

Homelessness and the Private Rented Sector Research

Housing

15 November 2016

Homelessness and the Private Rented Sector in Richmond upon Thames

1. Aims

- 1.1 The Council has a statutory duty to prevent homelessness. It also has duties to house households where it has accepted a homeless duty. As a result of the Localism Act, the Council is able to discharge its homelessness duty into the private rented sector where it is reasonable and appropriate to do so. The Council therefore has a strategic focus on both preventing homelessness from the private rented sector and increasing the supply of private rented accommodation available for homeless households.
- 1.2 However, in 2010, termination of Assured Shorthold Tenancies (AST) in the private rented sector was second highest accepted reason for homelessness, and since 2010 has been the key reason for homelessness in Richmond upon Thames.
- 1.3 Therefore, this research aims to understand the reasons why private sector landlords are ending tenancies, so that the Council can give due consideration on developing an appropriate response. The project reviews the private rented market generally, and it then focuses on the distinct 'sub market' of landlords who let properties to low income households reliant on Housing Benefit, known as Local Housing Allowance (LHA) in the private rented sector (PRS). It is tenants in this sector who may be required to leave by a landlord who are less able to do so e.g. do not have the money to access another PRS property.

2. Methodology

- 2.1 The research methodology included reviewing appropriate literature, an analysis of P1E Data returns on homelessness acceptances, a review of homelessness case files from households accepted as homeless due to the ending of an AST and a survey of private landlords (online and written questionnaire response) to elicit their views on why they were ending ASTs.

3. Context

- 3.1 Nationally private renting has become increasingly important as more households make their home in the private rented sector. This is due to a number of reasons including lack of affordability of owner occupation, more limited mortgage finance and limited access to the social housing sector.

- 3.2 A tenancy started after 1996 will by default be an Assured Shorthold Tenancy (AST). This tenancy is for a minimum period of six months and is commonly for a period of six months to a year. An AST can be ended after the minimum period by serving a Section 21 Notice. This provides two months written notice after which a landlord can take accelerated possession proceedings to get the property back. If the notice has been served correctly and the minimum tenancy period has expired there is no legal defence to any court proceedings. AST's are the most common form of tenancy in the private rented sector.
- 3.3 In 2003 11% of households nationally rented privately and this increased to 19% of households by 2013/14ⁱ. The proportion of households with dependent children (either couples or lone parents) has also increased making up 23% of all private rented sector (PRS) households in 2003/04 and 35% of PRS households in 2013/14ⁱⁱ.
- 3.4 Nationally the private rented sector now contains a third of all people living in poverty and in the last decade an additional 1.4 million people living in a working but poor household now reside in the private rented sectorⁱⁱⁱ.
- 3.5 The 2011 Census found that 24.9% of households in Greater London rented privately. In Richmond upon Thames this figure was 21.5%^{iv}.
- 3.6 Richmond upon Thames has some of the highest average monthly rents in Greater London, ranked fifth at £2021 with higher rents seen only in Kensington and Chelsea, Westminster, Camden and the City of London^v. The private rented sector largely caters for young professionals and corporate lets. A more detailed review of the private rented sector in Richmond upon Thames by University of Cambridge is available [here](#).
- 3.7 Alongside a private rental market that charges some of the highest rents in the Capital the Borough has the highest house prices in Outer London and the average property price for a two bedroom flat is £465,631. This increases to an average of £640,600 in South Richmond and £782,375 in Barnes. House prices are important as it may act as a driver for landlords to sell their property, releasing their capital.
- 3.8 From April 2011 as part of national welfare reforms LHA levels were set at the 30th percentile of market rents rather than the 50th percentile. This meant that from this date theoretically only 3 in 10 properties in an area were affordable to benefit claimants rather than 5 in 10. In reality across many areas LHA levels do not keep up with the changing pace of private rents in high demand areas. A review by University of Cambridge locally reviewing over 8500 private rental property adverts over a year period (May 2011 – May 2012) found that only 11.8% of one bedroom, 7.4% of two bedroom, 5.7% of three bedroom and 1.7% of four bedroom or more adverts were at LHA levels^{vi}.
- 3.9 The market for low income households (many of whom are in employment) but reliant on Housing Benefit (LHA) in Richmond upon Thames is smaller than in many other South West London boroughs, with an estimated 16% of private renters

claiming Housing Benefit. This compares to nearly 53% in Croydon. (Some caution is required in interpreting this data as 2011 Census figures have been used against 2015 LHA data).

Estimating the proportion of Private Rented Sector Households reliant on Welfare Benefits in South West London Local Authorities

Local Authority	PRS Households (2011)	Number of HB claimants in PRS (May 15')	Percentage of PRS households claiming HB
Croydon	30,472	16,097	53 %
Kingston	14,312	3,820	27 %
Lambeth	38,133	7,241	19 %
Merton	19,503	6,986	36 %
Richmond	17,440	2,874	16 %
Sutton	12,429	4,912	40 %
Wandsworth	41,317	7,222	17 %

Source; GLA Datastore, Census 2011
% rounded up or down to nearest %

- 3.10 Currently 56% of LHA claimants in Richmond upon Thames are in work. Since April 2011 there has been a 48.59% increase in LHA claimants in the Borough who are in work and a 14.88% decrease from claimants on out of work benefits^{vii}.
- 3.11 The Government in the summer budget (2015) has announced further welfare reforms in order to reduce the national budgetary deficit. This includes a freeze on LHA rates for four years from 2016/17. The risk is that rent levels will continue to outpace LHA levels making finding a property for a household reliant on benefits more challenging to find.

4. The Council's interaction with the private rented sector

- 4.1 The Council interacts with the private rented sector in a number of ways. These include;

Area	Issue
Housing Services (Residential Team)	<ul style="list-style-type: none"> • Statutory duties around house conditions, Housing Health and Safety Rating system. • Licensing of Houses in Multiple Occupation (HMO) • Empty Homes scheme • Home improvement and energy efficiency grants and Discounts e.g. coldbuster grants • Good standards, education role – landlords and tenants

Housing Services (Temporary Accommodation)	<ul style="list-style-type: none"> • Sourcing short term leased property (STLs) • Operating Rent Deposit scheme • Sourcing PRSO properties for accepted homeless households.
Housing Services (Housing Options)	<ul style="list-style-type: none"> • Providing housing advice on security of tenure, landlord and tenant legislation • Homeless applications from private rented tenants • Statutory duties around unlawful evictions, under Protection from Eviction Act 1977 • Homelessness prevention activity
Housing Services (Resettlement)	<ul style="list-style-type: none"> • Support vulnerable households in temporary accommodation & for a period of time when settling into permanent accommodation • 'Moving Matters' drop in service – advice, support and signposting service – lower level of support than full resettlement service (utilities, grants, housing benefit or signpost to furniture scheme).
Corporate Partnership & Policy	<ul style="list-style-type: none"> • Strategic housing function, including research.
Housing Benefit	<ul style="list-style-type: none"> • Administer Housing Benefit scheme locally on behalf of Department for Work and Pensions (DWP) • Run Discretionary Housing Payment scheme (DHP) • Local Assistance Scheme (LAS)
Grants	<ul style="list-style-type: none"> • Council commissions third sector partners to provide housing and welfare advice to residents, including PRS tenants.

