



City of Westminster

Housing, Finance and Regeneration Policy and Scrutiny Committee

Date:	17 September 2020
Classification:	General Release
Title:	Private Rented Sector Strategy
Report of:	Annette Acik
Cabinet Member Portfolio	Councillor Heather Acton – Cabinet Member for Public Protection and Licensing Councillor David Harvey – Cabinet Member for Housing Services (see 2.2)
Wards Involved:	All
Policy Context:	Housing
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1. Executive Summary

Westminster has not had a dedicated private rented sector strategy before and is developing one in light of new intelligence about the sector. Due to the timing of the committee, and the publication of the draft Strategy, a presentation on it will be given on it at the meeting. The draft Strategy includes a range of proposals to support the PRS, including consulting on introducing an additional licensing scheme for houses in multiple occupation. Consultation on it is planned for late September – October 2020 with the final Strategy published in early 2021.

- 1.1 Westminster has the largest private rented sector (PRS) in England, with properties across all wards and it has grown in size over the last decade. It is made up of submarkets and an estimated 14% of properties are occupied by low income households. There is high churn in the PRS and a large proportion is occupied by young people without children, although the number of older people and families has grown over recent years.
- 1.2 While satisfaction with the sector as a whole is generally high, some issues in Westminster's PRS have been identified which the draft Strategy seeks to address. These include some poor conditions and practices in houses in multiple occupation and an unawareness of council services to support

residents amongst some private rented tenants. The committee is asked to comment on the draft Strategy and on the consultation approach.

2. Key Matters for the Committee's Consideration

The council is consulting on a new private rented sector (PRS) strategy later in September and the final Strategy will be published early in 2021. Due to the timing of the committee it has not been possible to share the draft Strategy with members, however a presentation on it will be given at the meeting. The draft Strategy includes a range of proposals to support the PRS including one to consult on the introduction of an additional licensing scheme for houses in multiple occupation.

2.1 The committee is asked:

1. *Do the proposals help to address some of the issues we are seeing in the private rented sector?*
2. *Should anything else be included?*
3. *If they have any comments on the consultation approach and specifically on how we can seek the views of private tenants?*

2.2 Although the draft PRS Strategy cuts across two Cabinet Member portfolios, it is only being discussed at this committee meeting. The report and any recommendations will however be shared with the committee for Environment, Highways and Public Protection.

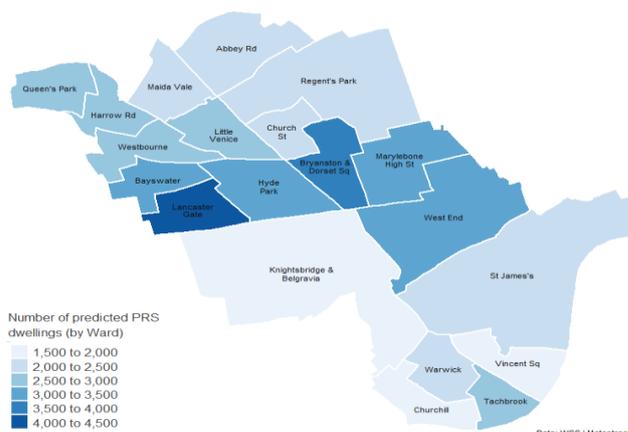
3. Background

3.1 Overview of Westminster's private rented sector (PRS)

3.2 Size and structure

Westminster has the largest PRS in England with an estimated 52,700 homes which are located in all wards, with the highest concentrations in central and north western areas of the city.

Figure 1: The location of private rented homes



Source: Westminster City Council: Private Rented Sector: Housing Stock Condition and Stressors Report, August 2019

- 3.3 The PRS is made up of submarkets and estimates suggest:
- 14% is occupied by those with incomes of less than £20k¹ including students, workers living in houses in multiple occupation (HMOs) and people and families receiving housing benefit.
 - 14% is occupied by those with incomes of £90k or more² and will include workers with high incomes.
 - 72% is a 'middle income submarket', occupied by 'professionals' that may be flat sharing and some families.

