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SHUSU
**SUSTAINABLE HOUSING
& URBAN STUDIES UNIT**

A good landlord scheme for Greater Manchester

What does the evidence say?

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About the authors

The Sustainable Housing & Urban Studies Unit (SHUSU) is a dedicated multi-disciplinary research and consultancy unit providing a range of services relating to housing and urban management to public and private sector clients. The Unit brings together researchers drawn from a range of disciplines including: social policy, housing management, urban geography, environmental management, psychology, social care and social work.

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1. Introduction

This report was commissioned by the Greater Manchester Combined Authority (GMCA) to explore the extant evidence that could inform and underpin the development of a 'Good Landlord Scheme' in Greater Manchester. There were a number of objectives for this work as follows:

■ To identify any good practice that exists in relation to schemes which are comparable to a Good Landlord Scheme and outline any lessons learned

■ To identify relative advantages and disadvantages from areas subject to devolution in terms of their regulation of the private rented sector.

The Sustainable Housing & Urban Studies Unit (SHUSU) was commissioned to undertake this review. This report was written by Dillon Newton and Prof. Philip Brown.

2. Background

The growth of the private rented sector against a backdrop of declining social housing numbers is a key feature to Britain's contemporary housing market. In England, the PRS has grown significantly in the last decade, increasing from 2.8 million households in 2007 to 4.5 million in 2017 (ONS, 2018). This growth is attributed to number of interrelated factors in the literature including the following (Weekes, 2018; Livingston et al., 2018; Chan and Thompson, 2019)

A decrease in the availability of social housing

A historic decline in social housing, brought about by Right to Buy legislations, constraints on local authority house building powers, and government policy encouraging housing providers to convert social rented stock to Affordable Rent, have led to a reduction in social housing which has increased demand for private rented accommodation.

Barriers to home ownership (high deposit, incomes, renting costs)

The growing cost of renting coupled with the high cost of deposits and a stagnation in real earnings since 2007 have produced barriers to home ownership, particularly for young people.

A growing preference for renting

However, demand for the PRS may also reflect an emerging preference for renting as PRS culture normalises and renters chose urban amenities over suburban commuting. The growth of the PRS is particularly concentrated in urban areas, directing some to private rented accommodation in urban areas over sub-urban owner occupation.

Population growth and change

Migration flows and more births than deaths have changed the British population significantly in the last fifty years. In addition, there has been a large growth in student populations since 1991, all of which increases requirement for housing, feeding a demand for private renting.

Supply of properties facilitated by buy-to-let mortgages

Investors are now better positioned to purchase properties than first-time buyers because of low interest rates and an enthusiasm in the financial sector to provide mortgage finance. This means that new property is often treated as a financial investment.

Although there are undoubted benefits to having a mix of tenure within neighbourhoods, the academic and policy literature generally frames the PRS as presenting a number of challenges. These include issues around

rent affordability in relation to low-paid, part-time and zero-hour labour markets (Rugg and Rhodes, 201); issues with meeting the government's Decent Homes Standards (ibid; Shelter 2014); the negative impact of housing benefit caps and Universal Credit reforms on ensuring rent payments are met in time (Joyce, Mitchell and Keiller, 2017); imbalances of power in landlord-tenant relations and a general fear of evictions (CLG, 2018); and emerging inequalities in urban neighbourhoods between buy-to-let markets and lower-end PRS properties (broadly discussed as gentrification) (Paccoud, 2017).

In addition, the PRS is a highly heterogenous sector made of numerous sub-markets which attract a variety of tenants with diverse reasons for renting. The literature discusses students as a key demand group for the PRS in many areas, with student populations often placing short term demand on rented accommodation typically in purpose built flats or houses in multiple occupation (HMOs) (Cushman and Wakefield, 2017; Savills, 2017). Young professionals also constitute a key demand group, located for the most part in urban centres close to good transport links, and understood as encountering issues with affordability and appropriate living space (Cohen, 2018). In addition, the PRS is recorded as the de facto sector for low income tenants. The proportion of PRS tenants receiving housing benefits has fluctuated in recent years, yet those in receipt of Local Housing Allowance (LHA) often constitute a key demand group in local authority areas (Rugg and Rhodes, 2018). Moreover, because of its distinctive management and supply characteristics and lack of options within the social sector, the PRS provides short-term temporary accommodation options for local authorities obliged to find interim accommodation for homeless and vulnerable populations. However, temporary accommodation in the PRS is acknowledged as highly problematic because of the lengthy process often involved in finding and securing permanent accommodation contributing to now significant 'hidden homelessness' problems (Rugg, 2006; Rose and Davies 2014).

