



Can't complain: why poor conditions prevail in private rented homes

Shelter

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With thanks to Francesca Albanese, Deborah Garvie, Liam Reynolds, John Gallagher, Martha MacKenzie and Lotte Dowber Deckers

Executive summary

- Homes in the private rented sector are worse than in any other tenure. A third fail to meet the government's Decent Homes Standard¹, and over six in ten renters (61 per cent) have experienced at least one of the following problems in the past 12 months: damp, mould, leaking roofs or windows, electrical hazards, animal infestation and gas leaks.²
- Shelter has consistently challenged the actions of rogue landlords who deliberately exploit renters. One in 20 renters say that they have rented from a rogue landlord in the past twelve months². There are, however, far more ill-informed amateur and accidental landlords whose actions, while less malicious, can be equally dangerous for renters.
- This is particularly concerning considering the increased numbers of families and vulnerable groups relying on the private rented sector as a long-term housing solution. Renters living in the lower end of the sector are more likely to be living in worse conditions and are the least likely to report them.
- A key reason why renters do not report poor conditions is because they fear retaliatory eviction – one in eight renters have not asked for repairs to be carried out in their homes or challenged a rent increase in the last year because they fear eviction.³ Many local authorities are using innovative and cost-effective techniques to improve conditions.⁴ However, as a result of budget cuts, environmental health teams often lack resources to carry out proactive inspections and enforcement work. Therefore, complaints from renters are much more heavily relied upon in order for teams to carry out their work.
- In a market where demand often outstrips supply renters lack basic consumer power to bargain for better conditions. It is vital that the government puts restrictions in place to prevent Section 21 Possession Notices - which, where the fixed term has expired, enables landlords to end an Assured Shorthold Tenancy agreement without having to show any grounds providing they give the renter a minimum of two months notice - being served when renters report disrepair.
- The vast majority of landlords have the financial resources to pay for repairs and maintenance. The imbalance between demand and supply often means, however, that there are few financial incentives for landlords to invest in their properties in order to attract renters.
- Moreover, landlords' decisions about whether or not to invest in the maintenance and repair of their property are more likely to be driven by capital growth than rental incomes, further highlighting the weak relationships between rents and conditions.
- Securing better standards requires driving out rogue landlords and driving up quality throughout the sector. With demand high and rising, and the imbalance between landlords' and renters' market power entrenched, the case for regulatory intervention has become urgent.
- We strongly support the government's consideration of extending the use of Rent Repayment Orders and how to better protect renters from retaliatory eviction as part of their review into poor conditions in the private rented sector.

1. Department for Communities and Local Government (DCLG), English Housing Survey Headline Report, 2012-13

2. YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas.

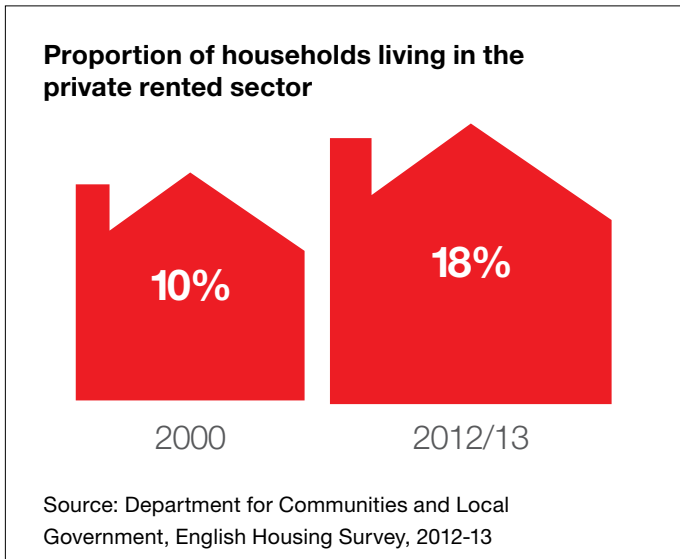
3. Ibid.

4. [Shelter, What works, tackling rogue landlords and improving the private rented sector, 2013](#)

Introduction

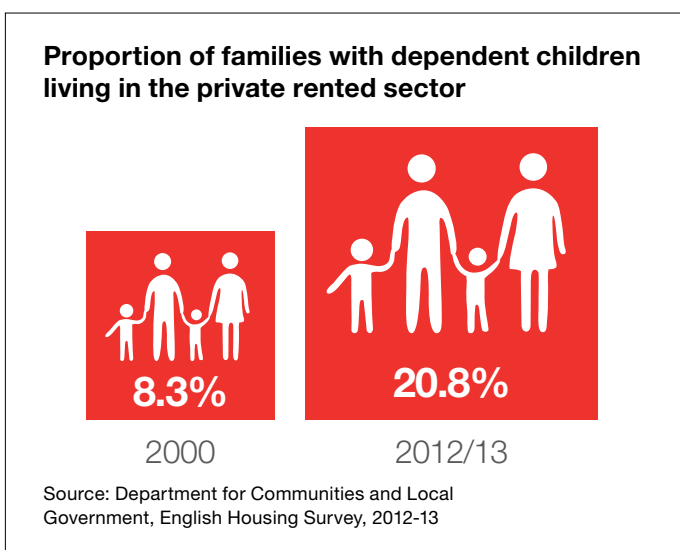
Private renting in 2014

Private renting is fast becoming the new normal, and there are now more than 9 million renters in England.



The proportion of households living in the private rented sector has risen by 80 per cent since 2000.

The types of people living in the private rented sector have also shifted dramatically. Renting is no longer exclusively the domain of students and mobile young professionals. Nearly 50 per cent of growth in the private rented sector in the last two years has come from families with children, who now make up nearly a third of private renting households. Almost half of renters are aged 35 and over.⁵ More than 40 per cent of the people who approach Shelter for advice live in the private rented sector. This is a proportion that keeps growing, and is more than double the proportion of the population who rent privately.



The proportion of families living in the private rented sector with dependent children has more than doubled since 2000.

The high cost of buying a home and a shortage of social housing means many families now have no choice but to rent privately for the medium to long term. Nearly a third (32 per cent) of renters expect to be living in the private rented sector for the rest of their lives.⁶ English renters' main reason for renting is because they cannot afford a home of their own (44 per cent). This proportion increases to 50 per cent for families.⁷ Only 6 per cent of renters say it's their preferred choice of housing.⁸

In many areas the sector is increasingly being used by local authorities to accommodate homeless households, either as temporary accommodation while waiting for an offer of social housing, as a final offer under the statutory rehousing duty, or as part of housing options. Last year 37 per cent of homeless prevention and relief cases who were assisted to find accommodation were placed in the private rented sector.⁹ Where a homelessness duty is owed, it is typically because the households contain pregnant women, children or other vulnerable people, such as those with long-term illnesses and disabilities, all of whom are likely to be more seriously affected by poor living conditions.

All these factors have increased the pressure on the private rented sector. Shelter is calling on the government to ensure that more homes are built in all tenures – in particular affordable homes – in order to meet the demands of our housing shortage. Increasing the supply of homes available for private renting is one way of improving standards and affordability in the sector, by potentially increasing competition and diversification in the market. Until that happens, we must ensure that the growing number of private renters live in safe, secure and decent homes.

The problem

Increased demand has led to soaring housing costs, which have not been matched by incomes. Over the last decade rents have risen twice as fast as wages.¹⁰ Despite the high costs in the private rented sector, conditions are worse than all other housing tenures. Thirty three per cent of private rented homes fail to meet the government's Decent Homes Standard. This compares to only 15 per cent of homes in the social rented sector, and 20 per cent of owner occupied homes.¹¹ Over six in 10 renters (61 per cent) have experienced at least one of the following problems in past 12 months: damp, mould, leaking roofs or windows, electrical hazards, animal infestations and gas leaks. For families the figure is 69 per cent. Too often management standards are also poor, and rogue landlords can make renters' lives a misery by refusing to carry out repairs, harassing renters in their homes, and evicting them if they complain. One in 33 renters (3 per cent) reported that they currently rent from a rogue landlord, and one in 20 (5 per cent) said that they have done so in the past 12 months, but not currently.¹²

Interest in poor conditions in the sector has gathered momentum recently. The government has launched a review of property conditions in the private rented sector which will consider whether additional guidance on the Housing Health and Safety Rating System is required; how to better protect renters who report poor conditions in their homes from retaliatory eviction; the need for smoke and carbon monoxide alarms; whether landlords should be required to carry out regular electrical checks; and whether renters who are forced to suffer unacceptable conditions could reclaim their rent. The Labour Party's recent policy review also committed to considering a national register of private landlords; a new national private rented property standard; and a review into how councils can better use licensing schemes; and tougher sanctions on bad landlords.

