

## **Housing and Regeneration Committee**

**18 December 2012**

### **Transcript of Item 6: London's Private Rented Housing**

**Len Duvall (Chair):** OK, let's move on to item 6, which is our main business for us. Thank you to the experts who have come this morning. We have got around, I think, ten or 11 questions, but there will be follow-up questions. If we do not manage to go through all our questions, we probably would like to write to one or two of you about some areas either you have raised with us once we have reflected on the transcript or to seek some clarification on some further points.

If I can begin then with the first question, which really goes straight to some of the issues. There seems to have been evidence before where tenants may have made some complaints, and landlords then doing what has been described as retaliatory evictions around those issues. I think briefly for all of the panel, in terms of perceptions or hard evidence, what exists? Let's begin with Letting Focus in terms of the view from their perspective.

**David Lawrenson (Letting Focus):** Chair, it is not something we keep a record of, but it certainly would occur. I think our rogue landlords will certainly be doing this kind of thing. I do not think there is a great deal to stop it. How extensive it is, it is not something I record any data on.

**Ben Reeve-Lewis (Tenancy Relations Officer):** I am the person that people come to with these complaints. Certainly anecdotally I can say retaliatory eviction is one of the big fears that people have got, particularly when it comes to challenging simple things like rent levels. If you want to go to the Property Tribunal, a landlord in the current climate is going to go somewhere else. That is the problem we have got, really.

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** It undoubtedly happens. I do not think it is a very serious problem, but it occurs sometimes. It is perhaps to understand landlords might choose to evict a tenant often if they are faced with a lot of costs of repairs. It may not be economic for them if they are at the bottom end of the market - which is what my comments are mainly going to be about - to actually do those repairs. It is not so much a kind of vengeance thing, it is a practical thing. They may not be able to afford to do the repairs, so the tenancy needs to come to an end. They then do the repairs and perhaps let to a different segment of the market.

**Geoff Fimister (Social Policy Officer, Citizens Advice):** Thanks, Chair. I probably should explain to start with the sources of our information at Citizens Advice. We have a statistical system, which gathers information on the variety of categories. We also have a system whereby the Bureaux can report particular issues that they see emerging as policy issues. Thirdly we can map specific research projects on individual issues. We do not have a separate statistical category for retaliatory evictions, but my predecessor, Liz Phelps, did some research on this a

few years back, about four or five years ago, where we specifically looked at the problem and it certainly exists. Obviously people come into advice agencies if they have got a problem, they do not come in tell us that things are fine, so by definition we are picking up problems.

There is power in the balance obviously in a situation where a tenant might not have a lot of alternatives. It may be that the landlord would evict or it may be the landlord hints that there might be an eviction, or it may be that the tenant merely fears that they might be because of the unequal power relationship. To what extent it is a problem in macro terms is an interesting one. We had the Department for Communities and Local Government set up a joint working party with a number of agencies last year to look at this in the context of the Green Deal. The general conclusion was that there was not any good quality large-scale research information, and that is really something we could do with having.

**Heather Kennedy (Digs - Hackney Renters Group):** Yes, just to echo what Geoff said, first of all, we urgently need some proper statistics on this that we can work off. As far as I know, most local authorities do not record this information, so we have got no starting point. I would agree with Ben [Reeve-Lewis], anecdotally this is something we hear about an awful lot. I think that as long as we have got a system where this is happening, where landlords are not required to give any reason why they are evicting their tenant, then effectively tenants have no housing rights, because that is always an action that a landlord can take. Often, the attitude of - obviously I am from Hackney, speaking from Hackney - officers there within the housing department has been one of, "Well, it is not illegal to dislike someone". That was an actual quote that was levelled against one of our members, and I think that reflects the kind of powerlessness that Geoff was talking about, the kind of imbalance there. So yes, it is a real issue.

**Len Duvall (Chair):** OK, any other Members wish to follow that? Can I just move on to my second question?

Are tenants' complaints in this sector increasing and does the pattern of complaints then suggest new and emerging problems within the sector, so in a sense, that some of the stuff that you may be dealing with on both sides?

**Heather Kennedy (Digs - Hackney Renters Group):** I think the first thing to be aware of is that the vast majority of tenants do not complain. That is either because they do not know they have rights, they do not have any faith that anything is going to happen or because they fear retaliatory evictions. Therefore, any stats that we do have, we have got to be very careful about.

I think in a way to talk about new and emerging problems-- these problems are kind of the natural consequence of deregulation, which are reaching some kind of climax now, these are because of the mixture of the policy context, incomes are being driven down, and also of course forces within the housing market. I think that this is really the time when tenants have never been in a weaker position to enforce their rights and they have never been more vulnerable to exploitation.

Something else that is important is that tenants, whether that be non-priority families or young people, now have no route towards stable, sustainable housing that is going to be in any way long-term. Obviously we work with a lot of young people within Hackney and the reality for them is that they are having to make a lot of really hard compromises. That comes down to they cannot live where they want to live, they cannot live with who they want live with, and this has a real impact on their ambitions for their future, so it is quite serious. Also of course the fact that tenants are spending more of their income than they ever have done before, this is something that is really going through the roof now with rent increases. What that means for families and individuals is that they are not saving money, that they are, in a lot of cases, going into debt and often using things like payday loans, which is obviously quite scary. These things are always, I would say, more concentrated at the bottom end of the market.

**[At this point of the discussion the meeting was interrupted]**

**Geoff Fimister (Social Policy Officer, Citizens Advice):** OK. Yes, I would endorse the point that Heather [Kennedy] makes about the fact that tenants' options are more restricted all the time due to a combination of the supply issues and also the affordability issues. We have seen the benefit changes at the moment. Whether that makes tenants more or less likely to complain is probably a moot point. In our written submission, we presented statistics running up to April 2012 on the various issues that come up.

The problem we have got with statistics in identifying trends is that we have a dual process going on at the moment where the pressures are increasing, but pushing the other way the number of advice outlets are decreasing, with significant funding cuts to Citizens Advice Bureaus, along with other advice agencies, because they are substantially reliant upon sources of funding which are being restricted. Next year we are projecting we have maybe lost about 25% of funding in London since 2009 to 2010 from local authorities. If you take into account the Legal Services Commission cutbacks and so on, it is down about 40%. That means that our sources of information are declining at the same time as demand is increasing, so it is hard to identify trends in that sense. Some categories appear to be going down because of that statistical effect. Housing benefits statistically are going up in spite of that, and the affordability issue I think is particularly acute.

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** Yes, there is an increase in complaints. That is probably because councils are having to use the private sector far more for homelessness duties and it tends to be the very bottom end of the market which has been very much squeezed by the sort of cuts in housing benefit. Landlords are struggling to provide accommodation at the housing benefit levels which are now available. I take the point that many tenants think rents are very high, and they are, but they are driven by the overall capital values of properties in London. You cannot have rents in private rented accommodation which are considerably out of step with the overall property values, otherwise landlords would stop. The private rented sector would just reduce in size or dry up entirely. So yes, there is an increase because of a kind of poorer quality of accommodation at the bottom end of the market.

**Ben Reeve-Lewis (Tenancy Relations Officer):** I suppose I have got the advantage of having done it since 1990, so I have seen lots of trends come and go. I can safely say that the amount of complaints that we are getting now are far in excess of what they were even five or six years ago. It is really not unusual for us to deal with three illegal evictions in a single day, that is not an unusual day, but that is harassment claims as well.

The other two things that are really a problem are landlords and deposits. Despite the fact that this legislation has been in for five years, landlords at a certain strata are still not doing it. I get lots of landlords coming up to me saying, "We know the get-arounds for it. We don't have to actually do it".

The other significant problem I have seen in the last five or six years is a complete explosion in letting agents looking to piggyback off the business and the fact that there is no accreditation. Whereas before we would see problems with agents getting involved in harassment and illegal conviction as a tiny percentage, it is now about 40% of the work that we do. We have got our regular people that we know who there are. There are about five or six letting agents in our borough who we know, and they are behind non-deposit protection, bad property conditions and illegal evictions, even assault in some cases. We had one tenant who initially went in to complain that his lock was changed, and when he went into the back office to talk about it, they punched him the face. When he went to the police, they said it was civil matter, even though it was an assault. So yes, letting agents, problems with deposits and I would say an increase in illegal evictions is certainly what I am seeing on the ground.

**David Lawrenson (Letting Focus):** I would agree with the comments there about letting agents getting into the market, and many of them perhaps do not have the requisite skills. I know you are coming on to discuss some letting agents in a later question, so I will not go on too long about it, but I do think there is a case for some regulation, but that will be for later.

As to whether the pattern of complaints is increasing or decreasing, I do need to go back to the Rugg Review in 2008, a while ago now, but there was an indication that there was a lack of data. I think one of the others commented on the lack of data on the market, a lack of data perhaps on level of complaints, and in general the whole lack of data in the private rented sector, which is a thing I think you may have picked up in previous meetings. Certainly in the Rugg Review in 2008, [Dr Julie] Rugg found that the majority of tenants were reasonably happy. However, it could be that perhaps they did not know how to complain, as we have heard before, they were too scared to complain for fear of the consequences, retaliatory eviction perhaps. I notice that Rugg and Rhodes also did find that small-scale landlords - at that time anyway - were no worse than the bigger landlords in terms of the level of satisfaction of the tenants that they were letting to. Again, whether that is due to a fear or not, it is hard to say, but I think it is just worth noting that.

**Andrew Boff (AM):** Could I just ask, Mr Fimister, who are the primary funders for Citizens Advice Bureau, what are the sources of funding that you referred to?

**Geoff Fimister (Social Policy Officer, Citizens Advice):** The bureaux are primarily dependent on local authorities for their funding.

**Andrew Boff (AM):** It is borough council funded?

**Geoff Fimister (Social Policy Officer, Citizens Advice):** Yes.

**Andrew Boff (AM):** Thank you.

**Navin Shah (AM):** Heather, you mentioned in your comment that there is lack of awareness in terms of tenants' rights. Do you think there is much being done to improve the awareness and if not, when and how it can be done?

**Heather Kennedy (Digs - Hackney Renters Group):** Not much being done on the part of local councils or do you mean generally?

**Navin Shah (AM):** Generally.

**Heather Kennedy (Digs - Hackney Renters Group):** I think there is very little being done. I do not see it happening at all, certainly not at the local authority level in Hackney or in other councils that I am familiar with. The vast majority of tenants are very unaware of what their rights are. Most people - a lot of people - who are coming into the market have grown up since the policy turning point of 1989 when there have been very few rights, so they have grown up in that kind of climate of there being very little recourse. One of the things that we try and do as a private tenants-led group is we try and get people to see that actually there are rights there. We have got some tenants within our membership who could not be more clued up, could not be better self-advocates, but still they are getting their landlords coming to their houses and physically threatening them, they are having ongoing problems with repairs and cockroaches. The law can only do what the law can do and at the moment I would argue that that is not enough.

In terms of encouraging more private tenants' groups, yes, I think that there would be value in a very high-profile private tenants' rights campaign. I just think about people who I have spoken to, for instance, they have been evicted from their tenancy and then they have presented at the council and the council have said, "Well, why didn't you ask for help? Why didn't you apply for housing benefit if you were struggling to pay your rent?" and they said, "Well, we didn't know that any of that existed". There are young people in the market who do not even know about housing benefit. We cannot assume a level of knowledge that is not there. Actually, in that individual case, the council tried to tell him that he had made himself intentionally homeless because he did not know about those things. There is an awful lot that can be done. I think private tenants need to be encouraged to support one another on their own terms, but there is an awful lot of help that can be given by local councils. I think at the moment, certainly in the local councils that I am familiar with, they are burying their heads in the sand. They are not acknowledging just how bad the problem is and that there is a need to do things differently really.

**Ben Reeve-Lewis (Tenancy Relations Officer):** Just in addition to what Heather said, what we are doing in Lewisham - and we are not the only ones, Harrow are doing this as well - under

the banner of the London Landlord Accreditation Scheme, we have actually started training tenants, which has been great for information gathering for us. In the recent survey we did, we found that accredited landlords are 66.3% more likely to engage with tenants who have been on an accredited training course. The eye-opener for us has been, as Heather said, the level of ignorance. The really frightening bit is that we have had like 20 tenants on each training course that we have done, and when I talked to them about Universal Credit, you are lucky if you find two people who have heard of it, let alone know what it actually is going to mean. I know the Department for Work and Pensions (DWP) have sent out information about Universal Credit, but the message is not getting down to the tenants who are on benefits.

**David Lawrenson (Letting Focus):** The level of knowledge needs to be improved to reduce the potential lack of knowledge in tenants and therefore reduce the level of complaints. I would agree with one of the things that you mentioned in your pack - and I recently wrote ~~read~~ about in *The Guardian* - to do with local authorities and information which they make available for tenants and for landlords in the private rented sector. We looked at 12 London local authorities, but only two out of 12 had any information about the next topic we are going to come on to, about letting agency fees and how to ask about those. Only two had any information about the fraudulent, fake letting agents which exist, which is a big crime area in respect of fraud, which impacts private tenants and landlords. Two out of the 12 did not have any information about the hazards of multiple occupations, which of course is a major area of risk, particularly fire risk and so on around that. There is an awful lot more that the local authorities could do in terms of making information more available to private tenants and to landlords, so that they both know their rights and then this would reduce the level of complaints that we see and would certainly help.

**Geoff Fimister (Social Policy Officer, Citizens Advice):** Yes, Chair, the lack of understanding, especially of complex systems, is a long-standing problem. We are very well used to this in the benefit system. This applies to housing law as well. Cracking that nut is difficult. The more publicity the better, obviously, and that raises problems when local authorities are facing very tight funding situations because the budgets for that sort of thing can be constrained. I used to run Newcastle City Council's welfare rights service at one time, for quite a long time - 25 years, in fact - and one of the things that we used to try to do was stimulate the development of community-based organisations such as tenants' and residents' associations. A particular problem I think with the private rented sector is that it is a sector where there is a substantial transient population. Your key activists that you need in order to get a grassroots organisation properly functioning often tend to move on and that creates difficulties. That may change, it seems to me, as the composition of the private rented sector changes and there are more families with children. It may be that that will help in terms of establishing more longer-lasting organisations.