2.1 Regulation and the PRS

In this context, public authorities have explored several ways to improve conditions within the PRS and act on the issues raised by research, politicians and the media.

However, despite acknowledgement and attempts at regulatory intervention of some sort, there has been long standing debate over the desirability, purpose and extent of PRS regulation itself. As Gibb, Livingston and Berry (2019) show, this is a reflection of the diverse range of perspectives at work, with some seeking minimalist regulation, or regulation that is proportionate and broadly minimal (Ball, 2013); others calling for use of the LAs to enforce regulation aimed primarily at improving housing standards (CLG, 2018); some pursuing the expansion and defence of existing tenant rights (Which?, 2013); with others calling for longer term tenancies based on emerging evidence from a range of European countries (MGCLG, 2018).

2.2 The role of policy actors

As the previous sections have illustrated, there has been a substantial amount of interest in regulating the PRS. However, because of the devolved nature of policy jurisdictions within the UK, developments have been uneven nationally, with policymakers in Scotland and Wales setting out bold frameworks for regulating the sector whilst England is to some extent yet to catch up. Marsh and Gibbs (2019) note that because of many of these changes have been implemented relatively recently – such as the mandatory registering of landlords in Scotland –, it is not yet known how landlords and tenants have responded which makes the full impact of these changes difficult to examine. However, Scotland and Wales seem to be leading the way, with policy in England fragmented and partial despite some indication that the Westminster government is becoming more attuned to the calls for far-reaching reform.

Despite broadly moving in the same direction, policy in the different jurisdictions of the UK is at different stages. Nonetheless, local authorities are entrusted with carrying out intervention and enforcement. Critically, the reduction of local authority capacity and the pressures on budget constraints since 2010 mean local authorities have a limited the number of resources available. This has led some to suggest that local authorities have limited capacity to act (Simcock and Mykkkanen, 2018). In this context, local authorities are responding in different ways to challenges involved with the PRS, and were found to be an adopting a mixture of 'hard' and 'soft' approaches.

3. Methodology
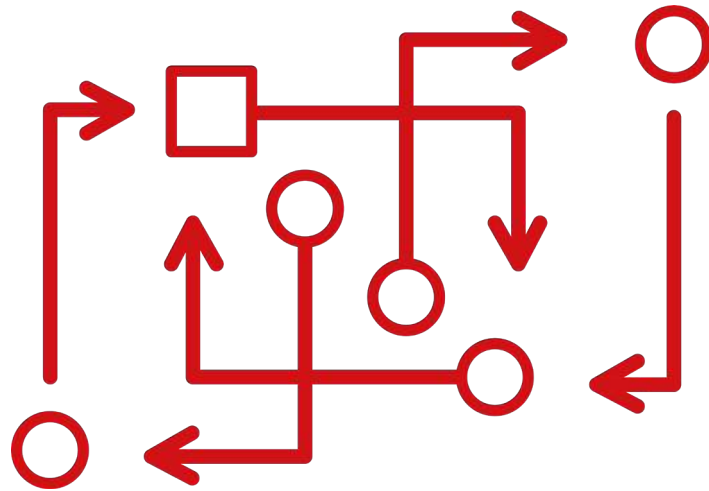
The objective of this report was to provide a cutting-edge overview of approaches for regulating the PRS. To enable this, we drew on information from a number of different sources that involved:

1 Devising relevant search terms and identifying key online evidence bases

2 Searching for relevant academic research and 'grey literature' including public authority and third sector reports

3 A structured review of key research and policy documents to identify common themes, perspectives, approaches and ideas

4 Consulting exiting contacts via email and telephone which involved asking individuals with expertise in the area for further contacts.

