HOUSE OF COMMONS

Levelling Up, Housing and Communities Committee

Oral evidence: Follow-up: Private rented sector report and the Renters (Reform) Bill, HC 1481

Monday 10 July 2023

Ordered by the House of Commons to be published on 10 July 2023.

Watch the meeting

Members present: Mr Clive Betts (Chair); Bob Blackman; Ian Byrne; Ben Everitt; Kate Hollern; Andrew Lewer.

Questions 1 - 92

Witnesses

I: Richard Blakeway, Housing Ombudsman, Housing Ombudsman Service; Ben Beadle, Chief Executive, National Residential Landlords Association; and Tarun Bhakta, Policy Manager, Shelter.

II: Rachel Maclean MP, Minister of State for Housing and Planning; Guy Horsington, Deputy Director for Private Rented Sector issues including tenancy reform, redress and the Renters (Reform) Bill, Department for Levelling Up, Housing and Communities; and Stephanie Kvam, Deputy Director for Private Rented Sector Standards, Enforcement and Financial Protection, Department for Levelling Up, Housing and Communities.

Examination of witnesses

Witnesses: Richard Blakeway, Ben Beadle and Tarun Bhakta.

Chair: Welcome, everyone, to this afternoon's session of the Levelling Up, Housing and Communities Select Committee. This is a further evidence session on the reform of the private rented sector. Since our last evidence session, the Government have moved on somewhat and have now produced a Bill, following on from last year's White Paper, giving us further ideas of their intentions.

We have two sessions this afternoon. Before I ask members of the first panel to introduce themselves—and, following them in the second session, the Minister—I will ask members of the Committee to put on record any interests they have that may be directly relevant to this

inquiry. I am a vice-president of the Local Government Association.

Ian Byrne: Nothing to put on record, Chair.

Kate Hollern: I employ a councillor.

Bob Blackman: I am a vice-president of the Local Government Association and I employ councillors in my office. I am also a private sector landlord.

Ben Everitt: The same, but I am not a landlord.

Andrew Lewer: I am a vice-president of the Local Government Association and I am chairman of the all-party parliamentary group for the private rented sector, for which the National Residential Landlords Association provides the secretariat.

Q1 **Chair:** Thank you all for that and thank you to our witnesses for coming this afternoon to give evidence. Could I ask you to introduce yourselves and the organisation you are representing?

Richard Blakeway: I am the Housing Ombudsman at the Housing Ombudsman Service.

Tarun Bhakta: I am policy manager at Shelter.

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

Q2 **Chair:** Thank you all very much for coming. A general question first: what do you think is the biggest single issue in the private rented sector that the Government need to address, particularly any that you think the Government are not addressing?

Ben Beadle: Housing supply. There is a lot of good stuff in the Renters (Reform) Bill but I am afraid that although there is some stuff that needs a nip and a tuck, the Bill has all the hallmarks of rearranging the deckchairs on the Titanic. Rome is burning. We do not have enough homes for people. We have a supply and demand imbalance and we need to take urgent steps to not just build social housing but also make the private rented sector an attractive place to be.

Tarun Bhakta: Security. The cornerstone of the Renters (Reform) Bill is the scrapping of section 21, and we are pleased to see that section abolished. However, we think that there are some loopholes and potential weaknesses in the Bill, which I am sure we will come to later, and which we think could be addressed and improved upon as the Bill goes through its next stage. It has been nearly two months since the Bill's First Reading and it now looks as if it will not get to its Second Reading or Committee stage until the autumn. I would like to take the opportunity to urge everybody here and the Government to ensure that the Bill gets through its next stage of scrutiny and over the line before the next general election, because renters are waiting for these changes.

Richard Blakeway: There are three interconnected issues around standards, enforcement and scale. I think the White Paper did a very effective job of spelling out the private rented sector we have now, which is probably not the private rented sector that was envisaged when the legislation came in in the 1980s, but neither might it be the private sector we have over the next few years, because the sector is going through quite significant change. There has clearly been a gap around access to redress and enforcement of standards. The Landlord and Tenant Act is the cornerstone of our work as the ombudsman but after the White Paper and this Bill, there is scarcely a cigarette paper's difference between the standards expected, particularly after this White Paper and the Bill. However, there is a gap between ensuring effective redress and that standards are met and that gap urgently needs to be closed,

Q3 **Chair:** I think we will come on to explore those issues. For all the good intentions that might well improve many aspects of the current arrangements in the private rented sector, are there any unintended consequences that you would like to draw attention to?

Ben Beadle: Yes, there are a couple of unintended consequences. It is a far-reaching Bill and there is a lot to be welcomed, but we would like to see some changes around student accommodation and making sure that the courts can support these systems.

The unintended consequences are that we have no clear plan as to timeframes and what is within scope. Take the ombudsman, for example. What sorts of disputes will be covered? We can welcome an ombudsman but we need certainty, and I am afraid that we have only uncertainty at the moment. We need more clarity around some of the detail in the Bill. If you take the external factors—increasing mortgage costs, taxation and rents—some landlords out there are thinking about their investments and we do not want that. We need to keep landlords in the sector.

A second thing is that, as we move to a fault-based environment, what might be the impact of repossession grounds on renters and their ability to access other homes if their home is repossessed? It will not be easy for them to present themselves to the local council to get a property if they have a CCJ or have made themselves intentionally homeless by not paying their rent or by committing antisocial behaviour.

Those are the two significant unintended consequences for the National Residential Landlords Association.

Tarun Bhakta: I agree with some of what Ben Beadle said and his point about CCJs and homelessness applications. For Shelter, that is a very strong argument for ensuring that the grounds are as robust as possible.

We understand that certain landlords and others in the sector have concerns about landlords' ability to regain possession of their homes. The risk there is that in response to things such as court delays—legal challenges and getting things through the courts—eviction grounds are

weakened to a level that is too low. There is a serious risk of unintended consequences in the sense that those concerns may create loopholes for landlords who look to abuse eviction grounds. Landlords may see opportunities in some of the eviction grounds—for example, the arrears ground or the antisocial behaviour ground, but probably most importantly the landlord moving in or sale ground—to abuse the grounds, where there are weaknesses in designing the grounds as they have been in response to concerns about the courts. They are different issues that need to be addressed through different measures.

We see a risk of the unintended consequences of unfair or no-fault evictions by the back door after section 21 is gone. We want to highlight that important unintended consequence.

Richard Blakeway: The White Paper did a good job of setting out what benefit an ombudsman could bring to the sector. However, I do not think that the Bill as drafted goes far enough to meet those expectations. The term "ombudsman" is not used in this Bill, notwithstanding that just last year we saw the term used in the Building Safety Act. There is also a risk of multiple redress schemes.

While the Government have been very clear—which is welcome—that that was not their intention, were that the route they went down, there would be a risk of unintended consequences, because the more we salami-slice redress, the more people will fall through gaps, particularly vulnerable people.

I think there is also a risk of a two-tier system of redress emerging. To be clear, we are set up as a landlord-tenant scheme. We were set up as that in the 1990s with mandatory membership for social landlords, but voluntary membership for private landlords. That was at a time when the scale of the sector that we have today was probably never envisaged. However, if you go down different routes, you will end up with not only confusion for the consumer and issues around access, but with a loss of impact, a lack of consistency and a lack of clarity about how essentially the same set of rules is being interpreted. In the Landlord and Tenant Act 1985, the Homes (Fitness for Human Habitation) Act 2018, the Housing Health and Safety Rating System and potentially the Future Homes Standard, there is not even a cigarette paper between the standards that social landlords and private landlords will meet, and therefore we need a single place that is easy to access and provides consistent decision making.

Briefly, I also think there is a risk of a big-bang moment. I am sitting here frustrated. I have a voluntary mechanism that landlords can join but everybody is waiting to see what happens. Ben Beadle referred to uncertainty. Use that voluntary mechanism to start onboarding landlords rather than wait for a big-bang moment that could result in confusion and ineffectiveness.

Chair: Bob Blackman wants to explore these issues.

Q4 **Bob Blackman:** I do, but before I do, Tarun Bhakta mentioned the unintended consequences of abolishing section 21. If we get to a point where people are being evicted under section 8, do you accept that the consequences for the tenants will probably be county court judgments against them and potentially a position where landlords will be saying to tenants, "You are too big a risk. I will take you as a tenant but I want 12 months' deposit," or something ridiculous like that, which people will not be able to afford, an example of a potential unintended consequence that we need to guard against?

Tarun Bhakta: That is certainly one of the unintended consequences that we need to guard against. It is of particular concern if we are designing eviction grounds in a way that is too weak to protect renters from unfair evictions. We understand the concern about county court judgments.

In answer to the latter part of your question about the wariness of landlords to let to renters with those kinds of judgments and others with different circumstances, we are waiting for anti-discrimination clauses in the Bill, for example, bans on—

Q5 **Bob Blackman:** Can I be clear about something, because I want to get it on record from you, if I may? If, as you say, clauses on discrimination, for example, are included in the Bill and if somebody has a county court judgment against them for non-payment of rent, does Shelter accept that that is perfectly reasonable if the court has found that there were severe rent arrears?

Tarun Bhakta: That will have to be looked at and addressed in the Bill. It clearly is a risk.

Bob Blackman: A risk that is concerning a lot of us, I think. We want to make sure that we get something in the Bill that clears the matter up.

Tarun Bhakta: That would be good.

Ben Beadle: Can I come in? To be clear, Mr Blackman, it is not discrimination if a landlord has—

Bob Blackman: I understand that; it is not even a question.

Ben Beadle: No, but I want to point out that if a tenant has a CCJ, they have not paid, they have committed antisocial behaviour and that has been borne out through the court system, a landlord is perfectly within their rights to decline that tenant. That is not discrimination.

Bob Blackman: Or set conditions, yes.

Ben Beadle: Indeed.

Q6 **Bob Blackman:** Richard, can I take up the issue of the new ombudsman role? There must be a concern in your mind, as I think you were saying, that the position that was set up in 1990 clearly did not have the

expected overall impact. How do you see the new ombudsman impacting the work that you do?

Richard Blakeway: Regardless of whether HOS provides mandatory redress for private landlords, it will have an impact on us. At the moment, we are unable to help about one in five people who approach us because their landlord or their issue is not in our jurisdiction. Given that we have about a 70% awareness rate as an ombudsman, we do not want to reduce our awareness-raising activities. You can create an ombudsman, but do people know about it? Can people access it? We want to address that, but we are likely to still see that traffic.

Q7 **Bob Blackman:** Is there a risk of duplication or, probably even worse, some people falling through the cracks between the two?

Richard Blakeway: Yes, there is a risk of people falling through the gaps but let's be very clear about this. The Cabinet Office has produced guidance that has been around for many years, and which it revalidated last year, on the creation of redress schemes. It is explicit in that guidance—guidance for Departments—that to avoid unintended consequences, they should build on existing redress services. We are a redress scheme for landlords and tenants. We are the only redress scheme for landlords and tenants, and we do not want a two-tier system, for exactly the reasons that the Cabinet Office produced that guidance. That is exactly why you have seen a natural evolution of other ombudsman schemes. Whether that is the Local Government and Social Care Ombudsman doing private as well as publicly funded social care, or the Parliamentary Ombudsman doing private as well as public health or the Financial Ombudsman services, there is a full gamut, and it is exactly the route to go to avoid those unintended consequences.

Q8 **Bob Blackman:** What happens, for example, for housing associations that rent out private accommodation? Where do people go in that scenario? Do they come to you? Do they go to the ombudsman? What happens?

