Reforming private renting in London: a report of stakeholder engagement on the Mayor's proposal for rent control

Introduction

0.1 The Mayor of London is committed to improving the lives of London's 2.4 million private renters, many of whom are facing high rents, little or no security and poor conditions. His *London Housing Strategy*[1], published in May 2018, sets out his plans to improve affordability for London's renters. However, as the Mayor has no powers to regulate the private rented sector, taking forward these proposals requires the Government to act or to devolve powers.

0.2 In July 2019, the Mayor published his *Blueprint for Reforming Private Renting*[2] in London, setting out his proposals for making renting more affordable and more secure. As part of this *Blueprint*, the Mayor called on Government to devolve powers for him to introduce a system of rent control in London.

0.3 Specifically, the Mayor's *Blueprint* calls on Government for the powers to:

- **establish a universal register** of landlords to collect data on private landlords, properties, and rents for individual homes, as well as supporting enforcement of standards in the private rented sector;
- **establish a London Private Rent Commission** to determine the details of a rent control policy for the capital. This would include how far and fast current rents should be reduced, and what incentives would be needed to mitigate adverse impacts on housing supply and property conditions;
- **reduce rents and keep them more affordable** through the Commission setting out how they should be reduced over time to an agreed, more affordable level, and how they should be maintained at that more affordable level on an ongoing basis;
- **incentivise continued investment** through the Commission recommending and implementing incentives to encourage investment in new and existing rental housing supply, alongside any appropriate mitigation measures; and
- **introduce interim measures** – such as simple caps on rent increases – to alleviate the pressure on Londoners whilst the universal register of landlords is being established and the full system of rent control is being implemented by the London Private Rent Commission.

0.4 Following the publication of the *Blueprint*, the GLA convened a series of meetings and two roundtable events on the Mayor's proposals with a wide range of experts. These included landlord and tenant representatives, build-to-rent stakeholders, academics and voluntary and community sector (VCS) organisations (see appendix 1 for details of participants). The GLA is grateful to all those who generously gave their time, and this

[1] Greater London Authority (2018) *London Housing Strategy* https://www.london.gov.uk/sites/default/files/2018_lhs_london_housing_strategy.pdf
[2] Greater London Authority (2019) *Reforming private renting: The Mayor of London's Blueprint* https://www.london.gov.uk/sites/default/files/reforming_private_renting_-_the_mayor_of_londons_blueprint.pdf

document (the publication of which has, unfortunately, been delayed due to COVID-19) summarises their views and opinions.

0.5 It would be the role of the London Private Rent Commission to carry out the detailed work required to develop and implement an appropriate system of rent control in London, subject to the necessary powers being devolved to the him. However, as is clear in the Mayor's *Blueprint*, the Commission would be expected to engage with all relevant sector representatives when formulating their approach. This document provides a starting point for some of the stakeholder issues and positions which the Commission would be required to consider but does not prejudge any conclusions that the Commission might come to.

0.6 The *Blueprint* and subsequent engagement with stakeholders were undertaken before COVID-19. However, the pandemic and the subsequent financial downturn clearly have had, and will continue to have, a profound impact on affordability within the private rented sector. While rents in some parts of London fell initially, in other parts they have actually increased[3], and many commentators expect any downward pressure to be short-lived[4]. In addition, recent research by the GLA and YouGov indicates that a quarter of London's 2.2 million private renters have already fallen behind with their rent or are likely to do so in the near future[5]. This has made the interim affordability, welfare and security of tenure measures set out in the *Blueprint* all the more urgent. The Mayor has called on the Government to act immediately on his demands for additional welfare support for private renters and to devolve powers to enable him to introduce a two-year rent freeze in London. This would mean a freeze on rent increases both within and between tenancies, allowing rents to fall but not increase[6].

0.7 The Mayor believes that the case for rent control in London remains strong. He will continue to call on Government for the powers to implement the proposals set out in his *Blueprint* and to explore other measures that will improve affordability for London's struggling renters.

