

At Home with Renting
Improving security for London's private renters

March 2016



Housing Committee Members

Tom Copley (Chair)	Labour
Darren Johnson (Deputy Chair)	Green
Andrew Boff	Conservative
Nicky Gavron	Labour
Stephen Knight	Liberal Democrat
Steve O'Connell	Conservative
Fiona Twycross	Labour

Role of the London Assembly Housing Committee

The Assembly holds the Mayor to account by examining his decisions and actions to ensure he delivers on his promises to Londoners. The Housing Committee scrutinises the Mayor's role and record in delivering the private, social and affordable homes London needs. It has recently investigated shared ownership homes, student housing, estate regeneration and gypsy and traveller sites.

Media Contact:

Ben Walker
e: ben.walker@london.gov.uk
t: 020 7983 5769

Scrutiny Contact:

Lorraine Ford
e: scrutiny@london.gov.uk
t: 020 7983 4000

Contents

Chair's Foreword	4
Summary	6
Part 1: London's Private Rented Sector Today	9
Part 2: Do We Need to Act?	14
Part 3: How Would the Market React to Stabilisation Measures?	24
Part 4: So What Should We Do?	29
Appendix 1 Minority Report of the GLA Conservatives	33
Appendix 2 Conduct of the Investigation	34
Appendix 3 International Rent and Tenure Regulations	36
Appendix 4 The Rent Stabilisation Scenarios Modelled	37
Orders and translations	38

Chair's Foreword



London's private rented sector has witnessed extraordinary growth over recent years. Whereas nearly one in six London households rented privately at the turn of the century, today that figure is nearer one in three.

As a result of its remarkable expansion, London's private rented sector has changed. The typical profile of a private tenant is no longer the student or young person who values the sector's flexibility and short-term tenancy conditions. Increasingly, with the number of children in private rented accommodation tripling to over half a million in the ten years to 2014, it is the family that needs stability for their children or the young professional who is locked out of homeownership because of high house prices and high private rents that make saving for a deposit ever more difficult.

But despite the seismic changes that have occurred to the sector, the regulations that govern it have remained largely unaltered since the 1980s. The status quo is no longer acceptable; London's private rented sector needs modernisation to make it fit for the future.

This report sets out that there is a better alternative possible for London renters.

England's private rented sector is near unique among western economies in offering tenants just short-term tenancies, with no predictability in regards to rental outgoings or protections against baseless evictions. Yet, the argument that better standards for tenants would lead to fewer homes simply does not stack up against international comparisons and the evidence commissioned for this report. London's private rented sector, though growing, is relatively unremarkable in size compared to other major European cities, despite the weaker regulations protecting tenants in London. The economic modelling produced for this report also shows that light-touch regulation would have a negligible impact on London's private rented sector.

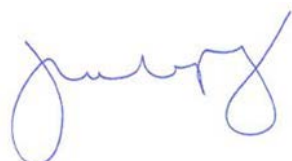
The overwhelming majority of the growth in London's private rented sector has been at the expense of homeownership, rather than delivering

new homes that contribute to the 48,841 new homes London needs to build every year for the next two decades.

The evidence produced for this report shows that the sector is expected to increase from just under a million homes today to over 1.4 million in the next decade, dragging more and more families into the sector as it potentially becomes the largest housing tenure in London. Setting aside the problems we face in the private rented sector today, the prospect of London's largest housing tenure offering just six months to a year's security, no predictability over rental costs, and the possibility of eviction at the whim of a landlord, is simply unsustainable and unfair to Londoners.

This report calls for the creation of a private rented sector that is fit for purpose, through the introduction of longer three-year tenancies, moving towards five years in the longer term, with annual rental increases limited to inflation. Many institutional landlords have already introduced such tenancies of their own accord, showing that this system can work for landlords and their investors, as well as tenants.

The status quo is no longer acceptable to Londoners. This report outlines that there is a viable alternative to perpetual insecurity.

A handwritten signature in blue ink, appearing to read 'Tom Copley', with a stylized flourish at the end.

Tom Copley AM
Chair, London Assembly Housing Committee

Summary

What is the problem?

London's private rented sector has grown significantly over recent years. In just ten years, the private rented sector (PRS) has increased from 16 per cent to 27 per cent of London's housing stock, largely at the expense of homeownership. Private renting can offer a range of positives for London. Most notably, it represents an efficient use of housing stock, because most people only rent what they really need. But the sector needs to work well in the interests of Londoners. Our PRS stock is primarily owned by amateur landlords, rather than professionals or institutions, and is not subject to the statutory oversight which covers the social rented sector. We don't know who many of London's landlords are, or even how many there are, because they are not required to register with an authority. Weak enforcement of existing regulation, and demand greatly outstripping supply, combines with this lack of transparency to result in parts of our PRS offering the worst housing conditions of any tenure, and at high prices. The Mayor has tried to address some of the sector's problems through his London Rental Standard, but this has not gained any traction.

Increasing London's housing supply is a key imperative which would help to tackle this situation. Purpose-built homes for rent both add to the stock of homes and offer professional management, but have so far been slow to take on. The immediate higher profits to be made in developing homes for sale, rather than for rent, is a major contributory factor, so support for developing build to let homes would help. However, homes take time to build, particularly on the scale needed in London, so we also need to act now.

Many Londoners are now living in the PRS longer-term and more types of household now rely on it – it is no longer just a temporary and flexible solution for students and early-career professionals. Many more vulnerable people are now placed in the PRS, and the number of London children in privately rented households tripled in the ten years to 2014, to over half a million. What these new private renter households need is a home with stability and predictable rent, but existing regulation and market conditions offer them little support in negotiating this with landlords. Although many landlords are happy to keep good tenants, offering decent conditions and reasonable rents, some do not, taking advantage of their market power.

Because there is little rigorous research around rent stabilisation measures, we commissioned the Cambridge Centre for Housing and Planning Research to undertake some modelling and two small surveys of landlords, investors and developers active in the PRS. This has helped us to explore further what could be done in support of longer-term renters.

The modelling we commissioned indicates that London's PRS can be expected to grow by 50 per cent in the ten years to 2025. All the light-touch stabilisation measures we considered, based on predictable rents and longer tenancies, are projected to have little impact on this growth (though an actual cut in rents could have a significant effect). When asked directly, though, the landlords we sampled say they are more worried than the modelling would suggest. But they are interested in offering more security if tax incentives are available.

What should we do?

London needs a changed private rental culture which provides better for longer-term renters without discouraging longer-term investment in the sector. It is unlikely that this change will occur organically or quickly enough of its own accord. However, some of the new build to let landlords who have entered the market have put in place the light-touch stabilisation measures we explored of their own accord. They have demonstrated that they can make light-touch stabilisation measures, such as longer tenancies and predictable rent increases, work for themselves, their investors and their tenants.

Following their lead, we think now is the time to introduce such measures as standard. We are not proposing here the old-fashioned hard rent controls which investors say they fear. What we are proposing, is a limited package of stabilising measures, nudging the PRS towards the changed rental culture which many Londoners now need. This would take the form of a new default rental contract of three years, with initial rents set by the market, and increases limited to the consumer price index.

Such measures are not designed primarily to address housing affordability, which is an acute problem for many Londoners. The Government plans a four-year freeze in housing benefit from April this year, which will hit low-income renters badly. It must urgently review this freeze to ensure things don't get worse.

The introduction of a London register of landlords should be an immediate action regardless of rent reform. This would allow policy-

makers and others to understand the private rental market much better, helping build the case for investment and development, as well as supporting landlords and the boroughs to improve standards in the sector.

And in support of the new build to let sector, we need a dedicated planning use class, so that developers and investors for rent are not competing with those looking to sell for owner-occupation.

This report represents the view of a majority of the Committee. The GLA Conservative Members' dissenting views are set out in a minority opinion in Appendix 1 of this report.

