

## Levelling Up, Housing and Communities Committee White Paper: *A fairer private rented sector*

### Call for evidence

22 August 2022

Kineara's response to the White Paper is based on our direct experience of providing tailor made support services to all households where their tenancy is at risk and those who are deemed 'vulnerable'. Our objective is to prevent eviction and where we can, intervene earlier to reduce the risk to tenancy. We currently deliver our Rent Support Programme working holistically with families and individuals to residents in Southwark living in the PRS. The programme is funded by Impact on Urban Health, and it is a partnership between Southwark Council, Southwark Law Centre and Kineara, designed to look closer at the impact of housing on health. In the last year, Kineara supported close to 100 households to prevent homelessness. From the perspective of our work in households in the PRS within Southwark Kineara sets out answering the question 'Will the Government's White Paper proposals result in a fairer private rented sector (PRS)?'

#### Improving landlord and tenant relationships

The private renters support programme is unique in that it works to support both tenants and landlords. From our experience of working within this context we suggest the following approach:

- Mediation between landlords and tenants where relationships have broken down
- A support service who can help the tenant action agreements made through mediation such as help people who are digitally excluded apply for benefits, DHP (Discretionary Housing Payments), set up direct payment to landlords, income maximisation and support other needs identified such wellbeing, mental health, physical health, sign posting to support services and family support
- Solicitors intervene early enough for people who cannot afford legal advice and are not in receipt of legal aid. This would be to ensure that notices are served legally and supports people to walk through the eviction process with awareness.

In response to Point 10: 'Make it illegal for landlords or agents to have blanket bans on renting to families with children or those in receipt of benefits (so called 'No DSS' bans).'

Although letting agents and landlords are aware that they cannot discriminate against people receiving DSS or LHA (Local Housing Allowance), many still will not continue the process with someone on benefits, or they provide additional hurdles that low-income families cannot pass such as requesting

- For a guarantor who are homeowners and earning above £45,000
- References to evidence income of at least 2.5 x the rent
- Up to 5 weeks deposit and a month's rent upfront

For example, the Kineara team working with Private Renters in Southwark recently went to estate agents to see if they could build relationships with estate agents to help rent to people reliant on 'DSS'. All the estate agents they went into said their landlords would not accept anyone on benefits to be placed into their properties and they were not interested in knowing about our service and what support we offer. Other letting agencies such as GMandK ask for payments to view properties in the PRS <https://gmandk.com/>

Some local authorities try to mitigate against these requests from landlords and agencies by offering incentive schemes. The issue is that these vary: some local authorities don't offer anything, but some offer extremely high rates. A recent case that Kineara worked on the client lost the property as the landlord decided that the offer from a neighbouring borough was higher despite being offered £3854 as an incentive payment on top of the rent.

According to our findings through case work, some of the reasons that landlords are not accepting people reliant on benefits is because:

- LHA does not match the price of rent; in nearly every area of the UK LHA is lower than the rent of PRS properties, meaning that the quality of properties available to people reliant on LHA is of poor quality and areas that are generally further away from where they want to be.
- LHA is paid in arrears meaning that rent up front is important, often the last payment is made when someone has left a property.
- Stigma. From our conversations with landlords and letting agents, many have heard of bad experiences of people not paying rent or leaving the property.
- Eviction process. A landlord we work with wanted to be a social landlord and support tenants who were having a challenging time and reliant on benefits. The tenant couldn't afford to pay the rent of £1400 due to health conditions and not being able to work, the tenant used up his savings and applied for UC (Universal Credit). Due to the LHA rate being £895 and the rent being £1400, the tenant applied for help in DHP, he was unsuccessful. The eviction process went on for almost 1 year during which only half the rent was paid. The landlord asked 'how can I take that risk again? The tenant had support from the council and support services, yet I wasn't paid as the LHA is too low. The risk (for taking clients on benefits) is too big'

#### Further responses to the call for evidence

1. What do the proposals in the White Paper and other recent reforms indicate about the role the Government envisages the PRS playing in providing housing nationally?

