

National Assembly for Wales
Bill Summary

Renting Homes (Wales) Bill

June 2015

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



Research
Service

The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales and holds the Welsh Government to account.

The Research Service provides expert and impartial research and information to support Assembly Members and committees in fulfilling the scrutiny, legislative and representative functions of the National Assembly for Wales.

Research Service briefings are compiled for the benefit of Assembly Members and their support staff. Authors are available to discuss the contents of these papers with Members and their staff but cannot advise members of the general public. We welcome comments on our briefings; please post or email to the addresses below.

An electronic version of this paper can be found on the National Assembly website at: www.assembly.wales/research

Further hard copies of this paper can be obtained from:

Research Service
National Assembly for Wales
Cardiff Bay
CF99 1NA

Email: Research@Assembly.Wales

Twitter: [@SeneddResearch](https://twitter.com/SeneddResearch)

© National Assembly for Wales Commission Copyright 2015

The text of this document may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading or derogatory context. The material must be acknowledged as copyright of the National Assembly for Wales Commission and the title of the document specified.

Enquiry no: 15/0437

Paper number: 15 /026

National Assembly for Wales
Bill Summary

Renting Homes (Wales) Bill

June 2015

Jonathan Baxter, Helen Jones and
Stephen Boyce

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



Research
Service

Contents

Introduction	1
1. Background	2
1.1. Legislative competence	2
1.2. Background to the Bill	2
1.3. Current arrangements for renting homes in Wales	2
2. Main elements of the Bill	4
2.1 Occupation contracts	4
2.2 Written statements and model contracts	5
2.3 16 and 17 year olds	5
2.4 Joint contracts	6
2.5 Security of tenure in the private rented sector	6
2.6 Grounds for possession	7
2.7 Anti-social behaviour and prohibited conduct	9
2.8 Housing conditions	9
2.9 Succession	9
2.10 Abandonment	9
3. The Renting Homes (Wales) Bill: summary of provisions	10
3.1 Part 1 (Sections 1 to 6) Overview	10
3.2 Part 2 (Sections 7 to 29) Occupation contracts and landlords	10
3.3 Part 3 (Sections 30 to 88) Provisions applying to all occupation contracts	11
3.4 Part 4 (Sections 89 to 101) Condition of dwelling	18
3.5 Part 5 (Sections 102 to 119) Provisions only applying to secure contracts	19
3.6 Part 6 (Sections 120 to 131) Provisions applying only to periodic standard contracts	22
3.7 Part 7 (Sections 132 to 142) Provisions only applying to fixed term standard contracts	23
3.8 Part 8 (Sections 143 to 145) Supported Standard Contracts	24
3.9 Part 9 (Sections 146 to 228) Termination of occupation contracts	25
3.10 Part 10 (Sections 229 to 239) Further provisions relating to occupation contracts	37
3.11 Part 11 (Sections 240 to 255)	38
4. Financial Implications of the Bill	39
5. Response to the Bill	42

The Renting Homes (Wales) Bill

Introduction

The Renting Homes (Wales) Bill is a Government Bill, introduced on 9 February 2015 by Lesley Griffiths AM, Minister for Public Communities and Tackling Poverty.

The Bill reforms the law applying to rented homes in Wales. The Bill will replace the majority of existing types of tenancy and licence agreements with two new types of **occupation contract**.

Lesley Griffiths AM made a [statement](#) on the introduction of the Bill on 10 February 2015. She outlined some of the reasons why the Bill has been brought forward:

The law applying to renting has become complicated for two reasons. Firstly, there are many separate pieces of legislation applying to renting and secondly, there is also a large amount of common law, some of which dates back to feudal times.

The Minister also highlighted what she thought were some of the main problems with the current system, including the different rights enjoyed by council and housing association tenants, issues surrounding joint tenancies, succession rights and the inability of 16 and 17 year olds to hold a tenancy.

As well as reforming, consolidation and updating the law in this area, the Minister said the Bill seeks to make the law clearer and more consistent, so landlords and ‘contract-holders’ are clear on their rights and responsibilities. ‘Contract-holder’ is the term used in the Bill to refer to tenants and licensees covered by the Bill.

The Business Committee has remitted the Bill to the [Communities, Equality and Local Government Committee](#).

On 27 January 2015 the Business Committee agreed the deadline for the Stage 1 Committee report as 26 June 2015. The Business Committee also agreed that Stage 2 proceedings should be completed by 9 October 2015, subject to the general principles of the Bill being agreed by the Assembly.

The Communities, Equality and Local Government Committee held a [consultation](#) on the general principles of the Bill, which closed on 27 March 2015. The Committee began taking oral evidence on 22 April 2015.

1. Background

1.1. *Legislative competence*

The Explanatory Memorandum states (in section 2) that the subject of the Bill falls within the list of subjects in Part 1 of Schedule 7 of the *Government of Wales Act 2008* and is therefore within the competence of the Assembly:

Subject 11 from Part 1 of Schedule 7 to the Act is as follows:

Housing. Housing finance except schemes supported from central or local funds which provide assistance for social security purposes to or in respect of individuals by way of benefits. Encouragement of home energy efficiency and conservation, otherwise than by prohibition or regulation. Regulation of rent. Homelessness. Residential caravans and mobile homes.

1.2. *Background to the Bill*

Around a third of the population of Wales live in rented accommodation. The changes proposed by the Renting Homes (Wales) Bill will affect almost all of those people and their landlords.

The Bill will replace the majority of existing types of tenancy and licence agreements with two new types of **occupation contract**. The Law Commission first proposed this in 2006 when it published [*Renting Homes: The Final Report*](#) and a [*draft Bill*](#). The UK Government chose not to take the recommendations or the draft Bill forward.

In 2013, at the request of the Welsh Government, the Law Commission updated its original report. [*Renting Homes in Wales*](#) focused on implementing the original proposals in Wales. It also updated them in light of further devolution.

This Bill is the second major piece of housing legislation to come before fourth Assembly, following the *Housing (Wales) Act 2014*.

1.3. *Current arrangements for renting homes in Wales*

At present people in Wales can rent the home under a variety of different tenancies and licences.

A tenancy is an estate in land. A licence merely provides a personal right to occupy, which means it cannot be transferred to another person.

A tenant has exclusive possession of their home, and can exclude everyone, including the landlord (subject to such rights as are reserved by the tenancy such as a right of access to inspect the dwelling). A licensee does not necessarily have exclusive possession. A common example of a licensee is a lodger. Other examples of licensees include people living in residential care settings and in some, though not all, accommodation provided with employment.

The type of tenancy a tenant in Wales will currently have depends on when they began their tenancy and who their landlord is. Most tenants of local authorities will have secure tenancies. As the name suggests, this gives substantial security of tenure. A secure tenant can only be asked to leave if they have broken the terms of the agreement. Secure tenancies are periodic and follow the rental period, so have no fixed term.

New tenants of local authorities may have an introductory tenancy, which gives less security of tenure but this converts to a secure tenancy providing the tenant adheres to the agreement. Where secure tenants have engaged in anti-social behaviour, their tenancy may have been demoted. Both introductory and demoted tenancies can be ended relatively easily by the landlord.

Tenants of Registered Social Landlords, more often referred to as housing associations, will generally have assured tenancies. Assured tenancies give substantial security of tenure, along the lines of secure tenancies, although there are some differences. There are a small number of housing association tenancies which commenced before 15 January 1989 – these will be secure tenancies.

New housing association tenants will have assured shorthold tenancies which convert automatically to assured tenancies so long as the tenant has adhered to the agreement. Assured housing association tenancies can also be demoted, along the same lines as secure tenancies. Assured shorthold and demoted tenancies can be ended relatively easily by the landlord.

Most tenants in the private rented sector (PRS) will have an assured shorthold tenancy. This type of tenancy provides relatively little security of tenure as it can be ended by the landlord by giving two months' notice without providing any reason. Tenants in the PRS may also have an assured tenancy, which is the same as the tenancy granted by housing associations. Tenants with a tenancy that began before 15 January 1989 are likely to have a tenancy under the Rent Act 1977. As well as providing security of tenure, this also brings with it the right to a fair rent.

2. Main elements of the Bill

2.1 *Occupation contracts*

The Bill proposes introducing two main types of occupation contract. These will replace nearly all existing tenancies and licences on a day to be appointed by Welsh Ministers.

The main occupation contracts are:

- The **secure contract**, based on the local authority secure tenancy agreement. This will be the default tenancy for community landlords (although certain exemptions apply). Schedule 3 outlines circumstances where a community landlord can offer a standard contract, rather than a secure contract. ‘Community landlords’ is the term used in the Bill for local authorities and housing associations. Secure contracts will always be periodic (which means they have no fixed end date and continue from week to week, month to month or follow any other rental period); and
- The **standard contract**, based on the assured shorthold tenancy agreement. This will be the default tenancy in the PRS. Standard contracts will be either fixed term or periodic.

There will also be a number of variants of the standard contract.

Introductory standard contracts (see Section 16 and Schedule 4) will replace introductory tenancies (often called ‘starter’ tenancies) for contract-holders of community landlords. These will become secure contracts after the introductory period ends. That period is generally 12 months, although it may be extended.

Prohibited conduct standard contracts may be imposed by the court where a secure contract-holder has been involved in anti-social behaviour.

The **supported standard contract** will allow landlords to move contract-holders to different accommodation and temporarily exclude the contract-holder without the need for a court order. Direct access accommodation such as hostels for the homeless, will never be subject to an occupation contract, even though support is likely to be provided.

Most existing tenancies and licences will convert to occupation-contracts but there are some exceptions. Most notably, regulated tenancies created under the *Rent Act 1977* will be exempt. Rent Act tenancies will therefore not become occupation contracts. Those tenants will continue to have the protection of the 1977 Act, including the right to a fair rent. Other tenancies and licences that are never occupation contracts are listed in Part 3 of Schedule 2 to the Bill.

