Improving the private rented sector

A guide for councils

The report is part of our sector-led improvement offer of support: www.local.gov.uk/SLI-offer
Executive summary

Housing Quality Network (HQN) has been commissioned by the Local Government Association (LGA) to produce a good practice guide on the role of councils in improving the quality of the private rented sector. The aim is to ensure improved health and well-being of tenants in the private rented sector.

There is a report, a set of case studies and a toolkit. These are based on the findings of a policy and research review, interviews with national stakeholders and local case studies.

Our case studies highlight diversity. The proportion of properties in the private rented sector in local authority areas ranges from just over 15 per cent to more than 40 per cent. The national average is 19 per cent.

The array of issues include short-term lets (eg Airbnb), the impact of the growth of higher education and the demand for student accommodation, migrant workers living in appalling conditions which are sometimes associated with modern slavery, vulnerable households living in poor quality properties that are inadequately managed and failing neighbourhoods where in excess of 50 per cent of the stock is private rented and over 20 per cent is empty or abandoned.

In order to address this diversity of issues, the starting point adopted by councils is an up-to-date and regularly reviewed strategy. This requires an evidence base so that policies reflect the dynamic nature of the sector. This helps to ensure that the strategy is targeted on the problematic sub-sectors and neighbourhoods with the worst conditions.

Partnership working is common, especially in two-tier areas of local government to ensure an appropriate availability of skills. Depending on the nature of local issues, joint working is common, for instance, with fire and rescue services, the Border Force, HMRC, landlord organisations, tenant groups and universities.

Resources (skills and funding) are a major hurdle in delivering strategies, leading to difficult decisions over prioritising actions and individual cases. Government funding pots are useful but are far from a complete answer. One way forward is joint working at a city region and a sub-regional level.

Consumer regulation depends on tenants and landlords understanding their rights and responsibilities and being willing to exercise them. But there is an imbalance of power favouring landlords and lettings agents, especially as some of the most vulnerable groups live in the private rented sector. It is not realistic, for instance, to expect these groups to exercise their rights because of, say, the threat of eviction. Councils are addressing this issue through landlord accreditation schemes, landlord forums, property management services including social lettings agencies, financial support such as bonds and rent deposit and guarantee schemes, supporting tenants’ groups and tenancy advice services.
On enforcement, there are three themes that councils have identified. Firstly, the focus is the relatively small number of landlords and lettings agents that persistently provide poor conditions and services to the most vulnerable tenants. Secondly, the adoption of a clear local strategy is vital, ie proactive or reactive approaches and formal or informal enforcement. Thirdly, councils weigh up the relevance and appropriateness of additional and selective licensing based on local circumstances.

Future-proofing policies and procedures is vital. The changing nature of the private rented sector is leading to new challenges such as the rise of private homes being used as short-term lets (eg Airbnb) and the conversion of offices into poor quality private rented accommodation without the need for planning permission. The impact of COVID-19 and the ‘new normal’ is a major issue that councils are beginning to address.
Introduction

Project

This report is one of three publications produced by the Housing Quality Network (HQN) for the Local Government Association (LGA). There is, in addition, a set of case studies and a toolkit. Although each of these can be used separately, they are intended to form a single comprehensive handbook.

Overall, they form a good practice guide. The aim is to help councils to improve the health and well-being of tenants in the private rented sector.

Each of the publications centres, principally, on (i) the strategic role of councils, (ii) consumer regulation (iii) enforcement and (iv) emerging issues.

Overview

The private rented sector has grown considerably over the last two decades. Nationally, it houses 19 per cent of households compared to 11 per cent in 2001. It has become an integral part of the housing market. Some segments of the private rented sector work effectively such as build-to-rent. However, poor housing conditions are, generally, concentrated at the lower end of the market that provides accommodation to vulnerable groups such as households containing a person(s) with a disability or long-term illness. Approximately 40 per cent of the sector comprises households in the bottom third of incomes.

The ‘Marmot Review Ten Years On’ (Marmot et al, 2020) on health inequalities points out that:

• in 2017/18, 1.9 million renters reported an issue with condensation, damp and/or mould
• in the East and West Midlands and Yorkshire and Humberside more than one in five properties fail to meet the decent homes standard
• rising costs of renting have led to increased arrears for renters.

A characteristic of the sector is its complexity. Types of landlords include temporary or accidental landlords, people owning property as part of pension planning, individuals with property portfolios, landlords disinvesting from the sector and institutional investors. Demand is driven by a diverse range of groups including key workers, students, households unable to access owner occupation or social housing, migrant workers, young people on low incomes and homeless and vulnerable households.

There is an extensive literature on this overall picture. Key publications are listed in the sources section.

Approach

In summary, our approach has consisted of:

• policy and research review
• interviews with national stakeholders
• case studies of councils and their partners.

More details can be found in Appendix A and in the case studies report.
Most of the work for this project was completed prior to the COVID-19 lockdown in March 2020. However, the emerging issues section of this report discusses the potential challenges of COVID-19 and opportunities of the 'new normal'.

Format

The next section discusses national policy from the perspectives of councils and their partners. It is followed by consideration of their strategic role, including the evidence base. The next two sections discuss consumer regulation and enforcement respectively. The report concludes with a focus on emerging issues and recommendations. Each of the substantive sections begins with a summary of the key messages.

In sections three to five of the document, illustrations drawn primarily from the case studies are included in text boxes. Elsewhere named councils (in brackets) are included. Readers interested in further details should refer to the separate case studies report.

Acknowledgements

Finally, we would like to thank staff at the Local Government Association, stakeholders and councils for their help on this project.
National policy

National policy requirements

Although the focus of the project is on local authority policies and actions, a recurring theme is the inadequacy of national policies. There is, for example, a consensus from the case study interviews on five issues:

• need to upgrade the housing, health and safety rating system (HHSRS) governing property conditions which is not understood by many landlords
• simplification of the complex and ever-changing multiplicity of legislation and regulations covering the sector
• challenges of the welfare system eg inappropriate local housing allowance (LHA) rates, though this has marginally been addressed in the Coronavirus Act, 2020, on a temporary basis
• on-going difficulties in identifying and proving that a property is a mandatory house in multiple occupation (HMO)
• need for a reduction in the requirements and time involved for councils in gaining approval for the option of using selective licensing schemes – Liverpool City Council has pointed out that it can take up to two years from developing a business case through consultation and on to final approval.