4. Key Findings

This section reports and examines methods of regulating the private rented sector that have either been used or are in use based on a review of available evidence. These range from increasing compliance and levels of professionalism to the use of deterrents and penalties. The findings draw on approaches in operation in a range of local authority areas across the UK and in Europe. This section considers the use of social letting agencies, licensing schemes, registration and accreditation schemes, targeted and proactive approaches such as inspections and prosecutions, rogue landlord databases, and broader types of incentives and tax schemes. In the next section we reflect on these approaches and outline the two main key frameworks regulatory frameworks.

4.1 Social letting agencies

Social housing has historically afforded low income populations with high-quality properties and secure (usually lifelong) tenancies. However, several policy reforms since 2010 have significantly challenged this, with social housing now mediated through a range of dynamics including welfare conditionality, work and volunteering requirements, immigration status and citizenship rights, as well as banding and needs assessments. A decrease in the availability of social housing has contributed to a growth in use of the PRS by low income and vulnerable populations. However, against a backdrop of limited access to the quality and security of social housing tenure, procurement of PRS stock through Social Letting Agencies (SLA) is praised in the literature as the next best alternative to social housing itself (Rugg, 2011; Mullins, Sacranie and Patterson, 2017).

However, there is no clear definition of SLAs, perhaps reflecting a divergence between the original vision for SLAs and the actual grounds underpinning SLAs currently in operation. Shelter (2015, pp. 10) define SLAs as agencies that "help people access the PRS who are homeless or on low-incomes", and provide a number of reasons showing how SLAs differ from commercial lettings. In 2008, Rugg and Rhodes (2008, pp 25) envisaged that SLAs could "be established to deal with all the private renting procurement required by statutory agencies in a given area. These agencies should charge a standard management fee and move the housing benefit market away from a culture of 'incentive inflation'." However, in the decade or so since, whilst this ideal remains important, SLAs have emerged with models that charge a management fee but then procure any type of accommodation that meets financial targets in order to measure their own success (Crisis, 2015; Mullins, Sacranie and Patterson, 2017). Thus, in attempting to uncover the potential value of SLAs for procuring PRS stock on behalf of LAs, there appears to be tensions if not contradictions between the 'social' and 'commercial' aspects to SLAs themselves.

Taking a broader view, SLAs were found to be particularly important in European countries with little history of social housing and therefore a limited availability of housing stock for low income households (see De Decker, 2002; Laylor, 2014). SLAs are thus recognised

as important in preventing homelessness in a number of European countries, leading some to argue that SLAs could potentially transform the PRS in ways that privatisation transformed social housing (see FEANTSA, 2012). However, ambitious calls to manage or "socialise" (ibid, pp.7) the sector using SLAs does not sit easily with the need of SLAs to generate income and be competitive in a market context. Consequently, SLAs act more pragmatically in ways which perhaps blunt the ambitions espoused by their early advocates.

Indeed, the 'social' aspect of Social Letting Agencies denote how these organisations do more than provide affordable private rental options. As Crisis (2015) show in their guidance briefing on SLA management, SLA could deliver on issues around improving opportunities and quality of life for tenants, whilst setting a standard for property management and landlord-tenant relations for both and social and private rented sectors. Whilst this might echo the original vision for post war council housing, to be viable, it is asserted that SLA's need to function much like commercial letting agencies (Shelter Scotland, 2015).

