

Written evidence submitted by the National Residential Landlords Association (NRLA) (RRB45)

WRITTEN SUBMISSION TO THE RENTERS' RIGHTS PUBLIC BILL COMMITTEE

1.0 About the NRLA

- 1.1 The UK's largest membership organisation for private residential landlords, the National Residential Landlords Association (NRLA) supports and represents more than 100,000 members across England and Wales.
- 1.2 Our members provide and/or manage approximately one million private rented homes across England and Wales
- 1.3 NRLA members range from full-time landlords running property portfolios to individuals letting a single bedroom flat. We help them to navigate the regulatory and legal framework for the private rented sector and provide training and support for landlords to ensure they fully understand their responsibilities and are equipped to provide good quality housing for their tenants.
- 1.4 We conduct regular surveys of our members and other landlords, and tenants, providing market-leading intelligence about private renting. Our research informs our campaigns for policies that seek to improve the private rented sector for the benefit of tenants and responsible landlords. Our most recent survey of over 1400 landlords asked a number of questions regarding the Renters' Rights Bill which has been used to inform our response here. A summary of the findings is attached in an appendix to this submission.

2.0 Summary of our concerns

- 2.1 There are a number of elements of the Bill that we welcome, subject to further detail, including:
 - Establishing an Ombudsman for the private rented sector;
 - Tackling discrimination against benefit claimants and those with children;
 - Banning rental bidding wars; and
 - Developing a decent homes standard for the sector and applying Awaab's Law to it.

However, certain elements of the Bill and uncertainty around its implementation are likely to critically undermine investor confidence and reduce the supply of rented homes.

- 2.2 While we accept that reforming the courts will not be a pre-condition of ending Section 21, landlords need a clear plan outlining what improvements will look like and the expected timelines for possession cases. This should include the time taken to issue a claim.

Similarly, provisions on rent increases risk unnecessary consequences. We recommend a more efficient, less complex method to facilitate rent determinations at an earlier stage.

- 2.3 Protecting the student market is crucial, as its cyclical nature and reliance on fixed terms make it more vulnerable to the reforms than other areas of the sector. Consistent treatment of all forms of student housing is necessary to avoid a two-tier system that damages students' ability to secure accommodation.
- 2.4 We welcome the Minister's statement that landlords need 'robust possession grounds' but we do not believe the proposed mandatory grounds will achieve this. We have particular concerns about the amended mandatory rent arrears ground.
- 2.5 We also have concerns over the potential short period between assent and commencement of the Bill. The sector will need a significant amount of time to adjust their processes, documents and IT systems and provide training to their staff and a short transition window will exacerbate pressures on providers. Administrative delays in certain courts may also make the three-month transition period ineffective in some parts of the country.
- 2.6 It should be added that, whilst the Bill is focused on improving renters' rights, it does not address the fundamental issue in the sector – the increasing supply and demand imbalance. It is important to spell out the gravity of the situation in which we find ourselves – 21 applicants per property on average¹; 1.29 million people on social housing waiting lists²; record-high rents and proportion of formerly rented properties for sale³; the lowest landlord margins since 2007⁴; with record spending on, and number of people living in, temporary accommodation.
- 2.7 The Bill will do very little to address this. It may even make the supply issues worse. In Scotland, where similar reforms have already occurred, the sector declined in size by around 11% between 2017 and 2022⁵ and seen some of the highest rental inflation since the introduction of similar reforms. Urgent action is necessary, such as unfreezing Local Housing Allowance, improving the court service, and reversing damaging tax changes, to stimulate supply in the private rented sector in providing the homes that tenants so desperately needed.

3.0 A plan for the courts

- 3.1 When Section 21 is removed, landlords will need to have confidence in the replacement system. Unfortunately, substantial court backlogs mean possession cases take too long to process.
- 3.2 Ministry of Justice data suggests that it takes an average of seven months for landlords to regain possession using the Section 8 process⁶. In this time tenant anti-social behaviour or rent arrears may worsen.
- 3.3 This average time to regain possession is too high but it underestimates the full delay landlords experience. Government data excludes the significant wait between claim submission and court issuance, which can take up to 60 days⁷ or as long as 18 weeks

¹ Zoopla, [Rental Market Report](#), September 2024.

² Gov.uk, [Social housing lettings in England, tenants: April 2022 to March 2023](#), March 2024.

³ Rightmove, [Record high rents as landlords brace for budget impact](#).

⁴ Savills, [Landlord profitability falls to lowest level since 2007, as interest rate hikes squeeze finances](#).

⁵ [Scottish Household Survey](#) shows a decline in the size of the PRS from 360,000 to 320,000 dwellings between 2017 and 2022. This mirrors a similar decline seen in landlord registrations on the Scottish landlord database. Data has not been published on the period following the imposition of rent controls in Scotland yet.

