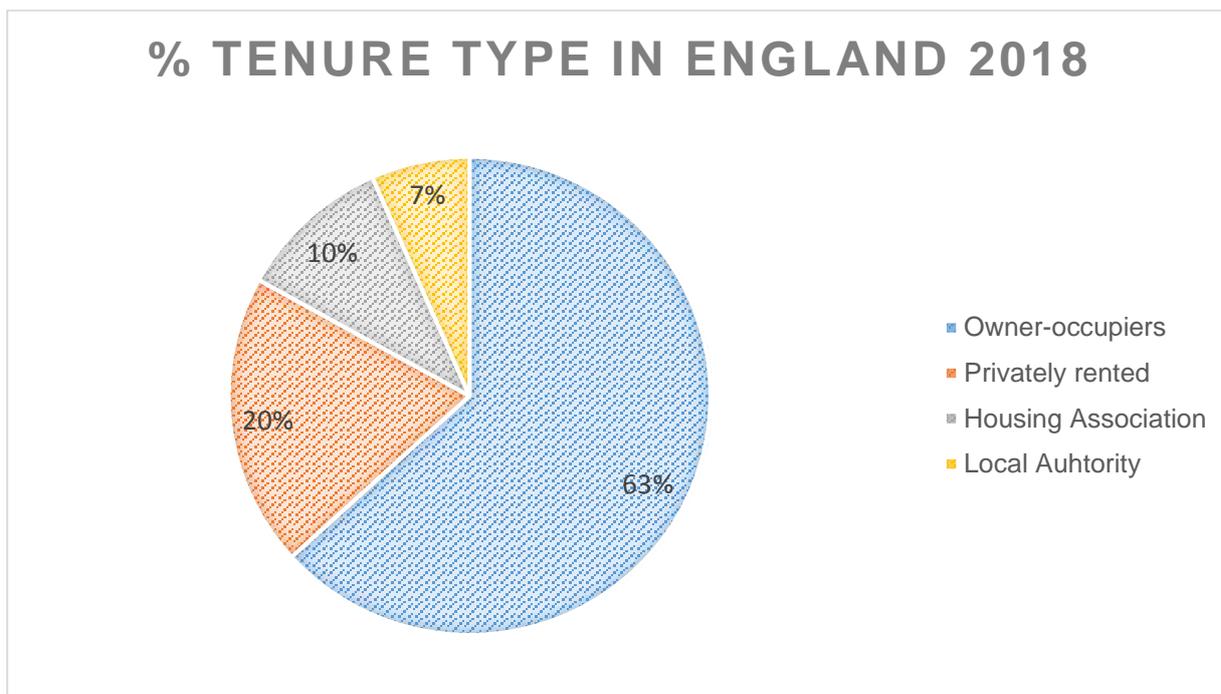


## 1 Introduction

1.1 It is estimated that there were 24,200,000 dwellings in England in 2018, split by a range of tenure as shown in the following graph (MHCLG, Dwelling Stock Estimates: 31 March 2018, England).



1.2 In Portsmouth, approximately 41% of homes are rented, while 59% are owner occupied (with or without a mortgage). Of those who rent their home, around 47% (n = 17,180) are in social housing (local authority or housing association homes) and 53% (n = 19,738) rent from a private landlord, which could be an individual, a company or a lettings agency.

Table 1: Estimates of dwelling stock in Portsmouth by tenure<sup>1</sup>

Tenure	Number of homes	Percentage of total dwelling stock
Owner occupied	52,882	58.9%
Private rented	19,738	22.0%
<b>Total private sector</b>	<b>72,620</b>	<b>80.9%</b>

<sup>1</sup> 2016 data <http://opendatacommunities.org/data/housing-market/dwelling-stock/tenure> and <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/subnationaldwellingstockbytenureestimates>

City council rented	10,080	11.2%
Housing association and other public sector	7,100	7.9%
<b>Total public sector</b>	<b>17,180</b>	<b>19.1%</b>
Total	89,800	100%

1.3 Private Rented Sector (PRS) landlords can be a range of different people/organizations. In 2018, half of landlords owned only one property for rent, whilst 17% owned five or more properties. However these larger landlords accounted for nearly 48% of the sector.<sup>2</sup>

1.4 The PRS is the biggest provider of non-owner occupier homes in England, it is estimated there are approximately 1.5 million landlords and 3.4 million deposits on the estimated 4.7 million private properties.

1.5 The reasons for providing private rental housing are varied, with the main reason landlords seeing it as an investment. From a tenants point of view it provides flexible accommodation with predictable monthly costs where they will not need to pay large unexpected repair bills. However market rents are usually much higher than social or affordable rents. The following table demonstrates the variations in rent levels in Portsmouth by tenancy type.

**Rent levels by property size (£ monthly)**

Size	Valuation Office Agency Full market rent data Oct 2017-Sep 2018 (Portsmouth UA) (latest available)			Affordable rents (approximate based on 80% of mean full market rents)	PCC average rents (including general service charge) 2019/20	
	Lower quartile	Median	Mean			
Shared	340	395	412	329.60	n/a	
Studio	450	525	536	428.80	n/a	
1 bed	550	595	615	492.00	Flat	383.64
					House	374.49
2 bed	685	750	770	616.00	Flat	418.02
					House	412.60
3 bed	817	895	912	729.60	Flat	453.20
					House	443.35
4 bed	1,238.00	1,400.00	1,527.00	1,221.60	House	483.58

<sup>2</sup> MHCLG, English Private Landlord Survey 2018, Main report

1.6 The PRS is covered by various regulations, usually enforced by local authorities. There is no independent governance of the individual business other than by the landlord, although there are a number of national landlord associations.

1.7 The number of PRS landlords has risen rapidly in recent years as home ownership has become increasingly unaffordable and the number of social homes has fallen.

1.8 Although the estimates are broadly correct, most local authorities, including this the city council, do not know precisely how many of the approximately 100,000 homes in Portsmouth are owned by a landlord and then rented to a tenant, either on a tenancy or license. This is called the Private Rental Sector and is an important part of the housing provision in Portsmouth. It is therefore vital that it works well for both tenants and landlords if the city is to see thriving communities and economic and social regeneration.

1.9 The council agreed the creation of the Houses of Multiple Occupation (HMOs) Governance Board in 2018 which consists of representatives from the University, Students Union, local landlord association, Council officers, and cabinet member for housing, and it has met to understand issues surrounding HMOs. Some of the learning of this group has been used in this information report to look at.

