



ENGAGING LONDON'S PRIVATE RENTED SECTOR

Report

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Future of London is an independent not-for-profit urban policy network focused on the challenges facing regeneration, housing, infrastructure and economic development practitioners in the capital. We are a borough-led membership organisation with a number of external partners, which provides top career development, expert-led policy research, and topical networking and speaker-led events.

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[Image: Pollard Thomas Edwards]

FOREWORD

The private rented sector (PRS) has grown enormously in London over recent years and now houses more than a quarter of the capital's households. Always a vital first port of call for newcomers to the city and singles, the sector now also provides a home to growing numbers of families, including 600,000 children. As London's population grows, we must foster a PRS that provides safe, secure and quality accommodation for everyone who uses it. That's why a new deal for private renters is one of the key themes of the Mayor's new draft housing strategy and why this new report is so timely and welcome.

Alongside a better deal for existing private tenants, when purpose designed, built and managed by long-term investors, the PRS can also provide a vital new source of well-designed and more secure housing

for our city's renters. In recent years we have seen investment capital move into the sector. At long last, the calls for a new generation of high quality, institutionally-funded housing for rent are being matched by delivery on the ground with many thousands of new purpose built rented homes on site and in the development pipeline. The Mayor's latest planning guidance is working to support this trend by acknowledging the specific economics of the Build to Rent sector in the planning system and welcoming the contribution that the sector can make.

London needs a functional, collaborative and equitable PRS that works for tenants, landlords and investors. Progressive policies will help, but as this research shows, many of the tools we need already exist. I hope that by absorbing

the research that's presented here, local authorities, housing associations, developers, investors and designers see what can be achieved, and are inspired to play their own part in modernising and expanding the sector.

Both myself and colleagues at Future of London appreciate the time and effort of all those who contributed to this research, and are grateful to Oak Foundation and Trust for London for their support; the three-year programme would not have been possible without them.

David Lunts

**Executive Director - Housing & Land,
Greater London Authority
Board Director, Future of London**



[Image: Greystar]

EXECUTIVE SUMMARY

In the last 10 years, the private rented sector (PRS) has rarely been out of the public eye. Once a small proportion of the housing market catering for a specific need, the number of households in the PRS in England more than doubled in the past 20 years. London's PRS doubled in just over a decade and continues to rise; 40% of London's households could be private renters by 2030.

Over the decade, the PRS has adapted to serve many functions and roles: providing temporary accommodation for those at risk of homelessness, serving as an alternative to owner-occupation and increasing overall property supply. Poor standards, high rates of eviction and criminal landlords and agents exist at the lower end of the sector, suggesting that policy and structures to guide the sector have not kept pace.

The ability of the PRS to adapt to shifts in the wider market is part of its potential. But with nearly a million people living in the PRS in poverty, 90,000 children in the PRS and spiralling costs of temporary accommodation, things need to change. Londoners deserve private-

rented accommodation that is safe, affordable and secure. The status quo risks the health and well-being of many Londoners, and the economic success and productivity of the capital.

The objectives of the programme were to:

- build a comprehensive picture of London's PRS landscape
- understand the roles different players – local authorities, landlords, developers, investors and tenants – can play in improving the sector
- develop a series of policy and practice recommendations that both tackle the sector's acute immediate challenges and foster a better and more consistent PRS for London long term

Future of London's programme prioritised cross-sector collaboration, convening local authorities, the GLA, CLG, landlords, investors, developers and tenants through roundtables, workshops, seminars and field trips. Projects covered issues such as rent stabilisation, energy efficiency, regulation and tenant rights (further details overleaf).

This report outlines four main areas that would foster the more collaborative and equitable PRS London needs:

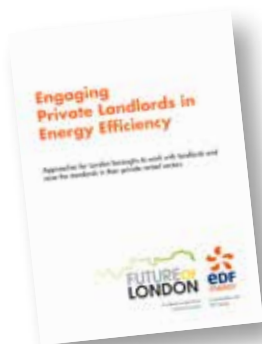
1. Increasing the supply of affordable PRS homes
2. Professionalising landlords
3. Making the PRS work for tenants
4. Improving energy efficiency and tackling fuel poverty

It combines policy analysis with best practice case studies to demonstrate the wealth of activity that is improving the PRS, and makes recommendations for further improvements.

Each area has its own set of recommendations for different stakeholders. The report concludes with three overarching recommendations for public and private sectors:

1. Collaborate with tenants and landlords
2. Engage with and support Build to Rent
3. Create and share information and data

FUTURE OF LONDON'S PRS PROGRAMME



Engaging Private Landlords in Energy Efficiency (2014)

Sponsored by EDF Energy, this report examined approaches for London boroughs to work with landlords and raise the standards in their private rented sectors. **Activities and outputs:** three seminars and final report.

The Role of Rent Stabilisation in Improving London's PRS (2015)

Seminar on the viability, potential and delivery of rent stabilisation, which featured in then mayoral candidate Sadiq Khan's campaign. Speakers were John Bibby, Shelter; Christine Whitehead, LSE London and Nigel Minto, LB Hackney.

Activities and outputs: seminar and online summary.

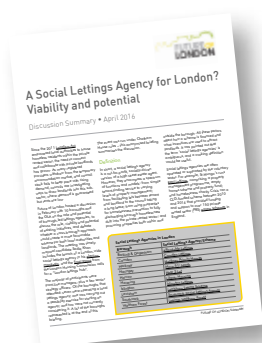
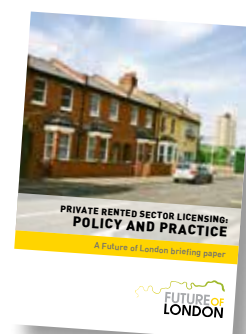


Making Sense of the PRS (2015)

Online information resource presenting statistics on London's PRS thematically and geographically, forecasting further changes and demonstrating the need for reform. **Activities and outputs:** thematic information resource with four chapters.

PRS Licensing (2015-2017)

Project tracking the evolution of licensing schemes across London and their effects. **Activities and outputs:** Property Licensing: Policy and practice briefing written with Richard Tacagni, London Property Licensing; workshop on evaluating licensing schemes; tracking progress of schemes in Camden, Waltham Forest, Brent and Barking & Dagenham; working with LB Brent to engage tenants in licensing. A summary follows in January 2018.



A Social Lettings Agency for London? (2016)

Roundtable and short briefing based exploring borough-led lettings agencies, and the potential of a cross-borough initiative, as mooted by London Mayoral candidate Sadiq Khan and the London Housing Commission.

Activities and outputs: borough roundtable and briefing paper.

Making the Most of Build to Rent (2017)

Report, co-authored by LSE London's Kath Scanlon, giving an overview of the contribution and potential of Build to Rent, with recommendations for CLG, the GLA; local authorities and housing associations, and developers and investors. **Activities and outputs:** three senior roundtables, four site visits, final report and executive summary.



Improving Borough-Tenant Dialogue (2017)

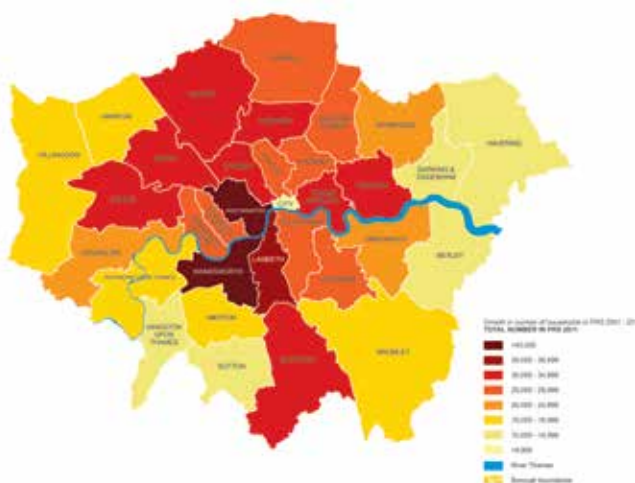
Project to improve communication between boroughs and private tenants. **Activities and outputs:** cross-sector workshop, cross-sector roundtable and online summary.

All summaries and outputs can be found at: <https://www.futureoflondon.org.uk/tag/private-rented-sector/>

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2011



INTRODUCTION

In the last 10 years, the private rented sector (PRS) has rarely been out of the public eye. Once a small proportion of the housing market catering for a specific need, the number of households in the PRS in England more than doubled in the past 20 years.¹ London's PRS doubled in just over a decade and continues to rise; 40% of London's households could be private renters by 2030.²

Over the decade, the PRS has adapted to serve many functions and roles: providing temporary accommodation for those at risk of homelessness, serving as an alternative to owner-occupation and increasing overall property supply. Poor standards, high rates of eviction and criminal landlords and agents exist at the lower end of the sector, suggesting that policy and structures to guide the sector have not kept pace.

The ability of the PRS to adapt to shifts in the wider market is part of its potential. But with nearly a million people living in the PRS in poverty, 90,000 children in the PRS and spiralling costs of temporary accommodation, things need to change.³ Londoners deserve private-rented accommodation that is safe, affordable and secure. The status quo risks the health and well-being of many

Londoners, and the economic success and productivity of the capital.