A concern from both stakeholders and case studies is the prospect of further changes in the legislation and regulatory environment because of, for example, the forthcoming Renters Reform Bill, as well as ongoing changes in regulations.

An example of the latter is the electrical safety check regulations introduced in summer 2020 with detailed guides for councils, tenants and landlords. An officer from one of the case studies commented that the regulations are ‘an ever-changing minefield for us, for tenants and for landlords’.

In a few cases, individual councils are negotiating with the Ministry of Housing, Communities and Local Government (MHCLG) on specific issues that could result in innovative initiatives such as:

• adoption of a localist local housing allowance rate which rewards good landlords and punishes rogue landlords (Blackpool Borough Council)
• tackling the complex and challenging issue of ‘exempt accommodation’, which is defined as shared accommodation for vulnerable people that is not commissioned under council homelessness or social care funding and utilises exempt provisions of the 2014 Housing Benefit and Universal Credit Regulations (Hull City Council and Nottingham City Council).

The unintended consequences of national policy changes are a significant challenge for councils. The impact of the withdrawal of the need for planning permission for office conversions to residential use has been flagged up by, for instance, Crawley Borough Council. It results in the need for councils to act against landlords/owners because of poor standards, but with no additional resources.
For a number of councils in the Midlands and the North, the closure of the housing market renewal programme in 2010/11 (with the subsequent limited transition funding) is a further illustration of this type of challenge (Hartlepool Borough Council, Hull City Council, Stoke-on-Trent City Council and Sunderland Borough Council). It has compounded the problems of neighbourhood renewal. Absentee and buy-to-let landlords have bought low value poor condition properties that were often originally scheduled for clearance. This has resulted over the last decade in neighbourhoods with more than 50 per cent of the stock in private renting and 25 per cent vacancy rates.

The principle of a localist approach is, therefore, essential. By this, we mean that councils and their partners should be enabled to continue to develop and implement policies that reflect local challenges and opportunities.

Geographical diversity

Councils and their partners understand their individual unique challenges and opportunities. Our case studies illustrate the diversity of issues. For example:

• proportion of stock in the private rented sector varies from just over 15 per cent in Hartlepool to over 40 per cent in Tower Hamlets

• towns and cities with a large and expanding university sector have a unique set of issues (Bristol, Coventry and Oxford)

• rural areas may have a relatively low proportion of private rented stock but, in some cases, are faced with tackling appalling conditions faced by migrant workers sometimes associated with modern slavery (Boston and Fenland)

• traditional seaside resorts have neighbourhoods with concentrations of vulnerable households living in large poor quality HMOs (Blackpool)

• some midlands and northern cities that had their housing market renewal pathfinder programmes cancelled in 2010/11 have a legacy of run-down neighbourhoods with over 50 per cent of the stock in the private rented sector that is, in some cases, empty and abandoned (eg Hartlepool, Hull, Stoke-on-Trent and Sunderland).
The strategic role of councils

Key messages

The seven key messages are:

• Councils can play a crucial role in driving up standards in the private rented sector.

• Focus on the poorest performing sub-sectors of the private rented market.

• Develop a balanced approach for dealing with these sub-sectors eg incentives to work with the local authority along with a strong enforcement policy.

• Importance of political and senior officer leadership and commitment - tackling issues in the private rented sector is not a quick fix.

• Aligning strategies with other council policies and plans.

• Collaboration with other departments and external organisations on the development and delivery of policies.

• Tackling resources issues through joint working at city region and sub-regional levels.

These are likely to be housing the most vulnerable households. It requires an understanding of landlords’ business models. This enables councils to develop interventionist strategies to, firstly, work with these landlords and lettings agents and/or, secondly, to disrupt their activities so that they exit from the sector. One of our case study interviewees referred to this as a ‘carrot and stick’ approach.

A council corporate plan, the housing strategy and the local plan set the framework. If relevant, empty homes strategies, fuel poverty plans and homelessness and rough sleeping strategies need to be aligned with private rented sector strategies. The latter is important where there is a focus on using the private rented sector to provide temporary and permanent accommodation.

Nottingham City Council: The council faces the challenge of securing more accommodation in the private rented sector to respond to the increasing levels of homelessness and to reduce the number of households in unsatisfactory temporary accommodation such as bed and breakfast. The strategy centres on better engagement with landlords. This can be difficult if, at the same time, a selective licensing scheme is being commenced. It is, therefore, important to ensure a clear and consistent corporate approach.

A strategy is vital in setting out the principles that should centre on a philosophy of improving the health and well-being of households and communities (including residents’ safety).

Plans and strategies

Councils require an up-to-date and regularly reviewed strategy for the private rented sector. It can be a stand-alone document or incorporated into other plans such as a local housing strategy, or a neighbourhood regeneration policy.

The strategy should focus on those sub-sectors that have both the poorest stock condition and inadequate property management.
It also helps to ensure political leadership and senior officer commitment that stakeholders argue is fundamental to adopting a clear and transparent strategy and effectively implementing it.

There is no single best approach as it depends on the specific local opportunities and challenges. For example, where there is an issue over the growth of student accommodation through HMOs and purpose-built accommodation, a supplementary planning document (SPD) or a student housing strategy could be the way forward.

**Warwick District Council**: The area has a thriving and growing student population even though the nearest universities are in Coventry. Over 80 per cent of HMOs in Leamington Spa are student accommodation. In order to address issues such as balancing the needs of student and non-student populations, avoiding concentrations of HMOs and the appropriate location of purpose-built student accommodation, a student housing strategy has been developed. This has been part-funded through the LGA Housing Advisers Programme.

If enforcement is the favoured action, a detailed policy and procedure document linked to the housing strategy may be most appropriate.

**Derby City Council**: The Housing Standards Team produces a regularly updated report on its activities. It includes a detailed guide on its approach to enforcement covering, for example, its procedures on addressing serious hazards, minor hazards, the use of prohibition orders and charges. It is available on the local authority website and is targeted at landlords and letting agents.