Section 1: Establishing a universal register of landlords

Proposal

1.1 Devolved powers to establish a universal register of landlords to ensure that policy makers can access accurate information about the private rental market, including actual rents being charged and details about individual properties. The register would also support enforcement of standards in the private rented sector, providing an accessible record of individual landlords and properties.

Summary of stakeholder views

[3] Dataloft (August 2020) *Briefing note, Issue 4* https://static1.squarespace.com/static/59f70571e45a7c25d683a205/t/5f56265eaab9af0591cbd361/1599481442542/2020+Dataloft+Briefing+Notes+4_Covid-19.pdf
[4] e.g. Savills (June 2020): Revisions to our mainstream residential market forecasts https://pdf.euro.savills.co.uk/uk/spotlight-on/revisions-to-our-mainstream-residential-market-forecasts.pdf
[5] https://www.london.gov.uk/press-releases/mayoral/mayor-calls-for-two-year-rent-freeze
[6] https://www.london.gov.uk/press-releases/mayoral/mayor-calls-for-two-year-rent-freeze

1.2 Build-to-rent and landlord organisations believed that a register of landlords was unnecessary, and that similar outcomes could be achieved by using existing sources of information, such as Council Tax data. Voluntary and community sector (VCS) stakeholders supported a universal register, as existing data sources alone, such as Council Tax, Tenancy Deposit Schemes and Rent Tribunal decisions, provide an incomplete picture of individual properties in the market and lack the flexibility required to respond to the data needs of a future London Private Rent Commission.

1.3 Build-to-rent providers, landlord organisations and some academics were concerned about the level of bureaucracy required to maintain a register, arguing that it could impose inflexible and onerous reporting requirements on landlords. Build-to-rent and landlord stakeholders, in particular, also saw this as an added cost to their business models. Stakeholders from all groups also thought that collecting accurate data from some 'hard to reach' parts of the sector could be difficult, but many stressed the importance of doing so in order to ensure a robust and effective system.

1.4 Stakeholders representing the wider sector, including academics, renters' organisations, VCS organisations and academics, largely expressed support for a universal register. It was widely agreed that identifying and prioritising data sources would be a key role for the Commission. All stakeholders agreed that representative and robust data and monitoring benchmarks would be necessary in order to design a sensitive and workable rent control system for London.

1.5 All stakeholders recognised that appropriate resources would be needed to effectively monitor and enforce a system of rent control, as well as clarity on who would be responsible for doing so. Sufficient resources would also be needed to ensure the accuracy of data held by the universal register, which in turn would help to monitor and minimise any risk of adverse impacts on the wider rental and housing markets. Some academic stakeholders thought that setting up a register and related data collection system, would necessitate significant investment and staffing, as seen in other international examples such as the German 'Mietspiegal' ('rent mirror') index, which supports rent setting. However, they also noted that once established, this infrastructure would become less resource intensive over time, had been shown to be effective at reducing black-market exploitation in the private rented sector and was necessary to properly enforce rent control.

1.6 Several VCS stakeholders emphasised that for the register to be truly effective, measures to persuade or compel landlords to cooperate would be needed. For example, some cited other countries' use of tax incentives to promote landlord compliance with registration schemes. Stakeholders, including academics, London boroughs and VCS organisations, also cited other advantages a register of landlords would bring to the private rented sector, including improving enforcement efforts, targeting energy efficiency measures and holding all relevant information about a property in one place.

GLA response

1.7 As the Mayor states in his *London Housing Strategy*[7], the light-touch registration of private landlords is key to designing and implementing effective policy changes for the rental market, from property licensing to rent control. One of the significant challenges

[7] Greater London Authority (2018) *London Housing Strategy* https://www.london.gov.uk/sites/default/files/2018_lhs_london_housing_strategy.pdf

of designing, implementing and enforcing a new system of rent control in London is the lack of accurate data on rents charged for individual properties.

1.8 This new register could be used to regularly collect accurate data about what properties are in the private rented sector and rents paid for individual homes. It would also support vital work to improve standards and to licence landlords by local councils. As stakeholders have acknowledged, it would be a considerable undertaking to establish, maintain and ensure compliance with such a register. However, it is an essential requirement for effective future policy making on the private rented sector, not least designing a system of rent control.