With the support of funders Oak Foundation and Trust for London, Future of London has investigated the PRS over three years to find a wealth of cross-sector innovation and decisive action.

The objectives of the programme were to:

- build a comprehensive picture of London's PRS landscape
- understand the roles different players – local authorities, landlords, developers, investors and tenants – can play in improving the sector
- develop a series of policy and practice recommendations that balance tackling acute short-term challenges and foster a more collaborative and equitable PRS for London

Future of London programmes bring practitioners together to share experiences and discuss ways forward. Through roundtables, workshops, seminars and field trips, this programme delved into several issues, including Build to Rent, licensing, affordability and tenant rights.

This report is for the wide range of PRS stakeholders from public, private and community sectors. It:

- highlights the evolution of the sector over the last 10-15 years
- outlines four main barriers to fostering the collaborative and equitable PRS London needs:
 - 1 Increasing the supply of affordable, high-quality PRS homes
 - 2 Professionalising the landlords sector
 - 3 Making the PRS work for tenants
 - 4 Improving energy efficiency and tackling fuel poverty
- demonstrates political and practical approaches to tackling each challenge, including a number of case studies. London's housing market is more pressured than other parts of the country, and what works in one part of the UK or further afield may be less effective in the capital. Consequently, the majority of case studies are London-based, though there are some references to innovation in other cities.

AN EVOLVING TENURE

Issues with the PRS are well-recognised; the four themes FoL's PRS programme covered are arguably its biggest challenges. Some, such as the disparate landlord population, are specific to the PRS. Others, such as lack of affordable supply, affect London's entire housing market, reflecting that the PRS should not be viewed in isolation.

Increasing the supply of affordable PRS homes

Challenge:

Neither London nor the UK is building enough affordable housing. The decline in social house-building is one of the biggest factors in the growth of private renting. Combined with growing unaffordability of owner occupation, people are being pushed into the PRS in both directions.

High demand has led to skyrocketing market rents; they increased 20% between 2011 and 2016.⁴ Now twice the English average, over a third of PRS households spent more than half their income on rent in 2014/15.⁵

Rising rents have the most pronounced impact on low-income Londoners. In 2015, five boroughs offered properties with rents that are less than 50% of low-income earnings. In 2017, only LB Havering has any property in this price bracket.⁶

Opportunities:

Policy/funding. There are signs that the government has grasped the importance of fixing the housing crisis in London to the health of the national economy. 2016's autumn statement announced £3.15bn to deliver 90,000 new affordable homes, of which

40% will be social rents and 60% a mix of intermediate products.⁷ However, after 2017's budget offered no further grant, the latest draft London Plan seeks to increase the scale and pace of housing delivery, through greater access to land and higher-density development.⁸

New intermediate products. Policy-makers have also recognised the need for more intermediate rental products, such as London Living Rent.⁹ These products will provide decent homes for those on lower incomes, most of whom rely on the PRS. They could also lead the way on setting rents more fairly. London Living Rent fuses borough house prices and one third median gross household incomes by ward. Pegging rents to ward incomes is a real attempt to understand affordability and meet need.

High-quality new-build PRS. The new wave of Build to Rent offers institutional funding, bespoke management and design, and greater tenure security. Since the 2012 Montague Review, the UK government has developed policy and financial support for new PRS development, including the Build to Rent fund and Housing Guarantee scheme.



[Image: Assael/Essential Living]

The GLA also endorses Build to Rent in its affordable housing supplementary planning guidance.¹⁰ This two-fold support is working: in January 2017, there were four times as many PRS schemes under construction or in the pipeline than had been built in the previous seven years.¹¹

New partnerships. With higher than ever local housing targets, boroughs are contributing by delivering housing themselves a range of models. In autumn 2017, there were nearly 180,000 homes in the pipeline, from direct delivery and wholly-owned vehicles to public-private joint ventures.¹² As in-house delivery requires a lot of capacity, some boroughs are looking to joint ventures, which combine local authority land and knowledge of priorities with private-sector funding and capacity.

Professionalising landlords

Challenge:

The growth in PRS households is accompanied by a growth in landlord numbers. As there is no comprehensive data source, boroughs that operate selective licensing schemes have the most accurate picture. LB Newham, which has licensed all PRS properties since June 2012, has issued 40,745 licences to date.¹³

Most landlords own just a few properties – a 2017 survey found that 62% owned a single property and only 6% were self-employed as landlords.¹⁴ Non-professional landlords may struggle to comply with safety regulations, and it is well-recognised that the lowest tier of the PRS includes a minority who deliberately exploit their tenants.



[CC source: Matt Wareham, Flickr.]

Opportunities:

Increase in policy focus. Generally reluctant to interfere with landlords' businesses, policy increasingly focuses more on preventing criminals from operating. The Housing and Planning Act has spearheaded the development of national and pan-London rogue landlords databases, and a draft Tenant Fees Bill sets out the government's intention to ban lettings agent fees.¹⁵ Central government has given local

authorities more tools to fine, prosecute and ban landlords from operating, though with resources decreasing, it is difficult for them to maximise these powers.

Evolution of PRS licensing. More boroughs than ever operate licensing schemes, whereby landlords or agents pay for a licence to legally let a property, following checks on basic safety conditions. In 2017, 20 boroughs have one or more scheme in

addition to the mandatory schemes for large Houses in Multiple Occupation (HMOs). Approaches differ, but they are an effective way to generate revenue and take swift enforcement action against criminal landlords and agents.

Build to Rent. Institutional investors and the new wave of developers are committed to operating and managing Build to Rent accommodation for the long term.

Making the PRS work for tenants

Challenge:

Private tenants have fundamental rights: to live in a property in a good state of repair, have their deposit returned when the tenancy ends, challenge excessively high charges, know who their landlord is and to live in the property undisturbed.¹⁶ Eviction is a real and rising threat, and thousands more renters feel the effects of being in insecure tenancies. The loss of a private tenancy remains the single biggest cause of homelessness in England.¹⁷

Even at the higher end of the market, the PRS is rarely seen as a desirable, long-term housing tenure. With Buy to Let landlords dominant and

inconsistent quality it is difficult to intervene effectively.

Opportunities:

Shifting policy. Along with greater powers for local authorities, the Conservatives unveiled plans to give tenants greater rights through an ombudsman redress scheme, register of letting agents and incentives to provide longer tenancies. While there is no guarantee they will become policy, these statements demonstrate political will to help private tenants.

Placemaking and social value.

There is a marked interest from both public and private sectors to measure



the impacts of good design on places and communities. This should result in more consistent levels of design quality in new developments and estate regeneration schemes, both of which include the PRS.

Improving energy efficiency and tackling fuel poverty

Challenge:

Fuel poverty the inability to adequately heat a home, is caused by both low incomes and high costs due energy-inefficient properties. Between 2013 and 2014, 69% of the national increase in fuel poverty occurred in London. 346,000 London households live in fuel poverty 11% of all households. 36% of all fuel-poor households are in the PRS.¹⁸ Although more owner-occupiers are in fuel poverty, it typically costs more to bring a PRS household out of fuel poverty than other tenures.

Opportunities:

Reforms to energy policy.

In the government's 2017 manifesto, confirmed the government's commitment to help all properties reach a minimum Energy Performance Certificate (EPC) standard of 'C' by 2030. However, the Committee on Fuel Poverty reported in 2017 that current action may not be enough to reach this target.¹⁹

Better targeting of resources.

With most experts using the updated 'low income high costs' definition of fuel poverty, it is easier to target households who most need assistance i.e. those with the lowest incomes in the most inefficient properties.



[Image: Pollard Thomas Edwards]

APPROACHES TO CHANGE

Increasing the supply of affordable PRS housing

“Local authorities should embrace the PRS as a welcome addition to their housing offer. Delivered at scale, the PRS could supply income-linked affordable housing for those on modest salaries, free up family accommodation in the rented market, and raise standards in all sectors.” **Dave Baptiste, LB Ealing**

Commercial Build to Rent

The Build to Rent market is increasing the supply of homes for the middle to higher end of the rental market. Build to Rent is not affordable housing, but it is providing a high-quality alternative within the sector. Schemes that are subject to planning permission contribute affordable housing. The GLA’s affordable housing supplementary planning guidance favours London Living Rent for affordable contributions on Build to Rent blocks. While this is not affordable housing in the traditional sense, as it is owned and managed by the private landlord, it should combine lower rents, quality design and management, and tenure-blind mixed communities.

The vast majority of Build to Rent development is on public land, and local authorities are required to achieve Best Consideration on their assets. As developers of sale units can generally offer a higher receipt for the land than Build to Rent developers, the latter is often outbid. The GLA’s 2017 affordable housing guidance sets out how local authorities should take account of Build to Rent’s distinct economics, and encourages them to develop their own Build for Rent planning policies.²⁰

Partly due to these viability challenges, the sector is dominated by a small number of large developers and partnerships (see table). Housing association L&Q has a dual approach. Its City Mills scheme in Hackney brings the PRS to a major estate regeneration scheme, converting blocks from social to private rent and renting them at market levels. L&Q has also built individual Build to Rent schemes, such as Thurston Point in Lewisham. East Village and Wembley Park are largescale, mixed-tenure developments over many phases.