Ultimately, SLAs are a "broad umbrella term" (Shelter Scotland, 2015, pp. 4) that encompasses a wide range of organisational approaches with different motivations, funding streams and modes of governance. Based on data collected in March 2018, Archer et. al. (2019) found more than 120 schemes in the UK that might be defined as SLAs, including those in development and those that had become inactive. The active schemes were managing around 5,500 properties, although the authors warn that this figure should be treated with caution given some organisation were not willing nor able to provide an exact figure. Local authorities had started about a fifth of the active SLAs, with other sources including charities and housing associations playing a lesser part. Financially, this suggests that the sustainability of most of the SLAs is at least partly reliant on grants or support of partner institutions including local authorities, suggesting that there might be scope for devolved funds to provide avenues of support for new and existing SLAs. In addition, some organisations, such as Ethical Lettings, use a referral fee model that charges local authorities to place households at risk of homelessness into the PRS. Thus, one of the clearest links between SLAs and LAs appears to be based around accommodating homeless and vulnerable tenants, particularly when accommodation is cheaper and of a higher quality than temporary accommodation usually offered in the private sector (for example, Bed and Breakfast hotels). As such, SLAs might be a potentially powerful mediators for helping local authorities discharge their new obligations under the Homelessness Reduction Act 2017, although how SLAs could help respond to these requirements is unclear.

However, taking a case study approach, Archer et al. (2019) found a common concern of SLAs was the apparent competition with other agencies (both national and regional) to secure accommodation. In some areas, there are numerous public and charity organisations competing with little coordination, including those seeking temporary accommodation for homelessness households, private sector organisations with contracts to house refugees, and social service departments seeking secure accommodation for care leavers and vulnerable adults.

4.2 Licensing schemes

Licensing schemes are the main tool local authorities can use to regulate local PRS stock. The Housing Act 2004 introduced a range of enforcement measures including licensing schemes that aimed to improve the quality of private rented homes in 'problem' areas. Whilst many landlords and management agencies provide adequate housing, with survey evidence suggesting that most tenants have satisfactory renting experiences (Moore and Dunning, 2017), licensing schemes attempt nonetheless to ensure the quality and high management of PRS stock in localised areas. There are three forms of licensing local authorities can use to regulate local PRS stock:

- Mandatory licensing for larger Houses in Multiple Occupation (HMOs) - this concerns buildings occupied by five or more people from two or more households, who share basic amenities such as a toilet, bathroom or a kitchen. Unlicensed properties of this nature were previously understood as posing management challenges that involved access to amenities and proper safety standards (DCLG, 2015).

- Additional licensing for smaller HMOs – recognising that comparable problems occur in smaller HMOs, this licensing schemes subjects other categories of HMOs to additional licensing.

- Selective licensing for localised issues – this provides local authorities with the power to bring all PRS stock in a designated area into a licensing regime irrespective of building types.

Proponents of the licensing regime argue that it significantly addresses issues of sub-standard PRS accommodation (for example, Wilson, 2015). This is because LAs can subject landlords to enforcement action if they fail to comply with acceptable property standards, once LAs designate a targeted area known to have poor quality PRS stock as a place where landlords must now require licenses. However, a DCLG (2010) evaluation during the early implementation of the licensing regime concluded that the exact number of properties where landlords were required to carry out improvements after being enrolled into a licensing scheme was unknown. Although some local authorities do not issue licences until after an inspection, whilst other local authorities visit properties within a five year period of it becoming licensed to carry out 'fit and proper' inspection, the DCLG (ibid) report suggested that inspections might not always be carried out. For example, it was estimated in 2016 that around two percent of private rented properties that required licenses in London had been

subject to inspection (Pidgeon, 2017). This suggests that this regulatory approach might not be as rigorous in practice as legislation intended.

In addition, there are concerns about the definitions used in HMO licensing regime. Despite the introduction of additional licensing schemes to encompass smaller HMOs, some local authorities have reported that HMO properties in their areas still fall outside the definitions laid out in the regulation (Rugg and Rhodes, 2018). Government responded to the 2017 Housing White Paper by removing references to 'storeys' therefore expanding the definition of HMO to include, for example, flats above business premises. However, exemptions still apply, making it possible that some properties might evade licensing altogether.

