

## **THE CORONAVIRUS ACT 2020 (RESIDENTIAL TENANCIES: PROTECTION FROM EVICTION) (WALES) REGULATIONS 2020: INTEGRATED IMPACT ASSESSMENT SUMMARY**

### **WHAT ACTION IS THE WELSH GOVERNMENT CONSIDERING AND WHY?**

Section 81 and Schedule 29 to the Coronavirus Act 2020 (*“the 2020 Act”*) provide protection from eviction by increasing the notice period a landlord is required to give a tenant when seeking possession. Initially all notice periods were increased to three months, but the Coronavirus Act 2020 (Assured Tenancies and Assured Shorthold Tenancies, Extension of Notice Periods) (Amendment) (Wales) Regulations 2020, which came into force in July, increased to six months the notice period for Assured Tenancies and Assured Shorthold Tenancies. The only exception was where the notice was given on antisocial behaviour (ASB) grounds.

The Coronavirus Act 2020 (Residential Tenancies: Protection from Eviction) (Wales) Regulations 2020 (*“the Regulations”*) extend until 31 March 2021 (from the previous end date of 30 September 2020) the period during which increased notice must be given to tenants granted tenancies under the Rent Act 1977 and the Housing Acts 1985, 1988 and 1996 (*“the relevant period”*). In addition, the Regulations increase from three months to six months the period of notice required for most notices served in respect of protected and statutory tenancies, secure tenancies, and introductory and demoted tenancies, thus bringing those tenancies into line with the period of six months’ notice already required in relation to assured tenancies and assured shorthold tenancies. However, in the case of all tenancies, the Regulations suspend the longer notice periods required under Schedule 29 to the 2020 Act in relation to cases where the ground or reason for giving notice relates to ASB or domestic violence (DV), so that the pre-Covid arrangements will apply in these cases.

In the period since the 2020 Act was commenced, it has become apparent that the public health emergency and its effects are likely to last for many more months with continuing restrictions required on various aspects of normal life, including tighter local restrictions. Although there is currently insufficient independent evidence available to confirm the scale of the problem of rent arrears at the present time, or projections as to how the problem may increase in future as the full economic effects of the coronavirus become clear, financial hardship resulting from the effects of the pandemic are likely to have had a damaging impact on the ability of some tenants to pay rent. This may give rise to a substantial increase in evictions if action is not taken.

With this in mind, the Regulations have been drafted in order to support three of the overarching aims of the Coronavirus Act, that is:

- containing and slowing the virus;
- easing the burden on frontline staff; and
- supporting people.

Extending the relevant period to 31 March 2021 and increasing notice periods for those tenancies not already increased by the regulations made in July, whilst at the same time reducing the notice period for grounds relating to ASB and DV, will support these three aims as set out below.

**Reduced homelessness** - Continuing with longer notice periods, and increasing notice periods for those tenancies not increased to six months by the regulations made in July, should mean fewer people evicted into homelessness, or at risk of being evicted into homelessness. If a person becomes homeless, their potential vulnerability to the virus and the likelihood of them spreading it is increased further (“containing and slowing the virus”). This may become particularly significant in the event of further waves or during local spikes that occur during the autumn and winter months. Even where that does not occur, aspects of homelessness constitute a public health risk in themselves, and any steps that combat that risk have merit in their own right. Extending the relevant period for which the longer notices apply will reduce the number of possession proceedings in the coming weeks and months and help to flatten any wave of evictions that may arise.

Reducing the notice period for ASB and DV grounds would result potentially in the individuals subject to such notices being evicted more quickly. However, the negative effect of this would be mitigated, for example, by the reduced need to rehouse neighbouring tenants who are affected by the ASB, and fewer homes left vacant due to the ASB that might otherwise be used to house those at risk of homelessness. In those cases subject to notices issued under the discretionary ASB ground (Ground 14), the court would be able to take into account any particular impact of Covid-19, and whether the severity of the case warranted an eviction in the circumstances of the pandemic, before deciding whether to issue a possession order.