⁶ According to the latest Government data in the second quarter of 2024 it took an average mean time of 31.7 weeks between a private landlord making a claim to the courts to repossess a property to it actually happening. The data can be found in table 6 [here](#). At the top of the sheet where it says, "Possession Type" on the drop-down menu next to it just click "Private Landlord".

⁷ See the article in the Law Gazette from March 2023 for more on this: <https://www.lawgazette.co.uk/news/county-court-delay-forced-landlord-to-pay-355-court-fee-twice/5115567.article>

in some areas⁸ - longer than the entire transition period or the lifespan of a Section 21 notice.

- 3.4 Given these delays, it is unsurprising that less than half of surveyed landlords can envisage continuing to provide homes while the courts remain slow. Nearly 43% of landlords own just one rental property, and 39% own between two and four⁹. Many cannot afford to wait 13 months for bailiffs to enforce a valid possession order while rent arrears accumulate¹⁰.
- 3.5 Without rapid improvements to court and tribunal processing times, we believe that the previous Levelling Up, Housing and Communities Committee prediction that *'pressures on the courts will be exacerbated by the repeal of section 21, as landlords will seek to regain possession under section 8, especially in the case of rent arrears and antisocial behaviour'* will prove correct. Further court delays risk exacerbating the existing supply and demand imbalance, reducing choice for tenants and leading landlords to exit the sector.
- 3.6 The Law Society warns that increased caseloads will also leave many tenants without the necessary/adequate legal support given the existing barriers in accessing legal aid for housing-related cases. They noted, without *"immediate investment"* to improve access to legal aid support, *"the bill's commitment to progress and reforming the rental market will be in vain."*

3.7 While we welcome the Minister's statement that MHCLG is working with HM Courts and Tribunal Service and the Ministry of Justice to prepare the courts, the details and goals of these reforms are unclear. To build landlord confidence in the new system, the Government must publish a court reform plan that:

- **Clearly defines what a "ready" and "prepared" court system means and outlines the goals of initiatives like digitisation.**
- **Outlines standards for tenants and landlords to expect from the justice system, along with a roadmap for achieving them. This plan should also address the significant delays experienced in many courts before claims are issued.**

4.0 Advance payments of rent

- 4.1 As currently drafted, Clause 1 appears to prohibit landlords from taking rent payments of more than one month in advance, though there is some disagreement on this and clarity would be welcome. However, it should be noted that rent in advance is often offered by tenants with poor or hard to access credit histories, to access housing they would otherwise not be able to secure¹¹. Moves to limit rent in advance may preclude these tenants from the wider rental sector.

⁸ As part of our research, we contacted HMCTS' Family and Civil National Contact Centre and local courts, and were informed that in some areas, claims can take up to 18 weeks to be issued.

⁹ English Private Landlord Survey, 2021.

¹⁰ Based on the initial four month period before a claim can be filed, a further two months for the court to issue the claim, and the average time of 7 months from issue to repossession in the mortgage and landlord possession statistics.

¹¹ For example, where a landlord has rent guarantee insurance, the tenants will have to pass suitable referencing before being offered a tenancy. In cases where the tenant would not pass suitable referencing, it is not uncommon to offer rent in advance as an alternative to this insurance to secure the tenancy.

5.0 Statutory procedures for increasing rent

- 5.1 The NRLA recognises the Government's aim to empower tenants to challenge unreasonable rent increases, while allowing landlords reasonable annual increases. We are concerned that the current version of the Bill fails to achieve this, as it may incentivise tenants to challenge **any** rent increase - regardless of fairness or proportionality - overwhelming the tribunal and hindering landlord's ability to plan for modest annual increases.
- 5.2 Under the proposals, tenants can apply for free to challenge any rent increase, which will then not take effect until the tribunal decides. Furthermore, the rent cannot be set at a higher rate than originally proposed, and subsequent rent increases can only occur at least one year after the last tribunal ruling.
- 5.3 This creates strong incentives to challenge all increases, likely straining tribunal capacity without additional resources. Such delays would undermine landlords' planning and confidence in their investments.
- 5.4 In Scotland, similar rent increase limits resulted in substantially more challenges made per property. According to data obtained by the NRLA under the Freedom of Information Act, between April and July 2024, there were 928 applications made to Rent Service Scotland, averaging at approximately 7.6 cases per day. This equates to around 2,774 cases annually – 0.8% of Scotland's 344,276 private rented households.
- 5.5 If applied to England, 0.8% of 4.6 million private rented households would amount to 36,800 cases a year – a nearly 4,000% increase from the 909 rent increase cases before the Tribunal between August 2023 and July 2024¹².
- 5.6 Current tribunal wait times are already lengthy. Our research found a median of 17.9 weeks for decisions on Section 13 cases between 1 January and 30 June 2024 with a full published decision, rising to 27 weeks with tenant-requested inspections. This would mean fair rent increases could occur only every 16-18 months instead of annually.
- 5.7 Given the potential negative impacts on tribunal capacity and landlord confidence, we urge the Government to consider a different mechanism to prevent unfair rent increases. Tenants should be able to challenge unfair rent increases, but this should not be at the expense of a properly functioning tribunal system.
- 5.8 We share the concerns of the Levelling Up, Housing and Communities Committee about similar proposals from the previous Government. This form of rent determination is resource-intensive, time-consuming, inefficient and unsuited to larger portfolios¹³. It is made worse by the gaps in knowledge about local market rates.
- 5.9 **The Government should reserve tribunal appeals for cases initially determined by another body. In Scotland, challenges are made to Rent Services Scotland shortly after the notice is served. Freedom of Information data found that Rent Services Scotland is very efficient at determining rents – taking an average of just 19 days to respond to and allowing rent increases in line with the landlord's notices.**