Richard Blakeway: There is a clause in the Bill, which I think is puzzling, that suggests that if you are a housing association—

Bob Blackman: My own question.

Richard Blakeway—those homes should be part of a different redress scheme, should be part of the private rented redress scheme. It is inconceivable that someone renting from a housing association will not think of coming to the Housing Ombudsman. It is wholly unproductive for us to shut the door on them when they bring their complaint. You do not want this two-tier system but also—and this is essential for me—not only do we have the expertise around the Landlord and Tenant Act, which is distinctly different from agent redress or anything like that, it is around conduct, conditions and repairs. The Landlord and Tenant Act is clear that those things cannot be outsourced to a third party. Those are things that the landlord has to deal with, so they are things that we already deal with

and it is a natural evolution for us to continue to do them. Managing probably what would be a quite significant volume of enquiries from people, from residents, will be a feature for whoever does that.

Again, we have the systems and the know-how to do that but also we can get ahead of what I described as the big-bang moment, where there is a risk that everything is waiting for all the pieces to fall into place, which is quite destabilising for the market. We can use our voluntary jurisdiction to get ahead of that big bang, smooth things out and provide some certainty.

Q9 **Bob Blackman:** What is the impact of this new set-up on private landlords who voluntarily joined the ombudsman scheme?

Ben Beadle: To be honest, I do not know that many private landlords are readily volunteering. I see a lot of benefits in being able to resolve low-level disputes. At the end of the day, this is probably long overdue and I think it will be good and in the interests of both consumers and landlords to be able to resolve such things. However, my overriding point is that there is a lot of stuff in this Bill that needs to be delivered upon and we probably need to fund some quick wins. I think that Richard Blakeway has done a pretty good sales pitch to set his stall out, but I will leave that for others to decide.

We see a great deal of benefit in being able to resolve these matters. It is much like making a sausage. I do not mind what goes into it. As long as what comes out is of decent quality, that is fine. In ombudsman circles that means low costs, no big bureaucracy and quick timeframes; that is what landlords and tenants need.

Q10 **Bob Blackman:** Tarun, what are the challenges for private renters in this proposed scheme now?

Tarun Bhakta: In the proposed scheme for the ombudsman?

Bob Blackman: Yes.

Tarun Bhakta: I think Richard Blakeway would probably be able to speak better to that than I can. A lot will depend on how the ombudsman functions when it is set up.

Q11 **Bob Blackman:** One of the purposes behind it is to give tenants the opportunity to go to an independent organisation to resolve the problems with their landlords that they are facing. Surely, either there will be a very positive impact from having someone look at this or, if things go wrong and people are denied, or they go to the wrong ombudsman, things could be delayed.

Tarun Bhakta: Yes, of course. We wholeheartedly support the idea of an ombudsman for the private renter. What I was saying was that the devil will be in the detail. We have seen improvements that the ombudsman service has made in the social care sector—improvements in resolution

times, for example. There are still challenges for the service, obviously, sometimes to do with resourcing and funding, and there will always be challenges for tenants in many situations in getting the best resolution where there is a power imbalance between them and the landlords.

Also, a lot of what Richard Blakeway was saying chimes for me. It is very difficult, surprisingly difficult sometimes, for renters to understand who their landlord is, who the responsible person is, and whether they are a private landlord or a social landlord and those sorts of things. The system needs to be clear, easy to understand, easy to use and accessible. I know that the ombudsman service has done a lot of work on accessibility, but those are the important things for renters. The instant renters feel they need support from an ombudsman, another advice service or a legal service, that part of the system needs to be clear and easy to use for renters. There is a world in which there are a hundred different set-ups behind a system but for access—

Q12 **Bob Blackman:** Sorry to interrupt, but just to conclude, one of the things that a lot of people are concerned about is that if you are a renter and you complain, there is a risk of retaliatory eviction. That is one of the issues that is addressed in the Bill, but is it strong enough in the Bill to prevent retaliatory eviction if somebody complains to the ombudsman?

Tarun Bhakta: It goes back to what I was saying about the eviction grounds and their strengths. The two clearest areas of potential weakness where I think we need to be quite sure that the grounds are tight are the landlord-need grounds, the no-fault grounds, where a landlord wants to sell, to move in or move family members in. There needs to be a robust evidence bar in those grounds, and we will be campaigning for clarity as the Bill goes through. We understand that there might be guidance, but we want the Government to set out in legislation what they think are the types of activity or things that landlords should have done to be able to prove their intention to sell the home or to move back in.

It is difficult to imagine what robust evidence looks like in primary legislation for the case of the landlord moving-in ground or moving a family member in. We need to see proper disincentives to the misuse of those grounds. One very clear area there is the no re-letting period. The Bill currently contains a clause that landlords cannot re-let the property within three months of using one of the landlord-need grounds, and we think there are weaknesses there. First, we think that, to act as a proper disincentive to abuse of those grounds, the no re-letting period should be 12 months, not three months, and it should apply to all evictions. It currently applies only where tenants voluntarily vacate the property, not where the court has ordered possession. We believe the no re-letting period should apply to all instances where a possession notice has led to someone vacating the property.

We also think that there should be something in there for tenants. At the moment, there is no route to any compensation for tenants where the

landlord has misused one of the landlord-need grounds or broken the no re-letting period, and that is very important. We do not see in the set-up of the Bill that there are very strong incentives or reasons for local authorities to put a lot of time and energy into the enforcement of the no re-letting period. We might be quite reliant on tenants to do that, particularly in circumstances—I know this does not sound ideal—where they have left voluntarily after receiving a possession notice. They and the landlord are almost the only people who know that an eviction has taken place, and enforcing the no re-letting period seems to be quite reliant on that. We think that there should be something in the Bill such as rent repayment orders where landlords have abused or broken the no re-letting period.

Bob Blackman: I think we need to move from the work of the ombudsman to other questions, so I will draw a halt there.

Chair: Moving on to issues to do with landlords.

Ben Everitt: I will start with a question for Ben Beadle.

Chair: I think Ian Byrne wants to come in first.

Q13 **Ian Byrne:** With just a very quick question. Sorry, Ben; thank you, Chair.

Richard, a question about what Ben Beadle said about the low take-up of the voluntary ombudsman service from the private rented sector: should we not look at making it mandatory? You talked about a two-tier system, and it feels like a two-tier system to me.

Richard Blakeway: You are right. That is what we have now and that needs to be corrected, but it needs to be corrected in a way that avoids all the unintended consequences of people not knowing or not being able to access the service. If you end up with different redress schemes—which is why that is not what happens across redress in so many different sectors, and that is what the Government's own guidance says should not happen—you impair access at one end and impact the other end. The more fragmented the jurisdictions of an ombudsman are, the more hamstrung the ombudsman is in decision making.

I am very struck that the population of private renters includes lots of vulnerable people and lots of people who will be experiencing issues with the condition of their properties. I accept Ben Beadle's point that there are many decent landlords but it is also the case that 23% of homes in the sector are non-decent. At the moment, tenants do not have an effective route for redress outside the courts if the landlord is not responsive to them. Of our mandatory membership, 16% have fewer than 10 homes whereas 18% of private landlords have more than five homes and some HMOs have to be licensed. I think you can already see pockets of the private rented sector where right now—working with NRLA and others—we could start to onboard landlords, bring them into our jurisdiction, and provide independent, impartial, cost-effective and timely

redress rather than wait for this big-bang moment from the Bill, where there will be a risk of sudden volatility from people racing to go to services—which service, have I gone to the right place and so on. Crucial time could be spent on planning now and getting the pieces in place.

I would love to work with Ben Beadle's organisation, with HMO landlords who are meant to be licensed and with those larger private landlords, because I think there are benefits for them as well as for their residents.

Q14 **Ben Everitt:** Ben, what are the main concerns of landlords around the ending of fixed-term tenancies in the private rented sector?

Ben Beadle: I think that there are two principal concerns. First is the fact that somebody would be able to move in, give two months' notice and then leave pretty much straightaway. We do not want to turn the PRS into Airbnb lite, so we need to caution against that. I get that the average length of tenancies is over four years and I know that we are in the middle of a housing supply crisis but even so, because the knock-on effect for small landlords is significant, tenancy set-up costs will hurt small landlords if there is a lot of churn.

Another area that it affects, or will affect, adversely is the student sector. I think that the Committee referred to this in your last report. If you have open-ended, indefinite tenancies in the student market, you not only knock tenants' abilities to find properties when they need them but you knock landlords' abilities to be able to provide properties when those tenants need them. I cannot honestly see what sort of problem ending fixed-term tenancies is trying to resolve, particularly given Government's admissions that the purpose-built student accommodation sector is out on its own, retains the fixed term and can get possession when needed. This is not about section 21 by the back door. This is about not fixing something that is not broken yet.

We want people to stay in their homes for a long time and to make sure that the student sector works for both the landlord and the tenant, so on these two counts we would like to mirror the moratorium period that has been suggested for landlords. If landlords want to move back in or sell a house, they cannot give notice within the first six months of the tenancy, and we say that to safeguard against those concerns. The same principle should be afforded to landlords so that tenants cannot give notice within the first six months of the tenancy. That would go some way to helping with the student conundrum, as well as with the concern that we want people to bring their properties to the private rented sector but do not want to create another Airbnb.

Given the concession that has been made there, we think that aligning those timeframes would work very well, with an exception that if a tenant moved into the property but it was substandard, in horrible condition and did not meet safety standards and so on, there would be no notice, effectively. This is not about lowering standards. It is about striking the balance to make things work for both tenants and responsible landlords.

Q15 **Ben Everitt:** Thank you. That is quite comprehensive. I will come back in a second about using the courts and so on—not specifically about section 21, but we will probably get there. First, I am quite interested, Tarun, in what you think about the points that Ben raised, from a holistic point of view, but also from Shelter's, the homelessness charity, point of view and specifically the student accommodation point.

Tarun Bhakta: We want to express concerns about what those measures would look like and how they would be designed. One of the significant benefits of ending fixed-term tenancies is that when they move into a property that is not as expected or not up to standard or their circumstances change, renters are able to give notice and move out of those homes. Our concern in designing the moratorium period that Ben was talking about is whether the legislation can account for the various circumstances in which it would be legitimate for a tenant to serve notice and leave. A big concern of ours is that a tenant moratorium period would recreate some of the challenges renters face in their fixed terms.

With students, similarly, we would be concerned about how you design the legislation to capture the people that Ben is talking about, but not exclude the various people who technically are students, but who have different living circumstances to those you might imagine would need that yearly cycle. Students are a really diverse group of people. Many students have children, live with their families still, live with people who have caring needs and they have caring responsibilities for them. Those people need the benefits of these reforms. They need the benefits of the end of fixed-term tenancies and the end of section 21 just as much as any other renters.

We are concerned that any legislation or new eviction grounds—or whatever it is to keep tenants in that yearly cycle and enable landlords to keep in that yearly cycle if they are predominantly letting out to students—would not adversely impact those other renters who are students but live in different living circumstances.

Q16 **Ben Everitt:** This is for students not living in purpose-built student accommodation?

Tarun Bhakta: For students not living in purpose-built accommodation. I believe Ben is talking about the wider market, but there are landlords who predominantly let to students. We want to warn that it is hard for us to see how any eviction device could be designed to not adversely impact those renters who are students but have different living circumstances to what we may imagine when we hear "students".

Ben Beadle: I will show you the detail after.

Q17 **Ben Everitt:** Of course, the wider issue is the supply of student housing. If good landlords are feeling pushed out of the market, there is less supply as well. Thanks, Tarun.