3.4 *Conditions*

Around half of Westminster homes were built before 1850 which increases the risk of them being in poor condition. A 2019 report estimates that 13% of PRS homes (6,773 properties) have a 'Category 1 hazard', which is a slightly lower proportion than the national average. Category 1 hazards can have a serious impact on the health of occupants and include faulty electrical wiring, fire risk, severe damp and mould or an excessively cold property. Westbourne Park, Queen's Park and Harrow Road wards were also found to have the highest number of private rented properties with these hazards³.

Table 1: Category 1 hazards in Private Rented Properties

	Westminster		England
	PRS overall	Houses in multiple Occupation	PRS overall
No	6,773	4,178	750,000
%	13%	44%	14%

Source: Westminster City Council: Private Rented Sector: Housing Stock Condition and Stressors Report, August 2019. English Housing Survey Private Rented Sector 2017/18

- 3.5 HMOs have significantly more Category 1 hazards than other PRS homes which means the council often intervenes in their management, to inspect them or to deal with antisocial behaviour. Recent data suggests they are 2.5 times more likely to be the source of anti social than other PRS properties and on average, every HMO receives 2.6 interventions⁴.

3.6 *Rents*

Westminster has some of the highest private rents in London with the cheapest room in a shared house costing around £160 per week.

¹ CACI Westminster household income data 2019

² As above

³ Westminster City Council: Private Rented Sector: Housing Stock Condition and Stressors Report, August 2019

⁴ As above

Table 2: Private rents in Westminster per week

	Bedroom size				
	Shared	1	2	3	4
30 th percentile	£160	£381	£549	£750	£949
Median		£450	£649	£920	£1200
Upper quartile		£549	£800	£1,294	£1,749
Local Housing Allowance rates					
Central London	£154.194	£295.49	£365.92	£441.86	£593.75

Source: Hometrack June 2020 except for the shared/room rate which is from the Valuation Office

3.7 Private tenants

When compared with the overall Westminster population, private tenants are more likely to be⁵:

- **Younger:** 54% are between 25-44, compared with 40% overall. Although they are becoming 'older' - the 2011 Census found only 10% to be in the 45 – 66 age group, which compares with 25% now.
- **In households with no children:** 21% have children in the household compared with 33% overall. Although there are now more families in the PRS as the 2011 Census found only 15% of PRS households to include children
- **In good health:** 95% describe their health in this way compared with 87% across Westminster
- **Working full time:** 61% compared with 50% across Westminster overall
- **Asian:** 24% compared with 20% overall. They are also slightly more likely to have a **Mixed** or **Other** ethnic origin and less likely to describe their ethnic origin as White or Black. Their profile is changing however, as the 2011 Census found 70% of PRS tenants to be White, which compares to 54% now.

3.8 A high proportion of people from overseas are likely to live in Westminster's PRS as London-wide estimates suggest over 80% of migrants in the capital live in the sector⁶. They are likely to be living in all types of private rented homes in Westminster - from high end lets - to HMOs. Population churn in the sector is high with estimates indicating that just 45% of PRS tenants remain in Westminster for more than one year.

3.9 Research in 2012⁷ found that 90% of PRS tenants were satisfied with the tenure and that dissatisfaction was mostly amongst tenants claiming housing

⁵ Unless otherwise stated, data on private tenants comes from the council's annual Survey (called the City Survey), used the combined findings from the years 2018 and 2019

⁶ www.nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf

⁷ Westminster Private Rented Sector Study 2012: Ecory's

benefit. Although now old, this finding is broadly in line with the English Housing Survey 2017/18, which shows 84% of PRS tenants nationally to be satisfied with the tenure⁸.

