

Supplementary written evidence submitted by the National Residential Landlords Association [IOC 315]

1.0 About Us

- 1.1 The National Residential Landlords Association is the leading voice for private sector residential landlords. It was formed in April following the merger of the Residential Landlords Association (RLA) and National Landlords Association (NLA).
- 1.2 The NRLA represents the voice of 80,000 landlords, by far the largest organisation in the sector. The membership owns and manages around 10% of private rented housing in England and Wales equating to half a million properties.
- 1.3 It provides training and support for landlords to ensure they fully understand their responsibilities and are equipped to provide good quality housing for their tenants. It also campaigns for policies that seek to improve the private rented sector for the benefit of tenants and good landlords alike.
- 1.4 This follow-up submission should be read alongside our original written submission provided in April 2020 for the Committee's inquiry¹.

2.0 Executive Summary

- 2.1 Since the NRLA made its original submission to the Committee, it has undertaken extensive research to understand the impact that the COVID-19 pandemic has had on both landlords and tenants. This has found that:
 - The vast majority of tenants have been able to continue paying their rent as usual during the pandemic.
 - A clear majority of landlords are responding positively to requests for assistance from their tenants.
 - 29% of landlords expect to face some level of financial hardship as a result of the virus.
- 2.2 The ongoing ban on evictions is causing considerable difficulties, with landlords unable to take action against anti-social tenants and those who might be committing domestic violence. Likewise, many landlords are facing financial difficulties as a result of continuing to not receive any rental income from tenants who were building rent arrears prior to the eviction ban beginning.
- 2.3 The NRLA proposes that measures should be put in place to protect those currently shielding from eviction when the ban is lifted.
- 2.4 Alongside this we are calling for:
 - A clear statement from the Government re-iterating that those who can pay their rent should do.
 - Further support to help tenants most in need to pay their rents
 - Support for landlords who face financial hardship as a result of the impact of coronavirus.
 - The courts to prioritise repossession cases when they begin again. Priority must be given to:
 - Cases where tenants are committing anti-social behaviour or domestic violence.
 - Possession cases which were started prior to the lockdown but were then paused.
 - Cases where rent arrears were built prior to the lockdown.

¹ Available at: <https://committees.parliament.uk/writtenevidence/3236/html/>.

- Clear plans to ensure courts process legitimate possession claims more swiftly.
- 2.5 We recognise and accept that section 21 repossessions will be ended, but argue that this needs to be within the context of the wider package of measures, including court reform, envisaged within the Renters' Reform Bill.

3.0 Research Findings

- 3.1 Since the NRLA made its original submission to the Committee, it has undertaken extensive research to understand the impact that the COVID-19 pandemic has had on both landlords and tenants.

Tenant Survey

- 3.2 The NRLA commissioned the marketing research firm, Dynata, to understand the impact that coronavirus has had on tenants in the private rented sector. The fieldwork was carried out between 20th and 25th May 2020 and it is based on the responses of 2,027 tenants in England and Wales. It found that:

- 59% had not had their income affected during the coronavirus outbreak.
- 21% had been furloughed by their employer and covered by the Coronavirus Job Retention Scheme. 4% had made a new application for Universal Credit, which had been successful.
- 90% of tenants had paid their rent as usual since lockdown measures were introduced on 17th March 2020.
- 82% of tenants said they had not approached their landlord or letting agent for support during the coronavirus pandemic.
- 17% had approached their landlord or letting agent for support such as for a rent deferral, a rent reduction or some other assistance. Of these, 74% received a positive response.
- Overall, 4% of all the tenants questioned had a request for support either refused or not responded to.

Landlord Survey

- 3.3 The NRLA undertook a survey between 1st and 4th May 2020 to understand the impact of coronavirus on landlords. 4,566 current landlords participated in the survey. It found that:

- 29% expected to face some level of financial hardship as a result of the virus.
- 24% stated that they had unexpectedly become liable for unanticipated Council Tax payments as a result of the coronavirus.
- One-third had experienced difficulties in gaining access to a property to undertake safety checks, maintenance and home improvements.
- One-third also reported difficulties getting contractors to attend a property. The main problems were sourcing those required to undertake work around gas safety certificates and property improvements.

4.0 Impact of Extension of Evictions Ban

- 4.1 Since the Committee's interim report was published the Government has taken the decision to extend the ban on evictions by a further two months until the 23rd August. In the meantime, it has established a Judge led working group to establish the mechanisms required to protect those

most affected by coronavirus, such as those who are shielding, and to allow the courts to function effectively when repossessions can take place again.