Selective licencing is a useful tool for regulating the PRS, however there are a number of challenges involved with this approach. Firstly, there is the issue of who is better positioned to judge what selective licensing covers within local PRS stock. If local authorities intend to designate more than 20 per cent of the geographic area or more than 20 per cent of the privately rented properties in their area, then approval is needed from the Secretary of State. This is done by demonstrating a robust case based exclusively on the criteria laid out in existing legislation. Although changes to legislation in 2015 expanded the criteria to include poor housing conditions, areas with high levels of deprivation, areas of migrant settlement, and areas where the PRS was above the national average of 19 per cent (Wilson, 2015), local authorities experiencing issues with PRS stock outside of these terms are forced to work pragmatically should they wish to apply for selective licensing. For example, Newham's recent reapplication to the Secretary of State has excluded parts of the Newham borough. This suggests that despite not being best placed to judge the particular nature of problems in local PRS stock, government definitions might deter local authorities for applying for a selective licensing schemes that might not fit with new and emerging localised problems. This perhaps explains why in July 2017, only five local authority wide schemes were in operation in the UK, with a further 35 local authorities having partial schemes in selected wards within boroughs (Rugg and Rhodes, 2018)In addition, the process of applying for permission to introduce selective licensing schemes is considered costly which might prohibit local authorities from applying. In 2015, Freedom of Information requests found that amongst twenty local authorities, landlords in areas targeted by selective licencing were being charged £100 to £750 to cover administrative costs incurred by the application process (NLA, 2015). These costs are sometimes confounded when national landlord groups coordinate local landlord resistance to new measures through legal challenges to proposed schemes (Rugg and Rhodes, 2018).

4.3 Landlord registration schemes

Some areas of the UK have adopted landlord registration schemes as an alternative to licensing. In Scotland and Wales, landlords are required to register with a central body to become licensed, with these measures operating in contrast to the selective licensing due to the responsibility placed on landlords to register themselves with a public authority. All details are held on a central database, which allows local authorities to gather intelligence necessary for enforcement measures should landlords no longer become compliant. In Wales, registration is dependent on landlords demonstrating that they are informed of their rights and responsibilities based on completed training or training they are undertaking. However, Northern Ireland has introduced the Houses in Multiple Occupation Act in 2016, including a HMO licensing system in line with the rest of the UK to replace the existing landlord registration scheme. Reasons for this might echo evidence in Scotland that suggests registration schemes have not been comprehensively effective due to the difficulties with monitoring compliance and ensuring landlord behaviour (Lees and Boyle, 2011). And whilst there might be a responsibility for landlords to register in Wales and Scotland, there is not a 'fit and proper' check landlords similar to selective licensing schemes.

In England, there appears currently to be little appetite for a similar national scheme, leaving it to local authority discretion to create and implement registration schemes. However, local authority budget pressures suggest there might be little resources for enforcement action often involved with ensuring compliance. The lack of a national scheme might reflect the political faith of recent UK governments, given the last Labour Government proposed a national register for private landlords but a change in government meant this was not implemented. There is evidence to suggest a perception at the time that widespread and mandatory landlord registration schemes represented an unwarranted and unneeded burdens on landlords (Marsh, 2006), and rather landlords could participate in 'enforced self-regulation' (The Law Commission, 2008) based upon joining professional association and pursuing accreditation schemes.

4.4 Accreditation schemes

Across the UK, local authorities and several landlord membership bodies offer official accreditation schemes, with organisations such as the National Approved Letting Schemes providing letting agencies with similar forms of accreditation.

According to Shelter (2011), the benefits of accreditation include longer and often renewed tenancies, higher property standards and increased tenant satisfaction, and a reduction of disputes which significantly lowers cost for local authorities, the landlord and tenants themselves. In Greater Manchester, there are currently seven accreditation schemes signed up to Accreditation Network UK that encompass small private housing stock as well as large student developments. Accreditation is defined in a variety of ways, but it generally includes a system that works towards badging a landlord who has, or is actively, pursuing a level of practice deemed acceptable by an accreditation authority. This can include a commitment to abide within the legal and regulatory framework relating to maintaining high levels of property quality and tenancy management. In addition, accreditation schemes ensure landlords have access to information, advice and the opportunity for professional development in what is often perceived as a complex regulatory framework. This might be particularly important for new landlords as well as landlords with large portfolios who aim to keep up to date with changes in the legal framework and good practice guidance. There is evidence to suggest that accreditation schemes can be beneficial in educating landlords about their rights, responsibilities and changes in legislation (Jones, 2015).