Where neighbourhood renewal is the priority, private rented sector policies and actions should form part of a broader multi-organisational plan to transform places and improve community well-being.

**Hartlepool Borough Council**: The council has commissioned a neighbourhood strategy for the Oxford Street area that was formerly part of its housing market pathfinder programme. Over 50 per cent of the stock is now in the private rented sector and one in five properties are empty. There are also issues of vacant sites, fly tipping and anti-social behaviour. A consultation process is taking place with the community. This will lead to a multi-disciplinary action plan to improve the neighbourhood.

In some cases, radical intervention is required to address the complex local issues by disrupting the business model of landlords and letting agents providing unsatisfactory accommodation and property management services for vulnerable tenants.

**Blackpool Borough Council**: The council has set up a wholly owned company, My Blackpool Home, which buys up former guest houses, some poorly converted to HMOs, in the highest density private rented sector areas. These are renovated and more spacious, good quality housing for rent created.

Overall, councils have a vital role to play in improving standards in the private rented sector.1

**Policy making process**

The policy making process is as important as the strategy. In broad terms, form should follow function. One of our interviewees argued strongly that councils should not ‘begin with a decision for, say, a selective licensing scheme, but instead must start with understanding the issues in the private rented sector’.

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This approach is illustrated in the diagram below (which is also referenced in the toolkit).

**Diagram One: Policy making process**

1. **Evidence and understanding** (e.g., stock condition, market dynamics and market segmentation)
2. **Issues** (e.g., property condition and management, crime and anti-social behaviour, litter and fly-tipping)
3. **Aims and objectives**
4. **Policy options** (e.g., consumer regulation and enforcement and the balance between them)
5. **Strategy**
6. **Delivery including an action plan**

Nevertheless, there are five requirements:

- ensuring there is up-to-date information on the changing size and condition of the sector as a whole and its sub-elements – some landlords are rebadging their offer as ‘hotels’ and ‘hostels’, while other are moving into the short-term let market and exempt accommodation
- appreciating which parts of the private rented sector are functioning effectively and which are problematic (and, therefore, should be the centre of attention)
- understanding the changing pattern of landlords and letting agents especially the business model of landlords and lettings agents with poor quality stock and inadequate property management
- working with other departments and external organisations to share information and knowledge
- considering whether there are opportunities to use big data and AI to improve the evidence base.

An illustration of the type of research that is required is provided in our case study of Greater Manchester.

**Greater Manchester Combined Authority and Partners**: The combined authority and the Fair Housing Futures Partnership Board have commissioned studies to improve the evidence base. This is known as the ‘mapping exercise’. It includes:

- desk-top review of data (backed up by stakeholder interviews) to scope the nature of the private rented sector
- ‘mapping the patch’ through interviews with landlords, lettings agents, tenants and housing officers to better understand the sector review of evidence on ‘good landlord schemes’.

The toolkit includes checklist sub-sections on guidance on producing an evidence-base and developing a strategy. In relation to the former, its importance cannot be exaggerated. Effective policies and their implementation depend on an understanding of the dynamics of the sector. Proposals for selective licensing require that councils are able to justify their proposals with evidence of its appropriateness. There are significant resource implications.
From a strategy perspective, there are four issues on policy-making:

- clear focus determined by the evidence base to meet the principles of improving the health and well-being of vulnerable tenants and tackling the poorly functioning segments of the sector
- prioritisation of aims and objectives so as to have a realistic action plan
- working with partners to develop and implement policies
- monitoring and regularly reviewing progress.

**Partnerships**

Working with a wide range of organisations and stakeholders is an important element of developing an effective strategy. It includes:

- corporate approach
- active involvement of councillors
- engagement with other stakeholders eg health sector, fire and rescue, the police and, if relevant, universities - county councils (trading standards, adult social care and children's services) should be involved if the strategy-making process is district-led
- working with landlords and lettings agents and their organisations
- involvement of tenants’ groups and their representatives
- liaison with community organisations.

In addition, there is a consensus among the case studies of the importance of a multi-disciplinary approach for the private rented sector.

In addition to housing, homelessness, planning, environmental health and trading standards - adult social care and children’s services were highlighted as vital in providing information on vulnerable households living in unsuitable accommodation, plus providing support once action was taken (eg Derby City Council and Stoke-on-Trent City Council). The issue of tackling ‘exempt accommodation’ (highlighted in the introduction) has been highlighted by Hull City Council and Nottingham City Council as requiring a corporate approach, especially the involvement of adult social care.

Some case studies emphasise the need for effective liaison with HM Revenue and Customs (HMRC) on, for instance, the financial affairs of rogue landlords, the UK Border Force over sensitive issues linked to immigration and the Gangmasters and Labour Abuse Authority (GLAA) on aspects of modern slavery that are often related to accommodation concerns.

**Fenland District Council**: The council has a track record of partnership working to tackle exploitation among the new migrant populations. The multi-award winning Operation Pheasant began in 2012 when police became aware of agents and gangmasters bringing East Europeans to the district and subjecting them to exploitation. Rogue landlords working with gangmasters were found to be responsible for overcrowded properties, with serious safety hazards and tenancy issues including harassment and illegal eviction. The joint operation has extended and evolved to target other types of exploitation and bring in other relevant agencies.

**Bristol City Council**: There are clear and transparent links between the body that oversees housing policy, Bristol Homes and Communities Board, and organisations involved with the private rented sector. Membership includes representatives from Bristol Association of Letting and Management Agents (BALMA), Bristol University and Acorn, which is a voice for tenants.
Boston Borough Council: As a district council, Boston Borough Council has a long tradition of working closely with its neighbouring districts and the county council. ‘Team Lincolnshire’ has seen joint working on housing for some 18 years, covering homelessness and rough sleeping, the private rented sector, stock condition surveys, disabled facilities grants (on which there is a single framework agreement and schedule of rates) and other shared issues. In addition, the Lincolnshire councils have service level agreements with Lincolnshire Fire and Rescue covering HMOs. A strong partnership with Lincolnshire Police has included action on the private rented sector where trafficking and other criminality is suspected.

Resources

The case studies highlight the importance of finance, skills and expertise. The shortage of these is a major challenge in developing and implementing a comprehensive plan.

