

MAYOR OF LONDON

Roger Evans AM
City Hall
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Our ref: MGLA170914-7142

Date: 31 OCT 2014

Dear Roger

Thank you for your letter of 11 September about the Assembly's recent motions. I apologise for the delay in responding to you. Many of the recommendations you make in your letter are not within the powers of the Mayor to implement, but nevertheless I have already put in place a range of measures to address some of the concerns you raise and identify those below.

The challenges posed by the private rented sector are something that I take very seriously. In the last two years I have set out an ambitious programme for improving the private rented sector, including building 5,000 new private rented homes per year, working with local authorities to clamp down on criminal landlords and launching the London Rental Standard (LRS). The Standard is the first time that any Mayor has extended his influence into the private rented sector by setting out detailed recommendations for landlords and agents, and working with the industry to increase professionalism. In addition, this year I have also launched the first tenancy deposit loans scheme at the Greater London Authority to help our staff with the costs of renting, which I am now encouraging employers across London to adopt.

Main recommendations

My responses to the three main recommendations in your letter are as follows:

- On the Housing Health & Safety Rating system (HHSRS) - I agree that local authorities should undertake HHSRS assessments of private rented properties in their area and support the Assembly in calling for boroughs to take any action necessary against landlords who are guilty of health and safety violations.
- On selective licensing - It is not within my powers to introduce selective licensing schemes for private landlords. The power and responsibility to do this lies with local authorities and it is for them to decide if it would be appropriate in their local circumstances.
- On tenant and landlord awareness - I have worked closely with CLG to promote their "How to rent" document which aims to educate tenants, landlords and agents about their rights and responsibilities, as well as the recently published Private Rented Sector (PRS) code of practice, which the government may consider making statutory given wider work on LRS. I do not think there would be any advantage to Londoners, were the GLA to duplicate that work.

MAYOR OF LONDON

Your letter also asked me to set out my response to the Generation Rent Renters' Manifesto, which I do below.

Response to the Generation Rent Private Renters' Manifesto:

I welcome the broad thrust of Generation Rent's Private Renters' Manifesto, which makes a valuable contribution to the debate on the future of the sector. My officers have met with Generation Rent to discuss the manifesto and I am happy to explore it further in the future. My response to the measures identified in your letter is as follows:

- Longer notice periods for tenants - I support the concept of longer notice periods for those who have lived in a rental property for many years, especially for households with school-age children. This is in my Housing Strategy. However, this would need to be carefully explored with the Council of Mortgage Lenders and others to ensure that it did not impact on a landlord's right to gain vacant possession of their property within a reasonable timeframe. This should be fair and proportionate.
- A ban on letting agent fees for tenants - I am very much in support of those institutional providers who do not charge letting agent fees, such as Get Living London and Fizzy Living. They are bringing welcome competition to the market and I encourage other providers to do the same. I lobbied for and helped to secure two new pieces of legislation on letting agents: firstly the ruling that agents must be transparent on fees, which should be published and made available to tenants. Secondly the requirement for all letting agents to be members of an independent consumer redress scheme, which has always been a requirement of the LRS. I believe that these two measures will help to prevent the charging of exorbitant fees. I also believe we should let them bed in and have a chance to be successful before implementing any further heavy-handed regulation of the sector.
- Closing loopholes on tenancy deposit schemes - I do not support Generation Rent's criticisms of tenancy deposit protection schemes, which I believe to be unfounded. Tenancy deposit protection and the free arbitration service has been well utilised and is a great boon for both tenants and landlords. The tenancy deposit loans policy which I am working on with Shelter will be a much more appropriate way to ensure tenants can access a new deposit before their existing one has been released.
- Increasing the Rent-a-Room tax allowance - I support an increase of the Rent-a-Room tax break scheme to help incentivise people to take in lodgers in London, and to make the best use of privately-owned homes.
- Scaling up the Community Land Trust (CLT) model - I support new approaches to increase housing supply, and am keen to use my landholdings to test how new methods of ownership and construction can boost supply in cost effective ways. The establishment of the UK's first urban CLT on GLA-owned land at the St Clements hospital site in Bow is one example of how I am supporting communities in providing new homes for groups not well served by the market. I would like to see more such proposals come forward.

Further to this of course, a number of other recommendations in the Renters' Manifesto are actually already GLA policies, such as my Housing Zones programme, and the London Housing Bank.

MAYOR OF LONDON

Other Assembly proposals

Your letter sets out the Assembly's view on a number of other issues in the private rented sector to which I should respond.

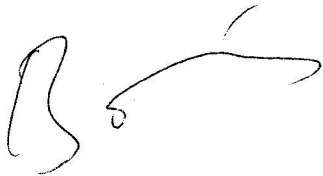
- The LRS does little to control the worst abuses by bad landlords – There is existing law aimed at the “worst” London landlords. The majority of landlords and agents in London want to, and do, offer a good service to their tenants. The LRS has been designed to help those landlords and agents increase their knowledge and professionalism in order to improve management and customer service to tenants. Tackling criminal landlords remains the responsibility of London boroughs, and I am working closely with the boroughs to help improve their ability to undertake PRS enforcement work. I am organising an information-sharing event for London boroughs on rogue landlord enforcement, jointly hosted by London Councils, so that local authorities can learn lessons from each other about the most effective means of tackling criminal landlords and agents. I have also been a strong supporter of the Private Members’ Bill drafted by Shelter which has now been adopted by the Government, following representation by the GLA. The Bill will protect tenants from revenge evictions where they have made a legitimate complaint about poor conditions.
- The introduction of long-term three-year tenancies – I strongly encourage private landlords to offer long term tenancies. I am very supportive of the emerging institutional providers in London who are offering tenants a choice of a longer tenancy. Again, this will introduce further competition into the market and help to encourage other landlords. I also worked closely with DCLG on their model tenancy agreement, which is designed to make it easier for individual private landlords to offer their tenant a longer tenancy. I have also called on buy-to-let lenders to remove restrictions in mortgage covenants that prevent landlords from offering longer contracts to tenants. Many of the major lenders have now removed these clauses.
- Predictable rents based on average market rents or inflation, which can only be reviewed per year – I have encouraged providers to introduce stable rent increases, which are beneficial for tenants as they offer certainty and I am very pleased that many large institutional providers have now adopted this approach. However, introducing any kind of mandatory rent control or stabilising measure would be entirely wrong. The evidence shows that introducing rent controls would likely choke off investment in the sector at exactly the time when more and more Londoners are relying on private rented housing. In addition, where it has been done, there is evidence that introducing rent controls can actually increase rents.
- Reform of local housing allowance – I do not agree that there is a strong case for setting LHA levels on a much more local basis, as there are high value areas across much of London that could result in inappropriately high rents being allowable in some areas. Such a move could also undermine the intention of the Broad Rental Market Areas which is to bring down overall rents in a wider area to a more appropriate and affordable level.

Finally, I support the Assembly's desire to raise awareness of dementia, including amongst GLA staff. I understand from the Head of Paid Service, Jeff Jacobs, that training has indeed been offered and provided to GLA staff earlier this year and that the session was well attended. He is considering what further might be done following the Assembly's Motion and will be replying directly to your separate letter to him.

MAYOR OF LONDON

Thank you again for your letter and I hope that you find this a useful summary of the work I am doing to improve life for London's private renters.

Yours ever,

A handwritten signature in black ink, appearing to be 'Boris Johnson', with a large, stylized initial 'B' and a long, sweeping horizontal stroke extending to the right.

Boris Johnson
Mayor of London