This briefing will set out the scale and reasons why poor conditions prevail in the private rented sector. The findings will inform our final report which will be published in the Summer and will set out Shelter's solutions for improving conditions and standards across the sector.

The deregulation of the sector in the late 1980s was designed to encourage it to offer a housing option for more people. It was believed that this would allow higher rents to be reinvested and improve the aging stock.¹³ But poor conditions continue throughout the sector. This can in part be attributed to rogue landlords who deliberately exploit renters. However, there are far more ill-informed amateur and accidental landlords whose actions, while less malicious, are equally as dangerous for renters.

In many areas of the market the demand for privately rented homes outstrips supply. Where this happens, the market cannot be relied upon to regulate for good conditions. Markets differ throughout the country, and in some areas the imbalance between demand and supply is less pronounced. The problem, however, often remains the same – people have very limited options, particularly at the lower end of the market where it is difficult to access to social housing.

Where landlords know that they can rely upon a steady supply of renters and continue to increase rents, there appears to be very few financial incentives for them to pay for repairs and maintenance. This is despite evidence showing that the vast majority of landlords have the financial means to invest in improving conditions.

In addition, for many landlords the decision to invest in the maintenance and repair of their property is informed more heavily by capital growth than rental incomes, further highlighting the weak relationship between rents and conditions.

One of the key reasons for the scale of poor conditions in the private rented sector is that renters are often reluctant to report problems because of the lack of legislative protections in place to prevent retaliatory evictions. While in practice renters have the right to report poor conditions, in reality they lack basic consumer bargaining power to do so. The majority of landlords do not engage in the practice. However, it is vital that the government puts restrictions in place to prevent a Section 21 Possession Notice being served when a renter has complained about poor conditions in their home.

Securing better standards requires driving out rogue landlords and driving up quality throughout the sector. With demand high and rising, and the imbalance between landlords' and renters' market power entrenched, the case for regulatory intervention has become urgent.

5. DCLG English Housing Survey 2012-13. Table 1 Demographic and economic characteristics, by tenure 2012-13

6. YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas.

7. Ibid.

8. Ibid.

9. DCLG Live Table 788 – Type of homelessness prevention and relief, England, 2009/10 to 2012/13

10. Based on analysis of the DCLG, Survey of English Housing 2002/2003 and 2011/12 and the ONS Annual Survey of Hours and Earnings 2003-2013.

11. DCLG English Housing Survey 2011-12 Table 15: Non-decent homes by tenure, 2006 - 2011

12. DCLG English Housing Survey 2012/13. Table 13: Non-decent homes by tenure, 2012.

13. A.D.H Crook, 'Housing conditions in the private rented sector within a market framework' in S.Lowe and D.Hughes, The private rented sector in a new century, revival or dawn?, 2002, p.156.

Methodology

The briefing is informed by the following:

- A YouGov online survey of 4,544 English private renters between 11 December 2013–16 January 2014, looking at their experiences of private renting and their responses to proposals for improving the sector. All YouGov figures, unless stated otherwise, refer to adults in England. Where ‘families with children’ are referenced in relation to YouGov findings, this refers to adults living in England with children under 18 in the household. This research has been jointly commissioned by Shelter and British Gas.
- A YouGov online survey in December 2013 of 1,064 UK private landlords who are members of the YouGov panel. While this is not a sample that is conclusively representative of the landlord sector, the profile of the YouGov panel fits well with the small, buy-to-let or more ‘accidental’ landlord that was desired for this study. Fieldwork was undertaken between 11 December–19 December 2013. This research has been jointly commissioned by Shelter and British Gas.
- The Department for Communities and Local Government’s English Housing Survey 2011–12 full household report and 2012–13 headline report.
- The Department for Communities and Local Government’s Private Landlord Survey 2010.
- Natcen research carried out on behalf of Shelter of secondary analysis of the English Housing Survey and the Health Survey for England. The research examined the numbers of people living in bad housing and the impact on health.¹⁴
- The final report of the Shelter and Crisis Big Lottery funded Sustain PRS project. The Sustain PRS project is a longitudinal qualitative research on the experiences and wellbeing of 128 previously homeless households over 19 months who have been resettled in the private rented sector.¹⁵
- Preliminary findings from recently commissioned unpublished research by BDRC Continental and the University of Cambridge into Landlord Business Models. This results are based on a survey of 225 landlords. This research has been jointly commissioned by Shelter and British Gas.
- The Department for Communities and Local Government’s Private Landlord Survey 2010.

14. Barnes, B. Cullinane, C, Scott, S. and Silvester, H. People living in bad housing – numbers and health impacts, Natcen, 2013.

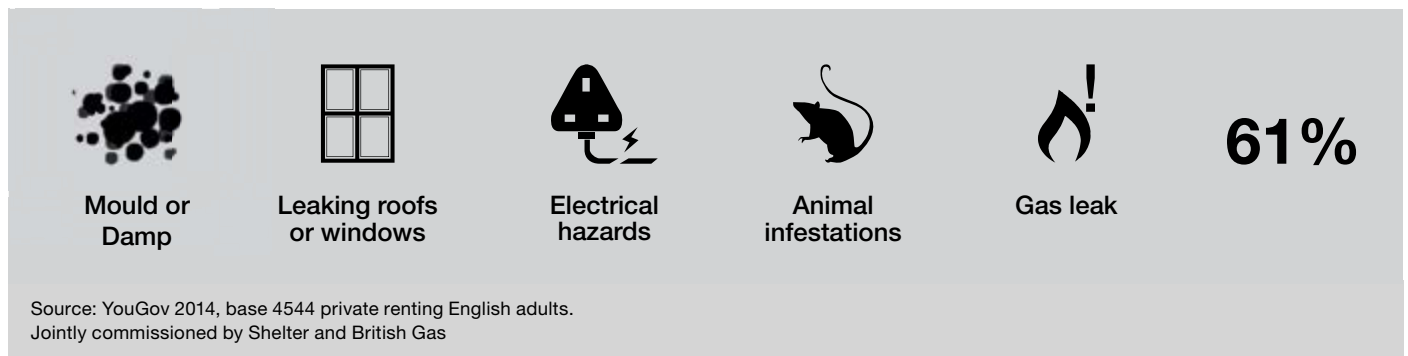
15. Smith, M., Albanese, F and Truder, J. A Roof Over My Head: The Final Report of the Sustain Project, Sustain: A longitudinal study of housing outcomes and wellbeing in private rented accommodation, Shelter and Crisis, 2014. Big Lottery Funded

How bad are conditions in the private rented sector?

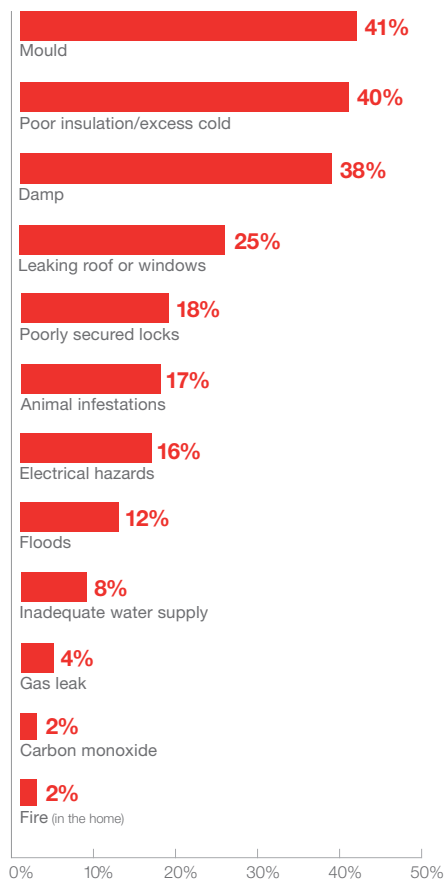
Conditions in the private rented sector are worse than in any other form of tenure. Thirty three per cent of private rented homes fail to meet the government's Decent Homes Standard, compared to 20 per cent of owner-

occupied homes and 15 per cent in the social rented sector.¹⁶ Shelter and British Gas' survey of renters shows that 61 per cent have reported experiencing at least one of the following problems in past 12 months¹⁷:

61 per cent of renters have experienced at least one of these in the past 12 months



Problems renters have experienced in the past 12 months:



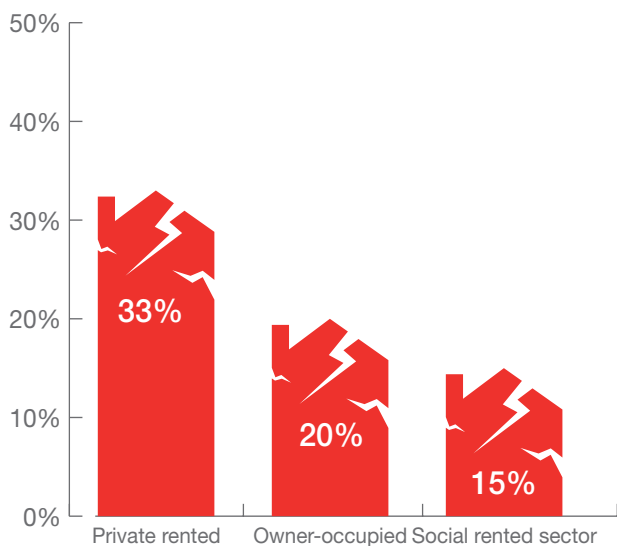
Source: YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas

The Decent Homes Standard

The Decent Homes Standard was introduced in 2000 to provide a minimum standard of housing conditions in the social rented sector. While privately rented homes are not legally required to meet the standard, the government does use it to measure and compare the condition of properties in all tenures. In order to meet the standard, a home must:

- be in a reasonable state of repair. A home might fail if, for example, it had a leaky roof or a heating or electrical system in poor condition.
- be warm and weatherproof. A home would fail if it had an inefficient heating system or ineffective insulation. A home would also fail to meet the standard if it suffered from damp or is very expensive to heat.
- pass the Housing Health and Safety Rating System. A home would fail if it contained a Category 1 hazard (the most serious kind).
- have reasonably modern facilities. A home would fail if, for example, the kitchen and bathroom both lacked modern facilities, and the kitchen also has an inadequate layout or insufficient space.

The proportion of homes that fail the Decent Homes Standard



Source: Department for Communities and Local Government, English Housing Survey, 2012-13.

A third of private rented homes fail to meet the Decent Homes Standard.

Why do privately rented homes fail the Decent Homes Standard?

- The most common reason why privately rented homes fail the Decent Homes Standard is that they do not meet the minimum requirement of the Housing Health and Safety Rating System (HHSRS): 18.9 per cent of all privately rented homes contained a Category 1 hazard.¹⁸
- 15.2 per cent of all privately rented homes failed to provide sufficient levels of thermal comfort.¹⁹
- 7.9 per cent of all privately rented homes were not in a fit enough state of repair.²⁰
- 2.7 per cent of all privately rented homes did not have modern enough facilities.²¹

The Housing Health and Safety Rating System

While homes in the private rented sector do not legally have to pass the Decent Homes Standard, they are subject to certain standards which are based on a risk assessment process known as the Housing Health and Safety Rating System (HHSRS).

The HHSRS came into effect in April 2006 and replaced the Fitness Standard as the statutory element of the Decent Homes Standard. The HHSRS assesses the level of faults in properties and how they might affect the health and safety of any potential occupant. The HHSRS considers how likely it is that a hazard would occur and how serious the outcome would be.

The HHSRS assesses various physiological and psychological requirements, including:

- dampness, condensation, and mould growth
- rats, cockroaches and other vermin infestations
- broken glass, falling plaster, or dangerous or decaying stairs
- faulty or dangerous gas or electrical installations
- blocked drains or problems with rubbish or sewage
- unacceptable noise levels
- damaged asbestos
- smoke fumes or gases.

Hazards that are assessed as posing a serious danger to health and safety are classified as a Category 1 hazard. When a Category 1 hazard is discovered, the local authority has a duty to take appropriate enforcement action, which may consist of serving an Improvement Notice or making a Prohibition Order. Other defects which are assessed as less serious are classified as Category 2 hazards. Local authorities are not required to take action in this situation but still have the power to serve an Improvement Notice or take other enforcement measures.

How many renters live in poor conditions?

Between 2006 and 2012 there was a decrease the number of non-decent homes in the sector from 47 per cent to 33 per cent.²² However, due to the rapid expansion of the sector, the actual numbers of non-decent homes increased. In 2006, the number of homes in non-decent conditions in the private rented sector stood at just over 1.2 million. In 2012, the figure had risen to more than 1.3 million.²³ This means a further 140,000 households are living in non-decent privately rented homes. It has also been suggested that the proportional improvement in conditions is a result of the disproportionate addition of newer housing stock, rather than the improvement of existing properties.²⁴

Safety

Landlords have a legal responsibility to make sure any gas equipment they supply is safely installed and maintained in good condition. They are also required to have a registered Gas Safe engineer carry out an annual gas safety check on each appliance and/or flue. Despite this, nearly one in five landlords (19 per cent) are not able to correctly state that a Gas Safety certificate needs to be renewed every year. Our research also suggests that 6 per cent are breaking the law by not fulfilling this requirement in all their properties that have a gas supply²⁵ and that 4 per cent of renters have experienced a gas leak in the past year.²⁶

It is not currently a legal requirement for landlords to carry out similar checks for carbon monoxide safety, and only 47 per cent currently have carbon monoxide detectors fitted in all the homes they let.²⁷ The Gas Safety Trust has reported that private renters are at least 4.4 times more at risk of a carbon monoxide incident than those living in other tenures²⁸, and our research found that 2 per cent of renters have experienced carbon monoxide poisoning in the past year.²⁹ This lack of protection has serious consequences for renters, and the government has recognised the problem in the Energy Act 2013. This allows the government to make orders requiring all private sector homes to be equipped with smoke alarms and carbon monoxide detectors in the future. Recognising that legislation may be necessary to improve the safety of renters is an important first step, and we look forward to the regulations being laid.

While landlords are required to make sure that all electrical systems and appliances they supply are safe, there is no legal requirement for landlords to carry out checks on a regular basis, e.g. annually. Our research shows that 16 per cent of renters experienced problems with electrical hazards in the last year.³⁰

Evidence from the English Housing Survey shows the high level of safety issues regarding risk of fire in privately rented homes, compared to other housing types. Despite only making up 18 per cent of the overall

housing stock, privately rented homes account for 29 per cent of the million homes that were classified as posing a significantly higher than average fire risk.³¹ This is not surprising considering that only 52 per cent of renters reported having a working smoke alarm fitted, and only 23 per cent reported having have a fire extinguisher and/or fire blanket in a property in the last year.³²

Accidents

Fifteen percent of families reported that in the last year there had been a problem in their home that could cause a fall.³³ The English Housing Survey found, that despite only making up 18 per cent of the overall housing stock, privately rented properties accounted for almost 20 per cent of all dwellings with a significantly higher risk of a collision and entrapment.³⁴

Security

Problems with security are also considerably worse in the private rented sector than every other tenure. Despite only making up 18 per cent of all dwellings, they account for 41 per cent of the total number that were assessed as posing a significantly higher risk of entry by intruders.³⁵ Our research also shows that 18 per cent of renters have experienced poorly secured locks and doors in the last year alone.³⁶

Thermal comfort and energy efficiency

Problems with thermal comfort and energy efficiency continue to be overrepresented in privately rented homes. While energy efficiency has improved over the last couple of years, the sector still has the largest proportion of properties with the worst energy performance rating of any tenure. Eleven percent of private rented sector properties have an Energy Performance Certificate (EPC) rating F or G.³⁷ This can partly be explained by the fact that 37 per cent of homes in the sector were built pre-1919 – significantly more than other tenures.³⁸

Energy Performance Certificates

Energy Performance Certificates (EPC) are drawn up by accredited energy assessors. They show how energy efficient a property currently is, and how energy efficient it could be if certain improvements were made. Properties are rated from A to G, with A being the most efficient, and G the least efficient. Landlords who are re-letting a self-contained property must supply an EPC to any prospective renter. In both cases, the EPC must be commissioned before a property is marketed.

Poor energy efficiency ratings have a significant impact on the ability of renters to keep warm.

- 40 per cent of renters reported experiencing poor insulation and excess cold in the past year.³⁹
- 25 per cent of renters experienced problems with leaking roofs or windows in the past year, and 38 per cent reported a problem with damp – all contributory factors to a lack of thermal comfort.⁴⁰

The Children's Society recently reported that an estimated 3.6 million children thought their home was too cold last winter, and around 1.3 million said it had damp or mould.⁴¹ Problems with excess cold are also particularly worrying because the sector is increasingly being used to accommodate homeless households, many of whom are more likely to be vulnerable to the cold, such as people with long-term illnesses and disabilities. In our survey 40 per cent of renting families in receipt of Housing Benefit reported experiencing poor insulation and excess cold in the past year.⁴²

Our research also reveals that only 60 per cent of landlords have an active EPC on all of their rental homes, suggesting a high level of non-compliance with this legal requirement.⁴³ Knowledge among landlords of measures to improve energy efficiency is also low. Only 48 per cent have heard of the Green Deal and only 4 per cent have accessed it to try to improve their properties.⁴⁴

Given that the sector contains a disproportionately high level of homes that were built pre-1919, it is especially important that landlords take a proactive approach in ensuring that they provide an adequate level of thermal comfort to meet the Decent Homes Standard, and address the widespread problems with damp and poor insulation.

