

Levelling Up, Housing and Communities Committee

Oral evidence: Reforming the Private Rented Sector, HC 624

Monday 5 September 2022

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Members present: Mr Clive Betts (Chair); Bob Blackman; Sara Britcliffe; Ian Byrne; Ben Everitt; Darren Henry; Kate Hollern; Andrew Lewer; Mary Robinson; Mohammad Yasin.

Questions 1-85

Witnesses

[I](#): Ben Beadle, CEO, National Residential Landlords Association, Baroness Kennedy of Cradley, Director, Generation Rent, Theo Plowman, Assistant Director (Real Estate), British Property Federation, and Nikita Quarshie, Policy Officer, Shelter.

[II](#): Councillor Matt Noble, Cabinet Member for Climate Action, Regeneration and Renters, Westminster Council, Councillor Tom Renhard, Cabinet Member for Housing, Bristol Council, Councillor Darren Rodwell, Vice-Chair, Environment, Economy, Housing and Transport Board, Local Government Association, and Eloise Shepherd, Strategic Lead - Housing and Planning, London Councils.

Examination of witnesses

Witnesses: Ben Beadle, Baroness Kennedy of Cradley, Theo Plowman and Nikita Quarshie.

- Q1 **Chair:** Welcome, everyone, to this afternoon's session of the Levelling Up, Housing and Communities Committee. This session will look at reform of the private rented sector, examining in particular the proposals in the Government's White Paper to see whether they will achieve their objectives and whether any improvements can be made to them.



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We have two panels of witnesses. I will ask the first panel to introduce themselves in just a minute, but to begin, Committee members will need to put on the record any interests that may be relevant to this inquiry. I am a vice president of the Local Government Association.

Kate Hollern: I employ a councillor in my office.

Bob Blackman: I am a vice president of the LGA, I employ three councillors in my office, and I own a number of buy-to-let properties jointly with my wife.

Ben Everitt: I employ a councillor.

Mary Robinson: I employ a councillor in my office.

Sara Britcliffe: I employ a councillor and have family members who are councillors.

Darren Henry: I also employ a councillor in my office.

Chair: There are quite a lot of employment opportunities with Members! We will come now to our panel. Thank you very much for coming this afternoon; you are all welcome. I will go down the table and ask you to say who you are and which organisation you represent.

Baroness Kennedy: I am Alicia Kennedy, the director of Generation Rent. For the purposes of all our codes of conduct, I need to declare that I am a Member of the House of Lords.

Nikita Quarshie: Hello, everyone. I am Nikita Quarshie, a policy officer at Shelter.

Ben Beadle: Afternoon, folks. I am Ben Beadle, chief executive of the National Residential Landlords Association.

Theo Plowman: Hi, everyone. I am Theo Plowman, assistant director of policy at the British Property Federation.

Q2 **Chair:** Thank you very much for coming this afternoon. We have a wide range of interests here, but we will try to explore proposals that are important for tenants, landlords and the wider community.

To begin, I will go down the table with a general question. Currently, if landlords want to evict a tenant in the private rented sector, they can evict under section 21 or section 8 of the Housing Act 1988. They can use either of those two mechanisms. What do you think are the advantages of each for landlords, and what are the advantages or disadvantages for tenants?

Baroness Kennedy: For section 21, I do not think there are any advantages for tenants. Ending section 21 as part of this reform is very welcome. A tenant cannot defend themselves against this type of action; as long as the application is valid, the possession must be granted, and the tenant is ordered to leave. We feel that a big advantage of this pending legislation is the end of section 21. I am sure you do not

necessarily want me to go through all the detail of where we feel the legislation needs to be tightened to ensure that section 21, as a central piece of this legislation, is ended.

What happens is attention then focuses on the grounds for eviction in section 8—the breach of contract grounds. While we welcome the end of section 21, we also want to make sure that tenants no longer live with the threat of eviction hanging over them, so there are some reforms to the current proposals under section 8 grounds that we want this White Paper to look at. Do you want me to go through those now, Chair?

Chair: We will come on to the grounds for possession in the next set of questions.

Baroness Kennedy: Yes. In terms of the advantages for the tenant, ending section 21 is welcome. In terms of section 8, we feel that a disadvantage for the tenant under the current proposals is ground 8. We would like to see it abolished, and for landlords to rely on the discretionary ground 10 for rent arrears, the reasons for which I can come on to later.

Nikita Quarshie: I agree with Baroness Kennedy. I would add that at Shelter, we acknowledge that there are good landlords who use section 21 for a whole host of reasons, not least that it is often the clearest and least complex route to repossession of the property. However, we are concerned by a significant proportion of rogue landlords who use section 21 as an excuse to shirk their responsibilities and to prevent tenants from being able to access safe, decent and secure homes.

We believe that the end of section 21 does not necessarily mean the end of its advantages, and that is because of important reforms to section 8. In fact, we believe that the reforms to section 8 are a perfect opportunity to clarify for landlords and for tenants the legitimate grounds for landlords to reclaim their properties when they need them. It puts important pressure on the courts, and it is important that the Government put interventions and resources in place for the courts to be able to deal with ground 8 proceedings, so they do not become a backdoor for section 21.

Chair: We will come on to the problem of the courts and the challenges there in just a minute.

Ben Beadle: It will not surprise you that I have a slightly different view on life. Section 21 use has fallen, and not just because of covid—it has fallen by 50% since 2015. Section 21 enables landlords, be they private or social, to deal very effectively with antisocial behaviour, which is a real problem described in the White Paper that we will no doubt come on to discuss, not least because, according to the English housing survey, a third of repossessions are around antisocial behaviour. We have to move away from this myth that landlords take any great pleasure in using section 21. We are very clear that we want tenancies to be sustained where possible, but landlords must have the right sort of recourse to take possession of their property. Section 21 allows them to do that very efficiently, not least because using section 8 grounds, which is becoming



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more popular, as I said, means that we have to go through a very broken court system, where it can take up to a year to get possession of your property. I do not think that that strikes the right balance.

Chair: We will come back to those issues about the courts and antisocial behaviour in due course.

Theo Plowman: Similarly, in our sector, section 21 has mainly been used to end a tenancy early without placing any fault on either party, but it has also been used to regain property efficiently for issues with antisocial behaviour and rent delinquency, and other similar issues—to reclaim it for asset management, for example. The key thing that the removal of section 21 will have to be predicated on, for us, is reform of the court system. As Ben mentioned, it can take up to a year and be a very lengthy and costly process. The removal of section 21 will only increase the pressure on the system, so we would really be looking for the reforms to be in place and to be seen to be working before any such reforms take place.

Q3 **Chair:** In essence, Ben and Theo, you basically do not want to see section 21 abolished.

Ben Beadle: Not exactly. We want to see more robust section 8 grounds, because we are very much of the view that just because landlords do not have to give a reason that does not mean that there isn't one. What we see in the White Paper is an acknowledgment from Government that paying rent is not an optional extra, with mandatory grounds. We see a nod towards antisocial behaviour being unacceptable, but the test being too high. We need to make sure that its replacement attracts the confidence of landlords. In its current form, it does not quite do that.

Chair: We will come on to those grounds for possession in more detail in just a second.

Theo Plowman: We see the direction of travel and understand that movement, but obviously our support for the removal of section 21 is based on some sensible changes—court reform again coming up, reformed grounds, and a retention of rental review clauses. I would not say that we are opposed to it.

Chair: Okay. Let's follow up on some of those issues surrounding reforms to tenancies and grounds for possession.

Q4 **Mary Robinson:** I would be interested to know whether you feel that the right balance is being struck, though do say where you would like to see more reforms. Baroness Kennedy, the Government say that they will introduce new grounds for possession where landlords want to sell, or to move themselves or family members into their property. Do you think there is scope for landlords to misuse those grounds?

Baroness Kennedy: We do think that there is scope for landlords to misuse those grounds. I think that is what I referred to in my introduction. The reforms in the White Paper to section 8 on all the grounds is welcome, because landlords will now have to give a legitimate reason to evict



someone. As Ben said, most landlords have a reason, so landlords who currently do the right thing, and want to do the right thing, can continue to do so under these reforms. What we want to make sure is that the criminal and unscrupulous landlords who seek to exploit are unable to use any of the grounds by not having a satisfactory evidential bar of proof, like they have in Scotland, to prove that they actually are going to sell that property, or move their close relative in. We especially want to see those evidential proofs for the no-fault grounds, where someone has done nothing wrong and yet the landlord wants to end the tenancy. There should be a burden of proof on that ground.

Q5 Mary Robinson: Ben, does that resonate with you?

Ben Beadle: I would not give my tenant a note if I wasn't going to sell, so I am very happy for there to be a sensible evidential proof, but I would not want that to be overly burdensome for the sector and to put landlords off. If I say that I am going to sell my property, I instruct a solicitor and I put the property on the market, that ought to be quite visual. What I would say, Mary, is that I think there is a role for selling properties to other investors and keeping them in the private rented sector. What I always say to landlords is that I would much rather they explored that route first before looking at getting possession. We do not always have to sell with vacant possession.

Q6 Mary Robinson: Theo, do you agree?

Theo Plowman: Yes. The crux of it is that our members especially—large institutional investors—are always looking for stability. Any sort of void is a real disaster in terms of cost, and having to market the new property is a major drag on the finances. All our members, really, are looking for long-term stable homes for people. That is what they are looking to support.

Q7 Mary Robinson: When a court grants possession for non-payment of rent, it will order the tenant to pay the backdated rent, but landlords say that practically it is often impossible to get tenants to pay, so they end up losing some or all of the rent. Is there any reliable data on how often landlords lose money that they are owed in such circumstances?

Ben Beadle: I cannot think of that data off the top of my head. What I would say is that section 21 is actually quite a good way of avoiding that, because a lot of the time that you get possession as a landlord, generally you will move on. I worry that one of the knock-on implications under section 8 is that landlords will go on to enforce that judgment and make a money claim; that will actually preclude very many renters accessing the private rented sector again. That is just something that is a fact and a knock-on effect of the proposals. Realistically, the only place that they will be able to end up in is the social housing sector, and we know the issues around affordability there.

If people are to stay in the private rented sector, it will mean landlords de-risking accepting them as tenants by asking for guarantors or for rent up front. A whole battle about that has been in the news recently. Landlords



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do not want money up front; they want the certainty that someone will pay. If people have a judgment against their name for not paying the rent, well, they've got previous, and that would be a significant risk for the landlord.

Baroness Kennedy: Can I come back on that? I am not sure that what Ben said is necessarily the case. A judge can award a money judgment against any ground for possession. If landlords were overusing or abusing section 21 for rent arrears, they could apply for money judgments, just as they can with section 8. The fact is that they use section 8 because the money judgment is embedded in the process, and therefore it is more easy and efficient, so I am unsure that section 21 is being used widely for rent arrears. As Ben said at the beginning, it is an easy and efficient route for landlords to end a tenancy without giving a reason. That is what this legislation changes, which is to be welcomed.

The thing about rent arrears is us all working together. I agree with what Theo and Ben said: we all want to see the same thing, which is sustained tenancies for the long term in homes that are safe and secure and that people can afford. The task is to avoid rent arrears in the first place.

Q8 **Mary Robinson:** Nikita, do you see this being used adversely?

Nikita Quarshie: I agree with Baroness Kennedy. I would also like to address the fears around an increase in county court judgments. First, there is no evidence that that would be the case. Again, this points to the importance of courts being able to operate efficiently, so that landlords feel secure in being able to reclaim their properties where there is occasion to believe that people are in rent arrears. Unfortunately, there are numerous barriers to people being able to access the private rented sector, which includes, for example, landlords refusing to rent to people on benefits just because they receive benefits and irrespective of the fact that they might have a perfect record of paying their rent on time. There is that to consider. There is the fact that there is a huge unaffordability issue in the sector as well. The risk that landlords or courts will have to issue more county court judgments is minimal and, frankly, one of many that unfortunately prevent tenants from being able to access the private rented sector.