Licensees who share accommodation with their landlord will remain outside the scope of the Bill, **unless** the landlord wishes to offer an occupation contract.

2.2 Written statements and model contracts

At present, a tenant or licensee has no right to a written statement of their contract. This primarily affects tenants in the PRS. Without a written contract it can often be unclear what the basic terms of the contract are. The Bill will ensure all contract-holders are entitled to a written statement of the terms of their contract. Many landlords are likely to use the appropriate **model contract** that will be made available by the Welsh Government. There has already been a [consultation](#) on the form these model contracts should take.

Certain core terms will apply to each type of occupation contract. These will be known as **fundamental provisions**. Schedule 1 to the Bill provides a number of tables that list all the fundamental provisions that apply to each type of contract.

Supplementary provisions, to be set out by Welsh Ministers in regulations, will also be incorporated into the contract unless there is an agreement between the landlord and the contract-holder not to. They could also be incorporated in a modified form.

Additional terms can be negotiated and agreed between the landlord(s) and the contract-holder(s).

In addition to the terms of the contract, the written statement must also set out the **key matters** of the contract. This includes the address of the dwelling and the rent.

2.3 16 and 17 year olds

Current law means that minors cannot hold a legal estate in land. This means a 16 or 17 year old cannot hold a tenancy, although they can hold a licence. Where a landlord tries to grant a tenancy to a 16 or 17 year old, the law says that the landlord will hold the tenancy on trust for the minor.

This presents difficulties for landlords, particularly community landlords, seeking to help young people secure or maintain accommodation. For example, a young person may have had to leave the family home for their own safety, or their parent may have died and they want to take over the tenancy so they can stay in the family home.

The Bill attempts to address these legal obstacles by providing that current law does not prevent a 16 or 17 year old from holding an occupation contract under the Bill.

2.4 *Joint contracts*

Joint contracts can currently present practical difficulties for both landlords and tenants. For example, in the case of tenants, one party can end the agreement without the consent of the others. It is also necessary for the landlord to end the entire agreement even if they only want one occupier to leave. This can be a particular issue in relation to relationship breakdown, but also in connection with houses in multiple occupation (HMOs).

The Bill will allow parties to be added and removed from the contract without ending the contract entirely. The Bill also ensures all occupiers will have to act collectively to end the agreement.

2.5 *Security of tenure in the private rented sector*

Assured shorthold tenants have limited security of tenure at present. However, a court cannot make an order for possession under Section 21 of the *Housing Act 1988* to take effect sooner than six months after the tenancy commenced. This is often referred to as the 'six month moratorium'. The Bill will not replicate that provision, so standard contract-holders will not be entitled to stay in the property for 6 months unless they have a fixed term contract of at least that duration.

Under the proposals in the Bill, where the contract is periodic from the outset, the earliest possession proceedings could be issued would be after the contract-holder had been in the dwelling for two months. This assumes that the landlord serves notice immediately at the start of the contract.

This position contrasts with a pending amendment to the *Housing Act 1988* made by the *Deregulation Act 2015*. That amendment maintains and strengthens the moratorium in England.

A person provided with accommodation in the PRS by a local authority discharging its full homelessness duty, will still be entitled to a minimum fixed term contract of 6 months duration (Section 76(4)(c), *Housing (Wales) Act 2014*). However, where the authority provides help to secure accommodation, it must merely be 'likely' that the accommodation will be available for at least 6 months.

2.6 *Grounds for possession*

The Bill makes the grounds under which a landlord may seek possession terms of occupation contracts. At present, grounds for possession are listed in legislation, but there is no requirement that they are reproduced in a tenancy agreement. The Explanatory Memorandum identifies six 'grounds' for possession.

- Breach of contract;
- Estate management grounds;
- Contract-holder's notice;
- Landlord's notice;
- Landlord's notice under a fixed term contract; and
- Serious rent arrears.

There are a number of mandatory grounds for possession in the Bill. Where a mandatory ground is 'made out', or proved, then the court must award possession. However, this is subject to the rights of the contract-holder under the European Convention on Human Rights (convention rights). Other convention rights are relevant to landlords. The most relevant rights are:

- Article 6: Article 6: Right to a fair trial; and
- Article 8: Right to respect for private life, family life and the home;
- Article 14: Prohibition of discrimination; and
- Article 1 of Protocol 1.

Article 8 is a qualified right that may be raised as a defence to a possession claim. The Equality and Human Rights Commission provides some further explanation on its [*website*](#):

Article 8 is a qualified right. This means that you cannot interfere with the right, for example by forcing people to leave their homes, unless you are acting in the interests of national security, public safety or the economic wellbeing of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others. You must be acting in accordance with the law and there must be no less intrusive way of achieving your objective.

Article 1 of Protocol 1 (A1P1) protects the enjoyment of a person's property. However, the law may deprive a person of their legal possessions in the public interest, provided it meets international legal principles. Whilst community landlords do not have rights under A1P1, private landlords do. In the context of this Bill, this is relevant as the grounds for possession restrict the ability of a landlord to recover their property.

In relation to secure contracts, **there is only one absolute or mandatory ground** for possession. That is the ground outlined in Section 164, the contract-holder's notice, where the contract-holder has given notice but not left the property.

At present, both local authorities and housing associations can apply for possession on the basis of mandatory grounds for possession, but the grounds each landlord can use are not identical. In the case of local authorities, the only mandatory ground for possession relates to anti-social behaviour. This has only been available since 2014 following commencement of the *Anti-social behaviour, Crime and Policing Act 2014*. A number of mandatory grounds are available to housing associations, although in practice it is only the one relating to serious rent arrears that is likely to be used with any regularity.

Currently, housing associations may seek possession under Ground 8 of Schedule 2 to the *Housing Act 1988* where a tenant has serious rent arrears. Ground 8 is a mandatory ground based on serious rent arrears so the court must award possession if the ground is made out. The court cannot take into account the individual circumstances of the tenant. Some housing associations, particularly those created following stock-transfer, have generally agreed not to issue notice on the basis of Ground 8. The Bill **does not** replicate this ground for secure occupation contracts. However, a mandatory ground based on serious rent arrears **will be** available in the case of standard contracts (section 179).

Standard contracts will also be subject to 'landlord's notice'. This is essentially the replacement for notice under Section 21 of the *Housing Act 1988*. The notice period is two months and the court must make an order for possession unless a successful defence is made out based on either:

- Convention rights; or
- Retaliatory eviction.

A court will be able to consider whether a landlord is trying to evict a standard contract-holder so they can avoid their obligations to carry out repairs and to ensure that the property is fit for human habitation.

Unlike a Section 21 notice, a landlord's notice under this Bill will only remain in force for two months following the date it takes effect; a Section 21 notice remains valid indefinitely.

2.7 Anti-social behaviour and prohibited conduct

All contracts will contain a term prohibiting anti-social behaviour. If a contract-holder breaches this term they could be evicted under the breach of contract ground. Alternatively, where the landlord is a community landlord, the contract could be replaced by a prohibited conduct standard contract. This substantively replicates the existing law in relation to demoted tenancies. The definition of anti-social behaviour used in the Bill is relatively broad and includes not only the behaviour of the contract-holder, but also other occupiers and visitors.

2.8 Housing conditions

The Bill requires landlords to keep their property in good repair and ensure it is fit for human habitation.

The Welsh Government's original proposal was to include a term within each occupation contract prohibiting the presence of a category 1 hazard, as identified by a Housing Health and Safety Rating System (HHSRS) assessment. HHSRS is an assessment tool used by trained Environmental Health Professionals to inspect residential dwellings. It is unlikely a layperson would be able to accurately identify and categorise hazards without training in HHSRS. The Bill proposes a new approach following concerns that the original proposal would necessitate a large number of inspections by local authorities. The Bill therefore allows Welsh Ministers to prescribe what is meant by 'fit for human habitation' by reference to the hazards in HHSRS.

Section 92 of the Bill covers the landlord's repairing obligation. It is largely a restatement of Section 11 of the Landlord and Tenant Act 1985, which applies at present.

2.9 Succession

The Bill will simplify current arrangements for succession; arrangements which vary across tenancy types. There will be a maximum of two successions to an occupation contract.

Following a similar provision in Scottish legislation, unpaid carers will be given rights of succession to secure tenancies.

2.10 Abandonment

The current law does not make provision for a landlord to quickly end a tenancy where they believe the premises have been abandoned. The Bill proposes a procedure that will allow a landlord to recover possession of a property without the need to obtain a possession order from the court.

3. The Renting Homes (Wales) Bill: summary of provisions

3.1 *Part 1 (Sections 1 to 6) Overview*

Part 1 provides an overview of the Bill.

3.2 *Part 2 (Sections 7 to 29) Occupation contracts and landlords*

Part 2 of the Bill deals with occupation contracts.

Occupation contracts will comprise **fundamental provisions** set out on the face of the Bill, **supplementary provisions** to be set out in regulations made by the Welsh Ministers, and any **additional terms** as negotiated and agreed between the landlord(s) and the contract-holder(s). **Key matters**, such as the address of the property, rent and rental periods must also be set out in the contract.

Sections 18 to 22

Fundamental provisions will be incorporated into the agreement unless there is an agreement between the landlord and the contract-holder not to, and the effect of it not being incorporated improves the position of the contract-holder. The same applies to any modification of fundamental provisions in that the modification must improve the position of the contract-holder. However, some core fundamental provisions must not be left out of the agreement or modified. Once a fundamental provision is part of an occupation contract, it will be expressed in the contract as a 'fundamental term'.

Welsh Ministers may make regulations to provide that any legislative provision is a fundamental term of occupation contracts. The Explanatory Notes suggest that this will allow rights arising from future legislation to become fundamental provisions of occupation contracts.

