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Renters' Rights Bill Second Reading, House of Lords

The Renters' Rights Bill is a watershed moment for England's 11 million renters. It could open a new chapter, bring fairness to renting and allow private renters the stability to put down roots in their communities. Renters have been failed for too long – living in a sector characterised by insecurity, discrimination, rising rents, and poor conditions. This bill is a critical opportunity to change that.

The current Bill represents a significant step in the right direction. We strongly welcome the measures introduced to give renters greater security, including the immediate abolition of Section 21 'no-fault' evictions, the extension of notice periods to four months, and the introduction of a 12-month no reletting period. We are also hugely encouraged that the government have listened and acted to introduce a one-month limit on the amount of rent that can be requested upfront, which will help to stamp out discrimination in the private rented sector. Plans that seek to prevent landlords from refusing to let to renters who claim housing benefit or have children without a valid reason are also encouraging.

However, there are loopholes remaining that will leave some tenants vulnerable to economic evictions, misuse of eviction grounds and discriminatory practices in the PRS. To truly deliver on promises made to renters, the Bill must go further to:

1. **Deliver genuine, long-term security for renters**, by limiting in-tenancy rent increases and preventing misuse of eviction grounds. This includes establishing clear evidence threshold requirements for evictions and making more eviction grounds discretionary.
2. **Truly end renting discrimination** by removing all barriers that exclude certain groups of renters, such as demands for guarantors and the highly discriminatory Right to Rent policy.
3. **Ensure renters and local authorities have the tools to enforce tenants' rights**, by improving tenant compensation for discrimination and setting minimum standards for the information required in the Private Rented Sector Database.

The Bill's second reading in the House of Lords presents a vital opportunity for Peers to ensure this legislation is as robust as possible and delivers safe, secure, homes for renters across the country. **To discuss the Renters' Rights Bill with Shelter in person, please contact public_affairs@shelter.org.uk**

Deliver genuine, long-term security for renters

The lack of security, stability and certainty for tenants and their families' is at the heart of the challenges in England's private rented sector. **The loss of a private tenancy remains the leading cause of homelessness in England¹**. From frequent, short-notice and costly moves to the fear

¹According to the latest statutory homelessness statistics, between April to June 2024, 23,800 households lost their last settled home due to the ending of a private tenancy (the ending of an AST and the ending of a private tenancy non-AST). This was more than the next most common reason (family and friends no longer willing or able to accommodate 22,150).

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of reporting disrepair or challenging unfair rent increases, renters live with insecurity day-to-day. The immediate abolition of Section 21 'no-fault' evictions is a crucial and welcome step. However, it is essential that the new system protects renters from unscrupulous landlords exploiting loopholes to evict tenants unfairly. Stronger safeguards are needed to prevent frequent, unwanted and highly disruptive moves.

Once Section 21 'no-fault' evictions are abolished, there is a real risk that unfair rent hikes will be used to force tenants out. For many tenants, especially households on a low income or claiming housing benefit, a rent increase is as good as an eviction. **Over 300,000 renters moved last year because of a rent increase they couldn't afford. That's more than 900 renters a day².**

With 'market rent' serving as the current ceiling for rent increases, many unaffordable rent hikes would still be permitted once the Bill is implemented. Currently, tenants must try to understand what 'market rent' is, before deciding whether to go through the arduous process of challenging a rent increase at a first-tier tribunal. **To offer tenants and landlords clarity on what constitutes a fair increase, rent increases must be explicitly linked to the lower of CPI or national wage growth**, not a vague and unclear definition of 'market rent.' However, the current Bill does not propose to set any further definition or clarity on the current system.

Further measures in the Bill to tackle insecurity, such as the introduction of a 12-month no-relet period for landlords to prevent dishonest evictions are significant steps forward. However, to ensure this measure is enforceable, **clear and robust post-eviction evidence thresholds must be included in the Bill. Research from Nationwide Foundation has found that 1 in 5 landlord sale evictions in Scotland did not result in a sale of the property³.** Further measures could ensure the Bill is even more thorough than Scotland's current regulations and give tenants much greater protection from dishonest and retaliatory evictions.

