether we've achieved it or not, but I think you should say so rather than some loose—.

[245] **Janet Finch-Saunders:** So, basically, as the Bill stands, do you think there are



enough protections and safeguards in place to ensure that the standard of the properties for those renting is satisfactory, or do you think there's merit in increasing the landlord's repairing obligations? You're probably going to say 'no', because of the nature—. Scotland have changed it. Why do you think they've changed it? Do you think there's any merit in Wales following their lead? I don't believe we should follow the lead in Scotland just because they've done it, but I'm curious—and you'll know more about this than me—as to why they've decided to go down that road? What pitfalls—?

[246] **Christine Chapman:** Do you think we should do this in Wales?

[247] **Janet Finch-Saunders:** Yes, I'm asking them. What pitfalls are there to what they've done in Scotland, and what advantages do you think there are?

[248] **Mr Thompson:** I think it's all about perception, as much as anything, isn't it? It's a fear of renting. You don't want to put fear into landlords as to whether or not the property—. What does it mean? I think that it's about the uncertainty. I think that's what we need. If you want a cooker, then tell us you want a cooker in every property in Wales. I think that's more the point. It's this unknown that is the worrying part, and not understanding whether or not—. Then, all you're doing is that these single landlords—some call it accidental, although I'm not sure whether that's the accurate term—. You don't want to be making these people criminals simply for not understanding something that was so complicated—a bit like the deposit legislation—in the first place that it wasn't really reasonable to criminalise them. So, I think the point is that it's this broad nature of the current method; it doesn't really say what you want. So, I think it should just say exactly what you want. I think that if those are within reasonable realms—so, heating, as we've said, and hot water—. I don't think there's any need to have appliances. Personally, I don't provide any appliances in any of our properties at all, and tenants seem to quite like that, because they have their own nowadays, and mum and dad give them the old one; it's the freedom.

[249] **Mr Cecil:** A real-case example of increased regulation on white goods is that most landlords, like Adrian and I—I'm not sure about Doug—don't provide them. It's easier; it's black and white—if I don't provide them, I've got no comeback.

[250] **Janet Finch-Saunders:** You're not responsible.

[251] **Christine Chapman:** Douglas, you had a response?

[252] **Mr Haig:** Yes, on that point, we've got more and more landlords turning around and saying, 'Well, we just won't supply those'. I have to say that we've been working quite a lot on this over the last couple of weeks—it was quite a late addition to the Bill—on the stakeholder panel that I sat on. So, I didn't consider it as much as I would like to have done, and I have done a lot more now. Whilst I was unsure about the introduction of it before, the consequences of it are pretty dire, I think, and, actually, what we need to look at is making the HHSRS more usable for landlords and tenants to be able to understand. I suppose the area that we would like to see is—. We had something called the local authorities co-ordinators of regulatory services, which advised on the fire risk category and produced an excellent document; it was a really good document for guidance. It wasn't prescriptive; it still allowed you to cater for the unique nature of tenants and the unique nature of the properties. It laid down the general interpretation, but it also said, 'Well, if you can't manage this, then do this, it reduces that risk'. So, it's a semi-prescriptive risk-based combination. So, what I would like is to really look at the hazards within HHSRS and produce these sorts of guidance documents, and do that with a panel, with maybe some of us, and people who probably know more than me on these particular things as well, to produce guidance that you can refer to, that environmental health officers can refer to for quick guidance—if they need to do the fuller risk assessment, they still can—that tenants can refer to, that landlords can refer to, and that

you guys can refer to when you've got casework and say 'Well, actually, your landlord should be providing you with this, and if he can't do this, then he can do this.' I think that's what I'd like to see, because then that allows us to be a lot more effective with our enforcement. And I think fitness for human habitation is going to complicate it with two entirely independent systems.

[253] **Christine Chapman:** Janet.

[254] **Janet Finch-Saunders:** My final question is: in its present form, is this Bill going to be very onerous for private landlords?

[255] **Mr Haig:** It depends what it looks like at the end.

[256] **Christine Chapman:** Obviously, we did have quite a long discussion about that at the very beginning—

[257] **Janet Finch-Saunders:** I know, but I want to know.

[258] **Christine Chapman:** So I think a 'yes' or 'no'—

[259] **Janet Finch-Saunders:** It's a fair question, Chair.

[260] **Christine Chapman:** Yes, well, we did discuss it earlier on as well.

[261] **Janet Finch-Saunders:** Is it going to be—. The concerns I do have is that we've heard along the way about rogue landlords, but am I right that half of the housing stock that's available for the rental market is owned—. Do you know the exact figure that's owned by private landlords?

[262] **Mr Haig:** In Wales, it's now up to 15 per cent, 16 per cent.

[263] **Janet Finch-Saunders:** Of the total rental market.

[264] **Mr Haig:** No.

[265] **Ms Anthony:** It's 16 per cent.

[266] **Mr Haig:** The total housing market is up to 16 per cent.

[267] **Janet Finch-Saunders:** Right.

[268] **Mr Haig:** Around 78 per cent of all landlords are one-property landlords.

[269] **Mr Cecil:** Cardiff Council said 23 per cent, in Cardiff, is PRS. I don't know if that's right or wrong; that was a quote recently.

[270] **Jocelyn Davies:** Of the entire stock.

[271] **Mr Cecil:** Of the stock in Cardiff.

[272] **Janet Finch-Saunders:** And there is a need, obviously, for private landlords.

[273] **Mr Haig:** Absolutely.

[274] **Janet Finch-Saunders:** I know that, in my own constituency, there does seem to be

this theory that if you go to a private landlord, you're going to be worse off than if you go to a registered social landlord. I think it's about dispelling that myth, because I think people are lingering at the moment on lists when, really, they should have a little bit more confidence in private landlords. But I'm wondering whether the Bill as it stands is going to be very onerous and may dissuade people from actually entering the private landlord market.

[275] **Mr Thompson:** The model tenancy in particular is a worry. It's back to this prescribed information point that I keep bringing up, but it's a daily problem. It's that you're criminalising people for maybe forgetting a leaflet in a 40-page document. I mean, you're going to overwhelm the tenant with all this paperwork. I don't think I'm exaggerating that it's 40 pages—and I think that's squashed up. You will just overwhelm them. Having that tied on to the deposit protection, it's just overwhelming. So I think that, in that element, there's a genuine fear in my mind of all these terms, and you're repeating—half the stuff is repeated. So, you've got your tenancy, which sets out your key terms, and all this, and then you go on to a leaflet that says exactly the same thing over and over again. Well, why not either split it or—? I don't know, but there must be a better way, just to reduce it. Look at mobile phone contracts; they're such tiny print now, and that's where I think this is aiming—consumer-led, almost like a standard mobile phone contract, perhaps with similar words. I've never read mine.

[276] **Mr Haig:** Very quickly on that—

[277] **Christine Chapman:** Can I just say—? Douglas, I will take a response, but we're going to have to close this, because we've got another panel coming and we will have further questions for you. So, Douglas, do you want to respond?

[278] **Mr Haig:** I just want to support that, because Adrian's point is around criminalising landlords who aren't necessarily doing anything particularly wrong with the model contract. I would like to see a default contract created, which is classed as default if it's not issued. So, if you don't issue it, you don't criminalise the landlord with a penalty. It encourages the landlord to still serve a contract, because, quite frankly, you're nuts if you don't give a tenant a contract, and all of us along this panel would agree with that, but sometimes that happens, for whatever reason. So, we want to say, yes, serve your contract, because those are the exact terms that you're providing, but if you haven't provided those terms, then you're left with the default Welsh Government contract. Then, that doesn't criminalise landlords, but it allows everybody to know and be able to get hold of a copy of what their contract should be, if they don't have one.

[279] **Mr Cecil:** The ones without a contract are all the really friendly landlords who only have one, who thought they were doing a favour by giving them a key. That's all, in most cases. They're not out to not give them a tenancy—they're just being nice, in my view.

[280] **Christine Chapman:** On that point, can I thank you all for coming in this morning? It's been a very good session. We've had some very detailed answers. We will send you some further questions that are remaining, and if you could do a written response for us, we'd be very grateful.

[281] **Mr Haig:** Thank you.

[282] **Christine Chapman:** We'll break now till 10.50 a.m.

[283] **Rhodri Glyn Thomas:** Cyn y toriad, **Rhodri Glyn Thomas:** Before the break, can a gaf i ddatgan diddordeb gan fy mod i'n I declare an interest, because I am a tenant of denant ar eiddo yng Nghaerdydd? a property in Cardiff?

[284] **Christine Chapman:** Thank you, Rhodri.

*Gohiriwyd y cyfarfod rhwng 10:41 a 10:55  
The meeting adjourned between 10:41 and 10:55*

**Y Bil Rhentu Cartrefi (Cymru): Sesiwn Dystiolaeth 8—Cymdeithas  
Asiantaethau Gosod Preswyl a Sefydliad Brenhinol y Syrfewyr Siartredig  
Renting Homes (Wales) Bill: Evidence Session 8—Association of Residential  
Letting Agents and Royal Institution of Chartered Surveyors**

[285] **Christine Chapman:** If we can start again, then. This is the eighth evidence session on the Renting Homes (Wales) Bill. Can I give a warm welcome to David Cox, Association of Residential Letting Agents, and also Tom Jones, Royal Institution of Chartered Surveyors? So, welcome to you both. As you know, the Bill that the committee is looking at is quite a complex Bill. There's quite a lot of questions that Members have on your views, so, as I say, we are very happy for you to come in and, you know, give us your views on some of these specific issues. So, if you're happy, we'll go straight into questions. First of all, could I ask: are you clear about the Welsh Government's intentions for this piece of legislation? Are they fairly clear to you?

[286] **Mr Cox:** Yes, we certainly think it's a sensible approach. Tenancy law at the moment is very complex and has grown up, really, over almost a century now, and, therefore, actually taking the holistic approach and looking at it in one go is probably a very sensible idea. If you think that there are nearly 100 Acts of Parliament and 400 sets of regulations that currently govern the private rented sector, having it in one overarching and comprehensive document—and, on the face of the Bill, we think it is quite simple, easy to understand for both landlords and tenants—is actually a very sensible approach, moving forward.

[287] **Christine Chapman:** Would you agree, Mr Jones?

[288] **Mr Jones:** Yes; we would endorse that.

[289] **Christine Chapman:** Could I ask as well: how do you think the Bill will interact with the Housing (Wales) Act 2014, in particular the licensing of letting agents and the code of practice to be issued by the Welsh Government?

[290] **Mr Cox:** We argue that both of them are positive. We would have argued that they should have been, probably, the other way round. If you think about the Housing (Wales) Act and the licensing requirements, particularly the training requirement for both landlords and agents, certainly talking to the Welsh Government and the implementation team on the licensing requirement, it looks like it's going to come into force sometime around the autumn this year. There's going to be a 12-month period without enforcement to allow agents and landlords to get up to speed and to get trained on the law as it stands at the moment. Now, that's going to take us probably to the end of next year before they start enforcement action, and then a few months later, this is going to come in, and they're going to change it all, at which point, every agent and landlord that is managing properties will have trained themselves on a piece of legislation that will be out of date six months later. Therefore, probably, it should have been the other way round, to get the new legislation on the tenancy regime in place and then the licensing requirements. But, Wales really did lead the rest of the nations of the UK on pushing towards greater regulation of landlords and agents, something that, in fact, my predecessor, I think, who sat in this room about 15 months ago and gave evidence before the committee on the Housing (Wales) Bill, as it was at the time—

[291] We were quite disappointed, actually, that it got watered down at its last—literally at

the eleventh hour of the last day that the Bill passed—by removing the requirement for agents to be a member of one of the professional bodies. Obviously, professional bodies have entry requirements that, certainly, at the moment, are vastly higher than the law requires, but by removing that revision, you also removed the requirement for agents to have things like client money protection insurance, to be members of a redress scheme, to undertake continuing professional development and independent auditing of client accounts. All that was in the one provision that got wiped away and, therefore, are they going to come back? We're certainly still advocating that they should be coming back, because that is proper regulation of the industry. What I'm worried we've ended up with, and, certainly, with, I think, the consultations that have recently been out and the secondary legislation that will be before the Assembly shortly, if not already before the Assembly, is really only creating a nationwide licensing scheme. Now, that has been proved time and time and time again not to work, unless there is massive enforcement activity, which I think was one of the key topics you discussed in the last session. There's nothing at the moment—nothing has come out from the Welsh Government on how they are planning on enforcing the scheme, so we do have quite significant concerns that what was started and what was presented to the Welsh Assembly as a very sensible piece of regulation has been watered down to such an extent that it's not going to work.

11:00

[292] **Christine Chapman:** Okay. I'll move on now, then. Jocelyn, you have some specific questions.

[293] **Jocelyn Davies:** Yes, I wanted to ask you, David, about your concerns about the model contracts needing to be sufficiently flexible for different sorts of properties.

[294] **Mr Cox:** Yes. I think this is—. Sorry, does the committee have sight of the evidence that we submitted?

[295] **Jocelyn Davies:** Yes.

[296] **Mr Cox:** Are you referring to paragraph 5?

[297] **Jocelyn Davies:** I don't know what number paragraph it is.

[298] **Mr Cox:** It's something that we are concerned about. A model tenancy agreement will be very beneficial, but it will not be able to cover every single nuance of every type of property and every situation of every tenant. Therefore, having something overarching set out is very sensible, particularly in light of things like the Unfair Contract Terms Act 1977 and the Unfair Terms in Consumer Contracts Regulations 1999. Landlords can inadvertently fall foul of those rules without realising it. So, yes, having provisions set out—but there needs to be flexibility to allow for different nuances in how the properties are set up, how the tenancies are going to work, to allow for, effectively, a final page of supplementary clauses. So, that's what we were concerned about and just having that flexibility to add supplementary clauses where necessary.