3.10 These findings are however likely to mask issues within certain parts of the PRS, for example, a focus group held with Westminster tenants living in HMOs in 2018 found that they had concerns about:

- Affordability and value for money.
- Conditions in communal areas.
- Landlord response times to complaints about condition.
- Placing demands on landlords and fear of eviction.
- Knowing their rights.

3.11 Given the cost of private rents, HMOs are more likely to be occupied by those with lower incomes and fewer housing choices. Increasingly, rooms in HMOs are let on licences rather than assured shorthold tenancies, so the occupants have the least secure form of housing, which can make them more reluctant to complain about conditions or management issues.

3.12 As identified by the council's Homelessness Strategy 2019 – 2024⁹, research with a small group of people at risk of homelessness in the PRS found a number to be struggling with arrears and poor conditions in their homes. A national report in 2018 found that increasingly private tenants were 'less positive' about the sector¹⁰ and organisations like Generation Rent are campaigning for changes in the PRS¹¹.

3.13 *Landlords and lettings agents*

The size of landlord holdings varies. A report in 2012¹² estimated that:

- 47% of landlords owned a single property.
- 21% owned 2 properties.
- 32% owned from 3 properties upwards – with some portfolio landlords owning around 100 properties.

3.14 Landlords owning one property is still likely to be the most common type and the proportion may now be higher as a national report suggests they grew by

⁸

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/817630/EHS_2017-18_PRS_Report.pdf

⁹

www.westminster.gov.uk/sites/default/files/homelessness_strategy_final_for_decision_22.5.2020for_upload.pdf

¹⁰ www.nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf

¹¹ www.generationrent.org/about

¹² ECORYS, (2012) The Private Rented Sector in the City of Westminster

16% over a ten-year period¹³. Westminster's landlord profile is similar to England's, where 45% of landlords own one property¹⁴.

3.15 Officers find the 'let to let' practice common in Westminster, particularly in HMOs. This is where a person or company rents a self-contained property and then subdivides it and lets it out on a room by room basis. Often tenants that live in these rooms don't know who their landlord is and the landlord can be hard to identify, which causes problems if the council is involved to address a problem.

3.16 Westminster is reported to have lower rental yields than the London average, with yields ranging from 2.2% - 3.2% per year¹⁵. However capital appreciation is generally considered to be higher in central London.

3.17 There are known to be 380 lettings agents operating in Westminster and they vary in size, from agents handling only a small number of properties, sometimes with just an online presence, to larger ones with offices and dealing with hundreds of properties.

3.18 ***Current activities across the council to support the PRS***

3.19 Activities to address poor conditions include:

- **Running a Housing Standards Task Force** to tackle rogue landlords and agents through the gathering and sharing of intelligence and by using it to coordinate action against the worst offenders. Over twelve months the work of the Task Force led to £200k in fines being issued to HMO landlords operating without a legal licence.
- **Submitting information to and using the London-wide and national rogue landlords data bases** so tenants and other boroughs investigating cases can see if there has been a prosecution or a notice served.
- **Responding to c.1,600 complaints each year.** Assessments are done using the Housing, Health and Safety Rating System which is a risk based tool that helps to identify hazards in the home which can have a detrimental impact on health. If severe hazards (Category 1) are identified the council has a duty to take action against the landlord for them to be removed.

¹³ www.nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf

¹⁴ www.gov.uk/government/publications/english-private-landlord-survey-2018-main-report

¹⁵ www.portico.com/yields

Table 3: Environmental Health interventions 2019/20

Enquiries dealt with about poor conditions	Homes made decent	Category 1 hazards removed	Category 1 fire hazard removed	HMOs improved	Enforcement notices served	Prosecutions /Civil Penalty Notices
1,722	565	592	294	62	404	17

3.20 Activities to ensure good and lawful practices include:

- **Investigating a range of complaints** such as tenants being locked out of their homes, illegal rent increases or threats of illegal eviction. Prosecutions are done in around 2 cases each year, if no alternative remedy can be found.
- **Identifying breaches of consumer protection legislation by lettings agents and taking enforcement action where necessary.** Over twelve months, Trading Standards served 50 notices against 29 agents for breaches. An example of a breach is charging fees to tenants for getting references and for renewing their tenancy which is against the Tenant Fees Act 2019.

