

Report to: Housing and Homelessness PAC

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Subject: H&F Private Rented Sector Policy

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Appendices: Draft Private Rented Sector Policy

SUMMARY

This report presents a draft H&F Private Rented Sector (PRS) Policy for the Housing and Homelessness Policy and Accountability Committee's (PAC) consideration. The Policy (Appendix 1) sets out a vision for supporting residents to access affordable, secure, and high-quality PRS homes, and to help make standards among the best in London. Our policy brings a refreshed and renewed focus to how we will tackle poorly performing parts of the PRS market, setting a clear course of action for the future. This follows a recent wide-ranging public consultation, which included four focus groups and face to face interviews, to complement an online survey which ran for 8 weeks, all of which captured views from 270 participants. Officers are currently working to assess key implications arising from the consultation, to inform revisions to the policy. The amended policy will be submitted to Cabinet for consideration in Autumn 2024.

RECOMMENDATION

1. That the Housing and Homelessness PAC provide feedback on the draft Private Rented Sector Policy.
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Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Corporate Plan and the H&F Values
Building shared prosperity	The policy intends to deliver improved private housing standards for all residents.
Creating a compassionate and inclusive council	The policy sets out a range of measures to support residents in accessing good quality housing, and commits to help tackle discrimination in the sector, and listen to the needs of residents and landlords.
Doing things with residents, not to them	The policy commits to a programme of both landlord and resident engagement, and these groups have been engaged actively through the development of the policy.
Being ruthlessly financially efficient	The policy primarily identifies targeted support to renters that can be delivered within existing resources. Any additional expenditure in delivery will need to be agreed through the council's normal budget setting process.
Taking pride in H&F	The policy sets out the importance of high-quality private rented housing in our borough to our residents.
Rising to the challenge of the climate and ecological emergency	The policy speaks directly to the importance of the PRS in helping to deliver a net zero future and the need for central government to improve national energy efficiency standards.

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

The rise of the PRS

1. The PRS fulfils an important role in H&F providing many residents and families with housing that they want and need. Affordable, accessible, secure, and high-quality private rented housing is essential to ensure that the borough remains a place where people want to live, work, and thrive.
2. The PRS in H&F has grown significantly in the last two decades and now accounts for approximately 30,000 properties. It is now the largest single tenure, accounting for ~37% of homes in H&F and representing one of the highest densities of PRS properties in the country.
3. Since the 1980s, the UK has experienced a shift in tenure composition due to the associated effects of: the introduction of Assured Shorthold Tenancies in 1988 and the end of Protected Tenancies; the introduction of Right to Buy in 1980 and

associated under-investment by central government in new affordable housing; growth in buy-to-let mortgages during a period of low interest rates; and the significant growth in house prices which has made purchasing unaffordable for many people in London.

4. These influences, among others, have contributed to a prolonged contraction in the number of socially rented homes, a reduction in home ownership, with concurrent expansion of the PRS. Growth in the PRS, however, appears to be levelling off with the 2016 introduction of a further stamp duty surcharge on new purchases, an increased tax burden, and high interest rates.¹

Issues for the PRS

5. The English Housing Survey has modelled data which suggests that 19% of H&F's homes in the PRS may fall short of the Decent Homes Standard, the minimum legal threshold that must be met by socially rented properties. PRS homes are more likely to fall short when compared to social rented and privately owned homes, 14.5% of which are likely to be falling short on standards.
6. There are likely therefore to be many PRS homes in poor condition. Through our online survey, we found that nearly 40% of private renters were dissatisfied with the quality of their accommodation to some degree. The key issues highlighted by those renters' included leaks, damp and mould, problems with window and/or door fixtures, cosmetic repairs, and poor heating.
7. H&F has many exemplary landlords and letting agencies that provide an important, professional, and dependable service. They are hugely valued, and we want to retain them. Through our online survey, around 50% of private renters confirmed that they were satisfied with their landlord, whilst around 20% said they were neither satisfied nor dissatisfied. Unfortunately, there are minority instances of poorly performing landlords who do not fulfil their obligations and fail to keep their properties in a safe and decent condition. Around 30% of the private renters who completed our online survey confirmed a level of dissatisfaction with their landlord's performance.
8. The high costs of renting is also a concern for residents, and this pressure has intensified recently with rising rents. Through our online survey, around three quarters of private renters told us that high rents were of concern. Figures indicate rental growth on inner London newly let properties peaked at 17% in 2023,² with the median monthly rent for a two-bedroom flat in H&F being £2,146 in 2023 – the 6th highest in London.³ The challenge of affordability has been further exacerbated by the freezing of Local Housing Allowance (LHA) from March 2020 to April 2024.
9. London wide data shows that nearly half of PRS homes (46%) had Energy Performance Certificate (EPC) ratings of "D", which could equate to as many as 14,000 homes in H&F. In autumn 2023, the then government scrapped plans to

¹ Lloyd, T., Grayston, R., and Hudson, N. (2023). *Reboot: building a housing market that works for all*.

