

**MAYOR OF LONDON**

---

# **REFORMING PRIVATE RENTING: THE MAYOR OF LONDON'S BLUEPRINT**

A proposal for reforming tenure and rents

---

## COPYRIGHT

**Greater London Authority**  
**July 2019**

Published by  
Greater London Authority  
City Hall  
The Queen's Walk  
More London  
London SE1 2AA  
**[www.london.gov.uk](http://www.london.gov.uk)**  
enquiries 020 7983 4100  
minicom 020 7983 4458  
Copies of this report are available  
from [www.london.gov.uk](http://www.london.gov.uk)

## CONTENTS

<b>Foreword from the Mayor</b>	<b>4</b>
<b>1. Introduction and summary of recommendations</b>	<b>6</b>
- Introduction	
- Summary of recommendations	
<b>2. London's private rented sector</b>	<b>11</b>
- London's private rented sector in 2019	
- The Mayor's vision for renting in London	
- Improving standards and conditions	
- Reforming security of tenure	
- Tackling affordability	
<b>3. Reforming security of tenure – the London Model</b>	<b>22</b>
- Security of tenure – the road to reform	
- The 'three pillars' of the London Model	
- The 'building blocks' of the London Model	
- Working with the Government to implement the London Model	
<b>4. Tackling affordability– the Mayor's proposals for rent control</b>	<b>32</b>
- Why rent control?	
- The right approach for London	
- Possible models for consideration	
- Implementing the Mayor's proposals	
<b>5. Next steps</b>	<b>37</b>

## Foreword from the Mayor

London's private rented sector of today is very different to that of 10 to 15 years ago. It has gone from a residual tenure that predominantly housed students, young people, and economic migrants in the late 1990s, to offering a place to live for over two million Londoners from every possible background.

As homeownership has drifted out of reach for more and more people in the capital, families and older people have joined the ranks of Londoners who are likely to be renting indefinitely. They face high rents, little or no security, and too often poor conditions. They urgently need a better deal.

London's struggling private renters need more council and social rented housing, more homes for first-time buyers, and a welfare system that reflects the high costs of renting in London. But it has now become overwhelmingly clear they need the private rented sector to be overhauled too.

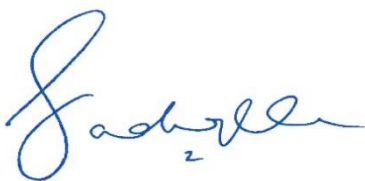
That's why, despite having no statutory powers in the private rented sector, when I took office, I have pledged to do everything I could to help private renters. I have gone further than any previous Mayor by launching the country's first public database to 'name and shame' rogue landlords, working with councils to crack down on criminals, and supporting London's businesses in making tenancy deposit loans available to their employees.

But many of the changes we need require the Government to change the law. As part of a coalition with renters' rights groups, I campaigned for the Government to scrap letting agent fees and 'no fault' section 21 evictions. They have now implemented the former and committed to the latter.

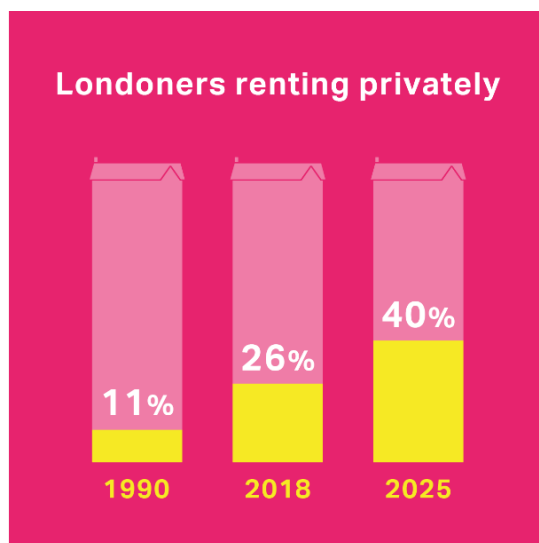
But the Government now needs to go much further. This paper sets out a blueprint of what they need to do next and how they should comprehensively overhaul tenancy laws alongside the powers I am calling for to enable London to introduce an effective system of rent control.

These changes would represent a fundamental structural shift in how London's private rented sector operates. Renters in other cities around the world have made similar demands and their governments have begun to respond. For example, Berlin has passed a law to freeze rents for the next five years, whilst New York state has passed a package of bills to strengthen protections for renters.

But in London, we depend on the national government to make the changes we need. That is why the proposals in this document, and our campaigning to get them implemented, are so vital. If our proposals were implemented, we could fundamentally rebalance London's private rented sector – making it fit for purpose through a new approach that is long overdue.



**Sadiq Khan**  
Mayor of London



# 1 Introduction and summary of recommendations

## Introduction

- 1.1. The Mayor of London is committed to improving the lives of London's private renters, despite having no statutory powers over the private rented sector. The Mayor has therefore worked with councils, lobbied the national Government, and used City Hall's resources in new ways to make a difference. Three years into this Mayoral term, the Mayor has delivered on his key pledges: a new database to 'name and shame' rogue landlords and letting agents; an end to rip-off letting agent fees; and new pan-London working between City Hall and London councils to tackle poor property conditions. The Mayor has established his position leading the way nationally in promoting the rights of private renters.
- 1.2. The Mayor's manifesto also set out a longer-term ambition to give London a greater say in strengthening renters' rights over tenancy lengths and rent rises<sup>1</sup>. In his London Housing Strategy, published in May 2018, the Mayor built on this promise, setting out his ambitious plans to create a new London Model of tenancy reform, and reiterating his support for rent control. However, as the Mayor has no powers to regulate the private rented sector, taking forward these proposals relies on convincing the Government to act or devolve powers.
- 1.3. Until recently, the Government appeared unwilling to consider any of the legislative changes the Mayor was proposing. However, the last year has seen a significant shift in the debate on the future of the private rented sector, with the Government publishing a consultation on making longer tenancies the norm.
- 1.4. In response to that consultation, the Mayor pushed the Government to go much further, setting out his own initial proposals for scrapping Section 21, introducing open-ended tenancies, and reforming possession processes – the key pillars of his London Model of tenancy reform<sup>2</sup>. A wide range of grassroots renters' groups, co-ordinated by Generation Rent, also put pressure on the Government through their campaign to end Section 21.
- 1.5. In April 2019, the Government announced their intention to further consult on a new set of proposals almost identical to those set out in the Mayor's London Model, including a core commitment to scrap Section 21<sup>3</sup>. This is a welcome and potentially significant change of direction from the Government, and the Mayor looks forward to the proposed consultation, in response to which he will submit City Hall's views on how to make the detail of the legislation effective.
- 1.6. This paper sets out the Mayor's blueprint for reform of the private rental market. It covers both security of tenure, and crucially, rent control – something with which the Government still refuses to engage. The Mayor believes a system of rent control is needed to ensure changes to

---

<sup>1</sup> [http://london.laboursites.org/wp-content/uploads/sites/5/2018/02/x160668\\_Sadiq\\_Khan\\_Manifesto.pdf](http://london.laboursites.org/wp-content/uploads/sites/5/2018/02/x160668_Sadiq_Khan_Manifesto.pdf)

<sup>2</sup> [https://www.london.gov.uk/sites/default/files/220818\\_annex\\_2\\_-\\_the\\_london\\_model.pdf](https://www.london.gov.uk/sites/default/files/220818_annex_2_-_the_london_model.pdf)

<sup>3</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/795448/Overcoming\\_the\\_Barriers\\_to\\_Longer\\_Tenancies\\_in\\_the\\_Private\\_Rented\\_Sector\\_-\\_government\\_response.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/795448/Overcoming_the_Barriers_to_Longer_Tenancies_in_the_Private_Rented_Sector_-_government_response.pdf)

security of tenure are effective, and to tackle the unaffordability of private renting that is harming the lives of Londoners and the capital's broader success.

- 1.7. Rent control is not a new concept in the UK, having been in place for much of the 20<sup>th</sup> century. That system of rent control was abandoned and rents deregulated in 1989 in an attempt to respond to the sector's decline. This decline had largely been precipitated by rising incomes and greater availability of mortgages, leading to more households pursuing home ownership.
- 1.8. The situation today is very different, with home ownership increasingly unaffordable in the capital, and with the private rented sector once again becoming the largest tenure – housing not just young, mobile professionals but also an increasing number of families. The Mayor believes that it is the right time to reintroduce a form of rent control<sup>4</sup>. The Mayor's proposed system is designed to avoid the negative impacts on investment in existing and new homes that arose during the UK's previous system of rent regulation, through the provision of direct mitigation measures, a focus on increasing affordable housing supply, and an approach that would see rents reduced gradually over time.
- 1.9. Chapter 3 outlines the policy recommendations of the Mayor's London Model of tenancy reform<sup>5</sup>, which have been developed with the input of a wide range of stakeholders. Chapter 4 sets out the Mayor's approach to rent control. This has been informed by work carried out by Deputy Mayor James Murray and Karen Buck MP, supported with background research by the New Economics Foundation. The Mayor hopes the Government will embrace the ideas set out in this paper and related City Hall documents when formulating their proposals for consultation, so that the current imbalances and injustices inherent in the UK's rental market can be truly addressed.

### Summary of recommendations

- 1.10. The Mayor's recommendations for reform are set out below. He is clear that Government should set out a clear timescale for implementing any proposals, to reassure renters that it will prioritise bringing forward these reforms.

