

Written evidence submitted by National Residential Landlords Association [DPH 010]

1. About the National Residential Landlords Association

- 1.1 The National Residential Landlords Association (NRLA) is the leading voice for more than 100,000 private residential landlords, making it the largest membership organisation in the sector.
- 1.2 The membership owns and manages around 10% of private rented housing in England and Wales, equating to approximately half a million properties. NRLA members range from full-time landlords running property portfolios to those letting single bedroom flats.
- 1.3 The NRLA is a major source of market-leading intelligence about private renting, and campaigns for policies that seek to improve the private rented sector for the benefit of tenants and good landlords alike.

2. Background

- 2.1 The private rented sector (PRS) is home to 4.6 million (19%) households in England¹, providing much-needed housing to a growing contingent of older and disabled tenants. Over the past two decades, the PRS has almost doubled in size and is now the second largest tenure behind owner-occupation². Consequently, the PRS is increasingly relied upon to house a more diverse range of tenants, including those with accessibility needs.
- 2.2 Despite the prevalence of younger households in the PRS, its rise as the second largest tenure has been driven in part by a significant increase in the number of households aged between 45 – 64 and 65+. It is estimated that between 2011 to 2021, these cohorts have increased in size by 56% (to 435,000 households) and 30% (to 92,000 households)³ respectively. Equally, nearly one third (30%) of households in the PRS now have one or more household member managing a long-term illness or disability⁴.
- 2.3 Providing appropriate housing has the potential to enhance the independence, health, and employment opportunities of disabled PRS tenants. In a survey of 448 wheelchair users, 50% indicated that the PRS is their preferred tenure of choice⁵, and as the number of disabled and older people looking to access private rented housing increases, there is a pressing need for the Government to support landlords to provide appropriate housing options. This is particularly salient within the context of the chronic housing shortage in England, coupled with decreased investment in social housing, which has traditionally served the needs of these groups.

3. Does the Disabled Facilities Grant support housing adaptations?

¹ Office for National Statistics, December 2022, English Housing Survey 2021 to 2022:

<https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-headline-report/english-housing-survey-2021-to-2022-headline-report>

² ChamberlainWalker, January 2023, A Housing Market that Works for Everyone – Rethinking the Role of the Private Rented Sector: <https://www.nrla.org.uk/walkerreport>

³ *Ibid.*

⁴ Office for National Statistics, December 2022, English Housing Survey 2021 to 2022: Headline Report, Annex Table 1.3: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1139366/2021-22_EHS_Headline_Report_Section_1_Households_Annex_Tables.ods

⁵ Abode Impact, Accessibility is the Key: Wheelchair accessible homes needed for private rent, November 2018: <https://thinkhouse.org.uk/site/assets/files/1530/abode.pdf>.

3.1 The capacity of the Disabled Facilities Grant (DFG) to support housing adaptations in the PRS is hindered by limited awareness and uptake of the grant within the sector. Local authorities should enhance their communication efforts with landlords to inform them about the availability of the DFG and address misconceptions.

3.1.1 There is a significant difference in the number of tenants benefiting from DFG funding in the social housing sector compared to those living in the PRS. In 2021 to 2022, 37% of DFG allocations went to households in the social sector, while 7% went to those in the PRS⁶. Whilst this in part reflects a greater prevalence of tenants managing a long-term illness or disability in the social sector (54% compared to 30% in the PRS)⁷, DFG allocation to the PRS has remained consistently low, averaging just 7% since 2009/2010⁸, despite the sector's expansion over the past decade.

3.1.2 The Government's independent review of the DFG in 2018 identified several key concerns about the ability of the DFG to support home adaptations in the PRS. The review highlighted clear inequality of access to DFGs by tenure. It identified that this is in part due to the lack of effective studies at the local level that seek to understand demand for adaptations and how this is distributed by tenure. Equally, it suggested that tenants in the PRS do not naturally turn to the local authority for advice on adaptations and outlined a need for the public sector to provide more advice, information, and signposting about the DFG⁹.

3.1.3 Research conducted by the NRLA analysing awareness of the funding mechanism indicated that 79% of landlords had no previous awareness of the DFG¹⁰. Yet, when landlords were made aware of its existence, most landlords (68%) expressed an openness to investing in adaptations with the DFG. Just over half of landlords (52%) outlined a lack of demand from tenants as a significant barrier to making adaptations.