² Hamptons (2024). [Rental index data](#).

³ Office for National Statistics, released 14 December 2022. [Private rental market summary statistics in England: October 2021 to September 2022](#).

introduce a national standard which would require all PRS homes to hold an EPC C rating (or above) by 2028. This is a concern, given the vital contribution of homes to targeting net zero by 2030, the savings that higher energy efficiency gives to residents in their energy bills, and the health benefits to renters when their homes are more resilient to issues such as damp and mould.

The role of national government

10. Central Government holds the largest influence over quality, security, and affordability in the PRS. Accordingly, the H&F policy seeks to target resources in areas where we can have the greatest impact through existing resources. The Department for Levelling Up, Housing & Communities (DLUHC) plays a key role in regulating the private rental sector. While local authorities are responsible for enforcing legal obligations, the department sets the overall policy framework. Independent research often highlights that the PRS is poorly regulated at a national level, especially when compared to social tenures.
11. The recent development of the Renters Reform Bill has helped to illuminate national challenges in the PRS and propose ways forward. The abolition of Section 21 'no fault' evictions was a key commitment in the Bill that would have made a significant difference in protecting renters from eviction. Disappointingly, this was dropped from the Bill before the announcement of the General Election. The then government suggested that Section 21 notices could not yet be abolished until there has been an examination of whether the courts can handle the increased capacity. The Policy at Appendix 1 sets out under theme five the areas H&F would support in the Bill, and weaknesses or gaps that need to be addressed at a national level.

The role of the Council

12. For several years, H&F has been delivering a comprehensive set of measures designed to improve the experience of private renting in our borough, by driving up standards through effective regulation and enforcement. At the heart of this long-standing approach has been our mandatory and selective PRS Licensing schemes which cover 20% of our borough and require landlords to register their properties and offer a decent standard of housing.
13. The Council's Private Sector Housing Team takes a multi-disciplinary approach to improving the PRS, working across Trading Standards, Environmental Health, and Housing and Homelessness services to deliver a range of statutory duties and discretionary work. Their work includes inspecting private homes using the Housing Health & Safety Rating System, managing our licensing schemes, supporting and encouraging good landlord practices and identifying non-compliant landlords. The team also inspects high risk buildings (over 18 metres in height) and has responsibilities to deal with minimum energy efficiency standards, empty properties, and other public health related functions.
14. The Council has various powers and responsibilities to support private renters. This includes a duty (Part 1 of the Housing Act 2004) to keep housing conditions under review and identify action needed. The same act has enabled the Council to adopt mandatory licensing of Houses in Multiple Occupation (HMO) and

selective licensing to help improve standards and conditions. The Council also delivers a duty to certain homeless households with temporary accommodation needs. New penalty powers have been afforded through the Levelling Up and Regeneration Act 2023 to charge a 100% council tax penalty where properties are left empty for 12 months. The Council will need to keep under review the implications of the Renters Reform Bill and respond to any new legal duties arising accordingly.

THE DRAFT POLICY

15. Appendix 1 sets out the draft policy which has been consulted on. Our policy brings a refreshed and renewed focus to how we will tackle poorly performing parts of the PRS market, setting a clear course of action for the future. The policy supports delivery of the Council's ambition within the [H&F corporate Plan 2023-2026](#) to, "continue to work with residents to provide more affordable, accessible, safe, and sustainable housing... ensuring we have the right mix of affordable housing options that are accessible and of a high standard."
16. The policy should be read in conjunction with our Housing Strategy and Older and Disabled Peoples Housing Strategies⁴, which provides the overarching framework for delivering our housing services and improving the local housing market. The draft consultation policy has five strategic priorities. They are:
 - Theme 1: Working together with residents and landlords
 - Theme 2: Improving private rented quality, safety and energy efficiency
 - Theme 3: Delivering comprehensive enforcement action
 - Theme 4: A fairer, more inclusive, and accessible private rented sector
 - Theme 5: Shaping the national conversation.
17. The policy sets out a series of commitments under the five strategic themes focusing on a range of approaches, including, but not limited to:
 - Improved engagement between the council, landlords and private renters, led by the establishment of a new landlords forum
 - Robust enforcement action through our licensing schemes, and exploring the case for expanding the schemes
 - Continued promotion of London's Landlord Accreditation, National residential Landlord Association membership, the Property Ombudsman scheme, and our own Landlord charter
 - Ensuring developers commit to building more energy efficient homes
 - Robust enforcement against substandard landlords
 - Bringing empty properties back into use
 - Supporting Disabled residents with grants to adapt their homes
 - Tackling discrimination, and supporting those most at risk of homelessness
 - Engaging in national conversations, as we anticipate changes within the PRS - many of which have been outlined in the Renters Reform Bill
 - Challenging HM Government where greater progress could be realised.