• A recurring theme is a lack of financial resources resulting in capacity and skills issues. This leads to challenges such as:

  • weighing up the social benefits of intervention against their costs (especially pursuing legal action in complex cases through the courts with no guarantee that successful prosecutions will result in fines that recover the costs)
  • lower priority for non-mandatory actions even if they are more relevant in tackling problems
  • setting fees on, for instance, licensing, that balance recovery of costs with rewarding good landlords
  • reluctance of other council departments and external stakeholders to take action because of funding constraints eg planning enforcement on HMOs
  • reliance on self-regulation by landlords through accreditation schemes

• reduced ability for on-going commitments to provide training and briefing updates to landlord forums/accredited landlords and tenants' groups.

Dependency on external funding schemes is unsustainable. Nevertheless, the majority of the case studies have utilised such sources as a resource for maintaining basic services.

One way of tackling the resource conundrum is through joint action at a city region and sub-regional level. The case studies of (i) Derby City Council and Decent and Safe Homes (DASH) East Midlands and (ii) the Greater Manchester Combined Authority (GMCA), both illustrate a possible way forward in the medium term. But there are numerous examples of small-scale initiatives that can make a difference.

Somerset West Private Sector Partnership - Sedgemoor District Council and Somerset West and Taunton District Council: The two councils offer a range of services and support to landlords and tenants such as a bond deposit scheme, grants to bring empty properties back into use and a management service that guarantees a rental income.

In London, councils work with the Mayor of London and the Greater London Authority and with the umbrella body, London Councils. For example, the London Housing Strategy produced by the Mayor of London sets out the framework for addressing the complex challenges in the private rented sector.

More specific initiatives include a publicly accessible rogue landlord and letting agent checker.

The Mayor of London also jointly lobbies the Government to address legislative and regulatory concerns such as the inadequacies of HHSRS and the detailed requirements for selective licensing. London Councils undertake research and policy development on, for example, tackling the issues associated with short-term lets.
Finally, it is important that councils and their partners keep abreast of emerging research findings that can provide useful insights for developing and delivering policies. For example:

Shelter and the Nationwide Foundation are undertaking a project to provide evidence to support possible proposals in the Renters Reform Bill

UK Collaborative Centre for Housing Evidence (CaCHE) has a programme of research covering dispute resolution in the private rented sector and the role of tenants’ groups (as well as a workstream on the impact of COVID-19 on the private rented sector)

Nationwide Foundation has a five-year programme of activities supporting initiatives in Greater Manchester (see case study).
Consumer regulation

Key messages

The five key messages are:

• The role of councils in supporting effective consumer regulation is often ‘beneath the radar’ compared with enforcement.
• There is no magic bullet on improving consumer regulation at the local level – it depends on specific circumstances.
• Private rented sector strategies should clearly set out the principles and approaches that are being implemented.
• Collaboration with landlord and lettings agent organisations is important.
• Supporting tenants’ groups is essential.

Overview

The majority of stakeholders and case studies concurred with the view that effective consumer regulation depends on tenants and landlords understanding and being willing to exercise their rights and responsibilities. But there is general agreement that there is an imbalance of power favouring landlords and lettings agents, especially as some of the most vulnerable groups live in the private rented sector. It is not realistic, for instance, to expect these groups to exercise their rights, particularly if evidence has to be presented in court at a later date. There is, thus, a role for councils in addressing this issue.

The case studies illustrate that there is a continuum between a proactive approach focussing on both landlords/letting agents and tenants through to ‘a provider of last resort’. This is illustrated in the diagram below, which is referenced in the relevant section of the checklist in the toolkit.

Diagram Two: Consumer regulation and councils

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<thead>
<tr>
<th>Social lettings agencies</th>
<th>Supporting tenants’ groups</th>
<th>Landlord accreditation</th>
<th>Trading standards</th>
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<tbody>
<tr>
<td></td>
<td>Landlord forums</td>
<td>Tenant advice</td>
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There are four interrelated factors that influence the approach adopted by councils:

- involvement of councils in consumer regulation is generally a non-statutory requirement – prioritisation because of limited resources can result in it being given a low priority compared to enforcement
- effective consumer regulation which may help to reduce the need for enforcement
- services can be delivered directly by councils or in collaboration with partners
- some approaches can operate at a city region and sub-regional scale so achieving economies of scale.

**Consumer regulation services**

Our policy and research review, stakeholder interviews and case studies identified the six most frequently used methods as:

- landlord accreditation schemes
- landlord forums
- property management services including social lettings agencies
- financial support such as bonds and rent deposit and guarantee schemes
- supporting tenants’ groups
- tenancy advice and support services including training (often as part of ‘housing options’ services).

Of these, the less well-used approaches by councils are social lettings agencies and supporting tenants’ groups. Relatively little use is made of (i) independent schemes such as ‘marks out of tenancy’, even though they were cited by a number of stakeholders and (ii) dispute resolution mechanisms (including restorative justice approaches), which again are mentioned by stakeholders.

In Greater Manchester, the ‘fair housing futures’ project includes a programme of ‘test and learn grants’ that centre on consumer regulation (see case studies).

**Landlord accreditation schemes**

**Coventry City Council**: The Coventry Landlord Accreditation Scheme (CLAS) has been developed. This is a free voluntary self-regulating scheme that landlords and lettings agents are encouraged to join. It incorporates free training on a variety of regulations and reduced fees for property licensing. In addition, landlords can advertise themselves as being accredited by the council. The benefits of the scheme for all parties, including tenants, include better property conditions, higher management standards and more tenant-considerate behaviour in relation to neighbours. It also helps to reduce misunderstandings and disputes between landlords and tenants.

In council areas with a large student population, joint working with university accommodation services and student union advice services is common. It often is linked to landlord accreditation services. One of our interviews with a university student union, however, highlighted frustration over the different approaches by councils – ‘we work really well with one local authority and have regular meetings and joint training sessions, yet the adjoining council frankly doesn’t want to know us’.

**Landlord forums**

**Bristol City Council**: The council has a landlord liaison service that delivers a landlord expo event, produces a quarterly landlord newsletter, helps to organise and run a regional landlords roundtable and manages a local landlord forum. The annual expo event is a city region exhibition and seminar.