I also want to address the question of the potential misuse of ground 8. We have heard from colleagues in Scotland about landlords who have reclaimed their properties on the basis that they intend to sell or to move their family in, only for a newly ex-tenant to see that property up on the market a few weeks or months later. That, for sure, should not undermine the need for ground 8—we think it is important that these reforms are brought forward—but it should mean that landlords are incentivised not to misuse it and that loopholes are closed. That means, for example, extending the letting period from three months to 12 months in situations where landlords want to reclaim their properties to sell or move their families in; and, as Baroness Kennedy mentioned, increasing and making sure that the evidence bar is high, so that landlords have to provide a good reason. I cannot help but think of examples where tenants have



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been served an eviction notice. Our service recently dealt with a family of five who were moved out of their home and have now been living in a hotel for nine weeks. It seems ridiculous to say that a landlord need not provide a legitimate reason to reclaim their properties when someone's home is at stake.

Q9 Mary Robinson: Thank you. Of course, there are other reasons—other than a property being wanted for family possession—that a landlord may seek an eviction. The Government have said they will consider ways of strengthening the grounds for evicting tenants engaged in antisocial behaviour. Do these grounds need amending and, if so, how?

Ben Beadle: This is where our concern comes in. As I said at the outset, section 21 is a very efficient way of being able to deal with antisocial behaviour. What is proposed in the renters reform White Paper is effectively a replication of ground 7A, which relies on a criminal conviction before someone can get possession. Crikey, we thought the courts were slow, but I would be a very old man by the time I followed the route of prosecuting a case and working our way through there. That does not give landlords confidence. It also does not give neighbours and those suffering at the hands of antisocial behaviour confidence. If this happens, people want it dealt with effectively and quickly.

There are a few things we want to see. We think that the recommendations in the Victims' Commissioner's report concerning antisocial behaviour should be implemented in full. We want local authorities and the police to be required to check the planned landlord portal when taking action to address antisocial behaviour and to report it to the landlord themselves. We want to make sure that there is statutory guidance covering low-level antisocial behaviour and a prescribed clause in the tenancy agreement setting out what antisocial behaviour looks like.

We think there are a number of things that can be done, but at the moment that test is too high and simply does not work. If you encounter antisocial behaviour, you need it to be dealt with. There is a role for the courts and possibly the ombudsman—I don't know how that is going to dovetail, and it is not clear from the White Paper how the ombudsman can get involved in these things too.

Q10 Mary Robinson: What would Generation Rent say?

Baroness Kennedy: We support what is outlined in the White Paper. Specifically, we feel that you need to make sure that people have a chance to respond to accusations if they have not been criminally convicted; if they have, then it is obviously a mandatory ground. We have heard anecdotally from local authorities—and London Councils a few years ago did a report that clearly showed this—that ASB is linked to mental health, not just of the alleged perpetrator but also the complainant. They wanted to put in measures that deal with that. That is why we feel it is important to have a discretionary ground, so that those sorts of extra needs can be considered.

Q11 Mary Robinson: Is it a concern, Nikita, since a person who loses their



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home because of antisocial behaviour is going to be homeless?

Nikita Quarshie: Exactly. This is something we need to consider with particular gravity. We also need to be aware that antisocial behaviour really intersects with neurodivergence and think about how people's behaviour plays out and how we interpret their behaviours as a society as antisocial. Again, the behaviour of people with disabilities might be misinterpreted as antisocial behaviour. We recommend a holistic approach led by local authorities, working with landlords, tenants and communities to ensure that incidences of antisocial behaviour are dealt with appropriately. We recommend that the Government provide landlords with clear guidelines that establish clear processes for dealing with tenants and evicting tenants who exhibit antisocial behaviour. Ultimately, we think that eviction should be the last resort while we take into account the complexity of this issue.

Q12 **Mary Robinson:** But antisocial behaviour can have a massive impact on other people who may be renting in properties and the wider community.

Nikita Quarshie: Of course. This is not to say that evictions due to antisocial behaviour should stop, but we should have a wider view and, as you said, a community-oriented view, because it does not just impact a landlord's property and the tenant themselves but the community at large.

Q13 **Mary Robinson:** Lastly from me, the Government's reforms will include student accommodation in the general PRS. What impact will that have on the market, Theo?

Theo Plowman: Largely thanks to carve-outs for what we represent, which is purpose-built student accommodation, we think that the reforms will work quite well for that sector. We would be pushing for an exemption for selected licensing for purpose-built student accommodation, as recommended in a 2019 Government review. There are some caveats that would give greater confidence to our sector, which is already facing a critical shortage of student beds. The effect on the wider student PRS is rather detrimental. I think Ben will have evidence of that.

Ben Beadle: They don't work, Mary. It's as simple as that. I look at the White Paper and I can understand where the Government is coming from on a lot of things. I might not agree with everything that is in there, but I can understand. This I cannot understand. We have carved out the purpose-built student accommodation sector. Why have we got two differing schemes? The actual concern is that a sector that works quite well, where people know that properties are going to be available to them—students know that properties are going to be available to them—just won't be ready. We have already have a shortage of bed spaces in the student sector. This is not going to help. I cannot see a justification.

In terms of the general move to periodic tenancies mooted in the White Paper, I understand that that is about security and keeping people in their homes. Truth be told, the student market is very cyclical. We are not looking for security of tenure. I am a student landlord and students move on from one year to the next and then they go out into the private rented

sector. They need the confidence that the property will be there, and these proposals do not give that. It will decimate the sector.

Q14 Mary Robinson: Thank you. Any comment on that?

Baroness Kennedy: Well, we would not be so negative about it. I want to throw Ben's words back to him—why have two different schemes for students who live in the PRS and for renters who live in the PRS? There should not be a two-tier scheme for students versus those who live in the private rented sector.

Ben Beadle: But there is, Alicia. We have it with the purpose-built student accommodation.

Baroness Kennedy: That is purpose-built student accommodation—

Ben Beadle: Exactly. That is the point that I raised. You can have fixed term in purpose-built student accommodation, and you can bring it to a close. You cannot do that after your first year. I respect everything you say, but this is a nonsense. It's the biggest nonsense in the paper.

Baroness Kennedy: We disagree. I don't think students are a homogenous group, Ben. I'm going off on a tangent, but I read an article the other day about the brain drain. Because your contract comes to an end and you are forced to find accommodation elsewhere, you move out of the area where you have built a little bit of a community over the time you have been a student there. The whole reason for this Bill is to build security, build community, give people a sense of place, and give people a forever home. Why would we deny that to students who live in the PRS?

Ben Beadle: Because, in my considerable experience, people do not wish to remain close to the university. They want to go on and work and get a job in different areas. I think this is a really different part of the sector that needs to be recognised.

Q15 Bob Blackman: I have a couple of follow-up questions. Ben, you mentioned the potential risks of abolishing section 21 and the potential for tenants getting county court judgments against them in the round and therefore the impact on their getting another tenancy. Does your organisation have data on the numbers of people who have got county court judgments against them being refused tenancies in the private sector right now?

Ben Beadle: I don't have it to hand, Bob, but I will happily write to the Committee afterwards.

Bob Blackman: That would be very helpful. If you are saying this is a risk, the risk could increase and tenants could end up without a property.

Ben Beadle: Let me put it in these terms for the Committee. If you approach any landlord with a county court judgment, they will ask you for a guarantor or advance rent. That's it.

Q16 Bob Blackman: Baroness Kennedy, a lot of lenders in the buy-to-let



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market will quite happily allow a mortgage with a tenant in place. Somebody who has a property—a landlord—decides to sell their property. They have a tenant in place who is paying their rent and behaving themselves. Why should that be grounds for eviction for a good tenant?

Baroness Kennedy: I agree with you, Bob. In our proposal, we state that landlords should be encouraged to sell with tenants in situ. We have spoken to Lloyds, and they have already said that landlords are indeed able to do that. In fact, there were some stats by Hampton at the beginning of this year, which I think stated that 13.9% of their properties which were sold were sold to landlords. We would rather they have sold those with sitting tenants—I'm sure some did, I couldn't tell you how many—rather than someone lose their home and the landlords then put someone else in. We would be in favour of ways for the Government to incentivise landlords to sell with sitting tenants.

Can I ask about CCJs? I do not agree with Ben's assessment. They are really harmful, and I think the risk that CCJs increase during this cost of living crisis is much bigger than the risk that they increase because of these reforms. Because of the money judgment attached to ground 8 of section 8, I believe landlords seeking eviction for rent arrears do not widely use section 21. I do not think it is the problem that it is foreseen to be. I think it will be a problem in the cost of living crisis. We already see rent arrears going back up. People cannot cope with their energy bills, food bills and increased rent. That is where the CCJ risk should come in, and the Government should put in measures—

Q17 **Bob Blackman:** Have you got data on that issue, specifically on rent? That is what we are looking at in this particular inquiry.

Baroness Kennedy: It is really hard to get data from the Government. They do not classify it how we would like them to, but I will see what we can get, Bob. We have tried, but it is really hard to get data using questions in Parliament. However, it is obvious, isn't it? As arrears start to rise, and the use of ground 8 of section 8 starts to rise, with the money judgments and the CCJs, it is the cost of living crisis that will price tenants out of the system, not these reforms.

Q18 **Chair:** Just to pick up this question about antisocial behaviour before we move on. All elected representatives will have experienced problems with antisocial behaviour in the social rented sector. Some of my longest-running cases that go on and on and on are about tenants suffering appalling problems with antisocial behaviour from some individuals. They always think—sometimes with justification, in my view—that the whole system is against them: the housing officers, the social workers, the lawyers and the judges have all got reasons why nothing can be done, so nothing gets done for very long periods of time. What certainty can we get? What wording can we put in these proposals to make sure that, when there is serious antisocial behaviour, the interests of the wider community being affected—I am not talking about landlords here—are actually taken into account so that something gets done?



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Baroness Kennedy: Mandatory ground for antisocial behaviour in these reforms is not changing. If someone has had an injunction against them—I wanted to say an ASBO, but that shows my age—or an IPNA, or a criminal behaviour order, or a closure order, that is a mandatory ground, which does not change in these reforms. We are arguing that the discretionary ground should be maintained too, because people should have a right to defend themselves when they have not actually been proven to be guilty of anything. Because of the mental health grounds—there is proven to be a direct link to mental health from some local authority studies—that discretionary ASB ground should remain.

Q19 **Chair:** You are almost saying that if someone has mental health problems they cannot be evicted. I think this is an important issue. It is often something that the authorities do not get to grips with, so those who end up getting to grips with it are the people living next door who suffer enormously.

Baroness Kennedy: No, I am not saying that. With the ASB, there are two grounds: a mandatory ground, and a discretionary ground. The mandatory ground is when someone can prove that there has been wrongdoing; the discretionary ground is when someone cannot prove anyone guilty of anything, but they want to make a case. The renter should have the chance to have the case heard too, and I feel that is an acceptable difference.

Theo Plowman: I do not fully disagree with what Alicia says. My argument is that the conviction element to antisocial behaviour is just too high, not least because of the timeframe. Looking at reports from the Tony Blair Institute, of those who experienced antisocial behaviour, 26% reported it to the police or to local authorities, and just 40% were satisfied with the response that they received. I do not think the police and local authorities take antisocial behaviour as seriously as they should.

For prosecution and conviction—which in itself takes a considerable time—the bar is too high. What you want is for local authorities to get involved if other tenants have left because of antisocial behaviour, which should be taken into account. There could be a role for the ombudsman to make sure that things are sped up, because those things cannot go on for years. People will move out and make other choices about their living conditions, and the landlord and the neighbours will be left with the perpetrator in an otherwise empty property. That will be a particular issue for HMO management, where you have individual rooms.

Baroness Kennedy: I would not disagree with much of that. I do think there is a role for the ombudsman; I do think there is a role for the property portal; and I do think there is a role for strong enforcement. The only point on which I disagree is this: the fact that the criminal process is slow is a different argument, and one that should be solved through legislation, not through a ground for eviction.

Chair: Well, that is very helpful in moving on to the impact on the courts. Over to you, Sara.



Q20 Sara Britcliffe: We have all touched on this, and I have three clear-cut questions. Stakeholders say that getting rid of section 21 will increase pressure on the courts; the Government say that the reforms will work and speed up the process. Do you think the reforms will be sufficient and can they be implemented properly and on time?