16. DCLG English Housing Survey 2012-13. Table 13: Non-decent homes by tenure, 2012.

17. YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas.

18. DCLG English Housing Survey 2011-12, Table 16: Homes failing decent homes criteria, by tenure, 2011.

19. Ibid.

20. Ibid.

21. Ibid.

22. DCLG English Housing Survey 2012-13 Table 12: Non-decent homes by tenure, 2012.

23. Ibid.

24. Rugg, J and Rhodes, D. The Private Rented Sector: its contribution and potential, Centre for Housing Policy, The University of York, 2008.

25. YouGov 2014, base 1,064 UK private landlords. Jointly commissioned by Shelter and British Gas.

26. YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas.

27. YouGov 2013, base 1,064 UK private landlords. Jointly commissioned by Shelter and British Gas.

28. Gas Safety Trust, Gas Safety Trust Carbon Monoxide Incident Report, 2012.

29. YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas.

30. Ibid.

31. Department for Communities and Local Government (DCLG) English Housing Survey, Homes Report 2011.

32. YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas.

33. Ibid.

34. DCLG, English Housing Survey Homes Report 2011.

35. Ibid.

36. YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas.

37. DCLG, English Housing Survey Homes Report 2011, Table 4.15

38. DCLG English Housing Survey, Homes Report 2011.

39. YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas.

40. YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas.

41. [The Children's Society, 'Behind Cold Doors', 2013](#)

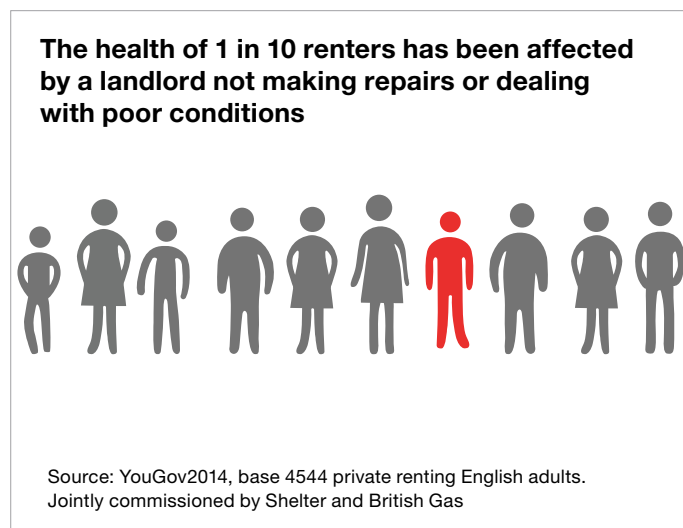
42. YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas.

43. YouGov 2013, base 1,064 UK private landlords. Jointly commissioned by Shelter and British Gas.

44. You Gov March 2013 base 1,004 England and Wales private landlords

What is the impact of poor conditions on renters?

Ten percent of renters said their health had been affected because of their landlord not dealing with repairs and poor conditions in their property in the last year, and 9 per cent of private-renting parents said their children's health had been affected.⁴⁵ Almost one in six councils in England say that private landlords' neglect of property has required the intervention of health services.⁴⁶ The BRE Group has calculated that poor housing is costing the NHS in excess of £600 million a year.⁴⁷ While this is not exclusively attributed to the effects of conditions in the private rented sector, the overrepresentation of Category 1 hazards in this tenure provides a very definite cause for concern.



10 per cent of renters said their health had been affected because their landlord had failed to make repairs or address poor conditions in their property.

The relationship between poor housing conditions and bad health is well documented. Poor conditions such as overcrowding, damp, indoor pollutants and cold have all been shown to be associated with physical illnesses including eczema, hypothermia and heart disease.⁴⁸

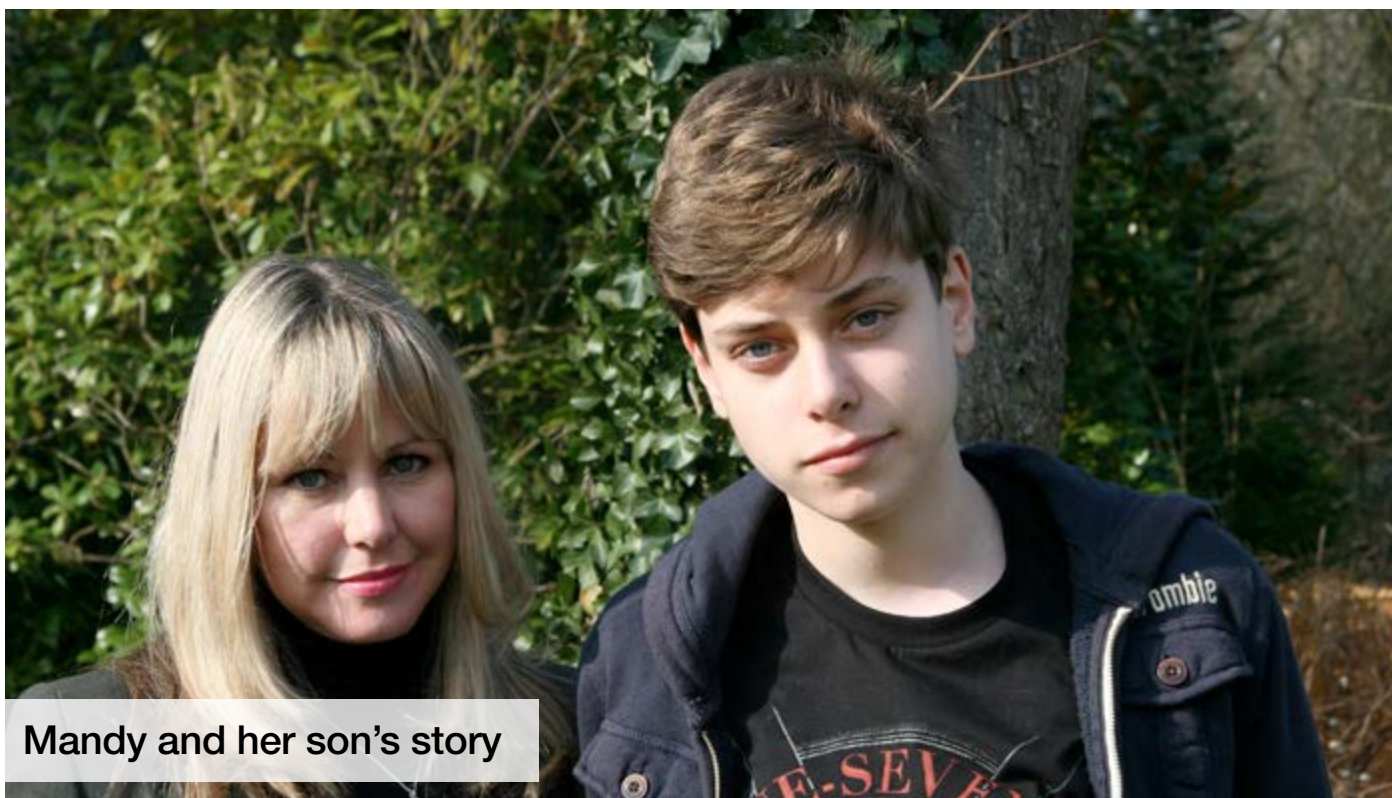
Sustain, a three year longitudinal qualitative study of people housed in the private rented sector after being homeless, conducted by Shelter and Crisis, highlights the effects of poor housing conditions on health. All the participants in the study experienced a problem with conditions at some point in the 19 months that they were interviewed. The most common problems were damp and mould, which made people's homes very cold and impacted on their health, with people reporting new respiratory conditions such as asthma in particular. About half the number of those involved in the study reported an increase in the frequency of coughs and colds, and more frequent visits to the GP.⁴⁹

Physical features of housing can also affect mental health, as families struggle to cope with the stress of living in poor conditions.⁵⁰ Studies have shown that coping with damp, problems with keeping the house warm, noise and poor state of repair are associated with higher levels of anxiety and depression.⁵¹ Almost one in five adults (19 per cent) living in bad housing has low mental health.⁵²

Given the disproportionate increase in families living in the sector, the impact of poor conditions on children is particularly concerning. Children living in bad housing in the private rented sector are more likely to have wheezing problems and poorer general health.⁵³

Previous Shelter research also suggests that children living in overcrowded and insecure housing where conditions are poor are more likely to have mental health problems such as anxiety and depression, to contract meningitis and to have respiratory problems.⁵⁴ Poor conditions can also affect children's physical, educational and social development because of the lack of safe, comfortable space to play and study; the effects of poor conditions on sleep; illness leading to absence from school; and the embarrassment of inviting friends home to play.⁵⁵

Effects on health



Mandy and her son's story

“Alex had so many chest infections, headaches and nausea. He had to have a month off school at one point. I have cystic fibrosis and living with damp problems meant I kept coming down with a lung infection that I’d never had before or since we moved out. Our landlord didn’t seem to get that for us, the tenants, that property is our home, and a place we should be able to feel safe in, not in fear for our health.”

