



Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE **Service charges levied by some housing associations and third sector organisations on assured shorthold tenancies**

DATE **12 February 2020**

BY **Minister for Housing and Local Government**

The Renting Homes (Fees etc.) (Wales) Act 2019 ('the 2019 Act') has had a very positive impact on protecting tenants in the private rented sector from unfair fees, saving tenants on average £200 per tenancy.

The large majority of tenancies issued by Registered Social Landlords (RSLs), also known as housing associations, are not affected by the 2019 Act. However, as we have noted previously, the 2019 Act has had an unintended consequence in relation to a minority of tenancies used by RSLs which are assured shorthold tenancies. Since its implementation, the 2019 Act has resulted in a prohibition on the charging of service charges by RSLs and supported accommodation providers in relation to such assured shorthold tenancies. This contrasts with the position in relation to the vast majority of tenancies in the social housing sector, which are assured tenancies, where no prohibition on service charges applies.

In recent weeks, and where possible, RSLs have acted to transfer tenants with an assured shorthold tenancy to an assured tenancy, which is the predominant RSL tenancy and which offers greater security of tenure for tenants. Most of the affected tenants would, in any case, have transferred to assured tenancies at the conclusion of their assured shorthold tenancy.

My statement of 9 December made clear that the unintended consequences of the 2019 Act should be remedied as soon as possible and I committed to keeping Members informed of developments. Since then, my officials and I have taken a series of steps to resolve the matter.

Following close liaison with Community Housing Cymru and Cymorth Cymru, as bodies representing RSLs and supported accommodation providers, and detailed discussions with the Department for Work and Pensions, my officials wrote to RSLs and providers of supported accommodation on 22 December. That letter set out that we were intending to make a legislative change which would be

retrospective in effect, so that all of the charges which have been required since the 2019 Act came into force would be regularised. It explained that in light of the potential harmful impact on individuals' benefit claims, officials had agreed with the Department for Work and Pensions that ceasing to request service charge payments pending a legislative change would not be in the best interests of those tenants. The letter went on to say that the Welsh Ministers would not be seeking to take any action in respect of this issue against any RSL in its capacity as the regulator.

On 22 January, officials wrote in similar terms to local authorities, in light of their enforcement powers under the 2019 Act and their functions in respect of housing benefit payments and the commissioning of housing support services. That letter noted that whilst it is a matter for local authorities to consider how to use their enforcement powers and exercise other functions that relate to this matter, it is important that they are able to do so taking full account of the context of this particular situation.

On 1 February, after first seeking the views of organisations representing the interests of both social housing providers and tenants, I tabled two Stage 3 amendments to the Renting Homes (Amendment) (Wales) Bill ('the Bill') that retrospectively add service charges, made by community landlords (which include RSLs) and supported accommodation providers, to the list of permitted payments included in Schedule 1 to the 2019 Act. Those amendments were subsequently passed by the Senedd during the Stage 3 proceedings held on 10 February.

I am satisfied that, subject to the Bill being passed by the Senedd and receiving Royal Assent, the amendments it makes to the 2019 Act will resolve the service charge issue and that this action is in the best interests of all concerned, including tenants.