Ben, I will come to you briefly. You raised the issue of section 21 and

courts and so on. How easy is it currently for landlords to use the courts when they are seeking to evict tenants who have got themselves into rent arrears or who are practising antisocial behaviour?

Ben Beadle: It is painful. One advantage, dare I say it, of section 21 is that you are able to deal with antisocial behaviour and rent arrears far more pragmatically without pointing the finger, so that people can be rehoused. We see lots of grounds that have been set out that seek not to replicate the workings of section 21 but to carve out some of the issues. I do not buy the argument that section 21 is the biggest cause of homelessness, because—I will tell you why—in two years' time it will be section 8. We have to have a sensible debate about some of this stuff. Around a third of repossessions are for antisocial behaviour and we need to dial back on the reason. Although landlords do not need to provide a reason, there invariably is one. They could be selling; there could be bad behaviour or rent arrears. We do not want to legitimise rent dodgers and bad behaviour. We want to make sure that landlords have the tools at their disposal to deal with this effectively.

This is important because, while we see the grounds and the timeframes and a mix of mandatory and discretionary grounds, the $64 million question is the system that underpins it. Of course, we have no clarity around what court reform looks like. I was at a meeting with some senior judiciary last week, and the bad news is, neither do they. We all want to see end-to-end digitalisation. We all want to see tenants get advice much earlier in the process. This is a two-way street. But at the moment, I do not feel confident that those who suffer at the hands of antisocial behaviour will get their justice in a timely way. I really do not.

That is borne out by the fact that the MoJ cannot even procure stab-proof vests very quickly. If you cannot procure stab-proof vests, I do not hold a lot of hope in getting a whole new whizzy IT system up and running in the next few months. Call me a cynic. I am normally a "glass half full" kind of guy, but I do not see it.

The Committee itself has recommended a housing court. I love the idea of a housing court, but I would rather we adopt some of the things that work on section 21 so that the most serious cases can be fast-tracked. That is not an unreasonable request.

Ben Everitt: Priorities and resource, of course.

Ben Beadle: Indeed. Absolutely.

Q18 **Ben Everitt:** Tarun, this one sounds right up your street as well.

Tarun Bhakta: Yes. We have always said we agree that the courts need reform and need to work better for both landlords and tenants. On the tenants' side, as Ben said, access to early legal advice and legal aid has been absolutely decimated in recent decades. We believe that with early legal advice a lot of the cases that we see and our lawyers see in court would not end up in court. It is important to say that measures can take

the pressure off the courts in that sense and they do not necessarily need to be legislative via the Renters (Reform) Bill.

Also, the scrutiny of the Renters (Reform) Bill and its implementation will be a lot longer than a few months. People here want to see the courts reformed and see that they work, but it has been nearly two months already since the First Reading. We are not at the Second Reading yet. There is an implementation timeline of six months and then another year on the tenancy reforms. It will take a while to see these reforms come in, and the Government can do a lot to improve the court processes in parallel. We definitely support that. We do not support the weakening of eviction grounds and the shortening of notice periods as a response to issues with the courts that can be resolved in other ways, because we have concerns about the unintended consequences of those.

Importantly, as well, we recognise that many landlords use section 21 evictions for legitimate reasons and, as Ben said, there will always be a reason, but we ran some research this year that found that private renters who had complained to their landlord, letting agent or local authority were two and a half times more likely to have received an eviction notice than those who had not complained. That shows that uses of section 21 exist that absolutely are not legitimate. It does not take many of those instances for renters to be fearful of complaining and making reasonable requests of their landlords.

Furthermore—and I am sorry, I know this is a long answer—landlords may use section 21 evictions when there are arrears or when they deem there to be antisocial behaviour, but we do not know within that whether, in those instances, the arrears are at the level that the section 8 eviction grounds set out. A landlord may use a section 21 notice to evict for arrears but they could be smaller amounts of arrears. We do not know that. Part of the problem with section 21 is that we cannot disentangle legitimate evictions from illegitimate evictions. One big benefit of moving to section 8 is having those grounds clearly set out. Tenants and landlords should understand them. They should be fair and evictions should be proportionate in those instances. That is important.

Q19 **Ben Everitt:** That is probably why the Bill in its current form is so complex, but the complexity will make it hard to adhere to. Ben, what support should the Government give to landlords to make them able to comply with their responsibilities under the new Bill?

Ben Beadle: I want to quickly come back on that point, if I may, and then will answer that. Quite importantly, the Government have published their impact assessment on the Bill, but it does not include an impact assessment of the measures it will have on court workload, which is telling, frankly. They have not considered this.

Secondly, in all the meetings I have had with Michael Gove and others, I am told that, timewise, section 21 will not be abolished until the court systems are ready. There is a massive question mark over the timing of

some of this stuff. It is worth me pointing out for the record that the last English Housing Survey said that in only 6% of cases the landlord asked the tenant to move on. We have to be careful that we do not use a sledgehammer to crack a nut.

On what the Government can do to help landlords, the portal is a massive opportunity. As I say, I look at things in a slightly more positive light. Some 79% of properties meet the decent homes standard. Give landlords an opportunity to prove that they are good landlords. We are not all Rachmans. That is a tiny percentage of what is out there. Michael Gove acknowledged it as recently as last week in the NRLA's own publication, the multi-award-winning *Property* magazine, and said that he needs more landlords. That is right. Some 94% of properties are owned by an individual and just under half have one or two. We kick private landlords at their peril.

We must give those responsible and decent people an opportunity to prove that their properties are in good condition and, at the same time, give renters the information that they need so that they can make an informed decision. By all means, go after the bad ones, but do that in a targeted way. The property portal would not only help landlords and help renters but also help local authorities highlight those bad landlords.

The quid pro quo for some of this stuff is the abolition of local selective and discretionary licensing, for two reasons. First, if the property portal is not to that level, you have a problem. Secondly, if you do leave a dual system, not only will you have duplication, but it comes back to what we have always suggested licensing is about and that is funding local authorities to the detriment of standards. We are about high standards. Let landlords prove it.

Q20 **Chair:** I have a couple of points before we go on to a question from Ian. Following on from that, Ben, selective licensing is also about inspections, isn't it? It allows local authorities to have powers to go in and inspect.

Ben Beadle: I have not had an inspection at one of my properties for years.

Chair: That can be arranged.

Ben Beadle: Indeed—any time. I practise what I preach, Clive.

Chair: That is a difference.

Ben Beadle: Yes, there is a difference there, I guess, but if we look at selective licensing, we have local authorities saying, "We will have it all the way across Liverpool", for example. The only grounds for some element of selective licensing should be limited to a particularly problematic street. You do not need borough-wide licensing.

Q21 **Chair:** Perhaps they have wider problems in Liverpool, but I am sure we can talk about that in a minute.

Tarun, about student housing, I understand the concerns that somehow students will be discriminated against if you do not have open-ended tenancies for them, but is it another problem that, come September, students will want to have a place they can go for their academic year? Last September, there were some real horror stories around a number of universities. Manchester was one. Students were advised to go to Liverpool. I am sure Liverpool is a nice place to go, but it is rather a long way to go to lectures if you live in Liverpool and you have to go to Manchester. Does that problem have to be addressed in some form? It is not like any other form of housing.

I make the caveat that students have a concern that being exempt from open-ended tenancies also exempts them from every other one of the reforms in the legislation. If you have a fixed-term tenancy, you will still have the same rights, the same standards and the same redress as every other tenant. We have to find a way forward.

Tarun Bhakta: I understand the point. I wanted to point out some of the potential pitfalls in any approach to retaining that fixed-term system. I understand that it retains aspects of it, not the whole thing, but, yes, it is important to explain that students are not a homogenous group that rents year on year and moves out each year. There is a real risk in retaining fixed-term tenancies or creating a new eviction ground. Students sometimes are from marginalised communities. They sometimes have low incomes because they are still studying. Any move to retain fixed-term tenancies will put them at risk.

On the supply angle, there is a risk and a concern—and we do not know what the impacts will be—that creating or retaining fixed-term tenancies or a new eviction ground for the purposes of students could create perverse incentives in markets where it is more attractive and more desirable to rent in the student market sector, whatever you want to call it, and that takes homes out of the family part of the market. That could create imbalances in different ways and create new problems, which we would then need to address in different ways.

Ben Beadle: It is worth pointing out that the student HMO market is incredibly regulated in licensing and standards. You are right to point out the supply challenges within this sector already, but add to that the fact that you cannot just switch tenure—landlords cannot say, "I have not been able to find a tenant. I will find a family," which then wipes out the status of the property. That is why it is important that the student market is singled out for protecting that element. This is not about getting rid of all the other things around the periphery. That is fine. As I said at the outset, not causing the next problem and ringfencing the fixed term in some way that keeps the cyclical element is so important.

Q22 **Bob Blackman:** Scotland has done this already, and the evidence suggests that there is less accommodation for students and the rents are going up for students. Do you have evidence of that from the National Landlords Association?

Ben Beadle: From what we see at the moment, rents generally increase across the board.

Bob Blackman: They generally go up, but I am specifically looking at student accommodation, because that is a clear concern in the Bill.

Ben Beadle: Yes, in general terms, Bob, the less you have of something, the more it will cost—fact. I will write to you afterwards, if that is okay, with some details on the student statistics if we have them.

Q23 **Ian Byrne:** I cannot leave what Ben was saying. Landlord licensing was used successfully in Liverpool. It had a real impact in Liverpool on driving up standards. I could not disagree more with what you said there. We can have that discussion offline, I am sure.

Tarun, I want to touch on a couple of things regarding section 21. Why have groups like Citizens Advice described the provisions in the Renters (Reform) Bill as a potential back door to no-fault evictions?

Tarun Bhakta: I was talking about this earlier with the potential loopholes in the Bill.

Ian Byrne: Would you go into them for us?

Tarun Bhakta: I will go into them in detail, yes, sure. I spoke earlier about potential weaknesses in the design of the landlord-need grounds. I started to go into it earlier.

The no re-letting is a big concern. At the moment, the landlord will not be able to put the home back on the market after using a landlord-need ground for only three months. That is not a strong enough disincentive to misusing those grounds, particularly when you consider that it might be quite difficult to design robust evidential requirements for the landlord moving-in ground. It is difficult to imagine what that would look like. We want the Government to try their best, but it is hard to imagine how the court could be absolutely sure that a landlord is moving in or moving their family member in and not evicting for alternative reasons. It needs those strong disincentives via the no re-letting period. We recommend a 12-month no re-letting period and repayment orders as a route for tenants to seek compensation and seek redress when they believe they were wrongfully evicted and either have seen the property back up on the market or believe that the ground was used wrongly.

There should be some incentive for tenants to bring the cases to the local authority because, at the moment, with the way it is designed, only the tenant and the landlord will know that an eviction has taken place under the landlord-need grounds. There should be some incentive in there for tenants to bring those cases. At the moment, it is just civil penalty notices up to £30,000 for local authorities but, in speaking to some local authorities, it is not clear that they will pursue that regularly and look to build funds via CPNs, although it is a good measure in the Bill and should be kept. We want improvements to the no re-letting period.

Information on the property portal could help with that as well. We have not thought about the exact detail of this, but evictions information or tenancy information on the property portal could help local authorities better understand whether evictions have taken place and whether the re-letting period had been broken. That is another measure that might improve—

Q24 **Ian Byrne:** How likely is it that the new possession ground you are talking about will not result in an increase in evictions of vulnerable groups in the private rented sector? Has it solved the imbalance of power that we were talking about before? We know with section 21 that there is an imbalance of power between tenant and landlord. Does this help to resolve that or are we back to where we were with section 21—we celebrate getting rid of that, but we are back in the same position with section 8?