Mandy wishes she’d moved out sooner than they did. The problems started off as just a few little things and built up and up and before she knew it she was spending all her time chasing the landlord about everything, holding out for him to fix the problems.

45. YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas.
46. Shelter Freedom of Information request July 2012. This asked thirteen questions concerning complaints received concerning private rented accommodation and subsequent enforcement action against private landlords. Out of the 326 local authorities contacted we received 310 responses.
47. Roys, M., Davidson, M., Nicol, S., Ormandy, D. and Amrose, P. The real cost of poor housing. Bracknell: HIS BRE Press. Nb. BRE have developed a methodology to compare the cost of housing interventions with the potential savings to health services, 2010.
48. Barnes, B. Cullinane, C, Scott, S. and Silvester, H. People living in bad housing – numbers and health impacts, Natcen, 2013.
49. Smith, M., Albanese, F and Truder, J. A Roof Over My Head: The Final Report of the Sustain Project, Sustain: A longitudinal study of housing outcomes and wellbeing in private rented accommodation, Shelter and Crisis, 2014, p.19. Big Lottery Funded.
50. Barnes, B. Cullinane, C, Scott, S. and Silvester, H. People living in bad housing – numbers and health impacts, Natcen 2013
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55. Harker, L. Chance of a Lifetime, Shelter, 2006.

Why are conditions so bad in the private rented sector?

Why don't renters complain about poor conditions?

Renters have certain rights requiring their landlord to keep their homes in good repair. If homes are in a poor condition, renters are entitled to ask the landlord to carry out repairs. Alternatively they can report poor conditions to their local authority, which has a responsibility to inspect the property and, where necessary, serve an Improvement Notice requiring works to be carried out. Where the home is in a condition that is 'prejudicial to health', the authority may serve an abatement notice requiring the landlord to remedy the problem.⁵⁶

Shelter has been fortunate enough to engage with a wide range of local authorities. We have come across some fantastic examples of local authorities using innovative and cost-effective techniques to tackle rogue landlords and improve their local private rented sector.⁵⁷ Many local authorities, however, face budget cuts, and as a result environmental health teams are not always sufficiently resourced to carry out proactive inspections and enforcement work. Therefore, complaints from renters become much more heavily relied upon in order for teams to carry out their work.

Despite high levels of poor conditions, the numbers of renters reporting problems remain relatively low. Our research found that as little as 8 per cent of renters have complained to their local council.⁵⁸ This can in part be explained by renters' lack of awareness of their rights or low expectations, which are important and relevant factors. However, Shelter has long stressed that the main barrier to renters reporting (and one that would come into play even if renters possessed both higher expectations and awareness of their rights) is the lack of protection from retaliatory eviction or other forms of retaliatory action, such as landlord harassment. This fear must be recognised as a major barrier to renters bringing forward complaints about conditions or poor practice.

Blackpool Borough Council

'Enforcement can only require that landlords meet basic minimum standards, and property quickly falls below that standard once enforcement action has finished. Some landlords adopt a 'management by enforcement approach' and simply wait for the council to tell them what to do; this is expensive, resource-intensive and fails to provide a quality housing offer.'

Amber Valley Borough Council

'An increasing number of renters tell us that following the council asking their landlords to make repairs, an eviction notice is swiftly served. On top of that we think that we only receive complaints from around 10% of renters who are living in non-decent properties.'

Why do renters fear retaliatory eviction?

The majority of renters have an Assured Shorthold Tenancy of a six or 12 month fixed period. During the fixed period of a tenancy the landlord can generally only evict a renter by obtaining a court order following a Section 8 notice.⁵⁹ In order to obtain a Possession Order via the Section 8 procedure, the landlord must provide evidence of certain statutory grounds, such as rent arrears.

If, after the fixed period of the tenancy has expired, the tenancy is not renewed for a further fixed term, the tenancy becomes a statutory periodic tenancy.

Where the fixed term has expired, or where there was no fixed term at all, the landlord has the right to evict a renter using a Section 21 Notice.⁶⁰ A Section 21 Notice enables the landlord to end an Assured Shorthold Tenancy agreement without having to show any grounds, providing the renter has been given a minimum of two months notice. So long as the landlord has protected the renter's deposit and the notice is served correctly, renters will have no defence to a possession claim based on a Section 21 Notice. For renters who have a six or 12 month fixed period, this means that they can be evicted within a year, and those with a periodic tenancy within two months. This makes the threat of retaliatory eviction a very real one, and provides a strong incentive for renters not to risk provoking their landlord.

There is currently no specific legislation in place to protect renters who report poor conditions to their landlord or local authority from being evicted or other forms of retaliatory action. The UK is out of step with other jurisdictions in providing such weak protections for renters. In other European countries, many renters are protected by longer fixed-term tenancies. In countries such as America (39 of the 50 states provide protection), Australia and New Zealand, where shorter tenancies are more commonplace, renters have greater powers to challenge an eviction in order to protect themselves from retaliatory action. This allows them to better exercise their rights to reasonable living conditions.⁶¹

Protections renters enjoy in other countries



New Zealand

Within 14 days of receiving a notice of eviction, renters can apply to a tribunal for an order declaring that the notice is of no effect on the grounds that landlord served the notice because the renter tried to exercise any rights relating to their tenancy agreement.



New York

If a landlord issues an eviction notice in response to: a renter making a complaint regarding a violation of a health and safety law or regulation; trying to enforce any rights under their tenancy or joining a tenants rights group; it is deemed retaliatory. They are subsequently not able to make any substantial changes to the tenancy such as increasing the rent or reducing services. They are also not allowed to not renew a tenancy within a twelve month period. Landlords that are found to have violated this are subject to pay compensation.

Florida

It is unlawful for a landlord to increase rent, decrease services or threaten to bring an action for possession in retaliation to a tenant complaining about unsafe or illegal living conditions. They are also protected from retaliatory action if they join a renters' rights group.

Alaska

It is unlawful for a landlord to increase rent, decrease services or threaten to bring an action for eviction in retaliation to a renter making a complaint. They are also protected from retaliatory action if they join a renters' rights group. Renters are also potentially entitled to recover damages if they find that a landlord has acted in retaliation.

Source: Shelter Cymru, Making rights real- preventing retaliatory eviction in Wales, 2013; Citizens Advice Bureau, The Tenants Dilemma- warning: your home is at risk if you dare complain, 2007.

There is a significant body of evidence suggesting that the practice and fear of retaliatory eviction is widespread and should be addressed in order to ensure that renters are protected when exercising their basic consumer rights.

Our research shows:

- **renters fear retaliatory eviction.** One in eight renters (12 per cent) have not asked for repairs to be carried out in their home, or challenged a rent increase in the last year because of they fear eviction.⁶²
- **renters do suffer retaliatory eviction.** One in 33 renters have been evicted, served notice or threatened with eviction in the past five years because they complained to their local council or their landlord about a problem in their home. This is the equivalent to 324,172 renters every year.⁶³

1 in 8 fear retaliatory eviction



Source: YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas

12 per cent of renters have not asked their landlord to carry out repairs or challenged a rent increase because they fear retaliatory actions.