Part 1: London's Private Rented Sector Today

A phenomenal growth story

London's private rented sector (PRS) has seen phenomenal growth over the last decade and especially since 2009. More than one quarter of London households (27 per cent) now rent privately, up from 16 per cent in 2004.¹ This compares with about 20 per cent of the population nationally.² London is also the only region with more households privately renting (776,000) than owning homes outright (690,000).³ And the rise of the PRS is set to continue: well over one third of London's population is expected to be renting privately by 2025.⁴

Population growth, net migration (notably increasing the number of young adults) and a mobile younger workforce have all contributed to increased demand for homes in the PRS. Growth has also been fuelled by soaring house prices and high transaction costs, which have made home ownership increasingly unaffordable, despite historically low interest rates. This rise in house prices has also drawn more investors into the sector as residential property becomes a more attractive investment prospect in a low growth, low interest rate environment. This growth in the lettings market drives house prices still higher, squeezing out would-be owner occupiers.

A variable picture

Although all London's boroughs have seen their PRS grow in size, these changes have not been evenly spread across the capital. In the past, the highest concentrations of private renting have been in inner London, and it is still the case that Westminster is the local authority with the greatest number of private renters in the country. However, other boroughs, especially outer boroughs, have experienced far greater growth, albeit from a lower base. Barking & Dagenham's PRS, for example, has tripled in size over the decade to 2011; Tower Hamlets, Hackney, Enfield and

¹ Source: GLA analysis of the Labour Force Survey (2004 and 2014)

² The English Housing Survey indicates that 19 per cent of households were privately renting in 2013-14

³ A Century of Home Ownership and Renting in England and Wales, Office for National Statistics, Apr 2013

⁴ Mayor's Housing Covenant: Making the private rented sector work for Londoners, GLA, Dec 2012

Greenwich have all seen at least a doubling in their PRS in absolute terms.⁵

Rent in London is very high, but there is also considerable price variation across the capital: the lower quartile rent in the three most expensive boroughs (Westminster, Kensington & Chelsea and Camden) is double that of the three cheapest boroughs (Barking & Dagenham, Havering and Bexley). Within boroughs there can also be wide disparities. This does not just apply in inner London, where extremes might be expected (in Westminster, for example, the median rent for a two-bedroom property in Mayfair W1 is around three times that in Westbourne Green W9). In Hounslow, in outer London, the median rent for a two-bedroom property in Turnham Green W4 is also more than 50 per cent above that in East Bedfont TW14.⁶

A fragmented market dominated by amateur landlords

Unlike in some other countries, most owners of UK private rental homes are amateur or ‘accidental’,⁷ rather than professional, landlords. Letting property provides a supplementary income to their day job rather than it being a full-time occupation, and they tend to be interested primarily in capital appreciation rather than rental income, especially in London, given the capital’s high house price inflation. It is difficult to determine exactly how many landlords fall into these categories as they do not currently need to register, but a Department for Communities and Local Government study in 2010 found that nine in ten PRS landlords in England are private individuals rather than companies, with three quarters owning only a single property.⁸ According to Carter Jonas, only one per cent of London landlords manage more than ten units.⁹ This fragmentation not only means that the market is difficult to communicate with, but also that landlords are unable to realise the economies of scale and associated efficiencies routinely achieved in many other industries, often leading to “poor management and customer service standards.”¹⁰

Although private landlords do not need to register before renting, some 50 Acts of Parliament and 70 sets of regulations apply to the PRS, establishing a complicated framework within which these amateur

⁵ See London’s PRS Growth, Future of London, 20 Jul 2015, for more detail on this

⁶ London Rents Map (accessed 26 Nov 2015), based on Valuations Office Agency data

⁷ For example those who have inherited property or let out their own home because they have moved abroad

⁸ Private Landlords Survey 2010, Department for Communities and Local Government, Oct 2011

⁹ The Future of London’s Private Rented Sector, Carter Jonas, Spring 2015

¹⁰ Private Rented Sector: plugging the gap, DTZ, Summer 2015

landlords must work. However, there is no statutory regulation or oversight. This contrasts with the social housing sector, which is regulated by the Homes and Communities Agency. Instead, the PRS is self-regulating, and a plethora of accreditation schemes promoted by trade bodies exists. In London, the Mayor's London Rental Standard (LRS) is an overarching badge covering seven such schemes. These schemes and the LRS framework offer useful guidance and training to support landlords in navigating their responsibilities, but are entirely voluntary. Local authorities may, under certain conditions, apply to introduce limited licensing schemes, and some in London have, but, for the most part, local enforcement of the regulatory framework is weak, and made more difficult because of the lack of a landlord register.

The Mayor's London Rental Standard

The London Rental Standard (LRS) is a voluntary accreditation scheme, aimed at improving standards in the private rented sector and launched by the Mayor in May 2014. It provides a single framework for seven existing accreditation schemes and requires accredited landlords and letting agents to offer improved property conditions, fee transparency, better communication between landlords and tenants, and improved maintenance and repair response times. In return they are offered a deal on insurance and with a deposit protection scheme, a discount on some licensing schemes (where they exist) and access to trade pricing on some DIY materials and tools.

So far, however, only around 2,000 landlords and agents have signed up (aside from those who had already been accredited via the participating schemes) – some 15,000 in all out of London's estimated 300,000 landlords. The scheme is targeting 100,000 accreditations by 2016.¹¹

Our evidence suggests that amateur and accidental landlords tend to be risk-averse and can be very sensitive to changes in regulation, taxation and interest rates. In the words of one of our contributors: "*it does not take a lot to spook them*".¹² However, for many landlords, rental receipts actually represent a small part of their overall income: a large majority (79 per cent) of landlords nationally earned less than a quarter of their

¹¹ The Mayor has recently rewritten this target. It no longer refers to the number of landlords to be accredited, instead committing the Mayor to seeing 100,000 *properties* accredited

¹² Kate Faulkner, Independent Property Commentator and Analyst, Evidence to the London Assembly Housing Committee, 1 Sept 2015 p29

income from letting properties,¹³ and a Shelter/Strategic Society survey in 2013 found that more than six in ten think they could cope for a year if their income dropped by a quarter,¹⁴ so they appear, in the main, to be pretty financially resilient because they have other sources of income.

New market entrants show potential

At the other end of the scale from the amateur landlords, a small but burgeoning purpose-built PRS has the potential to play an important role. Until the 1970s, pension funds, insurers and charities were all substantial players in UK residential property for rent. Since then, a combination of factors, including relatively low yields, a lack of transparency, few development opportunities at scale and hard rent regulation in the past are all said to have presented barriers to nurturing and increasing institutional investment. However, in recent years, intense demand for new rented homes, more stable residential returns (now outperforming those of commercial property) and low interest rates (reducing the appeal of other asset classes) have meant that investor sentiment is changing. *“Anything that gives us a good proxy for earnings is a good investment medium for us, provided that the risks are appropriate.”*¹⁵

While this gives reasons for optimism, scale is the issue. According to Molior, a residential development consultancy, there was a 20,000 home pipeline of purpose-built PRS in London in August 2015. The current impact of such landlords is therefore limited – there are around a million PRS homes in London. But the opportunity is clear, and the Mayor is aiming to see 5,000 such homes delivered annually.¹⁶

One enduring issue with developing this sector is that the prices of homes for sale tend to accelerate faster than rents. This means that developers building for sale can usually outbid those building for rent when buying land, and yields on rents over time tend to fall, not rise. Nonetheless, a growing number of operators are beginning to enter the market and some innovative mechanisms, such as covenants, are being piloted to level the playing field for the more patient investor/developer capital seeking an income stream from rent. Ultimately a dedicated Planning Use Class for new private rental homes would be beneficial, but in the

¹³ Private Landlords Survey 2010, Department for Communities and Local Government, Oct 2011, Annex Table 2.5a

¹⁴ Understanding Landlords, Strategic Society, Jul 2013

¹⁵ Alan Collett, M&G Real Estate, Evidence to the London Assembly Housing Committee, 1 Sept 2015 p14

¹⁶ Homes for London, GLA, June 2014

interim, the Montague Report,¹⁷ for example, recommended the use of covenants to ensure new homes would remain in the PRS for at least ten years. The Mayor has begun to make use of this type of mechanism, for example in a development at the Royal Docks.

