Understanding the growth in private rented housing

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Introduction

The private rented sector (PRS) has grown phenomenally in the UK over the past two decades and this trend is apparent in all of the Core Cities. Remarkably, the scale of PRS growth has not been planned or predicted by national or local government, which raises questions around whether new policy or regulatory responses may be required.

The purpose of this report is to better understand the scale of growth in the private rented sector, the characteristics of the sector and those involved, and how all of this is impacting upon the ten individual core cities.

The report provides an evidence base and stimulus for Core Cities Cabinet to consider future policy proposals.

Chapter 1 examines the size, growth and characteristics of the private rented sector at the national level in England Scotland and Wales; it reviews the evidence around the factors that are driving the growth in private renting, and summarises the key characteristics within the sector. The views, concerns and proposals of private renters (as articulated through tenants unions and campaigning organisations) are reviewed, as is the growth in landlords and their motivations.

Chapter 2 examines the size and growth of the private rented sector across the ten core cities and how this compares with the national trend.

Chapter 3 provides a city by city perspective on the growth of the private rented sector, the impacts of this growth and the local policy responses that have emerged as a result. This information was gathered from council housing officers in the ten core cities during July and August 2018, via a questionnaire.
Summary Findings

The PRS in England, Scotland and Wales

At the 2011 Census, Great Britain had 4.2 million households in the private rented sector (PRS), which is 16.3% of all households.

The latest data on the size of the PRS across the nations shows:

- England has 4.7 million PRS households, which is a 20% tenure share;
- Scotland has 370 thousand PRS households, which is a 15% tenure share, and
- Wales has 203 thousand PRS households, which is a 14% tenure share.

There has been a rapid and substantial growth in both the number and the proportion of households living in the PRS.

Across GB, the number of PRS households doubled between the 2001 and 2011 Censuses - an additional 2.16 million PRS households (106% increase).

PRS growth began around 1990 but the rate of growth has accelerated significantly since 2000:

- In England, an additional 2.1 million households entered the PRS between 2007 and 2017;
- In Scotland, the PRS accounted for 15% of households in 2016 – up from 5% in 1999, and
- In Wales, the PRS accounted for 14% of households in 2017 – up from 7% in 2001.

The number of households in the PRS is now at its highest level since the early 1960s.

Around 4.5 million households are in the PRS in England and Wales in 2016 compared with 1.7 million in 1991.

PRS overtook the social rented sector in 2011/12 to become England’s second largest tenure type.

The drivers of PRS growth are likely to include:

- Tenure change as landlords acquire owner occupied and former social housing properties;
- Buy to Let Mortgages appeared in the mid-1990s and encouraged PRS growth;
- Declining owner occupation – between the 2001 and 2011 censuses, owner occupation in GB fell from 67.7% of households to 63.4%. Rapid house price inflation and low earnings increases have created an affordability crisis, particularly for younger people. Following the financial crisis, tighter borrowing restrictions made it more difficult to access mortgages;
- The reduced size of the social housing sector – across GB there were 1.2 million fewer social housing tenants at the 2011 Census compared with 2001. Right to Buy and the historically low levels of Council and housing association housebuilding are the likely major contributors to this decline;
- New build products such as city centre apartments and purpose built student accommodation have increased the supply of rental properties;
- Population increase, including increasing numbers of students and immigrants have contributed to the increasing demand for PRS properties, and
- Attractive financial returns for landlords (through rent and asset appreciation) compared with other investment options, and a favourable policy environment (tax incentives and light touch regulation etc) have made investing in the PRS an attractive and competitive option.
It is estimated there are between 9 and 10 million people living in private rented households across England, Scotland and Wales.

The PRS contains very distinct niche markets that cater for different groups within society, such as students, young professionals, migrants and lower income households.

Private renters are a much more socio economically diverse group of people compared with social renters and owner occupiers. In Scotland, private rented properties are spread evenly across deprived and non-deprived neighbourhoods (i.e. almost 20% are within each of the five deciles of multiple deprivation).

On average, private renters tend to have higher incomes than social renters and lower incomes than owner occupiers. But there is a very wide range in income between private renters and a very diverse spread of different social groups (using ACORN classifications).

But private renters spend a significantly greater proportion of their household income on their housing costs than social renters.

The PRS is attracting an increasing share of younger people. In England, 46% of 25-34 year olds now live in private rentals, compared with 27% in 2006-07. In England and Scotland, around 70% of private renters are aged between 16 and 44.

Families with dependent children account for just over a third of PRS households in England (36%), whereas the proportion is around 22% in Scotland.

A quarter of England’s private rented households are headed by non-UK/Irish nationals and in Scotland 43% of renters are non-White Scottish, which is double the proportion in other housing sectors.

Churn - Private renters move home much more frequently than those in other sectors.

The key concerns and proposals for change highlighted by private renter groups, their advocates and think tanks can be grouped against the following four broad themes:

- Affordability & Fees;
- Licensing & Professional Management;
- Security of Tenancy, and
- Decent Homes Standards.

Representation - Compared with social tenants, there is a distinct lack of local groups that represent the interests of private tenants, and this is particularly the case outside London.

On average, the quality, standards and safety of housing in the PRS tends to be lower than in other tenures, for example the English Housing Survey reports:

- 27% of PRS properties failed to meet the Decent Homes Standard in 2016, compared with 18% of owner occupied and 13% of social rented properties;
- 15.4% of PRS properties pose a category 1 Hazard, compared with 13% of owner occupied and 6% of social rented properties, and
- PRS properties are less well maintained and are more likely to be in need of serious repair compared with those in other tenures.
There around 2 million landlords in the UK according to one estimate, though there is no official data. In Scotland, it is estimated that 1 in 20 adults are landlords. Wales has an estimated 130,000 landlords.

The vast majority of rented properties are owed by individuals or couples with only one or two properties. The main sources of finance use by landlords to buy property are personal savings (used by 41% of landlords), BTL mortgages (36%) and inherited funds (17%).

A 2016 survey of landlords for the CML found that Pension and investment purposes dominated the reasons for becoming a landlord. One-third of landlords saw their holdings as a form of pension; one-third looked for income and capital growth and 27% said property was better than other investments.

In 2016 the Cameron government announced a number of tax relief changes that were designed to help first time buyers by dampening the growth in Buy to Let. These changes have been phased in over the last few years and it is too soon to assess the impact of these policies.

The size and growth of the PRS in the Core Cities

Core cities have a larger share of private rented housing than the GB average.
The 2011 Censuses provides the most recent official data on the size of the PRS in the core cities:
- The average proportion of private rented households across core cities is 20.1%, which is significantly higher than the GB average of 16.3%;
- All core cities (except Sheffield) have a higher proportion of private rented households than the GB average;
- There are considerable differences in the proportion of private rented households between core cities: Manchester (28.4%), Bristol, Liverpool and Nottingham (23%) have the highest and Sheffield (15.6%), Glasgow (16.8%), Birmingham and Leeds (17.9%) have the lowest proportion, and
- Owner occupation is less prevalent in Core Cities (51.5%) than the GB average (63.4%).

The PRS grew at a faster rate in core cities than nationally in the decade to 2011.
Between 2001 and 2011 the PRS grew by 128% across the core cities, which is greater than the GB average rate of 106%:
- Glasgow (208%), Cardiff (150%), Birmingham (140%) witnessed the largest proportional increases in private rented households;
- The growth in the number of private rented households outstripped the increase in the number of total households in all areas (with the exception of Manchester and Cardiff), which demonstrates that there has been significant movement of properties from owner occupation and social rented into the private rented sector, and
- Population growth and household growth are not significant factors in explaining the dramatic increase in private rented sector households.

The rate of growth in the private rented sector seems to be continuing at a similar pace to that witnessed between the 2001 and 2011 Censuses, based on local estimates.
It seems likely that by the 2021 Census, the private rented sector will accommodate more households than the social rented sector in a majority of the core cities.
Views from the ten core cities on private rented sector growth

The most commonly cited drivers of PRS growth in core cities include:

- Apartment developments (often city centre or edge of centre);
- Buy to Let/ Build to Rent initiatives;
- The increase in student populations and Purpose Built Student Accommodation;
- Ex-Right to Buy properties being converted to rental properties;
- Increasing numbers of people unable to afford home ownership, and
- Increasing numbers of “amateur landlords” with one or two properties.

The private rented sector is understood as a series of distinct market sectors and the issues for local authorities are very different in each of the sub-sectors:

1) Concentrated, lower value rental market areas and HMOs

Most cities cite this segment of the rental market as their major cause for concern. Many cities have neighbourhoods with very high concentrations of private rented properties and these are often located in the inner city with lower value, and older (pre 1919) terraced properties (or tenements in Glasgow). The common issues of concern include:

- Poor housing quality and standards (property disrepair and poor management);
- neighbourhood management issues include problems with anti-social behaviour, noise, refuse collection and fly tipping;
- maintaining community cohesion and pride in areas with a high turnover of residents and rapidly changing cultures;
- criminal activity and organised serious crime including concerns around money laundering, drugs trafficking/manufacture and usage, prostitution, the exploitation of vulnerable people, and modern day slavery;
- the operation of the COMPASS asylum contract;
- an increasing unwillingness among landlords to take on vulnerable tenants and those in receipt of benefits, and
- high rent levels and a lack of value for public money with regards benefits payments for some properties.

2) Student Rental Market

All cities have benefitted from large increases in the number of students over recent decades. Most cities have seen a large and ongoing increase in Purpose Built Student Accommodation (PBSA), which is often in the city centre or edge of centre. These developments are generally supported and viewed positively by City Councils. One of the results of these developments has been a decline in demand for ‘student digs’ in shared houses, which are often concentrated in traditional inner city student areas. Core Cities see an opportunity to positively return housing into affordable owner occupation and to create thriving mixed neighbourhoods in these traditional student areas but at the same time are mindful of the potential risk that some of these areas could slip into the lower value rental market segment, with all of the potential problems highlighted above.
3) City Centre Apartment Market

There has been a rapid development of city centre living over the past few decades in all cities and the core cities have a generally positive view of this trend. This segment of the market tends to have been stimulated via Buy to Let and has become dominated by private renters, who are often younger professionals and other workers. There is a view that this market is maturing and standards of developments and their subsequent management are improving.

A number of other general issues emerge from the core cities responses:

Lack of Tenants Rights is a recurring theme and as well as addressing this through improved national regulation, there is a desire to see and possibly assist private renters to get organised, well-informed and hold their landlords to account in a way that is more akin to how social rented tenants are often organised.

Identifying and Engaging Landlords - many core cities are frustrated by the lack of comprehensive knowledge of who the landlords are in their city and there is widespread support for the idea of a simple national landlord register.

Enforcing housing standards – most core cities have developed some type of local initiative to attempt to improve housing quality and standards. It would be much more effective if this was covered through strengthened and effective national regulation, supported by improved local enforcement powers and sufficient resources.

Increasing rent levels and affordability is a concern at all levels of the private rental market.
1. The Private Rented Sector in England, Scotland and Wales

1.1 The growth trend in private renting

There has been a rapid and substantial growth in both the number and the proportion of households living in the private rented sector (PRS). The growth in the PRS began around 1990 but the rate of growth has accelerated significantly since 2000.

The trend can be seen equally across England, Scotland and Wales:

- In England\(^1\), the proportion of private renters increased from 12.3% in 2006/07 to 20.3% by 2016/17, which is a large increase of 2.1 million additional households;
- In Scotland\(^2\), the proportion of households in the private rented sector increased from 5 per cent in 1999 to 15 per cent in 2016. This represents an estimated increase of 250,000 households, which is a 208 per cent growth rate between 1999 and 2016, and
- In Wales\(^3\), the proportion of properties in the private rented sector has doubled from 7% to 14% of all dwellings between 2001 and 2017, which is a 125% increase and an additional 122,946 properties.

Across Great Britain in the decade between the 2001 and 2011 Censuses there was a 106% increase in the number of private rented households (an additional 2.16 million PRS households). This compares with a 7.9% increase in the total number of households (an additional 1.89 million) and only very minor changes in the overall numbers of households in owner occupation and in the social rented sectors.

England and Wales

**Fig 1.1: Millions of households in the private rented sector, long term trend England & Wales**

![Figure 1.1](image)

*Source: MHCLG. Table FT1101 (S101), trends in tenure*

**Fig 1.1** shows that households within the PRS decreased steadily throughout the twentieth Century, falling from 6.5 million in 1919 to a low of 1.7 million in 1992. There was a slow increase throughout the 1990s reaching 2.1 million by 2001. Since 2001 the increase has been rapid and

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\(^1\) MHCLG, 2018. *English Housing Survey.*


\(^3\) Stats Wales, 2018. *Dwelling Stock Estimates*
the number of households in the PRS has more than doubled reaching 4.5 million by 2015/16. The current number of households in the PRS is the highest since the early 1960s.

*Fig 1.2* shows the long term trend in the proportion of households within the PRS. The proportion fell from 76% in 1919 to around 9% by the late 1980s. By 2000, the proportion had increased to 10% and has risen dramatically since then, reaching 19.9% in 2015/16. This is the highest proportion of PRS households since 1971.

*Fig 1.2: Proportion of households in the private rented sector, long term trend England & Wales*

![Graph showing long term trend in proportion of households in the private rented sector in England & Wales](image_url)

Source: MHCLG. Table FT1101 (S101), trends in tenure

**Scotland**

In 2016, there was an estimated 370,000 households in the private rented sector in Scotland. *Fig 1.3* shows that in Scotland, the proportion of households in the private rented sector has grown rapidly from 5 per cent in 1999 to 15 per cent in 2016. The threefold increase in the proportion of private renters constitutes an estimated increase of 250,000 households.

*Fig 1.3: Proportion of households in the private rented sector, Scotland*

![Graph showing proportion of households in the private rented sector in Scotland](image_url)

1.2 Household Tenure – baseline and change in England, Scotland and Wales

England

Fig 1.4 identifies the following tenure split of households in 2016/17:

- 63% in owner occupation (14.4 million);
- 20% in the private rented sector (4.7 million), and
- 17% in the social rented sector (3.9 million), which is made up 2.4 million housing association and 1.6 million local authority households.

The PRS has grown to become the second largest tenure type in England, overtaking the social rented sector in 2011/12.

**Fig 1.4: Household Tenure, England 2016/17**

<table>
<thead>
<tr>
<th>Tenure</th>
<th>Households</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Proportion (%)</td>
<td>Number (million)</td>
<td></td>
</tr>
<tr>
<td>own outright</td>
<td>34.1</td>
<td>7.881</td>
<td></td>
</tr>
<tr>
<td>buying with mortgage</td>
<td>28.4</td>
<td>6.563</td>
<td></td>
</tr>
<tr>
<td>all owner occupiers</td>
<td>62.6</td>
<td>14.444</td>
<td></td>
</tr>
<tr>
<td>local authority</td>
<td>6.8</td>
<td>1.566</td>
<td></td>
</tr>
<tr>
<td>housing association</td>
<td>10.3</td>
<td>2.381</td>
<td></td>
</tr>
<tr>
<td>all social renters</td>
<td>17.1</td>
<td>3.947</td>
<td></td>
</tr>
<tr>
<td>all private renters</td>
<td>20.3</td>
<td>4.692</td>
<td></td>
</tr>
<tr>
<td>Total all tenures</td>
<td>100.0</td>
<td>23.083</td>
<td></td>
</tr>
</tbody>
</table>

Source: CLG, 2017. English Housing Survey, full household sample. (Table FA 1221)

The English Housing Survey provides consistent data for the period 2006/07 to 2016/17. The major changes in household tenure since 2006/07 are:

- The total number of households increased 10% from 21 million to 23.1 million in 2016/17;
- The proportion of owner occupiers decreased from 68.7% to 62.6% by 2016/17;
- The proportion of social renters decreased from 19.1% to 17.1% by 2016/17 but the number of households in the sector increased slightly from 3.997 million to 3.947 million, and
- The proportion of private renters increased from 12.3% to 20.3% by 2016/17, which is a large increase of 2.1 million additional households.
Scotland

There are 2.45 million households in Scotland in 2016 and Fig 1.5 shows:

- 61% in owner occupation (1.49 million);
- 23% in the social rented sector (560 thousand), and
- 15% in the private rented sector (370 thousand).