Sections 23 to 25

Supplementary provisions will be incorporated as terms of the contract unless there is an agreement between the landlord and the contract-holder not to, or they may be incorporated in a modified form. Again, there must be agreement between the parties. The Explanatory Memorandum suggests the obligation to pay Council Tax and utility bills as examples of supplementary provisions.

Sections 26 to 28

Key matters, such as the address of the property, rent and rental periods will also be set out. Further key matters in relation to standard contracts will also specify any fixed term, and any periods when the contract-holder cannot occupy the premises. The latter, could be of particular relevance to student accommodation during the summer vacation period.

Any other provisions in the contract are to be known as additional terms. The Explanatory Notes suggest these could include matters such as the keeping of pets.

Section 29

Landlords will be able to use the appropriate model contract as prescribed by Welsh Ministers. There has already been a *consultation* on the format and content of the contracts. It will not be compulsory to use these contracts, but they will meet the statutory requirements of the legislation.

3.3 Part 3 (Sections 30 to 88) Provisions applying to all occupation contracts

Sections 30 to 42

Contract-holders will be entitled to a written statement (essentially the terms under which they occupy the premises) under Section 31 of the Bill. This must be provided within 14 days of occupying the premises. Currently, tenants and licensees have no entitlement to a written statement or contract, although a fixed term tenancy of over three years' duration should be in writing.

Failure to provide a written statement (Section 34) will mean the landlord is liable to pay the contract-holder compensation under Section 87. The level of compensation is set at the equivalent of a day's rent for each day that the written statement is not provided, up to a maximum of two months' rent. This can be increased if the landlord's failure was 'intentional' and interest can be charged if the compensation is not paid. Section 88 allows the contract-holder to set off (i.e. deduct) the compensation against their rent. Sanctions are also made available where incomplete or incorrect written statements are provided.

The contract-holder is provided with recourse to the court for a declaration of the terms of their contract in a number of circumstances:

- Where they have not been provided with a written statement or where they have been provided with an incomplete statement;
- Where they have been provided with an incorrect statement, the contract-holder may ask the court for declaration of the terms of their contract.

Where a community landlord issues notice that they intend to grant a standard contract, but mistakenly issues a written statement for a secure tenancy, the court can rectify this.

Section 39 provides that the landlord must provide the contract-holder with an address for service of documents. This could be the address of an agent. Failure to provide this information makes the landlord liable to pay compensation of a day's rent for each day the information is not provided, up to two months' rent.

Interest could also be incurred if the information is still not provided after this two month period.

Section 41 provides that all documents relating to the contract must be in writing. Under current law, there is no such requirement.

The provisions of an occupation-contract will not be enforceable until either the landlord has provided the contract-holder with a written statement, or the occupation date, whichever is the earlier.

Sections 43 to 47: Deposits and Deposit Schemes

The *Housing Act 2004* introduced the protection of tenancy deposits in relation to assured shorthold tenancies. Deposits in relation to other types of tenancy are not protected. The Bill extends protection arrangements to all occupation contracts. At present, they only apply to assured shorthold tenancies.

A deposit can only consist of **money** or a **guarantee** (such as from a bond board or a local authority). A deposit could not consist of valuable items such as a watch or a car. If the landlord were to receive a valuable item as a deposit, the contract-holder could seek its return under Section 44.

Section 45 requires tenancy deposits to be dealt with in accordance with an authorised deposit scheme. Schedule 5 sets out additional requirements relating to deposits, including a requirement for Welsh Ministers to make suitable tenancy deposit schemes available. Under current arrangements, these schemes are provided by the private sector.

Sections 48 to 53 Joint contract-holders and joint landlords

The Explanatory Memorandum highlights some of the difficulties presented by the current law when dealing with joint tenancies. Particular problems arise when trying to remove or add a party to the agreement.

Current law means that where there is a periodic tenancy (i.e. one without a fixed term or where the fixed term has ended) one joint tenant will end the entire tenancy by giving notice. This can result in the party who remains in the property becoming homeless.

Section 48 confirms that each joint contract-holder is fully liable for the performance of every obligation owed to the landlord. This restates current law. Section 49 allows a contract-holder to add another contract-holder to the occupation contract, but only with the agreement of the landlord, whose consent can only be “reasonably” refused.

There are a number of provisions in the Bill for the contract-holder to obtain the landlord’s consent. That consent can only be withheld if it is reasonable to do so.

The Bill makes provision for determining what is reasonable in Section 84 and Schedule 6. Both are discussed below.

Section 52 deals with situations where a joint contract-holder dies or “otherwise ceases to be a party to the contract”. It states that the remaining joint contract-holders are “fully entitled to all the rights under the contract”. For situations where a joint contract-holder **withdraws** from the contract by giving notice, see below.

Section 53 confirms, as with joint contract-holders, joint landlords are also jointly liable for all obligations under the contract.

Section 54 Right to occupy

Section 54 is a fundamental term of all contracts and is effectively a statement of the contract-holder’s current common law right to quiet enjoyment. The Bill seeks to put this in statute for the first time. Essentially, this means the landlord must not interfere with the contract-holder’s right to occupy the property. This includes failure to comply with repairing obligations.

Sections 55 to 56: Anti-social behaviour and other prohibited conduct

The Welsh Government has stated that one of the Bill’s objectives is to make it easier to deal with housing related anti-social behaviour. This will be taken forward through a number of sections in the Bill. Primarily Sections 55 to 56, but also sections 48 to 53, which deal with joint contracts. The Bill’s intention is to offer a more flexible approach to joint contracts. This will be of particular relevance in situations involving domestic abuse where it can be necessary to remove a party from the agreement without ending the contract for the remaining occupier.

The Welsh Government believes that setting out a prohibited conduct term clearly within every contract, with the consequences of breaching this term clearly explained, will help to reduce anti-social behaviour and so result in fewer evictions.

These sections of the Bill create a general prohibition on the contract-holder engaging in, or threatening to engage in, anti-social behaviour. The contract-holder is also prohibited from allowing, inciting or encouraging another person living in the dwelling or visitor to engage in anti-social behaviour. This includes behaviour that affects another person living in the property, another person living in the locality, or a person visiting the locality. The prohibition also applies to behaviour directed at the landlord or someone acting for the landlord (e.g. their staff or agent).

There is a prohibition on use of the premises, or threatened use, by the contract-holder for criminal purposes. This prohibition also applies to any other person permitted, incited or encouraged by the contract-holder to use the premises for criminal purposes.

Section 55 will be a fundamental term of all contracts, and cannot be modified or omitted. However, Section 55 can be amended by regulations. A landlord can use breach of this term as a ground for possession of the premises. This is discussed below.

The *Housing Act 1985* and *Housing Act 1988* were both recently amended by the *Anti-Social Behaviour, Crime and Policing Act 2014* to introduce new mandatory (also called absolute) grounds for possession in relation to anti-social behaviour. Where possession is sought under Section 55 of this Bill it will be for the court to use its discretion whether to grant a possession order. There will be no equivalent absolute ground for possession.

Dealing

Chapter 8 of Part 3 is entitled 'Dealing'. This term is used in the Law Commission's final report, and is also used in the Bill. It refers to the ways a contract-holder may 'deal' with their contract. This includes:

- creating a tenancy or a licence which confers the right to occupy the dwelling;
- transferring; and
- mortgaging or otherwise charging.

Sections 57 to 58 Rights to deal with occupation contract

The Bill does not permit the contract-holder to 'deal' with their occupation contract, except in a way permitted by the contract itself or a Family Property Order, which includes an order to transfer a tenancy made by the court under the *Family Law Act 1996*.

Where the contract-holder is permitted to deal, but requires the landlord's consent, that consent can only be withheld on reasonable grounds. As with other situations where the landlord's consent is required, the Bill defines what can be considered reasonable.

Sections 59 to 68 Sub-letting

A number of sections in the Bill deal with sub-letting. They are particularly complex and technical.

There is no fundamental term in the Bill permitting a contract-holder to enter into a sub-occupation contract with another person. However, an additional term **could** confer this right. The Bill outlines how a sub-occupation contract would operate. The Bill refers to the person holding the sub-occupation contract as the **sub-holder**. The contract-holder's landlord is known as the **head landlord**. The head landlord's contract with the contract-holder is known as the **head contract**.

Section 60 confirms that where there is a sub occupation contract that ends at the same time as the head contract (i.e. the agreement between the contract-holder and the head landlord) the sub occupation contract is a separate contract. This means there is no transfer of the original contract to the sub-holder. The Explanatory Memorandum does not explain why this is necessary. However, some clarity is provided in the Law Commission's second consultation, [*Renting Homes 2: Co-occupation, Transfer and Succession*](#):

Under the law of landlord and tenant, one of the conditions for the creation of a lease is that there must always be a reversion. This means a period of time during which the landlord can resume possession of the property. Where a tenant attempts to create a sub-lease of the whole of the remaining term of a fixed term lease, so that there is no reversionary period left, this is deemed by operation of law to amount to an assignment of the original lease.

Where a sub-occupation contract is made with the landlord's consent, but the landlord's consent was subject to conditions which have not been complied with, the contract is still valid. However, the landlord may choose to treat the sub-occupation contract as a periodic standard contract (even if it was intended to be a secure or fixed term standard contract). This means the contract can be ended more easily.

The Bill makes provision for what happens to the sub-occupation contract where the head contract is ended. This could happen, for example, if the contract-holder gave notice to the head landlord. Where that happens, the sub-occupation contract will continue. However, the sub-occupation contract will not continue where the head contract has ended because it was a fixed term standard contract. If the sub-occupation contract continues, the head landlord and sub-holder are not liable to one another for any breach of the sub-occupation contract prior to the end of the head contract. However, if a breach (from either party) was to continue after the end of the head contract there could be liability.

