

Supporting Systemic Change in the Private Rented Sector: What don't we know?

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On behalf of the **Nationwide Foundation**



About the Nationwide Foundation

Established in 1997 and funded by Nationwide Building Society, the Nationwide Foundation is an independent charity that aims to improve the lives of those most in need in the UK through grant-making and influencing work. Since our founding, we have committed £42 million to more than 3,000 charitable causes.

The Foundation takes a systemic approach and focuses on tackling the root causes of social issues, seeking not only to benefit people now, but leave a lasting legacy that supports people far into the future. The Foundation's strategy has evolved and changed significantly in the decades since we were founded, but the current focus is on housing and making the housing system work for all through our Decent Affordable Homes strategy.

About the University of York

Dr Julie Rugg started working at the University of York's Centre for Housing Policy in 1993. Her research has focused on various aspects of private renting, which has generally included qualitative research with tenants, landlords, regulatory actors and service providers in the third sector. Dr Rugg and her colleague David Rhodes were approached by the housing minister to conduct a review of the PRS in 2008. This review was repeated – funded by the Nationwide Foundation – in 2018. Other recent research has considered the supply of property to the lower end of the PRS. Dr Rugg is currently leading a large-scale ESRC project on criminality in the rental market.

Foreword

At the Nationwide Foundation, we are working to transform the housing system so that it works for all – now and for generations to come. One of our key areas of focus is the private rented sector (PRS), which is currently failing to provide affordable, safe and secure homes for renters. A decent, secure home is the foundation of a happy and healthy life. Yet for many of the 11 million people in the PRS, finding a good-quality, affordable place to call home is becoming increasingly difficult.

The challenges in the PRS are significant in themselves, but are compounded by a general lack of understanding of much of the sector, including what it is that drives problems to exist, and crucially what changes might be made that could improve the sector. That's why the Nationwide Foundation has decided to fund long-term substantial research to fill these gaps in knowledge. We will fund research into areas where an increased understanding is the most likely to lead to long-term systemic change in the PRS, and where we can produce clear and actionable recommendations for changes to policy and practice.

While we are primarily concerned with improving the private rented sector for the millions of renters who call it home, we know that an intervention to improve the PRS can come anywhere in the system. This left us with a huge potential scope for the focus of future research, so for the first phase of this work, we commissioned Julie Rugg from the University of York to identify the most effective avenues for us to direct our attention. This report sets out the findings of this scoping exercise, and is vital reading for anyone interested in a better understanding of the hotly-contested PRS.

Using the findings from Julie's report, we will soon begin funding the next phase of research, and this report sets out further details on our future plans. All of our research will inform our ongoing calls for change to the PRS and wider housing system, and we hope it can support others to do the same.

Joshua Davies, Programme Manager, the Nationwide Foundation





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I. Introduction and key findings

All homes should be safe and secure places that enable people to build happy and healthy lives. However, the experiences of private renters in the UK¹ are often associated with lack of choice, unaffordable rents and poor living conditions.

In 2023, an estimated 19% of households were privately renting in the UK. Within the sector, problems are experienced unevenly. In England, an estimated 33% of households defined as vulnerable were living in properties that did not meet the Decent Homes Standard.² Here, vulnerability is defined as households including babies and young children, older people, people with disabilities, people with long-term health conditions and people on lower incomes.

Changes in regulation of the English private rented sector (PRS), coupled with intense pressures in the housing market, are driving an increased focus on the PRS. The sector has shown only limited signs of growth over the last five years, but there is evidence that the market is subject to flux. The nature of landlordism is slowly shifting in favour of larger portfolios; innovative market configurations are offering opportunities to global players in the residential property market; and renting privately is becoming a long-term, mainstream housing option. At the same time, the PRS is regarded as both a cause of and a solution to increased levels of homelessness.

These changes indicate the need for a new and deeper understanding of how the PRS operates, how it interacts with other parts of the market, the behaviours of an expanded range of key stakeholders, and what changes might be required to ensure that the market meets the reasonable expectation that it should offer good quality, sustainable tenancies.

While there is much commentary and debate about these questions already, there is not yet any systematic research to answer the above questions. For those who wish to resolve problems that appear endemic in the market, there is no consensus on what research is needed. Stakeholders point to a variety of different features of the PRS as requiring further exploration. There is therefore a prior need to identify and agree which aspects of the PRS need understanding most urgently.

The Nationwide Foundation's approach

The Nationwide Foundation has identified further research into the English PRS as a key priority and has committed to a multi-phase research programme. Phase One, completed in the first half of 2024, aimed to identify gaps in knowledge that, if filled, might lead to changes that would be of particular benefit to renters and particularly those renters most vulnerable to harm in the sector. The exercise was focused on identifying areas where new research is likely to improve sectoral performance overall, and where tenant experience would be improved by changes because of the research. This might include, for example, increased availability of property at affordable rents, improvement in property standards and a more settled and less precarious renting experience.



Who should use this report

This report is important reading for anyone interested in research into the PRS or wider housing system. The scoping exercise seeks to establish a shared understanding of research gaps. The Foundation aims to encourage those funding or conducting research to have a clear picture of what more could be known about the PRS, and to work together more effectively on filling these gaps. Increasing a collective understanding will lead to an improved PRS and wider housing system.

Key findings

Phase One was completed in September 2024 and this report sets out its findings.

The research gaps identified are grouped into eight broad subject areas. The groups are:

1. The PRS within the housing market relates to the function of private rental within the housing market and movement of property between tenures;

2. Expanding responsibility for ensuring that the PRS meets property standards considers the degree to which responsibility for policing property standards should extend to other key stakeholders;

3. Emergent letting practice addresses relatively recent letting and management practices where impacts have not, as yet, been assessed in detail;

4. Local authorities and proactive sector management identifies research gaps that might offer an effective challenge to siloed working within local authorities, and support more proactive sector management;

5. Understanding market subsectors addresses the lack of data on substantive subsectors within the market, where letting practices are distinctive;

6. The contribution of larger landlords considers how property supply from larger, institutional, landlords impact on the market and meets affordable housing targets;

7. Tenants vulnerable to harm in the PRS focuses attention on data gaps relating to tenants experiencing higher levels of harm in the PRS; and

8. PRS stock and retrofitting addresses gaps relating to PRS stock quality, and to policies that can offer effective support to the task of retrofitting the sector to meet carbon neutrality targets.

It is acknowledged that some of these sub-questions could be assigned to different subject groups, and a different thematic approach might link the sub-questions in different ways.

Next steps

Using the learning from Phase One, the Nationwide Foundation has identified three areas which it will fund in Phase Two. Following this, future phases will continue the programme of research commissioning.

The three research areas for Phase Two encompass important but under-analysed actors in the sector:

1. The role and behaviour of letting agents;
2. Establishing the scale and impact of the mediated market (those areas of the PRS where letting is arranged via an intermediary agency, for example temporary accommodation for homeless households or people seeking asylum); and
3. Assessing the local impact of build to rent.



II. Research method

The scoping exercise comprised two-stages. A rapid review of academic literature and grey reports was conducted to isolate areas where data and information were more readily available. Attention was focussed on material created in the period from 2018³ but excluding material that was entirely Covid-related. This part of the exercise reviewed existing data sources for the PRS to test the degree to which new questions could be asked of secondary data. The initial phase also included the creation of a policy timeline, which has encompassed familiarity with recent Parliamentary reports on the PRS. This material is not reproduced here, but there are instances where an indicative reference has been added.

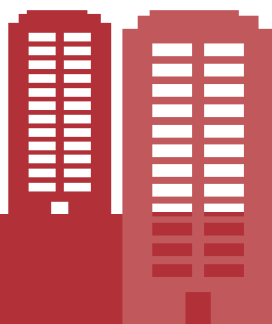
In the second stage, the exercise completed interviews with experts with long-standing experience of PRS research and policy. The approach taken was supported through use of an Advisory Group of stakeholders, who were consulted about the scope of the project at the outset, and who were then invited to an extended meeting to discuss prioritisation of all the questions that were identified in the eight research areas.

Principles underpinning the exercise

There are subject areas where information is readily available or where major research has recently been completed or is underway, and there is no need to replicate research at this stage. The scoping exercise focused on gaps in knowledge.

