

Renters (Reform) Bill

Briefing Submission – The Lettings Industry Council (TLIC)

Theresa Wallace – Chair The Lettings Industry Council (TLIC) -

www.thelettingsindustrycouncil.co.uk

Background

The **Lettings Industry Council (TLIC)** is made up of a group of stakeholders from across the industry including professional bodies such as RICS, Propertymark, NRLA, the Deposit and Ombudsman schemes, advice4renters, VOA, NTSELAT, GLA, The Property Institute, agents large and small and industry providers. For a full list of stakeholders visit: <https://www.thelettingsindustrycouncil.co.uk/about>.

The aim of TLIC is to share the group's experts' extensive lettings experience through collaboration and accurate market data which allows us to inform, educate and improve the Private Rented Sector for all. By doing this, the group strives to ensure tenants and landlords are given everything they need to secure legally let and safe housing in the private rented sector. All who engage in TLIC are united in their objective to see standards rise across the lettings sector.

We support many of the proposals in the Renters Reform Bill. However, for it to work 'on the ground' for **tenants in particular**, we believe there are essential changes still required to the Bill. We are also concerned that on its own, the RRB will not improve the life of tenants as much as it could. This is because the huge housing shortages which have worsened in the private rented sector over the last few years make it difficult for tenants to take advantage of any additional rights when there is either little choice, or no choice of moving to another property. Essentially although they may be able to enforce their rights, if this means **losing their home**, they may not be any better off.

Periodic Tenancies

With the abolition of the Section 21 Notice, there is no need to abolish fixed term tenancies. By keeping the minimum term of 6 months whereby a tenant can serve two months' notice at any time from month four, this will increase landlord and lender confidence and make it financially viable. We believe this will stop more landlords exiting the Private Rented Sector (PRS).

Tenants need to be able to 'put down roots' if it is their choice of tenure long term.

Tenants are concerned they will lose their ability to fix longer term lets. TLIC believe they should continue to be able to do so while retaining their ability to give two months' notice to the landlord after 4 months. This allows them to stay for short or longer term work contracts and fit in with schooling. The **average tenancy length in the last English Housing Survey is 4.3 years** and so allowing tenants to fix a longer period that suits them is in a tenant's best interest.

If the property is not fit for purpose, then the tenant should be able to terminate the tenancy and the Local Authority should be able to visit and determine this quickly and easily.

Court and First Tier Tribunal Reform

Although Section 21 Notices are now referred to as 'no Fault Evictions', in reality they are typically issued for reasons including: Rent Arrears, Anti-Social Behaviour or Landlord needs to sell or move back in. Currently Section 21s have been used in favour of other methods even when there is a reason to evict because it's easier and quicker.

The loss of Section 21 Notices also means the loss of the ability to issue accelerated possession proceedings. There is also a **practical fear that the Courts won't be able to deal with cases in a reasonable time.**

Currently our data suggests that if the tenant does not vacate when asked, it can take 2, 5, 7, 9 months to then gain a possession warrant appointment. Meanwhile in many cases rent is not being paid and the landlord can face financial difficulties.

Another issue is the figures published on court possession hearings. They do not include the time it takes courts to actually open the application. Court rules specify that housing possession claims requiring a hearing should be listed between four to eight weeks from receipt of the request. The time to open an application is not included in the published figures. The Government [admits](#) that: "Timeliness figures are higher than the legal guidelines." We are not seeing a true reflection of the time taken for processing an application once it is received, only once it is opened. One law firm, JMW did a study recording the timings and discovered that it can take up to 66 working days to process an application. Of 33 courts monitored 11 (one third) took over 8 weeks to process an application. In 32 courts monitored on call answering, the time taken in 27 of them was between 35 and 90 minutes. This shows the Courts are under-resourced.

Digitisation will help as applications should include all the information required and not be missed which can happen now, however, digitisation alone will not reduce the court times. Only additional resource or a specialist Housing Court can do that.

Many Councils continue to tell tenants to sit tight and wait for an eviction order. We sent DLUHC evidence showing 9 Councils who did this whilst we were collating the evidence.

Quotes in the King's Speech that a landlord will be able to recover his property quickly cannot happen due to the court delays and the above.

First Tier Tribunal

We must learn lessons from Scotland and ensure the FTT is resourced. We believe they will see an increase in the cases they deal with as any challenge to a rent increase via a Section 13 Notice, will be through the FTT.