[299] **Jocelyn Davies:** To account for different circumstances.

[300] **Mr Cox:** Absolutely.

[301] **Jocelyn Davies:** I don't know whether you would have a view as well, Tom, on that?

[302] **Mr Jones:** Certainly, I would agree with David's comments that a model agreement would make a lot of sense to make things more uniform across the sector, but, in my role as a

resident agent looking after 180 houses, we have varying needs in different properties and different arrangements that suit different circumstances. So, to have flexibility within that would very much be sought.

[303] **Jocelyn Davies:** It's not easy to get something that is consistent and flexible though, is it? It's a very fine balance. As you can imagine, it looks as if the model contracts are going to be quite lengthy—30 pages, although every time we take evidence the number of pages seems to be going up. What are your views on the actual weight of the document? Do you think people are going to read it?

[304] **Mr Jones:** From my experience, at the moment, I always urge people to read the document, but the speed at which they read the document implies that they haven't actually read it. They look at the front page and very often skim through and get to the final page because they're so eager to take possession of the property. So, the longer the document is, I would have some concerns about their patience reading it and also their ability to understand some of the terms within it.

[305] **Jocelyn Davies:** I guess they come to read it when there's a problem. They go back and have a look then—

[306] **Mr Jones:** Certainly, that is what I have found in practice. If they come with an issue, I will refer to a particular part of the contract and at that point they say, 'Oh, I didn't realise that'.

[307] **Mr Cox:** I think that's where simplicity is actually the key—and being written in plain English. A lot of tenancy agreements are written in legalese, for want of a better word. If you actually look at the model contract that the Department for Communities and Local Government published on 11 September last year, that, I think, is nearly 50 pages long, but it is written in English that—

[308] **Jocelyn Davies:** Everyday language?

[309] **Mr Cox:** Yes.

[310] **Jocelyn Davies:** So you don't have a 'demised premises'?

[311] **Mr Cox:** Indeed.

[312] **Jocelyn Davies:** Indeed. Right. Okay. So you think that, you know, the proposed contract, even if it's longer, if it's written in clearer language, there could be advantages to that—even if it's not right at the beginning, but maybe later on. But you can't make people—you can't have a law that makes people read the contract before signing, can you?

[313] **Mr Jones:** No, you can only advise.

[314] **Jocelyn Davies:** And if people are old enough to sign contracts—. So, in terms of the fundamental terms and negotiations between landlords and contract holders, tenants, do you think that that's really going to happen, that there's going to be negotiation over specific terms that might suit individuals? Does that happen now?

[315] **Mr Cox:** Yes.

[316] **Mr Jones:** Yes. It certainly happens at the moment. A property will be marketed and people will come forward with some proposals. It's sort of going back to my point that, across a diverse estate, very often, somebody will come up with a specific proposal and offer a

slightly different rent for that proposal. So, yes, there is a degree of negotiation—

[317] **Jocelyn Davies:** So, they might want something extra and they'll pay a bit extra.

[318] **Mr Jones:** Absolutely, or they may want to pay a bit less and do modifications to the property.

[319] **Jocelyn Davies:** So, for example, say somebody wanted to keep a pet, would they say, 'Can I keep my dog, and I'll pay you more rent?'

[320] **Mr Cox:** Generally, it's more of a pet deposit rather than additional rent.

[321] **Jocelyn Davies:** Oh, okay.

[322] **Mr Cox:** Because, obviously, a pet is likely to—

[323] **Jocelyn Davies:** We haven't heard about pet deposits before. Okay. Perhaps that's not a very good example. What sort of thing might people negotiate now?

[324] **Mr Jones:** Well, currently, certainly for the portfolio that I would manage, they may come forward and say, 'I propose to put a new kitchen in or a new bathroom in', or 'I propose to redecorate or replace some carpets to my own specification. If I do that, could we come to some sort of agreement on the rent?'

[325] **Jocelyn Davies:** Oh, okay.

[326] **Mr Jones:** So, there may well be some kind of improvement element built into the discussion.

[327] **Jocelyn Davies:** Okay. So, if people are already doing that, and they're already able to do that, and it's quite legal to do that, what's the point in this, then? If people are already doing it, they're able to do it, why are we doing that?

[328] **Mr Jones:** Because I think it relies on both parties to be able to have meaningful and sensible discussions.

[329] **Jocelyn Davies:** But this doesn't make any difference to that. All this does is write that down. People are able to do that now, from what you tell me.

[330] **Mr Cox:** One thing we have to bear in mind is, the tenancy agreement, it's a business relationship, with a business contract. Both parties are having to go into this relationship, and therefore both parties do have the right to negotiate clauses. I suppose probably the most obvious example is inserting a break clause. If an agent has a standard 12-month tenancy and the tenant wants a break clause, that is something that they negotiate at the pre-contract stage. They negotiate the rent levels at the pre-contract stage, whether they—if a property is being let furnished, 'I don't want it furnished, please'. It is the same as any other industry; it's a business contract between a landlord and a tenant, with an agent interfacing, in a lot of cases, between those two parties and the agent acts as the representative of both parties to come to an agreed contractual term.

[331] **Jocelyn Davies:** So, what we've got now is only a reflection of what exists at the minute anyway.

[332] **Mr Cox:** Yes.

[333] **Jocelyn Davies:** Okay. All right, then. There was just one thing that I wanted to ask about this sort of dwelling waste and a tenant-like manner. What does that mean?

[334] **Mr Cox:** It was something that we put in. I'm trying to find the relevant section. It is paragraph 11, and clause 101.

[335] **Jocelyn Davies:** It's in paragraph 11, yes.

[336] **Mr Cox:** It's actually more of a query than a concern at this point in time. The Bill itself talks about removing the common law requirement around waste and acting in a tenant-like manner, but those aren't then replaced in the primary legislation. The guidance says that the Welsh Government will put it in secondary legislation. Now, acting in a tenant-like manner is a pretty fundamental part of a tenancy agreement. I'm sure that neighbours next door to a rented property would want the tenant to be acting in a tenant-like manner, not trashing the house and having wild parties. I can't see on the face of the Bill or the explanatory document why it's been removed and may be put back in secondary legislation. So, really, it's a request to the committee: would you be good enough to ask the Bill team why they have done it that way? There may be a perfectly reasonable, perfectly legitimate reason that they have done it that way, but I'm afraid that I don't know what it is. I can't quite see why they've done it that way.

[337] **Jocelyn Davies:** And dwelling waste. What's that in relation to?

[338] **Mr Cox:** Putting out the rubbish.

[339] **Jocelyn Davies:** Putting the rubbish out.

[340] **Mr Cox:** At the moment, it's the tenant's—

[341] **Jocelyn Davies:** So, it's a common law requirement currently to put your rubbish out.

[342] **Mr Cox:** Yes, and to comply with the waste requirements of the local authority. This is why I can't see why it's been taken out but not put back in.

[343] **Christine Chapman:** Jocelyn, before you move on, I know that Peter had a supplementary question on that particular point. I'll come back to you.

[344] **Peter Black:** Not on that point.

[345] **Christine Chapman:** Oh, right.

[346] **Jocelyn Davies:** I've finished anyway.

[347] **Christine Chapman:** Oh, right. Okay. Peter.

[348] **Peter Black:** This is obviously quite complex in terms of a 30-page document and stuff. We just heard evidence from the landlords that the vast majority of landlords in Wales are single-household landlords, people who may be accidental landlords, people who just have the one property. To what extent do agents represent those people, or do you tend to represent more the multi-property landlords?

[349] **Mr Cox:** I think it's absolutely everybody. One of the things, particularly, where the Housing (Wales) Act actually will benefit and improve the sector, is that the landlords will have to know what they're doing or give it to a licensed agent. Therefore, the sort of complexities of housing law—. They will either be trained or they will give it to a trained



person. Therefore, I think a lot of the issues around understanding what the legislation is and complying with the legislation will go away, to a certain extent, with the licensing requirement and the registration requirement. So, I don't really see it as a particular problem, but our agents represent everybody from the accidental landlords—the person who has bought one or maybe has inherited a property—to those who have built up a whole portfolio. Some of the largest landlords get to the point where they just can't manage it themselves, even if they wanted to, so have to give some of their portfolio to agents.

[350] **Peter Black:** I think Douglas Haig said it's 80 per cent that are single-property landlords. Does that reflect the make-up of your client list, that percentage?

[351] **Mr Cox:** I'm not an agent, so I can't speak—

[352] **Peter Black:** Okay. Are you aware that it reflects the make-up of agents' clients?

[353] **Mr Cox:** I would say that sounds very sensible and very appropriate, because the vast majority of landlords in this country are small individuals; they've got one or two properties. We're seeing the first shoots, really in London alone at the moment, of the institutional investor market. A little bit is moving into Manchester at the moment. I expect some to come to Cardiff in the coming years. But the UK's residential rented market is very much individual people as landlords.

[354] **Peter Black:** The Duke of Westminster excepted.

[355] **Mr Cox:** The Duke of Westminster excepted, indeed. [*Laughter.*]

[356] **Christine Chapman:** Right. I want to move on now to the next part of the Bill, which is joint contracts. John, you've got some questions.

[357] **John Griffiths:** Yes, there are proposals, obviously, in terms of joint contracts, that are designed to introduce more flexibility and allow one tenant to withdraw from the contract, leaving other tenants in place, for example. I think there are issues there in terms of the effects on the remaining tenants and, indeed, issues for landlords. What's your general view of the proposals in the Bill, in terms of whether they introduce necessary and beneficial flexibility, or whether, perhaps, they may create some unintended consequences that would adversely impact on tenants or landlords?

[358] **Mr Jones:** I think in general we would support the concept of flexibility, but, just as in the closing part of your question then, the unintended consequences that that actually might bring up are quite significant—from both the landlord and tenant perspective, that is. From the landlord's point of view, obviously they do a referencing at the start to ensure that the tenant, or the two tenants or three tenants, have the ability to fulfil the contract in terms of the payment, and then if, obviously, one party decides to vacate at that point, then the landlord is in a situation that, unless each individual applicant can afford it in its own right, at the start of the lease, which, in most cases, is not the case—it required a joint reference to be able to get the affordability for the rent—then the landlord's in a situation that he didn't intend to set out on at the commencement of the lease. Conversely, from the tenants' point of view, if there is a breakdown of relationship, or whatever is the cause of one party wishing to vacate the contract, they also are in a situation where they are left in a position of not being able to afford the rent to fulfil their contracts, and are at risk of losing their home as result. So, although we support the concept of flexibility, I just think some more thought about the drafting and how that could be dealt with needs to be given.

[359] **Mr Cox:** I think we also need to add compliance costs into this one as well, because, at the moment, you have an inventory and a schedule of condition at the beginning and an

inventory and schedule of condition at the end, and that's how the deposit is worked out, in terms of whether anything needs to be deducted from it. If you have somebody leave halfway through, they're going to need a checkout inventory for their parts, but then the property might not necessarily be up to a checkout standard, because the other tenants are staying, and then the new tenant will need a check-in inventory and therefore it's adding costs to both landlords, tenants and agents. We have to think about the cost of compliance with the tenancy deposit protection schemes as well, particularly if you use the insurance-based schemes. At the moment, you will protect the deposit once, and, particularly in the insurance schemes, they usually appoint a sort of head tenant, and therefore, if there are five people going in, it's one deposit that gets registered. Under these proposals, it might need five separate deposits, which will therefore increase the costs five times for protecting the deposit.

11:15

[360] Then, if somebody moves out and somebody moves in, they've got to unprotect and then re-protect and pay again, at which point, the compliance costs go up whilst, particularly for deposit protection, the tenant can't be charged for that; those compliance costs will have to be borne by somebody, which is likely to be reflected in increased rents for the tenants in order to be able to comply with these sorts of changes.

[361] Having said that, deeds of assignment already exist, so, in the event of a tenancy breakdown and one person wants to move out, under existing law, a deed of assignment can be done for one tenant to move out and another tenant to move in, but that doesn't generally involve the deposit having to be unprotected and re-protected; merely, the incoming tenant gives the outgoing tenant their share of the deposit. So, it's those sorts of issues—it's a very laudable aim, but we've got to consider practical application and practical implementation. So, I think we both agree with the principle, but we need to make sure that the compliance costs don't become prohibitive in complying.

[362] **John Griffiths:** Okay. That's fine, Chair; thanks.

[363] **Christine Chapman:** Okay. I want to move on now to the issue about the six-month moratorium. Peter.

[364] **Peter Black:** Yes, thank you. What impact does the six-month moratorium have at present on the rental market, and does it stop lettings to high-risk tenants, such as people with poor credit scores or in receipt of housing benefit?

[365] **Mr Cox:** I think the answer to that is yes, it does, particularly with agents' references. A standard part of what an agent does for a landlord is to reference the tenant, and if the credit check comes back negatively—. Generally, the referencing agencies use a sort of traffic light system—green: no problems; amber: maybe some problems, so we recommend a guarantor; red: there have been some problems in the past, probably not the best tenant to rent to. It is important to remember that the agent's responsibility is to secure the best possible tenant for their landlord client. Therefore, yes, it does have an impact, because they can't use the no-fault possession clause to regain possession if the tenant immediately goes into rent arrears and stops paying the very first rent, effectively.

[366] Therefore, I think this will have a positive impact on vulnerable tenants. It will have an impact with the provisions in the Bill relating to 16 and 17-year-olds, where, whilst we have some concerns, again, we understand the principle. But, we need to make sure that the Bill doesn't give at one end but then takes away at the other with the regain and possession aspect, which I'm assuming you're going to come on to later, so I'm not going to go into any more detail on that one. It's about making sure that we balance at both ends rather than skewing at one end and then making it very difficult to regain possession at the other end,

which will still mean that landlords will be less willing to take the most vulnerable tenants.