The approach taken in assessing knowledge gaps carries the following presumptions:

- Debate on the PRS tends to view the market as a single entity and does not often appreciate the complexity of the sector and its segmentation into a range of different submarkets. As far as possible, questions aim to respect complexity.
- New policy interventions over the last few years are very likely to have introduced unintended consequences that have distorted the market. The questions have identified areas where market distortion has taken place in response to policy intervention.
- Market distortion is also taking place in response to global trends, and the identified knowledge gaps are alert to emergent changes in the characteristics of the PRS that may carry detrimental consequences in the future.
- Not all tenants in the PRS are vulnerable; the PRS is not intrinsically 'harmful'. However, vulnerability to harm is evident in certain parts of the market, and in certain circumstances. Isolating problematic areas creates a greater likelihood of effective intervention than an assumption that the sector is innately problematic.
- There is, overall, a lack of empirical data on how parts of the PRS 'work', and knowledge gaps will in some cases include the need to collect narrative information on practices and behaviours.
- The PRS has a much wider set of stakeholders than is generally involved in policy debate, and their roles are often not well understood. The search for knowledge gaps cast a deliberately wide net.
- Knowledge gaps include qualitative and quantitative data, but also depth case studies and longitudinal dynamics.
- The scoping exercise has taken the opportunity to step away from existing debates, and address issues from alternative perspectives.



Ongoing policy development in the PRS

There was also awareness that the scoping exercise and subsequent phases of new research funding are taking place in the context of major legislative change for the PRS. From 2010, successive governments have made policy interventions aimed at improving the sector (see Box 1).

Box 1: Selected policy intervention aimed at improving property and management quality in the private rented sector

Energy Performance of Buildings (England and Wales) Regulations 2012

Landlord must make available to prospective tenants, free of charge, an energy performance certificate.

Enterprise and Regulatory Reform Act 2013

Requires letting agents to be a member of an approved redress scheme.

Smoke and Carbon Monoxide Alarm (England) Regulations 2015

Mandates the provision of smoke and carbon monoxide alarms in residential property.

Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015

No new lettings permitted in properties rated below an EPC rating of E.

Deregulation Act 2015

Sets out a framework that aims to counter the incidence of retaliatory eviction.

Housing and Planning Act 2016

New penalties for landlords failing to comply with requirements of the Housing Act 2004. The penalties extend the range of offences where Rent Repayment Orders may be secured; Civil Penalties can be set up to £30,000 as an alternative to prosecution; Banning Orders introduced for the most serious offences; public database of landlords subject to Banning Orders or two or more financial penalties.

Homes (Fitness for Human Habitation) Act 2018

Landlords must ensure that property is fit for human habitation at the beginning of the tenancy and throughout. Contravention means that the tenant can take the landlord to court.

Tenant Fees Act (2018)

Letting agents no longer able to charge fees to the tenant.



For the past five years, the government has been developing substantial legislative change to the functioning of the private rented sector, starting with an announcement that it would end s21 evictions in 2019. In June 2022, the Department for Levelling Up, Housing and Communities issued the White Paper **A Fairer Private Rented Sector** which announced a '12-point plan of action' reflecting a commitment to major change.⁴ The White Paper also announced that funding would be made available to local authorities to run pilot schemes exploring different approaches to enforcing standards in the PRS. Pledges made in this plan were included within the clauses of a proposed Renters (Reform) Bill which did not ultimately become law due to the calling of the general election in 2024.

The current government is now in the process of passing the Renters' Rights Bill. This includes key changes which will:

- Amend tenancy law to abolish Section 21 evictions and introduce a simplified tenancy structure, including making all tenancies indefinite;
- Reform grounds for possession to allow a landlord to evict a tenant if the intention is to sell the property, or the landlord wishes to move themselves or a family member back in, and increase eviction notice periods from two to four months;
- Introduce a private rented sector database (also known as a national landlord register), which will include details of landlords and rented properties;
- Apply new regulations around quality and standards, including Awaab's law and the Decent Homes Standard;
- Limit rent increases to one increase a year, with improved access for tenant appeal against excessive rent increases;
- Introduce an Ombudsman service that all landlords are required to join;
- Increase the investigative power of local authorities;
- Create offences relating to discriminatory refusals to let properties to families with children or households in receipt of benefits; and
- Give tenants the right to request that a pet be allowed in the property.

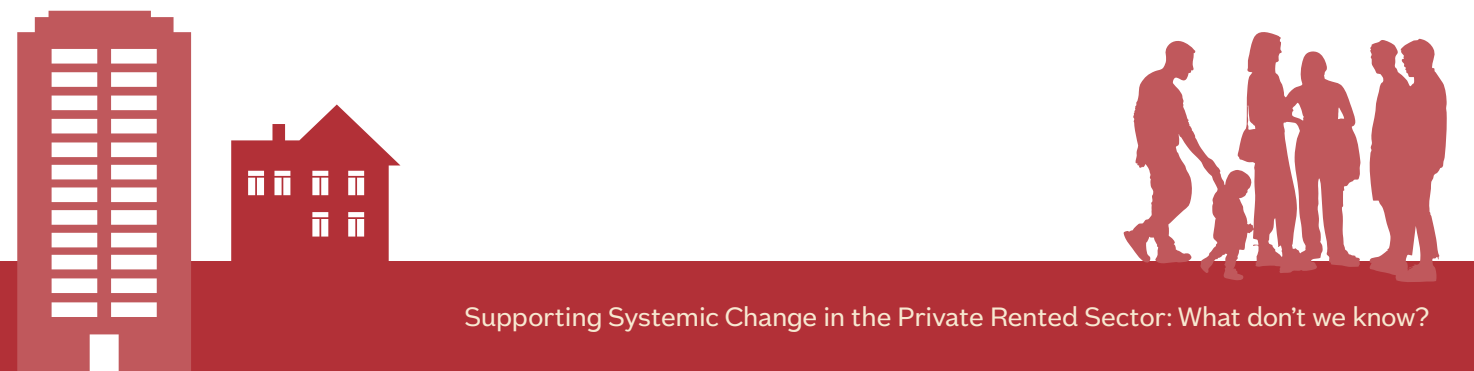
It is likely that the proposed Renters' Rights Bill will become law in 2025. The build-up to the previous Renters (Reform) Bill and the passage of the Renters' Rights Bill mean that there are some areas where new research is unlikely to carry substantial impact. Chapter four sets out further detail on current interventions being tested to support compliance. Research supporting improvements to landlord compliance and local authority enforcement, and research on security of tenure will not yield useful results at this stage. Ministry of Housing, Communities and Local Government (MHCLG) interventions will be subject to intensive departmental evaluation to assess whether the beneficial impacts have been delivered. Independent evaluation is always necessary, but the uncertain nature of how exactly the proposed legislation will work in practice and the time needed for new policy to 'bed in' and provoke a change in behaviour and attitude create questions around the advisability of commissioning new research within the next two years.



III. Research areas

The scoping exercise identified eight broad subject areas, each with a handful of sub-questions. Any subject area or indeed any single sub-question can be considered as a stand-alone research project although there are obvious synergies in tackling some subjects in tandem.

Each section includes one or more boxes outlining potential research questions which could be investigated by those seeking to better understand the subject area. It also includes an indicator of how answering the question would effect positive change in the PRS.



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The PRS within the housing market



This grouping of questions relates to the PRS within the broader housing market, movement of property between tenures and the impacts of foreign ownership of rental property.

1.1 Arriving at consensus on what the PRS could and should deliver

At present, the PRS is generally understood as a bundle of issues that require resolution, and these include security of tenure, property quality, management standards, and affordability. PRS policy, then, focuses largely on regulation and enforcement. Discussion of the sector often presumes a zero-sum game: new legislation tends to be discussed in terms of its rendering tenants or landlords as either winners or losers. Both 'sides' tend to regard the play of intervention as unbalanced, and policy tends to see-saw. This means that PRS-related policy can be poorly framed and prone to unintended consequences.

A higher level of analysis is suggested by Maclennan *et al.*, which points towards the need for a better understanding of what the PRS might deliver:

Private renting plays a critical pressure valve role for both the other two major tenure groupings – shocks to home ownership (e.g. through lending practice changes) or social housing rule changes will have rapidly-transmitted knock-on consequences for the PRS. The more flexible, responsible and accessible quality rental market housing is at a range of price points and size/type/location configurations, the more effectively rental markets can support and lubricate the operation of the wider metropolitan housing system.⁵

Maclennan *et al.* indicate that the PRS is currently regarded as a sector that should compensate for deficiencies in other tenures. This requirement may well run counter to the qualities that the PRS is better able to deliver, such as flexibility and responsiveness to need across all demand groups.