Top 3 Build to Rent developers²¹

| Developer | Scheme | Completed PRS units |
|-----------------------------------|--------------|---------------------|
| Delancey with APG and Qatari Diar | East Village | 2,300 |
| L&Q PRS | Various | 2,200 |
| Quintain | Wembley Park | 1,500 |

London Living Rent

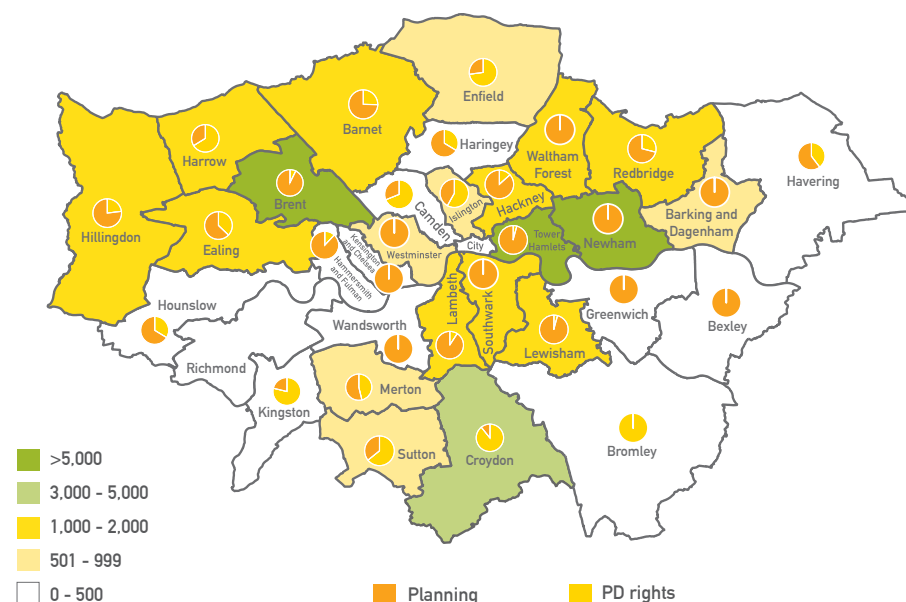
London Living Rent is the favoured affordable housing contribution on Build to Rent schemes. This is a mixed blessing: linking affordable rents to local incomes is a fair approach to affordable rent-setting; Build to Rent developments are typically high-end, so a 20% discount is rarely genuinely affordable. The deeper discount will result in fewer affordable units per scheme, meaning the proportion of affordable units will be even lower. This is counter to the Mayor’s strategic target of 50% affordable housing. While currently Build to Rent numbers are a very small fraction of overall house-building, this may not be a concern.

As the sector grows, the Mayor will need to decide an appropriate balance between quantity of affordable units and level of discount.

Permitted development

Another significant contributor to the ‘new’ PRS market place is office to residential conversions. Enabled through the General Permitted Development Order in 2013 and made permanent in 2015, conversions are classed as permitted development, requiring no planning permission. The policy contributes to the loss of key office accommodation and is likely to increase the supply of poor-quality housing that bypasses the planning

Volume of new-build PRS development by borough



Data source: Molior

system. Developments also have no requirement to deliver affordable housing. The map below shows that high volumes of completed PRS units are through permitted development.

Local authority planning policies, boosted by the GLA's planning guidance, should increase the number of high-quality Build to Rent units in London, and reduce the dominance of permitted development PRS in some boroughs.

Cross-sector partnerships

The greatest affordable new-build PRS contributions will be delivered through partnerships between local authorities, the GLA and housing associations. Network Homes' 100% sub-market PRS scheme in Harrow is close to completion and was enabled through a London Housing Bank loan of £20.8m (see case study).

Local authorities contribute through partnerships with the private sector. Typically the local authority provides the land, while private-sector partners contribute development expertise and capacity. By retaining the land asset, the local authority will receive a rental revenue. In the PRS, while many of these arrangements are in progress, few are off the ground. LB Lewisham is due to announce its preferred bidder for a 50:50 investment partner in December.

The skills and capacity of boroughs to deliver housing should not be underestimated. Future of London/ GVA research in late 2017 found that boroughs were delivering over 180,000 new homes, either directly or through wholly-owned public vehicles.²³

Many of these vehicles include an element of PRS – see appendix 1 for a list. As examples, LB Ealing's Broadway Living is delivering 1,000 homes over five years, including 100 PRS units on its Copley Close estate renewal programme. The company uses council development finance to build and let PRS on the open market over across a number of schemes. LB Croydon's Brick by Brick takes a similar approach, with permission to deliver 1,000 mixed-tenure units across 30 sites.²⁴

NETWORK HOMES: THE BIG BLUE²²

Network Homes has embarked on a programme to convert the former IBM office complex to a 270-unit PRS development in Sudbury Hill, Harrow. It will offer studio, one-bedroom and two-bedroom homes, all at 80% discount market rents. GLA made a £20.8m loan through its London Housing Bank, an initiative set up in 2014, meaning the Big Blue is the first Build to Rent development to receive loan funding.



[Image: Network Homes]

The project is the first of Network Homes' SmartRent schemes, which aim to deliver well-connected, purpose-built homes for professionals. As the model relies on retaining tenants and minimising vacant units, eligibility criteria include a minimum salary (though also a ceiling of £90,000 per annum) and no history of rent arrears. Applicants must also live or work in London. In return, the development will offer a handyman, an on-site property management team, concierge, cycle storage and crucially, flexible tenancies of up to three years.

Housing delivery models in London

| | Models | % of total models | Homes* | Homes per model |
|--|------------|-------------------|----------------|-----------------|
| Development Agreement - Direct Development Partner | 88 | 61% | 77,500 | 881 |
| Development Agreement - Master/Strategic Development Partner | 3 | 2% | 26,300 | 8,767 |
| Direct public sector delivery | 8 | 6% | 9,900 | 1,238 |
| Public/Private Contractual Joint Venture | 2 | 1% | 7,100 | 3,550 |
| Public/Private Corporate Joint Venture | 32 | 22% | 47,200 | 1,475 |
| Wholly Owned Public Vehicle | 12 | 8% | 11,800 | 983 |
| | 145 | | 179,800 | |
| *Includes schemes that are proposed but not yet in development | | | | |

[Future of London/GVA]

Other boroughs tie PRS to major regeneration programmes. LB Harrow has identified seven sites to deliver 600 high-quality Build to Rent homes, alongside improved transport, shopping, employment, education and recreational facilities. LB Barking & Dagenham's company Be First will develop new homes alongside major new infrastructure and employment opportunities.²⁵





[Image: Greystar]

Recommendations

GLA

- Monitor numbers of London Living Rent units on Build to Rent schemes. As Build to Rent grows, there will be greater impetus to commit developers to deliver a proportion of London Living Rent units as part of overall S106 contributions.
- Help boroughs, housing associations and developers share best practice in public-private partnership arrangements.
- Continue to increase the pace of housing delivery through the London Housing Bank, and support partners who can speed up delivery without harming design quality, such as modular construction techniques.

Boroughs

- Decide PRS strategy and role. There are many roles to play: developing enabling planning policies to support commercial PRS, or delivering units directly, through council-owned companies or in partnership with the private sector. Each has advantages and risks, and much will depend on location and need.

- Develop Build to Rent policies in core strategy or area action plans and spatial planning documents for appropriate areas i.e. zones 3-6 near transport hubs or areas with high volumes of housing to deliver. Enabling policies will encourage long-term institutional investment to these areas.
- Build in-house capacity, and don't let expertise slip away when senior officers move on. Build knowledge and skills across departments. Bring in experts at certain points if required.
- Negotiate with developers for a blend of discount rents – this will open up the development to a greater number of people, and help to build mixed communities.
- Use Best Consideration and Social Value tools to select bidders that offer social, socio-economic and design quality benefits, rather than necessarily the highest capital receipt.

Developers

- If bidding to be a delivery partner, seek to understand housing need in the area. Local authorities will want to work with partners who empathise with their wider housing context.
- Ensure properties are well-designed and managed, so that they remain a high-quality option in the future.
- Talk to current and prospective tenants about what they want from rental properties – retention will assist with viability.

Professionalising the landlord sector

“Over the next four years individual landlords will see their mortgage interest relief gradually withdrawn. Those with bigger, leveraged portfolios will be worst affected, and some will sell up. This seems at odds with the government’s longstanding aim of professionalising the sector.” **Kath Scanlon, LSE London**

It’s easy to demonise landlords, but they are not the root of the private rented sector’s problems. Deregulation of the PRS in the 1980s and the availability of Buy to Let mortgages led to fast growth in numbers of individual, non-professional landlords. A 2017 survey found that 40% of London landlords were private individuals.²⁶

The government began rolling out a suite of tax changes in 2017, including the reduction and eventual withdrawal of mortgage rate relief. While this looks like a lever to reduce individual landlord numbers, there is evidence that it will have more effect on landlords with larger portfolios.²⁷ Most individual property landlords are likely to be driven more by asset increases than rental yield, particularly in high-value London.