Accreditation schemes reflect 'self-regulating' intervention in that they aim to create a culture of compliance amongst landlords through education and professional training. A number of local authorities now offer accreditation in partnership with landlord organisations. The logic of co-regulation follows that local authorities still implement licensing schemes, but those landlords willing to engage with schemes can acquire licenses at significantly discounted prices. In doing so, the local authority then allows the co-regulating partner to manage its members compliance with licensing as well as provide support, training and a comprehensive inspection regime. This then allows the local authority to direct resources and attention to non-compliant and 'rogue' landlords.

However, there are concerns about the extent to which accreditation and co-regulation schemes can deliver effective self-regulation, given that schemes vary in the commitment to the verification of property standards as well as sanctioning of accredited members who subsequently fall short of standards. In addition, there are concerns about the voluntary nature of accreditation schemes, since landlords do not have to be accredited, and there is evidence to suggest that accreditation attracts landlords who are already members of professional bodies and who may already be well-intentioned and committed to improving or maintaining property standards (Green et al., 2010). In this context, Jones (2015) suggests that accreditation might fail to challenge the worst management practices, a concern compounded by evidence to suggest that take-up is generally low. Rugg and Rhodes (2018) highlight the case of the now defunct London Rental Standard set up in 2013 by then London Mayor Boris Johnson which aimed to accredit 100,000 landlords. However, the scheme attracted no more than 2,000 members and was forced to close in 2017. Accreditation is not mandatory, and in many instances, landlords must pay to become accredited. This suggests that landlords might not perceive themselves as gaining any significant market advantage from being accredited, particularly in areas with high demand for private lets. In addition, it is not clear based on available evidence whether tenants are aware nor indeed drawn to accredited landlords or letting agencies.

In addition, there are a number of voluntary charter schemes in employment contexts that might provide some scope for cross-learning. A number of local authorities have developed and implemented employment charters with the aim of encouraging and supporting employers to change their practices and drive up standards towards inclusive growth. Similar to landlord accreditation, Hughes et al (2017) emphasise the need of using 'hard' and 'soft' incentives to encourage businesses and employees to seek accreditation. The soft incentives involved with employment charters include access to networking events, broader publicity of businesses and employers, and toolkits and services that support charter implementation. Hard incentives include offering employers' access to council procurement, securing access to skills funding, as well offering business rates discounts to smaller businesses that sign up.

4.5 Rogue landlord databases

In contrast to landlords seeking recognition through official accreditation, new approaches have been developed which aim to mark landlords failing to comply with legislation. Under the Housing and Planning Act 2016, a local housing authority must now make an entry on a database when a landlord or property agent has received a banning order. The 'National Rogue Landlord Database' has been in operation since April 2018, and its use is currently restricted to a limited number of statutory agencies. However, following the activity of campaigners, in July 2019 the government announced its plans to allow tenants as well as local authorities access to the database. However, having not received a single entry in six months, there is some scepticism about the effectiveness of this approach (Marsh and Gibb, 2019).

In May 2018, London Mayor Sadiq Khan introduced a similar scheme as part of the London Housing Strategy. In contrast to the national database, the 'Rogue Landlord

and Agent Checker' allows tenants to check whether a current or prospective landlord or letting agent has been prosecuted or fined for a housing offence in a London borough. The Rogue Landlord and Agent Checker is administrated by the Greater London Authority, with all London councils agreeing to upload information onto the database. The database is administrated by the GLA, and all information is removed after a specified time period. Although the database provides tenants with greater power and rights, there is no available evidence to examine whether the database deters landlords from falling below acceptable standards.

4.6 Targeted and proactive inspections of local private rented stock

Based on the regulatory framework, some local authorities adopt enforcement approaches that involves carrying out targeted and proactive inspections of PRS stock to ensure landlord and residents compliance with licensing and/or registration. Ad hoc funding has been available to local authorities with the government keen to enable local authorities to develop and share best practice (Housing, Communities and Local Government, 2018). However, in the year 2013/14, 120 local authorities carried out 14,043 inspections of PRS properties (Battersby, 2015). As Rugg and Rhodes (2018) show, if all local authorities had carried out a similar number of inspections, this would equate to the inspection of about two percent of all national PRS stock in 2013/14. This form of intervention is therefore limited, and thus usually might be carried out to tackle bigger issues beyond PRS issues.

