HOUSE OF COMMONS

Housing, Communities and Local Government Committee

Oral evidence: Impact of Covid-19 on Homelessness and the Private Rented Sector, HC 309

Monday 29 June 2020

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Watch the meeting

Members present: Mr Clive Betts (Chair); Bob Blackman; Ian Byrne; Brendan Clarke-Smith; Ben Everitt; Rachel Hopkins; Daniel Kawczynski; Abena Oppong-Asare; Mary Robinson; Mohammad Yasin.

Questions 66 - 129

Witnesses

I: Ruth Ehrlich, Policy Officer, Shelter; Caitlin Wilkinson, Policy and Public Affairs Manager, Generation Rent; Chris Norris, Director of Policy, National Residential Landlords Association.

Examination of witnesses

Witnesses: Ruth Ehrlich, Caitlin Wilkinson and Chris Norris.

Q66 **Chair:** Welcome, everyone, to this further evidence session of the Housing, Communities and Local Government Committee on the impact of Covid-19 on homelessness and the private rented sector. Welcome to everyone who is joining us today, particularly our three witnesses, who are Ruth Ehrlich, a policy officer from Shelter; Caitlin Wilkinson, who is the policy and public affairs manager for Generation Rent; and Chris Norris, director of policy, National Residential Landlords Association. Thank you for joining us.

There may be some questions that are specific to particular witnesses, but otherwise it is for everyone to join in and answer them. We will try to indicate, when we are asking a question, who should come in first and in what order so that you are clear about that.

The first issue that is causing people some concern is the ending of the moratorium on evictions that has been put on. The moratorium has been generally welcomed. It is planned to come to an end in August. What is your take on what is likely to happen when that comes to an end, if indeed it does come to an end? We can explore the "if" later on but, if it does come to an end, what is likely to happen?

Ruth Ehrlich: We strongly welcomed the initial eviction ban in March. It was an urgent measure that was needed to prevent people from being evicted in the middle of a public health emergency. The extension of the moratorium brought some welcome time for us to answer the questions that are currently unresolved as to what will happen when the ban is lifted.

We know that a lot of cases are going to be pending in the courts—things that were already going through the courts at the time that the possession proceedings were stopped in March. There is that backlog and then there will be all those cases that have been pending since. It is difficult to estimate exactly how many people are going to be evicted, but we have conducted some polling via YouGov that suggests that there has already been significant movement out of the sector since March. Some 58,000 households have left since March at their landlord's request and we know that 174,000 renters have been told by their landlord that they are going to be evicted in the coming months. There is going to be a lot of movement and what is now urgent is that the Government take steps to protect renters before that suspension comes to an end. There are some key ways of doing this, but the main thing is simply to give judges some discretion as to whether or not coronavirus has caused renters arrears that are putting their homes at risk.

Q67 **Chair:** We will come on to the likely response to that. We are trying to establish, to begin with, what is likely to happen in August, and you have given that information to us. Caitlin, do you agree with that? Do you have any different information about what is likely to happen in August?

Caitlin Wilkinson: Thank you for inviting us to give evidence. We have similar concerns that we will see a spike in evictions and, as a result, a spike in homelessness cases if the ban is lifted in August without further protection for renters. The ban has prevented people from becoming homeless and it has kept people in their homes but it has not stopped arrears from building up and, as Ruth has said, it has not stopped notices from being served, so there will be a large number of cases in the system.

Solicitors who work in legal aid centres have told us that they fear that, because of this pressure on the system, the legal aid system might be overrun, so there will be so much demand that tenants who need legal aid will not be able to get it. We are concerned about those three things.

Q68 **Chair:** Chris, do the landlords have the same fears and the same view about forthcoming events when the ban on evictions is ended?

Chris Norris: I would echo a lot of what has been said. We certainly expect there to be a backlog built up. We do not necessary believe there will be a spike or this cliff edge that people are referring to quite a lot, but we do recognise that we have closed down a very busy system for a number of months now. If you look just at the Ministry of Justice figures for the preceding year, it looks like business-as-usual cases could amount to something like 60,000 through the courts, which we would normally expect to result in about 40,000 possession orders. A demand has definitely built up there and what we are concerned about is the number of landlords and households who were actually in the system before the lockdown started.

Yes, there will be a proportion of households with Covid-specific issues that need to be referred to here, but we have a lot of people who have been in a kind of judicial limbo since before the stay was put into place. We are very worried about how the court will be able to prioritise and how that backlog will flow through the court.

Q69 **Chair:** Can I follow that up? That is an interesting point about the different sorts of cases. Ruth, you gave us some figures there about the numbers coming through the system. You said 50,000-odd had lost tenancies and that 174,000 were indicating that their landlord wanted them out. How would that compare to a similar period in a normal year? Presumably, even in a normal year, you are going to have evictions and tenants who move out of properties. Are those figures any different to what you would normally expect?

Ruth Ehrlich: We know that in the quarter up to March 2019, there were approximately 20,000 possession orders granted in the courts. Obviously, a general problem with private renting is that most people tend to leave their properties once they are served a notice, and that is why it is quite difficult to have a comparable figure in terms of the number of actual orders that are granted.

Q70 **Chair:** There seems to be a shared view that there are difficulties coming down the road and no one is quite sure how they are going to be resolved at this stage. Is that a fair summary of what you are saying to us?

Chris Norris: Yes.

Q71 **Chair:** The ban on evictions comes to an end in August as things stand. Should the prohibition be extended for a further period of time? Maybe we will get a different point of view here.

Chris Norris: You are right; I think we might get a slightly different opinion here. We do not think it should be extended. In fact, at the moment, there are certain cases where we could be getting some of the case management dealt with now. Where we have those cases that have absolutely nothing to do with the Covid crisis—those cases where, in many instances, a possession order was actually granted prior to lockdown—we do not see any reason why we could not start opening up the system so that they could be progressed now as lockdown is being lifted. We certainly do not see any need for a continuation of this blanket ban on possessions that we see at the moment.

Q72 **Chair:** What about any sort of ban, if it is not a blanket one? Could it be selective?

Chris Norris: If we were guided by the public health guidance that says certain areas needed greater protections, we as a landlord body would not have an objection to that. We, much like the other organisations represented here, recognised back in March that something needed to be done on public health grounds to stop people being made homeless. There is no dispute around that even though it has made landlords' lives difficult.

If there was evidence and data to suggest that, for example, a particular town or city needed a period of time where movement should be restricted, we would look at that based on the evidence. At the moment, though, this blanket ban, to say that even cases that are not impacted by Covid cannot progress, seems disproportionate.

Caitlin Wilkinson: If the Government are to unwind the ban, which we recognise was introduced in response to a public health crisis, we would need to see additional protections. While the immediate public health effects of coronavirus are subsiding to a degree, the economic impact is really only just starting to be felt. If nothing else is put in place, what you will get is a huge number of tenants who are unable to pay their rent and who will lose their home as a result.

If the Government are going to unwind the ban, the first thing that we would like to see is a renewed effort to permanently end unfair evictions. I know that the Government, in their response to this Committee, have said that they are focusing on coronavirus but we do not think the two can be unlinked.

Chair: We are going to come back on to section 21 and section 8 later on, so that is okay. We will not forget about it.

Caitlin Wilkinson: There are a few other things that they should do as well, which are to prevent evictions for rent arrears and give judges power to protect tenants for possession cases that are already in the system, but we will come on to that.

Chair: We probably will.

Ruth Ehrlich: I do not have a great deal to add except that, rather than extending the ban further and indefinitely, it would be preferable for Government to address the issues that renters will be facing one way or another at some point. Again, we will talk about those solutions later.

Chair: I am sure we will. Rent arrears have been mentioned, which is a real problem.

Q73 **Brendan Clarke-Smith:** What proportion of tenants are likely to have built up significant rent arrears during the coronavirus pandemic? Chris, what evidence is there of landlords supporting tenants who are struggling to pay their rent?

Chris Norris: We ran quite an extensive batch of research on this, looking at landlords and tenants. There is always a suspicion that, if we just rely on the data that our members give us as a self-selecting and somewhat skewed data source, it is easy to question it. When we asked a randomly found sample of tenants, we found that, in the vast majority cases, there was not a significant issue. In 90% of cases, whether because their work was unaffected or the income support that was put in place was actually doing its job, the tenants were able to continue paying the rent as before. We did not drill down into what that meant for household finances more broadly but, in terms of what they could do for the rent, they continued to pay.

