

Unless there is major rent reform we're going to see a ...

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In early March, way before the coronavirus lockdown, [I said that one of the big issues for UK economic recovery from coronavirus would be relief from rent obligations](#) which many - from large numbers of domestic renters to students through to the UK High Street - would struggle to meet. I was met with angry comment in response, including in media aimed at landlords.

But I was right. This is the pinch point of stress for a great many. It just so happens that the issue is more visible on the High Street. The [FT has just reported](#):

Retailers in the UK have paid less than 15 per cent of their rent, according to initial figures from Wednesday's quarterly payment date, piling pressure on landlords whose incomes have been cut deep by coronavirus.

Rent receipts on June 24, the day commercial tenants' payments were due for the following three months, were even lower than those for the previous quarter, according to data from Re-Leased, a commercial property management platform.

As I tweeted this morning:

<https://twitter.com/RichardJMurphy/status/1276037595856846849>

For many households the situation is even more difficult.

I repeat now what I said in March:

In that case the question has to be asked as to who should bear [the costs of this epidemic].

Firstly, landlords should. I have already suggested that should the epidemic spread then as a matter of statutory right any tenant should be provided with a minimum three-month rent-free period to ease the stress upon them whilst this crisis last. I would suggest that the grant of that extension should be automatic to anyone who does not make a due payment of rent on the required date during the period of the epidemic.

They should be automatically granted this extension by the landlord without having to make any further application or to complete any additional paperwork.

I stress that the cost of this will fall directly upon the landlords in question. I am quite deliberately suggesting that they should bear the heaviest burden of dealing with the epidemic. The reason is simple and is that whatever happens they will still have an asset at the end of this period, and no other sector can guarantee that at present. As a consequence they have the greatest capacity to bear this cost. And, if it so happens that some landlords do fail as a consequence, the assets that they have owned will still exist after this failure and so the economy can manage the consequences of this.

I did get one thing wrong: a three-month rent extension was clearly inadequate.

I'd now suggest 20%, across the board statutory rent reductions would be in order, as a minimum.

And I'd also suggest rent roll up with liability due over a period eight times longer than the length of the period over which deferral takes place would also be appropriate.

I would match this with a right to claim a mortgage payment holiday to match.

Landlords could survive this. Their tenants cannot.

And I stress: these are outline suggestions for discussion, not detailed policy proposals. But what they make clear is that radical thinking is required now or the rental sector is itself going to collapse - a risk that they should be taking as seriously as I do by making this suggestion.