All of our case studies have had or have landlord forums of various types though some interviewees commented that their effectiveness was limited.
The more successful schemes are those where there is:

- collaboration with national and local landlord and letting agent organisations
- involvement of other local stakeholders, e.g., university accommodation services
- joint delivery of programmes of activities on training, policy updates, etc.
- member incentives such as reduced fees for licensing.

### Property management services including social lettings agencies

**Hartlepool Borough Council:** The council operates a Social Lettings Agency (SLA) which provides similar services to a commercial letting and managing agent. It works with landlords and tenants to help establish and sustain tenancies. The SLA aims to provide quality and affordable housing management services and access to a range of in-house skills and expertise.

Our policy and research review highlighted mixed views on SLAs. A number of the case studies have previously either run or supported such schemes or considered but rejected the concept. Concerns include cost/value for money, governance, and competition with existing lettings agents (with which councils are trying to develop collaborative projects). According to Nottingham City Council, however, landlords will engage with SLAs if it opens up opportunities to help sustain tenancies through, for example, having better information on the tenants that they are asked to consider.

A number of stakeholder interviews referenced the landlord letting scheme run by Leeds City Council. This is a free scheme to help landlords let their properties. Services include property inspection, a tenant finding service, damage liability, tenancy support and help on Housing Benefit and Universal Credit. The service is linked to a bond scheme.

The Joseph Rowntree Foundation has published a major study on SLAs that highlights both the challenges and the opportunities.

### Financial support

**London Borough of Tower Hamlets:** The council operates a homefinder service that includes a rent guarantee scheme and a non-refundable cash payment for council-vetted nominations for assured shorthold tenancies. It is aligned with the private renters’ charter that is backed by a wide range of organisations including Generation Rent and the Residential Landlords Association and is being supported/promoted by voluntary sector bodies in Tower Hamlets.

Our case studies highlight that successful financial support packages are coordinated with broader initiatives such as landlord accreditation systems, landlord forums and tenancy advice services (e.g., the work of housing options teams). They also highlight the importance of joint working on financial support packages for customers with third sector agencies such as CABs.

### Supporting tenants’ groups

**Bristol City Council:** It works with a range of organisations to support tenants including Bristol Shelter, CHAS, the two university students’ unions, and Acorn, which is a community-based organisation launched in 2015 with a membership of between 4,500 people that supports tenants in taking action against landlords and lettings agents. The latter, for example, has an ethical lettings scheme – part of which is incorporated into Bristol City Council’s Rent with Confidence scheme.

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Working with tenants’ groups is an important and growing area. The UK Collaborative Centre for Housing Evidence (CaCHE) has published a report on this topic, while the Nationwide Foundation has funded a number of initiatives including a renters’ rights project by Camden Federation of Private Tenants.

Tenancy advice services

**Oxford City Council**: The council operates a ‘home choice’ scheme. This was set up in 2003 to help vulnerable households access suitable properties in the private rented sector. It is focussed, in particular, on families threatened with homelessness. It is part of a broader service involving housing options and tenancy support. It is aligned with financial support, eg rent deposit loan and help with rent in advance.

Tenancy advice services, in our case studies, are frequently located in the social housing section of the local authority along with allocations and homelessness services. It is often badged as a housing options service. For an effective in-house tenancy advice service covering the private rented sector, there need to be close links with housing standards teams that focus on property conditions and property management.

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Enforcement

Key messages

There are three key messages:

• Focus enforcement on the relatively small number of landlords and lettings agents that persistently provide poor conditions and services to the most vulnerable tenants.
• Decide on your approach.
• Consider the relevance and appropriateness of additional and selective licensing based on local circumstances.

Overview

There is a consensus that the vast majority of landlords and lettings agents offer a good service and that tenants are satisfied with the property and its management. Therefore, the focus should primarily be on tackling the issues created by a small number of landlords and lettings agents and affecting the most vulnerable groups in society. As one of our council case study officers emphasised, ‘about 10 per cent of landlords create 90 per cent of our work, while 90 per cent of landlords cause us few if any problems’.

A recurrent topic in the case studies and some of the stakeholder interviews is of a relatively small number of landlords and lettings agents operating in an unsatisfactory manner. This is often referred to in the media as rogue/criminal elements. But our research review and case studies indicate that it is a more complex and nuanced situation.

For instance, accidental landlords with a lack of knowledge of rights and requirements, may require support rather than formal enforcement action (see landlord forums and accreditation services in the previous section).

In taking the enforcement route, there are five interrelated issues:

• Decision on whether to adopt a proactive or reactive approach – the latter centres on only responding to complaints from tenants and communities.
• Identification of potential properties and individuals/organisations – this requires research involving interrogating council databases, working with external agencies and, potentially, using big data and AI systems (see section three).
• Scoping the nature and scale of the problem which could involve matters outside of private rented sector regulation eg neighbourhood renewal, empty properties, money laundering and modern slavery.
• Devise an appropriate course of action – see next sub-section on the ‘approach’.
• Consider implementation issues such as:
  ◦ resources for identifying the necessary property and management improvements as well as, where necessary, pursuing cases through the courts
  ◦ support for tenants, especially if rehousing is required and there are health and social care concerns
  ◦ managing the media – for example, press releases covering successful actions so that successful prosecutions act as a deterrent.
Overall, innovative multi-disciplinary and cross-organisational approaches are required. This is illustrated by the London Borough of Waltham Forest who have run a regular programme of enforcement action days linked to its borough-wide licensing scheme since 2016. Working corporately and with the Police and the Border Force, it has carried out over 26,000 property visits and has issued 1,000 notices covering topics such as unkempt gardens as well as taking action on fly-tipping, abandoned vehicles and graffiti. It is funded, in part, from the income from the licensing scheme, as well as from fines and costs from successful prosecutions that amounted to over £0.2 million in 2016/17.

Approach

Drawing on our case studies and our policy and research review, one overall approach is highlighted in the diagram below.