**Fig 1.5: Household tenure, Scotland 2016**

<table>
<thead>
<tr>
<th>Tenure</th>
<th>Proportion (%)</th>
<th>Number (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>all owner occupiers</td>
<td>61</td>
<td>1.49</td>
</tr>
<tr>
<td>all social renters</td>
<td>23</td>
<td>0.56</td>
</tr>
<tr>
<td>all private renters</td>
<td>15</td>
<td>0.37</td>
</tr>
<tr>
<td>other</td>
<td>1</td>
<td>0.03</td>
</tr>
<tr>
<td><strong>Total all tenures</strong></td>
<td><strong>100</strong></td>
<td><strong>2.45</strong></td>
</tr>
</tbody>
</table>


The Scottish Household Survey identifies the following changes in household tenure between 1999 and 2016:

- The total number of households in Scotland has increased by 12 per cent from 2.19 million households in 1999 to 2.45 million households in 2016;
- Owner occupiers increased from 61 per cent of all households in 1999 to 66 per cent in 2005, but this has since fallen back to 61% by 2016;
- The proportion of households in the social rented sector declined from 32 per cent in 1999 to 23 per cent in 2007, an estimated drop of 150,000 households, and has remained at around 23 per cent of all households since then, and
- The proportion of households in the private rented sector increased from 5 per cent in 1999 to 15 per cent in 2016. This represents an estimated increase of 250,000 households, which is a 208 per cent growth rate between 1999 and 2016.
There are 1.42 million dwellings in Wales in 2017 and Fig 1.6 shows that:

- 70% are in owner occupation (990 thousand);
- 16% are in the social rented sector (226 thousand), and
- 14% are in the private rented sector (203 thousand).

**Fig 1.6: Dwellings by tenure, Wales 2017**

<table>
<thead>
<tr>
<th>Tenure</th>
<th>Proportion (%)</th>
<th>Number (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>all owner occupiers</td>
<td>70</td>
<td>0.99</td>
</tr>
<tr>
<td>Local authority</td>
<td>6</td>
<td>0.09</td>
</tr>
<tr>
<td>Social landlord</td>
<td>10</td>
<td>0.14</td>
</tr>
<tr>
<td>all social renters</td>
<td>16</td>
<td>0.23</td>
</tr>
<tr>
<td>all private renters</td>
<td>14</td>
<td>0.20</td>
</tr>
<tr>
<td>Total all tenures</td>
<td>100</td>
<td>1.42</td>
</tr>
</tbody>
</table>

Source: Stats Wales, 2018. Dwelling Stock Estimates

The Welsh Government’s dwelling stock estimates provide consistent data for the period 2000/01 to 2016/17. The main changes in tenure over this period are:

- The total number of dwellings in Wales has increased by 12%, from 1.27 million in 2000/01 to 1.42 million in 2017;
- The proportion of households in the private rented sector has doubled from 7% to 14% of all properties between 2001 and 2017. There has been a 125% increase in the number of private rented sector dwellings, which is an additional 122,946 properties;
- Owner occupiers decreased from 74 per cent of all households in 2001 to 70 per cent in 2017 but there was a small increase of 49,000 additional owner occupied properties over this period, and
- The percentage of households in the social rented sector declined from 19 per cent in 2001 to 16 per cent in 2017, which is an overall reduction of 17,000 dwellings. Within the social sector: local authority dwellings declined by 100,630 and registered social landlord properties increased by 83,600.
1.3 The drivers of growth in private renting

In this section, we summarise a range of factors that have been proposed as drivers of the rapid growth in the private rented sector and its increasing share of the tenure mix. It should be noted that there is a lack of definitive evidence for what has caused the growth at the national level.

It is likely that the drivers of growth vary in importance between different geographies and chapter 3 of this report provides a local perspective of the growth drivers in each of the ten core cities.

Scanlon & Whitehead’s research for the Council of Mortgage Lenders⁴ suggests that much of the rapid growth in private rented properties “came through the change of tenure of existing housing, as owner-occupied and social rented units were purchased by landlords—mostly private individuals, including in particular those funded by Buy to Let (BTL) mortgages.” BTL mortgages first begin to appear in the mid-1990s, which is around the time that the rapid growth of the private rented sector started to really gather pace.

Analysis from the Scottish Government⁵ highlighted the following factors driving the PRS growth in Scotland:

- **Recent barriers to entering owner occupation** – following the financial crisis of 2008 and the Great Recession, significant constraints were placed upon mortgage availability and the levels of deposits required;
- **Reduced size of the social rented sector** and a trend for social lets to become ‘more concentrated on the poor’;
- **An increase in immigration and full time students studying in Scotland** has contributed to an increased demand for private rented accommodation;
- **Changing demographics and the rate of household formation**, and
- **A generally favourable economic climate and factors encouraged the supply of PRS housing** - the period of consistent economic growth from the mid/late-1990s to 2008 and products such as buy to let mortgages enabled investors to buy properties for rent.

In addition to the above, there are a range of further demand factors we propose are worth considering as drivers for the growth of the private rented sector over recent decades, including:

- **Affordability of home ownership, particularly for young people** – rapid house price inflation coupled with the stagnation in real earnings over the medium term has led to a sharp decline in those able to enter into home ownership and these people are increasing the demand for private rented properties;
- **First time buyers have been priced out by landlords acquiring properties**;
- **The sheer scale of population growth** since the 1990s has fuelled increasing demand for housing in all tenures, and
- **Immigration, jobs growth and the growth in student numbers** are likely to be significant factors fuelling the demand for private rented properties in core cities.

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⁴ Scanlon & Whitehead for the CML, Dec 2016. *The profile of UK private landlords*
And on the supply side:

- **Undersupply of new housing** - the supply of new housing has failed to keep pace with rising demand for decades and this has helped fuel price inflation. The sharp decline in council house building over the medium-long term has been a major contributor to undersupply.

- **Right to Buy** In 2016, the Commons communities and local government select committee reported that an estimated 40% of ex-council homes bought under right to buy are now rented out by private landlords.

- **The supply of new rental products such as city centre apartments** has created new, attractive niche markets for private renters and buy to let investors. This may be a particularly significant factor in many of the core cities.

- **Favourable Government policies and financial incentives/products** there have been a range of tax reliefs, government policies and financial products that have created a favourable environment to encourage small investors to enter into private renting.

- **A light touch approach to the regulation of the private rented sector** has certainly made it easier and more profitable to become a landlord in the UK compared with in many other countries where policies such as rent caps are common place.

- **Private renting as a safe, sound and competitive investment for small investors** – the scale of UK house price inflation over decades means housing has been perceived by many as a safe investment, which provides a guaranteed appreciating asset and a guaranteed rental income. This compares favourably with the risk, return and general uncertainty of investment alternatives such as shares, pensions etc.
1.4 Characteristics within the private rented sector

This section provides an overview of the key trends and characteristics within the PRS and is based on the most recent national surveys and reports in England, Scotland and Wales.

England

The 2018 English Housing Survey identifies a number of characteristics within the PRS:

**Younger people** – The increase in the size of the private rented sector has been particularly pronounced among younger households who are now more likely to be renting in the private rented sector than to own a home. Almost 70% of private renters are aged between 16 and 44. The proportion of all 25-34 year old households in the PRS has increased significantly from 25% in 2007 to 46% by 2017.

**Families with dependent children** – 36.8% of private renters (1.7 million households) have dependent children. The number of PRS households with dependent children has almost trebled since 2006, increasing by over a million. This increase was particularly apparent for lone parents with dependent children. Between 2006-07 and 2016-17, the proportion of households in the private rented sector that were lone parents with dependent children increased from 8.6% to 12.5%. An increase from around 223,000 households to 587,000 households. There was a corresponding small decrease in such households in the social rented sector.

**Nationality** – 26% of private renters are non-UK or Irish nationals (1.2 million households). 59.8% of all non UK or Irish national headed households are within the private rented sector.

**Satisfaction with accommodation** – The majority (84%) of private renters were satisfied with their current accommodation. Private renters were more satisfied with their accommodation than social renters (81%) but less satisfied than owner occupiers (95%). Only 9% of private renters are not satisfied with their accommodation, which is a lower proportion than for social tenants (12.9%).

**Satisfaction with tenure status** – 19.4% of private renters are not satisfied with their status as a private renter, compared with 8.9% of social renters and less than 1% of owner occupiers.

**Rent to income ratio** – Private renters spend a significantly greater proportion of their household income on their housing costs than social renters, but are less likely to be in arrears.

**Churn** in the private rented sector is higher than in other sectors. Churn within the private rented sector has also increased over the last 20 years, from 465,000 households in 1996-97 to 860,000 in 2016-17. Churn accounts for a larger proportion of private rented sector moves than 20 years ago (72%, compared with 57% in 1996-97). However churn is lower than it has been in previous years e.g. in 2014-15, there were 1.0 million moves within the private rented sector.

**Security of tenancy** – one in ten movers within the private rented sector was asked to leave by their landlord. The 2017 survey identified that almost two thirds (63%) were asked to leave because the landlord wanted to use or sell the property.
Housing Standards in the private rented sector tend to be lower than they are for owner occupied or social rented properties:

**Decent homes** – Over a quarter (27%) of private rented homes failed to meet the Decent Homes Standard in 2016. The comparative figures for the owner occupied and social sectors were 18% and 13% respectively. Although the private rented sector has always performed less well than other tenures using this measure of housing quality, there was a marked improvement in the proportion of non-decent private rented homes over the 2006 to 2016 period (down from 47% to 27%).

**Energy efficiency** – In 2016, the average SAP rating among private rented homes was 60. This average rating was similar to owner occupied homes (61), although the distribution of EER bands varied. Overall, the private rented stock was less energy efficient than the social rented stock which had an average SAP rating of 67. This difference is partly explained by the private rented sector having an ‘older’ housing stock, which is generally less well insulated.

**Disrepair** – private rented homes were less well maintained compared with the stock in other tenures. Owner occupied and social rented homes were more likely to have no required repair work and less likely to have serious levels of disrepair of £35/m² or over. Despite this relatively poorer performance for private rented dwellings, there have been marked improvements in the level of disrepair within the sector since 2001.

**Safety/Hazards** – private rented sector properties are not as safe as owner occupied or social rented properties. 15.4% of PRS properties pose a category 1 hazard compared with 13% of owner occupied and 6% of social rented properties. 5.1% of private rented properties are subject to excess cold and 8.6% pose a falls hazard and both of these percentages are higher than in other tenure types.
Scotland

Scotland’s People Annual Report: Results from the 2016 Scottish Household Survey and the Scottish House Condition Survey 2016 identify the following characteristics among Scotland’s 370,000 private rented properties:

- **Housing Type** – 67% of private rented properties are flats and 33% are houses. The average across all tenures is the opposite (64% houses and 35% flats).
- **Location** – 46% of private rented properties are located in large urban areas, compared with 32% of owner occupied and 39% of social rented properties.
- **Deprivation** – private rented properties are very evenly spread across all five quintiles of deprivation (SIMD16), whereas owner occupied properties are concentrated in the least deprived areas and social rented properties are concentrated in the most deprived areas.

The characteristics of private rented sector households include:

- **Younger people** – 72% of private renters are aged between 16 and 44 compared with 26% of owner occupiers and 36% of social renters.

- **Single adults** – 35% of private renters are single adults compared with 14% of owner occupiers and 30% of social renters.

- **Families** – 22% of private renter households are families which is the average for all tenures.

- **Single parents** – 9% of private renters are single parents compared with 2% of owner occupiers and 11% of social renters.

- **Students** – 21% of private renters are in school or further/higher education, which is much higher than other tenures (5% of owner occupiers and 6% of social renters).

- **Household Income** – 46% of private renters had a household income below £20,000, compared with 33% of owner occupiers and 67% of social renters.

- **Ethnicity** – Only 57% of private renters are White Scottish, which is much lower than other tenures (81% of owner occupiers and 87% of social renters).

- **Churn** – 41% of private renters have been at their current address for less than one year, which is much higher than any other tenure (65% of owner occupiers and 12% of social renters). 28% of private renters expect to move in the next year compared with 4% of owner occupiers and 5% of social renters.

- **Reason for moving** – Around one in five households in private rented accommodation moved to their area to be close to work or employment.

- **Housing aspirations** – 70% of private rented households would prefer to be an owner occupier.

- **Strength of belonging in neighbourhood** – Only 19 per cent of households in private rented accommodation had a very strong feeling of belonging to their immediate neighbourhood compared with 39% of owner occupiers and 33% of social renters.
Wales

The most recent housing conditions survey in Wales is the *Living in Wales* Property Survey 2008. Headline results from the *Welsh Housing Conditions Survey 2017-18* will be published in November 2018, with more detailed topic specific analysis following in 2019. The housing results from the 2017/18 *National Survey for Wales* will not be published until Winter 2018/19.

The below headlines for private renters have been taken from 2014/15 *National Survey for Wales: Accommodation and energy saving measures report which was published in June 2016*

**Satisfaction with accommodation** – 52% of private renters were very satisfied with their accommodation, compared with 48% of people in social housing and 77% of people in owner occupied houses. 6% of private renters were dissatisfied with their accommodation compared with 10% of social renters and only 1% of owner occupiers.

**Ability to afford contents insurance** – 55% of private renters have household contents insurance compared with 47% of social renters and 96% of owner occupiers.

**Satisfaction with landlord maintenance and repairs** – Private renters have a greater level of satisfaction with landlord maintenance and repairs than social renters. 79% of private renters are very or fairly satisfied compared with 70% of social renters. Only 12% of private renters are very/fairly dissatisfied compared with 21% of social renters.

**Churn** – 41% of private renters had lived in their home less than 12 months, compared with 11% of social renters. In comparison 44% of social renters had lived in their house for 10 years or more compared with only 11% of private renters.

**Ability to heat home** – 89% of private renters reported that they are able to heat their home, which is slightly greater than among social renters (87%) but less than among owner occupiers (96%).

**Energy saving measures** – Private renters were less likely to have energy saving measures than those in owner-occupied houses or social housing – this is the case across all 4 measures: roof/loft insulation; cavity wall insulation; solid wall insulation, and solar/renewable energy.

**Disrepair in the private rented sector** – The 2017 National Landlord Association report, *Improving the Private Rented Sector in Wales*, contains the following analysis of the issue:

*Old housing stock presents a unique challenge in Wales and can be a contributing factor to disrepair in PRS properties, which participants voiced was a major problem for tenants. Advice services, including Citizens Advice Cymru and Shelter Cymru, often deal with a disproportionate amount of complaints surrounding disrepair: 15% of Wales’ housing stock is in the PRS, yet Citizens Advice Cymru reports that every year, 29% of all housing-related problems that people seek advice on involves the PRS, with the top issue raised being repairs and maintenance. Tenants raising issues with advice providers usually occurs when people are confused about their rights and responsibilities, or if a breakdown in communication between tenant and landlord has taken place.*
1.5 The characteristics of private renters

Based largely on the findings from the national surveys outlined in section 1.4, we can make the following general observations about people in the private rented sector:

Across England, Scotland, and Wales we estimate there are between 9 and 10 million people living in the private rented sector. England has 4.6 million PRS households, Scotland has 370,000 and there are 200,000 in Wales.

The PRS contains very distinct niche markets that cater for different groups within society, such as students, young professionals, migrants and lower income households.

Private renters are a much more socio economically diverse group of people compared with social renters and owner occupiers. In Scotland, private renters are spread evenly across deprived and non-deprived neighbourhoods (i.e. almost 20% are within each of the five deciles of multiple deprivation).

On average, private renters tend to have higher incomes than social renters and lower incomes than owner occupiers. But there is a very wide range in income between private renters and a very diverse spread of different social groups (using ACORN classifications).

But private renters spend a significantly greater proportion of their household income on their housing costs than social renters.

The PRS is attracting an increasing share of younger people. In England, 46% of 25-34 year olds now live in private rentals, compared with 27% in 2006-07. In England and Scotland, around 70% of private renters are aged between 16 and 44.

Families with dependent children account for just over a third of PRS households in England (36%), whereas the proportion is around 22% in Scotland.

A quarter of England’s private rented households are headed by non UK/Irish nationals and in Scotland 43% of renters are non-White Scottish, which is double the proportion in other housing sectors.

Private renters move home much more frequently than those in other sectors.
1.6 The views of Private Renter Groups

We tried to gather views directly from a number of organisations that represent private rented sector tenants but did not receive enough responses in time to inform this report.