When you looked below that, you found that about 1% from that outstanding 10% had pre-existing rent arrears that predated Covid, which continued to mount. We found that about 3% asked their landlord for either a reduction in rent or a rent holiday, which would not count as arrears and not build as accrued arrears. 3% came to an agreement where they would have a rent holiday or a reduction but it was building up arrears. We expect there to be something like 4% or 5% of private rented households where arrears are building. Whether they count as significant is somewhat subjective. In a typical case where arrears have accrued, it is between two and three months' rental arrears. It is enough to potentially trigger a possession claim in the future in some of those cases but, unless it pre-existed or pre-dated the Covid crisis, it is not in the tens of thousands of pounds or the six to 12 months' rent arrears that we see in the worst possible cases.

In terms of the support that landlords are giving, in that same survey we found that 17% of households had asked for some kind of support from their landlord and that, in roughly three-quarters of those cases, they got what they asked for. Only in 4% of cases was there a completely negative response or a nil response from the landlord. We have been reassured to see quite a lot of co-operation and negotiation between landlords and tenants. Granted, that is in the segment of society that is responding to these surveys but it looks like a relatively positive position from where we sit.

Q74 **Brendan Clarke-Smith:** Can I ask Ruth and Caitlin whether this is supported by the evidence that they have?

Ruth Ehrlich: In terms of the data about the number of people in rent arrears, lots of different organisations have run surveys on this, including Shelter and NRLA. The results vary to show that between 5% and 10% of renters have accrued arrears. Our studies previously suggest that about 2% of private renters tend to be in arrears at any given time so, depending on what data you are using, it is between 2.5 times and five times more than normal.

If you are looking at those upper estimations, it is over a million people who are in arrears and that is 500,000 homes at risk. In terms of significant arrears, as the months go on, as more pay cheques are missed and as more rent payments come up, we anticipate that those arrears will increase, particularly when the furlough scheme ends, which is something that we are really concerned about. It is crucial to remember as well that any arrears are significant when you can be served a section 21 notice at any time. Anything that puts you at greater risk is of real concern.

We have just run our Home Truths study, where we were asking renters across the country to tell us how coronavirus has affected their housing situation and their ability to pay rent, which should be with you all now in your inboxes. It showed that a great number of people might be just meeting the rent, but really struggling to keep up with any other household bills. We heard from, for example, self-employed people who had lost all income and who were just managing to scrape together enough rent, but are completely terrified about what is going to happen next month and the month after. Where people might be meeting the rent now, there is a real risk that they are not going to be next month or especially when the furlough scheme is wrapped up.

We also have some data on landlords supporting tenants. In fact, through YouGov, we found that two thirds of tenants have had no contact with their landlord since March. Six per cent. of tenants have discussed a rent reduction or their rent payments with their landlords and only 3% have had a reduction that has made their rent affordable. We have been hearing from people who have been really struggling to get hold of their landlords when they are having concerns, so it is a bit of a mixed picture.

Caitlin Wilkinson: I would point to the IFS, which today found that around 11% of households were in arrears, which is roughly in line with what Ruth and Chris have said already—about 500,000 households. I would stress the point that Ruth made that, while we do not know how many people are in significant arrears, any amount of arrears can be significant. We have already heard of certain unscrupulous landlords who are threatening section 21s if rent is not paid in full. We also know that, because rent is such a priority for renters to pay, many may have used consumer credit to pay their rent or gone behind on another bill or forfeited an essential. While we do not know the amount that each household is in, it does prove a problem. It can also prove a problem if tenants want to move house because landlords can take arrears out of deposits if it is not paid at the end of a tenancy.

In terms of landlords being sympathetic, Generation Rent ran a survey that showed a more varied picture, perhaps predictably. One of the main things we found is that there was a very low number of landlords who have granted a rent holiday that did not have to be paid back in full. We found that less than one in 10 tenants who had approached their landlords received a permanent rent holiday. That was run in April, so some people were waiting to hear back at that stage.

One thing that many tenants have told us is that they had a landlord be sympathetic in that they had offered lower payments that had to be paid back in full but many renters were uncomfortable with committing to that. While many landlords are being sympathetic and doing what they can, in lots of cases it just is not enough.

Q75 **Brendan Clarke-Smith:** Following on from that, Ruth and Caitlin, are you calling for landlords to forgive missed rental payments during this period? Do you think that landlords who have benefited from the mortgage repayment holidays, for example, should extend that benefit to tenants?

Caitlin Wilkinson: We believe that mortgage holidays should be passed on to tenants. We understand that not all landlords choose to take them but we believe that the policy was designed to offer landlords more space to be flexible, so they should absolutely be passed on.

In terms of rent forgiveness, we recognise that rent is a contractual obligation between a tenant and a landlord and, as such, the Government have limited power to tell landlords to forgive rents. We also understand that some landlords will not be in a position to do that. What we are going to call for is for the Government to address the rent debt crisis with a package of measures that we will be releasing later in the week, which involves banning evictions for rent arrears, ensuring that the benefit system prevents further arrears from building up, and then making funds available to clear the debts that have built up. Rather than calling for rent forgiveness, we are calling on them to end the rent debt crisis.

Ruth Ehrlich: Similarly, Shelter is not calling for rent forgiveness but rather for a welfare benefit system that ensures that people can cover the cost of their rent. That is why we welcomed the uplift to the 30th percentile for housing allowance but we need it to go further in these obviously extraordinary times to cover average rents.

Chris Norris: Can I make a point briefly about the mortgage holidays? We have had a few issues here with the assumption that this is a holiday from a landlord’s responsibility to service their mortgage. In fact, it is a deferral scheme. It defers the interest that is due to the end of a landlord’s mortgage. Yes, we completely support, where landlords are able to, passing on the savings now in order to sustain tenancies but it is not possible for us, in the majority of cases, to simply waive the rent that is due because the payment on the mortgage is still due, just at a point in the future. We have to be clear that it is actually a deferral rather than a holiday period.

Q76 **Brendan Clarke-Smith:** Chris, following on from that point, you called on the Government to reiterate to those who can pay their rent that they should do. Are you finding that this is still a significant problem?

Chris Norris: I do not think that across the board it is a significant problem but we and our members at the NRLA are very much aware that there are certain voices in the industry, particularly online and on social media, leading quite aggressive campaigns to convince people not to pay the rent. In the surveying we have done, we have only seen around 1% of tenants suggest that they have withheld rent for any reason other than their income being severely restricted. I do not think it is widespread at the macro level. Where we have a very small proportion of landlords and tenants who are affected directly, it is where the very extreme arrears tend to occur. We have just wanted there to be a consistent voice to say that we are all going through some difficulty but, where you are being supported and where you are able to pay your rent, it is still legally due.

Q77 **Brendan Clarke-Smith:** During HCLG questions on 15 June, the Minister told the House that there had been a 1% reduction in rents in the latest round of tenancy renewals. That was based on one of your briefings. Can you just tell us where those figures came from?

Chris Norris: Absolutely. That was based on a briefing that we gave to the Minister. The figures are taken from the letting index of the letting chain Hamptons based on renewals across their portfolio. There was a 1.1% decrease in April, a 0.5% decrease in March and a 1.6% decrease in May.

Q78 **Brendan Clarke-Smith:** Is there any evidence of reduced landlord confidence in the market? Is it likely to affect the size of the sector and the number of landlords? Do you think there will be any regional variations?

Chris Norris: Yes, yes and yes are the short answers. As an organisation, we monitor the issues in two different models. We have our own NRLA landlord confidence index, which has shown that, year on year, for the first quarter of this year—which, granted, only captured the very beginning of the crisis—there was something like a 40% reduction in those landlords telling us, in their own appraisal, that their optimism or confidence is down. We also used a market research firm, BVA BDRC, to carry out a similar study looking at different attributes of landlords' businesses. We are definitely seeing a disruption to confidence in terms of willingness to invest and also in terms of their confidence around their security of income.

In terms of what that will mean in the future, we are reluctant to start talking about a mass sell-off. We have absolutely no idea what is going to happen over the next few months into 12 months, but I think we are going to see a restructure in a lot of landlords' portfolios. We are looking not just at the regional picture, where our data suggests that landlords in the north-east of England seem to be the hardest hit at the moment in terms of their perception of what is going on, but we are also trying to look sub-regionally. Those landlords who concentrate in relatively high-density city centre accommodation in particular may well see a reduction in demand and a shift away to suburban or even rural accommodation as people's work-life balance changes. We are certainly seeing a significant drop in certainty about what the future holds.

Chair: A drop in the level of certainty applies to virtually everything.

Q79 **Mary Robinson:** The Government say that the financial support package that they have brought in during this crisis, such as the Coronavirus Job Retention Scheme and the Self-Employment Income Support Scheme are sufficient for renters. What is your view on this? Are there any gaps in the Government's support for renters and, if so, what do are they?

