

21 January 2025

Matthew Pennycook MP
Minister of State for Housing and Planning
Ministry of Housing, Communities & Local Government,
2 Marsham St
London
SW1P 4DF

Dear Minister

RENTERS' RIGHTS BILL - GOVERNMENT NEW CLAUSES 13 AND 14

We write following publication of the Government's New Clauses 13 and 14 to the Renters' Rights Bill.

We are seriously concerned that these Clauses will severely restrict access to the private rented sector for less well-off prospective tenants, some of whom will be vulnerable or at risk of homelessness. These include those who may have a no credit history or a poor one. The Clauses will also negatively impact on those who cannot provide a UK guarantor, including overseas students and other foreign nationals.

New Clause 13 will prohibit the payment of multiple months of rent upfront. Whilst we understand that this measure is driven by the desire to reduce the cost pressures faced by prospective tenants, there will always be those who are likely to struggle to pass affordability checks, in order to prove their ability to cover their rents. In these cases, payment of several months rent upfront is a legitimate solution to these difficulties.

New Clause 14 will undermine landlords' ability to limit risk, by preventing them from requesting the first month's rent prior to entering into the tenancy agreement. Once again, this takes away a legitimate option for tenants with no (or a poor) credit history, who nonetheless need to access the private rented sector.

An important piece of context to this is the proposed end of fixed term tenancy agreements. When this comes into force, there are likely to be fewer people prepared to act as rent guarantors, as guarantees will have to last for an indefinite period. Payment of multiple months of rent upfront should, therefore, remain as a legitimate option for the potentially increasing numbers of prospective tenants who cannot find a guarantor.

Payment of multiple months of rent upfront can also be a legitimate option for low income tenants, including those claiming benefits. This includes people who are being helped by Local Authority schemes which incentivise landlords to make properties available to homeless people or those at risk of homelessness. For example, an Assured Shorthold Tenancies scheme in Bristol offers landlords up to six month's rent in advance. It is important that Local Authority incentive schemes should continue to have the option of paying rent in advance.

Other groups that will be negatively impacted by the Clauses include those on variable incomes and the self-employed. These groups can face challenges when trying to pass referencing and affordability checks. Paying a larger proportion of rent at the start of a tenancy gives these prospective tenants an alternative way of evidencing their ability to sustain a tenancy, thus giving landlords confidence in renting.

An inevitable consequence of the Clauses, if implemented, will be a heightening of the barrier facing those least likely to be able prove their ability to sustain a tenancy. To avoid this, we would urge the Government to withdraw the amendments. It will be important to ensure that payment of multiple months of rent upfront remains an option for prospective tenants. The clauses as they stand risk making it harder for those who most need the private rented sector to find somewhere to live.

I look forward to hearing from you regarding the above.

Yours sincerely

A handwritten signature in black ink, appearing to read "Isobel Thomson".

Isobel Thomson
Chief Executive