A mixed bag of pros and cons

The PRS offers flexibility and affordability to many. Many people like to share, and some who could afford to buy choose instead to rent. The PRS is also a very efficient user of housing stock with high occupancy rates. M&G, for example, told us that their private rented flats had void periods around one sixth of those in the social sector. The flipside of this is that overcrowding is common, with landlords increasingly sub-dividing homes to squeeze more tenants in. London renters are four times more likely to be overcrowded than owner occupiers.¹⁸ Moreover, due to a proportional increase as well as the growth of the sector, people in poverty are more likely now to live in the PRS than in other tenures (whereas a decade ago it was the least common tenure among those in poverty).¹⁹

¹⁷ Review of the Barriers to Institutional Investment in Private Rented Homes, DCLG, Aug 2012

¹⁸ Housing in London 2015, GLA, Sept 2015

¹⁹ London's Poverty Profile 2015, Trust for London/New Policy Institute

Part 2: Do We Need to Act?

Our rental and lettings culture needs to move on

For many years the PRS has been a relatively comfortable temporary home for young professionals who value its flexibility, but it has not been a tenure of aspiration. Assured Shorthold Tenancies (ASTs) of six to twelve months (which facilitate mobility, allowing tenants to change jobs and try out new areas to live) and sharing (either with friends or new flatmates) have been acceptable, potentially desirable, features. A lack of professionalism among many landlords, together with short-term tenants, perhaps seeking somewhere to stay, but not a home, has spawned a culture of renting based, in the main, around a relatively 'cheap and cheerful' product offering a temporary tenure. However, intense demand, combined with the widening reach of today's PRS, mean that features and relationships which may have worked well in the past for many are beginning to constitute real problems. People are renting for longer, some through choice, many because they cannot afford to buy. For example, EasyRoommate, a flatsharing website, reports that although students were their key audience ten years ago, young professionals now account for some two thirds of their market, with an average age of 27.5. They are seeing interest from renters in their 30s and 40s too.²⁰

In particular, many more London families are now living longer-term in the PRS: one third of PRS households had dependent children in 2014, compared with only one fifth ten years earlier. This contrasts starkly with stability over the period in the number of children in owner occupation homes, and a slight decline in those in the social rented sector. The absolute numbers are even more striking than the percentage because of the proportional growth in private renting: 285,000 households with children in 2014, compared with 95,000 in 2004. The GLA estimates that the number of children in London's PRS has more than tripled, to over half a million.²¹ The growth trend of the PRS, and of families within it, is expected to continue, all other things being equal, so more and more families will rely on the PRS in future.

Over three quarters of London's children living in poverty are in rented accommodation. While the number of those in the social sector is on a

²⁰ Source: EasyRoommate, 16 Dec 2015, Rooms to Rent: Flatsharing in 2015 and beyond, accessed 25 Jan 2016

²¹ GLA analysis of the Labour Force Survey, 2004 and 2014. The number of children has grown from 160,000 in 2004 to 505,000 in 2014

downward trend, the number of those in the PRS has been growing for a decade, reaching a quarter of a million in 2011-12.²² This undoubtedly reflects the changing balance of London's housing tenures, but also the increasing proportion of families on low incomes who are renting privately. Overcrowding levels in the PRS are also rising relentlessly and have more than doubled since the mid-1990s.²³

Young people have always come to London and 'dossed down in bedsits' but that is a very different thing to increasing numbers of families living in overcrowded conditions, wondering when they will next have to move. If we are to house more families and, indeed, older single people and couples, successfully in the PRS it seems likely we shall need many landlords to become more professional, and tenants may need to take a greater degree of responsibility for the product they are purchasing. What families need is stability and predictability; we must find a way to ensure London's PRS offers this.

Affordability issues

The Mayor assesses a household as being able to afford private rented housing if the lower quartile rent for the number of bedrooms it needs is less than one quarter of its gross income, or 30 per cent if the household earns more than £40,000.²⁴ London's housing charities, developers, employers and investors all agree that around one third of pay is a manageable proportion of income to spend on housing costs. **Londoners in the PRS, by contrast, are currently spending, on average, 59 per cent of their income after benefits on rent.**²⁵

Research undertaken for London First, which represents London's leading employers, finds that people working in the food and drink industries would have to spend 112 per cent of their income to afford an average rental, while care workers would spend 99 per cent of theirs. Even lawyers and accountants spend 40 per cent of their salary on rent.²⁶

²² London's Poverty Profile 2015, Trust for London/New Policy Institute

²³ The proportion of London's privately renting households judged to be overcrowded according to the bedroom standard rose from under six per cent in 1995-6 to 13 per cent in 2012-13. Source: DCLG Survey of English Housing and English Housing Survey cited in Housing in London 2015, GLA, Sept 2015

²⁴ 2013 London Strategic Housing Market Assessment, GLA, Jan 2014

²⁵ This compares with 38 per cent of income spent by those living outside London. Source: English Housing Survey 2013-14 Household Report, Office for National Statistics

²⁶ Employee exodus: The housing crisis is now a dire threat to the future of London's businesses, City AM, 12 Oct 15

There are many sub-markets which make up the demand for London's PRS. The rapid growth of the sector also means that it now houses people from all income groups, ages and occupations, with differing expectations and needs. Despite this, of course, renters from many of these sub-markets will compete with each other for the available stock. This complicates affordability data, because the proportion of income spent on a given property by a family with one wage earner will be completely different from that spent by a group of four sharers, for example. Renting on a single income is impossible for many.

At present some 270,000 private renters in London rely on housing benefit to afford the rent and, of these, more than half (140,000) are now in work.²⁷ Most will experience a real-terms reduction in their benefits as Local Housing Allowance (LHA)²⁸ will now be frozen until 2020, and this freeze comes on the back of a series of changes since 2011 which capped the amount payable for a given property size, so fewer homes were covered by the benefit.²⁹ These changes probably go some way towards explaining the dramatic increases in the PRS experienced in outer, especially the outer East, London boroughs, where prices are cheaper. People on housing benefit are increasingly looking for accommodation in cheaper parts of the city. It seems likely that this trend will continue.

A need for longer tenancies

Most commonly, the AST is currently offered for six to twelve months. Due to a lack of robust data on the rental market it is difficult to assess with any certainty the demand for longer tenancies. Available statistics tell us that most tenancies do end when the tenant leaves, rather than through an eviction process, but there is no evidence to indicate whether the tenancy was ended because of a poor relationship with the landlord, sudden rent hike or bad conditions, rather than through free choice.

There is evidence, however, that some tenants have been cautious in accepting longer leases. In the build to let sector, a few developers and investors have reported limited demand for tenancies longer than a year. At the Stratford Halo development adjacent to the Olympic Park, for example, 15 per cent of new tenants took up a three-year tenancy despite it being widely advertised.

²⁷ London's Poverty Profile 2015, Trust for London/New Policy Institute

²⁸ The housing benefit paid to those living in the PRS

²⁹ For example, the average two-bed rent in Southwark was £1950 pcm in June 2015, compared with an LHA level of £1150

However, Professor Christine Whitehead of the London School of Economics associates this apparent reluctance to commit to a longer tenancy with a lack of familiarity with the principle of renting longer-term, as well as noting that tenants need to try out their landlord before a level of trust develops. It may also be that tenants were unaware of the availability of tenant-only break clauses (meaning that a longer tenancy still offers them the flexibility to move if they needed to). This is supported by the experience of another major player in the build to let sector, Get Living London, also operating on the Olympic Park. They describe actively educating tenants on the benefits of longer tenancies, noting that some 60 per cent of their new tenants now take up two- or three-year tenancies. Those choosing not to do so tend to be restricted by visa or referencing criteria. Some who initially took a one-year tenancy have now renewed for another three. The experience of other developers and investors also suggests that once tenants are in a property, they tend to want to stay. The average length of occupation across investor M&G's London portfolio is 2.5 years, suggesting people usually renew. Moreover, some of their buildings are only that old, so this average is likely to increase. Anna Clarke from the Cambridge Centre for Housing and Planning Research notes that it is those who have no choice but to live long-term in the PRS who really need the security of tenure offered by a longer tenancy. These are not the renters who value the flexibility offered by a twelve-month AST, nor those who are happy to move around, trying out new places to live. They are likely, therefore, not to be the young professional target market for developments such as Stratford Halo, with its communal sky gardens, 24-hour concierge and onsite gym, which may in part explain the experience there. Increasingly, these are likely to be families and older renters priced out of the home ownership market and not eligible for social housing.