[367] **Peter Black:** If the six-month moratorium was not there, would they still be likely to take the risk?

[368] **Mr Cox:** Less so, I think is the answer. There are, obviously, many landlords who specialise in the housing benefit market—

[369] **Peter Black:** Yes, of course.

[370] **Mr Cox:** —but it is a very specific subset. Agents don't really engage with housing benefit tenants; it's more managed landlords—the landlords who manage the properties themselves—who specialise in that. Obviously, in more deprived areas of the country, there are agents who specialise in housing benefit tenants, but, generally, you would go through a managed landlord rather than a letting agent if you're on housing benefit.

[371] **Peter Black:** If someone defaults straightaway, it's still going to take you two or three months to get them out. So, you could still be three months in arrears.

[372] **Mr Cox:** But that's three months as opposed to nine months.

[373] **Peter Black:** Yes, but my point is, you know, landlords looking at these credit ratings and looking at the type of tenant coming in and saying, 'This is a huge risk'; is he going to take that risk for three months, which he wouldn't take for six months?

[374] **Mr Jones:** I think it perhaps depends on the supply of tenants in the market at that moment in time as well. If he had the choice of two people—one with a red light on his report and one with a green light on his report—one would say that he would naturally go for the green light.

[375] **Peter Black:** Obviously.

[376] **Mr Jones:** In addition to purely looking at the rental arrears, obviously, in terms of the compliance every time a property changes over, tenancy wise, you have end-of-tenancy electrical checks and other checks that have to be done from a purely legal point of view to ensure that the property is safe and fit for the next person to move into. So, from the perspective of all of the end-of-tenancy costs that a landlord would normally incur making a property fit and ready for the next person to move into, actually, those costs would probably also be a factor in considering going for shorter term lets.

[377] **Mr Cox:** The other point I was going to make is that landlords and agents do want long, well-maintained tenancies. From a purely business point of view, it is the most efficient way of generating rent. If you've got a tenant who pays on time, keeps the property in a good condition and is acting in a tenant-like manner, you want to keep that tenant for as long as possible. For landlords and for agents, they will have the compliance costs of bringing the property up from any wear and tear during the original tenancy, they will have the marketing on the portals, which is very expensive, and they will have all the advertising, the referencing and the inventory costs, and, actually, you don't know whether an incoming tenant is going to be as good as your last tenant. Are they going to pay the rent? You can do all the referencing you want, but you don't know until they're actually in the property. Therefore, the idea that landlords want to churn tenants to try to make a quick buck really isn't the case, because if you think you can increase the rent by £10 a week and it takes you three weeks to let that property and it's empty, you've negated that increase, at which point you're back to the start, if not actually making a loss from getting rid of the tenant.

[378] **Peter Black:** Which brings me back to my first point of why you would take the risk, even without the moratorium.

[379] **Mr Cox:** It will depend on the areas and the circumstances. I would imagine in high-wealth areas of Cardiff, they still won't take tenants who come up with a red, but in other, more deprived areas of Wales, they will be more willing than possibly they have been in the past.

[380] **Peter Black:** If this Bill was to take a different tack and say, 'We're going to have a longer term tenancy with a probationary period,' would that have an impact on the market? Would that be a negative impact or would that be a better way of doing things?

[381] **Mr Cox:** I think that would have a quite significant negative impact, if we looked at longer term tenancies. Longer term tenancies don't really work. The issues we were talking about earlier—deeds of assignment—will kick into play much more often. Tenants don't want longer term tenancies. They are on offer; landlords want the tenants to stay for as long as possible if they are good tenants who pay rent. If you fix a term of three years, as what the proposals were in the general election—

[382] **Peter Black:** It's actually more like a one year, to be honest.

[383] **Mr Cox:** —you have to think about the flexibility. If somebody is coming on a six-month contract—a work contract—are they going to want a 12-month tenancy? Six months, I think, works quite well at the moment, but if you're looking at trying to ease concerns about vulnerable, low-income tenants securing good-quality and affordable accommodation from reputable landlords—because the problem that we will have, particularly with a minimum of one year or a minimum of three years, is that there will still be people in the market, unless there is sufficient prosecution and sufficient enforcement, who will operate underneath the radar—those people, the most vulnerable in society, are the ones who need the greatest protections of the professional landlord, and will the professional landlord be willing to take them? That is why we're quite supportive of losing the six-month moratorium, because it will mean that the professional end of the sector will be more willing to engage with that sort of market.

[384] **Peter Black:** But the Bill could offer a choice.

[385] **Mr Cox:** It could.

[386] **Mr Jones:** I think the freedom to contract on that element certainly happens at the moment. Again, that's part of a negotiation that we started on at the start; a tenant may come along and say, 'I'm looking for a one-year lease', or a two-year lease or a three-year lease. So, it happens already. I think there's a danger, as David has alluded to, of actually putting that definitive line in the sand any higher than where it is at present, because, actually, you then remove that ability for people to choose their contract length, which, at the moment, is already happening.

[387] **Christine Chapman:** Rhodri had a supplementary on this.

[388] **Rhodri Glyn Thomas:** Mae'n e'n **Rhodri Glyn Thomas:** It is associated with gysylltiedig â hyn, Gadeirydd; nid yw'n this, Chair; it does not relate directly to this ymwneud yn uniongyrchol â'r pwynt yma. point.

[389] **Jocelyn Davies:** Is it working? Is it on channel 1?

[390] **Mr Cox:** Channel 1.

[391] **Rhodri Glyn Thomas:** A oes **Rhodri Glyn Thomas:** Is something coming rhywbeth yn dod drwodd? through?

[392] **Mr Cox:** Yes, but I'm afraid we missed the beginning.

[393] **Mr Jones:** We missed the start.

[394] **Christine Chapman:** If you could start again, Rhodri.

[395] **Rhodri Glyn Thomas:** Mae hwn yn **Rhodri Glyn Thomas:** This is a related bwynt cysylltiedig yn hytrach na phwynt yn point, rather than one that deals directly with ymwneud yn uniongyrchol â'r hyn a godwyd: what's been raised: with the deposits that gyda'r blaendal y mae'n rhaid i denant ei tenants have to pay, we've received evidence dalu, rŷm ni wedi derbyn tystiolaeth nad yw that tenants do not always claim those tenantiaid yn hawlio, bob amser, y blaendal deposits back at the end of the tenancy. Is hwnnw'n ôl ar ddiwedd eu tenantiaeth. A ydy that something that you're aware of? Is there hynny'n rhywbeth rŷch chi'n ymwybodol something that we could do in the section of ohono fe? A oes rhywbeth y gallwn ni ei the Bill that relates to deposits in order to wneud yn adran y Bil yma sy'n ymwneud â'r safeguard the tenant in that situation? blaendal er mwyn diogelu'r tenant yn y sefyllfa yna?

[396] **Mr Cox:** Yes, I do agree with that one. There are situations where tenants don't reclaim the deposits. ARLA certainly takes a very different view to that which was expressed by the RLA in the last session. ARLA and RICS actually created the very first tenancy deposit scheme for our members back in the 1990s. That scheme still exists today as TDS. It's not owned by us any longer, and run by us; it's one of the Government-authorized schemes. But, we've had our members having to protect the deposits since the mid-1990s, and we were very pleased when the Housing Act 2004 came into force, because, again, it was professionalising the industry and providing independent redress for consumers. I don't think there's anything we can do if the tenant doesn't then reclaim the deposit out of the scheme. Certainly, TDS at the moment actually has a charitable foundation from the deposits that haven't been reclaimed, which are going to charitable works in the sector to increase knowledge and professionalism and understanding. [*Interruption.*] Was that not the question that we were asked? Sorry.

[397] **Jocelyn Davies:** No, no. I was just wondering: why don't they?

[398] **Mr Cox:** I don't know. We have no idea why a tenant would not reclaim the deposit at the end of their tenancy, but we are aware that tenants don't. I don't think there's anything we can do about—

[399] **Jocelyn Davies:** Is it difficult—you know, is it a potch—to get your deposit?

[400] **Mr Cox:** According to research by TDS, they published their—. I can speak about TDS because I work with them quite closely. TDS publish regularly their statistics on deposit dispute, and I think, last year, their deposit dispute ratio was less than 1 per cent—0.89 per cent of the deposits that went through TDS actually ended up in some sort of dispute resolution, at which point they've either agreed the deposits at the end of the tenancy, or they've got their whole deposit back. Therefore, why people don't claim them back, I really have no idea. It is their legal right. It's a very simple process. The law is very clear on this, and that is why the tenancy deposit protection rules are very clear. They're very easy to enforce. They are really getting into the mass market. It's taken a while, but they've been in force for seven years now, and it works very well. Why they don't reclaim their deposits I'm

afraid I've got no idea at all.

[401] **Christine Chapman:** Okay, Jocelyn?

[402] **Jocelyn Davies:** It just seemed to me that there was this wanting to protect the tenant by protecting the deposit, and then it's not claimed back, and then obviously this money is accumulating in the scheme, or going to charity, or whatever, and I just wondered if there was something that we could do to make it— I wondered if it was difficult to get it back, so people didn't bother, because it's probably hundreds of pounds, isn't it, for each person?

[403] **Christine Chapman:** Yes, of course. It's something that we can ponder.

[404] **Mr Cox:** I can't suggest a solution to that one. It's their legal right to have it back. Why they don't claim it back, I really don't know, because it is, you're right, a significant amount of money, potentially.

[405] **Christine Chapman:** Right, we're going to move on now to the issue of 16 and 17-year-olds. Alun, you had a question.

[406] **Alun Davies:** Yes. As you'll be aware, the Government is proposing that 16 and 17-year olds be able to hold contracts. Are there any issues that you foresee arising from his?

[407] **Mr Jones:** Just initially, their ability to obtain utility services would be the first thing that would spring to mind. Obviously, a utility service is a form of credit agreement, and their ability therefore to obtain a credit agreement at the age of 16 or 17 for the property would be the first thing that would come to mind.

[408] **Mr Cox:** I would echo exactly the same. In principle, it's a laudable aim. Practical application is going to be a challenge, particularly for utility bills, for council tax bills. Some agents do allow 16 and 17-year-olds to rent properties—people like care leavers, people who have left the family home—as long as there is an adult, somebody over the age of 18, that actually takes the tenancy, and then the 16 or 17-year-old becomes a permitted occupier. So, that already exists. Again, it's a laudable aim, but it's the practical implementation that I think could pose challenges for people who can't get credit agreements because they're not old enough to do so.

[409] **Alun Davies:** That's very diplomatic. You're a far better diplomat than I am. Do you think it's a good idea? Is it right or is it wrong? Remember, this is changing the law. This isn't a policy ambition. This will be law if we agree it.

[410] **Mr Cox:** I think it will be too difficult to enforce and therefore landlords won't do it. They will still require somebody over 18 to sign the tenancy agreement and then allow the 16 or 17-year-old to live in the property.

[411] **Alun Davies:** So that's a 'no'.

[412] **Mr Cox:** Yes.

[413] **Alun Davies:** It's a 'yes'?

[414] **Mr Cox:** It's 'no'; I don't think it will work, I'm afraid.

11:30

[415] **Alun Davies:** Is that the view—?

[416] **Mr Jones:** I think, in practice, you would probably find that, even if that was available, that landlords—again, going back to the supply sector from before—given the choice, would probably look for an 18-year-old.

[417] **Alun Davies:** Thank you.

[418] **Christine Chapman:** Okay. If we move on now to Gwyn's questions.

[419] **Gwyn R. Price:** Good morning. Can I ask all of you there to expand on the concerns that the period during which a landlord or an agent would be able to make a possession claim should be longer than the two-month period proposed? What case have you got for that? You are actually asking, I think, for four months.

[420] **Mr Cox:** Sorry, if you'll just give me one second. I'm afraid I can't actually find the point, now. Was it in relation to the abandonment provision, sorry?

[421] **Christine Chapman:** No, it's landlords' notice.

[422] **Gwyn R. Price:** It's landlords' notice.

[423] **Christine Chapman:** Section 21.

[424] **Mr Cox:** Thank you very much. I think, on this one, we were talking about bringing it in line so that everything was consistent.

[425] **Gwyn R. Price:** The same as they've got in England. It's four months in England; perhaps you wanted to bring it in line with that, did you?

[426] **Mr Cox:** But also, in other provisions in the Bill, things were four months, and this one was two months, and this didn't have—. It seemed that it was one thing that was out of kilter, really, with everything else. So, it was merely creating consistency in notice periods.

[427] **Gwyn R. Price:** So, that's where your concerns were.

[428] **Mr Cox:** Yes.

[429] **Gwyn R. Price:** And you had concerns as well about the court being able to delay awarding possession for up to six weeks in the case of exceptional hardship. You had concerns about that.

[430] **Mr Cox:** Yes, and this is actually what I was talking about when I mentioned about giving at one end, but, to a large extent, taking away at the other. It does already exist under the Housing Act 1980, section 89, but we need to be very careful with staying possession proceedings. We've made the point a couple of times in our submission around certainty. Something that landlords need is the ability to ensure that they will get their property back. Courts are massively overburdened at the moment; it's one of the reasons we're proposing a, sort of, first-tier tribunal and taking housing possession cases out of the county court and into a specialist housing court. It can take a very long time. I think it was Adrian in the last session who was talking about the homelessness provisions that local authorities interpret. If local authorities are saying that they will not consider somebody unintentionally homeless until they've been physically evicted by the bailiff, we're talking months and months and months of non-payment of rent, which, if the landlord is a buy-to-let landlord, can put their property at risk of repossession, because the local authorities are not interpreting the Government guidance as they should be.