New research might usefully test for consensus from a broad range of stakeholders on what roles the PRS does and can usefully play in the housing market, and how to support the market in meeting those roles.

Q1.1 Is it possible to arrive at a shared understanding of what we want the PRS to deliver?

How knowing more will effect change: PRS policy that builds on consensus is less likely to result in compromised and contested interventions that run a high risk of unintended consequences.



1.2 How do housing tenures relate to each other?

A second question under this broader heading seeks to understand how housing tenures relate to each other, and how these relationships impact on the supply of properties across all tenures. There is a need to understand how property enters and exits the PRS.

The PRS expanded substantially between 2008 and 2018: one of the principal values assigned to the sector is that it has contributed to meeting the housing needs of a growing population. However, PRS growth has tended to rest on the sector absorbing properties from other tenures. Social housing has become privately rented via right to buy, but no research has explored the consequences for local communities.

Q1.2a By what routes does property constructed for use as social housing enter the PRS, and with what consequences for local communities?

How knowing more will effect change: A loss of social housing stock is one of the reasons for increased reliance on the PRS of lower-income households. Understanding the relationship between right to buy and the private rental market could lead to policies that reduce the flow of social stock into the PRS.

Similarly, there is a presumption that landlords operate at an advantage in the open owner-occupied market, and purchase properties that would otherwise be available to first-time buyers. There is a gap in understanding how owner-occupied property is purchased/used for private rental. This is a particularly pressing question given the degree to which the internet and valuation algorithms are available to support large-scale purchase and rapid portfolio acquisition by property investment companies.⁶

Q1.2b In what ways are landlords purchasing property from the owner-occupied market, and do these routes disadvantage domestic mid and lower-income home purchasers?

How knowing more will effect change: Clarity on the degree of competition between residential purchasers and landlords in the sales market could contribute to more effective policy supporting mid-income renters seeking to leave the PRS.



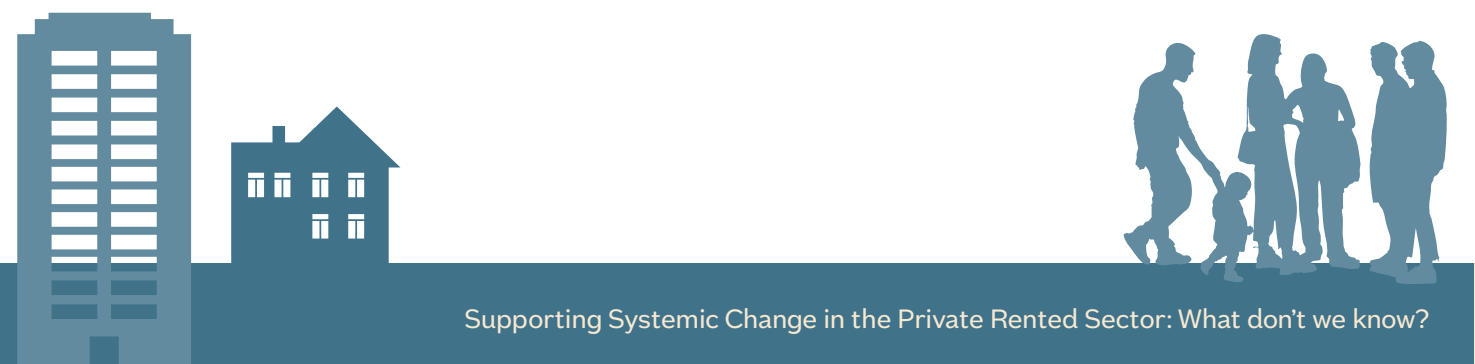
1.3 Tenure destination of ex-rental properties

There is evidence that some non-institutional landlords are beginning to reduce their holdings. A commonly asked question – where data is so far not available – is what happens to previously let property? Does ex-rental property enter the owner-occupied market, or does it tend to be sold to other landlords and used as rental property. Here it might be assumed that certain types of property – for example, HMOs – would be retained as rental properties. There are questions on the degree to which HMOs tend to be bought and sold by landlords specialising in this kind of property.

In addition, qualitative research indicates that landlords are more likely to sell ‘problematic’ properties that may require more expensive work, for example, to remove issues relating to damp or which may require substantial investment to meet the Minimum Energy Efficiency Standards rating required for rental property. It is uncertain whether these properties are purchased by developers for upgrade and resale on the owner-occupied market; purchased by owner occupiers more directly; purchased by other landlords for upgrade; or purchased by landlords and relet with no intention to upgrade.

Q1.3 What happens to property that is sold by non-institutional landlords seeking to reduce or refresh their portfolio?

How knowing more will effect change: Knowing more about the properties that landlords are most likely to sell, and the tenure destination of ex-rental properties, improves understanding of stock availability. For example, if landlords are more likely to sell stock that lets at a lower rent, this will decrease property availability to lower-income renters. The sale of ‘difficult-to-improve’ property also carries implications for interpreting statistics on PRS property quality.



02.



Expanding responsibility for ensuring that the PRS meets required property standards



Policy literature relating to property quality usually relates to the regulation of landlords, which creates a heavy burden for local authorities. Multiple reports have indicated that environmental health teams are often poorly resourced in comparison to the demands placed on them, and there is a shortage of qualified environmental health professionals (EHPs).

This bundle of questions relates the ways in which the market is policed and considers whether it might be possible to expand responsibility for ensuring that the PRS meets required property standards.

2.1 The role of letting agents in mediating property supply, setting rents and professionalising standards

Amongst landlords responding to the English Private Landlord Survey, 52 per cent used an agent to let/ manage their property. Use of an agent tended to be higher where the landlord had a larger portfolio. Agents have the potential to support enforcement activity. However, little is known about the capacity, competencies or willingness of letting and managing agents to police the sector.

It is necessary to establish the tenor of current practices to understand levels of professional competence in the market. Little information is available on whether letting agents ameliorate or worsen problems associated with the private rented sector.

This is a particularly pertinent question given the introduction and roll-out of the Tenant Fees Act 2019, which has changed the economic business model of the industry. Anecdotal evidence indicates that the regulation has had unintended consequences. There have been changes in the sector's characteristics following the introduction of the Tenant Fees Act 2019: notably, smaller and less economically viable companies have been absorbed by larger businesses. One consequence of business merger has been a review of portfolios and closure of long-standing rent gaps which has led to in-tenancy rental increases for some tenants.

Reduction in income from tenant fees implies that many letting agents will have reviewed the bundle of services they make available to the landlord. This revision may have decreased the quality of management including – for example – responsiveness to tenant complaints.



Q 2.1a What have been the consequences of the Tenant Fees Act on rent setting, letting management standards and tenancy turnover?

How knowing more will effect change: Letting agents control a substantial section of the market. Regulatory effort aimed at landlords may well be undermined if letting agent practice tends to inflate rents and induce tenancy turnover.

The role of letting agents may be extended to their having a greater responsibility for the quality of property they let and manage. Landlords generally use letting agents on the understanding that they will thereby gain access to more professionalised expertise. Agents tend not to advise on property condition, but perhaps should.

Q 2.1b Could letting agents be made responsible if they advertise property that fails the Decent Homes Standard?

How knowing more will effect change: Letting agents knowingly let and manage property they know to be sub-standard. Suitably qualified agents playing a role in policing property quality would mean a higher proportion of better-quality property being advertised.

These questions suggest that a broader review of the impact of letting agents on the market is timely. Industry evidence indicates that some agents 'overvalue' properties in order to secure landlord business. **Property Professional** noted that agents were 'overvaluing to win an instruction and underserving clients in exchange for low fees. Overvaluing is damaging housing markets'.⁷ Further, it might be suggested that letting agents tend to

provoke property turnover to increase income from re-letting the property. This tendency runs contrary to the wishes of landlords and tenants, who might seek longer-term tenancies.

Q 2.1c Are letting agent practices contributing to problems in the market, specifically rent increases and higher tenancy turnover?

How knowing more will effect change: Letting agents advise landlords on rent levels and suggest tenancy terms. More effective policy intervention could counter letting practices that are detrimental to affordability and increase tenant churn.