Section 2: Establishing a London Private Rent Commission

Proposal

2.1 Devolved powers to establish a London Private Rent Commission to design and implement an effective system of rent control.

Summary of stakeholder views

2.2 There was little challenge to the Mayor's proposal to establish a London Private Rent Commission. Stakeholders were clear that, to maximise its effectiveness and legitimacy, the Commission would need to balance a range of sector interests, including those representing landlords, tenants and others. They cautioned that Government support would be critical to the success of the Commission and recognised that avoiding any unintended consequences of rent control would likely require the Commission to have powers devolved to them to design and implement appropriate incentives to support the sector. Incentives are considered further in section 5. Voluntary and community sector (VCS) stakeholders noted that although securing this support might be a challenge, rent control would help to achieve Government objectives, such as limiting the cost of welfare support for housing costs.

2.3 Several stakeholders, including those from local councils and VCS organisations, felt that establishing a Commission would lead to a better balance of rights between landlords and tenants and congratulated the Mayor on being ambitious and unapologetic about the need for reform. One build-to-rent provider noted that the approach to reform taken in Scotland had achieved a better balance of rights between tenants and landlords. Others highlighted that achieving this improved balance of power would depend on ensuring that renters understand their rights and are able to challenge (via the First Tier Tribunal, for example) the rents they are charged.

2.4 All stakeholders agreed that, in order to be effective, the Commission would need to be clear about the key objectives for any preferred model of rent control, together with its expected structural outcomes and a robust set of success criteria. These should be underpinned by a robust monitoring framework that would include economic and renter wellbeing indicators (for example, tenancy lengths, rent certainty and property supply levels). Build-to-rent and other stakeholders also called for the Commission to provide clarity on the expected level and duration of a reduction in rents across the capital.

2.5 All stakeholders agreed with the Mayor's proposal that the Commission should have an ongoing monitoring role once a system of rent control was implemented. This would promote a more responsive system and infrastructure, equipped to track changes in the rental market and respond to any adverse impacts on wider housing market trends and indicators.

2.6 Some academic and VCS stakeholders particularly highlighted that the Commission would need to fully consider and understand the equality implications and impacts of the Mayor's rent control policy and its objectives, to ensure no adverse effects of the Mayor's policies were felt by those with protected characteristics

GLA response

2.7 As set out in the *Blueprint*, the Commission would manage the universal register of landlords. Its first task would be to use the data from this register and any other sources to design and test the detail of how rent control would operate in London and make a recommendation to the Mayor. This recommendation would include details of the Commission's own ongoing role in implementing, monitoring, and enforcing whatever new approach was ultimately chosen. It would be accountable to the Mayor but would operate independently, and its board would comprise of experts drawn from across the housing sector, including tenant representatives. The Commission would have full regard to their Equality Act duties to ensure no adverse effects of the Mayor's policies are felt by those with protected characteristics.

Section 3: Designing a system of rent control for London

Proposal

3.1 Devolved powers to enable the Commission to be responsible for identifying the best system of rent control for London. This role would include examining the different options and approaches outlined in the *Blueprint* and in research by the New Economics Foundation[8].

Summary of stakeholder views

3.2 There was some debate amongst stakeholders about whether social housing should be included in any system of rent control, to guard against rents for social housing tenants increasing and private landlords registering as social landlords to circumvent rent control measures. Several stakeholders, including academics and VCS organisations, however, recognised that rents that landlords are able to charge social housing tenants are already regulated by the Regulator for Social Housing.

3.3 Several councils expressed concern that including accommodation supplied and managed by council-owned housing companies in the proposals could curtail income and supply and reduce their ability to offer a breadth of accommodation options to tenants in the PRS.

3.4 Some stakeholders, including some VCS and build-to-rent stakeholders, suggested that rent control measures should be targeted by excluding high-income renters from the proposals. However, others thought that this form of targeting would render low-

[8] New Economics Foundation (2019) *Rent controls – a research note to inform the Mayor's approach in London* https://neweconomics.org/2019/07/rent-control

income, vulnerable renters less attractive to prospective landlords, further limiting access to the private rented sector for these groups. This is discussed further in section 5.