[431] In 2006, on the homelessness issue, the Government issued guidance saying that the service of a section 21 notice was sufficient for them to be classed as ‘unintentionally homeless’; that was ignored by almost every local authority. The Government reissued the guidance and clarified the guidance, reiterating that point, in 2009, and yet still to this day, local authorities are saying, ‘We will have no duty to house you until you are forcibly evicted by the bailiffs’. Now, if they are a vulnerable, low-income family, can you imagine how awful that must be for them, that they’re being told, ‘You’ve got the possession Order; we will not do anything to help you until literally somebody comes and drags you out of that house’. I don’t think that’s right, and I would imagine none of you think that is right, but those are the problems that landlords are encountering on a day-to-day basis and, generally, during these periods, which can last for months before you actually get the bailiffs there, the landlord’s not getting any rent, and therefore their properties are likely to be repossessed by the mortgage company.

[432] That’s one of the reasons we’re talking about specialist housing courts or a housing tribunal, because, in the county courts, a judge will have a landlord possession claim, then maybe a family claim, a tort, a contract dispute; they have to be the masters of everything and they just don’t understand the law a lot of the time, not being able to keep up to date with every change in every civil case. Whereas specialist housing judges will know—will be able to be kept up to date with the laws, even if, really, they just allocate one day a week in the county courts to possession claims, and a specialist judge comes in and does nothing but possession claims. In a lot of possession claims and contested claims, recent case law changes, and the agent, the landlord, the lawyers, are having to explain to the judges the new law so that they can interpret it, not to mention the fact that the statutory guidance the courts use to interpret housing legislation is so woefully out of date it’s totally unenforceable. We’ve been advocating that it needs to be updated, because it doesn’t take into account things like the Housing Act 2004. The current statutory guidance was imposed in 2002 and there’s obviously been an awful lot of legislation since then.

[433] **Gwyn R. Price:** Thank you very much.

[434] **Christine Chapman:** Mike.

[435] **Mike Hedges:** Didn’t the 2014 Act actually bring a duty in to deal with people when they’re under threat of homelessness?

[436] **Mr Cox:** I don’t know, I’m afraid, off the top of my head.

[437] **Mike Hedges:** Anyway, that wasn’t what I was going to ask, but it seemed to lead on from the last thing—

[438] **Christine Chapman:** That was just a test. [*Laughter.*]

[439] **Mike Hedges:** It does, actually—I think that is a matter that perhaps needs looking into. How common are retaliatory evictions?

[440] **Mr Cox:** Retaliatory eviction is something that we spend quite a lot of time talking about. I’ve heard figures up to as much as 213,000 tenancies are at risk of retaliatory eviction. We—[*Interruption.*] Sorry?

[441] **Alun Davies:** Is that a UK figure?

[442] **Mr Cox:** That’s a UK figure, yes. We looked at the Office of National Statistics data and the survey of English housing, and if you think that over 90 per cent of tenancies actually



end at the request of the tenant—less than 7 per cent end at the request of the landlord and the other 2 per cent is by mutual agreement—we actually came out with the figure of potentially 7,120 tenancies a year would be at risk of retaliatory eviction in the UK. Again, that's still 7,000 tenancies too many, and we would very much like to see this issue put to bed once and for all. We are concerned with the provisions in the Bill, though; we think it's open to vexatious claims of retaliatory eviction and think it needs to be strengthened, and strengthened quite significantly. It goes back to that issue of certainty over the landlord being able to regain possession of their property.

[443] Now, actually, what the UK Government has done in the Deregulation Act 2015—in the retaliatory provisions under the Deregulation Act—we think is very sensible, and would recommend that the committee takes good scrutiny of the wording of the legislation in the Deregulation Act. It provides the landlord with an opportunity to fix the problem, but the six-month moratorium, after which notice is served by the local authority, ensures that there will not be the vexatious and spurious claims that, under the current law, could literally be levied against the landlord at the door of the court on the day they go to get the possession claim. So, I think it does need to be strengthened. I agree it should be in there, and we would certainly like to see this issue put to bed once and for all, but I think it needs to be strengthened.

[444] **Mike Hedges:** That answered all the formal questions I've got. I might be the only person who doesn't know the answer to this—you talked about only the repairs that are directly under the control of the landlord.

[445] **Mr Cox:** Yes.

[446] **Mike Hedges:** What repairs are not directly under the control of the landlord?

[447] **Mr Cox:** Blocks of flats: prime example. In a block of flats, the landlord will lease their flat for 125 years. The landlord is responsible for the internal walls and everything within that. They're not responsible for the cavities, the external walls, the windows or the common parts. So, reading the Bill—I think, section 92 of the Bill—it's talking about landlords who are responsible for everything in the building. Now, if you've got—. I walked past a new block of flats on my way here this morning, and if they've got 50 or 100 flats, an individual landlord cannot control what happens in the common parts; that is the freeholder or the managing agent, and there's an awful lot of leasehold management law. Therefore, is it right that a landlord should be held responsible for something that they can't control? They can't fix a broken lift, they can't fix a damaged carpet; it's the requirement of the freeholder and the managing agent to do that. Talking about the provisions around gutters and roofing and external walls, again, in a block of flats, that's not the landlord's responsibility. Under the current leasehold framework, if it's going to cost a leaseholder more than £250 to upgrade the facade of a building or to repair the facade of a building, the managing agent then has to go to consultation with everybody in the building, which takes an awful lot of time, and therefore, we could be talking—for blocks of flats—months and months to actually get something done. Is it right that the landlord is held responsible for what is not within their control?

[448] **Mike Hedges:** Can I just follow this on? It's an interesting thing. If I was living in a block of flats and I was living on the ground floor, I probably wouldn't care whether the lift was working or not. If I was living on the fifth floor, and the lift wasn't working, I may well end up housebound. So, if the landlords aren't responsible, which you've said they're not, if the management company won't do anything, and I'm tied into paying rent on a property that has, effectively, stopped me being able to live in it, what should I do?

[449] **Mr Cox:** This is where we need to look at leasehold law as well, because, no, I agree with you entirely. It's actually one of the same problems that is going to come in with minimum energy performance standards under the energy Act, of an energy performance

certificate minimum of an E by 2018. In a block of flats, a landlord can't externally insulate the wall around their flat. How are we going to deal with these sorts of consent issues? I fully appreciate your argument, but a landlord's hands are tied, because, in that situation, a landlord is a tenant themselves, because they are the leaseholder of the tenant of the superior landlord, the freeholder, and then their tenant is effectively a sub-tenant. I agree entirely; I don't think that this Bill is going to be able to solve that. I think you need to look at leasehold law, and I know that the Association of Residential Managing Agents has been campaigning for greater controls over leasehold block managers for many years, for exactly those sorts of problems.

[450] **Mike Hedges:** Well, thank you; I found that helpful anyway.

[451] **Mr Jones:** I just think that now might be a good time to actually—. One of the areas of problem is, by looking for existing tenancies—. Obviously, if this comes in on a date in the future to affect new tenancies with new agreements, we have the chance to actually try and write new agreements in such a way as to deal with these matters. With the Bill potentially including all existing agreements as well, in effect, all these existing leases and complicated leasehold interests, which are there at the moment, all of a sudden are drawn into it. So, that is one potential problem with looking back to include all existing agreements.

[452] **Christine Chapman:** Okay.

[453] **Mike Hedges:** Thank you.

[454] **Christine Chapman:** Janet.

[455] **Janet Finch-Saunders:** How do you feel that the Bill will improve the condition of dwellings in the private rented sector?

[456] **Mr Cox:** The Bill itself, I'm not sure, because it really only replicates the existing requirements to maintain properties. I think that that is actually where the Housing (Wales) Act will have a greater impact, because it will explain to landlords—. This is why we've always been supportive of knowledge-based accreditation and knowledge-based training, explaining to a landlord why they should do something—why maintenance, if you do it upfront, will reduce your annual cost and keep your tenants longer and will be more efficient in generating rent—as opposed to a prescriptive set of requirements, which are property-based accreditations, that they have to do a, b, c and d with no explanation about why they have to do that. So, the face of the Bill really replicates the provisions under, I think it's section 11 to 13 of the Landlord and Tenant Act 1985, and therefore, I think that it very much needs to remain in the Bill. I don't think, on its own, it will have a great deal of impact, but in conjunction with the Housing (Wales) Act and, most importantly, in conjunction with proper prosecutions and proper enforcement—. And turning to the issue of enforcement, if I may for a moment, one of the things that we have been advocating for many years is that, at the moment, local authorities can't recoup the fines. The fines go into the consolidated fund in the Treasury for the vast majority of housing-law offences. Now, costs Orders don't cover the cost of the prosecution, at which point, environmental health, trading standards—depending which department is the enforcing department—are loss-making departments for local authorities.

11:45

[457] One of the things we would like to see is the Welsh Government and the UK Government, when they're creating new laws and new duties, giving the enforcing bodies the ability to keep, I would argue, 100% of a fine, but even 50% of the fine, so that they can actually then funnel that into their own departments and become revenue generators. If they start being able to keep the fines, that's more money for enforcing officers, more money for

training and more money for going out and actually enforcing. That is the problem with the sector at the moment, not the lack of law—it's the lack of actual enforcement.

[458] **Janet Finch-Saunders:** I think you've made one of the most important points, now, that I've witnessed, certainly, in taking evidence. I think it's all down to enforcement, and I know, as an Assembly Member, where we do get issues, sometimes the council are able to follow them through quickly and landlords adhere and make changes, but, in some instances, it's a nightmare.

[459] **Mr Cox:** Absolutely.

[460] **Janet Finch-Saunders:** I actually didn't realise until today that the enforcement—. Really, there's no will there. You know, if departments are really struggling, because we all know that, in local government terms, the finance tends to go into social services and education, and, when the cuts come in, it's usually these—. Even though they are statutory functions, they're not seen as important in the scale of things. I wasn't aware of this, so should the Welsh Government be making quite robust representations now to the Treasury—we have a new Government in place—to point out that this enforcement is a must and it needs to be well financed and resourced?

[461] **Mr Cox:** I would welcome it. To give the Government in Westminster their credit, we've been raising this for a number of years now, and, actually, in the redress scheme provisions, all letting agents need to be members of the redress scheme in England from last October. That is a fixed-penalty notice, and that's the other aspect of enforcement. You go from prosecution to fixed-penalty notices, like car parking, to make the enforcement easier and, effectively, reverse the burden of proof. At the moment, the enforcing body has to prove they've infringed, whereas, if you think about a parking ticket, you get the photo and you have to prove that you weren't parked there; therefore, fixed-penalty notices will make prosecutions easier and being able to keep the fines will make local authorities revenue generators. That is exactly the tack that the Home Office have taken with the Immigration Act 2014 requirements and the right-to-rent checks; they are fixed-penalty notices in pilot areas, and they will be, should it get rolled out nationwide, and the same applies with the redress scheme for letting agents. Actually, when the Consumer Rights Act 2015 and the fees provisions for letting agents come into force in England on 27 May, that will be fixed-penalty notices as well, and, if I may, I would urge the Welsh Government to lay the regulations as soon as possible to bring the fees elements of the Consumer Rights Act 2015 to Wales as well.

[462] **Janet Finch-Saunders:** Wow, seriously, I think this is where the frustration has been coming, really, because we did a workshop, and one of the big things that came out was people—. We rent, as AMs—north Wales AMs coming down here—and it is a big issue, trying to get really minimal repairs, sometimes, but I think the fixed-penalty notice is one avenue. So, I think we need, as a committee, to be making representations.

[463] **Mr Cox:** I would be very grateful, because it's as frustrating for the enforcing bodies and the tenant groups as it is for the professional industry body. I get my members saying, 'Well, you're forcing us to comply with these laws, but Joe Bloggs down the road is getting away with it; he's charging less fees because he's not meeting the same gold standard that you force us to, and he's not being prosecuted against'. Now, since the redress schemes, I have been happily informing local trading standards departments—sorry, local housing departments, even—where we find agents that are not members of the redress scheme. We need to give the local authorities that incentive to go out and do the prosecution. If they can become revenue generators, I would hope that that is, actually, quite an incentive for them to do so.

[464] **Janet Finch-Saunders:** I think you've answered my next question. I was going to ask about the enforcement of conditions and whether they should be left, effectively, to contract holders; it's far too problematic and can be expensive, so I think you've come up with a bit of a solution there. Did you want to—?

[465] **Mr Jones:** No, I totally agree with David, there; he made the point very well.

[466] **Christine Chapman:** Okay.

[467] **Janet Finch-Saunders:** Absolutely.

[468] **Christine Chapman:** We need to close this session now, because we've got other items.

[469] **Alun Davies:** Can I just suggest that, perhaps, that exchange forms the basis of a letter to the Minister, to ask her what her plans are on those regulations?

[470] **Christine Chapman:** Right. Okay. We could do that.

[471] **Alun Davies:** That might be useful in order to clarify that situation.

[472] **Christine Chapman:** We'll take that up, Alun. All right. Okay.

[473] Can I thank you for attending this morning? We will send you a transcript of the meeting. We have further questions, but, you know, time is against us. So, as I said, if you could answer those in writing, we'd be very grateful. Thank you very much.

11:50

### **Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd Motion under Standing Order 17.42 to Resolve to Exclude the Public**

*Cynnig:*

*Motion:*

*bod y pwyllgor yn penderfynu gwahardd y cyhoedd o'r cyfarfod ar gyfer eitemau 5 a 10 yn unol â Rheol Sefydlog 17.42(vi).*

*that the committee resolves to exclude the public from the meeting for items 5 and 10 in accordance with Standing Order 17.42(vi).*

*Cynigiwyd y cynnig.  
Motion moved.*

[474] **Christine Chapman:** Could I now invite the committee to move into private session to discuss some of the evidence, particularly items 5 and 10? Okay. Thank you.