*Fig 1.7* summarises the mission and campaign themes of some private renter organisations, based on a desktop review of their websites and campaign materials.

One of the findings from this exercise is that compared with social tenants, there is a distinct lack of local groups that specifically represent the interests of private tenants, and that this is particularly an issue outside London.

*Fig 1.7: Private renter groups and their focus*

<table>
<thead>
<tr>
<th><strong>Generation Rent</strong> <a href="http://www.generationrent.org">www.generationrent.org</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>Generation Rent are a national group representing private renters.</td>
</tr>
<tr>
<td><strong>Campaign themes:</strong></td>
</tr>
<tr>
<td>• Campaigns for professionally managed, secure, decent and affordable private rented homes in sustainable communities;</td>
</tr>
<tr>
<td>• Minimum standards for all rented properties, with full monitoring and enforcement processes that listen to renters;</td>
</tr>
<tr>
<td>• Genuinely affordable housing to buy or rent;</td>
</tr>
<tr>
<td>• End no fault evictions (Section 21), and</td>
</tr>
<tr>
<td>• Better security of tenancy.</td>
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<thead>
<tr>
<th><strong>London Renters Union</strong> <a href="https://londonrentersunion.org/">https://londonrentersunion.org/</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>London Renters Union are a London-wide group representing private renters.</td>
</tr>
<tr>
<td><strong>Campaign themes:</strong></td>
</tr>
<tr>
<td>• Minimum standards for all rented properties, with full monitoring and enforcement processes that listen to renters;</td>
</tr>
<tr>
<td>• Rent controls that take account of local incomes, decided by democratic bodies</td>
</tr>
<tr>
<td>• Genuinely affordable housing to buy or rent;</td>
</tr>
<tr>
<td>• End no fault (Section 21) evictions, remove end dates from tenancies, place limits on rent rises;</td>
</tr>
<tr>
<td>• No discrimination in access to housing against those on benefits (DSS), renters with children, those who can’t raise large deposits, or on grounds of identity;</td>
</tr>
<tr>
<td>• End right to rent and nationality requirements for social housing, no border checks in licensing or enforcement regimes;</td>
</tr>
<tr>
<td>• Public housing available to all - end right to buy, fund councils to build and renovate good quality housing for their waiting lists, prioritising anyone vulnerable and in need, and</td>
</tr>
<tr>
<td>• End the politics and culture of property as investment rather than to house people.</td>
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</tbody>
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<table>
<thead>
<tr>
<th><strong>Acorn Communities</strong> <a href="http://www.acorntheunion.org.uk">www.acorntheunion.org.uk</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>Acorn Communities is a community-based union with branches including Bristol, Brighton, Manchester, Sheffield and Newcastle. Groups mainly do two things: Member defence (e.g. supporting people who are facing eviction, dangerous disrepair or unfair treatment), and Campaigning.</td>
</tr>
</tbody>
</table>
Campaign themes:
- ban tenancy fees;
- improve safety;
- stop discrimination against tenants on housing benefit;
- end “no-fault” evictions, and
- Renters Vote campaign registered c. 4,000 people to vote including many homeless people.

Tenants Union  www.tenantsunion.co.uk
Tenants Union is a UK wide union based in Wales that aims to rebalance power in the rental sector, and provide a collective voice for its members.

Campaign themes:
- Campaigning for national Licensing scheme in England.

Advice 4 Tenants  www.advice4renters.org.uk
Advice 4 Tenants provides access to legal rights and runs a Renters Rights Campaign. Their Charter states that “Like all homes, a private tenant’s home should be affordable, decent and properly managed”.

Campaign themes:

Affordable
- Rents should give the landlord a reasonable, not an excessive, return on the investment;
- Benefit levels should be realistic and reflect the actual cost of renting, and
- Private renters should not be penalised by insurance companies, utility companies, etc.

Decent
- Homes should be habitable, safe and comfortable;
- Landlords should be required to maintain their properties and to meet environmental standards such as energy efficiency, and
- No overcrowding.

Properly Managed
- Landlords and tenants should fulfil their mutual rights and responsibilities;
- Tenants should be protected from victimisation for asserting their rights, and
- Councils should have and use the power to take over properties from rogue landlords.
1.7 Policy Proposals from Private Renter Groups

The policy ideas that have been proposed via private renter groups, their advocates and think tanks are summarised at Fig 1.8 and have been grouped against the following four broad themes:

- Affordability & Fees;
- Licensing & Professional Management;
- Security of Tenancy, and
- Decent Homes Standards.

Fig 1.8: Summary of policy proposals from private renter groups and advocates

<table>
<thead>
<tr>
<th>Affordability &amp; Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve tax incentives and access to housing in return for letting to LHA recipients or Conversely, a levy for receiving LHA and funding new social homes;</td>
</tr>
<tr>
<td>Rent Caps set to CPI, and</td>
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<tr>
<td>Ban on tenancy fees.</td>
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<table>
<thead>
<tr>
<th>Licensing &amp; Professional Management</th>
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</thead>
<tbody>
<tr>
<td>(Selective) Landlord Licensing schemes;</td>
</tr>
<tr>
<td>A national register of landlords and the mandatory licensing of letting agents (register every three years), and</td>
</tr>
<tr>
<td>Mandatory training for landlords.</td>
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<table>
<thead>
<tr>
<th>Security of Tenancy</th>
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</thead>
<tbody>
<tr>
<td>Remove Section 21 to remove unfair evictions;</td>
</tr>
<tr>
<td>Landlord to compensate tenant for cost of moving in specific circumstances;</td>
</tr>
<tr>
<td>Landlord to provide 3 months notice, and</td>
</tr>
<tr>
<td>Longer tenancies.</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Decent Homes Standards</th>
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</thead>
<tbody>
<tr>
<td>Checks and enforcement;</td>
</tr>
<tr>
<td>Landlord licensing schemes;</td>
</tr>
<tr>
<td>Social lettings schemes;</td>
</tr>
<tr>
<td>National Minimum home standards;</td>
</tr>
<tr>
<td>An independent regulatory body to ensure the consumer rights of tenants;</td>
</tr>
<tr>
<td>Reform of wear and tear allowance;</td>
</tr>
<tr>
<td>Crackdown on disrepair, and</td>
</tr>
<tr>
<td>Boost incentives to improve the quality of property (allowable expenses).</td>
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</table>

Fig 1.9 provides greater detail and commentary on some of these proposals.
**Affordability & Fees**

The Tenant Fees Bill 2017-19[^6] is a Government Bill currently progressing through Parliament, which sets out the government’s approach to banning letting fees paid by tenants in the private rented sector and capping tenancy deposits in England. The aim of the Bill is to reduce the costs that tenants can face at the outset, and throughout, a tenancy, and is part of a wider package of measures aimed at rebalancing the relationship between tenants and landlords to deliver a fairer, good quality and more affordable private rented sector.

JRF proposed to[^7]:
- Introduce a Rental Incentive Allowance, enabling private landlords to offset a proportion of their rental income against tax if they let their property to households in receipt of Local Housing Allowance.
- Improve access to housing by enabling local authorities to issue vouchers to priority households, guaranteeing the payment of rent.

Generation Rent[^8] proposed the following:
- A secondary housing market where new homes are sold at cost price on the condition that they become part of a regulated market of controlled rents and limited house price increases.
- A levy on landlords to recoup the billions of pounds of housing benefit they receive. This money could then fund new social homes.
- Local flexible rent caps where landlords can opt out as long as they pay some of their rent charged above the cap into a local social housing fund.

Resolution Foundation recommended that new tenants should have their annual rent rises limited to a maximum of CPI inflation for three years, after which a rent review can be undertaken. The landlord must give six months’ notice of any subsequent change in rent, and must provide evidence showing that the new proposed rent is in line with market norms and/or reflects significant improvements made to the property.[^9]

**Licensing & Professional Management**

Many voices are calling for a national landlord register[^10] (in England) and/or a regulatory framework for all letting agents.

A national register of landlords and the mandatory licensing of letting agents would mean that only professional and scrupulous people could operate in the sector and they would be accountable to tenants. It would also allow government to communicate effectively with the sector and inform policy more accurately. Furthermore, local authorities would then be able to target their resources on criminal landlords, with minimal burden on the better landlords. Some local authorities have introduced landlord licensing in their areas in England while in Wales and Scotland, a national register is now mandatory for all landlords/letting agents[^11].

[^6]: https://services.parliament.uk/bills/2017-19/tenantfees.html
[^7]: JRF (March 2018) by Anna Clarke and Michael Oxley; Using incentives to improve the private rented sector: three costed solutions
[^8]: http://www.generationrent.org/the_government_record_on_private_renting
[^10]: Housing Rights Response to the Review of the Private Rented Sector April 2017
[^11]: House of Commons BRIEFING PAPER Number 6000, 17 May 2018; The regulation of letting and managing agents (England)
Local authorities should have the power to inspect properties and to remove landlords from the register in the event of a serious breach of standards, thereby barring them from continuing to operate.  

A regulatory framework for letting agents must have the confidence of all parties who engage with letting agents, including tenants and landlords. And that standards must be applicable and enforceable across all letting agents and an independent, effective form of redress must be available for parties who are impacted by letting agents failing to adhere to appropriate standards.

**Security of Tenancy**

Generation Rent is campaigning alongside the London Renters Union, ACORN and the New Economics Foundation to abolish Section 21 evictions.

Section 21 of the Housing Act 1988 is used in England & Wales by landlords to evict tenants and to gain possession of a property that is let under an assured shorthold tenancy (AST). The notice can only be used to gain possession where the tenancy is for a fixed term and the property can only be vacated when the tenancy is at an end. If the landlord wants a tenant to vacate their rental property during the fixed term, then the tenant can only be evicted if a breach of contract has been proved. The landlord cannot use a Section 21 notice and must use a Section 8 Notice instead. Section 8 Notices can only be used when a tenant is in rent arrears. A landlord must give a tenant a minimum of two months’ notice, in writing. Serving a Section 21 Notice can occur at any time after the start of the tenancy but notice cannot end earlier than the end of the fixed term. The notice can also be served on the last day of the tenancy, in which case the tenant wouldn’t have to vacate the property for a further two months after that.

A number of think tanks and organisations such as Independent Age, Crisis and Salvation Army support this stance. Scotland already has, introducing a system that allows landlords to evict tenants on the basis of 18 reasonable grounds in 2017; for instance, if the owners want to live in the property, tenant failure to pay rent, or if the tenant has been engaging in antisocial behaviour. This is a more sensible and balanced system.

Generation Rent proposes a model similar to Scotland’s, but where the landlord cited grounds where the tenant was not at fault, they would need to compensate the tenant for the upfront cost of moving. This could be standardised as three months’ rent. The figure should be large enough to both minimise hardship to the tenant, and deter landlords from evicting their tenants simply in order to bring new tenants in at a higher rent. Tenants should also be protected from landlords raising the rent unreasonably to achieve the same effect. They also recommend that the notice period be extended to at least three months as two fifths of private tenants (41%) report that the two-month notice period is currently too short to allow them to find a new place to live.

In Europe alone, many countries have adopted housing laws that prioritise the health and wellbeing of tenants over the flexibility of private landlords. In Germany for example,
tenancies are indefinite and properties are often bought and sold with tenants included. Generation Rent would support this system to ensure continuity of tenancy.

Introducing longer leases would be a huge step towards improving security for today’s young people, but other changes are needed to reduce the risks of renting. Indeterminate tenancies should be the sole form of private rental contract available in England and Wales, following Scotland’s lead. A sensible set of break clauses should be included in order to allow landlords to repossess with a minimum of three months’ notice, as is the case in other countries with a similar rental regime. These would apply if the landlord wishes to sell or occupy the property, if tenants fail to pay the rent or mistreat the home, and in other reasonable circumstances. To ensure reciprocity, tenants should be required to give their landlord three months’ notice of intent to leave. In the long run and on average, rents rise quite smoothly, but rent spikes are not uncommon. Such spikes, whether driven by market movements or by a landlord putting up rents so high as to undermine the purpose of an indeterminate tenancy, are part of the insecurity of renting. There is, therefore, a need also to consider some form of rent stabilisation.15

**Decent Homes Standards**

Although the law requires landlords to ensure their properties are free from major hazards, we need to go further than that and ensure that there are national minimum standards for any property being rented in the private sector. This could be done by extending the Decent Homes Standard to private rentals and making it mandatory for all new rental contracts. We also need checks and enforcement, such as mandatory periodic inspection and testing of electrical installations and appliances in all types of privately rented homes.

Renters must have a right to expect that homes are fit to live in. Most good landlords already provide this, but renters must have a direct route independent of local authority resources and priorities to enforce basic housing standards in their home, without fearing eviction and homelessness as a result16.

Shelter suggests the following proposals17:
- Increase ability of local authorities to implement selective licensing schemes
- Set up social lettings agencies
- Increase local authority private rented sector posts funded by reform of the wear and tear allowance

JRF also proposed boosting incentives to improve the quality of property by allowing specified improvements to properties to be tax deductible against income tax, rather than Capital Gains Tax18. The proposed national register of landlords would also empower renters to act as consumers and challenge landlords to ensure their homes meet the minimum standards. Renters must have a direct route independent of local authority resources and priorities to enforce basic housing standards in their home, without fearing eviction and homelessness as a result.

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16 Shelter (2017) Happier and healthier: improving conditions in the private rented sector
17 Shelter (Nov 2017), submission to the CLG Select Ctte inquiry into role of Local Authorities in the PRS/ Shelter (2017); Shelter (2014) Safe and Decent Home: Solutions for a better private rented sector
18 JRF (March 2018) by Anna Clarke and Michael Oxley; Using incentives to improve the private rented sector: three costed solutions
1.8 Landlords and why they invest

How many landlords are there in the UK?

There is no definitive official data source for the number of landlords across the UK.

The following statistics convey some messages and provide a sense of scale:

- There are approximately 2 million landlords across the UK (Paragon, 2014).
- 89% of UK landlords are private individuals (Paragon 2014).
- 93% of landlords have just one rental property (Countrywide Estate Agents 2014).

In Wales, the Residential Landlords Association reported¹⁹ that there are about 130,000 landlords in Wales and that around 20% of them had not registered with the national Rent Smart Wales scheme in 2017.

Although Scotland has a national landlord registration scheme, basic information on the total number of landlords has not been made publicly available although one estimate from the Big Urban Data Centre²⁰ has put the figure at around 223,000 individuals/couples (which is about 1 in 20 of the adult population).

The Scottish Government observe that landlords in Scotland “typically comprise individuals, couples and families operating as small scale landlords, mainly on a part time basis”.²¹ The Big Urban Data Centre (citing Cook et al, 2009) suggest that in Scotland:

- 262,000 or 84% of all private rented properties are owned by an individual or couple (half of these are owned by individuals and half by couples);
- The average portfolio size for individuals/couples is 1.7 properties, and
- A further 48,000 rented properties are owned by a company.

The profile of private landlords

Scanlon & Whitehead’s 2016 survey of landlords for the Council of Mortgage Lenders (CML)²² found:

- Over 60% of landlords in the survey owned only a single rented property. Only 7% owned five or more, but these larger landlords accounted for nearly 40% of the rented dwellings.
- Almost half of all properties in the sample were purchased using a buy-to-let (BTL) mortgage. Landlords with one or more BTL mortgage tended to have larger and more valuable portfolios than non-BTL landlords – with almost a quarter of BTL landlords having portfolios with a value of at least half a million pounds.
- BTL landlords are somewhat younger than other landlords. About one third of all landlords in the survey are retired, with retirees concentrated among non-BTL landlords.
- Respondents reported a median household income (including rental income) in the range of £60,000 - £69,000, considerably more than double the national average.
- The main sources of finance for the purchase of existing portfolios were personal savings (used by 41% of landlords), BTL mortgages (36%) and inherited funds (17%). Landlords who

²⁰ https://www.ubdc.ac.uk/news-media/2017/november/how-many-landlords-are-there-in-scotland/
had no mortgages said they preferred to avoid debt, had inherited the properties or had paid off earlier loans.

- Institutional investment into the private rented sector has been minimal to date and has not had a significant impact on the overall market.