2.2 The role of mortgage providers and mortgage brokers in promoting property quality and good business practices

It was reported in 2023 that around 45 per cent of renters live in a home covered by a buy-to-let (BTL) mortgage and 57 per cent of landlords have a BTL mortgage⁹. Limited attention has been paid to ways in which mortgage providers influence the market, aside from discussion of the impact of mortgage interest rates.¹⁰ Mortgage providers prioritize their own risk in assessing the viability of a BTL mortgage sale. However, they also have the potential to impact the quality of landlordism when the mortgage is arranged, and via requirements that might be placed on management of the property. For example, it is unclear whether providers are selling mortgages to landlords who do not meet 'fit and proper person' criteria, or who are unable to evidence even a basic understanding of landlords' legal obligations.



Further, mortgage providers could support enforcement activity more proactively. For example, local authorities may well alert mortgage providers where properties are being let without the providers' knowledge. Little is known about how providers react to that information. Many landlords seek remortgages, and it may be reasonable to expect providers to check whether a landlord has been served with an improvement notice or any other statutory penalty in relation to letting.

There appears to be little evidence of mortgage provider oversight of landlords' financial management of their letting, including – for example – the landlord keeping separate rental accounts, and evidencing expenditure on mandatory property safety checks, routine maintenance, and repairs.

Q2.2 Can mortgage providers be expected to promote property quality and good business practice via the sale of buy to let mortgages?

How knowing more will effect change: A large proportion of the PRS is funded via BTL mortgages. BTL mortgage providers might be expected to exercise due diligence about the individuals who purchase mortgages. Research exploring the potential for developing industry-wide good practice would contribute to increased professionalism in the market.

2.3 The role of local authority legal teams in facilitating prosecution

Local authority ability and willingness to pursue prosecution of non-compliant landlords ultimately rests with the support of the local authority's legal department, which has responsibility for forwarding prosecutions. Legal departments are separate from private sector housing teams and meet legal needs across the entire authority. The legal teams will choose where to prioritise their activities, and this may not include enforcement work.

Local authority Environmental Health Professionals (EHPs) often report that legal teams do not always give active support to landlord prosecutions. Legal teams may not carry sufficient resource or legal expertise on housing legislation.

Q2.3 Are local authority legal teams sufficiently well-resourced and willing to pursue landlord prosecutions?

How knowing more will effect change: Private housing enforcement teams rely on legal support delivered internally. Research may conclude that legal teams tend to undermine enforcement activity. Pinpointing this as a problem area could lead to the creation of more effective business models for local authority enforcement strategies.



2.4 Tenant experiences of mediation and the legal system

Tenants are, in many cases, best placed to understand if their property is not fit for purpose. Considerable policy attention has been paid to improving pathways to mediation and redress but little is known about how tenants fare in different parts of the legal system, the use they make of various support mechanisms – for example, legal aid or the Housing Possession Court Duty Scheme – and their satisfaction with the outcome. The Renters' Rights Bill promises the introduction of a property Ombudsman to improve access to mediation and disputes resolution, but limited research has been completed of tenant experience in seeking legal redress under the current system, and how that experience could be improved.

Understanding tenant experience of the legal system could include tenant experiences of complaints to local authorities and the enforcement process; tenant views of outcomes where a landlord had been subject to prosecution, including tenants' understanding of Rent Repayment Orders; and tenant experiences of pursuing a complaint under various industry complaint procedures – for example, where there is a problem with a letting agent. Improving tenant support is likely to increase tenant engagement with the legal system and expand modes of 'policing' of the sector.

Q2.4 How do tenants negotiate the legal system when seeking redress from a landlord, and are they satisfied with the outcome?

How knowing more will effect change: A better understanding of tenants' experience of the legal system, the support they value and their satisfaction with outcomes could lead to more effective intervention in creating a framework that is easier for tenants to negotiate, and where they can be more proactive in securing redress for problems they encounter in the sector.





Supporting Systemic Change in the Private Rented Sector: What don't we know?

03.



Emerging letting practice



Letting and management practices change in response to market dynamics, and new practices are constantly emerging. These practices may sit outside existing regulatory frameworks or have impacts that are – as yet – poorly understood. Emerging practices that may at first appear limited in scope can carry wider consequences for the market, and merit closer consideration.

3.1 Mediating risk

Landlords and letting agents seek to reduce risk in the market. Little is known about practices to mediate risk. There has been an increase in the use of personal guarantors who are generally contracted to take responsibility for a tenant's rent arrears during or at the end of a tenancy. Use of guarantors is more prevalent at the lower end of the market, where tenants may be less likely to be able to afford rent in advance and/or deposits. Little is known about the impact of being a guarantor where a tenant defaults on their rent payment.

Q 3.1 How prevalent is the use of guarantors, and what are the impacts on guarantors where a tenant's actions mean that the guarantor is liable to recompense the landlord?

How knowing more will effect change: It is likely that guarantors will be friends/family of a lower-income renter, and a default in rental payment may cause financial difficulty for both the renter and their guarantor. Widespread use of guarantors may well destabilise households beyond the indebted renting household itself. Awareness of the impacts of this practice may indicate the need for a regulatory response.



3.2 The sale and purchase of tenanted properties

Landlord sale of properties is one of the most common reasons for a tenancy termination and contributes substantially to the incidence of homelessness. There is a lack of data around the incidence of the sale of tenanted properties from one landlord to another, and how market intermediaries facilitate such sale. This means that it is unclear whether government intervention would be useful in supporting the sale of tenanted property, contributing to longer-term tenancies.

Q 3.2 What obstacles prevent the purchase and sale of tenanted properties?

How knowing more will effect change: Tenancy turnover is often the result of a landlord seeking to sell the property. This question, associated with Section 5 asks whether it may be possible to remove some obstacles so that the sale of a rented property does not automatically include the termination of a tenancy.

3.3 Concessionary mortgages

Concessionary mortgages are available for tenants seeking to purchase their rental property from the landlord, where the landlord has gifted the tenant a degree of equity by agreeing to a sale at 10 per cent or more below market value. The tenant can use the equity as a deposit. In some circumstances, this arrangement offers the landlord some financial benefit, in not having to seek a tenancy termination, the property remaining empty prior to sale, paying to 'refresh' the property before putting it on the market, and dealing with estate agent fees.

Q 3.3 Could concessionary mortgages help more renters into home ownership and, if so, is there a role for government intervention?

How knowing more will effect change: Landlords who are intending to sell could be encouraged to sell to their tenant, reducing the likelihood of a tenant needing to move. Concessionary mortgages could sit alongside initiatives including shared ownership and Help to Rent, supporting renters whose preference would be to own.





04.



Local authorities and proactive sector management



Local authority engagement with the PRS tends to be largely reactive and focused on discrete areas of work: planning and property supply (including negotiating with developers and building control), implementing enforcement activity, and dealing with homelessness relief and prevention. Policy silos within each local authority undermines the ability to frame proactive strategic objectives.

Maclennan et al. note the need for:

an active co-ordinating and strategic function for different tiers of government. That is challenging in all countries examined, not least because of normative disputes about the appropriate roles and funding for the sector, but also because of mixed attitudes to data, evidence and understanding of what is going on across the different parts of the market.¹¹

This section offers a bundle of questions that disaggregate the task of proactive management through establishing co-ordinated targets focused on public health outcomes, effective use of qualitative and quantitative data; upskilling local decision-makers; and understanding the best use of planning and regulatory levers.

4.1 Creating a public health justification for sector management

Increasing policy attention is being paid to public health consequences of poor housing, and some estimates have been put forward for the costs to the NHS for poor-quality property.¹² Public Health representatives tend to be absent in wider stakeholder discussion of PRS strategy and could usefully contribute costed health justifications for enforcement action and other interventions to shape property supply. The costings should include physical and mental health benefits for tenants that can be derived from more proactive management of the PRS.

Q4.1 Will collating appropriate public health data increase local authority ability and willingness to manage the PRS?

How knowing more will effect change:

Stressing favourable public health outcomes to justify market intervention will lead to more local authorities prioritising strategic intervention in the sector.



