

Recommendations for CDL Private Rental Properties

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Deposits

Legislation states that the tenancy deposit cannot be more than 5 weeks' rent, and typically CDL would charge 4 or 5 weeks rent in advance. In order to ensure CDL are financially protected as much as possible in cases of unpaid rent and damage to its properties, it is recommended to charge the maximum 5 weeks' rent.

Pets

With regards to allowing tenants to keep pets within CDL private rented properties, CDL should use its discretion upon each tenancy application i.e. if a tenant states that they have a dog that they use for breeding, then we should refuse this, or if they have a large number of dogs/cats.

CDL are unable to charge a higher deposit for tenants who have pets, however there is the option to charge "pet rent", whereby CDL can charge a higher monthly rent to cover the risk to the property should the pet cause damage. In any case, CDL would be able to retain the full tenancy deposit if the property is damaged by pets.

It is possible that the legislation around pet rent could change in the future, therefore it is recommended that CDL do not charge higher rents for those with pets. In addition, if CDL did charge pet rent, tenants could argue that it is unfair and penalises the animal's owners.

Holding Deposits

The legislation changed a few years ago whereby tenancy application fees were banned. The alternative that was provided is a holding deposit. A holding deposit is capped at one weeks' rent. It reserves a property for an applicant and once the applicant has paid the holding deposit, they have 15 days to sign the tenancy agreement.

The restriction on us is that we cannot rent the property to anyone else within that time period, without offering it to the tenant first. The tenant can ask us to hold the property for more than 14 days, however we must agree to it in writing.

Our obligations include:

- Providing the tenant with details of the holding deposit in writing, including what will happen to the funds if the tenant doesn't move in.
- If we decide not to proceed with the tenancy (at no fault of the tenant), then we must return the holding deposit within 7 days of the end of the 14 day holding deposit.
- We don't have to give the deposit back if the tenant decides not to move in, gives false or misleading information (i.e. they lie about their income), or if the tenant decides to move in but doesn't provide us with the right information within 14 days.
- Once a tenancy agreement is signed, we must pay the holding deposit back within 7 days, or we can put it towards either the tenant's deposit. This must then be protected under a deposit protection scheme.

Deposit Protection Schemes

There are 3 government backed deposit protection schemes, being Deposit Protection Service (DPS), Tenancy Deposit Scheme (TDS) and MyDeposits.

There are two types of schemes that can be entered into: insurance based or custodial. Custodial means that we transfer the deposit money to the scheme we choose, whereas insurance based means that we hold the deposit for the duration of the tenancy but we pay a protection fee to the Deposit Scheme. I would recommend that we use a custodial scheme as it costs us nothing (the Deposit Scheme makes its money by the interest earned on holding the deposit).

Recommendation

Deposits – it is recommended that CDL charge all tenants the maximum deposit allowed, being 5 weeks' rent, to ensure CDL are financially protected as much as possible.

Deposit Scheme – it is recommended that CDL use a custodial scheme as it comes at nil cost to CDL (the Deposit Scheme makes its money by the interest earned on holding the deposit) and use TDS custodial scheme as TDS are known for having a better reputation in the service it provides to landlords & tenants.

Pets – it is recommended that CDL allow tenants to have pets with prior written permission, and that discretion should be used in any case. It is not recommended to charge a higher rent for those with pets, due to the possibility of legislation changes in the future, and it being a controversial topic amongst tenants.