The Tenants' Voice found that 71 per cent of renters have paid for repairs themselves rather than asking their landlord to make them, and that 61 per cent were wary of complaining to their landlords about poor conditions.⁶⁴ It should also be noted that 86 per cent of renters surveyed said that they had never heard of the term 'retaliatory eviction', suggesting that renters may underreport the practice.⁶⁵

These findings are supported by the experiences of frontline housing staff. Shelter regularly witnesses how the practice and fear of retaliatory action deters renters from exercising their rights. In a recent survey of 321 Shelter advisers (48 responses were received), 55 per cent said that in 30 per cent of cases where there were poor conditions, renters were reluctant to take formal action because they were worried that their landlord might evict them. Seventy-six per cent said that renters worried that the landlord would increase the rent if they made a complaint about poor conditions. Worryingly, more than half (52 per cent) of advisers said that they thought that the practice of retaliatory eviction had got worse.

Shelter Cymru have also carried out research on this practice.⁶⁶ They found that all the environmental health and tenancy relations officers they surveyed had worked with renters who were put off from accepting their help because they feared jeopardising their tenancy, and that almost 40 per cent reported that renters were 'often' put off accepting their advice and help.⁶⁷ These findings very much reflect the work carried out by Citizens Advice Bureau in 2007, which similarly focused on the experience of environmental health and tenancy relations officers.⁶⁸ They also found that all respondents had worked with renters who were put off accepting their help for fear it might jeopardise their tenancy, and almost half said that this was 'always' or 'often' the case. When respondents were asked if more security was required for renters when exercising their statutory rights, only 2 per cent disagreed. These findings not only highlight the impact on renters but also how the fear of retaliatory eviction affects the ability of frontline housing staff to properly advise renters and take enforcement action.

Nearly two in ten renters (18 per cent) who have moved rental properties in the last five years stated that one of their main reasons for moving was due to their accommodation being in poor condition.⁶⁹ In some circumstances a problem will never get reported. This means that often properties are continuously let in a poor condition to renters for shorter periods, and standards are never improved.

Removing the fear of retaliatory eviction

The fear of eviction is a key factor in the underreporting of poor conditions in the sector. It is essential that proper protections are put in place to ensure that all renters feel sufficiently empowered to do so. The government has acknowledged this issue and is considering how to better protect renters living in poor conditions who make a complaint as part of its review of property conditions in the private rented sector.

Shelter is calling on the government to put restrictions in place to prevent Section 21 Notices being served when a renter has complained about poor conditions in their home.

Shelter recommends that

Renters who report poor conditions to their landlord and are subsequently served with a Section 21 Notice, should have the right to appeal the eviction notice.

- If a renter is able to provide evidence from someone who is trained in the Housing Health and Safety Rating System to show that there are Category 1 or 2 hazards present in their home and that they made a complaint to their landlord, or someone who works on their behalf (eg letting agent) before the notice was served, then the notice should be treated as invalid.

- The landlord should not be able to serve a valid Section 21 Notice for six months subsequently.
- This model most closely resembles international protections for renters.

An Improvement Notice or Emergency Remedial Action served by a local authority should automatically prohibit a Section 21 Notice.

- The fear of retaliatory eviction is more prevalent than the practice.⁷⁰ In order to provide renters with the confidence to report poor conditions, Shelter recommends that when a renter makes a complaint and a local authority subsequently serves an Improvement Notice or takes Emergency Remedial Action, landlords are automatically prohibited from serving a valid Section 21 Notice.
 - Local authorities have to take some form of enforcement action if they discover a Category 1 hazard. While they are not obliged to, they also have the power to take enforcement action if they discover one or more Category 2 hazards. Local authorities also have the power to take emergency remedial action if there are hazards present which pose an imminent risk of serious harm to occupiers. They can take remedial action to remove the risk of harm and recover their reasonable expenses.
- Shelter recommends that if a Section 21 Notice is served before the Improvement Notice is served or Emergency Remedial Action is taken, it will also be treated as invalid.
- We also recommend that where an Improvement Notice is served or Emergency Remedial Action is taken, the landlord should not be able to serve a valid Section 21 Notice for six months subsequently.

A Hazard Awareness Notice served by the local authority should also automatically prohibit a Section 21 Notice from being served.

- Many local authorities do not serve a landlord with an Improvement Notice if they find Category 1 and 2 hazards in a property. The Housing Health and Safety Rating System enforcement guidance advises that it might be appropriate to wait before serving the notice if the local authority is confident that the landlord will take remedial action quickly. In this situation authorities are advised to use the Hazard Awareness Notice to record the action and provide evidence that the landlord was informed in the event that they fail to carry out the necessary work.⁷¹

- Shelter proposes that the Hazard Awareness Notice should also serve to automatically prohibit landlords from serving a Section 21 Notice for six months in order to prevent renters from being evicted before the landlord has considered how to respond to the notice.
- We also recommend that if a Section 21 Notice is served before the local authority issues a Hazard Awareness Notice, it should also be treated as invalid.

These proposals would give renters the confidence to report poor conditions in their homes without fear of retaliatory eviction. The law already exists to prevent landlords who have not properly protected tenancy deposits from evicting renters, so would be relatively easy to implement. These measures should be extended to ensure that protections for renters are in line with the broad range of international examples.

A change to the law would also benefit landlords. Often when renters do not report problems, properties are allowed to fall into disrepair and landlords can be caught out with large fines later on. Our research into landlord business models showed that 71 out of 225 landlords surveyed thought that a renter not reporting problems when they occurred was a barrier to upgrading and maintaining their property.⁷² Reforming the law to encourage renters to report issues as they arise will help landlords respond promptly, before their property deteriorates further.

We also recommend that landlords who wish to sell their property would still be able to issue a Section 21 Notice, provided they could produce documents clearly evidencing a binding exchange of contracts to ensure that the proposed sale is genuine.

Those landlords who wilfully engage in poor practice will rightly be prevented from doing so. This will help improve the reputation of the sector and act as a future deterrent. Finally, the role of someone who is trained in the Housing Health and Safety Rating System in verifying reports of poor conditions as the basis for restricting the use of Section 21 Notices will protect landlords from spurious renter complaints.

Rent Repayments Orders

As part of their review of property conditions in the private rented sector, the government is considering the scope for requiring landlords to repay rent or Housing Benefit where a property is found to have serious risks to health and safety through a Rent Repayment Order. Rent Repayment Orders are currently used where a landlord has rented out a property that is required to be licensed without a licence being in place. Rent Repayment Orders can be used by both current renters and those who have left the property.

Our research shows that nearly seven in 10 (68 per cent) of renters would report their landlord to their council to recover their rent or Housing Benefit if their property

was in a poor condition and could cause them or their household serious harm.⁷³ This would therefore be a strong deterrent to landlords renting out properties in poor conditions, even in a situation where a renter has chosen to leave the property rather than report a problem. It is also important to note that of the renters we surveyed, 27 per cent said they would only report their landlord to recover their rent if they knew they could not be served an eviction notice.⁷⁴ For this reason it is essential that renters are also protected from retaliatory eviction.

High demand further weakens renters' consumer bargaining power

The lack of legislative protections is compounded by the imbalance between supply and demand for private rented homes, further weakening the consumer bargaining power of renters. In most areas, renters are acutely aware that they are easily replaceable. For many, this may affect their decision to report poor conditions for fear of retaliatory eviction. For example, in London, England's highest demand market, 40 per cent of renters worried that their landlords would not keep the accommodation in good order – higher than all other English regions except the north.⁷⁵

'Where demand for private properties exceeds supply, the use of Section 21 Notices is prolific for any tenant who raises their head above the parapet, tenancy-wise.' Shelter adviser

Renters living in the lower end of the market are even less likely to report poor conditions

In 2001, 10 per cent of private renter households in England were living below the poverty line. This figure now stands at 18 per cent.⁷⁶ In 2009, 47 per cent of vulnerable private renter households were living in homes that failed to meet the Decent Homes Standard.⁷⁷ Households are defined as 'vulnerable' if they are in receipt of at least one of the main means-tested or disability-related benefits. Peter Kemp also found that disrepair is a much greater problem for lower-income households in the private rented sector than for those living in social rented or owner-occupied homes.⁷⁸

Renters in lower social groups who experienced a problem with a landlord in the past 10 years were also twice as likely to take no action about a problem for fear of consequences.⁷⁹ In the last year, fear of eviction from their current property due to asking for repairs to be carried out or conditions improved was higher among renters in receipt of Housing Benefit (14 per cent) than renters as a whole (8 per cent).⁸⁰

Our research shows:⁸¹

- renters on Housing Benefit are more likely to have cause for complaint to their local authority about privately rented homes (36 per cent compared to 29 per cent of all renters). Out of those who do have reason to complain, a larger proportion don't do so because they are worried about the action the landlord might take (9 per cent compared to 5 per cent of all renters).