5. Homelessness Acceptances from the Private Rented Sector – A review of P1E Returns

- 5.1 Nationally, since 2010 the number of people accepted by local authorities owed a main homelessness duty as a result of the end of their AST tenancy has continually increased each year since 2009, and since 2012/13 has been the primary reason for accepted cases of homelessness^{viii}.
- 5.2 In Richmond upon Thames homelessness from the private rented sector as a result of ending of an AST tenancy has increased from 21% of acceptances in 2010/11 to 41% of acceptances in 2014/15.

Richmond upon Thames – End of AST as reason for homelessness 2014/15

Year	Total number of households accepted as homeless	End of AST reason for homelessness	Percentage of Total (AST)
2010/11	160	34	21%
2011/12	255	65	25%
2012/13	357	93	26%
2013/14	279	93	33%
2014/15	232	96	41%

Source; P1E Returns 2014/15

- 5.3 Ending of an AST is also the main reason for homelessness in the majority of Boroughs in London. The Council currently works in partnership with other Local Authorities in the South West London Housing Partnership (although this has very recently been superseded by the South London Partnership). A review of data for these SWLHP Boroughs highlights the end of an AST accounts for between 27% and 53% of all homeless acceptances.
- 5.4 P1E data highlights the fact that across South West London the ending of Assured Shorthold Tenancies is the number one reason for homeless acceptances.

South West London Boroughs – End of AST as reason for homelessness 2014/15

Local Authority	Total number of households accepted as homeless 2014/15	End of AST reason for homelessness	Percentage of Total (AST)
Croydon	880	337	38%
Kingston	222	74	33%
Lambeth	504	196	39%
Merton	132	70	53%
Richmond	232	96	41%
Sutton	277	75	27%
Wandsworth	787	347	44%

Source; P1E Returns 2014/15

6. Tenant's perspectives - a review of case files – reasons for ending AST's

- 6.1 The case files of homeless clients to whom the council accepted a duty to re-house, (where the reason for homelessness from their last settled accommodation was the ending of an Assured Shorthold Tenancy) were examined. This included all cases from January 2010 to March 2015, in order to establish the reasons given for serving a section 21 notice. The benefit of a case file review is that tenant perspectives

have been corroborated by Council housing options officers as part of their homelessness application.

- 6.2 The reasons for serving a section 21 notice are complex and often hard to categorize into one category, as many factors contribute to the serving of a notice. Therefore, when analysing the case files of those cases accepted as homeless due to the ending of an AST, where multiple reasons were given for the serving of a section 21 notice, they were all recorded. Sometimes the client and the Landlord's views diverged and both were recorded. Similarly, not all case files explained why the notice was served, and some cases provided reasons for multiple tenancies. For these reasons, the raw numerical data is provided, instead of percentages, as it would be inaccurate to say that "x% of cases reported claimed the section 21 notice was served for y reason."

Sale of property

- 6.3 The most common reason for serving a section 21 notice was because the Landlord wished to sell the property. This is unsurprising given the high property values in the borough, which have continued to rise since 2010.

Affordability

- 6.4 The property becoming unaffordable for the tenant was the second highest reason given for serving a section 21 notice. In some instances this was a pre-emptive action by the Landlord who intended to raise the rent and knew the tenants would not be able to afford this. Looking at the cases where affordability was the reason for eviction, 16 reported that the property became unaffordable because of rent increases. In one case the rent was increased by 20%, and by 25% in another. In another case, the rent was to be increased by 27%, taking it £400 over the Local Housing Allowance level for that area.