Where the head landlord wishes to issue a possession claim against a contract-holder, they must give the sub-holder a notice stating that they are seeking possession, and the ground on which the claim is being made.

Where the head landlord is making a possession claim against the contract-holder they **may** ask the court for an extended possession order against the sub-holder. The policy background for this proposal is not discussed in the Explanatory Memorandum.

If the sub-holder believes the contract-holder has abandoned the contract, the Bill makes provision for the court to transfer the rights and responsibilities of the contract-holder to the head landlord. The procedure that must be followed, which includes a number of safeguards, is outlined in Section 66. Section 67 provides the contract-holder with a remedy where they have not abandoned the contract. The contract-holder can ask that the court makes a declaration that the head contract continues.

Sections 69 to 72 Transfer

The Bill allows an occupation contract to be transferred with the landlord's consent (where the contract requires it). It does not apply to situations where a sole contract-holder has died. The Explanatory Notes suggest that this power could be used where an elderly contract-holder wishes to transfer their contract to a family member before entering residential care.

Section 114 clarifies that the right to transfer an occupation-contract is a fundamental term only of secure contracts.

Sections 73 to 83 Succession

The Bill aims to provide a more consistent approach to succession rights. At present succession rights vary considerably between different types of tenancy. In particular there are differences between the rights of secure tenants and assured tenants.

Under the Bill, where a sole contract-holder dies another person can succeed to the contract, but there are some exclusions. A person under the age of 16 cannot succeed to the contract (as they cannot be a contract-holder). Nor can any person who at any time during the previous 12 months had a sub-occupation contract for all or part of the dwelling. If a joint contract-holder dies, there is no succession as the other joint contract-holders will continue as parties to the contract by survivorship.

Where a fixed term contract includes provision for the contract to be transferred in the course of the administration of the contract-holder's estate, there will be no right of succession.

Aside from those exclusions, a person will be qualified to succeed if they are either a **priority successor** or **reserve successor** of the contract-holder.

A **priority successor** is the spouse, civil partner or unmarried partner of the contract-holder providing they were occupying the dwelling as their only or principal home at the time of the contract-holder's death. No person can be a priority successor where the contract-holder succeeded to the contract as a priority successor. However, in these circumstances a spouse, civil partner or unmarried partner of the contract-holder could still qualify to succeed as a reserve successor.

A **reserve successor** is someone who is a family member of the contract-holder who occupied the dwelling as their only or principal home at the time of the contract-holder's death. Where the family member is a person other than the spouse, civil partner or unmarried partner there are additional conditions that must be met. The conditions are that throughout the 12 months before the contract-holder's death, they either occupied the dwelling or lived with the contract-holder.

In some circumstances, a **carer** may qualify as a reserve successor. This would not include a person employed to provide care. To qualify, the person must have provided care at any time during the previous 12 months to either the contract-holder or a member of that person's family who lived with the contract-holder. Additionally, they must have throughout the previous 12 months lived in the dwelling, or lived with the contract-holder. **The carer must have no other dwelling that they are entitled to occupy as a home.**

There can be a further succession where there was a priority successor. There can be no further succession where the current contract-holder was a reserve successor themselves. This effectively limits the number of successions to two.

In some instances there will be more than one person qualified to succeed. Here, a priority successor will take precedence over a reserve successor. Where there is more than one qualified successor, the parties can decide between themselves who will succeed, if they cannot agree the landlord will decide. Any decision made by the landlord can be appealed to the court.

Sections 84 to 86 Landlord's consent

Where any term of an occupation contract requires the landlord's consent, these sections of the Bill outline when that consent can be refused. They also permit the landlord to request further information, as long as it is reasonable to ask for it, from the contract-holder prior to making their decision.

Where consent is refused, the person who made the request for information is entitled to ask for a written statement of the landlord's reasons.

Where a landlord does not respond to the request at all, the consent is treated as having been given once a period of two months has lapsed.

Where consent has been refused, Section 85 allows the person who requested consent to ask the court to overturn the decision on the grounds it is unreasonable.

The Bill allows some consent be given retrospectively, except where it concerns adding contract-holders or transfer of the contract.

Sections 87 to 88 Compensation

There are a number of provisions in the Bill that require the landlord to pay the contract-holder compensation. This includes failing to provide a written statement/contract. Compensation is based on the daily amount of rent due. In some circumstances, if the failure was intentional, the compensation could be double this if the court thinks fit.

Section 88 permits any compensation due to be set-off against the contract-holder's rent liability, effectively allowing the compensation to be deducted from the rent.

3.4 Part 4 (Sections 89 to 101) Condition of dwelling

This part of the Bill deals with the landlord's obligation to ensure the condition of the dwelling is "fit for human habitation". It applies to all secure contracts, periodic standard contracts and all fixed term contracts made for a term of less than seven years.

The Welsh Government's original intention was to have a standard term in occupation contracts that prohibited the existence of a Category One hazard, as identified under a Housing Health and Safety Rating System (HHSRS) assessment. This was not taken forward because of concerns about the potential burden that could be placed on local authorities to undertake those assessments.

The Bill now adopts an alternative approach. It requires landlords to ensure that a property is fit for human habitation. At present, the only statutory requirement for a dwelling to be fit for human habitation is in the *Landlord and Tenant Act 1985*. The provisions in that Act only apply to dwellings at a very low rent, currently under £52 a year, which effectively means it applies to almost no tenancies. The Bill will extend that requirement and modernise the law. In particular, Welsh Ministers will be able to make Regulations that specify standards that must be met under the Bill, and these may make reference to the HHSRS.

Landlords will also have a general obligation to keep the dwelling in repair, as they do at present under section 11 of the *Landlord and Tenant Act 1985*.

The Bill does place some limits on the potential liability of the landlord. For example, there is no obligation to rebuild the dwelling if it is destroyed by fire or flood. Neither would a landlord be obliged to carry out work to the property if it is unfit for habitation because of an act or omission by the contract-holder (or other occupier).

Section 101 dis-applies the common law concepts of 'waste' and 'tenant like manner' to occupation contracts. In this context, 'waste' means damage or harm caused by actions or neglect on the part of the contract-holder. 'Tenant like manner' means taking care of the property on a day-to-day level, for example changing light-bulbs. The Explanatory Memorandum notes that:

"It is envisaged that a supplementary provision will be made by regulations that will require a contract-holder to take care of the premises and of any fixtures and fittings."

However, terms of existing contracts dealing with waste and tenant like manner, will continue to have effect (Section 237) after they become occupation contracts. New occupation contracts will therefore need to have a supplementary term covering these issues. It would therefore be possible for a landlord to leave this term out of the contract if they wished. An example of how the term could look is contained in the proposed model contract that was consulted on by the Welsh Government ([para 35 - "Your responsibilities"](#)).

3.5 Part 5 (Sections 102 to 119) Provisions only applying to secure contracts

Part 5 of the Bill only applies to secure contracts. A secure contract can only be varied in accordance with the provisions in the Bill, or by other legislation

A common variation will be in relation to **rent levels**. Section 104 allows the rent to be varied annually providing the contract-holder is given two months' notice. At present, secure tenants are only entitled to four weeks' notice of a rent increase. While there is no formal procedure for secure tenants to challenge rent increases, assured and assured shorthold tenants can challenge their rent through the Residential Property Tribunal. There is no provision in this Bill for a rent increase to be challenged.

Section 105 allows variation of "other consideration" other than rent. This could include, for example, labour where a person is provided with accommodation as part of their employment. This can be varied either by agreement between the parties, or by giving two months' notice.

With some exceptions, fundamental terms can be varied by agreement between landlord and tenant. Some fundamental provisions, such as the prohibited conduct clause, cannot be varied. Table 3 in Schedule 1 to the Bill indicates which fundamental provisions must be incorporated into secure contracts without variation. Where there is a variation, it must improve the position of the contract-holder. The Bill does not specify how this will be determined.

Other terms in the contract (i.e. supplementary and additional terms) can be varied either by agreement or by the landlord giving notice to the contract-holder. There is no requirement that the variation improves the position of the contract-holder.

Under Section 109, the contract-holder is entitled to a written statement of the contractual terms that have been varied, or a copy of the occupation contract containing the varied terms, within 14 days of the variation. The landlord is liable to pay compensation to the contract-holder if they fail to comply with this requirement.

Section 111 allows a joint contract-holder to withdraw from a contract without ending the contract for the remaining contract-holders. The contract-holder who wishes to leave must give the landlord a withdrawal notice. No minimum period of notice is prescribed in the Bill, but section 112 allows Welsh Ministers to prescribe one if they choose.

Section 113 allows secure contract-holders to take in lodgers. Lodgers are defined in Section 241. They do not need the landlord's permission to do this. This replicates Section 93 of the Housing Act 1985 which gives the same right to secure tenants.

Sections 114 and 115 allow the contract-holder to transfer the contract to a potential successor with the landlord's consent. A potential successor is someone who would be qualified to succeed to the tenancy under Section 74 if the contract-holder died. This replicates the existing rights of secure tenants, with the addition of rights for carers.

Sections 116 and 117 allow secure contracts to be converted to **prohibited conduct standard contracts** where there has been anti-social behaviour in breach of Section 55. That section of the Bill contains the prohibited conduct clause and this will be a fundamental term of all contracts. The option of converting a secure contract to a prohibited conduct standard contract provides landlords with an alternative to eviction and largely replicates provisions for **demoted tenancies** under current law.

Schedule 7 outlines the specific detail of how an order under Section 116 could be applied for, the terms of a prohibited conduct standard contract and matters connected to the probation period.