**Reduced pressure on services** - Fewer people would be evicted into homelessness, or be at risk of being evicted into homelessness, at a time when local authorities are less able to respond to these situations as a result of pressures on services created by coronavirus. These pressures include finding suitable homes for those currently residing in temporary accommodation. Diverting resources away from other vital aspects of local authorities’ response to the public health emergency posed by Covid-19 would potentially weaken the effectiveness of that response (“easing the burden on frontline staff”), particularly as health and other services will already likely face additional pressures (for example, caused by increased influenza cases) during the winter months.

Although reducing notice periods relating to ASB and DV could lead to increased pressure on homelessness services specifically, overall it is likely to reduce pressure on public services. This is because an earlier eviction on ASB grounds will reduce the need for ongoing intervention to address the impact that ASB and DV has on others. These interventions would include, in the case of ASB for example, addressing the increased stress and health impacts on neighbours, including having to rehouse those worst affected, but also the intensive support and security measures, including police intervention, more generally required in these cases. In the case of both ASB and DV, a quicker process of eviction also helps to deter such behaviours from occurring in the first place, thus eliminating the need for services to intervene.

**Increased security and reduced anxiety** - Those renting their homes will continue to benefit from the knowledge that they will not face the threat of eviction at short notice and in some instances will receive even longer notice on a statutory basis. As well as increased security, this will reduce levels of anxiety amongst tenants who in many cases are already being affected in other ways by the ongoing uncertainties caused by the coronavirus outbreak (“supporting people”). Reducing anxiety in the general population also has a clear public health benefit and reduces pressures on public services including mental health services (“easing the burden on frontline staff”).

At the same time, reducing the notice periods for ASB will also contribute to a greater feeling of security and reduced anxiety amongst those who would otherwise be negatively affected by the on-going ASB of a neighbour. Registered Social Landlords, in particular, have provided evidence of significant negative impact on those living close to those perpetrating ASB. The NRLA has also cited such evidence.

**Increased scope to support individuals at risk of eviction** - An extension to the relevant period and increased notice periods for those tenancies not already increased by the regulations made in July, would also continue to provide additional time for landlords, tenants and support agencies to work together to identify and agree arrangements to support tenants to better manage their finances and repay any rent arrears which may accrue as a result of the coronavirus outbreak (“supporting people”). In the case of ASB, especially in social housing, there are likely to have been significant interventions by support agencies prior to a possession notice being issued, so the additional time extended notice periods provide would have little value in this respect.

## CONCLUSION

### How have people most likely to be affected by the proposal been involved in developing it?

The emergency nature of the Regulations means that there has been no time to involve stakeholders directly in their development. However, the Welsh Government has strong relationships with stakeholders from across the housing sector, and has received various representations and evidence from them, in particular in relation to the likely harmful impact of extending the relevant period in cases where ASB or DV is present.

The opinions expressed and the evidence provided by stakeholders has helped inform the development of the Regulations.

### What are the most significant impacts, positive and negative?

#### Positive impacts

The most significant and positive impacts of the Regulations will be to:

- contain and slow the spread of the virus
- ease the burden on frontline staff caused by threatened evictions and homelessness caused by the pandemic; and,
- support tenants who may be experiencing difficulties as a result of the pandemic and who might otherwise face eviction within a relatively short period.

The temporary extension to the relevant period will do this through:

- **Reducing house moves and evictions** - Fewer people would be required to move home, and fewer evictions would take place during the ongoing public health emergency.
- **Reducing pressure on services** - Fewer people would be evicted into homelessness, or be at risk of being evicted into homelessness, at a time when local authorities are less able to respond to these situations as a result of pressures on services created by coronavirus, including finding suitable homes for those currently residing in temporary accommodation. At the same time reducing notice periods relating to ASB and DV is likely to reduce pressure on public services by reduce the need for ongoing intervention to address the impact that ASB and DV has.
- **Increased security and reduced anxiety** - Those who rent their homes will benefit from the knowledge that they will not generally face the threat of eviction at short notice. As well as increased security, this will reduce levels of anxiety amongst tenants who in many cases are already being affected in other ways by the ongoing uncertainties caused by the coronavirus outbreak. The impact of not having settled accommodation and concerns over the

security of that accommodation can have a deep and lasting impact on some of the already disadvantaged parts of society. Reducing anxiety in the general population also has a clear public health benefit and reduces pressures on public services including mental health services. At the same time, reducing the notice periods for ASB will also contribute to a greater feeling of security and reduced anxiety amongst those who would otherwise be negatively affected by the on-going ASB of a neighbour.

