

## **Written Evidence – London Councils**

London Councils is the collective of London local government, the 32 boroughs and the City of London Corporation. They come together through London Councils to work in collaboration to deliver their shared ambitions for London and Londoners.

### **Overview**

London is home to an estimated 2.7 million private renters. Privately rented properties now account for 31% of homes in the capital, much higher than the next closest regional average of just over 19%. Home ownership is unaffordable to many Londoners and there are extremely long waiting lists for social housing. As a result, having access to a safe, secure, and affordable private rental property is vital for many Londoners.

The Renters' Rights Bill represents a major step forward. London Councils welcomes many of the measures included in the Renters' Rights Bill and we support the government's aim to deliver a fairer, more secure, and better quality private rented sector (PRS). In the context of London's severe housing pressures, growing homelessness crisis, and lack of available PRS properties, there are several areas where we are seeking further policy action from the government.

### **London Councils' views on the Bill**

#### **End of certain kinds of assured tenancy**

##### **Clauses 1 and 2**

We strongly support the abolition of Section 21 'no fault' evictions, the use of which is a major contributing factor to rising homelessness in the capital. The number of Londoners threatened with homelessness due to a Section 21 eviction notice in 2023/24 was 5,110, an increase of 18% on 2022/23. London Councils estimates that approximately 1 in 50 Londoners are homeless and living in temporary accommodation, including 1 in 23 children.

#### **Grounds for possession**

##### **Clauses 4, 5 and 6**

The Bill proposes a four-month notice period for the 'landlord need' eviction grounds (if a landlord decides to sell up or move themselves or a family member into the property) and a 'no reletting period' of 12 months. This prevents landlords evicting tenants under these grounds and then re-letting the property after only three months. This strikes a balance between greater flexibility for landlords and tenant stability, which we support.

#### **Rent and other terms**

##### **Clauses 7, 8 and 9**

In the context of London's growing rents, we welcome the proposals to enable challenges to unreasonable rent increases through a tribunal process and the extension of notice period for rent increases to two months. These allow landlords to keep rents in line with market rates but offer tenants protection from above-market, short-notice rent increases.

#### **The PRS database**

##### **Chapter 3**

This chapter creates a digital PRS database to bring together key information for landlords, tenants, and councils. Councils will be able to use the database to target enforcement where it is needed

most against the minority of unscrupulous landlords. While we agree that the new database should not duplicate existing licensing schemes or place undue burden on landlords, we also support the principle of local authorities' ability to introduce licensing schemes as a means of ensuring standards in the PRS.

## **Enforcement & Decent Homes Standard**

### **Clauses 98 & 104 – 109**

These sections of the Bill place a range of significant new regulatory and enforcement responsibilities on local authorities, including responsibility for enforcing the Decent Homes Standard in the PRS and a duty on local housing authorities (which includes all London boroughs) to enforce landlord legislation in their area.

According to the English Housing Survey, London had 134,000 non-decent private rented homes in 2022/23, accounting for 12% of the market. Raising these to the Decent Homes Standard is likely to require significant investment and will be costly and resource intensive for boroughs to enforce.

Council resources are already extremely stretched. London boroughs' overall resources are 20% lower in real terms than in 2010, and London Councils forecasts a funding shortfall of £700m for London local government in 2025/26. This is also within the context of intense pressure in other statutory services such as homelessness and adult social care. The government should therefore commit to a full new burdens assessment for local authorities in relation to the Bill to ensure they are sufficiently resourced to meet the new legal duties it creates. Councils will need significant additional funds and resources to be able to implement their new duties and carry out enforcement. This will be essential to ensuring the Bill succeeds in helping tenants and boosting standards.

### **Other key issues of concern**

The Renters' Rights Bill would bring many positive changes to the PRS in the capital. However, there are additional interconnected housing challenges driving pressures in London. These require further policy action at a national level.

#### **Homelessness**

Although the removal of Section 21 will reduce some homelessness pressures, there remains the wider context of a chronic shortage of housing in London that is affordable to most of our residents, and many private renters struggling to pay their rent.

London is experiencing a rapid escalation in its homelessness crisis, with boroughs finding it increasingly challenging to manage the record numbers of homeless households now living in temporary accommodation (TA). This is placing council finances under extreme pressure with London boroughs forecasting a £250 million overspend in their homelessness budgets in 2024-25. TA is the largest financial pressure in 20 of 33 London Boroughs and for many a driving cause of financial instability.

At the same time, new lettings affordable within Local Housing Allowance (LHA) levels are increasingly rare. The uprating from April 2024 provided some boost to affordability, but as rents have continued to rise only 5% of PRS properties in London were affordable on LHA in Q2 2024, well below 30% of the market that is intended to be affordable on LHA.

London Councils is seeking action at a national policy level to:

- Remove the January 2011 cap on LHA payable for TA in Housing Benefit Subsidy, and ensure LHA continues to be uprated in line with market rents.

- Double the Homelessness Prevention Grant for 2025-26 to help boroughs sustain services in the face of skyrocketing pressures.
- Enable councils to acquire more accommodation sold by private landlords to increase the stock of council housing and TA. The government should build on initiatives such as the Local Authority Housing Fund by providing increased capital investment.

### **London's PRS supply challenges**

London is in the midst of a severe housing affordability crisis, driven by several factors including an unprecedented reduction in the availability of PRS properties, alongside a rapid increase in rents. This represents a significant challenge for London renters.

Research from July 2023 commissioned by London Councils and partners, undertaken by Savills and the London School of Economics, found a 41% fall in rental listings across London since the Covid-19 pandemic.

Yet to be published follow-up research commissioned by London Councils and Trust for London, which was carried out by Savills, assesses whether there has been a sustained reduction in the size of the PRS in London. This research provides further evidence that the PRS is contracting in London. From April 2021 to December 2023, 45,000 London rental properties were sold without replacement – accounting for 4.3% of PRS homes in the capital. Properties are leaving the rental market at a much faster rate in the most affordable locations in London, which undermines low-income households' access to the PRS and makes it harder for boroughs to prevent and relieve homelessness.

The shortage of social housing in London means that securing privately rented properties is in most cases the only viable option for prevention and relief of homelessness. The reduction in PRS supply, combined with increasing rents, has severely undermined the ability of London boroughs' to source housing.

In light of these issues, London Councils is urging a cross-departmental review into the supply of privately rented properties. This could include an assessment of the collective impact of all relevant government policies, including the Bill and key economic factors such as the maturation of the buy-to-let market. The government should also develop a long-term PRS strategy alongside the Bill, which supports the provision of sufficient good quality, privately rented homes to meet demand.

London Councils believes the government should develop financial incentives for private landlords to participate in the lower end of the market, with the aim of sustaining affordable PRS options. For example, landlords who agree to let to a lower sub-sector of the market for a reasonable length of time could be offered mortgage interest relief or capital gains tax relief.