

**MAYOR OF LONDON**

# Affordability in London's private rented sector

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Greater London Authority

Eurocities Housing Working Group, SCEWC side event  
November 2017



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## Overview:

- London's private rented sector
- Current regulatory framework for rents
- The rent regulation debate

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# 1. London's Private Rented Sector



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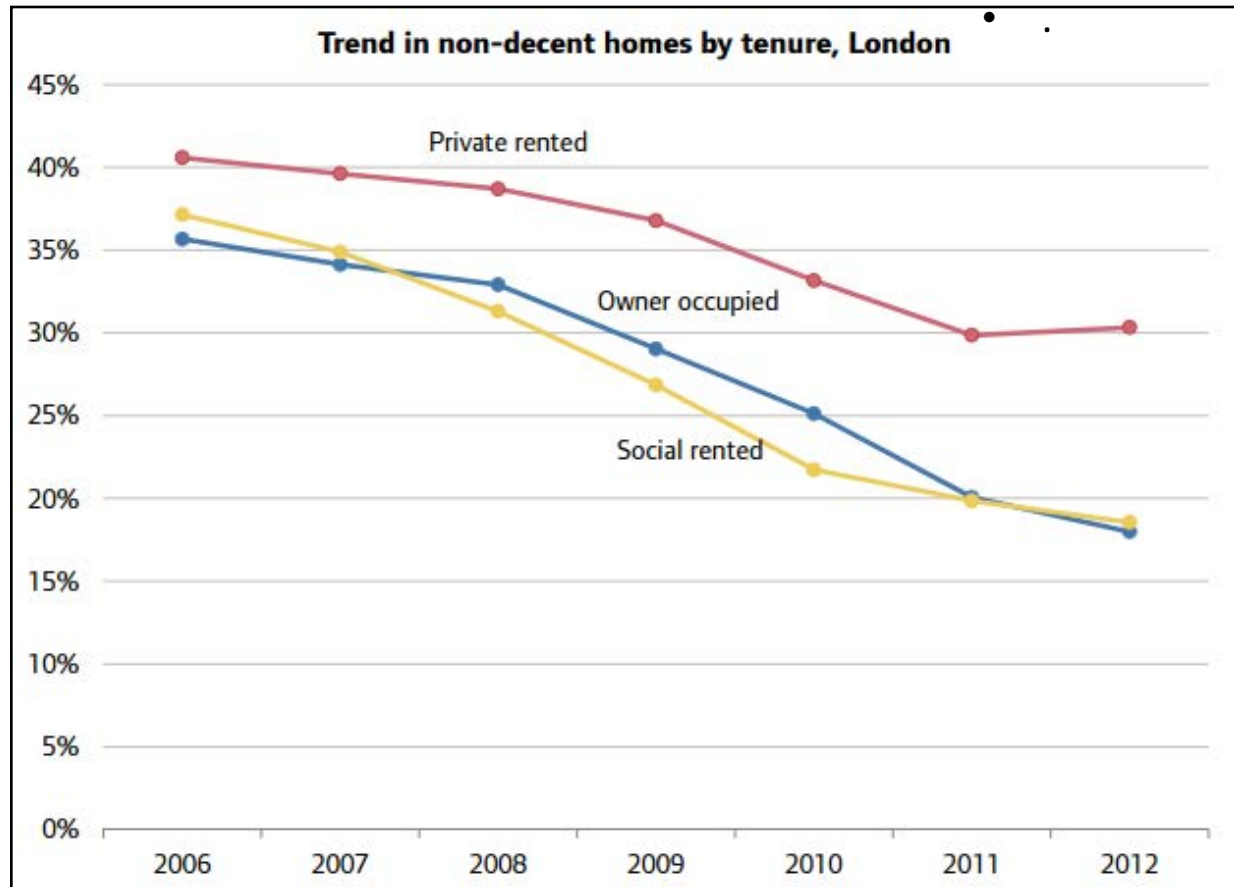
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## Size of the sector