Tarun Bhakta: I am a bit more positive than that. The scrapping of section 21 as the cornerstone of this Bill is important. We have a good foundation in the first publication of the Bill, but there definitely needs to be some tightening up of the evictions grounds. That is possible, including some of those disincentives to misusing those grounds.

No, it is not entirely recreating the old system but there is a real risk that where there are one or two weaknesses in the section 8 grounds—

Ian Byrne: That it will be found out and utilised by bad landlords.

Tarun Bhakta—they would be found out and utilised by those landlords who seek to abuse the grounds. It does not take many instances of that for renters to feel fearful of making complaints or challenging rent increases. The other impact is not just people receiving evictions but fear of eviction preventing people from asserting their rights. Those are the two main areas where we think—

Q25 **Ian Byrne:** Could a mandatory sign-off for the ombudsman assist to help that? Could we utilise that? It potentially will not get utilised. I am thinking about people who are fearful of challenging.

Tarun Bhakta: Yes, there is definitely a role for the ombudsman in this. There is clearly a role for the ombudsman in supporting tenants to make complaints and things like that, but there is every chance that the ombudsman's work is undermined by structural deficiencies in the Bill. The legal routes to evicting tenants legitimately but for alternative reasons could undermine the ombudsman's ability to get redress for tenants and ensure that tenants are able to assert their rights because that threat of an unfair eviction still hangs over their heads.

Q26 **Ian Byrne:** I will touch on the support a tenant needs to help them on rent rises and making informed decisions about whether a rent increase is above market value. At the moment, my inbox is full of people who are being turfed out because they cannot afford to pay a rent when rent rises have happened. What do you envisage from your perspective?

Tarun Bhakta: There is an opportunity in the portal for a measure that could help with understanding the rental market and understanding whether your rent increase is unfair. We understand that at the moment the portal is designed to include safety property information, but there could also be rent data on the property portal. As a publicly available data source, it could be useful to tenants in understanding whether it is a reasonable increase.

We are disappointed not to see in the Bill the promise that was in the White Paper to prevent tribunals, if a tenant wants to challenge a rent increase at a tribunal, from determining a higher rent than the landlord has proposed in the first place. As an advice organisation, we will not be able to advise tenants that they can go to a tribunal, and there is no risk of their rent increasing even further with that. It is important that tenants feel confident and able to go to a tribunal.

Q27 **Ian Byrne:** Looking at the situation we are in now, in London 60% of incomes are utilised on rent and it is 40% across the country. It is catastrophic on so many levels. What are your thoughts on a rent cap element coming in? The Mayor of London has touched on it and other places are looking at it. Could we potentially utilise that to try to cool down the market and keep people in homes?

Tarun Bhakta: First, the key solutions to addressing affordability in the sector for us are supply of social housing, which would not only provide more affordable accommodation but also take pressure off the private rented sector—

Ian Byrne: Yes, but that is in a perfect world. This is where we are now.

Tarun Bhakta: Where we are now, the Government can immediately uprate the local housing allowance. It is frozen at the moment and falling woefully behind private rents, particularly in London. At the moment, designing a rent cap policy, working through the Renters (Reform) Bill and scrutinising it will take much longer than uprating welfare and the local housing allowance.

Moving to the future, bring in those measures that the Government promised on the tribunal to support renters to feel comfortable in challenging unfair rent increases. Make sure that the data is there and is good enough for renters to challenge those unfair rent increases and they have the security to do so as well.

Q28 **Ian Byrne:** Richard or Ben, do you want to come in on anything?

Ben Beadle: Yes, if I can, please. On those two grounds, the no-fault ground, this is not roulette. It gets tested in court, goes before a judge. A judge would need to be satisfied that the landlord is telling the truth about selling the property. Last time I checked, if you lied in court it was perjury. That is a pretty strong disincentive.

I do not know what my friend from Shelter wants to see—whether it is waterboarding or public flogging—but a financial penalty of £30,000 if you re-let sounds to me like a lot of money. We have to look through the lens of why landlords sell. We should start with the confidence levels in the sector rather than having punishing 12-month waits and lots of extended notice periods that do your clients a great disservice. As far as the court process is concerned, 15% of respondent tenants reply, but it is right to make sure that those people have the help that they need if it comes to it.

On things that can be done now, I agree with Lisa Nandy and Julie James when they rule out any form of rent control or caps and would much rather focus on the local housing allowance being unfrozen to help the most vulnerable, which we can agree on, but also looking at landlords' costs as well and things that cause them to exit the market. That includes punishing tax changes, meaning you pay tax on your revenue not your profit.

It is right that they have amended the tribunal challenge in the Bill. You cannot clip the judiciary's wings. The judiciary is totally independent. If it feels it has gone up, gone down or stayed the same, one has to go with that. This is not about trying to pre-empt the outcome. It is an independent process and the judiciary will decide. The first-tier tribunal needs extra resources to cope with this, but the best way to bring rents down is to look at the cost base and increase supply, increasing social housing but also the role of the private rented sector in providing decent homes.

Q29 **Bob Blackman:** I have a quick question to Ben. The evidence suggests that the number of landlords leaving the market is increasing. The number of properties coming out of the PRS is, therefore, increasing. The number of properties sold to owner-occupiers is not changing. We hear that section 21 notices increase as a result of the publication of the Bill. That suggests to me that a lot of landlords say, "To hell with this. I'll go to the Airbnb market, where I can charge a large rent, there is virtually no regulation and I do not have any problem getting rid of the tenants if I do not like them." Do you have evidence of that from your members?

Ben Beadle: Certainly the sentiment index that we have run, which predates the NRLA, but for a good 15 years, shows landlord confidence at an all-time low. We know that the tax environment for furnished holiday lettings is the same as it was in the PRS until the Government decided to change it. That essentially means you can offset your full finance costs like you can do anywhere else unless you are an individual in the private rented sector.

The mood music from landlords—I was at a show last week—is that they are exiting the sector or certainly selling off some of their properties. We have had this discussion before. I point to other sources, which simply say that supply and demand are massively out of kilter. Zoopla's most recent data shows that demand for private rented housing is up 51%

compared to the five-year average. Rightmove notes that the number of properties is down 46% compared with pre-pandemic in 2019 while the number of people enquiring is 173% higher.

Whichever way you look, there is a lead time on landlords exiting the sector. What landlords say and what they do takes some time to bear out. We know that rents are the highest on record and we have all credible sources—including the Bank of England, including the Government themselves—saying that we have a demand and supply imbalance. We should focus on that.

Q30 **Bob Blackman:** Given your suggestion that there should be a 12-month moratorium on evicting tenants if you will not either move your family in or sell the property before you can re-let, given that we have a problem with street homelessness going up and homelessness going up, would we rather have properties empty for 12 months and unused and untenanted rather than landlords being able to move tenants in? It does not seem logical to me.

Tarun Bhakta: I see what you are saying, but we want to see proper disincentives. If you are talking about the no re-letting period following the use of a landlord-need eviction ground, it is a distinctive to the misuse of those grounds. I come back to what Ben said earlier about perjury in court. We know that many tenants or most tenants leave once they receive an eviction notice before a court date. That is what you are likely to do if the landlord serves—

Q31 **Bob Blackman:** Do you have figures on that? They would be helpful for us. As an organisation, you may do.

Tarun Bhakta: I will have a look. I am not 100% sure but I will write to the Committee with the data that we have.

Bob Blackman: That would be helpful. It would help inform us of the position overall.

Q32 **Chair:** Richard, you were going to come in to follow up.

Richard Blakeway: Yes, thank you. I wanted to pick up briefly on your question about an ombudsman. I completely recognise the point that Tarun has made around section 21 being a barrier for people potentially raising complaints, but I have two brief observations.

The first is the relationship between an ombudsman and the courts process. It will be absolutely critical to get clarity on jurisdictions. At the moment, we deal with tenancy issues and we deal with arrears issues as well. There is a distinct role for us and a distinct role for the courts. It is being absolutely clear on that so that the landlord and the consumer have an understanding of the role.

A clear example on that is that if you moved to periodic tenancies, the role for the pre-action protocol on housing disrepair will become

potentially more apparent. We have done a tremendous amount of work with bodies in our jurisdiction to get clarity on claims versus complaints so that they do not get muddled up.

As a final word, we will publish a case soon, probably this week, where a social landlord issued a section 21 notice. It involved a resident in a wheelchair who had mobility issues in her home because of repair and condition issues. Again, it was absolutely clear that the notice turned out to be invalid, but we were able to do a huge amount to provide redress for that individual for the property condition issues that they experienced and indeed the discrimination that they experienced.

Again, it is not a zero sum between the courts and the ombudsman. It is about weaving those together effectively. The best way to do that is to build on the existing landlord and tenant scheme that we have in this country rather than creating multiple versions of it.

Q33 **Chair:** Shelter currently takes up cases on behalf of tenants in the social housing sector who are threatened with eviction for antisocial behaviour. As a charitable organisation that represents people free of charge, do you have a wider responsibility to the community in which those tenants live? Often other tenants bear the brunt of the antisocial behaviour, yet you are there fighting for the ones who cause it, not the ones who experience it.

Tarun Bhakta: We also support tenants on the other side of the relationship who experience antisocial behaviour or other forms of behaviour that are disturbing or upsetting to them on the other side, those people experiencing it. We do not just support those threatened with eviction.

The eviction grounds, as they are, exist; landlords will be able to regain possession of their homes for antisocial behaviour. We are concerned about—this is not to prevent all evictions for antisocial behaviour—in response to things like court delays and court complexity and things like that, the eviction grounds so weakened that they enable unfair evictions of people for antisocial behaviour. We do not know what the impact of the change to ground 14 will be. It is a wording change from "likely to cause nuisance or annoyance" to "capable of causing nuisance or annoyance". We understand guidance is to come.

We want to warn against setting that evidence bar so low that it brings in people who might be wrongfully accused of antisocial behaviour. We are part of the Domestic Abuse Housing Alliance, which has written a helpful response to the First Reading of the Bill. We know that accusations of antisocial behaviour are often misinterpreted domestic abuse and violence situations and often associated with mental health and neurodiverse conditions. We want to make sure that reforms to the eviction grounds do not unduly impact those already marginalised renters who, when faced with an eviction, will struggle more than others to find a

home in the rented sector because they are more likely to claim benefits and to face discrimination in the sector.

The reduction of notice periods to zero weeks is a big concern for us on the antisocial behaviour grounds. We understand, again, that it is in response to court delays and things like that but—and this may be in an ideal world, but that is how we should design the eviction grounds—zero weeks is not enough time for the already marginalised tenants to receive early legal advice and to defend unfair evictions on antisocial behaviour. That is important because those defences are often along the lines of the Equality Act are complicated. They would be difficult for an individual to take themselves. Zero weeks is a big concern for us in tenants accessing legal support.

Ben Beadle: Briefly, the court system must be on the side of the victims, not the perpetrators: short notice periods, quick processes. We cannot focus on the 1% of the 1% of the 1%.

Chair: We have asked the Minister to look at the domestic abuse one anyway, but at some point—we cannot carry on this conversation much longer—I would like to talk to you about this. We do not see Shelter acting on behalf of the victims in these cases, in my own experience. There is a real concern about the reputational damage to you as an organisation. Maybe we can have a conversation elsewhere about that.

Thank you all very much for coming this afternoon and giving evidence to us on an important reform with a lot of issues that need to be addressed.

Examination of witnesses

Witnesses: Rachel Maclean MP, Guy Horsington and Stephanie Kvam.

Q34 **Chair:** Moving on to our second panel, welcome to the Minister of State for Housing and Planning. You are welcome again, Minister. Thank you for coming to see us. Do you want to introduce your officials?