3.5 Some academic, VCS and council stakeholders saw merit in a points-based system, as utilised in Amsterdam, whereby a landlord could charge a higher rent for individual properties that were demonstrably in better condition than others. They agreed that extensive resources for enforcement would be necessary to prevent a significant deterioration in conditions and suggested that a measure such as this could help to incentivise landlords to maintain property standards.

3.6 Generally, stakeholders referred to a broad range of international examples that could inform the Mayor's proposals. Some academics and build-to-rent stakeholders highlighted that, unlike the Mayor's proposals, most international case studies are focused on rent stabilisation measures, and not a real-terms reduction in rent over time. Many stakeholders were also keen to stress that international comparisons should take account of different cultural, fiscal, planning and legislative contexts, with some models being more comparable to the London context than others.

GLA response

3.7 The Mayor recognises that rents in London are already too high and stabilisation measures, as seen in other countries, may not be sufficient in the long term. The first task of a London Private Rent Commission would be – informed by the register – to review the possible options, balance the interests of tenants, landlords and investors, and design and test the best model of rent control for London to recommend to the Mayor.

3.8 The Mayor believes that housing let at social rents should not be included in a new system of rent control. As stated above, social rents are already regulated and subject to scrutiny by the social housing regulator, and social housing providers have just come to the end of a four-year period of enforced rent reductions for tenants, whereas private rents are completely unregulated at present. This makes the UK an outlier amongst other nations with significantly developed private rental markets. Homes that are let by social housing market providers at market rent will fall into the scope of rent control.

3.9 The use of an arms-length body has been adopted in rent control systems elsewhere – for example, New York City's Rent Guidelines Board is mandated to establish rent adjustments for the approximately one million dwelling units subject to the local Rent Stabilization Law[9]. An approach like this would help ensure the proposed model was based on as robust an evidence base as possible.

Section 4: Reducing private rents and keeping them more affordable

Proposal

4.1 Devolved powers to reduce rents and keep them more affordable. Specifically, the Mayor proposes that the London Private Rent Commission will set out how rents should

[9] https://www1.nyc.gov/site/rentguidelinesboard/about/about.page

be reduced over time to an agreed, more affordable, level and how rents should be maintained at that level on an ongoing basis.

Summary of stakeholder views

4.2 Most stakeholders agreed that rents in London are unaffordable for many renters and recognised that reducing them and keeping them more affordable would involve trade-offs. Some VCS sector stakeholders highlighted, however, that reducing rents could take some time to achieve, and may depend on the model of rent control adopted. Improved affordability might be influenced by factors such as earnings - if these begin to fall, then it could take longer to achieve the desired outcome.

4.3 Many stakeholders, including VCS organisations, landlord organisations, academics and local authorities, were concerned that the Mayor's proposals could restrict access to and choice of private rented properties for renters. This could mean that rent controls would benefit existing tenants over new entrants to the market, and potentially further increase demand in the rental sector. Vulnerable renters, including low income and Black, Asian and minority ethnic (BAME) renters, who face additional barriers in finding safe and affordable homes, could be disproportionately affected.

4.4 A wide range of stakeholders, including VCS organisations, some academics and build-to-rent and landlords organisations, highlighted the risk of landlords and investors reducing their portfolios or leaving the sector altogether. This is discussed further in section 6. Many, including local authorities and landlord organisations, were concerned that increased regulation of privately rented homes could see more landlords switching to short-term lettings and a decline in temporary accommodation supply. Any shrinkage of supply in the sector or attempts by landlords to increase rents or target more affluent renters in advance of rent controls being implemented, could put vulnerable renters at greater risk of evictions and homelessness. VCS stakeholders in particular were concerned about this, noting that this additional pressure could not currently be met through social housing.

