



GENERATION RENT
The national voice of private renters

January
2018



Rented London:

How local authorities can improve the capital's private rented sector



As Londoners go to the polls in May, housing will continue to be at the top of their minds. More than two million Londoners now rent from a private landlord, and a third of PRS households pay more than half of their income on rent. While renting remains so inadequate, increasing numbers of people in their thirties are fleeing the capital in order to buy a home¹.

While City Hall holds many of the powers needed to change things – and still more reside at Westminster – London’s Boroughs have several opportunities to make life better for their private tenants.

1. Savills research, featured here: <https://www.ft.com/content/f3e54a3e-6e3c-11e7-b9c7-15af748b60d0>

I. Private rented sector property licensing

Licensing is a vital tool in providing local authorities with oversight and understanding of their private rented sector, in a way that is impossible without a scheme. Licensing of certain Houses of Multiple Occupation (HMOs) is already mandatory, and there are proposals at national level to extend this obligation.

But licensing is most effective when it applies on a borough-wide basis. Ensuring that every private rented property, wherever it is located, is licensed, provides a comprehensive picture of stock in the area, allowing enforcement to be targeted and strategic, rather than reactive. It also prevents rogue landlords from exploiting areas that aren't covered, and provides consistency and fairness for all landlords in a borough.

Local authorities therefore should be committing to implementing additional licensing to cover smaller HMOs, as well as selective licensing for other PRS properties. Councils may now feel this is more difficult to achieve on a borough-wide basis but should be considering what is necessary for their private rented sector and be making the strongest possible representations to get approval from central government, enlisting support from the Mayor of London and local and national renter groups.



CASE STUDY

London Borough of Newham

Since the start of 2013, the London Borough of Newham has run a borough-wide selective licensing scheme, covering every privately rented property in the borough. At the end of 2017, government renewed the scheme for five years, covering all PRS homes except the build-to-rent East Village development in Stratford.

Statistics show how successful borough-wide licensing has been in the borough. There have been 1,225 prosecutions of criminal landlords since the scheme began, with 28 banned outright. Over £3 million of Council Tax has been recovered since the scheme's introduction and the council has recovered £380,000 of housing benefit paid to 61 unlicensed landlords.

Newham were also the first local authority to use the new civil penalties introduced in April 2017 through the Housing and Planning Act and have issued 78 to date.

We know that since approval powers for large licensing schemes reverted to central government, some local authorities are concerned about taking forward an application for borough-wide licensing. In fact, as Newham's example shows, and as London's private renter population continues to grow, such schemes are more needed than ever and the case can successfully be made for them.

2. Strategic enforcement against poor conditions and bad management in the private rented sector

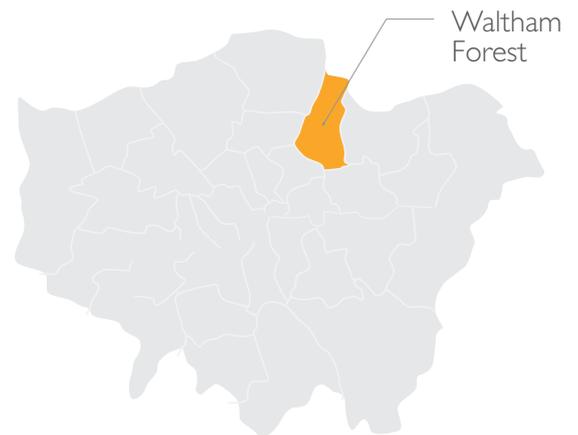
Housing enforcement in the private rented sector varies widely, both in terms of the numbers of inspections and actions taken by environmental health and trading standards, and in the overall approach to improving a local private rented sector.

This is creating a lottery for London's renters, and while to a degree it reflects local conditions at borough level, it also suggests a lack of overall engagement with what is possible.

New powers arising from the Housing and Planning Act, providing civil penalties where certain offences are committed (most effective where licensing is in place), and implementing rent repayment orders for a range of offences, mean that councils can more easily recover money or rent payments, and therefore better fund enforcement.

Coupled with the incoming rogue landlord database at the Greater London Authority, there is a real opportunity to create a strategic approach to enforcement that is self-financing.

This should be aimed at creating a professional and sustainable private rented sector that meets the needs of local residents and has clear targets and outcomes across a four-year administration. The more established powers to ensure letting agents are displaying their fees transparently and are members of a redress scheme, should also be taken up proactively by trading standards department to improve behaviour in the lettings industry, and help to fund further enforcement.



CASE STUDY

London Borough of Waltham Forest

As the new powers came into force in April 2017, Waltham Forest council were quick to welcome them as necessary tools to deal with poor management and conditions in the PRS, and adopted them at cabinet level.

This also recognised that the use of civil penalties provided a new opportunity and approach for private rented enforcement, and therefore needed focus at both officer and elected member level to take forward their use in the most effective way.

The case raises the fact that councils need strategic focus and support at a political level to improve the private rented sector, and this should be evident across London in party manifestos.

3. Communicating effectively with private renters

Private renters commonly feel isolated when they have a problem with their tenancy, and often lack any knowledge of enforcement bodies that can support them when they want to challenge their landlord or agent.

Generation Rent regularly hears from renters that they feel council websites aren't fit for purpose when they are looking for help, and it's not clear enough who has responsibility for different kinds of problems that they face with their property or tenancy.