Rachel Maclean: Yes. Thank you, Chair. It is great to be here. This is Guy Horsington and this is Stephanie Kvam. They can update the Committee on their precise job titles.

Guy Horsington: I am the Deputy Director in the Department for Levelling Up working on the Renters (Reform) Bill but particularly on tenancy and redress reform.

Stephanie Kvam: I am the Deputy Director who leads on standards, enforcement and financial protections in the Department.

Q35 **Chair:** Okay. Thank you for coming this afternoon with the Minister. Minister, apologies for keeping you for a few minutes—

Rachel Maclean: That's all right.

Chair—but you have kept us for several months waiting for a response to

the report that we did back in February. We have had a number of apologies and explanations about why we have not had a response to the recommendations we made in our report. Given that they are directly relevant to the Bill that you have now produced, is it possible to update us on where that is up to?

Rachel Maclean: Yes. That is a fair challenge, Chair, and thank you for giving me the chance to apologise once again for the additional delay, which is regrettable but not due to anything other than the need to discuss these matters across the Government. I hope that we updated you with a courtesy letter to let you know that we needed a bit more time to consider your helpful suggestions. I hope you have received that. Perhaps the Clerks have. We very much hope to be able to come forward with a fuller response in due course.

Q36 **Chair:** Do you think we might get it before the recess?

Rachel Maclean: Given that the recess is two weeks from now, that is probably unlikely, although I do not want to rule it out. A number of different discussions have to be had across the Government, as I am sure you will understand.

Q37 **Chair:** I partly do, but given that the reasons are directly relevant to the Bill that the Government have already produced with the Government's position in that Bill, it is difficult to grasp why it takes so much longer to produce a response to our report.

Rachel Maclean: I appreciate the frustration. I am happy to deal with individual points in that report, which I am sure we will during the session. We discussed some of it in the previous meeting we had with your Committee as well. We can probably talk about a lot, even though we are not able to provide you with a formal full response.

Q38 **Chair:** All right. Let us try to raise some of the issues that are not in the Bill that we hope to see and a number of organisations hoped to see. The Government have indicated that they want to see a decent homes standard for the private rented sector, an end to discrimination against potential tenants who are in receipt of housing benefits and maybe stronger enforcement powers for councils. Will those issues be addressed in due course in the Bill? If so, will they be in the form of amendments to the Bill as it goes through?

Rachel Maclean: Yes. We have committed to introducing the decent homes standard. It remains our intention to do that during the course of the Bill. We have consulted on it. We have looked at the responses. You will probably have noted, Chair, the holding clause in the Bill as introduced, which I am sure the Committee will be familiar with. That is normally the mechanism, should we wish to pursue it, by which we introduce amendments.

I am not able to give any more definitive information on that, other than to reiterate firmly that, as I have said many times here and also on the

Floor of the House, we are committed to introducing that decent homes standard.

Q39 **Chair:** On the issue of not banning renting to people on benefits?

Rachel Maclean: Yes, exactly that. That is also very much at the heart of our intention. We have consulted on it, we have publicly committed to do it and we remain committed to doing that.

Q40 **Chair:** Enforcement powers for councils?

Rachel Maclean: Yes, indeed. Absolutely that as well. You will appreciate that there is a lot in there to consider with enforcement powers for councils. We need to make sure, again, that we have all the detail precisely right when we come forward with that.

Q41 **Chair:** Is there any idea about timing? I suppose we might ask about the timing of the Bill while we are at it. When are we likely to see it debated on Second Reading in the House? No doubt that is down to the parliamentary business managers and so you probably cannot comment on that.

Rachel Maclean: Chair, you know better than I do that I cannot, unfortunately, although we have, of course, constructive discussions with our colleagues in the respective Departments.

Q42 **Chair:** At what stage in the Bill's progress are the amendments on the issues we have talked about likely to come?

Rachel Maclean: I am sorry that I cannot give you any more information. I appreciate your frustration and your reasonable desire to have certainty. Of course, as soon as we are in a position to provide that, we will make that clear to you and also to Parliament.

Q43 **Chair:** I presume we will get them so that they can be considered on Report.

Rachel Maclean: There is a process, obviously. When things are brought forward by the Government, we need to allow enough time for scrutiny of those measures. If and when the Bill is on Report, Members of Parliament will have ample opportunity to scrutinise all these measures. I am sure that there will be debates over them at that time.

Q44 **Chair:** They will not be delayed so long that they are eventually introduced in the House of Lords and we do not get a chance to look at them in this House?

Rachel Maclean: It is certainly not our intention to introduce them in the House of Lords. We want to introduce them in the Commons for the reasons that you said. It is right that things are scrutinised in the Commons.

Chair: Okay. Let us move on to the specific issue of the new ombudsman, which is in the Bill.

Q45 **Andrew Lewer:** Welcome, Minister. How will the powers and the role of the proposed new ombudsman interact with the existing redress services that are already used by private renters and landlords?

Rachel Maclean: Thank you for that question. You have had the existing Housing Ombudsman here in front of your Committee, if my information is correct.

We need to get this right. It will clearly be a big task for any ombudsman to make sure that they can satisfactorily address the complaints from, potentially, up to 11 million people, although we hope they do not have a complaint, living in the private rented sector. We need to do quite a bit of work to make sure that we have the systems, the processes and, most importantly, the communication right.

On the Bill itself and the powers, the redress for consumers will be available as soon as Royal Assent is given, but you are probably asking me what form it will take. That work is still ongoing at the moment because we want to get it right. Did you want to say a bit more about that, Guy?

Guy Horsington: Sure. There is a gap at the moment and we do not have an ombudsman service for the private rented sector. We do for social housing and redress schemes are available for letting agents and management agents. We are trying to solve the problem by bringing forward an ombudsman service to provide that for the private renters, as the Minister mentioned.

We want to make sure that, in deciding who delivers the ombudsman service, we take into account the range of factors such as how it will start, how it will serve a large group of the community and how it will ensure that communications are clear. We want to do that work.

In the Bill, we have legislated for a process by which we can decide, whether through competition or the Secretary of State designating an existing scheme, a variety of routes to do that. We want to make sure that we get that redress provision to private renters as soon as possible once we have done that implementation work.

Q46 **Andrew Lewer:** The Government have this overall strategic aim that they talk about quite a lot about cutting down on bureaucracy and making it easier to do business, not creating unnecessary quangos. At a tactical level, as we have heard from the Housing Ombudsman, its own advice on redress schemes is to avoid complication and duplication, bearing in mind that ordinary people trying to get on with their lives do not have a flowchart in their back pocket showing which different organisation deals with what. Given that this is as complicated as you have said and given the numbers of people that this will potentially involve, the Government have still not got it into their heads how vast and enormous this will be.

Is it at least an option for the Government to fold these new powers

either into the social housing ombudsman as currently exists or to expand out the redress schemes that letting agents have that cover a large amount of the private rented sector but do not cover at the moment those people who rent directly themselves?

Rachel Maclean: I will say two things. First, it is absolutely our intention to reduce bureaucracy and avoid duplication. In fact, it is not only our intention, it is Government policy, as you said. More rigorously than that, we are not physically allowed, as this Department, to create bodies. Cabinet Office guidance covers all of this and it is strict about creating new bodies. It will interrogate any plans to do that. We will have to demonstrate a genuine need for a new body.

Likewise, we will have to demonstrate, if we decide to go with an existing redress scheme—either the ones you have mentioned or the Housing Ombudsman itself or indeed any of them—conversely that that particular body is capable of doing the job that we ask it to do and that it has the funding, the powers and the capability and, most importantly, can provide the service.

As a Minister, I am certainly interested in these things before I direct my officials to make a final choice of how we do that. At the same time, a lot of work has been going on from the team for the last three years during the consultation process, talking to stakeholders in the industry to get their views. I want to reassure you that we take this seriously because we see this as a major piece of the legislation.

To be clear, your original question was about why we do not use one of the existing schemes. We have not ruled anything out—

Q47 **Andrew Lewer:** No, I did not say that. Can you reassure me that you have not ruled out the option of expanding an existing service to cover this rather than reinventing the wheel?

Rachel Maclean: We have not ruled that out, no.

Q48 **Andrew Lewer:** Good. That was helpful. Thank you. We have talked about duplication already, but how would you ensure that the new ombudsman or an expanded existing ombudsman does not duplicate the work of local authorities and courts in this area?

Rachel Maclean: That, again, is important. Local authorities have that selective licensing scheme in some areas. They have existing powers and there are existing localised schemes. This will all need to come during the implementation of the Bill.

Of course, we will do the primary legislation. We will take the powers. We will make sure that they are powerful enough—I think that is the right word—and they are sufficient for what is needed. Then we will have to work carefully through the implementation plan, which will involve, as you have rightly said, guidance to local authorities, communication with them, making sure that all the different actors in the scheme understand

who will look over them to see how they perform and also, most importantly, for the renter themselves—is it clear to them?

Q49 **Andrew Lewer:** That clarity issue is incredibly important with this. We have talked about the option of the existing letting agents' redress scheme being expanded. What are the main legal and practical challenges the Government would face if they were to include letting agents within a new ombudsman's remit that was not the existing redress scheme?

Rachel Maclean: I can give you a high-level sense that there are some quite significant administrative challenges such as TUPE transfers for the members of staff. Perhaps Guy could add to that.

Guy Horsington: Two letting agents' redress schemes have been in existence since 2014. They serve a purpose and they do that well. Ultimately, whoever provides the new ombudsman service is likely to be an existing organisation, whether that is the Housing Ombudsman Service or perhaps an existing letting agents' redress scheme. In setting up the service, we are keen to ensure that it can function without causing a lot of disruption to the other existing schemes out there. As the Minister has said, if you start to change the remit of one existing scheme so that it provides a service and so on, it can cause unnecessary duplication and confusion.

Across the piece, we are looking to see who is interested in delivering this service. As part of the decision about who will provide that service, we will see, as the Minister says, what their infrastructure and capacity is to deliver that. We are not ruling anything out at this stage. It is possible that an existing redress scheme could deliver this.

Q50 **Andrew Lewer:** Are you alive to the danger of an expanded newly created state body therefore covering so much that letting agents and others say that there is no point supporting their redress scheme because you have this one that covers everybody?

Rachel Maclean: Yes, very much so. Is the point you are making, if things are working well already, you are concerned about us saying, "Stop that and now join a different scheme"?

Andrew Lewer: Yes, as letting agents have put a lot of time and effort into providing the comfort that it provides to their tenants already.

Rachel Maclean: Yes.

Guy Horsington: I have one extra thing. It is outside the scope of this Bill for us to do a big reorganisation of all the different ombudsmen. It would be a significant piece of work to bring everybody together into a single ombudsman. We have not legislated for the powers to do that. That may be a question for further down the line, but for the moment our priority is to make sure that we get a good redress scheme for private renters as soon as possible.

Q51 **Andrew Lewer:** Looking at local authorities, which we know many people on this Committee are familiar with, the new burdens doctrine is an important part of, at least in theory, allowing local authorities to cope with central Government's mission creep and therefore additional burdens that are placed on local authorities' budgets, which are already under a lot of pressure. This has the potential, if some of the things within it will be seriously enforced rather than simply on the Bill and then ignored, to cost local authorities and their licensing departments some serious resource. How do you plan to ensure that local authorities have those resources? Do you as a Department acknowledge that this is an additional burden for local authorities and, therefore, falls under that doctrine?

