

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE Themed Debate – Private Rented Sector	
REPORT OF Cabinet Member for Better Homes	
FOR SUBMISSION TO Council	DATE 14 th October 2024
<p>SUMMARY OF REPORT</p> <p>This report provides background information to Full Council for a themed debate on the private rented sector in Camden to be held on 14 October 2024. The report covers existing challenges for this important sector including current support for tenants and landlords.</p> <p>Local Government Act 1972 – Access to Information</p> <p>No documents that require listing have been used in the preparation of this report.</p> <p>Contact Officer: Darren Wilsher, Private Sector Housing Service Manager, London Borough of Camden, 020 79742797, 5 Pancras Square N1C 4AG</p> <p>Simone Melia, Head of Housing Solutions, London Borough of Camden, simone.melia@camden.gov.uk, 5 Pancras Square N1C 4AG</p>	
<p>RECOMMENDATIONS</p> <p>The Council is asked to consider the report.</p>	

Signed:



Councillor Sagal Abdi-Wali, Cabinet Member for Better Homes

1. Background

- 1.1. The proportion of Camden residents renting in the private rented sector has grown significantly over the last 20 years, increasing by a third to 36%. The sector plays a crucial role in delivering housing in the borough, which has been driven by several factors:
 - **Unaffordability:** Property prices in Camden have increased by 73% in the last 15 years. A combination of high property prices and tight mortgage regulations have made home ownership less accessible, leading more people to rent.
 - **Urban Appeal:** Camden's vibrant cultural scene and excellent transport links attract a diverse range of residents, including professionals, students, and key workers.
- 1.2. Through We Make Camden, the Council has outlined its ambition that everyone should have a place they call home. In particular, that Camden has enough decent, safe, warm and family-friendly housing to support our communities. However increasing house prices, a limited supply of social housing and the high costs of renting in the private sector present significant challenge.
- 1.3. The pandemic highlighted the importance of housing on nearly every aspect of people's lives. Many people had to use their home to work, study, exercise, socialise and build a family. The Government introduced temporary protections for tenants to prevent evictions and landlords via mortgage payment holidays and funding was also provided to local authorities to support residents with cost of living challenges due to the pandemic.
- 1.4. Temporary protections for private renters have since been lifted and there have been dramatic changes to the sector since Covid, in part triggered by a rapid increase in inflation and resultant hikes in mortgage rates. During 2023, 76% of buy-to-let landlords reported that they increased their rental prices to offset higher mortgage costs. With mortgage rates remaining high, many landlords have advised that they are likely to need to increase rates when they re-mortgage, impacting further on renters facing some of the most expensive housing in the UK.
- 1.5. The shortage of decent and affordable housing of all types and tenure is forcing people to move out of Camden, with many people who've grown up here unable to afford to stay when they want to start a family. Monthly rents in the private rented sector in Camden are the third highest in the country, with private renters in Camden paying 65% of the median pay on rent.
- 1.6. Since 2021, the number of homelessness approaches to the Council has more than doubled, an increase that has been seen across London. Historically,

Camden and other local authorities have relied on the private rented sector to provide options for households experiencing homelessness but the huge increase in rents in recent years has made this much more difficult. In 2022-23 only 2.3% of rental listings across London are affordable to those on the London Housing Allowance (down from 18.9% in 2020/21) and there are none in Camden.

- 1.7. This has led to an increasing number of households joining the waiting list for social housing and placed in temporary accommodation for longer periods. This is both costly for the Council but also has a negative impact on those experiencing insecure accommodation for longer, especially children. While the Council has had some success increasing the number of properties available for Temporary Accommodation, there are very few options for many of these households.
- 1.8. Private renters do not just face high costs, the standard of accommodation can also be poor. While most landlords provide good quality and well managed accommodation, there continues to be a minority of criminal landlords seeking to exploit vulnerable residents with substandard accommodation.
- 1.9. There are also other barriers to securing rental contracts. Prospective renters may need a guarantor who agrees to pay rent in the event they are unable to, will need to pay a deposit and in some cases required to pay one months rent in advance. Tenancies are often advertised on a short-term basis (for example, 6-12 months) and landlords routinely reject benefit claimants as tenants.
- 1.10. The new government made a commitment to introduce a new Renters' Rights Bill in the 2024 King's Speech which will end Section 21 'no fault' evictions as well as aim to improve standards in the sector, including through strengthened powers for local authorities. In principle, we welcome the ambition of the legislation but will be closely following what impact it will have on the private rented sector in Camden as more detail becomes clear.
- 1.11. High-quality, affordable private rented sector accommodation is fundamental to resolving the housing crisis and tackling the rising levels of homelessness. As a Council we want to work with high quality landlords to ensure this remains a route out of homelessness for those in Camden. We will be consulting on a new Homelessness and Rough Sleeping Strategy at the end of 2024 which will set out how we plan on responding to the crisis, alongside our ambitions for wider system reform.

