

Call for evidence: Reforming the Private Rented Sector

To: The Levelling Up, Housing and Communities Committee

By: The Intergenerational Foundation

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The Intergenerational Foundation (www.if.org.uk) is an independent think tank researching fairness between generations. IF's guiding principle is that policy should be fair to all – the old, the young and those to come.

Introduction

IF is grateful for being given the opportunity to respond to the proposals set out in the recent White Paper titled "A Fairer Private Rented Sector". IF strongly believes that all policies must be considered from an intergenerational fairness perspective, thereby protecting the rights of younger and future generations. Since its foundation one decade ago, IF has conducted research on the housing crisis and firmly believes that the housing crisis is among the largest issues currently facing young people. Given that an increasing number of young people find themselves in the private rented sector (PRS), IF welcomes proposals to protect the rights of private renters but is concerned that the steps proposed in the White Paper do not go far enough to ensure security for tenants, to challenge unfair rent increases, or to deal with landlords who provide sub-standard housing.

Our response

1. IF supports the mission to halve the number of non-decent homes by 2030.

IF also encourages the proposition for regular, independent checks on the quality of homes provided in the PRS to be fully implemented through measures of oversight by the local council. However, IF believes that tenants in the PRS must not suffer from rent increases as a result of upgrading homes to decent standards. As young people are suffering disproportionately from the current cost-of-living crisis due to their already low levels of discretionary spending, it is important that upgrading homes from a non-decent to a decent standard should not lead to landlords imposing unfair rent increases on their tenants. IF is concerned that those who have suffered from living in non-decent homes might be unfairly punished if mechanisms are not put in place to prevent landlords from passing on the costs of returning their properties to a decent habitable standard to their tenants. In addition, IF supports the general propositions to strengthen tenants' abilities to hold landlords to account by improving local councils' powers to crack down on criminal landlords. IF believes

such schemes must be properly funded through progressive means in order to ensure that the policies can be fully implemented by local councils.

2. IF strongly supports abolishing Section 21.

Those living in the PRS, particularly young families, deserve to have homes for the long term. Long-term security is a win-win for landlords, local councils and local communities as much as for tenants because: it improves local community relations, provides stability for local councils by making it easier to plan local services such as schools, health service provision and transport; it reduces churn in the use of local services such as schools and health services; and it provides educational stability for families with children. Abolishing Section 21 is a vital step in the right direction.

The proposal argues that combining the abolishing of Section 21 with implementing new ways for landlords to repossess their properties under “reasonable circumstances” would strike the right balance between landlords and tenants. IF is concerned that, without proper regulatory oversight, landlords may still utilise methods such as unjustified rent increases to evict tenants. Proposals set out in the White Paper aim to lessen the use of such unjustified measures by landlords, but the ambiguity of what “unjustified rent increases” imply leads to an insecure position for tenants who cannot remain confident that the place they call home will remain so for the foreseeable future. In addition, the latest figures from the “Mortgage and landlord possession statistics” show that we are currently seeing the highest number of rent arrears’ evictions since records began.¹ Simultaneously, according to the latest official statistics available on financial resilience, only 65% of young people in employment could cover a 25% loss in income lasting for three-months.² This was before COVID-19 and the cost-of-living crisis, both of which have disproportionately impacted the financial security of young people negatively. Thus, IF is concerned that making repossession easier for landlords using “reasonable circumstances” may lead to the eviction of many of those currently in rent arrears through no fault of their own, and that the policy proposals must better reflect this.

3. IF supports the proposition to only allow rent increases to occur once per year.

Those living in the PRS already pay high and rapidly increasing rents while simultaneously suffering from the insecurity of potentially being evicted. Allowing for rent increases to occur only once per year would, at least partially, ameliorate the difficulty of planning for the future when living in the PRS.

4. IF supports making it illegal for landlords and agencies to impose blanket bans on those in receipt of benefits or families with children.

IF believes that it is fundamentally and morally unjustifiable for landlords to impose blanket

¹ Ministry of Justice (2022) Mortgage and landlord possession statistics: April to June 2022

² Office for National Statistics (2020) Wealth and Assets Survey: financial resilience

bans on those in receipt of benefits or families with children. Everybody has the right to a decent home, and those in receipt of benefits or with young children may already face a difficult financial situation and therefore should not be further punished by restricting their access to a vast part of the rental market. Currently those in receipt of benefits or with young children do not have the same rights to look for affordable housing options in the PRS, and therefore IF supports abolishing the blanket ban, thereby creating a PRS that is fairer and intergenerationally more just.

5. IF welcomes the indication from this White Paper that tenants in the PRS will, overall, be more protected than previously.

However, IF expresses concern that the lack of affordable housing and the continuously declining levels of social housing stock will exacerbate the housing crisis, particularly for young people. The White Paper and the proposals indicate that the PRS is likely to play an increasingly important role in the housing market, and future generations will suffer from the problems related to relying on the PRS for housing, some of which were outlined in the White Paper. The proposed reforms are unlikely to improve the supply of homes in the PRS, the levels of which have been far too low for too long. Due to the financialisation of the housing market and the astronomical increase in property values over the past decades, finding genuinely affordable housing in the PRS is becoming increasingly difficult in many areas of the UK and impossible in others. IF appreciates that policies must be enacted in order to increase the rights of tenants in the PRS since power currently rests too heavily with landlords, but focussing on policy improvements must not be a substitute for the greater longer-term goal of a de-commodified housing market which guarantees decent, affordable housing for everyone.

Although IF welcomes the proposals, we remain concerned that they do not adequately reflect the full scale of the housing crisis facing young and low-income earners today and do not adequately address the long-term health of the PRS for generations to come.

If you would like to learn more about the work of the Intergenerational Foundation or would like to organise a meeting to discuss the points we raise, please contact:

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