

Appendix A

West Norfolk Property Limited

Response to Shareholder Committee request regarding S21 notices

January 2024

Summary

It should be noted that whilst private landlords often use Section 21 notices to carry out “no fault evictions”, for example when they wish to sell a property, a section 21 notice can also be used to end an assured shorthold tenancy due to breaches to the tenancy at the end of a fixed term.

The company is committed to providing a high-quality professional service to its tenants as evidenced by the 3-year fixed term tenancies which offer tenants *a level of security that is not commonly offered in the sector*. S21 notices can only be used at the end of a fixed term, therefore the long term tenancies offered mean there is limited scope for the company to use section 21 notices.

The Council can be assured that West Norfolk Property would, in no circumstances, use a Section 21 notice to carry out a “no fault eviction”. A Section 21 notice would only be used to end a tenancy at the end of the fixed term where the tenant has breached the terms of their tenancy and attempts to resolve the breach have been unsuccessful.

In some circumstances a Section 21 may be the most appropriate tool available to enable the company to effectively manage its stock and resolve issues which may be having significant impacts of the community.

Therefore, the Board of Directors believe that it is not in the best interests of the company to voluntarily remove section 21 notices as an option for use for ending a tenancy prior to the implementation of the Renters Reform Bill.

The Board of Directors has agreed to make the service of a Section 21 notice a matter reserved for the board in order to give reassurance that a section 21 notice will only be used where all options have been fully considered.

Full Response

- 1. The number of notices served under section 21 of the Housing Act 1988 (“section 21 notices”) within the last two years by the company or its contracted housing management provider;**

Zero.

- 2. The number of tenancies the company has or their contracted housing management provider has in which a section 21 notice could be served;**

The company currently has 74 properties on fixed term Assured Shorthold Tenancies.

Ordinarily, “Buy-to-let landlords” offer short-term tenancies of six or twelve months (enabling them e.g., to avoid repairs or to sell when property prices are rising), these often roll on to periodic tenancies at the end of the fixed term meaning that the landlord can then serve a Section 21 notice giving 2 months’ notice at any time giving tenant very little security of tenure.

In contrast, WNPL, as a responsible landlord, currently offers tenants a standard three year tenancy with a tenant only break clause should a tenant wish to move on. This recognises the importance of stability for tenants enabling them and their families to feel settled in their homes. At the end of the 3-year fixed term, if there are no breaches to the tenancy, tenants are offered a further 3-year fixed term. The company does not currently have any tenants on periodic tenancies.

A Section 21 notice can only be used to end a tenancy either at the end of a fixed term or where there is no fixed term (periodic tenancies). Therefore, whilst the company could technically serve Section 21 notices on any tenants that have lived in their home for more than 4 months, due to the extended fixed term tenancies offered, in most cases this would have to give much longer than the normal 2 months.

The Council can be assured that West Norfolk Property would, in no circumstances, use a Section 21 notice to carry out a “no fault eviction”. A Section 21 notice would only be used to end a tenancy at the end of the fixed term where the tenant has breached the terms of their tenancy and attempts to resolve the breach have been unsuccessful.

3. The predicted impact, financial or otherwise, on the company or their contracted housing management provider if the company was to voluntarily choose to never use section 21 notices going forwards;

Committing to not use Section 21 notices, without the benefit of the additional grounds being introduced within the Renters Reform Bill would reduce the tools available to the company to effectively manage their stock.

The only other option for ending an Assured Shorthold Tenancy is a Section 8 notice. The court process for obtaining a possession order following a S8 notice tends to be much more lengthy and costly than for S21 notices. This could result in additional costs to the company.

There may also be circumstances where a tenants behaviour is having a significant impact on the local community and serving a section 21 notice is the most effective method for resolving the situation.

4. Confirmation of any changes that would be necessary in legal contracts with any contracted housing management provider (and where possible confirmation of whether the housing management provider is willing to agree such change) in order to codify the voluntary removal of section 21 notices as an option for ending a tenancy;

No changes necessary.

5. Whether, with reference to its Business Plan, the Board of Directors considers it is in the best interests of the company to implement a company decision to voluntary remove section 21 notices as an option for use for ending a tenancy.

The company's objectives set out in its Business Plan include to

"Improve the general private rented sector offer through increased competition – in essence raising the bar in terms of quality, professional management, and a tenancy term appropriate to household circumstances"

The Business Plan also states

"the company remains committed to not carrying out "no fault evictions". If the company needs to sell any of its stock in the future, it will seek to do so as properties become vacant. Where substantial works are required to a home through no fault of the tenant, the company will seek to do these in a way that causes as little disruption to tenants as possible. If this requires the tenants to vacate their home, the company will seek alternative accommodation for them within its own stock."

Therefore, it is clear that the company is committed to providing a high quality, professional service. The long term tenancies offered by the company already give tenants a sense of security that is not commonly offered in the sector. However, it remains the case, that in some circumstances a Section 21 may be the most appropriate tool available to enable the company to effectively manage its stock.

Therefore, the Board of Directors believe that it is not in the best interests of the company to voluntarily remove section 21 notices as an option for use for ending a tenancy prior to the implementation of the Renters Reform Bill.

The Board of Directors is happy to make the service of a Section 21 notice a matter reserved for the board in order to give reassurance that a section 21 notice will only be used where all options have been fully considered.