

Subject: London's Private Rented Housing

Report to: Housing and Regeneration Committee

Report of: Executive Director of Secretariat

Date: 18 December 2012

This report will be considered in public

1. Summary

- 1.1 This report sets out background information to the discussion with invited experts on issues related to private rented sector tenant and landlord rights and responsibilities.

2. Recommendations

- 2.1 **That the Committee notes the report as a background to discussing with experts issues surrounding tenant and landlord complaints, and improving awareness of private sector tenant and landlord rights and responsibilities in the sector.**

3. Background

- 3.1 London's private rented sector (PRS) now represents some 850,000 homes in the capital. The sector grew in London by 83 per cent between 2000 and 2010. One in four households (25.8 per cent) in London now rent privately. The PRS is booming in London as a result of the increasing cost of market housing, mortgage finance difficulties and a long term under supply of new homes.
- 3.2 On 18 July the Committee agreed to undertake a major review of London's private rented housing with the following terms of reference:
- To review London's private rented housing to identify its characteristics relative to other housing sectors – in respect to security of tenure, tenant and landlord rights and responsibilities, housing quality, standards and affordability.
 - To identify options that will expand the supply of private rented homes (as part of a drive to increase overall new housing supply in London), improve the sector and make an impact in terms of achieving higher property standards and more secure and affordable tenancies.
 - To examine the policy and record of the Mayor, boroughs and government and to make practical recommendations to them aimed at achieving real improvements in London's private rented sector. Recommendations will also be sought with regards to what the London Assembly can do to improve the sector.
- 3.3 This is the Committee's third and final meeting on the issue of London's private rented sector housing. The review has covered three main substantive themes: affordability and tenure; quality and standards, and tenant and landlord rights and responsibilities.

4. Issues for Consideration

- 4.1 The Mayor's housing strategy notes that "much of the private sector provides well managed, good quality accommodation. However, sub-standard properties and inadequate management remain unwelcome features of a small part of the sector, particularly at the lower end."
- 4.2 Other sources of information suggest that dissatisfaction with the sector is higher. A Consumer Conditions Survey commissioned in 2009 by Consumer Focus, found that, of those who had recent experience of renting privately, more than one in four, had had cause to complain in the previous two years.¹
- 4.3 Shelter reports that in London the total number of complaints from private rented sector tenants had risen by 47 per cent between 2008/09 and 2011/12 (from 12,747 to 18,750). London local authorities reported that 113 landlords were the source of repeated concerns (sometimes termed "rogue landlords"). There were 113 successful prosecutions of private landlords in London in 2011/12.
- 4.4 Shelter concluded that "the sector is blighted by a large number of amateur landlords failing to offer good standards to their tenants, and a small minority of rogue landlords who deliberately prey on the vulnerable."

Tenant complaints

- 4.5 Written submissions to the Committee indicate the key problems for tenants are high rents, poor conditions and lack of security. Other complaints cover pre tenancy charges (for administrative tasks such as paperwork and credit searches), confusion over "holding deposits", tenancy deposit deductions and slow response to repair requests. The City of Westminster, for example, reports the main causes of tenant complaint relate to disrepair, security of tenure, repossession and rent increase issues. Its Housing Options Service deals with around 200 cases of illegal practice annually – including harassment (18 per cent of cases) and illegal eviction (9 per cent).
- 4.6 Tenants can report poor conditions to their local authority which can require the landlord to take action to address them. Similarly, tenants are able to refer rent increases to a Rent Assessment Committee if they feel their rent is being increased unreasonably. However, the Rent Assessment Committee can only consider whether the increase is in line with market rents.
- 4.7 Existing regulation, to a large degree, relies on tenants raising the issue of poor standards with landlords (and with local authorities in terms of initiating enforcement action). This can be problematic as many tenants are unaware of their statutory rights.² Even where a tenant is aware of their rights, the lack of statutory security of tenure may discourage tenants from seeking to enforce them (such as being able to ask for improvements in their home) because of the fear of 'retaliatory eviction'.³

¹ Report on the 2009 Consumer Conditions Survey: Market research survey conducted for Consumer Focus, MORI, March/April 2009

² Consumer Focus written submission 14 June 2011

³ The Law Commission: http://www.justice.gov.uk/lawcommission/docs/lc312_Housing_Encouraging_Responsible_Letting.pdf

Landlord complaints

- 4.8 Landlords have costs that they incur through the business of letting and failure of tenants paying has detrimental affects to them. In a recent survey of conducted by the National Landlords Association, 49 per cent of landlords have suffered from rent arrears.
- 4.9 Most landlords are understanding of the need for legislation to protect the tenant, but are very frustrated that delays within the court system can lead to several weeks (and sometimes months) delay in evicting a tenant. Landlords complain that during this time, the tenant will often withhold rent, cause damage to the property and cause antisocial behaviour within the local community. Landlords would very much welcome a more swift and efficient process when evicting through the courts system.