¹² As published on 13th September 2024.

¹³ LUHCC, [Reforming the Private Rented Sector](#), 2023.

5.10 The VOA could perform a similar function in England. Tenants could request a determination within the first month of a rent increase notice, and the VOA could respond within the second month of the notice. If tenants remain unhappy, they could then appeal to the tribunal, though given the VOA's expertise on local rents we anticipate few challenges, as in Scotland, where most rent determination are settled at the initial stage.

6.0 Rent arrears

6.1 We agree with the Housing Minister, who said during passage of the last Government's attempts to reform the sector that: "Landlords need robust grounds for possessions in legitimate circumstances, and they need the system to operate quickly when they do." However, the rent arrears ground does not provide landlords with the confidence they need in the reformed system.

6.2 The amended ground 8 will allow tenants to accrue four months of arrears before landlords can apply to court to seek possession. In our recent survey, 67% of landlords identified this as their top concern regarding the Bill.

6.3 Previous surveys consistently found that the main reason landlords serve Section 21 and Section 8 notices were due to rent arrears. For example, in a 2019 survey, 96.8% of landlords who had previously served a Section 8 notice cited rent arrears as a ground, while 83.9% of those who had served a Section 21 notice had done so because of rent arrears¹⁴.

6.4 This demonstrates that landlords do not evict without good reason, but many simply cannot afford to continuously allow rent arrears to build, particularly given high interest rates and court delays. Further delays before being able to start court proceedings will make that issue worse. Data from Hamptons¹⁵ shows an extra month and half of rent arrears would all but wipe out many landlords' margins.

6.5 Increasing the arrears threshold does not support tenants either as it increases their debts and raises the likelihood of landlords seeking money judgements as part of the Section 8 process. It is also questionable whether delaying the court hearing will increase the likelihood of engagement by tenants or facilitate negotiated settlements.

6.6 HM Courts and Tribunal Service (HMCTS) does not record or publish data on the number of defended claims or the number of tenants who attend possession hearings. However, research suggests that most tenants do not engage with the possession process. The Bureau of Investigative Journalism found that tenants missed 69% of possession hearings¹⁶. Similarly, analysis of court cases during the pandemic, where significant delays were introduced by the two-stage hearing process, saw very little engagement by occupiers at any stage of an eviction or with the mediation pilot¹⁷.

¹⁴ NRLA, [Possession reform in the PRS](#), 2019.

¹⁵ [Hamptons](#) has provided an example of an investor coming towards the end of a 2-year fixed rate mortgage on a privately rented home worth £200,00. Assuming they have a 60% loan-to-value (LTV) mortgage at a rate of 2.2%, they would likely have been paying £2,666 each year in interest. Hamptons notes: "With mortgage rates now closer to 5%, their annual payments would more than double to £6,060. Based on the average 6% gross yield in England and Wales which generates £12k a year in rental income, **the average basic rate taxpaying landlord will see their posttax profit shrink from £4,490 to £1,780.**" According to the [Office for National Statistics](#) the current average monthly rent in England is £1,327.

¹⁶ Bureau of Investigative Journalism, [Written evidence](#).

¹⁷ Whitehouse, [Assessing the Court System's Response to the COVID-19 Pandemic in Housing Possession Cases in England and Wales](#).