Rachel Maclean: Absolutely. Every time we legislate, we have to take account of the new burdens doctrine, as you have said. We have to make sure that local authorities, through all the work that goes on within the Department, are provided with the funding that they need. Also, it is worth reflecting that we hope over the longer term to create a self-funding, sustainable system. Of course, civil penalties can be levied. Revenue is flowing into the Government from that.

Also, we anticipate that there will be a small cost for a landlord to be a member of the proposed ombudsman that we have. There will be no cost for tenants to join such a scheme. We are aware of the enforcement burden and the resource that that will require. That is part of the general conversations that we have about local government financing. Stephanie wants to come in.

Stephanie Kvam: You have huge experience of working with local authorities, but we have been funding a project for a number of pathfinder areas that looks at innovative methods of enforcement, recognising that there is capability and expertise across the areas. Those nine areas at the moment look at projects and see the extent to which different practices offer the most effective way of enforcement and sharing that best practice between each other. We are doing that at the moment in advance of legislation.

Q52 **Andrew Lewer:** I suggest to you that the tenant will not necessarily not pay for it because, if the landlord has a levy imposed, the most obvious source of funding that would be through the rent. How can landlords have some degree of confidence that this will not be used as some additional taxation, particularly given that 11 million are likely to fall into this and, therefore, it is likely to have a large cost? Is there some way of having a polluter pays principle so that local authorities can keep and fine heavily the proceeds of those who do the wrong thing within the private sector rather than an additional high cost on the vast majority of private landlords who get on with delivering a good job for their tenants?

Rachel Maclean: Can I check that I have given you the correct information, Mr Lewer, about the cost? Are we proposing a cost to join this scheme?

Guy Horsington: For the ombudsman, yes, we propose for there to be a cost, but it will be a non-profit organisation. We are not setting up an ombudsman to make a profit from its work.

Andrew Lewer: The Government are a non-profit organisation but it costs people a lot of money.

Guy Horsington: It, hopefully, provides a service.

Rachel Maclean: On your point about the polluter pays, in your example, is the polluter here the bad landlord?

Andrew Lewer: Yes.

Rachel Maclean: To take a step back, the whole purpose of what we are doing here is to introduce a system that is more efficient and will help local authorities identify the bad landlords more quickly. We know that there are some. Obviously, the vast majority are not bad but there are some. At the moment, we know through the various systems that exist that it can be difficult for local authorities to fine those bad landlords and enforce.

The big picture here and the key thing is that we want local authorities to more quickly go after them and prevent the harm to the tenant that living in a bad property with a bad landlord is causing and then more quickly get that into the courts and get the fines, which will then help the local authorities resource their enforcement team activity.

Q53 **Chair:** Have you done any assessment of the likely increase in complaints from tenants to local authorities once tenants know that they cannot be evicted for making a complaint?

Rachel Maclean: Specifically they cannot be evicted for making a complaint?

Chair: Currently, a tenant who complains to a landlord is concerned that a few days later or a few weeks later a section 21 notice will arrive. When that cannot happen, tenants are much more likely to feel confident about going to the local authority if the landlord is not carrying out repairs. Have you done any calculation estimate as to what that increase is likely to be?

Rachel Maclean: Yes. That has been part of the work with stakeholders and our own analysis. Perhaps Guy can comment in a bit more detail.

Guy Horsington: If you are referring to the additional cost of cases going to local authorities, that would be part of a new burdens assessment. We have recently published our impact assessment, which is on the cost to landlords and the benefits of our package as a whole. Does that sound right?

Stephanie Kvam: That sounds right. I do not think that there is a specific assessment of exactly how that will translate. At the moment sometimes we know that tenants will not raise a complaint to their own landlord, regardless of the local authority, but one of the things of removing section 21 is that it will encourage tenants to engage with their own landlord to initially resolve the complaints. Certainly part of the new burdens assessment will be to understand the full range of the legislation and what that means for how that might be material to the changes of impacts on local authorities themselves. It could equally manifest itself in the ability to contact the ombudsman, as we have talked about earlier.

Q54 **Chair:** You have not done that new burdens assessment as yet?

Stephanie Kvam: We have not finalised it. We have certainly started the process of that but that is ongoing as we refine the legislation and work closely with local authorities to make sure that we capture that effect.

Q55 **Chair:** Within the new burdens assessment, have you yet started any calculations about how many more people are likely to contact their local authority to ask for their enforcement powers to be used as a result of this legislation?

Stephanie Kvam: We have done a broad assessment of the types of things that will change in the enforcement picture and picking up a range of things that will change in the relationship and the way that local authorities will undertake it. A key element of the legislation is the ability to charge fees. It is £5,000 for initial breaches and up to £30,000 for more serious offences. Understanding that will be one of the key elements. I come back to some of the pathfinders that we are talking about that may be able to support that understanding.

Q56 **Chair:** You seem to be evading the question, if I might say so. Have you started to do the calculations as part of the new burdens assessment?

Stephanie Kvam: We have started the process of assessing the new burdens.

Q57 **Chair:** How much is the level of enforcement likely to rise, or requests for enforcement, as a result of the abolition of section 21?

Stephanie Kvam: That is part of the process of feeding into that and that is what we are discussing with local authorities.

Q58 **Chair:** Have you started or are you going to do it?

Stephanie Kvam: We have started that discussion, certainly, with local authorities and feeding that process.

Q59 **Chair:** One other question: how much discussion have you had with the Ministry of Justice about getting the courts to award proper costs in these cases? It is often the case that local authorities are short of resources, they take cases on, they spend a lot of money, they get to court and they

find that the judge awards them half the costs that they ask for or a notional amount. In other words, that money comes out of the budgets that local authorities have to take on other cases in the future.

Rachel Maclean: You are talking about the award of costs in this particular instance. I have not had specific discussions on that point. I have had discussions with them generally on the court system and their digitalisation process. However, that is a very good point and I will be sure to have that conversation with them next time I have a meeting with them.

Chair: It is an important point that authorities are raising all the time.

Rachel Maclean: Yes, thank you.

Chair: Okay. Let's move on now to the court process.

Q60 **Ian Byrne:** In the absence, Minister, of a specialist housing court, which the Committee recommended, what plans do the Government have to ensure that existing courts can process possession claims efficiently, given the introduction of the new possession grounds?

Rachel Maclean: Thank you for that, Ian. We obviously thought very carefully about the issue of the specialist housing court. The view of our colleagues in the Ministry of Justice was that it would not be the best way of achieving the outcome that we all want. The argument that they presented to us is that it does not matter what issue a particular Department is working on, that will be a priority for that Department. We have just seen the statement from the Home Office Minister about rape and serious sexual assaults, and of course we all agree that that is a priority.

In a sense, they have to make those judgments themselves. We work very closely with them and what is important is the outcome of the changes that are being made. We are having a series of discussions with colleagues in the MoJ. The Minister who leads on the tribunal system is Mike Freer. We meet with him regularly as well as meeting with the Justice Secretary himself. The Secretary of State has met with the Master of the Rolls and the Lord Chief Justice as well. Assurances have been given to us that the pandemic-related backlogs are now largely tackled and the courts are working pretty well.

However, we need to give assurances to the whole sector that when we introduce this—which is a very big change—the courts will be able to cope with it. We are being quite clear that we want to align our changes with the courts being ready to cope with any potential volume of cases.

Q61 **Ian Byrne:** On that vein of information from you to the MoJ, we had a witness in the previous session say that he spoke to members of the judiciary recently and they were none the wiser about how it will work and they did not seem to have much information. Are you slightly

concerned that your good intentions with the MoJ are not feeding into the judiciary? Are you worried about that? I think Guy wants to come in.

Rachel Maclean: I will ask Guy in a minute but I will make my point, if I may. It is probably accurate to say that the judiciary at this point do not have full sight of all the guidance in their Bench Book and all the other professional tools that they need. That is because we are not at the point where it can be provided because that initial work is still ongoing with the MoJ. That is why I have been clear that that needs to happen and needs to take place. They need time to do that, of course; they need to disseminate it through their own hierarchies. However, we want to work with them and I think that this digitalisation process will make a big difference in the longer term. We need to give that assurance of people listening to this, that when the system comes in place the judges will know what is going on, the courts will know what is going on and people can get redress more quickly. Guy, did you have anything to add?

Guy Horsington: No, that is the answer.

Q62 **Ian Byrne:** Are you confident that there will be a seamless transition to the new legislation?

Rachel Maclean: We are certainly putting every effort in at this point to make sure that it is, because we are aware that this is a major part of the reform and the court system is a key thing for tenants and for landlords. Therefore, it is absolutely in our interests to make sure that it is ready. The Justice Secretary has been very clear in his commitments to our Secretary of State that he is very onboard with the whole reform process.

Q63 **Ian Byrne:** Just on that, are conversations being had with the Justice Secretary about the complete lack of representation out there? The dearth of housing solicitors, certainly legal representation within Liverpool, is remarkable, considering the issues we have. We have worked with a local law centre to fund a housing solicitor from my office because there was absolutely nothing out there. Are those also conversations? I feel that that will be a huge part of making this happen. Correct representation potentially heads off even going to court because you have that expertise. At the moment it is not there, obviously because of reforms that there have been over the last decade in lapses and destruction of legal aid. Are you having conversations about that, Minister?

Rachel Maclean: Yes, we are. I am aware that the MoJ is aware of the potential changes to what is needed to be provided. It has informed me that it is launching a new service called the housing loss prevention service, which will probably do what you are saying: try to prevent homelessness before it happens. The service will be launched on 1 August. It will enable anyone facing eviction or repossession to receive free, non-means-tested, early legal advice. The aim is to support tenants to stay in their home if possible. It is in addition to the free advice already offered on the day of the hearing. My understanding is that it has

increased its investment into civil legal aid by £830 million last year. Its own budgets are obviously a matter for it, but it has made us aware of this particular service, which we think is very well aligned to what we are doing here.

Q64 **Ian Byrne:** I will look at that with interest and I am sure that the Committee will too. Can you confirm that measures regarding improvements to the courts, as you have outlined, will be aligned with the abolition of section 21 and the new possession grounds?

Rachel Maclean: Yes, absolutely. We have said that publicly, and that is our position.

Q65 **Ian Byrne:** Excellent. How will you ensure that the definition of antisocial behaviour in the Bill is clear enough to address the issue?

Rachel Maclean: This is an area of huge interest. Antisocial behaviour is a difficult one to make policy and legislation on because it is so wide-ranging. What we anticipate happening—and this is what we have heard from landlords. They want a slightly wider definition of antisocial behaviour to be able to capture the issues where there is a small minority of bad tenants. We know that most tenants look after the homes that they are in but there are some, unfortunately—we are talking about the human race—who do not. Therefore, we need to give landlords the confidence that, when we have removed section 21, if someone is behaving antisocially, they can still evict that person from their property. That is why we have lowered the threshold for the discretionary ground, but we believe that it is ultimately a matter of judicial discretion. It needs to be heard in a court, purely because antisocial behaviour is so wide-ranging and covers so many different things.

The other point is that it is important that it is not conflated with domestic abuse—the point has been made to me many times—and that we do not have a disproportionate or negative impact on somebody who may be experiencing domestic abuse. We have to be sensitive in this area.

Q66 **Ian Byrne:** On lowering the threshold, are you slightly concerned, like a lot of people are, that potentially section 8 could replace section 21 as a tool that enforces the imbalance of power that we have between tenants and landlords? Does it concern you that section 21 could be replicated? We all wanted section 21 to go, but where we are with section 8, is that a concern for bad landlords who could utilise it as a loophole?