Evictions cause significant harm and disruption to tenants' lives and are an extreme measure, only to be used as a last resort. **Possession grounds and associated policies should reflect this. The Bill should be guided by the aim of reducing the instances of eviction to cases where there are no alternative courses of action;** however, retaining mandatory grounds for possession, as the current Bill does, is not aligned with this aim. **It is critical that courts are able to prioritise fairness in eviction cases, particularly those involving complex circumstances.** Making more grounds discretionary is key to achieving this.

What the Renters' Rights Bill gets right;

- Extending notice periods to four months is a great step and will allow tenants more time to find a new home on receipt of a valid eviction notice.
- Introducing a 12-month no-reletting period is welcome and will discourage landlords from evicting tenants without valid reasons.

² Shelter/YouGov polling, November 2024. 4% of private renters moved as a result of a rent increase in the previous year. Figures have been weighted and are representative of private renters in England. Population calculations have been carried out by Shelter.

³ Indigo House and Nationwide Foundation, RentBetter: Wave 3 final report, September 2024

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What needs to go further;

- Limit in-tenancy rent increases (“Section 13 rent increases”) to the lowest of CPI or national wage growth.
- Clearer evidence thresholds for eviction - Set out clearly what evidence is required of landlords seeking to evict tenants under Ground 1 and 1A, alongside introducing post-eviction evidence hearings, to establish a mechanism to uncover lawful and unlawful action taken post-eviction.
- Ensuring that more eviction grounds are discretionary will empower courts to prevent evictions where alternative courses of action are possible, as is currently the case in Scotland, to truly protect renters from homelessness and reduce the harm caused by evictions.

Ending discrimination in the private rented sector

The Renters’ Rights Bill presents a vital opportunity to tackle discrimination within the private rented sector and ensure fair access to housing for all prospective tenants. Landlords have relative freedom when selecting tenants – often exploiting this freedom to impose near-impossible conditions on prospective renters. **Practices such as requesting rent in advance or guarantors disproportionately impacts households in receipt of housing benefit, which is a serious concern, particularly given that nearly a third of private renters rely on housing support.** ⁴ Groups such as women, single-parent households, Black and Bangladeshi households, and people with disabilities – who have protected characteristics under the Equality Act - are also disproportionately affected.

The government’s decision to limit rent in advance requests to one month in the Bill is a significant step forward to tackling discrimination in the private rented sector. However, landlord demands for large sums of rent in advance and for a guarantor are two sides of the same coin. Without restricting circumstances in which guarantors can be requested, there is a real risk that landlords turn to such requests as an alternative means to unfairly discriminate when other non-discriminatory options, such as deposits and insurance, are available.

In the last five years, 21% of tenants looking for a private rented property were asked to provide a guarantor, and nearly a third reported that they found it difficult to meet this demand. ⁵ For those claiming benefits, securing a guarantor is even more challenging; **45% of benefits recipients asked to provide a guarantor said they found it difficult, compared to just 24% of those not on housing benefit.** ⁶ Additional criteria placed upon the appointment of a guarantor - that they should earn over a certain amount, be UK-based or own their own home - creates further arbitrary barriers.

When landlords assess a prospective tenant’s reliability, a 5-week deposit, first month’s rent, and passing an affordability check should suffice. It is unclear what additional assurance a guarantor

⁴ Shelter analysis of DWP, Stat Xplore and ONS Census

⁵ 4 YouGov survey for Shelter of 4,023 private renting adults (18+) in England.

⁶ Ibid.

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provides, when only 2% of landlords surveyed by Shelter have attempted to claim lost rent from a guarantor.⁷ When you consider the disproportionate impact that guarantor requests have, as an upstream method for discrimination, the role they play in private renting should be restricted within a clear criteria.