---

<sup>4</sup>Ministry of Housing, Communities and Local Government, English Housing Survey 2017–18: Headline Report, January 2019.

<sup>5</sup> Greater London Authority, The London Model: reforming private renting, a technical paper, July 2019



### Recommendation 1: Improving security through tenancy reform

The Government's forthcoming consultation on improving security of tenure for private renters should mirror the proposals contained in the Mayor's London Model of tenure reform, including:

- replacing Assured Shorthold Tenancies (ASTs) with open-ended tenancies;
- removing Section 21;
- introducing new possession grounds and court processes;
- scrapping break clauses in tenancy agreements;
- giving all renters and landlords access to better tenancy sustainment support and dispute resolution services;
- increasing landlord-to-tenant notice periods to four months;
- mandating tenant relocation payments for 'no tenant fault' evictions; and
- ensuring that vulnerable renters and vital homelessness services are protected from unintended consequences.

### Recommendation 2: Powers to control rents

The Government should enable the Mayor of London to develop and implement a system to reduce private rents in London gradually over time. This should include enabling data to be gathered that will inform the design of this system and underpin its operation. The Mayor specifically seeks the devolution of powers to:

- **Establish a universal register of landlords** to ensure policy-makers can access accurate information about the private rental market, private landlords, their properties, and rents for individual homes, and which would also support enforcement of standards in the private rented sector;
- **Establish a London Private Rent Commission** to manage the above register, and to use it and other data to design and implement an effective system of rent control, including by determining its own ongoing role in monitoring and enforcing the system;
- **Reduce rents and keep them more affordable** through the London Private Rent Commission setting out how rents should be reduced over time to an agreed, more affordable level, and how rents should be maintained at that more affordable level on an ongoing basis;
- **Incentivise continued investment** through the London Private Rent Commission implementing, or recommending the implementation of, incentives to encourage investment in new and existing rental housing supply, alongside any appropriate mitigation measures; and
- **Implement interim measures to alleviate pressure on Londoners** whilst the universal register and system of rent control are being established. The Mayor could implement simple rent stabilisation measures, such as caps on rent increases both between and within tenancies to mitigate the impacts of high rents on Londoners while the long-term solution is being designed.

### **Recommendation 3: Court reform**

Court reform is essential to the delivery of recommendations one and two of this report. Consequently, the Government must ensure that court reform is central to the proposals set out in their consultation. It is vital that their proposals do not simply focus on digitisation but also recognise the need for further resources to be channelled into the courts system in terms of personnel, enforcement, accessible court buildings and, above all, greater access to legal aid for vulnerable renters.

# 2 London's private rented sector

## London's private rented sector in 2019

- 2.1 Over the last two decades, levels of private renting in London have risen dramatically. Twenty-six per cent of households lived in the sector in 2018<sup>6</sup> – a proportion that is projected to grow to 40 per cent by 2025<sup>7</sup>. The nature of these households is changing too, with around 550,000 children now living in privately renting households in London, more than three times the figure in 2004<sup>8</sup> (figure 1). At the same time people are renting privately for longer, with only a third of London private renters expecting to buy a home in the next five years<sup>9</sup>.
- 2.2 Despite this growth and change, London's private rented sector continues to be subject to a regulatory system that was designed for a more marginal and short-term tenure. The Mayor recognises that as demand for the sector has grown in recent years, it has become less dominated by relatively mobile groups like students, migrant workers and young graduates. It is increasingly becoming a long-term tenure, including for older Londoners and those raising families. Renters in London have, on average, lived at their current address for two years but, with a standard tenancy length of just six to 12 months, they have little guarantee of security or stability<sup>10</sup>. However, the average does not tell the whole story and too many renters move every year, not all by choice. This makes it hard to put down roots and causes disruption for education, childcare and employment (figure 2).
- 2.3 The existing model of tenancy regulation has not kept pace with London's rapidly changing and expanding private rented sector. The current system fails to offer anywhere near enough security and stability to tenants. This has been broadly recognised by all the main political parties, most recently by the Government in their commitment to consult on ending Section 21 'no fault' evictions<sup>11</sup>.
- 2.4 The high cost of renting privately impacts on all those living in the private rented sector, and particularly families on low incomes and those affected by recent welfare reforms. Although rents have fallen slightly in London in the last year, leading indicators suggest they are now rising again<sup>12</sup>. The long-term trend is that they have been increasing considerably faster than earnings, especially since 2010<sup>13</sup>. Around a quarter of the capital's private renting households are now spending more than half of their income on rent<sup>14</sup>. Private renters are also paying considerably more than households who have secured a mortgage. While the typical monthly

---

<sup>6</sup> GLA analysis of Labour Force Survey, 2018

<sup>7</sup> PwC Regional Tenure Projections, 2016

<sup>8</sup> GLA analysis of Labour Force Survey data, 2004 and 2018

<sup>9</sup> GLA analysis of English Housing Survey data 2010/11-2014/15

<sup>10</sup> English Housing Survey, 2014/15 to 2016/17

<sup>11</sup> Ministry of Housing, Communities and Local Government, Government announces end to unfair evictions, 15 April 2019

<sup>12</sup> According to Homelet, average rents for new tenancies in London rose 4.7 per cent in 2018, while asking rents rose 5.4 per cent according to Rightmove

<sup>13</sup> GLA, 'Housing in London 2018'

<sup>14</sup> GLA analysis of English Housing Survey, 2018

rent is £1,473, the typical monthly mortgage cost for a London first-time buyer who bought in 2018 is around £1,050<sup>15</sup>.

- 2.5 For many lower-income households, including working households, the costs of renting are exacerbated by the impacts of welfare reform. Private sector rents in London have increased by 23 per cent since the start of 2011, whilst over the same period the median rate of LHA available for a two-bedroom property has risen by only nine per cent<sup>16</sup>. This shortfall is compounded by the benefit cap, which has resulted in deductions being made from the benefit awards of almost 32,000 private rented sector tenants in London<sup>17</sup>.
- 2.6 Although evidence suggests that most private tenants in London are satisfied with their accommodation<sup>18</sup>, almost a quarter of privately rented homes in the capital fail the Government's Decent Homes standard<sup>19</sup>. A recent report indicated that almost 4,000 serious health and safety hazards, such as exposed wiring, broken boilers or black mould, were identified in homes occupied by private renters in London in 2016/17<sup>20</sup>. Although laws exist to ensure rented homes are in good condition, including the new Homes (Fitness for Human Habitation) Act 2019, enforcement against the minority of landlords and lettings agents who act unprofessionally is often inadequate. Following ongoing cuts to their budgets by national Government over the last decade, councils have found themselves unable to dedicate as much resource to this as many would like to.
- 2.7 The Mayor recognises that good landlords are facing challenges too, not least because reforms to the welfare system mean that many lower income tenants find it harder to pay their rent. Alongside this, additional financial and regulatory burdens – including recent changes to mortgage interest relief rules, and the introduction of Right to Rent checks – have pushed up landlords' costs<sup>21</sup>.
- 2.8 Finally, the UK's overworked and under-resourced court system also represents a major challenge for both landlords and tenants. Tenants are hampered from taking action against rogue landlords by limited access to free legal advice and representation through Legal Aid, by distant and inaccessible court buildings, and by the intimidating complexity of the system. Landlords, in turn, are encouraged to resort to the unaccountable Section 21 'no fault' route to possession due to the difficulty of gaining possession via the Section 8 'tenant fault' route. Although Section 21 gives landlords a more certain outcome, both routes often result in lengthy

---

<sup>15</sup> GLA analysis of VOA private rental market statistics for Q3 2018 and UK Finance mortgage lending data for 2018

<sup>16</sup> GLA analysis of VOA, Local Housing Allowance rates and ONS Experimental Index of Private Housing Rental Prices, 2011 to 2017

<sup>17</sup> DWP, 'Capped households to date', Stat-Xplore, November 2018

<sup>18</sup> GLA, 'Housing in London 2018'

<sup>19</sup> Ibid

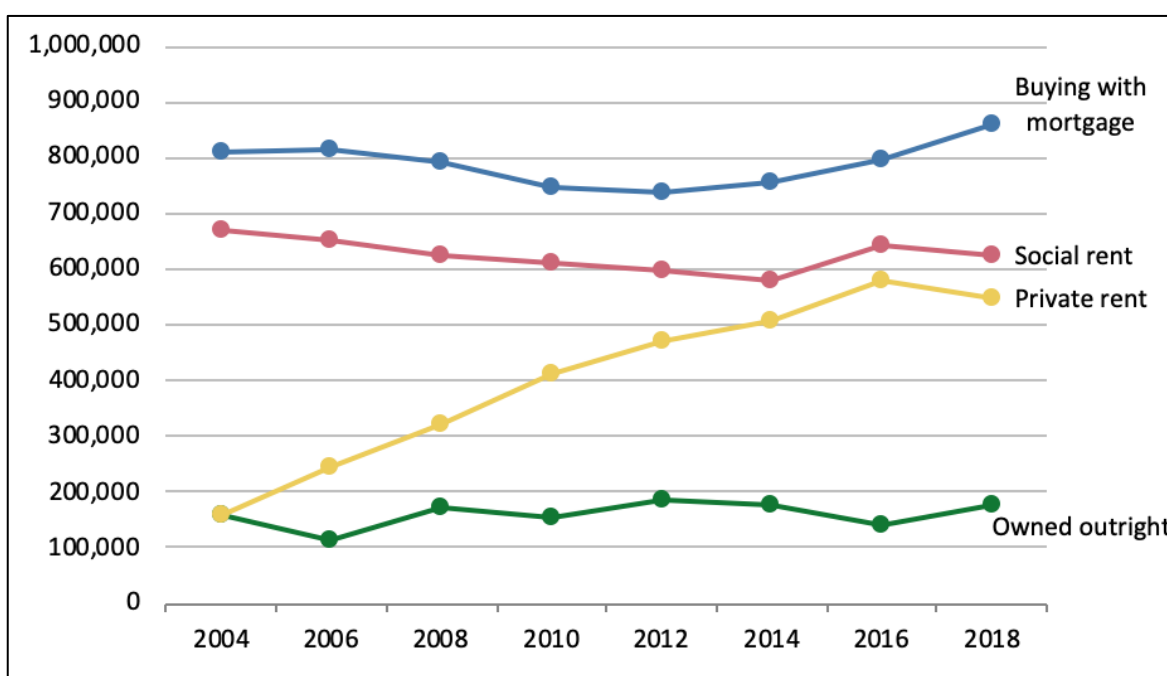
<sup>20</sup> Pidgeon, Caroline AM, 'Rogue Landlords in London: An update on local authority enforcement in the private rented sector', October 2017