*Derbyniwyd y cynnig.  
Motion agreed.*

*Gohiriwyd y cyfarfod rhwng 11:50 ac 13:01.  
The meeting adjourned between 11:50 and 13:01.*

**Y Bil Rhentu Cartrefi (Cymru): Sesiwn Dystiolaeth 9—Cyngor ar Bopeth  
Cymru a Shelter Cymru**  
**Renting Homes (Wales) Bill: Evidence Session 9—Citizens Advice Cymru and  
Shelter Cymru**

[475] **Christine Chapman:** Welcome back, everyone. This is the ninth evidence session on the Renting Homes (Wales) Bill. During this session, we will be hearing from Shelter Cymru and Citizens Advice Cymru. So, can I give a very warm welcome to Ellie McNeil, Citizens Advice Cymru, and also Jennie Bibbings, Shelter Cymru? So welcome. Obviously, Members will have read the written evidence you provided, so we will just go straight into questions.

[476] As you know, this is quite a technical, complex Bill, so we want to focus, particularly, on your views on the different aspects of it. So, we will do that. Can I just start off? I mean, are you actually clear about the Welsh Government's intentions regarding this piece of legislation?

[477] **Ms Bibbings:** Yes. I think we're quite clear about the intentions, in terms of simplification and reducing litigation and making things clearer and more understandable for all parties. I think we're quite clear about that.

[478] **Ms McNeil:** Yes, I would agree.

[479] **Christine Chapman:** Okay. Sorry; it's 'Elle' isn't it?

[480] **Ms McNeil:** Elle, yes. It's just a strange spelling. You'll have to blame my parents.

[481] **Christine Chapman:** Okay, thanks Elle.

[482] Do you think that there are any issues that it fails to address? Are there things that you would've liked to have seen in the Bill?

[483] **Ms Bibbings:** I think the key one is security of tenure in the private rented sector. That's a really important one for us, and it's a really important one for tenants as well. I guess that the concern for us is not only that we didn't see anything more progressive in renting homes, perhaps something more in line with what Scotland is currently doing at the moment; not only did we not see that, but actually, by removing the moratorium, we were going in the opposite direction. So, the lack of security in the periodic standard contract is something that concerns us greatly.

[484] I think it does actually undermine the whole contract approach, because if you think of a contract as a negotiation between two parties, it's difficult to have that negotiation if one party has the ability to take the other's home off them at any time. You can see it quite vividly in the Bill itself, in section 126, which is around the landlord's power to vary the terms of a periodic standard contract. It's quite shocking to see it in black and white on the face of the Bill, but the prescribed form of the notice that the landlord has to give the tenant in these circumstances is, 'Either you, the tenant, agree to these variations of terms, or I will issue possession proceedings under the landlord's notice'. It's quite shocking to see it in black and white, but that's not a contract negotiation. What that is, in fact, is a unilateral variation of a contract. It's something that is an important principle in contract law that we're having to compromise to try and make this thing work.

[485] So, for us, yes, very much. You know, the contradiction between the kinds of proposals that we're suggesting for the social sector and for the private sector—two groups of tenants who, in social terms, in demographic terms, there's not a huge amount of difference

between them, anymore. If you look at the proportion of families with children, you look at the proportion of people in poverty and you know the proportion of vulnerable people, there's not that much difference between them anymore. Yet, it's a very different offer, going for, you know, discretionary grounds in social housing, where we're saying to tenants, 'Actually, you do have the right to defend your home.' You know, that's what a discretionary ground is.

[486] It's a very important point for a social tenant that, if there are possession proceedings, they have the right to defend their case and say why the situation has arisen, because there could be good reason, you know. There could have been housing benefit maladministration or there could be a death in the family. There could be a whole range of reasons. The landlord may even have their facts wrong, you know—that does happen. So, on the one hand, we're saying to social tenants, 'You do have the right to defend your home', and, at the same time, saying to private tenants, 'You don't have that right; you don't have any right to defend your case, because what the landlord says goes.' I feel that that's a fundamental contradiction in the proposals.

[487] **Christine Chapman:** I'll bring Alun in, because I know you had a specific follow-on from this.

[488] **Alun Davies:** Yes, I was interested, Ms Bibbings, in the initial part of that answer. You spoke about the six-month moratorium taking away security. I wonder if you could—John Griffiths takes an interest in this—sustain that argument. The representatives of landlords this morning were very clear that what a landlord wants is the tenant in their house or whatever—in their property—they don't want churn. Now, I'm a private landlord myself, and that concurs with my experience and my approach. So, I think that argument has a great deal of power to it. Why do you not accept it?

[489] **Ms Bibbings:** The reason why tenants, by and large, aren't willing to enter into longer term contracts at the moment is because the financial commitment that you have to make as a tenant is too great and the risk of signing up to be financially responsible for paying the rent for, say, three, four or five years into the future—

[490] **Alun Davies:** We're talking about six months here—the six-month moratorium.

[491] **Ms Bibbings:** Okay. I'm sorry, perhaps you could rephrase. So, do you think that tenants are unwilling to enter into six-month—

[492] **Alun Davies:** Well, you made the point, when you were answering a question earlier, that that took away security, and I'm trying to ask you: is that really the case in reality?

[493] **Ms Bibbings:** I mean, six months, in itself, is not a terribly secure tenancy; that is true. We're in a difficult position here, because, ideally, Shelter Cymru wanted something much more progressive. You know, what we wanted to see was a regime where landlords couldn't evict without reason, and, in that scenario, the moratorium becomes less important. You could have a six-month probationary period that was on a monthly, periodic basis and, at the end of it, it would default into secure terms. That would be the kind of thing that we would really want to see. We know that six months, in itself, is not a secure tenancy, and so, we're in a position where we're fighting for something that we know is a bare minimum, and we would much rather see something more progressive, but, nevertheless, six months is not a huge amount, but it is significant, it does make a certain amount of difference. It will make a difference in terms of—

[494] **Alun Davies:** Right, okay. But what I asked you was: do you have any evidence to sustain your argument that the lack of a moratorium, if you like, increases instability? Do you have evidence of people who are losing their homes or have been asked to leave, and in such

a way as to create instability in the market, because my feeling chimes with the landlords' approach that, 'We want tenants in our property, we don't want churn and we don't want to have to go through the hassle of letting and re-letting.' That, to me, is common sense. Now, you seem to be disagreeing with it, and I was wondering why.

[495] **Ms Bibbings:** Well, I guess, we're kind of assuming that landlords always make the right decisions and always make decisions based on facts, and I think, you know, that the issue with the landlords' notice and having access to landlords' notice is that—. It's a completely one-way system there; it's a one-way street, and a tenant, you know—. I mean, six months, in itself, isn't a terribly secure contract. I think we all have to acknowledge that, but the point is that tenants ought to have the right to defend their home. They ought to be able to defend a possession case—

[496] **Alun Davies:** Again, that's not the question I'm asking you.

[497] **Ms Bibbings:** I mean, in terms of evidence, removing the moratorium hasn't been done, so we haven't seen what the impacts of that might be, but I know that homelessness officers, for example, are very, very worried about what the impact of this is going to be in terms of homelessness presentations, because the loss of a private rented sector tenancy is already the second highest contributor to homelessness in Wales. What they're worried about is, you know, with losing the moratorium, losing that last vestige of security, what impact that is going to have on presentations going forward.

[498] **Christine Chapman:** Okay, Elle, did you want to come in?

[499] **Ms McNeil:** I think the argument's gone quite broad, so—.

[500] **Christine Chapman:** Right, okay. I'll bring Gwyn in now, because I know you had a follow-up point.

[501] **Gwyn R. Price:** Just to follow up on that, on rent increases, really: what do you think the consequences of the proposals in the Bill for rent increases could be for the rents in the private rented sector?

[502] **Ms Bibbings:** The proposals in the Bill—. I think the trouble with the proposals in the Bill is that the Bill is proposing to take away the right of tenants to apply to the rent assessment committee for a review of their rent. Now, we know that this is something that isn't an avenue that is very widely used. We know that, and that's the Government's reason for taking away tenants' rights to challenge a rent increase. The reason why it's not used very widely—to me, that speaks a lot more about tenants' lack of empowerment and tenants' lack of awareness of this route of redress than it does about the moderation of landlords' rental increases. We haven't seen in Wales—. The problem in the private rented sector is not so much that the rents are growing terribly steeply, it's that rents are high in the first place. So, it's more of a market-driven problem. Now, the Minister did say that they might consider reintroducing some sort of rent review, and I think that that would be very important, because, you know, at the moment, taking away tenants' rights to apply to the rent assessment committee, and also making it easier for landlords to introduce rent increases at an earlier stage—. Whereas at the moment they have to wait for a year, we're talking about introducing rent increases as early as two months into a tenancy, unless the contract says otherwise. It is, effectively, a landlord's charter to increase the rent at any time and for any amount, as I said in my written evidence. I think we have to think very carefully about what message that might give to landlords as well. So, I would very much hope that the Government is looking at, 'Well, okay, if the rent assessment committee isn't used very much as an avenue of redress, then what alternatives are there?' Because there needs to be some independent scrutiny of that to make sure that landlords introduce rent rises that are proportionate and appropriate and

aren't being done to compensate for carrying out repairs.

[503] **Christine Chapman:** Alun, do you want to come in on this?

[504] **Alun Davies:** You make a lot of assertions in your evidence. I'm interested in your being able to sustain those assertions with evidence, rather than just saying, 'This will happen'. With rent increases, you know, these operate in a marketplace. If a landlord seeks increases that are unreasonable, or charges unreasonable rent, then tenants will go elsewhere. So there is, within a market, a mechanism to prevent the sort of abuse, possibly, that you've just described. Is there any evidence that you have available to you of abuse of a dominant market position? I don't know if you think there is any part of Wales where there is an issue where a landlord is in a dominant market position and able to abuse that particular market. And, if so, do you have evidence of that abuse?

[505] **Ms Bibbings:** We have client evidence of landlords who introduce disproportionate rent increases of up to 25 per cent at a time. Our belief is that these are used as another way of getting tenants out. So, in terms of our casework, yes, we do see—

[506] **Alun Davies:** Do you have evidence in the market? Because this law isn't just to address issues of poor practice amongst individual landlords. This will be the law of the land. Does that mean—. Do you have evidence of a market functioning in such a way as to create a position for abuse, and then abuse taking place?

[507] **Ms Bibbings:** We have our casework evidence, and that is evidence, you know.

[508] **Alun Davies:** I asked for evidence in the marketplace. Do you have that evidence?

[509] **Ms Bibbings:** I'm not clear on exactly what kind of evidence you're referring to. Are you talking about court proceedings or are you talking about—

[510] **Alun Davies:** No, I mean evidence of rent increases and rents that are, in your view, unreasonable. The numbers—the statistical evidence.

[511] **Christine Chapman:** You've got casework, you said.

[512] **Ms Bibbings:** We've got casework evidence.

[513] **Alun Davies:** But that's anecdotal; that's not evidence.

[514] **Ms Bibbings:** If you wanted me to do—. I mean, a third of our casework is based on private tenants, so we could easily do that analysis and bring it to the committee.

[515] **Alun Davies:** Yes, but, with all due respect, that's anecdotal. It doesn't describe the market and what is happening in the market, and it doesn't contradict the evidence we had this morning.

[516] **Christine Chapman:** Well, obviously, the organisations are here, they come in with their evidence, and it could be slightly different evidence for different organisations. Okay. Gwyn, have you finished with your question?

[517] **Gwyn R. Price:** Yes, can I go? [*Laughter.*]

[518] **Christine Chapman:** I wanted to bring Mark in, and then Jocelyn.

[519] **Mark Isherwood:** Thank you. Interestingly, your comment about six months initially



and then moving to fixed term with a right to renew was exactly what the Residential Landlords Association said we needed as well. So, you have an ally.

[520] **Ms Bibbings:** Yes, we do, and we've been talking to Douglas for some time about developing this model between us. I guess the only difference between us is that we want something that would be statutory, and which would be a default across the sector, and Douglas is more in favour of a voluntary approach. I guess that's our main difference, but, in theory, we do want the same thing: we want security and we want predictability; it's just the detail, I guess, that is difficult.

13:15

[521] At the moment, a tenant has to sign up—. If you want it for five years, as a tenant at the moment, you have to sign yourself up financially to commit for five years, and you don't know where you're going to be in five years' time. That's a commitment that we don't demand of social tenants, and mortgage companies don't expect you to stay in the same place for five years. So, it's too high a price to pay for tenants. But there is common ground, and I do believe that there is the potential to hammer something out, because security of tenure for private tenants would be beneficial for landlords as well, because it would encourage that sense of ownership and stewardship and it would encourage tenants to see a house as theirs, and to care for it accordingly, and to see it as a lifetime commitment, whereas at the moment, they're reminded constantly that the house isn't theirs, it belongs to someone else, and so the tendency then is to, perhaps, treat it with a little bit less respect and leave without notice and things. There's an issue in the market there and, if we moved more towards the model that we have for social housing in the private sector, it would help to encourage tenants to treat a house with respect as well.

[522] **Mark Isherwood:** I think we heard virtually the same on that point this morning, but the point they made on rent levels was that it's a matter of supply, and the shortage of supply and lack of incentive to supply is what can force up market levels, except in areas of high deprivation, dependent on local housing allowance levels as the rent levels they have to set by default. Therefore, how would you respond to their arguments this morning that we need to be co-enforcing with the sector against bad landlords, but co-delivering with them to maximise and incentivise supply?