Equally, the discriminatory Right to Rent policy flies in the face of the fairer and more equitable environment the Renters' Rights Bill trying to create. It is out of step with one of the core objectives of the Bill, which is to stamp out discrimination in the sector and improve access for tenants. The Right to Rent scheme contributes to racism in private renting as it encourages landlords to resort to proxies – such as skin colour, name, or accent – to judge whether it is safe to let to them or choose the much simpler option of rejecting their applications outright.

What the Renters' Rights Bill gets right;

- Limiting rent in advance requests to one month is strongly welcomed and will remove a key barrier for certain groups of tenants to accessing a home

What needs to go further;

- Restricting the circumstances in which a landlord can legitimately request a guarantor to those in which a prospective tenant cannot prove the rent is affordable to them.
- The Right to Rent policy has been found to cause racist outcomes and has no place in our renting system – the government should at least commit to a thorough review of the policy and its impacts.

Ensure renters and local authorities have the tools to enforce tenants' rights

The private rented sector in England is characterised by a significant lack of information in local rental markets. This is a key reason that enforcement is so challenging and why transparency in local markets is such a problem. While the Renters' Rights Bill introduces the framework and legislative powers to establish a Private Rented Sector Database, its effectiveness hinges on the database being comprehensive, detailed and current.

Local authorities' enforcement teams spend already scarce resources gathering information on landlords and agents – time and resources that could be better spent conducting actual enforcement action. A lack of data available to local authorities and, particularly, to the public, could mean that unscrupulous landlords do not feel sufficiently disincentivised from continuing to flout laws and their responsibilities to their tenants. **Without a database that collects a comprehensive amount of information, local authorities will continue to struggle to enforce the new standards and regulations.** Further, if the government want to fulfil their promise of empowering renters to challenge unfair rent increases, there must be a commitment to collecting the necessary rent data for tenants to do so.

⁷ YouGov survey of private landlords in England. Total sample size was 1007 adults. Fieldwork was undertaken between 14th - 26th July 2023. The survey was carried out online.

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The Bill leaves much of the detail on the contents and functions of the database to secondary legislation or future policy making. However, it is important that the government sets out in parliament the minimum expectations for key functions and requirements. A fully functioning, detailed database has the potential to drive up standards in private renting and ensure the rights and regulations in the Bill are implemented effectively.

Despite the range of new powers bestowed upon local authorities by the Renters' Rights Bill, **the reforms will only be as effective as the enforcement that underpins them**. If local authorities are unable to fulfil their new functions, bad behaviour from unscrupulous landlords will be allowed to persist, unchecked, throughout the sector.

It should also be acknowledged that the enforcement of new standards relating to discrimination will remain largely dependent on the involvement of those prospective tenants who have faced discrimination to both raise complaints in the first place and support a local authority's subsequent investigations. But a tenant who has been refused a tenancy (likely repeatedly) will still be contending with the extremely pressing issue of where they're going to live and therefore will not have the time or energy for a lengthy and stressful investigation from which they can see no benefit.

Prospective tenants will need adequate incentives to take the step of reporting and aiding investigations into discrimination to give local authorities the opportunity to exercise their new powers. Effective enforcement is contingent on a symbiotic relationship between local authority and tenants, which can only be achieved when the potential 'reward' for enforcement action is sufficient to cover the cost, and prospective tenants can see a benefit to engaging with and supporting local authority investigations. Therefore, civil penalty notices (CPNs) for discrimination need to be increased, and a new mechanism introduced by which a local authority can share a modest percentage of the CPN with the injured party

What the Bill gets right:

- Extended rent repayment orders to apply to company directors, to include a range of new offences and to apply to a 24-month period.

What needs to go further:

- If done right, the introduction of a landlord register will provide transparency and accountability in the sector, which will be crucial in enabling enforcement of existing and new standards.
- Enable compensation for tenants who have been subject to discrimination – either through a share of fines for tenants who raise successful complaints with local authorities or through accelerated access to the Ombudsman.

More detail on our policy positions can be found in our [written evidence submission to the Renters' Rights Bill Committee](#). To discuss this with us, please email public_affairs@shelter.org.uk