3.1.4 The Government's recent announcement to allocate additional funding to adapt homes¹¹ is welcome, but it is likely to fail to deliver the necessary outcomes in the PRS unless local authorities seek to improve their engagement with landlords. As outlined in the DFG delivery guidance for local authorities in England, this could be encouraged through convening landlord forums and adopting targeted engagement strategies with landlords in local areas¹². This would replicate work the NRLA has done alongside local authorities in England and Wales¹³ to encourage landlords to adapt their properties and highlight best practice. Equally, where an occupational therapist has assessed the needs

⁶ Foundations, DFG Performance Report – Annual DFG Data Returns: <https://www-foundations-uk-com/library/dfg-performance/>.

⁷ Office for National Statistics, December 2022, English Housing Survey 2021 to 2022: Headline Report, Annex Table 1.3: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1139366/2021-22_EHS_Headline_Report_Section_1_Households_Annex_Tables.ods.

⁸ *Ibid.*

⁹ Ministry of Housing, Communities and Local Government, December 2018, Disabled Facilities Grant and Other Adaptations: External Review: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/762920/Independent_Review_of_the_Disabled_Facilities_Grant.pdf.

¹⁰ National Residential Landlords Association, April 2022, Quarterly Report, Quarter 4, 2021: <https://www.nrla.org.uk/download?document=1437>.

¹¹ Department for Levelling Up, Housing and Communities, September 2023, Government delivers extra £50m home adaptation funding: [Government delivers extra £50 million home adaptation funding - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/government-delivers-extra-50-million-home-adaptation-funding).

¹² Department for Levelling Up, Housing and Local Communities, March 2022, Disabled Facilities Grant Delivery: Guidance for Local Authorities in England: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1065574/DFG_Guidance.pdf

¹³ National Residential Landlords Association, June 2022, Making the PRS More Accessible for Disabled and Older People: <https://www.nrla.org.uk/news/making-the-prs-more-accessible-for-disabled-and-older-people>

of a tenant, the landlord should be advised of any necessary changes and provided with guidance and support to ensure homes are suitably adapted in an efficient manner.

3.2 There is a lack of information about where adapted properties are available within the PRS. The administration of DFGs provides an opportunity to improve this. Whenever possible, and with the landlord's consent, local authorities should record details of DFG allocations to properties within the PRS. Additionally, local authorities should develop incentives for landlords that encourage them to retain adapted property in the sector.

3.2.1 As the need for adapted housing options becomes greater, local authorities must develop a better understanding of the number of adapted properties in their local areas. In its inquiry into housing experiences of disabled people in Britain, the Equality and Human Rights Commission noted that only one in five local authorities has a list of suitable homes in the social sector for disabled people with access needs via Accessible Housing Registers (AHRs)¹⁴. Given the historically low allocation of DFG funding to tenants in the PRS and the limited research published on the supply of adapted properties in the sector, it is likely that few local authorities operate a similar register in place for adapted properties in the PRS.

3.2.2 To aid the understanding of the number and types of properties that are adapted at the local level, DFG guidance should encourage local authorities to collect key metrics on those who have benefited from DFG funding. This should include the number of adapted properties by tenure, the location of the dwelling, and the type of adaptation installed. Given local authorities are responsible for its allocation, they are best placed to compile a database of adapted properties in the sector.

3.3 Additionally, local authorities should develop incentives for landlords that encourage them to retain adapted property in the sector, as well as improve the guidance provided to landlords about the process for adaptations.

3.3.1 Where a tenant who has benefited from the DFG has left the property, local authorities should seek to develop incentives that maintain the supply of adapted properties in the PRS. In order to secure their next tenancy, a landlord is likely to seek to remove adaptations which are often perceived as unsightly by prospective tenants. A number of measures can help avoid this.

3.3.2 First, understanding of where adapted properties are within a council area – as outlined in 3.2 – can help match tenants seeking such properties with those already adapted, providing an opportunity for the landlord to relet without going to the open market. This would avoid removing adaptations once installed and boost the overall number of adapted properties in the sector.

3.3.3 The present imbalance between supply of and demand for homes in the PRS means that void periods between tenancies are low, averaging just thirteen days¹⁵. To dissuade landlords from choosing the first suitable tenant, an intervention is needed to incentivise delaying reletting until a tenant is found who could make appropriate use of an adapted property. A council tax exemption applied during a void period for an adapted property (capped at eight weeks to mirror Section 157 marketing restrictions, for instance) could engender this behavioural change.

¹⁴ Equality and Human Rights Commission, May 2018, Housing and Disabled People – Britain's Hidden Crisis: <https://www.equalityhumanrights.com/sites/default/files/housing-and-disabled-people-britains-hidden-crisis-main-report.pdf>

¹⁵ Goodlord Rental Index, August 2023: <https://www.goodlord.co/newsagent/goodlord-rental-index>.

