HOUSE OF COMMONS LIBRARY

BRIEFING PAPER

Number 07296, 8 September 2015

Crown Tenancies Bill [Bill 23 of 2015-16]

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Summary

Mark Pawsey secured ninth place in the ballot for Commons Private Members' Bills for the 2015-16 session on 4 June 2015. His *Crown Tenancies Bill* was presented on 24 June 2015 and the Second Reading debate now scheduled to take place on 22 January 2016 (it was initially scheduled for 11 September 2015).

The Bill, which has attracted Government support, is seeking to bring most Crown tenancies created after it comes into force within the assured tenancy regime governed by the *1988 Housing Act*. It is felt that this regime will offer the departments sufficient flexibility while at the same time improving the statutory protection offered to Crown tenants. Crown tenants are generally tenants of the Secretary of State or government departments. Some exclusions from the 1988 Act will remain in place.

The Coalition Government announced its intention to legislate in this area in July 2013 but consultation on the proposals did not take place until July 2015: Giving Crown Tenants Greater Protection. A summary of responses to this consultation process has not yet been published – the proposals appear to be relatively uncontroversial.

The Bill extends to England and Wales.

1. Background

1.1 Crown tenants' security of tenure

Currently, Crown tenants, who are generally tenants of the Secretary of State or government departments, are specifically excluded from Part 1 of the *1988 Housing Act.*[1] This means that these tenants cannot have an assured or an assured shorthold tenancy (now the most common form of tenancy in the private rented sector). The only statutory protection Crown tenants have in terms of their security of tenure is provided by the *Protection of Eviction Act 1977*. This Act requires that a landlord must give the tenant at least 28 days' notice to end the tenancy and must obtain a court order to gain possession.

The limitation of Crown tenants' security of tenure is thought to have emanated from a desire to retain flexibility and control over properties owned by government departments, the occupation of which would often be linked to carrying out the functions of those departments.[2]

The Coalition Government announced its intention to bring Crown tenants within the assured tenancy regime, with some exceptions, on 18 July 2013:

> **Fiona Bruce:** To ask the Secretary of State for Communities and Local Government what plans he has to bring Crown tenants within the assured tenancy scheme.
>
> **Mr Prisk:** Subject to finding parliamentary time, it is the Government's intention to amend legislation to ensure that Crown tenants (mostly tenants of Government Departments) are in general provided with the same statutory rights as the majority of tenants in the private sector.
>
> Currently, most tenants in the private sector have assured shorthold tenancies. Assured shorthold tenants enjoy a minimum tenancy term of six months and the landlord may only seek possession on one of the grounds set out in legislation. The no-fault ground for possession gives landlords an automatic right to possession, provided the landlord has given the tenant at least two months' notice. However, an order for possession on this ground cannot be enforced during the initial six months or any fixed term period.
>
> Crown tenancies are currently excluded from the assured tenancy regime. This means that the only statutory protection enjoyed by a Crown tenant is that provided by the Protection from Eviction Act 1977, which requires the landlord to give the tenant a minimum of 28 days notice. In both cases, the landlord needs to obtain an order for possession from the court.
>
> There may of course be certain specific situations where there are compelling reasons why a Crown tenancy might need to be terminated after less than six months or with less than two months' notice being given. We intend to retain an exemption for Crown tenancies from the assured tenancy regime in limited

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1 Paragraph 11 to Part 1 of Schedule 1 to the 1988 Act. Note that tenancies managed by the Crown Estate Commissioners are not covered by this exemption.

2 Department for Communities and Local Government (DCLG), Giving Crown Tenants Greater Protection, July 2015, para 11

> circumstances, for example where occupants may need to be moved at short notice for military operational reasons.
>
> The Government will of course consult on any proposed changes before bringing forward legislation. It is intended that any change to legislation would apply only to Crown tenancies granted after the date on which the amendment comes into force.[3]

1.2 Why legislate?

Assured shorthold tenancies (the default tenancy in the private rented sector since February 1997) offer landlords the option of terminating the tenancy without establishing any fault on the part of tenant by giving two months' notice once the initial six months (or fixed term if longer) of the tenancy has come to an end. The Government believes that this regime would offer departments sufficient flexibility to manage their properties within the assured tenancy regime.[4]

2. Consultation July 2015

After having announced an intention to legislate in 2013, the Government launched a consultation exercise, Giving Crown Tenants Greater Protection, in July 2015. The consultation process ran from 22 July to 10 August 2015.

The paper sought views on proposals to bring most Crown tenants within the assured tenancy regime through an amendment to the *1988 Housing Act* with some specific exclusions. These exclusions were proposed in recognition that "there may be circumstances where there are compelling operational reasons why a Crown tenancy may need to be ended within the initial six months or with less notice than is required for assured shorthold tenants under the provisions of the 1988 Act."[5]

The proposed exclusions included:

Service living accommodation – this accommodation is occupied by Service personnel under a licence agreement. There is often a need to move Service personnel at very short notice and the consultation document suggested that excluding this type of accommodation "would help maintain operational effectiveness."[6]

Properties in the MOD wider estate – for example, accommodation provided on training areas. The rationale for an exemption would again be the need to move at short notice for operational reasons.[7]

Properties acquired by the Secretary of State for Transport – within the Limits of Land to Be Acquired or Used under the High Speed

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3 HC Deb 18 July 2013 cc904-5W
4 Department for Communities and Local Government (DCLG), Giving Crown Tenants Greater Protection, July 2015, para 12
5 Department for Communities and Local Government (DCLG), Giving Crown Tenants Greater Protection, July 2015, para 16
6 Ibid., para 17a
7 Ibid., para 17b

Rail (London – West Midlands) Hybrid Bill or within the Limits of Land to be Acquired or Used under any other Hybrid Bill or proposed Bill to authorise works for a high speed railway line in Great Britain.[8]

To date, a summary of responses has not been published.

3. The Bill

The Explanatory Notes to the Bill provide a commentary on its clauses.

The Bill will remove the general exemption in the *1988 Housing Act* which prevents Crown tenants from being assured tenants.[9] However, a Crown tenancy relating to a dwelling house "within the Act limits" for the purposes of the *High Speed Rail (London – West Midlands) Act 2015* will be exempt.

The Secretary of State will have regulation making powers to exempt other categories of Crown tenancies (subject to the affirmative resolution procedure).[10] There is no reference in the Bill to exempting MOD accommodation as proposed in the consultation paper but additional provisions have been added in relation to possession proceedings and rent setting in respect of HM Forces accommodation.

Clause 3 would introduce two new mandatory grounds for possession which would only apply to Crown tenancies:

- one would apply where the Secretary of State has certified that possession is needed for an operational reason in connection with Her Majesty's Armed Forces;

- the second would apply where Welsh Ministers certify that possession is needed in connection with the exercise by them of functions under the Welsh Development Agency Act 1975 or the Highways Act 1980.

Clause 4 of the Bill would ensure that the rent procedures set out in the 1988 Act do not apply to Crown tenancies if the Secretary of State has certified that the interest of the landlord is held for purposes connected with the armed forces.

The 1988 Act's provisions on rent increases will not apply to Crown tenancies held in connection with the armed forces. The MOD will "continue to set rents annually following consideration of recommendations from the Independent Armed Forces Pay Review Body."[11] Similarly, the Bill will prevent these tenants from referring excessive rent increases to a tribunal – the existing process of raising issues via the MOD's complaints and appeals arrangements will continue.

8 Ibid., para 17c
9 Clause 1
10 Clause 2
11 Bill 23 – EN, para 11

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