**Nicky Gavron (AM):** OK, yes. You have talked about letting agents a bit, touched on it. I just want to drill down into that, but before I do, I would just like Letting Focus to talk about this, if we could just establish what are the main fees charged by letting agents?

**David Lawrenson (Letting Focus):** There are charging fees to landlords and there are charging fees to tenants. For the charging fees to landlords, it is the service for finding the

tenants, referencing them, checking them in and there will be a fee for doing an inventory. Just looking at the landlord side, again letting agents are quite keen to try to charge those fees. One of the factors in terms of length of tenancy - and I know you touched on this in a previous meeting - was that they are rather keen to tell landlords that the tenant actually wants a short-term tenancy and they are rather keen to tell tenants that the landlord wants a short-term tenancy even though it may not be true. It gives them another bite at the apple, as it were, to charge another set of fees to the landlord. That is an issue and I think we have touched on that. In terms of charges to tenants, the main ones I suppose there ought to be is for referencing, for checking the tenants out, there is a referencing charge. That should be the main area of fee, but we have seen fees being charged to tenants - about £200, £300 have been mentioned - from the letting agents to charge to tenants for referencing. That ought to be the sort of key category. They should not be able to charge for access to go on to a list or anything like that. That is not allowed.

**Nicky Gavron (AM):** Access to?

**David Lawrenson (Letting Focus):** Access to, say, going on a list. I do not know whether --

**Nicky Gavron (AM):** So they charge for an access as well as referencing?

**David Lawrenson (Letting Focus):** They should not be charging for access to the list. The charge to the tenants, if any are made, should be for referencing the tenant, for the work around processing the application form and properly referencing the tenants, but these are, in my opinion, the fees charged. That is what they should be charging for, for the service for doing that, and in my opinion, it should not be more than the actual true cost of their work which is involved.

**Nicky Gavron (AM):** Which would be about how much?

**David Lawrenson (Letting Focus):** I have seen up to £200, £300 being quoted in the press that letting agents charge. By and large, private landlords operating on their own and finding tenants directly do not in general tend to charge those high level of fees. It is one of the things that our tenants say is quite attractive about dealing with a landlord direct. There are the negative things too, but one of the things is that they do not tend to make such high levels of charge. The key issue, it seems to me, is that the fees are not set out clearly at the outset. One of the things that we ought to have, if there was due regulation of letting agencies, that the fees to both landlord and tenant are clearly set out at the outset. Often you hear of people being surprised about the level of fees that they have been charged, but they should be set out clearly upfront what the fees are that they are going to be paying and it should not come as a shock.

**Nicky Gavron (AM):** What about the deposits? Who is responsible for that?

**Ben Reeve-Lewis (Tenancy Relations Officer):** Legally speaking, the landlord is responsible for protecting the deposit, but often the agent will take it. The main deposit regulation scheme is a protection scheme that is used by agents, the Tenancy Deposit Scheme (TDS), which is an

insurance-based scheme, which means they pay a registration fee but keep the money in the account. The deposit, for all the time they have it, actually belongs to the tenant, not the landlord, but I know agents who use that as cash float. There have been several agents that have gone out of business, notably one in Plymouth that went out last year owing £500,000 because they were spending tenants' money, and they are not the only ones to actually do that.

On the point that David [Lawrenson] made, *Which?* magazine actually did a survey about three or four weeks ago, and out of the 35 letting agents they surveyed, not one of them had their fees on their website. Several of them would not even quote fees when they were asked directly for them, saying, "Well, they are negotiable". I think Foxtons actually charges £400. They are the most expensive. An Experian credit reference search I think is about £6.99, so the mark-up on that is horrendous. If you are doing a tenancy renewal, they are likely to charge £150 to do that, but you have already had the tenancy agreement on your system, it is just a case of signing again.

**Nicky Gavron (AM):** Do you mind very much putting this on paper to the Committee, because I think it would be very interesting for us to just get these variables and these points that you have just made in a bit more detail.

**Ben Reeve-Lewis (Tenancy Relations Officer):** To do with agents or deposits?

**Nicky Gavron (AM):** Obviously we are getting the transcript, but it would be good, wouldn't it, Len, to have that down?

**Len Duvall (Chair):** We might follow up. We will agree a set of questions we may wish to follow up.

**Nicky Gavron (AM):** Yes, because I want it --

**Len Duvall (Chair):** Sorry, others want to come back, Nicky.

**Nicky Gavron (AM):** I have just dealt with fees. I wanted to hear the rest of it.

**Geoff Fimister (Social Policy Officer, Citizens Advice):** On the lettings agent question, Chair, the points that colleagues have just made come through over and over and over again in the research. There is so much information on this now. We did a report called *Let Down* in 2009 which made these points. Since then, the Resolution Foundation has produced a report that had an inquiry that we fed information into. There is the *Which?* survey that has just reported. Persistently, these issues come through, and the fact that this sector is unregulated is worrying. Like the private rented sector in general, you have got a continuum from the excellent to the semi-criminal at the other end and various points in between. My feeling is that the letting agent industry itself would not be too averse to having some form of regulation, because the respectable end of the profession I think is thoroughly embarrassed by the disreputable elements who give the profession a bad name. We seem to be up against a current governmental unwillingness to engage in regulation, whereas I think all the evidence points strongly in that direction.

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** I think the point has already been made agents will often charge the tenant £200 or £300 and will also be charging an even bigger fee to the landlord, which when what we traditionally called the deposit scheme came in, it was just taken out of a deposit that the tenant paid over. I suspect that is still happening to a larger extent.

**Heather Kennedy (Digs - Hackney Renters Group):** I think it is important just to be aware that these are not just a nasty one-off as you get in through the door. Very often it will be you will be charged hundreds of pounds to renew your tenancy six or 12 months down the line, and I would reiterate what Ben says, yes, Foxtons will charge you £420. As you probably know, there was a group of landlords with the Office of Fair Trading who took Foxtons to court and it was ruled that these fees that they were charging landlords were unfair, and yet tenants are still being expected to pay them. I think what you have got in the market now is you have got landlords in short supply and you have got an abundance of tenants, so you start to see things spring up very much in the kind of lower end of the market. I saw the other day an advert for a letting agent that was charging no fee to the landlord and was recouping it all from the tenant, so that is very much the trend, which again comes back to the imbalance of supply and demand.

**Nicky Gavron (AM):** Do any of you have an idea what proportion of landlords use letting agents?

**Heather Kennedy (Digs - Hackney Renters Group):** I know it is fairly high. I did have the stats, but I cannot quote it now, I am afraid. Obviously there are so many landlords who are very small, they have got a handful of properties or perhaps even one, they feel insecure trying to go it alone, and so they feel that they are going to get the back-up of letting agents. There is a similarity there in some cases between the landlord and tenant.

**Nicky Gavron (AM):** Are the practices better where you have large landlords, landlords with big holdings, because they may manage them themselves?

**Heather Kennedy (Digs - Hackney Renters Group):** Yes. Often there are, although not across the board. Obviously they will have to practice more professionalism in some cases, but there are some very big landlords out there where still their business model is charging an awful lot of unfair money to tenants.

**Len Duvall (Chair):** I think they are going give you some information, Nicky, in relation to that question. David.

**David Lawrenson (Letting Focus):** Yes, I think the proportion that use letting agents is around 50%. I would need to check that, but I think that is roughly the figure that comes out in my top line. I was just going to say about the charges, Ben Reeve-Lewis mentioned about the deposit schemes. The charge to put a deposit in an insurance-based Tenancy Deposit Scheme is £30 - or £26 for members of certain landlords' associations - and the charge that I pay as a landlord operating directly for a Credit Bureau check is £8, so it is very small. Of course it is free

to put the tenants' deposits into the custodial scheme version of the Tenancy Deposit Scheme, it is completely free. However, most letting agents do not use that scheme.

Sorry, just to say, going back to the Rugg Review, I think she found that the larger landlords, in terms of level of complaints, they are no better than the smaller landlords.

**Ben Reeve-Lewis (Tenancy Relations Officer):** One thing I have noticed over the years is perhaps the only thing that unites tenants and landlords together is their dislike of agents, because they both feel they are getting ripped off. What you have seen in the last year, which I think is a very, very interesting development, is a number of companies cottoning on to this fact and going for almost like a budget, no-frills version, online lettings agents. There was a law that was clarified, that you do not have to sign the tenancy agreement in person, a digital signature is fine, which kind of opened the door for those organisations. Companies like OpenRent charge £20 to a landlord and £20 to a tenant flat fee. The landlord has to do their own viewings, but they just connect them up. YouPad has just done a deal with the *Evening Standard* to get right across London on that, and my personal belief - I am not alone in this - is that is posing a real threat to these agents without regulation. I think a lot of them are going to go to the wall, to be honest. There is going to be a role for good ones, and there are landlords who do not live in the area who will just want the professionals to manage it. The bad ones that we deal with so much, I think they are going to be tempered to a certain degree by this online thing that is going on as we speak.

**Nicky Gavron (AM):** That is helpful to know. At a previous session, it was very clear that - I hope I have got this right - letting agents, because they see it as their job to get best value for the landlords, encourage them to increase rents pretty regularly, and you might bear that out or not. Also, I did ask the question because management fees, they remain the same. The management costs are not going to necessarily rise as fast as the increases in the rent might rise, so it is a no-brainer for letting agents, isn't it, to encourage landlords to raise their rents?

**Heather Kennedy (Digs - Hackney Renters Group):** Yes, it was Ian Potter from the Association of Residential Letting Agents (ARLA) that said that, and what he said was, really, if the letting agent was going to do anything other than try and get the best rent for the landlord, then they could be sued for malpractice, so you have got a very difficult relationship there that produces very bad outcomes for tenants.

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** I did read what Ian Potter said, that the agent ought to have the landlord's best interests at heart. It might tell them that market rents could be higher. However, any sensible landlord does not want to raise rent to such a level that it would lead to the tenant leaving and the property being empty, because that is a key thing the landlords do not want. They do not want a void period, so I just put that in.

**Nicky Gavron (AM):** The last part of my question is what impact is this having then? The high proportion of letting agents who are actually milking it, to a certain extent, what impact is that having on people on low incomes trying to have access to tenancies?

**Ben Reeve-Lewis (Tenancy Relations Officer):** If I could go with that first, the problem with this is that the question, as it was worded, is about whether fees affect people. Usually what we are finding is that people on benefits, very low incomes, they don't get touched by the middle range of agents. They are left with the criminal ones at the bottom who will take anyone and do any sort of deals. They are the worst ones to operate with. Foxtons will not take people. There is a Government website called, "Let's Help You" and it connects up agents and landlords who will accept people who are on benefits. The website is very good in that it tells what the Local Housing Allowance (LHA) level will be, what the rent is, what the contributions are. It is all in the one place, but it is all based in the north. London is a unique market, simply because of the vast gap between the market rent levels and the LHA levels, which is only going to get worse next year.

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** I wonder, if I can, the agents really are not interested in the housing benefit or the bottom end of the market, because they want to see a month's rent at least as a deposit, a month's rent in advance and £200 or £300 fees. People on benefits just do not have access to that kind of money. Harrow has set up its own sort of local lettings agency, mimicking a private agency, and landlords were very grateful for that, but it is a very niche operation.

**Heather Kennedy (Digs - Hackney Renters Group):** Yes, it is almost a moot point, because the CAB in Hackney did some research in June and they found that 1% of landlords were letting to people on housing benefit. I worked for a charity over in Ealing and we did some research and we came up with the same findings. Certainly they will not be in the position to even get to that stage. Theoretically, yes, a small handful of housing benefit claimants can get the council to pay their deposit, but they cannot get the council to pay £100, £200 in letting agent fees, so it completely bars them from anything other than the real bottom end.

**Geoff Fimister (Social Policy Officer, Citizens Advice):** Yes, very familiar obstacles. I don't think I could really add much to that. That is exactly our experience as well.

**David Lawrenson (Letting Focus):** Sorry, I did not answer your other question. Letting agency fees usually for management charges are typically as a percentage actually, so they may have some incentive to raise the rent, therefore they get a higher percentage too. I have not got any figures on that, but that is the general impression that I have in terms of the way that they run their fees.

I would agree with what Ben [Reeve-Lewis] here said in terms of the growth of online letting agencies. This is a big area. When we talk about the 50% as my estimate - and I am pretty sure that is roughly right - of landlords that use letting agents, we do not know to the extent of whether they are using the likes of an online letting agency like Upad ~~YouPad~~ and then doing the rest of the work themselves or they are using full letting agency services. I just do not know the kind of mix of that. However, increasingly it is true, landlords are able to use online letting agents, get their properties advertised on Rightmove - which is where they need to be, and that is the place that everybody needs to be, or indeed the other portals - to get their properties marketed. They have a way of doing that through the websites and linking up to put their properties on to Rightmove and all the rest, and they can then take it from there and do

everything else themselves. Again, when we talk about 50%, we do not know what proportion are doing that as opposed to using a full letting agent's service. Certainly online letting agents, where landlords really do most of the work and the property just gets advertised on Rightmove, certainly that is growing substantially.

**Andrew Boff (AM):** I need some clarity - you almost cleared it up for me, Mr Reeve-Lewis - on the fees. To what extent are tenants and landlords entering into agreements with agents without knowing what those fees are. That is the key point really because, as you said, it is a market solution coming along and people are finding the market solution to this but I am concerned that people are entering into these arrangements without knowing what these fees are.