- 6.7 NRLA research support this, with 61% of tenants absent from housing case hearings at Manchester Civil Justice Centre¹⁸. Similarly, analysis of Scottish possession claims between December 2023 and February 2024 under a similar system to the one proposed, found that tenants attended in only 26% of rent arrears cases.
- 6.8 **To prevent further accumulation of rent arrears, we propose retaining the original arrears limit while requiring landlords to follow a pre-action protocol:**
- **At the first sign of a missed payment, a landlord/letting agent should be required to work with the tenant to prevent them increasing, using the NRLA's 'Golden Rules' to assist with discussions or an approach. This was cited as best practice by the Government during the COVID-19 pandemic.**
 - **Either party should be able to access mediation services before arrears build to two months' worth of rent.**
 - **Landlords may serve notice to repossess if arrears built to two months' worth of rent.**
- 6.9 **If court consideration is necessary, it should be a mandatory ground for possession if:**
- **The landlord (or the letting agent acting on their behalf) can evidence, in writing, that they had sought meaningful discussions to avoid the rent arrears building, even if the tenant did not engage.**
 - **The landlord did not refuse a reasonable proposition by the tenant to address rent arrears. A tenant would need to document, with the assistance of suitable support services if needed, where they made a suggestion as to how they could repay rent arrears.**
- 6.10 **Early engagement would ensure tenants receive information on debt advice and mediation, potentially saving tenancies.**
- 6.11 **Additionally, we are concerned about landlords' access to information regarding payment delays caused by Universal Credit (UC) issues. Unlike social housing, private landlords struggle to access information about tenants' UC claims, particularly where the relationship has broken down. We urge the Government to present a plan for overcoming this issue as it may lead to a significant number of rent arrears hearings that waste the time and money of the claimant.**
- 7.0 **Grounds 1 and 1a**
- 7.1 We understand the Government's intention to deter misuse of the grounds for sale and moving family members into a property. However, we are concerned that the combination of the increased notice and prohibition on reletting periods may ultimately exacerbate supply constraints by increasing the number of long-term empty homes.
- 7.2 The length of the restrictions may also deter new landlords entering the market, particularly the 35% of landlords who rent out a property they either intended to or previously lived in¹⁹. Potential landlords moving away for work, inheriting property, or

¹⁸ NRLA, [A view from the courts: how are possession claims working in practice.](#)

¹⁹ [English Private Landlord Survey](#)

moving in with a partner might hesitate to provide rented homes if they cannot regain possession promptly after a relationship breakdown or moving back to the area.

7.3 To prevent this, we propose some limited exemptions to the minimum tenancy period and the prohibition on reletting the property. These are:

- **If the landlord needs to move back and has no other accommodation available in the area, they should be able to require possession before the 12-month window expires, with local authorities preventing abuse through council tax data.**
- **After possession has been granted, if a genuine attempt to sell the property at market rate fails within six months, the landlord may relet, provided the local authority is informed to assess the sale attempt's validity.**

8.0 Giving certainty to landlords whilst maintaining flexibility for renters

8.1 The Bill allows tenants to give two months' notice at any time after signing a contract, raising concerns that landlords won't have assurance of tenants staying beyond two months.

8.2 Without a minimum tenancy period, landlords cannot be certain they would be able to cover their preparation and lettings costs, currently averaging between £3,000 and £4,000 per tenancy. The actual costs vary depending on whether a letting agent is used to source new tenants.

8.3 Furthermore, the lack of a fixed minimum term could undermine lending in the sector. UK Finance has previously noted: "Most lenders tend to avoid short-term tenancies and often require that their landlord customers impose a minimum six-month initial fixed period on the tenancy. This helps to reduce the risk of missed mortgage payments which are more likely to occur where a landlord offers short tenancies."

8.4 Additionally, in shared homes, one tenant serving notice would end the tenancy for all tenants²⁰, possibly forcing others to leave earlier than expected.

8.5 **We are calling for an initial six-month period before tenants can end their tenancy with two months' notice.**

9.0 Protecting the student housing market

9.1 Off street student housing is the largest and most critical part of the student housing mix. According to the Higher Education Statistics Authority, in 2022/23, 33% of all students lived in privately rented housing. In comparison, 24% of students lived in halls of residence provided by the university or private purpose-built student accommodation (PBSA). Reflecting the increased demand for student housing and the greater flexibility of the traditional private rented sector in bringing properties to market, the number of students renting from non-PBSA providers has increased by 133,000 in the last academic year. In comparison, PBSA provision declined by 15,190 over the same time period²¹.

9.2 Currently, student tenancies commonly align with the academic year, giving both landlords and students certainty about housing arrangements.

²⁰ Hammersmith and Fulham LBC v Monk [1991] UKHL 6; Greenwich LBC v McGrady (1982) 6 HLR 36, CA.

²¹ HESA, [Full-time students by term-time accommodation 2014/15 to 2022/23](#), August 2024.