1.10 Mean average Rent levels by property size (£ monthly)

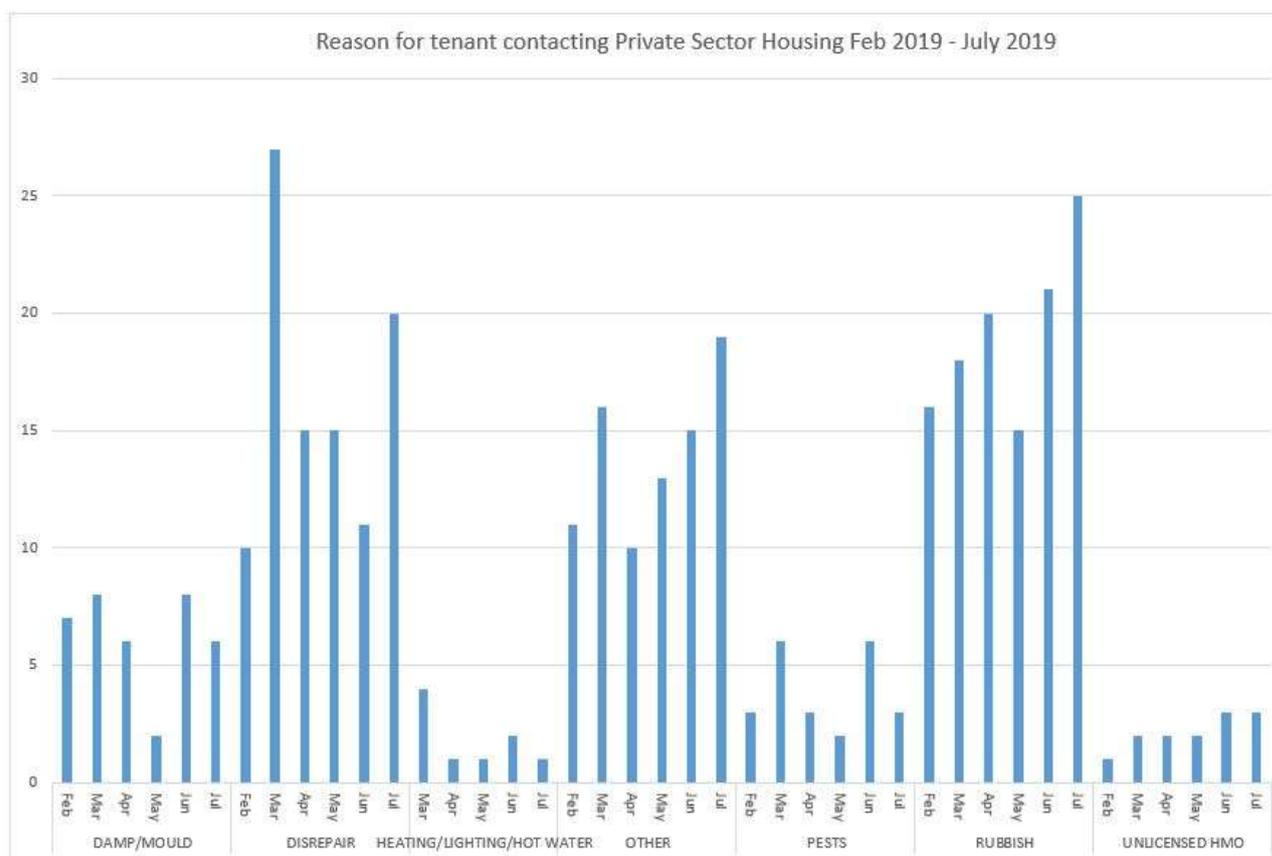
Size	Local Housing Allowance 2019/20	PCC data January 2018 average market rents		PCC average rents (including general service charge) 2019/20 <i>(NB; this follows years of Govt-imposed rent cuts)</i>	'Living Rent' Based on 2018 lower quartile earnings
Shared	300.00	n/a		n/a	n/a
Studio	521.56	n/a		346.75	n/a
1 bed	521.56	Flat	623.83	383.64	320.10
		House	623.54		
2 bed	646.09	Flat	764.96	418.02	416.10
		House	803.64	412.60	
3 bed	772.50	Flat	904.42	453.20	512.15
		House	984.25	443.35	
4 bed	1,042.86	House	1,244.81	483.58	n/a

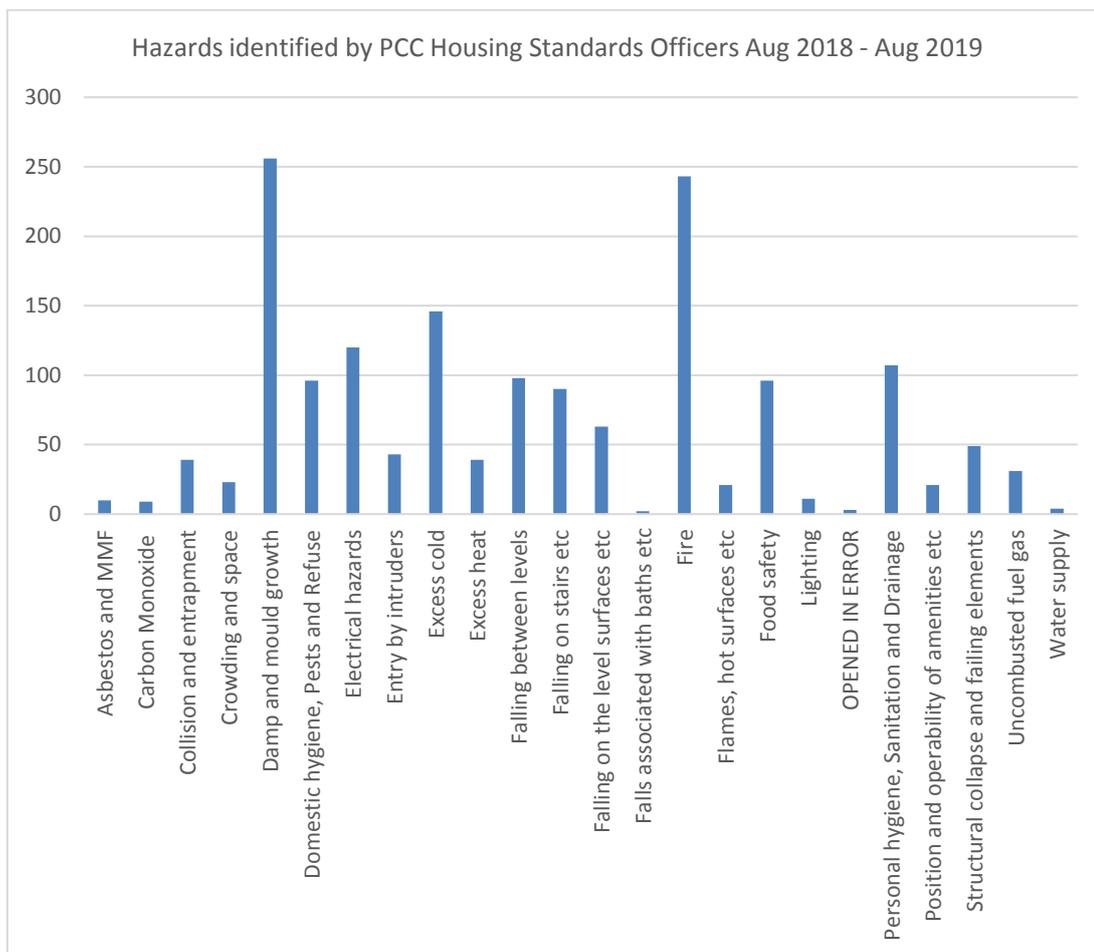
**2 What are some of the reasons for an unsuccessful PRS tenancy?**