**David Lawrenson (Letting Focus):** If you hire a plumber to fix your plumbing, if you go to a shop, you want to know what the charge is. For some reason in this market, it could be for the tenants that they have a lack of confidence but also it is true for landlords too because I hear a lot of complaints from landlords that they seem not confident to ask the letting agents what their level of fees are and to set them out clearly, which must be a business requirement to set them out clearly.

**Andrew Boff (AM):** This is what I am curious about because on every other sort of sale of goods, the charges have to be upfront and if they are not upfront, then I would suggest the transaction possibly is probably illegal.

**Heather Kennedy (Digs - Hackney Renters Group):** The fees are legal but they are legally obliged for them to be clear and transparent. Very often, a lot of these letting agent fees are technically illegal but the lack of confidence that David was talking about -- you have to understand that tenants are aware of the fact they find one property out of hundreds they can afford, one property out of hundreds that is in anything like decent condition and they desperately want it. They don't have the bargaining chips I would say defines that lack of confidence.

**Ben Reeve-Lewis (Tenancy Relations Officer):** You have the anecdotal - I keep using the word 'anecdotal' today - but apparently in London, there are about eight or nine tenants chasing every property. As Heather said, if you find one you can afford, you have to move quickly and one of the regular problems we see is that a tenant will be expected to pay the first week's rent. There is a holding deposit. That could be for £400 quite easily in London. If they pull out, then they don't get the holding deposit back. Now they are not actually allowed to do that. They are allowed to withhold a reasonable admin fee but when they question that, they just say, "Well, in actual fact, the admin fee happened to be £400", so they get you either way really, they get away with it. It is unlawful. It has been since the 1950s, in fact, for any agent to charge a registration fee. However, again, you come across the odd ones still doing it because tenants do not know their rights. It is only if it goes to Trading Standards, who will be the appropriate people to prosecute for that, that it actually gets picked up.

**Geoff Fimister (Social Policy Officer, Citizens Advice):** The other aspect of these very high upfront costs with people on very low incomes with no savings, of course, is that they might

borrow the money and we do come across instances of that happening. Then, of course, that feeds into the debt problem and, of course, they then cannot repay it.

**Tom Copley (AM):** What you said about this holding deposit, I was interested because that is exactly what happened to me when I moved in April. I have the email; I didn't realise it was illegal. I have the email from the agent saying, "If you pull out, then you will lose this week's holding deposit which you have given", so that is very interesting. I thought what you said, Ben, about landlords and tenants being united in loathing pretty much letting agents was absolutely spot on. That has become clearer with these sessions. So much so in fact that even the Mayor, who has an almost allergic reaction to any sort of suggestion of any kind of statutory regulation, has, I believe, said in the London Rental Standard he has just published that he thinks lettings agents should be regulated. What you said I think is that the regulation currently as it applies to estate agents should be extended letting agents. Do you think that is enough or do you think we need further regulation?

**Ben Reeve-Lewis (Tenancy Relations Officer):** I think it is; I think it is essential. I also think it is a snowball that is rolling downhill and I think it is caught on to that, as Geoff pointed out, these calls. It is one thing for Shelter to call for it but when the calls come from inside the industry, you know the war is coming. Just this Monday or Friday, ARLA announced on their website that they are behind it. They think agents should be accredited. We say letting agents and estate agents are not the same thing. They can be both but they do separate things. It is letting agents that are not regulated.

When we say they are not regulated, there literally is nothing. You could go out here now with a laptop and a phone and set yourself up. There is no law to stop you doing it. My wife is a travel agent and every year she has to sit an exam to sell travel insurance and yet, letting agents hold on to people's money. They have, what is called, a fiduciary duty of care to the landlord they represent and they often break it. When they do break it, they can often put the landlord in the position where they have committed a criminal offence without even knowing they were in it. Right across the board, if the agent gets it wrong, it sets a whole other load of things in motion and they are the key. For an organisation, for companies like that to have no regulation whatsoever, I think just beggars belief.

**Andrew Boff (AM):** There are good letting agents, this is the point, and there are good ones.

**Ben Reeve-Lewis (Tenancy Relations Officer):** Absolutely.

**Andrew Boff (AM):** I know, I have had some. I have had some pretty appalling ones but there are good ones.

**Ben Reeve-Lewis (Tenancy Relations Officer):** Yes, I know some fantastic ones; the ones that are very clear about their fees, who look on their tenants as their clients as well as their landlords which is quite an unusual thing to do. There are some excellent ones out there and I think those are the ones that will survive the effects of online agencies.

**Geoff Fimister (Social Policy Officer, Citizens Advice):** I was just going to say briefly on that point, Chair, we have been publicising to our bureaux the SAFEagent scheme which is a kind of kitemark scheme which is designed to indicate that the agents operate to reasonable standards. We are certainly concerned about that because if the current developments in housing benefit are going to cause more people to be moving around, then the chances of them coming across dubious letting agents obviously increase. We are quite keen that the bureaux are aware of that checking possibility, but it is only part of the way down the road of proper systems and regulations.

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** The good agents generally will not deal with housing benefit, bottom end of the market, which I think should have the most concern. I don't think a market solution or accreditation will address that bottom end of the market which is why I think perhaps councils running their own agencies or private sector leasing is another model for that bottom end of the market to improve standards.

**David Lawrenson (Letting Focus):** I agree letting agents should be regulated. The issue with the fees is mainly an issue for tenants I think. It is my view that landlords are in business. They should be able to shop around, assess the letting agent, what they offer and - let's face it, there is a lot of them, the barriers to entry are nil more or less - they should be able to identify what work they are doing and pay a reasonable fee for the work that is being done; shop around until they find a good one. The main issue for landlords has been about repeat fees, repeat fees charged to landlords that they were not expecting six months down the line. However, this is being changed following the ruling by Lord Justice Mann in the Foxton case that if they are going to charge repeat fees, it should be made clear. That seems to be less of an issue now. The main issue around fees, I really think, is tenants and the situation you described earlier where there are not many properties around, the tenant finds one, they are in a rush, that is why they sign up to something and then they get a whole bunch of fees they were not aware of. It is mainly an issue for tenants.

I just want to say one last thing. In Scotland, letting agents are unable to charge fees to tenants in the private rental sector. I believe that has now come in.

**Ben Reeve-Lewis (Tenancy Relations Officer):** I should clarify. That has been against the law for 14 years but Scottish agents have been ignoring it. It is only Shelter's campaign that brought them to book on it.

**Tom Copley (AM):** I have another I suppose it is in relation to what Andrew said about good letting agents. They are the ones that would not need to worry about regulation I presume because they are already good practice.

Just quickly on deposits. Obviously when you move in the private renting sector - and most people are moving after six months or a year, so quite regularly - you do not get your deposit back straightaway, so you do not have that deposit then to put down on your next property. This has happened to me many times before. You have to borrow money off family. If you cannot do that, you end up having to perhaps go to some of these dodgy loan sharks. I presume this is a big issue. Is there anything you think could be done to address that?

**Ben Reeve-Lewis (Tenancy Relations Officer):** Thanks for raising it. Now that it has been raised at this point, deposit protection came in five years ago. There are three different schemes but even an uncontested deposit, I think they have ten days to pay it back. Now, when you are moving from one to the other, you need it upfront, so where do you go for it? You either sofa surf while you are waiting for the money to come back before you can take up residence or, as you say, you go to friend, family or a loan shark for payday loans, Wonga, although Wonga is officially part of Government now.

**Steve O'Connell (AM):** Thank you very much. As somebody who is a landlord, but not in London, and a very benign one I would like to think who has recently sacked his letting agent because they had no VAT, they gave no value and I was accordingly able to reduce the rent because I was saving on it, so everyone is happy with that.

Talking about regulation, Ben, you say there is a call for regulation across the spectrum largely and I can see, although somebody who is temperamentally hesitant about regulation, I can see protecting the more vulnerable tenants, there is a place for it and it will hopefully ease out, shall we say, the bad landlords. If they were represented today, the good landlords or their representatives, what would they say about regulation? Would they be saying, "We are not comfortable"? They are not really represented here, in fairness, so what would the good landlords at Foxton and people say? They will probably be lobbying around it, I have no doubt, in our lobby, what would they say about regulation?

**Ben Reeve-Lewis (Tenancy Relations Officer):** You already have it. There are plenty of websites where landlords hang out and universally, I do not know any other dissenting voices against it, because they say it is going to disincentivise investment, which is a common argument that we all know about. What I find curious about that, they all cite the situation in the 1980s where I actually started off working in night shelters in the 1980s and I remember there just was not the demand for private rented sector (PRS). The right to buy had not really decimated social housing stock at that time, so we had loads. Homeless applicants had three offers of accommodation, your book is right, so there was not that market. Disincentivising, well, they use rent control and regulation in different parts of the world in different ways. I actually think London's tenants are so -- I mean, the rents are just staggering. They are often 71% of the person's take home pay in London; far in excess of what they are outside. For a long time, I was actually against the regulation of landlords because I was taking the investment argument but I am thinking for London's tenants, it is getting too oppressive now.

I do not know if you know but in November, a new homelessness suitability order was introduced which means homeless issuers can discharge their housing duty by finding people homes in the private rented sector but one of the caveats of that is it must be affordable. They are not affordable for people on benefits, so it raises the spectre that Government be very critical of out of borough placements, although I think the head of Westminster Council referred to them as 'close to borough places' but he did not say how close that would be. We already have some councils in North London using Luton, we have some going out to Margate and down to Hastings. Now, if that is where they have to go to find affordable rents, it gives you an idea of where London's tenants are at. I am thinking that rent capping - I don't know, it is kind

of pie in the sky stuff - but rent capping is becoming more and more urgent, pressing for London's tenants. However, I do not think you would be able to do it without introducing some sort of tax breaks or some sort of concessions or grant system. I think that is achievable in part and it relies a lot on what local authorities do in relation to their relationships with the PRS, which I know David is in favour of as well.

**Len Duvall (Chair):** David, you would like to comment or Heather or Geoff?

**Geoff Fimister (Social Policy Officer, Citizens Advice):** Yes, Chair. I think the issue of rent control is a very complex one and it is one, as far as I know, Citizens Advice does not have a formal view on. There are precisely these issues about the affordability problems that are being created by high rents and the lack of access that creates for people on low incomes. On the other hand, the investment flow question needs to be taken seriously, so it is a complex issue that I think needs work. I travelled from Newcastle last night and very helpfully the East Coast Rail Service arrived three hours late, which gave me plenty of time to read the papers for this meeting. One thing I did notice was that the Mayor's report tends to conflate regulation and rent controls as if they were automatically the same thing and I do not think that is the case. I think regulation in terms of standards and processes can be uncoupled from the question of rent control.

**Steve O'Connell (AM):** My question was around regulation as opposed necessarily to rent controls. I was trying to understand what landlords would object to around a decent sort of training regulations just to make sure they have appropriate quality control, checks and all that sort of stuff as opposed to imposing necessarily rent controls, which may have a place, of course.

**Geoff Fimister (Social Policy Officer, Citizens Advice):** My impressions of going to landlords' conferences are that landlords do not like the idea of regulation of landlords. I think regulation of letting agents is a different matter. I think there is quite a strong consensus emerging there.

**David Lawrenson (Letting Focus):** I think most people seem to be in favour, including landlords, of regulation of letting agents. Particularly around the area of openness of fees, which you discussed, and deposit protection to make sure they are doing what they should do on deposit protection. As to landlords' regulation, I think it has to work. You have to look at the cost of doing it and how effective it will be.

We might come on to Newham later but to look at Newham, they are introducing a selective licensing scheme. The argument seems to be, as I understand it, under the existing sort of systems and tools they have at their disposal, they are insufficient to deal with the rogue landlords out there. I think we heard about this at previous meetings. It costs too much to get rogue operators - I won't even call them landlords - to court, the fines are derisory and they walk away with a smile on their face. There is a whole issue around that. Perhaps that is why then we see Newham coming along with this new scheme, I hope it works, I hope it is cost effective. You have the rogue landlords out there. We have this licensing scheme registration; this stuff has to work. I do think - I agree with some of the comments made in the previous

meeting that I read – that where it takes too long to get the rogue operators to court and where the fines are derisory, that is the problem. We need to really make sure we deal with that under whatever system of regulation there is because that is not working at the moment. It is not effective and it is not easy for a local authority to take action against rogue operators.

**Ben Reeve-Lewis (Tenancy Relations Officer):** This is something which is very close to my heart. I am the officer in the council who has to prosecute landlords for these things. The quickest I have ever had a case in court is a year and a half by which time the tenant has usually long moved on. I had a case where a landlord pulled a gun on a woman and her three kids, he had a £400 fine. All the time, when you are treating all of the breaches that a landlord can do as criminal offences, you are tied into the same system the police use for others and everything else. Unless you have a way of separating them out, it is never going to happen. If you have three illegal evictions in one day, which as I say is quite common, then if we see the first on Monday, who is dealing with number 2 and number 3 and then the next day; we just cannot do it.

Licensing, which again is one of those things landlords will confuse as regulation, is a different topic. There is a Welsh White Paper, which is beautiful in its elegant simplicity. They are setting a national standard administered locally, three strikes like a driving licence and you are out and you cannot let unless you use a regulated letting agent. Very simple and it will give enforcement officers like me an easy role of simply pulling the plug on the bad ones without --

**Andrew Boff (AM):** How does licensing speed up that court case?

**Ben Reeve-Lewis (Tenancy Relations Officer):** It means you do not have to go through the criminal procedure of serving summonses, getting evidence together, waiting for a court date to come up. We know what our offences are and they are things we can do but without the sanctions on it, we cannot get to it quickly but licensing, simple licensing would work. Landlords confuse, whenever I talk about this, they confuse it with Houses in Multiple Occupation (HMO) licensing, which is universally hated. I am not talking about that. I am talking about very simply finding a way of policing the private rented sector by being more hands on within it.