4.5 Stakeholders from across the sector expressed concern that action to bring rents down had the potential to significantly reduce the mobility of private renters in London. They argued that renters may become reluctant to move on and relinquish the benefit of a controlled rent, even when a property becomes unsuitable for them. Some VCS and build-to-rent organisations pointed to New York and Stockholm which, they felt, had experienced a decline in mobility within the sector, which also had adverse implications for rent levels in non-rent-controlled areas.

4.6 Build-to-rent and landlord organisations highlighted that a stagnation in tenancy turnover rates within the capital could put pressure on rents in areas surrounding London, as demand in these areas from new renters would increase. These stakeholders, in addition to some academics, also said that a reduction in mobility into and out of London could have wider economic impacts, such as making recruitment more challenging for London's employers. These stakeholders felt that investigation of these wider dynamics, and the impact of rent control on access to housing for future generations of renters, should be a priority for the London Private Rent Commission.

4.7 There was widespread support amongst stakeholder, including academics, landlord and letting agent representatives and VCS organisations, for the Mayor's position that any model to reduce rents would need to be part of a package that includes building more social housing and reforms to welfare benefits. In particular, VCS stakeholders commended the Mayor for reshaping the debate on rent control and putting affordability for renters high on his agenda. They also recognised that rent controls, coupled with ending Section 21 and the introduction of open-ended tenancies as proposed in the Mayor's *Blueprint*, could have a profound positive impact for private renters in London and help to prevent homelessness.

4.8 Despite concerns regarding the impacts on supply, rent increases (both short-term and in properties not covered by rent control) and a risk of reduced access to properties for renters, many stakeholders – including some academics, build-to-rent and VCS organisations – recognised that renters who currently face the biggest barriers to renting stood to benefit most from making rents more affordable. VCS stakeholders in particular noted that access is already restricted for vulnerable and low-income Londoners and that despite the challenges, the Mayor's proposals would help more households to be able to pay their rent and keep their homes.

4.9 A minority of VCS stakeholders suggested that a short-term contraction in supply in the temporary housing market (discussed in paragraph 4.4) might be worthwhile if the Mayor's proposals ultimately led to a reduction in renters being made homeless due to unaffordable rents. Despite differing views, most stakeholders agreed that investigating this area could be a priority for the London Private Rent Commission.

4.10 A range of stakeholders were concerned that introducing rent controls could be detrimental to the flexibility within the rental sector that younger renters and those new to London may value. However, others disagreed. Some VCS organisations argued that international examples of rent control causing stagnation usually covered a small geographical area or fewer privately rented homes. In their view, the wider the coverage of a system of rent control, the better it would be at meeting the diverse needs of all renters. These stakeholders also highlighted that for many households, flexibility equates to instability and a lack of security, which impacts negatively on, for example, schooling, household savings and community links.

GLA response

4.11 The GLA recognises the concerns and challenges raised by stakeholders of reducing rents in London and keeping them more affordable. Stakeholders agreed that identifying and managing these trade-offs will be key to delivering a successful model of rent control in the capital that would result in widespread benefits for renters. The affordability crisis facing London's renters is unsustainable, however, and the Mayor is clear that action is necessary.

4.12 The Mayor's *Blueprint* highlights that the work needed to develop a system that can work for London must proceed carefully, and its design should be informed by a robust evidence-gathering process, to address such wider impacts and minimise any adverse consequences.

4.13 The proposed London Private Rent Commission would be responsible for setting out a clear approach for how rents could be reduced to a more affordable level over a period of time, in addition to determining appropriate incentives or mitigations that might be required.

Section 5: Incentivising continued investment in the private rented sector

Proposal

5.1 To ensure that a system of rent control in London is coupled with appropriate measures to support and increase investment in private rented housing, protecting both its supply, conditions and standards.

Summary of stakeholder views

5.2 A wide range of stakeholders from across the sector raised concerns that rent control would impact negatively on investment in new supply and lead to a reduction in existing supply. Build-to-rent providers, in particular, argued that build-to-rent schemes would become unviable in the absence of long-term, inflation-linked returns and were concerned this would undermine regeneration schemes and see a reduction in the number of affordable homes delivered.