Improving understanding – educating tenants and landlords

- 4.10 The professionalism of the private landlord has been identified as an important issue for developing the sector. A long-term policy goal of Government is to improve the quality of management in the private rented sector in order to make the sector more attractive to tenants.
- 4.11 The Rugg Review identified that “one of the more frequent criticisms of the private rented sector relates to the quality of landlord management practice. It has been argued that the popularity of Buy-to-Let mortgages has brought a mass of ‘amateur’ landlords into private renting, who are unacquainted with the law and poorly skilled in the business of letting property.”⁴
- 4.12 Growing attention has been paid to the potential of accreditation frameworks as a means of recognising good practice, so that landlords reaching prescribed standards can advertise accordingly and so gain market advantage. Landlord accreditation schemes vary enormously in response to different local circumstances - some accredit properties, some just landlords and some accredit both.
- 4.13 Some boroughs have taken steps to educate tenants through specific training programmes focussing on rights and responsibilities and have been successful in persuading landlords to recognise attendance on these sessions and to encourage them to let properties to such tenants.
- 4.14 There is another potential approach towards improving the quality of landlords and their properties which is a more powerful instrument in taking forward the desire to improve the private rented sector. This allows local authorities to intervene by designating areas for selective landlord licensing especially where an “area is experiencing a significant and persistent problem caused by anti-social behaviour and that some or all private landlords in that area are not taking appropriate action to tackle this.”⁵ To date only the London Borough of Newham is operating such a scheme, although one or two other boroughs are considering piloting selective licensing.

Issues for discussion

- 4.15 Members may wish to discuss with the invited experts a number of questions relation to the above issues, including:
- What are the biggest causes of tenant and landlord complaints?
 - What infrastructure is in place for complaints to be dealt with?
 - Are existing regulations and enforcement providing an adequate framework for landlords to offer property and tenants to rent adequate housing?

⁴ The private rented sector: its contribution and potential, Centre for Housing Policy, University of York, 2008

⁵ Selective Licensing of Privately Rented Housing, House of Commons Standard Note:

- How can the issue of retaliatory eviction be dealt with?
- What examples of good practice are there in terms of educating landlords and tenants in terms of rights and responsibilities?

Invited experts

David Lawrenson, LettingFocus

- 4.16 David Lawrenson provides consultancy for a range of organisations involved with the private rented sector. These include financial service companies, city investors, local authorities, housing associations and property websites. Work with local authorities has included helping them understand the private rented sector and giving advice on "local or social letting" agency models. David Lawrenson is an expert on buy to let, a media commentator, blogger and consultant on landlord, property letting and buy to let issues in the private rented sector.

Ben Reeve-Lewis, Tenancy Relations Officer, housing law trainer and journalist

- 4.17 Ben Reeve-Lewis has worked in Landlord-Tenant law since 1987. He works as a Tenancy Relations Officer for a London borough and is an author of books on tenant and landlord rights, housing blogger, a housing law trainer for the Chartered Institute of Housing and a broadcaster. He has been a landlord, a tenant, a letting agent

Jon Dalton, Head of Housing Needs, London Borough of Harrow

- 4.18 The London Borough of Harrow has recently completed a scrutiny of its private rented sector. Among its recommendations are ways to encourage higher standards in the private rented sector, including:
- A landlord 'kitemark' or 'good landlord' scheme, which is branded and promoted locally;
 - A register of landlords;
 - A tenant and landlord 'charter', setting out rights and responsibilities; and
 - Developing the 'arbitration' role of the council in bringing together tenants and landlords and identifying solutions;
- 4.19 The borough also runs a lettings agency called Help2Let that matches local tenants and landlords. It offers landlords that have agreed to provide agreed standards of property a selection of prospective tenants, prompt payment of the rent, a two month rent guarantee bond and a fast Track lettings process maximising continuity of rental income. For tenants it holds monthly Tenant Information Sessions to answer questions about renting in the private sector and promote tenant confidence in both seeking and renting in the private sector.

Geoff Fimister, Social Policy Officer, Citizens Advice

- 4.20 The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. In the year to April 2012, bureaux in London dealt with 30,152 housing benefit enquiries (private and social rented sectors) and 2,725 enquiries on rent arrears in the private rented sector. The London figures also record 18,539 enquiries regarding "private rented sector property" – covering issues such as disrepair; service charges; possession actions; security of tenure; harassment; problems with letting agents; and tenants' deposits.

Heather Kennedy, Digs

- 4.21 Digs is a relatively new group of Hackney private tenants providing information and support for other renters in the borough. Digs is concerned with the scale of rent increases, high letting agent fees, poor quality private rented housing, poor treatment from landlords and letting agents and the

impact of housing benefit shortfalls. The group runs information workshops for Hackney renters, trains "tenant champions", provides mutual support and campaigns for a better deal for private tenants.

5. Legal Implications

5.1 The Committee has the power to do what is recommended in this report.

6. Financial Implications

6.1 There are no direct GLA financial implications arising from this report. Financial implications for individual programme of work in 2012/13 will be dealt with separately in reports to the Committee as and when the Committee is required to make relevant decisions.

List of appendices to this report: There are none.

Local Government (Access to Information) Act 1985

List of Background Papers:

Housing and Regeneration Committee, 18 July 2012

<http://www.london.gov.uk/moderngov/documents/s12269/04%20Private%20Rented%20Sector.pdf>

Housing and Regeneration Committee, 20 September 2012

<http://www.london.gov.uk/moderngov/documents/b6984/Appendix%201%20-%20Minutes%20-%20Transcript%20Thurs.pdf?T=9>

Housing and Regeneration Committee, 7 November 2012

<http://www.london.gov.uk/moderngov/documents/s19668/Minutes%20-%20Transcript%20-%20Appendix%201.pdf>

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