Baroness Kennedy: We still have issues with some of the grounds: the detail needs to be sorted out, the notice periods need to be longer, the protected period needs to be longer and, as Nikita said, the no-let period needs to be longer, especially on no-fault grounds.

However, to go back to your question about the courts, you now have a set of clear grounds for eviction with legitimate reasons. Yes, we want evidence, but where evidential thresholds are met, those evictions can obviously go forward. That should mean that, when everything is working properly, the courts are relieved of pressure because the system is working better. In addition, you have the ombudsman, which will relieve pressure on the courts, and—we hope through this—more funding for local authority enforcement, which, again, could relieve pressure on the courts.

All in all, the reforms, which are long overdue, are robust: there are proper grounds, and because work will be done to make them clearer to both tenants and landlords, there is no reason why the proposals should end up with more disputes in the courts. In fact, we think—optimistically—the opposite.

Nikita Quarshie: I agree again. I also think that the efficiency of court reform will depend, again, on courts being adequately resourced and funded. We believe that the end of assured shorthold tenancies, as well as the end of section 21, should alleviate pressures on the courts and lead to a reduction in court cases because landlords will now have to prove grounds for possession.

We do acknowledge, however, that where grounds for possession have to be proved, some court proceedings may be longer, but we do not necessarily see that as a negative thing, especially when what is at stake is someone's home. The courts will be able to operate more efficiently and in a simpler and more streamlined way if they have adequate funding, but we need to give appropriate time for court proceedings to take place and for both parties to give evidence. In the light of that, we think robust and early evidence is needed, so that tenants can get advice early, meaning that some disputes and disagreements between landlords and tenants can be resolved before they escalate to court. That would alleviate pressure that courts might face.

We also believe that proactive and preventive action by local authorities could support a more efficient and streamlined court process because it could mean that disputes are resolved earlier and that local authorities take action to prevent tenants having to seek recourse or redress elsewhere.



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Ben Beadle: I struggle to see how we think the courts will improve when we have a system that is only just reintegrating itself following the covid hiatus. If we are in a fault-based world, to put it in those terms, any delay to the judicial process is justice denied for the person making the claim.

I am very happy to encourage landlords to show compassion and to work with their tenants, but they need to have the confidence that if there is a fault, they can rely on a judicial process that will be fair to them. The courts dragging their heels and not allowing landlords to get possession was a problem in our survey of 3,500 members that we did in the run-up to this session. Two thirds of landlords and letting agents expressed grave concerns about the ability of the courts service to modernise in the timeframes set out in the White Paper.

I agree with Shelter inasmuch as I think there must be early intervention from the point of view of advice—that is critical. There is no point turning up on the day of the hearing and asking for advice; that needs to be embedded in the process up front. I am a big fan of mediation. It is better to reach a begrudging agreement than have it imposed on you. I would really like to see that dovetail to stem the work of the courts.

We also need greater digitalisation of the courts service. We need to rely on technology. We also need to ensure that these reforms are in place well ahead of time, before section 21 is abolished. I do not want the promise of jam tomorrow. That is cold comfort for those people waiting for tens of thousands of pounds of arrears or experiencing antisocial behaviour.

Theo Plowman: I would make fairly similar points. We are quite lucky in the fact that we have a bit of a glimpse into the future through the Scottish tenure reforms. They have proceeded more with a structural change, without as much investment as we would be looking for. Early evidence suggests that it has not really delivered the speedier resolutions that we would be after.

We need massive investment in the courts, but there are some really easy wins in digitalisation. If you look through the current processes, it is all very dated. There are a lot of paper forms. A lot of reforms are outlined in the White Paper that I think could improve the process. A lot of that, though, is in theory.

We want the courts to be seen to be working before the reforms come in. The current trajectory, I think, is that they are looking to have a 12-month transition period. I do not think that is quite long enough. We need a longer lead-in time to see that the courts are truly reformed and can deliver those speedy resolutions.

Q21 **Sara Britcliffe:** That builds on my next point. How are we able to judge that the courts have been reformed to deal with the demand that we will see?

Theo Plowman: I think it will have to be a question of case timing. We have not done much research, but there is a lot of anecdotal evidence of court cases taking over a year, even in cases of antisocial behaviour. We



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need speedier resolutions and, as the other panellists have mentioned, a lot of it being diverted through mediation and tribunals—that is a real victory. If something does not get to court, that is the real victory. We would be looking for, overall, speedier resolutions and fewer cases going to court.

Nikita Quarshie: It was interesting that Scotland was brought up. It is true that we can heed lessons from colleagues in Scotland, but it is worth remembering that Scotland brought forward a whole new tribunal system and were not prepared for it. We are not bringing forward a housing court; we are speaking just about reforms to our court that already exists and works with our tenure law.

It is first important to be conscious that digitalisation will not be the silver bullet that we imagine it to be, especially thinking about vulnerable and digitally excluded tenants who will not have access to the internet. They will need to rely on paper copies, especially when it is to do with their homes and court hearings that they will have to attend.

Sorry to labour the point, but when we talk about reform, it is about resourcing. Resourcing is simply making sure that there is someone at the end of a telephone line. As Ben mentioned, being able to get that early access is important and can make a fundamental change to the result of a dispute. It means that local county courts have someone at the counter when someone needs support and help. These things do not need a year, or over a year, to be implemented. We do not think we need to wait for over a year for the courts to be reformed before we can bring forward these much needed and frankly quite overdue reforms.

Baroness Kennedy: Nikita said exactly what I was going to say. I would just reiterate her point about not waiting for court reform until we get rid of section 21, which is an unfair eviction—to have to leave your home with just eight weeks' notice, for no reason whatsoever. It is time that that goes, and we very much welcome that.

In terms of digitalisation, I am in favour of that. I am in favour of consultations and negotiations before we get to court. The one thing I would add to what Nikita said is that court hearings should still be able to happen in person because of the digitally excluded. You need a chance to be able to put your case when it is appropriate.

Q22 **Sara Britcliffe:** A final point from me. Ben and Theo, do you think the reforms to the courts process and speeding things up would alleviate landlords' concerns about the reliance on section 8?

Ben Beadle: Yes, in part, because at the moment it is about eight months on average to get your possession order, but then you have to wait for your warrant of possession. I would like some of these things joined up. As Alicia said, there are some tangible things that are not going to cost hundreds of thousands of pounds. What we need is the detail on exactly what those things are. We have the White Paper, which sets a direction of travel; we need the detail now. That will give landlords confidence. Filling

advice blackspots in the courts is one tangible way of seeing progress, as well as the average time of a case, and the time between a case being executed and the warrant. They are all things that are measurable, but they all require investment in digitalisation.

Theo Plowman: I definitely agree. It would definitely give more confidence to the sector. A lot of transparency could be added through digitalisation—case tracking and things like that. Right now, you have to ring up the courts and often do not get an answer. Those are all things that could be brought in quite simply and that would bring a lot more confidence to the sector as a whole.

Chair: We will move on now to look at rent increases and the ombudsman.

Q23 **Andrew Lewer:** Sorry to miss the start. I should declare that the NLRA provides the secretariat for the all-party parliamentary group for the private rented sector, of which I am chairman.

Nikita, what is your view of the proposals to protect tenants from unjustified rent increases by ending rent review clauses and allowing increases only once a year, and what does “unjustified” mean?

Nikita Quarshie: First, I want to acknowledge that we strongly welcome the Government’s commitment to address the need for renters to be able to confidently challenge unfair and extortionate rent hikes. Our advisers hear day in, day out from tenants who are frankly quite frustrated by having to pay so much to live in homes that are in disrepair and in poor conditions. Especially now, as the cost of living crisis rears its head, tenants are facing incredibly tough decisions around being able to pay their rent, tripling energy bills and increasing prices for groceries, too. We want the Government to put in place proper safeguards so that rent hikes do not allow a section 21 to happen through the back door.

We think it is great that, for example, the tribunals will become more accessible, though we want the Government to remove other barriers that would prevent tenants from being able to challenge unfair and unjustified rent hikes. Again, that means tracing back, and going back to the importance of security of tenure. No tenant is going to feel confident in challenging a rent hike when their tenure is at risk and when notice periods are still insufficient. Baroness Kennedy already mentioned it, but this is why we believe in longer notice periods, for example. It is important that renters know where to go. We definitely need more details on the ombudsman, but the ombudsman provides an opportunity for renters to know where to go to seek advice.

What we do know at Shelter is that increases do not just happen within tenancies. Landlords are actually more likely to increase rent when setting up new tenancies. Official data from the ONS, for example, shows a 3% increase in rent levels in the past 12 months. When we look elsewhere—for example, when we look at Rightmove, they show a 20% increase in certain areas. That is a stark difference and that is because Rightmove are counting—are looking specifically at—rent changes for new tenancies.



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In the light of this and thinking about this, it is important to consider the fact that challenging and being able to challenge increases won't make the sector more affordable. That won't happen overnight. Again, I am thinking about the fact that households have emerged from the pandemic and are now hurtling into the cost of living crisis. So we need to think about making the welfare system fit for purpose, which means restoring the local housing allowance rate so that it reflects the actual cost of renting right now, and also scrapping the benefit cap so that tenants and households get the full amount they are entitled to. At Shelter, we believe this would address head-on the unaffordability crisis.

Q24 Andrew Lewer: Thank you. Theo, I ask you the same question—about protection, rent reviews, once-a-year increases and the definition of “unjustified”.

Theo Plowman: We can understand why clauses of an indefinite nature that hike up rent to an unjustifiable level would be something you would look to get rid of, but what the White Paper does is really press the nuclear button. It abolishes all rent review clauses, which are actually a very useful tool, not only for property owners but for tenants, for a variety of reasons. It can help, obviously, with long-term stability and budgeting, but it's also, for comparison's sake, something that is used in the wider housing sector. Obviously, you will look to get a fixed-term deal on your mortgage. It is often used in the social housing sector.

I think the important thing to think about here is that obviously, given the current nature of inflation, these sorts of uplift look unworkable, but we are making policy for the next 10, 20 or 30 years. Looking into the future, rent increases tied to CPI tend to actually outcompete market levels. We gathered some data from Zoopla. If you were to tie it to a small uplift linked to CPI, it would outperform the relevant market numbers. So I think—

Q25 Chair: Outperform? Sorry, what did you say?

Theo Plowman: As in it would be a better deal for tenants—not for the property owner. I think there is a really important thing to think about here in terms of predictability, sustainability and the sort of stability that property investors are looking for. There is a definite concern from the sector, but if you remove the straightforward, predictable nature of rental review clauses and you get into having lots of different and more arduous ways of doing that, that could upset investment levels and damage the sector as a whole. So we would be looking for rental review hikes over a short period—say, over up to four years—but, obviously, it being able to revert to market at the end of that four years. I think that's really key for us.

Q26 Andrew Lewer: Thank you. Baroness Kennedy, will you comment on the same issues?

Baroness Kennedy: Thank you, Andrew. We want to see the rent tribunal used and for it to be more efficient. In the last 31 months of research that we did, only 341 cases went through it. There are no



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proposals within the White Paper that are significant enough to encourage renters to use the rent tribunal system. It needs investment. It needs to be digital: you currently have to apply by post—you have to photocopy everything and send it off—and you can wait up to 10 weeks for a decision. The notice period for a rent increase should be longer, because you need time to go through the rent tribunal process.

There should be much more done on awareness from the Government side and from the landlord side. Should it be part of the model contract to say that there is the rent tribunal process and this is how you can use it and access it? Also, we would not want to see the fact that you have taken a claim to the rent tribunal be part of a reference that you may need to get a future property.

In terms of what is unjustified, obviously it is for the Government to clarify that, but this Committee itself has said that the Government should adopt the affordability principle that no one should spend more than a third of their income on housing. That is a recommendation from this Committee and we would agree with that. That proper affordability threshold and definition should be adopted by the Government through all the products they put out in respect of affordability—be that social housing or genuinely affordable products. Anything above that would, to our mind, be unjustified.

Q27 Andrew Lewer: But, of course, somebody's income and the sort of property they are in is hard to link because it depends on who they are.

Baroness Kennedy: It is, but you asked me what the definition would be, and our definition would be that no more than a third of your income should be spent on housing, which is a recommendation from this Committee that we agree with.