Sources:

https://www.lawgazette.co.uk/news/litigants-now-waiting-78-weeks-for-their-day-in-county-court/5117183.article?utm_source=gazette_newsletter&utm_medium=email&utm_campaign=Legal+Heroes+announced+%7c+18-month+wait+for+civil+trials+%7c+Mother+in+Law+on+holiday_09%2f08%2f2023

Regulation of Property Agents (ROPA)

Agents are critical to a safe PRS and essential for landlords and tenants to work together – professionally. The lack of requirement for qualifications and regulation of agents means that not all of them know or implement the **current 170+ laws** which **deliver over 400 rules and regulations** to let a property.

Without regulating agents, TLIC believe that many agents won't implement the changes in the RRB, just as they aren't implementing the current laws. Without a vast increase in enforcement resources, although the RRB gives tenants more rights, we do not believe these will be enforced.

Whilst ROPA (Regulation of Property Agents) is on the back burner and we accept that regulation doesn't look like it's coming anytime soon, however, with the lettings legislation mentioned above, **agents should be qualified** to ensure consumers are receiving the correct advice and to raise the standard of service across the sector.

Attached is a regulation model that was produced by TLIC back in 2018. This was drafted by people working in industry who understand what could work in practice. It includes minimum induction training for all lettings staff and a high level of training for at least one staff member per branch/division/discipline. Larger departments would require more staff trained to a higher level, i.e. 1 in every 8 or 10 staff. It also includes training for self-managing landlords. There are many compliant landlords who self-manage; but it should be noted that the rogue landlords self-manage as they don't want to comply to a letting agents' standards, albeit standards vary greatly across agents whilst there are no legal training requirements. We want to **eradicate rogue landlords from the sector**. Between the Property Portal and self-managing landlords having to undertake training, these two changes would go a long way to educating those who are just naïve, whilst raising standards and eradicating the rogues.

Property Portal

We support the development of a Property Portal and believe it is key to eradicating properties not fit for purpose. However, it needs to be developed with the end objective in sight and it also needs to be developed in line with the Property Trust Framework being proposed by the HBSG and the DPMSG. If it doesn't meet the digitisation of property data currently being proposed, it will soon be out of date and the information will not be able to be shared efficiently and cost effectively across the public and private sector.

For example, the portal's main aim needs to be to ensure it doesn't allow sub-standard properties, landlords and agents to advertise or operate in the market.

To do this, a coding system can be implemented to enable the portal to verify that documentation is in date and that there are no issues that need addressing. It should provide evidence of the property's required safety certificates such as the Gas Safety Reports (GSR), Electrical Installation Condition Reports (EICR), Energy Efficiency Certificate (EPC), absence of damp and mould, adherence to the Decent Homes Standard rules once introduced and can be achieved through a H&S pre let check. Similar to EPC providers, people can be trained to check that a property is fit for habitation.

If landlords upload their own data, the rogue landlord can upload false information which is why we need easy integration. We need centralised registers for GSRs, EICRs as we have for EPCs. The Property Portal needs to check compliance using APIs, so it is automated. For example, from the UPRN it could check if there is a gas supply. If there is it could check if there is a GSR recorded against it. Likewise, the EPC could be checked and if not E rated or better, it could check the exemptions register, etc. Use of the Unique Property Reference Numbers (UPRN's) could facilitate this. Details of ombudsman membership and membership of a deposit protection scheme should also be included on the property portal.

The Portal needs to have a clear objective to deliver the data required to ensure bad landlords, properties and agents cannot operate. It needs to have interoperability with the finance and property sector as well as local authorities, so all can check a privately rented property is compliant.

This will enable the portal to identify to a local authority that enforcement is required

TLIC believe the hugely complex Selective Licensing schemes will not be required if we have a fully functional Property Portal.

Housing Supply

We support many of the proposals in the Renters Reform Bill, however, for it to work 'on the ground' for tenants in particular, we believe there are essential changes still required to the Bill.