There are a number of issues in the PRS which mean that tenants may not feel safe or secure renting privately, or may feel unable to access it in the first place. It is also the case that some people may choose to join the council's housing waiting list and wait to be offered social housing, despite what could be a significant wait, rather than enter the PRS. Some of the key reasons for this are as follows.

**2.1 Poor living conditions**

The Housing Health & Safety Rating Scheme (HHSRS) is a risk-based assessment tool, used by council officers, that identifies hazards in dwellings and evaluates their potential effects on the health and safety of occupants and their visitors. Hazards that are identified are scored on their severity of harm and categorised as either Category 1 (the most sever) or Category 2 Hazards (less severe, but still may have a significant impact on property occupants).





National studies show that PRS properties are more likely than other tenures to fail the statutory minimum standard for housing. In 2017, 14% (691,000) of privately rented dwellings had at least one Category 1 hazard compared with 11% of owner occupied and 6% of social rented homes<sup>3</sup>.

However a 2014 national study by Shelter of private renters found that only 8% had complained to their local authority about property conditions. This suggests that tenants either do not know how to report problems with living conditions, or are concerned to do so for fear of repercussions.

The English Housing Survey in 2017-18 found that the PRS had the highest proportion of non-decent homes. The decent homes standard sets out requirements that properties should be free from serious hazards under the HHSRS, and have amenities such as kitchen and bathroom that meet modern standards, be in a reasonable state of repair and thermal comfort. 36% of properties at the lowest quintile of rent are non-decent. 25% of homes in the private rented sector were non-decent according to the Decent Homes Standard. This compares with 19% of owner occupied, and 13% of socially rented homes. In this same report, according to the Housing Health and Safety Rating System, 14% of privately rented homes had at least one Category 1 hazard,

<sup>3</sup> MHCLG English Housing Survey, Private Rented Sector 2016-17

compared with 11% of owner occupied homes, and 6% of those in the social rented sector.

The standard of the property has also been shown to drop as the length of tenancy increases, with 42% of households renting in the same property for more than ten years shown to be classified as non-decent accommodation, compared to 25% of households where the tenancy was one year or less.<sup>4</sup>

Figure 2.5: Non-decent homes, by tenure, 2007 to 2017

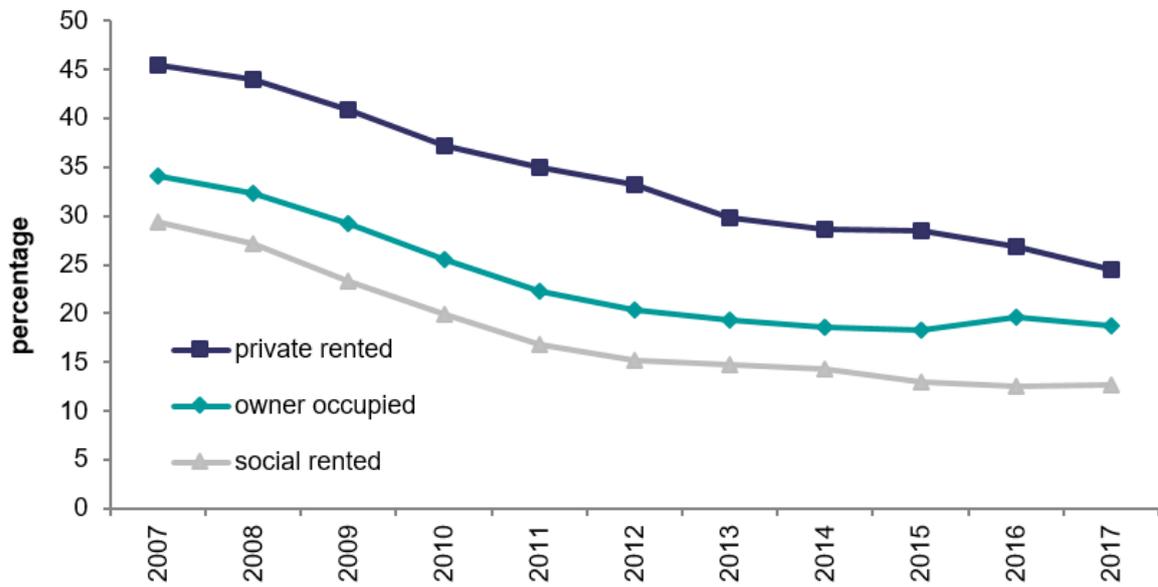
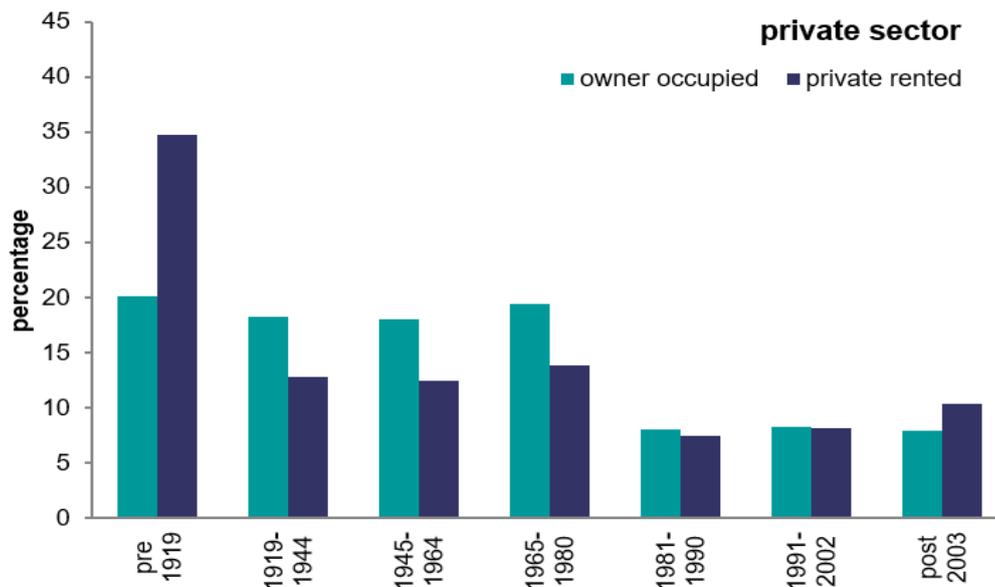