The report also highlighted government’s taxation and regulatory changes that had been designed to dampen the perceived negative impacts from the growth in landlordism and Buy to Let, which included:

- 3% Stamp Duty Land Tax surcharge for purchases of rental properties and second homes [April 2016];
- Retention of capital-gains-tax rates of 18% (basic rate) and 28% (higher rate) on disposals of residential property that is not a primary residence; rate reduced to 10%/20% for gains on other asset types [for gains accruing on or after April 2016];
- Removal of 10% wear-and-tear allowance on furnished properties; now only actual expenditure allowed [from April 2016], and
- Removal of landlords’ ability to deduct interest paid on buy-to-let mortgages from taxable income; replaced by a flat tax credit of 20% of interest paid [phased from April 2017].

The authors concluded that the above changes from government would have the following impacts:

- the majority of landlords will not be immediately affected by the most publicised tax changes, as they are unmortgaged and do not intend to purchase more rental property;
- those who will be most affected by the various changes are ... the more ‘professional’ landlords: landlords with sizeable portfolios who are more likely to transact (and therefore be exposed to higher Stamp Duty Land Tax (SDLT) and Capital Gains Tax), as well as more likely to have BTL mortgages and incomes high enough to be impacted by the change in the treatment of mortgage interest, and
- about a quarter of BTL landlords will be negatively affected by the change in mortgage tax treatment.

Why landlords invest in the private rented sector

The 2016 CML survey reported that

*Pension and investment purposes dominated the reasons for becoming a landlord. One-third of landlords saw their holdings as a form of pension; one-third looked for income and capital growth and 27% said property was better than other investments.*

In contrast, a report from the Scottish Government in 2012 stated “many landlords are seeking investment growth from rising house prices rather than income returns from rents.” This may just be a reflection of the market in Scotland at that point in time.

Rent levels have been increasing at a rate above inflation for the past decade and in 2017, landlords in Britain collected £51.6bn in rents, an increase of £1.8bn on the previous year and more than double the £22.6bn collected in 2007 (Countrywide 2018).
2. The size and growth of the Private Rented Sector in the Core Cities

This section of the report examines the size and growth of the private rented sector across the ten core cities and how this compares with the national trend.

Summary

Core cities have a larger share of private rented housing than the GB average.

The 2011 Censuses provides the most recent official data on the size of the PRS in the core cities:

- The average proportion of private rented households across core cities is 20.1%, which is significantly higher than the GB average of 16.3%;
- All core cities (except Sheffield) have a higher proportion of private rented households than the GB average;
- There are considerable differences in the proportion of private rented households between core cities: Manchester (28.4%), Bristol, Liverpool and Nottingham (23%) have the highest and Sheffield (15.6%), Glasgow (16.8%), Birmingham and Leeds (17.9%) have the lowest proportion, and
- Owner occupation is less prevalent in Core Cities (51.5%) than the GB average (63.4%).

The PRS grew at a faster rate in core cities than nationally in the decade to 2011.

Between 2001 and 2011 the PRS grew by 128% across the core cities, which is greater than the GB average rate of 106%:

- Glasgow (208%), Cardiff (150%), Birmingham (140%) witnessed the largest proportional increases in private rented households;
- The growth in the number of private rented households outstripped the increase in the number of total households in all areas (with the exception of Manchester and Cardiff), which demonstrates that there has been significant movement of properties from owner occupation and social rented into the private rented sector, and
- Population growth and household growth are not significant factors in explaining the dramatic increase in private rented sector households.

The rate of growth in the private rented sector seems to be continuing at a similar pace to that witnessed between the 2001 and 2011 Censuses, based on local estimates.

It seems likely that by the 2021 Census, the private rented sector will accommodate more households than the social rented sector in a majority of the core cities.
2.1 Baseline tenure mix within core cities

The 2011 Census provides the most up to date and comparable, official data on the size of the private rented sector, and the full tenure split of dwellings at local authority level across the English, Scottish and Welsh core cities. Fig 2.1 shows that in 2011:

- The average proportion of private rented households across core cities was 20.1%, which is significantly higher than the GB average of 16.3%;
- With the exception of Sheffield, all core cities have a higher proportion of private rented households than the GB average;
- There are considerable differences in the proportion of private rented households between core cities: Manchester (28.4%), Bristol, Liverpool and Nottingham (23%) have the highest and Sheffield (15.6%), Glasgow (16.8%), Birmingham and Leeds (17.9%) have the lowest proportion, and
- Owner occupation is less prevalent in Core Cities (51.5%) than the GB average (63.4).

**Fig 2.1: Main Housing Tenure* by household** for Core Cities, 2011 Census

<table>
<thead>
<tr>
<th></th>
<th>Total Households</th>
<th>Owner Occupied</th>
<th>Social Rented</th>
<th>Private Rented</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>N</td>
<td>%</td>
<td>N</td>
</tr>
<tr>
<td>Birmingham</td>
<td>410,736</td>
<td>226,616</td>
<td>55.2</td>
<td>99,592</td>
</tr>
<tr>
<td>Bristol</td>
<td>182,747</td>
<td>98,708</td>
<td>54.0</td>
<td>37,083</td>
</tr>
<tr>
<td>Cardiff</td>
<td>142,557</td>
<td>84,262</td>
<td>59.1</td>
<td>24,374</td>
</tr>
<tr>
<td>Glasgow</td>
<td>285,693</td>
<td>128,436</td>
<td>45.0</td>
<td>104,811</td>
</tr>
<tr>
<td>Leeds</td>
<td>320,596</td>
<td>186,467</td>
<td>58.2</td>
<td>70,377</td>
</tr>
<tr>
<td>Liverpool</td>
<td>206,515</td>
<td>96,947</td>
<td>46.9</td>
<td>57,485</td>
</tr>
<tr>
<td>Manchester</td>
<td>204,969</td>
<td>77,395</td>
<td>37.8</td>
<td>64,682</td>
</tr>
<tr>
<td>Newcastle</td>
<td>117,153</td>
<td>57,955</td>
<td>49.5</td>
<td>34,850</td>
</tr>
<tr>
<td>Nottingham</td>
<td>126,131</td>
<td>56,867</td>
<td>45.1</td>
<td>37,486</td>
</tr>
<tr>
<td>Sheffield</td>
<td>229,928</td>
<td>134,127</td>
<td>58.3</td>
<td>56,917</td>
</tr>
<tr>
<td>Core Cities</td>
<td>2,227,025</td>
<td>1,147,780</td>
<td>51.5</td>
<td>587,657</td>
</tr>
<tr>
<td>Great Britain</td>
<td>25,738,821</td>
<td>16,314,496</td>
<td>63.4</td>
<td>4,694,880</td>
</tr>
</tbody>
</table>

Source: Census, 2011

*Note: The tenure definitions for Census data used in the table above and elsewhere in this exclude 2 minor tenure categories: Shared Ownership (CC average: 0.6%) and Living Rent Free (CC average: 1.4%).

**Note: The Census provides a measure of the tenure split by households, whereas cities tend to provide local estimates of the tenure split by dwelling or property (see section 3). The difference is that a dwelling may contain numerous households. A household is defined by ONS as “one person living alone, or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room, sitting room or dining area.”

We know from the evidence reviewed earlier at section 1.1 that the private rented sector has been growing rapidly since 2000 across England Scotland and Wales and so it is fair to assume that the proportion of private rented properties in all of the core cities has already increased significantly since the 2011 Census. Section 2.3 of this report provides an up to date but unofficial estimate of the tenure mix for the English core cities.
2.2 City level tenure change between 2001 & 11 Censuses

Fig. 2.2 shows the change in the number of households and the percentage change for each of the three main tenure types within the core cities between the 2001 and 2011 Censuses.

The main points to note are that in the decade to 2011:
- The number of private rented households doubled (106% growth across GB);
- The growth rate in private rented properties was on average greater in Core Cities (128%) than at GB level (106%);
- Glasgow (208%), Cardiff (150%), Birmingham (140%) witnessed the largest proportional increases in private rented households, and
- The growth in the number of private rented households outstripped the increase in the number of total households in all areas (with the exception of Manchester and Cardiff), which demonstrates that there has been significant movement of properties from owner occupation and social rented into the private rented sector.

Fig 2.2: Actual Change in Housing Tenure, between 2001 & 2011 Censuses

<table>
<thead>
<tr>
<th></th>
<th>Total Households</th>
<th>Owner Occupied</th>
<th>Social Rented</th>
<th>Private Rented</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td>Birmingham</td>
<td>19,944</td>
<td>5.1</td>
<td>-6,155</td>
<td>-2.6</td>
</tr>
<tr>
<td>Bristol</td>
<td>20,657</td>
<td>12.7</td>
<td>-2,466</td>
<td>-2.4</td>
</tr>
<tr>
<td>Cardiff</td>
<td>18,977</td>
<td>15.4</td>
<td>-1,240</td>
<td>-1.5</td>
</tr>
<tr>
<td>Glasgow</td>
<td>14,097</td>
<td>5.2</td>
<td>-3,397</td>
<td>-2.6</td>
</tr>
<tr>
<td>Leeds</td>
<td>18,982</td>
<td>6.3</td>
<td>108</td>
<td>0.1</td>
</tr>
<tr>
<td>Liverpool</td>
<td>18,650</td>
<td>9.9</td>
<td>-867</td>
<td>-0.9</td>
</tr>
<tr>
<td>Manchester</td>
<td>37,518</td>
<td>22.4</td>
<td>8,587</td>
<td>12.5</td>
</tr>
<tr>
<td>Newcastle</td>
<td>5,910</td>
<td>5.3</td>
<td>-850</td>
<td>-1.4</td>
</tr>
<tr>
<td>Nottingham</td>
<td>10,019</td>
<td>8.6</td>
<td>-520</td>
<td>-0.9</td>
</tr>
<tr>
<td>Sheffield</td>
<td>12,306</td>
<td>5.7</td>
<td>4,430</td>
<td>3.4</td>
</tr>
<tr>
<td>Core Cities</td>
<td>177,060</td>
<td>8.6</td>
<td>-2,370</td>
<td>-0.2</td>
</tr>
<tr>
<td>Great Britain</td>
<td>1,886,100</td>
<td>7.9</td>
<td>165,509</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Source: Census, 2001 & Census, 2011
Fig. 2.3 shows the percentage point change in the proportion of the housing stock within the main tenures between the 2001 and 2011 Censuses. On average, core cities follow the national trend of decline in owner occupation and social renting coupled with a large increase in private renting, although the pattern is at a greater rate in the core cities than across Great Britain.

**Fig. 2.3 Change in proportion of households within main Tenures between 2001 & 2011**

<table>
<thead>
<tr>
<th></th>
<th>Owner Occupied</th>
<th></th>
<th>Social Rented</th>
<th></th>
<th>Private Rented</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001 %</td>
<td>2011 %</td>
<td>Percent point change</td>
<td>2001 %</td>
<td>2011 %</td>
<td>Percent point change</td>
</tr>
<tr>
<td>Birmingham</td>
<td>59.6</td>
<td>55.2</td>
<td>-4.4</td>
<td>27.7</td>
<td>24.2</td>
<td>-3.5</td>
</tr>
<tr>
<td>Bristol</td>
<td>62.4</td>
<td>54.0</td>
<td>-8.4</td>
<td>21.1</td>
<td>20.3</td>
<td>-0.8</td>
</tr>
<tr>
<td>Cardiff</td>
<td>69.2</td>
<td>59.1</td>
<td>-10.1</td>
<td>16.9</td>
<td>17.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Glasgow</td>
<td>48.5</td>
<td>45.0</td>
<td>-3.5</td>
<td>39.2</td>
<td>36.7</td>
<td>-2.5</td>
</tr>
<tr>
<td>Leeds</td>
<td>61.8</td>
<td>58.2</td>
<td>-3.6</td>
<td>25.2</td>
<td>22</td>
<td>-3.2</td>
</tr>
<tr>
<td>Liverpool</td>
<td>52.1</td>
<td>46.9</td>
<td>-5.2</td>
<td>32.2</td>
<td>27.8</td>
<td>-4.4</td>
</tr>
<tr>
<td>Manchester</td>
<td>41.1</td>
<td>37.8</td>
<td>-3.3</td>
<td>39.4</td>
<td>31.6</td>
<td>-7.8</td>
</tr>
<tr>
<td>Newcastle</td>
<td>52.9</td>
<td>49.5</td>
<td>-3.4</td>
<td>33.4</td>
<td>29.7</td>
<td>-3.7</td>
</tr>
<tr>
<td>Nottingham</td>
<td>49.4</td>
<td>45.1</td>
<td>-4.3</td>
<td>33.4</td>
<td>29.7</td>
<td>-3.7</td>
</tr>
<tr>
<td>Sheffield</td>
<td>59.6</td>
<td>58.3</td>
<td>-1.3</td>
<td>30.3</td>
<td>24.8</td>
<td>-5.5</td>
</tr>
<tr>
<td>Core Cities</td>
<td>56.1</td>
<td>51.5</td>
<td>-4.6</td>
<td>30.0</td>
<td>26.4</td>
<td>-3.6</td>
</tr>
<tr>
<td>Great Britain</td>
<td>67.7</td>
<td>63.4</td>
<td>-4.3</td>
<td>19.9</td>
<td>18.2</td>
<td>-1.7</td>
</tr>
</tbody>
</table>

Source: Census, 2001 & Census, 2011

Fig 2.4 shows the percentage growth in population, households and private rented households between 2001 and 2011. The data clearly shows that population and household growth are not significant factors in explaining the dramatic increase in private rented sector households.

**Fig 2.4: Comparison of population, household and PRS growth between 2001 and 2011**

<table>
<thead>
<tr>
<th></th>
<th>Population Growth</th>
<th>Household Growth</th>
<th>PRS Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Bristol</td>
<td>95,958</td>
<td>9.8</td>
<td>5.1</td>
</tr>
<tr>
<td>Birmingham</td>
<td>47,619</td>
<td>12.5</td>
<td>12.7</td>
</tr>
<tr>
<td>Cardiff</td>
<td>40,737</td>
<td>13.3</td>
<td>15.4</td>
</tr>
<tr>
<td>Glasgow</td>
<td>15,376</td>
<td>2.7</td>
<td>5.2</td>
</tr>
<tr>
<td>Leeds</td>
<td>36,083</td>
<td>5.0</td>
<td>6.3</td>
</tr>
<tr>
<td>Liverpool</td>
<td>26,942</td>
<td>6.1</td>
<td>9.9</td>
</tr>
<tr>
<td>Manchester</td>
<td>110,308</td>
<td>28.1</td>
<td>22.4</td>
</tr>
<tr>
<td>Newcastle</td>
<td>20,641</td>
<td>8.0</td>
<td>5.3</td>
</tr>
<tr>
<td>Nottingham</td>
<td>38,692</td>
<td>14.5</td>
<td>8.6</td>
</tr>
<tr>
<td>Sheffield</td>
<td>39,464</td>
<td>7.7</td>
<td>5.7</td>
</tr>
<tr>
<td>Core Cities</td>
<td>471,820</td>
<td>9.8</td>
<td>8.6</td>
</tr>
<tr>
<td>Great Britain</td>
<td>4,267,388</td>
<td>7.5%</td>
<td>7.9</td>
</tr>
</tbody>
</table>

Source: Census, 2001 & Census, 2011
2.3 Estimating city level tenure change between 2001 & 2018 (Shelter)

The Charity, Shelter, has tried to overcome the lack of official, current city level data by combining Census data with information gathered from YouGov surveys. Their research\(^{23}\) provides a current estimate of the tenure mix at a local authority level and an estimate of the change in tenure since 2001. The research only covers England.

Shelter’s estimates of the size of the Private Rented Sector and its growth are significantly greater than the recent local estimates provided by most of the 8 English Core Cities and Shelter’s estimates of the size of the Social Rented Sector are significantly lower than the estimates provided by the cities.

Section 3 of this report details the local estimates of the tenure split in each of the core cities. The overwhelming view of housing officers in the core cities is that the Shelter estimate of the size of the private rented sector’s tenure share is significantly greater than their own estimates, for example:

- **Bristol** - Shelter estimates PRS accounts for 41% of households compared with the local estimate of 29% of properties;
- **Leeds** - Shelter estimates PRS accounts for 27% of households compared with the local estimate of 20% of properties;
- **Liverpool** - Shelter estimates PRS accounts for 42% of households compared with the local estimate of 30% of properties;
- **Manchester** - Shelter estimates PRS accounts for 40% of households compared with the local estimate of 33% of properties;
- **Newcastle** - Shelter estimates PRS accounts for 34% of households compared with the local estimate of 20% of properties;
- **Nottingham** - Shelter estimates PRS accounts for 41% of households compared with the local estimate of 32% of properties, and
- **Sheffield** - Shelter estimates PRS accounts for 30% of households compared with the local estimate of 21% of properties.

