

## **Evidence on the Private Rented Sector**

### **From Citizens Advice Wolverhampton to the Vibrant & Sustainable City Panel**

Citizens Advice Wolverhampton are grateful to the members of the Vibrant & Sustainable City Panel for the opportunity to provide evidence on our client's experiences of renting in the private sector.

Our evidence is drawn from our own local data and experience, and set in the national context by our membership organisation, Citizens Advice, for whom Rights for Renters is a key campaign.

I would recommend the panel look at "The State of Disrepair" report by Imogen Parker and Mette Isaksen, February 2017, (<https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/housing-policy-research/a-state-of-disrepair/>) which draws on Citizens Advice evidence about the private rental sector.

We have been asked for our view on the specific questions below.

#### 1. How big a problem is the ending of Assured Shorthold Tenancies (AST)?

Citizens Advice data tells us that nationally the ending of ASTs is the biggest single cause of homelessness. Locally, our data tells us that a combination of rent arrears and family breakdown are bigger factors in homelessness, but there are other social problems associated with ASTs ending.

Lack of security of tenure makes it difficult for tenants to plan and put down roots in a community. This has particular consequences for social isolation and well being, because people are not building strong links in their locality. Tenants with children find ASTs particularly difficult because of planning for school places and finding local childcare.

Moving from an AST to a periodic tenancy also prevents tenants from making legitimate complaints to their landlord about disrepair because they fear retaliatory eviction. As a result people continue to live in poor quality housing, which is detrimental to their health and wellbeing. The reduction in scope for housing Legal Aid in 2013 has meant that only disrepair that is evidenced as being a threat to health and safety is eligible for legal aid funded advice and representation. This is a high bar.

Where tenants do want security of tenure and seek a further fixed term agreement, landlords can and do charge additional fees.

Even having been given correct notice, the statutory notice period is inadequate for people to find somewhere else suitable to live, particularly where they may need to outlay finance for letting agents fees, deposits and moving costs.

2. Why can't people move on to another private rented property?

Our evidence and anecdotal experience suggests that people cannot afford to move. There are often large upfront costs - like letting agents fees, deposits, moving costs - which can be prohibitive.

Universal Credit has made significant changes to how housing costs are paid. The benefit is paid in arrears, and has a minimum waiting period of 5 weeks before the first payment is received. This puts the vast majority of claimants we have advised into immediate rent arrears, which they struggle to repay. The reasons for being granted an alternative payment arrangement (whereby housing costs are paid directly to landlords) are much reduced under Universal Credit. Universal Credit is also paid monthly in arrears, meaning rent can only be paid monthly. These changes have made landlords more wary of renting to people who are currently claiming Universal Credit or other working age benefits (who will migrate to Universal Credit at some point in the future). This has therefore reduced the pool of available properties for those on the lowest income.

3. Do you know of the Rent with Confidence Scheme, if you do, what are your thoughts on it?

Yes, we know about it. We think it is a good idea to drive up standards in the local private rental sector.

The scheme is clearly new and growing. Our clients tend to be living on lower incomes, and there seem to be fewer landlords offering low cost properties using the scheme. It may take different incentives to encourage landlords with this type of housing stock to join given that their prospective tenants do not have much choice or market power.

4. What would you like to see happen to reduce the amount of homelessness caused by the ending of ASTs, and illegal evictions?

Deposit guarantee schemes and rent guarantee schemes can help people to move to new properties. We would welcome exploration of these schemes in Wolverhampton.

Under the Housing & Planning Act 2016 local authorities have been given the power to apply civil penalties as an alternative to prosecuting landlords, and as a means to potentially fund future enforcement action. We would like to see these powers used.

From October local authorities will be able to access a 'rogue landlord and agent database', but they have no duty to share this information with local advice agencies or tenants. Opening up access would help tenants avoid the worst offenders.

We would encourage the government to broaden scope of Legal Aid in housing to enable people to challenge evictions or obtain compensation in more cases.

We would like to see a range of measures to encourage a greater security of tenure and longer tenancies. This could include the creation of 3 year terms with break clauses, and including a willingness to offer longer terms as part of quality mark schemes for landlords.

5. What would you like to see done to improve the private rented housing sector?

There are clearly issues with the private renting sector. In Wolverhampton we deal with a disproportionate number of issues about the sector compared to local housing tenure: in 2016-17 21% housing issues presented related to private sector rentals, but they represent only 13% of housing stock.

Benefit changes have meant that social housing can be unaffordable for people with the lowest incomes (benefit cap, bedroom tax, amongst many other issues). This means the most marginalised and vulnerable people can be moved into the private rental sector. They have the lowest bargaining power because the amount of rent they can afford to pay is usually fixed by their benefit income. They are also often unable to raise letting agency fees and deposits, making them stay in less than satisfactory accommodation, which can be prohibitively expensive to heat and in poor repair.

We would welcome greater engagement with landlords and letting agents, as we have with the social housing sector. This can be challenging as private landlords are a very diverse group, but we believe there will be better outcomes for everyone if we can increase engagement.

We would like to see local authorities have the power to ban landlords who repeatedly fail to fix disrepair issues. We are also seeking an amendment to the Civil Procedure Rules to allow courts to adjourn section 21 hearings where a defence of disrepair has been raised but an Environmental Health inspection has not yet been completed.

We would like to see measures to incentivise energy efficiency improvements in private rented property. Some of our clients are living in homes they cannot heat because of poor insulation or inefficient heating systems.

We welcome the continued funding of housing advice in Wolverhampton as part of the advice contract. This means we can challenge poor practice and defend the rights of tenants.

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