Rachel Maclean: Everything that we hear from this Committee and parliamentarians is a concern that we take seriously because we know that every single MP has a vast experience of housing. That is why we set up a quite extensive antisocial behaviour working group with a wide range of stakeholders who are advising us and telling us what their experience is like on the frontline. They are helping us to create the guidance that we will be disseminating in the process of implementing the

Bill and also helping us to understand some of these key issues, like the balance of power and domestic abuse, which it is important that we get right.

Q67 **Kate Hollern:** From experience, it is always very difficult for people to gather evidence of antisocial behaviour and it can take months. Are you suggesting that you have reduced the standard that is accepted by a court to make it easier?

Rachel Maclean: I will probably ask Guy to talk a bit more about it, but I am saying that the antisocial behaviour possession ground will be a discretionary ground for a judge to decide in a court of law.

Kate Hollern: A judge needs quite a lot of evidence now.

Rachel Maclean: Yes, that is right. Guy, can you say a bit more about the evidence threshold?

Guy Horsington: Yes, I am happy to do that. On the discretionary antisocial behaviour ground, we have heard, when talking to stakeholders and the NRLA and others, that landlords sometimes find it quite hard to be able to evidence antisocial behaviour. Therefore, by making the change that we have said that we will do, which is to expand it so that it brings in a wider set of behaviours while maintaining judicial discretionary, that should help landlords who are genuinely trying to deal with a problem tenant who causes a great deal of pain and anxiety for the landlord and their neighbours as well.

We think that that is balanced. We think that it is balanced alongside the work that we are doing, as the Minister says, with the antisocial behaviour working group, to try to make sure that that is right. We are taking measures to help landlords prove genuine antisocial behaviour. That is discretionary and we are also maintaining our mandatory antisocial behaviour ground, which is where there has been a proven criminal offence.

Q68 **Kate Hollern:** When do you think the Committee can have evidence of what you are proposing?

Rachel Maclean: We are very happy to come forward to the Committee. I do not think that we have anything published at this point, have we?

Guy Horsington: We will have what is in the legislation and, as the legislation progresses, the guidance. We will say "guidance" a lot during this session. We will develop the guidance that we are working on and we want to make sure that that is right ahead of implementation. We are happy to share that, as it develops, with the Committee and to take your views.

Q69 **Chair:** Are you intending to bring into alignment the antisocial behaviour guidance for social housing along with private sector so that they are the same?

Rachel Maclean: I will have to ask Guy to answer that. I know that we have done a huge amount of work in this sector. I do not know that it will be exactly the same.

Guy Horsington: I am not able to give a full answer to that. You have raised the interplay before, Chair. Clearly we do not want to be in a position where tenants in social housing or tenants in the private rented sector are being treated very differently. It may be that at the moment there are some differences in how that works. We want to test that out and we are happy to bring further information about that. However, ultimately we are trying to deal with the private rented sector, get that right and make sure that it works for that sector. Social housing is slightly different in that there is a greater security of tenure. That may be how the rules differ slightly.

Q70 **Chair:** There is not, is there? Once section 21 is abolished, there is the same security of tenure for the private sector. Why is there a difference on the grounds for antisocial behaviour eviction?

Rachel Maclean: The Renters (Reform) Bill is only dealing with the private rented sector. It does not touch the situation with social landlords at all. What we are introducing here is only for private landlords.

Q71 **Chair:** If you have two tenants side by side, a housing association tenant in one, with the housing association managing as a private tenancy, and next door it is managing as a social housing tenancy, the two tenants next door with the same landlord end up with completely different rules for antisocial behaviour.

Rachel Maclean: Obviously when you put it like that, any kind of edge case, in reality it is not going to be that different in the day-to-day experience. What we want to do is improve the system for the person who is not with the social landlord and make sure that they get a better experience than they currently have and remove the threat of the retaliatory eviction so that they get a good service. Let's hope it is a good landlord and they will not need to go to the ombudsman but if they did, that would be there for them.

Q72 **Chair:** Yes, but we are at the courts now, aren't we? Could we have a note on this at some point? It is an area that is probably worthy of further exploration.

Rachel Maclean: Absolutely. I am very happy to do that. It is a hugely vast area.

Q73 **Kate Hollern:** One comment on that. There is a concern that a judge would be making a decision on two sets of circumstances. As the Chair said, it could be neighbours. You said that the courts would agree a process for evicting people based on antisocial behaviour rules that you are going to change but only for one set of people. How would a judge, making a legal decision—

Rachel Maclean: If you will forgive me, Committee, I cannot comment on the repossession grounds in the social housing sector. That is not an area that I am expert on at this point. However, I can say that for a tenant in the private rented sector we will make sure that we have provided that guidance for the justice system before the Bill is implemented, through working with stakeholders and making sure that we have captured all the concerns that have been raised by this Committee and others. Then it will be for a judge to make a decision, as it is at the moment in a case where someone is in front of a court.

Q74 **Chair:** Mr Horsington has promised to come back with a note for us. Also, Minister, you promised before in this session to come back with a note about the issue of domestic abuse so that where an individual is suffering from that it does not get mixed up as a problem of antisocial behaviour. You will come back to us on that as well.

Rachel Maclean: I apologise if that has not been picked up. My private office is here with me and we will definitely pick that up and make sure that you have a note.

Chair: Thank you for that.

Q75 **Bob Blackman:** Minister, can I just advise you that I have a string of landlords who have complained to me that they have tenants who have not paid their rent for more than 12 months, they are committing antisocial behaviour and they still do not have a court date? Good luck in getting the backlog of court dates. In fact, one of the most egregious comments came over the weekend from a landlord who, when everyone in the area was complaining about a particular tenant, said that he could not do anything about the tenant because he cannot get a court date. It is making a lot of people's lives a misery right now, and unless this is very clear and speeded up, I do not think that it will help at all. I do not expect you to comment on that because it is anecdotal but this is going on in a large number of places and we have concerns about this.

On abolishing section 21, which is the headline of this Bill, the Bill sets out the notice periods for the new possession grounds. Does that give sufficient protection to tenants? If so, why?

Rachel Maclean: It is an issue that has been hotly debated in this Committee and elsewhere and in Parliament and there will be a range of views on this. The task that we have had is to try to think about all of those views and look at it through the lens of trying to redress the balance of power between a good landlord and a good tenant as well as a bad landlord and a bad tenant, because we have to think about all of these. Just as there are bad tenants and bad landlords, we need to think about how this plays out in someone's home and also how this impacts on someone's asset, their property that they have bought and paid for and maintained. These are not easy or straightforward black and white decisions.

You have asked me whether I think that we have the balance right. Ultimately, yes, I think that we have. We have given it considerable thought. We have also taken into account the different circumstances that people who are landlords have presented us with, saying that there are lots of things that would mean that they would need to regain possession of their property, in some individual specific circumstances to do with different types of land and property and also, for example, employment-related grounds. We have considered all of those different things.

At the same time we have also considered the needs of tenants for security, more security than they currently have because a section 21 could be issued at any time, and balance that with the needs of landlords. Landlords may need to liquidate their investment, especially at the moment with the current turbulence in markets and with mortgages. You are very welcome to probe me specifically, and I am sure you will do in the parliamentary debates.

Q76 **Bob Blackman:** Taking the last point you made, it is perfectly possible as a landlord—if you are on a buy-to-let basis, a lot of buy-to-let mortgage providers will allow you to transfer the property to someone else together with a sitting tenant, particularly if they have paid their rent and are good tenants and of good behaviour. Why allow a position whereby the landlord has to evict a tenant, who might be a very good tenant, just for the purposes of selling the property?

Rachel Maclean: We will not be requiring that unless there is some specific arrangement in the mortgage deed. Our primary legislation will not necessarily mean that a landlord has to evict a tenant.

Q77 **Bob Blackman:** It would not require, but this would be grounds for that position. Why not have a position whereby the landlord would have to establish that the lender would not allow the position, which would protect the tenant and potentially allow the tenant to continue with a different landlord?

Rachel Maclean: Sorry, I am struggling to understand exactly what you want us to—

Bob Blackman: At the moment, the current position is that the grounds that a landlord could use to evict the tenant are to say, "I wish to sell the property with vacant possession". However, if the landlord has a mortgage with a company that permits it to be sold with that, and a prospective buyer also has the position whereby they can acquire that, what is to stop that? Nothing. However, the landlord could, quite rightly, just use the means to evict. I am looking at reasons why people should not have to evict and should not evict.

Rachel Maclean: I understand the challenge, but on the other hand we have to at a certain point leave it to the economic incentives and responsibility of each person. I do not know why a landlord would do

that. If the tenant is paying rent and is a good tenant, surely that will help that landlord to sell that property.

Q78 **Bob Blackman:** Exactly. However, the landlord gives notice, evicts the tenant and then tries to sell the property. How long does that landlord then have to leave the property on the market before they say that they are not getting any interest and will re-let the property?

Rachel Maclean: We have said six months.

Bob Blackman: Earlier today we have had evidence that that period is not long enough in the Bill.

Guy Horsington: We have said that there should be a three-month restriction on being able to re-let a property once you have evicted a tenant to sell it. Are you talking about whether or not we should be encouraging landlords to sell properties with existing sitting tenants as being a positive thing? We would encourage that. We encourage prospect buyers to not see a sitting tenant as being a negative.

Q79 **Bob Blackman:** One way of establishing that is that the person who is selling the property, if they have a requirement that if they sell the property they have to sell with vacant possession, or the purchaser can only get a mortgage with vacant possession, that obviously changes the position. However, if someone comes in and says that they can buy the property and does not need vacant possession, the landlord does not need to evict the tenant.

Rachel Maclean: That is currently the scenario.

Bob Blackman: I am saying that it will be a confusing picture.

Guy Horsington: We are not forcing landlords to evict a tenant before they can sell a property. We encourage tenants to be there while the property changes hand. However, ultimately it is for a landlord to make that decision about whether or not they want to sell the property with a tenant. We have protections in that.

Rachel Maclean: There might be a legitimate reason. It is impossible to think about all the different reasons. Obviously it is the landlord's property. They might think that they need to evict the tenant to do some major repairs, for example, and then sell it on to get a better price in the market. In a sense, I feel that legislating to require them to sell it with a sitting tenant is beyond what is the right thing to do.

Q80 **Bob Blackman:** There are lots of grounds where this will potentially be a problem. One of the concerns that a lot of people have is that a landlord will use the means of saying, "I'm going to sell the property, I'm going to move my family in," and subsequently not do it. Then the tenants at the moment will be the only ones who are informed about this. They have probably gone away to another property. The landlord re-lets and no one will know about it, so no one can take any action because the local

authority will be saying that it is too much fuss to handle. What is to stop that as being a backdoor means of an eviction?

Rachel Maclean: There is a couple of things to say to that. First, it is a fair challenge and something that we are working through in how, if it is challenged in court, we make it clear to the judiciary how they measure these periods and process that through the courts. Obviously we will allow tenants to go to the courts if they feel that that ground is being used inappropriately. Secondly, we will have the ombudsman, as we have just said, who can provide advice to tenants and to landlords on their rights so that it gives them a sense of what their rights are in situations such as you have described and others.

Finally, it is up to us to communicate to landlords and tenants and local authorities that this is a change in the law, that these things are not acceptable and that if they feel that their landlord is behaving in a way that is in breach of the new law, there is a risk that they will go to court. I personally believe that most people in this country—I say most—are decent, law-abiding people and will not wilfully break the law. Obviously some do, which is why we have to make laws. We know at the moment that when landlords are serving notices on tenants, most tenants abide by them. Most landlords give a good service and most tenants look after the property. Within that general statement, if we educate people—

Q81 **Bob Blackman:** We heard earlier, although it is anecdotal, that most tenants who receive a notice leave well before the courts even take action. Therefore, just the serving of notices often triggers people to leave.