- 9.3 We welcome the Bill's recognition of the academic cycle for student tenancies, but the proposed possession ground is too restrictive. Smaller one- or two-bedroom properties, in high demand by students, may be pushed out of the student market under the new rules.
- 9.4 The short transition period after commencement also presents a particular problem for student tenancies if the Government achieves its aim of commencement in summer 2025. It may not allow current tenancies to end under either a Section 21 notice or the new possession ground.
- 9.5 For example, if the commencement date for the Bill is 1 June 2025, landlords who rent September to September would have to provide over three months' notice to serve a valid Section 21 notice aligning with the end of the fixed term. As this is longer than the transition period, that notice would end before court proceedings could commence. In the same example, a landlord would be unable to serve a valid notice under Ground 4a as the time window to use the notice would have elapsed before the end of the notice period.
- 9.6 Given that these tenancies are already in place, student landlords cannot adjust their tenancy lengths to accommodate this change. This will likely cause serious uncertainty about whether a tenancy agreement can be agreed for the next academic year. To avoid this, we recommend that the commencement date be set no earlier than 1 October 2025 to give this particular sector an appropriate amount of time to adjust to the new rules.**
- 9.7 In addition to this, while it is not in the Bill, we understand that PBSA will continue to operate outside the remit of the proposed reforms. This will enable PBSA providers to start and end licences on a cyclical basis in line with an academic year. 'Off-street' student accommodation, primarily rented to students who have completed their first year, will not be able to provide similar certainty as the tenancy may be ended by one of the students at any point during the academic year.
- 9.8 This situation risks disrupting the student housing market and is a major concern for students and landlords as it could push student housing providers into the general letting market to fill voids that occur during the academic year, exacerbating the projected shortfall of 450,000 beds for students by 2025²².
- 9.9 To prevent this, we would encourage the Government to look at expanding the planned exemption for PBSA to the wider private rented sector. Many student landlords already provide excellent accommodation and have nothing to fear from a sensible code of practice. It would also provide students with a consistent set of tenancy rules, regardless of who they have chosen to rent from.**
- 10.0 Ensuring a managed transition in the courts**
- 10.1 We want to prevent a spike in the service of Section 21 notices before tenancy agreements are converted to the new regime, as happened in Wales with the implementation of the Renting Homes (Wales) Act 2016. The uncertainty around implementation dates, the short transition window, and the lack of court reform may increase landlord anxiety and drive a surge in possession claims in the short-term.

²² <https://sturents.com/student-accommodation-news/en/2022/08/18/anticipating-a-shortfall-of-approximately-450-000-student-beds-by-2025-as-supply-dries-up/3108>

- 10.2 The Ministry of Justice notes in data from the first quarter of 2023²³: “*In Wales the Accelerated procedure for claims, orders and warrants increased by 236%, 249% and 275% respectively when compared to the same quarter in 2022. In comparison Accelerated procedure for claims, orders and warrants in England increased by 16%, 46% and 95%. This large increase in Wales could be the effect of landlords exiting the sector due to the Renting Homes (Wales) Act that came into effect on 1st December 2022 with more changes set to come in from June 2023.*”
- 10.3 Should a similar increase happen in England, the courts will be overwhelmed, particularly where more cases are contested and require significantly more of the court’s time. Currently, the average time from claim to repossession is seven months²⁴. That is simply too long when rent arrears are building up or an anti-social tenant is harming the lives of neighbours and other tenants. This is why we have continually stressed the importance of court reform and resourcing to secure the confidence of landlords when Section 21 is removed²⁵.
- 10.4 We are particularly concerned about court delays during the transition period after commencement. As drafted the Bill requires landlords to begin a possession claim within 3 months of the commencement date if they are to use an older Section 21 or Section 8 notice. While most claimants will understand this to mean when they file the paperwork at court that is not the case. The Court of Appeal and the civil procedure rules defines the beginning of a claim as when the court issues a claim. As a result, landlords could make a perfectly valid claim early in the transition period only to lose out due to administrative delays in the court. This cannot be right as it creates a two-tier transition period where landlords in busier courts have no transition period while others do.
- 10.5 To rectify this we recommend that the transitional arrangements be changed so that proceedings ‘brought’ rather than ‘begun’ or ‘commenced’ during the transition period will remain valid. This sensible change would allow any valid claim filed at the court within three months of commencement to continue, as per the Court of Appeals decision in *Salford CC v Garner*.**
- 11.0 Ensuring a managed transition for the sector**
- 11.1 The Government has [pledged](#) to ensure a “*smooth transition*” to the new system replacing Section 21 repossessions. We welcome the Minister’s [commitment](#) at second reading that the Government’s intention is to “*give the sector as much notice as possible*” of the changes to come.
- 11.2 Sufficient time is essential for a smooth transition, especially given the desire to convert pre-existing tenancy agreements at the same time. The changes will need to include:
- Drafting new tenancy agreements for the 4.6 million households in the private rented sector in England.
 - Reviewing and potentially terminating any subletting arrangements.
 - Publishing all secondary legislation along with the associated guidance for the sector.
 - Adjusting insurance and mortgage policies and rates.