<sup>21</sup> GLA analysis of VOA LHA rates and VOA private rental market statistics

and costly timescales for securing possession, due to significant delays in enforcement of court orders<sup>22</sup>.

- 2.9 The Mayor does not believe this is how such an important and growing part of London's housing market should be managed or encouraged. A better private rented sector is needed for the growing number of Londoners who are living in the tenure for longer. At the same time, its critical role in ensuring that London remains open to those who are new to our city or looking to rent here for a short time only, must be maintained – recognising that it is by far the easiest type of housing to move to or from<sup>23</sup>.

**Figure 1: Proportion of households in London with dependent children by tenure, 2004 to 2018<sup>24</sup>**

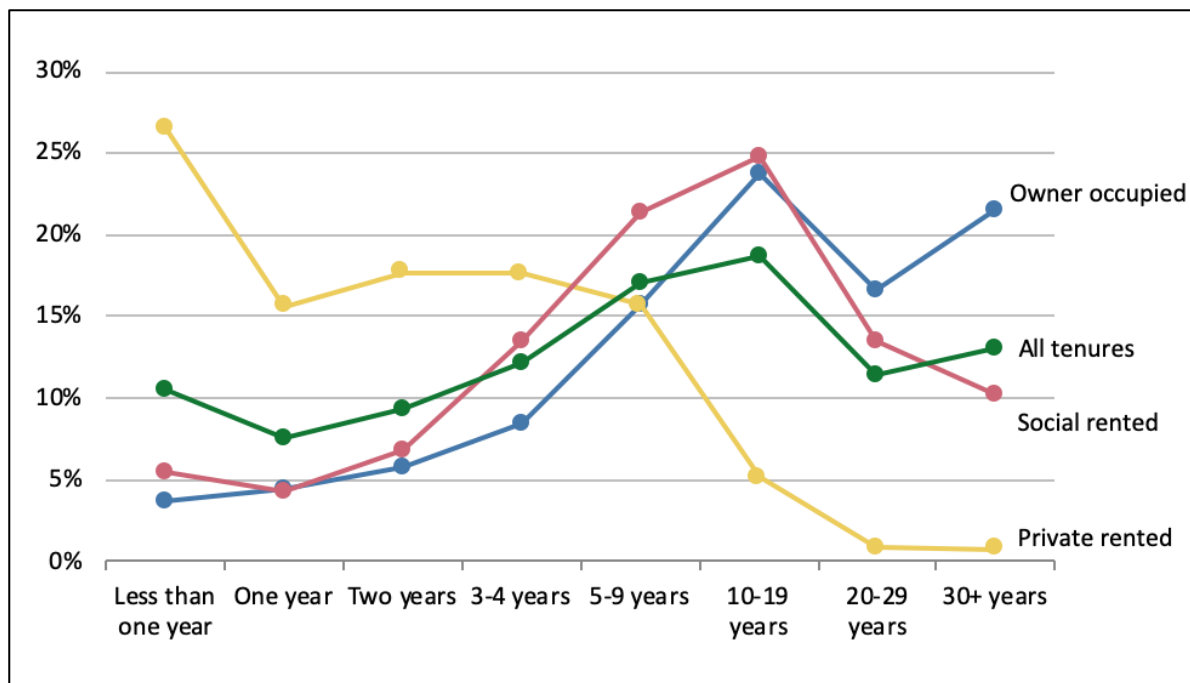


<sup>22</sup> Ministry of Justice, Mortgage and Landlord Possession Statistics in England and Wales, January to March 2019 (Provisional), May 2019.

<sup>23</sup> 85 per cent of adults who came to London from overseas in the last year are living in the private rented sector, and of all moves to and from London homes, 69 per cent were to or within the private rented sector. Source: Greater London Authority, Housing in London, 2017

<sup>24</sup> GLA analysis of Labour Force Survey (Q2 each year)

**Figure 2: Length of time in current home by tenure, London<sup>25</sup>**



## The Mayor's vision for renting in London

- 2.10 The Mayor wants a private rented sector for London that is affordable, decent, and secure. He supports more high-quality rented homes being built – for instance through Build-to-Rent schemes and City Hall's funding for London Living Rent. But whilst as of March 2019 there were just under 20,000 completed Build-to-Rent homes in London, this only accounts for around two per cent of all privately rented dwellings in London<sup>26</sup>. Ultimately only the Government has the power to effect real and lasting change in the existing private rented sector. It is vital that the housing needs of private renters are addressed by improving the tenure they live in. The Government should devolve powers to the Mayor to lead the way by making these reforms in London where the problems are most acute.
- 2.11 Many voices across the sector contend that private renting is not the right tenure for vulnerable and low-income Londoners, who would be better off in social housing. Increasing the supply of social housing is the Mayor's top priority, and his London Housing Strategy<sup>27</sup> sets out his plans for doing so. However, reversing decades of under-investment in social housing will take many years, and London still needs significantly greater powers and resources from national Government to build all the homes that Londoners need. In the meantime, the Mayor recognises that many people who are vulnerable or on low incomes have no alternative but to rent privately, in all likelihood for years or even decades to come. It is vital that reforms to the sector

<sup>25</sup> English Housing Survey, 2014/15 to 2016/17

<sup>26</sup> Molior, 'Quarterly Analysis, April 2019'

<sup>27</sup> Greater London Authority, [London Housing Strategy](#), May 2018

take account of their needs and ensure that those renters who are least resilient to the fluctuations of the market are better protected.

2.12 The Mayor believes that there are three key components to creating a 21<sup>st</sup> century private rental market that meets the needs of all renters:

- a step change in the enforcement of property standards and conditions;
- a reformed regulatory framework and system of security of tenure; and
- a system of rent control, which improves affordability whilst protecting investment in housing.

### **Improving standards and conditions**

2.13 The Mayor's views and actions on improving standards and conditions in the sector are set out comprehensively in his London Housing Strategy (see chapter 6 in particular). This paper does not repeat them in detail but summarises them below.

2.14 The Mayor's work to address standards and conditions includes initiatives such as his Private Rented Sector Partnership and his Rogue Landlord and Agent Checker<sup>28</sup>, which have won praise from renters' rights campaigners and local governments across the board. However, the Mayor recognises that these initiatives alone cannot raise standards of accommodation for tenants. He has set out how he believes it is also essential that there is compulsory, but light-touch, landlord registration and universal property licensing. These two systems should work together, be properly resourced by the Government, and responsibility for monitoring and implementing them in London should be devolved to the Mayor. Registration would also have wider benefits beyond tackling poor conditions, as it would allow the GLA to collect the necessary data to inform and enforce rent regulation.

2.15 The Mayor is leading the way on improving tenants' rights to safe and decent housing in London. He has also lent his support to many other campaigners across the sector who are championing the rights of private tenants to live in decent homes. In particular, the Mayor warmly welcomed Karen Buck MP's success in getting the Government to support the Homes (Fitness for Human Habitation) Act 2019. This crucial piece of legislation places a proactive duty on landlords to ensure their properties meet minimum standards and empowers tenants to take action against landlords who do not comply.

### **Reforming security of tenure**

2.16 The Mayor is conscious that the root of many problems experienced by renters in England and Wales is the weak tenancy rights they have, compared to private renters in most comparable cities around the world and even other parts of the United Kingdom<sup>29</sup>. These weak rights,

---

<sup>28</sup> <https://www.london.gov.uk/rogue-landlord-checker>

<sup>29</sup> *Time for reform: How our neighbours with mature private renting markets guarantee stability for renters*, Shelter, October 2016



coupled with the shortage of rental housing, prevent renters from feeling secure in their homes, challenging unfair rent increases, and enforcing their right to better living conditions.