An application to the court by a landlord seeking the imposition of a prohibited conduct standard contract will only be approved where the court would otherwise have granted a possession order. Essentially, it is an alternative to eviction. The landlord must also agree to provide “a programme of social support the aim of which is the prevention of prohibited conduct”. Welsh Ministers will be able to issue guidance as to the services included within that support. However, even where these conditions are met, the court must still be satisfied that it is reasonable to make the order.

Where an application is approved by the court, the prohibited conduct standard contract will be for a period of 12 months, although this can be extended to 18 months. If it continues beyond 18 months, it automatically becomes a secure contract again. Whilst the contract is a prohibited conduct standard contract the landlord can make a claim for possession under Section 172 by giving the landlord notice or a possession notice under any ground applicable to periodic standard-contracts. Section 150 gives the contract-holder the right to ask their landlord to review their decision to give notice if the notice is served under Section 172 (landlord’s notice) or Section 179 (serious rent arrears).

Secure contract-holders will continue to enjoy the right to exchange their contracts with other contract-holders under Sections 118 and 119 of the Bill

As at present, they must first obtain the landlord’s consent before any exchange can proceed. That consent can only be withheld, or conditions imposed, if reasonable. Schedule 6 to the Bill outlines what is reasonable. The Explanatory Memorandum highlights how the Welsh Government believes the current procedure for exchanges will be improved by this Bill:

Under section 92 of the 1985 Act, secure tenants of local authorities and assured tenants of registered social landlords are able to exchange their tenancies. The Bill will keep this practice in place for secure contract-holders of community landlords. However, the current process is quite inflexible as when more than two tenancies are involved the last tenant in the chain of exchanges must move into the property vacated by the first. The Bill allows instead for a simple chain of transfers that may result in a vacant property at both ends. No transfer can take place without the agreement of the landlord. (para 117 EM)

3.6 Part 6 (Sections 120 to 131) Provisions applying only to periodic standard contracts

Section 121 will be of particular interest to students and landlords (including educational institutions) who let to students. Section 121 allows a landlord to specify periods during which the contract holder will not be able to occupy the premises. In the case of students, this could be during the summer vacation period where accommodation is often used for other purposes.

Sections 122 to 127 deal with variation of periodic standard contracts. The approach is very similar to the one taken to periodic secure contracts. A contract can only be varied in accordance with provisions in the Bill, or as a result of other legislation.

The Bill allows the rent to be varied annually, providing two months' notice is provided to the contract-holder. Other variations of the contractual terms can be made by agreement between landlord and contract-holder. Alternatively, the landlord can follow the procedure in Section 126 to propose a variation **without any agreement** by serving notice on the contract-holder. This notice also serves as notice under Section 172, which means that the landlord can commence possession proceedings if the contract holder does not consent to the variation. However, this would only apply where Section 172 has been incorporated as a term of the contract.

Limits on variations replicate the position for secure contract-holder outlined in Section 108. This means some fundamental provisions cannot be varied at all, while others can be modified so long as the variation "improves the contract-holders position". Other terms can be varied so long as they are compatible with fundamental provisions. Table 4 in Schedule 1 to the Bill provides details of what provisions may be varied.

Where the terms are varied, the landlord must provide details of the changes in writing. Failure to do so will mean that the landlord is liable to pay the contract-holder compensation.

Sections 130 and 131 Withdrawal by joint contract holders

These sections replicate Sections 111 and 112 which apply to secure contracts.

A joint contract-holder can withdraw from the contract without ending the contract for the other occupiers. This means that the remaining occupiers will still be contract-holders. Under the current law, notice from one tenant will end a joint periodic tenancy. The withdrawal notice will need to give the landlord any minimum period of notice as required by Section 131. The remaining occupiers must also be informed that a withdrawal notice has been served by both the occupier that has given notice, and the landlord.

3.7 Part 7 (Sections 132 to 142) Provisions only applying to fixed term standard contracts

These provisions are most likely to affect occupiers in the PRS; those who at the moment would be given a fixed term assured shorthold tenancy.

Section 133 allows a fixed term standard contract to specify that a property cannot be occupied for certain periods. This could, for example, have implications for student accommodation. Many students, particularly those living in the PRS will pay a retainer for the summer period, without actually occupying the accommodation. This can be a source of friction between landlord and tenant.

Sections 134 to 137 of the Bill contain provisions for the variation of fixed term standard contracts. They deal with variations in a similar way to secure contracts and periodic standard contracts. As with other contracts created by the Bill, a fixed term standard contract can only be varied by agreement between the landlord and the contract-holder or by a change in the law. Again, as with other contracts, there are limits on the variation of some fundamental provisions. Some can only be varied where there is a change in the law; others can only be varied where it improves the contract-holders position. Table 5 in Schedule 1 to the Bill outlines the fundamental provisions applicable to fixed term standard contracts.

The landlord will be required to provide a written statement of any variation within 14 days. This could be achieved, for example, by providing a copy of the occupation contract which includes the varied term(s). If the landlord does not comply with this requirement the contract-holder would be entitled to compensation.

Section 138 allows a joint contract-holder to withdraw from a fixed term standard contract where the contract contains a break-clause. However, there is no requirement for the contract to contain a break-clause. A break-clause is a term in a contract allowing it to be ended early by one or both parties.

Sections 139 to 142 deal with the transfer of contracts. The right of a fixed term standard contract-holder to transfer the contract depends on what is in the contract. There is no statutory right to transfer this type of contract.

Section 139 allows a fixed term occupation contract to contain a provision that permits the contract to be passed to another person on the death of a sole contract-holder.

Section 140 allows a forced transfer, but only where the contract provides for this. This would allow one or more joint-contract holders to require the remaining contract-holders to transfer the contract. The contract-holder requesting the transfer may ask the court to make an order requiring the other joint contract-holders to join in the transfer.

A joint contract-holder may also transfer their rights under the contract to another person under provisions in Section 141. However, the person to whom the contract is transferred is only entitled to occupy the contract with the consent of the other joint contract-holders.

Section 142 allows a joint contract holder's interest in the contract to be transferred to another person after their death.

3.8 Part 8 (Sections 143 to 145) Supported Standard Contracts

The Bill excludes supported housing providers from the requirement to issue an occupation contract where the accommodation is intended to be for six months or less (Part 5 of Schedule 2). After the initial six months the contract will automatically become a supported standard contract, although the six month period can be extended. Community landlords and registered charities will be able to issue supported standard contracts in relation to supported accommodation. This is similar to a standard contract, but with two additional rights for landlords: mobility and temporary exclusion.

"Supported accommodation" is accommodation where support services are provided. "Support services" are defined in Section 143 to include:

- support in controlling or overcoming addiction,
- support in finding employment or alternative accommodation, and
- supporting someone who finds it difficult to live independently because of age, illness, disability or any other reason.

Section 144 outlines the 'mobility' provision. It allows a landlord to move a supported standard contract-holder to alternative accommodation within the same building.

Section 145 allows the landlord (or someone acting on their behalf) to exclude a supported standard contract-holder from the premises for up to 48 hours without a court order. This power can only be used when the contract-holder has engaged in acts of violence against any person in the dwelling, doing something that creates a risk of significant harm to any person or behaving in a way that "seriously impedes" the ability of another resident of the accommodation to benefit from the support. This power of exclusion may only be used a maximum of three times in six months.

There is no right of appeal by the contract-holder if they are excluded from the premises.

The Renting Homes White Paper originally proposed that after a period of two years, a supported standard contract would automatically convert into a secure contract. This proposal is not in the Bill.

3.9 Part 9 (Sections 146 to 228) Termination of occupation contracts

Part 9 of the Bill covers the termination of occupation contracts.

Sections 146 to 150 Overview and introductory provisions

A landlord can only seek possession in the circumstances set out in Chapters 3 to 5 and 7 of Part 9. Those chapters set out the grounds for possession. The table in Section 146 shows which grounds apply to each type of occupation contract.

Occupation contracts can only be ended in accordance with the relevant fundamental provisions that apply to that type of contract or in accordance with any other law. However, this does not prevent the contract from being rescinded by either party or the operation of the law of frustration. A frustrating event is an event which occurs after the contract has been formed and is outside the control of both parties. For example, where a dwelling is destroyed by fire or flood.

Section 149 covers possession notices and specifies the information that they should contain. This is considerably less prescriptive than at present where there are prescribed forms of notice seeking possession.

Section 150 makes specific provision in relation to prohibited conduct standard contracts and also introductory standard contracts. Where a landlord gives notice to a contract-holder under either Section 179 (serious rent arrears) or under Section 172 (which is the landlord's notice ground) then the contract-holder has a right to ask the landlord to **carry out a review of their decision** to give that notice.

Sections 151 to 155 Termination without a possession claim

These sections form Chapter 2 of Part 9 and are applicable to all occupation contracts.

Section 151 allows the contract-holder to end the occupation contract before they have become entitled to occupy the dwelling, but only if they have not yet been provided with a written statement of the contract. In these circumstances, the contract-holder would be entitled to the return of any deposit or rent paid under the contract. However, once they have been provided with a written statement, they must comply with the normal requirements for ending an occupation contract.

An occupation contract can also be ended by agreement between the contract-holder and the landlord (Section 152).

Section 153 allows the contract to be terminated by the contract-holder where there is a repudiatory breach by the landlord. The Explanatory Notes suggest that examples of repudiatory breaches so serious to justify termination of the contract would include withdrawing services (such as the water supply) or allowing the property to fall into severe disrepair.

Section 154 provides that the contract will end one month after a sole contract-holder dies or, if earlier, when the landlord is given notice of the death by the contract-holder's representatives. Under current law, a tenancy does not end automatically because the tenant has died. The Law Commission noted some of the difficulties this presents in its [November 2002 consultation](#):

...on the death of a tenant, the obligations of the tenancy continue unless the tenancy is formally brought to an end by the former tenant's successors (for example, by notice to quit or surrender) or by the landlord.