Caitlin Wilkinson: We broadly hear from two groups of renters: those who are eligible for support but who face a shortfall between that and their housing cost, and those who are not eligible at all. Among those receiving support, we hear from those who have signed on to universal credit for the first time only to find that the payments are lower than their rent. Those receiving LHA will face shortfalls despite the increase, which was welcome, and be hit by the benefit cap.

When it comes to the furlough scheme, many who were furloughed receive significantly less than 80% of their income due to things like overtime not being considered or an average of hours being taken. We recently heard from one renter who said that he was only receiving 40% of his pre-furlough income and, in his words, making the difficult decision about which bills to default on.

Perhaps even more seriously, there are the renters who are not eligible for support at all and who are entirely reliant on the goodwill of their landlords. That includes those with no recourse to public funds, the newly self-employed and students. We know that the Department for Work and Pensions does not currently record the information on exactly how many renters are left out of the universal credit system but we know from the English Housing Survey that around 400,000 households have no recourse to public funds in the PRS. There have been increases in the safety net and they have been welcomed but gaps remain.

Ruth Ehrlich: I do not have a great deal to add; Caitlin has covered all of our main concerns.

Chris Norris: I would certainly echo that. The other group that we are quite concerned about are the under-35s and those who only have access or recourse to the shared accommodation rate, particularly where you have households who have never in their past had to rely on universal credit. In particular, it is under-35 households in the south-east or urban city centres, where there they may be living in much more expensive accommodation, who have now found that the system only supports them up to a certain level.

Q80 **Mary Robinson:** How else do you think the Government could support tenants who have built up significant rent arrears? Would you support a Government-backed low-interest loan scheme for renters?

Chris Norris: We absolutely would. We have been looking in quite a lot of detail at the loan scheme developed in Spain to support exactly this—to pay back arrears. We are very keen to find ways to sustain tenancies.

We are quite aware that you are going to have a cohort of households who are in arrears now but actually whose incomes will return to some semblance of normality and who will be able to sustain their tenancies in the future. No landlord wants to end a tenancy where that tenant is able to pay but, equally, they cannot absorb unlimited losses in the form of arrears. We would absolutely support a low or a no-interest loan scheme that tenants could use explicitly to pay off their arrears.

In the existing benefit system, the shared accommodation rates I mentioned could be looked at. We would like to see the loans at the beginning of UC claims to deal with the five-week wait converted into grants. We do not need to accrue any more debt there.

We have very much welcomed the reconnection of local housing allowance UC with local market rents but we would like to see that pushed back up to the 50th percentile rather than the 30th percentile, to give more access to people in receipt of public funds.

Ruth Ehrlich: I really agree with Chris on bringing LHA back up to the 50th percentile as well as turning the five-week loan into a grant. In terms of a further Government-backed loan, we know that renters are already falling into quite a lot of debt. 20% of renters say they expect to get into more debt in the next three months and we would be cautious of something that would push people further into debt.

Caitlin Wilkinson: I agree with both Chris and Ruth on the welfare reforms. I have similar concerns about the loan scheme. Whether no or low interest, it is essentially another method of deferring payment. Even for those renters who have lost income temporarily and then have it recovered, rent payments are already so high—it is 33% on average in the UK and 40% in London—that repayments on top of existing commitments would be difficult to manage for many unless their earnings also increase, which seems relatively unlikely in the current climate.

Q81 **Mary Robinson:** If renters are subject to county court judgments due to rent arrears, it is going to make it very difficult for them to find new properties to rent. Is it then realistic for the Government to introduce an alternative mechanism that would allow landlords to reclaim that owed rent without jeopardising the ability of renters to find new properties? That could actually be a difficulty for people.

Chris Norris: It is a very good point. A CCJ against a prospective tenant’s name is quite often a red flag for a landlord and they will not be prepared to offer a tenancy, particularly if it is indicated that that is to do with rent arrears in the past. We would like to see the support mechanism preventing those cases getting to court. If we can find a way to enable those arrears to be paid down, notwithstanding the other witnesses’ views on the additional pressure that debt might create, it would sustain tenancies and it would prevent that possession claim and that eviction from taking place and therefore not result in a CCJ.

Q82 **Mary Robinson:** Caitlin, what is your view on these alternative measures where people could be facing CCJs and having difficulty in the future?

Caitlin Wilkinson: CCJs are really harmful, not just because a future landlord will look warily upon a tenant with a CCJ but also because it can stay with a tenant and prevent them from getting other forms of credit for up to six years. If we are thinking about supporting people out of this crisis in the coming months, CCJs are going to be a barrier to doing that. Again, we would call for measures that prevent arrears from building up in the first place, both through the benefit system and through making funds available to clear the debt, because by the time it gets to that stage it is really harmful.

Ruth Ehrlich: It really emphasises the need for early advice and support, which is something we all agree on. Part of that is expanded legal aid so that people can get advice for their problems as soon as they start happening.

Q83 **Chair:** I just want to follow up with Ruth and Caitlin. Irrespective of what else may happen in terms of better support for tenants so that arrears do not materialise in the first place, if arrears are there and people are struggling, with the possibility that eventually the economy might start to improve, what is the downside of the availability of low-interest or even, as Chris said, no-interest loans to help give people a bit longer to pay off something that they are going to have to pay anyway?

Caitlin Wilkinson: For some renters, that will help their position. My concern with low-interest loans being the main solution to this crisis is that there will be lots of people whose incomes do not recover to the point that they are able to make those payments. They will be paying 40% of their income on rent and then a bit more on this loan. We have to appreciate that renters are not one specific block. There will be people who have been hit temporarily and people who have been hit much more seriously. I worry about having loans as the single solution in a group that already has so few savings and such high payments.

Chair: Perhaps Ruth will want to answer because I do not think that was the essence of Mary's question. I do not think she was saying that this would be the only thing to be done but rather another thing that could be done as well as other assistance.

Ruth Ehrlich: Rather than a loan system, we would prefer seeing increased funding for discretionary housing payments. If we are looking at a temporary measure to help people who have accrued arrears and who are expecting to get their income back to normal and be able to sustain the rent going forward, we would rather that money go into discretionary housing payments that can be administered by the local authority.

Q84 **Ian Byrne:** I have spoken to Acorn, and it is talking about the potential for debt cancellation moving forward. Ruth and Caitlin, would you like to come in and add anything to that?

Caitlin Wilkinson: To address the debt that is already built up, funds need to be made available to clear that debt. It is a policy that Generation Rent will be releasing later in the week, which I will of course share with Committee members. We need to talk about clearing the debt rather than cancelling it, though.

Ruth Ehrlich: You encounter all sorts of legal problems when you start talking about cancelling rent and article 1, which is a bigger question. We are in such a crisis period that we need to find these quick solutions that will help renters now. For us, that is in the welfare system and protection from eviction.

Q85 **Ian Byrne:** In our interim report, we said that Government proposals to introduce a pre-action protocol to the private rented sector will be toothless and will fail to prevent a cliff edge of evictions without legislation. Disappointingly, the Government did not respond to our warning on the report. Do you agree with our report?

Ruth Ehrlich: Yes, I would agree with your assessment that a pre-action protocol without legislation would indeed be toothless. Current housing legislation does not allow for a pre-action protocol to be enforced in any way. We already have a pre-action protocol for social tenants that social landlords are meant to follow before and during seeking possession. However, even if a social landlord is evicting for serious rent arrears under ground 8, whether or not they have followed a pre-action protocol does not impact on whether or not a possession order will be granted. Already, it is an imperfect system. Then transferring it on to the private rented sector where landlords do not serve that same social function simply is not going to work. We cannot rely on the goodwill of landlords—although there are many who have lots of goodwill—to solve this very serious problem.

We welcome the spirit of a pre-action protocol. It encourages communication between landlord and tenant, which is something that we always advise our clients, but the good landlords will already be doing this and we have to be thinking about those people who do not have good, responsible landlords who are going to be most vulnerable.

Chris Norris: I certainly would not suggest that a pre-action protocol is the sole solution. I would say that, actually, it could serve as more of a sanction to your typical private landlord than others might suggest. Ruth is quite right in that you cannot prevent an order on a mandatory ground but you can adjourn a case. Particularly when we come out of this crisis with the lead time that landlords expect to see before their cases are heard, a further adjournment could add perhaps three or four months to the process during which a landlord does not expect to receive any rent and can quite often incur many more costs, and it could actually be quite a significant financial sanction.

I get what the concerns about a pre-action protocol would be, but a landlord facing the prospect of almost certain adjournment when they finally get to court would be incentivised to follow the stages and the mediation and the early steps that a pre-action protocol would require.

Q86 **Ian Byrne:** Just to clarify, you do not believe it needs legislation.

Chris Norris: No, I do not believe it would as it stands. The prospect of an adjournment would be a severe enough sanction for many landlords.