**Andrew Boff (AM):** Presumably that landlord has a right of appeal as to whether or not he is included on your --

**Ben Reeve-Lewis (Tenancy Relations Officer):** I do not think you could do it without.

**Andrew Boff (AM):** That is right, so effectively, those disputes could continue even under a licensing regime.

**Ben Reeve-Lewis (Tenancy Relations Officer):** It does not operate yet. I agree, it has to set other barriers --

**Andrew Boff (AM):** I have already seen this licensing scheme and it is done by a local authority that should have done its job in the past 30 years. It is now using licensing in order to catch up and do the job that should have been done.

**Ben Reeve-Lewis (Tenancy Relations Officer):** Are you talking about Newham?

**Andrew Boff (AM):** Yes and it does not give you any more powers but it does introduce regulation and it also puts an overhead on responsible landlords as well because they have to licence every single property. The larger landlords are finding there are enormous overheads. I would be in favour of it and I can see it, if you could tell me that licensing actually gives you more powers to report it. It appears as though it doesn't.

**Ben Reeve-Lewis (Tenancy Relations Officer):** Newham's licensing scheme is tied to the system of HMO's and they are going into additional licensing which means they have to declare the area they are going to licence. Then the local landlords can raise objections to that at committee, and that has happened in a couple of other boroughs - David would probably remember some of them - where the landlords have actually won that, so it has become a bit of a problem for it. I am not actually a fan of Newham's situation. I think what Newham are doing is actually alienating every landlord in the country against councils. They hate us because of that. What they are doing is they are pushing enforcement without any kind of sense of working with the landlords.

Back in March, I spoke at the Property Investors Show which is a bit of a weird one for a Tenancy Relations' Officer (TRO) to go to and there were big stands there for "Invest in a home in the Bahamas" and "Have you thought of buying property in America", and right in the middle of these stands was Newham Council running their get a licence or we will nick you campaign.

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** There are a great range of regulations already applicable but councils generally do not have the resources to enforce in all the cases, so new regulations probably really are not needed. There is licensing which could be used, not in the Newham way, but in a selective way. I think there is plenty of regulation and landlords would object to any further being introduced.

In terms of rent control, that is a different matter. It would only ever work if there was another subsidy put into the private rented sector, otherwise the bottom end would just close down and that would create a much bigger housing crisis in London.

**Heather Kennedy (Digs - Hackney Renters Group):** We would advocate for, to reiterate what Ben said about mandatory licensing, what is being proposed for Wales does look like it could really work. The question that was asked initially was what would landlords like? I think we have to be a bit careful. Of course we have to weigh in the needs of landlords as well, but the needs of landlords to operate their business is not the same as the need for the tenant to have a home. We do have to be careful about what is going to make landlords rapidly all flee the sector, so there are no longer those private rented properties, but it is not a question about what would landlords like as far as I am concerned.

Of course we hear the voice of landlords decrying any form of regulation, licensing, rent control. It is deafening across the Internet and any sort of landlord representative that you will speak to. We know what they think but that is not the same as them fleeing the sector if things are introduced. We have so many examples of when various different rent controls and licensing have been introduced and that actually has not happened because they are still able to make quite a tidy profit. If we have to offset some of these things with things like direct payments, which I think can be really important and also some of the tax breaks, then yes, we need to look at that.

In terms of rent controls, we need to think seriously about that. If you say rent control, then landlords will be shaking in their boots but obviously there are various different models. There are various different ways that could work and if we are looking at similar to what they have in France and Germany, it is a three to five-year default tenancy with indexed inflationary increases on that. The first rent is set at the market and then there are inflationary increases. I think something like that could really work. The idea that what we have now is already working, who is it working for? It is not working for tenants. We know that. I think the idea that voluntary schemes are going to have any impact -- they have not had any impact. We have a lot of voluntary schemes out there already and the bigger issue with Newham -- Robin Wales, the Mayor of Newham has said we do not have the resources to enforce this and the laws are only as good as the enforcement. I cannot see that that is going to have much impact.

**Stephen Knight (AM):** Mr Dalton, you referred earlier to the fact that most agents are not interested in the bottom end, the housing benefit end of the market, and you said there was potentially a role for local authorities to, in a sense, run their own letting agencies. I just wonder, given all the problems with commercial letting agencies, whether you or others saw a bigger role for either local authorities or indeed the Mayor of London to intervene directly in the market in running some kind public letting agency in London.

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** Harrow runs a letting agency, I think it refers to in London, aimed at the bottom end of the market, aimed at encouraging landlords. We face a lot of risks in letting to people on benefits because there is a greater likelihood of arrears. There is also more likelihood of damage, I think, and the returns will just above cover the cost for a landlord. We run that to encourage that part of the market and to work with landlords and to know them.

There is also the other model which is the private sector leasing model where effectively the council takes over the management of a property. We can ensure proper management standards, ensure repairs are done and, because the landlord is free from any risk of rent arrears, then the rents can be set a lower amount. Pegged to the landlord, he still obviously has to cover the costs, and from the council's point of view.

**Stephen Knight (AM):** Do you see a role potentially in the council extending into the middle market or is it really restricting to --

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** Personally, I think there are far fewer problems in the middle of the market. There are problems but they are far

fewer because, at the end of the day, it is a free market and tenants who are a bit richer are able to move into alternative accommodation and that can have a controlling factor on that middle of the market. If a landlord is unreasonable, does not do repairs, then tenants do not need to sit it out. They may be better informed in terms of voicing their rights or they can ultimately more easily move to alternative accommodation.

**Stephen Knight (AM):** Do landlords welcome the local authority's role in terms of managing their properties?

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** I think they do very much so. That is our experience because they so distrust local accommodation agencies. I have also trained landlords and without doubt, whenever I have 20 landlords, two, three or four of them will tell me stories of how they have been ripped off by agents. It is such a big problem out there, so the alternative to agencies is very important.

**Stephen Knight (AM):** I would be interested, Chair, to hear from other witnesses on this issue.

**Len Duvall (Chair):** What we will need to do is be mindful of the time and now ask core questions. We may need to follow up after this meeting with a set of other questions from Members as well.

**David Lawrenson (Letting Focus):** Last time you talked about selective licensing and I have to get something in here which at previous meetings, I do not think has been picked up. If ever there was an issue on a campaign that the Mayor of London could pick up on, it has to be this one. At Letting Focus, we do a lot of work advising buy-to-let and the private renting sector. We have done work with banks, building societies and the like. One of the things that I am in the press talking about recently is the fact that we have a state owned bank, Lloyds Banking Group, that does not allow landlords through their BM Solutions, their now buy-to-let lending subsidiary, to let to tenants who are on benefits. It is in the terms and conditions of their buy-to-let mortgages. They say, "The terms and conditions of our mortgage policy do not enable borrowers to let their property to tenants claiming housing benefit". From all the work I have done with other lenders, I can say there is no higher risk to arrears from a buy-to-let lender at all in this area. If ever there was an issue that the Mayor could pick up on, it has to be that.

Last week, having read some of my stuff in the press, somebody contacted me to say that they had a mortgage with NatWest, also another state-owned bank, we have a statement - we don't have it here - from the Royal Bank of Scotland, and they were saying they were unable to let in an area where selective licensing has been applied. I do not really know where that is going to leave Newham actually or indeed, if other lenders do it. It is a thing we are investigating. So, we have two things here. We have state-owned banks not allowing landlords to let to tenants who are on housing benefits and state-owned banks not allowing landlords to let in areas where there is selective licensing. Of course, you have already heard about the 12-month restriction in a previous meeting.

In all the work we have done, I have seen no evidence that this leads to higher arrears. We also have the insurance companies charging higher premiums or refusing insurance altogether for landlords who let to housing benefit tenants.

In terms of the restrictions on housing benefit, most lenders are not now doing this, although, as I said, at least one state-owned bank is, also Yorkshire Building Society, the second largest building society, has it in there too.

Sixteen years this has been going on that all these lenders have had such restrictions in place. As I say, in the work that I have done, with the more enlightened lenders, we have seen no evidence at all that that leads to higher arrears. At the very least, it is a very serious issue in relation to we have a problem with homelessness and we have state-owned banks not allowing -

**Andrew Boff (AM):** Do we know why they have done this? Do you know their narrative for why they have done this?

**David Lawrenson (Letting Focus):** Their narrative, I can quote you what the Yorkshire Building Society say. They say, "We entered the buy-to-let market with a specific profile in mind. Experienced but not professional landlords seeking to purchase properties of reasonable quality and we shape lending to criteria to meet that market. We did not feel that DWP-supported tenants, as they put it, would generally fit in with the profile or properties that we are looking to lend to. This is mainly due to concerns about poor maintenance --"

**Andrew Boff (AM):** Is that Yorkshire Bank?

**David Lawrenson (Letting Focus):** Yorkshire Building Society (YBS).

**Andrew Boff (AM):** Do we invest in Yorkshire Bank at all?

**Tom Copley (AM):** Can I ask a very, very quick question just on that specific point? Does this mean landlords with these mortgages are forced to evict tenants who go on to housing benefit once the contract has been signed?

**David Lawrenson (Letting Focus):** I did ask that question and I also asked the question regarding selective licensing of Royal Bank of Scotland (RBS) but I haven't had a reply back yet about what they would do should a selective licensing area be imposed and then the landlord was already letting. That selective licensing issue came about in Hyndburn where they are already doing it. The response to your question was, "Should the circumstances of the tenant change, we would expect landlords to consider each case on an individual basis. Landlords do not need our consent to terminate or renew a tenancy agreement".

Of course, most landlords would not know whether the tenant was on housing benefit or not actually, so it is a bit of a grey area. It is a bit of a silly restriction to have in place I think in this day and age, and certainly not justified by the arrears experience from the work we have done with buy-to-let mortgage lenders.

**Geoff Fimister (Social Policy Officer, Citizens Advice):** It is indeed a serious problem that the Government constantly maintains that 30% of rents in the private rented sector should be accessible to housing benefit claimants. The Valuation Office Agency tells me this is not a problem and yet our bureaux's are constantly telling us that accommodation simply is not available because landlords will not let to people on housing benefit.

I was quite struck again reading the Mayor's housing covenant defining standards. It says that prospective and existing tenants should not be treated less favourably than others because of their colour, creed, ethnic or national origin, disability, age, sex, marital status, sexuality, politics or their responsibility for dependants.. Now, obviously we would agree with all of that but then it is perfectly OK to discriminate against them because they are on housing benefit. This is really is a serious issue that needs to be addressed.

**Ben Reeve-Lewis (Tenancy Relations Officer):** Just in addition to note, it is the same point as the banks. The Mayor again is raising this covenant; we are looking at security. Tenants always want normally more than six or 12 months and often landlords want to grant it, but then the covenants in buy-to-let mortgages will not let them let for more than a six to 12-months' contract. It is not actually coming from the landlords, again it is coming from the lenders.

**Onkar Sahota (AM):** Just to change the focus a bit; this is dealing about the bad housing conditions and poor management practices. What remedies are there available to tenants for addressing this issue about poor housing conditions and poor management practices?

**Heather Kennedy (Digs - Hackney Renters Group):** Very few. In Hackney, the environmental officers that we have contact with, they have described the system that is available to them in terms of enforcement as very piecemeal, which is a source of great frustration to them. I do not know enough about comparing local authorities to know whether or not actually they could apply a more sort of triaged approach which would be more effective. Certainly their feeling is that they have repeat offenders. They know who the bad landlords are because they get calls about them time and time again, and they have to go out again and again and again. There are various different laws that pertain to different parts of infringements, then you have to deal with one situation, one issue, and then you have to move on to the next. There is no kind of consistent approach here.

I spoke to someone who has, for a very long time, run Camden's Federation of Private Tenants. I was speaking to him about this issue because it baffles me still when I realise just how little legal protection there is there for tenants. I was saying that could tenants issue the landlord with some fair quotes if the landlord fails to actually carry out repairs and then use their rent money to pay for the repairs? Obviously it is very iffy doing that because it raises questions about where does liability then lie if you are dealing with something like a broken boiler. He said that persistence is the only thing that is available to tenants, just keep going back to the landlord time and time again. They have a scheme in Baltimore that is successful - which you may or may not know about - where the tenant will pay money into a third party scheme, then the repairs will be done, and the landlord can only access that rent money when the repairs have been done. That might be something we want to look at.

**Geoff Fimister (Social Policy Officer, Citizens Advice):** Yes, Chair. I am sure the standards within the private rented sector vary immensely from the excellent to the very poor. When you get down to the very poor end, I think there are two different phenomena going on there. One is the rogue landlord element who is incorrigible and will provide poor standards. The other is the inexperienced landlord element people who have inherited a property or maybe have let it out because they cannot afford to pay the mortgage. Quite often, they are very well meaning people who respond positively to support from the local authority, so issues of providing landlord education come into play there.

Where there are problems needing redress, I think again you are up against the tenants often having a lack of knowledge of the system. You are also up against the fear of retaliatory eviction that we mentioned before. Another problem is that local authorities, of course, are under terrific staffing pressures at the moment and I think enforcement suffers from that to a significant extent.

**Tom Copley (AM):** Thank you, Chair. Yes. Again I think we have established pretty much that the level of local authority enforcement is not what it could be. Your point about they know who the bad landlords are, I know from friends of mine who were kicked out by a particular landlord a couple of years ago, she has not given their deposit back. She is notorious across South London. The local authority say they do not have the resources to prosecute her and it is very difficult for someone to make a private prosecution. Essentially, what can local authorities do or how they can use their resources to be more effective?

**Heather Kennedy (Digs - Hackney Renters Group):** I think things like mediation, arbitration, a properly resourced arbitration function could be really, really useful for some of these issues. As Geoff said, there are an awful lot and increasingly, landlords just do not know what their responsibility is, they do not know what the law says. There is an awful lot that could be gained from support and from getting two people in a room together, but obviously you need a neutral body to do that.