This can be awkward for all concerned. The landlord is unable to regain possession without terminating the lease, but is not to know whether the deceased tenant left a will or who may have been named as executors in it. The estate may eventually find it is liable for ongoing rent for a property which was not necessarily being used. It is particularly a problem on intestacy, where the administrators do not take the interest until the grant of administration by the court.

However, in contrast, a licence will end if the licensee dies.

The occupation contract will not end if another person is qualified to succeed the contract-holder under Section 74. If a Family Property Order requires the contract to be transferred to another person, the contract will be dealt with in accordance with that order. Family Property Orders are defined in Section 248 and cover a range of orders that can be made by the court, including those connected with divorce proceedings.

Contracts that are licences will automatically end if the landlord dies. In the case of a tenancy, it vests in the landlord's estate.

Sections 156 to 161 Termination of all occupation contracts

Section 156 allows the landlord to seek possession of the dwelling where the contract has been breached by the contract-holder. This is a discretionary ground that applies to all occupation contracts. Section 157 clarifies that where the landlord has been induced to make the contract as a result of a false statement by the contract-holder or someone acting for them, that is also a breach of contract. The court may only award possession under this ground if it is reasonable to do so. What is reasonable must be determined in accordance with Schedule 9.

The notice period where a landlord seeks possession under Section 156 will normally be one month from the date the landlord gives the contract-holder notice. However, where possession is sought on the basis that Section 55 has been breached, which is the prohibited conduct (including anti-social behaviour) term, possession proceedings can be commenced on the same day that the landlord gives notice to the contract-holder. At the latest, the landlord must commence proceedings within a period of six months after giving notice.

Section 159 allows the landlord to seek possession on estate management grounds. The nine grounds are set out in Part 1 of Schedule 8. They are applicable to all occupation contracts. All nine grounds are summarised in the table below:

Ground A	Building works – the landlord intends to carry out work to demolish or reconstruct the dwelling or to carry out work on that building or on land treated as part of the dwelling and cannot reasonably do so without recovering possession.
Ground B	Redevelopment schemes – the dwelling is in an area that is subject to an approved development scheme. Schemes are approved under Part 2 of Schedule 8 to the Bill.
Ground C	Charities – the contract-holder’s occupation conflicts with the objectives of the charity.
Ground D	Dwelling suitable for disabled people – there is no longer anyone in the dwelling who requires an adapted dwelling.
Ground E	Housing associations and housing trusts: people difficult to house – where there is either nobody living in the dwelling who is ‘difficult to house’ or the contract holder has been offered a secure contract by the local authority and the landlord requires the dwelling for occupation by a person who is ‘difficult to house’. A person is ‘difficult to house’ if that person’s circumstances (other than financial circumstances) make it especially difficult to satisfy his or her need for housing.
Ground F	Groups of dwellings for people with special needs – there is no longer a person with special needs living in the dwelling and the landlord requires the dwelling for such a person. The dwelling must be part of a larger group of dwellings intended for those with special needs and there is a social service or special facility in close proximity to help occupiers.

Ground G	Reserve successors – the contract-holder has succeeded to the occupation contract under Section 73 and the accommodation is larger than they reasonably need.
Ground H	Joint contract-holders – a joint contract holder has either withdrawn or been excluded from the contract and the accommodation is larger than the remaining contract-holders require or, where the landlord is a community landlord, the remaining contract-holders do not meet the landlord’s allocation criteria.
Ground I	Other substantial estate management reasons. This may relate to all or part of a dwelling, other dwellings in the area, or other dwellings used for similar purposes.

The notice period for each of the grounds is one month and any proceedings for possession must be commenced within six months.

Where notice is given under Ground G, the notice cannot be given before a period of six months has elapsed since the landlord became aware of the previous contract-holder’s death **or** after a period of 12 months – in effect leaving a six month window during which a landlord may serve notice.

Notice under Ground H (where a joint contract-holder has left or been excluded) cannot be given after a period of six months has elapsed from the day on which the departing joint contract-holder’s obligations under the contract ended.

The court can only award possession on one of the estate management grounds where it is reasonable to do so and it is satisfied that suitable alternative accommodation is (or will be) available to the contract-holder. If the court awards possession, the landlord must pay the contract-holder’s reasonable moving expenses, except where possession is awarded under Grounds A or B.

Sections 162 to 166 Termination of secure contracts (contract-holder’s notice)

A secure contract-holder must give a minimum of four weeks’ notice to end the contract. This replicates existing requirements.

Where a contract-holder gives notice, but fails to vacate the premises on the stated date, the landlord can seek possession. The court must award possession, subject to any defence on the basis of the contract-holder's rights under the European Convention on Human Rights (as discussed in paragraph 3.6) above. **This is the only mandatory ground for possession for secure contracts, and this is not one that applies at present.** The landlord must still serve notice on the contract holder if they intend to seek possession on this ground, and must do so within a period of two months from the date the contract-holder was to have given up possession. As with other notices given by the landlord, it will lapse six months after the notice has been served.

Under Section 166, the contract-holder may withdraw the notice before the contract ends. However, the landlord does not have to accept this and may object to the withdrawal within a reasonable period. The landlord may, for example, have already agreed to let the dwelling to new occupiers.

Sections 167 to 182 Termination of periodic standard contracts and fixed term standard contracts: end of the fixed term

These provisions will primarily affect people living in the PRS who under current rules usually have periodic assured shorthold tenancies.

The contract-holder may end the contract by giving the landlord a minimum of four weeks' notice. This is similar to current requirements, but there is no provision that the notice must end on a particular day, for example the rent day. This is the current common law requirement. That common law requirement can be particularly inconvenient to tenants who pay their rent monthly as the following rent day can be almost two months' away.

As with secure contracts, which will always be periodic, the landlord can still recover possession where the contract-holder fails to give up possession. Sections 169 to 171 replicate Sections 164 to 166 discussed above.

Sections 172 and 173 broadly replicate Section 21 of the *Housing Act 1988* in that they provide a 'no-fault' ground for possession. That is the provision commonly used by landlords to terminate assured shorthold tenancies. Section 172 does not need to be incorporated into the occupation contract if the parties choose not to. The Bill calls notice given under Section 172 'landlord's notice'. The notice period is two months. Unlike Section 21 of the 1988 Act, there is no requirement that the notice should end on a particular day or use a particular form of words. Those requirements have resulted in on-going confusion for tenants and landlords. Unlike Section 21 of the 1988 Act, there is a defence available to a contract-holder where they can demonstrate that they are subject to a retaliatory eviction (Section 213).

There are a number of circumstances under which a landlord may not issue notice under Section 172:

- Where the landlord has not provided the contract-holder with a written statement of their contract. This restriction continues to apply for a period of six months after the written statement has been provided;
- Where the landlord has not provided the contract-holder with information under Section 39 of the Bill (which includes the address of the landlord);
- Where the landlord has taken security other than money or a guarantee as a deposit (for example jewellery) and has not returned it. This would be contrary to Section 43;
- Where the landlord has not complied with requirements to protect the contract-holder's deposit, which includes the initial requirements of a scheme and the provision of information to the contract-holder.

Once a notice under Section 172 has expired, the landlord has a period of two months during which they can commence possession proceedings. Section 21 notices do not expire under the current law. A landlord may therefore commence proceedings many months or years after a Section 21 notice expires. It is not uncommon for a landlord or agent to serve a Section 21 notice on the very day that a tenancy begins, with the tenant living under the impending threat of possession proceedings being issued without any further notice as soon as the notice expires. This will not be the case under the proposals in this Bill. Changes contained in the Deregulation Act 2015 will shortly introduce time limits in relation to Section 21 notices in England.

A landlord can withdraw a notice under Section 172, but the contract-holder may choose to decline to accept the withdrawal. For example, where they have found alternative accommodation.

Serious rent arrears will continue to be a mandatory ground for possession for periodic standard contracts. Serious rent arrears means two months' arrears if the rent is due monthly or eight weeks' arrears if the rental period is shorter. Where the rent is due quarterly or yearly the Bill also provides a definition of serious rent arrears. These provisions replicate Ground 8 of Schedule 2 to the *Housing Act 1988*.

The court must make an order for possession where it is satisfied that:

- The contract-holder was in serious rent arrears when the notice was served;
and
- The contract-holder is in serious rent arrears when the court hears the possession claim.

Again, this replicates the existing Ground 8. The landlord must provide the contract-holder with at least 14 days' notice that they intend to seek possession under Section 172. Where the contract-holder has either an introductory or prohibited conduct standard contract, the notice period is one month. Possession proceedings must be issued within a period of six months of giving the notice. At present, the equivalent notice under Section 8 of the *Housing Act 1988* requires possession proceedings to commence within 12 months of service of the notice (this applies to all grounds for possession, not just those relating to serious rent arrears).

Sections 181 and 182 are relevant where a contract-holder initially occupied the dwelling under the terms of a fixed term standard contract that has expired.

If a contract-holder continues to occupy the dwelling after the fixed term expires, then they and the landlord will be treated as having made a **new periodic standard contract** under Section 182(2). This replicates existing provision in the *Housing Act 1988* where statutory periodic tenancies arise following expiration of a fixed term. Where a landlord has given notice during the fixed term, they can rely on that notice to issue proceedings once the contract has become periodic under Section 182(2). The landlord is also entitled to rely on events which occurred before the end of the fixed term when issuing a possession notice.

However, Section 182(2) will not have effect where a new contract has been agreed, and it starts immediately after the fixed term ends.

Sections 183 to 197 Termination of Fixed Term Standard Contracts

Section 183 allows a landlord to serve a fixed term contract-holder with two months' notice requiring them to give up occupation of the dwelling. This notice can be served at any point up until the last day of the fixed term. The date specified in the notice must be after the last day of the fixed term. The landlord cannot commence possession proceedings before the end of the fixed term, providing the notice was given to the contract-holder two months earlier. The court must make an order for possession providing the correct notice has been given to the contract-holder.