Ben Beadle: To come back on that, that would mean different things to different people based on the tenure, obviously, so I do not think that is going to work.

In relation to the rent review clause, I am remarkably chilled about this in the White Paper. Landlords are very bad at increasing their rents. There is nothing new about what is in the proposal. Tenants can challenge unfair rents if landlords choose to hike them in an inappropriate way. We are very much of the view that small incremental increases are actually better than significant ones, and that is playing out at the moment with the cost of living. Tenants can challenge unfair rent increases and I would encourage them to do so.

I agree with Baroness Kennedy that investment is needed in the first-tier tribunal, including digitalisation. I do think it will be more widely used, but there is a big piece here about tenants already having the ability to challenge these things, as well as making tenants aware of their rights. I think it is already on the section 13 notice that is used to increase the rent on periodic tenancies, but stick it in the right to rent guide—wherever you



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want to put it. A better-informed tenant is a better tenant in my view, so I don't really have any issues around this.

To come back on Shelter's point about the level of the rent, the truth is that some of the things in the White Paper will do nothing to address the wider concerns we have in the sector around housing supply. You can slice and dice them as much as you like, but the fundamental issue we have in our sector is that landlords are exiting the sector, and those properties are not staying in the sector—260,000 properties have left the private rented sector in the last five years. If we add to that a relentless approach from Government in terms of taxing the revenues of landlords, the energy risk and the £10,000 cap, as well as other forms of regulation that are spooking the bejesus out of people, it is a less sexy place to want to do business. That is the reality.

If you compare the rent levels, 3.1% is what the ONS says in terms of an increase. It was 4.1% in the social sector in April of this year. Generally, I think the market is doing pretty well, but landlords are incurring costs and they cannot carry the burden of these costs forever, so I would like to see a number of things. I think the local housing allowance being frozen is totally the wrong approach, but I would also like to see social housing being built. I would like to see it be more attractive for responsible landlords wishing to invest in the sector. As we have as our new Prime Minister Liz Truss, who I am told likes looking at taxation, I think section 24 is an area that should be looked at to encourage landlords not to put their rents up.

- Q28 **Andrew Lewer:** Following up on the first-tier tribunal, the concern is—we want your view on it—about whether removing the first-tier tribunal's power to increase rents is just going to encourage tenants to challenge even a fair increase, because it only goes one way.

Ben Beadle: I get that, and that is a change, along with the longer notice period, but honestly, Andrew, I am relaxed about it. I think in this world you either get what you ask for or you have it reduced, right? I don't see that as a big issue for landlords. I think landlords should be pricing their rents appropriately based on the market, but the big challenge for us is really to make sure we have the right level of supply, both at a social and private level, because that is the ultimate driver of how rents are set. It is a simple question of supply and demand. We have a shedload of demand and very little supply.

- Q29 **Andrew Lewer:** Does anyone else have a view about that increase challenge? Is it a problem, or not a problem?

Baroness Kennedy: I would agree with Ben that it is an issue of supply. We need more social housing built. I agree that we need to unfreeze housing benefit, because 45% of renters that we surveyed cannot pay their rent because the benefit is too low. We also want to see action against the holiday let market. The tax system incentivises landlord renting to tourists, not tenants. That needs to be addressed. It is causing huge issues in hotspots such as Cornwall.



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To go back to the rent tribunal, I think that the panel completely agree that there needs to be awareness of it, because hardly any renters go to it. Why is that? It could be because they don't know about it. It could be because it is too complicated. It could be both those things, plus the fact that when they go to the tribunal, they could have a higher award made against them; they could actually be asked to pay more than the landlord has asked for. It also looks at market rents.

So what are your options? You either go to the tribunal and get awarded the market rent for your local area, or you leave and end up paying the market rent for your area. The rent tribunal does not provide a solution that allows renters to manage their rent. We want it linked to other economic measures, such as wage inflation. There also needs to be more notice of the fact that what you owe is backdated. The advice from organisations such as Shelter and Citizens Advice is to start saving from the date that the landlord asks you for an increase, because people go to the rent tribunal and have to pay all that rent back. That is a problem, and it is a disincentive for renters to use the tribunal system.

Q30 Andrew Lewer: Given the time, I will move on to the ombudsman. May I ask all four members of the panel whether they support the proposal to introduce an ombudsman for the private rented sector, and whether the ombudsman's proposed remit is correct?

Theo Plowman: The vast majority of our members are already subject to voluntary redress and the current ombudsman. We definitely support there being one for the entire sector. The pricing must remain competitive, and it must not add too much of a financial burden, but it is definitely something we support.

Nikita Quarshie: We will need more detail about the role of the ombudsman to make a judgment about its impact and value for the sector. We do welcome an ombudsman, however, and we see it playing a complementary role to the court system, in that tenants need an effective route for redress. Every other consumer market has one. We are talking about people's homes, so it is even more important to have a quick, simple and accessible route to redress when issues arise. It will mean that tenants do not have to rely on over-burdened and over-stretched local authorities. It will mean that they can avoid complex, intimidating and costly court processes when they need to resolve disputes. We welcome this, especially in light of the cuts to legal aid and court resources.

On the role of the ombudsman, I want to reflect on a point that Ben made about the fact that tenants can challenge rent increases. In theory, this is true, but the reality is that the continued existence of section 21 means that tenants are too scared to, because a landlord can evict them through section 21. They can hold auctions now for properties. We have heard stories about people queuing around the block just for a viewing. We are living in a time of deep insecurity and anxiety. You can challenge a rent increase, but you can be evicted for no reason whatsoever; that leaves people with very few options. We want tenants to have the confidence to challenge rent increases, and we want the ombudsman to support them in

doing so, but it is important that this is linked to other aspects of the renters' reform Bill, and that this all happens holistically.

Q31 Andrew Lewer: Ben, do you support the ombudsman? What about its remit?

Ben Beadle: I accept that there is risk in challenging a rent increase, but the English housing survey clearly says that only 6% of tenancies ended because the landlord asked the tenants to leave, so I put it that it is not the widespread issue that it is made out to be. As far as the ombudsman is concerned, we support anything that helps to resolve disputes and cuts down timings. I do not think there is enough detail in the White Paper on how the ombudsman will speak to the court service or mediation, and it should not be something that adds yet another extended timeframe to substantively resolving the issues. In principle, if we can avoid getting to court and entering into an adversarial process, and if we can resolve things through impartial and fair discussion quickly, cheaply and fairly, that ought to work for everybody.

Baroness Kennedy: We support it. We support an independent, well-resourced ombudsman. Again, there is detail that we need. Access to the ombudsman should be free for the tenant; claims should be dealt with promptly; and the ombudsman should work in tandem with the property portal—and, of course, local authority enforcement—because that is obviously part of the ecosystem. Rent repayment orders should probably be extended to cover ombudsman and property portal registration. The only thing I would say, Ben—I think Nikita would probably be of the same view—is that where a renter wants the chance to go to court to resolve their issue, they should have that chance. We do not see the ombudsman as a replacement for court; we see it as relieving pressure on the courts, and as everyone working together to get justice for tenants and landlords.

Q32 Andrew Lewer: The Committee has seen, in other cases, that going to law rather than to an ombudsman prejudices your opportunity to be heard by the ombudsman. Do you see a problem in that direction?

Baroness Kennedy: We need to see the detail of the final remit, but we need to ensure that the ombudsman does not become the place where you get weak justice, and does not seek to replace the court. We want to relieve pressures on the court.

Ultimately, court is the end place. If something ends up in court, you could argue that that is a failure. You want to go through a whole load of other processes before you finally get to court, because going to court is no good for the tenant and no good for the landlord; legal aid would be needed, and people cannot support the process. There is a whole variety of stages that tenants can go through to get redress, and the ombudsman is part of that. The property portal, local authority enforcement and the courts are a part of that.

Q33 Andrew Lewer: You are saying the court should be the end of the process, but you are also saying that people should be able to go to the end of the process straight away.



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Baroness Kennedy: They should have the choice. That is the detail we need, Andrew; we need to see how the Government feels that everything will work together to resolve these issues for tenants, and then we can make a judgment. We are saying that, in principle, we would not want the ombudsman to replace or become the court. We want tenants to have the option to go to court. That's the difference.

Andrew Lewer: Thank you.

Chair: We need to move on to the decent homes standard proposals. We are conscious of the time, because we have another panel to come.

Q34 **Kate Hollern:** The Government has said that it will introduce a decent homes standard that all private landlords will be legally required to comply with. Ben, do you support the introduction of a legally binding standard? If so, what should it look like?

Ben Beadle: Yes. Who doesn't want to live in a home that is safe, secure, damp-free, and category 1 hazard-free? It's a fairly low bar. We are supportive of this. We know that 79% of the private rented sector already meets the decent homes standard. The Secretary of State recognised in his announcement that there are differences in the private rented sector and the social sector, and that the standard will reflect that. That is really important.

We must not think that this is the wild west, and that there is not enough regulation of the private rented sector. There are almost 170 pieces of legislation that govern how landlords and tenants conduct their activities. I'm fine with the decent homes standard. It is good to have a benchmark that we can aim for and exceed, but we want to bring together those 168 pieces of regulation and present them in a way that is easily understood by the tenant. As a landlord, why can't my gas certificate and electrical certificate be up on the portal? Same with the EPC register—my licence. It is all there for you. I'm a good landlord. That should allow tenants to start a tenancy with confidence and trust their landlord. I put it to you that no good landlord would balk at that, but it has to work for the vast majority of responsible landlords out there.

The portal has a really good role to play. Things can be underpinned by the portal, and local authorities can have access to it—they can then easily target landlords and properties that are not complying—but I'm afraid the quid pro quo is that you do not need some elements of local licensing, particularly selective licensing, under which you are required to present to the local authority a gas certificate, an EICR, a PAT test, a floor plan and confirmation that you are a fit and proper person. I do not want duplication, but I am very happy for the PRS to demonstrate that it is getting on with the job of providing safe homes. I have no problem with it.

Q35 **Kate Hollern:** Theo, do you have any comments?

Theo Plowman: Only that our members will definitely be looking to exceed the decent homes standards, which we welcome warmly. I echo Ben's point: how it interacts with the portal is really important. It is



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something that has been bandied about in the past, as some sort of property MOT. It would be good to see all those documents available on the portal, and for local authorities and tenants to have access to them. Introducing that transparency, that extra regulation, the new ombudsman and the new redress system could facilitate a reduction in the duplication that is brought about by blanket selective licensing. We would be looking, hopefully, for a reining in of that following the introduction of all these new and useful reforms.

Q36 **Kate Hollern:** You would like to see a reining in—

Theo Plowman: Of blanket selective licensing from local authorities, yes.

Q37 **Kate Hollern:** That's interesting. Nikita, how do you feel about the new standards?

Nikita Quarshie: We warmly welcome the extension of the decent homes standard to the private rented sector. The private rented sector operates differently from social housing, for example, so we want the standard to be applied in a way that pays attention to the particularity of the sector and the needs of tenants, particularly the most vulnerable and those on the lowest incomes. There are three aspects of the standard that we think need to be considered. First is its clarity. Ben touched on this earlier. We need the Government to be clear about how it will interact with existing and incoming legislation and regulation, keeping in mind that existing legislation exists for a reason. We want it to be complementary, without our losing the value of what already exists and works well, such as the property portal and selective licensing. We are clear that it should not supplant or erase the role of selective licensing, because that plays a very specific role in certain local authorities.

Another element is enforcement. We think local authorities should be well resourced to carry out enforcement proactively and in a way that is preventive. We are also adamant that the costs should not be passed on to renters. We are wary of the possibility of a gentrification, almost, of the standard, whereby those who could not afford the cost of upgrading homes and of living in safe, decent, warm homes were forced to move out, and could not afford to live in homes that are fit for purpose.

Baroness Kennedy: I have very little to add to what Nikita said, apart from one thing: a fifth of the 4.4 million homes are low quality. As Ben said, that means that the majority of homes are not, so the property portal will allow landlords to show that and tenants to receive that, but for the fifth of homes that are below quality, the standard will mean that you do not have to rely just on local authority enforcement, which needs resource and is reactive. Landlords will be obliged to be proactive in raising standards, which is the good thing about the decent homes standard. Working with the property portal, working with a fine regime and having a focus on quality improves health outcomes, improves financial outcomes, is better value for money and is better all round. Enforcement is reactive, but this will mean that, for the fifth of homes that



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need to be brought up to standard, the landlords will be able to react. That is all to the good.