There are a number of potential explanations for the differences in the estimates:

- Shelter’s estimates are based on households and the city estimates are based on properties;
- The Shelter study may have a different definition of tenure classifications to that used by the core cities, particularly in terms of organisations in the social rented sector, which may have resulted in a significant proportion of housing association properties being classified as private rented, and
- Shelter’s estimates are for 2018 and most of the city estimates are a year or two older than this.

Fig 2.5 shows Shelter’s estimated tenure mix in 2018 for England’s core cities and how this compares with the 2001 Census. The data suggests that the trend of large increases in the PRS and decline in home ownership and social housing that can be seen between the 2001 and 2011 Censuses have continued at pace. The proportion of homes in the PRS and the rate of increase in the PRS is greater in all of the core cities than the England average (with the exception of Leeds).

**Fig 2.5:** Shelter estimates of Tenure mix 2001 and 2018, English core cities

<table>
<thead>
<tr>
<th></th>
<th>Owns outright/with mortgage/shared ownership</th>
<th>Social Housing</th>
<th>Private rented or lives rent free</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>66%</td>
<td>52%</td>
<td>23%</td>
</tr>
<tr>
<td>Bristol, City of</td>
<td>66%</td>
<td>47%</td>
<td>18%</td>
</tr>
<tr>
<td>Leeds</td>
<td>67%</td>
<td>56%</td>
<td>21%</td>
</tr>
<tr>
<td>Liverpool</td>
<td>59%</td>
<td>43%</td>
<td>28%</td>
</tr>
<tr>
<td>Manchester</td>
<td>47%</td>
<td>36%</td>
<td>33%</td>
</tr>
<tr>
<td>Newcastle upon Tyne</td>
<td>58%</td>
<td>52%</td>
<td>27%</td>
</tr>
<tr>
<td>Nottingham</td>
<td>54%</td>
<td>44%</td>
<td>28%</td>
</tr>
<tr>
<td>Sheffield</td>
<td>65%</td>
<td>51%</td>
<td>25%</td>
</tr>
<tr>
<td>Average of English Core Cities</td>
<td>60%</td>
<td>48%</td>
<td>25%</td>
</tr>
<tr>
<td>England</td>
<td>73%</td>
<td>59%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Source: Shelter, 2018.

**Fig 2.6** shows the percentage point change in the proportion of households within each tenure between 2001 and 2018.

**Fig 2.6: Shelter estimates of percentage point change in tenure mix between 2001 and 2018, English core cities**

<table>
<thead>
<tr>
<th></th>
<th>Owns outright/with mortgage/shared ownership</th>
<th>Social Housing</th>
<th>Private rented or lives rent free</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>-14</td>
<td>-7</td>
<td>+22</td>
</tr>
<tr>
<td>Bristol, City of</td>
<td>-19</td>
<td>-6</td>
<td>+25</td>
</tr>
<tr>
<td>Leeds</td>
<td>-11</td>
<td>-4</td>
<td>+15</td>
</tr>
<tr>
<td>Liverpool</td>
<td>-16</td>
<td>-12</td>
<td>+29</td>
</tr>
<tr>
<td>Manchester</td>
<td>-11</td>
<td>-9</td>
<td>+20</td>
</tr>
<tr>
<td>Newcastle upon Tyne</td>
<td>-6</td>
<td>-13</td>
<td>+19</td>
</tr>
<tr>
<td>Nottingham</td>
<td>-10</td>
<td>-13</td>
<td>+23</td>
</tr>
<tr>
<td>Sheffield</td>
<td>-14</td>
<td>-6</td>
<td>+20</td>
</tr>
<tr>
<td>England</td>
<td>-14</td>
<td>-3%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Shelter, 2018.
3. Views from the ten core cities on private rented sector growth

This section of the report provides a city by city perspective on the growth of the private rented sector and the associated issues that have arisen as a result.

The information was gathered from Council housing officers in the ten core cities during July and August 2018, via a questionnaire.

There are many differences between the ten core cities but a number of common themes emerge from the responses, which are summarised below.

Summary

The most commonly cited drivers of PRS growth in core cities include:

- Apartment developments (often city centre or edge of centre);
- Buy to Let/ Build to Rent initiatives;
- The increase in student populations and Purpose Built Student Accommodation;
- Ex-Right to Buy properties being converted to rental properties;
- Increasing numbers of people unable to afford home ownership, and
- Increasing numbers of “amateur landlords” with one or two properties.

The private rented sector is understood as a series of distinct market sectors and the issues for local authorities are very different in each of the sub-sectors:

1) Concentrated, lower value rental market areas and HMOs

Most cities cite this segment of the rental market as their major cause for concern. Many cities have neighbourhoods with very high concentrations of private rented properties and these are often located in the inner city with lower value, and older (pre 1919) terraced properties (or tenements in Glasgow). The common issues of concern include:

- Poor housing quality and standards (property disrepair and poor management);
- neighbourhood management issues include problems with anti-social behaviour, noise, refuse collection and fly tipping;
- maintaining community cohesion and pride in areas with a high turnover of residents and rapidly changing cultures;
- criminal activity and organised serious crime including concerns around money laundering, drugs trafficking/manufacture and usage, prostitution, the exploitation of vulnerable people, and modern day slavery;
- the operation of the COMPASS asylum contract;
- an increasing unwillingness among landlords to take on vulnerable tenants and those in receipt of benefits, and
- high rent levels and a lack of value for public money with regards benefits payments for some properties.

2) Student Rental Market

All cities have benefitted from large increases in the number of students over recent decades. Most cities have seen a large and ongoing increase in Purpose Built Student Accommodation
(PBSA), which is often in the city centre or edge of centre. These developments are generally supported and viewed positively by City Councils. One of the results of these developments has been a decline in demand for ‘student digs’ in shared houses, which are often concentrated in traditional inner city student areas. Core Cities see an opportunity to positively return housing into affordable owner occupation and to create thriving mixed neighbourhoods in these traditional student areas but at the same time are mindful of the potential risk that some of these areas could slip into the lower value rental market segment, with all of the potential problems highlighted above.

3) City Centre Apartment Market

There has been a rapid development of city centre living over the past few decades in all cities and the core cities have a generally positive view of this trend. This segment of the market tends to have been stimulated via Buy to Let and has become dominated by private renters, who are often younger professionals and other workers. There is a view that this market is maturing and standards of developments and their subsequent management are improving.

A number of other general issues emerge from the core cities responses:

Lack of Tenants Rights is a recurring theme and as well as addressing this through improved national regulation, there is a desire to see and possibly assist private renters to get organised, well-informed and hold their landlords to account in a way that is more akin to how social rented tenants are often organised.

Identifying and Engaging Landlords - many core cities are frustrated by the lack of comprehensive knowledge of who the landlords are in their city and there is widespread support for the idea of a simple national landlord register.

Enforcing housing standards – most core cities have developed some type of local initiative to attempt to improve housing quality and standards. It would be much more effective if this was covered through strengthened and effective national regulation, supported by improved local enforcement powers and sufficient resources.

Increasing rent levels and affordability is a concern at all levels of the private rental market.
3.1 Birmingham

Local estimate of the size and growth of the Private Rented Sector in Birmingham

Birmingham City Council does not have a local citywide estimate of its tenure split.

*Fig 3.1* shows that the PRS grew significantly in Birmingham between the 2001 and 2011 censuses.

*Fig. 3.1: PRS growth in Birmingham*

| Population Growth, 2007-2017 (ONS MYE) | 10.5%  
|                                         | + 108,100 people |
| Size of Private Rented Sector 2011 (Census) | 17.9% of all households  
|                                         | 73,405 households |
| Private Rented Sector Growth, 2001-2011 (Census) | 139.7%  
|                                         | + 42,780 households |
|                                         | 10.1 percentage point increase in tenure share  
|                                         | • 2001: 7.8% of all households  
|                                         | • 2011: 17.9% of all households |
| Tenure split 2011 (Census) | Owner Occupied: 55.2%  
|                                         | Social Rented: 24.2%  
|                                         | Private Rented: 17.9%  
| Latest local estimate of the size of the Private Rented Sector | NA |

**Issues of concern with regards the PRS in Birmingham**

The main concern is having sufficient resources to ensure that the sector is well managed and all appropriate properties are licensed.

**Local knowledge of wards/neighbourhoods with a large concentration of PRS properties and the subsequent impact**

Birmingham has eight (former) wards where PRS properties account for over 19% of the overall tenure mix.

Central Government funding from the Controlling Migration Fund is in place in many of these areas to tackle rogue landlords and ensure that community cohesion is maintained.

**Local perspective on the drivers of PRS growth in Birmingham since 2000**

The increase in student numbers.
Local assessment of decency standards/stock condition/energy efficiency within the PRS

Birmingham City Council does not have a recent assessment and its last Private Sector Housing Condition Survey was completed back 2010/11.

Specific local policies in response to the growth of the private rented sector in Birmingham

Birmingham City Council is considering a number of interventions including schemes to tackle ASB and waste management in certain parts of the city, and to ensure standards are being maintained.
3.2 Bristol

Local estimate of the size and growth of the Private Rented Sector in Bristol

Fig 3.2 shows that the PRS grew by 118.5% in Bristol between 2001 and 2011, which is above the GB average of 106%.

Bristol City Council’s Stock Modelling Report was completed in Oct 2017 by the Building Research Establishment. The report estimated that there were: 200,945 dwellings in the City, with a tenure split of:
- 52.6% owner occupied;
- 28.9% privately rented, and
- 18.5% social rented.

The local estimate of 28.9% of dwellings being PRS in 2017 is significantly higher than the 2011 Census estimate of 23.5% of households being in the PRS. It should be noted that there will be a higher share of PRS households than there is of PRS dwellings (due to HMOs etc). This suggests that the rapid growth rate of the PRS in Bristol that happened between 2001 and 2011, has been maintained since the 2011 Census.

**Fig. 3.2: PRS growth in Bristol**

| Population Growth, 2007-2017 (ONS MYE) | 11.5%  
|                                      | + 47,400 |
| Size of Private Rented Sector 2011 (Census) | 23.5% of all households  
|                                      | 43,028 households |
| Private Rented Sector Growth, 2001-2011 (Census) | 118.5%  
|                                      | + 23,336 households |
|                                      | 11.4 percentage point increase in tenure share:  
|                                      | • 2001: 12.1% of all households  
|                                      | • 2011: 23.5% of all households |
| Tenure split 2011 (Census) | Owner Occupied: 54.0%  
|                                      | Social Rented: 20.3%  
|                                      | Private Rented: 23.5% |
| Latest local estimate of the size of the Private Rented Sector | 28.9% PRS tenure share |

**Issues of concern with regards the PRS in Bristol**

- Significant PRS growth over the last ten years, with a 4% increase since 2012.
- There is a significant shortage of accommodation in the city resulting in demand for the PRS outstripping supply. As a result, rents have increased significantly and landlords are able to let their accommodation, irrespective of its condition, for a very high rent.
- Gentrification of some inner city wards, changing local communities.
There is also a considerable difference between the level of LHA and average rented with many means tested tenants having to make up shortfalls in their rent, from other income. Universal Credit impacts significantly on private tenants’ ability to afford rental costs and this is compounded by the shortage of low cost PRS properties.

Local knowledge of wards/neighbourhoods with a large concentration of PRS properties and the subsequent impact

In Bristol’s 34 electoral wards, the tenure share of private rented sector properties is:
- 4 wards have in excess of 60% of properties in the PRS – these areas have high concentrations of university students;
- Another ward has over 50% of properties in the PRS, and
- A total of 13 wards have over 30% of properties in the PRS.

The impacts of such a high concentration and rapid growth of PRS properties include “changing the entire character of an area with subsequent lack of ownership of issues/problems/investment in stock and a lack of engagement or respect for permanent residents”.

Local perspective on the drivers of PRS growth in Bristol since 2000

Some of this is new developments (principally apartment buildings) bought by Build to Rent (BTR) investors. There has only been a small amount of institutional PRS investment in Bristol, principally in relation to purpose built student accommodation.

Local assessment of decency standards/stock condition/energy efficiency within the PRS

Bristol City Council’s 2017 report from BRE highlighted the following issues in relation to private housing (PRS) stock conditions:
- 8,565 dwellings (15%) in the private rented sector are estimated to have category 1 housing health and safety rating system (HHSRS) hazards.
- The total cost of mitigating category 1 hazards in Bristol City Council’s private rented sector stock is estimated to be £23.4 million.
- The average Simple SAP rating for the private rented stock in Bristol is 61. 5.2% (3,041) of private rented dwellings in Bristol are estimated to have an EPC rating below band E.
- Levels of disrepair are also 50% higher for HMOs (9% compared to 6% for non-HMOs).

Specific local policies in response to the growth of the private rented sector in Bristol

Bristol has developed:
- Private Sector Housing Enforcement policy;
- A toolkit for private tenants to help them apply for Rent Repayment Orders;
- Civil Penalty Policy;
- Rent with Confidence scheme introduced in 2017 for accredited organisations to assist landlords meet housing standards and have good management practices;
- Area based licensing schemes running covering (3,500 units) and consultation completed May 2018 on a 12 ward, Additional licensing scheme (5,300 units).

24 https://www.bristol.gov.uk/documents/20182/2870395/Bristol+Intergrated+Housing+Stock+Modelling+Database+Report.pdf/422e4bd6-56d1-f8b-640c-6a0f6698873e
3.3 Cardiff

Local estimate of the size and growth of the Private Rented Sector in Cardiff

Fig 3.3 shows that the PRS grew by 150% in Cardiff between 2001 and 2011, which is above the GB average of 106%.

Cardiff Council has produced local dwelling stock estimates, which have updated 2011 census figures by extrapolating based on other data sources such as planning applications for new build or conversion.

Total dwellings in Cardiff = 151,200
- Total owner occupied = 93,410
- Total private rented = 32,805
- Local authority rented = 13,438
- Registered social landlord = 11,543

These local estimates calculate that the PRS accounts for 21.7% of dwellings.

Fig. 3.3: PRS growth in Cardiff

| Population Growth, 2007-2017 (ONS MYE) | 10.5%  
+ 34,600 |
|----------------------------------------|--------|
| Size of Private Rented Sector 2011 (Census) | 21.9% of all households  
31,220 households |
| Private Rented Sector Growth, 2001-2011 (Census) | 149.5%  
+18,709 households |
| 11.8 percentage point increase in PRS tenure share:  
- 2001: 10.1% of all households  
- 2011: 21.9% of all households |
| Tenure split 2011 (Census) | Owner Occupied: 59.1%  
Social Rented: 17.1%  
Private Rented: 21.9% |
| Latest local estimate of the size of the Private Rented Sector | 32,805 dwellings  
21.7% PRS tenure share |

Issues of concern with regards the PRS in Cardiff

- Apparent deterioration at the lowest end of the market;
- Poor quality, dangerous conversions to shared housing, flats and bedsits, which do not meet amenity standards or building regulations standards;
- The exploitation of vulnerable people and emerging concerns around modern day slavery;
• Poor management standards in HMOs;  
• Landlords deemed not fit and proper under Rent Smart Wales or HMO licensing rules;  
• Post Grenfell concerns around safety of high rise buildings, and  
• Cutbacks in public expenditure and mismatch between expectation and resourcing.

Local knowledge of wards/neighbourhoods with a large concentration of PRS properties and the subsequent impact

Cathays ward is 68.8% private rented (2011 census) and this is largely down to the student population. Plasnewydd ward is 55.1% private rented with a more even split of student lets and other private renting.

These wards present the usual signs of over concentration, with poor refuse management, noise nuisance, strain on car parking, poor quality conversions and restrictive space and amenity standards, neglect of street scene, overgrown gardens, and some poorly maintained exteriors.

Local perspective on the drivers of PRS growth in Cardiff since 2000

Definitive evidence is limited (again, the Local Housing Market Assessment does not capture this).

