

ELGC COV 07

Ymchwiliad i COVID-19 a'i effaith

Inquiry into COVID-19 and its impact

Ymateb gan: Cyfaill meddiant

Response from: Possession Friend

Call for evidence — Submission by - Possession Friend.uk

Impact of COVID

I'd like to explain that my company are Private Sector Housing Consultants dealing with legal issues across the PRS, mainly (but not exclusively) for Landlords.

Possession of properties from problem tenants is a large part of our work. 'Problem tenants' are actually a huge understatement, as the many cases that come to us are of serious and persistent rent arrears, damage or Anti-Social Behaviour, often serial bad tenants.

By the time our clients have actually decided it's time to engage professional assistance, they've usually been trying to deal with the matter for a considerable time (without success) and the magnitude of the rental shortfall mandates that they need to take further professional steps.

Unfortunately for Landlords, the legal system around renting has become so complex, duplicitous and confused of the last decade and more especially since 2015 onwards, that Landlords are unable to successfully navigate the legal process without assistance.

45% of landlords own one property and it may have been acquired through a bereavement in the family and a decision to retain the property to bolster living income and also provide for a pension boost.

We have carried out work for Low-paid blue-collar workers who are single property landlords. During this Corona virus period, some of these blue-collar landlords have rightly been acknowledged by public, media and the government as 'key-workers'

The rhetoric from Government in Wales (and England) and everything published is to use the "Landlords and tenants" synonymously as being fair to both and even-handed, when actually, nothing is further from the truth. I'll use one recent [of many] example MHCLG Press release 18th of March, 2020. I reference this as English, but Wales has followed much of MHCLG's lead during the Corona virus. Please read further references to English government stance in the vein that the Welsh Assembly has followed.

*" The government has announced a radical package of measures to protect renters **and landlords**. "* and ... recognising the additional pressures the virus may put on landlords, we have confirmed that the 3 month mortgage payment holiday announced yesterday will be extended to landlords..."

Radical, yes but protecting landlords – absolutely NOT. The only 'charade' of landlord protection was a 3 month mortgage payment holiday. The inference being that the government had somehow agreed or instructed private mortgage lenders to allow a 3 month deferment from mortgage payments. What landlords have subsequently found from many lenders is either an outright refusal or restrictions associated with a deferment (such as credit damage and no further mortgages issued by that lender to any landlord applying for a deferment.) Clearly then there had been no such

agreement, and of course, government is in no position to instruct private businesses [mortgage lenders] on their loan arrangements, unlike what has been engineered against landlords.

Effectively, private rented property has been sequestered by government for 3 months which has been achieved by the removal of established justice procedures. This will come home to roost post Corona, see my opinion (3) below.

1)

Let's take an example of this, by looking at the first of the three areas of the enquiry support provided to those in the Private rented sector, rough sleepers and homeless. Landlords are noticeable by their exclusion.

Of the Landlords that have sought our services, rental losses have been a personal and significant impact upon them. Many have talked about how they would have to adjust and cut back on their personal spending as a result of the tenants not having paid rent. In our experience the rent is used as a critical part of the landlord's financial commitments. With single- property landlords, we've known cases where the tenant's income has 'exceeded' that of the blue-collar landlord.

2)

Regarding current and immediate concern for these groups, I'd suggest you enlarge your 'group' to include all participants, i.e. landlords who have lost rent during the so called, no need to pay – 'holiday' period. What a damaging faux pas that was ! We are hearing of many instances of landlords being refused mortgage deferments. (see 3) below.

The reason that the enquiry should be concerned about the impact of non-paid rent during Covid-19 to landlords, is that a number of them will be forced to exit the market, and a number of others simply choosing to do so.

It shouldn't have escaped anyone's notice that the number of private rented properties available over recent years has been declining.

I can give you an example of a landlord that isn't financially forced to have to 'take any – the wrong tenant'. Over the course of 2 months advertising, the property was let to the 79th applicant. When asked where they were staying presently, a number said with friends or family but that it was over-crowded. (but don't get accurately recorded) Many were asking to rent a property that their finances clearly could not sustain.

The government's statistics of declining accommodation is a charade that deceives the reader and damages tenants and Landlords alike, in that there is no discrimination. In 2011 government introduced The **New Homes Bonus**, a grant paid by central government to local **councils** to reflect and incentivise housing growth in their areas. It is based on the amount of extra **Council Tax revenue raised for new-build homes, conversions** and long-term empty **homes** brought back into use.

For all intents and purposes, this seems a laudable initiative. Its when you look at the enhanced vigour which the Valuation Office Agency has pursued the disaggregation of council tax banding in Houses in Multiple Occupation that the sleight of hand is apparent. Much needed shared housing accommodating tenants at the most economical end of housing is being 'council-taxed' out of

existence to produce new 'units of accommodation,' as defined by the additional council tax bands 'created.'

