



## THE RLA'S MANIFESTO FOR THE GENERAL ELECTION 2017: MAKING RENTING BETTER.

- Boosting housing supply
- Security for tenants and landlords
- A fairer approach to welfare reform
- Effective enforcement, not more regulation
- Warmer, healthier homes
- Cutting up front costs

#PRS2017

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The country faces a housing crisis. Buying a home is out of reach for many, and not enough houses are being built where people want to live. The private rented sector (PRS) has doubled in size and now provides a home for one in five households.

Demand for private renting is set to increase, with more and more people opting for the flexibility and choice offered by the sector. RICS estimates that 1.8 million new homes to rent are required by 2025. The RLA believes the PRS is an essential part of any solution to the housing crisis.

The army of small landlords, who provide the majority of rented accommodation, need to be supported by policies that boost the supply of safe, secure and legal homes to rent. The minority of truly criminal landlords need to be driven out the sector by more effective enforcement action.

In addition to our ongoing campaign commitments to reversing the restriction of Mortgage Interest Relief for landlords to the basic rate, scrapping the right to rent checks and opposing rent control, landlord licensing and registration, we have developed 6 key asks specifically for the General Election:

1. Boost supply of new homes by bringing unused land and empty properties into use for private rental homes, coupled with positive taxation policies that promote growth.
2. Establish a new specialist housing court to deliver quick and cost effective justice to help landlords and tenants to enforce their rights.
3. A fairer approach to welfare reform for landlords and tenants, giving tenants claiming Universal Credit the choice of having rent paid direct to their landlord, and speeding up the claim process.
4. Effective enforcement against criminal landlords through guaranteed long-term funding for local authorities, backed by a system of co-regulation for the majority of law-abiding landlords.
5. Support landlords to improve energy efficiency in private rental homes for the benefit of tenants and the environment.
6. Create a new deposit trust for tenants enabling them to transfer deposits seamlessly between tenancies.

### Boosting Housing Supply

Recent government policy has undermined the confidence of private landlords. A series of tax changes has targeted landlords, in an attempt to boost home ownership and help first time buyers. Instead, the measures have stalled the whole housing market, with ARLA, RICS and CML all reporting a lack of homes for sale and to rent.

Nor have these tax changes made things easier for tenants, with landlords seeking to recover losses through a combination of increased rents, reducing maintenance spend, selling properties and switching to short-term letting.

**The new government needs to support independent private landlords investing in housing by revisiting these damaging tax policies.**

The introduction of a 3% surcharge on SDLT rates on the purchase of second properties looks set to deliver a huge cash windfall for the government – an additional £1 billion in 2016/17 alone. Combined with MIR restrictions, there is a danger that private landlords become a cash cow for the Government, rather than key suppliers of badly needed homes to rent.

**The RLA believes that the restrictions on tax relief for finance costs introduced in April this year are wrong and should be reversed. At the very least they should be applied only to new borrowing for new purchases, using the SDLT windfall.**

The Government could use the tax system to go further to promote investment by independent private landlords, boosting overall supply:

- Use of rollover relief for capital gains when re-invested in new build property, or when sold to the occupying tenant or first time buyer.
- An exemption from the additional SDLT charge for investment in new housing supply.
- VAT relief for build-to-rent

Private landlords have a good record of investing in new homes and bringing buildings back into residential use. This includes building homes to rent on small plots that are of little interest to corporate developers, but can blight communities. **The RLA proposes that public bodies such as councils, the NHS and central government departments should be encouraged to identify small plots of surplus public sector land for development for up to 10 units of rented housing.** Such a policy would increase the availability of rented homes, support small, local builders and generate revenue for public bodies.

## Security for Tenants and Landlords

The average length of tenancies in the PRS is growing, and now stands at 4 years. Landlords are increasingly willing to offer longer tenancies, when asked by a tenant. However, there are barriers to longer tenancies, including mortgage and leasehold restrictions, and government should address these, rather than imposing mandatory 3 or 5 year tenancies.

Landlords do not evict tenants for no reason. The most common reason for a landlord to end a tenancy is rent arrears. However, the current 'section 8' process is too slow and fails to provide certainty, meaning landlords rely on the 'section 21' no fault eviction process. It currently takes an average of 43 weeks for a landlord to regain possession of a property.