Q38 Kate Hollern: Ben, do you see any serious barriers for landlords to complying with the new standards?

Ben Beadle: No. We obviously have to see the outcome of the consultation that has been launched, where the new Administration lands on taking it forward, and the detail, but in principle, as a landlord, I want my tenants to know that they are moving into safe accommodation. This isn't the Colonel's secret recipe; we can tell people stuff. We can do that at the moment, and I suspect the majority of landlords do that already.

I come back to Nikita's point about the selective licensing regime. Selective licensing is a pretty low bar, so if the property portal doesn't meet the selective licensing criteria, in terms of documentation, it probably isn't worth having. I have no issue with this at all, because this sort of stuff is bread and butter for our members. Publishing the safety information that they are all required to publish, and letting tenants see it in a more digitised way, is a no-brainer.

Baroness Kennedy: I should have added that Generation Rent did some research on selective licensing, and it is proven to raise standards in areas where the selective licensing standards are higher. If the Committee is interested, we can send you a copy of that research.

Ben Beadle: Imagine if that could be replicated across the portal. If that were the case, you would have far greater compliance. My view is that landlords need to be brought so far, but if you are expecting them to double up, that is no fun to anybody.

Q39 Kate Hollern: I would certainly be interested in the data that you have. Ben—sorry, we appear to be having a lot of you today—you have suggested that any new standard should reflect the fact that the housing stock in the private rented sector is generally much older than that in the social housing sector. Does that mean that you think that there should be lower standards?

Ben Beadle: No, I don't; I think there should be more appropriate standards. A third of the private rented sector has stock that is pre-1919, which means that things like cavity wall insulation may well be a problem. The equivalent figure in the social sector is 6.5%. All I am saying is that it should be an appropriately high standard for the sector that is being operated in. I want to get away from ripping out perfectly good kitchens and bathrooms just because they are five or 10 years old. An appropriate test is whether they are safe, fit for purpose and clean, and whether they work, are functional and are not dangerous. I am very clear that from a compliance point of view, the decent homes standard, through something like the property portal, can give tenants all the confidence they need that they are moving into the right sort of place, and it can highlight to the local authority when they are not.

Q40 Kate Hollern: Theo, would you like to comment on that?

Theo Plowman: Our membership's stock is mainly of a newer generation, so we wouldn't really have those concerns.

- Q41 **Kate Hollern:** Sorry—I know you are new generation, but do you see it as important to continually update the standards in the properties?

Theo Plowman: Yes. One of the key points is that we should have legislation that moves quickly. Particularly in the case of acceleration towards net zero, it is really important that we get regulation that follows trends and the newest technologies. It is important that standards continue to rise.

- Q42 **Kate Hollern:** I am conscious of the time, so I will move on to Shelter. What sorts of powers, resources and capacities will local authorities need to enforce the standards? You have all mentioned responsibilities being passed on to local authorities, which, certainly over the last 10 years, have been stretched to the limit. What sort of powers and resources do local authorities need to tackle rogue landlords?

Nikita Quarshie: In terms of resources, the most pressing need is staff capacity. Research shared by the Chartered Institute of Environmental Health shows that there are about 800 environmental health officers across the country. When you divide that across the 333 local authorities, it is about two environmental health officers, and we know that that number is uneven—some local authorities might have none and some might have eight. There is an unevenness in capacity and staff resourcing that is impacting local authorities' ability to carry out proactive enforcement and not rely on reactive action. I think that funding for their teams—linked with staff capacity—to be able to proactively inspect homes, serve those improvement notices and go back to landlords to check if they have made those improvements, seems to be the present issue, much more than powers. That is what we are hearing from the local authorities that we speak with.

- Q43 **Kate Hollern:** It is interesting to see the panel all nodding in agreement, so I will not ask for other opinions on it.

Finally, the Government have also said that they will make it illegal for landlords or agents to have blanket bans on letting to families with children, people in receipt of benefits and other vulnerable groups. Nikita, what is your opinion on that?

Chair: Very briefly, Nikita, because we need to move on. It is a big issue, but answer briefly.

Nikita Quarshie: We strongly welcome this proposal. It is an issue that our services deal with day in and day out. We have also heard from local authorities that are overburdened by prospective tenants who just cannot find a home because they keep getting turned away because they receive benefits. While we welcome those explicit bans, we want the Government to pay attention to the way that this operates covertly and to the informal barriers that agents and landlords are placing in front of tenants. We heard from a client who was asked for a guarantor who earns £90,000 a year; that might not seem extraordinary, but for some of us it is almost



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laughable to know someone who earns that much. We also heard from a client who was refused a tenancy even though they offered to pay one year's rent in advance. This is a huge problem. It is unfortunate that people are being turned away because they receive state support. It is an issue of enforcement. We want local authorities to be adequately funded, as I mentioned before, so that they can enforce against rogue landlords. We also want letting agents to—

Chair: I am sorry, but I am going to have to move on. We are short of time now.

Ben Beadle: Can I answer that? I am very happy to have a ban on having no DSS and no children. I think I would challenge some of the things my friend from Shelter says. I do not think this is about people on benefits. I think this is because we have a supply issue in the sector. If you have got 400-odd people queuing around the block, as we saw on Twitter the other day, and there are benefit tenants, students and people who are working in the queue, as a landlord you are going to choose the one that poses less risk—that is the reality. The supply crisis is not helpful to this. Landlords should assess people on an individual basis, but we know that 57% of renters have a shortfall in their rent and benefit level. That is a significant issue. Rather than going around and banning lots of things—even though I am happy that this is banned, because my members are absolutely at one on this—we need to see improvements to the universal credit system that give landlords confidence to use it. If you go to a bad restaurant, you don't go again; if you have been bitten on the backside by the UC system not talking to you or not processing your claim for direct payment—or whatever it happens to be—you are not going to use it. I put it to Shelter that this is much more about the system than it is about the individuals.

Chair: We need to move on now. Darren is going to look at some wider issues for us, finally.

Q44 **Darren Henry:** It was just getting interesting, actually. I am going to ask all of you this question, but Ben from the NRLA did allude to it from the landlord's point of view earlier. There is concern that the Government's proposals will drive landlords out of the private rental sector, and the effect of that will be that it could be more unaffordable for people. How serious a concern is this? Let's start with Baroness Kennedy.

Baroness Kennedy: As I said earlier, and as Ben said, the issue is about supply—it is not about these reforms. It is not that these reforms will drive landlords out of the market; landlords who currently do the right thing—of which there are many—and who want to continue to do the right thing, are absolutely able to do so through these reforms. I do not see the reforms driving landlords out of the market. Holiday lets are obviously an issue where, in some areas, they are choosing to rent to tourists rather than tenants. I think that needs to be looked at as a special policy area because it creates flashpoints in some communities. I reiterate what Ben said: the vision for the White Paper is fairer and more secure, but we would add affordable to that, and that is about building more social homes and

affordable homes, dealing with the benefits system, lifting the benefit cap and unfreezing the local housing allowance. That will relieve a lot of pressure in the private rented sector. It is not the reforms that will end up driving landlords out of the market.

Darren Henry: Nikita, what is the view of Shelter?

Nikita Quarshie: At Shelter we agree that good landlords have nothing to fear from the reforms. In fact, they should not drive them out but be an opportunity to embrace a more robust regulatory framework.

We mentioned Scotland before; again, it is important to heed lessons from Scotland, which did undergo rental reform. An analysis of data that we conducted on the size of Scotland's private rental sector and its rent levels has shown that, following the introduction of the private rental tenancy and the introduction of reforms, we have not seen that mass exodus of landlords and breakdown of the sector that was anticipated. We are talking about the difference between one to two percentage points.

More recently, we also did not see that huge rent inflation that we would have expected to see if landlords were leaving the sector in such a mass movement. We have seen rent inflation in the past years, which is now coming in line with England, but it is not necessarily because of the reforms in 2017; it is to do with other, external markets and economic forces and fluctuations in the market. It is, again, important to heed that lesson.

Supply is an issue that we care about. We do not want a reduction in the amount of privately rented homes in the sector. Eleven million people rely on the private rented sector. We do not want a reduction of homes, but we need the introduction of reforms that have been promised for three years now—reforms that would bring about greater security and accountability for both landlords and tenants. It is past time that those are introduced.

Darren Henry: Thank you. Ben?

Ben Beadle: We are already seeing landlords and, critically, homes leave the sector. I quoted the figure of 260,000 homes in the past five years. The exodus is well under way. You see some of the issues that arise as a result. We do not have investment in social housing. My good friend from BPF's members will be building new homes, but not to the extent that will even touch the sides of need.

If we want to turn generation rent into generation buy, we need a vibrant private rented sector. Will these reforms cause the exodus of landlords in the sector? They will if they are not got right, in terms of, for example, antisocial behaviour and giving landlords confidence that where something goes wrong and they have explored all the avenues in a responsible way, the courts are on their side to process their claim. If someone owes you a significant amount of money and is destroying your property with criminal damage, or is causing misery to neighbours, I am afraid that needs to be dealt with. Landlords need to have the confidence to deal with that.



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To come back to Scotland as the panacea that we want to aspire to, I agree that Scotland does a lot of good things—whisky and shortbread—but the private rented sector is not one of them. I quote: “new landlords are not joining the market in the same volume as experienced a decade or so ago.” That is not our research, but the Nationwide Foundation. If that is reflective of landlords in Scotland, that will mean half of landlords leaving the sector over the next two to five years, with insufficient new landlords entering the market to replace them. That will lead to a severe shortage.

I am all for the building of social housing and build-to-rent blocks to give people the choice, but we need to ensure these reforms are brought in in a sensible way. Baroness Kennedy mentioned second homes; I cannot believe that anyone is surprised about the holiday let situation. Government have taxed the pants off individual landlords; it is more attractive to rent your property on Airbnb to a stag party than it is to rent it for a long-term, sustainable tenancy. I mean, Jesus, you couldn’t make this stuff up. A quick win here is to reset the balance when it comes to taxation.

We are talking about a fairer rental White Paper. The truth is, Alicia, that this paper does absolutely nothing in terms of supply—it is not intended to—but is all about the regulatory framework. We need to untighten the grip on private landlords, make sure that they are contributing in a safe and sustainable way, and cut them some slack.

Q45 Darren Henry: Thank you very much. What is the BPF’s point of view, Theo?

Theo Plowman: Similarly to Ben, I think it is key that we maintain confidence in the market. From an institutional investor perspective, there are things to do with having confidence that the courts will deliver and with being able to apply rental review clauses.

This goes back to the fundamental question that we have talked about so much: supply. The White Paper is quite timely because the launch of the build-to-rent sector in the UK was 10 years ago this month. That was massively assisted by Government support—both monetary and in terms of guidance—and they really fostered a fantastic growth that has delivered more than 230,000 homes for people. We want to see the Government re-engage and go for another 10 years of growth in a really important sector that adds so much to our housing supply. Again, the White Paper is not aimed at tackling supply, but we can go even further and have wider reforms that would help that.

Q46 Darren Henry: You have all painted a picture of the supply side being significantly at risk—thank you very much for that. Ben and Theo, the National Audit Office indicates that the Government do not know the full cost to landlords of complying with the legal obligations. What is your estimate on that?

Ben Beadle: The legal obligations of what?

Darren Henry: The legal obligations to comply with the legislation.

Ben Beadle: You mean in the White Paper?

Darren Henry: Yes.

Ben Beadle: Well, truth be told, this is not a hugely long-term strategy; it is a series of whack-a-mole policies disguised as a strategy. None of what is set out will solve some of the substantial problems that we have in our sector. They will help—of course they will—but it is the private sector for a reason, and it does not surprise me that the Government have not costed these things, because they are, in my view, looking at things in a siloed way. We do not have a strategy for the next 30 years and what the private rented sector is going to support. We do not know how social housing is going to feed into that—we have a million people on waiting lists—and we have announcements on 50-year mortgages and things like that. Taking mortgages to your grave is not a good way to go.