3.21 Activities to support private tenants include:

- **Referrals to Safer Renting – a charitable organisation specialising in supporting private tenants.** Referrals are made, for example, when legal action against a landlord is being taken or to help tenants claim rent repayment orders¹⁶
- **Publicising the Fitness for Human Habitation Act 2018** to tenants in our communications with them. The Act enables tenants to take action against landlords themselves if their property doesn't meet certain standards.
- **Providing advice and support to help them stay in their homes,** the Housing Solutions Service negotiates with private landlords that have, or are planning to, serve eviction notices. (To note: the draft Strategy does not cover homelessness from the PRS as this is already addressed in the Homelessness Strategy 2019 – 2024¹⁷).
- **Providing information on the website** about rights¹⁸.

¹⁶ Rent repayment orders enable tenants to claim back rent in certain cases where their landlords have been operating unlawfully

¹⁷ www.westminster.gov.uk/housing-strategies#homelessness-strategy

¹⁸ www.westminster.gov.uk/assistance-private-tenants-and-leaseholders, www.westminster.gov.uk/private-tenants

3.22 Activities to support landlords include:

- **Being part of the London Landlords Accreditation Scheme (LLAS).** To become accredited with LLAS landlords and agents have to take part in training and once accredited are offered continuous professional development. There are c800 accredited landlords in Westminster, which is lower than some other central London boroughs.
- **Holding a regular landlord's/agents forum** to give updates on national or local policy changes, answer questions and understand their issues and concerns.
- **Providing information for HMO landlords on our website¹⁹.**
- **Providing a range of private sector grants²⁰** which landlords can apply for such as decent homes and disabled facilities grants and grants for emergency works to heating and hot water and to make homes safer.

3.23 Other activities include:

- **Proactive work with some larger lettings agents** to provide advice about legislation and best practice.
- **Commissioning ad hoc research** into the sector and analysing **wider data** such as the Census and local survey data to help understand private tenants, the services they may need and their experiences of using them.
- **Regularly collecting and analysing data on our interventions into the PRS to improve conditions**, looking at the types of involvement and trends.

4. Summary of issues the draft Strategy aims to address

The council does not have a dedicated private rented sector strategy. Its aims towards the sector are in the Housing Strategy Direction of Travel Statement 2015²¹ and include continuing to address poor conditions and practices and regularly reviewing the case for discretionary licensing.

4.1 A dedicated Strategy is necessary due to the updated intelligence on the sector about conditions and also because it continues to grow in size and as there have been changes in the profile of tenants. Key issues the Strategy aims to address include:

- Poorer conditions in HMOs compared to other parts of the PRS and some dissatisfaction amongst HMO residents and concern about reporting issues.

¹⁹ www.westminster.gov.uk/private-tenants

²⁰ www.westminster.gov.uk/housing-grants-and-assistance

²¹ [file:///C:/Users/cherdma/Downloads/draft_housing_strategy_direction_of_travel%20\(1\).pdf](file:///C:/Users/cherdma/Downloads/draft_housing_strategy_direction_of_travel%20(1).pdf)

- The growing 'let to let practice in HMOs which can compromise standards and make identifying the landlord difficult.
- Unawareness amongst tenants about services to help them if they have problems with their landlord, due to high churn in the PRS and as there are significant numbers of people from overseas and younger tenants in it, that may be less aware of, or less likely to use, council services.
- Lower levels of accredited landlords when compared with some other boroughs.

**If you have any queries about this Report or wish to inspect any of the
Background Papers, please contact
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APPENDICES:

None

BACKGROUND PAPERS

A number of background papers are referred to in this report and are included in the footnotes.