



Regulation of letting agents (UK)

Effective standards must be put in place to ensure letting and managing agents are required to act in a professional manner. Regulation should be risk and principles based, requiring letting agents to provide certain information, rather than telling them how to operate. Any regulation must be effectively joined up with regulation of agents selling homes and managing properties to ensure minimum standards of consumer protection in all housing transactions. It should be possible for an agent working in lettings and sales to belong to one regulatory scheme.

Unregulated agents lead to serious flaws in consumer protection in an essential area and action should particularly be taken to protect vulnerable consumers. A regime for regulating letting agents must include qualification and entry standards, protection for client's money and tenant's deposits along with a redress scheme if things go wrong.

Key issues

England

- There are many letting agents who are not part of voluntary schemes and should be brought within regulatory structures to increase professionalism in the sector.
- Around 50% of letting agents are unregulated and significantly fewer than half of all transactions involve a regulated agent.
- Voluntary regulation schemes already existing for letting agents within the industry and these should be the basis of mandatory regulation.
- Different Government departments deal with estate agency regulation (Department of Business) and letting agency regulation (CLG). These processes need to be joined up.

Scotland

- Scottish Government undertook a detailed review of the private rented sector which concluded in early 2009 with a view to better using the stock to meet Scotland's affordable housing needs – the findings were general positive.
- The main areas of concern are the lack of understanding amongst tenants and landlords/agents of rights and duties and the number of people (around 3%) having their deposits unfairly withheld.
- RICS is generally supportive of a tenancy deposit scheme and following several working group meetings it was agreed to pursue a standalone scheme not too dissimilar to England.
- The working group is to be expanded to look at other areas covered in the review like focussing on how more private landlords could be used to provide affordable housing.
- RICS has recently agreed a voluntary code of practice for the property management (factoring) which has potential impacts on the lettings sector.

Northern Ireland

- The Department for Social Development in Northern Ireland has recently consulted on Building Strong Foundations – A Strategy for the Private Rented Sector. The objective of the strategy is the development of a healthy private rented sector capable of responding more effectively to housing need in Northern Ireland.
- RICS Northern Ireland supports many of the proposals in the strategy, such as: improved dissemination of information on tenants rights; a voluntary accreditation scheme for landlords; the introduction of a tenancy deposit schemes; improved fitness standards such as the provision of mains operated smoke alarms and ensuring that all properties in the PRS are up to the Decent Homes Standard by 2015.

Wales

- Responsibility for regulation of private rented housing is devolved to the Welsh Assembly Government which is currently considering its approach to regulation

The role of Chartered Surveyors

The RICS residential faculty has around 20,000 members working as valuers, agents, carrying out surveys and working in the affordable housing sector. Within the private rented sector RICS members act as letting agents working with landlords and tenants.

Actions

- RICS commissioned Sir Bryan Carsberg to conduct an independent review into agency regulation which was published June 2008.
- In response to this report the independent Property Standards Board was established to oversee regulation in the property industry.
- RICS representatives have met regularly with civil servants in the Department of Communities and Local Government working on the private rented sector.
- RICS is responding to the current Government consultation on the issue.
- RICS is on the Scottish Government's working groups dealing with private rented sector reforms.

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