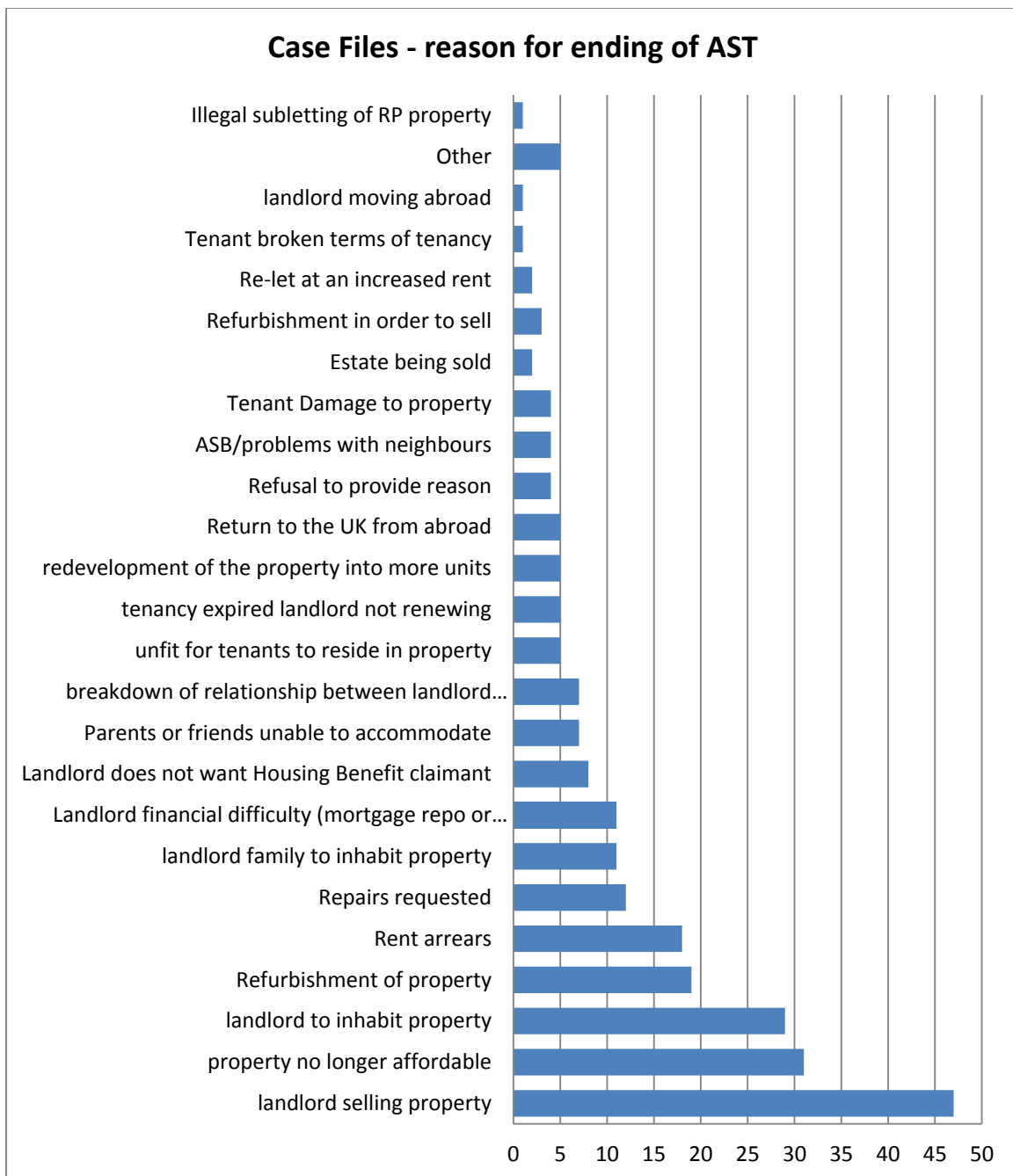
- 6.5 Changes in the tenant's circumstances also made properties unaffordable. Relationship breakdown, other tenants or family leaving the property, and redundancy often meant that the rent was no longer affordable, with the Housing Benefit Cap compounding this situation. Furthermore, pregnancy reduced some clients' income, and in some instance the clients were only entitled to a small Housing Benefit payment as their partner was in employment. Reductions in Local Housing Allowance (rates reduced from the 50th to the 30th percentile of market rents) were also cited as the reason for the property no longer being affordable.

Rent Arrears

- 6.6 Inextricably linked to the issue of 'affordability', is rent arrears. Whilst not all clients who were evicted due to rent arrears were unable to afford the property, 6 out of eighteen cases directly reported falling into rent arrears because they could not afford the property. Two cases accrued rent arrears as a result of losing employment, and a further two cases because of an increase in the rent. Another client accumulated rent arrears because of a shortage in Housing Benefit, and similarly a client amassed arrears as their Housing Benefit was suspended and re-calculated due to a change in income.

Repairs requested and refurbishment

6.7 12 cases reported that after requesting repairs, they were served with a section 21 notice. In some cases this was because the landlord required a vacant property in order to carry out the works. Of the 12 cases where there were repair issues, the Environmental Health Team were involved in 9 cases, and in some cases, the involvement of an external organisation led to the breakdown of the tenant and landlord relationship as the landlord were displeased that Environmental Health had been contacted. In three cases, it was stated that the property needed to be empty to enable works to be carried out to rectify the disrepair. In a further 19 cases, the Landlord served notice because they wished to refurbish the property, but made no



Source; LB Richmond upon Thames case files

mention of poor condition or disrepair issues. A further 3 cases being served a section 21 notice as the landlord specifically intended to refurbish the property before selling it.

Property condition issues and tenant's wellbeing

- 6.8 Whilst only a small proportion of cases fall into this category, this covers cases where, whilst the reasons may be different, they are united by the common theme that there are concerns for the welfare of the tenants if they continued to reside, and as such, it is unfit for the tenant to remain there. For example, there were flights of steep stairs leading to the property and as the tenants were expecting a baby, the Landlord was concerned that once the baby had arrived it would be unsafe for the tenants to access the property. In another case, the tenant was considered to be too elderly to continue living at the property and his health was deteriorating. Similarly, professionals believed that it would be inappropriate for a tenant to continue to live in their private rented sector accommodation due to their mental health.

Health

- 6.9 In at least 10% of the cases examined, both the tenant and landlord was experiencing mental or physical health issues. In four of these cases, whilst it is not the stated reason for eviction, it is reasonable to assume that their mental health issues were a contributing factor. For example, a family was evicted due to anti-social behaviour but one of the dependents has Special Education Needs, and another tenant was evicted due to problems with their neighbours, with professionals arguing that it was inappropriate for the tenant to continue to reside at the property. In another case, the client has a history of addiction and fell into arrears. They also had a vulnerable dependent to care for. Another client had Mental Health issues, and the Landlord was subsidizing the shortfall in their rent but could no longer afford to do so.
- 6.10 In other cases, the clients Mental Health issues do not appear to have impacted upon the ending of their tenancy, as the Landlord intended to sell the property, required it for their own use, needed to repair the property or it was repossessed. Similarly, in other cases, the physical health of the tenants was not a factor in their eviction, but it increased their vulnerability. For example, in two cases, the client's dependant was suffering from ill health, but the Landlord evicted them as they wanted to increase the rent, and because they wanted to sell the property.
- 6.11 In some cases, it was the Landlord's or their family's health that was deteriorating and they required the property for their own use or to fund treatment. In another case, the Landlord experienced mental health problems and the breakdown in his relationship with the tenant was not beneficial to his health.

7. Wider literature review - Tenant's perspectives - PRS and homelessness

- 7.1 A number of national research studies with a particular focus on lower income households reliant on welfare benefits and households who have accessed the

private rented sector after homelessness are also useful to inform this study from a tenant's perspective.