5.3 A large number of stakeholders, including landlord representatives, academics and VCS organisations, were also concerned that the supply of existing private rented homes would decrease. Build-to-rent and landlord organisations argued that rent control would reduce profit margins and make London less attractive to investors, leading to more landlords selling up and fewer new entrants to the market. Many stakeholders thought that if this were to happen, vulnerable renters could be most affected as their choice and access to properties would be further reduced.

5.4 A wide range of stakeholders, including build-to-rent providers and landlord organisations, raised concerns that rent controls could lead to a decline in the conditions of private rented homes in London. They argued that with a fall in profits, both buy-to-let and build-to-rent landlords would be less able to invest in maintaining or improving their properties, leading to a deterioration in property conditions and poorer standards and outcomes for renters.

5.5 Despite, the concerns raised above, not all stakeholders agreed that introducing a system of rent control in London would reduce investment in new supply by buy-to-let and other private landlords, or that property standards and conditions would see a decline.

5.6 A minority of VCS stakeholders cited an increase in investment in the buy-to-let sector in Berlin since rent controls were introduced, and believed that landlords leaving the sector would sell their properties on to other investors. Some stakeholders, including academics, argued that landlords have a vested interest in maintaining the condition and marketable value of their property asset, and that a robust framework of minimum standards and enforcement would need to accompany a system of rent control. Some VCS stakeholders also noted that deregulation of the private rented sector in England since the 1980s had not led to all landlords maintaining their properties to a satisfactory level, suggesting that rent regulation is not the primary determinant of investment in properties.

5.7 A wide range of stakeholders, including build-to-rent providers and some VCS organisations and academics, recognised that many of the potential adverse impacts of a system of rent control could be mitigated with a comprehensive package of measures to support landlords and the build-to-rent sector. A minority of council and VCS representatives opposed specific mitigations or exemptions, however, arguing instead that there should be a period of transition to enable landlords who could not meet the required regulations to leave the market.

5.8 Measures or mitigations proposed by stakeholders included exempting *all* new purpose-built rental homes or schemes in designated geographical areas where build-to-rent was central to local regeneration efforts. There was strong support for this from build-to-rent providers, with these stakeholders citing examples in other international settings. Some academic, build-to-rent, and a minority of VCS, stakeholders felt that exempting properties that are *new* to the buy-to-let market from rent controls would best maintain and encourage new supply of private rented homes.

5.9 Other VCS stakeholders and some local authorities suggested using planning or other legislative approaches to make it harder for landlords to sell properties to owner occupiers, while build-to-rent stakeholders argued in favour of using the planning system to improve the viability of build-to-rent developments more generally. A minority of stakeholders thought that councils could seek to purchase properties of buy-to-let landlords leaving the market and use them for social housing.

5.10 Additionally, financial incentives and subsidies, such as grant funding and rental 'top-up' payments, were proposed by build-to-rent providers to support supply in the industry. A wide range of stakeholders also agreed that, as proposed in the *Blueprint*, tax incentives could be introduced for investing in new or improving existing private rented homes. Examples cited included tax relief in relation to wear and tear and exempting build-to-rent providers and buy-to-let landlords from VAT and/or stamp duty, to help offset any negative impacts of rent control on cashflow and conditions and standards.

GLA response

5.11 The GLA recognises the challenges identified by stakeholders of introducing a system of rent control in London. The *Blueprint* makes clear that rent controls would need to be implemented in a gradual and planned way, along with meaningful measures that would incentivise investment in new and existing rental supply and support the build-to-rent sector, which accounted for 26 per cent of house-building starts on larger private sites in the year to September 2020.[10]

5.12 Potential measures highlighted in the *Blueprint* include new build-to-rent homes being exempted for a defined period, introducing tax incentives for investing in new stock or improving existing homes and a system of appeal for individual landlords who experience genuine financial difficulty arising as a result of rent control. It was useful for officers to further explore the detail of these options with stakeholders during these discussions.

5.13 The proposed London Private Rent Commission would be responsible for implementing, or recommending the implementation of, incentives to encourage investment in new and existing rental housing, alongside any appropriate mitigation measures. In doing so, the Commission would seek to balance the various interests represented across the sector.

