



Chartered  
Institute of  
Housing  
Northern Ireland

# **CIH Northern Ireland evidence submission to NIA communities committee on the Private Tenancies Bill**

**October 2021**

[Submitted by email]

CIH Northern Ireland would like to thank the committee for the opportunity to provide written evidence to members on the Private Tenancies Bill. We would like to declare from the outset that we have undertaken commercial research on behalf of the Department for Communities in regard to 'notice-to-quit' periods (NTQ) in Northern Ireland. This is to help inform their work exploring the extension of NTQ up to a maximum period of six months, work which was cited by the minister at the second stage plenary. Such an extension would be enabled through regulations arising from amendments to the 2006 Order, proposed under clause 11 of this bill. Therefore, to avoid either a conflict of interest or influencing the forthcoming consultation on a further extension, we have not submitted evidence in relation to Clause 11 of the bill, nor will we speak to the clause during the opening statement of our oral evidence to the committee on Tuesday 2 November.

### **Policy objectives of the bill**

CIH Northern Ireland is in agreement with the overall policy objectives of the bill: 1) to make the private rented sector a safer and more secure housing option for a wider range of households; and 2) to ensure better regulation of the sector, in turn offering greater protection to private renters. It is our hope that this bill will receive legislative approval before the end of the 2017-2022 mandate. If the overall objectives of the bill are met, we believe it will make the private rented sector a more attractive option for prospective tenants, not only those tenants who are unable to own their own home or who have insufficient priority for social housing, but who actively choose to enter the private market as it meets their needs and requirements.

At this stage, we cannot identify any adverse policy consequences pertaining to the bill that have not previously been identified by the sector. One outstanding issue for note however, is the imbalance between the bill and the current homeless

legislation. We would ask the department to revisit this imbalance between the intention to extend NTQ periods beyond four weeks and the inability of households to make a homeless presentation to NIHE more than four weeks in advance of vacating their rental property.

### **Communicating the change**

CIH Northern Ireland would ask that the department, as soon as possible, establish active channels with private landlords to communicate what the practical application of the content of the bill will mean for them and to ensure the smooth implementation of the legislation into operation. Engagement with landlords is a vital part of making a success of these forthcoming legislative changes if we are to avoid risking any further depletion of the private rental stock in Northern Ireland.

### **Clauses 1 & 2: Tenant to be given notice regarding certain matters**

CIH Northern Ireland strongly supports mandatory written tenancy agreements with required terms, regardless of the type or length of the tenancy. We also strongly support mandatory tenant information packs. Clause 1 as worded is a welcome measure that would enable the department, through regulations, to require the information found in these documents to be provided to the tenant in a prescribed form.

Good practice in the private rented sector incorporates the use of written information and advice to improve communication and understanding. To help the sector work effectively, all parties should know their obligations.

### **Clause 3: Tenant to be provided with a rent receipt for cash**

CIH Northern Ireland agrees with the new insertion by clause 3, into article 5, that states a tenant must be provided with a receipt in the cases where he/she makes any payment of rent in cash. We agree that the receipt should be clearly dated, as well as noting the amount paid, and if any monies are owed. We would like to raise concerns about clause 3, Article 5 (3) which states in respect of a receipt being provided upon money being exchanged that “if that is not possible, as soon as reasonably possible after that time.” It is our view, that like any consumer transaction, that a receipt be provided at the time money is exchanged and not at any later date. To include this, risks undermining the objectives set out in the Bill.

CIH Northern Ireland would also recommend that the requirement to provide a receipt for rent payments in cash also be extended to other fees that can be accrued at the beginning of tenancy.

#### **Clause 4: Limit on tenancy deposit amount**

As most tenancies are terminated by tenants and within the first few years, the notice period in these cases (four weeks) is commensurate with a month’s tenancy deposit. However, CIH Northern Ireland notes that if the legislation included an increase in the notice period to, for example, 12 weeks for landlords, this creates a risk that in these cases, there is potential for rent owed over this period to exceed the amount held in deposit. In serious cases of rent arrears, this stores up the potential for protracted debt recovery action which may have variable results. Therefore, consideration could be made to increasing the maximum deposit allowed from one month to five weeks. This will help to address the issue in part, while not introducing unreasonable affordability barriers for people accessing private rented accommodation. Five weeks is the maximum allowable deposit in England and Wales and has therefore been tested in those markets, where many of their sub-markets are much less affordable than those of Northern Ireland.

It is our view that the Bill should also limit the amount of rent payable in advance to no more than one month's rent. Charging undue amounts of rent in advance puts in place further affordability barriers for those trying to access a home in the private rental market, especially for low-income households. It would also protect households from facing increased costs should landlords try to mitigate the loss from limiting the tenancy deposit amount by increasing rent payable in advance.

### **Clause 6 - Certain offences in connection with tenancy deposits to be continuing offences**

CIH Northern Ireland agrees with clause 6 which amends Article 5B of the 2006 Order by inserting a new paragraph 11A whereby an offence is committed where a landlord fails to protect a tenancy deposit or give the prescribed information within the required time. We are supportive that if such an offence continues to be committed throughout any period during which the failure continues that there be no time barrier on prosecuting a person who fails to comply with the requirements of the Article.