- 7.2 A review by IPPR (Davies, B and Turley, A, 2014) highlighted the relative insecurity for private rented tenants in terms of tenancy duration, with private rented tenants average length of stay in a property being 1 year, compared to 7 years for social housing tenants and 11 years for owner occupiers. It should be noted this may be a matter of perspective, students or professionals on contracts may see this as an attractive and flexible option but families with children or those with limited housing options may see short tenancy duration as insecurity.
- 7.3 Of particular relevance to this report the IPPR study found the housing stories of PRS renters was mixed. Those on the lowest incomes were most likely to live in substandard homes and also least likely to have their house condition problems addressed. Lower income households were least likely to complain about house conditions due to concerns landlords would ask them to leave.
- 7.4 Researchers at Kings College London (Crane M et al, 2016) have recently published a cohort study of homeless households following individuals housing outcomes after five years. At five years the study interviewed a cohort of 237 respondents all of whom had been homeless (at 18 months the cohort was larger at 400). After five years they found people who were resettled into the private rented sector had poorer housing outcomes than those who had moved into social housing. Study participants came from Greater London, Nottinghamshire and South Yorkshire.
- 7.5 The research found they were more likely to have moved several times since being resettled and to have been homeless again with only 16% still in their original resettled accommodation after five years compared to 62% in social housing. Additionally 36% had become homeless again compared to 14% in social housing and 30% had been through another eviction compared to 7% in social housing.
- 7.6 Key issues tenants raised included conflicts with landlords, problems getting repairs carried out, difficulty meeting higher rents, conflicts with other tenants (shared accommodation) and the ending of fixed term tenancies (insecurity). The report recommended local authorities/housing professionals do more around house conditions, increase support available to tenants, get more involved in landlord and tenant disputes (mediation) and to track former homeless households to ensure they are adequately supported and housed.
- 7.7 The charity Shelter also commissioned a longitudinal study (Smith et al, 2014) comprising 128 households who were re-housed into private rented accommodation following a period of homelessness. Study participants were from East London, East Sussex and Manchester. The researchers looked at outcomes and issues after 18 months.
- 7.8 The study found that two thirds of private renters in this cohort were unhappy with their tenancy. Key issues included property condition (e.g. damp/mold, cold

housing and the impact on health); problems with landlords (ranging from unresponsiveness to repair requests to aggressive behaviour and serious repair issues such as gas boiler repairs); crowded or unsuitable properties; the impact of moving out of area and the impact this has in terms of schooling, services and family/friend support networks; costs associated with the PRS such as higher heating costs due to inadequate insulation/living in older housing.

- 7.9 The research also found that people struggled with everyday household costs such as for energy costs and food. The majority had no savings and many had at the end of 18 months got into debt, which again impacted on individual's mental health.
- 7.10 A key finding was that people responded that they still needed support when things went wrong but that this was not always available. Issues included landlord disputes, poor house conditions, repair problems, gas and electricity issues, benefit applications and changes in benefits advice, debt advice, what to do when asked to leave and advice when they needed to seek alternative accommodation.
- 7.11 Finally the insecurity of the private rented sector impacted on many respondents confidence level, especially in achieving housing stability. They also raised concerns around the level of control they exerted over their home such as landlords coming around unannounced or entering the property to pick up post without notice – which impacted on privacy. The worst situations included threatening behaviour from landlords and unpleasantness after tenants had requested repairs. Importantly even those tenants who had reported that the tenancy had worked well were still impacted by concerns over the duration of their tenancy and its insecurity.

8. Findings from the Landlords Survey- Landlord's perspectives

- 8.1 A Private Rented Sector Survey was carried out running from 1st May to 12th June 2015. The survey was targeted at landlords of privately rented properties in London Borough of Richmond upon Thames. The main objective for the survey was to understand from landlords why they were ending tenancies in the private rented sector and what, if anything the Council could do to address this.
- 8.2 Data was gathered through a questionnaire distributed via email to letting agents and private rented sector landlords. Paper copies were available on request and it was also possible to complete the survey by telephone or in person if this was useful to participants. A copy of the questionnaire can be found at Appendix 1.
- 8.3 A total of seventy five private landlords answered the survey.
- 8.4 The majority of landlords owned one property only (54%) or two to four properties (27%) with the remainder owning five to ten (11%) or 11 or more (8%).
- 8.5 Respondents owned properties across all wards in the borough with the exception of Heathfield. Almost a quarter (23%) of respondents owned a property in Teddington, a fifth (20%) have a property in Whitton and 10% owned a property in Hampton (the

larger proportion of survey respondents owning property in Whitton and Hampton may reflect the targeting of the survey to the relatively cheaper areas of the Borough - even though these areas have lower than the Borough average levels of private renting). A high number of landlords with property in Teddington may reflect the large private rented sector in that ward (23% of households).

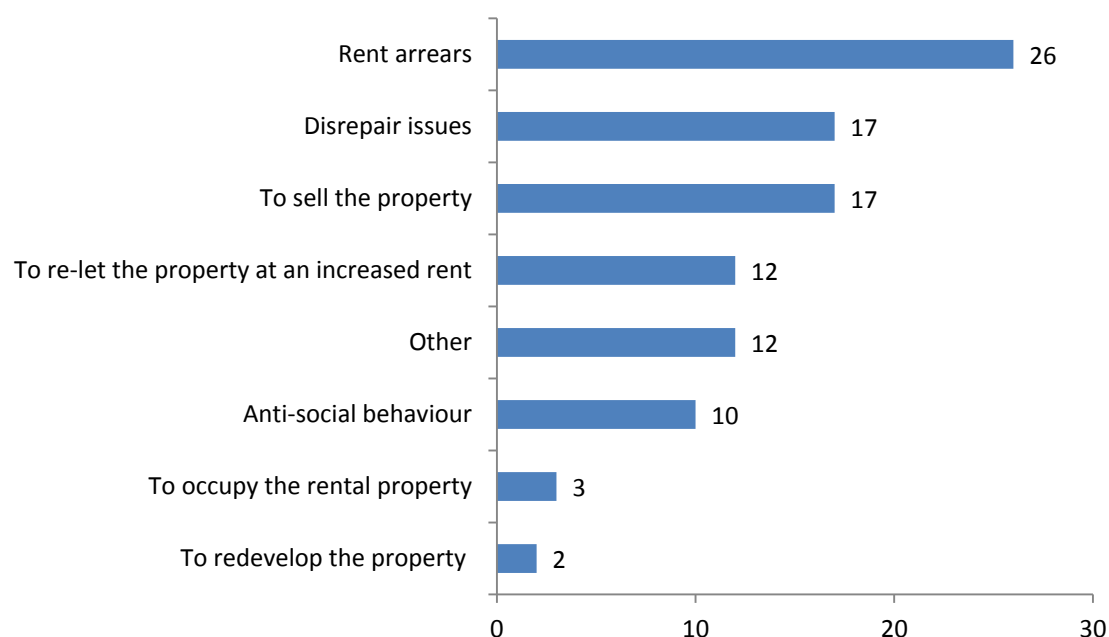
Number of Properties	Count	% of respondents
1 property	38	54
2-4 properties	19	27
5-10 properties	8	11
11 or more properties	6	8
Total	71	100

8.6 The majority of landlords who responded to the survey said they focused on families with children (37%), lone parent families (21%) or young professionals (30%). Half of all landlord respondents said they focused on lower income lets (50%) whilst the remainder focused on middle income lets (46%) (average income in the Borough is 44k) whilst 4% focused on corporate lets.