²³ Ministry of Justice, [Mortgage and landlord possession statistics: January to March 2023](#), May 2023

²⁴ Ministry of Justice, [Mortgage and landlord possession statistics: June to September 2023](#), November 2023. Found in table 6 of the statistical tables.

²⁵ NRLA, [Striking a Balance - Proposals For The Renters' Reform Bill](#), December 2020

- Ensuring the courts and tribunal services are properly resourced and trained on the new requirements.
- Adapting court procedures for an influx of in-person hearings.
- Producing training materials to support property professionals in managing the transition.
- Ensuring landlords, agents, tenants, and local authorities understand the new procedures.
- Training letting agents and updating their internal processes and IT systems.

11.3 Our recent survey data suggests that some landlords might be able to adjust with six months' notice but most of the sector will require up to 12 months to prepare and make the necessary adjustments.

11.4 The NRLA urges the Government to begin consulting the sector now on implementation, giving clarity and time to prepare, rather than waiting until after Royal Assent to start the necessary work.

11.5 Local authorities will also need time to prepare. However, it is also vital that these reforms are shown to be working. That is why we are calling on the Government to:

- **Understand the ability of councils to properly enforce powers to tackle rogue and criminal landlords by undertaking a full assessment of the resources local authority enforcement teams currently have, and will need, to enforce what is proposed in the Renters' Rights Bill.**
 - **Ensure transparency by requiring councils to publish an annual report on enforcement activity related to the private rented sector. Not only would this ensure councils are fully accountable for the work they are doing in this regard, but it would help to facilitate and support the sharing of best practice.**
 - **Champion better enforcement by establishing a new national post of Chief Environmental Health Officer.**
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Appendix – results of our survey into the Renters’ Rights Bill proposal

In preparation for committee stage, the NRLA ran a survey of our members to ascertain their views on the Renters’ Rights Bill. We received 1416 responses to this survey.

Of particular concern from the survey:

- Over two-thirds of landlords ranked the amended rent arrears ground as a serious concern to their business. This is more concerning to landlords than the loss of Section 21, fixed term tenancies, or the enhanced risk of void periods.
- 58% of landlords are not confident they will remain a landlord without suitable court reform. This reduces to 37% with suitable court reform.
- 56% of landlords are very concerned about the future of their business.
- 68% of landlords are currently considering selling some or all of their property in response to the Bill.
- 66% of landlords believe they need between six and 12 months to transition to the new regulatory regime. A further 13% believe they need more than 12 months to prepare.
- Landlord confidence in England is at its lowest levels since we began recording the confidence index. This is reflected in similarly high levels of intent to sell and record lows for intent to purchase.

Confidence in particular elements of the Bill

The results indicate that good landlords support many of the elements of the Bill, particularly around property standards and management. However, in its present form, some of the proposals in this Bill are likely to critically undermine investor confidence in the overall package of reforms. This suggests that the Bill does not provide an adequate balance to keep good landlords in the sector and is likely to exacerbate supply constraints.

When asked which parts of the Bill they are least concerned about our members chose:

- Ending rental bidding wars
- The creation of a landlord database
- The new PRS ombudsman
- The introduction of a Decent Homes Standard to the PRS.

When asked to choose the elements of the Bill they were most concerned with, respondents typically focused on the uncertainty of periodic tenancies and their ability to regain possession when needed. With the most concerning elements for landlords being:

- The amendments to the serious rent arrears ground
- Periodic tenancies
- Difficulties regaining possession using the new sale ground

- The loss of Section 21.

For student landlords, there was greater concern around the loss of fixed terms likely reflecting their concerns over maintaining the cyclical nature of a tenancy.