[523] **Ms Bibbings:** I think, you know, that's—yes, absolutely. I think that Douglas and we are singing very much from the same song sheet around enforcement and making sure that enforcement is appropriate. In order to deal with supply and disrepair in the private rented sector, you have to come at it from a whole range of different angles. Partly, it's about standards and landlord awareness-raising, and it's about having redress mechanisms that work, and it's about making that enforcement work as well. At the moment, we've got environmental health teams in Wales that have been really hit quite badly by the salami slicing in many local authorities, and disproportionately hit. The audit office report at the end of last year was quite stark in that sense. Landlord licensing: we're a little unclear on how some of the details of that are going to work as well, but that does have potential to improve the sector as well. So, yes, we have a lot in common with Douglas in that respect.

[524] **Christine Chapman:** Okay. Jocelyn.

[525] **Jocelyn Davies:** Thank you. On the back of what's already been asked, something that was also mentioned, I think by the Minister, when she gave evidence to us, is that residential property tribunal cases are few, but very rarely do they find in favour of the tenant. In fact, very often, the tenant—. Well, it's not always the tenant that takes the case, but I've been looking at the decisions, and it does seem to me, because they have to give a market value, depending on what the local market is, the tenant is often disappointed when they go

there. So, obviously, we need to find a way, don't we, but I would agree with you that, if you've nothing to complain to, then where do you go? Well, you go to Shelter, I suppose, so you'll have more casework.

[526] In relation to the model contracts, do you think that the proposal is likely to be effective in practice?

[527] **Ms McNeil:** In terms of their use?

[528] **Jocelyn Davies:** Yes; the proposal here that's in the Bill of having a model contract, do you think that that's—. I know you said earlier you like the concept of it; do you think in practice it'll work?

[529] **Ms McNeil:** I think, in practice, it can work, definitely, but, coming back to the issues around enforcement as well, it's about how it is going to be monitored and how do we ensure that both landlords and tenants know what is this model contract and what are the core fundamental terms, and what are the supplementary terms that they can negotiate, and how they negotiate that?

[530] **Jocelyn Davies:** Well, I was going to ask you about that. Do you think that, maybe, with tenants or contract-holders, as they'll be known in the future, there'll be enough knowledge there in society for people, or enough confidence, in order to say, 'Well, I want to negotiate this with you'?

[531] **Ms McNeil:** I think there'll be some who are able to do that, but I think the majority, without assistance or particularly public education to know you could negotiate it, in what terms, how does that affect it, is it an improvement, is it an improvement for them or is it an improvement for the landlord, all of these kind of things—I think it will take a lot of time for people to truly understand and apply in a meaningful way. But in terms of negotiation, anyway, coming back to Jennie's point, it's about the balance of power as well, isn't it? If you want to move into that house and that's the only house that you can afford in the area, you're not going to have much power to negotiate, are you?

[532] **Jocelyn Davies:** So, do you think there's going to be two classes of contract holders, then: those who are able and those who are not able? Because, it seemed, from the evidence that we received before lunch that this just describes, really, what's happening now, and that negotiations and changes to contracts at the request of the tenant are commonplace. It happens all the time. This is what we were hearing off letting agents and others earlier.

[533] **Ms McNeil:** I'm not sure how commonplace it is. Also, it depends what you're talking about negotiating, doesn't it? Is it in terms of, 'Can I have a cat or a dog?', or are you talking about, 'Actually, I'd like a three-year contract', because that's a very different term to negotiate, isn't it?

[534] **Ms Bibbings:** If you were a private tenant and you wanted security of tenure for five years, but you didn't want to have to sign yourself up financially for five years, I think you'd be hard-pressed to find a private landlord who would give that to you without some impetus from regulation to ensure that happened.

[535] **Jocelyn Davies:** But if you expect somebody else to abide by their side of their contract for five years, but you say 'I want to leave whenever I want to', that doesn't sound really fair that way either, does it? If you leave a contract early, you generally do have to stump up some, because there could be a financial loss to the other side—a missed opportunity of somebody else who would've signed up for five years. So, you have to be fair to both sides. You can't expect a contract to be fair just to one side, can we?

[536] **Ms McNeil:** I think we can ask for it to be proportionate though, can't you? The way that our system works at the moment, if I own a house, I'm always going to make money, technically, in the market, if I sell it. Because there's not enough housing supply in Wales, particularly in certain areas, I'm not going to have a long void. It's going to be for two or three weeks, perhaps a month. That's not true of all areas of Wales, and we do accept that, but if you're in a strong position where you've chosen your portfolio, you're not going to have an issue with renting, particularly. So, having a break clause when you can tell your tenant that they can leave, or you'd like them to leave, or you don't want to renew the contract is one thing—and they have that security, giving two months' notice, or, like the Scottish model, where they've got a proportionate amount of time to give notice dependent on how long you've been living there. I think that is a fairer model and that puts tenants in a much stronger position, and they have a lot more security of tenure.

[537] **Jocelyn Davies:** So, it's finding a way of giving security for those who perhaps want to settle for a period of time—perhaps their children are going to school and so on—but being fair to the landlord as well that, if they're making that commitment for a number of years, they get something in return as well, and finding a fair and proportionate—. And you would want to see that on both sides.

[538] **Ms McNeil:** Yes, definitely.

[539] **Jocelyn Davies:** Because, I think we have to accept that not all landlords are bad, and not all tenants are angels. No. [*Laughter.*] Okay, thanks. I think that covers it for me.

[540] **Christine Chapman:** Rhodri.

[541] **Rhodri Glyn Thomas:** Diolch yn fawr iawn, Gadeirydd. Nid wy'n gwybod a allwch chi ein helpu ni gyda chwestiwn y gofynnais i'n gynharach i'r landlordiaid. Hynny yw, mae yna dystiolaeth bod yna lawer iawn o bobl nad ydynt yn hawlio'r blaendal yn ôl pan mae eu tenantiaeth nhw yn dod i ben. A allwch chi esbonio pam? Mae'n ymddangos yn rhywbeth y byddai rhywun yn ei wneud yn naturiol ar ddiwedd y tenantiaeth—cael y blaendal yn ôl.

**Rhodri Glyn Thomas:** Thank you very much, Chair. I don't know whether you can help us with a question that I asked earlier of the landlords. That is, there is evidence to suggest that a great many people don't claim their deposits back when their tenancies come to an end. Could you explain why? It appears to be something that somebody would do quite naturally at the end of their tenancy—claim that deposit back.

[542] **Ms Bibbings:** I think I would have to look at what the evidence is from the tenancy deposit service on the proportion. We would only be speculating, but I think that it may come down to lack of awareness or an assumption that they wouldn't get it back anyway. I know, for a lot of tenants, that is an issue of stress for them at the end of their tenancies: whether they're going to get their deposit back. So, potentially, it's issues like that, or if there are some rent arrears, they may assume that it's going to go off to go against the rent arrears—but, I am speculating.

[543] **Ms McNeil:** I'm afraid I wouldn't be able to answer more than what Jennie said.

[544] **Rhodri Glyn Thomas:** Océ, diolch. Mae e dal yn ddirgelwch, felly. A allaf eich symud chi at y contractau safonol â chymorth? Rŷch chi, yn eich tystiolaeth, y naill a'r llall ohonoch chi, yn codi pryderon ynglŷn â'r pŵer eithrio dros dro. Rŷch chi yn

**Rhodri Glyn Thomas:** Okay, thank you. It remains a mystery, therefore. Can I move you on to talk about these supported standard contracts? In your evidence, both of you raised concerns about the temporary exclusion power. You are concerned that at

poeni yn y pen draw y bydd rhai o'r bobl yma yn canfod eu hunain ar y strydoedd oherwydd nad oes yna'r un lle arall ganddyn nhw i fynd iddo. Beth fydddech chi am ei weld—dileu y pŵer yma, neu a oes yna ffordd o'i amodi a fyddai'n decach i'r bobl sydd yn byw gyda'r contractau yma?

the end of the day some of these people will find themselves out on the street because they don't have anywhere else to go. What would you want to see—this power being abolished, or is there a way of making it conditional so that it would be fairer for those people who live with these contracts?

[545] **Ms Bibbings:** I think we have to acknowledge that the exclusion power should be there, because, if it's not there, then it's going to be a barrier for supported housing providers to taking on vulnerable people. These are people who haven't had a tenancy contract before, so I think we have to accept that the exclusion power must remain—but how that exclusion is done is very important. In our view, people who are excluded from temporary accommodation on a temporary basis are, by definition, vulnerable and, therefore, they will be in priority need and will be able to access emergency accommodation provided by the local authority. So, we would be keen to see the Bill amended so that, when there's an exclusion taking place, there is an active referral to housing options, and housing options are notified that this person is coming so that that person at least has a roof over their head. We see that as part of the continuing duty of care that a housing provider has. The other option is that you're just putting people out on the streets, and, okay, it's not your problem anymore, and it's not your residents' problem anymore—it's the wider community's problem. So, that would be the kind of measure that we would like to see in the Bill.

[546] **Ms McNeil:** I think some of that tips onto some of the questions that I've seen John Griffiths asking around vulnerability of tenants as a whole. I think the Bill, if it can help support people, should do so, in terms of promoting best practice. So, if we can move into section 55—homelessness and this direct route in—that would also help the local authority, if they're going to be paying for these places under Supporting People funding, as well as then, potentially, paying for somebody under homelessness. So, that might help them with their contract monitoring, and working out whether this is the best place for people, and how they can make it a better structure. In terms of just connecting it with abandonment, as well, I think there've been some interesting questions you've been asking about that, in terms of vulnerable tenants and how we can make sure that this Bill is better for those people, while recognising that everybody's circumstances are very individual.

[547] **Rhodri Glyn Thomas:** A ydych chi'n credu y dylai bod gan denantiaid yr hawl i apelio yn erbyn eithriad? **Rhodri Glyn Thomas:** Do you believe that tenants should have the right to appeal against an exclusion?

[548] **Ms McNeil:** I'm not sure how practicable that is, really, in terms of the processes and the timescales. I think it would be useful to have a review built in, perhaps, to see whether that was the right decision at that time, but that's not going to affect it on that immediate day, is it? They need to leave those premises at that point in time to make sure that everybody else is safe. So, I think, potentially, there's an area that they could look at for review and also, perhaps, talking with the homelessness team, as well, in terms of how that has worked for that individual.

[549] **Ms Bibbings:** I think it's interesting to note that there's a whole range of practices already in the sector around exclusions. Some providers have a non-exclusions policy, particularly those working with young people—they have other ways of dealing with challenging behaviour. Then, you've got other providers who do quite a lot of exclusions, and then you've got some where there's quite a formal structure in place where they have to get senior management sign-off. Although it's not necessarily practical in the heat of the moment, especially when someone's personal safety is at risk, to make sure that there is that process, that sign-off, would be something that would be an added benefit. I think, from our point of

view, just making sure that they're not street homeless and that they have a roof over their head would be the immediate short-term things that they could do.

[550] **Rhodri Glyn Thomas:** O ran pobl sydd mewn llety hirdymor, a ydych chi'n credu bod yna berygl, weithiau, eu bod nhw'n cael eu cadw ar gontractau safonol â chymorth yn hytrach na'n cael eu rhoi ar gontract diogel? A oes yna unrhyw beth y gellid ei wneud, yng nghyd-destun y Bil yma, i sicrhau nad ydy hynny yn digwydd?

**Rhodri Glyn Thomas:** In terms of those who are in long-term accommodation, do you believe that there is a danger, sometimes, that they are being kept on supported standard contracts rather than being moved to secure contracts? Is there anything that we can do, in the context of this Bill, to ensure that that doesn't happen?

[551] **Ms Bibbings:** The original proposals from the Law Commission did have an automatic conversion to a secure contract after two years, and that was taken out after representations from the sector. I guess the issue would be around potentially clogging up a system that is already pretty clogged up, to be honest. You know, move-on is already quite difficult. The aim ought to be, with supported housing, to keep the eye on move-on, on getting people settled, and on getting people out of supported accommodation. So, I don't have an issue with people remaining on supported standard contracts as long as they are in supported accommodation, because, one would hope, after two years maximum, hopefully, people would be getting moved on anyway. But I am conscious that an automatic conversion to a secure contract might have some unintended consequences in terms of clogging up a system that's already fairly difficult.

[552] **Christine Chapman:** Okay?

[553] **Rhodri Glyn Thomas:** Diolch yn fawr. **Rhodri Glyn Thomas:** Thank you.

13:30

[554] **Christine Chapman:** Alun, did you have some further questions?

[555] **Alun Davies:** Yes, I'm interested in the whole concept of seventeen and sixteen-year-olds being able to take contracts, and I was wondering whether you had any views on that.

[556] **Ms McNeil:** We're both in support of it in principle, but we noted the evidence that the Law Commission put through, and, obviously, your questions with them. I mean, I'm not a specialist lawyer, so I don't know what effect it would have in the round, in terms of can they take utilities, how will the contract be upheld, and does it affect property law? Those are not questions we are really in a position to answer, I don't believe. Sorry.

[557] **Ms Bibbings:** It's been a difficult one, because, on the one hand, you can see that it would potentially open up the market a lot more for sixteen and seventeen-year-olds. It's quite difficult to find tenancies for them at the moment, because you have to sort out the trust. But the flip side of this, of course, is that it does make it easier to evict a sixteen to seventeen-year-old, and so, that's something that has to be weighed up quite carefully. The type of young people who are going to be getting independent housing are, more often than not, going to have some kind of vulnerability and potentially be less likely to sustain the tenancy on their own. They might be less likely to have the skills to sustain that on their own. So, while, on the one hand, yes, it's going to open up the market, on the other hand, it could potentially—or it is going to—make it easier, because if a tenancy is held in trust, then there is a certain protection there, which it's proposed to remove, so it is going to probably result in more sixteen and seventeen-year-olds losing their homes as well.