2. Key data – the private rented sector in numbers

2.2. **Housing affordability**

2.3. Housing affordability in Camden is amongst the lowest in the UK. Monthly rents in the private rented sector are the third highest in the country, with private rents increasing by £200 (11%) since last year. In 2023, median monthly rents were £1,950, which is £450 higher than the London median (£1,500) and more than twice the England median of £825. Nationally, nearly one in ten private renters in receipt of housing support/benefits had been refused a tenancy in the last 12 months (English Housing Survey 2022/23).

2.4. **Homelessness**

2.5. The number of homelessness approaches in Camden have increased dramatically over the last few years. In Camden, this has partly been driven by the ineffective Home Office system for accommodation and processing asylum seekers in the UK as fast track asylum decisions for those living in contingency hotels have led to those granted Indefinite Leave to Remain given insufficient notice to leave their Home Office accommodation and therefore engage with Council interventions effectively. There are approximately 17,000 asylum seekers in contingency accommodation across London.

2.6. If a household is in “priority need” for accommodation (for instance if they include children or vulnerable adults), are eligible for assistance and can demonstrate a “local connection” to Camden, the Council has a legal duty to provide temporary accommodation. As of 1 October 2024, there are 968 households in temporary accommodation in Camden. Historically, the Council has relied on the private rented sector to discharge our homelessness duty and have been effective at preventing homelessness this way. However, the reduction of the market in London, combined with increasing rents, limits on the level of Local Housing Allowance and the impact of the benefit cap mean that this has become increasingly difficult.

2.7. In 2023/24, we were able to end our housing duty by securing accommodation in the private rented sector for 139 households and accommodation in social housing for 76 households. Historically we have been able to prevent more homelessness with moves into the private rented sector, finding 207 in 2019/20, 292 in 2020/21 and 180 in 2021/22.

2.8. **Housing Standards**

2.9. Private renters are more likely than any other tenure to live in a poor-quality home. The Private Sector Housing Service receives on average 750 complaints a year

from private renters concerning their home, which is a small percentage of the 35,000 households in this sector. The small numbers are due to a mixture of challenges from lack of awareness of the support that Camden can provide, to a reluctance to report issues because of concerns around retaliatory eviction from landlords.

- 2.10. There are various indicators that are used to measure the standards of accommodation being provided. A key measure is whether properties, when assessed using the Housing Health and Safety Rating scheme, have any hazards that will impact on the health and safety of the occupiers. There are 29 categories of hazard ranging from damp and mould, excess cold, overcrowding and fire. As a local authority we have a statutory duty to ensure that any category 1 hazards found are removed, with a category 1 hazard presenting a serious and immediate risk to a person's health and safety. Within Camden, 10% of private rented properties have at least one category 1 hazard (compared to 5.9% across all tenures).
- 2.11. A broader regulatory standard for housing is the Decent Homes Standard which is likely to become legally enforceable for the private rented sector for the first time through the Renters' Rights Bill, currently working its way through Parliament. In Camden 22.4% of private rented sector accommodation is non-decent (compared to London 20% and 22.9% across England). Private renters are also more likely to be living in a damp home (10%).
- 2.12. Private rented households in the London are more likely to be overcrowded than the rest of England, with 9% of households being overcrowded, compared to 4% to 6% across the rest of England.
- 2.13. There are just under 5,000 Houses in Multiple Occupation (HMOs) that are licensed or going through the process to be licensed in Camden, out of an estimated 8,000 in the Borough. Licensing has been in place for the majority of HMOs since 2015 and is seen to be having a positive impact on improving property and management standards. Although, there is still more work to be done to improve this important sector.

3. Council's offer and support to stakeholders in the private rented sector

3.1. Private Sector Housing Service

- 3.2. The Private Sector Housing Service is responsible for the Council's statutory duty to improve sub-standard housing within the private rented sector, delivered via a combination of proactive and reactive interventions. Around 750 complaints are

received a year, which are investigated by the Enforcement Team. The majority of these cases are resolved informally by working with the landlord and tenant. However, 10% of cases require formal enforcement action be taken, whether by the service of an Improvement Notice, prosecution or issuing a Civil Penalty Notice. During 2023/24, 124 properties were improved by the reactive service, removing 150 hazards within the home.