Policy and activity to professionalise the sector increasingly focuses on enforcing against criminal landlords and agents. This is essential to protecting tenants, but

if high numbers of amateur landlords are set to remain, it is only part of the solution. Activities that help individual landlords provide a better service are needed in tandem.

Connecting with landlords

Most local authorities lack information about the majority of their private landlords, such as who they are, the size of their portfolios and whether they are providing a good service to their tenants. Unless a landlord lets a large House in Multiple Occupation (HMO), or is in a local authority that requires other properties to be licensed, there is no obligation to connect to the council. Landlord forums tend to be populated with larger landlords who

lease their properties to the council for social housing.

With the PRS growing so fast, local authorities would benefit from having more information about their landlords. As housing is a devolved matter, Scotland, Northern Ireland, Wales have their own policies, all of which include operating landlord registers. While each register is run differently, they all require landlords to provide contact details and addresses of the properties they let for a small fee.

England has avoided policies that could be interpreted as penalising all landlords, in favour of targeting high-risk properties such as HMOs and, more recently, tackling rogue landlords more rigorously.

Landlord registration costs²⁸

| Nation | Cost | Duration |
|------------------|---------------------------------|----------|
| Wales | £33.50 (online); £80.50 (paper) | 5 years |
| Scotland | £55 + £11 per property | 3 years |
| Northern Ireland | £70 | 3 years |

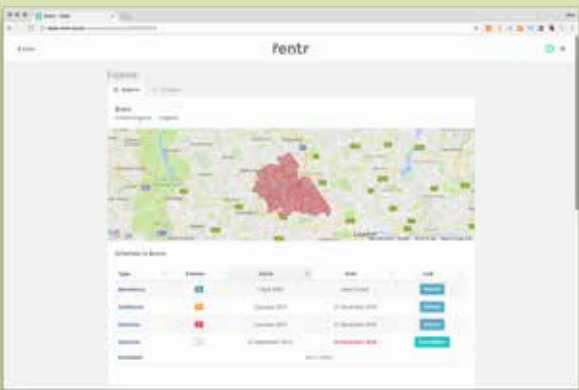
GETRENTR³⁰

GetRentr is a property tech platform designed to help agents and landlords fulfil their compliance obligations and better serve their tenants.

Recognising that the fact that landlord regulation is operated independently by each local authority, the company researched every UK local authority website and source of information to determine if they operate PRS licensing schemes and assess the accessibility and volume of online information. It found that local authorities in England operate over 500 schemes, with inconsistencies in available information.

GetRentr has aggregated this data and mapped every licensing scheme in the country. Their software automatically tracks new consultations and schemes, and when existing schemes are renewed or expire.

The service informs registered agents and landlords whether properties are compliant with regulation in seconds. The company is about to launch the service for National Landlords Association members. The service offers a two-way information feed: not only will members be better informed, the NLA will learn more about members and their property portfolios. The platform could be used in the same way by London boroughs or the GLA to increase compliance.



[Image: GetRentr]

However, registers' low cost and light-touch nature could be favourable, if the purpose of the system was clear. A register would not tackle poor conditions, but it could help local authorities target enforcement if combined with other sources such as council tax and housing benefit records.

Crucially, a register could be combined with an online platform of information for landlords about regulation and standards, retrofit and energy efficiency, tenant rights and responsibilities. Most information and training bodies¹ restrict their services to their members.

The previous Mayor's London Rental Standard was also voluntary. Sadiq Khan halted the service upon assuming office, in favour of tougher measures against rogue landlords. While this is an understandable shift in focus, the Mayor's office should also help to expand training and knowledge to all landlords, not just those who have signed up for it.

Private companies recognise the benefits of engaging all landlords, not just those who have chosen to join landlord associations or accreditation schemes. London Property Licensing, established in 2015, provides detailed online information on local housing enforcement free of charge.²⁹

Start-up GetRentr has developed a platform for landlords and agents to check the regulatory regime affecting their property by entering its postcode, see case study on p.12. While not available to all landlords, it demonstrates the power of using digital technology to provide information that is up to date and area-specific. If this information was widely available, landlords and agents would be clearer on their responsibilities.

Removing criminals from the sector

Local authorities have a number of tools and powers to take enforcement action against criminal landlords. These send a clear message that providing unsafe or badly managed properties is

unacceptable. The Housing and Planning Act empowered local authorities to give landlords or agents on the spot fines of up to £30,000 or considerably higher fines through criminal prosecution, as well as demanding rent repayment to tenants and banning the worst offenders.

Licensing

It is difficult for boroughs to target criminals when their resources are shrinking. Licensing schemes – whereby landlords require a licence to let private-rented properties in a designated area and/or of a certain size – offer a means of taking action while raising revenue.

Although all local authorities implement mandatory licensing of large Houses in Multiple Occupation (HMOs), schemes covering different parts of the sector are discretionary. Local authorities generally use 'additional licensing' for smaller HMOs, and 'selective licensing' for all PRS properties in a designated area.

PRS licensing in London, 2017



1 | These include accreditation systems, such as the London Landlords Accreditation System, and membership bodies, such as the National Landlords Association and Regional Landlords Association.

While councils proactively tackling a major issue is positive, it has resulted in a disjointed regulatory landscape. As the map below shows, 20 boroughs have one or more discretionary scheme – nine more than in 2015. Bexley, Havering and Hackney are consulting on introducing schemes for the first time; others to renew or extend existing schemes (see map on p.13.).

Licensing is a simpler, less bureaucratic way of penalising exploitative landlords than the traditional Housing Act route. If the landlord or managing agent fails to obtain a licence for a property, or are the licensees of a property found to be breaching conditions, they are committing an offence.

In 2015, LB Brent had not prosecuted any landlords. Stepping up its enforcement work to complement its licensing schemes, the borough has now prosecuted 98 individuals or companies. LB Waltham Forest collected

over £110,000 in fines in 18 months. LB Newham, which has licensed all PRS properties for nearly five years, has prosecuted more landlords than all other London boroughs in total.³¹

Some boroughs will not grant a licence before inspecting a property. Inspections increase council knowledge of housing stock, identify hazards and in many cases lead to a more collaborative council-landlord approach to improving the property. Of course, this approach also means fewer resources for enforcement activity.

All boroughs with must use licensing to prevent criminal landlords from operating.

Protecting tenants

Tenants' needs should be taken into account in any enforcement regime. To see a property in its true light, the most effective enforcement starts with an unannounced visit to a property. These

visits can leave tenants distressed and confused, and in some cases threatened with eviction by their landlords. Although landlords cannot legally evict if a property is unlicensed or non-compliant with licence conditions, tenants may not be aware of this.

In addition to ethical reasons for protecting tenants, tenant-local authority relationships are vital in licensing schemes. Many local authorities rely on tenants to report suspected unlicensed properties, and their statements are vital evidence in prosecution cases. LB Brent is piloting a scheme to work more closely with tenants through voluntary-sector intermediaries, while LB Tower Hamlets has introduced a local tenants' charter to drive awareness of tenants' rights. These are both examples of councils taking responsibilities to their private tenants seriously.

LOCAL CHAMPIONS

LB Brent began implementing a borough-wide additional and ward-specific selective licensing scheme in January 2015. In April 2017, it had licensed over 6,000 properties. This is exceeding targets for selective licensing, but officers find it harder to bring in applications for smaller Houses in Multiple Occupation (HMOs) through its additional licensing scheme.

The council wants all HMOs to be licensed to protect its communities, and to take action against licensed HMOs that are not meeting safety conditions. As HMOs are not easy to locate, officers rely on communities reporting suspected unlicensed HMOs or licence breaches. Since 2016, officers have followed up tenant communication through a series of enforcement visits. HMO and licensing officers carry out visits on a weekly basis; by January 2017, the team had carried out over 600 visits.

The council believes that tenants may not always communicate with the council about unlicensed properties as they are concerned that landlords will respond negatively, such as threatening to evict. Although the licensing scheme offers protection, tenants are often unaware of these rights.

In response to these challenges, the council is piloting champions – training representatives from the voluntary sector who can inform and engage communities about licensing and other PRS issues. Champions could include those from larger charities and smaller community groups that are embedded in hard-to-reach communities. The council will train champions in tenant rights and local authority powers in relation to licensing so that they can pass this information on to their community groups and clients. They will also be trained to recognise vulnerable tenants who may need additional support.

While the project is still in the early stages of development, the council expects to run a pilot in 2018.

TOWER HAMLETS TENANTS' CHARTER

LB Tower Hamlets launched a Private Rented Sector Charter in June 2017. The one-page document sets out landlord and agent responsibilities clearly and in several languages.

The charter was produced by the council through a working group of organisations active in the borough, including Shelter, Toynbee Hall, Generation Rent and the Citizens Advice Bureau. It sets out information for tenants clearly and in several languages. Icons enhance its accessibility and the council logo demonstrates the council's commitment to protect its tenants.

Anticipating that the charter will lead to a rise in tenants reporting problems, the council has allocated funding to support an additional Trading Standards post, focused on local lettings agencies.

Since launching, the council has focused on raising awareness, prioritising areas of the borough with high volumes of PRS. It is using social media, physical campaigns and public meetings to engage as many tenants as possible. The long-term aim is a borough-wide forum for tenants, advice bodies and the council, with the option of including landlords and letting agents later.