Reasons for serving as S21 Notice

8.7 Asked to list the top three reasons why they had serviced S21 notice landlords stated; rent arrears, disrepair issues, in order to sell the property and to re-let the property at an increased rent and anti-social behaviour. From a landlord’s perspective disrepair issues included those they believed attributable to the tenant.

Landlords Questionnaire - reasons for serving Section 21 Notice %



Landlord Question – renting to household claiming LHA

- 8.8 Landlords were also asked whether they would rent to a household claiming Housing Benefit (LHA). Four in ten respondents (40%) let to tenants who receive LHA and a further 34% do this in some circumstances. A quarter (26%) of respondents do not let to these tenants.
- 8.9 Those respondents who gave the answer ‘in some circumstances’ were asked to expand on their answer. Key themes included;
- Keeping on existing tenants who through circumstances may have to now claim LHA.
 - Poor past experiences of tenants claiming LHA (including rent arrears).
 - The role guarantors or personal recommendations can play in considering those on LHA.
- 8.10 Examples of responses from landlords who may let to LHA tenants ‘in some circumstances’ included

“Tenant revealed this afterwards, I would not necessarily have been happy to from the beginning”.

“Not first choice, but if circumstances change would not serve notice”

“I do but it creates problems when circumstances change. My tenant incurred a £4000 rental arrears; some of this was due to the fact that the mother got a job; however this was part time and very low paid. She got into debt which was not noticed by my managing agent. Unfortunately my eye was off the boil due to family bereavements and the situation spiralled. However I kept her on, her partner returned unknown to me and he started to pay back the arrears following a subsequent meeting between all of us”.

“Have done once as their personal circumstances changed and would never do it again!”

“I have done on 3 occasions, though less keen after recent experience”

“Have in the past- unlikely to consider in future”

“I did, once, to X, but for the first and LAST time”.

“Only if I know the person or someone who I know recommends that I take them”.

“If they are employed and have a guarantor”

- 8.11 Landlords who responded that they would not let to someone on LHA (26% of respondents) were also asked to elaborate on their responses. Key themes include;
- Rent arrears or delays in rent

- Issues around property condition (caused by the tenant)
- Problems faced by low income tenants to move out if given notice e.g. deposit and first month's rent needed. Related to this was the need for court action for this client group.

8.12 Examples from landlords not willing to rent to a household on LHA are outlined below.

Understanding why landlord won't rent to a household on Local Housing Allowance

"Not any more.. One of them ran up huge arrears so eventually her benefit was paid direct to me. She spent most of her time shopping in Abercrombie & Fitch"

"No objection to renting to Housing Benefit applicants if they can afford the rent, pay in advance and pay the deposit. I do have an objection to the fact that there is a risk associated with handing notice to a Housing Benefit tenant because they will find it harder to find the next property, and I believe that is largely down to them receiving rent in arrears and landlords wanting rent in advance"

Housing Benefit rent needs to match landlord's expectations. The money should go direct from the council to the landlord/landlords agent and it should be sent in advance and per calendar month, not fortnightly or 4 weekly which causes rental arrears.

"We are worried that there will be a problem with payment"

"Because the tenant receives the money from the Council which doesn't always make it to the landlord".

"I did but when I needed my property back and served notice you did not rehouse your tenant, causing me to seek a possession order and bailiff action".

"It's £2,200 property (per month). I want professionals I know can pay the rent and keep it well".

"We had up to early this year rented to some tenants who receive local housing allowance. However, in almost all the cases, these tenants had left the property with arrears (some up to several thousands of pounds) and in poor condition requiring a great deal of renovation".

Households in work but also claiming LHA

8.13 We can estimate that in May 2015 62% of households claiming Housing Benefit in Richmond upon Thames and able to work (excluding those not working but claiming passported benefits e.g. pensioners) were *actually* in work. It should be noted that this estimate covers both social rented and private rented sectors. As part of the

questionnaire we therefore asked landlords if they knew a tenant was in work and also claiming LHA would this alter their views around renting a property to a household on LHA.

- 8.14 Two thirds (64%) of landlord respondents indicated that they would be willing to rent to tenants who are in employment and claim Local Housing Allowance.
- 8.15 Of the 36% of landlords who responded that they *still would not* rent key themes as to the reasons they would not included;
- Risk that the amount of LHA may fluctuate/change dependent on work.
 - Concerns over how a tenant prioritises rent payments vs other living expenses
 - Previous bad experience of tenant claiming LHA, the need to take court action to evict tenants reliant on welfare benefits.
 - Better risks with tenants who can afford to pay higher than LHA levels.
- 8.16 Examples of reasons for not accepting working households claiming LHA are outlined below.

Reason for Refusal to let to households in employment but still reliant on Local Housing Allowance

"..these are the people who often aren't receiving quite enough to cover the rent and so prioritise what the money gets spent on - not always the rent from my experience".

"Good business practice is to target young executives. My target market are young executives and students".

"You cost me £1000 to evict the last tenant on Housing Allowance"

"Had a bad experience of having to evict a previous tenant on housing benefit and therefore, I will not rent to a housing benefit claimant again".

"My previous tenant was employed when I rented the property initially and then lost her job. I then had a very difficult time when I wanted her to leave the property which culminated in an elongated court eviction process, a loss of rental income and a long a protracted deposit dispute to repair damage caused by the tenant"

"Housing Benefit allowance can change/cease but the tenant fails to make up any shortfall. Process of ending tenancy due to arrears is too long meaning arrears only increase".

"Normally no, if the tenants local housing allowance is stopped for any reason then they would not have the funds to cover the rent".

“The off chance of someone not willing to pay rent / complaining they can’t afford it is too much of a headache to evict them etc. Under current laws, the tenant has a lot of power and can have a vested interest to not pay the rent. Also with this sort of tenant the chances are you would be getting minimal rent. I would rather take the risk of a tenant who doesn't pay rent but at a higher rental.

Risk is the same but i am receiving more income”

Landlords views on potential support options that could prevent landlords evicting tenants

8.17 The questionnaire also asked landlords what preventative support the Council could provide to landlords and tenants that might prevent eviction. Landlords could choose more than one option. The most popular responses included educating tenants on responsibilities as a tenant, followed by financial assistance and legal assistance to landlords.

