

Shelter Briefing: Westminster Hall Debate on the Private Rented Sector

While the country faces unprecedented times, we're asking landlords to be sensitive to any tenants affected by Coronavirus who could lose out on income and temporarily struggle with their rent

Overview

Shelter is the UK's largest housing and homelessness charity. Last year we gave information, support and advice to millions of people experiencing bad housing and homelessness.

The private rented sector (PRS) is the fastest growing housing tenure in England, which over the past decade has changed beyond recognition. Once seen as a short-term stepping stone for students and people moving for work opportunities, the PRS is now the second largest housing tenure in England. The PRS is now home to millions of working people on low to middle incomes, older people and families raising children.

While the sector has grown exponentially, the last significant legislation to affect the PRS was produced in 1988 (The Housing Act 1988). Shelter is calling on the government to significantly update regulation of the PRS by bringing forward robust legislation to make the sector more secure, less expensive and more accountable.

Key stats

- Far from being a step on the ladder to home-ownership, 63% of tenants in the private rented sector have no savings.
- In 2018, according to the English Housing Survey, 25% of homes in the PRS were classed as non-decent.
- Four in ten landlords (41%) have an outright bar on tenants claiming benefits, with an additional 22% saying they occasionally let to this group but prefer not to.

No fault evictions

England's private renting laws currently give renters very little security from eviction or certainty to plan for the long-term. After the first six months of a tenancy and outside a fixed term contract, a privately renting family can be evicted for any reason or none using a Section 21 notice. Shelter therefore strongly welcomes the government's intention to abolish Section 21 'no-fault' evictions. Everyone deserves to have access to a secure home where they can put down roots without the fear of being told to leave their home for no reason.

With increasing numbers of older people and families living in the PRS, this change would rebalance the rights and responsibilities of landlords and tenants: landlords can still regain possession of their properties fairly and renters can be guaranteed a secure place to live. Our latest research found that **over a third of tenants (35%) worry about losing the home they live in, rising to almost half (44%) for those renting with children. For families renting with children, almost a third (27%) said fear of eviction has harmed their health.**

Removing the threat of a no-fault eviction would enable tenants to challenge poor landlord/ agent practice. Recent research from Citizens Advice revealed that **renters have a 50/50 chance (46%) of being evicted within six months of complaining to their local authority about their landlord.** The threat of a Section 21 eviction means renters feel powerless to challenge poor property conditions or unfair charges, meaning rights gained via the Fitness for Human Habitation Act and the Tenant Fees Act are not enforced.

Conditions and Enforcement

In 2018, according to the English Housing Survey, **25% of homes in the PRS were classed as non-decent**. An additional **14% of homes in the private rented sector contained a category 1 hazard**, such as electrical hazards or severe damp, under the Housing Health and Safety Rating System (HHSRS).

The Homes (Fitness for Human Habitation) Act 2018 marked a crucial step forward in enabling tenants to tackle poor conditions. The Act strengthens the law which aims to ensure that all rented accommodation is fit for human habitation; and also strengthens renters' means of redress when properties are not fit for habitation and the landlord refuses to act. If this legislation is to reach its full potential however, we must see the abolition of no-fault evictions within the Renters' Reform Bill and the restoration of Legal Aid so that it covers all housing condition cases. Achieving these changes will provide all renters with the security and financial support they need to hold landlords to account over maintaining good property standards.

Selective licencing schemes are currently one of the best tools that local authorities have to address poor property conditions and landlord practice in their area. Through selective licencing, local authorities can conduct 'fit and proper person' tests on landlords. They also have enhanced powers to inspect properties in selective licensing areas - the local authority has the power to inspect a property without warning, compared to standard enforcement powers where they must give 24 hours' notice. Currently, without selective licensing, proactive enforcement is practically impossible, meaning councils must wait for a complaint from a tenant before they can act. In a Section 21 world, tenants are reluctant to complain due to the legitimate fear of eviction.

Discrimination against people receiving benefits 'No DSS'

Under the Equality Act 2010, it is unlawful to directly or indirectly discriminate based on certain protected characteristics like gender, disability or race. Whilst being on benefits is not a protected characteristic itself, and so 'DSS discrimination' does not amount to direct unlawful discrimination, women and those with disabilities are over-represented as benefit recipients, **DSS discrimination therefore amounts to unlawful indirect discrimination.**

Four in ten landlords (41%) have an outright bar on tenants claiming HB, with an additional 22% saying they occasionally let to this group but prefer not to. Many landlords and agents claim to operate 'no DSS' practices due to mortgage or insurance restrictions. While these policies may have existed in the past, due to Shelter's campaigning, now **all leading lenders have removed their mortgage restrictions**. The FCA have identified just three small lenders which still operate these restrictive clauses. Due to breaching s.142 Equality Act 2010, even if a landlord did happen to have one of these few mortgages, these discriminatory policies would not be legally enforceable. Additionally, nearly half (48%) of landlords have no mortgages on any of the homes they let out.

The British Insurance Broker's Association recently conducted a survey of its members, which found that **58% of their brokers can arrange landlord's rent protection insurance for landlords renting to tenants claiming benefits at very little or no extra cost**. Purchasing an incorrect insurance product does not absolve a landlord of their legal responsibilities – any tenant, at any time, could have to claim benefits for myriad reasons, landlords therefore need to buy the correct product to ensure they are covered correctly. An incorrect insurance purchase does not prevent a landlord from letting a property to someone in receipt of benefits.

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