

Towards a 21st Century Private Rented Sector - Response from Generation Rent

1. The private rented sector has not been designed to provide a long-term tenure for the majority of the population. When the current system was introduced, the assumption was that most renters would eventually buy a home. The sector's growth has only come about because home ownership has become too expensive and there has not been enough investment in social housing. In endeavouring to provide everyone with a decent, secure home that they can afford, the government should be tenure neutral. However, we note that as more private renters retire with insufficient income to pay their rent, the burden on the government's finances will only grow. The desire to be tenure-neutral may therefore be limited.
2. There have been a number of recent initiatives by the government to help ensure that more landlords and tenants are knowledgeable of their rights, obligations and good practice. However, because there is no central registration or licensing of all landlords, it is impossible to know how many landlords – and their tenants – are falling through the gaps. The nature of the market means that the worst landlords are not being reached effectively, and in turn the most vulnerable tenants are not being reached either.
3. The information flows to landlords and tenants can be improved by having a national system of landlord registration. A benefit of this would be to stamp out tax evasion – as well as targeting information and monitoring standards.
4. We support national registration of landlords, and licensing carried out by local (or combined) authorities.
5. In theory all convictions of landlords are in the public domain, but it took a legal battle between Environmental Health News and the Ministry of Justice before the latter published data on this. Even then, the information was fragmented and incomplete, so there are many convicted landlords whose names we do not know. The government is preparing to start adding landlords convicted of a banning offence to a database, but there is no reason why they cannot publish a live list of convicted landlords on a central website.
6. National registration of landlords could entail the completion of an online form for every property, which listed the rent, the tenant's details, and the various regulatory information that is required. That would make information clear to the tenant and the local authority, and also give central government full information about the entire private rented sector and inform future policy decisions. The technology exists to do this at a low cost, and a streamlined process would benefit landlords.
7. The single best innovation in policing standards that we have seen is from Newham Council, which licensed all of the borough's landlords. The ability of the council to revoke licences for a breach or prosecute landlords for failing to be licensed cuts through a huge bureaucratic burden of taking landlords to court for breaches of the Housing Act. It therefore frees up resources to carry out more inspections and enforce the law against a larger number of landlords. It is popular with good landlords. With two thirds of rented properties without a mortgage, most are easily able to absorb the small cost of the licence.
8. One way of increasing access to justice for tenants would be to give them the ability to sue a landlord for failing to provide a home fit for human habitation. Currently tenants rely on under-resourced local authorities to take on their landlord. Even after an inspection that

finds fault, the authority is sometimes unable to legally compel the landlord to fix something. With an ability to bring a civil lawsuit, a tenant without access to legal aid could access no win no fee lawyers.

9. As stated above, we support giving tenants the ability to sue their landlord for failing to provide a home fit for human habitation, in situations where the council cannot compel a landlord to act. We would support greater standardisation of tenancy agreements, particularly where this improved tenants' security of tenure – though we believe that much stronger protections are required to ensure tenants have certainty over their home.
10. We are open-minded about co-regulation. As long as the accreditation body's processes were robust, all information about an area's landlords was kept in one place, and tenants had a clear redress process, we could support this.
11. There is a major problem of affordability in the private rented sector. Young workers, often recent arrivals to a city, are increasingly compromising on space in order to keep a roof over their head. But this does not offer them a long-term home, and for families in expensive areas, it is becoming harder to afford the rent for a suitable home. Moving to cheaper areas is not an option if one's work and/or social ties are fixed in an expensive area. The only long term solution to this is building more homes in order to meet demand. However, until these homes are built, millions of people are stuck paying increasing rents, unable to access home ownership or social housing, so they need private rented homes that they know they can stay in and will be able to afford for years into the future. Limits on rent increases are essential, but we must also devise a system where rents can be lowered while also supporting investment in new homes. For example, landlords may pay a fee in order to be able to charge market rents above a local cap. In addition, there are other systems that limit overall rent levels and that should be explored in greater detail by central government. This would provide an immediate answer to issues of affordability, whereas other solutions are much longer-term, and has been shown to be compatible with large and functioning PRS markets in other countries.
12. Better use of existing stock can help only marginally. Homes being left empty, for example if their owner is merely speculating on their values, should be taxed more heavily, both to encourage occupation and to raise a larger budget for building. But in London there are only 22,000 homes left empty for more than 6 months. Authorities should be more vigilant about the letting of properties through AirBnB and similar sites on expensive short term lets, in breach of planning rules and restricting the supply of homes to the private rented sector.
13. A private tenant has no idea where they will call home in a year's time. Even if their landlord has told them that they are welcome to live in their home long-term, it is still possible for the landlord to serve a section 21 eviction notice or raise the rent to an unaffordable level once the fixed term contract expires. A minority of landlords do this (one quarter of renters report having experienced an unwanted move) but the feeling of insecurity affects all tenants because it is impossible to know if your landlord will be one of that minority until you get that gut-wrenching letter. Flexibility is an important element of the sector, but it is not incompatible with adequate protection for the customer. If the private rented sector's primary purpose is to serve its customers rather than its providers, then it should be harder for landlords to cash in their bricks.
14. We advocate a system of indefinite tenancies, where it is assumed that the tenant will want to stay – though they get flexibility if they have to move. There are no fixed terms and no

renewal. This is similar to the system recently enacted in Scotland but if the landlord has a genuine reason to take possession of the property, they should have to prove this and compensate the tenant for an unwanted move. To prevent landlords forcing out tenants with an unaffordable rent hike, rent rises should be limited to inflation. Section 8 would still exist where tenants have broken the terms of the tenancy. This is common practice for most landlords, who simply want a long term income stream, so there would be minimal disruption. If there is support for 3- or 5-year tenancies on similar terms, we would welcome this as well.

15. There are several changes we would like to see in the buy-to-let market: landlords should be free to offer longer tenancies; banks should be supported to appoint a receiver of rent instead of repossessing homes with sitting tenants; banks should scrutinise their lending and restrict it where landlords speculate on prices instead of letting out a home long-term.
16. We would support greater build-to-rent investment if there were some minimum standards around security of tenure and provision for families that all such developers would sign up to.
17. In order to promote investment, it should be easier for members of the public to invest their savings in housebuilding projects. One way could be a variation on Pensioner Bonds, where the money is invested in social housing. This would divert money away from buying existing properties and into building new properties.
18. We think that deposit protection schemes should be reformed to allow tenants to earn interest on what is their money. Having an “account” with a deposit scheme could also allow their deposit money to be transferred from tenancy to tenancy, and encourage more saving. Similarly, letting fees are a drain on renters’ savings and should be charged to the landlord – who has much greater power in the letting agent market and could thus put downward pressure on fees where overcharging exists. We would support efforts to connect rent payments to an individual renter’s credit score.
19. If we could make only two recommendations, they would be to invest in building homes for social rent – particularly as the vote to leave the EU might slow down activity in the private house building industry. And we would want to see indefinite tenancies with limits on rent increases and protections for good tenants who were forced to move out.
20. We see significant consensus over the desperate need to expand the supply of homes for social rent, and greater ambition from the government on this. There is also consensus around naming and shaming convicted landlords.

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