It currently takes an average of 43 weeks for a landlord to regain possession of a property. If landlords are to offer longer term tenancies then both they, and lenders, need assurance that when a tenancy breaks down through rent arrears or anti-social behaviour the property can be repossessed quickly. Seven months where a landlord is not receiving rent, or the property is being damaged is too long, and is why the s21 process is needed, and the s8 process needs reform.

**In addition, the RLA calls for a new, specialist housing court to be established to both speed up the housing justice system and ensure that housing cases are heard by judges with specialist knowledge in what is an increasingly complex area of law.**

## A Fairer Approach to Welfare Reform

As the availability of social housing shrinks, more and more people claiming benefits are reliant on private rented housing. Councils are increasingly using PRS accommodation to meet their homelessness obligations.

The RLA supports the principles behind Universal Credit, but its design and delivery is causing considerable problems. Landlords are increasingly turning away tenants who claim benefits as the perceived risk of rent arrears is just too great, as housing costs are paid to the tenant and not directly to the landlord. In addition, many lenders will not allow landlords to let to tenants claiming benefits, as part of their mortgage conditions.

Universal Credit is paid in arrears. There is a seven day waiting period before a claim can be made, and it is taking seven weeks on average to process a claim, meaning tenants are often months in rent arrears before a single payment has been made.

**The RLA is calling for changes to Universal Credit, to allow tenants to choose to have rental payments made directly to their landlords, where they feel this is best for them.**

**We are also calling for an end to the 7 day waiting period, before a claim can be made, and for the processing of claims to be speeded up.**

**We also support calls for the creation of a national bond and rent guarantee scheme, to increase the availability of private rented accommodation to help people out of homelessness.**

## Effective Enforcement, Not More Regulation

With over 150 Acts of Parliament and 400 regulations, the PRS is not unregulated. Instead, due to a lack of resources or lack of will, there is a lack of enforcement by local councils. Regulation without enforcement lets down tenants and good landlords.

The Housing and Planning Act introduced new powers for local authorities, including civil penalties for certain housing offences, with councils able to keep the fines to fund enforcement. While this is welcome, long-term action to drive the criminals out of private renting should not be dependent on ad hoc funding, or on councils being able to issue enough fines to employ staff. **The RLA is calling for guaranteed long term funding of housing enforcement, that will allow councils to plan ahead and take effective action against those who exploit tenants through dangerous, overcrowded or unhealthy properties.**

The RLA believes that the PRS is mature enough to implement a regime of self-regulation, taking pressure off hard-pressed local authorities and freeing up further resources to target the criminals operating in the sector. **We favour co-regulation, whereby compliant landlords could join a government approved scheme, with code of practice, providing alternative dispute resolution for tenants with complaints about their accommodation or landlord.** Landlords who did not join a co-regulation scheme would continue to be subject to local authority regulation and enforcement.

## Warmer, Healthier Homes

From April 2018, homes let under new tenancies will be required to meet a minimum energy efficiency standard, and have an energy performance certificate rating of E or better. It will be illegal to let F or G rated properties. It is expected that the minimum standard will rise progressively, with homes to rent expected meet a C rating by 2030.

The PRS contains many older properties, that are difficult and expensive to bring up to standard. A third of properties are 100 years or older. Additionally, the government has effectively removed the former Green Deal funding that offered support to landlords in meeting the minimum standards, and that in future landlords could expect to pay up to £5,000 upfront. RLA research shows that landlords want to invest in their properties,

to reduce fuel costs, but would struggle to fund improvements that would meet the highest energy efficiency rating possible.

**To support improvements to PRS properties beyond the proposed minimum standards the RLA calls on the government to allow any work carried out as a recommendation on and EPC should be tax deductible.**

## Cutting Up-front Costs

One of the biggest barriers for tenants is the upfront costs of a tenancy, including agent fees and finding money for a deposit. In fact, when moving from one rental property to another, tenants may find themselves having to fund two deposits, needing to pay the deposit for their new home before their original deposit has been released.

**The RLA wants to change the way deposits operate, through the creation of a 'deposit trust' for tenants.** This would see deposit money paid in to an account, frozen at a minimum balance. When the tenant moves home the deposit would transfer to the new tenancy. If there was a claim on the deposit by their old landlord, this could be covered either by the tenant topping up the account by the required amount, or through a short-term insurance policy. If tenants expected to move to a larger or more expensive property, they could top up their deposit trust over time, or if moving to a cheaper property with a lower deposit, the minimum balance could be reduced to the new deposit level and the difference paid back to the tenant.