Recommendations

GLA

- Lobby CLG for a national landlord register, as operated in Scotland, Wales and Northern Ireland. A register would not be burdensome for landlords and would help boroughs target limited enforcement resources. Combined with an information hub, it could also be used to inform landlords of their rights, obligations and other useful information if combined with an online information hub
- Continue to target criminal landlords, but don't ignore the majority of individual landlords altogether. Develop strategies to help all landlords improve (not just those who sign up). They should be developed in conjunction with a landlord register, to reach as many landlords as possible.
- Develop a team of expert advisers on landlord-tenant legal issues who can be called on when needed. Consider working with Safer Renting, which already provides a similar service in four London boroughs.

Boroughs and GLA (through PRS partnership where possible)

- Develop a licensing scheme evaluation template, including quantitative and qualitative measures.

- Standardise IT systems as much as possible – many councils still operate paper-based systems. While digital is far more efficient, online systems that malfunction are frustrating for landlords and result in officers overspending on troubleshooting. All schemes should run on a tested system that works.
- Produce templates for online licensing information for landlords so information is clear and accessible.
- Develop initiatives to work more closely with tenants – they are fundamental to the success of most licensing schemes.

Boroughs

- Measure baseline criteria so that licensing schemes can be properly evaluated.
- Incentivise accredited landlords by offering generous discounts on licensing applications.
- Offer developers of Build to Rent flat fee on properties in one scheme for as long as they remain under single ownership, and a simplified application system.
- Develop strategies for engaging tenants.

- Provide funds for voluntary sector organisations who are embedded in hard to reach communities.

Developers

- Accept that new schemes should be licensed for consistency.

Tenants

- Seek to understand the regulatory landscape in your area – your local authority may be able to help you more than you think.
- Use networks such as tenant associations to share experiences and build understanding about tenant rights.

CLG

- Provide more resources for enforcement activities and look to implement a national landlord register. Some boroughs may not need licensing schemes if these tools are available.
- Don't rule out licensing of all PRS properties for England, after thorough evaluation.

Making the PRS work for tenants

“Many more established private rented sectors in Europe and beyond are better regulated. A more consistent approach in London would improve many renters’ standards of living. The benefits could also extend to first-time buyers by cooling down house prices, and to the public purse by lowering the housing benefit bill.” **Seb Klier, Generation Rent**

Greater tenure security

In the UK, the majority of PRS tenancies remain six- or 12-month assured shorthold tenancies (ASTs). Landlords can evict shorthold tenants with two months’ notice, which can disrupt lives, particularly working households with children in education or day care. In 2017, there are an estimated 60,000 children in London’s PRS.

This isn’t entirely a tenancy issue: households can be evicted from properties for many reasons, and there can be a grey area between the lawful and unlawful. Tenants who fall into arrears can be legally evicted. Some are forced to move when a landlord decides to sell up or move back into the property. Others may be threatened with eviction following requests to improve the property, or as they can no longer afford the rent. Overall, the ending of a private tenancy is the biggest cause of homelessness in England.³²

Organisations such as Shelter and Generation Rent call for longer tenancies with tenant break clauses, so that tenants have the right to remain.³³ However, many of the issues above would be not be solved by a longer contract. Some tenants would get greater benefit from support that avoids rent arrears; others with advice on whether a landlord is acting lawfully or not (see case studies on p.14 and 15).

Build to Rent developments should offer longer tenancies as standard. This benefits operator as well as tenant. Developments are challenging financially, and rely on minimising periods when properties are empty; while, crucially, tenants get the security of a long tenancy in a well-designed and managed home.

Some developer-operators are taking the lead. At East Village, for example, three-year tenancies with tenant break clauses are standard. Some investors may dislike the imbalance of tenant break

clauses. However, the current model will only thrive if the higher rental costs are outweighed by the benefits. Longer tenancies are part of this.

Stabilising rents

As the first section described, increasing the supply of housing overall would bring prices down. Unfortunately, London is far from building anything close to the number of homes needed to do this. GLA modelling found that affordable housing funding would need to increase five-fold to build the necessary homes.³⁴ As rents continue to escalate, the Mayor should consider leading a cross-sector conversation on intervening to stabilise rents.

Many countries and cities have some element of rent stabilisation, such as preventing rises within tenancies and capping rent increases in line with inflation. While rent control was an element of the UK’s post-war PRS, it was removed in 1988 to counteract the sector’s shrinkage.³⁵ Research in 2015 for the London Assembly that surveyed 175 landlords with property in London found that over 50% were not averse to

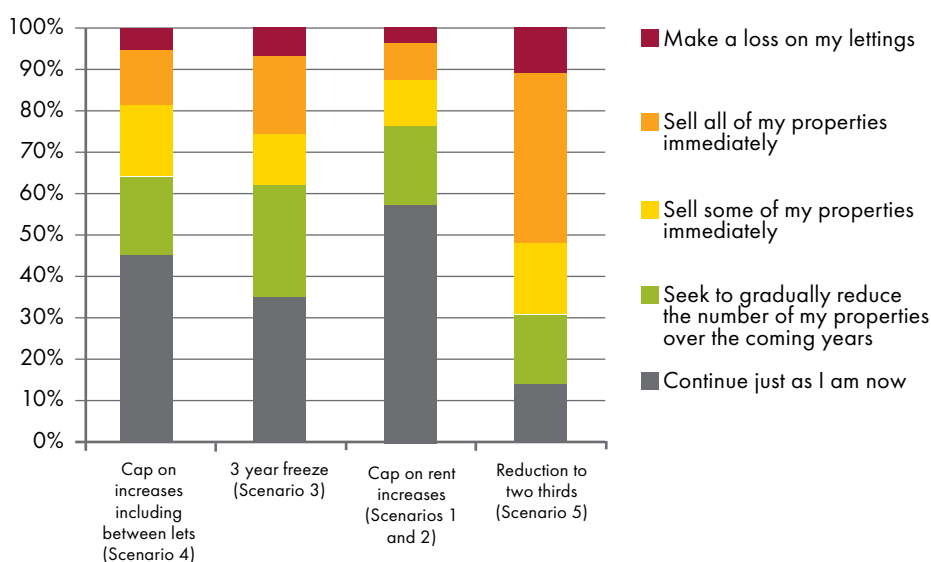
inflation-linked caps on rent increases between tenancies.³⁶ Unsurprisingly, there was much higher opposition to forced rent reductions.

Policy-makers are rightly reticent about any change that could deter investors and good landlords from the market place. Any policy discussion should include landlords and investors, with rent stabilisation presented as part of an overall balanced package of reforms that includes incentives as well as deterrents.

Designing for different demographics

New-build PRS needs to cater for a range of demographics. Just as landlords are not a defined group, the demographics of tenants are increasingly diverse. The PRS houses more families than ever before, including 90,000 children.³⁷ Other changes reflect London-wide trends: by 2035, the number of over-60s in London is expected to increase by around 50% to just under two million, and the number of over-80s by 70%.³⁸

Landlord response to rent stabilisation scenarios



Source: Cambridge Centre for Housing and Planning Research

The built environment has a huge impact on the experience of ageing, and older people's housing requirements may differ from others. This is another opportunity for the Build to Rent industry, which generally caters for young professional sharers. Designed well, these developments could just as easily cater for downsizing couples or single people, and the emphasis on communal space could help to prevent social isolation, which is a common issue for older people.³⁹

The key is flexibility. Good design principles, such as creating vibrant ground-floor uses, attractive and well-managed communal spaces and good walking and cycling routes to the wider neighbourhood will suit all ages. Essential Living's Creekside Wharf in Greenwich will include a block for families, rather than the standard young sharer model. It could also work for older residents (see case study).

A novel approach to providing for older people is intergenerational housing, where older and younger people mix. It tackles two issues facing many European countries – a shortage of affordable housing for younger people and social isolation in the ageing population.

FLEXIBILITY AT CREEKSIDE WHARF

The design principles underpinning Build to Rent can be refined to create intergenerational living developments appealing to a diverse range of residents.

Essential Living's Creekside Wharf is a Build to Rent scheme in RB Greenwich. Designed by Assael, it is designed to serve a broad demographic focus beyond millennials. One block specifically meets the needs of families with young children.

Key elements of the bespoke family design are applicable to schemes specifically for the Later Living market. For example, oversized lifts designed to cater for whole families are also suitable for the mobility scooters of older residents. In addition, the larger unit sizes designed with families in mind are suitable for older residents who are likely to spend more time at home and appreciate the additional space. There is ample communal and internal storage for bicycles, scooters and a lifetime of personal artefacts.

While amenity and care provision must be tailored to meet the needs of older residents, amenity spaces and units can be kept sufficiently flexible to adapt to the changing needs of different demographics.