Shelter research suggests that just 13 per cent of London's private renters live in the PRS through choice, and for 77 per cent of London private tenants, one of the main things they're looking for is to be able to stay long-term (at least three years). Perhaps unsurprisingly, the desire for more security is greater for households with children.³⁰ By contrast, the English Housing Survey tells us that 80 per cent of private renters have actually been in their home for less than five years.³¹ In fact, Shelter research indicates that over one third (37 per cent) of London's private

³⁰ 86 per cent of households with children say that this is important to them, including more than half (58 per cent) who say it is very important. Source: YouGov/Shelter Private Tenant Survey 2015. YouGov interviewed 4,900 private renters in Great Britain, including 739 in London, online during July 2015. Results are weighted to form a representative sample of the private renting population in Great Britain

³¹ English Housing Survey 2013-14 Household Report, Office for National Statistics

tenants have moved three or more times in the last five years. And when families are evicted or otherwise required to move, when they would have preferred to stay on, parents are two or three times more likely to express concern over the impact of the move on their child's wellbeing or education, than those who moved through choice.³² The Mayor himself acknowledges that "six or twelve month tenancies may not be appropriate for families with children, or indeed vulnerable households such as those who were recently homeless, and it appears that there is widespread latent demand for longer tenancies in the PRS."³³ This broader picture chimes with the result of GLA telephone research which found that half of Londoners (47 per cent) thought a typical tenancy should be offered for longer than twelve months.³⁴

The English Housing Survey also found that nationally, one third (35 per cent) of private renters had been in their home for less than a year and 80 per cent had been in their current home for less than five years. This contrasts sharply with owner occupiers, a large majority of whom (80 per cent) had been in their home for at least five years while only five per cent had been in their home for less than a year.³⁵ It is perhaps to be expected in the current housing market that private renters would be more likely to have moved than owner occupiers, but it is significant for the purposes of this report, at least because of the growing number of families with dependent children who are living in the PRS.

Housing charities regularly report on the insecurity experienced by many private renters: a sense of home is important, offering a place of belonging and safety. Yet YouGov research for Shelter undertaken in 2011³⁶ found that nearly half (44 per cent) of privately renting families with children do not think of their PRS house as 'home'. Regular moves are likely to be detrimental to children's education and wellbeing, as well as involving substantial costs and disruption to the wider family. RSA research shows that the chances of a child gaining the Government's target of five good GCSEs drop significantly with each school move. This results not only from the direct disruption of the move, but also because of delays in gaining a new school place and the fact that in-year movers

³² Responses on the impact of the move are for Great Britain and England, rather than London, for reasons of sample size. Source: YouGov/Shelter Private Tenant Survey 2015

³³ Mayor's Housing Covenant: Making the private rented sector work for Londoners, GLA, Dec 2012, p17

³⁴ Source: ICM poll of a representative sample of 1003 Londoners, conducted for the GLA during July and August 2015

³⁵ English Housing Survey 2013-14 Headline Report, Office for National Statistics

³⁶ 'A Better Deal – towards more stable private renting', Shelter, Sept 2012

are more likely to come from already less-advantaged backgrounds.³⁷ So a lack of housing security may be reinforcing disadvantages already faced by children in these households.

Are renters getting a fair deal?

Because demand for rented properties so greatly outstrips supply and the enforcement of existing regulation is weak, tenants are often reliant on the goodwill of landlords to ensure their home is reasonably maintained and their rent is set at a fair level. A minority of landlords takes advantage of this, and the Committee heard examples of both unreasonable rents and extremely poor housing conditions.

Rental price data is complicated by the range of indices which describe movements in the market and the differing samples they rely on, especially whether they are based on new or existing tenancies.³⁸ The data on market supply is also patchy, as there is no robust landlord population data and no mechanism for recording new landlords.

This lack of transparency can combine with low market power to prevent tenants from getting a fair deal. It also deters investors and developers because a clear empirical basis for decision making is unavailable. This means that the rental market can be confusing for all parties and can lead to unhelpful binary arguments about rental inflation and affordability, the nature of the market, and what can reasonably be done about it.

³⁷ RSA analysis of the National Pupil Database from 2011-12 shows that while 62 per cent of children who did not move schools got five GCSEs with marks between A* and C, only 44% of those who moved once in the previous four years did so. Among those who moved three times, the proportion dropped to just 27 per cent. Source: *Between the Cracks*, RSA, Jul 2013

³⁸ The Committee heard that some landlords usually increase the rent only when a new tenant moves in. Therefore, changes to the prices of new lets would tend to overstate any increase in the market as a whole.

RentSquare

RentSquare is an innovative web-based platform using open data to derive an appropriate rent for specific addresses. It endeavours to bring transparency and efficiency into the fragmented rentals market, by matching landlords and tenants over rental prices which are generated via an algorithm, based on the public data it accesses and user-generated data it collects. Tenants and landlords can then connect directly and exchange contracts through an online service for a flat fee. According to RentSquare, the benefits are that tenants get a rental price determined on the basis of independent data, while landlords benefit from a reduction in voids (empty properties), as they can verify the best price for their property in real time.

There have been major recent interventions in the ownership and social rented markets³⁹ but nothing of substance in the PRS. The Joseph Rowntree Foundation and the Institute for Fiscal Studies say that real rents paid remain higher than they have been for most of the last few decades, and, overall, rents have been stable compared with the large fall in mortgage interest payments over the same period, so the proportion of renters' income spent on housing costs has risen, while it has fallen for mortgage payers.⁴⁰ Meanwhile, renters are squeezing into smaller and smaller accommodation.⁴¹ This means that the living standards of renters, many of whom are trapped in the PRS by high house prices, have been under considerable pressure, contributing to the sense of unfairness voiced by organisations such as Generation Rent, and felt by many renters. Given the rapidly increasing proportion and range of Londoners who now rely on the PRS, it may be time to consider what can be done to make the playing field more level.

Using stabilisation measures to deliver predictability and security

A wide range of rent stabilisation measures exist, including both direct controls on prices and price increases, and longer tenancies, which tend, indirectly, to contain price increases. The most common types of control currently in other cities, such as Berlin, are restrictions on mid-tenancy rent increases (not between tenancies when a property is re-let) and

³⁹ Such as the introduction of Help to Buy and Starter Homes and a planned reduction in rent levels payable by social tenants

⁴⁰ Housing: Trends in Prices, Costs and Tenure, Institute for Fiscal Studies, Feb 2015 and Living Standards, Poverty and Inequality in the UK: 2014, Institute for Fiscal Studies, Jul 2014

⁴¹ While living space per person increased for London's owner-occupiers by eight per cent between 1996 and 2012, for London's private renters it fell by 25 per cent over the same period. Source: Housing: Trends in Prices, Costs and Tenure, Institute for Fiscal Studies, Feb 2015

longer-term or indefinite security of tenure. Such measures are particularly common elsewhere in Europe and in other western economies. See Appendix 3 for a summary of the range of policies applied in different countries.

Rent stabilisation in Berlin

In Berlin, 90 per cent of households rent, and the standard lease length is indefinite. The landlord sets initial rents but they can't exceed 20 per cent of the local average for similar properties. Rent rises within a tenancy are mainly controlled, and rents tend to be raised in line with the local average. The Government is trialling a new rent cap in particularly overheated areas of Berlin to reduce the discrepancy between existing and new contracts. From June 2015, landlords in those areas are barred from increasing rent on new tenancies by more than 10 per cent above the local district average.

Under this system tenants have a high level of protection against evictions and see their rental property as a long-term home. However, the system creates a disincentive to surrendering a tenancy, creating stagnant conditions, with some tenants living in homes that no longer suit their needs.

When considering the merits of different stabilisation systems, it is important to note that housing markets do not operate in a vacuum. Rather they are symbiotic systems, with each element evolving to complement the others. The Berlin system, for example, could not just be 'cut and pasted' successfully into the London market with the expectation that it would function effectively. Germans have a different attitude to renting and do not view it as a stepping stone to home ownership, for example. Diverse, corporate investment in the sector and a lack of tolerance for debt are also features of the German market which do not apply here.