Figure 2.2: Dwelling age, by tenure, 2017



<sup>4</sup> The Evolving Private Rented Sector: Its Contribution and Potential, Julie Rugg and David Rhodes, University of York Centre for Housing Policy 2018

Figure 2.3: Dwelling type, by tenure, 2017

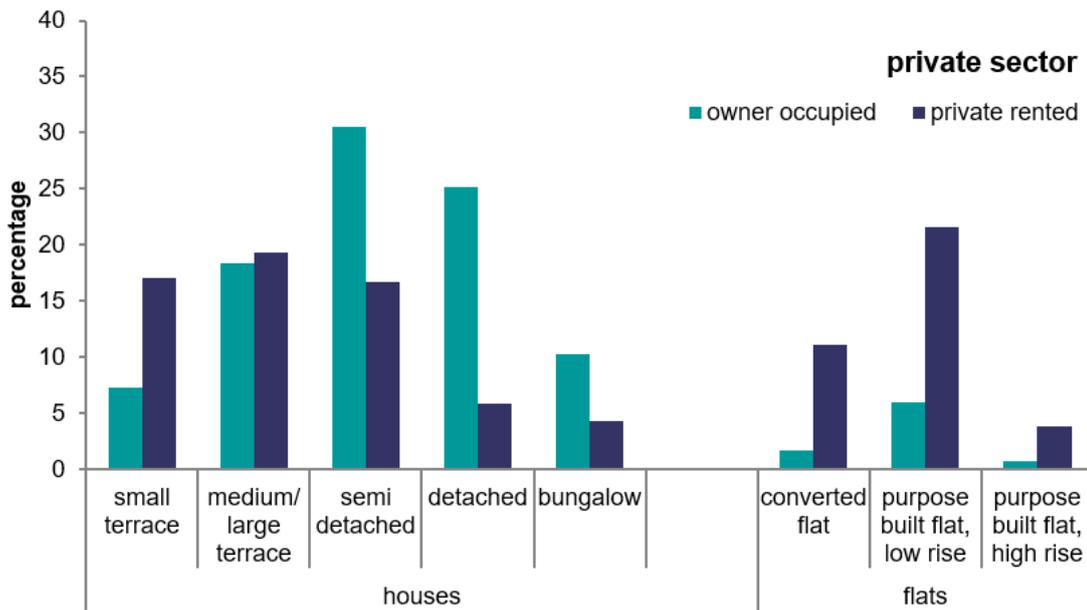
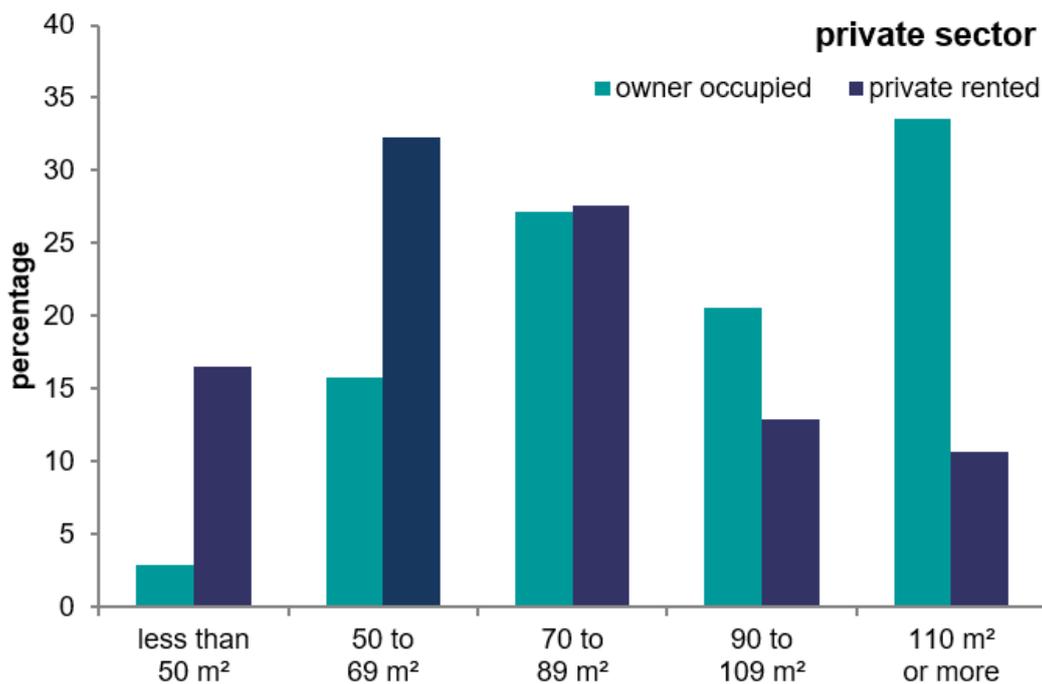


Figure 2.4: Usable floor area, by tenure, 2017



Local authorities can act to ensure landlords remedy poor living conditions using a range of powers outlined in various pieces of legislation. However this currently relies upon the local authority being made aware of poor living conditions, usually by tenants, and then reacting to a request to investigate.

