

Renters Reform Bill - briefing for Public Bill Committee

November 2023



The London Renters Union is a membership organisation representing more than 7,000 private renters across London. In order for the Bill to meet the government's stated ambition of creating a fairer private rented sector, MPs must act to ensure:

- There are effective enforcement measures that discourage illegal behaviour and protect renters from illegal eviction and from damp, mould and other forms of dangerous disrepair.
- Renters are protected from economic evictions.

As members of the Renters Reform Coalition, we also support the briefings the Coalition is putting forward.

1. Improving regulation of landlords to address disrepair crisis

"I complained about disrepair but the council told me all they could do was send me an application for homelessness to fill out" – LRU member in West London

"When I called the council during an illegal eviction, I was told that the council couldn't do anything. I wasn't given another number or any other way to get in touch with my issue" – LRU member in East London

What's the problem?

According to the English Housing Survey, 23% or 990,000 private rented sector dwellings are estimated to fail the Decent Homes Standard. Disrepair reduces quality of life, leads to serious health issues including respiratory illnesses, and puts people at serious risk. The heartbreaking and avoidable death of two-year-old Awaab Ishak due to damp and mould shows the serious consequences of landlord neglect and unsafe housing. **Many LRU members report their children having developed asthma and other respiratory illnesses as a result of damp and mould their landlords have refused to fix.**

Councils are failing to uphold the law

The National Audit Office has found that councils do not make proper use of the enforcement powers they already have to hold landlords accountable such as inspections, improvement notices, fines and prosecution.¹

Freedom of information requests show²:

- 23% of all private rented homes are unsafe but only 1,000 landlords have been prosecuted by councils in the period 2019-2021.
- In 2018-2020, Haringey council received 1,638 complaints in 2018-20 but issued 0 fines.
- In 2017-2020, Hackney only carried out 1 inspection per 70 renters.

LRU members regularly report that **calls and emails to councils about disrepair or illegal eviction go unanswered**. Where councils do intervene, they often approach their role as mediators rather than regulators. Councils are often reluctant to escalate from communication with a landlord towards enforcement action, such as issuing an improvement notice or a fine or prosecution. **It is cheaper for landlords to break the rules than follow them. This gives landlords a green light to break the law - private renting is one of the only areas of the economy where putting people at serious risk has no consequence. Renters have more rights if they buy a faulty fridge.**

Councils are failing to uphold the law for a number of reasons:

- A lack of political will: landlord regulation is not a local political priority for most councils.
- Fear of upsetting landlords: LRU have been told repeatedly by local politicians and senior council leaders that they see it as their role to maintain good relationships with landlords and are hesitant to regulate landlords properly.
- A lack of enforcement leads to a lack of resources: the way the current regulatory system is designed, councils are supposed to issue fines as a way to raise revenue to carry out further inspections and enforcement activity. The light touch approach taken by many councils leaves enforcement teams understaffed and without the necessary resources to regulate landlords properly.
- The problems with landlord licensing: Applying to central government to set up landlord licensing is expensive for local councils and those councils that do

¹<https://www.nao.org.uk/press-releases/regulation-of-private-renting/>

² See FOI request data [here](#) and [here](#)

have licensing schemes are reluctant to use the additional powers to issue fines that the schemes provide.

A lack of clear rules for councils on how to regulate landlords leads to a postcode lottery. Even those councils that are held up as shining examples of good practice only tackle a fraction of unsafe homes. Until a recent campaign by LRU persuaded the council to adopt stronger targets, Brent council said that it only planned to address 10% of the 10,000 homes in the borough that have a serious health hazard in the coming year.

The new PRS Ombudsman won't fix the disrepair crisis

Details on the proposed new PRS Ombudsman remain vague. The existing social housing Ombudsman is slow and poorly resourced. It seems very likely that the new PRS Ombudsman will not have the mandate, resources or powers to carry out enforcement action such as inspections or prosecutions at the scale needed to create a deterrent to illegal behaviour and significantly improve conditions across the sector, nor will it prevent unsafe homes from being put on the market.

Addressing the disrepair crisis requires improving enforcement

The introduction of a legally binding Decent Homes Standard and new powers and duties for councils are welcome. However, new rights for renters are of no use if they are not properly enforced and the proposed new system remains overly reliant on a failed enforcement system that relies on local councils without addressing their obvious failings. The government has not yet made clear how the new landlord database will interact with local licensing schemes and council enforcement powers.

The proposed new enforcement system can be improved in the following ways:

1. **Using the new landlord database to guarantee safety:** Landlords should be required to prove that their home meets the Decent Homes Standard as part of registering on the new landlord database. Proof could come in the form of a certificate issued by a verified third party, as with the current deposit protection or gas safety certificate schemes. This would have the advantage of ensuring a minimum level of safety prior to a house being rented, reducing the reliance on failed council enforcement systems while they are brought up to scratch.
2. **A new right to withhold rent:** In several European countries, renters have the right to withhold rent if dangerous disrepair is not addressed. This new right would act as a cost for illegal behaviour and provide tenants with funds to make urgent safety repairs that their landlords refuse to make.

3. **Mandating and resourcing councils:** To address the current postcode lottery, the Bill and government guidance should ensure that councils are obliged to apply fines and other enforcement measures when homes are unsafe to create a deterrent to illegal behaviour. The government needs to give councils the resources and obligation to regulate properly.
4. **Safety for migrants:** The landlord enforcement system must be safe for migrants to avoid fears about the consequences of reporting . Personal information collected by trusted services, including housing enforcement, should not be shared with the Home Office for immigration enforcement.

2. Economic evictions

By ending Section 21 evictions, the Government is acknowledging that housing security is inadequate in the private rented sector, and bringing Section 21 to an end is a major step forward in improving conditions in the sector.

Without some limit on rent hikes for tenants, some landlords may use their power to increase rent to evict tenants without fault by the back door.

There has been a big spike in rent increases since the start of the cost of living crisis for a range of factors including estate agents and landlords using the current crisis to gauge rents.³

According to Zoopla, rents for new lets in London rose more than 17% in 2022. Across the UK rents have risen sharply in the most deprived areas, increasing by 52% in the past five years⁴. LRU members have reported rent rises of as high as £7,000. **The average rent rise reported by LRU members in 2022 was more than £3,300 per year - more than most people's energy bill.** Rent rises like this are essentially a no-fault eviction notice, forcing people out of their homes and away from their community and support networks.

England already has a limited mechanism by which renters can challenge rent increases within a tenancy. However, renters can only challenge rent increases which are to levels substantially above market rent levels in the area. This current mechanism will not protect renters in high rent growth areas from being subjected to an unfair rent hike as a form of no-fault eviction.

To prevent landlords retaining the power to carry out no-fault evictions through rent hikes, increases on rent should be limited within tenancies to to lowest of:

- inflation

³ <https://twitter.com/LDNRentersUnion/status/1711304597585662256>

⁴<https://www.theguardian.com/money/2023/sep/03/uk-rents-rise-faster-in-deprived-areas-and-drag-more-people-into-poverty>

- the growth rate of the median post-tax income, averaged over the previous three years