

## Headlines from Private Renting Think Tank, 7<sup>th</sup>-8<sup>th</sup> November 2017, Trafford Hall

- 1. Private renting is increasingly used to house homeless families** but many local authorities find it difficult to rely on the private rented sector as under 20% of private landlords are willing to take on this housing group. One of the biggest disincentives to letting to people on the lowest incomes is that **the local housing allowance is set too low**. On the other hand, some local authorities have large contracts involving a thousand or more private landlords, through which the local authority guarantees the rent to the landlord in exchange for an agreement to take nominated homeless families.  
**Crisis** works continuously with the PRS, offering pre-tenancy training to single homeless people and hard-to-house groups. **Shelter** also works with private landlords, offering hand-holding support to people with complex needs in order to help them sustain a tenancy. Both Shelter and Crisis argued strongly for the need for private renting, but also the need for it to be of higher quality and better regulated.  
**Housing First** is one very positive initiatives that helps homeless families and prevents homelessness. The core idea is to offer somebody at risk of homelessness housing, and provide extra, local support to help them sustain their tenancy. Some of the cases of extreme vulnerability, addiction, crime, and health problems are so high that stable housing seems likely to reduce the wider costs to society.
- 2. The barriers to accessing private renting can be high.** Reasons why people find it difficult to access private renting include:
  - Expensive deposits, especially if the previous landlord hasn't handed back all of the previous deposit;
  - Many private landlords resist housing homeless people, or people threatened with homelessness;
  - No fault evictions under Section 21 of the Landlord and Tenant Act can mean that tenants only have two months to find somewhere else and this may not be long enough. Section 21 evictions are a major cause of increasing homelessness;
  - Private renting is affected by wider problems of poverty and inequality. Many people rent privately because they cannot access social housing, and yet cannot afford to buy. Nor can they in practise afford a private rent, particularly in and around London.
- 3. Many people argue for the greater regulation of private renting.** One approach that seems to bring significant benefits is registration of private landlords and their licensing. Registration is now universal in Scotland, Wales and Northern Ireland. The Greater London Authority also supports a national registration scheme. Both Newham and Liverpool have borough wide licensing schemes and in both cases the local authority argues that:
  - This helps squeeze out private landlords;
  - It improves the reputation of private renting;
  - The licensing fees do not seem to be too onerous for landlords to manage;
  - It gives local authorities powers to enforce reasonable standards.
- 4. There are very different housing markets in different parts of the country,** so Newham is crowded and any registration scheme has to be careful not to provoke homelessness; while Liverpool has halved in size and still has many empty properties. Liverpool argues that licensing makes properties more attractive. In parts of Liverpool, private rents may be comparable to, or cheaper than, social rents. Mandatory licensing schemes make a big impact. In the devolved administrations, where licensing is compulsory, private landlords and letting agents are required to train to secure a license.
- 5. Social landlords, whose core purpose is to do good, want to make money while doing good - private renting, intermediate or mid-market renting supports this aim.** This below-market renting model can break even in the long run, but in the short run produces lower returns than other forms of investment. Governments sometimes creates incentives by subsidising it, as in Scotland. London Living Rent is an

example of where social landlords can do good by providing private rental properties at 65% of market rent. This helps lower income working people to get access. Intermediate renting is private renting that is closer to a social purpose, as it can pay its way in the long run and lets on the open market, albeit to people under an income ceiling bar. An analysis of council housing waiting lists show that many who are applying for council housing can afford intermediate market rents if that kind of property is available and offered on secure enough terms.

6. **Housing associations are becoming institutional investors in the PRS.** This means that they can expect a long-term, slow return on investment, which can be very helpful. Intermediate renting is strong in Scotland and is actually subsidised.
7. Social landlords can also help private renting **by buying our private Right to Buy landlords** when housing comes up for sale, and by taking on the management of small private landlords' properties.
8. **Private renting can help diversify tenure in renewal areas.** For example, on the Olympic site in East London, there are some large scale private renting developments, for example Genesis are developing 400 PRS homes there. In low demand areas of the country, private renting helps with the renewal of neighbourhoods and estates by providing a more diverse offer and by taking up properties that can't be sold because the market is too weak. Because institutional private landlords are there for the long term, private renting can renew low demand neighbourhoods, for example abandoned terraces in old industrial towns such as Accrington have been renewed for rental by private investors, along with street and neighbourhood improvements that attract new residents. This Welsh Streets in Liverpool are another example.
9. **Social landlords generally offer more services to private tenants** because they pay more rent and landlords want to retain to reliable tenants. Social landlords generally want to offer tenancies up to five years, with renewable contracts. Social landlords provide more on-site management, and other extra services e.g. in repairs. Over time, social landlords getting involved in private renting should raise standards.
10. **Rents in London have fallen slightly in the last year**, due to reduced demand. There is a possibility that London's population will fall after Brexit and so there will not necessarily always be insatiable demand for private renting.
11. **Government could help the private rented sector** to work better in several ways:
  - Government could create a national rent deposit scheme, as has already happened in Scotland;
  - There could be a national subsidy system for intermediate or mid-market renting, again as exists in Scotland;
  - Social landlords could do more to help vulnerable households. The Local Housing Allowance should reflect the market more closely to make private renting more affordable. Housing Benefit should reflect the true cost of the PRS, which would incentivise private landlords to accept benefit recipients;
  - HMOs should be protected at reasonable standard as they provide a vital housing resource for groups needing ready access to prevent homelessness.
12. **Social landlords can also help:**
  - Social landlords need to reinforce their reputation as caring, dedicated, ethical landlords by providing intermediate rental housing at moderate rents. They can help with this while providing pure market private renting;
  - Social landlords' discounted rents can count as Section 106 contributions;
  - Social landlords can prioritise vulnerable households, who can more easily receive help through social renting. However, where it is not possible to house homeless families through social renting, landlords can charge the lowest possible rent for PRS properties.