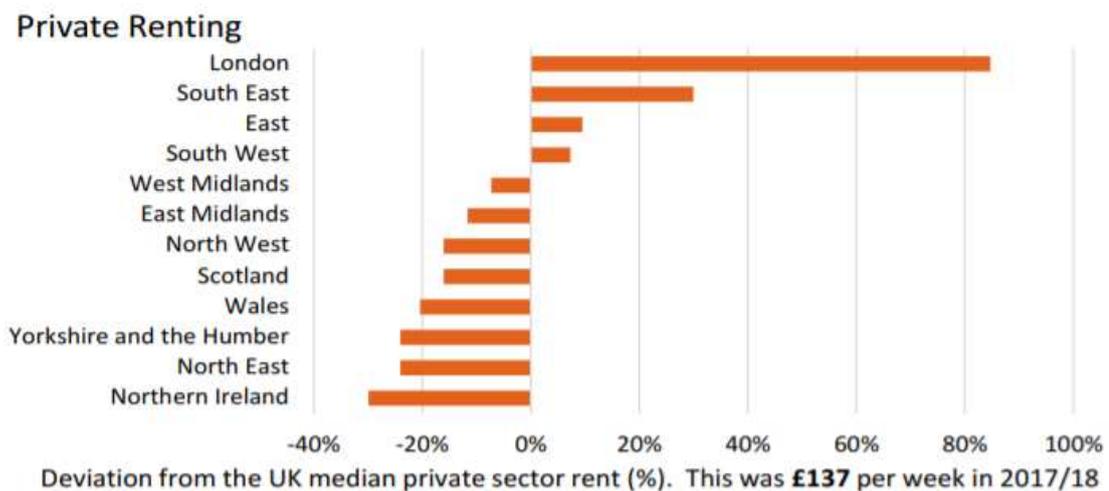
Some tenants may not report poor living conditions due to concerns that they will face repercussions such as rent increases, or they will be subject to a retaliatory eviction. Whilst the majority of landlords will not act in this way, the perception that this may happen can influence tenant behaviour. It is likely to be those with the lowest

household incomes that are likely to be living in the cheapest accommodation and may find themselves living in the poorest conditions. The fear that raising an objection may lead to an eviction when there is nothing else affordable may lead to some tenants accepting housing conditions which do not meet required standards.

**2.2 Rent Affordability**

Approximately one in five PRS tenants in England receives Housing Benefit (HB). Of these, 85% report the benefit covered part of their rent.<sup>5</sup> Private renters were less likely than social renters to use HB to cover the whole rent (13% vs 54%).

76% of private renters report paying a deposit at the start of their current tenancy. About three quarters (73%) of these say this deposit was protected in one of the Government-authorised tenancy deposit protection schemes. One fifth (20%) did not know whether their deposit was registered with one of these schemes. Where a deposit was paid, it was equivalent to either four weeks rent (42%) or more than four weeks rent (44%).



The gap between market rents and Housing Benefit (HB) or Universal Credit (UC) payments continues to be an issue. It is increasingly difficult for low earners, or those on full HB, to find properties to rent in the private sector. This is compounded by many landlords often not wanting to take on tenants who receive benefits or who cannot provide a guarantor. Tenants can also find it very difficult to pay large rent deposits, or one month's rent, up front.

**2.3 Lack of security of tenure**

The English Housing Survey 2017-18 found that of those who had lived in their current PRS property for less than three years, 72% moved because they wanted to.

The main reasons for moving were job related (18%), to move to a better neighbourhood (16%) and to move to a larger home (13%).

<sup>5</sup> MHCLG English Housing Survey, Private Rented Sector 2017-18

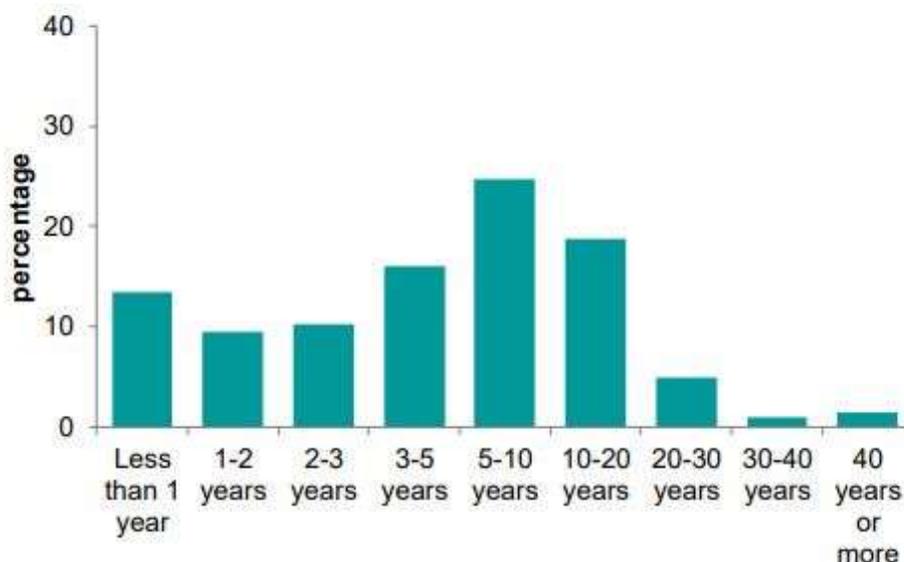
Of those who did not move solely by choice, reasons included being asked to move by a landlord (12%), moving on mutual agreement with a landlord (10%), and moving due to the end of a fixed term tenancy (8%).

National data has shown that PRS tenancies last, on average, for shorter periods than social renters or owner occupiers. The mean average length of tenure was 4.1 years for private renters compared to 11.9 years for social renters and 17.8 years for owner occupiers.

Short periods of residence of less than one year were reported by more than a quarter (27%) of private renters, but relatively less often by social renters (6%) or owner occupiers (4%). It should be noted that PRS is, by its nature, a more flexible form of tenure than social tenancy or owner occupation mainly due to the nature of the tenancies offered, and that many use the PRS for the reason that they have the flexibility to move relatively quickly and cheaply.