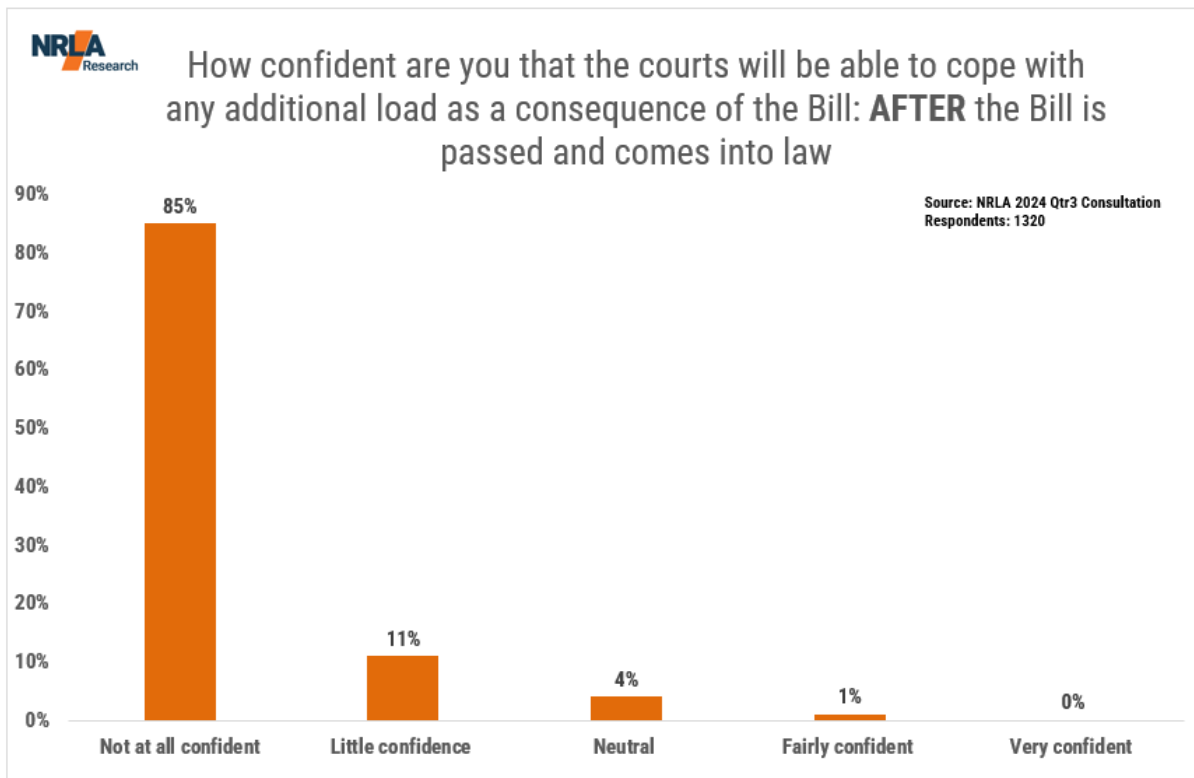
Changes in business practices in response to the Bill

Landlords believe that the Bill increases the risk of their investment and their planned changes to business practices reflect a more risk-averse approach.

- 68% of landlords are considering selling some or all of their property in response to the Bill. The proportion of landlords considering selling is higher amongst smaller portfolio landlords.
- 60% plan to more stringently reference and/or apply stricter affordability criteria when finding a tenant.
- 48% expect to increase rents to offset the risk of void periods.

Confidence in the court system's readiness

Unsurprisingly given the delays experienced, few landlords believe that the courts will be ready for the introduction of these reforms.



This has potentially significant implications for supply in the future. Confidence in a reformed court is a significant determinant in whether landlords intend to stay in the sector and continue to provide homes.