- 2.17 For this reason, the Mayor set out in his London Housing Strategy his intention to create a comprehensive blueprint of how the private rented sector could be reformed for Londoners: a London Model of tenure reform. Though he does not have the powers to implement such proposals himself, the size of London's private rented sector and the fact that many of the worst problems in the sector are concentrated in London gives the Mayor a clear mandate to address this issue.
- 2.18 Working with stakeholders from across the sector, the Mayor has now developed the following new tenancy model for London's private rented sector, in which responsible landlords can gain possession of properties for legitimate reasons, but tenants have the right to greater stability and security in their homes and, crucially, are protected from the threat of spurious evictions. The Mayor's proposals are set out in chapter 3. An additional technical paper, setting out the rationale underpinning the elements of the model, the GLA's extensive stakeholder engagement, and suggested areas of further research, is published alongside this report.
- 2.19 The Mayor submitted the framework for his London Model to the Government in response to their consultation on longer tenancies in August 2018. He was pleased that the Government recently committed to further consultation on a set of proposals that are practically identical to those set out in the London Model, and the technical paper referred to above will form the basis of the Mayor's response.
- 2.20 The Mayor's primary ambition for his London Model has been to shift the debate on security of tenure and persuade the Government to take a more ambitious and holistic approach than the proposal for three-year fixed-term tenancies set out in their original consultation. Having achieved this, his next step will be to encourage the Government to adopt the detail of his Model through their further consultation, to ensure that these reforms truly deliver the wide-ranging improvements London's renters so desperately need. Although the Model has been developed with London in mind, much of it would be universally applicable across England and Wales and could be adopted wholesale by the Government.

### **Tackling affordability**

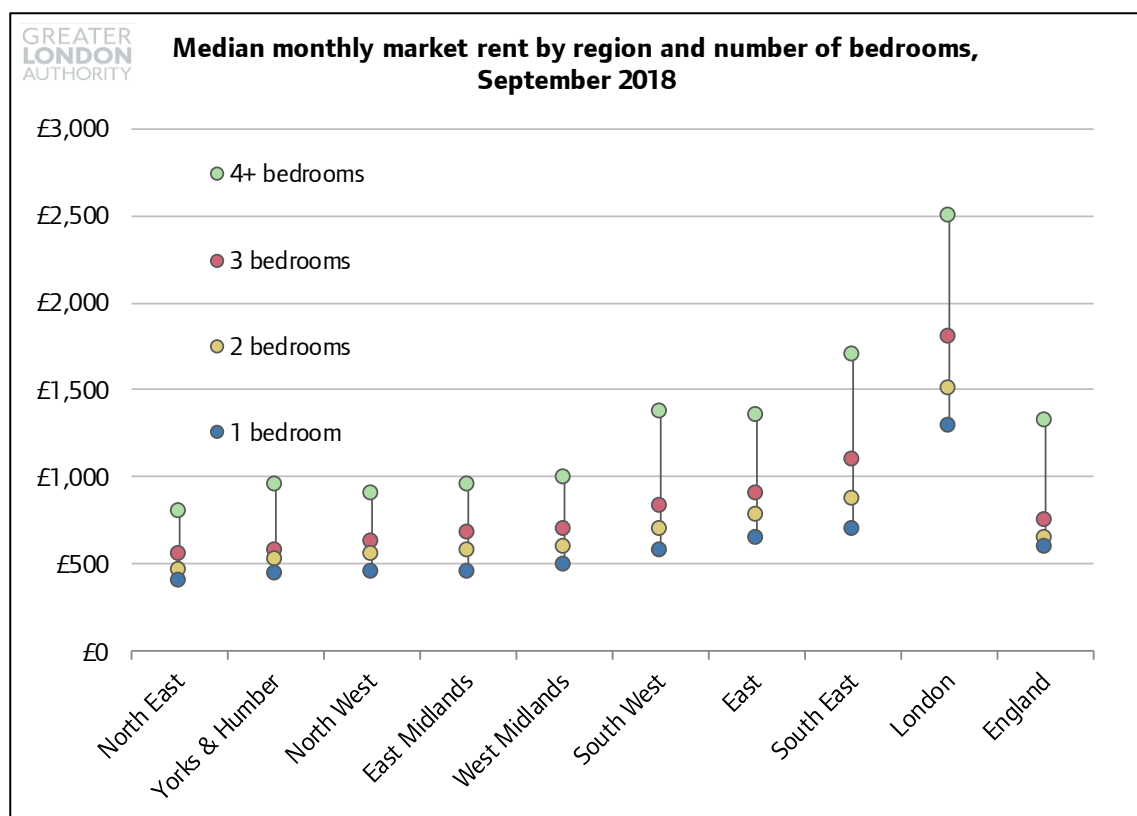
- 2.21 Though poor standards and conditions blight the lives of many renters, and weak security of tenure fundamentally undermines private tenants' rights, it is the cost of renting which most London renters cite as the biggest challenge they face<sup>30</sup>. The costs of renting make it harder for aspiring home buyers to save for a deposit, whilst trapping too many low-income renters in poverty. As set out above, this is no surprise given the long-term trend in London of rents increasing faster than incomes, while benefit shortfalls have increased. While rents have also risen elsewhere in the country, London remains an outlier. Rents for a one-bedroom home in

---

<sup>30</sup> Sky Data poll for IPPR, The case for reforming private renting: Interim report, December 2018

the capital exceed those for a three-bedroom property in every other region in England (see figure 3).

**Figure 3: Median monthly market rents by region and number of bedrooms<sup>31</sup>**



2.22 The Mayor has been campaigning hard to push the Government to address affordability for private renters, including through the review and reversal of welfare cuts, which would benefit all vulnerable, low income Londoners, including rough sleepers, homeless households and those living in social housing, as well as private renters.

2.23 In addition, the Mayor has been part of a broad coalition of voices from across the sector that has successfully lobbied for a complete ban on letting agent fees to tenants, and a cap on the level of deposits landlords can ask for. As a result of this lobbying, the Tenant Fees Act 2019 came into effect on 1 June 2019. The Mayor is conscious that the new Act will need to be properly enforced and tenants made aware of their new rights for the provisions to have the intended impact. He is also disappointed that the Government has chosen to cap the level of deposits at five weeks rent, as opposed to the three weeks the Mayor recommended and campaigned for. Nevertheless, this represents a major step forward for London's renters. The GLA estimates that the new Act will save the average renter in the capital over £600 every time they move home<sup>32</sup>.

<sup>31</sup> Valuation Office Agency, Private Rental Market Statistics

<sup>32</sup> GLA analysis of VOA median weekly rent statistics, evidence from the MHCLG consultation into banning letting agent fees and data from the English Housing Survey 2014-15

- 2.24 The Mayor has also worked to address up-front costs by launching a city-wide campaign with business representatives London First to encourage more employers to offer interest-free tenancy deposit loans to renters, similar to season ticket loans. Tenancy deposit loans allow renters to bridge the gap between needing to provide a deposit on a new property before their previous landlord has returned the deposit on their existing one. As a result of the Mayor's campaign, more than 100,000 Londoners now have access to tenancy deposit loans. As the next step, the Mayor has included tenancy deposit loans in his 'Good Work Standard', a new compact between the Mayor and businesses operating in the capital.
- 2.25 In the long term, the only way to ensure that housing costs become more affordable for all Londoners is to build much more affordable housing, particularly more homes for social rent, and to address the financialisation of housing as an asset. The Mayor is already making significant progress in building more affordable homes. He has been making full use of the £4.82 billion affordable housing investment that he secured from the Government to support 116,000 new social rented and other genuinely affordable homes being starting by 2022. A record 14,544 homes were started in 2018/19<sup>33</sup> – the largest number since the powers for delivering housing were devolved to London in 2012. The Mayor has also established the first-ever City Hall programme dedicated to building council housing, which last year saw more council homes started in London than in any year since 1984/85<sup>34</sup>.
- 2.26 Building more affordable homes and ensuring that welfare benefits keep up with the true cost of housing are key to ensuring long-term affordability in London's housing market. However, as stated, building the homes we need will not happen overnight. In the meantime, Londoners who rent privately need help with the high costs of renting, and although more assistance is needed from the Government for those on the lowest incomes, it is not right to expect the welfare system to take the full strain of supporting the high rents landlords are able to charge.
- 2.27 The Mayor therefore believes that the arguments for rent control in London, in the context of wider efforts to improve affordability, have become overwhelming. Londoners are certainly in favour of such an intervention, with recent polling conducted by YouGov for City Hall showing that 68 per cent of adult Londoners surveyed support the introduction of rent controls. Only 16 per cent of Londoners disagree with rent controls and stabilisation and think that landlords should be able to set their own rents<sup>35</sup>. In addition, London is one of the few western global cities without any form of rent control, and indeed the UK's rental market is one of the least regulated amongst OECD countries (figures 4 and 5).

---

<sup>33</sup> Greater London Authority, Affordable Housing Statistics, 2018/19

<sup>34</sup> MHCLG Live tables on house building: new build dwellings, table 253. This data shows the number of dwellings started by local authorities in London was last greater than 1,916 in 1984/85 (1,990).

<sup>35</sup> Polling conducted as part of the GLA/YouGov polling programme 17th – 20th December 2018, with a response of 1,086 London adults.