The major drivers of PRS growth in Cardiff include:
• A lack of affordable housing (both to rent and purchase). There is very high need for social rented housing in Cardiff (with around 7,500 households currently on the waiting list), so the only option for many is to privately rent;  
• Other people are in PRS because there is little to buy, wages have been stagnant and there is difficulty in saving for a deposit. A lack of new build private development in the city prior to the Local Development Plan (as there was little available land), has meant that the city stock as a whole has not increased significantly;  
• Expansion of further education in Cardiff has contributed to a high percentage of student accommodation in city centre areas, both shared rental houses and purpose-built apartment schemes, and  
• Demand for private rent has been fuelled the buy to let investor market, which in turn has depleted the stock of first time buyer properties. There is however anecdotal evidence that investors are scaling down their portfolios due to tax relief changes on mortgages.

The Council has a policy to buy back certain Right to Buy properties in line with strategic priorities (i.e. ground floor, accessible flats, family houses). Through this process we are aware of occupation arrangements (i.e. rental or owner occupation) for a limited number of properties, but would not be able to estimate an overall percentage of former RTB properties that are now rented out. The Right to Buy was suspended in Cardiff in 2017 for a 5 year period.

From a Planning perspective, whilst there is no specific evidence/data on PRS growth, there is evidence that demand exists as some of the student developments in the city centre have applied for temporary use as private serviced apartments. Demand for this is probably being driven by the mobility of the workforce and the fact that some households either cannot afford access to owner occupation or want to remain mobile, reflecting changes in household type and migration patterns.
Recent large-scale developments have boosted the demand/market for PRS in Cardiff, particularly around the Central Square Area (HMRC, BBC, Transport Interchange), as well as announcements around the Metro and rail electrification. Several new schemes are anticipated over the next year, which are being proposed as bespoke PRS rather than changes of use of existing buildings/student developments.

**Local assessment of decency standards/stock condition/energy efficiency within the PRS**

The most recent information on private sector stock condition is contained in the 2005 House Condition Survey (the need to update this information is acknowledged in the Cardiff Housing Strategy 2016-21). The Local Housing Market Assessment 2015 does not include data on stock condition, only information with regard to rent levels in the private rented sector.

As noted earlier in this report, Welsh Government has undertaken a national house conditions survey 2017-18, with initial results due later this year. The survey covers all tenures, but it is unclear if the national survey data will break down to local authority level.

**Specific local policies in response to the growth of the private rented sector in Cardiff**

In addition to the national Rent Smart Wales landlord licensing scheme, Cardiff Council has a number of additional initiatives and policies around licensing and managing houses in multiple occupation (HMOs)25:

- **Cathays Additional Licensing Scheme 2016-2021**26 - 2,400 HMOs licensed (570 under mandatory licensing provisions, 1,830 under the additional licensing scheme).
- **Plasnewydd Additional Licensing Scheme 2014-2019** - 1,025 licensed in Plasnewydd. 273 under mandatory licensing provisions, 752 under the additional licensing scheme.
- **Houses in Multiple Occupation (HMOs) Supplementary Planning Guidance** – used to assess HMOs that require planning permission. Identifies the threshold at which it is deemed the concentration of HMOs in an area has reached a level considered to adversely impact on the community27.

A **Student Liaison Officer** post has been created to provide support and advice on housing and other matters. The post is jointly funded by the Council and 3 universities28 (note this position is currently vacant and funding is under review).

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28 [www.cardiffdigs.co.uk](http://www.cardiffdigs.co.uk)
3.4 Glasgow

Local estimate of the size and growth of the Private Rented Sector

Fig 3.4 shows that the PRS grew by 208% in Glasgow between 2001 and 2011, which is above the GB average of 106% and the highest growth rate amongst all ten core cities.

Fig. 3.4: PRS growth in Glasgow

| Population Growth, 2007-2017 (ONS MYE) | 8.6%  
+ 49,200 |
|----------------------------------------|--------|
| Size of Private Rented Sector 2011 (Census) | 16.8% of all households  
48,019 households |
| Private Rented Sector Growth, 2001-2011 (Census) | 208%  
=32,429 households |
| Tenure split 2011 (Census) | Owner Occupied: 45.0% |
| | Social Rented: 36.7% |
| | Private Rented: 16.8% |
| Latest local estimate of the size of the Private Rented Sector | 58,742 properties  
20% PRS tenure share |

Glasgow has comprehensive annual data on the number of private rented properties and the number of landlords in the city, which is gathered from the national Landlord Registration Scheme.

The PRS accounts for around 20% of total housing stock in Glasgow. The number of PRS properties and the number of landlords has increased by around 150% percent between 2007 and 2017, as shown in Fig. 3.5.

Fig 3.5: Total private rented tenancies recorded on Glasgow City Council landlord registration system 2007 – 2017

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total properties</strong></td>
<td>23,294</td>
<td>26,877</td>
<td>30,964</td>
<td>33,404</td>
<td>37,702</td>
<td>43,205</td>
<td>48,041</td>
<td>53,279</td>
<td>54,746</td>
<td>58,742</td>
</tr>
<tr>
<td><strong>Total landlords</strong></td>
<td>n/a</td>
<td>13,635</td>
<td>n/a</td>
<td>17,552</td>
<td>26,107</td>
<td>30,950</td>
<td>31,683</td>
<td>39,972</td>
<td>41,596</td>
<td>41,055</td>
</tr>
</tbody>
</table>

Source: Glasgow City Council.
Fig 3.6 shows the significant historic changes in housing tenure in Glasgow between 1975 and 2015. The general pattern of tenure change is similar to that in other core cities, with a recent decline in owner occupation, a major increase in private rented and a significant reduction in social rented. It should be noted that some of the reduction in social rented provision can be attributed to the strategic removal of unsuitable housing stock between 2003 and 2012.

**Fig. 3.6: Change in Housing Tenure in Glasgow 1975-2015**

<table>
<thead>
<tr>
<th></th>
<th>1975</th>
<th>2007</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner Occupied</td>
<td>25%</td>
<td>50%</td>
<td>44%</td>
</tr>
<tr>
<td>Private Rented</td>
<td>5%</td>
<td>9.5%</td>
<td>20%</td>
</tr>
<tr>
<td>Social Rented</td>
<td>70%</td>
<td>40.5%</td>
<td>36%</td>
</tr>
</tbody>
</table>

Source: Glasgow City Council, Housing Strategy 2017 – 22

**Issues of concern with regards the PRS in Glasgow**

A major issue of concern is the relatively large proportion of private rented tenancies in particular neighbourhoods, specifically older (pre 1919) tenement properties.

There is evidence of serious property disrepair, poor management of properties where there are concentrations of private sector housing particularly affecting properties in common ownership.

The concentration of PRS properties places significant pressure on council resources in terms of refuse collection, dealing with fly tipping, anti-social behaviour and insect infestation.

In response to these types of issues and overcrowding, Glasgow City Council has made use of Enhanced Enforcement Area powers under the Housing (Scotland) Act 2014 in one area of the city. This will result in the council carrying out over 900 property inspections and requesting landlords to provide necessary documentation to ensure that they comply with the relevant standards.

As a result of the lack of maintenance and the unwillingness on the part of owner landlords to invest in common property repair this is leading to an increase in statutory repairs action and the closure of some properties. Glasgow City Council has been required to seek additional resources to deal with this and general compliance issues.

**Local knowledge of wards/neighbourhoods with a large concentration of PRS properties and the subsequent impact**

Glasgow identified neighbourhoods with a high concentration of PRS properties using data from the 2011 Census. Out of 56 neighbourhoods across the city, the top 10 ten with the highest proportion of PRS stock (30% or more) were all located within inner city older urban areas with high proportions of pre 1919 tenement stock. Two neighbourhoods had concentrations of PRS properties of over 40%. If this was to be broken down further into sub areas, some housing developments have concentrations with up to 75% private rented stock.

The major emerging issue is affordability and in particular a shortage of larger affordable dwellings in specific areas. This particularly affects single people and families with no access to or little prospect of obtaining social rented housing in their areas of preference.
Local perspective on the drivers of PRS growth in Glasgow since 2000?

Although, Glasgow has not carried out extensive research into this, officers believe that the main drivers of growth include:

- Lack of well-paid employment – a high proportion of PRS tenants rely on benefits to supplement their income and have little prospect of purchasing a property;
- Lack of access to deposits on a home to buy;
- Growth in ‘amateur landlordism’ as owners with a second property rent out rather than sell. The city has a very high proportion of single property owning landlords. This stems from the global financial crisis in 2008 where many properties fell into negative equity and owners were unable to sell;
- Growth in buy to let during the period of rapid new build high density construction in the early to mid-2000s;
- A higher proportion of students in the population;
- Residents opting to rent rather than purchase as a lifestyle choice. This may also reflect greater mobility of the workforce in response to changing patterns of employment;
- The pull effect of in-migrants and resettling asylum seekers in particular areas, and
- The turnover in ex right to buy properties has led to increased proportions of PRS properties within former single tenure council estates. However, this is now being offset by the end of right to buy in Scotland.

Glasgow Council commissioned a specific study into the relationship between the PRS and homelessness in 2015[29], which touches on some of these points above.

Local assessment of decency standards/stock condition/energy efficiency within the PRS

Glasgow’s last major review of the condition of housing stock was in 2007 and this resulted in a report[30] on the condition of older properties (the main source of PRS stock) in 2009. The council is planning to undertake an updated stock survey of pre 1919 private sector tenement housing stock because of common repair/maintenance issues. A pilot survey has already been carried out of 50 tenement properties using drone technology and thermal imaging to determine the condition of the external fabric.

Otherwise, the strategic focus is on areas of concern at a community level. The Enhanced Enforcement Areas, under the Housing (Scotland) Act 2014 affects 18 blocks in the Govanhill area of the city which has a high proportion of poor quality private housing[31]. Pro-active inspections have identified that over 90% of landlords and their properties fail to meet the required standards when first inspected.

Specific local policies in response to the growth of the private rented sector in Glasgow

The key intervention has been Enhanced Enforcement Areas, as discussed above. The Council’s Policy report on strategy for Govanhill (2015) provides further details on this approach[32].

29 https://www.glasgow.gov.uk/CHttpHandler.ashx?id=36365&p=0
3.5 Leeds

Local estimate of the size and growth of the Private Rented Sector in Leeds

Fig 3.7 shows that the PRS grew by 127% in Leeds between 2001 and 2011, which is above the GB average of 106%.

Leeds appointed the BRE to undertake a Private Sector Housing stock condition survey report in 2017, which estimated that the PRS accounted for 20% of housing stock, or around 69,000 properties in 2016.

Fig. 3.7: PRS growth in Leeds

<table>
<thead>
<tr>
<th>Population Growth, 2007-2017 (ONS MYE)</th>
<th>6.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+ 46,200</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Size of Private Rented Sector 2011 (Census)</th>
<th>17.9% of all households</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>57,546 households</td>
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</table>

<table>
<thead>
<tr>
<th>Private Rented Sector Growth, 2001-2011 (Census)</th>
<th>127%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+ 32,152 households</td>
</tr>
</tbody>
</table>

9.5 percentage point increase in tenure share:
- 2001: 8.4% of all households
- 2011: 17.9% of all households

<table>
<thead>
<tr>
<th>Tenure split 2011 (Census)</th>
<th>Owner Occupied: 58%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Social Rented: 22%</td>
</tr>
<tr>
<td></td>
<td>Private Rented: 18%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Latest local estimate of the size of the Private Rented Sector</th>
<th>69,000 properties</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20% PRS tenure share</td>
</tr>
</tbody>
</table>

Issues of concern with regards the PRS in Leeds

The main concern with the increase in private renting is the subsequent loss of properties within the owner occupied market, this has been most dramatic in the lower value market areas. These areas have seen the largest change, with areas moving from 25% PRS in the 2011 census to over 50% in some areas.

Further issues of concern include:
- the loss of affordable homes for owner occupiers to purchase at the lower end of the property market;
- an increase in the rents linked to the LHA, which exceeds what would be the market value for such properties;
- the instability that brings due to turn over and community cohesion issues due to differences in community cultures;
• the lack of interventions possible, and
• the wellbeing of individuals and families who migrate to these areas with complex issues and needs and the effect it has on services in general such as impacting on available school places.

Local knowledge of wards/neighbourhoods with a large concentration of PRS properties and the subsequent impact

The inner city has seen a major increase in the PRS.

Significant parts of the inner city areas is now estimated at approximately 50%. Recent work in Beeston shows levels around 48%, Harehills at 52% and part of Armley have increased to 40%. In the inner city area of Leeds the PRS is now the predominate sector and this has mainly been down to a shift from owner occupation.

The impacts have been:
• Destabilising of communities due to the turnover/clashes between cultures;
• Impact on services ie school places due to increase demand from larger families especially Eastern European;
• Diversity – survey of 250 properties in Holbeck had 40 different nationalities present with over 35 first languages other than English – this impacts on families wellbeing and mental health due to issues such as inability to access services and isolation;
• Lack of empowerment of tenants as they are afraid to complain;
• increasing rents;
• a lack of tenant security of tenure;
• Organised Serious Crime (OSC) groups using housing as a means to launder money, increase income, using for trafficking, drug dens or cannabis growing or pop up brothels;
• Distortion of the rental market. L/L charge LHA for properties which is actually above market rents so trapping people in poverty, distorting rents, and maximising income. Renew did a study and found in LS9 £850k in excess HB was paid to landlords over and above market rents;
• Loss of affordable homes – the increase in the PRS has removed areas of homes that were traditionally affordable;
• Overcrowding – with the influx of Eastern European families there has been an increase in overcrowding – some by the families themselves but also by landlords exploiting the situation, and
• These areas of PRS concentration tend to be the poorest areas in terms of stock condition, and there is a lack of proper management and maintenance by the sector.

Local perspective on the drivers of PRS growth in Leeds since 2000

Leeds has seen a number of changes which have driven the growth of the PRS over the last 20 years:
• Student market – traditionally, Leeds never had sufficient purpose built student accommodation – this has changed as these have been developed, mainly close to the city centre which has affected the traditional student markets. These had over expanded and included, more traditional family homes. These are now contracting and /or finding new markets – young professional etc who can’t afford to buy but have to or choose to rent;
- City centre – significant development in the city centre and out around the edges of the centre. This has seen new developments or large mill type conversions. Mainly for the buy to let market. These have been fully residential as well as mixed development, and
- In the traditional public sector estates there has been an increase in the PRS. As first time right to buy properties are sold on there is a trend of PRS moving into areas.

Local assessment of decency standards/stock condition/energy efficiency within the PRS

The 2017 Private Sector Housing Stock Condition Survey reported that:

- 17% of privately owned properties (46,044 dwellings) have category 1 Housing Health and Safety Rating System (HHSRS) hazards;
- 25% of private rented properties (16,948 dwellings) have category 1 HHSRS hazards;
- The average Simple SAP rating for all private sector dwellings in Leeds is 57, which is better than both England (55) and Yorkshire and The Humber (56). For owner occupied stock the figure is 58 and for private rented stock it is 52;
- The total cost of mitigating category 1 hazards in Leeds’s private sector stock is estimated to be £103.1 million;
- There is an estimated total of 18,400 HMOs in Leeds, of which approximately 5,037 come under the mandatory licensing scheme, and 6,983 would come under the proposed new licensing scheme, and
- 8.6% (23,488) of private sector dwellings and 15.2% (10,214) of private rented dwellings in Leeds are estimated to have an EPC rating below band E.

Specific local policies in response to the growth of the private rented sector in Leeds

Landlord Licensing\(^{33}\) – Leeds City Council is currently consulting on licensing schemes in 2 areas (Beeston and Harehills) covering a total of 13,500 properties, of which around 6,500 are PRS.

Rogue Landlord Unit – targets criminal landlords in partnership with serious crime partnership to drive them out of the market.

Leeds Rental Standard – self regulation of the sector. Run by Unipol, NLA and RLA with Council support. To encourage good landlords to self-regulate via LA’s own schemes. Part of the approach of supporting good landlords and targeting criminal/rogue ones.

Leeds Neighbourhood Approach – targets small geographical areas in partnership to address housing standards, empty homes and community and individual needs by crossing the threshold of all properties and partners targeting resources to those in need. The approach aims to address health, poverty, employment, training etc. as well as improving the housing.