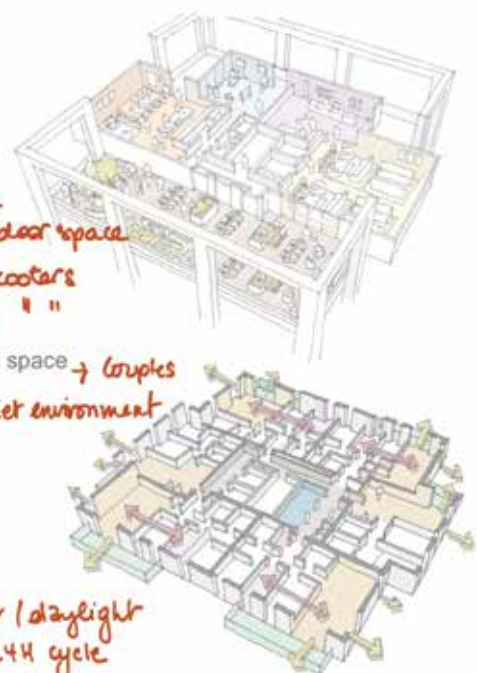
Later Living

Family bespoke design:

- Larger units → more time at home
- Oversized balconies → outdoor space
- Oversized lifts → mobility scooters
- Storage lockers in corridors → " " "
- Kids bedrooms away from living space → couples
- Higher acoustics ratings → quiet environment
- All units are dual aspect
- Flexible shared amenity

= Rentable rooms for visitors

Sunlight / daylight 24/4 cycle



[Image: Assael]

INTERGENERATIONAL HOUSING IN EUROPE

The problems facing London's housing market are similar in other parts of Europe. Young people struggle to afford a decent home and there is growing recognition that isolation and loneliness are key issues affecting the older population's quality of life. Intergenerational housing solutions are emerging as a solution to both issues.

In Deventer, Holland, students are enjoying free board at Residential and Care Center Humanitas; while In Helsinki, Finland, under 25s access cheap accommodation inside the city's Rudolf Seniors Home. The success of both schemes is their ability to provide clear benefits to both demographics. Students and older residents are neighbours. This boosts social interaction, while students share time and skills in exchange for low or free rent and access to facilities which would normally be outside their budgets.⁴⁰

Alicante (ES) has taken the model further, providing 244 affordable, intergenerational housing units in central urban areas. The project, which started in 2003, is run by the Municipal Project for Intergenerational Housing and Community Services. It aims to address the housing problems of low-income old and young people.

Alicante's intergenerational model has been successful in allowing older residents to remain in their homes in later life. The young people spend a few hours per week with four older people, liaising with the facilities management team if additional help is needed. The young people are selected based on income and their suitability for the social programme. The project was shortlisted for the Building and Social Housing Foundation's World Habitat Awards in 2012.⁴¹



[Images: Municipal Housing Board of Alicante]

Recommendations

Developers

- Offer two- or three-year tenancies with tenant break clauses as standard. This will help to grow the new-build sector, and could raise the bar.
- Design Build to Rent developments that are good places to live for a mixture of demographics, not just young sharers.
- Find creative ways to cater for older and younger markets. Intergenerational housing could tackle two issues at once.

Tenants

- Influence landlord behaviour. If your landlord offers a longer tenancy with break clause, take it up. Many landlords will change their offer to meet tenants' expectations.
- On new developments, share likes and dislikes about apartments and amenity spaces.

GLA with landlords and investors

- Insist on longer tenancies on any scheme it supports

- Consider organising a policy discussion about stabilising rents by capping rent increases. Include developers, investors and landlord bodies.

Boroughs

- Use planning policies to compel developers to offer longer tenancies with tenant break clauses.
- Promote longer tenancies to renters – they are not a trap, they increase tenure security!

Improving energy efficiency and tackling fuel poverty

“Addressing energy inefficient housing and bringing all homes up to a minimum standard of thermal efficiency would have the strongest positive impact on the poorest households,” **Marmot Review Team, 2011**⁴²

Households in fuel poverty face the twin problems of low income levels and high costs of heating. 11% of all London households are affected by fuel poverty, of which over a third reside in the PRS.⁴³ This is not surprising: Future of London’s 2014 report Engaging Private Landlords in Energy Efficiency demonstrated the dominant physical characteristics of London’s PRS – often older, less energy-efficient stock, high numbers of hard to treat flats and retrofit often constrained by conservation area policy.⁴⁴

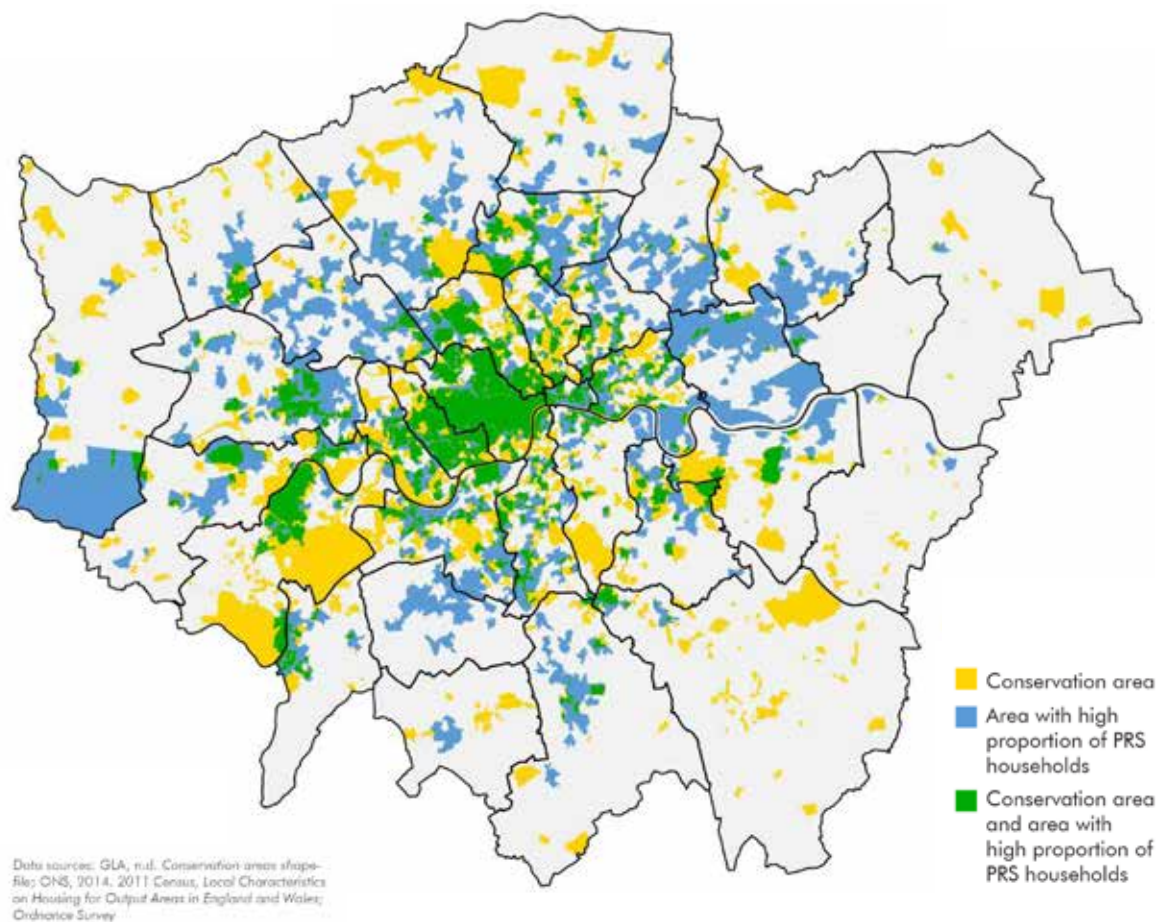
The number of households on very low incomes is also growing. The 2017 edition of London’s Poverty Profile shows that, while the proportion of Londoners in poverty fell, more people in poverty live in the PRS than any other tenure.⁴⁵

The PRS needs to be made energy efficient through retrofit, but there are challenges. PRS homes can be particularly expensive and hard to treat due to their age. This is compounded in London by the prevalence of conservation areas, which are often also

some of the most PRS-heavy areas. Fol’s 2014 report overlaid these issues to show energy efficiency hotspots.

Landlords do not have the appetite to pay high retrofit costs when it is the tenant who will get the reduction in energy bills. Government’s approach to tackling this ‘split incentive’ is tighter landlord regulation and the provision of funds through Green Deal loans and contributions from energy companies through the Energy Company Obligation (ECO).

Compound effect of conservation areas and neighbourhoods with high levels of private renting



Stronger Regulation and Funding

The Minimum Energy Efficiency Standards come into force in April 2018, compelling private landlords to retrofit their properties to a minimum standard. There are exemptions, including properties that cannot meet the standard through cost-effective measures, or where the landlord has been unable to access funding or gain consent.

This implies that a lot of the properties most in need of improvement may be unaffected by the regulation. Both the GLA and the Committee on Fuel Poverty have called on central government to tighten the regulations.⁴⁶

Locally, all boroughs continue to inspect properties through the Housing Health and Safety Rating System (HHSRS). The GLA's PRS Partnership, which brings boroughs together bi-monthly to share best practice and develop collaborative

solutions, will help London boroughs to increase their enforcement activities against landlords who let sub-standard, hazardous properties.⁴⁷

The relaunch of the Green Deal and extension of the ECO provide potential funding streams. Now under private control, the Green Deal offers loans for retrofit measures, so long as installation and loan payments are lower than energy bill savings.² It is likely that the new Green Deal loans will focus on boiler replacements, as they are straightforward and bring high reductions in energy bills. While the first wave of the Green Deal was not popular, this round, coupled with stronger regulation, could be more effective.