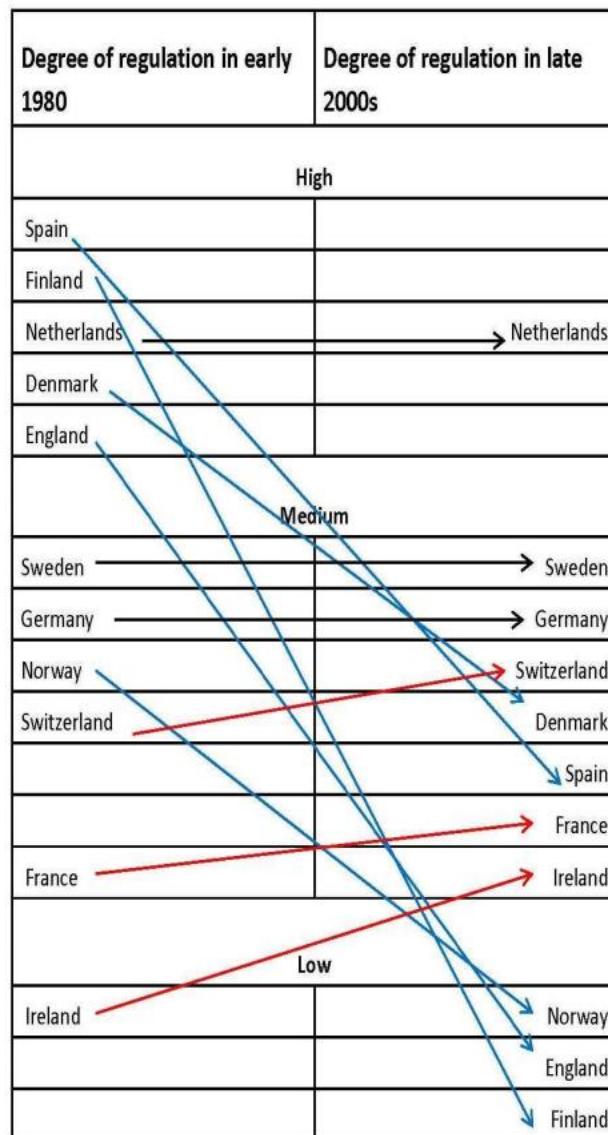
**Figure 4: Overview of current regulatory regimes in eleven European countries, 2012<sup>36</sup>**

COUNTRY	INITIAL RENT	RENT INCREASES	LENGTH OF LEASE	TERMINATION OF LEASE	SELLING PROPERTY	ENFORCEMENT PROBLEMS	GENERAL PERCEPTION OF REGULATORY FRAMEWORK
Denmark	Low	Medium	High	Medium	High	Medium	Significant
England	Low	Low	Low	Medium	Medium	Medium	Limited
Finland	Low	Low	High	Low	Low	Medium	Limited
France	Low	Medium	Medium	Medium	Low	High	Significant
Germany	Medium	Medium	High	Medium	Medium	Medium	Significant
Netherlands	High	High	High	Medium	Medium	Medium	Strong
Norway	Low	Medium	Medium	Low	Medium	High	Limited
Republic of Ireland	Low	Low	Medium	Medium	Low	Medium	Significant
Spain	Low	Medium	Medium	Medium	Medium	High	Significant
Sweden	Medium	Medium	High	Medium	Medium	Medium	Significant
Switzerland	Low	Medium	High	Medium	Low	Low	Significant

---

<sup>36</sup> LSE London, Assessing the evidence on Rent Control from an International Perspective, Christine Whitehead and Peter Williams, October 2018

**Figure 5: How regulation has changed between 1980 and 2010<sup>37</sup>**



2.28 The Mayor has therefore begun work to develop a system that can work for London. He is, however, clear that we should proceed carefully to minimise unintended negative consequences. He is calling on the Government to devolve powers to City Hall, to enable him to devise and implement a system that will make a real and lasting difference to London's renters.

<sup>37</sup> Ibid

# 3 Reforming security of tenure – the London Model

## Security of tenure – the road to reform

- 2.29 In August 2018, the Mayor published the headlines of his new London Model, in response to the Government's longer tenancies consultation<sup>38</sup>. This Model would allow responsible landlords to regain possession of their properties, quickly and efficiently, where they have legitimate reason to do so, and would give tenants the right to greater stability and security in their homes. All three of the Model's key pillars, set out below, have since been adopted by the Government, who have committed to further consultation on how they could be introduced.
- 2.30 Since then, the GLA has been working with stakeholders from across the private rented sector to consider a wide range of issues, resolve a number of complex questions, and determine the building blocks needed to deliver this essential set of reforms. One of the most complex and vital of these is, of course, reform of the courts and possession proceedings, which has been the subject of a separate Government call for evidence, to which the Mayor has responded<sup>39</sup>.
- 2.31 This chapter summarises the outcome of this extensive work, setting out in broad terms the key pillars, as well as the underlying building blocks, of the London Model. The next step is to incorporate the detail of the Model into the further consultation work that the Government has proposed and encourage the Government to adopt it.

## The 'three pillars' of the London Model

- 2.32 The Mayor believes that any model of tenancy reform that will truly benefit renters and better balance the relationship between landlord and tenant must contain the three pillars set out below. After they initially proposed a minimal increase in the length of fixed-term tenancies, the Government has now accepted the key tenets of the Mayor's much more radical approach.

### (1) Replacing the existing Assured Shorthold Tenancy (AST) with open-ended tenancies

- 2.33 The use of short, fixed-term ASTs is no longer appropriate for an increasingly diverse population of renters, many of whom have longer-term housing needs. Renters in London, and indeed other parts of England and Wales, need an entirely new type of open-ended tenancy which guarantees them security of tenure until there is a good reason for the tenancy to end. These tenancies should allow renters to end the tenancy whenever they wish to, providing they give appropriate notice to help the landlord prevent void periods.

---

<sup>38</sup> [https://www.london.gov.uk/sites/default/files/220818\\_annex\\_2\\_-\\_the\\_london\\_model.pdf](https://www.london.gov.uk/sites/default/files/220818_annex_2_-_the_london_model.pdf)

<sup>39</sup> MHCLG call for evidence: <https://www.gov.uk/government/consultations/considering-the-case-for-a-housing-court-call-for-evidence> GLA response: <https://www.london.gov.uk/what-we-do/housing-and-land/housing-and-land-publications/response-mhclg-call-evidence-case-housing-court>

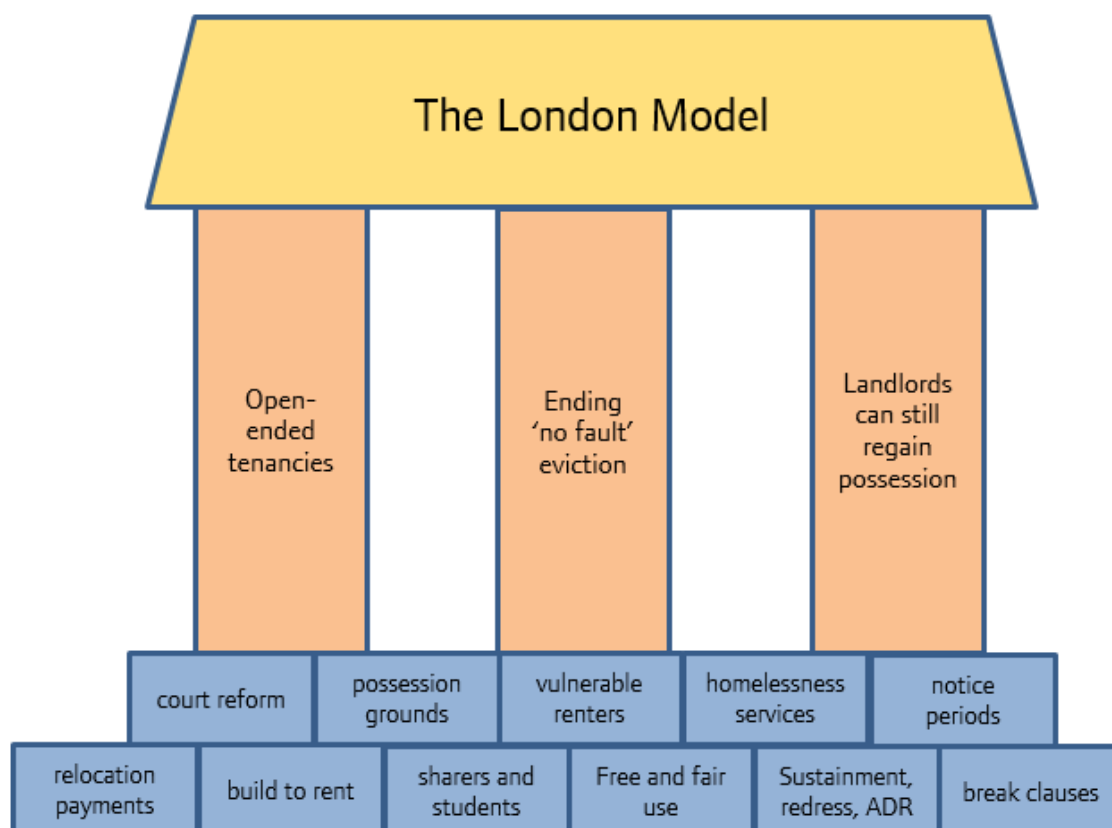
## (2) Ending 'no fault' evictions

2.34 The Mayor strongly believes that open-ended tenancies, coupled with strong protections from unnecessary eviction, is the best solution to improve security of tenure for private renters. The use of 'no fault' evictions fundamentally undermines renters' security of tenure and their ability to enforce their existing rights. This aspect of the Housing Act 1988 must be ended, and the processes which have led landlords to become dependent on Section 21 must be reformed.

## (3) Protecting the rights of landlords

2.35 As important as scrapping Section 21 is, 'no fault' evictions cannot simply be abandoned in isolation. This could lead to serious unintended consequences for renters as well as the wider housing market, including for those who provide accommodation for homeless households or as part of homelessness prevention. There may be valid reasons why landlords depend on Section 21, even when 'tenant fault' can be proved. Court processes to allow 'tenant fault' Section 8 evictions to take place are under-resourced, slow and inefficient, and do not provide landlords with the certainty they need to manage their assets. These processes must be reformed to ensure that the sector can continue to function without Section 21 and landlords can continue to have the confidence to let their properties to London's renters.