A Shelter (2017) report on improving conditions in the PRS provides case studies on the ways local councils have responded to challenges to local PRS stock. It suggests targeted and proactive inspections of PRS stock is a widespread approach. Within this, the ability to carry out enforcement work is often tied to government funding, with a case study of Bristol City Council accounting how a successful bid for DCLG funding to

expand it enforcement work rested on the local authority persuading the DCLG that an expanded enforcement team would lead to the identification of benefit fraud, slavery/trafficking offences, food hygiene problems, and other bigger national issues. Applying for DCLG funding was a reoccurring theme, with enforcement teams in various local authorities discussed in the report as sharing intelligence and working in partnership with a range of public and voluntary sector organisations including immigration agencies, anti-trafficking and homeless charities, as well as other council departments beyond housing.

Thus, whilst it is not easy to know for certain based on available evidence, it seems possible that local authority funding for proactive enforcement is better accessed by ensuring a commitment to tackling bigger issues beyond licensing and compliance. Moreover, the identification of a relatively small number of enforcement teams based on a review of the literature suggest a divergence in the willingness of local authorities to prioritise targeted and proactive inspections over 'softer' approaches like accreditation schemes, decisions perhaps reflect the politics of council leadership, as well as concerns about the long term financial capacity of enforcement teams to operate beyond the scope of DCLG funding.

Moreover, there is evidence to suggest that reduced government funding since 2010 has stripped the capacities of local authorities to carry out substantial enforcement approaches, a change compounded by the growth of the PRS (Battersby, 2015). The 2018 Parliamentary Committee on regulation of the PRS heard multiple example of enforcement teams reduced to a handful of officers in local authority areas that had experienced particularly substantial growths in private rented stock (HCLG Committee, 2018). As a consequence, some enforcement teams were discussed as working reactively rather than proactively, and accounted frequently lacking the capacity to take complex disputes to court given long and protracted nature of legal disputes.

5. Summary
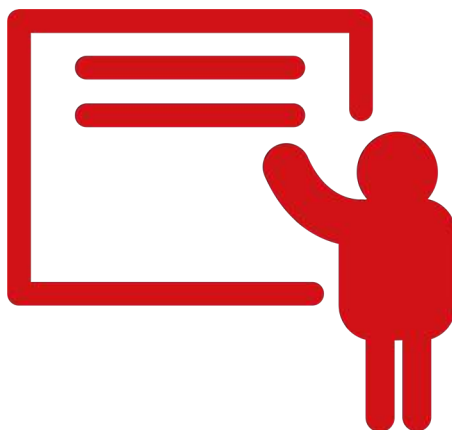
As the above discussion has shown, intervention in the PRS varies significantly across the country, with local authorities practicing multiple forms of intervention aimed at regulating PRS stock. Taking a broader view on the 'hard' and 'soft' forms of intervention examined in this report, it that approaches developed by public authorities sit somewhere between the following reference points:

1 A traditional 'command and control' approach, where it assumed that if there is a change in legislation, landlords respond accordingly with behavioural change, and if they do not, local authority can move to make landlords become compliant (Moore and Dunning, 2017)

2 A 'smart regulatory approach', that uses a mix of 'hard' and 'soft' regulatory techniques, emphasising incentives, involvement but also penalties when necessary, to create a culture of compliance amongst landlords (Moore and Dunning, 2017; Cunningham and Grabosky, 1998).

The 'command and control' approach is the more traditional form of intervention, although its principles seem to echo in strategies of recent hard approaches which target a small number of landlords depicted as disingenuous, unprincipled or 'rogue'. However, the development of landlord databases attempting publicly mark 'bad' landlords as a way of encouraging standard-setting and compliance across the sector have become wrapped up with a wider focus on criminal activities of landlords, with it being noticeable, primarily in government publications, how the net for defining 'criminal landlords' has expanded to include, for example,

those that fail to complete Right to Rent (immigration) checks. Thus, it seems that hard approaches to intervening in the sector such as targeted and proactive inspections of PRS stock are underpinned by a focus on wider issues beyond housing offences, and that hard approaches in the future might be shaped by wider political issues.