Caitlin Wilkinson: I am concerned that a sanction is not going to be strong enough against mandatory grounds for eviction, especially section 21 where a reason is not even needed. If the protocol is backed up by legislation to ensure that judges have greater powers, then there is a role for it. There are also things that the Secretary of State mentioned about a duty to act in good faith, and it is not entirely clear what that would mean in practice. At present, with the proposals in their current form, we do agree with the Committee's assessment.

Q87 **Ian Byrne:** Will pre-action protocols be effective if they are managed through estate agents?

Caitlin Wilkinson: I thought this was a really interesting question. I would have reservations about pre-action protocols being done by estate agents. The reason for this is just because the evidence that we have had so far from renters who are negotiating with letting agents rather than with their landlord suggests that letting agents are being significantly less flexible and sympathetic than individual landlords. We have had people send us blanket emails that have been sent to all tenants demanding rent in full. It is not clear whether this is done with the landlord's permission or not. From the anecdotal evidence that we have had so far, I am not entirely sure that all agents would comply with all steps in the protocol. That said, this is definitely an area that needs to be investigated further because the evidence I am quoting is anecdotal at this stage.

Q88 **Ian Byrne:** The existing power imbalance may be enhanced through the estate agents. Would you agree with that?

Caitlin Wilkinson: Accountability would be harder, and estate agents so far have shown themselves to be less flexible and rather more unscrupulous from the evidence we have seen so far.

Chris Norris: I agree that it is an interesting question. The motivations are certainly different when you are dealing with a letting agent versus dealing directly with a landlord. The landlord has a greater motive to be sympathetic. They also have a greater motive to get things right because it is ultimately them that will suffer if a case is adjourned because they have not followed the pre-action protocol.

That being said, I would not necessarily want to tar all letting agents with the same brush. As we have said about landlords and tenants, they are not one cohesive group. At the moment, when we are still waiting to see the regulation of property agents pushed through, there will be some who are very well trained and very well regulated by the affiliated bodies and who will probably do a very good job. There are others, unfortunately, that possibly would not, and it does introduce a little more uncertainty.

Ruth Ehrlich: I echo what Caitlin and Chris have said. Over the years, our research has shown that private renters who deal directly with their landlord tend to have an overall better experience than those who deal with letting agents. That seems to have been the case during the time of Covid as well. 36% of renters said that their landlord has been supportive during this time. Of those who deal with their letting agent, 22% of renters said that their letting agent had been supportive, so it is quite a significant difference in experience.

Q89 **Ian Byrne:** Chris, will any protections be necessary for landlords?

Chris Norris: Do you mean following the return to normal service or if other steps were taken?

Ian Byrne: If other steps were taken, if we are talking about legislation and the pre-action protocol.

Chris Norris: If we saw a pre-action protocol that came along with legislation that introduced more discretion when it comes to mandatory grounds or if we were talking about the early removal, for instance, of section 21, I would be quite uneasy to entertain that prior to the other reforms that we need. Looking specifically at section 21, while very few landlords welcome its removal, we have acknowledged that that process is in train and that it is going along down the route. We are not arguing against that necessarily at the moment.

What we are saying is that we would like everything to happen in sequence. We all recognise that the section 8 possession process does not work especially well and that the courts are not resourced as well as they could be. We would like to see those steps prioritised so that everybody can access justice more effectively and more efficiently before some of the other tools that are available to landlords at the moment are taken away.

Equally, if we are looking at section 21, we really do, when we are reforming the system, need to look at how landlords and communities deal with anti-social behaviour. One of the real reasons that section 21 is used at the moment is because the section 8 process—the prescribed grounds process in schedule 2—does not really allow for possession very easily if you have even significant anti-social behaviour. It relies on neighbours or housemates to give evidence in court, which, with the best will in the world, is quite unlikely to happen in those cases. We need something to be done there. I do not pretend to have all the answers but we need something to happen there.

Chair: We will come back to more detail on section 21 in a minute.

Chris Norris: The only other thing I would say to round that off is that I do not think the landlords here necessarily need the protection but we do need, as I mentioned previously, to look at how we support households to make sure the arrears do not accrue so that this does not become a problem. The vast majority of landlords never engage with the court because they never have to end a tenancy, and that is how we would like to see things continue. If we can support households, it will not reach that point.

Q90 **Ian Byrne:** It has been reported that tenants will not have access to duty solicitors in virtual court proceedings, potentially requiring them to represent themselves. Would you be concerned if tenants are forced to represent themselves in these cases? What do the Government need to do to address this?

Ruth Ehrlich: Yes, we would be extremely concerned if tenants did not have access to possession court duty schemes. Shelter is involved with housing possession duty schemes across the country, and the impact on access to justice would be really severe if that right were removed. Our solicitors support people who are facing eviction and who have had access to absolutely no legal advice prior to their hearing, either because legal aid has been cut so much that there are no providers in the area or because they earned slightly over the limit of what you need in order to qualify, which is an extremely low amount.

There needs to be a recognition as well that these schemes are of great help to the court. Solicitors can help with people who might be extremely vulnerable, facing proceedings and not have engaged up to now and, similarly, the solicitors tend to negotiate with the landlord on the spot so that, by the time they get to a hearing, they already have a resolution and the case is heard much quicker than it would otherwise be. Our legal team has been working with the Master of the Rolls on finding a solution to this and we think there has been recognition that people need access to legal advice on the day of a possession hearing.

Ian Byrne: That is good to hear.

Caitlin Wilkinson: I do not have a huge amount to add other than that we would agree with the findings of the Civil Justice Council that the vast majority of possession claims just will not be suitable for virtual proceedings, particularly those involving vulnerable people.

Chris Norris: I echo what Ruth said. We need to make sure that people have the advice they need when they need it from the beginning.

Q91 **Bob Blackman:** Apologies to the witnesses that I was not here at the beginning of the evidence session, so forgive me if I pose any questions that you may have answered already. I was in the virtual Chamber in the House of Commons.

The Government's position, the Opposition's position and I think all of our witnesses' perspectives involve an acceptance that section 21 notices should come to an end. I have some questions about that. What will happen at the end of six-month assured shorthold tenancies if there is no section 21?

Chris Norris: As I said before, very few landlords welcome the end of section 21 but, as we said, we recognise that this is the process that both major parties have committed to. If you come to an end of a six-month AST, it will depend somewhat on the contract. It will either become a contractual periodic tenancy and continue as long as all the parties comply with that agreement or, if that is not written into the agreement, become a statutory periodic tenancy and it will continue with all the same rights and obligations as it would otherwise.

Q92 **Bob Blackman:** One of the risks here is the tenancy comes to an end and the landlord could offer an alternative tenancy to someone else as opposed to going through this process. What I am worried about, potentially, is someone reaching the terrible crisis of the end of the tenancy and then thinking, "Oh my god, I do not have anywhere to live", literally at the end.

Chris Norris: Sorry, I may have misunderstood your question. Do you mean what happens at the end if section 21 is removed?

Bob Blackman: Yes.

Chris Norris: If section 21 is removed and there is no ground to seek possession, a landlord cannot do that. A landlord would not be able to remove the previous tenant.

Q93 **Bob Blackman:** Scrupulous landlords who are in your body will not.

Chris Norris: The only alternative would be, as it would be today, an illegal eviction, and I do not think anyone is supporting any so-called landlord that would entertain the idea of an illegal eviction. We have to be very careful when we see the end of section 21 that people understand what harassment looks like and what a legitimate negotiated surrender looks like because that is still a set of circumstances that could happen and we have to recognise that power is not always balanced when that happens.

It is difficult because, as you say, the NRLA skews and we do not have members calling us up saying, "I want to illegally evict someone", so we do not see that part of the market as much. I would be very surprised to see a great spike in illegal evictions being carried out but you may see more negotiated surrender of tenancies.

Equally, we have to ask why a landlord wants to bring that tenancy to an end. Usually, a landlord will only want to end a tenancy for probably one of three reasons: the rent is not being paid; they want to exit the market and sell that property; or there is something akin to serious anti-social behaviour going on. If it does not tick one of those boxes, most landlords will be more than happy for that tenancy to continue as long as everybody is happy.

Q94 **Bob Blackman:** One of the arguments in favour of six-month ASTs is that it is easy for the tenant to leave at the end of that tenancy and also for the landlord to recover the property. If we are saying, "Get rid of section 21", what is the point of having ASTs? Why not have longer tenancies to start with, with proper safeguards for landlords and tenants?

Chris Norris: As proposed—obviously, we do not know exactly what the legislation will look like at this stage—it seems to me that what we will actually have is an indefinite assured tenancy. It may be called something else or it may still be referred to as a shorthold, although it does not really matter. The Government have been clear to a certain extent insofar as they still believe there will be a fixed term.