	Count	% of responses to this question
Educating tenants on responsibilities as a tenant	34	27
Financial assistance	21	17
Legal assistance to landlords e.g. advice on repairs or landlord responsibilities	21	17
Undertaking to re-house tenants over the longer term	18	14
Making tenants more aware of the Housing Benefit Financial assistance they may be eligible for, such as Discretionary Housing Payments	18	14
Mediation between landlords and tenants	15	12
Total	127	101

NB Percentages may not equal 100 due to rounding

8.18 Landlords were also asked - whether if support was provided would they work with tenants and the Council to maintain tenancies? There were 61 responses to this with 46 responding positively (75%) and 15 negatively (25%).

8.19 Landlords were then asked to provide more information around support. These are outlined under key themes in the table below.

8.20 It should be noted that some landlords felt there was very little that could be done. This was due to the market in Richmond focusing on other higher paying groups and

there was an economic incentive for landlords to serve notice and re-rent. Other reasons included landlords wanting to sell their property.

8.21 Key areas of support that may persuade landlords not to evict tenants

Property Condition	Rental Payments	Inter-relationship
<ul style="list-style-type: none"> • Provide property management service • Educate tenants around maintaining property condition • Council regularly inspect the property (every 3 months) • Insure properties against damage. 	<ul style="list-style-type: none"> • Deposit guarantee • Rental guarantee • Pay direct to landlords • Monitor tenants payment of rent • Pay market rates • Improve / speed up HB • Pay for any legal costs 	<ul style="list-style-type: none"> • Work around making sure relationship between tenant and landlord doesn't break down • Dispute resolution service • Move tenants at end of S21 notice • Do not advise tenant to wait for court order

What the Council could do to prevent landlords evicting tenants – examples of responses

“The council should help landlords by securing the tenancies on their behalf of the tenants including deposits. The problem is that because the tenant receives their housing benefit directly into their accounts, they do not pass it on to the landlord. By the time the landlord has had enough of the tenant's nonsense, there is already a breakdown of rapport between the landlord and the tenant and by then the landlord has already lost thousands in rent arrears”.

“Pay the money directly! I understand the empowerment aspect but the fact is, the money is paying for the property and is not their money to do what they like with. I have sent a solicitors letter twice at which point the arrears have been paid, however I believe that any default should mean I can follow this up with the Council. Why should I be so far out of pocket before something can be done?”

“Advise tenants to leave at the end of their contract rather than telling them they cannot house them until they are evicted therefore to stay out of their contract in the property . If tenants are currently in paid employment and receiving benefits surely if a landlord wants their property back they can afford to get another tenancy elsewhere rather than a council house?!”

“Guarantee the rent or cover arrears from benefits payments”.

Move your tenant within the notice period of the s21!!

"Make sure the tenants look after the property as if it was their own".

"There is little the Council can do to change landlords decisions once they have decided on a course of action.

Landlords can end a tenancy on a one bedroom Victorian flat in Richmond on £900 per month, do some work on kitchen and bathrooms and re-let at £1400 per month. People are willing to pay this".

"Explain clearly that the LBR would make up any shortfall in rent or damage/ legal costs"

Other insightful comments from Landlords

8.22 Landlords were also asked if they wanted to provide any additional comments. Key issues included;

- Tenant's problems in interpreting letters around changes in amount of Housing Benefit and the inter-relationship with being in work and how much they should pay out of their work pay.
- Property damage from tenants.
- Needing tenants to stick to wider conditions required by the lease, such as in blocks of flats.
- The Council informing tenants not to leave after the appropriate S21 notice period had been served and how this impacted on landlords and dis-incentivised them to rent to households on LHA.
- (In the view of landlords) tenants wanting a social housing home and thinking the route to this was to wait for a court order to leave.
- Need for mediation service between landlords and tenant
- Need for a Council run lettings service

"The part of the rent paid by the Council keeps on changing in amount every so often, and its hard to keep track. The tenant also falls in the same trap and has no clue to how much he or she is supposed to be paying monthly. The Benefit Decision Notice keep arriving so often and are totally confusing to follow. The situation does not help financial planning for the landlords".

"We are selling, but if we weren't it would be "never again"- a nightmare- not the family- the way the law is structured. A tenancy term agreement should be just that- by definition".

"I suggest that if you want landlords to offer their property for rental with the local authority you review your treatment of them and their property. I was very upset when I saw how my property had been damaged and I am now concerned that it has not been refurbished to a suitable standard".

"Tenants living in a block of flats need to adhere to conditions of the block of flats ie. no hanging of washing out etc"

“The housing department tell tenants to stay as long as they can and this cannot be allowed. There is a shortage of housing, but this is immoral and is putting undue pressure on the tenants and landlord. It's despicable. Social Housing gets a bad press, but I've had two tenants who were on HB and they were good tenants- there is no reason for it not to work, it just comes down to money”.

“I let 1 property to a DHSS family and they want to leave so they re creating a big fuss to get a council house. Similar thing happened in the past and do not think I will do this again”.

“So let us say there are bad landlords as well as bad tenants: a better code of conduct and civil responsibility would be hugely beneficial but this cannot be legislated for. Perhaps a resolution hotline could be set up by the council for both tenants and landlords who are experiencing difficulty with either party, in the same way CAB operate for all sorts of matters”.

“There seems to be a general perception that landlords want to be able to end tenancies in order to put up the rent. In practice I would love to have the security of a long term tenancy but the letting agents seem geared up to drafting short term tenancies and only ever find tenants who are looking for short term lets. I would happily take a lower rent in exchange for a longer term tenancy.

The agent's fees take a big chunk of the rent. Again if the Council offered a free service linking landlords to people seeking long term accommodation landlords could afford to let at lower rents because of the saving on fees. However the insurance issue would need to be resolved as it's hard to get sensibly priced insurance if letting to those on benefits.

I wonder also if the Council has considered providing any sort of rent guarantee and agreement to compensate for any severe damage as I think it's fear of non-payment or of problem families trashing properties that puts many landlords off”.

“Landlords sell their properties for a hundreds and one different reasons and it is not their fault that this may cause someone to become homeless. This is generally down to the last 10-15 years of government policies. It doesn't help if a landlords has a bad experience or several bad experiences, which then makes the decision to sell very easy”

9. Conclusions

1

This report highlights Richmond's private rented sector as one focusing on young professionals and affluent families, with the highest private rental prices in Outer London. Having the highest house prices in Outer London further complicates the market as this may act as a local driver for landlords (who have owned property for a number of years and gained considerable equity) to sell. The majority of LHA claimants in Richmond are in work (56%), again demonstrating the high cost of the local private rented market.