4.2 The case for producing regular ‘big data’, ‘state of the PRS’ reports

The evidence base underpinning policy for the PRS at national and local level is inadequate:

Nowhere else in housing is our evidence base so anecdotal, patchy and partial. And this is precisely where we need a transformative change to how we collect the data to construct the indicators to inform policy and planning.¹³

Multiple datasets provide incidental information on the sector, but there are limited mechanisms for drawing together data to provide a coherent picture that evidences long-term trends over time. There are major obstacles to the formulation of an accurate understanding of the sector as a series of interconnecting sub-markets. Information is siloed and fractured, and there is little if any clarity on trends at the regional or local levels. It is essential to establish the tenor of change within the PRS, including competition between sub-markets. A systematic data review can disclose where data is lacking, and how it may be addressed by adjustment to existing datasets.

The creation of a standardised framework report – like the **UK Housing Review** - can support local authorities benchmarking their own PRS (see 4.3).

Q4.2 How can existing quantitative data sets be used to better understand the PRS, and what additional data is necessary to capture its internal dynamics?

How knowing more will effect change: Policy interventions affect different parts of the market in different ways, with no mechanisms for benchmarking and assessing impact. A better dataset will limit the incidence of unintended consequences.

4.3 Producing local market narratives

Local authority decision-making that touches on the PRS – for example, in encouraging or restraining different types of investment in the local market – tends to be made within silos and without a fuller appreciation of possible unintended consequences. A better understanding of local markets could help to overcome this problem.

The production of quantitative data that supports market disaggregation (section 4.2) could usefully sit alongside qualitative data that ‘narrate’ local markets. This includes an understanding of the range of landlord types in operation in the area, characteristics of demand, the geography of sub-markets, impacts of interventions including approaches to regulation and planning control, and the age and quality of local rental housing stock. Analysis of multi-narrative, local accounts leads to a better understanding of market operation, and a clearer context for localised strategy and intervention to manage the sector.¹⁴



Market narratives should include perspectives from multiple stakeholders within the statutory sector, industry operators at various levels and third sector agencies. Triangulation of qualitative data would create more nuanced accounts that accommodate multiple perspectives without privileging one viewpoint. These accounts could contribute to the creation of local PRS strategies that are more alert to local market dynamics and better able to ameliorate problematic impacts. Guidance on the creation of narratives that point towards strategies for data collection could support local planning officers who may be less well versed in understanding this part of the market.

Q4.3 Can the creation of local market narratives frame more effective PRS strategies?

How knowing more will effect change: Local authorities' understanding of their local rental market tends to be limited in scope and depth. Better understanding could lead to interventions that are more effective in protecting tenants vulnerable to harm in the market.

4.4 Councillors' understanding of the PRS

Local councillors, guided by lead officers, decide local decision-making in relation to the PRS. Councillors decide the degree of priority and resource directed towards PRS-related policy. However, very little is known about councillors' understanding of this part of the market and what kinds of information influences their decision-making. There is a general presumption that higher levels of protection and support should be directed towards households most vulnerable to the problems associated with private renting, not least via increasing resources directed to regulatory intervention to curb poor management practices. However, enforcement officers and homelessness teams routinely criticize local councillor unwillingness to prioritize PRS-related activity.

At present, no research has sought to understand how councillors make decisions in relation to PRS policy in terms of the types of data that are regarded as being most persuasive: for example, quantified data on beneficial outcomes in terms of tenant health and wellbeing, or economic analysis of long-term savings in, for example, TA expenditure against the cost of Tenancy Relations support.

Q4.4 How should councillors be supported in decision-making around PRS policy?

How knowing more will effect change: Councillors may have a poor understanding of the PRS which could lead to low or incorrect prioritisation in terms of resource allocation for planning, enforcement and homelessness procurement. Research on how to increase councillor awareness could help officers within local authorities secure increased funding or attention.



4.5 What planning and regulatory levers do local authorities use to manage the PRS?

Defining local strategy for the sector depends on deployment of the planning and regulatory levers used by the local authority to control or encourage supply. There is a gap in understanding how local authorities engage with a range of different suppliers of rented property, the degree to which local authorities address the impact of rental supply models, or whether local authorities are able to secure the supply of rental property at the range of price points needed by local households. There is a generalised presumption that increased supply overall improves the availability of property at the lower end of the market, although little evidence has been presented demonstrating that effect. This section also relates to section 6, the regulation of larger landlords.

Q4.5a What planning and regulatory levers do local authorities use to secure new rental property supply, and how far does increased supply meet local need?

How knowing more will effect change: Good practice in managing the market will ensure that new property supply will improve property availability to lower-income tenants.

In addition, the use of permitted development frameworks to create additional PRS stock through property conversion requires further attention. Research is needed to explore how it might be possible to prevent the creation of sub-standard property that is made available for private rental. Opacity around responsibility and ownership can be a barrier to enforcement on standards once a property has been let.

Q4.5b Is it possible to prevent permitted development creating sub-standard rental properties?

How knowing more will effect change: Tenants in poorly converted property can sit outside proactive enforcement protection. More effective 'up stream' oversight could reduce tenant harms further down the line.





05.



Understanding market subsectors



It is now widely understood that the PRS comprises specialist sub-markets that reflect particular property types, letting circumstances, management practice and demand groups. There are substantial gaps in existing understanding of these subsectors, and the ways in which they interact. Anecdotally, competition between sub-markets can disadvantage lower-income households.

5.1 Managing the HMO market and improving tenant experience

It is widely understood that HMOs constitute a problematic sector within the housing market, where higher levels of poor property quality are likely to carry the greatest levels of risk for tenants. Information about the number of HMOs tends to be opaque, and there are indications that the supply of shared property has diminished in recent years.

Some data indicates a drop in HMO supply. There are substantial knowledge gaps in the types of landlords currently letting HMOs, and how landlords are responding to HMO licensing regulations. There is an increasing number of local authorities seeking to introduce selective licensing schemes, but limited data on how landlords may change their portfolios in response to that regulation.

Q5.1a Is licensing reducing the number of HMOs?

How knowing more will effect change: Limited information is available from individual landlords about their response to licensing enforcement, and local area data on possible reduction in HMO numbers is not available. Research in this area would uncover whether licensing is reducing the number of lower-cost sharing options available to lower-income renters.



An associated question is the degree to which landlords are responding to possible higher returns that might follow from meeting the need for exempt accommodation provision. There is a substantial gap in understanding of whether landlords are securing properties for use as exempt accommodation from the open market, purchasing HMOs for this purpose, or reverting their existing HMOs to use as exempt accommodation.

Q5.1b How is demand for exempt accommodation impacting on the 'open' HMO market?

How knowing more will effect change: Landlords reducing property supply to the HMO market will be restricting low-cost rental options for single renters. In response, local authorities may choose to implement restrictive directives on exempt accommodation provision.

Tenant experience of living in HMOs has been subject to limited scrutiny, although shared housing accommodates many renters most vulnerable to harm. Information on how tenants come to be living in shared property; their movement around this part of the market; and the circumstances in which they might leave shared living arrangements has not been explored. These experiences are likely to differ substantially depending on the age of the tenant and their 'route' into shared accommodation. This research gap focuses on the degree to which tenants are able to feel settled, and build a home, in an HMO. These are particularly pertinent questions if poor management prevents tenants from settling into shared accommodation, and where good management practice could be built into licensing requirements.

Q5.1c Can tenants 'feel at home' in an HMO?

How knowing more will effect change: Little information is available on tenant experience of living in HMOs. Existing regulation tends to be aimed at property quality, and/or containing the incidence of anti-social behaviour. Information on tenant satisfaction in HMOs could contribute to best practice guidance aimed at existing landlords and landlords new to the market.

5.2 The mediated market

The 'mediated market' is here defined as the parts of the PRS where letting is arranged via an intermediary agency. The intermediary often operates to meet extreme housing need, including demand for temporary accommodation (TA), meeting the needs of recent migrants and asylum seekers, securing accommodation for people leaving prison and helping people into rented property who are at risk of homelessness. Several reports have been produced on tenant experience of sub-contracted accommodation, particularly in the TA market.

The mediated market covers hundreds of thousands of tenancies. Little information is available on how exactly this market works, although there are some substantial suppliers.¹⁵ These suppliers often lease property from existing landlords, offering a 'guaranteed rent', and then sub-let property, often via large contracts with local authorities. There are also questions around the degree to which the mediated market draws property from the 'open' market. Reports indicate that mediation does not necessarily effect higher property standards, and that mediation arrangements – particularly on temporary accommodation – inflate costs to local authorities.