- 3.3.4 Furthermore, improved communication to landlords to inform them of the opportunity to ‘top up’ the DFG, and to be more involved in the works if they choose to do so, would help facilitate use of the grants in the PRS. This can help allay some concerns from landlords about the work to their property, and may also lead to more ‘inclusive’, attractive, and contemporary adaptations which can be a positive feature for all tenants, increasing the potential marketability of the property.
- 3.3.5 Typically, most local authorities or Home Improvement Agencies will go through a tendering process in order to select the most cost-efficient bid. They often have an approved list of builders that they will rely on who have been used before. Landlords should be informed that they can agree with the local authority for their own contractors to undertake the work, where appropriate. They can ask to be consulted during the procurement process to help secure inconspicuous, multifunctional and visually appealing installations, avoiding ‘institutional’ looking adaptations. Landlords and/or tenants can also top up the funding provided for the works to get higher specification products. This can help ensure those adaptations are retained in the property at the end of the tenancy, for any future tenant.
- 3.3.6 The NRLA’s publication, *Adaptations: Good practice guidance*, provides information for landlords and tenants about adapting properties, including accessing DFG funding and is a valuable tool for tenants and local authorities in facilitating conversations with landlords¹⁶.

4. What can the Government do to support disabled tenants in the private rented sector?

4.1 To support disabled tenants in accessing the PRS, the Government must focus on boosting the supply of rented properties in the sector to increase options for prospective tenants.

4.1.1 The supply and demand imbalance in the PRS has become more profound in recent years and, as recognised by the Bank of England¹⁷, demand continues to exceed supply. The latest rental market data suggests that demand for homes in the PRS is 51% higher than the five-year average, while supply is 30% lower over the same period¹⁸. Additionally, research commissioned by the NRLA found that the stock of private rented housing grew by 3.7% per year between 2010 and 2016. This dropped to just 0.4% growth per year between 2017 and 2021, coinciding with the phased introduction of changes to mortgage interest relief¹⁹.

4.1.2 This imbalance, along with increased finance and maintenance costs, has placed upward pressure on rents, constrained choice, and reduced access to the PRS, particularly for those on low incomes or in receipt of benefits. This, coupled with the fact that Local Housing Allowance (LHA) rates have been frozen since April 2020, means that some households, particularly those who cannot work due to disability or long-term illness, are being pushed into poverty²⁰.

4.1.3 Given the prevalence of disabled individuals experiencing low rates of employment and receiving state benefits²¹, the inadequacy of current Government support restricts households’ ability to access

¹⁶ NRLA, March 2021, *Adaptations: Good Practice Guidance*: <https://www.nrla.org.uk/download?document=1275>.

¹⁷ Bank of England, February 2023, *Monetary Policy Report*: <https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2023/february/monetary-policy-report-february-2023.pdf>.

¹⁸ Zoopla, September 2023, *UK Rental market report*: <https://advantage.zoopla.co.uk/research-and-insights/zoopla-uk-rental-market-report-september-2023/?member=true>.

¹⁹ Capital Economics, March 2023: <https://www.nrla.org.uk/news/treasury-loses-billions-since-hike-in-rented-housing-tax>.

²⁰ Joseph Rowntree Foundation, January 2023, *UK Poverty 2023 – The essential guide to understanding poverty in the UK*: https://www.jrf.org.uk/sites/default/files/jrf/uk_poverty_2023_-_the_essential_guide_to_understanding_poverty_in_the_uk_0_0.pdf

²¹ House of Commons Library, August 2023, *UK Disability Statistics – Prevalence and Life Experiences*: <https://researchbriefings.files.parliament.uk/documents/CBP-9602/CBP-9602.pdf>.

the PRS and increases the likelihood that they will experience a shortfall between their housing benefit and monthly rent. As of May 2023, 61% of households in England in receipt of LHA faced a shortfall in their monthly rent, requiring the remainder to be ‘topped up’ from other income sources. In order to improve access and options for disabled tenants and mitigate the risk of arrears, the Government should unfreeze LHA rates and realign them to at least the 30th percentile at the earliest possible opportunity.

4.1.4 Uncertainty facing the sector in the form of anticipated regulatory changes as well as macroeconomic and fiscal challenges are prompting some landlords to reassess their investments, and an increasing proportion of landlords are unsure of how long they will remain in the sector. Twenty-eight percent of landlords surveyed in July 2023 stated they did not know how long they would continue to operate in the PRS, while 19% of single property landlords stipulated that they planned to exit the sector within a year²². Alongside this, the Renters (Reform) Bill provides for tenants to end a tenancy after just two months, providing little certainty that an adaptation will be utilised for any sustained period. A moratorium on tenants serving notice for the initial six months of a tenancy would provide some certainty for landlords that any adaptations installed would be made use of and help to strengthen confidence, sustaining investment within the sector.