One of the reasons for this is that the imbalance between supply and demand for properties in the lower end of the sector is far greater, resulting in even more renters competing for fewer properties, and further weakening their ability to act as consumers and bargain for better conditions. The imbalance is particularly distorted because a significant proportion of landlords are unwilling to let their properties to renters in receipt of Housing Benefit or Local Housing Allowance. Our research has found that half of landlords (49 per cent) have a policy of not letting to people on Local Housing Allowance or Housing Benefit, and a further 18 per cent say they occasionally do, but prefer not to.⁸²

'Many private landlords say they cannot afford to carry out repairs so they evict their tenants as a way of avoiding responsibility – then take on new ones who are desperate and on Housing Benefit in the hope they won't complain.' Shelter adviser

A lack of consumer bargaining power and sense of insecurity of tenure is reflected in the Sustain project findings. The study found that participants, who had all been housed in the private rented sector by a local authority or voluntary agency, often felt that landlords had more control over their tenancy than they did. One of the reasons given was that landlords could easily give notice or evict renters and due to their limited financial circumstance, their choice for alternative accommodation were very constrained. Some people were worried that the landlord would be annoyed or serve an eviction notice at the six month break clause if they asked for repairs.⁸³

Retaliatory eviction



Amy's story

“I lived with bad conditions like mould and a boiler that broke all the time. There was damp in some of the rooms so it smelled musty. I tried calling to complain about the conditions, but he just put my rent up – he said he'd done it to encourage me to leave.

Finally, I wrote my landlord a letter about the conditions I was living in – and he served me with an eviction notice a few weeks later. I'm angry about my eviction, and feel like I'm being punished for complaining. I'd like to fight my landlord over it, but I feel powerless to do much.”



Steve and his partner's story

“There were a lot of problems in my home. The heating and thermostat were broken, so it was often freezing. The front door didn't even lock properly, so that if we wanted to lock it from the inside we had to climb out of the window to leave the house!

Our landlord would take ages to make repairs or just ignore problems entirely, so I contacted the council, who got in touch with him. A week later, our landlord said he was selling the property and we'd be evicted. I asked him afterwards if it was related to the complaints I'd made – he said 'let's just say it didn't help.'”



Greg and his family's story

“My eldest was coming up for his exams, and we had him set up in a local school with extra lessons and special measures for his Asperger's. We'd had some trouble in the house with damp and mould, so I reported it to the landlord – three weeks later, he served us an eviction notice.

Now, we have nowhere to go, and have come to Shelter for help. I don't want to have to move my son from his school as it'll affect him pretty badly, and will put him back at least a year. We haven't been able to hide it from the other kids so they're feeling the stress too. It's extremely frustrating, especially when we didn't do anything to cause it – this shouldn't be allowed.”

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56. Under Part III of the Environmental Protection Act 1990, certain matters are declared to be 'statutory nuisances'. This includes any premises in such a state as to be prejudicial to health or a nuisance.
57. Shelter, [What works, tackling rogue landlords and improving the private rented sector, 2013](#)
58. YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas.
59. A notice under Section 8 of the Housing Act 1988.
60. A notice under Section 21 of the Housing Act 1988.
61. Shelter Cymru, ['Making Rights Real- preventing retaliatory evictions in Wales', 2013](#).
62. YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas.
63. Ibid.
64. Tenant Voice, ['A third of tenants have been evicted or threatened with eviction after complaining to their landlords', \(2013\)](#). The results are based on a poll of more than 2,000 tenants from their Facebook Community.
65. Ibid.
66. Shelter Cymru, Making Rights Real- preventing retaliatory evictions in Wales, 2013. They contacted all 22 local authorities in Wales and asked officers working in Environmental Health and PRS Tenancy Support to complete an online survey. Responses were received from 29 respondents in 20 authorities.
67. Shelter Cymru, ['Making Rights Real - preventing retaliatory evictions in Wales', 2013](#).
68. Citizens Advice Bureau, The Tenant's Dilemma- warning: your home is at risk if you, dare complain, 2007. An e-mail survey was carried out with environmental health officers and tenancy relation officers through the medium of LACORS (Local Authorities Coordinators of Regulatory Services) and the Association of Tenancy Relations Officers. Responses were received from 129 officers across England and Wales.

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69. YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas.
 70. YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas. 1 in 8 renters (12 per cent) have not asked for repairs to be carried out in their home or challenged a rent increase in the last year because of fear of eviction. 1 in 33 renters have been evicted, served notice or threatened with eviction in the past 5 years because they complained to their local council or their landlord about a problem in their homes.
 71. The Office of the Deputy Prime Minister, Housing Health and Safety Rating System, Enforcement Guidance, Housing Act 2004, Part 1: Housing Conditions, February 2006.
 72. University of Cambridge and BDRG Continental, Understanding Landlord Business Models, Preliminary findings, 2014- unpublished. Jointly commissioned by Shelter and British Gas.
 73. YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas.
 74. Ibid.
 75. YouGov 2011, base: 541 private renting GB adults. Fieldwork:2-5 December 2011
 76. DCLG, English Housing Survey, Households 2011-12 report.
 77. DCLG, English Housing Survey, Headline Report 2009-10.
 78. Kemp, P.A. 'Low-income Tenants in the Private Rental Housing Market', Housing Studies 26(7-8): 1019-1034, 2011.
 79. YouGov 2011 base 2092 GB adults. Fieldwork was undertaken 15th -17th June 2011. 10 per cent amongst C2DE adults, versus 5 per cent ABC1.
 80. YouGov 2014, base 4544 private renting English adults. Jointly commissioned by Shelter and British Gas.
 81. Ibid.
 82. YouGov 2013, base 1,064 UK private landlords. Jointly commissioned by Shelter and British Gas.
 83. Smith, M., Albanese, F and Truder, J. A Roof Over My Head: The Final Report of the Sustain Project, Sustain: A longitudinal study of housing outcomes and wellbeing in private rented accommodation, Shelter and Crisis, 2014. Big Lottery Funded p.22-23

Why don't landlords improve their properties?

Supply and demand

The Housing Act 1988 brought in substantial changes to the private rented sector, including the creation of the Assured Shorthold Tenancy (which has become the default private residential tenancy), and the deregulation of rents. These measures were intended to revive the sector. It was also assumed that deregulation would lead to an overall improvement of conditions.⁸⁴ It was expected that, as the market grew, renters would be provided with more choice and landlords letting properties in a poor condition would find it difficult to attract renters. This would incentivise them to improve property standards.

Following deregulation and the introduction of the buy-to-let mortgage product in the 1990s, the sector has proportionately increased from a low of 9 per cent of the market in 1992 to 18 per cent of all households by 2012–13.⁸⁵ However, this growth has not kept up with the demand for privately rented homes, leading to a substantial increase in rents during the same period.

Rising rents

The median private rent paid by renters increased by 67 per cent between 2002–03 and 2011–12, according to the English Housing Survey. Over the equivalent time period (2003–2012), median gross full-time wages in England rose by 25 per cent (ONS Annual Survey of Hours and Earnings 2003–13). This means that private rents rose at 2.5 times the rate of wage increases over the last ten years.

For the 12 months from December 2012 to December 2013, LSL data shows London market rents have risen by 4 per cent, and UK rents by 2 per cent. Homelet shows a 3 per cent annual inflation of London rents and 4 per cent nationally. Both sources show average monthly rents to be over £1,100 in London and over £700 nationally. By comparison, the average full-time wage has risen by just 1 per cent in England in each of the last two years, for which data is available (2010–11 and 2011–12).

Confidence in market conditions and the ability to increase rents has been highlighted by various landlord surveys. The Government's Private Landlord Survey 2010 found that 78 per cent of landlords expected to re-let their properties if they became vacant tomorrow - of these 59 at the same rent, 40 per cent at a higher rent and only 1 per cent lower.⁸⁶

Four-fifths of landlords surveyed (82 per cent) stated that low rental demand was not perceived as a problem.⁸⁷ Similarly, our research has found that among landlords who had set up a new tenancy in the last five years, 40 per cent had increased the rent, 39 per cent had kept it the same and 8 per cent had decreased it for the next renter.⁸⁸

The prevalence of poor conditions in the sector has led many commentators to cast doubt on the ability of market forces alone to improve the sector.⁸⁹ In their 2008 government-commissioned report into the private rented sector, Julie Rugg and David Rhodes concluded that due to high levels of demand from renters, market forces cannot be relied upon to 'police' the sector. Furthermore, they noted that even where a landlord has a poor reputation locally, they will still be able to find renters. The imbalance between supply and demand, they concluded, is particularly pronounced for people living on lower incomes, often resulting in higher numbers of 'overtly unscrupulous' landlords operating at the lower end of the market.⁹⁰ With so many people in need of a private rented home, there appears to be fewer financial incentives for landlords to reinvest rental income in improving conditions.