Q5.2 In what ways is it possible to control the mediated market?

How knowing more will effect change:

The mediated market introduces levels of competition at the bottom end of the PRS. Tenants seeking an 'open' letting arrangement may well be outbid by a mediated market supplier able to offer the landlord a guaranteed rent. Resolving the consequent market distortions may well increase tenant access to more affordable property.

5.3 The impact of market churn

Around 43 per cent of landlords own one property, and 20 per cent of lettings are within one-property portfolios.¹⁶ There is lack of certainty as to the number of properties brought to the PRS as an interim measure, for example, when a property is inherited or becomes available because of new household formation, and prior to open-market sale. In these circumstances, individuals who become landlords are unlikely to hold that status for an extended period.

Q5.3 Do landlords who are in the market for the short term meet short-term need or force moves on tenants who would prefer a longer-term arrangement?

How knowing more will effect change:

Individuals seeking a temporary letting for property they intend to sell within the next two years may bring an unwelcome level of instability to the market. A landlord selling their property is one of the biggest causes of homelessness.

5.4 Understanding rent-setting strategies for the middle market

Nationwide Foundation-funded research has established an understanding of business models for the lower end of the market.¹⁷ It would be helpful to garner a better understanding of how landlords in the 'middle' market define their letting strategies. These are landlords who target what they might describe as 'professional working families', where the rent level sits some way above LHA rates.

It might be anticipated that this is the part of the market where rents have been subject to the highest increases. Little is known about landlord decision-making around rent-setting, and whether those decisions are provoked by events such as an increase in mortgage interest or by broader industry changes including advice from letting agents or internet landlord sites. It would be useful to link this information to the rent-setting strategies of larger landlords serving this part of the market, to understand the origins and trajectory of upward trends in achieved rents.

Q5.4 Can understanding rent setting in the 'middle market' suggest policy levers to achieve rent stabilisation?

How knowing more will effect change: Rent-setting practices are poorly understood. A better understanding might contribute to the creation of more nuanced and responsive policy to counter rent inflation.



5.5 Rural private renting

There is a substantial gap in understanding the experiences of rural renters. Pressures that are known to be acute in urban areas are likely to be even more so in rural locations, where there are issues of affordability and strong competition for rented property from short-term and ‘urban commuter’ lettings. There may well be problems relating to property condition, and lack of effective oversight given the fact that many environmental health professionals will be covering multiple remits. In addition, no research has been undertaken on tenant experiences of renting on large, landed estates. Lower-income households reliant on privately rented property are often juggling rental costs, low-paid manual work, and the costs of transport. Rural local authorities may not be best placed to address the needs of precarious renters and will probably meet need via out-of-borough placement to the nearest large settlement.

Q5.5 How do lower-income private rented tenants fare in rural communities?

How knowing more will effect change: Tenants who are vulnerable to harm will face multiple disadvantages in rural locations. A greater level of understanding may suggest interventions that could offer better levels of protection and opportunity.





06.



The contribution of larger landlords



PRS policy tends to focus on the activities of the ‘smaller’ landlords, continuing to recognise that landlordism is still – largely – a cottage industry in the UK. According to the English Private Landlord Survey, half of all tenancies were owned by a landlord with five or more properties and 14.6 per cent of landlords had portfolios of 25 properties or more. The market is moving in the direction of a smaller number of landlords owning larger portfolios. Limited attention has been paid to the role and scope of the largest landlords in the UK.

PRS policy intervention has tended to cover either regulatory and taxation frames for small landlords or and taxation and planning incentives for larger landlords. There is an intrinsic presumption that larger institutional landlords bring new property supply, more professional practices, and a better quality of housing, yet there is limited evidence to support this presumption. Here, larger landlords include institutional investors in existing residential property in the UK, or residential property created through permitted development; and landlords operating in the build to rent sector.

6.1 Localised impacts of build to rent on local rent levels

The build to rent (BTR) sector has developed substantially in recent years, although supply remains at less than five per cent of the market. BTR schemes have expanded out from an initial tranche of high-density flatted developments close to transport hubs in London, and now includes co-living and retirement community properties; and newly built single-family homes located on small estates. Investment in BTR is global, and the UK is deemed to be attractive because of continuous high demand for rental property and steady rental income growth.

Questions about BTR tend to be obscured.¹⁸ At local levels, BTR schemes are justified through reference to increased property supply meeting local need and driving down rents through reducing competition for property amongst tenants. BTR schemes are, as part of planning frameworks, required to include a proportion of ‘affordable’ rental properties, set at 80 per cent of the market rate. The proportion of affordable rents is subject to negotiation with the local authority. However, industry reports indicate that many developments secure customers from outside the local authority area. BTR within the purpose-built student accommodation (PBSA) sector has tended to inflate rents within that market, as providers benchmark their rents against each other rather than taking student budgets into account. Data relating to build to rent is generally produced by and for the industry. Evidence on the degree to which development meets local housing need is not readily available, and neither is information on presumed deflationary rental impacts.



Q6.1 What is the localised impact of build to rent on rental supply and rent costs?

How knowing more will effect change: Local authorities aiming to manage their local PRS (Section 4, above) need access to information on the longer-term impacts of BTR developments to judge the level of support and subsidy that might be deemed suitable. 6.2 'Affordable' build to rent

6.2 'Affordable' build to rent

At the same time, the larger institutional providers tend to approach tenant experience in terms that are very similar to the hospitality sector, and with a greater reliance on new technologies to monitor tenant need. Again, little is known about the tenant experience of living within a BTR development and whether satisfaction rates differ in comparison with tenants of smaller landlords (see also Q7). This issue is particularly pertinent for tenants on affordable rents within BTR developments. Little data is available on allocation policies for BTR affordable lets, or on tenant experience of this kind of tenancy. For example, tenants may feel more secure within BTR developments and rate their landlord and the property more highly than within an 'open market' letting. If this is the case, research is needed to identify how BTR delivers affordable letting, and their role in meeting local housing need.

Q6.2a How do tenants on affordable rents within BTR developments judge their experiences in comparison with renting on the 'open market'?

How knowing more will effect change: BTR developments may offer a much more satisfactory experience for lower-income households. However, little is known about these tenants' pathways into a 'BTR' tenancy, about the affordability of the property and about tenant satisfaction with their landlord. Higher levels of satisfaction indicate that BTR may be a valuable supply mechanism for affordable rental properties.

Q6.2b Are some models of BTR development more likely to deliver higher levels of affordable housing, and what is the role of local authorities and the government in supporting those models?

How knowing more will effect change: BTR may be a valuable supply mechanism for affordable rental properties. Research focused on development models could create good practice guidance for local authorities in maximising affordable housing 'return' on their support for BTR.



6.3 The impact of financialization and global investment in the private rented sector

Studies have underlined the impact of global corporate landlordism on local housing markets.²⁰ Here, the focus is on the accumulation of existing residential properties often through auction purchase. This may, anecdotally, include working with estate agents to secure properties that are not then advertised on the open market.²¹

Academic research in other countries is also beginning to disclose the impacts of large-scale corporate purchase of property blocks, where the purchaser has recognised a 'rent gap' and so – on purchase – institutes either immediate rent increases or undertakes the eviction of all the block's tenants to uprate the property and let at a higher rent. As yet, there is little research on this behaviour in the UK, although anecdotal evidence has emerged of poor tenant experience as properties change hands.

Q6.3 What is the reach of global corporate landlordism into the UK market, and how do tenants fare as property changes hands?

How knowing more will effect change:

Understanding the potential for widespread impact of predatory financial practices offers the opportunity to understand whether regulation may be required to curtail behaviour that contributes to tenant precarity.



07.



Tenants vulnerable to harm in the PRS



Considerable information on broader tenant experiences in the market was made available in the run-up to the introduction of the Renters (Reform) Bill. However, a single ‘aggregated’ tenant experience overlooks the acute challenges faced by tenants facing a higher risk of harm because of their demographic characteristics. A great deal of quantitative demographic information is available that could help to resolve gaps in achieving a more nuanced understanding of tenant experience in the English PRS.