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33 [www.leeds.gov.uk/selectivelicensing](http://www.leeds.gov.uk/selectivelicensing)
3.6 Liverpool

Local estimate of the size and growth of the Private Rented Sector in Liverpool

*Fig 3.8* shows that the PRS grew by 108% in Liverpool between 2001 and 2011, which is slightly above the GB average of 106%.

Estimates from Liverpool City Council’s 2018 Stock Modelling Report suggest there are around 68,590 PRS properties in the city, which represents 30% of dwellings in the city.

This indicates a significant increase on the 48,290 PRS households identified in the 2011 Census.

The stock modelling report estimates Liverpool’s tenure mix as:
- 44% owner occupied;
- 28% social rented, and
- 30% private rented.

*Fig. 3.8: PRS growth in Liverpool*

| Population Growth, 2007-2017 (ONS MYE) | 8.4% + 37,900 |
| Size of Private Rented Sector 2011 (Census) | 23.4% of all households; 48,290 households |
| Private Rented Sector Growth, 2001-2011 (Census) | 108% + 25,047 households; 11.0 percentage point increase in tenure share: 2001: 12.4% of all households; 2011: 23.4% of all households |
| Tenure split 2011 (Census) | Owner Occupied: 47%; Social Rented: 28%; Private Rented: 23% |
| Latest local estimate of the size of the Private Rented Sector | 68,590 properties; 30% PRS tenure share |

**Issues of concern with regards the PRS in Liverpool**

The Private Rented Sector in Liverpool has grown significantly over the past 15 years and the indications from the 2018 Stock Modelling report suggest that this trend is continuing.

The number of landlords (7,000+) is high, which makes the sector difficult to engage with in terms of monitoring its quality.
The PRS performs worse than other tenures on a number of property condition indicators including: incidence of category 1 hazards; disrepair; and fuel poverty.

Only a quarter of licensed landlords are complying with the licence conditions, which is an indicator of poor management standards.

A significant number of landlords are converting their properties into HMOs, which can be detrimental to neighbourhood cohesion.

**Local knowledge of wards/neighbourhoods with a large concentration of PRS properties and the subsequent impact**

The PRS accounts for more than 40% of dwellings in 9 of Liverpool’s 30 Council wards.

78% of dwellings are in the PRS in the city centre ward of Central and this is due to the large scale increase in city centre apartments and student accommodation over the past two decades.

The 8 other wards with high concentrations of PRS properties are: Greenbank (56%); Riverside (54%); Picton (53%); Kensington & Fairfield (49%); County (42%); Tuebrook &Stoneycroft (42%); Anfield (41%), and St Michael’s (41%).

All of these areas tend to be in the inner part of the city and are dominated by older (pre 1919), often terraced, housing stock.

There is a correlation between areas with a high concentration of PRS properties and complaints about ASB.

The high concentration of PRS properties in some wards has had a detrimental impact on community cohesion arising from a high turnover of tenancies and poor tenancy management.

**Local perspective on the drivers of PRS growth in Liverpool since 2000**

Significant factors in the growth of PRS in Liverpool include:

- rapid growth in the number of city centre apartments which are predominately privately rented. These developments attract institutional investors;
- Buy to Let has had a significant impact in the growth of private rented properties;
- A large number of low demand and low value properties have been auctioned and put on the market, which has resulted in landlords acquiring properties, and
- Some Registered Providers have embarked on a rationalisation of their stock which has led to them disposing of their less viable stock which subsequently becomes privately rented.

**Local assessment of decency standards/stock condition/energy efficiency within the PRS**

The 2018 Liverpool Stock Modelling Report and Health Impact Assessment highlighted that:

- 13% of all properties in the private sector in Liverpool (owner occupied and private rent) have category 1 hazards and this rises to 14% in the private rented sector;
- The most prevalent hazards in Liverpool are associated with falls and excess cold;
- The highest concentration of all HHSRS hazards are found in the wards of Anfield, County and Old Swan;
• The highest levels of households in fuel poverty (under both definitions) are concentrated in the wards of Anfield, County and Kensington and Fairfield, and

• An estimated 5% of private rented properties currently have an Energy Performance Certificate rating below band E. Legally these properties can no longer be let as private rented stock unless they have a valid exemption.

**Specific local policies in response to the growth of the private rented sector in Liverpool**

*Landlord Licensing*[^34] - Liverpool City Council implemented its current citywide Selective Licensing scheme in April 2015. The scheme will run until April 2020. To date 50,336 licence applications have been received with 40,170 licences granted to 7,380 licence holders. A further 634 are at the ‘intention to grant’ stage, 821 applications are being processed and 1,133 properties are either permanently or temporarily exempt from having a licence in accordance with the provisions of the Housing Act 2004.

A *Private Sector Enforcement Policy* is being drafted, which sets out the powers that will be utilised to tackle poor quality landlords including the new measures contained in the Housing and Planning Act 2016.

*Civil Penalties* have been used as an alternative to prosecution.

*Article 4 Direction* is being used to control HMO conversions.

*Co-Regulation Agreements* with national landlords and agents associations. This provides an alternative way of dealing with landlords who fail to comply with their licence conditions.

*A Private Landlords Forum* and *Private Landlords Panel* have been created to effectively engage with landlords in the city.

[^34]: https://liverpool.gov.uk/business/landlord-licensing/liverpools-landlord-licensing-scheme/
3.7 Manchester

Local estimate of the size and growth of the Private Rented Sector in Manchester

Fig. 3.9 shows that the PRS grew by 131% in Manchester between 2001 and 2011, which is slightly above the GB average of 106%.

Manchester City Council estimate that around 75% of the city centre apartment stock is PRS, and that the citywide the PRS accounts for around 33% of properties (depending on the neighbourhood). However, the 2011 census data is still the only definitive source.

Fig. 3.9: PRS growth in Manchester

| Population Growth, 2007-2017 (ONS MYE) | 15.9%  
|                                         | + 75,000 |
| Size of Private Rented Sector 2011 (Census) | 28.4% of all households  
|                                           | 58,170 households |
| Private Rented Sector Growth, 2001-2011 (Census) | 131.3%  
|                                               | + 33,026 households  
|                                               | 13.4 percentage point increase in tenure share:  
|                                               | • 2001: 15.0% of all households  
|                                               | • 2011: 28.4% of all households |
| Tenure split 2011 (Census) | Owner Occupied: 38%  
|                           | Social Rented: 32%  
|                           | Private Rented: 28% |
| Latest local estimate of the size of the Private Rented Sector | 33% PRS tenure share |

Issues of concern with regards the PRS in Manchester

Property condition, particularly flats above shops and the terraced stock (particularly pre-1919), is a significant issue - often coupled with landlords who don't do the basics right (for example tenancy deposit schemes & gas safety). Other issues include security of tenure and rental inflation in some areas.

Most private rented sector homes are good quality and available at a reasonable rent. However, this is not always the case. The private rented sector remains fragmented in ownership terms with 70% of landlords owning 3 or less properties. This leads to inconsistent management standards with some neighbourhoods suffering from having a lack of ‘ownership’ and feeling neglected. There are a small number of neighbourhoods with very poor quality landlords, crime and high levels of deprivation. In some instances these operators receive significant sums of public finance in terms of housing benefit, representing very poor value for money for the public purse.
The Council has been actively working to bring better quality operators into the market both in the City Centre (for example, Manchester Life) and into the suburbs (for example, Matrix Homes and Sigma) to develop new purpose built low rise family homes and investment in high quality apartments for rent in order to provide a high quality and professional offer for people in the city.

Other issues include:

- There are thousands of landlords and agents with portfolios ranging from a single property to over 1,000. Many, but not all, actively engage with the Council;
- Poor-quality rented homes are concentrated in some neighbourhoods. This increases the numbers of vulnerable and low-income households, making management more difficult and encouraging antisocial behaviour;
- By contrast, the city centre and surrounding areas have a successful and dynamic rental market, and demand is increasing;
- Social-rented tenants are increasingly well informed about their rights and responsibilities and have taken on more responsibility for holding their landlords to account. The same needs to happen in the private rented sector;
- The perceived poor quality of market-rental homes can be a barrier to families choosing this sector, yet there is increased pressure on the sector to provide quality and affordable accommodation in the current economic climate of constrained mortgage lending;
- Some areas have particular problems: concentrations of short-stay rented accommodation (bed and breakfasts) can undermine areas, and high percentages of transient students can affect the stability of a neighbourhood;
- Changes to the Local Housing Allowance and benefit system are having an impact on private sector housing that we cannot yet fully assess, and
- There is increasing interest in the potential for investment in the market-rental sector, which has delivered successful rental schemes.

Local knowledge of wards/neighbourhoods with a large concentration of PRS properties and the subsequent impact

There is a high concentration of PRS properties within the wider Manchester city centre market (c.75% of the total city centre stock). The vast majority of the city centre apartments built prior to the 2007/08 financial crisis were open market sale developments part funded through sales to buy-to-let investors (alongside sales to owner occupiers). Whilst most developments have one building management company in place, the multiple ownerships in these schemes has often led to fragmented lettings policies linked to multiple agents operating within the same development.

In recent years this market has begun to mature and this is reflected in a diverse pipeline of new schemes. This includes better-quality operators and institutional investors who have started to professionalise the residential-lettings market through the development of a number of innovative Build to Rent schemes.

The quality of management is increasing as the PRS product becomes increasingly segmented including:

- Build to Rent product in single ownership funded by institutional investment (including in-house single lettings and management company e.g. Cotton Field Wharf - Manchester Life);
- Purpose built market rent schemes delivered by Registered Providers (including in-house single lettings and management – e.g. One Manchester Leaf St);
• Serviced apartments targeted at students (including single lettings and management company primarily let to international students e.g. Vita Circle Square - Bruntwood / Select Property Group), and
• Short term rental accommodation (including serviced apartments, private short-lets and units managed to let through online short-term accommodation providers such as Airbnb e.g. London Warehouse – Capital & Centric).

Local perspective on the drivers of PRS growth in Manchester since 2000

This is covered in the responses above.

Local assessment of decency standards/stock condition/energy efficiency within the PRS

Manchester’s last Private Sector House Condition Survey was in 2006/07 and it found that 38% of PRS was 'Non Decent' compared with 31.6% of the owner-occupied stock. The city’s social housing stock is believed to be in a much better condition following significant investment to meet Decent Homes Standards.

Specific local policies in response to the growth of the private rented sector in Manchester

Landlord Licensing35 - Over the last 12-18 months Manchester has introduced Selective Licensing into specific areas of the city. Landlord Licensing is seen as an important tool in raising management and property standards and the Council is committed to extending licensing to other areas of the city over the next year. The first area of the city to be designated was part of Crumpsall ward (358 identified properties). The second pilot area, which is the largest, was designated on 2nd October 2017. This includes 1,200 private properties, in parts of Moss Side and Rusholme and there has been an encouraging early response with landlords completing applications as soon as they were notified of designation. The decision to designate areas in Moston (approx. 234 properties) and Old Moat (approx. 267 properties) is planned to take place early January 2018, with a further designation around the Ben Street area of Clayton (approx. 66 Properties) anticipated mid-2018. The total number of licensable properties in the city is now approximately 2,000. There has been a positive response from the majority of landlords in each of the areas with 99% of identified landlords in Crumpsall applying for a licence. In the remaining areas the application rate is currently 75% in Moss Side, 62% in Moston and 68% in Old Moat.

The Council’s Market Rental Strategy36 was approved in January 2015. The strategy describes the city’s approach to the growing importance and potential of the market rental sector to the city’s economy. One of the main themes of the strategy is to support the professionalisation of the Private Rented Sector and to focus enforcement resources on the worst conditions and landlords in the sector.

The Manchester Renting Pledge37 encourages landlords and tenants to sign up to a set of standards which is aimed at improving the private rented sector. The Council is committed to the promotion of the Rental Pledge to help landlords and tenants understand their responsibilities and standards in the private rental market. As of November 2017, there are 52 landlords and 11 tenants signed up to the pledge covering 21,788 properties across Manchester. The pledge will

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35 https://www.manchester.gov.uk/info/10084/information_for_private_landlords/7399/selective_licensing_renting_out_houses_in_designated_areas
37 https://secure.manchester.gov.uk/info/10084/private_landlords_information/6618/the_manchester_renting_pledge/2
continue to be promoted during the Selective Licensing designations. The Council is also reviewing web pages to improve usability across mobile devices.

Manchester has received £280k from the DCLG’s Controlling Migration Fund that will be used to target unscrupulous landlords that can take advantage of immigrants or people who have no status to remain in the UK.

This project follows a pilot project in 2016, which also successfully bid for DCLG funding, focused on sub-standard accommodation above shops as a key area of problem housing, largely in areas of deprivation. Through this programme, it became clear that rogue landlord activity together with information from officers working directly in the neighbourhoods, has the potential to uncover migrant issues. This new tranche of funding will allow the continuation of investigation work targeting properties of known rogue landlords that have been identified through previous and on-going compliance work.

Manchester has more than 9,000 flats above commercial premises and, although many will be in good condition, previous schemes have identified problems in some areas exacerbated by subletting and substandard accommodation provided as part of employment.

The Housing Compliance & Enforcement Team are also planning several proactive projects in 17/18 and 18/19, including:

- Engagement with landlord bodies such as the Residential Landlords Association (RLA), National Landlords Associations (NLA), Association of Residential Lettings Agents (ARLA), Association of Residential Managing Agents (ARMA), and working collaboratively with them, will assist the Council in raising standards through co-regulation and simple accreditation schemes. They will also be central in attempts to improve the lower end of the rented market and will assist with policy development and lobbying through joint responses to legislative and operational changes.

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38 https://secure.manchester.gov.uk/download/meetings/id/22497/7_rogue_landlords
3.8 Newcastle

Local estimate of the size and growth of the Private Rented Sector in Newcastle

Fig 3.10 shows that the PRS grew by 88% in Newcastle between 2001 and 2011, which is below the GB average of 106%.

Newcastle City Council estimates that there are around 26,400 private rented properties in the city, which is significantly above the 2011 Census figure of 22,300 households.

**Fig. 3.10: PRS growth in Newcastle**

| Population Growth, 2007-2017 (ONS MYE) | 8.9%  
+ 24,200 |
|---|---|
| Size of Private Rented Sector 2011 (Census) | 19.1% of all households  
22,318 households |
| Private Rented Sector Growth, 2001-2011 (Census) | 87.9%  
+ 10,421 households  
8.4 percentage point increase in tenure share:  
• 2001: 10.7% of all households  
• 2011: 19.1% of all households |
| Tenure split 2011 (Census) | Owner Occupied: 50%  
Social Rented: 30%  
Private Rented: 19% |
| Latest local estimate of the size of the Private Rented Sector | 26,400 PRS properties  
20% PRS tenure share |

Issues of concern with regards the PRS in Newcastle

The main issues of concern identified by Newcastle City Council include:
• Housing conditions and management standards;
• rapid increase in purpose built student accommodation;
• increasing unwillingness to take on vulnerable and benefit tenants;
• use of properties in areas of deprivation for modern day slavery and exploitation, and
• how properties are occupied through the COMPASS asylum contract.

Local knowledge of wards/neighbourhoods with a large concentration of PRS properties and the subsequent impact

Newcastle has 6 wards with a high concentration of PRS properties that account for over 40% of the housing stock: Monument (59.4%); Ouseburn (54.6%); North Jesmond (49.2%); South Jesmond (47.3%); Arthur’s Hill (43.5%), and Heaton (40.9%).
The issues caused by such high concentrations include:
- High levels of Housing complaints;
- Noise;
- Crime;
- ASB;
- Litter;
- Poor housing conditions, and
- High turnover of residents.

Local perspective on the drivers of PRS growth in Newcastle since 2000

Newcastle has seen a rapid growth of purpose built student accommodation which has resulted in a reduction in demand for traditional shared house accommodation (evidenced within the Council’s Sustainable Communities SPD).

The city is now seeing investment in new blocks of private rented properties targeting the higher end of the rented market.

There continues to be a move away from landlords wanting to take on tenants on benefits with the continued issues with Universal Credit.

Local assessment of decency standards/stock condition/energy efficiency within the PRS

23.8% of properties have EPC of E or less (BRE modelling 2013).

18% of properties were built before 1914 and 41% before 1945 (Stock Condition Survey, 2010).