For me, we do not have a strategy for the sector here. We have a series of policies designed to limit the fallout of things such as lack of supply, over-taxation of landlords and things like that. I am not surprised.

Darren Henry: Thank you. Theo?

Theo Plowman: The key issue for us is that the removal of rental review clauses would add a lot of additional costs to many of our members. We are working on huge scales—you have several units; up to 300 units within one block sometimes—so having all this extra regulation could add some cost and difficulties. I think the key thing is about keeping it attractive, keeping that money flowing in. I think the Government can play a huge role in supporting that outside of the reforms, as I have mentioned. It is about creating an environment where institutional investment into all our homes and into the wider sector is fostered.

Baroness Kennedy: Can I just add a bit of a defence of the White Paper? I do agree, Ben, that it is not a strategy, but it is not meant to be a strategy. It is not a White Paper about supply; it is not a White Paper about the benefits system and rents; it is not a White Paper about fixing the private rented sector and the broken housing system in this country. It is a White Paper about making sure that the grounds for eviction are fair.

With the detail that we can work on together, we can make sure that good landlords have nothing to fear from the legislation, but that the unscrupulous, exploitative and criminal landlords do. We can raise standards, we can make sure that people are not unfairly evicted, we can give them security of tenure and we can make the whole regulatory grounds for eviction work better with this legislation. This is not meant to be a panacea to solve all the issues in the private rented sector.

As this Committee and the direction of the White Paper have demonstrated, yes, we need the detail, but there is a lot of agreement on this panel and between us we can make this a good reform for renters and landlords alike.

Darren Henry: I will leave it there, Chair.



Chair: Thank you, Darren. That is a fair point to finish on. There is still a long way to go and a lot more discussion to be had, but that has been a helpful session for the Committee—it was sometimes challenging in the different visions put forward to us, but it was nevertheless helpful, given the amount of detail and understanding we had. Thank you for coming to give evidence to us this afternoon.

Examination of witnesses

Witnesses: Councillor Matt Noble, Councillor Tom Renhard, Councillor Darren Rodwell and Eloise Shepherd.

Chair: Thank you very much for joining us this afternoon for our second panel looking at the reform of the private rented sector. I will begin by asking you all to introduce yourselves and say which organisations you are representing today. I will go down the table and then come to our colleague joining us online.

Cllr Noble: Hello, my name is Matt Noble. I am the cabinet member for climate action, regeneration and renters at Westminster City Council.

Eloise Shepherd: I am Eloise Shepherd. I am the strategic lead for housing and planning at London Councils.

Cllr Renhard: I am Councillor Tom Renhard. I am the cabinet lead for housing delivery and homes at Bristol City Council.

Chair: And we have one colleague who is joining us online.

Cllr Rodwell: Hello, I am Councillor Darren Rodwell. I am representing the LGA, as I am the vice-chair of the environment, economy, housing and transport board.

Chair: You are all very welcome this afternoon. Before I come on to our first question, I note that Sara Britcliffe, who is a Committee member and who was here earlier, wanted me to add that she is also treasurer of the APPG on temporary accommodation. She did not mention that at the beginning when we all declared our interests that may be directly relevant but wanted me to add that in to correct the record for her.

Right, let's start off with our questions on the list.

Q47 **Andrew Lewer:** To set the scene, what is your assessment of the condition and availability of affordable housing in the private rented sector, either just in your patch or more generally?

Cllr Noble: In Westminster specifically, we are acutely aware of the difficulties around affordability in the private rented sector, particularly for low-income families. There is a significant gap between the amount of support available via the local housing allowance for families when contrasted with the lower 30th percentile rental rates: for a four-bedroom property, there is a gap of £400 per week between what the LHA is and



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what the lower 30th percentile rent is. We also know that section 21 is the largest cause of homelessness in Westminster. We had a four-year period—2018 to 2022—when 1,900 households were accepted as homeless because of section 21 evictions, so it is a major problem for us.

Eloise Shepherd: London has quite a large PRS. About 26% of households rent privately. It is about 17% outside of London. This, and the significant barriers to social housing, mean that we really need our private rented sector. When I say we, I mean local authorities as well as tenants. There has been a decrease in supply of all kinds. The listings for landlords on Rightmove have decreased by 35% since pre pandemic, and that is most acute for larger properties—a 47% reduction for four-beds. My colleague made the point about LHA levels. Across London, only 8.8% of properties were available at LHA levels, and in parts of central London it is more like 0.2% or 0.1%. There is a really striking gap there.

When you get into the total benefit cap, that is even starker. There have been days, when looking for properties with certain household compositions, when there was actually nothing available nationally, if you look at the total benefit cap, not just London. Rents have increased over the last year to June 2022 by 15.8%, and we are predicting further rises, so we would like to call for research into what is driving that reduction in the PRS. I also echo the many calls that there have been today already to uprate LHA rates, because of the crisis that we are in.

Cllr Renhard: Bristol is in a similarly very challenging position. We would estimate that less than 5% of private rented properties are available at LHA rates or below. For us, that also has to be seen in the context of increases in section 21 no-fault eviction notices being served, and more presentations as homeless. We have over 1,100 households currently in temporary accommodation, and one of the things that is quite challenging for us around that is that obviously it is a general fund pressure for a council, alongside some of the other challenges around social care at the moment, so it adds to that.

I think availability is hugely challenging. We are seeing more and more people who are struggling to rent or are choosing not to rent in Bristol, which is having knock-on impacts for us in terms of health workers, care workers and the hospitality sector. It creates other challenges around the affordability of the private rented sector if we cannot get the workers who we need to fill the jobs that help to keep everything ticking over.

Cllr Rodwell: My colleagues have said a lot already. I think it is fair to say that the sector has doubled over the last 20 years. Unfortunately, our ability to support and develop the sector has been limited, to say the least. In fact, over 600,000 privately rented homes—about 13%—are serious health and safety threats. It is clear that, while councils individually have been trying their best in different ways to make sure that people have safe homes, there is definitely a need. That is why we are welcoming the White Paper, in large part, for its much more streamlined and consistent approach across England.



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- Q48 Andrew Lewer:** Thank you, Darren. Staying on that, you broadly welcome it. What impact do you think that it is going to have on condition and availability in particular?

Cllr Rodwell: First, it will set a benchmark. The issue that we have at the moment is that different authorities, depending on their own financial situations and their ability to get the right qualified staff, are struggling to come up with a programme that works for them financially and for the wider community. The problem with the situation for a large number of authorities is that you need to go to the Secretary of State to get the necessary agreement to put in a scheme in the first place when it is over 20%.

There is only one authority in the country, which happens to be mine, that has a whole-borough scheme. That really is not consistent, respective to what we collectively need to do to help the good landlords who want to carry on providing those properties at a rate that works for their residents—our residents. Unfortunately, we find that too many are coming into disrepair, and a consistent approach would help all.

- Q49 Andrew Lewer:** Thank you very much. Tom, a similar question to you. You set the scene well and explained the challenges you face. What is your view of the Government's proposals and their likely impact on that?

Cllr Renhard: Again, we broadly welcome the proposals in the White Paper, but our main concern is that they do not really address affordability in Bristol. One piece of work that we have kicked off is a living rent commission to look at what a living rent would look like for Bristol. We would be happy to share that with the Committee once that work is concluded later this year.

Our challenge is that affordability needs to be addressed more thoroughly; otherwise, renters will still struggle to find places to rent. Obviously, the broader challenge is the availability of social housing, so work should be done to enable us to get more social housing built in the city in the context of rising construction costs and other issues. It is about having a multi-pronged approach, from our perspective.

The White Paper does a lot of good things. Scrapping section 21 is excellent, but I have concerns that it may come through the back door by another route. When a notice is served because the landlord wants to sell the property or because they want to move a family member in, how are we going to ensure that that is actually the case and that they are not just doing that every 12 months? Perhaps the property portal, and the way that works, can play a role there.

- Q50 Andrew Lewer:** Thank you very much. Eloise, same question to you. You have set the scene, but what about the impact that these proposals will have?

Eloise Shepherd: Like my colleagues, we broadly welcome the direction of travel in the White Paper. My concern is whether it will actually do what it wants to do in the context we are in. Given the very difficult situation we



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have all outlined, in terms of supply, the power dynamic between landlords and tenants is very difficult. As people on the previous panel were saying, the section 21 measures are quite difficult when you have people queuing around the block and the knowledge that you are going to have the supply of tenants. Crucially, there is no increase in the amount of time for the reasons that you are allowed to evict people—you still have the two-month notice period, so the situation is still quite tenuous for people.

The other unfortunate reality is the financial situation for local authorities. Much of this relies on local authorities resourcing it. For example, with the decent homes standard, you are still required to do an inspection, and you still have to have EHOs on the ground doing that work and people who know what they are doing. As we all know, we are in an extremely difficult situation for that. Those two realities raise questions about some of the very laudable aims of the White Paper.

Q51 Andrew Lewer: There will be more to come on that. Matt, what are your overall impressions of the White Paper and the proposals?

Cllr Noble: Like everybody else, we welcome the opportunity to talk about this, in terms of the White Paper and the possible legislation. As Eloise was saying, we have some concerns about the resource levels that will be available to local authorities. We are under a lot of pressure as it is, so it would be very helpful to receive some more information and more fleshed-out proposals so we can work out what we will have to do in terms of the allocation of resources. We would also like to see some of these duties become more formally statutory so that it is easier for us to try to persuade people to give us more money to fulfil our duties.

Having a decent homes standard for the PRS would be excellent, if that comes about. Again, there are some question marks about the ability to do it and what exactly it looks like. As other people have said, we need the amount of money available through the LHA to increase so that people can afford to live in Westminster, which is obviously a very expensive place to live. We like our residents, and we would like them to be able to stay. What we don't have at the moment is anything to put downward pressure on rent levels, which are only going up and up.

We have some concerns about supply. We have heard some of the same kind of rhetoric before about landlords leaving the sector in droves and it hasn't transpired. For example, when we looked at HMO licensing when it first came in or when we talked about landlords having to register their deposits, there was talk about landlords leaving the sector, and I don't think that happened. It certainly didn't happen in Westminster—not that we can put our fingers on, in terms of data. We just need to be able to get some more information so that we can do the things that we want to do as a local authority.

Andrew Lewer: Thank you very much everyone.

Chair: Let us move on to the next issue and look at homelessness and the

relationship with these proposals.

- Q52 Mohammad Yasin:** Under the Housing Act 1996, local authorities have a duty to prevent homelessness by helping to secure accommodation for anyone threatened with homelessness. The ending of an assured shorthold tenancy is a common reason people give when threatened with homelessness. Do you agree with that? Secondly, do you think that the Government's proposed changes to tenancies, including the abolition of section 21, will have any impact on the number of people threatened with homelessness?

Cllr Renhard: I would agree with your assessment. As I was saying before, if you scrap section 21, how does that manifest in other ways? I think there is probably some learning from Scotland and some of the things that have happened up there following the work that they have done around no-fault evictions, which would be worth considering. We would hope that it would lead to a positive impact on reducing presentations of homelessness. For context, as I said, we currently have over 1,100 households in temporary accommodation, and I know that is not the worst example of that in the country. That is also in the context of 18,000 households on our waiting list for social housing within the Bristol boundary. It has the potential to have a positive impact, but then again, if supply of affordable housing does not keep pace, we are still going to have challenges.

- Q53 Mohammad Yasin:** Eloise?

Eloise Shepherd: London has significant homelessness pressure—near record levels. About 56,000 households are living in TA as of March this year, and that is about 60% of England's total numbers. The reason that households in London stay in TA for an average of five times longer is a lack of availability of PRS. On your question about eviction rates, our understanding is that for 36% of households who had a homelessness duty, that was because of the ending of a PRS tenancy through section 21. That is a significant factor in homelessness, but I suppose it is a factor at the other end as well, because there is almost no social housing stock available to allocate. Obviously, home ownership isn't an option, so that is significant for us when we are trying to prevent, relieve and discharge our homelessness duty.

- Q54 Mohammad Yasin:** Matt?