Financial asset or business?

Soaring house prices have made the private rented sector an obvious choice for people looking for a good long-term investment. Commissioned by Shelter, consultants at Jones Lang LaSalle took an in-depth look at a range of business plans by private landlords. They found that the main return in the business plans of landlords they interviewed was primarily long-term capital growth, with rental income making up a necessary, but relatively marginal, part of the overall return on investment over a 15-year buy-to-let holding.⁹¹

This trend is supported by results from our landlord survey which suggests that there is a significant proportion who treat renting primarily as a means of building up a long-term financial asset, rather than a business. Sixty per cent of landlords said that they regarded renting as a sideline to a longer investment, and 15 per cent of landlords said they regarded renting as an investment that they did not have to worry about.⁹² Only 57 per cent of landlords regarded their role as a landlord a business, with customers first and foremost. Notably landlords who did not state that they regarded renting as a business with customers first and foremost were less likely to have money set aside for repairs.⁹³

Initial findings from recently commissioned research to find out what motivates landlords to improve the conditions of their properties showed that 119 out of 225 landlords surveyed said that the main reason for improving and maintaining the condition of their property was to maintain its value. Only 31 said it was to sustain rental incomes.⁹⁴ This suggests that there is a significant proportion of landlords who are far less concerned that the condition of their property will affect their ability to attract renters and increase rents, further highlighting the fragile link between rents and conditions and renters limited ability to act as consumers.

Skills and knowledge

In addition to the rogue landlords who deliberately exploit renters, there are far more ill-informed amateur and accidental landlord whose actions, while less malicious, are equally as dangerous for renters. Since the late 1990s there has been a boom in the buy-to-let mortgage product, allowing many more people to set up as landlords. This has led to a domination of the market by private individuals who own a single investment property and have no or little relevant experience or qualification⁹⁵ – 89 per cent of all landlords are private individuals, and more than three-quarters (78 per cent) of all landlords own a single rental property.⁹⁶ More than half of landlords have let for 10 years or less.⁹⁷ Our research shows only 5 per cent of landlords regarded being a landlord as their main or full-time job.⁹⁸ Since the financial crash there has also been an increase in the levels of ‘accidental landlords’. Twenty seven per cent of landlords could be described as accidental landlords who have either inherited or couldn’t sell a property, so ended up renting it out.⁹⁹

It not surprising therefore that only one in six (16 per cent) landlords are either members of a trades body, or hold an accreditation or license, and more than three-quarters (77 per cent) have never been a member of any trade body or held any license or accreditation.¹⁰⁰ Landlords with more experience and bigger portfolios appear most likely to be accredited.¹⁰¹

This has led to a lack of professionalism and expertise on conditions and standards across the sector.

The Government’s Private Landlord Survey revealed that only 15 per cent of landlords had heard of the HHSRS.¹⁰² Twenty-nine percent of landlords required more information on gas regulation, and 27 per cent required more information on fire regulation.¹⁰³

Our research shows:

- a quarter of landlords did not know how often they should renew their Energy Performance Certificate.¹⁰⁴

- nearly one in five (19 per cent) landlords were not able to correctly state that gas safety certificates need renewing each year.¹⁰⁵
- 6 per cent of landlords appeared to be breaking the law on gas safety by not ensuring that boilers are serviced every year and CP12 certificates are up to date in all of their properties.¹⁰⁶

Resources

Market conditions mean there are very few financial incentives for landlords to invest in their properties, but can they afford to? Recent research suggests that the majority of landlords face few financial barriers to improving conditions. Based on an analysis of the Wealth and Asset Survey, the Strategic Society Centre found that 62 per cent of landlords thought that they could cope for a year or more if their income dropped by a quarter. They also found that 78 per cent of private landlords felt that their income was enough to meet the costs of their everyday outgoings.¹⁰⁷

The Government’s Private Landlord Survey also reported that only 10 per cent of landlords considered the cost of repairs to be a serious problem, and only 4 per cent thought finding reliable builders or tradesmen was a serious problem.¹⁰⁸ These findings are supported by our research which shows that:

- three-quarters of landlords said that the rent they collect is more than their total costs (mortgage, insurance, maintenance, etc). Only 12 per cent said that they were collecting less in rent money than their outgoings.¹⁰⁹
- 43 per cent of landlords have no outstanding mortgage costs and only 16 per cent had mortgages worth 75 per cent of the value of their portfolio or more.¹¹⁰
- only 9 per cent of landlords reported that they struggle to keep their properties in a good state of repair.¹¹¹

Market forces alone are not regulating for good conditions. In an environment where the demand for private rented homes often outstrips supply and landlords are confident of a steady flow of renters and the ability to regularly increase rents, there are few financial incentives to improve conditions. Over the coming months, Shelter will be exploring in more detail what factors motivate landlords to improve and maintain the condition of their properties, and which groups of landlords are struggling to do so, ahead of our final report containing our solutions for improving the private rented sector.

Conclusion

Despite some improvements in the sector, conditions are much worse than any other tenure – 33 per cent of privately rented homes fail to meet the government's own Decent Homes Standard and over six in ten renters (61 per cent) have experienced at least one of the following problems in past 12 months: damp, mould, leaking roofs or windows, electrical hazards, animal infestations and gas leaks. For families the figure is 69 per cent.

The extent of poor conditions is particularly significant given the growing numbers of families living in the sector who are shut out of owner occupation as a result of soaring house prices, or are no longer eligible for social rented accommodation because of dwindling stock. The sector is being used by local authorities to accommodate homeless households, either as temporary accommodation, as a final offer under the statutory rehousing duty, or as part of housing options.

Where a homelessness duty is owed, it is typically because the households contain pregnant women, children or other vulnerable people. Evidence shows that more vulnerable groups are more likely to live in poor conditions and less likely to report them. Renters in lower social groups who experienced a problem with a landlord in the past 10 years were twice as likely to take no action about a problem for fear of the consequences.¹¹²

The increasing reliance on private renting as a long-term housing solution is putting huge pressure on the sector, where the supply of homes has not kept up with demand. This often means that there are few financial incentives for landlords to improve the conditions of the homes they let. It also means that renters have very little consumer power to bargain for better conditions, as evidenced by the high numbers who fear retaliatory eviction – one in eight renters (12 per cent) have not asked for repairs to be carried out in their home or challenged a rent increase in the last year because of the fear of eviction.¹¹³

One of the key reasons why poor conditions continue to prevail in the sector is because of the low numbers of renters who report problems. This is particularly concerning because, in the context of cuts to local authorities, many environmental health teams are not sufficiently resourced to carry out proactive inspections and enforcement work. It is therefore essential that renters are given proper protections to allow them to act as consumers and exercise their right to live in safe and decent homes.

What are we calling for?

In the long term, the government must ensure that more homes are built in all tenures – in particular affordable homes – to meet the demands of our housing shortage. Until that happens we must make sure that renters are provided with the adequate protections to ensure that they live in safe, secure and decent homes and that sufficient intervention is taken to improve the sector.

The government is right to consider restricting the use of Section 21. We urge them to do so where renters have reported poor conditions and are living in homes which contain Category 1 and 2 hazards. This would bring the protections for renters in England in line with a significant number of international examples. This legislative change would not only empower renters but also provide a protection to the vast majority of good landlords who want to improve and maintain conditions, but whose properties fall into disrepair because renters are too fearful to complain.

We also know that there are a significant number of renters living in poor conditions who often feel that they have no other choice but to leave their homes. These renters will often not report a problem retrospectively. This means that homes in poor conditions continue to be let for short periods to different renters and the landlord is never held accountable. We strongly support the government's proposals to extend the use of Rent Repayment Orders to renters who are living, or have lived, in a property which contains serious hazards. Rent Repayments Order would provide a much-needed incentive to renters, who often do not report poor conditions after leaving a property.

Going forward

In addition to the rogue landlords, there is a significant proportion – whether they be accidental or amateur – that lack sufficient knowledge and skills. As a result, they are letting out properties in a poor standard. Improved education is most certainly important, but this will not negate the fact that there are currently very few financial incentives for landlords, the majority of whom have sufficient financial resources, to invest more heavily in their properties.

In the summer Shelter will be producing a final report, which will contain our recommendations for improving standards across the sector. In order for conditions to be improved, the current status quo cannot continue. It is vital, then, that we design a series of better incentives, penalties and practical measures to improve standards – and thereby conditions – in the private rented sector.

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