- 3.3. Camden makes full use of the range of enforcement tools available and was the first London authority to obtain a Banning Order against a landlord as well as securing an anti-social behaviour injunction against a landlord to protect tenants from illegal eviction and harassment. Camden has consistently recorded the most enforcement action on the GLA's Rogue Landlord Checker, with 50% of other London local authorities not recording any enforcement. Over the last year the service issued 186 Civil Penalty Notices against landlords, an alternative to prosecution action, for a range of breaches from failing to licence or comply with management regulations.
- 3.4. Proactive improvement is primarily achieved by the operation of the Council's HMO licensing schemes. Two schemes are in operation, the largest being the discretionary borough-wide additional scheme covering smaller HMOs. Following the initial inspection, 99% of properties required works to be completed to meet minimum standards.
- 3.5. A key challenge is the ability to resource the service fully due to a national shortage of qualified/experienced Environmental Health Officers. This is frustrating the services ability to increase resources to support HMO licensing and enforcement work. To address this critical issue, we have developed a strategy of building our own enforcement officers by supporting successful candidates to complete a new 1-year Diploma in Private Sector Housing Interventions at Middlesex University. Four candidates have now successfully completed the course, with a further three about to start studies in September 2024. The course is part-time, with the remainder of the week working in our teams, gaining practical experience and knowledge to support their studies.
- 3.6. The service is funding Trading Standards Officer positions to undertake enforcement activities around consumer protection aspects of the private rented sector. Recent activity has been focused on managing agents and compliance with requirements around tenant fees, client money protection, redress schemes and consumer rights.
- 3.7. The council has recently commenced working with Safer Renting to enhance the support available to tenants facing illegal eviction and harassment. This provides a more holistic approach to our enforcement activities, ensuring that tenants get

advice when reporting issues with their landlords, alleviating concerns around retaliatory eviction.

3.8. Homelessness Prevention Service

3.9. The service carries out the Council's statutory duty to assess anyone who is homeless or at risk of homelessness. If they're threatened with homelessness and eligible then we have a legal duty to provide homelessness advice and support such as help to find private rented accommodation. If they are also in "priority need" for accommodation, which includes families and vulnerable single people, we then have a legal duty to provide temporary accommodation. We discharge duties through a suitable offer of accommodation or if someone refuses suitable offers of accommodation.

3.10. When supporting homeless households into the private rented sector, we pay the upfront cost of renting to the landlord (in the form of an incentive payment, in place of a deposit and rent in advance) and ensure the tenancies are set at a rent that is affordable (a requirement of discharging a housing duty). The tenant is then responsible for paying their rent to the landlord by income or benefits. We also provide tenancy training and floating support to ensure tenancies are sustainable.

3.11. We know that working in a preventative way has a higher success rate of preventing homelessness, but the change in market conditions and availability of options has made this difficult. The Local Housing Allowance rates in London do not match the market and it is increasingly difficult to procure property at Local Housing Allowance rates in London or to sustain tenancies at affordable rent levels in the current market.

3.12. Financial support

3.13. While there are not specific funds available for private renters as group, those renting in the private rented sector and in urgent financial need are able to apply for financial support from the Council. For example, the Cost of Living Crisis Fund was launched in 2022 and anyone over 18 (or 16 if living independently) who meets the specified criteria can apply for a payment worth up to £500. Residents can apply through Money Advice Camden which can also support them in accessing other government benefits including the Housing Support Fund.

3.14. If private renters are receiving Housing Benefit or the Housing Costs element of Universal Credit but facing a shortfall (where their rent is higher than the benefit), they can apply for a Discretionary Housing Payment (DHP) which can cover the value of the shortfall for a certain period of time. This financial support can be

paid direct to the landlord to cover arrears, or be used by the tenant to cover moving costs, deposit or rent in advance for a new, more appropriate or affordable, property.

4. Engagement with private sector renters

- 4.1. When we surveyed private tenants in 2020, the results showed that 51% of participants were not aware the Council could help them. Only 26% felt confident about their rights as a tenant. 20% were very dissatisfied with their landlord, with the main issue being landlords too slow to fix a problem. Key issues reported were damp and mould (58%), heating and hot water (54%) and general maintenance (51%).
- 4.2. There are significant challenges with engaging effectively with private renters. In an attempt to address this, the [Camden Private Renters](#) website was launched in 2021. Its aim is to bring together a comprehensive range of guidance and support to inform and educate private renters in one place. Building on the new website and success of our landlord forums, the service ran two tenant forums in 2023 with disappointing levels of engagement despite attempting various communication channels to raise awareness.
- 4.3. We chair regular Private Rented Sector Partnership meetings, where external and internal stakeholders meet to discuss sector intelligence, legislation and upcoming promotional activities. Recent discussions have been around the Renters' Reform Bill and exploring methods to improve tenant engagement.