Cllr Noble: Yes, I would agree with that assessment. Like I said at the beginning, a major reason given for homelessness is section 21 notices. Will the changes make a difference? I think that really depends on what the Act looks like if it goes through Parliament. For example, we know that there are affordability issues for a lot of our tenants, especially now there is a cost of living crisis; rent is very high and wages have been somewhat stagnant. It looks like there will still be an opportunity for landlords to evict tenants due to rent arrears. Therefore, there will be tenants who are evicted due to rent arrears. Those numbers could be quite high.



Potentially a more Westminster-specific problem is that it is of high interest to property speculators and developers. If there is an opportunity for landlords to evict their tenants because they are selling the property, which is one of the potential grounds that was in the White Paper, then we could see quite a lot of transfer of property between one landlord and another, and the ability to evict a tenant through one of those mandatory grounds—not section 21, but whatever it will be called. That’s the one that I am looking at, which is slightly unknown. We don’t know what the result of that will be, but it is a concern.

Q55 Mohammad Yasin: Darren?

Cllr Rodwell: Again, my colleagues have pretty much said it all. We feel that this is a major problem. We know that, between April and December 2021, 36.6% was through people being effectively let go in their tenancies—no fault of their own. We think the section 21 proposal will help, but there are still reservations about having the right system in place, so that there is no way of getting round it, as colleagues have already mentioned. While we think that in practice, yes, it will, the devil is in the detail. We need a scheme that is self-financing, so that it does not cost local authorities to put money into it, when local authorities have 300-plus different services that they are trying to deliver on a daily basis.

Q56 Mohammad Yasin: So what is your advice to the Government?

Cllr Rodwell: My advice to the Government would be that you need a scheme that covers the whole of England and Wales, that is self-funding—that basically the landlords would be paying for—and that is streamlined. London Councils pushed forward something that we call a rogue landlord order. At the moment, when we as councils take action against landlords who are not obeying the rules that we already have—and remember that we are looking to make these the decent homes standard, which is much higher than we find for some of the properties today—it can take us months to get them anywhere near the level they should be.

We already have to go to a court to get that order anyway. We could have an order that says, “Anything that the local authority finds as an issue, the landlord will be charged for accordingly.” It’s not about making profit out of the system. Most landlords will sign up; most landlords will do the right thing. But if we want to get rid of the rogue landlord, the landlord who is causing us even more social ill, we need a system that is open, transparent and simple to operate for local authorities and, most importantly, for the tenants who need to use the PRS as a form of home.

Chair: Thank you for that. We move on now to look at existing standards and how we enforce them.

Q57 Bob Blackman: We are looking at the various standards. Apart from you, Tom, we have three London representatives, and I think that I am the sole London MP around the table. Obviously, it is going to be an issue in London in particular. Can you describe the current system of enforcement of decent homes standards in the private rented sector by local authorities?



Cllr Renhard: For us, there are a few elements. One of the key things that we have is licensing schemes. We have brought those in. We don't have city-wide licensing at the moment, but we are currently undertaking the stock-condition survey, which is part of the work to look at whether that is something we are able to do in Bristol. The licensing scheme is a five-year scheme. It allows for every property to be inspected over the course of that five years. It is cost-neutral as well: it is not designed for local authorities to be able to make a profit from. It should be cost-neutral.

Within that, we carry out inspections. I have been out with environmental health officers on those inspection rounds. They will look at the property to see whether it is aligned with the licence, and also whether it has any serious health and safety hazards. Then, feedback will be issued to the landlord, saying, "These are the improvements we expect to be made in the property within these timescales." Then of course we follow up, rather than just going, "Here you go—those are the improvements you need to make," and then they never hear from us again. We obviously need to make sure that follow-through is there. In one example, with one of our schemes over 80% of the properties that were inspected required some form of improvement. That is not necessarily a category 1 or category 2 hazard, but some improvement was required. That's the main tool that we have. Obviously, we provide advice both to landlords and to tenants.

Q58 **Bob Blackman:** Do you offer a responsive service? If a tenant complains, do you bring forward an inspection rather than waiting for a year or two?

Cllr Renhard: Yes, we can, and that is one of the good things about licensing. Obviously it could just look like it was that property's turn to have an inspection. That is not to say the landlord won't then retaliate against the tenant, but I think it potentially can have an impact. That has been helpful. We do use the intelligence we may get through from complaints, within the private housing team.

Q59 **Bob Blackman:** Eloise, what is preventing actual enforcement of the standards that we would all like to see?

Eloise Shepherd: The key thing that prevents the enforcement of the standards is resourcing and also skills. I heard from the panel earlier that there is a skills shortage, which we are very aware of in local government, for EHOs and particularly EHOs on private rented sector housing, and the fact that local authorities have received cuts over a number of years. That is the key barrier. Just to come back on the licensing point, a number of our members have licensing schemes. All of them would like the power to decide themselves whether that is appropriate for their markets, rather than having the resource burden of going to the Secretary of State.

Q60 **Bob Blackman:** Equally—presumably—the Secretary of State can determine the size and shape of the schemes. Can I just ask about the ability to use civil penalties, Matt? How much is that used, and why don't local authorities use it more, if it's useful?



Cllr Noble: We are a relatively new administration. I would have to get back to you on the amount of civil penalties that Westminster has issued. The problem with issuing more of them is that it is very resource-heavy to go through the process of taking a landlord through that scenario. We are also not particularly clear that we will end up getting paid at the end of the day. It's quite easy for somebody to transfer a property into another company and then escape it happening at all. We have 53,000 properties in the PRS in Westminster. It is apparently the largest one in England. It's very clear what our duties are with regard to the social rented sector, but with regard to the PRS, we don't have the level of resources Eloise was talking about. We don't have anywhere near what would be required to have the same kind of oversight of the PRS as we do with social rented properties.

Q61 **Bob Blackman:** Darren, can I ask you as well? Obviously, you have been in place as an administration in Barking and Dagenham for rather a long time. Do you use the civil penalty route, and what is preventing you from making even greater use of it?

Cllr Rodwell: To be honest, it's what has just been said: it's the cost and no guarantee of us getting any funds back from it at the end. I will give you a scenario about what we are trying to do, but then I can take you to Manchester as well, as I'm here for the LGA.

In Barking and Dagenham, we took a landlord to court. It took us nine months to get him to the point where we went to court. In that period of time, he had had around 30 people living in his property, and those 30 people, between them, were paying about five grand a month to that landlord. So by the time we got him to the court, he had already made £45,000, give or take. He then just transferred to another member of his family; it was a different company. Again, if we go to court, there's no guarantee we are going to get the cost that it has taken our officers—and time and effort—to actually get a reward from it.

So what we try to do is be more proactive in supporting the landlords to get them to a point where their properties are fit for purpose and will work for the wider community. Unfortunately, there is a small rump of landlords who just believe they can put profit over people every time. That is where, as I said, London Councils—I know this because of the role I have there—comes in. We have looked at the rogue landlord order. Whether it be overcrowding or the state of the property—actually, with a proper licensing scheme going across, not only can we ban poor practice; at the same time, we can charge poor practice. At the moment, the local authorities just do not have the income to allow that to happen.

Manchester was a great example. They had a selective licence whereby they inspected 177 properties, of which 31 were non-compliant. They served 20 improvement notices and then only eight enforcement notices. It shows that no matter where we are in the country we are trying to work with the landlords, because our job is not to close them down. Our job is to make sure there are decent homes for residents who need them at the



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moment. PRS is part of the answer when it comes to providing the homes that we desperately need.

- Q62 **Bob Blackman:** Obviously, for the last six years, councils have had access to the database on rogue landlords and property agents. Has that been used effectively? Can it be used more effectively? What is stopping the use of it where it is not being used? Darren, I will come to you first.

Cllr Rodwell: I think it is fair to say that we as councils have used this—to greater or lesser degrees—but our biggest problem always comes back to the financing of teams that can go out and do the work that is needed. While there is the database and we can get some information, there is more work we can do. That is why it needs to be joined together with the whole of the PRS sector. It is not just the database for landlords as we have it. There are those who operate within the Airbnb arena. In London before the pandemic we had 73,000 of those. That actually cost local authorities a lot of money. Again, we are near this portal.

- Q63 **Bob Blackman:** The Government set out in the White Paper that they are reinvigorated in engagement with local councils to better understand the challenges that councils face. Have you experienced that engagement happening? I will start with Eloise to get the London Councils perspective then come to you, Tom.

Eloise Shepherd: I did have some conversations with heads of PRS housing on that point, and they said that actually there has been a lot more engagement from the Department over the past couple of years compared with the previous decade or more. There has been a lot more information coming through the Department. I think we did reflect that some of that engagement could be more strategic and more big-picture, but it is certainly a really good start.

- Q64 **Bob Blackman:** Tom, have you experienced that in Bristol?

Cllr Renhard: Certainly between civil servants and colleagues in the council, yes. I wouldn't say I have had direct political engagement with political leadership within Westminster.

- Q65 **Bob Blackman:** Matt, have you seen any of this? I accept that you are relatively young in the administration.

Cllr Noble: In my four months, we have been talking about this a lot. Just to come back on your last point about penalties, I have been informed that it was £300,000 over the last three years that had been issued. In 2019-20 there were 18 civil penalties.

- Q66 **Bob Blackman:** Finally, Darren, in terms of engagement with the Department, does the LGA agree that that is happening?

Cllr Rodwell: Yes. Officers have informed us that it has happened. I have to say, it has not happened on a political level with myself. I hold a dual role in housing; for London Councils I have been doing that role for four years, and with the LGA I have been deputy chair for two years, but I have not actually been involved in any of those discussions.



Q67 Chair: I just want to follow up on that point. Come on—you have a lack of resources in councils. As a Committee we have acknowledged that over and over again, but the disparity in what other councils do on this issue and others don't is stark, isn't it? That's the reality. It was said that I think 20 super-users' enforcement action accounted for 71% of the civil penalties issued. That is 71% from just 20 authorities. Many have not done one. That is what we found and put in a Committee report in 2018. There is a lack of resources and a lack of political will in some councils. Is there a recognition across the local authority sector that this needs to be given a higher priority?

Cllr Noble: I would just say that there is a reason why my cabinet title has "renters" in it. In London at least I might be the first one to have that. During the process of drawing up our manifesto and campaigning on it, we understood and recognised the challenges faced by the sector and that this is a significant portion of the people who live in the City of Westminster. As was said earlier, it is a non-statutory service. It is very patchy. It depends on lots of different variables, and it should be a statutory service. If it was, it would, I hope, be easier to get the resourcing necessary to do it properly.

Eloise Shepherd: As an officer, I cannot speak on the political will point, but what I would say is that the size of the private rented sector varies wildly. London has a particularly large PRS, but throughout the country problems are encountered and you would expect a disparity.

Q68 Chair: Among London councils, there is massive disparity. It is not just between London and the rest of the country.

Eloise Shepherd: But there is also massive disparity within—Newham, for example, has more than 50% private rented accommodation, and others have numbers of PRS in the single figures. I am not saying it accounts for the full amount, but that is a factor.

Cllr Renhard: We have been beefing up enforcement. In Bristol, we have gone through the process of pursuing banning orders three times, particularly problematic rogue landlords. One thing I would observe is that the burden of enforcement, the process that you have to go through, whether that is securing a banning order, which is a decision of the first-tier tribunal, or trying to get a licensing scheme in place, is onerous. One of the questions is: how can we make the process slicker from all sides?

Q69 Chair: Darren, do you want to make any further comments?

Cllr Rodwell: Listen, it is recognised that we operate at different levels, but it has to be recognised that that is because the demands on councils are different, depending on their situation. The role of local government has always been to work with other sectors and use the tools of enforcement as the last penalty. We could go down this road and hit every one, but if they then leave the marketplace, it puts more demand on the local authority, which already has enough demand. I don't believe there is a single council that does not have a housing waiting list. Again, I accept that it is different even in London, but if I went as hard and fast as I would



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like as the only council in the country to have a borough-wide scheme, we would scare off a lot of good people in this space because they would see it as very draconian, and we don't want that. We want to work with the partners, not make them fear us. It's a very tricky balance for us to try and be proactive.

The other problem we have is how much resource we can put in because it is so much proactive work to get the schemes through and to manage the schemes. The courts are not always favourable, either, so it is a tricky one.