Section 184 replicates Section 179 and allows a landlord to seek possession during a fixed term where there are serious rent arrears. The landlord must give the contract-holder 14 days' notice that they intend to seek possession. The possession claim to the court must be made within six months.

Some contracts will contain 'break-clauses' that enable a party to end the agreement early. Notice from a contract-holder to a landlord relying on a break-clause must be for a minimum of four weeks. If the contract-holder gives notice, but does not move out, the landlord can seek possession. This is a mandatory ground so the court must award possession. Certain restrictions apply, and the landlord must serve notice within two months of the date the contract-holder intended to give up possession, then commence possession proceedings within six months.

Landlords may also give notice under a break-clause when it is in their favour. The minimum notice period is two months. However, Sections 193 and 194 replicate sections 174 and 175. That means a landlord will not be able to give notice in circumstances where:

- They have not complied with the requirements to give the contract-holder information (including a written statement of the contract); and/or
- They have not complied with requirements regarding any deposit or security that has been taken from the contract-holder.

Where the landlord is entitled to give notice, the contract-holder may defend any possession claim on the basis that it is a retaliatory eviction. Where it is not a retaliatory eviction, the court must make an order for possession. Any possession claim must be made within a period of two months after the notice expires.

Sections 198 and 199 Review by landlord of decision to give notice requiring possession

These sections only apply to community landlords and contract-holders with either introductory standard contracts or prohibited conduct standard contracts. Where the landlord has given notice under Section 172 (which is two months' notice) or on the basis of serious rent arrears, the contract-holder can request that the landlord carries out a review of their decision. The contract-holder has 14 days from receiving the notice to request a review. The landlord has discretion to allow a longer period. Welsh Ministers may make regulations prescribing the procedure to be followed in connection with any review.

Sections 200 to 204 Possession claims: powers of court

These sections apply to all occupation contracts.

Section 200 states that the court may not hear a possession claim if the landlord has not complied with the various restrictions (such as serving notice on the contract-holder) imposed by the Bill. However, the court is also given power to dispense with this requirement if it considers that it is reasonable to do so. This replicates existing requirements in relation to assured, assured shorthold and secure tenancies.

Section 201 sets out the sections of the Bill under which a court may make a possession order. The contract will end either on the day the order takes effect or, if later, when contract holder gives up possession – which may be when the order is executed (i.e. when a court bailiff carries out the eviction). A court may order that a landlord must offer a new occupation contract to some, but not all, of the contract-holders.

A person with ‘home rights’, for example a person living in their partner’s property during divorce proceedings, has a right to be a party to any proceedings.

If a landlord obtains a possession order on the basis of misrepresentation or concealment of material facts, the contract-holder may be entitled to compensation.

Sections 205 to 207 Possession claims: powers of courts in relation to discretionary grounds

These sections ensure that a court can only make an order for possession on the basis of breach of contract or the estate management grounds where it is reasonable to do so. Section 207 gives the court a broad range of powers so it can choose to dispose of proceedings in the most appropriate way: adjourning proceedings or postponing the date a possession order takes effect. Any decision made by the court must be reasonable. Where an order is made, the court will have the power to stay or suspend execution of the order. For example, an order could be suspended on the basis that a contract-holder reduces their rent arrears. This largely replicates existing powers that the courts have in relation to discretionary grounds for possession.

In the case of a breach of contract, the court can still make an order for possession even if the tenant is no longer in breach of the contract before or at the time the possession claim is made. Where an order is sought on the basis of estate management grounds, the court must also be satisfied that suitable alternative accommodation is available.

In these sections, ‘reasonable’ is defined by Schedule 9 to the Bill. Amongst other considerations, the court must have regard to the impact of its decision on all parties, including third parties such as people who live in the area. The court must not have regard to the fact the contract-holder is likely to be entitled to assistance from the local authority under homelessness legislation.

Sections 208 to 210 Possession claims: powers of court in relation to absolute ground

These sections only apply to secure contracts and relate to circumstances where the contract-holder has given notice to the landlord, but not left the property. The court must make an order for possession, but the contract-holder can ask the court to review the landlord's decision to make a claim for possession before the order is made.

Sections 211 to 215 Possession claims: powers of court in relation to absolute grounds

These sections only apply to the absolute (or mandatory) grounds for possession.

Where a landlord gives notice because they have been given notice by the contract-holder, but the contract-holder has failed to leave the dwelling, the court must make a possession order. The court must also make a possession order when the landlord has given the contract-holder notice that they should leave the dwelling at the end of the fixed term.

Where the landlord has given a landlord's notice under Section 172 (where the contract is periodic) or 195 (where there is a break clause in a fixed term contract) the court must also award possession. However, where the court considers the eviction to be retaliatory (under Section 213) it may refuse to make an order for possession. A retaliatory eviction is one intended to enable the landlord to avoid their obligations to carry out repairs to the property and ensure it is fit for human habitation. The Deregulation Act 2015 will introduce provisions to prevent retaliatory eviction in England, although they are substantially different from the proposals in Wales. The court must also make an order where there are serious rent arrears.

An order for possession would normally take effect 14 days after the hearing. However, the date the order takes effect may be postponed for up to six weeks after the order is made, but only if the court is satisfied the contract-holder would suffer exceptional hardship.

Where a possession claim is made on the basis of either the contract-holder's notice, landlord's notice or serious rent arrears, and the landlord is a community landlord, the contract-holder may apply to the court for a review of the landlord's decision to seek possession. This also applies where the landlord's decision to make a claim is subject to judicial review.

Sections 216 to 220 Abandonment

Under current law, there is no specific procedure that a landlord can use to recover possession of a dwelling they believe to have been abandoned. In many instances, a landlord will simply seek a possession order from the courts. That process can take some months. Other landlords will simply take possession of the premises, risking accusations of unlawful eviction and a potential claim for compensation, or even criminal prosecution.

The Bill proposes a new process to recover possession of premises without the need for a court order and without the risk of repercussions for the landlord.

The procedure in the Bill would only be available to a landlord where it is a term of the contract that the contract-holder must occupy the dwelling as his or her only or principal home.

The procedure requires the landlord to provide the contract-holder with a notice stating that they believe the dwelling has been abandoned and they intend to end the contract on that basis. The notice must require the contract-holder to inform the landlord in writing before the end of a warning period if they have not abandoned the dwelling. The warning period is four weeks. Welsh Ministers will have the power to change this period. The landlord must make enquiries during the warning period to satisfy themselves that the contract-holder has indeed abandoned the dwelling. At the end of the warning period, the landlord may end the contract by giving another notice to the contract-holder. Any lodgers or sub-holders are entitled to copies of both notices referred to above.

Under Section 220 a landlord can, using reasonable force if necessary, enter the dwelling at any time if they reasonably believe it to be abandoned to make it secure or to safeguard its contents and fixtures and fittings.

Where a landlord has recovered possession as outlined above, Welsh Ministers may make regulations regarding the treatment of any belongings left in the premises by the contract-holder. This can include requiring the contract-holder to pay the landlord's expenses.

A contract-holder will have a period of six months during which to challenge a landlord's use of the abandonment procedure. The challenge can only be made on specific grounds. These are:

- The landlord did not give notice, or failed to make adequate enquiries;
- That there was good reason they did not respond to the notice;
- That the landlord did not have adequate grounds for believing the property had been abandoned after the warning period had ended.

If the court accepts any of the grounds have been proved by the contract-holder, they can reinstate the contract, require the landlord to provide suitable alternative accommodation or make any other order it sees fit.

Sections 221 to 227 Joint contract-holders: exclusion and termination

These sections apply to all occupation contracts.

Section 221 provides a procedure that allows a landlord to remove a joint contract-holder from the contract where they are not occupying the dwelling and do not intend to occupy the dwelling. It is similar in many respects to the procedure relating to premises that have been abandoned. However, it does take longer. Following a warning period of four weeks, the landlord must give another notice to end their rights under the contract. The joint contract-holder ceases to be a party to the contract eight weeks after that notice.

Section 222 provides remedies to the joint contract-holder where they dispute what the landlord is alleging. They are similar to those available to a contract-holder suspected of abandoning the dwelling but, in this case, the joint contract-holder only has the eight week notice period during which they may apply to the court.

Section 223 allows one joint contract-holder to end the rights and obligations of another joint contract-holder if that other person is not occupying the dwelling and does not intend to occupy the dwelling. The procedure to be followed is similar to where the landlord wishes to remove a joint contract-holder from the contract. However, the contract-holder who remains in the dwelling must apply to the court after the expiry of a warning period if they wish to end the other contract-holders rights and obligations under the contract.

There could be situations where a joint contract-holder has been absent from a dwelling because another joint contract holder has breached Section 55 – prohibited conduct. This could include, for example, situations involving domestic abuse. In cases like this, the court may not make an order ending the absent joint contract-holders rights and obligations under the contract.

Where the court does make an order, the former joint contact-holder has a period of six months to apply to the court if they wish to challenge the decision.

Where a joint contract-holder has breached the prohibited conduct term of the contract, the landlord can take action to remove that person from the contract. The landlord has to give the joint contract-holder notice that they intend to seek possession on this basis, and all other joint contract-holders must be informed. An application to the court must be made within six months of the notice being served.

Section 227 clarifies that a joint contract can only be ended where all the contract-holders act together and give notice. This is a change to the current law which allows one joint tenant to end a periodic tenancy.