**Figure 6: The Mayor's London Model of tenancy reform**





## The 'building blocks' of the London Model

- 2.36 The three pillars of the Mayor's London Model are supported by many essential building blocks that are key to the delivery of a robust and viable model. As stated above, the GLA has spent 12 months working with stakeholders to flesh out and understand issues presented by the three pillars. The result of this work is the building blocks set out in this section. As mentioned above, an additional technical paper, setting out justifications for the positions taken, the outcome of the GLA's extensive engagement with stakeholders, and suggested areas for further research, is published alongside this paper<sup>40</sup>. The GLA hopes that the Government's forthcoming consultation will provide another opportunity to consider these issues.
- 2.37 The 'blocks' are grouped into three categories below: first, the key structural elements of the Model; second, the additional measures needed to support the structure of the model; and third, measures needed to ensure that the Model works for all renters and landlords. These building blocks propose a possible way forward that the GLA hopes can be tested and developed through the Government's forthcoming consultation.

### Structural elements

#### Break clauses

- 2.38 The London Model proposes not to permit the use of break clauses in tenancy agreements. They could be open to abuse by unscrupulous landlords who might use them as a de-facto Section 21 notice. As long as possession grounds are responsive and comprehensive enough to cover all the legitimate reasons for an eviction, and effective dispute resolution can be provided, there should be no need for such clauses. Removing them altogether will also encourage landlords to resolve disputes through mediation.

#### Notice periods

- 2.39 The London Model proposes that landlords be required to give their tenants a four-month notice period, instead of the current standard of between one and two months, as originally proposed by housing charity Shelter. Tenants would still be required to give landlords one month's notice, as is currently the case. Longer notice periods would help tenants on limited incomes to plan for the cost of a house move and four months would mean that tenants with school-age children would never be forced to move during term time. Support for the general principle of a longer notice period for landlords to give tenants is borne out by the evidence presented in the Government's response to their 2018 longer tenancies consultation.

---

<sup>40</sup> Greater London Authority, The London Model: reforming private renting, a technical paper, July 2019

## Possession grounds

2.40 The London Model proposes a new and streamlined set of mandatory and discretionary grounds for possession, to meet those needs that are currently often met through the use of Section 21. In this context, mandatory means that a judge must grant possession if a certain condition is met, and discretionary means the court may use their discretion. These grounds are as follows:

**i. Landlord wishes to sell the property (mandatory)**

There is currently no ground for selling a property, other than when it is being re-possessed by a mortgage lender.

**ii. Landlord or their immediate family wishes to move in (mandatory)**

This would amend the current ground, which favours the tenant having been given prior notice that such a need might arise and is also restricted to the landlord or their spouse/civil partner using the property, bringing it into line with the equivalent Scottish ground.

**iii. Refurbishment/redevelopment/major works (mandatory)**

This ground acknowledges that landlords will periodically need to do major works to a property that may require it to be vacant for some time.

**iv. Change of use/non-residential use (mandatory)**

If a landlord wishes to change the use of a property from residential to something else, they will need to secure vacant possession. Appropriate evidence of intention would be needed to use this ground.

**v. Rent arrears due to benefit delays (discretionary)**

This would mirror the approach taken in other countries, including Scotland, whereby if a tenant is in rent arrears due to a delay in the benefits system, the court has discretion not to grant possession. It is recognised that delays in the benefit system are not landlords' fault and do affect their livelihood. However, it is vital that pressure is brought on the Government to address the problems in the welfare system that are causing misery to tenants and landlords alike. Furthermore, the provisions outlined below to improve tenancy sustainment should help to prevent many such cases coming to court.

**vi. Rent arrears – possession threshold (mandatory and discretionary)**

The Mayor also supports a change in the thresholds for awarding possession in the case of arrears. In England and Wales at present a renter must reach the equivalent of two months' rent arrears for the landlord to be able to secure a court date to obtain a possession order. If the tenant is still in at least two months' arrears by the time the court date arrives, the court must grant possession. If the tenant has less than two months' arrears outstanding the court will not grant possession.

An improved approach could be for the tenant to have to accrue the equivalent of three months' rent arrears before the landlord can secure a court date. However, when that date arrives the tenant must have brought their arrears down to less than one month's rent in order to avoid a possession order being granted. If more than one month's arrears are outstanding, the court would grant possession (the ground is mandatory). If less than one month is owed, the court have discretion as to whether to grant possession and may still do so (the ground is discretionary).

This, coupled with the discretionary grounds on benefit delays, is a good approach which balances the interests of landlords and tenants. Although the landlord must bear more arrears up front before they can take action, the tenant is also incentivised to completely clear arrears in order to avoid eviction. As set out below, risks relating to arrears would also be offset by enhanced tenancy sustainment, benefits advice, and dispute resolution under the terms of the London Model.

**vii. Instances of landlord non-compliance (discretionary)**

In the circumstances where a landlord has been refused a license, banned from operating, or served with a statutory overcrowding notice, they could be required to evict either some or all of their tenants. As set out in the questions for stakeholders, such possession could be subject to additional compensation for affected tenants.

- 2.41 Landlords using these grounds will have to provide clear proof to show their intentions are genuine. However, since it is difficult to conclusively prove intention, in some cases the grounds could still be open to abuse. The Model proposes further measures – such as longer notice periods and tenant relocation payments – to discourage spurious use of these grounds.
- 2.42 The Mayor's view is that in general the London Model can function alongside the existing provisions of Section 8 of the Housing Act 1988, with the amendments and additions set out above. However, there may be a case for some of the remaining Section 8 grounds to be amended too, to streamline the possession process for landlords. This could include combining the numerous grounds that currently deal with breaches of tenancy.

**Tenant relocation payments**

- 2.43 It is proposed that landlords should provide an upfront 'relocation' payment to any tenant being evicted under any one of the new 'no tenant fault' possession grounds set out above (e.g. i-iv and vii.). However, the amount should not be punitive for landlords, probably the equivalent of one month's rent. The principle recognises the significant disruption tenants face when a tenancy ends unexpectedly, even where the landlord has a legitimate reason to do so. The payment of a tenant relocation payment must not preclude a tenant from seeking further redress if it becomes apparent that their landlord used a 'no tenant fault' ground fraudulently.

## Free and fair use of homes

- 2.44 An important part of rebalancing the rental market is ensuring that renters can treat their rental accommodation as their own home as far as possible. Under the London Model, tenants should be able to consider the property they live in as a long-term home, rather than simply a place they are 'passing through'. At present, landlords in the UK routinely place limits on what tenants can do in their homes, and tenants feel that they lack the necessary control and agency over their homes to truly be able to enjoy it<sup>41</sup>.
- 2.45 The Mayor believes landlords should be required not to unreasonably refuse requests by tenants to treat their property as their home. These include requests to redecorate, hang pictures, install a water meter, change appliances and replant the garden, or get a pet. The tenant could be obligated to return the property to its original state upon leaving the tenancy, or the landlord could reserve the right to require this. This would bring private renting in line with commercial leases where leaseholders are commonly free to decorate, providing they return a property to the state they found it in.

## Exemptions

- 2.46 Mandatory open-ended tenancies will not be practical for all forms of rented accommodation. Exemptions to the London Model would include tied accommodation, shared ownership, accommodation provided to homeless households, holiday-lets and purpose-built student accommodation. However, some of these types of accommodation, in particular short-term and holiday lets, and purpose-built student accommodation, should be, or indeed already are, regulated independently to prevent landlords from abusing these sub-markets and to ensure that all tenants have adequate protections.
- 2.47 The Mayor is lobbying for a system of light-touch registration of short-term lettings in London, alongside several London boroughs and short-term lettings platform Airbnb. They believe this should take the form of a simple, mandatory registration system for anyone wishing to let out a property for a period of less than 90 days in a calendar year in London. This would allow local authorities to effectively enforce the current 90-day rule but should operate independently of licensing or registration for PRS properties.

## Supporting elements

### Court reform

- 2.48 Action to improve possession processes and timescales, as well as substantially expanding tenants' access to the courts, is essential to implement an end to 'no-fault' evictions and replace

---

<sup>41</sup> IPPR, The case for reforming private renting: interim report, Baxter D and Murphy L, December 2018

ASTs with open-ended tenancies. The Mayor's detailed views on court reform are set out in his response to the Government's consultation on a new housing court, available [here](#)<sup>42</sup>. The Mayor believes that both new possession grounds and improved possession proceedings are vital to ensure the continued supply of rented housing in London.

### Tenancy sustainment, dispute resolution and redress

- 2.49 Reforms to the court system must go together with measures that strengthen access to tenancy sustainment, mediation, and dispute resolution services. Supporting landlords and tenants to know their rights and resolve low-level tenancy issues is key to preventing tenancies ending unnecessarily, will particularly assist the most vulnerable renters and reduce the pressure on the court system.

### Supporting landlords and incentivising investment

- 2.50 The Mayor supports measures to encourage landlords to both maintain supply and improve property conditions beyond their statutory obligations. In other parts of the world where the rental market is more heavily regulated, especially where that control applies to rent-setting, investment in the sector is supported by governments to ensure that housing supply is protected. The London Model advocates the same approach. This could include tax incentives and other initiatives to encourage improved property conditions, enhanced energy efficiency, tenanted sales and renting to low-income households.