Indexation – pegging rental price increases within tenancies to the consumer price index (CPI) or wage inflation – would contain price rises over the short-term, making rental prices and incomes more predictable. According to GLA research, seven in ten Londoners support inflation-linked limits to rent rises.⁴² Combining this policy with allowing prices

⁴² 71 per cent of a representative sample of 1003 Londoners, in an ICM telephone poll conducted during July and August 2015 for the GLA, supported linking rent increases to inflation or a locally-defined limit

then to revert to market levels between tenancies would represent only a relatively limited intervention in the market. However, to have any impact, indexation would need to be combined with longer tenancies – indexing over six to twelve months is meaningless. Conversely, longer tenancies without controlling price increases achieves little: rogue landlords could just hike the rent to an unaffordable level to get rid of a tenant.

Our evidence base indicates that light-touch stabilisation measures, such as indexation of rents and longer tenancies, would not, of themselves, lead to falling rent levels. Indeed there could even be disadvantages to such policies for tenants:

- We heard that some landlords appreciate good tenants and already avoid raising rents in order to retain them. Landlords might have various motivations for doing so: it makes better sense, for example, to have a reliable tenant on a stable lower rent than experience voids between tenancies.
- Under an indexation system, at the end of a tenancy, tenants might face bigger price increases than would otherwise have applied, as the rent catches up with the market. Faced with such a regime, some landlords might just start their rentals from a higher rate to manage the risk of cost increases during the tenancy.

However, there is also evidence that indexation would help to calm rent rises and make rental prices more predictable. And longer tenancies would offer more stability and security, preventing a bad situation for some getting worse. Anne Baxendale of Shelter told us that predictability was just as important as affordability for many renter families.

Driving up standards

Standards in the sector need to improve, with the worst landlords driven out, if it is to offer a safe, high quality, long-term housing option, particularly to accommodate families. The Mayor's London Rental Standard acknowledges this, but rogue landlords will always remain untroubled by such voluntary arrangements. The Housing Act 2004 and additional regulations laid down in 2015 allowed local authorities to introduce the licensing of all privately rented properties within a designated 'selective licensing' area. Such schemes can offer a way to improve the private rented sector and so far, seven London boroughs have implemented them, with others considering or consulting on their

introduction. Newham has operated such a scheme since January 2013, and reports significant progress in dealing with the problem of rogue landlords, prosecuting more than 500, issuing over 300 cautions and banning 26 from operating since the scheme was launched. The effect of the new regulations introduced in 2015 remains to be seen, but is likely to be mixed. On the one hand, the widening of the criteria under which local authorities may apply to implement a scheme⁴³ could be beneficial in London. However, a return to a requirement for larger selective licensing schemes to be approved by the Secretary of State⁴⁴ reintroduces an added level of bureaucracy which may be a hindrance.

The PRS is different across London, and there may be equally effective alternatives to selective licensing for different boroughs. The London Borough of Hounslow and the Royal Borough of Kensington and Chelsea, for example, are among those who consider that landlords might be subject to compulsory registration (along the lines suggested in the Rugg Review⁴⁵ and by the Police Foundation⁴⁶) and that this need only be a simple and cheap process to allow local authorities to enforce standards more easily.⁴⁷ This approach lies somewhere between voluntary registration⁴⁸ and compulsory licensing: in order to operate in the private rented market, landlords would need to apply for a 'landlord number' – it would be both an offence and a great practical difficulty to operate without one. It could be required to create or terminate a tenancy and to access a local authority scheme. Landlords who committed offences would gain 'points' and eventually be disqualified from operating. The scheme would be low cost for the landlord with few hurdles to jump but would make it very difficult for rogue landlords to operate.

⁴³ Aside from the existing criteria, relating to areas of low housing demand or experiencing significant anti-social behaviour, applications can now be made in respect of areas containing a high proportion of privately rented properties where one of a further four criteria applies, relating to poor housing conditions or high levels of inward migration, deprivation or crime

⁴⁴ This requirement had been removed in April 2010

⁴⁵ The Private Rented Sector: Its contribution and potential, Julie Rugg and David Rhodes, Centre for Housing Policy, University of York, 2008

⁴⁶ Safe as Houses? Crime and changing tenure patterns, Police Foundation, Aug 2015

⁴⁷ See for example written evidence submitted to the Communities and Local Government Select Committee Inquiry into the Private Rented Sector, 2013-14 by the Royal Borough of Kensington and Chelsea

⁴⁸ Compulsory registration exists in Scotland, Wales and Northern Ireland

Part 3: How Would the Market React to Stabilisation Measures?

Our research

There is a wealth of anecdote and rumour about the impact of rent controls but a dearth of rigorous research. To address this gap, the Committee commissioned three-part research into the likely impact in London of stabilisation measures. However, as with previous attempts to model the impact, we were limited by a lack of comprehensive and current data on the landlord population and rental market. The Cambridge Centre for Housing and Planning Research (CCHPR – who conducted the research) notes that the conclusions of this new research are therefore tentative. That said, our data is London-specific and current.

- Our modelling was based around six different rent stabilisation scenarios.
- The quantitative survey of London landlords achieved a sample size of 174, representing some 12,000 properties, and explored landlords' views with respect to these scenarios and issues arising.
- The qualitative research comprised ten telephone interviews with investors and landlords in the build to let sector.

Details of the scenarios modelled and researched are included at Appendix 4.⁴⁹ The scenarios range from relatively light-touch measures, reverting regularly to the market but offering longer tenancies and indexation of rents (for example, Scenario 1 is a five-year tenancy with initial rents set by the market and increases limited to CPI) to an actual rental price cut (Scenario 5 is an indefinite cap on all private rents, set at two thirds of current market rates and indexed to average earnings or CPI).

The impact on the size of the PRS

CCHPR's modelling shows that, based on a simple projection of recent trends (and assuming no further intervention in the market), we can

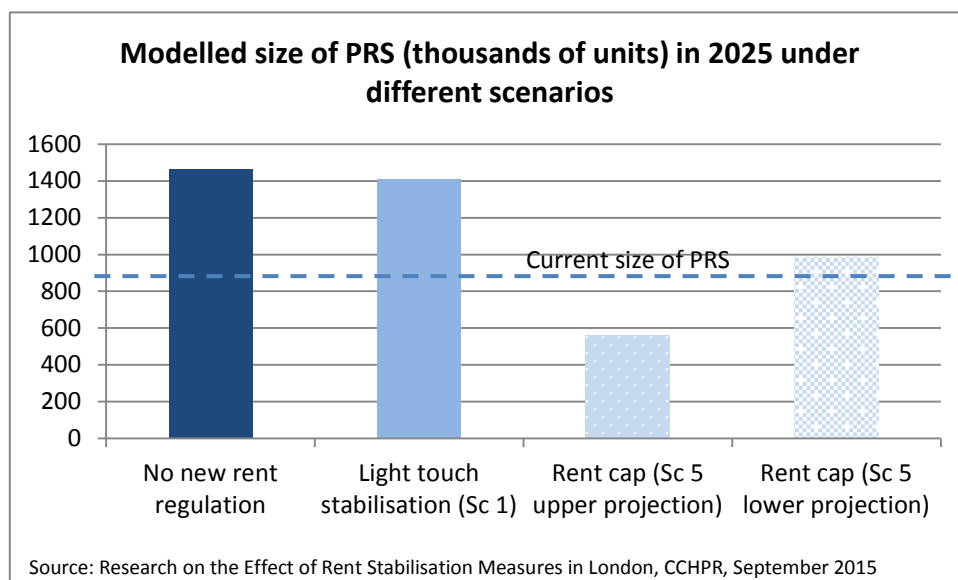
⁴⁹ The full report on the commissioned work is published alongside this report at: https://www.london.gov.uk/sites/default/files/report_on_rent_stabilisation_for_london_assembly.pdf and on the CCHPR website

expect around 50 per cent growth in the size of London’s PRS over the ten years to 2025.⁵⁰ Our modelling compares projected growth of the sector, under each of six scenarios, against this base growth rate.