Indeed, it seems that hard interventions are relatively few reflecting a gradual move beyond a command and control approach. The frame of debate on how to launch effective interventions in the PRS now focusses on what Moore and Dunning (2017) term 'smart regulation'. The authors flag an acknowledgement in reports of it being very difficult to launch effective command and control approaches because of issues with landlords and tenant data (deriving seemingly from the lack of landlord registration in England) as well as the budget constraints that now limit local authority powers to intervene accordingly (see London Assembly Housing Committee, 2016). This suggests that it is more likely that local authorities will move away from a reliance on the law, and towards creating a culture of compliance, where landlord behaviour is shaped to encourage good practice and high standards through incentives, education and training.

Thus, the processes involved with acquiring official accreditation might be particularly important for local authorities seeking responsible self-regulation as the main way to ensure the PRS meets long term housing needs. However, these claims represent a wider debate about whether to regulate the entire sector through

universal standard setting or whether to take more selective, targeted approach. Whilst proponents of universal standard setting seem suggest that targeted and selective approaches like licensing scheme are open to misuse (Carr et al., 2007), there are concerns that broad standard setting could penalise and discourage landlords who comply with regulation principles, leading them to withdraw from the sector (O'Sullivan and De Decker, 2007). This seems the primary concern of the government, who has made repeated commitments in reports to not over-regulate the sector for an apparent fear that it could reduce the amount of available PRS stock.

5.1 Key learning points:

With this discussion in mind, the following learning points were devised:

1 Social letting agencies could play a key role in procuring high quality PRS stock for local authorities, particularly in relation to new requirements of the Homelessness Reduction Act.

2 However, there is evidence to suggest that SLAs might be competing with other agencies for PRS stock, meaning regional powers could be drawn on to better manage competition and to support new and existing SLAs.

3 Licensing schemes are effective ways of managing the worst aspects to the PRS stock, but issues and costs with applying for the Secretary of State permission means granted licenses are often piecemeal and limited. In addition, there is evidence to suggest that landlord organisations are well organised and resourced enough to resist new or proposed licensing schemes.

4 The benefits of landlords accreditation is well evidenced. However, the cost of acquiring accreditation might put off new landlords from applying, particularly in areas with high PRS demand. In addition, there is no evidence to suggest tenants are drawn to accredited landlords over non-accredited landlords

5 The review identified the importance of encouraging landlords to comply with regulation. Co-regulation schemes between local authorities and landlord bodies seem key way of doing this. Not only can co-regulation encourage compliance and improve the sector, but it also balances interests of tenants, landlords, local authorities and landlord bodies.

6 Hard regulation requires local authorities having solid intelligence bases as well as effective enforcement teams. This may be difficult to carry out in England because of a lack of data on landlords (stemming from there being no requirement to register) and may be difficult across the UK more generally because of a constraint on budgets and available resources.

7 Rogue landlord databases are relatively new with their impact difficult to gage. However, a lack of entries on the national database highlights scepticism with the databases effectiveness that stemmed from initial concerns about transparency.

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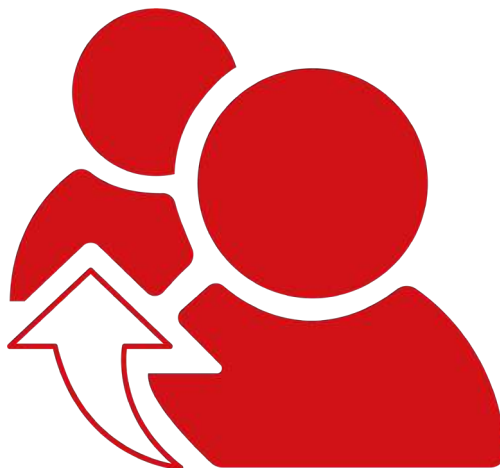
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