### Tax and mortgage implications

- 2.51 The Mayor is aware that amending the law to allow for much longer-term private rental contracts could have implications in other administrative areas. For example, in some cases, if tenancies last longer than a certain number of years, the tenant could become liable to pay an element of Stamp Duty Land Tax (SDLT). Furthermore, while many buy-to-let mortgage lenders have removed clauses pertaining to longer tenancies or tenants in receipt of welfare benefits, some landlords continue to be subject to such restrictions, or believe that they exist. The Mayor is clear that all such impacts should be addressed as part of the further consultation promised by the Government. Any amendments needed in other areas of legislation or commercial practice must be fully understood and there should be a commitment from the Government to implement them.

### Measures to ensure the London Model works for everyone

#### Vulnerable and disadvantaged renters

- 2.52 The London Model will substantially benefit vulnerable renters who are currently most at risk from unfair evictions and forced to move frequently. The Mayor recognises, however, that

---

<sup>42</sup> [https://www.london.gov.uk/sites/default/files/gla\\_response\\_to\\_mhclg\\_call\\_for\\_evidence\\_on\\_housing\\_court.pdf](https://www.london.gov.uk/sites/default/files/gla_response_to_mhclg_call_for_evidence_on_housing_court.pdf)

reforming security of tenure could lead to greater reluctance to let to these groups. For instance, landlords might introduce more stringent pre-tenancy checks, require guarantors, or otherwise raise the barriers to entry for tenants they perceive as less 'desirable'. The London Model proposals seek to mitigate these potential negative impacts on access and mobility by building in measures that will give landlords the confidence to continue letting to this group – including new and enhanced possession grounds, improved court processes, and enhanced tenancy sustainment and dispute resolution services.

2.53 The London Model and the Mayor's proposals to control rents will overall significantly benefit vulnerable tenants by helping to address many of the issues they face. However, important as tenancy reform is, it cannot single-handedly resolve the wider structural barriers that low-income and other vulnerable tenants face in the housing market. To truly address the challenges preventing the most disadvantaged renters from accessing suitable homes, the Mayor is urging the Government to adopt his tenancy reform proposals, and also to:

- review the support available to private tenants through the welfare system, to ensure it operates effectively and is commensurate with market rents in London;
- fund more social housing for vulnerable renters who should not have to compete in the PRS; and
- ban outdated and discriminatory 'No DSS' clauses in Buy-to-Let mortgages, tenancy agreements, and adverts for rental properties.

2.54 The Government could also consider what more could be done to encourage landlords to let to vulnerable, disadvantaged and low-income renters. This might include additional incentives to let to those in receipt of welfare benefits, including a simple process for direct payments of benefits, and enhanced tenancy sustainment and dispute resolution services.

#### Protecting homelessness services

2.55 The Mayor is clear that reforms to increase security for the majority of renters must not endanger the supply of accommodation for statutory and non-statutory homelessness services. Some of these types of accommodation currently use Section 21 notices and short-term tenancies as a property-management tool or a necessary guarantee to convince landlords to let their properties. The Model proposes a new possession ground for temporary accommodation and an exemption for accommodation that is part of a defined 'pathway to independent living', such as the Clearing House stock used for rough sleepers.

#### Sharers and students

2.56 The Mayor is aware that sharers, and those living in non-purpose-built student accommodation, often share to make their housing costs more affordable, yet can face some of the poorest conditions and worst exploitation in the rental market. It is also subject to a bewildering array of contractual arrangements, many of which are informal, but some of which also work well for

tenants. It is important that the Model understands and regularises this type of renting, without endangering its supply. The Mayor's view is that sharers and students should benefit from the same improvements in tenancy rights as all other renters. Further research is needed to determine how open-ended tenancies should be applied to licensees, houses in multiple occupation and non-purpose-built student housing. This will provide much-needed insight into the contractual arrangements and issues that affect this market.

### Licenses

- 2.57 Properties let on licence are not currently included within the London Model. Care is needed to ensure that all instances in which a licence might legitimately be used are identified, and to ensure that unscrupulous landlords are not encouraged to provide licenses where tenancy agreements would be more appropriate. Stakeholders at our roundtable events agreed that this is the right approach. It may be necessary to consider the possibility of some form of statutory intervention in this area. We believe that there is further work to do on this issue, defining when licences are and should be allowable and to prevent exploitation. This is outside the scope and timescales for the London Model work, but the GLA would welcome a further discussion with Government on this issue.

### Build-to-rent

- 2.58 The Mayor's view is that build-to-rent homes should be included in his London Model. The sector already leads the way in offering longer tenancies and a long-term approach to property management. Some representatives of the build-to-rent sector have previously expressed concern about the potential for both rent control and enhanced security of tenure to deter investment in new rental homes. However, others have indicated they would welcome the move to a more regulated market similar to those in other countries, which provides more certainty and stability for investors<sup>43</sup>. The Mayor's view is that the London Model supports and further enhances the build-to-rent business model, and that many concerns investors and developers have may be alleviated by properly communicating the terms of the Model.

## Working with the Government to implement the London Model

- 2.59 The Mayor looks forward to working closely with the Government to ensure that the London Model proposals are incorporated into their forthcoming consultation on private rented sector tenancy reform. The work to develop the London Model has already seen significant and constructive engagement from a wide range of stakeholders and the Mayor intends to continue this conversation between the GLA, the Government, the wider rental sector, landlords and, above all, tenants, about how private renting can truly become a tenure fit for the 21<sup>st</sup> century.

---

<sup>43</sup> "German rent control works for both landlords and tenants" Andrew Allen, Global Head of Real Estate Investment Research, Aberdeen Standard Investments Ltd, Financial Times, March 13, 2019 <https://www.ft.com/content/efe1f74c-3c1d-11e9-9988-28303f70fcff>

# 4 Tackling affordability – the Mayor's proposals for rent control



## Why rent control?

- 2.60 For the reasons set out earlier in this paper, the Mayor believes that rent control has a key role to play in improving the affordability of housing in the capital, as part of a package that includes increasing the supply of social housing and rethinking welfare reform. He is therefore calling on the Government to give him the powers to develop and implement a system of rent control for London.
- 2.61 The Mayor is clear that any system of rent control must both tackle problems around affordability and avoid or mitigate potential negative impacts. Some international examples demonstrate that rent control has the potential to reduce the supply and quality of rental housing if the approach chosen makes investing in the rental market less attractive<sup>44</sup>. Any system should be implemented gradually over time, and its design should be informed by a robust evidence-gathering process, to address such wider impacts and avoid unintended consequences.
- 2.62 Even if the Government agreed to the Mayor's calls for a step change in social homebuilding, many of the most vulnerable Londoners will continue to depend on private rented housing for many years to come. For this reason, it is especially important in London that alongside improving affordability, the system of rent control ensures that renting out properties to this group remains viable.
- 2.63 London's unique circumstances mean there is a clear case for devolving powers to the Mayor to determine the right approach for the capital. Though rental affordability is certainly an issue in other parts of the UK, London's housing market self-evidently presents particular challenges; the median rent for a two-bedroom home in London is £1,500, whilst the median rent for the same-sized home in England as a whole is £650<sup>45</sup>. In other parts of the world, such as Paris, Berlin, and New York, it is common for these powers to be devolved to a city, state or regional level to allow for appropriate local decision-making. For these reasons, the Mayor is calling for powers to be devolved to allow him to make decisions about what form of rent control would work best for London.

## The right approach for London

- 2.64 Internationally, there are many examples of rent control and stabilisation to inform the Mayor's approach in London. There are also other approaches that have been developed by think tanks and civil society organisations that have not yet been implemented anywhere. All models of rent control both in practice and in theory involve trade-offs, which may vary depending on the markets in which they operate and the outcomes that governments are seeking to achieve.