What has not been so clear for us is exactly what that fixed term means because there is no means to end the tenancy at the end of the fixed term unless everybody agrees. If a tenant agrees to leave during an assured tenancy, they can anyway. You are quite right that the protections are there from the tenant's point of view, if you have an indefinite assured tenancy. There are difficulties there for a landlord but, as I say, if we could get to a position where we ticked off those three potential reasons for ending a tenancy—that is if they need to sell the property, if they have arrears or if there is some form of ASB or damage or vandalism or whatever to the property—most landlords could reach a situation where they are quite content. If we can have grounds and a court system that works effectively, it could do most of the job that section 21 does now.

I do not think many private landlords are wedded to section 21 just because they love the fact that they do not have to give a reason; they like it because it works for the majority of case, whereas, if I want to go along to court—there is no ground for selling a property if I want to leave the market—and say, "This tenant has been damaging the property consistently for the last few years", it is actually very difficult to demonstrate. If this tenant has been keeping all of the neighbours awake every night with unreasonably loud music for the last two years, equally, it relies on those harassed or abused individuals to come along and give evidence. We need to fix those things. If we can, there is actually less need for section 21, which is why I would like to see that fixed first. Then, I do not think landlords will protest too much.

Q95 **Bob Blackman:** In relation to landlords themselves, would there be a temptation to move away from these types of tenancies towards a more Airbnb approach with potentially very short tenancies and no rights for the tenants whatsoever? It might remove all the protections that we have had built up over time.

Chris Norris: That was a real concern of ours four months ago. We had a concern that some landlords were doing that already. Again, in our self-selected membership, we have not seen a large proportion of that. We have seen landlords use that to fill the voids but not actually move into a completely different marketplace. There were more individuals recognising that the tax treatment of that type of letting was different and, in some cases, preferential, and that, depending on where you are in the country, the return could be higher, in much the same way we saw lots of properties being converted into HMOs 10 or 15 years ago because the yield was better there.

At the moment, it comes back to the point we made earlier about the uncertainty of what the market will look like in the next few months. I do not see an enormous demand right now for Airbnb-style properties but that may well change in the near future. We certainly recognise in our membership that a typical landlord is older than the average household in the UK and certainly our membership is approaching retirement and lots of those landlords may exit the market. What concerns us is who is interested in buying those properties. Are they people who might be running holiday lettings businesses? Are they people with less regard for the law and for the way that you may need to repossess properties in the future, or will they go into the owner-occupied sector?

Q96 **Bob Blackman:** On section 8 evictions, should there be an exemption for landlords that want to retake control of their properties for particular circumstances? There will be positions of family members moving in, selling the property or suchlike as a grounds for it, but should there be any other grounds? You mentioned ASB, of course.

Chris Norris: Yes, we need a strong ASB ground and we may need to look at the way that student households are treated, and that could be in the form of a ground or it could be in the form of an excluded tenancy of some kind. When it comes to ASB, we have to give special attention to very high-density HMOs. It can be very difficult if you have a disruptive individual there. That will hopefully be covered off by the grounds that we are talking about for ASB or disruptive behaviour but we have to recognise that it is a little more urgent when it is in those high-density households.

Q97 **Bob Blackman:** Caitlin, I assume that you are going to agree with the removal of section 21 evictions but should there be any protections put in for renters alongside the abolition of section 21?

Caitlin Wilkinson: Unsurprisingly perhaps, we agree that the abolition of section 21 is a good thing. In terms of additional protections, the Government have proposed introducing new grounds for possession and sale following the end of section 21. While we accept that there is something that needs to be there for landlords who need to live in or sell the property, one of the protections that we would put in place is relocation payments to prevent abuse of those grounds and to prevent unwanted evictions continuing.

Q98 **Bob Blackman:** Just to clarify, who pays that relocation payment?

Caitlin Wilkinson: We would propose that, if a landlord wanted to use the new ground for possession or sale, they would have to pay the tenants moving costs set at two months' rent. This would deter abuse of those grounds because it is very difficult to prove your intent to live in or sell a property. It would deter people from using it for other reasons. It would also compensate the tenant for the financial and general disruption of moving. We say two months because we calculated that that is about how much an unwanted move costs in terms of deposits, time off work and finding a new place. We would put that in place to deter abuse of the new grounds. We accept that most landlords will not do that but there is the minority that do. There also needs to be a mechanism to prevent retaliatory rent hikes.

Q99 **Bob Blackman:** On retaliatory rent hikes, do you think there should be rent controls imposed? Is that the policy of your organisation?

Caitlin Wilkinson: The policy of Generation Rent is to put some restrictions on how often rent can be increased within tenancies, which is just in Scotland currently, which is very distinct from overall rent controls or limits on what a landlord can charge on the open market. Rent controls and section 21 are very separate policy areas. The other way you can do it is through the First-tier Tribunal, which allows tenants to challenge a perceived unfair rent rise, so that will be another way that you could protect tenants after section 21.

Q100 **Bob Blackman:** Do you think a more sensible move might be towards longer tenancies with more predictable times and limits on the amounts that rents can be increased by?

Caitlin Wilkinson: We have proposed, in our response to the Government's consultation, to restrict the rent increases within tenancies to an index. Our favoured index is ONS wage inflation, which would reflect how much tenants can actually pay and prevent them from having to move as the result of an unaffordable rent increase.

Q101 **Bob Blackman:** As Chris has just said, if someone has a six-month assured shorthold tenancy, assuming nothing else is put in place at the end of that tenancy and it just basically rolls over to an alternative route, what would limit what a landlord could do in terms of increasing the rent under those circumstances?

Caitlin Wilkinson: It depends on how the Government choose to do so.

Q102 **Bob Blackman:** In your view, what would happen?

Caitlin Wilkinson: I just want to check I have understood your question. Are you saying if, at the end of the six months, it is a new tenancy?

Q103 **Bob Blackman:** At the moment, what would normally happen at the end of a six-month assured shorthold tenancy is that the landlord and the tenant would agree that the tenancy is going okay, that there are no issues, that the tenant wants to stay there and that the landlord wants them there, and then they will agree a new tenancy that will happen. With section 21 notices being removed from that, we get to the end of the tenancy and the tenancy rolls on in some shape or form. Therefore, some of the provisions within that assured shorthold tenancy will be removed. Should there be some protections put in for the tenant at this stage? If the tenancy carries on, the landlord can say, “Yes, that is fine. I am going to double the rent”.

Caitlin Wilkinson: Yes, absolutely. That is what we have proposed is restricted: that landlords would not be able to increase the rent by more than ONS wage inflation, which would hopefully be a small increase at best, or none at all. Obviously we are not proposing built-in increases, but restrictions on exactly that happening.

Q104 **Bob Blackman:** Ruth, what protections do you think should be put in place for tenants at the end of such assured shorthold tenancies?

Ruth Ehrlich: When section 21 goes, we see the end of the assured shorthold tenancy regime. We do not see any more six-month tenancies. We see indefinite tenancies where a landlord can seek possession as long as they have a ground to do so. You are absolutely right that, as fixed-term tenancies stand, that is currently the only protection you have. You have six months where you are safe from eviction and then you are just out in the wild west if your tenancy rolls over into a periodic tenancy.

What is really exciting about ending section 21 is that tenants already have quite a lot of rights. They just have no way of enforcing them. This is something that is going to open up lots of opportunities for private renters. Caitlin has already talked about challenging unfair rent increases in the tribunal, which is a form of rent control that we already have but do not use. Similarly, we would want to see renters who have been evicted under the new regime but who think their landlord has been dishonest in using a ground be able to access the First-tier Tribunal to challenge their landlord there.

Similarly, we know that many private tenants are too afraid to complain about really poor conditions in their properties. Nearly one in five renters have not complained about disrepair for fear of being served a section 21. Just by virtue of scrapping section 21 and bringing in new grounds, renters will have a lot more rights.

Q105 **Bob Blackman:** Do you fear that landlords may disappear from market? After all, I think we are in a position whereby 94% of the private rented sector is where one landlord has one property. From that perspective, there is a huge risk here that the market may shrink for renters as a result.

Ruth Ehrlich: We run surveys every other year with YouGov with landlords. It is a big landlord survey. Our results that came in in August of last year showed that it is a similar number of landlords who plan to leave the market as it always is. Every year, landlords leave the market and new landlords come in. That is taking into account the changes that will be brought in with the end of section 21. While some landlords are planning on changing their portfolio, decreasing it, the same number are also planning on increasing.

We also have some really excellent evidence coming out from Scotland, where they have benefited from longer tenancies since December of 2017. Although there has been no official evaluation, we have done some research that we carried out last March and have repeated this year. We have not published our report but I can share some of the information with you today. That research is twofold. The first is the impact on renters' wellbeing and the second is the impact on the market.