[558] **Jocelyn Davies:** Then why do you support it in principle?

[559] **Alun Davies:** Wouldn't it be irresponsible, then, to do that?

[560] **Ms Bibbings:** It's been a difficult one for us, because we acknowledge that there is a balance that has to be sought here, and that sixteen and seventeen-year-olds who want to live independently ought to be able to do so. So, it is a balance. I feel that the key is around support and making sure that a sixteen or a seventeen-year-old isn't left in the private rented sector without anyone to help them with tenancy sustainment skills. For us, that's really important. So, it's not an unqualified opposition, but at the same time, we do have to be aware of what we're proposing here, and having sixteen and seventeen-year-olds in the private rented sector without support is probably going to result in increases in homelessness.

[561] **Alun Davies:** I find it very curious that you make that statement and then say, 'But we're going to support it anyway'. I do find that very curious, because the law in this Bill is very clear. There's nothing in it about support, there's nothing in it about guidance, and there's nothing in it about help or background. It just says, 'You'll be able to take out a tenancy at 16'.

[562] **Ms Bibbings:** I don't believe that we have said that we support it.

[563] **Alun Davies:** Well, that's what the Bill says.

[564] **Ms Bibbings:** I don't think that, in our written evidence, we said that we supported sixteen and seventeen-year-olds.

[565] **Alun Davies:** You've just said it.

[566] **Ms Bibbings:** I said that it's not unqualified. I said that we do have some concerns around it, but, at the same time, we're not wholly opposed to it either. It depends how it's done.

[567] **Alun Davies:** Right, okay. But what I'm trying to say to you is that the Bill doesn't have any of those qualifications, and your support for it is heavily qualified. What I'm saying to you is that that's fine as a policy position, but this is a Bill, we're going to change the law, and the Bill, as written, as drafted, doesn't have any of the qualifications that you've just given.

[568] **Ms Bibbings:** In which case, we're going to be looking at amendments and we're going to be looking at suggesting amendments to it in due course. It's something that our legal team is looking at. I don't see there's an issue with that, you know. I haven't said that we support sixteen to seventeen-year-olds as contract holders in their own right.

[569] **Christine Chapman:** I think the main thing is that, at the moment, there's nothing there about support. Potentially, this could go through without support, so would you support that then if there were no amendments, if it was just that the law could change for sixteen and seventeen-year-olds? That's the question.

[570] **Ms Bibbings:** If there's no amendments and there's nothing about support there, then, no, I don't think we would support it.

[571] **Christine Chapman:** Right, okay. That's fair enough. Mike, then Jocelyn.

[572] **Mike Hedges:** My understanding of the current system—and I'm several years out of date, now—is that if sixteen and seventeen-year-olds access accommodation, then social

services act on their behalf, and underwrite it and take responsibility for it. If this goes through as it's written, social services will no longer have, under this piece of legislation, the duty to do it. These sixteen and seventeen-year-olds will effectively be, 'Here's the key—good luck; you're on your own'. Do you not think it's better, under the old system, when social services had that responsibility?

[573] **Ms Bibbings:** Yes, I do.

[574] **Jocelyn Davies:** It was a similar point that I wanted to raise. Do you envisage that social service departments, if this goes through, might just say, 'Well, you're not a child in need, because you can take out your own tenancy'? Do you envisage that that's the behaviour that we might see?

[575] **Ms Bibbings:** It's a possibility, isn't it? It depends on what guidance is put in place, as well, so it's obviously dependent on lots of factors, but there is that potential.

[576] **Jocelyn Davies:** Do you think that landlords would want to give tenancies to 16 and 17-year-olds without it being entrusted to the local authority or an adult over 18?

[577] **Ms Bibbings:** Again, if I were a landlord, I wouldn't want to do it unless they had support in place, but, then again, landlords do take on tenants in all circumstances. Personally, if I were a landlord, no.

[578] **Mike Hedges:** Or you would try—[*Inaudible.*]

[579] **Ms Bibbings:** Yes, that would be the other option.

[580] **Jocelyn Davies:** Okay. Thank you.

[581] **Christine Chapman:** Alun, did you have anything further on this point?

[582] **Alun Davies:** Not on this point.

[583] **Christine Chapman:** Okay. Gwyn.

[584] **Gwyn R. Price:** Good afternoon. Could you tell me your views on whether the landlord should be able to recover possession of their property without giving any reason?

[585] **Christine Chapman:** Elle, do you want to start?

[586] **Ms McNeil:** I think it comes back to the whole argument about the six-month moratorium and the security of tenure. With the promotion of no-fault evictions, which you would have under the periodic contract, there is no ability to challenge that position. You can evict somebody and there could be a reason for why you're in trouble or whatever it would be, but they're not going to have that opportunity to have that discussion. There is no jurisdiction oversight, is there? The no-fault eviction just means that you go—'You've had your two months' notice—you're off. You've been living in my house for five years, whatever happened and now you're off. I don't need you as tenant any more'. I think that one of the fundamental things about this Bill for us in Citizens Advice is about security of tenure. The promotion of the periodic contract means that you're always going to be two months away from losing your home, without any reason given.

[587] **Christine Chapman:** Okay. Jennie?

[588] **Ms Bibbings:** What we tend to see quite a lot of is landlords who use the no-fault

section 21 grounds when, really, the reason why they're carrying out the eviction is because of some other reason like anti-social behaviour or rent arrears. You know, there are some issues there that ought to be the subject of a discretionary ground so that the court can look at the facts, but, because there are perceptions around the difficulties of gaining possession through the discretionary route, the section 21 route gets used a lot more often because it's a lot easier. The issue about this is that, you know, tenants then don't have the opportunity to make their case, as I said earlier, and to defend why the situation has arisen. And it's because section 21 is so easy to use. So, we would like to move towards a system—the kind of thing that is being proposed in Scotland at the moment—where there is appropriate use of grounds, so that, if there is an issue, like anti-social behaviour, it's not just the landlord's story that is the one that counts and the tenant's story actually does matter as well.

[589] **Gwyn R. Price:** Thank you.

[590] **Christine Chapman:** Any further questions, Gwyn?

[591] **Gwyn R. Price:** No, thanks.

[592] **Jocelyn Davies:** Just on that point, what we heard from landlords earlier on was that you don't stand a hope in hell of getting a court order to evict somebody for anti-social behaviour. They said it's almost impossible, and we do know that people are guilty of anti-social behaviour. We know this. So, do you have any sympathy with the landlord who knows it's going to be impossible to get that court order who uses a no-fault eviction, because at least then that person can go on and rent somewhere else instead of having a record of being evicted for anti-social behaviour so that no other landlord will want to take them on?

[593] **Ms Bibbings:** We do have sympathy with that, yes. Partly, it's not tested enough. It's not tested as much as it ought to be tested. That is part of the issue, but, at the same time, there are some issues around the county court and the role of district judges in all this because it's not a specialist tribunal, and that can cause problems, you know, and it can cause delays and uncertainty in terms of outcome. That was one of our hopes for the Renting Homes Bill—that we'd have more of a clear structure for making these decisions and that it would be easier for district judges to call what the decision ought to be. So, there are issues around the courts as well.

[594] **Jocelyn Davies:** Yes. Okay. Thank you.

[595] **Christine Chapman:** John.

[596] **John Griffiths:** I think most of the points have been dealt with actually, Chair.

[597] **Christine Chapman:** Okay. Mike.

[598] **Mike Hedges:** Yes. Can I talk about retaliatory evictions? Do you think they are a problem? Do you come across them? What I come across is not retaliatory evictions but people having the threat of retaliatory evictions.

[599] **Ms Bibbings:** We did a survey last year of Welsh private tenants—600 tenants across Wales. We asked people whether they'd ever had retaliatory eviction, and 2 per cent of those people said that, yes, they had been evicted in the last 12 months for asking their landlord to address something that was their statutory responsibility. A further 2 per cent said that they had been threatened with eviction for the same reason over the previous 12 months. There is a larger group again, as you say, who perhaps don't assert their rights because of the fear of retaliatory eviction, and it is something that we have to warn our clients about, you know, when we are advising on disrepair, that they could be making themselves vulnerable to



eviction. So, we do welcome the retaliatory eviction provision in the renting homes Bill. It is a bit of a sticking plaster. It is treating a symptom rather than a cause, because if there were greater security of tenure, then tenants wouldn't be in that situation in the first place. But given that we are looking at very low security of tenure in the standard contract, then, yes, it's welcome. We prefer this solution to the Deregulation Act solution as well.

[600] **Mike Hedges:** I was going to ask you—even though some of my constituents are more interested in the security of their windows and their doors, actually, than the security of tenure—how will we stop retaliatory evictions if this Bill goes through? Do you think it's going to work in terms of retaliatory evictions, because landlords have a huge amount of power?

[601] **Ms Bibbings:** I think that, for some people, it will be useful. For those people who come to our service and who are advocated for by us, then it will be effective as long as—. I guess the key is around the guidance that is there for district judges on how to make that decision about whether a landlord has evicted in order to evade their responsibilities. Potentially, there's a really high level of evidence that's required. So, I guess we would need to have some quite clear guidance from the Government on how those decisions should be made. Otherwise, potentially, it runs the risk of being something that's on the statute book but is actually impossible to use in practice.

[602] **Christine Chapman:** Elle, do you have any further responses?

[603] **Ms McNeil:** Around retaliatory eviction, in our evidence you would have seen that we call for it to be wider as well in terms of you not necessarily being evicted just because you're asking for repairs. It could be for another reason or a set of reasons as well. Again, coming back to security of tenure and the retaliatory eviction, as welcome as it is to see it there on the face of the Bill, if you're promoting the periodic rolling contract all of the time, then you don't have to go down the retaliatory eviction route, do you? You can just issue your two-months no-fault eviction. It's a hard one, isn't it?

[604] **Jocelyn Davies:** Can I just say—?

[605] **Christine Chapman:** Okay. Jocelyn.

[606] **Jocelyn Davies:** Well, earlier on we heard that it's rare. It doesn't happen. You would just say this—you probably saw that earlier on—but it's, sort of, 'Sorry, there's only 7,000 throughout the whole of the UK' is what we heard earlier. Yet, your figures would seem to dispute that. Many of us have got casework and I think the Minister told us that she had casework in relation to this. So, why do those representing landlords—? Or is it because they represent the best landlords because they are trade bodies and maybe the landlords that do this aren't members of trade bodies?

[607] **Ms McNeil:** It could be, and I guess, without licensing and registration, there's no way of tracking that, is there?

[608] **Jocelyn Davies:** No way of tracking.

[609] **Ms McNeil:** In terms of the licensing and registration, how this Bill ties to that must be, I think, much clearer, really, on the face of the Bill in terms of—. You know, if someone is charged with or found guilty of retaliatory eviction at court, how does that transfer then to their licence and their registration? How does that affect their ability to continue to be a landlord? Because, are they a fit and proper person?

[610] **Jocelyn Davies:** Well, I asked the Minister that and she said 'no'. So, I guess you'd

say 'no'.

[611] **Ms McNeil:** Yes.

[612] **Ms Bibbings:** Yes.

[613] **Jocelyn Davies:** I'm glad there's a consensus around that.

[614] **Mike Hedges:** Can I just say something?

[615] **Christine Chapman:** Okay. Mike.

[616] **Mike Hedges:** [*Inaudible.*]—agree with me on retaliatory evictions. The position is that if somebody gets an eviction notice, they then find alternative accommodation. So, before they actually end up with the eviction notice coming to court et cetera, they've already moved on. So, although they've actually moved, which they wouldn't have done if they hadn't had a retaliatory eviction notice served on them, they actually won't have gone to court. So, they won't be retaliatory evicted even though, if it hadn't started a process, they would have stayed where they were. Do you recognise that?

[617] **Ms Bibbings:** Oh, absolutely. Yes, absolutely. A lot of people don't hang around. That's why we say that this is a bit of a sticking-plaster solution, because if people had the right to stay, the landlord will be confronted with the need to invest in that disrepair because they have no choice.

[618] **Christine Chapman:** You've mentioned 2 per cent of actual evictions and 2 per cent of threatened evictions. With those cases, are they outside those 4 per cent, or the ones who perhaps move on?

[619] **Ms Bibbings:** Yes, they will be outside that 4 per cent.

[620] **Christine Chapman:** So, they were in addition, then.

[621] **Ms Bibbings:** Yes. These are just the acute cases where it's actually been carried out, or has been actually threatened by the landlord.

[622] **Christine Chapman:** Okay. Mike, anything else?

[623] **Mike Hedges:** No, that's okay.

[624] **Christine Chapman:** Okay. Did you have any further comments, Elle? Sorry. Elle, any comments?

[625] **Ms McNeil:** Not on retaliatory eviction, thank you.

[626] **Christine Chapman:** We'll move on now then. Mark, did you have some questions?

[627] **Mark Isherwood:** Thank you, yes. How do you believe the Bill, as drafted, will impact on the condition of private rented sector properties, and how would you change that, if at all?

13:45

[628] **Ms Bibbings:** Well, I think that it's been interesting to see how those proposals have evolved over time, because, in the beginning, you know, the initial proposal was to have just a

straightforward provision—you can't have any category 1 hazards on the premises—and we felt that was quite clear and it was quite concise, but then it was changed because of a fear of creating too much of a burden on environmental health teams, to this fitness standard, which, of course, we haven't seen yet, so it's a bit difficult to see how that is going to interact with the current legislation. I guess we're a little bit wary of potentially creating additional standards that could potentially go the same way as the HHSRS, where we have widespread non-compliance—40 per cent category 1 hazards in the private rented sector—and that persists.

