



Renters' Rights Bill: amendment on rent in advance (NC3)

New clause: to place a limit on rent in advance requests to one month

On page 13, after line 5, insert new section 8A:

“(8A) In Schedule 1 to the Tenant Fees Act 2019, after paragraph (1) insert –

“(1A) But if the amount of rent payable in advance of any period of the tenancy exceeds one month’s rent, the amount of the excess is a prohibited payment.””

Effect of amendment

This amendment renders it unlawful for a landlord to demand or accept more than one month’s rent in advance in respect of a tenancy or licence of residential accommodation.

Where a landlord or agent takes an amount of rent in advance which exceeds one month, the excess would be a prohibited payment under the Tenant Fees Act 2019 and can be recovered by the tenant. The landlord/agent may also be subject to a civil penalty (maximum £7,000).

INTRODUCTION

Many tenants are asked to pay rent upfront at the beginning of their tenancy, creating a significant barrier to finding a privately rented home. **59% of private renters reported having to pay rent in advance to secure a property, with some facing demands for 6 months or more upfront.**¹ This has proved an impossible challenge for 835,000 tenants, who said the demand prevented them from securing a property in the last 5 years.² **In some circumstances, rent-in-advance requests act as a deliberate, upstream strategy to discriminate against certain groups in a covert way.** Women, families, benefits claimants, and people with a disability are less likely to be able to afford rent-in-advance requests.

For many tenants, paying more than a month’s rent in advance is not affordable. **45% of working private renters in England wouldn’t have enough savings to cover their rent for more than a month if they lost their job, and 28% would be immediately unable to pay their rent.**³ Even for those households who can manage their monthly rent, additional up-front costs such as rent in advance are difficult to meet.

Benefits recipients face even greater hurdles, being almost twice as likely to have been unable to rent a home in the last five years because they could not afford to pay rent in

¹ YouGov survey for Shelter of 4,023 private renting adults (18+) in England. 14th July – 16th August 2023

² Ibid.

³ YouGov survey for Shelter of 2,002 private renting adults (18+) in England. The survey was conducted online between 29th Feb – 19th March 2024, and the results were weighted to be representative of private renters.



advance, compared to those not on benefits.⁴ With Local Housing Allowance rates being frozen, it already fails to cover the real cost of renting, let alone providing private renters with the means to cover multiple months' rent in advance.

From a practical point of view, Universal Credit payments are paid in arrears, meaning that zero advance rent is made available to benefits recipients when trying to secure a home.

AN UNFAIR BARRIER TO ACCESSING A HOME

It is important to recognise that **rent in advance requests do have a disproportionate impact on individuals or households with a lower income, claiming housing benefit, or without a (financially) reliable support network.** Where people do have savings that they can rely on, having to fulfil requests for large amounts of rent upfront can also leave them in a financially vulnerable position.

In situations where households *can* afford both the monthly rent payments and a deposit, landlord requests to pay more than one month's rent in advance creates a disparity between tenants based on economic status, when it comes to accessing housing in the PRS. For example, the average household rent in England is £1,336. **If a landlord charges 3 months' rent in advance, along with a deposit and moving costs, this leads to an average upfront cost of £6,219 for the tenant(s).** This is simply unaffordable for many (**46% of private renters have no savings**) and does lead to inequality at the point of access to homes in the PRS, where people who have access to large sums of money or a wealthy support network to rely on are de facto preferred.⁵

Property size	Average rent (September 2024)	3 months' rent total	Deposit required (5 weeks' rent)	Moving costs (per tenant)	Est. total cost
Average	£1,336	£4,008	£1,542	£669	£6,219
1 bed	£1,089	£3,267	£1,257	£669	£5,193
2 bed	£1,218	£3,654	£1,405	£669	£5,728
3 bed	£1,357	£4,071	£1,566	£669	£6,306
4+ bed	£2,003	£6,009	£2,311	£669	£8,989

Using 3 months' rent as an example. Source: ONS data - [Private rent and house prices, UK - Office for National Statistics](#)

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⁵ YouGov survey for Shelter of 2,002 private renting adults (18+) in England. The survey was conducted online between 29th Feb – 19th March 2024, and the results were weighted to be representative of private renters.



DISPROPORTIONATE IMPACT ON HOUSEHOLDS CLAIMING BENEFITS

A third of the PRS is made up of tenants who rely on some form of benefits to meet their housing costs.⁶ If the challenges posed by rent in advance for the average tenant look to be insurmountable, those in receipt of benefits will face even greater barriers to securing a home. As well as contending with massive upfront costs, tenants in receipt of benefits also have a monthly scramble to make up the shortfall between the local housing allowance (LHA) rate, and the true cost of their rent.

86% of the households who receive income-related benefits (i.e. households with low incomes) in England have less than £3,000 savings.⁷ Any savings they do have will likely be essential in covering the shortfall between the LHA rate and their rent. For these households, the additional expense of rent in advance of more than 1 month, alongside paying for a 5-week deposit and moving costs, is simply unaffordable or risks pushing them into a financially vulnerable position.

WHAT NEXT FOR RENT IN ADVANCE REQUESTS?

Help end the practice of landlords demanding excessive rent upfront by signing onto and supporting amendment NC3, tabled by Alex Sobel MP, which limits requests to one month's rent.

If you would like to discuss the Renters' Rights Bill with Shelter, please feel free to contact us at public_affairs@shelter.org.uk.

⁶ Shelter analysis of DWP, Stat Xplore and ONS Census

⁷ Family Resources Survey, accessed via Stat Xplore