Providing information and advice

There is a solid business case for landlords retrofitting their properties.

Research from the Mayor's office found properties in EPC bands E, F and G have 48 per cent more repairs relating to damp and mould than average stock.⁴⁸ The majority of non-professional landlords will lack the information they need to progress with a retrofit project. There are considerable savings to be made from area-based retrofit of blocks or streets; the barrier is often connecting the various property owners.

Increasing skills and capacity

Research from Buro Happold shows capacity in the retrofit sector would need to increase tenfold to insulate all 6.6 million solid walled homes in the UK by 2050 – over a million of which are in London.⁵⁰ Upskilling London's workforce has local economic benefits, in addition to being crucial to the retrofit agenda.

PRIVATE LANDLORD RETROFIT PLATFORM

Not-for-profit housing advisor Sustainable Homes is working to establish a platform for local authorities to engage with private landlords.⁴⁹ It aims to give private landlords access to information, expertise, discounts, funding or grants to undertake retrofit work.

The organisation hopes to build a network of landlords, tenants, LAs, service providers and advice bodies. Their platform will connect neighbouring landlords to deliver upgrades on a street by street basis. The aspiration is to minimise or cancel out upfront costs to landlords, while tenants make savings on bills.

While there is no single, large funding pot available to deliver the project, a multitude of smaller mechanisms could be combined. These include loans from the Green Deal Finance Company, the Energy Company Obligation and partnerships with experienced delivery bodies. Other options are revolving funds from the GLA and central government, and local authority ringfenced funds for energy efficiency projects or private investment.

QUALIBUILD

With one million homes requiring retrofit before 2050 to meet Ireland's climate change and energy targets, the Build Up Skills for Ireland (BUSI) consortium research highlighted a knowledge gap in low-energy construction practice across the sector. It launched QualiBuild in 2013.⁵¹

The programme delivers three outputs for the construction sector: Foundation Energy Skills, focused on upskilling and educating onsite construction workers and systems installers; Train the Trainers, which ensures construction educators have the knowledge and competencies to teach low-energy techniques; and the Construction Skills Register, which offers individuals the opportunity to highlight skills gained to potential clients and employers, tying low-carbon construction to skills and best practice.

With initial European funding, BUSI brought together stakeholders with project management, education and training, consultation and networking skills. Core partners are three regional technology institutes, the Irish Green Building Council and the construction industry.

As of April 2017 76 of a targeted 100 trainers successfully completing training. Project partners and government bodies are now discussing a plan for the long-term funding and management of the courses and register.



[Images: Qualibuild]

Recommendations

GLA

- Share data and maps so that resources can be targeted at households in fuel poverty
- Develop a landlord information energy efficiency/retrofit hub, potentially as part of a wider information resource.
- Network landlords in an area to make savings on area-based retrofit
- Continue to target RE:NEW at private landlords and demonstrate the economic benefits of investing in energy efficiency.

GLA and boroughs

- Share data and best practice through the PRS Partnership.

Tenants

Educate your landlord – signpost them to legislation and funding information.

Energy companies

- Work with GLA and boroughs to get more ECO funding into London.
- Work with boroughs and GLA to target retrofit resources at the most fuel poor and/or vulnerable households
- Continue to educate consumers on how to reduce their energy costs.

CLG

- Strengthen Minimum Energy Efficiency Standards so that there are fewer exemptions.
- Make it mandatory for HMOs to have energy performance certificates.
- Incentivise landlords to retrofit through tax breaks and reinstate the Landlords Energy Savings Allowance
- Increase resources for HHSRS to inspect and improve hazardous properties

SUMMARY OF RECOMMENDATIONS

Increasing the supply of affordable PRS housing

GLA

- Monitor numbers of London Living Rent units on Build to Rent schemes. As Build to Rent grows, there will be greater impetus to commit developers to deliver a proportion of London Living Rent units as part of overall S106 contributions.
- Help boroughs, housing associations and developers share best practice in public-private partnership arrangements.
- Continue to increase the pace of housing delivery through the London Housing Bank, and support partners who can speed up delivery without harming design quality, such as modular construction techniques.

Boroughs

- Decide PRS strategy and role. There are many roles to play: developing enabling planning policies to support commercial PRS,

or delivering units directly, through council-owned companies or in partnership with the private sector. Each has advantages and risks, and much will depend on location and need.

- Develop Build to Rent policies in core strategy or area action plans and spatial planning documents for appropriate areas i.e. zones 3-6 near transport hubs or areas with high volumes of housing to deliver. Enabling policies will encourage long-term institutional investment to these areas.
- Build in-house capacity, and don't let expertise slip away when senior officers move on. Build knowledge and skills across departments. Bring in experts at certain points if required.
- Negotiate with developers for a blend of discount rents - this will

open up the development to a greater number of people, and help to build mixed communities.

- Use Best Consideration and Social Value tools to select bidders that offer social, socio-economic and design quality benefits, rather than necessarily the highest capital receipt.

Developers

- If bidding to be a delivery partner, seek to understand housing need in the area. Local authorities will want to work with partners who empathise with their wider housing context.
- Ensure properties are well-designed and managed, so that they remain a high-quality option in the future.
- Talk to current and prospective tenants about what they want from rental properties retention will assist with viability.

Professionalising the landlord sector

GLA

- Lobby CLG for a national landlord register, as operated in Scotland, Wales and Northern Ireland. A register would not be burdensome for landlords and would help boroughs target limited enforcement resources. Combined with an information hub, it could also be used to inform landlords of their rights, obligations and other useful information if combined with an online information hub
- Continue to target criminal landlords, but don't ignore the majority of individual landlords altogether. Develop strategies to help all landlords improve (not just those who sign up). They should be developed in conjunction with a landlord

register, to reach as many landlords as possible.

- Develop a team of expert advisers on landlord-tenant legal issues who can be called on when needed. Consider working with Safer Renting, which already provides a similar service in four London boroughs.

Boroughs and GLA (through PRS partnership where possible)

- Develop a licensing scheme evaluation template, including quantitative and qualitative measures.
- Standardise IT systems as much as possible – many councils still operate paper-based systems. While digital is far more efficient, online systems that malfunction are frustrating

for landlords and result in officers overspending on troubleshooting. All schemes should run on a tested system that works.

- Produce templates for online licensing information for landlords so information is clear and accessible.
- Develop initiatives to work more closely with tenants – they are fundamental to the success of most licensing schemes.

Boroughs

- Measure baseline criteria so that licensing schemes can be properly evaluated.
- Incentivise accredited landlords by offering generous discounts on licensing applications.

- Offer developers of Build to Rent flat fee on properties in one scheme for as long as they remain under single ownership, and a simplified application system.
- Develop strategies for engaging tenants.
- Provide funds for voluntary sector organisations who are embedded in hard to reach communities.

Developers

- Accept that new schemes should be licensed for consistency.

Tenants

- Seek to understand the regulatory landscape in your area – your local authority may be able to help you more than you think.
- Use networks such as tenant associations to share experiences and build understanding about tenant rights.

CLG

- Provide more resources for enforcement activities and look to implement a national landlord register. Some boroughs may not need licensing schemes if these tools are available.
- Don't rule out licensing of all PRS properties for England, after thorough evaluation.

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Developers

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- Design Build to Rent developments that are good places to live for a mixture of demographics, not just young sharers.
- Find creative ways to cater for older and younger markets. Intergenerational housing could tackle two issues at once.

Tenants

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- On new developments, share likes and dislikes about apartments and amenity spaces.

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Boroughs

- Use planning policies to compel developers to offer longer tenancies with tenant break clauses.
- Promote longer tenancies to renters – they are not a trap, they increase tenure security!

Improving energy efficiency and tackling fuel poverty

GLA

- Share CSE data and maps so that resources can be targeted at households in fuel poverty
- Develop a landlord information energy efficiency/retrofit hub, potentially as part of a wider information resource.
- Network landlords in an area to make savings on area-based retrofit
- Continue to target RE:NEW at private landlords and demonstrate the economic benefits of investing in energy efficiency.

GLA and boroughs

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Tenants

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Energy companies

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- Continue to educate consumers on how to reduce their energy costs.

CLG

- Strengthen Minimum Energy Efficiency Standards so that there are fewer exemptions.
- Make it mandatory for HMOs to have energy performance certificates.
- Incentivise landlords to retrofit through tax breaks and reinstate the Landlords Energy Savings Allowance
- Increase resources for HHSRS to inspect and improve hazardous properties

CONCLUSIONS

This report has covered many aspects of the PRS and its varied stakeholders. There are three overarching messages:

Collaborate with tenants and landlords

Tenants are most affected by the PRS, and improving their situations should be at the heart of any PRS intervention. Tenants cannot all be treated the same – some could be effective collaborators if given the chance, while others will need more targeted support. Housing practitioners must give thorough attention to collaborating with tenants on developing policies and projects with renters, developing robust communication strategies and including tenants in evaluations.