At present some tenancy agreements may include a **forfeiture clause** that sets out the landlord's legal powers to end the tenancy. These clauses have been criticised, most notably by the Office of Fair Trading, as being potentially misleading. They often state that a landlord may 're-enter' the dwelling in the event of a breach of contract, and imply that a court order is not required – even though it is. The Bill dis-applies this element of existing law. Landlords will also not be able to serve a Notice to Quit, which is commonly used to end a periodic tenancy. Landlords will instead rely on provisions within the Bill for recovering possession of any dwelling they let.

3.10 Part 10 (Sections 229 to 239) Further provisions relating to occupation contracts

Sections 229 and 230

Sections 229 and 230 relate to young people. A 16 or 17 year old can be a contract-holder under the provisions in the Bill. Under current law, a 16 or 17 year old cannot hold a tenancy.

Sections 231 and 232

Community landlords will have an obligation under Section 232 to consult with contract-holders on relevant housing management matters. However, rent and service charges are specifically excluded from this requirement. Community landlords will be required to publish a statement of the arrangements they have in place for consultation.

Sections 233 and 234

Sections 233 and 234 clarify practical arrangements for notices and other documents required to be given or made under provisions in the Bill. Notices must be in writing, which may have to be in a form prescribed by Welsh Ministers. The notice can be sent electronically if the recipient has agreed to accept notices in this format. The notice is considered given to the contract-holder if it is left at, or posted to, the dwelling subject to the contract. It could also be sent to a business or other residential address, or any other address specified by the contract-holder as suitable.

Section 235

Where the landlord accepts rental payments from a trespasser, a standard periodic contract is created two months after the first payment was made. However, this will not apply if the landlord commences possession proceedings before the end of that two month period.

Sections 236 to 239

These sections are some of the most significant in the Bill. They determine what will happen to existing contracts: current tenancies and licences.

A number of different tenancies will be affected by the Bill including secure, assured and assured shorthold tenancies. These tenancies will not be ended, but converted into new occupation contracts in accordance with Section 237 and Schedule 11.

3.11 Part 11 (Sections 240 to 255)

These final sections provide interpretation and a range of definitions. Section 250 provides an index of terms used in the Bill.

Section 251 applies the Bill to the Crown. The Crown Estate lets a number of residential properties in Wales.

Section 252 gives Welsh Ministers powers to make **any consequential and transitional provisions that they consider** necessary to give full effect to any provision of the Bill. This will include amending existing legislation.

Part 11 of the Bill comes into effect on the day after the day it receives Royal Assent. The rest of the Bill will commence on a day appointed by Welsh Ministers.

4. Financial Implications of the Bill

A detailed RIA is contained within the Explanatory Memorandum (EM). This presents the three options considered for the Bill along with the costs and benefits of each option, and an assessment of how far it meets the Bill's aims.

The estimated cost of option 1, the 'do-nothing' option where current housing law for private and social rented tenancies continues to operate is that there will be no additional costs. Therefore, the cost of maintaining existing arrangements such as the £1.64 million per year spent on court actions to remove tenants from their homes will remain. The Welsh Government expects this cost to rise as the rental market expands if the Bill is not implemented.

Option 2 would improve existing arrangements for private sector tenancies and take action to encourage good practice through voluntary arrangements, and would be estimated to cost at least £1.9 million between 2015-16 and 2019-20.

Option 3 (the preferred option) to combine and simplify existing legislation for rented homes in Wales, is the most expensive of the potential options overall, with an estimated cost of at least £12.9 million between 2015-16 and 2019-20. The majority of these costs (£10.7 million) are transitional costs that will fall upon private landlords in 2016-17, when the Bill comes into force.

Additional costs and benefits of the preferred option

Table 1 provides a summary of the additional costs that will result from implementing the legislation. Further details of the main estimated costs are set out below the table. **The additional cost figures in the table are set out as minimum additional costs, as the total additional costs to third sector providers of housing advice have not been detailed in the RIA. Therefore, the Bill will cost at least this amount.** Instead, example costs have been provided for one provider of housing advice and information, Citizens Advice. The RIA states that these figures would increase depending on how many other providers of advice took this action.

Looking at benefits, as with most Bills these are not quantified in the RIA.

However, it states that the Bill will bring clarity to the law relating to renting homes, benefitting landlords and tenants. Some of the areas where financial benefits may occur through savings include reducing the cost of dealing with disrepair to the health, education and employment sectors, currently estimated to be £168 million per year across Wales. In addition, the RIA states that it is expected that the number of cases for possession of rented homes will decline following the introduction of the Bill. This may have an impact on the number of cases for possession of rented homes that come before the courts, which cost approximately £1.64 million per year.

Table 1: Additional costs of preferred option (option 3), 2015-16 to 2019-20

Costs	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Welsh Government						
Policy and legal staff	0	333,000	184,000	184,000	184,000	885,000
Communications	0	100,000	20,000	20,000	20,000	160,000
Training and Development	0	30,000	20,000	0	0	50,000
Evaluation	0	10,000	25,000	15,000	0	50,000
Total Welsh Government costs	0	473,000	249,000	219,000	204,000	1,145,000
Private Landlords						
Familiarisation	0	7,680,000	0	0	0	7,680,000
Legal Advice	0	2,400,000	0	0	0	2,400,000
Conversion to model contract	0	608,855	8,960	8,960	8,960	635,735
Total Private Landlords costs	0	10,688,855	8,960	8,960	8,960	10,715,735
Community Landlords						
Familiarisation - local authority lawyers	0	18,000	0	0	0	18,000
Familiarisation - Community Landlords	0	69,000	0	0	0	69,000
Legal advice - all Housing Associations	0	35,000	0	0	0	35,000
Contract conversions for Community Landlords	0	538,356	0	0	0	538,356
Total Community Landlord Costs	0	660,356	0	0	0	660,356
Example costs for one large third sector provider						
Training and development	0	23,000	0	0	0	23,000
Updating information	0	45,000	0	0	0	45,000
Total example costs for one large third sector provider	0	68,000	0	0	0	68,000
Legal Professionals						
Familiarisation	346,000	0	0	0	0	346,000
Total Legal Professionals costs	346,000	0	0	0	0	346,000
Minimum additional costs	346,000	11,890,211	257,960	227,960	212,960	12,935,091

Source: Research Service calculations from National Assembly for Wales, [Explanatory Memorandum – Renting Homes \(Wales\) Bill](#)

Costs falling on landlords

The majority of the additional costs associated with the Bill fall upon **private landlords**. These total **£10.7 million between 2015-16 and 2019-20**. The vast majority of these costs are transitional costs incurred in 2016-17. The **familiarisation costs of £7.7 million** cover the time spent by the estimated 80,000 private sector landlords in Wales to understand the new arrangements, which is estimated to be 1 day per landlord. In addition, the RIA estimates that approximately 20% of private landlords will seek legal advice when converting contracts to the new types of contract. This is **estimated to cost £2.4 million in 2016-17 based on landlords requiring one hour of legal advice at an average cost of £150 per hour**. The remaining costs that are anticipated to fall upon private landlords are for producing the new contracts, **which are estimated to be approximately £635,000** between 2016-17 and 2019-20.

Community Landlords (housing associations and local authorities that have retained their housing stock) **will incur additional costs of approximately £660,000** between 2015-16 and 2019-20. These costs are all transitional costs associated with familiarisation with the new legislation, legal advice for housing associations and for converting existing contracts.

Costs falling on the Welsh Government

The Welsh Government will incur estimated additional costs of £1.145 million between 2015-16 and 2019-20 as a result of the Bill. These are mainly comprised of staff costs for a medium to large policy team and legal professionals to work on subordinate legislation, running consultations, developing model contracts and raising awareness of the Act following Royal Assent. Other costs that will fall upon the Welsh Government include non-staff costs associated with communications, running training and development activity across Wales, and evaluating the impact of the legislation.

5. Response to the Bill

On 11 February Lesley Griffiths AM, Minister for Communities and Tackling Poverty, made a [statement](#) introducing the Renting Homes (Wales) Bill.

She said that the existing complex legal framework for renting is in need of reform and that a new legal framework will address problems of inequality and unfairness in the current system, for example where joint contracts enable one person to end the tenancy of all parties, or where 16 and 17 year olds wish to rent on the same basis as tenants over 18.

The Bill is based around two types of contract which aim to reflect the two main types of renting: long-term renting in the social rented sector and short-term renting, mainly in the private sector. The Minister also said that the Bill will establish, for the first time, a legal framework for supported accommodation.

The proposals in the Bill are based on work undertaken by the Law Commission.

Mark Isherwood (Conservative Shadow Minister for Communities and Housing) expressed a number of concerns. These included a question of whether the new rental contracts would be sufficiently flexible to adapt to individual circumstances, and the removal by the Bill of the 'six month moratorium' which limits the ability of private sector landlords to gain possession within the first six months of an assured shorthold tenancy. Shelter and Citizens Advice Cymru believe the abolition of the moratorium will impact on security of tenure for people in the private rented sector. Mark Isherwood was also concerned about the voice and rights of tenants in properties which are in a poor state of repair.

Jocelyn Davies for Plaid Cymru asked about the inclusion of rent control methods in the Bill. She believed the Bill doesn't go far enough on requirements around maintenance and should include a duty on landlords to maintain properties to a decent standard. She also believed that provisions on electrical safety are needed.

The **Minister** replied that rent control may have unintended consequences in reducing incentives to invest in housing.

Mike Hedges for Welsh Labour asked the Minister how the duty on landlords to maintain properties will be enforced and how a contract for a person under 18 years will be effective. The **Minister** replied that the Bill will provide the same status to rental contracts for 16 and 17 years olds as those for people over 18.

Peter Black was concerned about the abolition of the six month moratorium and the potential impact on security of tenure for homeless people rehoused by local authorities in the private sector. He was also concerned that the Bill should strike the right balance between flexibility in tenancies and security for tenants, and about support for tenants in dispute with their landlords. He wished to see regular checks on electrical safety and carbon monoxide detectors made mandatory.