- 4.2 The NRLA has every sympathy for those struggling to pay their rent as a result of the COVID-19 pandemic and is encouraging landlords to show as much support and flexibility to their tenants as they are able. Our research as outlined above clearly shows that in the vast majority of cases landlords are responding positively to requests for help from tenants.
- 4.3 That said, the decision to extend the evictions ban is causing considerable concern for many landlords who rely on rental payments as their sole, or main, source of income and those affected by tenants engaged in anti-social behaviour or domestic abuse.
- 4.4 The consequences of the extension include:

- **Landlords are unable to end tenancies when it may help prevent domestic violence.** 38% of victims of domestic abuse live in private rented housing according to a study by the University of Bristol last year². Ordinarily, the termination of a private tenancy can be a practical means of breaking the cycle of abuse and empowering victims to seek independence. Often landlords would allow the victims to establish a new tenancy in the property independent of the abuser.
- **It makes it impossible for landlords to evict anti-social tenants.** Those forced to continue to live in close proximity to anti-social individuals or households are being made to suffer. This is against the spirit of the analysis of the then Victims Commissioner, Baroness Newlove, who last year concluded that “*victims of anti-social behaviour are being let down by police, local councils and housing providers*”³.
- **Many landlords are likely to be struggling.** In the first quarter of 2020 across England and Wales 7,646 claims for repossession by all types of landlords led to an eviction order being made and 1,198 led to a warrant being issued for repossession⁴. Despite having followed the correct procedures through the courts, these cases were halted at the end of March when the original three months eviction ban was announced. Many will have been concerning rent arrears accumulated before the COVID-19 outbreak. These landlords are now facing the prospect of more than 5 months without receiving any rent, on top of the substantial arrears likely to have been accrued prior to lockdown. Given that the average (mean) time between claims and repossessions taking place for private landlords is almost half a year⁵, it is likely that these landlords will receive no rental income for more than 12 months. With no income, they still have to meet the costs of providing accommodation such as licensing fees, insurance as well as council tax and utility bills for many properties. This will cause real hardship given that 94% of landlords rent property as an individual and have unlimited liability should their businesses fail. Many rely on their rental income for their livelihood, 44% entered the market to contribute to their pension and 39% have reported a gross non-rental income of less than £20,000 a year, with the average being £25,000⁶.

² Surviving Economic Abuse, *New report demonstrates need for ‘Whole Housing Approach’ for victim-survivors of domestic abuse*, August 2019, available at: <https://survivingeconomicabuse.org/new-report-demonstrates-need-for-whole-housing-approach-for-victim-survivors-of-domestic-abuse/>.

³ Victims Commissioner, *Anti-Social Behaviour: Living a Nightmare*, April 2019, available at: <https://victimscommissioner.org.uk/news/anti-social-behaviour-living-a-nightmare/>.

⁴ Ministry of Justice, *Mortgage and landlord possession statistics: January to March 2020*, May 2020, table 5, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/884729/Mortgage_and_Landlord_Possession_Statistics_Tables_Jan-Mar_20.ods.

⁵ Ministry of Justice, *Mortgage and landlord possession statistics: January to March 2020*, May 2020, table 6a, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/884729/Mortgage_and_Landlord_Possession_Statistics_Tables_Jan-Mar_20.ods

⁶ MHCLG, *English Private Landlord Survey 2018 - Main report, January 2019*, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/775002/EPLS_main_report.pdf.

LIVES BEING BLIGHTED BY ANTI-SOCIAL TENANTS

Following the announcement of the extension of the evictions ban a number of people took to Twitter to share their concerns at the impact it would have on the fight against anti-social tenants. Examples include:

- *“My sister can’t return to the house she owns because the abusive next door neighbours who rent and have been served a section 21 can’t be evicted - how is that fair?! Meanwhile her mental health suffers.”*
- *“Fantastic. Landlord won’t be able to evict the criminals living below me that are making mines and my daughter’s lives hell. Landlord can’t evict them, police aren’t doing anything. What am I supposed to do now? I own my home I can’t just up and leave.”*
- *“This is a total disaster. I’m living in a shared house with a nightmare tenant. We all want her gone, as does the landlady. Her anti-social behaviour is driving us and the neighbours up the wall. She was due to go on 1st July. I can’t put up with it for another 2 months.”*
- *“Please don’t make this a blanket ban on evictions. Spare a thought for those of us putting up with anti-social noisy and threatening neighbours who, but for these delays to evictions, would have been gone already. Lockdown is like house arrest next to a rave party for me.”*

LANDLORDS UNDER PRESSURE

Mrs R

Mrs R is a single parent who finds herself potentially unemployed as a new job she was about to start fell through due to the pandemic. She does not make any money on the property as it is in negative equity and has kept rent levels the same for a decade.

She submitted court papers to repossess the property because a tenant had not paid rent since around November last year and has convictions for harassing the neighbours. The evictions ban means that the tenant continues to stay in the property, living without paying any rent despite him receiving furlough money.

A Landlord Responding to an NRLA Survey

“I do have a deferred mortgage payment agreement with my Lender, but the balance of the rental income is what I live off, plus my State Pension. I am now having to borrow money to live.... Therefore- I am suffering.”

Peter (not his real name)

Peter has provided guidance recommended by the NRLA to support his tenants. However, he had to begin evictions proceedings in January against one of his tenants due to the non-payment of rent, a process which has been halted due to the eviction ban.