### **Clause 7: Restriction on rent increases**

Limiting rent increases so that payments cannot be raised during the 12 months after a tenancy starts or within 12 months of a previous increase adds a layer of financial security for prospective tenants who have reservations about taking up a private tenancy due to the current ability of landlords to raise rents and will help ensure that tenants understand their rental outgoings without fearing any unexpected increases.

CIH Northern Ireland wishes to point out that clause 7 (3) gives the Department a regulatory power to "specify circumstances" in secondary legislation where a

landlord can increase the rent in the same year. Clause 7 (4) states that “circumstances specified under paragraph (3) may include, in particular, circumstances in which the dwelling-house let under the tenancy is renovated, refurbished, altered or extended.” The wording of this may allow for an abuse of rent raising if the bill fails to further define these circumstances; for instance, clause 7 (4) may allow for a landlord to increase the rent for replacing a cracked kitchen tile and replace it with new laminate flooring under the guise of ‘alterations’.

We are content that the department also be given the power to amend the time periods during which rent increases are prohibited to periods above 12 months, up to a maximum of 2 years. Likewise, we are supportive that any proposals to change a time period during which rent may not be increased that the department must, before laying the draft of the regulations before the Assembly, consult stakeholders who are representative of both landlords and tenants.

### **Clause 8: Fire, smoke and carbon monoxide**

As the Grenfell tragedy warns, we cannot understate the importance of fire safety. Therefore, CIH Northern Ireland welcomes Article 11B that will require private landlords to keep fire and carbon monoxide detection appliances in proper working order. Likewise, we welcome that the clause will give the department regulatory power to set the minimum standards for these appliances, and whether or not they have been complied with. It is important however, that landlords take the necessary time to instruct tenants on how to use and properly maintain preventative appliances such as fire and carbon monoxide alarms.

### **Clause 9: Energy efficiency regulations**

Sometimes properties in the private rented sector are cold, damp and hard to heat homes. Although many private landlords ensure their properties are kept to a high standard, there remains many homes within the private market that have poor energy efficiency standards or are unfit for human habitation. For many years, this has contributed to the perception that homes in the private sector aren't kept to the same standard as properties in the social market and are more costly for the tenants who live in them.

It is our view that in the fight against climate change and the reduction of carbon emissions from our homes, we cannot lose sight of our primary focus which ensures that our tenants can live in warm, energy efficient homes, without generating high costs in the process. In order to ensure buy-in from tenants, it is vital that the Department put in place provision to increase the energy efficiency of private stock without it falling on the shoulders of tenants. We would urge the department to ensure that any adverse policy impacts from making private stock more energy efficient are mitigated at an early stage.

Additionally, thought should be given to the incentivisation that may be needed for landlords to improve energy efficiency. Whilst we recognise the department has no power over market prices, consideration should be given to how the NI Executive can help part fund these changes to encourage landlords to quite literally 'buy-in' to changing technology. Historical evidence has shown that grant aid has played an important role in improving standards in existing private rented homes. Some older homes carry a high cost as a proportion of capital value to improve their energy efficiency, a cost that small scale landlords may not be able to meet. Furthermore, small capital improvements including increased energy efficiency tend not to raise market rents. This, combined with the absence of tax breaks for these improvement measures, represents a financial disincentive that could result in some landlords exiting the sector, with older homes potentially sold to owner-occupiers where

there may be fewer trigger points with which to improve energy efficiency measures.

As it stands, progress is being made towards improving the energy efficiency of our homes with around 49 per cent achieving an EPC C rating or above. However, this progress is not uniform. 79 percent of social rented homes already achieve this, compared to the 45 per cent of owner-occupied homes and 43 per cent of private rented homes. It is the view of CIH Northern Ireland that EPC ratings should be used to set minimum energy efficiency standards (MEES) for domestic properties in Northern Ireland, with financial support provided to achieve it. It is our view that there should be a uniform standard across all tenures; any differential in standards between those privately renting, domestic homeowners and social housing tenants would be unsatisfactory.

We recognise the ongoing work of NIHE in collating and producing figures of EPC ratings in private rental stock through the House Condition Survey, but we would ask the department to give consideration as to how these figures could be collated and published on a more regular basis to enable stakeholder to monitor progress and recognise what is and isn't working.

### **Clause 10: Electrical safety standards regulations**

[Recharge](#) - a new report on Northern Ireland's homes by leading safety charity Electrical Safety First - found private tenants had less protection from electrical risk than in other parts of the UK. Both England and Scotland require landlords to carry out five-yearly checks, with Wales soon to follow suit, whereas private landlords in Northern Ireland have no such requirement placed upon them. The report also estimated that an annual saving of almost £9 million could be made if electrical hazards in the housing stock in Northern Ireland were addressed. It is the view of

CIH Northern Ireland that landlords should be subject to carrying out five yearly checks in line with their counterparts across the UK to ensure a better standard of safety within the PRS.



### **About CIH**

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