2	<p>The number of households reliant on LHA benefits in Richmond is smaller than for other London Boroughs in South West London, with an estimated 16% of all private rented households claiming Housing Benefit.</p>
3	<p>National research (IPPR, Shelter, Kings College London) highlights that tenants reliant on LHA and those who have experienced homelessness are likely to have less control over their housing choices and be more concerned about the issue of security of tenure in the PRS. This compares to the traditional private rented markets for students and professionals on contractual work, where the current 6 months to a year AST tenancy works well. Those reliant on benefits may have limited choice in the housing market and lower income families may be particularly impacted.</p> <p>The impact on lower income households has to however be seen against a wider context, that includes households on average household incomes who are also required to rent in the private rented sector as owner occupation becomes increasingly difficult to access due to affordability. Here again families can be impacted by short tenancy duration e.g. impact of moving and having to change schools.</p>
4	<p>Homelessness from the PRS as a result of ending of an AST tenancy has increased from 21% of acceptances in 2010/11 to 41% of acceptances in 2014/15. Like most London Boroughs homelessness from the PRS is the number one reason for homelessness.</p>
5	<p>There are some cases where there is likely to be nothing the Council can do to prevent landlords from ending PRS tenancies and this can be considered a normal function of the housing market. This includes the number one reason the case file review found for homelessness; landlords wanting to sell the property. The landlord survey also ranked wanting to sell the property as (joint) second highest reason after serving notice for rent arrears. Other examples includes landlords wanting to return to live in the property themselves.</p>
6	<p>A review of case files (of accepted homeless households who had been made homeless by the end of an AST, Jan 2010- March 2015) found;</p> <ul style="list-style-type: none"> • The number one reason for a tenancy ending was the 'landlord wishing to sell the property'. • Affordability was the second key reason; with landlords wanting to end the tenancy and rent at higher than LHA levels; reductions in LHA levels meaning the property was unaffordable; and changes in the economic circumstances of the tenant all being highlighted. • Third, was a landlord wanting to return to the property to live in themselves.

	<ul style="list-style-type: none"> • Fourth was refurbishment, where the landlord wanted to end the tenancy in order to refurbish the property. • Fifth was rent arrears, again linked to changes in affordability, (increases in rent, changes in economic circumstances or benefit changes) • Sixth was notice served after a tenant had requested repairs work to the property. • Seventh was a landlord serving notice so that family or relatives could live in the property.
7	<p>National research has found those on the lowest incomes in the private rented sector were most likely to live in substandard homes and also least likely to have their house condition problems addressed.</p>
8	<p>National research also has found that lower income tenants in the private rented sector still require support after homeless prevention placements. Issues includes landlord disputes, poor house conditions, repair problems, gas and electricity issues, benefit applications, changes in benefits advice, debt advice, what to do when asked to leave and advice in seeking alternative accommodation.</p>
9	<p>A survey of 71 private landlords (the survey included targeted work at landlords at the lower end of the market as well as an online survey) found that;</p> <ul style="list-style-type: none"> • The majority of landlords owned one property only (54%) or two to four properties (27%) with the remainder owning five to ten (11%) or 11 or more (8%). • The top reasons landlords stated as to why they had serviced S21 notice were rent arrears, disrepair issues, in order to sell the property, to re-let the property at an increased rent and anti-social behaviour. From a landlord’s perspective disrepair issues included those they believed attributable to the tenant (<i>it should also be noted that rent arrears may not be the fault of the tenant</i>). • Four in ten respondents (40%) let to tenants who receive LHA and a further 34% do this in some circumstances. A quarter (26%) of respondents do not let to these tenants. Key reasons considered ‘in some circumstances’ include; keeping on existing tenants who through a change in circumstance may have to now claim LHA; poor past experiences of renting to tenants claiming LHA (including rent arrears) and the role guarantors or personal recommendations can play in considering those on LHA. • The key reasons landlords said they would refuse to rent to those on LHA includes; rent arrears or delays in rent; Issues around property

	<p>condition (caused by the tenant); problems faced by low income tenants to move out if given notice e.g. deposit and first month's rent needed. Related to this was the need for court action for this client group.</p> <ul style="list-style-type: none"> • Positively two thirds (64%) of landlord respondents indicated that they would be willing to rent to tenants who are <i>in employment</i> and claim Local Housing Allowance. Those who still would not outlined the following issues; risk that the amount of LHA may fluctuate/change dependent on work; concerns over how a tenant prioritises rent payments vs other living expenses, previous bad experience of tenant claiming LHA, the need to take court action to evict tenants reliant on welfare benefits; better risks with tenants who can afford to pay higher than LHA levels.
10	<p>The Survey asked what interventions would influence a landlord not to serve a S21 notice on a tenant. The most popular responses were educating tenants on responsibilities as a tenant, followed by financial assistance and legal assistance to landlords.</p> <ul style="list-style-type: none"> • Positively, when landlords were asked if support was provided by the Council would they continue to work to maintain the tenancy a large proportion said yes (there were 61 responses to this question with 46 responding positively (75%) and 15 negatively (25%).
11	<p>Some landlords felt there was very little in terms of support options that could be done to prevent landlords serving Section 21 Notices and regaining their property. This was due to the market in Richmond focusing on other higher paying groups; as a business there was an economic incentive for landlords to serve notice and re-let at higher rents. Other reasons included landlords wanting to sell their property.</p> <p>The key areas that were highlighted by landlords as support options were around three key themes; property condition, finance and rental payments and the relationship between landlord and tenant.</p> <ul style="list-style-type: none"> • Property Condition; management service, education, regular inspection, insurance. • Financial; deposit guarantee, rental guarantee, direct payments to landlords, market rates, speed of Housing Benefit payments, pay Court costs. • Inter-relationship; breakdown in relationships, dispute resolution, move tenants at end of notice period.

Appendix 1 – Questionnaire

Private Rented Sector Questionnaire

We appreciate you taking a few minutes to complete this questionnaire.

The London Borough of Richmond upon Thames is conducting a survey of landlords who own and/or manage homes in the area because:

- Ending Assured Shorthold Tenancies in the private rented sector is the key reason for homelessness in the Borough
- By understanding why this occurs, we will be able to work towards developing an approach that assists landlords and tenants to overcome this problem, and prevent future occurrences

Please note that it is only through answering the following questions honestly, can the Council accurately understand the situation and ensure that the appropriate support is in place.