Peter says of the tenant: *“He has continually been anti-social, paid little rent, although the application for direct payment was quick, easy and successful. Arrears still exist, as does the antisocial behaviour. He also admits people into the house, parties and socialising daily... This tenant is aware that eviction is not possible until an order is made and bailiffs attend. He is hiding and protected behind all Covid laws...it’s been negative, disruptive, anti-social and potentially dangerous to tenants in my case. Ministers should allow evictions for specific cases.”*

5.0 Protecting Those Most at Risk from COVID-19

5.1 The NRLA recognises that in order to allow the majority to enjoy a return to relative normality in respect of the courts, it will be necessary to provide greater assurance to the most vulnerable as a result of Covid-19. Those who are shielding, as defined by the NHS⁷, and those who might be

⁷ See <https://digital.nhs.uk/coronavirus/shielded-patient-list>.

self-isolating for the required 14 days when a tenancy is due to end should continue be protected from evictions until such time as medical advice deems it no longer necessary.

- 5.2 Section 21 of the Housing Act 1988 should be amended to the effect that a notice under subsection (1) or (4) of section 21 may not be given in relation to an assured shorthold tenancy of a dwelling-house in England at a time when the a member of the household, named on a valid tenancy agreement is required to medically shield defined by inclusion on the NHS Shielded Patient List.
- 5.3 Subsequently, Form 6A, which landlords are required to complete when seeking possession of a property under Section 21 of the Housing Act 1988 let on an Assured Shorthold Tenancy, should be amended to add inclusion in the Government's shielding list of 'circumstances in which the law says that you cannot seek possession against your tenant'.
- 5.4 This should operate for a time limited period either until the end of the year or perhaps for a set period of months, with the opportunity to review in light of the ongoing health advice at that time.

6.0 Roadmap for the Private Rented Sector

- 6.1 Alongside the above, we are calling for the adoption of the following five point plan:
- **A clear statement from the Government re-iterating that those who can pay their rent should do.** The eviction ban extension should not be used as an excuse for those with the means but who choose not to pay their rent.
 - **Further support for tenants most in need to pay their rents by:**
 - Developing government guaranteed interest free, ring-fenced loans for tenants to solely pay for all or part of their rent. The funds would be paid directly to the landlord to cover the rent due. The tenant would pay back the loans over a period of time appropriate to their circumstances, potentially a number of years.
 - Increasing the Local Housing Allowance to the 50th percentile.
 - Converting Universal Credit advances into grants.
 - Suspending the Shared Accommodation Rate for under 35s as called for by the Social Security Advisory Committee⁸.
 - **Supporting landlords who face financial hardship as a result of the impact of coronavirus** by providing compensation from the Government for those who: (i) had an order to repossess a property granted by the courts at the time of lockdown but who have not been able to execute it because of the evictions moratorium; and (ii) have lost rent or incurred damage to property as a result. Where rent arrears can be clawed back, landlords should then make suitable repayments to the Government.
 - **The courts should prioritise repossession cases when they begin again.** Priority must be given to:
 - Cases where tenants are committing anti-social behaviour or domestic violence.
 - Possession cases which were started prior to the lockdown but were then paused.
 - Cases where rent arrears were built prior to the lockdown.
 - **Clear plans to ensure courts process legitimate possession claims more swiftly.** Prior to lockdown in the first quarter of 2020 the average (mean) time between claims and

⁸ Social Security Advisory Committee, *Letter to the Work and Pensions Secretary*, 27th May 2020, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/888504/ssac-letter-to-secretary-of-state-covid.pdf.

repossessions taking place for private landlords was 23.6 weeks⁹. This is far too long. Reforms should include making much greater use of deciding cases electronically or through mediation. Similarly, better use could be made of First Tier Tribunal (Property) Chairs. Tribunal chairs are also County Court judges by virtue of section 5 of the County Courts Act 1984. They should be assigned to the County Court on a temporary basis and allocated possession lists. Their property expertise would allow these lists to be processed more quickly.

7.0 Section 21

- 7.1 The NRLA recognises that section 21 repossessions will be abolished, but argues that this should take place within the context of the Renters' Reform Bill.
- 7.2 Abolishing section 21 will require an alternative system to be in place which enables repossessions in legitimate circumstances in a timely way with clear and comprehensive grounds upon which they can do so with time frames behind each. The NRLA is engaging constructively with the Government on this.
- 7.3 Underpinning all of this is the need for comprehensive reforms to the way the courts operate in cases of repossessions, recognising that abolishing section 21 will inevitably lead to growing demands on them at a time when they are already struggling to cope.
- 7.4 We welcome the support that this Committee gave for the proposal for a dedicated housing court in its report on the private rented sector in 2018. In light of this, it is extremely disappointing that despite the Government's consultation on developing such a court having closed in January 2019 no response has yet been provided to it¹⁰.

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⁹ Ministry of Justice, *Mortgage and landlord possession statistics: January to March 2020*, May 2020, table 6a, available at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/884729/Mortgage_and_Landlord_Possession_Statistics_Tables_Jan-Mar_20.ods.

¹⁰ MHCLG, *Considering the case for a Housing Court: call for evidence*, November 2018, available at:

<https://www.gov.uk/government/consultations/considering-the-case-for-a-housing-court-call-for-evidence>.