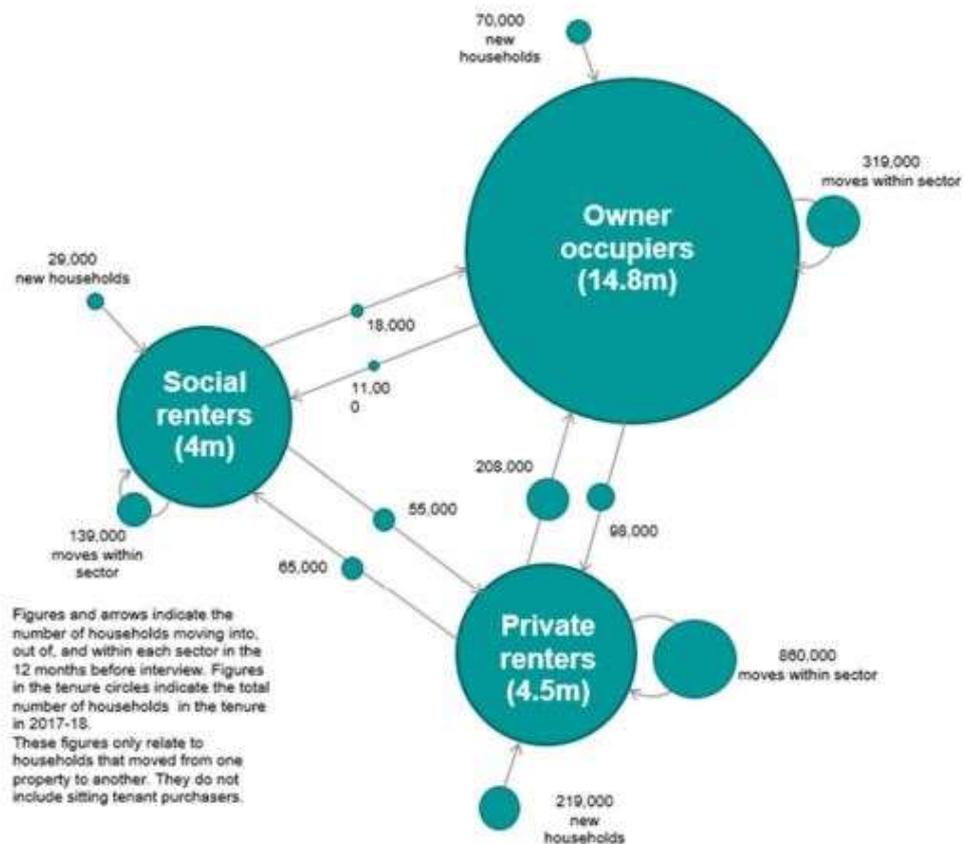
When PRS tenants are asked whether they felt that their notice period was adequate 69% felt the notice period gave them enough time to move. However of those asked 19% said that it was possible, and 13% felt it was definitely too short a period to find a new place to live.

**Figure 3.1: Private renters' time in the private rented sector, 2017-18**



**Base: all private renters**  
**Note: underlying data are presented in Annex Table 3.3**  
**Source: English Housing Survey, full household sample**

Figure 3.2: Household moves, by tenure 2017-18



Base: all households resident for less than one year.

Notes:

- 1) underlying data are presented in Headline Report, Annex Table 1.20
- 2) a small number of cases with inconsistent responses have been omitted
- 3) survey cannot identify the number of households which have ended

Source: 2017-18 English Housing Survey, full household sample

Some PRS tenants have concerns that their tenancies could be ended by their landlords through no fault of their own. Whilst tenants are protected during the fixed term of their tenancy, and landlords must follow a full eviction process providing at least two months' notice to end an assured-short hold tenancy once the fixed term has ended. Fixed tenancies are typically for periods of 6-12 months and longer term tenancies in private sector are rare. This lack of security is likely to be stressful for many, and may create financial pressures where tenants have to find additional money to secure deposits and rent up front for new tenancies at relatively short notice.

### 2.4 Rent arrears and resulting evictions

PRS landlords can legally end a private rented tenancy for a number of reasons including the so called 'no fault' eviction under Section 21 of the 1988 Housing Act. This section is used to serve a notice seeking possession either after a fixed term

tenancy has ended, where there is a written contract, or during a periodic tenancy where there is no fixed end date.

However, local authorities can take action to prosecute a landlord who illegally evicts or harasses a tenant.

At a national level studies have shown that excessive market rents are not endemic and the majority of tenants meet their rental payments without financial difficulty. Fewer than 10% are in arrears with their rent.<sup>6</sup>

However of those that have presented to the Housing Needs, Advice & Support team in Portsmouth as being homeless, 18% stated that their PRS had come to an end due to rent arrears (2018/19). This indicates that where tenants are in rent arrears, and leading to a likely eviction, a significant number will come to the council for help.

Linked to the affordability of rent, tenants who find themselves in rent arrears can face eviction if they are unable to address their arrears promptly. Rent arrears can happen for a variety of reasons, such as

- loss or reduction in household income;
- change in circumstances such as separation from a partner;
- the financial strain of dependent children; or
- change in benefits entitlement