Diagram Three: Framework for enforcement

Stage one
Identification of properties, landlords, lettings agents and / or neighbourhoods where intervention is required

Importance of an evidence-base with real- time high quality data (including information from stakeholders)

Stage two
Informal action to encourage landlords/lettings agents to rectify problems

Focus may be on accidental landlords and / or those with no track record of poor performance

Stage three
Formal enforcement action against landlords/lettings agents

Use of a wide range of regulatory powers through legal notices including timetables for action

Stage four:
Legal action against landlords/lettings agents

Use of civil penalties and / or court proceedings

However, the case studies also illustrate the diversity of approaches eg proactive versus reactive and informal versus formal. For example, some councils prioritise informal actions and are reluctant to take formal action. The reasons for this are fivefold:

- greater success in achieving results quickly
- better relations with landlords, tenants and communities
- ability to support accidental landlords
- use of fewer resources
- deterrence effect of formal action is limited.
Boston Borough Council: The approach is to combine a very proactive approach to inspections based on landlord engagement, backed up by strong enforcement where and if necessary. The local authority recognises the need for balance, in not driving out landlords in a situation of accommodation shortage. It has, therefore, worked to build goodwill via the landlords’ forum and encourages them to come forward where problems are identified. It believes in sending clear messages to landlords about their obligations. It considers that this approach results in criminal landlords finding it ‘hard to do business’ in the district. The watchwords it works to are reasonableness, enforceability, and proportionality.

On the other hand, some favour formal action. They argue that landlords frequently ignore informal requests and put off improvement work until formal action is taken. Also, formal action gives greater protection to tenants.

Hull City Council: During 2018, the council agreed its Private Housing Enforcement Policy 2018-22 which was subject to judicial review by the Humber Landlords Association (HLA) in the High Court in 2019. The previous policy meant the council would take informal action in the first instance (but would have consideration of a number of factors which could change this) and would issue a list of required works to the landlord in relation to housing hazards.

The council therefore changed its policy to consider formal enforcement first (but again would have consideration of a number of factors which may change this), with accredited landlords being allowed to use the informal route in some circumstances. The service of certain notices then affords the tenant protection from eviction for a further six months. The unsuccessful legal challenge by the HLA delayed implementation but the new policy is now being rolled out.

Resource and capacity issues are identified by most of the case studies. These particularly affected formal action. One interviewee commented that it is difficult to take formal enforcement measures if a local authority has no track record. There was also some criticism of the court system, and of property tribunals. Fines etc often do not cover costs (and may not act as a deterrent). As one interviewee commented, ‘it makes no sense financially to me for us to institute legal proceedings when it costs us more than we can recoup from fines and expenses’.

Licensing

There are three categories:

• mandatory licensing of HMOs
• additional licensing of HMOs – this is of growing significance and involves extending the definition to cover the conversion of smaller properties
• selective licensing – this may operate at a neighbourhood level or at a council scale

Selective licensing is a contested policy area. The case studies and the stakeholder interviews confirmed the conclusions from the policy and research review that there are five factors that are likely to contribute to a successful scheme. These are:

• clear understanding of the issues so that the most appropriate approach is developed, which may or may not be selective licensing
• engagement with landlords, lettings agents, tenants and local communities
• resources and expertise to develop a selective licensing scheme and to go through the necessary processes and procedures for formal approval and adoption
• resources to implement and deliver a scheme to achieve the specific objectives
• evaluation of schemes to identify lessons (and to help to decide whether to continue the specific scheme).
Nevertheless, a number of case studies highlighted the difficulty of getting approval for schemes. In some cases, this has resulted in a reluctance to reopen discussions on adopting selective licensing.

**Stoke City Council:** It applied in 2019 for selective licensing covering certain areas, which would have enabled a group approach to be adopted for these neighbourhoods. It would also have offered the team power of entry, which is seen as crucial to help vulnerable tenants. But despite extensive preparatory work and consultation the application was turned down by MHCLG.

Even so, some councils have successfully navigated the approval process. The London Borough of Waltham Forest, for example, is running a scheme from May 2020. It covers 18 out of the 20 wards and builds on the borough-wide scheme that ran for five years from spring 2015. On the other hand, Liverpool City Council has had its application to extend its city-wide selective licensing scheme for a further five years rejected by the MHCLG in January 2020.
Emerging issues

Key messages

There are three key messages, and these are:

• importance of understanding the local dynamics of the private rented sector
• monitoring external reports on emerging issues in the sector so as to consider their relevance
• consider the role of councils in addressing issues emerging from the impact of COVID-19 in the private rented sector.

Monitoring the dynamics of the private rented sector

We have emphasised in this report the principle of a localist approach ie understanding local issues and developing appropriate policies. Most of our case studies have emphasised that the private rented sector continues to change. It is, therefore, essential to monitor the local dynamics of the sector. This, as was pointed out in section three, requires an effective evidence base.

It necessitates an awareness and analysis of three broad topics:

• Landlords and lettings agents – for instance, are buy-to-let landlords exiting from the market or are they shifting to new types of investment such as short-term lets?
• Changes in demand – for example, are students opting for purpose-built accommodation at the expense of traditional private rented properties and what effect is this having on communities and on traditional landlord behaviour?
• Housing market – what changes and trends are apparent in the owner occupation and social rented sector and what are the impacts on private renting?

In relation to the latter point, is the need for temporary and permanent accommodation growing because of the lack of availability of social housing, opening up opportunities for councils to work with landlords? Or, are landlords reluctant to let to households on low incomes, who are dependent on housing benefit and universal credit?

Impact of new issues

The emergence of new issues will impact differently on different areas. Some of our case studies highlighted the issues of short-term lets and purpose-built student accommodation, whilst others do not recognise these concerns or felt that they were not likely to be an issue for a number of years.

Our policy and research review indicate that short-term lets (eg Airbnb) are already a concern for inner London Boroughs and an emerging concern for towns and cities, such as Bristol, Cambridge and Oxford. Research reports suggest that in future it may affect holiday resorts in the South West Region.

London Borough of Tower Hamlets: It is estimated that Tower Hamlets has the second largest amount of this type of accommodation of all London boroughs. The Borough Council works closely with the Greater London Authority/Mayor of London and London Councils on responding to the growth of short-term lettings. This includes lobbying for further
Improving the private rented sector

Policy changes such as mandatory licensing, as issues include the impact on the supply of family housing, fire safety, community cohesion and nuisance (eg noise, anti-social behaviour and litter).