⁴ H&F Housing Strategy. Available [on the website](#).

18. The draft policy has been developed by a cross-council working group of officers, drawing on a best practice review commissioned from the New Economics Foundation. The policy has been developed with wide ranging internal consultation, including focus groups with key officers and regular engagements with the Cabinet Member for Housing and Homelessness.

CONSULTATION FINDINGS

19. H&F is a council that believes in doing things with residents, not to them. We value the views and experiences of our residents and know that we can only deliver effective services if we respond directly to what local people need. We have therefore consulted widely on the draft policy across local renters, residents, landlords, letting agents and other stakeholder organisations.

20. The consultation consisted of an online survey, focus groups, and interviews. The online survey received 234 responses and 34 people took part in our focus groups.

21. Key findings from the consultation are summarised below.

22. **Overall, the draft policy received a good level of support from renters:** The majority (82%) of private renters agreed or somewhat agreed with the five priority themes in our draft policy, whilst only 9% disagreed or strongly disagreed. This was lower for landlords, where 42% either agreed or somewhat agreed with the five priority themes. For those who disagreed, this was typically in relation to concerns over the costs of implementing the policy.

23. **Renters and landlords are concerned about the high cost of renting:** Of the private renters who responded to the survey, 73% mentioned that the cost of living and the high price of renting in the borough was a concern, as did 32% of landlords. This issue was equally prevalent during focus groups and interviews. Some renters wanted rents to be capped, or index linked. Respondents often pointed to the issue of increasing housing supply and national reforms to help stabilise rising costs.

24. **Housing supply and availability is a challenge:** Increasing housing supply across all tenures was noted as a primary way of tackling unaffordability and noted as a key challenge for the sector. Through our survey, 45% of landlords expressed concerns about the rate of housing supply, whilst 22% of private renters also reported similar concerns. Focus groups participants similarly highlighted this issue as a concern.

25. **Quality, maintenance and standards are a renter concern:** Half of the private renters who responded to our survey stated that they were satisfied or very satisfied with their current landlord. However, approximately 30% of private renters stated that they were dissatisfied or very dissatisfied with their landlord (20% were neither satisfied nor dissatisfied). Some key issues were:

- Unsatisfactory or slow repairs or replacements
- Poor housing conditions
- Unresponsive or generally unprofessional landlord conduct.

26. Nearly 40% of private renters responding to the survey said they had recently experienced poor quality or standards in respect of a property they have lived at. Key issues brought to light in this regard included:

- Damp, mould and leaks
- Faulty door and window fixtures
- Poor heating
- Flooding issues
- Decoration / cosmetic repairs and maintenance.

27. **Access to information and support should improve:** Some renters supported the commitments in the draft policy to improve understanding of legal rights, as well as requesting a suitable way in which they could safely complaints about their landlords without fear of repercussion. Some said they were unaware of their legal rights with respect to disputes with their landlords. Equally, around half of landlords surveyed highlighted the need for more support to be offered to landlords, for example in cases of disruptive or non-paying private renters.

28. **Landlord business models are being squeezed – raising rents:** Some landlords have reported the financial pressures they are currently experiencing, stating that the impacts of national tax reforms and rising interest rates (impacting mortgage costs) had squeezed their profit margins and resulted in costs being passed to renters through higher rents.

29. **Some landlords felt the policy was too weighted towards private renters:** Some landlords felt the draft policy, and the public discourse more broadly across the sector, could better reflect landlords' views and concerns, suggesting that the focus of the document is sometimes too weighted towards private renters.

NEXT STEPS

30. The Policy is being updated to reflect feedback received, which will inform how and what we do as part of the policy's commitments. It is then intended that the policy will progress to Cabinet for consideration and adoption.

LIST OF APPENDICES

Appendix 1 – Draft Private Rented Sector Policy.

ENDS