

Matthew Pennycook MP
Minister for Housing and Planning
Ministry of Housing, Communities and Local Government
2 Marsham Street
London
SW1P 4DF

2 October 2024

Dear Matthew,

Re: Renters' Rights Bill

Thank you for inviting Propertymark to your stakeholder roundtable meeting ahead of publishing the Renters' Rights Bill. Thank you also to your officials who have met with Propertymark Regional Executives, who are letting agents working across the country in small and large agencies.

As the UK's leading professional membership body for property agents, with 18,000 members representing over 12,800 branches, our members want to see greater protections and improved standards across the sector but want to see this done in a fair and balanced way.

Currently, there is concern about the use of anti-landlord rhetoric and how this is leading landlords to take their properties off the market or leave the sector altogether. Our Housing Insight Report for July shows that there were on average eight registrations for each available property with new instructions reducing. Letting agents strongly refute the suggestion that landlord greed is responsible for so called 'bidding wars'. **The lack of supply of homes to rent leads tenants who are desperate for somewhere to live, to offer increased rent.** The Bill in its current form is highly likely to exacerbate this situation with more landlords withdrawing homes from the private rented sector, frequently moving them to short term lets.

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, the withdrawal of tax relief on mortgage interest costs and replacement with a 20% tax credit, removal of the 10% Wear and Tear Allowance for fully furnished properties being replaced with an at-cost relief and Capital Gains Tax rates maintained at higher rates when it was reduced for other assets alongside a rise in corporation tax. One member agent who has 13 offices across the West Midlands has seen a reduction in properties to let since the start of the year from 5,348 to 5,006. Whilst there is churn in the market, increased tax and regulatory burdens are having a significant impact on landlords. The Ministry of Housing, Communities and Local Government must recognise the financial implications of this legislation and wider government decisions and the impact it has on the supply of homes to rent. **To this end, we hope that through the Renters' Rights Bill, you will 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 home to rent.**

Alongside tax and anti-landlord rhetoric, letting agents are concerned that the introduction of a new tenancy regime and the removal of fixed-term tenancies as an option will provide less security for tenants and reduce flexibility in the private rented sector. A fixed term allows security of tenure for the tenant and a guarantee of rent payments for the landlord. They are requested by tenants including many nurses working in hospitals for set periods as well as from overseas and families who want to stay in an area because their children are at a school. A letting agent in Cornwall has seen a noticeable rise in requests for 12-month tenancies and a significant increase in 12-month fixed terms in the last two years. Consequently, the complete removal from tenancies of an initial fixed term will result in every tenancy effectively becoming a short-term let which, with limited supply, will drive up rents for individuals, couples and families looking for a long-term home. **In support of renters, we want to see fixed-term tenancies retained as an option and request that an impact assessment is done on the UK Government's plans to remove fixed term tenancies and shared publicly with the sector.**

Furthermore, with no security of a rental term for a landlord beyond the two months' 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. With landlords exiting the long-term private rented sector, the result would be a reduction in the rental stock available for long-term tenants and consequently increased rents. **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.**

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 being limited to one month's rent, this will change the student sector for both property managers and students. Property managers typically align rent instalments with the release of termly Student Maintenance Loans, so students in England will face cash flow and budgeting pressures. Removing rent in advance requirements will also disadvantage the self-employed and those on a fixed income such as older people who will be impacted by stringent reference checks. Additionally, most international students cannot provide a UK guarantor and are therefore required to pay rent upfront for the year, with this set to not be allowed, international students will likely struggle to access property to rent. **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.**

While some landlords fear having pets can cause damage, we recognise that it can make their property more desirable, encourage tenants to rent for longer and tackle issues such as loneliness. However, some landlords will have had bad experiences and even the best-behaved pet can cause damage. It is a positive step that the Bill will amend the Tenant Fees Act 2019 to allow landlords to take out pet insurance and charge the cost back to the tenant. However, insurance products and costs will vary and are subject to policies being cancelled and renewed that won't align with fixed-term tenancy lengths. There also needs to be very 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 living next to

livestock are unsuitable. **Fundamentally, there is often more of a risk of damage to a property where there is a pet so alongside requirements for pet insurance, the UK Government must enable the level at which deposits are set to be more flexible to reflect this greater risk.**

Finally, 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. **With the plans to digitalise more court procedures relating to housing possession cases, mandatory notices for eviction should be integrated into the Possession Claim system, online platforms for filing evidence must be expanded, more hearings should be conducted remotely, the duration of hearings should be extended and without improving the condition of the court estate including greater support and information on how to use systems and procedures as well as reliable wi-fi, the initiatives will be severely compromised.** Furthermore, waiting times for Private County Court Bailiffs differ drastically throughout England and Wales depending on geographic location and need. A lack of County Court Bailiffs in many areas contributes to delays in enforcing a Possession Order. **Delays can be prevented by increasing the number of judges, more bailiffs are needed along with providing them adequate support and landlords should be provided with automatic rights to a High Court Enforcement Officer to provide a viable and fast alternative service to using County Court bailiffs to evict tenants.**

We look forward to continuing to work with you and your officials as the Bill progresses through Parliament, and hope these comments and amendments are taken constructively and can help strengthen the legislation. Your office can liaise with Propertymark through Timothy Douglas, Head of Policy and Campaigns via timothydouglas@propertymark.co.uk and 07920 588936.

I look forward to hearing from you and would welcome an opportunity to meet to discuss these issues in more detail.

Best wishes,



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