[629] So, for us, conditions—it's something that you have to come at from a variety of different approaches. You know, it's a market-driven phenomenon, because there isn't the financial incentive to invest in disrepair at the moment, because, in most parts of Wales, you can always get another tenant in. The average void period in Wales is three weeks, according to ARLA data. So, there is an imbalance in the market and that's disincentivising investment in disrepair at the moment. So, that's something that we see. Landlord awareness and having it in the contract is a part of that, certainly. Being very clear about where responsibilities lie and the training that the Housing Act will require is part of it as well, but there's a whole other realm of issues around supply. You know, building supply in the private rented sector will be the single most effective thing we could do to improve conditions, using market forces to require landowners to invest.

[630] I think that there's more that we could do in Wales to grow the build-to-let market, or to attract institutional investors. There may be things we can do through our new tax-raising powers as well. So, I think that there's a lot that we can do in Wales and I think it would be excellent if the next Government looked at a strategic way for improving conditions in the private rented sector, because there are a whole realm of things that could be done. I think we have to be realistic that just creating another standard, or putting it in the contract, is probably, on its own, going to have a relatively limited impact.

[631] **Ms McNeil:** I would echo that, and, again, coming back to the enforcement issue as well, it's one thing to have it written in the contract but it's another thing to get it enforced, isn't it, in terms of where do you go, and, at the moment within the Bill, it's about going to court, which is both costly and timely and not something that people generally want to pursue? So, what are your other options to get that enforced, and, given that the level of environmental health officers in Wales is continuing to fall, who's going to be monitoring this and addressing it? Again, how does this link to your licensing and registration? If it's an unfit property, if it's full of category 1 hazards, should it be fit to live in?

[632] **Mark Isherwood:** The problem of course, as you know, is that HHSRS was the standard adopted in the Housing (Wales) Act 2014 and yet there seems to be a growing consensus, from the landlords, you and others, that we do need a measure that's going to be more easily applied to improve conditions for people living in private rented sector properties. We heard from the landlords this morning about the need for specificity and local authorities often being reluctant, on cost grounds, on resource grounds and on complexity, and because of the risk of subjectivity, to apply the HHSRS measures and enforcement tools. So, what, if any, measures do you believe should be specified and to what extent should those measures apply if we're going to quantify a fitness-for-human habitation standard?

[633] **Ms Bibbings:** The category 1 and category 2 hazards ought to be sufficient to ensure that properties are, at least, not dangerous. The old fitness standard wasn't seen as aspirational enough. You know, it only picked up on the very extreme poor properties, which is why we moved to the HHSRS, and now we're talking about bringing back the fitness standard, but in a newer, revised form. In an ideal world, it would be great to have something aspirational like the Welsh housing quality standard in private sector housing, but we have to be realistic about how that could be achieved. For us, it would be much better to have a regime where there

were no category 1 and category 2 hazards because enforcement and redress worked as it should, rather than introducing a new set of standards that might potentially be not terribly realistic.

[634] **Mark Isherwood:** If a local authority, as you indicate, has a high level of non-enforcement, what happens to the poor old tenant, then, who isn't having their house inspected by an EHO, is not having the standards rated appropriately and then not having one of the options for enforcement taken forward?

[635] **Ms Bibbings:** Absolutely. It is quite frightening to look at the cuts that environmental health teams have suffered over the last year and the audit office report was very stark about that. So, yes, I think this is absolutely key; making the enforcement work.

[636] **Mark Isherwood:** This has applied since the inception, following the 2004 Act's implementation in this area here. It's been a consistent phenomenon. But I'll move on to my next set of questions.

[637] We've already touched on anti-social behaviour questioning earlier. I think, Shelter, particularly, expressed concern about no requirement for evidence of a criminal conviction where a landlord is seeking possession on the basis of anti-social behaviour. Could you expand on that?

[638] **Ms Bibbings:** Well, we see it as a relaxation of the current standard of proof, I guess. We very much welcome the move to a discretionary ground for ASB. I have to be clear about that. We very much welcome the Government's approach in that sense. The concern is around when there isn't the requirement for a criminal conviction, then, we're looking at—. There is the potential for campaigns against an individual, or lay witness evidence that might not necessarily be the most reliable and that that might be the kind of evidence to be brought to a county court, where the standard of proof is lower than when there's a criminal case. But I do want to reiterate that we do support the move to a discretionary ground. From our point of view, it's very important.

[639] **Mark Isherwood:** Given, I think, a comment that Jocelyn referred to earlier, we heard this morning from landlords that it's virtually impossible to get an eviction on the grounds of anti-social behaviour; do you have casework evidence to the contrary?

[640] **Ms Bibbings:** I can look at our casework and get back to you on that. I think that's best.

[641] **Mark Isherwood:** Thank you.

[642] **Christine Chapman:** Elle, have you got any examples of that sort of casework?

[643] **Ms McNeil:** In terms of anti-social behaviour?

[644] **Christine Chapman:** Yes.

[645] **Ms McNeil:** It's not something—. I was looking through our cases yesterday—well, the evidence submitted—and it's not something that came up, really. In terms of what, mostly, is reported by our bureaux advisers when they're entering in case studies, it is particularly around repairs. That seems to be the highest one and then it's issues to do with rent and following that, it's around deposit protection. So, they're the most common ones that we get reported.

[646] **Christine Chapman:** Okay. Jennie, if you can send any examples, that would be

useful.

[647] **Ms Bibbings:** I will, yes. I'll look for casework examples.

[648] **Christine Chapman:** Yes, okay. Mark, any further—?

[649] **Mark Isherwood:** That's fine, thank you.

[650] **Christine Chapman:** Okay. Peter.

[651] **Peter Black:** I think in your evidence, Shelter calls for the Welsh Government to investigate the feasibility of establishing a specialist tribunal for resolving housing-related disputes. And, Citizens Advice are looking for fixed-penalty notices, as provided under the Housing (Wales) Act, but we heard earlier on that there's an issue with that: the fines go to the UK Government, they don't come to the councils, as we understand it. So, that's an issue. Do you think there's a role for the Residential Property Tribunal or some alternative body to be beefed up to reduce the need to go to court to resolve disputes?

[652] **Ms Bibbings:** We would very much like to see a specialist housing tribunal for Wales. The RPT is quite underused at the moment, so we do think that there's potential there. It needs to be looked at, because we've got the issues around legal aid access and the potential—. If people aren't represented in a tribunal setting, the lack of advocacy could be difficult for possession cases. But, at the same time, we have to take on board what Douglas and the landlords tell us about some of the difficulty in predicting the outcome of discretionary possession proceedings in the county court. A tribunal, where you have a specialist panel that understands housing law and can administer it in a consistent way, could be very helpful to us in reducing the reliance on mandatory grounds.

[653] I think disrepair is probably the easiest one that could be moved across to RPT, because we haven't got legal aid for that anyway, now—so, that's an easy one. But I would really like the Government to look at the feasibility of creating a housing panel for Wales that could potentially hear all housing-related disputes in the future, because, perhaps we can think creatively around how that's financed, looking at how money is already spent on advice and advocacy, or looking at voluntary solutions. There may be a range of different solutions there, but it would be something that we'd very much like to look at. Obviously, for this Bill, that's a rather big piece of work at this late stage, but hopefully in the future.

[654] **Peter Black:** This Bill actually moves stuff away from the Residential Property Tribunal to the courts. So, in a sense, you could reverse that and give that role to the RPT, which is quite keen to take it on, but not possession—anything but possession. *[Laughter.]* It'd be quite keen to take that on. Is there a concern that we're relying so much on the courts in this Bill to enforce this stuff and, actually, these things can be resolved outside that, maybe using mediation through the RPT as well?

[655] **Ms McNeil:** Yes, definitely, and I think mediation services are a very positive way forward in terms of avoiding costs, and having a less adversarial way of working as well. I believe that Steve Clarke was talking in terms of how they work with both tenants and landlords and making sure that it's working together, because if you end up in court, you are very much one versus the other, aren't you? That's not going to help you resolve it and move forward, potentially, and, hopefully, let that person stay in their home.

[656] **Peter Black:** What's your view in terms of how local authorities should be enforcing this and, presumably, the previous Act as well? I mean, there is concern they don't have the resources to do that. Is that your experience with your casework?

[657] **Ms McNeil:** Yes, very much so.

[658] **Ms Bibbings:** I guess we're still quite unclear on how the enforcement aspects of landlord licensing are going to work. For example, you know, if there is a retaliatory eviction that happens in the court, is that information going to get picked up by the licensing authority? At the moment, we lack a lot of detail about how the enforcement aspects of that are going to work, and I think we would very much like to see that, wouldn't we?

[659] **Ms McNeil:** Yes, definitely.

[660] **Peter Black:** So, you think there should be some sort of formal process whereby the licensing authority should be notified of any breaches.

[661] **Ms McNeil:** Definitely, yes.

[662] **Christine Chapman:** I think, Mark—

[663] **Mark Isherwood:** I missed one question out.

[664] **Christine Chapman:** Right, yes. Mark.

[665] **Mark Isherwood:** A very short one: what are your views on the proposals for abandonment within the Bill?

[666] **Christine Chapman:** Elle, do you want to, or—?

[667] **Ms McNeil:** Just about the timescales, really, in terms of the four-week proposal at the moment; that could be less than your period of rent. Eight weeks, we think, is a more reasonable time, also to acknowledge that people live in different ways and, sometimes, people move abroad for work for a few months. That doesn't mean they've abandoned their property and they're still paying rent—does that count as abandonment? The landlord issuing a notice to that particular address is not going to help you if you're not in the country at the time or you're caring away from home. For these kinds of scenarios, I think, we would like that revisited, really.

[668] **Christine Chapman:** Jennie.

[669] **Ms Bibbings:** You know, we do get casework where people have been—. They come home after a couple of weeks away and they find all their stuff's out on the street, the lock's been changed and—. I think it's all very well putting redress mechanisms in place, which, of course, the Bill does, but, you know, your ability to access that redress does depend on your confidence and whether you get there within the time and all the rest of it. So, I think the key is about making sure that the guidance is very specific on landlords, about what they do, but four weeks is a very short period, you know, and a lot of rental periods are monthly. So, you could, potentially, get someone whose rental day falls outside that four-week period, in which case, how can you realistically ascertain whether rent's being paid? So, that's one of the reasons why we suggested that four weeks, perhaps, could be usefully extended, but, I mean, we agree that there shouldn't be a need to seek out a court order.

[670] **Mark Isherwood:** Thank you.

[671] **Christine Chapman:** Right. Well, I think that we've come to the end of our questions, so can I thank you both for attending? We will send you a transcript of the meeting so that you can check it for accuracy. Sorry, Jennie.

[672] **Ms Bibbings:** Would you mind if I just made one further point? I was hoping to raise the issue about homelessness and the view of the Welsh Local Government Association in relation to the loss of the six-month moratorium, because I know that this has come up. I mean, I work very closely with homelessness officers, so I did just want to, kind of, clarify what the situation really is and why they are opposed to the loss of the moratorium. I think that you've heard evidence that there's been a misunderstanding, or that they haven't quite understood, and I just wanted to help you to understand that that's not the case. They do understand what the proposals are, and they do know that it will make it easier to discharge the prevention duty. They know that, but, actually, that's not the point for homelessness officers. The homelessness officers I speak to are very worried about it, because, we're moving, in homelessness, towards a culture of prevention now, and this is very much driven by the housing Act. We're moving away from a culture of getting people out of the door as quickly as possible: 'Here's your one-month tenancy, off you go'. It's about prevention; it's about preventing people from coming to your service in the first place. So, it's the security elements that are the concerns of the housing officers and the housing options teams that I work with. They recognise that security of tenure and homelessness prevention are very closely related. So, it's not based on a misunderstanding. I just wanted to clarify that.

[673] **Christine Chapman:** Peter.

[674] **Peter Black:** When the Minister gave evidence to us on that issue, she was very clear—I'm not saying I believe her—that this would not impact upon the duties in the Housing (Wales) Acts 2014, because housing officers could only discharge their duty to a six-month tenancy in the private rented sector and, therefore, the loss of the moratorium would not affect it. Is that realistic?

[675] **Ms Bibbings:** That's for the full duty—the section 75 duty—but under section 73, they only have to have a reasonable expectation that it's likely to last. So, potentially, that could be a one-month tenancy. So, yes, it would make it easier to discharge that duty, but the likelihood of that person then coming back to your service a couple of months later is greater.

[676] **Peter Black:** That's what I thought you'd say. [*Laughter.*]

[677] **Christine Chapman:** Can I thank you again for coming in this afternoon and answering the Members' questions? As I said, we will send you a transcript of the meeting so that you can check the Record for factual inaccuracies. Thank you.

14:00

### **Papurau i'w Nodi Papers to Note**

[678] **Christine Chapman:** For the Members, there is one paper to note, which is a letter from the Minister for Communities and Tackling Poverty, and relates to the Renting Homes (Wales) Bill. So, we note that.

### **Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o Weddill y Cyfarfod Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Remainder of the Meeting**

*Cynnig:*

*Motion:*

*bod y pwyllgor yn penderfynu gwahardd y that the committee resolves to exclude the*

*cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog 17.42(vi).*      *public from the remainder of the meeting in accordance with Standing Order 17.42(vi).*

*Cynigiwyd y cynnig.*  
*Motion moved.*

[679] **Christine Chapman:** Could I invite the committee to move into private session to discuss the evidence this afternoon? Okay? Right.

*Derbyniwyd y cynnig.*  
*Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 14:00.*  
*The public part of the meeting ended at 14:00.*