Light-touch stabilisation measures

The modelling indicates that most of the scenarios considered have a very limited impact on future PRS stock size. Significantly longer tenancies (either five-year or indefinite) imply only a relatively small loss of rental income for landlords, and the modelling therefore projects a correspondingly small reduction in supply. These measures would only reduce the near 50 per cent projected future growth in the PRS (in the no change scenario), by around three to four per cent over the next ten years (see Figure 1 below). Under this model, London’s private rented sector would therefore still be expected to increase by more than 400,000 units over the decade. As highlighted in the Committee’s 2013 report on the PRS,⁵¹ many of these privately rented homes will be created by transferring units out of home ownership or the social sector and into the PRS.

Figure 1: Light touch stabilisation has little impact on modelled PRS growth over ten years



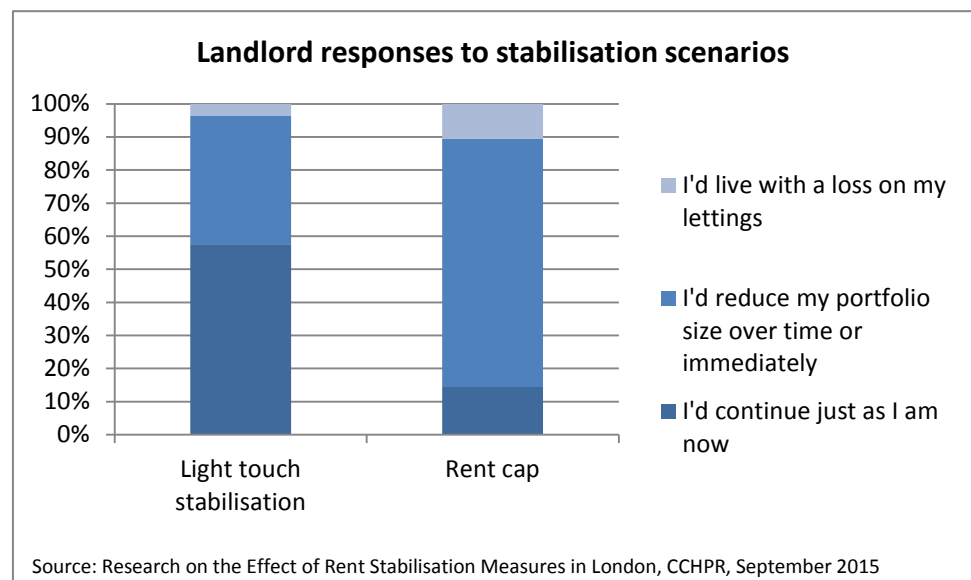
⁵⁰ It should be noted that much of this growth will come from investors buying and letting out existing stock, rather than building new supply

⁵¹ Rent Reform: Making London’s Private Rented Sector Fit for Purpose, London Assembly, Jun 2013

The quantitative survey also asked landlords about their reactions to the indexation of rent increases within tenancies, and longer tenancies, respectively. Despite the modelling showing a very limited impact on future stock size, the landlords that we sampled were initially quite sceptical:

- If rents were indexed annually to earnings or CPI, most landlords (58 per cent) said they would continue as they were, but some 40 per cent said they would seek to reduce their PRS investment either gradually or straight away.

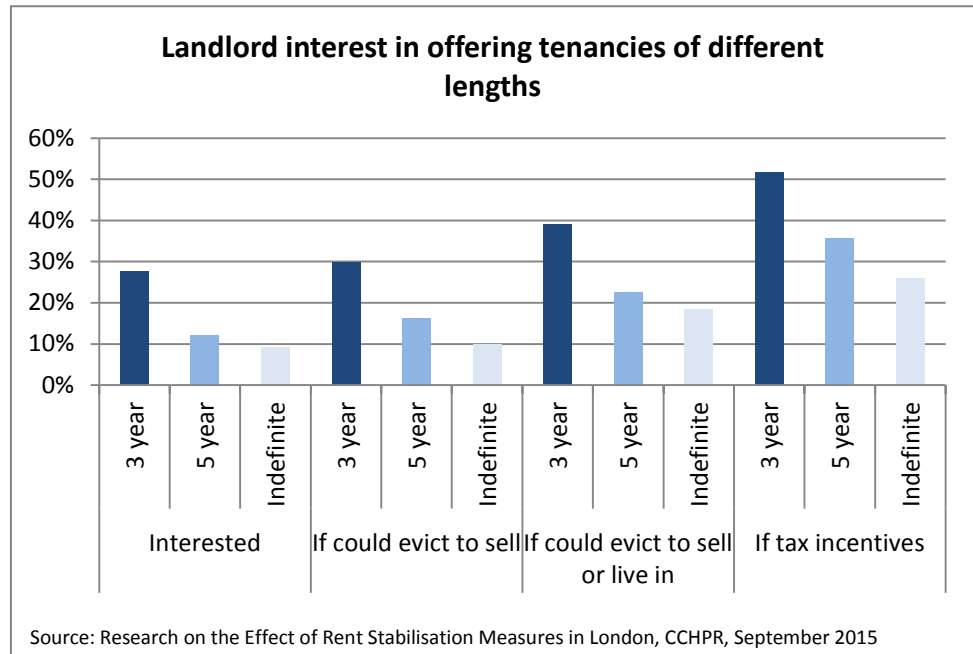
Figure 2: Landlords say stabilisation would affect their behaviour



Nonetheless, they were open to persuasion regarding the principle of longer tenancies:

- Although most were instinctively not interested in offering a longer tenancy, almost four in ten expressed an interest in offering a three-year tenancy if they were able to evict the tenant should they need to sell or live in the property themselves (particularly important for accidental landlords), and half were interested if tax incentives were offered (a quarter were even interested in offering indefinite tenancies in this case).

Figure 3: Landlords are interested in offering longer tenancies under the right conditions



Build to let landlords and investors we interviewed by telephone also reacted more positively to longer tenancies, but only four of the ten said they were currently prepared to offer them.

By contrast with the impact of light-touch measures discussed above, most evidence suggests that so called 'hard' rent controls should not be considered except in emergency circumstances. As shown in Figure 1 above, our most extreme model, involving an immediate cut in rents to two thirds of their current levels, followed by indexing to average earnings or the CPI, indicates that the expected growth in PRS stock size could be substantially reduced, potentially leading to an absolute drop in numbers of PRS homes.

Drawing together the investigation findings

As regards our commissioned research, CCHPR points out that the relationship between what people say they would do and what they actually do in a specific situation is uncertain, and particularly so for a politicised issue such as rent stabilisation, which tends to provoke deep-seated emotions. The survey responses indicated that many landlords were vehemently opposed on ideological grounds. Institutional investors, likewise, were suspicious of measures which might move back towards 'old-fashioned' rent controls. This may in part reflect the polarised nature

of the current debate around this topic, but clearly also indicates a real level of anxiety over investment prospects.

Nonetheless, evidence from our October meeting demonstrates that some investors and landlords are effectively operating rent stabilisation on a voluntary basis. Get Living London on the Olympic Park offers up to three-year tenancies as standard and indexes rents within tenancies to CPI, providing tenant-only break clauses after six months. Their offer therefore is very similar to the first scenario we modelled. Professor Christine Whitehead also points out that many amateur landlords don't increase rents within tenancies and want tenants to stay: the way they operate "looks exactly like the rent stabilisation system."⁵²

All this suggests that, in general, a longer-term evolution in renting and letting culture is already underway, but it can only be properly established over time. Elsewhere in Europe, where much longer tenancies and a range of price controls are the norm, the market environment has evolved in tandem with a much different renting and letting culture. As we heard from the Association of Residential Letting Agents and others, in Germany, for example, most people have to make a large investment in the property through fitting bathrooms and kitchens themselves. Many Germans consider their rented property to be their permanent home. Others point out that the lettings industry there is primarily professional, house prices far lower and mortgages much less common. None of this, however, negates the value of highlighting the simple fact that many London landlords voluntarily and successfully apply elements of light-touch stabilisation themselves. This recognition, in conjunction with underscoring how demand for London's PRS homes is changing, is a start in developing a modern, professional rental and lettings culture which fits the new reality of private renting in London.

