

# Forty-Ninth Report of Session 2021-22

## Department for Levelling Up, Housing and Communities

### Regulation of Private Renting

#### Introduction from the Committee

The Department for Levelling Up, Housing and Communities (the Department) aims to ensure the rented sector is fair for tenants, by legislating and creating policies used to regulate the sector. Local authorities are responsible for regulating their local rental markets and ensuring landlords comply with legal obligations. They choose how to regulate based on local priorities and can draw on a range of investigation and enforcement tools available.

An estimated 11 million people rent privately in England, and the sector has doubled in size in the last 20 years. Renters face several challenges including increasing rents, a rising number of low-earners and families renting long-term, and the prevalence of “no-fault” evictions leaving households at risk of homelessness. Poor quality housing also poses serious risks to health and safety, and the conduct of landlords can impact tenants’ wellbeing. The Department recognises the challenges within the sector and has committed to proposing reforms in a [white paper](#), to be published in 2022.

Based on a report by the National Audit Office, the Committee took evidence on 31 January 2022 from the Department for Levelling Up, Housing and Communities. The Committee published its report on 13 April 2022. This is the government’s response to the Committee’s report.

#### Relevant reports

- NAO report: [Regulation of Private Renting](#) – Session 2021-22 (HC 863)
- PAC report: [Regulation of Private Renting](#) – Session 2021-22 (HC 996)

#### Government response to the Committee

**1: PAC conclusion: It is too difficult for renters to realise their legal right to a safe and secure home.**

**1: PAC recommendation: Alongside its Treasury Minute response the Department should write to the Committee to set out how it will use its planned reform programme to:**

- **Better support renters to understand what their rights are; and**
- **Improve renters’ ability to exercise their rights by learning from complaints and redress mechanisms used in other consumer markets.**

1.1 The government agrees with the Committee’s recommendation.

#### Target implementation date: Summer 2026

1.2 The government recognises the need for greater fairness in the system to allow renters to realise their right to a safe and secure home and will bring forward a landmark Renters Reform Bill in this Parliamentary session. The government published a [white paper](#) on 16 June 2022 setting out details of the planned reforms.

1.3 As part of these reforms, the department will introduce a new property portal helping landlords to understand their obligations and giving tenants the information they need to make

informed choices. Full roll-out of the digital product will happen in phases but the government expect early public Beta testing of the new property portal to commence Summer 2023, and after Royal Assent, with full roll-out by Summer 2026.

1.4 The government is also committed to learn from other consumer markets to improve renters' ability to access redress and to resolve complaints. The government will abolish section 21 evictions (Housing Act 1988) empowering tenants to challenge poor practice without the risk of retaliatory eviction.

1.5 A new single ombudsman will be introduced that all private landlords will be required to join. This will give private tenants, as social tenants currently have, a free redress services and make landlords accountable for their conduct and legal responsibilities. The department will also learn from the recent mediation pilot to explore how it can improve alternative dispute resolution and mediation offerings within the sector.

1.6 The government is committed to supporting renters to understand their rights in the current and reformed system. The Department for Levelling Up, Housing and Communities (the Department) currently produces a series of housing 'how to' guides that summarise the rights and responsibilities of both tenants and landlords. The department is committed to using a range of strategies and channels, including working with other partners, for example, the Department for Work and Pensions and Citizens Advice, to make sure messages reach the right groups, including digitally excluded and marginalised groups.

**2: PAC conclusion: Local authorities do not have the capacity and capability to ensure an appropriate level of protection for private renters.**

**2: PAC recommendation: The Department should conduct a realistic assessment of the resources needed for local authorities to regulate effectively, with consideration given to the size, types and quality of private rented properties and the demographics of renters. The Department should write to us within the next six months with an update on the outcome of this assessment.**

2.1 The government disagrees with the Committee's recommendation.

2.2 The reforms set out in the [white paper](#) will give local authorities (LAs) effective tools to tackle non-compliant landlords. The introduction of a Private Rented Property Portal will help LAs to deliver more targeted enforcement by providing better and easier access to information. The department will run pilot schemes to trial improvements to the enforcement of existing standards and explore different ways of working with landlords to speed up adoption of the Decent Homes Standard.

