



Read online or download at:
www.ippr.org/publications/sign-on-the-dotted-line

REPORT SUMMARY

The private rented sector has grown substantially over the past two decades. It is now home to 20 per cent of households (4.7 million). Many more people now expect to live in the private rented sector for longer; this includes 1.7 million households containing nearly 3 million children. Many of those children will grow up, go to school and transition into adulthood in homes rented from private landlords.

Yet the rules and regulations which underpin the private rented sector have not kept pace with this growth. This means that tenants face unaffordability, poor conditions, a lack of tenure security and limited control over the place they call home. Meanwhile, cuts to benefits and welfare reform, a slow court system and a lack of strategic policy mean that the structural foundations which are essential for a thriving sector are being eroded.

In this report we set out a programme of radical but necessary reform to the private rented sector which

would address these challenges. The broken market for private renting causes hardship for many, including by contributing to the suffering of households in poverty. We propose measures which will seek to offer a new deal for tenants and landlords, and which will offer relief to the hardships faced by many households, including those in poverty, through a reformed private renting sector that works well for all. In doing so, we have drawn on in-depth conversations with tenants and landlords across England. Through these we have sought to understand the lived experience of those in private renting and how they want it to change, testing with them ideas for reform.

Polling commissioned by IPPR through Sky Data as part of our research reveals significant public support for reform of the sector. As renters, and those concerned about the sector and its impacts, grow as a political force it is clear that the programme of reform we present here would not just ensure that the sector was more just: it would be hugely popular with tenants and the wider public, too.

KEY FINDINGS

- The private rented sector has grown considerably in recent years, housing 4.7 million households (20 per cent) in 2016/17, up from 2 million (10 per cent) in 1996/97.
- The types of households renting from private landlords has changed. The number of households with dependent children living in the private sector grew from 461,112 in 1996/97 to 1.7 million in 2016/17.
- The private rented sector is insecure. Around one in 10 tenancies which come to an end do so as a landlord has terminated them, typically through a no-fault eviction. Tenancies ended by landlords were the biggest cause of homelessness acceptances in England in 2017, accounting for 28 per cent (16,320) of all local authority homelessness acceptances.
- Private rents are unaffordable for many. In 62 per cent of local authorities the median private rent would be unaffordable to those on low incomes and in 52 per cent to those on middle incomes.
- A higher proportion of private rented homes are of poor quality compared to other tenures, with 27 per cent of homes failing to meet the decent homes standard.
- Welfare reforms have created challenges for both tenants and landlords. Since 2011, 1.9 million households have seen a reduction in the level of local housing they receive with impacts on rent arrears. Survey evidence suggests that around half of all landlords with tenants in receipt of universal credit have experienced rent arrears.
- The court system is working for neither tenants nor landlords. Delays in the court system mean that landlords must often wait a long time to gain possession of a property, which can mean mounting rent arrears. While, legal aid reforms limit access to justice for tenants, with housing cases dropping by half following reforms. What is more, reforms have created legal aid deserts, with 1 million people living in areas with no access to housing advice.
- The private rented sector is also having an impact on the wider housing market, increasing house prices, hampering first time buyers and worsening wealth inequality.
- Polling commissioned by IPPR from Sky Data found that most people believe the current system of private renting is unfair to tenants, providing them with neither a stable nor an affordable home. The poll found that 53 per cent of people believe the way private renting works is 'very' or 'fairly' unfair for tenants, while just 19 per cent regard it as fair. What is more, 72 per cent of people think that the government should be doing more to improve and regulate the private rented sector for the benefit of tenants (ibid).

RECOMMENDATIONS

Improving the affordability of private rented housing for those on low incomes

1. Government should reform universal credit so that it better supports renters.
 - 1.1. Government should end the freeze of LHA, re-assessing it so that it is set according to the 30th percentile of local rents, as per its design, and then up-rating it in line with increases to local rents in subsequent years.
 - 1.2. Government should lower the upper age limit for claiming the shared accommodation rate of the housing costs element of universal credit from 35 back to 25.
 - 1.3. Tenants should be able to choose to have the housing costs element of universal credit paid directly to their landlord.
2. Private landlords, letting agents and mortgage lenders should be prevented from banning tenants in receipt of social security benefits from renting out their properties.

Improving the quality of private rented housing stock

3. Government should establish a national landlord register, and in doing so bring together existing bodies to create a Tenancy Management Service (TMS).
4. Government should introduce a 'property MOT' for private rented property run by local authorities and acting as a mandatory criteria for landlord registration.

Improving security for tenants

5. Government should introduce a mandatory open-ended tenancy, ending section 21 (no-fault eviction), removing selling a property as a ground for eviction in the first three years of a contract and limiting rent increases to once a year, capping them in line with the consumer price index.

Increasing the control tenants have over their homes

6. Government should prevent landlords from banning tenants from undertaking reasonable decoration.
7. Government should prevent landlords from banning tenants from having pets by default.

Reforming the legal process to ensure it works swiftly while increasing access to justice for tenants

8. Government should establish a specialist housing court.
9. Government should establish a mediation service.
10. Government should widen access to legal aid and make it available for cases in the housing court.

Reforming the tax system that relates to private landlords to ensure that it promotes socially responsible landlordism, a long-term, high quality and stable rented sector and challenges wealth inequality

11. Government should launch a review of all taxation relating to private landlords.

Giving local authorities the tools to buy up private rented homes, using them to meet local needs

12. Local authorities should purchase private rented properties to address local housing need.



The progressive policy think tank

Citation: Baxter D and Murphy L (2019) *Sign on the dotted line? A new rental contract*, IPPR. www.ippr.org/publications/sign-on-the-dotted-line

Permission to share: This document is published under a creative commons licence: Attribution-NonCommercial-NoDerivs 2.0 UK <http://creativecommons.org/licenses/by-nc-nd/2.0/uk/>

Institute for Public Policy Research

IPPR, 14 Buckingham Street, London WC2N 6DF | www.IPPR.org | [@IPPR](https://twitter.com/IPPR)