⁵² Professor Christine Whitehead, Evidence to the London Assembly Housing Committee, 1 Sept 2015, p35

Part 4: So What Should We Do?

This report seeks to offer the new Mayor constructive guidelines on how to approach the challenges and opportunities provided by London's PRS. It recognises that, in the context of a housing supply crisis, there is no silver bullet which can deliver change overnight to resolve the tensions which exist. London needs both a change of culture, and a more mature debate around the nature of the private rented market and appropriate solutions to the challenges it offers. An incoming Mayor, seeking to expand and support the PRS, while offering tenants a fair deal, should take steps to promote this debate, encourage the professionalisation and modernisation of the sector, support build to let investment, and invite landlords and tenants' groups across the market to recognise the need to rethink how it operates, contributing constructively to the development of a renting culture more suitable for 21st century London.

This report also seeks to highlight that in not intervening in London's overheated PRS market, we are effectively choosing to sideline the legitimate needs of a growing number of families and vulnerable Londoners for whom it is not a good fit. Their need is for greater stability and security than our PRS currently offers. The Mayor's London Rental Standard is a start in professionalising what is currently a primarily amateur sector, but it doesn't go far enough, and has received limited uptake – pre-existing accreditation schemes account for most of its members. Indeed, the failure of voluntary regulation through the London Rental Standard, despite a £250,000 marketing budget being made available by the Greater London Authority, highlights the need for better statutory regulation. Our evidence indicates that, given the explosion of growth in the PRS and its changing tenant profile, there are strong arguments in favour of intervening, at least in support of the groups such as families who are most at risk in the prevailing market conditions. London's children are a vital part of its future and one quarter of them are in the PRS. Traditional short-term tenancies may well work for mobile young adults, but is it really the right offer to make to families with school-age children?

Moreover, light-touch stabilisation measures, such as longer tenancies and indexation within tenancies, do not appear likely to have significant detrimental effects on supply. In fact not only do several institutional landlords already actively promote a very similar offer to their tenants, but, contrary to accepted belief, many smaller professional and amateur landlords, appear in practice to be happy to offer similar conditions to

some of their tenants on a voluntary basis. Landlords who offer such conditions point out that they benefit themselves from fewer void periods (when the property is not let) and from tenants who take an active interest in the proper upkeep and maintenance of the property, because it is their settled home.

Notwithstanding this, landlords and investors alike are nervous about the imposition of any regulations. It is argued that sudden changes which have the effect of decoupling rents from the market could trigger substantial disinvestment and precipitate a collapse in the market, which would not be beneficial to most private renters. It is important, therefore, to remain respectful of the market mechanism in introducing any new measures. Indexation within tenancies, but reverting to the market between them, offers a way to create a window of rental price predictability over the duration of a tenancy, without departing permanently from the market price signals indicative of demand and supply fundamentals.

In support of the necessary change of culture, **a majority** of the Committee considers that an incoming Mayor should:

Recommendation 1

Lobby government for a delegated power to introduce appropriate rent stabilisation measures in London. The Mayor should then pilot a London-wide stabilisation regime, based on a default three-year tenancy, set initially at market rent but with annual rent reviews limited to the increase in the consumer price index. At the end of the three years, the rental price would revert to the market level. If the pilot is successful, the Mayor should then consider whether the default tenancy period could be five years.

A majority of the Committee further considers that an incoming Mayor should:

Recommendation 2

Set up a London-wide register of landlords. Such a register would help the boroughs enforce existing legislation but would also inform market analyses by all those involved with London's PRS, including developers and investors, the boroughs and tenants. The Committee wholeheartedly supports Dame Angela Watkinson MP's Private Members' Bill (Local Government Finance (Tenure Information) Bill 2015) currently in Parliament (as do many London MPs, including the Mayor), seeking to secure a mechanism for gathering landlord contact details. However, we fear that the Bill may not progress beyond its current stage in Parliament, in which case separate action needs to be taken.

Recommendation 3

Review and report on the potential to scale new ways of injecting transparency into the private rental market, connecting tenants and landlords.

In support of the new build to let sector, a majority of the Committee considers that an incoming Mayor should:

Recommendation 4

Champion new institutional landlords and investors within the sector which already offer longer tenancies and predictable rent rises, especially any which rent to families.

Recommendation 5

Longer term, the new Mayor should lobby government to develop a dedicated planning use class for build to let which would enable new professional landlords to compete for development land on a level playing field, rather than competing with developers for market sale.

In support of London's low-income renters, a majority of the Committee considers that an incoming Mayor should:

Recommendation 6

Lobby the Government to review the freeze imposed on Local Housing Allowance levels in London, to alleviate the acute affordability problems faced by private renters in receipt of housing benefit.

Appendix 1 Minority Report of the GLA Conservatives

The GLA Conservative Members are unable to support this report. We strongly feel that these proposals, which would increase regulation in the private rented sector, would have an unacceptable impact on investment and supply of private rented homes. The evidence received by the Committee during this investigation, including the comments from invited guests at our meetings, indicates that these proposed measures would offer no meaningful benefits on rents, security of tenure or property standards, but would restrict the supply of new homes and the choices available to tenants. In our view the best way to tackle all of these issues is to do everything possible to promote new supply, not to put obstacles in its way.

Appendix 2 Conduct of the Investigation

The investigation comprised:

- a public call for written evidence
- two formal meetings
- independent commissioned research among landlords
- modelling, projecting the impacts of different stabilisation measures on the London rental market
- desk research
- informal discussions.

The shape of the investigation is illustrated in Figure 4 below.