2.3 LAs have a key role to play in private rented sector regulation and the government recognises the importance of councils prioritising tackling the blight of poor quality private rented properties.

2.4 LAs face different circumstances and challenges in their area and are therefore best placed to agree how to organise and prioritise resources. It is not for central government to dictate how LAs deliver their functions. Therefore, the government does not agree that a central assessment of resources is appropriate.

2.5 The department will conduct a new burdens assessment of the renters' reform proposals and, where necessary, fully fund the net additional cost placed on local authorities. LAs have powers to issue financial penalties of up to £30,000, rent repayment orders and banning orders and can use this income to support further enforcement activity.

2.6 The department will explore introducing of a national framework for setting fines, which will help drive a more consistent approach.

2.7 The department intends to bolster national oversight of local councils' enforcement, including by exploring requirements for councils to report on their housing enforcement activity.

**3: PAC conclusion: The Department is not doing enough to support local authorities to regulate effectively.**

**3: PAC recommendation: The Department should take a more proactive approach to supporting local regulators and sharing good practice. To do so, it should learn from other consumer protection systems that provide central intelligence and support to local regulators.**

3.1 The government agrees with the Committee's recommendation.

**Target implementation date: Summer 2023**

3.2 The department recognises the value in sharing good practice across LAs and have supported them to develop their approaches to driving up standards through e.g., roadshows. The department has reinvigorated its engagement programme with LAs and will continue to expand its reach across England to design and implement its reforms.

3.3 The government will support local councils to crack down on poor practices and enforce this new standard and explore different ways of working with landlords to speed up adoption of the Decent Homes Standard.

3.4 The government will:

- run pilot schemes trialling improvements to enforcement of existing standards
- strengthen LAs' ability to tackle criminal landlords including seeking to increase financial investigative powers.
- bolster national oversight of LAs' enforcement by requiring them to report on their enforcement activity will also be explored.
- seek to introduce a national framework for setting fines to drive a more consistent approach to setting fines building on best practice of local authorities.
- continue to fund the National Trading Standards Estates and Lettings Agency Team to deliver guidance and training to LAs' enforcement teams and their roll-out of the Intelligence Database project enabling effective collaboration and intelligence sharing.

3.5 The Private Rented Property Portal will provide access to information about privately rented properties helping LAs deliver more targeted enforcement.

3.6 The government will work with LAs to share selective licensing schemes best practice.

3.7 The department has engaged with other government departments during the development of the reform package set out in 'A Fairer Private Rented Sector' and will continue to use learning from other consumer protection systems while implementing these reforms.

**4: PAC conclusion: Local Authorities are constrained by the Department's approach to licensing landlords.**

**4: PAC recommendation: As part of its planned reforms, the Department should assess whether current arrangements for licensing schemes are working, and whether alternative arrangements may be more efficient and effective.**

- 4.1 The government disagrees with the Committee's recommendation.
- 4.2 Selective licensing schemes when used as part of a wider, well planned, coherent initiative, can be an effective tool for LAs to drive better outcomes for good landlords and tenants.
- 4.3 LAs currently have powers to introduce selective licensing of privately rented homes to address problems in their area, or any part of them. LAs are required to obtain confirmation from the Secretary of State for any selective licensing scheme which would cover more than 20% of their geographical area or would affect more than 20% of privately rented homes in the local authority area.
- 4.4 The government considers that this strikes the right balance, by allowing local authorities to use selective licensing effectively without placing undue burdens on landlords where additional licensing schemes are not needed.
- 4.5 The department has simplified the selective licencing application form and will continue to help local authorities to produce a good quality application to support their introduction of schemes.
- 4.6 The government will work with local authorities and the Local Government Association to develop a selective licensing best practice sharing support for LAs to learn from each other to achieve the most from their selective licensing schemes.
- 4.7 The Private Rented Property Portal will provide access to information about privately rented properties and tackle one of the biggest and most time-consuming barriers faced by local councils when enforcing standards: that is, identifying poor quality and non-compliant properties and who owns them.