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[10] Molior London research, cited in *Housing in London 2020* https://www.london.gov.uk/sites/default/files/housing_in_london_2020.pdf Sites with at least 20 private homes, as distinct from affordable housing.

Section 6: Implementing interim measures to alleviate pressure on Londoners

Proposal

6.1 In recognition that London's private renters face rents that are unaffordable now, to take interim steps to limit rent increases while a full system of rent control is developed. These could involve simple rent stabilisation measures, such as caps on rent increases, both between and within tenancies.

Summary of stakeholder views

6.2 Many VCS, academic and local council stakeholders agreed that measures to cap rent increases would be a desirable first step to help renters with affordability while the full model of rent control is developed. Indeed, some argued that rent stabilisation should be introduced quickly as an emergency measure, because so many renters are currently struggling to afford their rents.

6.3 Overall, stakeholders said that some form of rent stabilisation could potentially be workable in London, if it was carefully designed so as not to significantly reduce investment in the private rented sector. Some stakeholders argued for a rent freeze (i.e. rent increases should be frozen at current levels), and others called for above-inflation rent increases to be permitted, though capped at a specified level.

6.4 Some VCS and academic stakeholders felt that the certainty provided by rent stabilisation would be beneficial in helping renters to be able to plan their finances. Some noted that rent stabilisation could bring down rents more quickly in real terms when compared to rent increases that might otherwise occur, when earnings and inflation are considered. Some academics suggested that rent stabilisation measures would be relatively simple to implement with a universal formula and have little impact on investment in the sector in the short-to-medium term. Various models of rent stabilisation were discussed, including a formula linked to earnings rather than CPI (as many build-to-rent providers already do), as well as an inflation-linked model. There was general agreement, however, that an inflation-linked rent increase model would be workable, if rents could reset to market levels between tenancies.

6.5 Many stakeholders from across the sector argued that the Mayor should pursue rent stabilisation measures as an alternative to reducing rents, rather than as an interim measure. They believed that this would strike a better balance between increasing certainty and security for renters and securing continued investment in the sector, reducing the risks of the market contracting and property conditions deteriorating.

6.6 Some VCS and academic stakeholders thought that stabilisation measures would not be enough to improve affordability for renters and would be of limited benefit to tenants who are already struggling to afford their rents. They also expressed concern that stabilisation measures would have similar negative impacts as measures to reduce rents overall.

6.7 There were also concerns expressed by a wide range of stakeholders about how rent stabilisation measures would be enforced. Landlord organisations noted that existing, as well as new, tenancies would need to be included in rent stabilisation measures if these interim measures were to be applied across London and that this would be more challenging to implement.

6.8 Landlord organisations felt that, if rent increases were capped, their members would be likely to automatically increase rents to the maximum level permitted. This was also a concern for VCS stakeholders. They argued that at present many landlords do not routinely increase rents for existing tenants, and that therefore rents may increase faster than they do currently, as has been the case with the *Mietpreisbremse* in Germany. Others, however, felt that it was possible to design a system of stabilisation that did not have this unintended consequence.

6.9 There was some debate amongst stakeholders about the impact that preventing the resetting of rents might have. Some academics and build-to-rent providers argued that preventing the resetting of rents would reduce investment in the sector. Other academics, however, argued that allowing rent levels to reset could incentivise landlords to evict tenants in order to increase rents. These stakeholders recognised that increased security of tenure, secured via Government's commitment to abolish Section 21, would be crucial to preventing renters being forced out by rent increases in future. Some stakeholders also thought that increased security of tenure, coupled with rent stabilisation measures, could help to push rogue landlords out of the market.

6.10 Stakeholders agreed that a key role for the Commission should be to assess which rent stabilisation measures would work best in London and determine how they should be set.

GLA response

6.11 The GLA recognises the opportunities and challenges inherent in implementing rent stabilisation measures in London. However, the Mayor knows that London's private renters are suffering now and, in the context of Covid-19 and the economic crisis, the case for rent stabilisation is indisputable. As a result, carefully designed interim steps may be desirable to limit rent increases whilst the universal register of landlords is being established and the full system of rent control is being implemented by the London Private Rent Commission.