Our research has found that tenants who are on the old tenancy type, where you can still be served a no-fault eviction notice, are twice as likely to worry about becoming homeless than those who are on the new tenancy type, which would be the equivalent of what we would bring in after section 21. Furthermore, in terms of the impact on the market, lots of people were terrified that the sky would fall in, there would be a significant landlord exodus, the market would shrink, rents would spike and, alongside that, so would homelessness; actually, the sky has not fallen in, which is really positive.

The rate of inflation in Scotland has run at lower levels than England, Northern Ireland and Wales. While there has been a very slight reduction in the size of the market, that mirrors England, Northern Ireland and Wales, where there has been a flattening of growth or a reduction in the size. Homelessness coming out of the private rented sector has quite significantly reduced since the tenancies were brought in. It is a pretty positive picture and should reassure lots of people who are feeling anxious about the changes in England.

Q106 **Bob Blackman:** I will direct my final question to you, Ruth, seeing as you were in the hotseat at the time. What about the position if you have a landlord and a tenant in place, so there is no section 21 notice anymore, and tenancies will roll on, as you quite rightly say, potentially for a long time. What happens if you are a new prospective tenant and there are no properties available because they are all tenanted by someone and the landlord does not have any properties available? What is the implication for people who want to get into new tenancies as a result of this? Is it going to reduce the fluidity to the market?

Ruth Ehrlich: Again, I would take some learnings from Scotland. We have not seen huge barriers for people moving within the market. People will still leave the private rented sector when they buy a property or their household changes and they merge with other people. There is always going to be that kind of flow.

There are significant barriers to accessing the market already, which urgently need to be addressed. A critical one is DSS discrimination. Our research shows that 43% of landlords have an outright bar on people who are claiming benefits, which is particularly concerning given how many benefit claimants have registered in the last few months. There are initial upfront costs as well. We are really excited to work with Government on the lifetime deposit scheme, which we hope will address some of the affordability issues. You are absolutely right that there are lots of barriers to entering the market. We need to make sure that especially DSS discrimination is not a further one.

Caitlin Wilkinson: I would echo what Ruth has said. There are already barriers to entry to the PRS. It is already quite difficult. One of the reasons why it is so difficult for many private tenants is the high costs of moving that many experience. For new tenants it will, on balance, be an easier job to get a property than it is at the moment, with greater security.

Chris Norris: We have to be careful not to view tenants as one cohesive group. We are not going to say the sky will fall when section 21 is removed. Likewise, I do not think there will be a grand exodus. I think there is a slow exit from the market of certain types of landlord. This has been going on since 2015, when significant tax changes were announced, and has tapered away. We are seeing a small reduction in our part of the market, mid-sized landlords.

When we see the end of the no-fault possession route, particularly if we do not have a great deal of confidence in any reforms to the court or section 8 process, I am a little concerned about what happens to prospective tenants on the margins. I do not think there will be a great deal of problems for young professionals or families or tenant groups that are seen as relatively low risk. I am a bit worried about what it means if I am a landlord and I do not have recourse to end a tenancy easily in six months if I previously would have taken people coming off the streets, for instance, or out of hostels, or perhaps with a chaotic history of arrears and reliance on certain benefits.

Ruth is quite right: there are lots of landlords that have significant reservations about working with people just in receipt of universal credit, let alone people who are actually a little bit further out in the margins. That is something we have to be very aware of. There are lots of landlords who are going to think, "If I have a choice about my tenants, I am going to profile based on risk, not necessarily on receipt of benefits but on the risk that I might have problems with this tenancy".

Q107 **Rachel Hopkins:** Legal changes, such as the abolition of section 21, are unlikely to do anything for the tenants of the minority of rogue landlords, who are more likely to ignore any new legislation. What more could be done to protect tenants who, by their economic circumstances, are more likely to fall victim to a rogue landlord, or criminal, as some people will call them?

Chris Norris: In one word, enforce. Before we start looking for more legal measures and legislation, we need to make sure we are thoroughly and comprehensively enforcing the laws that are out there at the moment. You are quite right. There is a group. I like to think it is a small group, but there is a group of rogue and quite often criminal landlords out there who are abusing their position of power. They are doing so with a degree of impunity, because local authorities are usually not resourced to carry out the enforcement they need to.

Frankly, the last thing they need is more powers put on the back of an already creaking infrastructure that cannot deal with everything they have. We need to make sure trading standards and local authorities, the housing teams and environmental health officers there, are resourced properly to enforce the laws that are already in place.

Caitlin Wilkinson: I would agree with what Chris has said. The problem is not that local authorities do not have the powers to enforce against these landlords but that they often are not able to. The first thing that would really help is greater funding for enforcement and, specifically, ringfenced annual budgets instead of piecemeal grants to tackle rogue landlords, so that local authority enforcement teams can plan ahead and develop strategies for tackling this. Linked to that, we would like to see more of a skills strategy to improve the capacity of local authorities to use their sometimes really limited and overstretched teams effectively, tackle the skills shortages and make sure the full breadth of powers are being used.

Ruth Ehrlich: I would echo the point about increased funding for local authorities to invest in tenancy relation officers, who play a really vital role in tackling conditions and illegal evictions. We also want to see a national register for landlords, overseen by a regulator, just so we can get a grip on who is renting properties to whom and where and get some proper data on the sector.

Q108 **Rachel Hopkins:** In 2017-18, our predecessor Committee's inquiry into the private rented sector heard that there were 800,000 private rented homes in England with at least one category 1 hazard. 27% of private rented homes failed to meet the decent homes standard. Does the quality of accommodation in the sector continue to be a concern?

Ruth Ehrlich: Absolutely, yes. This is sometimes that our services deal with day in, day out, with people living in the most appalling conditions in private rented properties. The good news is that the overall trend is of gradual improvement, even if progress has slowed slightly in recent years. The most recent figures show that 678,000 private rented homes have a category 1 hazard, which is still a really high number, but at least it is going in the right direction. It underlines the need for greater enforcement for local authorities to be able to crack down on those landlords who are not dealing with really severe disrepair.

The Homes (Fitness for Human Habitation) Act was brought in in 2018. That is a great bit of legislation but, as I touched upon earlier, there are barriers to people accessing those rights that have been given to them. It is hard to use because of section 21, when you know you can be served with an eviction notice. As well, access to legal aid is a real barrier for people getting that early advice.

Caitlin Wilkinson: It is definitely still a problem. Generation Rent regularly undertakes FOI research to see how councils are using those powers. In our latest statistics—they are unpublished at the moment but I am happy to share them with the Committee—we found that councils as a whole are getting a bit more responsive in terms of enforcement. There is one improvement notice served for every four hazards on average. It used to be one in five in 2016 and 2017. In our random selection of around 100 councils, 81 were reporting hazards, which again is an improvement, but there is still a lot to do to tackle unsafe homes. We would like to see notices being served every time a category 1 hazard is found.

Chris Norris: I completely concur that enforcement needs to be taking place. Picking up the last point about improvement notices, HHSRS is 29 hazards and covers everything from cold and damp through to toxic gases. In a lot of cases, what will be determined is a trip hazard on the stairs, for instance. The landlord is notified and it is rectified before an improvement notice is served. That is one of the reasons why we see this gap between the improvement notices served and the hazards found. They are dealt with before it gets to the improvement notice stage.

We certainly welcome that informal stage. They certainly should have notices served against them if they are non-compliant. They should be enforced against and prosecuted. That goes without saying, but we value the informal stage at the very beginning to try to verify these things. Landlords are not living in these homes and the communication is not always there. I agree that the enforcement needs to take place. We are seeing trends moving in the right direction, but there is a cohort of people out there who are not doing what they should do and they need to be enforced against.

Q109 **Rachel Hopkins:** Touching on Karen Buck MP's Homes (Fitness for Human Habitation and Liability for Housing Standards) Bill, did it bring about significant improvements for tenants and landlords?

Chris Norris: I am not aware of any great impact. Granted, it has only been fully in force since March of this year, so it is a little early. We were very supportive of the Bill. I do not think we ever thought this would be used in great volumes in the private rented sector. It is probably of more use in social housing in certain circumstances, where you have the council providing housing and being the enforcement body. For private landlords, where there are issues and where the enforcement takes place, HHSRS tends to be the most appropriate route to follow, but, as we have touched upon, it does not always work. We have certainly not seen many uses.

Caitlin Wilkinson: I would agree that it is too soon to tell. It is something we will be keeping an eye on as soon as the data is published, but I cannot say at this stage.

Q110 **Rachel Hopkins:** Is it the same for you, Ruth?

Ruth Ehrlich: Yes, exactly. I am waiting for official data. We know there will be some barriers to private tenants accessing that already.