There is some confusion over what local authorities should be providing already and what they actually are providing. We went to a session that was organised by the local law centre where the representative from the council spoke at great length about how they take very seriously cases of illegal eviction. However, one of our members has been illegally evicted three times in the last four years and on each occasion has been told, "Well, sorry, there is nothing we can do. You are going to have to phone Shelter". If you speak to people at the top of the council, often you will find that what is going on at the bottom can be quite different and I am not going to suppose the reasons for that.

Mediation is something that again, if you ask people at the top of the council, they will say, "Yes, we provide tenants' mediation" but if you present as a tenant and go into the office or phone them up, they will tell you - and they have told our members - "Well, we do not have the resources to provide that". I think there is a lot that can be done around education, arbitration, and mediation.

**Tom Copley (AM):** I am interested in Jon's views from a local authority perspective.

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** We now run services both for advising tenants and then separately for advising landlords, which has grown out of our local residents' agency. We would much rather spend time to advise a landlord what the law is to avoid problems further on. It does not mean you can always resolve it. It is almost getting to the point where there is that kind of mediation aspect, so one part will deal with the tenant, one part will deal with the landlord, and between the two services, they can talk to each other and hopefully resolve some of the issues. Not all of the time but some of the time. I think it is quite a good model.

**Ben Reeve-Lewis (Tenancy Relations Officer):** As I said earlier, I have spent 22 years doing this work and chasing round landlords and not getting anywhere for the most part. There is a big difference, as Heather pointed out, between theoretically what is possible and practically what is possible. I think a couple of months ago, I remember in one two-week batch, with my co-tenancy relations' officer, we were in court 13 times getting injunctions for re-entry. We do not have any time to do anything other than shove them back through the door and move on to the next one in the queue.

Over the years, I have come to exactly the same conclusion as Jon that you do not police the sector by running round like the Sweeney. You get out there and you effectively manage the sector, which means supplying services a landlord needs. One of the big changes in the last few years -- we have a vast army of buy-to-let landlords who are breaking laws they do not even know are there. When you ring them up and tell them that, then they will often back down. I am quite happy to work with those people. I will sit down and make sure their paperwork is intact so they do not do the snakes and ladders on the eviction procedure because I think it is good for the tenants to do that. We should be out there educating them. Social letting agencies, one of the ways of putting bad agents out of business is by being the best agent on the block.

Councils have services that no letting agent in the country has. We have hotlines to housing benefit, we have surveyors, we have mediation, we have legal experts who can help them all out if we could get out there. The barrier to that is changing the traditional council mindset and Harrow has started doing that. Every council is going to be doing it slightly differently but I am a passionate advocate for social letting agencies as a model. Landlords are the easy ones. I find landlords are simple souls. As long as they get their rent and the tenant does not smash the place up, they are fine. It is changing the council mindset that is the thing. Localism has always given that as a bit of a gift. We are allowed to think differently, we are allowed to use income generation but it is going to take a while before councils see the opportunities that are out there that you manage the sector not by running round and policing it all the time.

**David Lawrenson (Letting Focus):** Very briefly; more online information for landlords and tenants, and the local authorities should be better. That is where landlords and tenants increasingly look for information, so that could be improved. Also, at the same time, better marketing of the various solutions that local authorities and the housing associations *do have* for landlords like private sector leasing schemes which are very attractive or help with direct let

sort of schemes. They are actually very, very hard to find, we found through our survey, Letting Focus.

Also we talk about buy-to-lenders. Buy-to-lenders increasingly could provide more information for landlords about their responsibilities when they take out a mortgage and most of them are not doing anything like enough on this.

Again, I am afraid I am rather critical. I am not going to be very popular with some of the buy-to-lenders, but they could really up their game too in terms of information they give to landlords.

**Roger Evans (AM):** Yes. I am interested, Ben you mentioned the explosion in buy-to-let lenders as being a trend. I just wonder if any work is being done on the next stage of that trend because there is a lot of property now being built in London which is being bought by investors who are actually from overseas. So your next wave of buy-to-let landlords will be in China, a long way away. Do you see that as being a problem and what do you think we can do to prepare to work with those people because that will be even more difficult than the current situation?

**Ben Reeve-Lewis (Tenancy Relations Officer):** I think I read that figure recently. It is quite a high proportion. As far as I remember, it was more the prime properties at the moment. I do not want to disillusion but we do not have that many prime properties in Harrow; it is a very middle-class inner city borough. There is a lot of new build going up around our place and I know, Boris, in the housing covenant, is encouraging new build properties. That we can do but if it is going to be at PRS rent levels, or even affordable rent levels, the housing association's affordable rent levels is just a name; it is not really affordable. There may be a role for portfolio investors to get in that. One thing people are talking about now is the possibility of councils using pension funds as investment in a new build property, so I think that is something that will come up a little bit more.

Heather made a point earlier on but I have to say, as a tenancy relations' officer, I cannot remember the last time I had any complaints made about portfolio landlords. The main reason being they have the cash flow to push it around, so we do not get those kinds of problems. A small buy-to-let amateur will often max themselves out on it and if the tenant does not pay one month's rent, they cannot pay that month's mortgage or if the boiler blows up, so they get in a panic and they start doing rash things. That is the big problem. It is not just the buy-to-let amateurs who are ignorant of the law; it is that they have no cash flow whereas investors do. Even if we had a lot of portfolio investors, we might not see a change to those kinds of grass root level problems that I deal with. It is difficult to tell

**Tom Copley (AM):** It was just again, I think the point you made about making sure councils offer this or a range of services to landlords is a very good one. However it is still not going to address a small minority - but there's still a significant number that causes a lot of misery for people - of landlords who are just awful. What do you think could be done to fast track, I suppose, action against these sorts of landlords?

**Ben Reeve-Lewis (Tenancy Relations Officer):** This comes back to my point. The problem you have if you treat all landlord and tenant problems as criminal offences is what it allows for. I have always felt that if we can work with the local PRS community and develop a relationship with them, you can isolate the ones you really need to go after and you have the speed to go after them --

**Tom Copley (AM):** So you focus your resources.

**Ben Reeve-Lewis (Tenancy Relations Officer):** Yeah, because in a sense we all know who they are. I think the Mayor's report said that coming off a Shelter, I think it was, there are 115 known landlords. I think they all live in my borough! If you spread that over all of the London boroughs that is only three or four each and I know I have a lot more than that. I would have the time to go after them if I am not having to use my time chasing the amateur buy-to-let landlords who just have not got a clue what they are doing. There is a lot of reinforcement. I know some people think it is a conflict of interest to work with landlords and prosecute them. I don't, not at all.

**Len Duvall (Chair):** Thank you.

**Heather Kennedy (Digs - Hackney Renters Group):** I just have a really quick point to make on council resources. The London Landlord Accreditation Scheme has got an online database where local authorities can upload information about landlords who have been convicted or have been issued with injunctions or warning letters. In a climate where there is very little regulation then transparency is one of the only things that tenants can use to protect themselves. This could actually be a really successful intervention. Unfortunately, an awful lot of local councils are not using it. I think that is one of the things that I would encourage them to do, because if they all upload their information on there then it can become a really strong resource.

**Nicky Gavron (AM):** I do not know who to ask this question to, but you all sound as though you know who the landlords are. I thought - this is quite apart from the overseas investment - that one of the problems was a lot of landlords were absentee landlords, you do not know who they are. There is no landlord registration in this country.

**Ben Reeve-Lewis (Tenancy Relations Officer):** Well it is true.

**Nicky Gavron (AM):** Is that a problem for you?

**Ben Reeve-Lewis (Tenancy Relations Officer):** Well it is, but again it is that bottom line of landlords, the wilful criminals that we know, the fraudsters. Bad landlording practice is only part of the picture. I have one landlord who has 52 properties in six boroughs and despite the combined efforts of meetings between myself, EFD fraud, the Metropolitan Police Serious Organised Crime, we have their bank account details, we know their car registration numbers but we can not find them. We get repeated complaints about them all the time. Those ones who really want to stay off the board and actually do, a lot of them use aliases as well. If you

are going to be taking criminal action against someone you have to prove to the court's satisfaction that that person is this person and not another person.

We have one agent who they have a fantastic glossy high street office and they are very successful, there are boards everywhere, but they don't exist. They are not a limited company. Under the Companies Names Act you have to have a certificate on the wall saying who you would serve if you had to serve a notice on. Environmental Health, or another council department, gets the name, draws up all the paperwork, goes in there to serve it and the name has changed and this goes on again and again and again just wasting so much time.

**Nicky Gavron (AM):** Are letting agents also not registered?

**Ben Reeve-Lewis (Tenancy Relations Officer):** No.

**Nicky Gavron (AM):** They do not have to register either?

**Ben Reeve-Lewis (Tenancy Relations Officer):** No.

**Nicky Gavron (AM):** That is obviously something to look at.

**Ben Reeve-Lewis (Tenancy Relations Officer):** The staff within it use different names as well. If someone says, "I was illegally evicted by Chris" you go in and they say, "That's him" and they go, "No, I'm Charlie".

**Nicky Gavron (AM):** There is no mandatory registration of either landlords or letting agents?

**Ben Reeve-Lewis (Tenancy Relations Officer):** No.

**Nicky Gavron (AM):** Right.

**Ben Reeve-Lewis (Tenancy Relations Officer):** There is voluntary accreditation, which is what the Mayor's covenant was talking about.

**Nicky Gavron (AM):** That is different.

**Ben Reeve-Lewis (Tenancy Relations Officer):** I am a fan of accreditation. I sit on the London Landlords Accreditation Scheme Steering Group and I think their standards are good. I have no objection to the standards of ---- or any of the other of them, but as long as it is discretionary joining you are only ever going to get the good ones joining and you do not need that. The bad ones are not going to do it. Also, if you have people in there who do breach any of those standards, unless they can be expelled and reported as being expelled, again it is a bit of a pointless exercise.

**Geoff Fimister (Social Policy Officer, Citizens Advice):** Again I think a strong theme going through, Chair, is that prevention is better than cure, as far as possible. If we could manage to sort out the problems as far as we can with the well meaning but inexperienced landlords, then

as Ben says, you can then focus scarce resources on the seriously rogue elements. I would just endorse the point – this was very much my experience in Newcastle, that the seriously rogue landlords were pretty much heavily overlapped with the dubious moneylender fraternity and with all the criminal elements. There is a congruence there and they are the hard core that we need to be trying to get at.

**Navin Shah (AM):** This follows Tom’s question. With dwindling resources, how can local authorities maintain the effectiveness of managing the sector?

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** With limited resources?

**Navin Shah (AM):** Yes.

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** Obviously that is a real issue and I am sure you know councils are cutting back on their budgets by significant amounts. In Harrow we see the private rental sector as being extremely important, in particular duties to homeless people and people with housing needs. I am successful so far in arguing that working with the landlords putting money into those services is a kind of spend-to- save type of approach. If we have a vibrant private rental sector than it saves us costs and the misery of people being in bed and breakfasts and the alternative of worse housing. It is an argument, homeless services are statutory, everything else is not and is potentially under risk as council’s budgets are cut.

**Navin Shah (AM):** Do I take a message that there is a realistic hope of, in a sense, ring-fencing the kind of services and standards that we are seeking to obtain?

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** The services need to prove that they are cost effective and that is bottom line. Unless they can be seen in the short term to be saving money, even though they might be good in the long term, then that is the only way they will be funded in this very difficult climate. There used to be money coming from the Department for Communities and Local Government (DCLG) for homelessness work and work in the private rented sector for preventing homelessness. That is no longer ring-fenced and so it is a battle within councils to get that money which is set aside to be put on the use that it is meant for. Anything which can be said about how important these services are would be very useful indeed, in terms of the internal politics within particular councils.

**David Lawrenson (Letting Focus):** Just to touch upon that, I am talking about not proper letting agencies or social letting agencies from my local authorities. Often there are some very good things they do.

Just picking up what I said before, the problem is that landlords often do not know about them. They do not know they exist, they do not know what products they offer. If I was to do one thing, it is to raise that profile in an online space where the private landlords can find out about the very good work that some of the social letting agencies do, and some of the products and services they offer to facilitate landlords to let their properties at the lower end of the housing

ladder, people on benefits and so on. At the moment, these great products and services are hard to find. If that could be improved, then great –and it is is not a particularly expensive thing to do. It is a shame that there is good stuff out there but landlords cannot find it.

**Andrew Boff (AM):** Schemes for local authorities have been going for many, many years. I find it a little difficult to believe that people do not know that the local authorities provide those things.

**David Lawrenson (Letting Focus):** Suppose a landlord has a property to let in Wandsworth, goes on line and says, “Property to let Wandsworth” he might be a new landlord, inherited a property or whatever, he cannot sell it. “Property to let” so that is what he is going to do. He is going to look for someone to let his property. He is going to be looking for a letting agent to do it. Typically when you do a search for that, you find a whole load of letting agencies come up.

What you will *not* find is any information from the local authority all about whatever quite decent schemes there might be that they are running. I found that the case in all the London local authorities. That is really just a question of search engine optimisation. All local authorities of course have a fantastic natural web presence. They need to adjust the key page and writing content on there so that landlords can find these things, because often they are very, very good but landlords just cannot find them. I do not think most landlords know about them.

**Ben Reeve-Lewis (Tenancy Relations Officer):** The regular complaints that we hear from landlords is about getting the information from housing benefit. When you are a Tenancy Relations Officer, most of the threat of illegal evictions you get are caused by rent arrears backed up by housing benefit delay and when they ring housing benefit they will not tell them what the state of play is. I will stop the threatened eviction by talking to housing benefit, finding out when the money is going out and telling the landlord. It is that simple. If you can get joined-up thinking within that and get the council to change – I said this earlier – change their mindset and the way they interact then that is the way forward. Bearing in mind it is not just a case of saving money, we are allowed to generate income now, so we would be freed up to do that.