The effect of this is either the accommodations rent becomes more expensive for the bedsit tenant, or the landlords providing these multiple units of accommodation withdraw from the market. Such deception is 'right up there' with the double-counting of PPE gloves for front-line workers during Covid-19. Meanwhile the units of accommodation figures are manipulated from reality.

3)

As for what might happen, 'post-Lockdown' – I'd think pretty much the same that's going to happen in many other countries, as has already been published. I would also suggest you don't ask anyone's opinion who isn't a landlord – 'got skin in the game'. Having a Minister (or Ministry) of Housing that doesn't have Landlord experience, is about as dangerous as having a carpenter carry out heart surgery.

A significant number of renters will be in arrears, some of these will be genuine cases whilst others will have 'jumped on the bandwagon' hoping to ride the free wave.

There will be a noticeable number of [further] landlords exiting the market – less accommodation.

Less available resources will have the inevitable price effect on any scarce resource

There will be more (legally justified) evictions.

These evictions will take much longer than the 5 – 8 month current timeframe (from issue of notice to bailiff eviction) partly due to the backlog of the 20,000 existing cases in the system and also to the more than usual number about to be instigated for rent arrears on the lifting of the eviction ban.

County courts will be overwhelmed, not only will there be a massive delay in justice for those Landlords that have real Rogue tenants (concept unfamiliar to government) but this will have a knock on effect to other civil justice issues competing for the courts time. The government (MHCLG's) request to the Master of the Rolls to periodically change all existing Assured Shorthold tenancies into Assured tenancies, by virtue of applying Social Housing Pre-Action Protocol will have temporary effect but longer term consequences. The rate of successful rent arrears evictions will slow, but this will only serve to encourage even more Landlords withdraw and many of those that remain effectively close-off their properties to a larger economic section of society.

The only answer I can see to this is for a streamlined Possession process to be devised, and devised quickly.

There will always be a proportion of tenants who will appear before a court on only one occasion, possibly having fallen into rental default, '*relatively innocently*'. What I mean by that term is that through genuine efforts to make ends meet, they have had to prioritise essential living expenses and rent arrears have accrued.

There will be far more of these post-Corona and they will deserve to be treated distinctly from the serial rent defaulter, who prioritises 65 inch flat screens and sky premium packages over paying rent, or even passing on tax-payers housing benefit. This should be a concern to all tax-payers and a responsibility of government to address, which its not under Universal credit. Tenants who are

multiple defaulters and defendants in possession proceedings need to be separated from the genuine Corona rent defaulters. To understand this concept, there has to be a realisation (quite aptly) that some Tenants are 'Rogue', and play the system like a banjo.

At times of scarce resources, Equality does not mean that all tenant defendants are treated equally, but fairly. There also needs to be a realisation that there will always be a proportion of tenants who, dare it be said, don't deserve a home – until they can begin to behave as though they should do. Meanwhile, the 'banjo tenants' are competing for resources amongst the 'relatively innocent'. When the ship SS Corona has sunk, it's important that 'women and children' are in the lifeboats.' - there aren't enough lifeboats and banjo tenants have no place in them. (Read Houses for lifeboats)

The orchestrators of their own misfortune must fend for themselves. They should not be abusers of Legal Aid, let alone a second tax-payers gratuity to Shelter or Citizens Advice. In short, I think the term is ' Responsibility for one's own actions'. Our society, and in particular housing, is encouraging irresponsibility where there is no 'room' for such. [No pun intended]

Everyone taking responsibility is fair, but keeping those that don't in accommodation they've abused whilst others who have acted responsibly isn't 'fair'. Yet our legal aid & Shelter / Citizens Advice funding is out-weighting the scales for those that it should not. To be blunt, its money that could be spent creating a lot more accommodation.

Tenant support groups and governments are actually placing tax-payers money and injecting undeserving tenants into a pool of 'relatively innocent', and genuinely innocent people seeking ever-increasing scarce accommodation. Strange notion of equality - fairness.

To summarise, less properties available, higher rents, ever more cautious landlords. My company are seeing (and indeed advising) landlords to expect guarantors in many situations of working tenants, let alone those in receipt of benefit. This is no stigma or prejudice, so let's not 'guild that lily'. Its occurring amongst Landlords who have always rented to benefit tenants but are now turning huge numbers away without guarantors. If basic business principles are understood, this isn't difficult to comprehend and blaming landlords for 'No DSS' isn't going to solve the problem.

I can foresee, that 'some' landlords 'may' be persuaded to accept a Local Authority as guarantor (and I'm not taking about the 'paper bond-deposit charade ') but many will not. A significant number of the tenants perceived as riskier, will end up at the Local Authorities 'Emergency Accommodation door'. With more tenants evicted for rent arrears, even more if Section 21 is abolished, Local Authorities will be turning vastly increased numbers away on grounds of them being intentionally homeless.

The sooner bad tenants are evicted, the easier life will be for good tenants, landlords and Local Authorities.

In short, expect mayhem !

Possession Friend.

15/5/20