Chair: Okay. Let's move on to the issue that we have already raised: selective licensing. Ian Byrne.

Q70 Ian Byrne: I will go to Eloise first. Local authorities have the option of introducing selective licensing schemes, which require private landlords in an area covered by a scheme to obtain licences for each property that they let. A 2019 report said selective licensing could be an effective tool, but implementation needed to be part of a wider, well-planned and well-resourced initiative. If we look at what happened in Liverpool in 2015-20, we found that 65% of properties were not compliant on the first visit and 37,000 compliant actions were taken to improve conditions. Liverpool was a resounding success when we look at what we got back from the council. What is your personal experience of such schemes? How many are there, certainly in London? How useful have they been, and should councils make more use of them?

Eloise Shepherd: A number of councils in London use selective licensing schemes. Councillor Rodwell has already mentioned his whole-borough scheme. Newham also had a whole-borough scheme and they have similar figures to yours about how that has seen demonstrable improvements in conditions over the life of the scheme. Because of this issue with having to go to the Secretary of State for approval if it is more than 20% of a council's geographical area, a lot of borough councils have really targeted where their selective licensing schemes are. A number would like to do larger schemes to see these sorts of benefits, where that is appropriate for the local market, which is why we have got a really clear ask that we think the boroughs are best placed to make the decision for their local markets where a selective licensing scheme is needed, including borough-wide schemes.

Q71 Ian Byrne: Good answer. Tom?

Cllr Renhard: I think that last point is particularly important, in that we have done that targeted work in order to get selective licensing schemes in without needing to go to the Secretary of State. One of the things I have observed that is really interesting is that there is this requirement for selective licensing but there isn't for additional licensing. I suppose that there is a bit of a question as to why that is the case—how have we ended up there?

I was only elected in May last year and took on the cabinet role a few weeks after that. We are now shifting our position to explore bringing in a



citywide process, but obviously then there is a concern that we would do all this work and then what will happen when we get to the end and it has got to go to the Secretary of State. As local authorities, I think that we are best placed to know what we need to do around the licensing scheme, so I think we would probably like to be left to get on with it.

Q72 Ian Byrne: Are you confident you have had the resource to do a citywide scheme?

Cllr Renhard: Well, because the schemes are theoretically self-financing and cost-neutral, yes. One of the challenges—you will know the Liverpool scheme better than me—is obviously when you come to try and renew it, and making sure that there are not long delays. What a local authority wants to do is to renew it, because otherwise you have the challenges of all the staff you have recruited, trained up and skilled up potentially moving on and leaving. Leaving it to local government to look at bringing those schemes in is important and we would want to bring in a citywide licensing scheme, provided that the evidence under the current rules stacks up.

Q73 Ian Byrne: Darren, you would be a good one to talk to about this.

Cllr Rodwell: Listen, we have done it twice now, but we are worried that we won't get it a third time as a borough. However, collectively across the piece, and it doesn't matter which political party you are, there is a real concern that, because we do have to go to the Secretary of State, it does put off councils from taking that leap, because it is a leap of faith, really. The amount of cost, time and effort to go in, just to be then turned down, is quite worrying.

Again, as mentioned earlier, it is incredible that selective licensing schemes we can do but others we can't. What we need is the ability within a framework that says, "Yes, we feel that this will work and we can show the outcomes from a scheme". I say that because I remember when we first started here in Barking and Dagenham nearly one third of our properties were buy-to-let landlord HMOs. The social cost as well as the financial cost was quite significant. The borough that I represent is 72% buy-to-let HMO. The churn of community was massive and again a lot of other costs came in because of that issue. I know that the Local Government Association, along with our colleagues here today, would champion the fact that we want the ability to design the schemes within a framework that works for government.

Q74 Ian Byrne: Good answer. Matt?

Cllr Noble: We have an additional licensing scheme for section 254s. The previous Administration in Westminster had a report that looked at selective licensing in 2019 and elected against it. We will be looking at it again next year. Whether declared or subconsciously, yes—you are looking at who the Secretary of State is and how likely are they to give me this?

Q75 Ian Byrne: I will stay with you. Would you want a national register of landlords? And does the Government's proposal for a property portal,



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which was touched on in the first evidence session, amount to the same thing?

Cllr Noble: No, we don't think it does amount to the same thing. In my opinion, they are completely different things. So, yes, we would welcome that compulsory registration. A portal is a portal; it's a way for people to go and check things, and to extract and supply information, but it is not anything approaching a compulsory licensing scheme.

Eloise Shepherd: I agree with that. Also, the resources involved in getting either the property portal or the national register of landlords off the ground really should not be underestimated. It is a massive piece of work.

Cllr Renhard: I agree with the assessments given by my colleagues. The property portal presents an opportunity to design something that is really good, and that will help with enforcement, and will give transparency to renters around who they are renting with and any history around enforcement within the property. Also, it will potentially make the implementation and licencing schemes more straightforward if there is a national portal doing that. Obviously, we local authorities would not then want our ability to implement licensing taken away from us.

Cllr Rodwell: Again, I agree with my colleagues. We need the local expertise in a national framework, so that everyone knows what standards the decent home standard supports, and what is good for the sector.

Chair: We will move on to the new proposals and enforcing them.

Q76 **Bob Blackman:** We covered a lot of the White Paper earlier, so I will concentrate on just two areas. One key issue that you have all highlighted—Darren, I will come to you on this issue—is that if the burden of having these powers is placed on local authorities, new funding must follow. Have you made an estimate of how much will be needed to finance the sort of measure that local authorities will need to undertake?

Cllr Rodwell: I do not believe we have the figures for a national scheme. Obviously, each authority looks at it individually, because it depends what they are asking for and what they require, but we are clear that this has to be self-funded. The scheme should not be a financial burden on the local authority, and the intention needs to be to improve standards.

Q77 **Bob Blackman:** Initially, there would be a requirement to set up—this is for those authorities that do not already do this—the inspection teams, the enforcement action, and so on. As we heard—I think from you—a local authority can take someone to court and end up not achieving anything at all, in terms of any finance coming back to the local authority. Surely there will be a burden for local authorities that are not doing this at the moment.

Cllr Rodwell: You are right, because we do not have the right toolkit to take on rogue landlords. As I said earlier, if we had what we in London Councils call “the rogue landlord order”, we would have a guarantee of return of costs, which, at the moment, we do not have when we go to the



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courts. We have to do all the prep work, then have to take a fight to a judge, and then wait for the outcome.

Remember, at the very beginning, we do go to a judge to ask to inspect the property. With a new, streamlined order, we should be able to say to the judge, "Look, if anything is found to be defective in this property, you are authorising us to recoup that money from the landlord." We would have to give evidence to show that, in our opinion, the landlord was not adhering to the standards that we believe they should. There is a way of starting to mitigate with the right toolkit, but that is where we need a proper conversation about what works on the ground for local authorities and about the legislation that has given us that ability. While there are very good intentions, things do not always work on the ground. The example I gave earlier is one of many that we local authorities could give.

Of course there would be some funding needed, but that funding could be given back to central Government once the scheme is up and running, because this has to be self-funding. The idea is that if the funding was ringfenced, any surplus would go back into improving accommodation across the piece, because we have far too many rogue landlords. Even though they are a much smaller grouping, the cost to local authorities is quite substantial.

Q78 Bob Blackman: Is it the same toolkit for every local authority, or are these toolkits that the authority may choose to utilise?

Cllr Rodwell: There are some basics that would be the same, but it would be a selection that they could use, based on the licensing scheme that they wish to implement, if that is going to be one part of it. As I said, we do have powers, and you asked earlier why we are not taking more enforcement action—that is not our role. Our role is to be there, work with the sector and support our residents. While we can go in with the stick, we need the carrot; we need both to work together.

Q79 Bob Blackman: So that we are clear as a Committee, the LGA's position is that anything around this would be ringfenced.

Cllr Rodwell: We are saying that there should be money put in. If you said to local government that you wanted that returned, then that is fine, but we would need to find a mechanism that would allow that to happen. We would understand that it would be an investment to save over the longer term, but we would need that start-up in the first instance. It depends what the Government want as the final outcome, but at the moment, the Local Government Association is clear that we do not have the finances, the expertise or the teams to deliver this on our own.

Q80 Bob Blackman: The private rented sector covers a broad spectrum of people. There are accidental landlords, who maybe have one or two properties, others who have huge portfolios, and companies that literally provide the PRS. Is there a risk, with greater enforcement of the rules, that those small landlords who only have one or two properties may go out of the market, so we end up with even more pressure on local authorities to house people who have nowhere to live? Eloise, can I bring



you in on this?

Eloise Shepherd: It is really good that you highlighted the plurality of the sector. We often end up having “good” or “bad” landlords, and it is actually much broader than that, so thanks for that nuance. Landlords are leaving the market at the moment, but the reasons are not to do with the reforms set out in this Paper, which are largely fairly sensible.

Quite a complex web of factors is acting on landlords, including tax changes and the draw of short-term letting—perhaps those smaller landlords, as you say, want to realise their assets because of the cost of living crisis and maybe because of some of the energy efficiency measures that are coming in, without an accompanying pipeline of clear grant or loan support, particularly for the medium term. It is an over-simplification to say it is about these measures, which are reasonably limited in how they would apply to the landlords who are really trying to do their job, and are accredited and so on. This is a crucial question about supply, and we need to look at it more. I would welcome DLUHC doing more research in this area to unpick some of those factors.

Q81 **Bob Blackman:** Is there any updated data on the rate of return that private landlords are getting on their investment, particularly in London?

Eloise Shepherd: I haven’t seen any, but it is my understanding that a lot more buy-to-let landlords are on variable mortgages, as opposed to fixed-rate mortgages, so they are also more sensitive to interest rate rises. However, I haven’t seen the return on investment data recently enough for it to be relevant.

Q82 **Bob Blackman:** When was the last data that you know of?

Eloise Shepherd: Pre-pandemic.

Q83 **Bob Blackman:** That is what I thought. Any risks to the good landlords of Bristol?

Cllr Renhard: In some ways, it is a bit like looking into a crystal ball to ask, “What will happen?”. The other point to make is this: say a landlord exits the market. It does not follow necessarily that the property will exit the market—it might be taken on by another buy-to-let landlord or by an institutional investor looking to acquire properties in that sector. We have seen the growth of build to rent, and of interest in that. There are always risks, and those should be well understood. It was raised earlier that reforms have been brought in many times. Our private rented sector has only grown in Bristol; it is over 30% of the sector. In excess of 60,000 properties are in the PRS.

Q84 **Bob Blackman:** And Westminster? Is there a risk to those good landlords there?

Cllr Noble: Forty-seven per cent. of our landlords are single-property landlords; 37% are portfolio landlords who own up to 100 properties; and the rest have more than that. As people have been saying, it is not necessarily clear to me or to us what happens to properties when



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landlords leave the sector. They do not cease to be properties. We think that things like the portal are meant to be as much about providing information to landlords, in order for them to be good landlords. If that support is provided, then I am not worried about that happening—about people leaving, and that leading to a massive shortage of properties in Westminster. We need to make sure that we are doing all that we can to prevent that, within reason, and that just means being helpful. Also, if people are leaving, as Eloise was saying, there are environmental standards coming down the path. If properties are being sold to landlords who should know about that and who are willing to meet those standards, it will help us all to meet our carbon targets, which are all fast approaching.

Q85 Bob Blackman: Darren, what is your perspective of the risks across the LGA family?

Cllr Rodwell: Again, our perspective is that we are there to support the sector, rather than penalise it. The property does not disappear. The issue is whether we can work with the sector. We are looking at whether we can offer a service to the independent landlord—the person who has one property. Is there something that the local authority could offer? Again, that could happen across the piece. It is about bringing in options that allow the stock to be flexible for the sector and for our communities.

Bob Blackman: Thank you.

Chair: I thank all of you for giving us that perspective. I think that we understand the challenges that local authorities face. No doubt, a whole list of new challenges will come along in some form when the White Paper proposals are implemented. It has been very helpful to the Committee to find out your understanding of those. That will help us when we are drafting our report advising the Government on this. Thank you very much indeed for coming today.