6.12 This may not address the underlying problems the Mayor is seeking to solve - that rents are already too high for many. But in the absence of robust data on private rents upon which regulation can be based, and without the infrastructure for effective enforcement of rent regulation, rent stabilisation provides a partial solution. It would go at least some way to mitigating the impacts of rent rises and helping renters in the shorter-term.

Section 7: Next steps

7.1 The Mayor has been focused, since this engagement with stakeholders took place, on lobbying Government to introduce new measures to support renters whose ability to pay rent has been affected by the COVID-19 pandemic and the emerging economic crisis[11]. A key part of this is the Mayor's call on the Government to implement a two-year rent freeze (a stabilisation measure), which would allow rents to fall but not rise, both within and between tenancies, or devolve powers to him to do so.

7.2 Alongside his calls for a two-year freeze in rents, the Mayor is asking the Government for a wider package of support for renters. This includes grants to enable renters to stay in their homes and clear arrears in the short-term, expanding access to welfare benefits to increase affordability (including uprating Local Housing Allowance to median market rents, keeping the £20 uplift in Universal Credit and scrapping the Benefit Cap), scrapping section 21 'no fault' evictions and restricting access to section 8 evictions until the wider welfare measures are brought in.

7.3 The Mayor will continue to lobby for powers from Government to establish the London Private Rent Commission and move forward with rent control. He will share this report with the Commission and engage with its members on the detail of all the feedback we have received. The GLA will also continue to engage with the Scottish Government as they continue to explore similar rent control measures.

7.4 Alongside this, the Mayor will continue to work with London boroughs to improve standards and conditions in London's private rented sector and work with Government to ensure that the promised Renters Reform Bill provides renters a better future, transforming renting from a tenure of last resort into one fit for the 21st century.

[11] https://www.london.gov.uk/press-releases/mayoral/mayor-calls-for-two-year-rent-freeze

Appendix 1 – Stakeholder organisations

Voluntary and community sector and think tank organisations

Adam Smith Institute
Advice for Renters
Age UK
Association of Residential Letting Agents
Centre for Ageing Better
Citizens Advice
Civitas
Crisis
Generation Rent
IPPR
Joint Council for the Welfare of Immigrants
Joseph Roundtree Foundation
Just Space
London Renters Union
National Approved Lettings Scheme (now Safespace)
National Housing Federation
National Landlords Association (now NRLA)
Nationwide Foundation
National Union of Students
Policy Exchange
University of London
Renters Rights London
Resolution Foundation
Shelter
St Mungos
Trust for London
Residential Landlords Association (now NRLA)
Resolution Foundation

Representatives of the Mayor's London Housing Panel.
The full membership is:

Action on Empty Homes
Camden Community Law Centre
Disability Advice Service Lambeth
Generation Rent
Homeless Link
Just for Kids Law, including Children's Rights Alliance for England (CRAE)
Kineara CLC
Leasehold Knowledge Partnership
London Federation of Housing Co-operatives
London Gypsies and Travellers
London Tenants Federation
New Horizon Youth Centre
Solace Women's Aid
The Connection at St Martin-in-the-Fields
Tonic Living CLC

Academics

Cambridge Centre for Housing and Planning Research (and RSM UK)
The Bartlett School of Planning, UCL
LSE London

Build to Rent companies

BPF
Grainger
Greystar
Legal and General
M3
M&G

Savills
London First
Aberdeen Standard Life
Access
Ballymore
British Land
Clarion
Criterion
Dorrington
Fizzy Living
Get Living/Delancey
Invesco
L&Q
Landsec
Lasalle
Longharbour
Notting Hill Genesis
Places for People
Real Star (Uncle)
Palmer Capital
Patrizia
Quintain

Regional authority, London Boroughs and representative organisations

GMCA
London Councils
LB Enfield
LB Tower Hamlets
LB Hackney
LB Harrow
LB Haringey
East London Housing Partnership