

## Tenant Fees

**In the Autumn 2016 Budget Statement the Chancellor announced the intention for the Government to ban letting agent fees to tenants. This was confirmed in the Queen's speech after the election.**

The Government logic on this is worth understanding and it has two main points.

Firstly they want to make it easier for tenants to move properties. The consultation they ran, which finished on the 2 June, specifically said this was one of the intentions. The idea is that if a tenant has to pay a lot of money to move home then they are more likely to stay put. If there are less costs to moving, then if a landlord is not responsive to repairing requirements, the tenant will be more likely to move.

This is an interesting angle of the tenant fee ban that all landlords need to be aware of. Whether or not it will "work" will have to be seen but it is not difficult to guess that this might have a positive effect in areas where there is enough property available to give the tenant the choice of moving, but in areas where there is a chronic shortage it is unlikely to have any significant effect.

Secondly, as the landlord chooses the agent (and does not usually need more than one agent to advertise in order to let the property) it is unusual for the tenant to be able to have any significant influence in the negotiating position. If they want 'that' property they can only get it through one agent and they have to pay the fees demanded. This is made worse in areas of high demand where tenants have to compete for the property.

On the other hand, landlords have a range of agents to choose from in any area and so are in a much stronger negotiating position.

Considering all the legislative requirements, landlords should not choose an agent based simply on the amount they charge, as a cheaper commission rate will often mean a reduced level of service. Considering the landlords liability for things not being done correctly, and generally the landlord remains liable even if they appoint an agent to carry out the task, it is important for the longer term protection of the landlord that the agent is doing a professional job and is resourced to do so.

There have been proposals that tenants should pay for the referencing and also that tenants should remain liable for fees incurred as a result of the tenant's default, including things like interest on late paid rent, charging the tenant for replacement keys if they were lost or possibly even issues around seeking possession in court. At the moment, without yet having access to the proposed legislation, one can only surmise quite how far reaching the restriction will be. It does seem clear from their statements that the ban will prevent landlords, as well as agents, from charging.

## MEES

MEES stands for Minimum Energy Efficiency Standards and is part of the Government plan to reach its energy reduction targets. With buildings being one of the largest consumers of energy, it was clear from the outset that improvements in this area would be needed in order to reduce energy consumption. The problem is that the life of a building is a very long time and simply building new energy efficient properties would not be enough.

MEES addresses this by requiring existing buildings to have work done to them to bring them up to a minimum standard. The first steps in the process are clear and any property that is to be let after April 2018 will have to be a minimum of a Band E EPC rating. Note that a statutory periodic tenancy arising is a new lease granted to the tenant so if this happens after April 2018, then the minimum E rating applies. If you have a property below Band E it may be worth considering if you want to arrange a renewal before April 2018 in order to give more time to improve the energy rating.

Properties with existing tenants will have to be minimum Band E by April 2020, even if it has the same tenant in the property as before 2018 and no renewals have been agreed.

There are exemptions to the requirement for Band E, including those that cannot be raised above this threshold in a cost effective way or where the works required would negatively affect the appearance of a listed building.

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