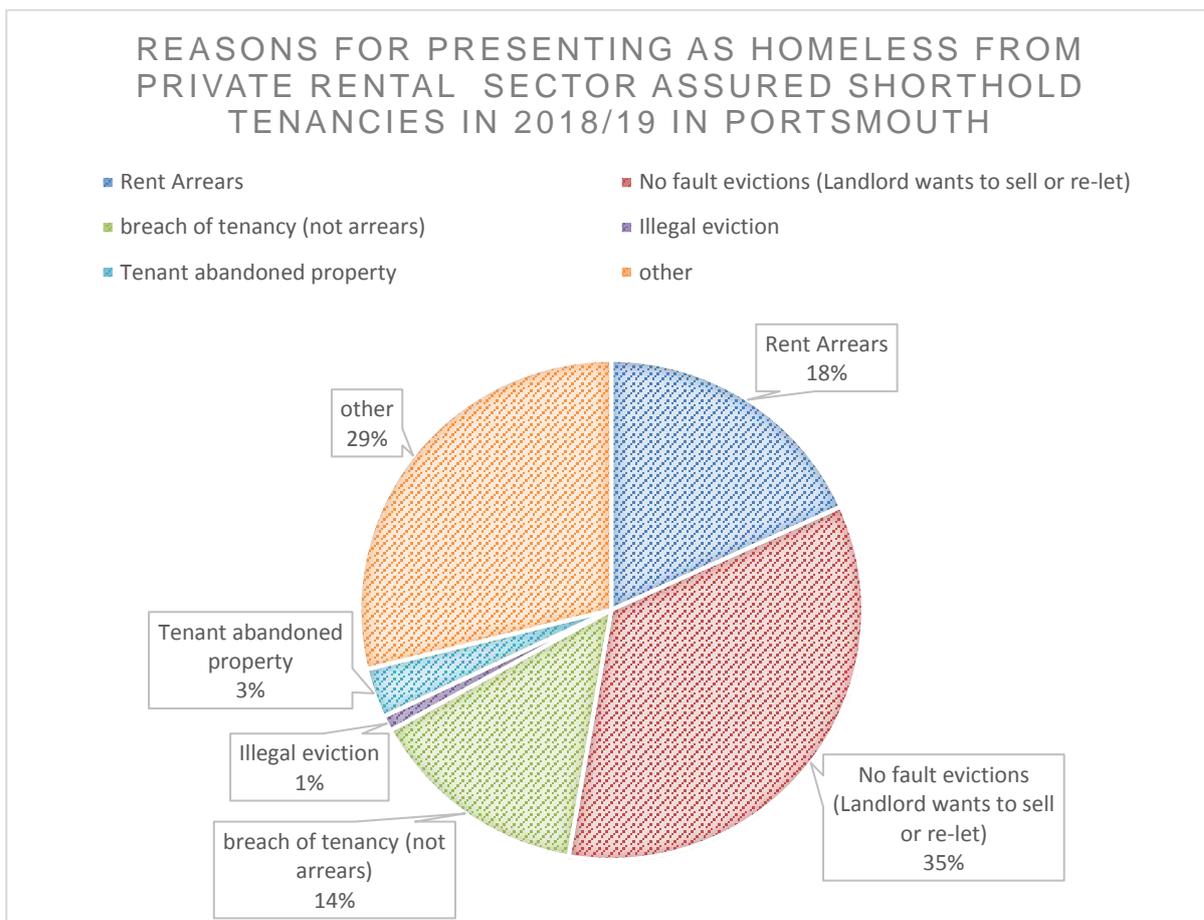
Tenants may also struggle to keep up with rental commitments, particularly if rental fees increase over time at a rate which is larger than the growth in spendable income.

## **2.5 Issues around the statutory homeless and other vulnerable people**

The council's Housing Needs, Advice & Support Service had 1481 homeless approaches in 2018/19. Of these 406 (27.41%) were due to the end of an Assured Shorthold Tenancy (AST) (there were also 37 (2.5%) due to end of non-AST private sector tenancy).

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<sup>6</sup> The Evolving Private Rented Sector: Its Contribution and Potential, Julie Rugg and David Rhodes, University of York Centre for Housing Policy 2018



In 2017/18 approximately 6% of all PRS tenants across England contacted their local authority because they were homeless or about to become homeless, compared to 10% of social renters. Of those who contacted their local council, the majority formally asked the council to consider them homeless, although social renters were more likely to have done so (74% of private renters, 87% of social renters).

Analysis of data collected from those who present as homeless to the council shows that the largest single reason for people presenting as homeless is due to the ending of a PRS tenancy. The social renting sector also often provides a number of other support mechanisms, particularly for those who are vulnerable, have physical or mental health needs, a learning disability or substance misuse issues. These are often not available in the same way to those in the PRS.

### **3 The available means to the local authority to address issues with the PRS**

The City Council's Private Sector Housing Service takes action to assist and enforce when tenants make it aware of problems they are experiencing with their rental property. However there are a number of additional/alternative actions and approaches which could be taken which may have an impact upon the PRS.

### **3.1 Additional Licensing for HMOs**

Houses in Multiple Occupation (HMOs) are properties rented out by at least three people not from one household (such as a family) but share facilities such as the bathroom and kitchen.

Planning permission is often required for an HMO and this is handled by the council's Planning Service. Therefore it, through the application of the HMO Supplementary Planning Document (SPD) and related guidance can determine if a property can become a HMO and therefore, in effect, how many HMOs are in an area (planning permission is not required retrospectively so long-established HMOs do not require planning permission). The Private Sector Housing Service IS responsible for ensuring that HMOs meet the relevant standards, including space standards.

Some HMOs are already required to be part of a mandatory licencing scheme, as outlined in the report to Cabinet on 4<sup>th</sup> December 2018.

HMO Licensing is intended to ensure that:

- the landlord of an HMO is a fit and proper person (or employs a manager who is).
- each HMO is suitable for occupation by the number of people allowed under the licence (overcrowding is eliminated).
- the standard of management of the HMO is acceptable.
- vulnerable tenants are protected.
- high-risk HMOs can be identified and targeted for improvement (such as fire safety).

In 2013, the Council's then administration brought in an additional licensing scheme for all qualifying HMOs, such a scheme could only be introduced for a maximum period of 5 years and evidence had to show a need for additional controls over HMOs locally, and that suitable alternative options have been explored. Consultation with local landlords, tenants & residents would be required as part of this process. Licence conditions could be used to stipulate the condition of a property, but the inspections of licensed properties can allow for any poor conditions to be identified and acted upon by the inspecting officer.

It required all HMOs with three or more occupants to be licensed in postcode areas PO1, PO4 & PO5 (the areas of the city with the highest concentrations of HMOs at the time).

Legally, any renewal of additional licensing required evidence essentially that it had failed to deal with the problem that led to its introduction in the first place. That evidence was not available, therefore the scheme ceased in August 2018.

However, in October 2018 the government introduced changes to the mandatory HMO licensing criteria, meaning that all HMOs occupied by five or more tenants now require a mandatory license, whereas previously only HMOs with five or more tenants and consisting of three more storeys required did so. This means that currently only

HMOs with three or four tenants in the city do not require a license; any potential re-introduction of additional licensing would therefore focus on the licensing of some or all of those properties not currently covered by mandatory HMO licensing criteria. Licensing is required to be cost-neutral by setting the licensing fees to cover the cost of running the scheme.

### **3.2 Selective Licensing**

This is the introduction of a local licensing policy focused on **all** PRS properties. Such a scheme can only be introduced for a maximum of 5 years and evidence must be available to show that there is a need for additional controls over private rental properties locally, and that suitable alternative options have been explored. Consultation with local landlords, tenants & residents would be required as part of this process. As with additional licencing, this cannot control the number or location of PRS properties. Even though a recent MHCLG review of this said it was a main reason to bring selective licensing, license conditions cannot be used to control the condition of a property. Instead, the inspection of licensed properties can allow for any poor conditions to be identified and acted upon by the inspecting officer.