Actually a number of those other organisations will charge a landlord £700 or £800 to just do a standard eviction procedure. The actual cost is £175. There is no reason why councils could not go along with that and make sure that everything is done properly, in the tenant’s interest as well, and charge the landlords for doing it. The people who are actually doing it are legally trained people within the council. Again it comes down to councils have so much to offer but so far we have kept it all behind the town hall walls and now that needs to turn. It needs changing.

**Darren Johnson (Deputy Chair):** We will move on to rents now. Just about the only redress that private tenants have are the Rent Assessment Committees. How effective are the Rent Assessment Committees in maintaining fair rents? Can we start with Ben?

**Ben Reeve-Lewis (Tenancy Relations Officer):** The flat answer is I have never had a tenant use them. I remember years ago that 74% of cases that went before the Assessment Committee came up higher than what the landlord was proposing in the first place. I think that has changed a lot now obviously, but the big stopper on that is the fear of the tenant to eviction. You can challenge the rent. The law says you can move into a property and someone in a short-hold tenancy and challenge the rent level in the first six months. You are not going to get a home continuing after that six months if you do it. I do not know any tenants in my experience that we have ever referred to the rent officer.

**Darren Johnson (Deputy Chair):** Is that the view shared along the table?

**Geoff Fimister (Social Policy Officer, Citizens Advice):** Yes, there is only really one thing to add about it. The tenants do not know about it and if they do know about it they are worried about retaliatory eviction. Also in any case going to the Assessment Committee – they can only look at a reasonable market rent which may be unaffordable anyway.

**Heather Kennedy (Digs - Hackney Renters Group):** Just to reiterate what Ben said, very often our members have been told by housing advisers, “Look, if you go to the Rent Assessment Committee (RAC) then you are going to come out with a higher rent”. While this is happening under the threat of retaliatory eviction then there is very little that it can do. One idea would be having rent order so that would actually pertain for the property rather than just for the tenant. There would be no incentive then in the landlord kicking out the tenant because they can charge the lower rent.

Also I think the capacity of the Rent Assessment Committee is always going to be limited. We have three-quarters of Hackney’s residents who cannot afford the standard entry-level price for a one-bedroom flat. I do not think the Rent Assessment Committee is ever going to be able to deal with the sheer scale of unaffordability.

**Darren Johnson (Deputy Chair):** Clearly this is not an effective system, ensuring that rises in rent are stable, predictable and affordable. Again, going along the table, what would your preferred system be to deliver that, if indeed you do think there should be some form of regulation on rents?

**Heather Kennedy (Digs - Hackney Renters Group):** We have looked into various different models and obviously you will hear a whole lot of counter arguments against them. We think that what would probably work the best would be something similar to, as I have said before, the French or German model, where you have a three to five-year tenancy with inflationary increases that are indexed.

**Darren Johnson (Deputy Chair):** Thank you, that is useful.

**Geoff Fimister (Social Policy Officer, Citizens Advice):** I think it is hard to address outside the context of regulation. If you had a system of regulation then you could start at looking at tackling retaliatory eviction and building some sort of review system into that. I said before that I do not think Citizens Advice has a position on rent restriction as such. I can see, personally,

the arguments in both directions on that. I think controlling the rent directly both has its attractive features and its potential hazards. We would tend to --

**Darren Johnson (Deputy Chair):** Your first call for action would be on the retaliatory evictions then?

**Geoff Fimister (Social Policy Officer, Citizens Advice):** That is part of the wider regulatory scenario, I think. Retaliatory eviction is certainly an issue. There are countries where there are arbitration systems where if you have been evicted and the suggestion is that the reason for that is because you have complained about some issue that you are perfectly entitled to complain about, then there is a forum for redress. That operates in Australia and New Zealand, if I remember rightly.

**Darren Johnson (Deputy Chair):** It is useful to us to have some examples on that, so that is very helpful.

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** At the bottom end of the market the only way rents will ever go down is if there is other subsidy put in. For example, if we get into property grants then landlords are tied in for three or five years to rent at the lowest level of the market. However, even that is too much for many families so there has to be a requirement to bring rents down, other subsidies put in, because rents are very much geared to the overall property values in London. Unless property values in London collapsed, which would cause a whole load of other problems, rents will not go down without other money going in.

**Darren Johnson (Deputy Chair):** A counter argument, presumably landlords in France and Germany are not going bankrupt every week. They are still getting a living, if the rent rises are inflation linked, aren't they?

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** The whole housing market in France, for example, is different. There has not been real terms inflation of properties over 20 or 30 years in France in the way there has in this country. You cannot separate out the private rental sector from the rest of the housing market. At the bottom end of the market the landlord has to have a certain amount of money to cover the mortgage payment they are making and all the repairs, void costs, management costs and that is what the rent is really determined by.

**Darren Johnson (Deputy Chair):** Ben, your views on rent?

**Ben Reeve-Lewis (Tenancy Relations Officer):** I concur with Jon. It is not going to happen at the level it needs to happen without some sort of other investment. Again it comes back to my personal views, my veritable passion for the social letting agency ideas that if you are providing a hell of a service you are more likely to be able to persuade Landlords to cut the rents a little bit because of what they are getting from you. We could simply be providing time rather than grant money.

**Darren Johnson (Deputy Chair):** Is that a problem with the Mayor's housing covenant then? It is a voluntary system it is asking landlords to sign up to but it is not actually offering them anything, is it? It is not like a letting service that is actually offering them something. It is asking them to sign up for something without them getting anything in return.

**Ben Reeve-Lewis (Tenancy Relations Officer):** Yes, that is probably much of what it is. The London Landlord Accreditation Scheme does offer some benefits for accreditation. They get very, very cheap CVP training; I think they get a discount on Environmental Performance Certificates (EPC) and a few other things. It obviously needs to go further. If you look at the Mayor's covenant on the defined standards a lot of the things he is actually calling for there are legal requirements already. You know, protection of deposits, landlords not visiting without giving 24 hours notice in writing. They are all statutory provisions, so they are adding nothing to the mix, as it were.

As I said earlier, any kind of regulation, licensing, whatever scheme you want to call it, accreditation, is only as good as its expulsion powers, or its punishment powers. If people can voluntarily join that -- I think there are 11,000 people in the London Landlord Accreditation Scheme, and I meet a lot of them. They are nice people, they are willing, because they are there. The people who we need to deal with would not even consider it and that is a problem.

**David Lawrenson (Letting Focus):** In terms of controlling rents, I just think any price controls in any market is always going to struggle where there is a large number of suppliers and a large number of consumers. It just does not have a great history anywhere in the world. I like the idea of a three to five year tenancy with increases linked to market rent or inflation as an option for landlords and tenants who both want that.

Currently, as you said, lenders restrict typically to 12 months in terms of the length of an assured shorthold tenancy (AST), which can be extended of course. Around about 90% of mortgage lenders still have this restriction. This is partly because lenders do not understand their own options in terms of being a receiver of rent, where there is an arrears situation and the landlord has defaulted. They can be a receiver of rent or indeed selling the property as a going concern, with an in situ tenant on to another landlord. The landlords need to perhaps think about that a bit more carefully. There is no reason why the mortgage lenders should have these 12-month restrictions on tenancy length, which is a major problem if a landlord and a tenant wanted to have a three to five year tenancy or whatever.

We really have to look at what the lenders are doing and change that, and it can be changed.

As to accreditation, I agree, we need to offer something to landlords for them being accredited. There has to be something in it for landlords, because there is not really that much in it for landlords at the moment, which explains why there are only, what, 11,000 landlords who have been through the London Landlord Accreditation Scheme. You have to really offer something worthwhile. Also then you need a proper marketing effort for the accreditation licensing scheme itself. Certainly in the 25 years I have been a landlord no tenant ever asked me if I am accredited or a member of the National Landlords Association (NLA) or whatever. I asked the 2,000 landlords who are on my mailing list this question and sixty replied and those who replied

said they have never, ever been asked either. That is a hell of a lot of people not being asked, so we need to market it widely as well.

**Andrew Boff (AM):** This investigation we are doing forms part of an investigation which includes looking at the ways of increasing the private rental sector. I am a private tenant in Hackney and I have just had my rent increased by £151 per month. Personally, I think rent control is a really good idea, but I know all the evidence that has come to us today has indicated that the effect of rent control is going to reduce supply. In an area where the problems stem from a lack of supply, what problem is rent control fixing?

**David Lawrenson (Letting Focus):** Some people would say that reducing the supply of private rental sector properties would be a good thing because with fewer landlords, more first-time buyers would be able to buy those properties which are there. Actually, of course, some would say that would be a good thing. There are some very good arguments in favour of that.

**Heather Kennedy (Digs - Hackney Renters Group):** Like I said before, obviously people who are representing the interests of Londoners are going to say, "Oh well, people are going to flee from the market". I think we have to be a little bit careful about this. What we really do need is some hard data on what income landlords need to be making, within the whole continuum, from very small to larger, to keep them within sector. If we knew that then this argument that, "Oh well, they'll just leave" will not be able to be bandied around quite so willy-nilly, because it is really banging us to rights that one argument. I would urge Members to look beyond that. Also of course we have issues with supply and we have issues with homelessness, which are very serious. We need to remember that the private rental sector is not the tenure of choice for an awful lot of people in it.

**Andrew Boff (AM):** We have also a problem in London where we have properties that are not being let, that are potentially empty properties. Surely we would want to see a situation where more people are letting their properties in order to relieve that. How does any of this increase the supply of rental properties in this sector? It is not the only thing obviously that is the solution to the housing problem in London. There is only one solution and that is to build more bloody houses. A number of different things are going to solve London's housing problem. One of those is increasing the number of private owners who are willing to rent. None of what I have heard says, "Yeah, we will do that" apart from with the possibility of linking up with local councils, to make it easy for them.

**Ben Reeve-Lewis (Tenancy Relations Officer):** I think that is the key, but you are standing on what the effect and net effect of this kind of stuff is. I suppose I am best placed to say now. I am seeing normal people overcrowding themselves into rooms because they cannot afford the rents. I live in East Dulwich, and a one-bedroom flat in East Dulwich is about £1,200. That is just one bed. People are moving out of places and jamming all their kids into one room. Also repossessions are going through the roof with an exponential rise in repossessions based on rent arrears, which then knocks-on to homelessness. Quite apart from the way Londoners are being really hampered in their abilities to just put food on the table. I was shocked recently to read of the emergence of food banks. I think, "Where are we living where we have actually got food

banks?” I didn’t know that was going on. We work very closely with our credit union who also see the same thing. They are getting more and more people getting into rent arrears and turning to payday loans in order to make ends meet.

They have got a fantastic thing in Lewisham, where Lewisham Homes, if they get a tenant who goes into rent arrears they contact the credit union, the credit union contact them to see if they need any help to get them out without going down that route. One of our plans in Lewisham is to get that going with the PRS, where we are working with our landlords, and the minute they get into arrears we can link them up with the credit union and see if between us all we can start moving things around. That is the advantage of being out and working in it.

It is mainly Londoners. Rents outside London are not too bad. London tenants are really suffering. I hate it when I read on websites and the property industry says, “It has never been a better time to be a landlord. It is a buoyant market”. You can read that it has never been more miserable to be a tenant. As the rents go up they go down. There is a horrendous quote from a landlord called Stuart Laws in *Money Week* magazine last week. He is Chief Executive Officer of Assetz plc. He said, “I will keep putting my rents up and I will find people who will pay it. They will have to stop buying their handbags and their expensive meals out. I will have all their money”. He said, “Sell your shares in retail outlets because I am going to have the money”. That is what is driving him.

**Tom Copley (AM):** I suppose when landlords say, “Well if you introduce any kind of regulation at all that will reduce the viability --” I guess part of me says, “Well, they would say that, wouldn’t they?” You have to be clear what we are talking about. Yes, I think if you were to introduce some very crude system that probably would happen. Perhaps Darren [Johnson] can enlighten us here. I think most of us who want or are interested in rent controls are thinking of the system which Heather spoke about, which is this idea of inflation, index linked increases. We are not talking about, say, the landlords who are currently charging £1,000 a week that they now have to charge £800 a week. What we are saying is they are not allowed to do - which is what sounds like happened to Andrew - which is a massive double-digit increase in the rent. Is that sort of system going to result in a drop in supply?

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** In effect that system has been introduced by the Government, because the Local Housing Allowance, the rent that people who require a benefit is now fixed and it is going to go up in line with the consumer price index (CPI). In fact I think they are going to say it may only go up by 1% a year. At the very bottom of the market that is there --

**Heather Kennedy (Digs - Hackney Renters Group):** They can fill their supply time and time again without having to touch anyone on housing benefit, so it is not that system at all.

**Tom Copley (AM):** Those of us who rent in the private sector in the middle of the sector, which is a very big group, I have friends who have been hit with a 30% increase and of course they have to move out. If the landlord cannot charge a 30% increase, if they said they had to charge a 5% increase, is that landlord suddenly going to go, “Oh actually I’m not going to rent this property out anymore”?

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** That is where the Rent Assessment Committee actually may have a role. If you are hit with a 30% rent increase in the middle of the market then it may well be above market rent and that would be something the Rent Assessment Committee could do. They could, but they may or they may not.

**Geoff Fimister (Social Policy Officer, Citizens Advice):** I suppose the issue about rent control is that you are not going to know whether the landlord argument is bluffing or not until you actually do it and see, which is why it is a kind of high risk strategy, if you like. Certainly if the situation in London continues the way it is going, the unaffordability question continues to get worse, then obviously these debates are going to have to be had.