Individual landlords will remain at the core of the PRS for the long term. It is essential, therefore, that they are supported by national, pan-London and local policies and initiatives. The current emphasis on tackling rogue landlords is critical, but the majority of amateur landlords should not be ignored. Unfavourable tax shifts do not encourage landlords to improve their properties or service, and regulation is inconsistent and complex. While there is no excuse for letting properties that are hazardous, many landlords could improve their service with some support and better access to information.

Engage with and support Build to Rent

Although currently just a tiny proportion of the PRS, the availability of Build to Rent housing is growing in many areas of London. The sector is dominated by a few large companies, but a more favourable planning environment should diversify the companies involved.

Still in its infancy, most Build to Rent is at the higher end of the market, and the rental values are a barrier to many prospective tenants. That said, the emphasis on longer tenancies and high standards of management is commendable, and these developments could begin to influence what tenants expect of PRS properties in the future.

With developers and investors keen to expand the market, some innovative approaches are emerging that move beyond the traditional young sharer market. GLA and local authorities should particularly support these schemes as they seek to address London's housing challenges with more nuance.

Cross-sector partnerships should bring a new wave of Build to Rent development. Connecting borough land and officers' understanding of local need with the private sector's skill and capacity could create a greater range of affordable, high-quality PRS for London.

Create and share information and data

A more strategic focus on the creation, sharing and use of information and data would help landlords, tenants, boroughs, housing associations, developers and policy-makers to tackle the biggest challenges within the sector. With the Build to Rent industry still finding its feet, and most boroughs at early stages of developing through companies or in partnerships, sharing information around what works is vital.

On the existing sector, data is particularly fundamental. Licensing schemes help local authorities identify and take action against criminal landlords, and the GLA's forthcoming rogue landlord and agent checker could warn tenants about their prospective landlord's criminal activity. Tenants with knowledge of their rights are mobilising to spread that knowledge more widely, and progressive boroughs are looking to protect private tenants through greater communication. Enhanced mapping is helping the public sector to identify those who are most likely to be in fuel poverty.

Practitioners of all sectors should not overlook the huge opportunity of engaging with new technologies for gathering and sharing data more efficiently. Some may be sceptical or not feel they have the knowledge to try new things. Specialists should take on the role of demystifying digital data and demonstrating the opportunities. Finally, the GLA's PRS partnership and pan-London networks like Future of London can continue to build cross-sector knowledge on all aspects of the PRS.

APPENDICES

Council-owned development companies delivering PRS

| Borough | Council-owned company | Delivery objectives |
|--------------------|------------------------------------|---|
| Barking & Dagenham | Be First | Lead borough-wide regeneration, focusing on new homes, infrastructure and employment. |
| Croydon | Brick by Brick | Develop private and affordable homes for rent. |
| Ealing | Broadway Living | Build mixed-tenure housing using a loan from General Fund. |
| Greenwich | Meridian Homestart | Build 200+ new homes across 6 sites, to be let at 65% or less of local market rent. |
| Harrow | Homes for Harrow | Deliver new homes of a range of tenures through a programme of new build, redevelopment and infill development. |
| Havering | Mercury Land Holdings | Deliver two- and three-bed homes for private rent at market rates, a limited number of properties will be for sale. |
| Hounslow | Lampton 360 | Develop homes at the ratio of 40% social rent, 20% private rent and 40% private sale. |
| Lambeth | Homes for Lambeth | Build homes for council, intermediate and private rent. |
| Newham | Red Door Ventures | Develop rented homes at a ratio of 30% affordable – 70% market. |
| Redbridge | Unnamed | Develop 8,000 new houses available at market rents to provide a long-term revenue stream to the council. |
| Southwark | Southwark Housing Company | Deliver 11,000 homes of all tenures over the next 30 years. |
| Sutton | Sutton Living Ltd | Develop 273 homes – 137 at market rent and 45 at affordable rent. |
| Waltham Forest | Waltham Forest Development Limited | Develop properties for rent with tenancies from six months to five years. |

Further resources

Knight Frank – UK Tenant Survey 2017

<http://bit.ly/2ugJxie>

New Policy Institute/Trust for London (2017) – London's Poverty Profile 2017

<http://bit.ly/2gKMGyQ>

British Property Federation – Build to Rent development map

<http://bit.ly/1hNyUZE>

The Smith Institute (2017) – Delivering the renaissance in council-built homes: the rise of local housing companies

<http://bit.ly/2hSLr4a>

The Young Foundation – Reimagining Rent innovation programme

<http://bit.ly/2x5DnTU>

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ENDNOTES


- 1 DCLG (2015) <http://bit.ly/1u8w5lt>
- 2 GLA (2016) Housing in London; GLA (2017) Draft London Housing Strategy
- 3 Trust for London (2017) <http://bit.ly/2gKMgyQ>; GLA (2017) <http://bit.ly/2eO6gfl>, London Councils (2016) <http://bit.ly/1OsrFZB>
- 4 Trust for London (2017) <http://bit.ly/2gKMgyQ>
- 5 GLA (2017) <http://bit.ly/2eO6gfl>
- 6 Trust for London (2015) <http://bit.ly/2AbEMsJ> and (2017) <http://bit.ly/2gKMgyQ>
- 7 GLA (2016) <http://bit.ly/2Ad04GL>
- 8 GLA (2017) <http://bit.ly/2AlywN5>
- 9 Future of London's 2013 research on the Affordable Rent Model recommended that 80% market rents were classed as intermediate housing, and that a tier of affordable housing below was a vital element of London's housing mix. FoL (2013) <http://bit.ly/2juaSpH>
- 10 GLA (2017) <http://bit.ly/2gFC3vT>
- 11 Future of London (2017) <http://bit.ly/2hXIPhS>
- 12 Future of London (2017) <http://bit.ly/2hVVqCb>
- 13 Information from LB Newham, November 2017
- 14 Council of Mortgage Lenders (2017) <http://bit.ly/2zMs6K4>
- 15 HM Government (2016) <http://bit.ly/1WNlIFQ>; HM Government (2017) <http://bit.ly/2gXVMrN>
- 16 HM Government (2017) <http://bit.ly/Ms8zBb>
- 17 Shelter (2017) <http://bit.ly/2AbezKU>
- 18 GLA (2017) <http://bit.ly/2Ac7bid>
- 19 Conservatives (2017) <http://bit.ly/1aNP2qE>; Committee on Fuel Poverty (2017) <http://bit.ly/2k4UoYV>
- 20 GLA (2017) <http://bit.ly/2gFC3vT>
- 21 Molior (2017) August PRS update (available on subscription)
- 22 Network Homes (2017) <http://bit.ly/2hY4xSY>; Inside Housing (2017) <http://bit.ly/2k7y555>; GLA (2017) <http://bit.ly/2Bviqkk>
- 23 Future of London (2017) <http://bit.ly/2hVVqCb>
- 24 www.broadwayliving.co.uk; www.bxbdevelopment.com
- 25 <http://bit.ly/2AhvwS1>
- 26 Council of Mortgage Lenders (2017) <http://bit.ly/2zMs6K4>
- 27 Council of Mortgage Lenders (2017) <http://bit.ly/2zMs6K4>
- 28 HM Government (2017) <http://bit.ly/2Abwkd8>; HM Government (2017) <http://bit.ly/1KpPdUH>; and HM Government (2017) <http://bit.ly/2k7jd6C>
- 29 London Property Licensing (2017) <http://bit.ly/2AfTqNJ>
- 30 GetRentr (2017) <http://bit.ly/2Abcdvo>
- 31 London Property Licensing (2017) <http://bit.ly/2k7a9yA>
- 32 Shelter (2017) <http://bit.ly/2zLDTbt>
- 33 Shelter (2017) <http://bit.ly/2icofht>; Generation Rent (2017) <http://bit.ly/2icvvdv>
- 34 GLA (2017) <http://bit.ly/2B28rBN>
- 35 LSE (2011) <http://bit.ly/2zLtw7t>
- 36 Cambridge Centre for Housing and Planning Research (2015) <http://bit.ly/2n8aSkA>
- 37 GLA (2017) <http://bit.ly/2eO6gfl>
- 38 Future of London (2017) <http://bit.ly/2AaTD6O>
- 39 Age UK (2010) <http://bit.ly/2AbeOp8>
- 40 CityLab (2015) <http://bit.ly/2uZcoXD>
- 41 World Habitat Awards (2012) <http://bit.ly/2zMn3co>
- 42 Marmot Review Team (2011) <http://bit.ly/2zzozul>
- 43 GLA (2017) <http://bit.ly/2Ac7bid>
- 44 Future of London (2014) <http://bit.ly/2j0toXh>
- 45 Trust for London (2017) <http://bit.ly/2gKMgyQ>
- 46 GLA (2017) <http://bit.ly/2Ac7bid>; DBEIS (2017) <http://bit.ly/2k4UoYV>
- 47 GLA (2017) <http://bit.ly/2Ac7bid>
- 48 GLA (2016) <http://bit.ly/2rW7AIP>
- 49 <https://www.sustainablehomes.co.uk/>
- 50 Buro Happold (2012) <http://bit.ly/2AbD8aG>
- 51 <http://www.qualibuild.ie/>



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