A light-touch way that councils can reach out to renters is to ensure that they have a website that is easy for renters to navigate, and provides them with a comprehensible understanding of their basic rights, who at local authority level they should speak to with a problem, and what to expect. This can include information about external agencies that support renters.

Councils should also consider new ways to communicate with renters and visible ways to provide information. Provisions to share tenancy deposit data with local authorities provides an opportunity to communicate with privately rented households and empower them to seek support when it is needed. Councils should be requesting this data as a matter of course, to support moves to improve their local private rented sector.



CASE STUDY

London Borough of Tower Hamlets

In 2017, Tower Hamlets launched its Private Renters' Charter. The Charter was produced in partnership with advice agencies in the borough and after consultation with a large range of stakeholders working in the private rented sector. The charter sets out on one page what basic rights are to be expected as a renter, and is accompanied with a large online portal providing greater detail on specific issues and links to support agencies.

The charter is now being used to reach out to the diverse private renter population in the borough, through public meetings in community spaces and use by local organisations. The web portal is much more comprehensive than other councils' sites on the private rented sector and has been peer-reviewed.

Most importantly, the charter shows how councils can use their publicity arms, convening powers, and oversight of an area to proactively support renters on a basic level, which ensures those residents feel supported and understood at the local level.

4. Supporting national reform in the private rented sector – starting with fitness for human habitation

Much of the reform that is needed in the private rented sector – whether that is greater security of tenure or action on affordability – needs national legislation. London councils, who see many of the worst effects of the housing crisis, should be pushing government to go further on private rented reform.

One immediate opportunity is through the Homes (Fitness for Human Habitation and Liability for Housing Standards) Bill 2017-2019. This private member's bill, presented by Karen Buck, MP for Westminster North, with cross-party support, which seeks to provide tenants with a means of redress currently unavailable to them.

The bill will allow tenants to take action against their landlord through the courts, where a property was not kept in good condition, where common areas are not maintained or where building works are unsafe. The bill has its second reading in January 2018 and councils should be supporting it, encouraging local MPs to attend and providing evidence of problems faced by tenants.



CASE STUDY

London Borough of Hackney

Hackney have been more vocal than other boroughs in engaging with national policy, most recently over the proposed ban on letting fees for tenants. This has included a public response when the relevant draft bill was published, outreach to renters' groups but also an exciting move to get a voluntary end to fees in the borough ahead of the legal ban.

This active approach shows local authorities can publicly lobby to change the private rented sector where power lies with government, and can highlight how issues are affecting residents locally.

London has a larger than average private rented sector, and boroughs are in a strong position to make the case for national policy change, by highlighting issues on the ground and making government aware of how an unregulated private rented sector is manifested in different areas.

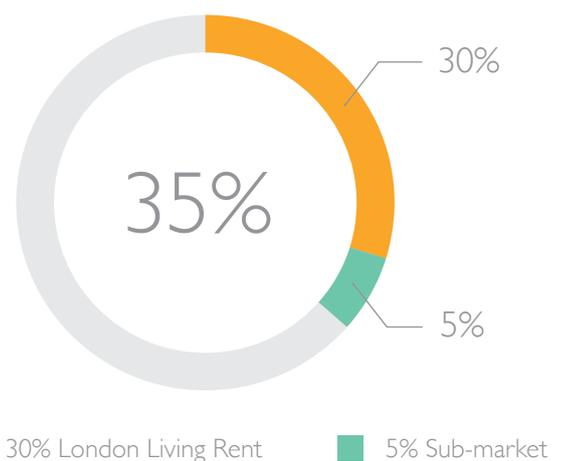
5. Ensuring new supply of build-to-rent meets the needs of the renter population

A huge amount of focus for local authorities in London must be on providing the homes that the city so desperately needs. Within this context, there is a push to drastically increase the numbers of privately rented homes built through what is known as 'Build-to-rent', providing professional management and longer tenancies for renters at the same time.

However, this must not be done at any cost. To date, build-to-rent developments in London have provided homes at premium rents, unaffordable to the vast majority of London's renters and with no restriction on how much rents can go up.

With the London Mayor's proposals for planning laws that fast-track build-to-rent developments where there is at 35% affordable (30% London Living Rent, and 5% sub-market), the sector should now have a policy environment that can start to seriously deliver affordable homes.

Councils must be vigilant in ensuring new privately rented homes are genuinely affordable for Londoners and that they genuinely provide long-term tenancies that renters can still exit if needed. They should also be considering whether this supply is providing the housing typologies, including family housing, that is needed to support the diversity of London's renter population.



CASE STUDY

London Borough of Barking and Dagenham

Barking and Dagenham's wholly-owned Reside company has been developing private rented homes at 80% of market rent, with five-year tenancies, with a mix of housing typologies including three and four-bedroom houses alongside the smaller flats that are common in the sector.

Funding to build comes from an institutional investor with a long-term view and the local authority has provided the land; after 60 years, ownership of the homes reverts to the council.

This approach shows that a wider range of housing can be provided by build-to-rent than has been typical in the sector, and local authorities can be more involved in ensuring that developments work for the local population.

Generation rent campaigns for professionally managed, secure, decent and affordable private rented homes in sustainable communities.

Join us today and help campaign for a better deal for private renters at [generationrent.org](https://www.generationrent.org)