Chair: It would be interesting to see whether data is collected about the threat of retaliatory eviction if people use the legislation, which was the concern right through it.

Q111 **Ian Byrne:** This is a really quick one because I know time is of the essence. From a Liverpool city perspective, the loss of landlord licensing across the city was a grievous blow to protection of tenants, certainly at the lower end of the market. Would you agree that the landlord licensing scheme was a success and is something that we should be looking at reimplementing in Liverpool and across the country?

Ruth Ehrlich: Yes, from my understanding the Liverpool scheme was extremely successful and was a great example of how licensing can work in an area. Selective licensing is one of the tools we have available to manage property conditions. It is not perfect but it is a good scheme and is something we support.

Caitlin Wilkinson: I agree. As I understand it, Liverpool's scheme uncovered a high number of really serious breaches of safety and category 1 hazards. We believe that councils should seek to introduce licensing schemes wherever possible. They enable councils to target enforcement more effectively and mean that enforcement officers do not have to notify landlords in advance, which can really help tenants that feel intimidated. We recognise there are limitations but, on the whole, we would encourage licensing schemes where possible.

Chris Norris: Where there is a need for targeted enforcement in a particular area, or to deal with a particular management issue, selective licensing can be a very effective tool. I do not necessarily share the optimism about city-wide licensing schemes. I do not know an enormous amount about the Liverpool scheme, so I will not reference that one specifically.

Ian Byrne: It was excellent.

Chris Norris: We prefer to see the schemes selectively, as the name would imply, targeted at a particular area. Put the resource into that and have defined objectives you want to meet and evaluate. The concern we have about discretionary licensing of that nature is it tends to have some benefits but also to not be very well evaluated. We reach the end of a five-year scheme, for instance, and it is not always clear what the benefits and costs have been and how the local authority should best approach the next five years.

Ian Byrne: I am happy to send you the reports from Liverpool to give you an overview of the success we had in Liverpool, just for future knowledge.

Chris Norris: I would welcome that. Thank you.

Q112 **Abena Oppong-Asare:** This is a question for Ruth and Caitlin. You have highlighted that the increase in the local housing allowance rate to 30% of the market rate will not benefit those who have already hit the benefit cap threshold. Do you have an estimation as to how many people will likely fall into this category? Because we are based in London, do you think most of it is in London?

Ruth Ehrlich: It is hard to have an exact number of how many people are currently hit by the benefit cap. Pre-Covid, there were 79,000 households that were affected by the cap. Obviously we expect that to have gone up significantly, partly by virtue of the LHA rates going up and then obviously there are so many more new claimants. Some places have estimated that up to 94% more households have been affected now, which is obviously a significant number. The nine-month grace period that normally applies before the benefit cap affects you does not count if you have had even short gaps in your employment in the previous year, which is going to affect lots of people who worked in hospitality, and similarly if you worked a lower number of hours.

In terms of it being a London issue, no, it is not just a London issue, particularly since the cap was reduced. DWP stats show that, in every local authority in England, households are capped. This is affecting lots and lots of people across the country.

Q113 **Abena Oppong-Asare:** Are there some parts of the country that you think are a particular melting pot, or is it difficult to tell at this stage?

Ruth Ehrlich: It is difficult to tell, but I can get you some more stats over on that.

Caitlin Wilkinson: You can look at the statistics on discretionary housing payments. These are from before coronavirus, but recent numbers say that 22% of the awards were relating to specifically the benefit cap, which is around 66,000. We know that there were more, and I think 79,000 has been cited in the Work and Pensions Committee report, so it affects a large number of people across the country. The Resolution Foundation also found recently that a couple living with two children in a three-bedroom home will run up against the benefit cap in 107 out of 152 local areas in England and Wales. While the biggest shortfalls are seen in the most expensive cities, like London, it affects renters across the country. It is difficult to say for certain regarding coronavirus and it is something we are examining further.

Q114 **Abena Oppong-Asare:** I know you covered this briefly earlier. I wanted to find out from all three of you if you are calling for a suspension of the benefit cap. If it is a yes, how long for?

Chris Norris: We would certainly support a call for a suspension of the benefit cap. We are probably not as closely involved as the other witnesses here with households in receipt, but I know it affects our members across the country. In terms of how long, I suppose that would need to be viewed in tandem with what other measures were put in place to support households. If we can get to a situation where the LHA rate and UC rate better reflects market rents, perhaps that would not need to persist for as long, but we would have to see.

Caitlin Wilkinson: We are calling for the benefit cap to be lifted to ensure that people can access the higher benefit rates they need, which is particularly important as we begin to recover economically from coronavirus. We would not put a time limit on how long because it is a part of the benefits system that interacts with other areas. We would call for it just to be lifted in the first instance.

Ruth Ehrlich: We are absolutely calling for the benefit cap to be lifted, for a period of at least 12 months. We have always supported families who have been hit by the benefit cap and it is a driver of poverty. It has to be for at least 12 months.

Q115 **Abena Oppong-Asare:** Why 12 months in particular?

Ruth Ehrlich: Particularly because of the impact of Covid there is an immediate need. Long term, the benefit cap does not need to exist and is pushing people further into poverty.

Q116 **Abena Oppong-Asare:** I have another few questions for Ruth and Caitlin. Would you also support an increase of local housing allowances rates to the median of local market rates?

Ruth Ehrlich: Yes, absolutely. We have been calling for LHA to be lifted to the 50th percentile to cover average rents. We welcome the lift to the 30th percentile. It is something we have long campaigned for in ordinary times, but these are obviously not those ordinary times. By the nature of LHA being at the 30th percentile, 70% of private rented sector homes are above LHA rates. That means that, in half of England, a family renting an average-priced two-bed property have a shortfall of at least £50 a month.

A solution that is often touted to people who are living in properties that are above the LHA rate is to move somewhere cheaper. If every household that is now in a property that is too expensive for them and above the LHA rate tries to move somewhere cheaper, it is going to put extreme pressure on the bottom end of the market and there will be fierce competition for those lower-cost homes. Our research shows that, without lifting LHA to the 50th percentile, collectively renters would have a £55 million gap in rent. There is a significant amount of rent that cannot be paid because of those shortfalls. We urgently need that uplift now.

Q117 **Abena Oppong-Asare:** I wanted to go back on that, Ruth. You are asking for 50%. If that was not to happen, you said there will be £55 million gap in rent. Are you concerned about how this may have an inflationary impact on rents?

Ruth Ehrlich: There is a growing body of evidence on the interaction between LHA rates and local rent. We have not seen a significant correlation. We have not found any significant relationship between the proportion of people claiming LHA in a given area and rent inflation. We would also say that, in 2011, when LHA rates were cut significantly, it did not shift the rent levels in the main.

Caitlin Wilkinson: We, like Shelter and, I believe, the NRLA as well, are calling for LHA to be increased to the median. We would not put a time limit on that. It is essential that local housing allowance covers the average cost of renting and prevents further arrears from accruing, especially at a time where renters are likely to be increasingly vulnerable.

In terms of the cost of it, what is interesting is, if you look at the Chartered Institute of Housing figures, the difference between the 30th and 50th percentiles is quite small across the country. We have estimated that, on average, it would only cost £29 per household per month, which does not sound like a lot but would make a huge amount of difference to those families who badly need it.

In terms of the inflationary impact, for a long time LHA was unlinked from local rents and they continued to increase, so there is not a huge body of evidence that suggests that it would have an inflationary impact. One of the proposals Generation Rent has put forward is for a temporary cap on rent rises over the next 12 months, which is not something that we propose in normal times. In the context of the coronavirus recovery, that would prevent any possible inflationary impact and would not affect landlords much if rents are increasing at quite a slow rate anyway.

Q118 **Abena Oppong-Asare:** Would it be effective to increase local housing allowance rates for certain categories of people, for example families with children? Most of the examples you have given me are of families. I think, Ruth, you gave an example about the fact that 94% of households have been affected. When you are talking about households, are there particular categories that are most impacted? I wanted to hear your thoughts on that.

Ruth Ehrlich: We know that families will be having to make extremely difficult financial choices because of the benefit cap and LHA shortfalls. In our Home Truths survey that we carried out, we heard from renters who were having to make choices between feeding themselves, feeding their children and paying their rent. Lifting the benefit cap and LHA rates would obviously go a long way to help those families.

Caitlin Wilkinson: We have not looked into or proposed increasing it for certain types of people. We think the safety net should be there for any renter that needs it, whether they are getting a shared accommodation rate or they are a family.

Q119 **Abena Oppong-Asare:** For clarification, you do not think they should be looking at particular categories.

Caitlin Wilkinson: It is not something we have looked at ourselves, so not at this stage. It may be worth looking into further, but we cannot really comment on it at this point.