Purpose-built student accommodation (by both universities themselves and private sector providers) is a common phenomenon in cities with a large and growing higher education sector (eg Bristol, Coventry and Oxford). These case study councils have planning policies in place that set out detailed criteria to assess potential projects. These include location (eg near to university campuses and transport interchanges) and impact on existing neighbourhoods and communities.

Other emerging issues include:

- impact of the conversion of office blocks to private rented accommodation without the need for planning permission
- improving the environmental performance of older private rented sector
- growing number of older households in the private rented sector.

Office conversions

A small number of our case studies and our policy and review exercise highlighted concerns over the lack of a requirement for planning permission. Even so, there are areas where conversions are welcome.

Crawley Borough Council: The council continues to highlight this issue as do stakeholders such as the Town and Country Planning Association eg poor quality housing standards, safety issues and lack of adequate arrangements for refuse collection. More broadly, conversions are leading to an influx of properties that do not meet space standards (which are difficult to enforce against) and are not of the size distribution that is needed ie studios rather than a mix of studios and one- and two-bedroom units.

Stoke City Council: Increasing the supply of decent housing through conversions of commercial properties to residential use is welcomed. In contrast to some authorities where serious problems of conditions and safety have been found, Stoke has forged a working relationship with owners to achieve good outcomes.

Environmental performance

The majority of our case studies highlighted that the environmental performance of the private rented stock is an emerging issue. One of the stakeholder interviewees pointed out that research underpinning the Committee on Climate Change report in 2019 on ‘UK housing: fit for the future’ estimated that the cost of retrofitting each private rented property to reach carbon neutral levels over the next 30 years would on average be £26,000.

Furthermore, some of the case studies emphasised that addressing environmental performance would help improve the health and well-being of vulnerable tenants by tackling issues such as fuel poverty.

Nevertheless, there are challenges. Interviewees thought that minimum energy efficiency standards (MEES) are unlikely to be effective if the system relies on tenants taking the initiative, as they are unlikely to do so. Additionally, many landlords are either unaware of requirements or consider that properties cannot be appropriately improved. Several case studies are gathering intelligence on this issue by cross-matching data sources.

4 See Committee on Climate Change (2019) UK housing: Fit for the future?, London, CCC
**Boston Borough Council:** It is working to educate landlords about minimum energy efficiency standards (MEES) obligations and began alerting them to the new regulations from summer 2019. At the same time, the team has been using intelligence to match the EPC database with other records to target non-compliant housing. As the lowest earners and most vulnerable tenants are found in the lowest-rated housing, typically Victorian terraces, this is seen as a priority. However, in some cases landlords are genuinely unable to afford the necessary works to eliminate F and G EPC ratings. Lincolnshire councils are therefore working on plans to offer a grant toward this, which would both ease the costs and provide an incentive.

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**Impact of COVID-19**

The external policy environment is fluid. For example, the Government extended the notice period and court decisions to suspend possession proceedings by two months until 23 August 2020 to further protect private renters. It also set up a task and finish group to report on proposals to support landlords and tenants after the ending of the ban on evictions.

Councils are monitoring these developments by liaising with landlord and tenant organisations as well as third sector agencies that provide advice and support. They are also putting in place measures for the private rented sector in the event of local lock downs.

At the same time, councils are using this opportunity to establish protocols for working with landlords and tenants following the MHCLG guidance on the electrical safety regulations published in June 2020.

From an evidence-base perspective, councils are and will need to continue to monitor research and reports on the impact of COVID-19 on the private rented sector. These include:

- Shelter highlighted in April 2020 that over 20 per cent of private renters fear that losing their jobs will result in them being unable to pay their rent as welfare benefits will not meet the shortfall.
- Resolution Foundation pointed out at the end of May 2020 that one in eight private renters have already fallen behind with their housing payments and that one in five have either been furloughed or lost their jobs since the beginning of this crisis.
- Inside Housing reported on the problems of living in shared temporary accommodation in the private rented sector and HMOs where it was almost impossible to follow safe lockdown guidance – some councils, such as the London Borough of Newham, responded by moving families into self-contained accommodation.

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**Older households and the private rented sector**

A number of stakeholder interviews flagged up the longer-term issue of the growth of the number of older households in the private rented sector. This has also been identified by the Office for National Statistics (ONS). Its report points out that approximately six per cent of older households live in the private rented sector. But over a third of households in their mid-30s to mid-40s are living in the private rented sector compared to 1 in 10 in 1997. If this trend continues, there will be a significant growth of older households in this sector. This raises major issues around the suitability of properties and the need for a stable home environment.

Organisations, such as the International Longevity Centre UK and the Centre for Ageing Better, have identified older households in the private rented sector as an issue that should be addressed. For example, older people frequently need property adaptions to ensure independence and healthy living in later life. How is this to be achieved for those in the private rented sector?

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5 Storey, A. et al (2020) Living Longer: Changes in Housing Tenure over Time, Newport, ONS
The UK Collaborative Centre for Housing Evidence (CaCHE) has established a 15-month research project on UK housing policy and COVID-19 – one of the five themes is on evictions and the social and private rented sector.

Rightmove commented in June 2020 that there was a 20 per cent growth in demand for private rented properties because of factors such as job losses, urgent relocations and household breakups, but the number of available lets was low – potentially leading to a surge in rents.
Recommendations

Introduction

The focus of this report is ‘good practice by councils in tackling issues in the private rented sector’ to ensure improved health and well-being of tenants. Our recommendations are, therefore, centred on creating the local conditions necessary to take forward this agenda.

Many of the reports on private rented sector, however, include a proliferation of recommendations for the Government eg House of Commons Housing Communities and Local Government Committee (2018) and Rugg and Rhodes (2018a). We would not dispute the need for changes such as a simplification of the legislation and regulations (see, for example, section two of this report).

However, our recommendations are centred principally on councils and on other stakeholders including their representative bodies.