We gave quite a bit of evidence to Lord Whitty's housing voice inquiry, which of course was launched a couple of months ago. I was also on their stakeholder group and all the discussions we had kept coming back to the question of supply. Whatever problem you try to address it was the lack of supply at the end of the day that was causing the problem. One of the things which I think that inquiry very usefully did as well was it came up with a definition of affordability, particularly important given the tendency to talk about up to 80% of the market rent constituting affordability, which I think is an Orwellian way of looking at it really. It is worth just quoting the definition that Lord Whitty's inquiry came up with, which was,

*"Affordable housing means comfortable secure homes in sound condition available to rent or buy without leaving households unable to afford their other basic needs: eg food, clothing, heating transport and social life."*

I think that is the key, particularly when you are getting down to people on low incomes that after they have paid the rent they are way below basic benefit levels. Then we are going to get into all kinds of other problems. It may be rent arrears, it may be alternative forms of debt, it may be leading to overcrowding and moving to unsuitable accommodation. All sorts of ill effects flow from people being reduced to below basic benefit levels after paying the rent. That is why the increase in PRS rents tenancy -- obviously housing benefit cannot meet any rent however high, there has to be limits, but the way the limits are going is far too severe, in our view. The proposal to up the rate by CPI next year and then by 1% for a couple of years after that is extremely worrying.

**Nicky Gavron (AM):** I think it has been explored mainly by your answers to Tom's questions. You have all been talking about the unpredictability of the sector. Well, there is predictability, but it is going up, the rent is going up and up. You have all been talking about abusers in the system, so do you not think there is a case for some kind of predictability being built into it, in terms of rent increases, whether it is from landlords or letting agent's fees or whatever?

**Geoff Fimister (Social Policy Officer, Citizens Advice):** Well, clearly it is the case, yes. I think our perspective is very much moving towards some sort of regulatory framework, as I said before. There is a limit to what you can achieve with that. I think I have to come back to the point that if you decide part of the regulatory framework will be the direct control of rent, you

come up against this bluff question of, “Well, would investors really exit the sector or not?” We do not know that.

**David Lawrenson (Letting Focus):** Thank you. On rent regulation, as I said before to Mr Boff, it would reduce supply, ~~it would~~, of rented property and, of course it could potentially make those properties available to first-time buyers. However, it also has some strange consequences, what I call the ‘brown paper bag’ scenario that could come in. Which is where, if rents are regulated, are set at a level below effectively what the true market rent is, a number of people come along interested in the property and you would have an increase in the number of people who would be handing over brown paper envelopes full of cash in order to secure that property.

That goes back to the bad old days, I am afraid to say, of what we had years ago with Rachman and so on. All those sort of practices would come out if we do go back into this kind of rent control arena. That is real life and what happens when you set price controls on any good or service which is widely available. That is what happens in the Eastern Bloc, it happens in Greece. In Greece, I’m told, when you go and see your doctor, it is supposed to be a free medical service, but I believe people hand over cash in order to get what they want, to see the consultant and so on.

That is the reality and we would see more of that kind of thing happening from rogue landlords and rogue operators.

**Nicky Gavron (AM):** With longer tenancies there is some kind of linking to inflation?

**David Lawrenson (Letting Focus):** I like the idea of that.

**Nicky Gavron (AM):** You like the idea of that?

**David Lawrenson (Letting Focus):** Yes.

**Stephen Knight (AM):** It sounds to me as if actually tenants are already being asked to hand over large wads of cash in order to secure properties, so perhaps we are already there. I want to pick up this issue about whether rent controls really would reduce supply. In a sense I can understand that if you reduce rents then you might discourage people from building new property to rent it. Now that is a real supply issue there and presumably developers who are building for the rental market do look at the future rental income. My problem is that actually looking at the construction industry and the housing market right now, people are not doing that. There are very few properties being built anyway. We have a housing market which is, at best, stagnant. People are not selling, they are not finding buyers. In a sense I cannot quite see where landlords have to run if their rents are reduced. I mean, in terms of their costs we have got the lowest mortgage interest rates we have probably had in generations. I do not think the argument that, well, yes, prices are still perhaps unrealistically high in terms of the property price market, if you can find buyers, but I cannot see on the cost side landlords are facing huge mortgage costs. Because as I say, mortgages are low. I do not quite see how supply, short of taking houses out of rent and leaving them vacant - because a lot of these landlords are renting

them because they cannot find buyers for them in the first place - I cannot quite see where the downside is in the current market. I can understand if the housing market were to pick up, rent controls might really have a detrimental effect in terms of supply. I just wondered where is this risk of reduced supply coming from?

**Ben Reeve-Lewis (Tenancy Relations Officer):** I totally agree with you, I am not convinced of the argument. It has been impossible so far in every forum that I have been in, and every meeting and committee I have gone to, to have a meaningful and reasoned debate with the landlord community about it. The minute you start talking about rent control you do not get to the end of the sentence before they --- This is almost worth why you go, "We will go, we will throw our toys out of the pram and we will leave". I just do not believe that is going to happen either. Property has always been too lucrative a market, and even with caps, as you quite rightly pointed out, luckily I deal with - 'luckily' - mortgage repossession cases as well and I see people's mortgages around the 4% mark. Mortgages have never been lower and I know what they are paying on their mortgage, maybe £500 a month when the rent for that would be £1400. Yet, when you talk to landlords --

**Andrew Boff (AM):** What was the reason for the big decline in the 1970s? What was the reason for the big decline in private rentals in the 1970s?

**Ben Reeve-Lewis (Tenancy Relations Officer):** Well, people said it was the rent capping.

**Andrew Boff (AM):** What was it?

**Ben Reeve-Lewis (Tenancy Relations Officer):** That was an old style of rent capping.

**Stephen Knight (AM):** Was that at a when the housing market was exploding and people could get good prices?

**Ben Reeve-Lewis (Tenancy Relations Officer):** We had a plethora of social housing, there was not the demand for it.

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** Again, I always talk about the bottom end of the market. I think the bottom end of the market is with buy to let mortgages which tend to be more expensive than homeownership market mortgages with the risk of arrears and voids and the cost of repairs. Actually where the market is at the moment is not very lucrative for landlords that entered it recently. I mean, if they entered it ten years ago they have a lot of capital, yes of course it is lucrative, but in terms of people who have moved in the last couple of years, then it is a bit hand to mouth.

**Stephen Knight (AM):** In terms of supply, they cannot leave the market, can they, unless they can find a buyer?

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** Well, they will leave the market because either they will start getting mortgage arrears and then it will be repossessed. It will be put on to the market and sold at whatever. Or they will choose to sell it

and the market in sales is not completely stagnant, you can still sell properties, maybe not for top dollar, but you can still sell them. People will move out.

**Roger Evans (AM):** Actually, David, you may be the best person to answer this, might there not be another effect, which is that increased regulation and rent control will drive the small amateur landlords out of the market and get them to dispose of their properties to the larger landlord organisations?

**David Lawrenson (Letting Focus):** Yes, it could do that. I think that would be an outcome of it and I think they would sell it. I do not see a particularly stagnant London housing market in terms of where the house prices are going. I do not see large falls, it looks relatively well underpinned. I think if the economy is going to be strong next year and we are going to see more growth I think some small elements would indeed exit the market. The net yield on rented property is probably about 45%. Then the question is what is the level of capital growth on top of that. That is the real bit of an uncertainty.

Dividend yields in the stock markets are 3.5%, but what is the potential capital growth?

The difference with properties, is of course, in residential property investment for most landlords is they can gear up and offset the mortgage interest cost plus a load of other costs. Principally the main one is the ability to set off mortgage interest cost against the rents.

As Jon said, it (buy to let) is not as attractive now as it was ten years ago. But many landlords have very cheap historical long-term mortgages and they are actually still doing rather well and continuing to build up large cash from their investments. Whether, under rent controls, they would sell or not, I do not know for sure though I think they probably would and more amateur landlords are more likely to exit than the more professional end under such a scenario. But, I think to some extent *even professional landlords* would exit the market and sell their properties if rent controls came in.

**Roger Evans (AM):** The interesting thing is that I have some colleagues around the table who are saying that would be a good thing. I can understand how it might be a good thing for the people conducting the regulation, because they have fewer people to deal with. Is that an entirely positive thing or are there going to be problems at the other end of the scale?

**David Lawrenson (Letting Focus):** Back in 1988, the private rented sector formed about 8% of all the total United Kingdom (UK) housing stock.

The reasons that changes were introduced in the Housing Act 1988 and 1996 was because the private rented sector was too small and the argument was, as I recall, people were unable to move from one area to another area and get accommodation in the short term, to move for jobs, and that was why it was introduced. Whatever we do, we must be careful not to lose sight of that fact.

The sector has an important role to play, now it is getting quite big, but we must not do things to make it too harsh for landlords or otherwise we will get back to that situation.

**Roger Evans (AM):** Say the number of properties for rent remains broadly the same, but they are owned by fewer landlords, there are fewer landlords, so they are bigger landlords who are doing the renting. I suppose the question is, is that a good thing for the market, is it a good thing for tenants or not?

**David Lawrenson (Letting Focus):** Well, I go back to the Rugg Review from what I recall - it is a long time ago since I read it - but I think she found there was no evidence that smaller scale landlords were any worse than the large scale landlords. I do take Ben's point that many of the buy to let entrants in recent years perhaps do not know what they are doing and could have their level of education improved. As I say, it could be that if a tenant knows they have a small scale landlord as their landlord, maybe they do not raise issues because they know that they will not be dealt with properly.

But, certainly Rugg did not find any particular evidence that small-scale landlords were any worse than large scale ones.

**Darren Johnson (Deputy Chair):** Can I put David's scenario to the rest of the Panel then get your views on that. Would you see it as a problem if some form of regulation and/or rent controls meant there were fewer private rented properties but that the market was more attractive and easier for first-time buyers? Is that a problem if we have fewer private rented properties and more home ownership?

**Ben Reeve-Lewis (Tenancy Relations Officer):** We would move the same pieces around to be mixed in. Some things would get better; some things would get worse. I do not think there is anything, and I will stick to my point about portfolio landlords and how few complaints I get because they have the cash flow that they can push things around. In that sense I think the industry would run much more professionally if it was owned by more of those people, but we would still have a shortage which has a knock-on effect to homelessness. It would take out a lot of the rogue element behaviour that is done by people who do not know what they are doing. Effectively what you have is these two weights and you are just moving one from one, it is the same things that you are actually moving.

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** It would be a big problem, because at the moment there is not sufficient private rented sector to meet the demand for people with housing needs, at the bottom of the market are the poorest incomes or on benefits. If private rented sector shrank it is that market that would disappear, competition would drive rents up to higher levels, and effectively those people would have to be housed outside London --

**Steve O'Connell (AM):** Chair, can I come in? I was late to this meeting today because I was with a Chief Executive of a London borough and the big problem is the looming homelessness crisis, particularly moving out to outer London boroughs with a possible effect of capping a sector. Anything in my mind that discourages and perhaps reduces the private rented market is a challenge.

**Darren Johnson (Deputy Chair):** Steve, we are getting interviews from the witnesses rather than members of the community.

**Steve O'Connell (AM):** No, I know, but I wanted to -- We potentially have a homelessness issue, the private rented sector and private individual renters have a part to play, we should not be actively trying to close them down.

**Geoff Fimister (Social Policy Officer, Citizens Advice):** There are two different hypotheses there, I think. One is if the private rented sector shrank and nothing was there to take its place then clearly that would create the sort of problems that Jon is talking about. That overlaps with the point he raised about what is the social rented sector and should it be perceived as providing desirable accommodation or should it be seen as accommodation of last resort. I took the hypothesis as being: what happened if the private rented sector stays the same sort of size but with larger players having a bigger share of it because of smaller landlords selling out. We do not have an intrinsic position on that, but what matters there are standards. You would think theoretically that larger and more professional organisations ought to be able to provide higher standards than many smaller landlords. Although whether that would be true in practice is perhaps another matter. The important thing will be the standard of the tenancy offered. Of course that does not in itself address the supply question, as long as we have the supply shortage then the rent level that is being charged is presumably not going to be affected by the size of the landlord, that would be driven by the market.

**Heather Kennedy (Digs - Hackney Renters Group):** If we are talking about larger landlords owning more properties, extending their portfolio, then I cannot see any drawback to that. If we are talking about shrinking of the private rented sector, well, if that shrinking of the PRS was going to be combined with lowering of mortgages so more first-time buyers could get into the market, then yes, that would be great. What you have now is you have those people, potential first-time buyers, competing with people on housing benefit and winning, because they have more money behind them and, as we have heard, there is a sense of them being a more desirable tenant. What you also have to look at, as Jon pointed out, is what is happening to those people who are not looking at buying their first home. That is why we desperately need to look at building more social housing, but unfortunately that is something that the Mayor of London has said he is not interested in doing.

**Roger Evans (AM):** This is another question for David really, do landlords feel existing regulation and means of redress offer them sufficient protection to operate their businesses?

**David Lawrenson (Letting Focus):** I think many landlords will say when things go wrong - the tenant does not pay the rent and they need to go through repossession - the whole procedure takes too long. I know that was mentioned in a previous meeting here. Otherwise I think that they probably feel relatively comfortable with the levels of regulation and redress. Obviously they have to meet the regulatory requirements.

Possibly a fairly easy business to be in and to educate yourself about what you need to do, so I do not have any real problem with it. Just to tie in this little bit with the length of tenancy terms. Those landlords who like a short-term tenancy, six months, one of the reasons is if they

want to recover the property because they have problems with the tenant, maybe there are not arrears, but there are other problems with it, it is much easier to get repossession under section 21 notices where they do not have to attend a hearing and so on, rather by the section 8 18. Most landlords, I think I am correct in saying, would need to go to a tenant hearing and the process could take longer and so on. That is kind of tied in, and again, maybe that is something that could be looked at. Landlords, I think, the big issue they have is when things go wrong, is the time it takes to get things sorted out and get the recovery of their property.