---

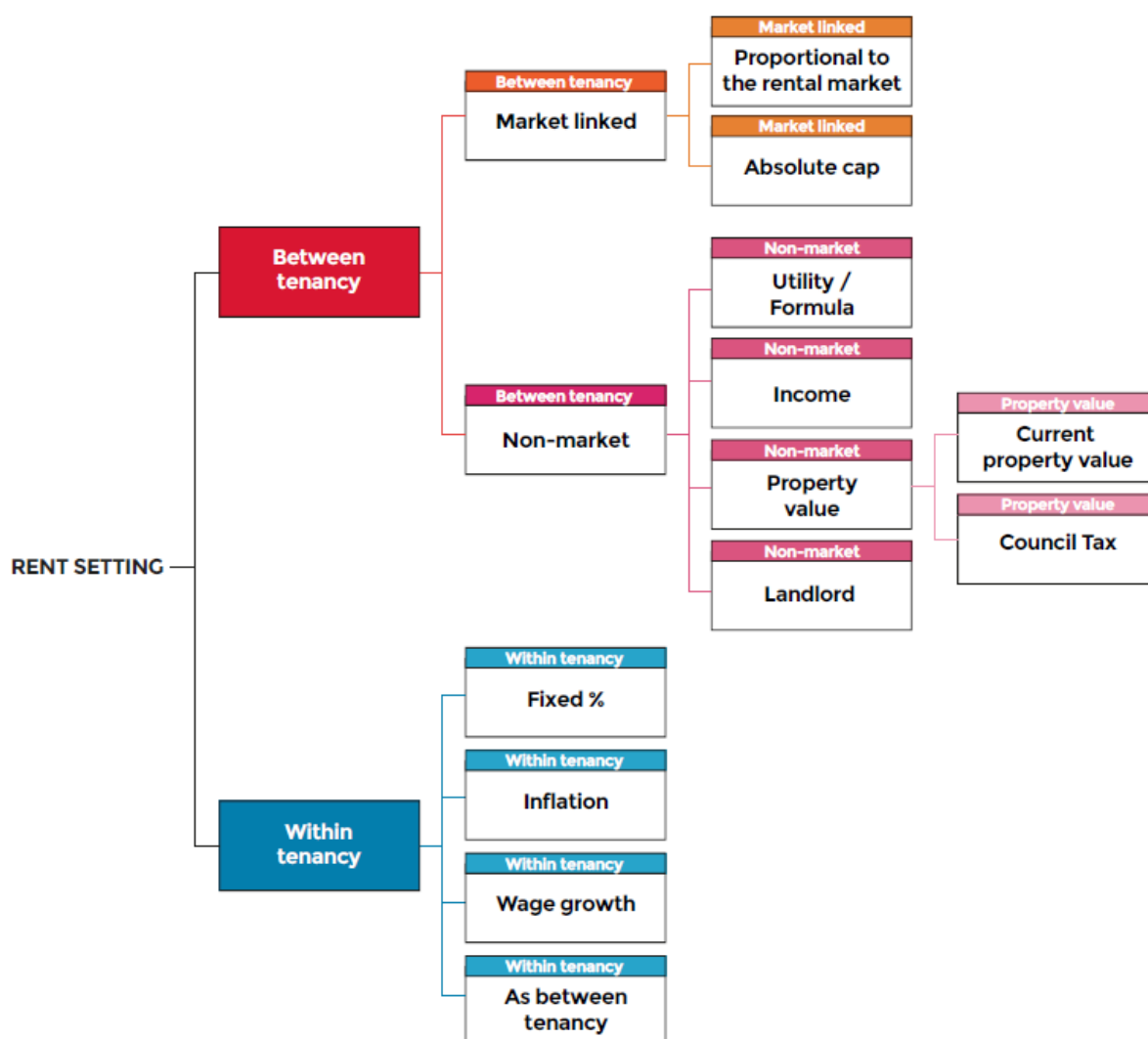
<sup>44</sup> LSE, Rent stabilisation: Principles and international experience, Kath Sclanov and Christine Whitehead, September 2014

<sup>45</sup> VOA private rental market statistics Q3 2018

## Possible models for consideration

2.65 To help analyse these approaches systematically, the New Economics Foundation categorised the different measures that are already in use, or that have been proposed, to control rents between and within tenancies (see figure 5 below). They then assessed approaches that use combinations of these measures against a number of different factors or trade-offs including affordability, feasibility, and the risk of negative impacts to the wider economy.

**Figure 7: Types of rent control<sup>46</sup>**



## Implementing the Mayor's proposals

2.66 Drawing on background research that the New Economics Foundation has carried out on the GLA's behalf, and further detailed consideration of options by Karen Buck MP and Deputy

<sup>46</sup> Rent controls – a research note to inform the Mayor's approach in London, New Economics Foundation, 2019

Mayor for Housing and Residential Development James Murray, the Mayor believes the Government should enable him to set up a system of rent control in London by devolving powers to:

- **Establish a universal register of landlords:** As the Mayor has argued in his London Housing Strategy, 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 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 – the Valuation Office Agency, for example, only holds data on average rents. This new register could be used to regularly collect accurate data about what properties are in the PRS and what the rents are for individual homes, which would be vital to the success of any rent control system. It would also support work to improve standards and license landlords by local councils, who could play a key role in enforcing the registration of landlords or properties. Any further duties imposed on local authorities would need to be fully funded and resourced as set out in the Mayor's housing strategy.
- **Establish a London Private Rent Commission:** This new arms-length body would manage the register referred to above. 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 experts drawn from across the housing sector including tenant representatives.
- **Reduce rents and keep them at more affordable levels:** Having established a universal landlord register and collected data on rents for individual properties, an accurate baseline of current market rents could be established. The London Private Rent Commission would then use this data, and wider data on the housing market, to set out a clear approach for how rents for existing PRS homes could be reduced to a more affordable level by a defined measure over a period of time, and how rents for new entrants to the sector should be set. Beyond this, defined stabilisation measures should limit further rent increases both within and between tenancies – unlike rent control systems that may limit rent increases within tenancies but allow rents to be freely 'reset' between tenancies – to avoid disincentives to tenants' mobility or incentives for landlords to evict.
- **Incentivise continued investment:** As this report makes clear, rent control must be coupled with measures to support and increase investment in private rented housing, both in terms of new supply and in maintaining the existing stock. This means incentives may be required to protect the supply of rented housing when rents are being brought down to a more affordable level. As part of this, the Mayor wants to support the build-to-rent industry and the high-quality purpose-built rental homes they deliver, which accounted for 25 per

cent of London's housing-building starts in 2018<sup>47</sup>. For example, new build-to-rent homes could be exempted from rent control for a defined period, or tax incentives for investing in new or improving existing such homes could be introduced. These incentives or subsidies should be set at a meaningful level to ensure investment in rental housing continues to be viable. More widely, it may be necessary for individual landlords to have a form of appeal available to them if rent reduction measures were causing them genuine financial difficulty, though the approach to rent control should be designed to ensure that such a step would only be used exceptionally.

- **Interim measures to alleviate the pressure on Londoners:** The Mayor knows that Londoners in the private rented sector are suffering now. As a result, 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. For example, during the time it takes to design and implement the comprehensive system set out above, the Mayor could implement simple rent stabilisation measures, such as caps on rent increases both between and within tenancies. This would not address the underlying problems the Mayor is seeking to solve: that rents are already too high for many; that there is no robust data on private rents in London upon which regulation can be based; and that there is no infrastructure to allow effective enforcement of rent regulation. However, implementing interim measures would go some way to mitigating the impacts of rent rises while the long-term solution is being implemented.

- 2.67 The Mayor's recommendations highlight the fact that the process of designing and enforcing any system of rent control will need to have comprehensive and accurate information about rents and properties at its heart – information that no-one has at present. The universal register of landlords would be key to this, but the Mayor believes he would also benefit from powers to work with the Valuation Office Agency, the Office of National Statistics, and other organisations such as tenancy deposit schemes, to improve rental indices and data collected. This could include requiring new data collection, or accessing data that is currently restricted.
- 2.68 As referred to above, the first task of the new London Private Rent Commission would be to review the possible options, balance the interests of government, tenants, landlords and investors, and design and test the best model of rent control for London to recommend to the Mayor. 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<sup>48</sup>. An approach like this would help ensure the proposed model was based on as robust an evidence base as possible.

---

<sup>47</sup> Molior London database, 2019

<sup>48</sup> <https://www1.nyc.gov/site/rentguidelinesboard/about/about.page>

# 5 Next steps

- 5.1. The Mayor's intention in setting out his blueprint for reform is to continue the conversation with the Government, civil society, the lettings industry and, most of all, with renters, about how this tenure could and should be reformed. After years of piecemeal and insufficient action on renting, the Government has finally opened the door to the possibility of serious reform. Campaigners across the sector, and political leaders such as the Mayor, must continue to push ministers to make good on their apparent intentions and go further, as ultimately only the Government can effect change by legislating and devolving powers to the Mayor.
- 5.2. In the short term, the Mayor hopes to use the proposals laid out in this blueprint to influence the content and outcome of the Government's promised consultation on security of tenure. In the longer term, the Mayor looks forward to the day when a full version of the proposals in this blueprint is set out in statute, offering renters a better future and transforming renting from a tenure of last resort into one fit for the 21<sup>st</sup> century.

## Other formats and languages

For a large print, Braille, disc, sign language video or audio-tape version of this document, please contact us at the address below:

### Public Liaison Unit

Greater London Authority      Telephone **020 7983 4100**  
City Hall      Minicom **020 7983 4458**  
The Queen's Walk      **www.london.gov.uk**  
More London  
London SE1 2AA

You will need to supply your name, your postal address and state the format and title of the publication you require.

If you would like a summary of this document in your language, please phone the number or contact us at the address above.

### Chinese

如果需要您母語版本的此文件，  
請致電以下號碼或與下列地址聯絡

### Hindi

यदि आप इस दस्तावेज की प्रति अपनी  
भाषा में चाहते हैं, तो कृपया निम्नलिखित  
नंबर पर फोन करें अथवा नीचे दिये गये  
पते पर संपर्क करें

### Vietnamese

Nếu bạn muốn có văn bản tài liệu  
này bằng ngôn ngữ của mình, hãy  
liên hệ theo số điện thoại hoặc địa  
chỉ dưới đây.

### Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি  
(কপি) চান, তা হলে नीचे ফোন নম্বরে  
বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

### Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος  
εγγράφου στη δική σας γλώσσα, παρακαλείστε να  
επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυ-  
δρομικά στην παρακάτω διεύθυνση.

### Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں  
چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر  
پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

### Turkish

Bu belgenin kendi dilinizde  
hazırlanmış bir nüshasını  
edinmek için, lütfen aşağıdaki  
telefon numarasını arayınız  
veya adrese başvurunuz.

### Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى  
الاتصال برقم الهاتف أو مراسلة العنوان  
أدناه

## Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

## Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાથો.