However, analysis tends not to disaggregate tenant data in ways that would contribute to a better understanding of sectoral experiences of tenants most vulnerable to harm. There is a particular gap around the analysis of longitudinal data that maps the longer-term trends for lower-income renters, for example, in relation to housing trajectories within the PRS or ways in which tenants exit the sector.

7.1 Life course events and movement around the market

The most common reason for a tenancy to end is that the tenant decides to leave, but little information is available on why that decision is taken. Data on tenant experience lacks longitudinal analysis. The PRS plays multiple roles in the life course, and it is appropriate to consider whether vulnerability is heightened at particular points in time: for example, during the birth of the first child, periods of protracted illness, change in the family as a consequence of divorce or bereavement, or at retirement. The PRS is a flexible tenure, in respect to relative speed of movement in and out of this part of the market. However, it is not clear whether major life course changes are more likely to provoke movement in the PRS than in other tenures, and if these ‘change’ points are more likely to result in homelessness.

Q7.1 Can the PRS accommodate major life course changes?

How knowing more will effect change:

Longitudinal work on privately renting households can help to understand if the sector can accommodate household change that is a result of major life events, and therefore whether it can be an appropriate long-term tenure for a tenant over their lifetime.



7.2 Longer term impacts of the Shared Accommodation Rate

The PRS was, in the past, regarded as a tenure for younger people. However, access has been restricted by the introduction of the Shared Accommodation Rate (SAR), which limits Local Housing Allowance payments and applies to single tenants under the age of 35 and single people over the age of 35 who live in shared accommodation. The SAR will have carried longer term impacts on renting expectations of younger people, who are subject to a 'double disadvantage', in being low-income renters reliant on benefit, but also reliant on a lower level of benefit. Household overcrowding is more marked in social housing as a tenure compared to other tenures, which may reflect the inability of adult children to move into independent accommodation.

Q7.2 Can we measure the long-term societal impacts of the Shared Accommodation Rate on younger people and their families?

How knowing more will effect change:

Homelessness is increasing amongst younger people. Isolating the impact of the SAR may provoke a review of this measure, given the increases in homelessness – and costs of temporary accommodation – that are a result.

7.3 Tenant churn in the PRS

Regulations directed towards security of tenure aim at reducing the number of tenancies that are ended but where the tenants' preference would be to continue the tenancy. There is a general presumption that movement around the market is endemic, although the average tenancy length is four years.

The English Housing Survey indicates that private renters are the group most likely to comprise households who have moved in the last year and, within that group, these are also most likely to have been private renters previously. However, information is not routinely available on the demographics of tenants who are moving around the sector, and in particular, the demographics of tenants who move regularly and the reasons for their movement.

Q7.3 What are the characteristics of 'frequent movers' in the PRS, and can this knowledge contribute to a better understanding of tenant churn in the sector?

How knowing more will effect change: Changes in legislation to bring about longer-lasting tenancies may not necessarily create stability for frequent movers around the sector. A better understanding of tenant churn may lead to more effective policy intervention.



7.4 Experiences of the most vulnerable and difficult-to-reach tenants in the market

Tenants who are subject to the highest levels of harm in the PRS are often the most difficult to reach. This includes individuals with No Recourse to Public Funds, people who have been trafficked into the UK, and illegal migrants. These groups tend not to engage with the statutory services and are often letting informally, often through 'rent-to-rent' arrangements where the status of a tenancy is moot and rent is paid in cash. Statutory interventions often place a higher emphasis on identifying and prosecuting perpetrators of crime in the PRS, but little attention is paid to protecting the victims of PRS crime.

Q7.4 What kinds of intervention are effective in supporting the marginalised tenants at greatest risk of exploitation in the PRS?

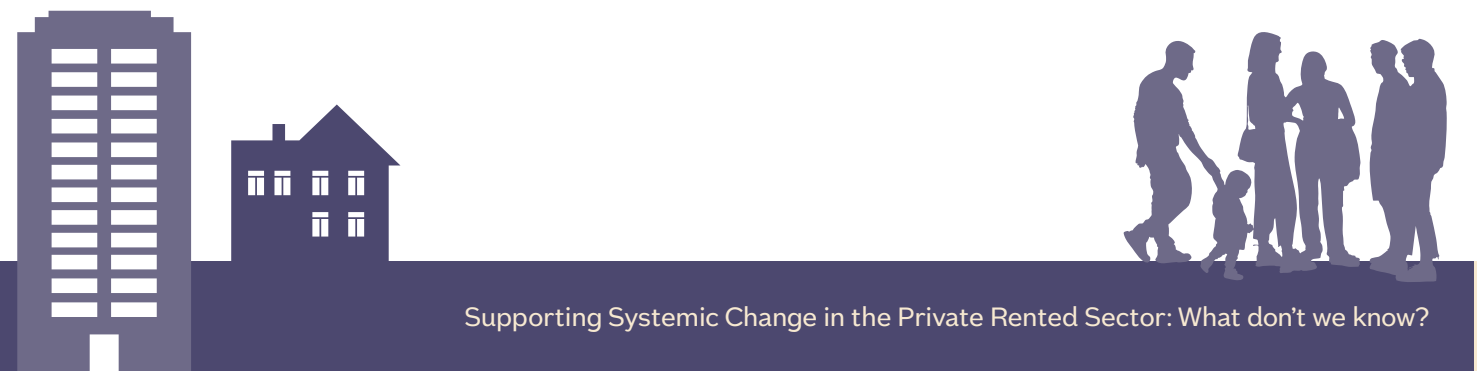
How knowing more will effect change: More effective tenant support during statutory enforcement work could lead to higher levels of co-operation with enforcement activity by victimised tenants and lower levels of extreme housing precarity amongst the most marginal renting groups.

7.5 The indices of tenant vulnerability

Updating the 2018 Nationwide Foundation-funded report Vulnerability amongst Low-Income Households in the Private Rented Sector will give a strong indication of how a range of households vulnerable to harm have fared through the cost-of-living crisis. Since 2018/19, average weekly rents have increased from £200 to £231 in England including London, and from £162 to £190 outside London.²² Rent inflation is likely to have increased the proportion of rent paid by households in before housing costs poverty and pushed a larger proportion of households into after housing costs poverty. Updating the research might redraw the 'landscape of vulnerability' and justify a range of intervention measures to mitigate harms including affordability, poor property quality and overcrowding.

Q7.5 Can we update the indices of tenant vulnerability to understand whether the 'landscape of vulnerability' has changed during the cost-of-living crisis?

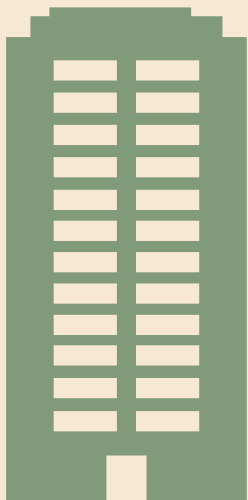
How knowing more will effect change: Updating the vulnerability data could constitute a valuable benchmark for assessing a broad range of new policy promises including a house-building programme which should remove some of the more vulnerable households from the rental sector.



08.



PRS stock and retrofitting



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Regulatory enforcement against poor landlordism in the PRS is one element in the broader objective of increasing property standards in the PRS. However, policy intervention in this arena is taking place in the context of limited information about the stock of properties in the PRS market. Explanations of property improvement may well relate to a changing mix of stock in the market – for example – the introduction of newer properties and ex-social housing stock. Improving property stock is also vital to national targets to achieve carbon neutrality, where property improvement will carry beneficial health impacts.

8.1. Explaining improvement in property quality

The number and proportion of privately rented properties with a Category 1 hazard has been falling, although it is uncertain why this is the case and whether this represents improvement across the sector or indicates property churn, which means that poorer-quality properties are leaving the market, to be replaced by properties of higher quality – for example, ex-social housing stock, rather than Edwardian terraces.

Gaps in knowledge in this area might feasibly be filled through more effective use of the English Housing Survey, where house condition surveys could link the property and the tenant with the addition of details about the landlord. Alternatively, data on landlords could be collected via EHP property inspections. Better understandings of behaviour explaining poor property quality could lead to more effective interventions to improve standards across the sector.

Q8.1 How can we explain the improvement in property quality evidenced by the English Housing Survey?

How knowing more will effect change:

Understanding the mechanisms underpinning improvement in property condition can create a more robust contextual framework to measure the impact of regulatory intervention.