5. Looking forward

5.1. Renters' Rights Bill

The Renters' Rights Bill aims to change various aspects of the law concerning the private rented sector. The bill was presented to Parliament on 11 September 2024, with its second reading due on 9 October 2024. The Bill aims to introduce security, safety and fairness to renters, through the following proposals:

- **Abolish Section 21 'no-fault' evictions** and moving to a structure where all assured tenancies are periodic.
- **Ensure possession grounds are fair to both parties** to give tenants more security while ensuring landlords can recover their property when reasonable. This will include giving tenants more time to find a home if landlords evict to move in or sell.

- **Provide stronger protections against backdoor eviction** by ensuring tenants are able to appeal excessive above-market rents purely designed to force them out. An independent tribunal will make a judgement on this, if needed.
- **Introduce a new Private Rented Sector Landlord Ombudsman** that will provide quick, fair, impartial and binding resolution for tenants' complaints about their landlord.
- **Create a Private Rented Sector Database** to help landlords understand their legal obligations and demonstrate compliance, alongside providing better information to tenants to make informed decisions when entering a tenancy agreement. It will also help local councils target enforcement activity where it is needed most.
- **Give tenants strengthened rights to request a pet in the property.**
- **Apply the Decent Homes Standard to the private rented sector** to give renters safer, better value homes.
- **Apply 'Awaab's Law' to the sector**, setting clear legal expectations about the timeframes within which landlords in the private rented sector must take action to make homes safe.
- **Make it illegal for landlords and agents to discriminate against prospective tenants in receipt of benefits or with children.**
- **End the practice of rental bidding** by prohibiting landlords and agents from asking for or accepting offers above the advertised rent.
- **Strengthen local authority enforcement**, by expanding civil penalties, introducing a package of investigator powers and bringing in a requirement for local authorities to report on enforcement activity.
- **Strengthen rent payment orders** by extending them to superior landlords, doubling the maximum penalty and ensuring repeat offenders have to repay the maximum amount.

It is expected that the key aims of the Bill will come into force at some point, however, there is likely to be a staggered implementation for each element moving forward.

5.2. **Renewal of discretionary borough wide additional HMO licensing scheme**

The existing 5-year designation is due to end on 7 December 2025. Resources are now in place working on a review of the current scheme and proposals for a new designation to be implemented for a further 5-years. Initial indications reinforce that licensing is having a positive impact on improving standards, however, more work is required to ensure that properties are being brought up to and maintained to minimum standards moving forward.

5.3. **Tenant engagement**

The Private Sector Housing Service recognises that we need to rethink how we engage and support tenants living in private rented sector accommodation, for

example around issues like disrepair, living in an HMO, damp and mould, trading standards issues and the cost of living. We will develop proposals for ways to improve our levels of engagement and reach more tenants, learning from our experience with the tenant engagement forums in 2023.

5.4. Homelessness

The Council has been an active campaigner on homelessness issues in recent years, especially as the numbers presenting as homeless have increased so dramatically. The change of government presents an opportunity to address some of the barriers we currently face in meeting our homelessness obligations, especially in the private rented sector. Meeting the housing challenge is a top priority for the Council and we will be working on a range of asks to national government to increase the quantity and quality of housing, ensuring that everyone has a place to call home that is safe, warm and dry.

6. Legal Implications

6.1. The Borough Solicitor has been consulted and has no comments to add.

7. Resource Implications

7.1. The market failures in the private rented sector described in section 1 of this report result in a number of costs to the Council. The cost of the Council's statutory duties and discretionary activities to regulate the private rented sector are to some degree funded by licencing income and financial penalties, but there is still a net cost to the Council. There are a number of more indirect costs resulting from rubbish, anti-social behaviour, noise etc.

7.2. However the largest cost resulting from market failures are costs relating to the prevention, assessment and in particular the alleviation of homelessness. In common with many other local authorities, Camden had a considerable overspend on temporary accommodation in 2023/24, and is forecasting an even larger overspend in 2024/25. Recent changes in the private rented sector impact all parts of the homelessness system – the unaffordability of the PRS frustrates efforts to prevent homelessness, increases homelessness presentations, makes temporary accommodation more expensive and reduces the availability of settled accommodation into which the Council can discharge its homelessness duties.

8. Environmental Implications

8.1. There are no specific environmental implications.

APPENDICES

Appendix 1 – Private rented sector housing standards key data