***5: PAC conclusion: The Department lacks good enough data to understand the nature and extent of problems renters face.***

***5: PAC recommendation: The Department should develop a coherent data strategy to identify and collect the data it needs to:***

- ***understand the problems renters are facing; and***
- ***evaluate the impact of legislative changes.***

***Once complete, this strategy should be shared with this Committee and the Levelling up, Housing and Communities Committee.***

- 5.1 The government agrees with the Committee's recommendation.

**Target implementation date: Spring 2023**

- 5.2 The department utilises a range of data from various sources to inform policy decisions and ensure effective private rented sector (PRS) regulation, regularly engaging with other government departments, LAs, and stakeholders to enhance insights.
- 5.3 The annual English Housing Survey (EHS) provides detailed insight into people's housing circumstances and condition, including private renters. The [2020/2021 EHS](#) headline report is published and will be followed by a series of detailed topic reports in summer 2022.
- 5.4 Additional analysis on aspects of tenant experience is conducted as required to further understanding. The department commissioned a segmentation of private renters based on socio-economic demographic characteristics, [using 2019/2020 EHS](#) data, to explore variations in housing experiences and attitudes among different renters' cohorts.

5.5 The department is working to further develop its approach to data to support its renters reform programme, including improving data on security, quality and local authority level data. The department is conscious of needing to balance reporting demands on LAs, which come with resource and cost implications, with a need to ensure robust oversight of the sector and will continue to work closely with LAs and other stakeholders to support this.

5.6 The department recognises the importance of understanding the efficiency and effectiveness of interventions and is committed to monitoring and evaluating reform programme impacts.

5.7 The department will continue to publish relevant PRS data and will build on our existing data, address gaps where needed, and consider how best to evaluate future PRS reforms. We will continue to work closely with LAs and other stakeholders to consider what further data requirements to fully understand impacts of future reforms and outcomes for tenants and landlords.

**6: PAC conclusion: The Department's forthcoming White Paper offers an opportunity for significant improvement to the private rented sector.**

**6: PAC recommendation: As part of its planned reforms, the Department should ensure it has a full understanding of the cumulative impact of proposed changes on tenants, landlords and the housing market as a whole. In doing this, it should work closely with other departments, including formally where appropriate, to understand how the reforms may affect or be affected by other policy areas such as benefits and tax.**

6.1 The government agrees with the Committee's recommendation.

**Target implementation date: Spring 2023**

6.2 The government recognises the importance of developing a coherent approach to PRS reforms. The role of PRS has changed in recent decades, as the sector has doubled in size landlords and tenants become increasingly diverse. Today, the sector needs to serve young renters looking for flexibility and people who need to move quickly to progress their careers, while providing stability and security for young families and older renters. It must also work for a wide range of landlords, from those with a single property through to large businesses.

6.3 The [white paper](#) sets out proposals for reform to increase the quality and security of tenants in the PRS. In developing the White paper, the department engaged with other government departments including at ministerial, senior official and working level.

6.4 The department will build on these collaborative relationships to understand links between policies in their implementation, monitoring impacts and responding collectively where required.

6.5 The department will complete an impact assessment to set out the impact of the proposed reforms on tenants and landlords and will carry out a new burdens assessment in relation to the impact on local government.

6.6 As outlined in the [white paper](#), the government is also developing its approach to data to ensure that it can monitor the impact of reforms on tenants and landlords. The department will continue to work extensively with LAs to build a better understanding of enforcement challenges, provide improved guidance and help share best practice. The department will also explore how it can bolster national oversight of LA enforcement by requiring them to report on housing enforcement activity.