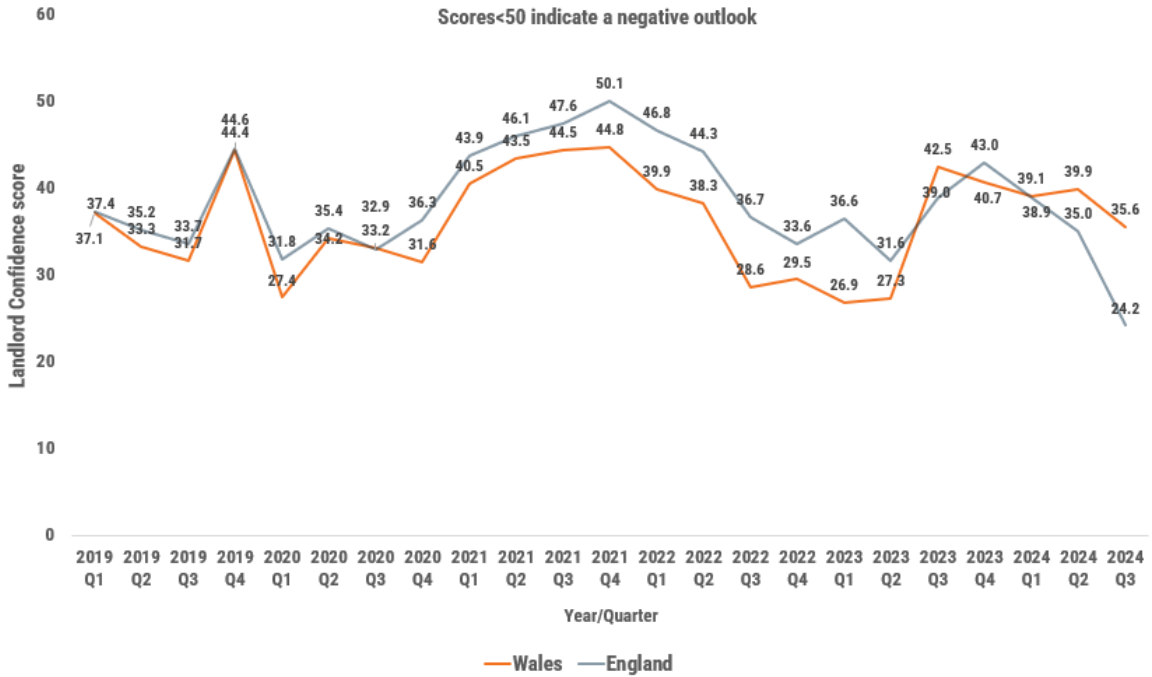
Landlord confidence index

Since 2019, the NRLA and its predecessor organisations have been tracking investor confidence on a quarterly basis. The levels of confidence are generally closely tied to the future investments of landlords, with lower confidence equating to lower investment in new homes for tenants.

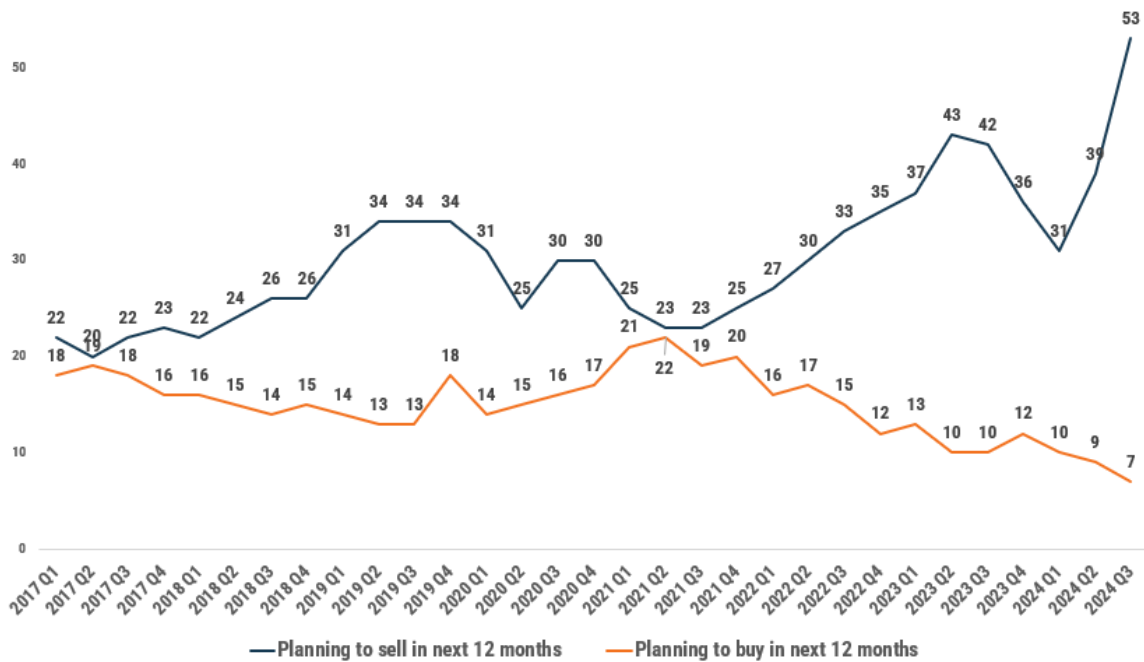
Following the announcement of the Renters' Rights Bill, investor confidence in England has plummeted to record lows. Landlord confidence is now lower than at any point since we began tracking the data.

This lack of confidence is reflected in the data around intended purchases and sales. The number of landlords intending to purchase new properties is now at a record low of 7%. This is less than a third of the landlords intending to purchase property in Q2 2021. Similarly, the number of landlords intending to sell some or all of their property in the next 12 months has now reached a record high of 53%.

**Landlord Confidence Index:
England & Wales compared
Scale 0-100**
Scores < 50 indicate a negative outlook



Landlords planning to buy and sell in the next twelve months



We asked why landlords were making these investment decisions. The key reasons for making changes to their portfolio size were:

- The Renters' Rights Bill (61% of respondents)
- Future tax changes (41%)
- Current levels of confidence in the private rented sector (33%)

While we don't anticipate that all of the landlords planning to sell will actually do so, the survey data suggests that the Bill runs the risk of destabilising a market that most tenants are happy living in²⁶.

This would significantly reduce the overall supply of rented homes and worsen the existing supply-demand imbalance. Good landlords need confidence to stay in the market given the shortage of homes for private rent to meet demand. With 21 households chasing every available home for private rent¹ tenants can ill-afford a further reduction in their choice of homes.

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²⁶ The English Housing Survey found that 82% of private tenants are satisfied with their accommodation, compared to 74% of social renters.