

9th February 2021

Clive Betts MP
Chair
Housing, Communities and Local Government
Select Committee
House of Commons
London
SW1A 0AA

Dear Clive,

As the Select Committee considers the final shape of its report on the impact of the COVID-19 pandemic on the private rented sector and homelessness I write to raise concerns regarding two elements of the support the Government is providing for the sector during this time.

1. Mortgage Payment Deferrals for Landlords

The Government has made great play of the mortgage payment 'holidays' that are available to landlords until the end of March where tenants have faced difficulties paying their rent.

We are seriously concerned at the way that the Government has argued that this is helpful for the sector.

In response to a written question from Mike Kane MP (number 145037) the Economic Secretary to The Treasury, John Glen MP has noted that where landlords take out a 'mortgage holiday': *"Borrowers will still need to repay the full balance of their loan, and will continue to accrue interest during the payment holiday, unless the lender has indicated otherwise."*

It is our belief that the Government should stop referring to mortgage holidays and make it clear that it is instead a mortgage deferral.

Likewise, we are concerned about the prospect of a perfect storm brewing. Landlords who have secured a deferral will have to catch up on the payments they have missed with tenants likely to have either built, or continue to be building, rent arrears as a result of the pandemic.

This reinforces the need for the Government to develop a financial package to help renters to pay off arrears built since lockdown measures started in March last year. Similar support has been provided to businesses, with Ministers also providing further financial support for students, including to help them pay rents. We fail to understand why such support is not being provided to renters more broadly.

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2. Local Housing Allowance

Speaking to the Work and Pensions Select Committee on 3rd February, the Work and Pensions Secretary, Thérèse Coffey MP, argued that the uplift to Local Housing Allowance to the 30th percentile, in cash terms, *“has been permanent and has been made permanent.”*

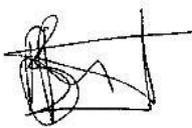
We are concerned that this is distorting what was announced in the Spending Review last year. As the Institute for Fiscal Studies rightly noted following the Chancellor’s speech in November:

“Another expansion the government brought in eight months ago was increasing the maximum amount that low income private renters can get to help with their housing costs, so that they can afford the cheapest 30% of properties in their local area. **They have now announced that those maximum amounts will be frozen in cash terms going forwards.** This has two consequences. First, as time goes on and rents rise, the fraction of housing that private renters can afford will steadily dwindle. Second, the support that low income renters get to help with housing will be related not to the current level of rents in their area, but to rents in 2019. That will look decidedly odd in, say, 2025. A similar policy over the past eight years resulted in those in some high rent areas getting less support than those in some low rent ones. It is entirely coherent to decide that the state should reduce its support for low income renters, but doing it in this fashion is arbitrary and unfair, and its consequences will only become more bizarre over time.”

The NRLA is seriously concerned about the likely impact this policy change will have and believes that at the very least, the LHA should be retained at the 30th percentile and better still, increased to reflect average rents in any given area. To be scaling back the support available to such renters will make it harder still to sustain tenancies.

Please feel free to publish this letter and include this as additional evidence for the Committee’s inquiry. Should you have any further queries please contact Ed Jacob by emailing policy@nrla.org.uk or ring 07706386773.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ben Beadle', written over a rectangular box.

Ben Beadle
Chief Executive