**Ben Reeve-Lewis (Tenancy Relations Officer):** I have to agree with that. All the landlords I speak to feel that the law is all on the tenant's side and every tenant feels that the law is on the landlord's side. Having worked in it, I do not really think it is an equal balance. Landlords have the ultimate sanction of taking people's homes away. With some short-hold tenancies is for no fault. Having said that, it takes an inordinately long time to do, four or five months quite often, to get possession. You have to do a very strict sequence of paperwork and get every little bit right. What often happens to landlords from being misadvised by their agent, or taking advice from Dave down at the pub, is they still have the feeling they get all the way to court and like snakes and ladders they have to go right back to the start. Similarly a lot of, as I said right at the start, I am seeing a lot of landlords who just are not protecting their deposits at all. If you have not protected the deposit you cannot serve a section 21. Again they go all the way to court and find that their paperwork is invalid, so they have that tenant for a long, long time.

Part of it is the length of time, and a lot of it is down to the court times as well. Luckily in London I think we have only lost one County Court at Ilford, but I mean the three courts I represent people in it is standing-room only most days on repossession cases, it is just absolutely packed. You will get the case adjourned; I had one adjourned yesterday for the first available date after 28 days. I know that the first available date is probably going to be March or April 2013, because that how backed up it is. That means eviction procedures just take a hell of a long time. What happens in the TRO end of things is landlords lose patience with it and then they start harassing people out or changing the locks, especially if they are not paying the rent. That is a major driver there. I do not know how you could do that because I could see good reasons for the court procedure being like it is, but I have some sympathy with landlords in terms of the length of time and the complexity of it as well.

**Stephen Knight (AM):** Thank you. This is really on how we provide private tenants with more information on their rights and responsibilities. What really, Heather, I suppose the best person to answer this, what is the best way to kind of properly make sure tenants are aware? Should local authorities have a bigger role or do we need more organisations like your own?

**Heather Kennedy (Digs - Hackney Renters Group):** Yes, obviously anything that can be done because at the moment there is so little. Speaking about the boroughs that I am familiar with, you go on to their website and the information there is pretty inadequate. Then again, it is this question about they will say, "We provide X, Y and Z service" but then when you speak to them about it then it is actually not there. I think you have to combine what is happening in terms of the information, with also, what is happening in terms of actual tenant's rights. I think we have seen across London groups like ours have been springing up because things are so incredibly bad for tenants. They have not been there in the past because private tenants -- it is

very difficult for them to feel a sense of connection to their community when their house is so insecure. As I said, there is just a huge issue around people not realising that they do have any rights. There is a big role for local authorities to play, but what they would say to us is, "Well, we have not got the resources to do it". We invited them to our launch meeting, we said, "Can you send a representative from your private housing department to talk to tenants about their rights?" Their response was, "Oh, no, sorry it is after 5.00pm we will not be able to send anyone along". Quite disappointing. I think it is, like I said before, local authorities really need to acknowledge that what they are providing now, we have got unprecedented trends and changes within the sector, it is just not going to be enough. If they are realistic about actually trying to get the PRS to pick up where social housing no longer exists, then they are going to have to put a lot more resources into it unfortunately. In terms of small groups like us, then I think you will see them springing up more and more. I would encourage charities, local authorities to work with them as much as they can.

**Stephen Knight (AM):** In a world where people increasingly get all of their information from the internet, is there a case for there being one central tenant.gov website that tells you everything you need to know as being a tenant?

**Heather Kennedy (Digs - Hackney Renters Group):** Well, things have changed so much from borough to borough. Certainly in London so much of the tenant's experience is defined by the imbalance between supply and demand. The thing that you will be telling a London tenant as compared to someone who lives elsewhere in the country, and even the things you would be telling a Hackney tenant as opposed to someone who perhaps lived further up, somewhere like Harrow, it is really different. Of course it is not just about knowing the law, it is also knowing the ways that landlords and letting agents get around the law and how you also have to be savvy with regard to that. It really does go way beyond just what is stated in the tenant's rights. I think small groups need to be encouraged to form and I think that is going to happen. I mean, you have got really well established groups, I am sure Jackie [a colleague present in the audience] will not mind me saying, but that have been doing absolutely brilliant work for decades and decades, and they do casework with some of the most vulnerable people in the borough. I am sure Jackie will not mind me saying, but we are really struggling for resources. There are things that are already established, you know, things need to get better but in fact they are getting worse.

**Stephen Knight (AM):** Even if there are lots of good local groups with the intelligence of what is going on in a particular area, I mean, as a tenant who moves into a borough in London, let us say, and has a problem I would probably go online and look for what are my rights as a tenant. I guess, what we need is some obvious website perhaps that might link me to groups such as yours?

**Heather Kennedy (Digs - Hackney Renters Group):** Obviously that is what we are trying to do.

**Stephen Knight (AM):** Some sort of central portal perhaps?

**Heather Kennedy (Digs - Hackney Renters Group):** Yes, if there could be some central portal that linked to local private tenants groups that is something that the National Federation of Private Tenants are trying to do now, but I know that there are quite a few tenants groups that are not currently on there. An online portal could be a good idea, but again, it is that tenants need to know these things, that first step. It is tenants knowing that they have got rights, you know, imagining of course that everyone has access to the internet. There are a lot of people even within that are going to be excluded.

**Stephen Knight (AM):** I wonder if I could direct this at the local authorities, do you know where the private rented accommodation is in the borough?

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** We have in terms of who claims housing benefit, what that market is, and we have an idea about the rest of it, but not a complete view.

**Stephen Knight (AM):** Not a complete record that you could sort of mail out annually with a tenant's manual?

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** I mean, we do do tenants' training for potential tenants we are in touch with, so they know what their rights are. We did try and set up a private tenants group and we had very little interest. It is a very difficult group to contact. The two changes, which will probably require legislation which could be useful would be to actually have the local authority contact details for housing advice on the tenancy agreements or at the start of the tenancy. The old fashion notices called 'notice to quit' used to turn those people to advice when they were given. The section 21 notice does not have anything like that, but it would be very useful to tie a person to a local authority or the Citizens' Advice if they were given that notice.

**Ben Reeve-Lewis (Tenancy Relations Officer):** One of the ideas we have been playing with in Lewisham to get our landlords onboard for the Social Lettings Agency which is giving them all their legal documents so we have control over how they are done, including the tenancy agreement with that kind of information on. Which you could even give to accredited landlords on a memory stick that goes on their keys, all their notices and everything that they need to do. I am a big champion of the new breed of tenants' rights groups and where they are coming from. I think savvy councils should take advantage of that. As we lose resources and we lose staff we have tenant's rights groups out there giving informed advice, almost like a militia, if I could use that term. A militia out there working for it. If they are were to consider getting out of that traditional town hall mindset, understand that the groups can form a vital role, as well as landlord's groups, again, they are out there working on it, and it can only be a good thing.

**Geoff Fimister (Social Policy Officer, Citizens Advice):** Yes, Chair, that takes us back to what I was saying before about the importance of those kinds of groups and the fact that they have suffered in the past from the fact that private sector tenants are often a transient population, are not there long enough. That might well change as you have more families with children with more of a stake. Local authorities, I think, vary a great deal in their information strategies. Some of them put a lot of effort into it and others do not. Obviously that is

vulnerable to the funding situation at the moment. Again, there is an overlap there with advice and advocacy services, and the problem is – it is special pleading obviously from citizens’ advice but I think it is true nevertheless – that the funding problems that advice agencies are facing is not helping in terms of getting information across because that is very much part of their role as well as providing direct advice and advocacy.

**David Lawrenson (Letting Focus):** Just one thing idea about how could you identify tenants Outside of HMOs (where the landlord usually pays the council tax), council tax is normally paid by the tenants but the landlord or owner is listed on the Land Registry. Where they are different then it’s a fair guess to say, the property is let.

So, it ought to be possible to produce a list that way.

How easy to do that and what the cost of it is, I do not know, but that is one way of identifying all the tenants in your area, I guess.

**Geoff Fimister (Social Policy Officer, Citizens Advice):** Student unions are good at this, Chair, because of course they have a lot of people in the private rented sector and they have a captive audience. They tend to be quite good at getting information across on tenant’s rights.

**Heather Kennedy (Digs - Hackney Renters Group):** I am not sure, Jon how you set about trying to establish a private tenant’s group, but if you put signs up on the wall, you know, try and put letters through people’s doors it is not really going to work. I think we have had one member that joined because they saw one of our posters, it is kind of word of mouth. These groups, they have to be grassroots, they have to be tenant-led. If they see too much that this is just them fulfilling some sort of council agenda it is not going to happen. How do you do that if you are within the council and you are trying to encourage that? I think you need to go out and speak to existing groups. There are a lot of people that are quite active in the community often around issues to do with social justice, often younger people. Going to groups that already exist, activist groups, voluntary and community groups. Going to some of the community centres that work with some of the most vulnerable people who could actually really benefit from this and then picking out so who is really within that group, a couple of private tenants who maybe have the sort of mileage to take this forward, lead it and then actually be responsible for it. Then you kind of support them and resource them, I think that is what the role of councils is.

**Navin Shah (AM):** Thanks, Chair. You have touched so far upon on good practice examples from a local authority perspective, in terms of support for both claimants and landlords. The question is what more can the Mayor do to help ensure better conditions for more than a quarter of London’s households?

**David Lawrenson (Letting Focus):** I have said it before, it is around making information available. Using local authorities to make more information findable for tenants and landlords. I encourage you all to join accreditation schemes.

What about accreditation schemes. Well, the accreditation schemes have been around for a while. Not enough landlords have joined up, so there has to be something around making it worthwhile for them to join up and that means offering something of value which will get them to join up to accreditation schemes and will hopefully raise the standards.

I feel there is a lot more to do, we have 230,000 landlords I think, 10,000 roughly on the London Landlord Accreditation Scheme, 20,000 are members of the National Landlords Association, which is incredibly low given the services that they offer.

Landlords are out there, they are finding information online that they need, 50,000 have got my book, so I have got myself “out there” quite significantly.

That is the way they are finding information, they are looking online, it is probably where they found my book! There is a lot more we can do out there and we have to think about making the accreditation scheme known about and then make it worthwhile to join, so I would point to those two things.

**Navin Shah (AM):** Is 100,000 achievable by 2016?

**David Lawrenson (Letting Focus):** If it has got enough money behind it and it is properly marketed online, then it is definitely doable.

**Ben Reeve-Lewis (Tenancy Relations Officer):** I would say a cheaper version would be for the people that David said, but to also for the Mayor to get involved in promoting local authorities’ roles in doing this. We are all operating slightly different ones, but we can be the bridge to get to that. I think 100,000 is achievable, certainly, but the councils would take the lead on it. Again, in Lewisham some of the incentive plans we do we have to be accredited with the London Landlords Accreditation Scheme. We would be going around talking to agents, we are negotiating discounts in B&Q and places like that. If you have a landlord’s card you can get things cheaper. Just really hardcore things like that, free training, free legal services or cheap legal services, all of those things. The requirement that we would want in order to provide all this is, “Get yourself accredited”. If the Mayor can do that through the various councils and the councils disseminate that out there then I think 100,000 would work.

**Jon Dalton (Head of Housing Needs, London Borough of Harrow):** I think the London Landlord Accreditation Scheme is good, it has got a standard brief and landlords are trained up to that standard. Perhaps devising something similar for tenants, I know in Harrow we have our own scheme, but other councils and Lewisham have schemes. Perhaps putting a bit of effort into that as a unified scheme, then it is obviously easier for councils just to pick up an off the peg course to run locally. In these difficult times anything that make this easier is more likely to take off.

**Geoff Fimister (Social Policy Officer, Citizens Advice):** Yes, I would agree with those various points, and just to add a couple. The London rental standard, I think it remains to be seen how successful it will be, but it is potentially a vehicle for making progress. I think especially looking hard at the question of security, longer tenancies for people who need them,

is an important dimension of that. Maybe also the Mayor's office could play a role in monitoring the impact of housing benefit shortfalls. The Government has commissioned research on that, but it is national research looking at the national picture, and of course the London context has particular issues. I think there is a need to keep a careful eye on what is happening to claimants who are affected by those shortfalls. Going back to the special pleading and encouraging boroughs to do what they can to protect advice services. We would say that wouldn't we? But I think the point is if people cannot access advice services then they are going to get into other kinds of difficulty, like not being able to pay the rent, not being able to pay the council tax, not being able to get by in the community without social services' intervention. There is a real preventative issue there.

**Heather Kennedy (Digs - Hackney Renters Group):** Yes. I agree entirely with what Geoff said about the importance of advice services. I mean, often these are vital safety nets for people and if this is about economics, it will stop money normally being spent in the long run when social services have no choice but to spend them. I am not wildly optimistic about the London rental standard; I think this is similar to other kind of voluntary schemes. People have to really understand how things are with the pressures on tenants in terms of the amount of tenants you have chasing one property. For instance, say the London rental standard is introduced you get one tenant who may be savvy, maybe they have enough money to shop around, there is not going to be many of those, so they ask their landlord, "Well, are you accredited?" If they say, "Well, I'm not going to go with you because you are not accredited" then the next person in the queue will, and very often the next person in the queue will be more vulnerable, less able to self-advocate. These things are going to get driven down to the people who have less power to self-advocate. I mean, a letting agent ban is something that could be introduced and could be pioneered in the spirit of localism by the Mayor. Also I think we need to look at the fact that there is very little vetting of actual landlords going on. Even bodies like ours they do not check to see if landlords have got criminal evictions. You contrast that with the amount of reference checks, credit checks, all that happens with regards to tenants. Tenants are kind of signing on the line and they have absolutely no idea whether this landlord has got a string of evictions against their name. I do not know whether that is something the Mayor could look at picking up.

**Len Duvall (Chair):** Well, look can I thank you on behalf of the Committee in the way that you have answered our questions, and almost certainly I can guarantee that we have some follow up questions that we would like some responses to. Thank you once again in the way that you have dealt with our questions.