Specific local policies in response to the growth of the private rented sector in Newcastle

Landlord Licensing\textsuperscript{39} - Two schemes are in operation:
- Greater High Cross, west end of city (324 properties, 94 license holders), and
- Byker in the east end of the city (517 properties, 236 license holders).

Article 4 direction\textsuperscript{40} – restricting growth of HMOs

Article 7 direction – banning the display of letting boards in student areas of the city.

Sustainable Communities SPD\textsuperscript{41} – provides planning guidance for new purpose built private rented blocks.

\textsuperscript{39} https://www.newcastle.gov.uk/housing/private-housing/ selective-licensing
\textsuperscript{40} https://www.newcastle.gov.uk/planning-and-buildings/planning- and-development/planning-guidance/article-4-direction-information
\textsuperscript{41} https://www.newcastle.gov.uk/planning-and-buildings/planning-policy/supplementary-planning-documents/maintaining-sustainable- communities-spd-0
3.9 Nottingham

Local estimate of the size and growth of the Private Rented Sector in Nottingham

Fig 3.11 shows that the PRS grew by 91% in Nottingham between 2001 and 2011, which is below the GB average of 106%.

Nottingham City council commissioned the BRE to carry out a stock survey in 2016 and this study provided the following estimated tenure split:

- Owner occupied 42%;
- Social rented 26%, and
- Private rented 32%.

Fig. 3.11: PRS growth in Nottingham

<table>
<thead>
<tr>
<th>Population Growth, 2007-2017 (ONS MYE)</th>
<th>14.2%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+ 41,000</td>
</tr>
<tr>
<td>Size of Private Rented Sector 2011 (Census)</td>
<td>23.1% of all households</td>
</tr>
<tr>
<td></td>
<td>29,098 households</td>
</tr>
<tr>
<td>Private Rented Sector Growth, 2001-2011 (Census)</td>
<td>91.4%</td>
</tr>
<tr>
<td></td>
<td>+ 13,897 households</td>
</tr>
<tr>
<td></td>
<td>10.0 percentage point increase in tenure share</td>
</tr>
<tr>
<td></td>
<td>• 2001: 13.1% of all households</td>
</tr>
<tr>
<td></td>
<td>• 2011: 23.1% of all households</td>
</tr>
<tr>
<td>Tenure split 2011 (Census)</td>
<td>Owner Occupied: 45%</td>
</tr>
<tr>
<td></td>
<td>Social Rented: 30%</td>
</tr>
<tr>
<td></td>
<td>Private Rented: 23%</td>
</tr>
<tr>
<td>Latest local estimate of the size of the Private Rented Sector</td>
<td>32% PRS tenure share</td>
</tr>
</tbody>
</table>

Issues of concern with regards the PRS in Nottingham

The key issues are essentially around quality and standards.

Nottingham’s selective licensing scheme was recently approved by MHCLG on the grounds of poor property conditions and deprivation. The case for the scheme also highlighted issues around ASB/crime, and although MHCLG did not fully agree with this ground (it was not met in all areas in the designation), the council firmly believe this is a serious issue in the PRS.

The Council also believe that there are specific serious criminal activities linked to the PRS in some parts of the city, such as prostitution and modern slavery.

There remains an issue re high concentrations of student HMOs in some areas, although the tide has definitely been stemmed through the Article 4 Direction (A4D) which came into force in 2012,
and through the encouragement and delivery of large amounts of purpose built student accommodation. This policy continues to be pursued and minimal vacancy levels in purpose built student accommodation (PBSA) suggests that there is scope for further expansion and the release of more family housing back to traditional use.

The City is keen to see more build for rent as a high quality, attractive tenure for professionals, and there are schemes coming through now, including one which is being developed by the market rent arm of the council’s ALMO, Nottingham City Homes.

There is also considered to be a need to improve tenant engagement and to empower tenants as drivers of improvement in the market.

**Local knowledge of wards/neighbourhoods with a large concentration of PRS properties and the subsequent impact**

Nottingham’s Private Sector Housing Stock Survey 2016 shows that:

- PRS properties account for over 40% of the tenure mix in over a quarter (28%) of Nottingham’s local neighbourhoods (282 of 992 Census Output Areas), and
- in 9% of local neighbourhoods, the PRS accounts for over 81% of the tenure mix (89 Census Output Areas).

The areas with the highest concentrations of PRS properties are found in the inner city parts of Nottingham, with the key wards being; Bridge, Dales, Berridge, Mapperley Radford and Park, Dunkirk and Lenton (these last two having the biggest concentration of student HMOs).

The impact of high concentrations of student HMOs on the two wards of Dunkirk & Lenton and Radford & Park has been alluded to above. These are: decline in the local community infrastructure to support family households, higher levels of ASB, problems with litter etc. However, it would be fair to say that the Council has made significant progress in this area through the A4D, Additional and Mandatory Licensing, Community Protection Officer focus etc.

The areas of high PRS concentrations coincide with some of Nottingham’s highest levels of deprivation and housing disrepair.

**Local perspective on the drivers of PRS growth in Nottingham since 2000**

Clearly there are a number of factors we can reasonably guess at but don’t necessarily have the data and/or evidence to prove them. These drivers include:

- Lack of affordable ownership options and issues with accessing ownership, e.g. low wages;
- High level of city centre apartment building and conversions in pre-crash early-mid 2000’s which attracted buy to let investors, although most developments were primarily for market sale rather than PRS;
- Growth of PBSA, which when not owned by the academic institutions will be classed as PRS;
- Until 2012, growth of the student HMO market, and
- Ample availability of cheap homes for landlords to buy for, in particular, the LHA market – especially former RTBs.
Nottingham’s 2016 stock survey provides the following headline findings:

- 19,413 dwellings in the private sector have category 1 Housing Health and Safety Rating System (HHSRS) hazards. This equates to 19% of properties;
- 9,307 dwellings in the private rented sector have category 1 HHSRS hazards. This equates to 21% of properties in the private rented sector;
- The total cost of mitigating category 1 hazards in Nottingham’s private sector stock is estimated to be £44.3 million;
- The BRE HMO model estimates 12,372 HMOs across the city;
- The average SimpleSAP rating for all private sector dwellings in Nottingham is 59, which is better than both England (57) and East Midlands (56). For owner occupied stock the figure is 58 and for private rented stock it is 60, and
- 5.9% (5,881) of private sector dwellings and 6.6% (2,880) of private rented dwellings in Nottingham are estimated to have an Energy Performance Certificate rating below band E.

Specific local policies in response to the growth of the private rented sector in Nottingham

**Landlord Licensing:**

- Additional licensing – 2014 until January 2019 (currently going through implementation for a second scheme from Jan 2019). Incorporates parts of the wards of Arboretum, Radford and Park, Dunkirk and Lenton, Bridge, Dales, Wollaton East and Lenton Abbey, Berridge, Sherwood, St Ann’s, Mapperley. Covers approx. 3,000 HMOs, and
- Selective Licensing – Started August 1. Covers most of the city (32,000 properties) but is not a citywide scheme, it mainly excludes areas with high levels of social housing.

Nottingham has a further raft of policies and initiatives that address PRS issues:

- **Article 4 Direction** – preventing the flow of family homes into the student HMO market;
- **Article 7 Direction** on the control of lettings boards;
- **Accreditation**: two schemes operating in the city: Unipol for student homes and DASH (decent and safe homes) for the mainstream PRS. The two schemes are united under the umbrella of the “Nottingham Standard”, which the Council set up in 2013;
- **Rogue Landlord Programmes – two government funded initiatives**;
- Support for the growth of purpose built student accommodation;
- Encouragement of build to rent with institutional investment on some key sites;
- The rent arm of the Council’s ALMO acquires and builds PRS homes;
- Use of the PRS as the principal means of relief within the Homelessness Reduction Act and as a longer term housing solution. Delivered through Nottingham Private Rented Assistance Scheme (NPRAS) – a PRS bond scheme, which has been expanded to further develop the PRS as a homelessness solution, but also to intervene to prevent homelessness in the PRS where possible, and
- **Nottingham Together** – a programme of support for migrant communities funded via the Government’s Controlling Migration fund.

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42 [http://www.nottinghaminsight.org.uk/f/183870]

43 The Standard Assessment Procedure (SAP) is the UK government’s recommended method system for measuring the energy rating of residential dwellings

44 [https://www.nottinghamcity.gov.uk/housing/landlords-guide-to-licensing-your-rented-properties/additional-licensing-for-hmos/]

45 [https://www.nottinghamcity.gov.uk/housing/landlords-guide-to-licensing-your-rented-properties/selective-licensing/]

46 [https://www.nottinghamcity.gov.uk/housing/private-sector-housing/the-nottingham-standard-for-landlord-accreditation/]

47 [https://www.nottinghamcity.gov.uk/housing/private-sector-housing/nottingham-private-rented-assistance-scheme-npras/]
3.10 Sheffield

Local estimate of the size and growth of the Private Rented Sector in Sheffield

Fig 3.12 shows that the PRS grew by 115% in Sheffield between 2001 and 2011, which is above the GB average of 106%.

Fig. 3.12: PRS growth in Sheffield

| Population Growth, 2007-2017 (ONS MYE) | 9.0% + 47,900 |
| Size of Private Rented Sector 2011 (Census) | 15.6% of all households 35,760 households |
| Private Rented Sector Growth, 2001-2011 (Census) | 115.3% + 19,152 households |
| 8.0 percentage point increase in tenure share |
| • 2001: 7.6% of all households |
| • 2011: 15.6% of all households |
| Tenure split 2011 (Census) | Owner Occupied: 58% Social Rented: 25% Private Rented: 16% |
| Latest local estimate of the size of the Private Rented Sector | 21% PRS tenure share |

Issues of concern with regards the PRS in Sheffield

Growth in private rents – The average rent in the city is currently £605 compared to £338 for council housing. Only 1 in 10 properties advertised on Rightmove in 2017/18 were within LHA levels, which means that it’s difficult for households on low incomes to find affordable properties in this tenure, which increases the pressure on the social rented sector.

Larger properties are also very expensive (around £1,000 per month) and households that need this accommodation either have to pay a premium or live in cheaper, often poorer quality property.

Landlords are increasingly unwilling to take on LHA tenants and this is expected to increase further once Universal Credit is fully introduced.

Limited type – In certain areas the private rented sector is dominated by particular types of properties e.g. flats/apartments in the city centre and terrace housing in the east. This limits the options available to potential tenants and restricts the mix of properties in the area.

Cohesion – High concentrations of private rented homes exist in the city centre, adjacent areas and in the east of the city. These concentrations can sometimes affect community cohesion due
to the nature of the short tenancies and the limited housing types on offer. Some properties in these areas can be of a poor quality and overcrowded.

*Condition of the stock* – The PRS has a larger proportion of category one hazards that can pose a risk to health. The majority of hazards are related to falls often associated with steep stairs in older terrace properties, and the risk from this hazard is often compounded when tenants are disabled or older and have reduced mobility.

*Rogue landlords* – The majority of landlords in the city are responsible and their properties are well managed but we have concerns about a small minority of landlords that do not meet their obligations or let properties of a poor standard. The Council is working intensely in some neighbourhoods to address issues of poor housing management and is increasingly becoming aware of safety issues relating to residential accommodation above business premises.

*Rapid growth of purpose built student accommodation* – with concentrations in the city centre, there is concern that there is an oversupply and that the older stock will be more difficult to let and become vacant. High quality sustainable homes that meet student needs are welcomed, but planning policy will encourage good quality new student developments with flexible layouts that can easily be converted for use by other types of households.

**Local assessment of decency standards/stock condition/energy efficiency within the PRS**

Sheffield City Council’s 2015 report from BRE highlighted the following issues relating to the condition of the private rented stock:

- A total of 10,801 (28%) private rented sector properties in Sheffield have at least one category 1 hazard;
- The most common hazards are falls (8,090) and excess cold (1806);
- 28% of private rented households are in fuel poverty due to a combination of low incomes, high fuel prices and homes which are expensive to heat and run;
- The total cost of mitigating category 1 hazards in Sheffield’s private rented sector is an estimated £20.4 million;
- The average Simple SAP rating for the stock is 56. 10% of private rented properties are estimated to have an EPC rating below E;
- The LAHS estimates that there are 10,750 HMO’s in the city and 1,800 are licensable, and
- The hazards are not only located in older or low value properties; the highest concentrations of homes with Excess Cold hazards are found in both Sheffield’s most affluent and most deprived wards, and are not necessarily in neighbourhoods with older properties.

**Local knowledge of wards/neighbourhoods with a large concentration of PRS properties and the subsequent impact**

Sheffield has been split into 13 Housing Market Areas for the analysis of the housing demand and supply.

The largest concentration of private rented accommodation is in the City Centre (58% of stock), which is mostly apartments and purpose built student accommodation (PBSA) catering for young professional and students. However, the evidence suggests that the city centre rented apartment
market isn’t catering for the families and older households who have expressed a desire to live there or in neighbourhoods close by.

The City Centre West (36%) has the second largest concentration as it is near the university campus and mainly includes PBSA and HMO terrace houses. There is also accommodation above commercial premises.

19% of the stock in the East HMA is private rented. These homes provide accessible, but often poor quality homes for migrating communities in the city.

Some parts of the city have a shortage of homes for private rent, especially in Stocksbridge and to the south east, where demand is high from young couples and families.

Local perspective on the drivers of PRS growth in Sheffield since 2000

There are a number of reasons for PRS growth in Sheffield which are similar to those in other cities:

- Affordability of owner occupation - the increasing difficulty in accessing mortgages and the sizeable deposits that were required especially for first time buyers;
- Lack of social rented sector housing in some parts of the city, especially the east;
- Introduction of BTL mortgages taken up by investors and opportunist landlords;
- People choosing to rent because they couldn’t access the housing market, sell their existing property or because of the flexibility it offers;
- Expansion of PBSA - As a university city, we accommodate over 60,000 students each year, many of them in purpose-built accommodation and in more traditional suburban homes. These private rented homes offer the flexibility of tenure typically preferred by students and new student provision helps to keep other housing available for Sheffield’s more settled community;
- Growth of city centre living in flats and apartments, and
- It is likely that Sheffield’s private rented sector has continued to grow since the 2011 and we estimate that it makes up around fifth of the city’s stock.

We expect that demand in the private rented tenure will remain strong, buoyed by Sheffield’s teaching hospitals and universities where accessible, time limited accommodation suit particular needs. Demand will also continue to be driven by younger households as house prices rise out of their reach, and as demand for social housing continues to exceed supply.

Specific local policies in response to the growth of the private rented sector in Sheffield

A new Intervention & Enforcement Policy 2018 has been agreed, which details how the Council will regulate the private rented sector, including the use of Civil Penalties. The aim of the policy is to ensure that private rented housing is safe and well managed.

A Selective Licensing Area was declared in an area to the east of the city (300 homes), where low demand had led to increasing levels of private renting to predominately eastern European migrants with a consequent rise in issues of community cohesion.

Targeted proactive area-based enforcement action has been undertaken in a number of predominately older terrace housing areas to the east of the city. Similar targeted action was also
taken in an area close to the city centre where there was a high concentration of private rented accommodation above commercial premises and as a result of the conditions found, a Selective Licensing Area has just been declared, which covers 680 homes.

A Quality Assurance Scheme for Student Housing (Snug) has been developed in partnership with the city’s two universities. The scheme currently involves approximately 200 landlords and 1,000 properties of varying size providing 17,000 bed spaces, which are Snug approved.

Article 4 Direction is being used to control HMO densities to the west of the city centre.

A Strategic Housing Market Assessment is being developed jointly with Rotherham. As part of this, Sheffield has commissioned some bespoke research into the PRS and the student market:

- **PRS research** – This will be a qualitative piece of work with estate agents, lettings agents and landlord organisations looking into the motivation for investment (capital gains vs rental incomes), where the supply is coming from, and if PRS is meeting the needs of households not able to access other tenures, and

- **Student market research** – A survey of students to identify their current housing situations, future moving intentions, appetite for formal halls and clusters versus studios, and the origin and academic year of students. As well as qualitative interviews with agents on the changes in the market.

Housing Strategy 2013-23 – Sheffield’s ten year housing strategy contains a commitment to make the best use of the existing stock in the city. The strategy sets out how the Council will advise and assist private rented landlords and tenants, and tackle bad housing conditions and poor management. The council is currently looking to undertake a mid-year review of this strategy and to develop a specific Private Sector Housing Strategy.