

Renters' Rights Bill briefing for Second Reading on Wednesday 9 October 2024 from Propertymark

Background

The Renters' Rights Bill is significant legislation impacting millions of tenants, landlords, and thousands of property agents nationally. The legislation will bring reform in three main areas:

1. Introducing a new tenancy regime with more open-ended tenancies.
2. Reforming the possession process removing the use of Section 21 notices for eviction.
3. New requirements for property standards and rent increases.

Overview

Demand for private rented property is the most pressing issue affecting letting agents and increased pressure from legislative change is shifting landlord opinion on investing in the private rented sector is concerning.

- Propertymark's monthly Housing Insight Report shows, **on average eight registrations for each available property** with new instructions reducing.¹

Key recommendations to strengthen the Renters' Rights Bill

To improve the UK Government's proposals and to give tenants more security and protections, further legislative reform is needed in the following areas:

- **More homes to rent** - tax is reducing the investment appetite of new and existing landlords. In recent years, landlords have seen higher rates of stamp duty on buy-to-let properties and the withdrawal of tax relief on mortgage interest costs. **The UK Government must commit to reviewing all costs and taxes impacting private landlords to ensure landlords continue in the market and more landlords can meet the demand for a home to rent.**
- **Reducing the impact of short-term lets** - with no security of a rental term for a landlord beyond the two-month notice period and no long-term guarantee of rent, we would expect to see a significant number of landlords attracted to higher rents in the short-letting market, which also offers them the advantage of being unregulated. **The UK Government must enact the Registration of short-term rental property requirements as passed in the Levelling-up and Regeneration Act 2023 alongside these reforms to level the playing field for landlords and the long-term rental market.**
- **Retaining fixed-term tenancies as an option** - a fixed term gives landlords and tenants a guarantee as to the length of time the tenancy will last. The landlord knows that rent payments will be made for the whole fixed-term period and the tenant has the security of tenure for the full tenancy period. **In support of renters, particularly key workers and families who want to rent for specific periods, we want to see fixed-term tenancies retained as an option and an impact assessment done on the UK Government's plans to remove fixed-term tenancies that are shared publicly.**
- **Support student sharers and those on fixed incomes** - removing fixed-term tenancies will also impact the student market. The proposed Ground 4A as currently drafted refers to Houses in Multiple Occupation which, by definition, is three or more sharers. Furthermore, with rent instalments limited to one month's rent (removing rent in advance), this will change the student sector and impact the self-employed and those on fixed incomes. **The UK Government must extend Ground 4A to one or more student sharers, move Student Maintenance Loans to monthly instalments and or, allow rents in advance for student renters and others to retain flexibility and access to housing.**

¹ <https://www.propertymark.co.uk/news-reports/housing-insight-report.html>

Key statistics – letting agent views on reforming the private rented sector²

- **88% think the courts will not have the resources they need** following the removal of section 21 evictions.
- **75% are concerned about limiting the ability to accept rent payments in advance.** The latter has serious implications for some tenant groups:
 - **94% of agents believed that removing the ability to pay in advance would be detrimental to individuals without guarantors.**
 - **62% think it would be detrimental to overseas students** who often struggle to find a UK based guarantor.
- **62% think the removal of fixed term tenancies would have negative implications** for tenants.

Letting agents

The Bill needs a great deal of further thought to avoid unintended consequences including ensuring the vital role of property agents is reflected fairly. Without enhancing the role of letting agents through regulation, it is unlikely that tenants will see improved standards and many landlords will be left to navigate the more complex legal environment they will be operating in.

Further issues that should be addressed in the Bill, otherwise it will be a missed opportunity:

- **Qualification and regulation of property agents** – letting agents play an important role in the private rented sector. **Introducing minimum standards to work in the sector and statutory rules to ensure letting agents are suitably qualified will ensure parity with property managers in the social rented sector, driving up standards including helping to deliver the Decent Homes Standard in the private rented sector.³**
- **Allowing more pet-friendly properties** - more needs to be done to recognise the impact of pet damage for landlords. **There needs to be detailed guidance on what is meant by ‘unreasonable’ should the property not be suitable for pets. This is particularly important in rural areas where pets near livestock are unsuitable. The UK Government must also enable the level at which deposits are set to be more flexible to reflect the greater risk of renting with pets.**
- **Increasing court capacity** - there are long-standing concerns about the capacity and capability of the Courts, with the time from claim to hearing continuing to rise. The average wait time for a warrant to be issued in a PRS possession claim is around 29 weeks, although, in London, this can sometimes be as high as 40 weeks. **Online platforms for filing evidence must be expanded and more hearings should be conducted remotely. Furthermore, delays can be prevented by increasing the number of judges, more bailiffs are needed, as well as providing them adequate support. Plus, landlords should have automatic rights to a High Court Enforcement Officer.**
- **More mandatory grounds** – to ensure landlords have the protections they need, there must be more mandatory grounds under the plans to reform possession proceedings - **breach of contract, persistent late payment of rent, acquiring a tenancy by using false identification, damage over the amount of the deposit and a tenant refusing access to property should all be mandatory grounds under the plans to abolish Section 21 and reform Section 8.**

Propertymark

Propertymark is the UK’s leading professional body of property agents, with over 18,000 members. For further information and to arrange a meeting, contact Timothy Douglas, Head of Policy & Campaigns via timothydouglas@propertymark.co.uk or telephone 07920 588936.

² https://www.propertymark.co.uk/resources.html?information_type=research

³ <https://www.gov.uk/government/news/social-housing-managers-must-be-qualified-under-new-laws-to-protect-residents>