There is an increase of PRS being used instead of social housing, especially in London where people are waiting considerably longer for social housing. The issue this creates is many people never feel that they have a long term 'home', and they lack sense of security. Children are being forced to change schools



and people are leaving their support networks as they move further away to find cheaper accommodation. One the key issues that are not covered is that LHA does not cover the rent of most PRS properties, therefore finding affordable accommodation is difficult. In Southwark where Kineara operates the rent support programme in 2020 only 1 in 10 PRS properties covered by LHA and nearer 1 in 20 for one-bedroom properties (<https://www.southwark.gov.uk/news/2020/jan/local-housing-allowance-announcement-does-it-go-far-enough>).

To be able to afford the rent, some of our clients rely on discretionary housing benefit (DHP) to top up the rent. If the DHP stops, they will quickly be in rent arrears. It would not be enough to simply increase LHA without reviewing the benefit cap. Many households in London and other areas where rent is high are affected by the benefit cap. This leaves many of the households we work with, including families, less than £400 a month to buy food, pay for bills and other necessities.

2. Do the proposals for reforming tenancies, including the abolition of Section 21, strike the right balance between protecting tenants from unfair eviction and allowing landlords to take possession of their properties in reasonable circumstances?

From Kineara's perspective, changes are yet to take place to improve support for tenants renting in PRS. There needs to be a longer notice period of at least 4 months for no fault eviction when, for example, the landlord is selling the house. Moving is extremely expensive and those on lower incomes are again the most marginalised and affected by these costs. It takes time to save up for moving costs, extra month's rent and deposit, as well as finding a suitable accommodation.

There are always loopholes that landlords will use instead of section 21. They could say they are moving back in or a family member is with having no intention of doing so, and instead their plan is to increase the rent for new tenants. Evidence needs to be required from landlords why they need the property before eviction can be allowed and the property cannot be allowed to be rented again until at least 12 months' time.

3. Overall, what additional pressures will the proposals place on local councils, and how many of these will require new burdens funding?

With an increased use of the PRS for all councils, this means that PRS stock is in demand and therefore landlords can increase the rent. Most boroughs use an incentive to encourage landlords to accept clients reliant on LHA to pay the rent. This varies from borough to borough meaning those with the most incentive are more likely to secure the property.

Kineara's senior practitioner was mediating between a landlord and tenant; she supported the tenant to apply for DHP to cover the rent arrears and was successful. However, the landlord said, 'it's financially a better move to evict a tenant and get a new tenant in after 12 months so they can get a new incentive'. The LA paid the landlord £3000 to extend the contract for a further 12 months.

Local authorities will need more resources to ensure that new regulations, such as no discrimination for those receiving benefits, have children or pets, are adhered to. Courts have already ruled that 'no DSS' is unlawful as it discriminate against those who are disabled, as well as women. Kineara has encountered



landlords and letting agencies on a daily basis that say they do not accept DSS, therefore needs to be enforcement officers to help fight discrimination for those looking to rent.

We have also worked with Landlord who would like to rent their homes to tenants on DSS, but due to the delay in DSS payments. They feel unable to rent their home without putting themselves at financial risk. The incentive payment from local authorities helps to address this, however, only people at risk of homelessness are entitled to the scheme. A better alternative would be to change UC so that it does not get paid in arrears.

### Recommendations

Although the White Paper attempts to address some of the issues by abolishing section 21, Kineara suggests there are many more issues that have not been covered in the White Paper. Working with households living in the PRS, Kineara found that more needs to be included in the early intervention stage, the government must prevent evictions and provide people some time and space for tenants to find somewhere suitable to live.

Rent needs to be regulated with a set amount that landlords can charge and this needs to be managed pan London. It needs to be easier for tenants to set up for benefits to be paid directly to the landlords as with the fuel bills and costs of food increasing, there are going to be tougher financial choices for all households - especially families - to make.