This Committee recommended longer periods of time for notice. In particular, the Government have not looked at the requirement in the Bill to live in a property for at least four months before giving the two-month leaving notice, which is what we recommended originally. That gives a period of occupancy for tenants to have before they serve notice. Why is that not the case?

Rachel Maclean: You are talking about before landlords can serve any eviction grounds. You recommended four and we are currently on two; is that what you are talking about?

Bob Blackman: Yes.

Rachel Maclean: I go back to what I said. There are a lot of views on this. We consulted for something like three years and took huge amounts of evidence. Being able to remove tenants more quickly is perhaps what you would characterise as more of a pro-landlord measure. However, our basic belief behind that is that it is very expensive for a tenant to move and it is quite expensive for a landlord to find a good tenant. If they have found a good situation on either side, there are strong economic incentives not to move. On the other hand, if unfortunately there is a very bad tenant and it is causing a huge issue, we think that landlords

ought to be able to exercise their rights to regain their property without suffering any more financial loss.

This goes to all the supply issues that we are also being told by landlords, who are worried that this will damage landlords' confidence. We need to give landlords confidence that if they rent their property out and things go wrong, under certain limited circumstances, they—

Q82 **Bob Blackman:** At the moment London Councils, for example, have put forward evidence that suggests that in London and across the country the amount of family housing that is now available in the private sector is dropping rapidly and landlords are withdrawing from the market. Those properties do not appear to be being sold to owner-occupiers—I may be wrong—but it appears that the Airbnb market has taken off, with people getting very large amounts of rent for short periods, with no protection for tenants whatsoever. There are tax advantages as well, potentially. They can get a lot of advantages from doing this rather than providing the long-term tenancies that we all want to see. Are the Government going to take any action on regulating that market within this Bill or as a separate measure?

Rachel Maclean: It is a separate measure but we are taking action on it. I want to say two things on that. We hear a lot of anecdotal commentary about landlords leaving the market, but we do not have hard evidence of that. The evidence that we have, the data that we have, suggests that the market is still growing. There is always going to be a churn in any market. I am sure that one of my officials can help me with the actual numbers, but we are not aware of more significant consequences that some people have pointed to.

On your point about whether we are legislating on the Airbnb and the short-term holiday let market, yes, we are. The position is slightly different in London because it already has some restrictions on what they can do for Airbnb. However, we are doing two things in that area, which are being done by our colleagues in DCMS. One is to potentially bring in a register of all the properties in a holiday let area, so that local authorities will know which properties are holiday lets and which are private, long-term residential lets. We are also looking at bringing in planning permission restrictions for local authorities to put a halt to the number of properties in their area that can be let on to the holiday market, Airbnb and others. That is not part of the Renters (Reform) Bill but it is a separate piece of work that is going on in Government to deal with exactly that issue.

Q83 **Bob Blackman:** To quote you from London Councils directly, the number of properties of one to four bedrooms is 41% down on the 2017 average in the private rented sector. That is hard data from London. Across the listing of four-bedroom properties, big family houses, it is down 47% over the same period and the rents are 20% higher because the volume is less available. The problem is that it is very clear that landlords are

withdrawing from the market, certainly in London—we are taking this view across the country as well—and there is less supply, it appears, but it is not being sold to owner-occupiers. The Airbnb market, therefore, is taking off. This seems to have happened since the Government made announcements on abolishing section 21. You also heard at DLUHC questions today the increase of section 21 notices going on in advance of the Bill.

Therefore, this seems to be creating more of a problem than it is solving. Unless action is taken—I can take you to parts of London. Camden Council, for example, which I did a bit of a study on, has huge numbers of Airbnb. Camden might be a very nice place but it is not a holiday-let area, with due respect. The average property price is £1 million, in any case, and the Airbnb has taken off. This is a serious problem not just in London but across the cities. Unless this is addressed in this Bill, we will not solve the problem.

Rachel Maclean: I do not disagree with all of those broad challenges, especially in London. It is a different market to many other areas of the country but it has similarities to some of the more expensive areas of the country. All of these things are interconnected. There is not one single thing taken in isolation—I do not believe and no one has been able to prove that it is the case—that it is having the impacts that you have suggested. We are in a time of economic headwinds, we have high interest rates, people's mortgages are more expensive and there is huge pressure on housing generally. We also have influxes of people who need housing, from Afghanistan, Ukraine and so on. Therefore, of course there is a supply and demand issue.

I do not believe, and no one has been able to prove beyond any doubt, that that has anything to do with the very proportionate and modest reforms that we are making in removing section 21, which is something that we committed to do in our manifesto, and which are there to protect decent, hardworking tenants who need to live in a house, against a rogue landlord. That is my belief, but I am sure that we will debate these issues in Parliament.

Q84 **Chair:** Would it be helpful to include the measures on Airbnb in the same legislation so that we have a wider picture of the whole sector?

Rachel Maclean: I do not think that it is impossible in the way that legislation works. The Airbnb planning permission measures—I will have to come back to you with a note on the precise detail on what we are doing on that. The consultation has not finished yet, unless my officials happen to know.

Stephanie Kvam: It has finished but it is being considered.

Guy Horsington: I think that the planning use changes might be allowed through secondary legislation rather than doing it in primary legislation.

Chair: It would be helpful to have a note on how the two are connected.

Rachel Maclean: It would be helpful for us to write a note to you on that one.

Q85 **Chair:** Moving on to a final couple of issues—student accommodation. You have taken the purpose-built student accommodation out of the changes so that you can have fixed-term tenancies there. However, lots of student accommodation is not in purpose-built accommodation, it is in regular corner shops and HMOs. I went to a meeting of the student APPG the other day. They had a good and sensible discussion about the challenges in this area. There is a lot of concern that there is already a shortage of student accommodation in many universities. Come September, if you have not exempted student accommodation from the changes to tenancies and made them all open-ended, a lot of that accommodation could disappear and will not be available come September, not this year but in future Septembers.

Rachel Maclean: Yes, I fully agree that we need to think very carefully about how we treat student accommodation, and I have had a lot of discussions with colleagues who represent particular university areas. This Committee and others have made it very clear to all of us—myself, Ministers and the Department—that there are lots of people who are small private landlords who may be renting solely to students, so they are effectively student landlords. The last thing that we want to do is to have a negative impact on them because they are a very important part of the offer.

We are currently considering exactly how we will treat them during the passage of the Bill. We have been exhorted and called upon to introduce something specific to deal with this. We are looking at that very carefully with a great deal of interest. That is as far as I can go on that one.

Q86 **Chair:** It is still under consideration. That is helpful. The other point that needs to be made absolutely clear is that some students saw accommodation possibly being exempted from the changes that are proposed in the Bill as being that student accommodation would have lower standards. Whether it is open-ended tenancies or fixed-term tenancies, the point needs to be made very clear that students would have the same rights as tenants and the same standards as any other form of accommodation.

Rachel Maclean: That is completely right. We know that many students unfortunately live in quite shocking conditions, and it has a massive impact on their studies. Often they are away from home and all of that. All of the other measures that we are bringing in, all the different redress schemes and different standards improving the way that landlords have to operate, will benefit students, even if there is a slightly different cycle for repossession of the property for them.

Chair: That is helpful comment, thank you. Moving on to housing quality as the last issue.

Q87 **Kate Hollern:** There are some data saying that 23% of private rented properties do not meet the decent housing standard. We are told there will be a cap of £10,000 to meet the measures to what you consider a decent standard. Do you think that £10,000 will be enough?

Rachel Maclean: Sorry, can you explain what the £10,000 is? I might have to ask Stephanie.

Kate Hollern: There is a £10,000 cap to carry out necessary improvements. There are over a million houses that do not meet the standard. How confident are you that that £10,000 will be adequate?

Rachel Maclean: If you don't mind, I will ask Stephanie to comment on this particular point.

Stephanie Kvam: I think that you are referring to energy efficiency measures where there is a proposal for a £10,000 cap on—

Kate Hollern: There are three measures, aren't there?

Stephanie Kvam: The current system within energy performance is that the private rented sector is subject to a requirement to meet the minimum energy efficiency standards of EPC E. There is a cost cap in that at the moment of £3,500 for landlords. The Department for Energy Security and Net Zero has consulted on extending that. That was where the reference to a £10,000 cost cap is. We have consulted on introducing the decent homes standard into the private rented sector but have not specifically proposed a cost cap. We did ask for views and opinions on the way in which that should be considered as part of our ongoing consideration.

Q88 **Kate Hollern:** You think that £10,000 will be enough. How will you support landlords who do not currently have the resources to meet the standards?

Rachel Maclean: Are you talking about the energy performance certificate?

Kate Hollern: Just to meet your decent standard of housing. It is not just energy, is it? There is a number of others.

Rachel Maclean: There are various sources of government help for landlords whose houses do not meet the various thresholds across the regulatory system. We recognise that they may need some help to do that and there are government schemes available. We have also provided help to tenants. It is something like £12 billion in Help to Heat schemes across the various tenures—boiler upgrade, sustainable warmth, home upgrade grants in social housing and the social housing decarbonisation fund.

Q89 **Kate Hollern:** I am talking about private sector landlords meeting the decent homes standard.

Rachel Maclean: Yes.

Kate Hollern: How are you going to support landlords to meet those standards?

Rachel Maclean: Some of the pots of money I have just mentioned will be available for landlords. However, ultimately we expect landlords to rent homes that are decent. Obviously they will have to meet some of it from their own resources. There are some discrete funding pots that are available for landlords but an important part of what we are doing is information for landlords, being very clear about what is expected and by when. There are standards coming in at various points in time. We will expect landlords to upgrade homes where they need to be upgraded.

Q90 **Kate Hollern:** Again it would be helpful if the Committee had information on the proposals, what the timescales for meeting standards are and if there is any financial support for landlords to get the houses to those standards.

Rachel Maclean: We are still working through the detail of the decent homes standard. It was not in the Bill at First Reading because it is a complex area and we need time to review the consultation responses and get it right. As soon as we have that information ready, we will make it available to the Committee and to others.

Kate Hollern: And the various schemes that will be available?

Rachel Maclean: If there are any schemes, we will be able to point to those.

Q91 **Kate Hollern:** Finally, when do you think this Bill will be brought back?

Rachel Maclean: As the Chair observed, this is at the discretion of the business managers of the House.

Q92 **Kate Hollern:** My concern is that in each area there is a lack of detail on how this will move forward. The concern is that so much still needs to be worked on and it could be delayed much longer than planned.

Rachel Maclean: I hope that it will not be delayed much longer than planned. It is standard that when you introduce legislation you introduce primary, high-level legislation. Then there is always detail that follows through any legislation. I do not think that this Bill is unusual in that regard, because it affects courts, landlords, tenants, local authorities. The guidance, secondary legislation and all of those things will be provided and the House will see all of that when it comes to Second Reading. We will have to then publish all of the schedules that go along with the legislation, as we do with any other legislation.

Chair: Minister, thank you very much indeed for coming this afternoon and once again answering a lot of detailed questions. The Committee is aware that there is a lot of work still going on on many of these issues. We look forward to your thoughts on our recommendations at the earliest possible opportunity and to the further notes that you have promised today on a range of issues. It is clear that the Committee has expressed its support for the principle behind the legislation. We just want to work to help, as far as we can, to get this legislation right so that it delivers what we all hope it delivers, which is a better private rented sector for tenants but also for landlords.

Rachel Maclean: Thank you very much indeed, Chair and members of the Committee, for your interest.