All information supplied will be held by the London Borough of Richmond upon Thames, and will remain secure and confidential. Your details will only be used for research purposes and will not be passed onto any third parties or used for marketing purposes in accordance with the Data Protection Act 1998. The information provided by you will not be used in a manner which would allow identification of your individual responses.

If you have any questions or require this questionnaire in a different language/ format, please phone 020 8891 7871. Furthermore, if you would like to participate in this survey, but would prefer to discuss this over the telephone or in person, please contact the Council on the number listed above.

Please could you return this questionnaire by 12th June 2015.

To thank you for participating in this survey, there will be a prize draw for £100 John Lewis vouchers for applicants who leave their contact details.

About your properties

- 1) How many properties do you own in the London Borough of Richmond upon Thames, which are privately rented to tenants?
 - 1 property
 - 2-4 properties
 - 5-10 properties
 - 11 or more properties
- 2) In which wards are your properties located? Please tick all that apply.
 - Barnes
 - Mortlake and Barnes Common

- Kew
 - North Richmond
 - South Richmond
 - East Sheen
 - Ham, Petersham & Richmond Riverside
 - Twickenham Riverside
 - St.Margarets and North Twickenham
 - South Twickenham
 - West Twickenham
 - Whitton
 - Heathfield
 - Hampton North
 - Fulwell and Hampton Hill
 - Hampton Wick
 - Teddington
 - Hampton
- 3) How many of the following types of properties do you own and let to tenants in the London Borough of Richmond?
- Flat, maisonette or apartment- in purpose built block
 - Flat, maisonette or apartment- part of a converted or shared house (includes bedsits)
 - Houses
 - Houses in multiple occupation
 - Other (please specify)
- 4) On average, how long do your tenants reside at the property for?
- 5) How many tenants have you had in the last 5 years?
- 6) Why have you decided to enter the private rented sector market?
- Buy to Let investment
 - Renting former home whilst living abroad
 - Inherited the property and do not need to live here
 - To supplement pension income
 - Change in familial circumstances and no longer require the property
 - It is my main profession
 - It is a side line (interest/project)
 - Other (please specify)
- 7) Do you rent your property(ies) via a letting agent?
- Yes
 - No
- 8) What arrangements are in place for managing the properties?
- I manage the properties myself

- Family/friends manage the properties on my behalf
- I use a managing agent to manage the properties on my behalf
- Other (please specify)

Your Target Market

- 9) Typically, which of the following groups rent your properties in the borough? Please tick all that apply.
- Families
 - Lone parent families
 - Young professionals
 - Students
 - Elderly/retired people
 - Other (please specify)
- 10) On average, how would you classify the rent of your property?
- Executive lets
 - Middle income lets (average household income is estimated to be £44,685)
 - Lower income lets
- 11) How do you determine the appropriate rent level for your property?
- 12) Do you let to tenants who receive Local Housing Allowance (Housing Benefit for Private Renting)?
- Yes
 - No
 - In some circumstances (please specify)
- 13) If no, please briefly outline why you do not accept tenants on Local Housing Allowance.
- 14) Many people who require some assistance in the form of Local Housing Allowance are in employment. Would you be willing to rent to tenants who are in employment and claim Local Housing Allowance?
- Yes
 - No
- 15) If no, please could you explain why?

Assured Shorthold Tenancies

- 16) Have you ever served a section 21 notice to leave the property on an Assured Shorthold Tenant?
- Yes (go to question 17)
 - No (go to question 21)
- 17) If yes, what were the reasons for serving a s21 notice? Please tick the top 3 most common reasons that apply.
- To re-let the property at an increased rent
 - To rent to young professionals
 - To rent the property as an executive let
 - To restructure or re-develop the property to create more units and rent it as a House in Multiple Occupation
 - To sell the property
 - To occupy the rental property
 - Mortgage lender repossessed the property
 - Rent arrears
 - Disrepair issues
 - Anti-social behaviour
 - Tenant lost employment and fell into rent arrears
 - Changes to the Local Housing Allowance
 - No longer wish to rent to Local Housing Allowance claimants
 - Other (please specify)
- 18) If yes, please could you elaborate below?
- 19) If you have previously served a S21 notice, have you then had to seek a possession order to evict an Assured Shorthold Tenant?
- Yes (please go to question 16)
 - No (please go to question 17)
- 20) If yes, how many tenants were evicted after seeking a possession order?
- 21) What could the Council do in order to help Private Landlords prevent eviction of assured shorthold tenants from the property?
- 22) Would you be interested in any of the following forms of assistance? Please tick the all that apply.
- Educating tenants on responsibilities as a tenant
 - Financial assistance

- Undertaking to re-house tenants over the longer term
- Making tenants more aware of Housing Benefit financial assistance they may be eligible for, such as Discretionary Housing Payments
- Legal assistance to landlords e.g. advice on repairs or landlord responsibilities
- Mediation between landlords and tenants

23) If the Council offered any of the assistance outlined above, would you work with them to maintain the existing tenancy?

- Yes
- No

Contact details

Please note the section below is voluntary to complete. You do not need to pass on your contact details but, should you wish to do so, all responses will be treated in the strictest confidence and will be anonymised.

24) Name:
Phone Number:
E-mail address:

25) Are you happy for the Council to contact you to follow up any issues raised by this questionnaire?

26) If you have any other comments, please note them below.

References

Crane, M, Jolly L and Manthorpe, J, *“Rebuilding lives: housing matters”*, (2016), Kings College London.

Davies, B and Turley A, *“Back to Rising Damp, addressing housing quality in the private rented sector”*, (2014), IPPR.

Smith, M, Albanese, F, Truder, J, *“A roof over my head- longitudinal study of housing outcomes and wellbeing in private rented accommodation”*, (2014), Shelter.

Endnotes

ⁱ *“English Housing Survey (Households)”*, 2013-14, (2015), DCLG.

ⁱⁱ *Ibid*

ⁱⁱⁱ *“Monitoring Poverty and Social Exclusion”*, (2015), JRF

^{iv} Census 2011, ONS

^v Average Private Rents (Valuation Office data), review of rents for last year up to Q1 2015, London Datastore, GLA.

^{vi} *“Analysis of the Private Rented Sector in Richmond upon Thames and surrounding areas”* (2012), University of Cambridge.

^{vii} London Councils briefing paper (2016)

^{viii} P1E Returns, DCLG Table 774.