
Housing Bill – private rented sector provisions

Department for Communities and Local Government

RPC rating: **fit for purpose**

Description of proposal

The proposal covers a series of measures in primary legislation that will give local authorities additional powers to deal with rogue landlords within the private rented sector.

Impacts of proposal

The Department explains that the proposal will affect both local authorities and the private rented sector. The measures are:

- a) introducing a database of rogue landlords and letting agents who have been convicted of serious offences;
- b) seeking banning orders for the most prolific and serious offenders;
- c) applying a more stringent 'fit and proper' person test for landlords letting out licensed properties;
- d) issuing civil penalty notices of up to £5,000 for certain breaches of housing legislation;
- e) extending Rent Repayment Orders to cover situations where a tenant has been illegally evicted or the landlord has failed to rectify a serious health and safety hazard in the property;
- f) allowing local authorities access to local data on landlord and property addresses held by Tenancy Deposit Protection schemes; and
- g) introducing a process for abandoned tenancies that would enable a landlord to recover a property without the need to go to court.

The Department expects business to incur familiarisation costs of £10.5 million in relation to measures a), b), c), d) and e).

The Department explains that measures a), b), d), e) and f) introduce a new range of financial penalties for breaching existing legislation. Therefore, these five measures do not impose any ongoing costs on compliant businesses.

The Department explains that measure c) is the only measure to impose an ongoing direct cost on compliant landlords. The Department estimates that 165,000 owners of licensed property will be affected by c). The Department explains that the measure will require these businesses to undergo background checks and process licensing forms. The Department estimates this will cost these businesses £11.8 million over the ten-year appraisal period.

The Department explains that measure g) will result in an ongoing direct benefit to all compliant landlords. This arises from the avoidance of legal fees as a result of no longer needing to go to court and additional rent accrued due to the ability to recover abandoned property, on average, three months sooner. The Department estimates this will generate an average saving to business of £2,500 per abandoned property. The Department expects a total saving to business of £52 million from g) over the ten-year appraisal period.

The Department has not monetised the expected benefit to compliant landlords as a result of the proposal targeting the activity of criminal landlords.

The Department explains that all of the measures a)-g) will require secondary legislation before they can come into effect. The Department has confirmed that it intends to provide further separate impact assessments (IAs) for this secondary legislation, at which stage the impacts will be scored for the purposes of the business impact target. At this stage, the Department has indicated an estimated benefit to business of £2.7 million each year.

Quality of submission

The IA covers the impacts of the proposal with sufficient detail at this stage. It would, however, benefit from a discussion of whether businesses will incur any familiarisation costs in relation to the proposal on abandoned tenancies, which would enable a landlord to recover a property without the need to go to court.

The Department should test its assumptions further via consultation undertaken at the secondary legislation stage.

Departmental assessment

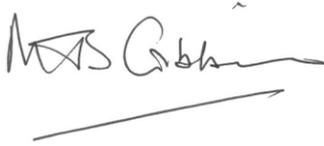
Classification	Qualifying regulatory provision (OUT)
Equivalent annual net cost to business (EANCB)	Zero at this stage
Business net present value	N/A
Societal net present value	N/A

RPC assessment¹

¹ The RPC verification of the estimated equivalent annual net cost to business (EANCB) and assessment of whether the measure is a qualifying regulatory provision are based on current working assumptions.

Opinion: Final stage IA
Origin: Domestic
RPC reference number: CLG-3163(1)
Date of implementation: October 2015

Classification	Qualifying regulatory provision (OUT)
Small and micro business assessment	Sufficient



Michael Gibbons CBE, Chairman