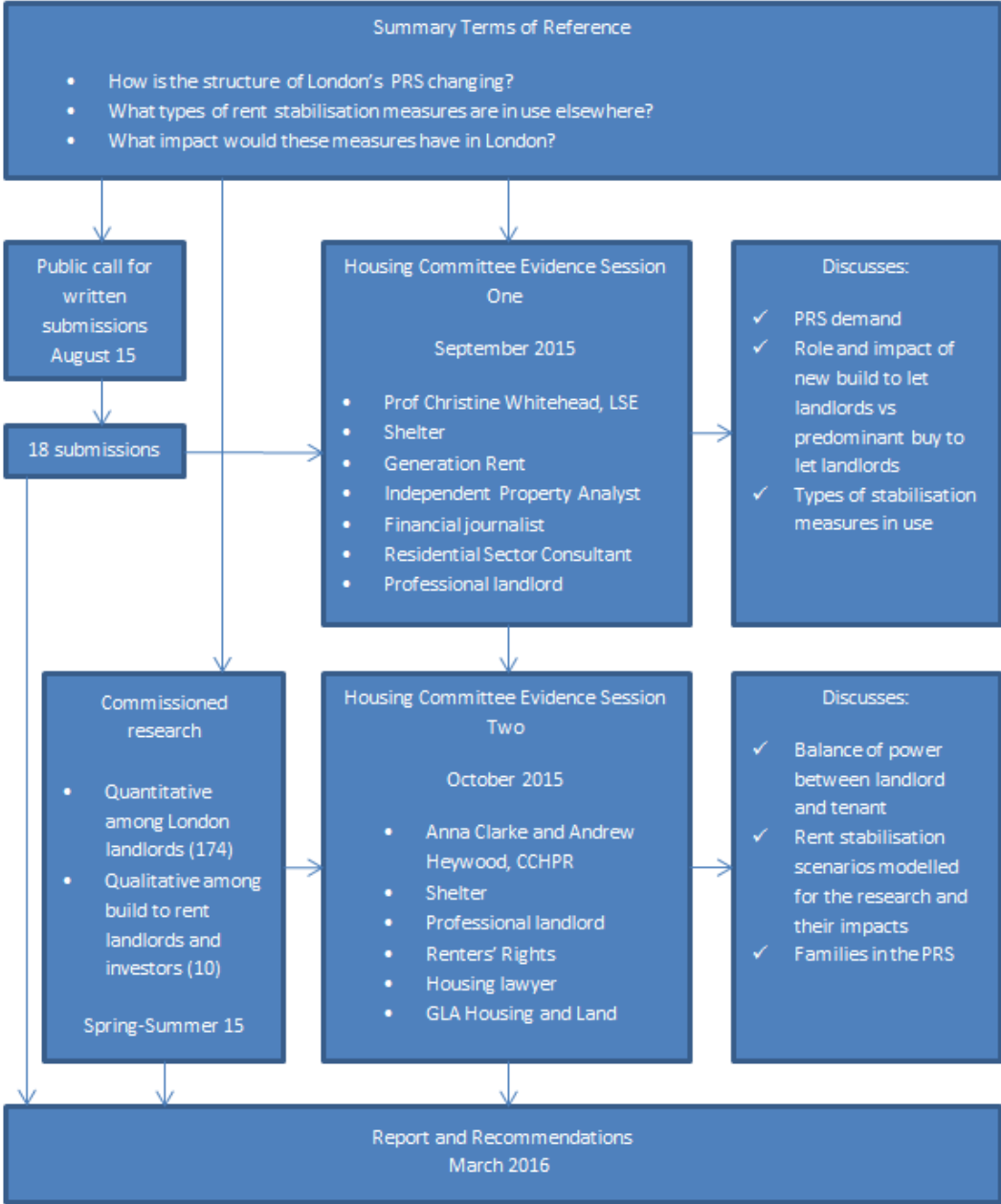
Modelling and commissioned research

The econometric modelling, undertaken for the Committee by the Cambridge Centre for Housing and Planning Research, projected the impact of a range of rent stabilisation scenarios on London's private rented housing supply.

Two additional small pieces of research further probed the effects of these scenarios:

- The first was a piece of quantitative research among London landlords. Because there is no population data, the sample for this could only be self-selecting and was achieved through the distribution of questionnaires via landlord associations and accreditation schemes and letting agents. The sample is therefore not necessarily representative of London landlords as a whole (though there is a range of landlord size and type) and so the outcomes should be taken as indicative rather than numerically representative. Our research, undertaken in July and August 2015, built on the London data from work undertaken on behalf of Shelter earlier in the year. The total number of responses achieved was 174, representing landlords letting all types of property.
- The second involved qualitative research, comprising ten telephone interviews among build to let landlords and investors undertaken in August 2015.

Figure 4 Investigation Structure



Appendix 3 International Rent and Tenure Regulations

The table below summarises the main features of rent and tenure regulations in place in a range of European countries, including England, and two American cities. It demonstrates that England is something of an outlier in terms of three areas: controls on increases within tenancies, tenancy lengths and eviction prevention.

Location	Rents				Lease form	Restriction on evictions	Restriction on sale/disposal to another tenure?
	Rent controls on first letting of property?	Rent controls for new lets?	Exceptions	Increases controlled within tenancy?			
Denmark	✓	✓	Post-1991 construction	✓	Indefinite	Strong	✓ (for multi-unit buildings)
England	✗	✗	Existing pre-1971 tenancies	✗	AST	None at end of term	✗
France	✗	✗	Law may introduce rent caps in some areas	✓	1-3 years	Strong within tenancy	✗
Germany	✗	✗	But must not charge significantly above market (20%+ in some localities)	✓	Indefinite	Strong	✗
Ireland	✗	✗		✗	4 years	None in first 6 months, then strong	✗
Netherlands	✓	✓	Units renting for over €700/month (25% of sector)	✓	Indefinite	Strong	
USA (New York City)	✓	✓	Post-1974 buildings & smaller properties; 'luxury' dwellings (rent >€2500/month)	✓	1 or 2 years with right to renew	Strong	✓
USA (San Francisco)	✗	✗	Post-1979 buildings, single-family homes & condos	✓	1 or 2 years with right to renew		✓

Source: Rent stabilisation: Principles and international experience, Kath Scanlon & Christine Whitehead, LSE London, Sept 2014, p29

Appendix 4 The Rent Stabilisation Scenarios Modelled

The six rent stabilisation scenarios modelled were:

- 1 A new default private rental contract of five years with initial rents set by the market and increases limited to CPI. Shelter's proposal for the Stable Rental Contract as included in A Better Deal⁵³ was used as the model for this scenario.
- 2 A new default indefinite private rental contract with initial rents set by the market and increases limited to CPI or wage growth (whichever is lower) within the tenancy. Civitas's proposal⁵⁴ was used as the model for this scenario.
- 3 A temporary, three year freeze on all private rents (including between tenancies) except for new build properties.
- 4 An indefinite cap on all private rents, set at current market rates and indexed to average earnings or the CPI.
- 5 An indefinite cap on all private rents, set at two-thirds of current market rates and indexed to average earnings or the CPI.
- 6 Limits on rent increases within a tenancy that would take them to above market levels coupled with automatic 29 month extensions to a six month probationary tenancy which could be ended by the landlord only if they needed to sell their property, live in it or if there had been a breach of tenancy.

Further information on the methods, findings and conclusions of this work is detailed in the published report by the Cambridge Centre for Housing and Planning Research: Research on the Effect of Rent Stabilisation Measures in London, CCHPR, Oct 2015.

⁵³ Shelter report: A Better Deal, Robbie de Santos, Sept 2012

⁵⁴ Civitas: The Future of Private Renting, Daniel Bentley, Jan 2015

Orders and translations

How to order

For further information on this report or to order a copy, please contact Lorraine Ford, Scrutiny Manager, on 020 7983 4000 or email: scrutiny@london.gov.uk

See it for free on our website

You can also view a copy of the report on the GLA website:
<http://www.london.gov.uk/assembly/reports>

Large print, braille or translations

If you, or someone you know, needs a copy of this report in large print or braille, or a copy of the summary and main findings in another language, then please call us on: 020 7983 4100 or email: assembly.translations@london.gov.uk.

Chinese

如您需要这份文件的简介的翻译本，
请电话联系或按上面所提供的邮寄地址或
Email 与我们联系。

Vietnamese

Nếu ông (bà) muốn nội dung văn bản này được dịch sang tiếng Việt, xin vui lòng liên hệ với chúng tôi bằng điện thoại, thư hoặc thư điện tử theo địa chỉ ở trên.

Greek

Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί μας στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.

Turkish

Bu belgenin kendi dilinize çevrilmiş bir özetini okumak isterseniz, lütfen yukarıdaki telefon numarasını arayın, veya posta ya da e-posta adresi aracılığıyla bizimle temasa geçin.

Punjabi

ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਸੰਖੇਪ ਅਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਲੈਣਾ ਚਾਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਉਪਰ ਦਿੱਤੇ ਡਾਕ ਜਾਂ ਈਮੇਲ ਪਤੇ 'ਤੇ ਸਾਨੂੰ ਸੰਪਰਕ ਕਰੋ।

Hindi

यदि आपको इस दस्तावेज़ का सारांश अपनी भाषा में चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये गये डाक पते या ई मेल पते पर हम से संपर्क करें।

Bengali

আপনি যদি এই দপিলের একটা সারাংশ নিজের ভাষায় পেতে চান, তাহলে দয়া করে ফো করবেন অথবা উল্লেখিত ডাক ঠিকানায় বা ই-মেইল ঠিকানায় আমাদের সাথে যোগাযোগ করবেন।

Urdu

اگر آپ کو اس دستاویز کا خلاصہ اپنی زبان میں درکار ہو تو، براہ کرم نمبر پر فون کریں یا مذکورہ بالا ڈاک کے پتے یا ای میل پتے پر ہم سے رابطہ کریں۔

Arabic

الحصول على ملخص لهذا المستند بلغة،
فارجاء الاتصال برقم الهاتف أو الاتصال على
العنوان البريدي أو عنوان البريد
الإلكتروني أعلاه.

Gujarati

જો તમારે આ દસ્તાવેજનો સાર તમારી ભાષામાં જોઈતો હોય તો ઉપર આપેલ નંબર પર ફોન કરો અથવા ઉપર આપેલ ટપાલ અથવા ઈ-મેઇલ સરનામા પર અમારો સંપર્ક કરો.

Greater London Authority

City Hall
The Queen's Walk
More London
London SE1 2AA

Enquiries 020 7983 4100
Minicom 020 7983 4458
ISBN 978 1 84781 163 9

www.london.gov.uk

This publication is printed on recycled paper