- **Increased scope to support individuals at risk of eviction** – Longer notice periods provide additional time for landlords, tenants and support agencies to work together to identify and agree arrangements to support tenants to better manage their finances and repay any rent arrears which may accrue as a result of the coronavirus outbreak. Tenants will also have a more realistic prospect of sourcing suitable alternative accommodation, preparing for a move, and raising funds for moving costs and deposits. It will, therefore, significantly mitigate the most difficult aspect of moving: having to prepare logistically and financially for a move. By allowing more time for tenants to find suitable accommodation, it will support people living in rural areas and Welsh speaking communities to stay within their local areas. Thus supporting the sustainability of rural and Welsh speaking communities.

### Negative impacts

Landlords and their representative organisations have raised concerns that increasing notice periods will make it more difficult and costly for landlords to evict tenants who are not paying rent and lead to landlords becoming more selective about the types of tenants they let to, or leaving the market altogether. This has been balanced against the positive impacts of the regulations and the imperative to limit evictions and potentially significantly increase homeless presentations during the pandemic.

It has not been possible to carry out an Equality Impact or Children's rights assessment in respect of landlords as we have been unable to find data on the make-up of landlords in terms of protected characteristics or their children.

### **In light of the impacts identified, how will the proposal:**

- **maximise contribution to our well-being objectives and the seven well-being goals; and/or,**
- **avoid, reduce or mitigate any negative impacts?**

*Prosperity for All*, the Welsh Government's national strategy, emphasises the role that secure and affordable homes play in forming the basis for individuals and families to flourish in all aspects of their lives. Although only temporary, the greater security of tenure these Regulations introduce will support these objectives.

Removing the threat of eviction at short notice, and allowing more time for renters to find alternative, suitable accommodation when they are required to leave a property, will promote conditions in which people feel more settled and secure in their home and more connected to their local community. This can provide a springboard from which individuals can maximise their wellbeing.

Homelessness presentations due to the loss of a tenancy would likely reduce due to tenants having more time to identify alternative accommodation than would be the case if notices periods reverted to the pre-Covid position.

As outlined above, private landlords and their representative organisations have contended that extending notice periods produces adverse effects for the sector. The temporary nature of the provision in these Regulations necessarily makes some of those concerns less relevant in the longer-term. In instances where a tenant has fallen behind with their rent, or otherwise breaches the terms of their tenancy, the additional time provided by a longer notice period will allow more opportunity for landlords, tenants and support agencies to work together to identify and agree arrangements to support tenants to better manage their finances and repay any rent arrears. In addition, the Welsh Government has developed and published comprehensive guidance to signpost tenants and landlords to the financial support available to them, and undertaken a communications campaign to raise awareness of the support available, including drawing attention to emergency funds available through the Discretionary Assistance Fund (DAF).

Funding has also been secured to deliver an Early Alert Scheme for rent arrears and other debt in the PRS. The Scheme will support the PRS by providing tenants with additional access to the advice and support they need to manage their financial commitments, and establish affordable repayment plans with their landlord or letting agent to address rent arrears. In addition to the early alert system the Welsh Government has announced a new Tenancy Saver Loan scheme to help tenants and landlords. The loan scheme will provide an affordable way to cover rent arrears or future months' rent. The loan is purely for rent arrears, or for future periods which a tenant may struggle to pay their rent. Paying the loan directly to the landlord or agent will provide assurance that rent arrears will be covered, and will remove the threat of eviction for rent arrears.

**How will the impact of the proposal be monitored and evaluated as it progresses and when**

The Regulations will change Schedule 29 of the Coronavirus Act 2020 so that its provisions apply until 31 March 2021. However, the Welsh Government will review the arrangements in December to decide in the light of the circumstances that then apply whether they remain appropriate. This review will be informed by regular and ongoing liaison with a broad range of stakeholders, including landlords and tenants and their representative bodies.