Selective Licensing is intended to ensure that:

- the landlord is a fit and proper person (or employs a manager who is);
- each dwelling is suitable for occupation by the number of people allowed under the licence (overcrowding is eliminated);
- the standard of management of PRS properties is acceptable;
- vulnerable tenants are protected;
- high-risk properties can be identified and targeted for improvement (such as fire safety);

This scheme can be brought in to either part or all of a council area. Any scheme covering 20% or more either geographically or by number of PRS properties requires Secretary of State approval, as well as requiring significant resources.

Licensing is required to be cost-neutral by setting the fees to cover the cost of running the scheme. However, in practice a number of local authorities nationally have found that difficulties in accurately estimating the number of PRS properties have led to fee levels being set lower than needed for full cost recovery. This highlights the need for strong local data to be able to make informed decisions.

### **3.3 Use powers under the Housing Act 2004 to target small geographic areas for proactive inspection**

Local authorities can use their powers to select small geographical areas where they have reason to believe (based upon evidence) that there may be poor property conditions or Anti-Social Behaviour (ASB) for example (based upon location of previous complaints, high turnover of tenants in particular areas, areas of low household income etc.). All privately owned properties could be inspected in the area, with a particular focus on PRS but with an opportunity to also include working with owner/occupiers and empty property owners to make improvement to their properties

also. This would be funded and resourced by the council general fund rather than through licensing fees, but any enforcement charges levied against poor landlords identified in this way could be used to offset the cost of the resources required to undertake this element work.

### **3.4 National Landlord Registration**

The Chartered Institute of Environmental Health (CIEH) wants the Government to introduce landlord registration in England (similar to a compulsory selective licensing scheme) which would follow the regimes already seen in Scotland, Wales and Northern Ireland. This would ensure that local authorities would have information on all registered landlords and could instead focus on finding the landlords that fail to register. Whilst this is not currently legislative, it is possible it may be introduced in the future.

### **3.5 Advice for tenants**

Many tenants are not aware of their rights, or the support available to them from the council and other agencies.

The Private Sector Housing Service is working on a corporate communications plan to ensure tenants are aware of their rights of redress and how to access support to do so.

### **3.6 Advice for Landlords**

Landlord accreditation is operated in a number of areas and is defined in a variety of ways. It usually includes a system which "badges" a landlord who has or is, actively training towards a level of practice deemed acceptable by the accreditation authority and which might include, for example, a commitment to abide by a code of conduct devised by that authority. Accreditation might, alternatively, relate to property quality, or include some element of both property quality and management. Accreditation clearly has the potential to lead to improvement in property management and quality in policing landlords within the schemes and ensuring that those landlords have access to information, advice, and the opportunity for continuing professional development. These activities are particularly helpful both for landlords at early stages in their letting career, and for professional landlords who aim to keep up to date with changes in legislation and good practice guidance.

In Portsmouth the Landlord Accreditation scheme, operated through the Rent it Right website, was relaunched in 2017 and focuses on accrediting both landlords and their properties. Whilst it has developed since its launch, the current offering could be expanded further. This could include:

- More marketing to increase tenant awareness (the more tenants that choose to search for their next property through the scheme, the more incentive for landlords to join).
- A tougher property verification and test of landlord practices and competencies could prove to be a higher benchmark for landlords to want to strive for, and tenants to demand from their landlords (being accredited would be seen as a

way of demonstrating a standard of excellence as a landlord, and be very desirable to tenants).

- Providing better incentives and advantages for landlords wanting to be accredited would also help to grow the scheme (options like undertaking a structured training programme and commitment to rectify problems with a property rather than facing enforcement if it is the first time an issue has occurred for an accredited landlord - repeat offence or lack of action would still result in enforcement action).

### **3.7 Help for registered providers**

The council already has good links with a number of local Housing Associations who are Registered Providers (RPs) of social housing, and these links can be used to establish protocols for dealing with complaints by their tenants. The Private Sector Housing Service, either directly or through third parties such as elected members, already receive such complaints. Tenants already have clear complaints procedures they can follow with their RP landlords, therefore the council could outline a more stringent, enforcement focused approach to cases where intervention by PCC is required to resolve problems between RPs and tenant with regard to poor property conditions.

## **4 Supporting information**

The following list of information is not exhaustive on this subject but provides a range of sources

<b>Title of document</b>	<b>Location</b>
MHCLG - Rogue Landlord Enforcement (April 2019)	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/808059/Rogue_Landlord_Enforcement_-_Guidance_for_LAs.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/808059/Rogue_Landlord_Enforcement_-_Guidance_for_LAs.pdf</a>
UK Collaborative Centre for Housing Evidence - The Private Rented Sector in the UK (July 2019)	<a href="https://housingevidence.ac.uk/wp-content/uploads/2019/07/TDS-Overview-paper_final.pdf">https://housingevidence.ac.uk/wp-content/uploads/2019/07/TDS-Overview-paper_final.pdf</a>
Office of National Statistics - Dwelling stock by tenure (Jan 2019)	<a href="https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/subnationaldwellingstockbytenureestimates">https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/subnationaldwellingstockbytenureestimates</a>
MHCLG - Open Data on dwelling stock	<a href="http://opendatacommunities.org/data/housing-market/dwelling-stock/tenure">http://opendatacommunities.org/data/housing-market/dwelling-stock/tenure</a>
Chartered Institution of Housing - UK Housing Review	<a href="https://www.ukhousingreview.org.uk/">https://www.ukhousingreview.org.uk/</a>
MHCLG - National Planning Policy Framework	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/810197/NPPF_Feb_2019_revised.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/810197/NPPF_Feb_2019_revised.pdf</a>
MHCLG - English Private Landlord Survey (2018)	<a href="https://www.gov.uk/government/collections/english-private-landlord-survey">https://www.gov.uk/government/collections/english-private-landlord-survey</a>

The Centre for Housing Policy - The Evolving Private Rented Sector	<a href="http://www.nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf">http://www.nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf</a>
MHCLG - English Housing survey 2016-2017	<a href="https://www.gov.uk/government/statistics/english-housing-survey-2016-to-2017-private-rented-sector">https://www.gov.uk/government/statistics/english-housing-survey-2016-to-2017-private-rented-sector</a>