4.2 Harness the PRS Property Portal, as proposed in the Renters (Reform) Bill. This would help rectify knowledge gaps on the number of adapted or accessible properties in England, assist local authorities in identifying suitable homes for disabled renters, and help to develop a comprehensive understanding of adapted or accessible properties at the local level.

4.2.1 The Renters (Reform) Bill intends to introduce a new property portal, which aims to help landlords “*understand their legal obligations and demonstrate compliance, provide better information to tenants enabling them to make informed decisions when entering into a tenancy agreement*”²³. When implemented, the portal is intended to provide both the Government and local authorities with information about landlords and private rented properties in England. Whilst the Government is yet to set out what information will be collected and made publicly available via the portal, there is potential to harness its ability to collect and share relevant data on the number of accessible properties in the PRS.

4.2.2 As the Government continues to explore the scope and functionality of the portal, it is vital that it works with landlords and sector stakeholders to consider how relevant information on adapted and accessible properties could be recorded. This should include options within the portal that allow landlords to state whether and how their properties are accessible or adapted, for instance whether they have installations such as grab rails or level access showers. This approach would enable local authorities to establish databases akin to those already in existence for adapted social housing, such as local AHRs.

4.2.3 Under the proposals, local authorities will be able to access the data recorded on the property portal. They should, therefore, monitor the prevalence of adapted accommodation in their local areas, giving them a greater understanding of supply, as well as match prospective tenants with disability needs to suitable properties. Equally, the portal could serve the dual function of promoting the existence of DFG funding and the benefits of providing accessible or adapted accommodation. This would reconcile awareness concerns as outlined in Section 3.

²² BVA-BDRC Core Landlords Panel Q2 2023, August 2023: not yet publicly available.

²³ UK Parliament, May 2023, Renters (Reform) Bill Explanatory Notes:
<https://publications.parliament.uk/pa/bills/cbill/58-03/0308/en/220308en.pdf>

4.3 To improve access to the PRS and ensure sufficient options for renters with disability needs, the Government should support the implementation of a national standard for a long-leasing scheme in England.

4.3.1 Many local authorities in England operate long-leasing schemes, providing landlords with a guaranteed rental income for the duration of the lease in addition to tenancy and property management. In return, local authorities are able to discharge their homelessness duties via the schemes and are well-placed to match prospective tenants with accessibility needs to suitable properties. However, schemes vary by local authority and are only available to properties that meet minimum letting standards. Some local authorities also levy a fee on any remedial work undertaken. The Government should therefore consider whether the establishment of a national standard for a long-leasing scheme, such as that implemented in Wales, could improve access to the PRS as well as support additional policy objectives, including decarbonisation of the existing housing stock.

4.3.2 The Leasing Scheme Wales (LSW) spans 15 of Wales's 22 local authorities and affords a range of benefits to landlords. Crucially, the scheme goes further than those operational in England, offering access to grant funding that would otherwise be unavailable to private landlords and their tenants. As indicated, disabled individuals are less likely to be in employment and more likely to be in receipt of welfare support, making them more sensitive to cost-of-living challenges and other housing cost pressures such as fuel poverty. The LSW's provision of grant funding of up to £5,000 to bring properties up to an Energy Performance Certificate (EPC) rating of Band C and further grant funding of up to £25,000 to renovate long-term empty properties provide significant, additional incentives to landlords to participate in the scheme, whilst elevating energy efficiency and boosting housing stock to the benefit of those living in the sector.

4.3.3 Research commissioned by the NRLA analysed landlord willingness to engage in a long-leasing scheme that: guaranteed rent; outsourced tenancy management to a local authority; and returned the property in a similar condition at the end of the lease. The survey found that more than half (52%) of landlords would be content entering into such an arrangement. While uptake of the LSW is not publicly available, an evaluation of the scheme's pilot concluded that it had "shown promising signs of achieving good outcomes for tenants via increasing the stock of property available to local authorities"²⁴. Given the additional benefits offered by the LSW and its near-national roll-out, landlord propensity to engage in the scheme is likely to be greater than the 52% indicated in the NRLA's research, and the Government should consider the potential impact of such a scheme on outcomes for those struggling to access the PRS and other housing tenures.

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²⁴ Alma Economics, Evaluation of the Private Rented Sector Leasing Scheme Pilot, November 2021: <https://www.gov.wales/sites/default/files/statistics-and-research/2021-11/evaluation-of-the-private-rented-sector-leasing-scheme-pilot.pdf>.