The decline in numbers of social rented homes and increasing PRS rents, has resulted in **42% of private renters having to rely on housing benefit**, with 56% of those entitled to the maximum, receiving an average of £100 a month less than their rent. **This means over 1m private renters are entitled to the maximum housing benefit allowance and are more than likely entitled to live in social housing.**

Abolishing Section 21 notices will not solve the housing crisis as those that enforce their rights could end up losing their home and having few options to find another. The only way we can really **help all tenants is to deliver the 1 million social homes** that households are eligible for. Not only would this help to solve the housing crisis for the most vulnerable in society, but it would also release potentially 1mn homes for first time buyers and other renters in the private sector.

Although we can't build 1 million homes overnight, The Lettings Industry Council does believe it is possible to deliver this in a relatively short period of time if the public and

private sector work together. We have suggested solutions in our paper on How to fix the Housing crisis

https://www.thelettingsindustrycouncil.co.uk/files/ugd/231fc4_049754c9bff241b3bd9b55e3ba49ce30.pdf The paper is also attached.

Although we applaud the various initiatives to deliver more social homes, they haven't delivered enough at the speed required.

Whilst the biggest proportion of tenants renting in the PRS are tenants on benefits, the current legislation, was not built to provide social homes. It works very well for the majority of the market; good landlords and good tenants don't generally have issues, however, there is a minority of landlords which the renters reform bill will help address with further amendments.

With the ongoing shortage of stock in the sector, Landlords continue to leave for a variety of reasons, the main ones being – losing Section 21 Notices, the lengthy court times, more legislation, increased mortgage rates and tax reforms. Many more are considering their options.

Whilst the supply/demand balance has eased somewhat, this is partly due to some landlords being unable to sell returning to the rental market short term until interest rates reduce and the sales market picks up.

On the 8th of May 2024, Knight Frank's Head of Research warned that a new batch of landlords are preparing to sell up and leave the sector. The number of new lettings across London was 4% lower in April compared to April 2023. Meanwhile sales instructions have increased by 16% over the same period. It is **imperative that we don't lose anymore landlords** from the sector and we need to **encourage more compliant landlords to enter it**.

Hamptons research in November 2023, estimated that individual landlords will have sold 294,300 more homes than they've bought since 2016, which is more than the total number of homes in Manchester (237k) or Cornwall (288k). While institutional investment in the private rented sector through build-to-rent schemes will have filled some of the gap left by private landlords, overall, there were 43% fewer homes available for tenants to rent in the first 10 months of 2023 compared to the same period in 2015.

Build to Rent has a place, however, for their model to work, they cannot always build in the areas where the demand is. So, we continue to need the private landlord to provide homes for individuals, couples and families.

Demand has increased across different tenures. Our student population has risen from c 1.3mn students to c 2.86mn since the millennium. More than 4mn migrant workers and asylum seekers require housing . Families parting requiring two households to house shared children are some examples.

We need a long-term strategy with some short-term gains to provide more social housing to accommodate many of these tenants. We need long and short-term solutions.

Amending Self Invested Pension Plan (SIPP) rules to allow investment into residential housing with a strict criterion to include rent levels below market rent, only letting to Housing Associations for social housing use, must be held for a minimum term of 10/15 years, could be one solution to increase stock. Any concerns about the loss of tax would be mitigated by the various savings made by having more social housing including saving on paying temporary accommodation charges.

Sources:

<https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-headline-report/english-housing-survey-2021-to-2022-headline-report>

<https://researchbriefings.files.parliament.uk/documents/CBP-7857/CBP-7857.pdf>

<https://www.hamptons.co.uk/articles/landlord-sell-off-slows-everywhere-apart-from-scotland/>

Recommendations

- Where a tenant and landlord want to agree a longer fixed term allow them to do so providing the tenant can have a 2 month break-clause ongoing from month four.
 - Ensure the courts and first tier tribunal have the investment and resource to deal with cases in a timely manner.
 - Introduce minimum training standards and qualifications for letting staff.
 - Ensure the property portal is fully digitised and can verify all safety reports uploaded.
 - Introduce mandatory registers for gas and electrical reports.
 - Introduce a pre let H&S check for every rental property to be completed every 2 years
 - Set up a cross party committee to produce a long-term strategy with some short-term gains to provide more social housing through long and short-term solutions.
 - Amend Self Invested Pension Plan (SIPP) rules to allow investment into residential housing with a strict criterion to include rent levels below market rent, only letting to Housing Associations for social housing use.
-

Theresa Wallace **FNAEA FARLA CRLM**

Chair - The Lettings Industry Council

Date 10th May 2024