Q120 **Mohammad Yasin:** To achieve quicker and cheaper resolution of disputes, our predecessor Committee repeatedly called for the introduction of specialist housing court. How could such a body help tenants and landlords to address the issues we have been discussing today?

Chris Norris: It is dependent on exactly what we mean by a specialist housing court. One thing the Government have not done is define exactly what that would be. If we are talking about using the existing court infrastructure but having a specialist chamber, I think it can speed it up by introducing that greater expertise that facilitates prioritisation of cases. From our point of view, one of the real benefits would be reducing errors in law. Errors are not uncommon at all in possession and disrepair cases at the moment. Having a specialist cohort of judges would work with that.

It would also potentially, depending on the system we looked at, make it easier to link more closely to alternative dispute resolution or mediation services, the kinds of things we touched on earlier, looking at the pre-action protocol and how we could avoid getting some of these cases into court. If you have a specialist and well-trained staff, it could start to introduce case management practices, like early neutral evaluation, allowing things to be resolved much more quickly and efficiently.

Caitlin Wilkinson: We acknowledged that landlord faith in the courts is low, tenant faith in the courts is also low and repossession timescales can take a long time. Our view on the specialist housing court is that it could be of benefit to both landlords and tenants. It would need to be funded properly to make sure the full range of housing-related cases could be dealt with in a fair way and that all tenants who needed it could access legal aid and had access to justice.

I am not sure that the court is necessarily something that could not be done within the existing system. There is definitely scope for a specialist housing court to help, but I would stress that it would not be a cheap option. It would have to be funded to ensure it did not further entrench the power imbalance that can be present between landlords and tenants.

Ruth Ehrlich: There are changes that can and should be made to improve access to justice for landlords and tenants. We think they can also be made in the existing county court system, which would be much cheaper than reinventing the wheel. As Chris said, things like specialist judges, with expert housing law knowledge, would be brilliant. We would want any court to be accessible in terms of geography and court rules, have it as low cost for all parties and, crucially, for there to be access to legal aid for all tenants.

Q121 **Mohammad Yasin:** I will stay with you. In 2017, the Government announced that they were considering introducing a new specialist housing court. What is your impression of the Government's progress in implementing a specialist housing court?

Ruth Ehrlich: It would be great to have a response to their call for evidence, which closed I think in January of last year. It would be good to have that response first.

Caitlin Wilkinson: We have not heard or seen a huge amount since that consultation closed, which we responded to. It is difficult to comment further.

Chris Norris: I would concur entirely. We do not know the Government's response to that consultation.

Chair: The final issue is a really important one: the challenge that rough sleeping has posed during this crisis and how it has been dealt with.

Q122 **Ben Everitt:** This evidence session has focused primarily on renters. However, I am sure you have all read our interim report, which made several recommendations regarding rough sleepers. These questions are directed predominantly at you, Ruth, from the Shelter perspective. Last week, we saw the Government announce an extra £85 million for the emergency accommodation for the 5,400 rough sleepers who are currently in the hotels. Do you agree with Dame Louise Casey's reported comments that this is a guarantee that nobody will need to return to the streets?

Ruth Ehrlich: The additional £85 million of funding is extraordinarily welcome. The initial £3.2 million announced in March did not stretch quite far enough, so this is really good news. What is going to happen to the people who are currently accommodated depends on their entitlements to homelessness assistance and local housing allowance. Although we have been talking about private renters, many of the problems apply to rough sleepers as well.

I would just flag that not everyone who was at risk or experiencing street homelessness at the start of the "Everyone In" approach was offered accommodation. Our hubs were advising people who had been told by the local authority that they were not verified rough sleepers, or because they had no recourse to public funds or an un-regularised immigration status they would not be accommodated anywhere. We would welcome some clear guidance from MHCLG about how councils should or should not be accommodating people. This would help us give advice to people as well. It is a great start to getting people off the streets. We need to know who is and is not entitled.

For those people who have no recourse to public funds, Louise Casey said there are about 2,000 people who have no recourse who are living in hotels, so there is a big question about how this money will be helpful for them. You can pay a deposit and a rent in advance but, if a person is unable to return to work and cannot claim local housing allowance, they are going to be facing eviction very quickly. It is brilliant, but there are still some questions that need to be answered, particularly for those who are not eligible.

Q123 **Ben Everitt:** Do you find the support available to people who are not eligible, particularly those with no recourse to public funds, has varied from council to council?

Ruth Ehrlich: Yes. This has been part of our call for clearer guidance. There has not been a uniform approach and there has not been a great deal of clarity about who is entitled to what and when. We would really like at least some clear guidance on how local authorities should be addressing that going forward.

Q124 **Ben Everitt:** I am assuming that you would agree that we need to wrap up those who have no recourse to public funds in order to meet the challenge to end rough sleeping once and for all.

Ruth Ehrlich: Absolutely, yes. In order to end rough sleeping, we would need to lift the no recourse to public funds conditions so that people could access that support, plus ensure the safety net is adequate. That means people will be able to receive a full entitlement of local housing allowance and not be capped, so that they are able to sustain tenancies going forward.

Q125 **Ben Everitt:** You referenced the 2,000-in-hotels figure there. Is that a figure that you agree with?

Ruth Ehrlich: There are difficulties in calculating the number of rough sleepers always, but Dame Louise Casey is a very reliable source, so I believe that.

Q126 **Ben Everitt:** I admit it is one of those "Tell me something we do not know" questions. Moving on to the supported homes and the proposed solution, the Government have committed to funding the acquisition of 6,000 new supported homes for former rough sleepers, of which 3,300 will be available within the next 12 months. What is your view on that? How sufficient is that? How realistic is that? What is the Shelter reaction there?

Ruth Ehrlich: We definitely support the move on funds. It has always been our view that the best way to tackle homelessness is to invest in stable and affordable social rented homes in areas where there are really high levels of rough sleeping and homelessness. We continue to urge Government to invest in social housing so that everyone has a safe, secure and affordable place to call home.

In terms of the delivery of the specific 6,000 homes, there are 3,300 units due to be delivered by next March. We think it is more likely they will be delivered if built on donated sites and using offsite construction. There are some quite innovative models used by, for example, Lewisham.

The Ladywell scheme was designed by architects who built things offsite and then put them into sites where the homes were needed. That is a model that could be recreated in areas of high need.

We also want to make sure that support is in place for people who are moving into these homes. Wraparound unconditional support for people is essential. Looking at a kind of supported accommodation model of self-contained units with onsite support could be really great.

Q127 **Ben Everitt:** I thoroughly agree. We know that many people who find themselves rough sleeping have multiple complex needs and incredibly chaotic lives. Noting that there is a flow of new people on to the streets, what should we be doing at the back end of this process to meet that ending rough sleeping for good? It is one thing putting the process in with the sheltered housing and wraparound support you referred to at one end. What do we need to be doing at the other end, where people, because of these lifestyles, multiple complex needs and personal circumstances, are at risk of finding themselves on the street?

Ruth Ehrlich: It is all about early intervention and advice. We need people to be able to access the benefits that mean they can keep up with their rent and avoid getting into that kind of difficulty in the first place. Ensuring that people have access to legal aid and community support services is really critical. That is the way we can stop people getting on to the streets, so we do not then have to help them off the streets. That is part of the bigger picture. You have to have that early intervention as well as that end-stage support. Fundamentally, throughout this, we need to build the home people can afford, which are social rented homes, so they can move into places they can have for life.

Q128 **Ben Everitt:** You referred to building a couple of times in those answers. The Government's commitment is the acquisition of. That would involve some buying up of existing stock as well. Do you have any views on that?

Ruth Ehrlich: We need additional supply as well as acquisition. It is not just about securing old social or private rented homes. We need to be investing in supply.

Q129 **Ben Everitt:** I thoroughly agree. Chris and Caitlin, I am aware I have been grilling Ruth. Ruth, you have done incredibly well. Thank you. Are there any points that either of you want to make?

Chris Norris: I am not sure there is a great deal I could add to what Ruth has said there. I think we all support the efforts to end rough sleeping. We would like the private rented sector to be seen as one of the solutions to that. Obviously there are issues and there will be increasing issues as we reform slightly, but I concur completely.

Caitlin Wilkinson: I concur with Ruth. As an organisation that is further removed from the rough-sleeping end, I do not think we would have anything to add to her excellent summary.

Chair: I will say to Ruth that it is very wise not to pick an argument with Dame Louise and her figures. Thank you to all our witnesses for the time you spent with us and the range of questions you have taken from us and given such detailed answers on. That is really appreciated. Thank you all very much for coming. The Committee will be reflecting on these issues and then decide what recommendations to make. Thank you all again.