8.2 Arriving at an acceptable retrofit model for private rented property

Achieving carbon net zero will require substantial change to housing stock. The formulation of effective policy to encourage private landlords to improve property quality is at an impasse: there is limited political and public will to direct public funds towards private property improvement, particularly if the funding could then provoke a rent increase. The question carries importance for households living in unimproved stock where damp and excess cold create mould and contribute to fuel poverty.

Q8.2 Can we arrive at an effective funding model or policy lever to support movement of the PRS towards carbon neutrality?

How knowing more will effect change: Knowing and implementing effective policy levers will carry physical and mental health benefits for tenants in improved properties. It.



IV. Research areas currently not needing further investigation

Interventions to support compliance

Substantial regulatory intervention has taken place in the sector, and the Renters' Rights Bill promises further change. Enforcement work rests, for the most part, with local authority trading standards teams and private sector housing teams, which implement the various measures included in the Housing Act 2004, the Housing and Planning Act 2016 and the Tenant Fees Act 2019. There has been considerable research on landlord compliance. First, multiple grey reports have been produced on the operation of the Housing Act 2004 and the Housing and Planning Act 2016 particularly in relation to selective licensing. These reports indicate that variation in local authority investment in enforcement can explain difference in enforcement outcomes.

Second, there is substantial new research currently underway that focuses on enforcement activity, including an emphasis on best practice. In 2022, the then Department of Housing, Levelling up and Communities announced a £14m programme of ten pathfinder projects covering 29 local authorities with the intention of building enforcement capacity and testing new approaches to improving compliance. The projects are listed overleaf.



Project title and funding 	Covering 	Focus 
Safe Suffolk Renters (£2.2m)	Babergh, East Suffolk, Ipswich, Mid Suffolk and West Suffolk	Improving landlord understanding of rights and responsibilities
Civil penalties (£2.3m)	Greater Manchester Combined Authorities	Increasing use and recovery of civil penalties for housing infringements
Behavioural science (£658,000)	Leeds City Council	A better understanding of 'nudges' to improve landlord compliance.
Disrupting organised crime in the PRS (funding amount not known)	Leeds City Council	Enforcement activity to disrupt organised crime in the PRS
Responsible landlord scheme (£1.14m)	Cornwall Council	Creating a database to record standards to target non-compliance
Collaborative working (£2m)	Liverpool City Council	Intelligence-led proactive enforcement
Tackling poor quality rented homes (£1.21m)	Amber Valley, Derbyshire Dales, Erewash	Increasing the resource for property inspection
Streamlining enforcement activity (£1.4m)	North Yorkshire	Increasing enforcement resource and improving multi-agency working
Sectoral improvement (£1.8m)	Birmingham, Coventry, Sandwell, Solihull, Walsall, Wolverhampton	Improving property conditions through shared best practice
Review private sector housing policies and procedures	Westmorland and Furness	Barriers to private sector housing improvement

These projects promise to bring forward best practice in working with the existing regulations across a range of local authority types and housing markets and are being subject to evaluation.

In addition, the National Trading Standards Estate and Letting Agent Team have been funded by the Department of Science, Innovation and Technology to improve data sharing to tackle non-compliance in the

PRS. This work, called 'Operation Jigsaw', is currently ongoing and is engaging local authorities across England. The University of York is also leading a major ESRC funded project to explore criminal landlordism in the PRS, and this includes research around best practice in enforcement. The level of research activity in this arena is currently very high, and it is unlikely that 'space' can be found for new research for at least two years.

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Security of tenure

A substantial tranche of research was completed in the wake of the House of Commons Housing, Communities and Local Government Committee report on the PRS 2018, in lobbying around the production of the Government's white paper *A Fairer Private Rented Sector*, and in lobbying since that time to inform elements of the proposed *Renters (Reform) Bill*. New data was produced that focused on eviction and tenancy security but also produced material relating to enforcement activity including commentary on the proposed landlord register.

The Nationwide Foundation's substantial investment in evaluating the introduction of the Private Residential Tenancy in 2016 in Scotland yielded important new information on landlord and tenant behaviour, which would perhaps benefit from more extensive dissemination in England. Findings should be applied to evaluation of the proposed *Renters' Rights Bill*.

Security of tenure bibliography

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V. Conclusion

This scoping exercise comprises Phase One of a multi-phase research programme that aims to achieve systemic change in the English Private Rented Sector. The research programme is predicated on an understanding that change should be based on a robust understanding of the problems requiring resolution. The programme calls for a deeper understanding of ways in which the PRS operates, and approaches that address the complexity of the market, expand an understanding of the constituent stakeholders, and achieve more nuanced narratives of behaviours and trends which include depth case studies and longitudinal approaches.

The three research areas that have been identified as subject for more immediate scrutiny indicate a willingness to step outside the boundaries of what might be regarded as 'typical' PRS research. In particular, the research seeks to engage with stakeholders who are neither landlords nor tenants, but whose activities shape opportunities, define behaviours and carry the capacity both to exacerbate or solve the entrenched sectoral problems relating to management standards, property quality, tenancy security and affordability. These are all areas where further research carries the capacity to improve the market by extending scrutiny and effective policing beyond local authority enforcement; and removing mechanisms that distort market operation, often inflating rents as a consequence. The subject areas sit to one side of – but complement – the existing policy direction of travel.



End Notes

- ¹ Note that housing data across all parts of the UK are not entirely compatible. See <https://www.ons.gov.uk/aboutus/transparencyandgovernance/freedomofinformationfoi/numberofrentersintheuk>, accessed 17 Dec 2024.
- ² D. Rhodes & J. Rugg (2018) *Vulnerability amongst Low-Income Households in the Private Rented Sector in England*, CHP/Nationwide Foundation.
- ³ Taking into account the summative nature of J. Rugg & D. Rhodes (2018) *The Evolving Private Rented Sector: Its Contribution and Potential*, University of York.
- ⁴ DLUHC (2022) *A Fairer Private Rented Sector*, https://assets.publishing.service.gov.uk/media/62ab0121e90e07039009d7ec/A_fairer_private_rented_sector_print.pdf
- ⁵ Maclennan, D., Pawson, H., Gibb, K., Chisholm, S. & Hulchanski, D. (2021) *Shaping Futures: Changing the Housing Story: Final Report*, Shaping Futures, 65.
- ⁶ Nethercote, M. (2020) 'Build-to-Rent and the financialization of rental housing: future research directions', *Housing Studies*, 35:55, 839-874.
- ⁷ *Property Professional*, Issue 55, 8.
- ⁸ Zemaite, G., Hughes, E. & Blood, K. (2023) 'The buy-to-let sector and financial stability', *Quarterly Bulletin*, December.
- ⁹ EPLS
- ¹⁰ Although some providers have begun to recognise their potential to impact on good practice: <https://www.socialfinance.org.uk/assets/documents/private-rented-sector-report.pdf>, accessed 26 Jun 2024.
- ¹¹ Maclennan, D., Pawson, H., Gibb, K., Chisholm, S. & Hulchanski, D. (2021) *Shaping Futures: Changing the Housing Story: Final Report*, Shaping Futures, 56.
- ¹² See, for example, BRE (2021) *The Cost of Poor Housing in England*, BRE.
- ¹³ Maclennan, D., Pawson, H., Gibb, K., Chisholm, S. & Hulchanski, D. (2021) *Shaping Futures: Changing the Housing Story: Final Report*, Shaping Futures, 66.
- ¹⁴ Hochstenbach, C., Wind, B., & Arundel, R. (2021) 'Resurgent landlordism in a student city: Urban dynamics of private rental growth' *Urban Geography*, 42:6, 769-791.
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- ¹⁶ Zemaite, G., Hughes, E. & Blood, K. (2023) 'The buy-to-let sector and financial stability', *Bank of England Quarterly Bulletin*, December.

- ¹⁷ Rugg, J. & Wallace, A. (2021) *Property Supply to the Lower End of the English Private Rented Sector*, University of York.
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- ¹⁹ NUS/Unipol (2021) *Accommodation Costs Survey 2021*, NUS/Unipol.
- ²⁰ Lima, V., Hearn, R., & Murphy, M.P. (2023) 'Housing financialisation and the creation of homelessness in Ireland', *Housing Studies*, 38:9, 1695-1718.
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Supporting Systemic Change in the
Private Rented Sector:

What don't we know?

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