

Christine Chapman AM  
Chair  
Communities, Equality and Local Government  
Committee

28 May 2015

Dear Christine

### **Renting Homes (Wales) Bill**

As you are aware the Finance Committee invited the Minister for Communities and Tackling Poverty, Lesley Griffiths AM, to provide oral evidence in relation to the financial implications of the Renting Homes (Wales) Bill at its meeting of 25 February 2015.

As the Communities, Equality and Local Government Committee will consider and report on the general principles of the Bill, the Finance Committee wanted to provide you with its findings in relation to the financial implications of the Bill to aid in your considerations.

Members had concerns in some areas and would be grateful if you could consider these as part of your Committees wider scrutiny.

### **Regulatory Impact Assessment**

The RIA does not present total cost or benefit figures for the Bill; consequently the Committee is concerned that insufficient evidence has been presented to allow for proper financial scrutiny of the Bill.

The Minister assured Members that the costings in the Explanatory Memorandum have been carefully considered and that the figures had been drawn on



experience of previous legislation, namely the Housing (Wales) Act 2014. The Minister also stated that a lot of work had been done with stakeholders.<sup>1</sup>

*Members consider this lack of financial information within legislation unhelpful and the CELG Committee may wish to consider this further within your overall scrutiny of the Bill.*

### **Costs incurred by private landlords as a result of the Bill**

The Committee wished to understand the affordability of the Bill to private landlords, and to assess the accuracy of the estimated costs that will fall on the sector.

Members were interested in the Residential Landlords Association's ("RLA") calculations that the total additional costs of the Bill between 2015–16 and 2019–20 will actually be £45 million, over three times as much as the figure in the Regulatory Impact Assessment ("RIA").

The Minister did not agree with the RLA estimation and said they had made a crude estimation, not accounting for some landlords having substantial portfolios which means they will only incur the cost once.<sup>2</sup>

*Whilst the Minister clearly thinks the costs estimations are adequate, the Finance Committee think this is an area your Committee may wish to consider in its scrutiny of the Bill.*

Members questioned the Minister on the cost estimations for communicating the changes to landlords and tenants. Members were encouraged by the Minister's evidence around the total estimated cost for communications. The Committee were pleased that the estimation was based on the Government's past experience of communications of this type, particularly in relation to the Housing Act.

*Members recognise that the clarity provided through clear communication outweighs the initial expense. However, during your Committee's consideration you may wish to consider whether witnesses believe the costs accurately reflect the communication requirements.*

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<sup>1</sup> [Finance Committee, ROP, 23 April 2015, paragraph 12](#)

<sup>2</sup> [Finance Committee, ROP, 23 April 2015, paragraph 14](#)



## The financial impact of ending the six-month moratorium on private landlords obtaining 'no-fault' possession orders

The Committee wanted to consider the financial impact of ending the ability of a court to issue a landlord with a 'no-fault' possession order in respect of a property during the first six months of a tenancy ('the six-month moratorium'). Whilst there are no costs in the RIA we were aware that evidence to your Committee raised potential financial implications to local authorities and tenants.

The Minister stated that there is no evidence to suggest that landlords are likely to change their behaviour and that given landlords do not want a high turnover of tenants, it may actually encourage the consideration of high risk occupants.<sup>3</sup> However, Members feel that this is a backward step for the security of private renters and believe it is likely that the cost will fall to tenants. The Committee is also concerned that, as the main reason for homelessness is loss of accommodation from the private rented sector, that costs to local authorities may rise due to increased levels of homelessness.

*The CELG Committee may wish to further consider the impact of this possible unintended consequence of the Bill on those renting in the private sector and local authorities.*

I hope you will find the points raised here helpful in your considerations as the Committee did not feel its concerns warranted a full report.

I am copying this letter to the Minister for Communities and Tackling Poverty.

Yours sincerely,



**Jocelyn Davies AM**

**Chair**

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<sup>3</sup> [Finance Committee, ROP, 23 April 2015, paragraph 74](#)