Councillors

• Ensure there is leadership and corporate commitment to address the local challenges of the private rented sector.
• Develop a strategic framework that sets out the role and function of the council in addressing local issues.
• Ensure there is a high-quality evidence base to understand the changing nature of the local private rented sector including emerging issues such as short-term lets (eg Airbnb).
• Collaborate with stakeholders such as landlord organisations, tenant groups, universities and third sector advice and support agencies.
• Work with adjoining councils and, where appropriate, combined authorities over joint initiatives e.g. sharing expertise and funding.
• Adopt a transparent approach to consumer regulation.
• Establish a clear framework for enforcement.
• Take an active role in debates on the future of private rented sector policy by, for example, commenting on the forthcoming Renters Reform Bill.

Landlord organisations including letting agents

There are sometimes concerns among these organisations over the strategies and procedures adopted by councils, which may be seen as a potential threat to their own activities (eg social lettings agencies). This can be overcome by:

• encouraging a better understanding of the role and function of councils in addressing challenges in the private rented sector
• collaboration with councils on issues of mutual interest such as tackling rogue landlords and through activities such as landlord forums, accreditation schemes and training.
Tenant groups

Private rented sector tenant groups can be an effective customer voice. But they are a relatively new development and, therefore, require help and support. They should:

• approach councils for assistance on, for example, producing tenancy packs
• offer to collaborate with councils on, for instance, training events
• help councils to identify landlords and letting agents that are not adhering to regulations.

Local stakeholders eg universities and third sector advice and support agencies

• ensure a better understanding of the role of councils in addressing issues in the private rented sector
• collaborate with councils on, for example, initiatives to help students and private sector tenants to be more aware of their rights and responsibilities
• work with national organisations (eg Generation Rent, National Union of Students and Shelter) on how best to collaborate with councils.

Professional organisations

Professional bodies have an important role in:

• highlighting to their members the role of councils through, for instance, publications and events
• ensuring that members are aware of the skills that are required by councils to have an effective approach for tackling issues in the private rented sector.
Appendix A: Our approach

The project has consisted of three work streams:

- policy and research review
- interviews with national stakeholders
- case studies of councils and their partners.

Policy and research review

The policy and research review involved an identification of reports on improving the quality of the private rented sector by councils in England between January 2013 and January 2020. Various search engines were used to identify material such as google scholar, ingenta, and academic publishers (eg Taylor and Francis) as well as websites of research organisations (eg UK Collaborative Centre for Housing Evidence – CaCHE), professional bodies, the Housing Quality Network (HQN) and the Local Government Association.

The initial sieve of papers resulted in the identification of further useful sources and this further supplemented by suggestions from stakeholders.

In addition, some limited use has been made of the trade press (eg Inside Housing) and social media (such as blogs and news items) to identify issues arising from substantive reports.

Stakeholder interviews

The three aims of these interviews have been to:

- obtain the views of stakeholders on the roles and actions of councils in improving the private rented sector
- cross-check the findings of our policy and research review with stakeholders
- help identify possible case studies.

The semi-structured interviews were carried out either face-to-face, by telephone or through email exchanges in early 2020. In a few cases, a number of interviews were carried out with individual stakeholders.

The stakeholders that have been interviewed include the Chartered Institute of Environmental Health, Chartered Institute of Housing, Generation Rent, Local Government Association, London Councils, National Landlords Association, National Union of Students, Northern Housing Consortium, Residential Landlords Association, Shelter and the Town and Country Planning Association.
Case studies

The case studies were selected on the basis of three considerations. Firstly, they have been drawn from a wide range of types of authorities and regions. Secondly, they illustrate the diversity of issues and responses. Thirdly, and pragmatically, there is their willingness to participate.

In total, there are 12 council case studies (see case study report). In addition, there is one case study that covers a city region (Greater Manchester) and one example of an independent sub-regional initiative (Decent and Safe Homes [DASH] East Midlands).

Potential case studies were initially identified through four sources:

- policy and research review
- discussions with stakeholders
- LGA contacts and the LGA Housing Advisers programme
- HQN database.

An initial long list was refined to reflect the factors set out above.

For each case study, the following four-stage approach has been generally adopted:

- desk-top review of policies and issues principally using websites and online media coverage
- semi-structured interviews with officers and, in some cases, councillors - either by telephone or by face-to-face meetings
- production of a draft report for email/online discussion with interviewees for accuracy purposes
- final modified case study report.

During the course of the project, other case study examples have been identified and used in the main report. These were found through:

- LGA Housing Advisers programme
- policy and research review
- stakeholder interviews
- suggestion from case study interviewees.
## List of Abbreviations and Acronyms

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<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>CaCHE</td>
<td>UK Centre for Collaborative Housing Evidence</td>
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<td>DASH</td>
<td>Decent and Safe Homes (East Midlands)</td>
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<td>EPC</td>
<td>Energy Performance Certificate</td>
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<td>GLAA</td>
<td>Gangmasters and Labour Abuse Authority</td>
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<td>GMCA</td>
<td>Greater Manchester Combined Authority</td>
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<tr>
<td>HHSRS</td>
<td>Housing, Health and Safety Rating System</td>
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<td>HLA</td>
<td>Humber Landlords Association</td>
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<td>HMOs</td>
<td>Houses in Multiple Occupation</td>
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<td>HMRC</td>
<td>HM Revenue and Customs</td>
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<td>HQN</td>
<td>Housing Quality Network</td>
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<td>LGA</td>
<td>Local Government Association</td>
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<td>LHA</td>
<td>Local Housing Allowance</td>
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<td>MEES</td>
<td>Minimum Energy Efficiency Standards</td>
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<td>MHCLG</td>
<td>Ministry of Housing, Communities and Local Government</td>
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<tr>
<td>NLA</td>
<td>National Landlords Association</td>
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<td>ONS</td>
<td>Office for National Statistics</td>
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<td>SLA</td>
<td>Social Lettings Agency</td>
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The major reports that provide useful overviews of the sector are listed below.


House of Commons Housing Communities and Local Government Committee (2018) Private Rented Sector, London, House of Commons – the linked evidence files from the written submissions by national stakeholders and councils is especially useful


Russell, S.C. (2020) How councils play a crucial role in driving up private rented sector standards, Inside Housing, 28 February – this is a useful summary of the importance and role of councils.