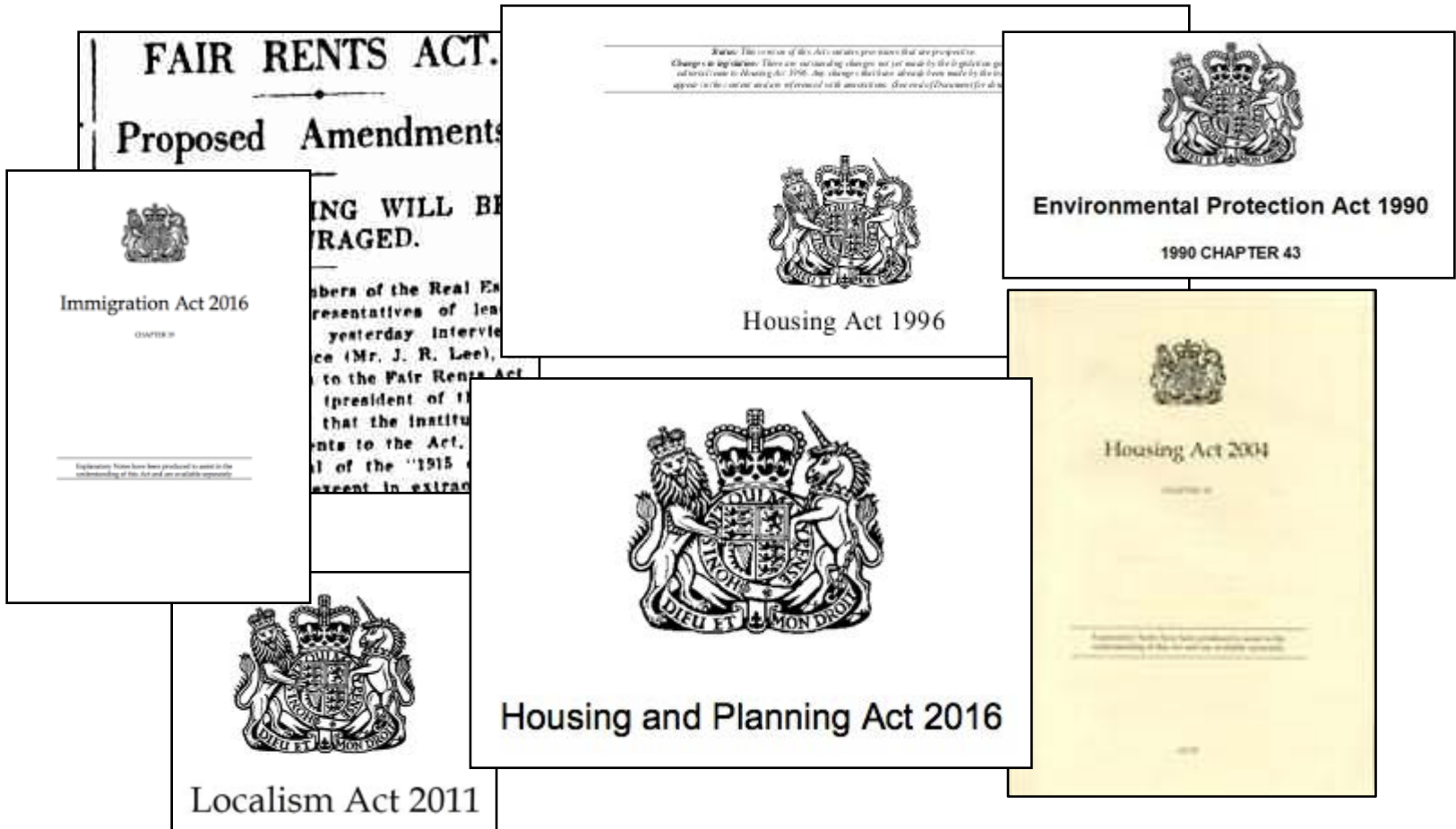
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## Standards and conditions




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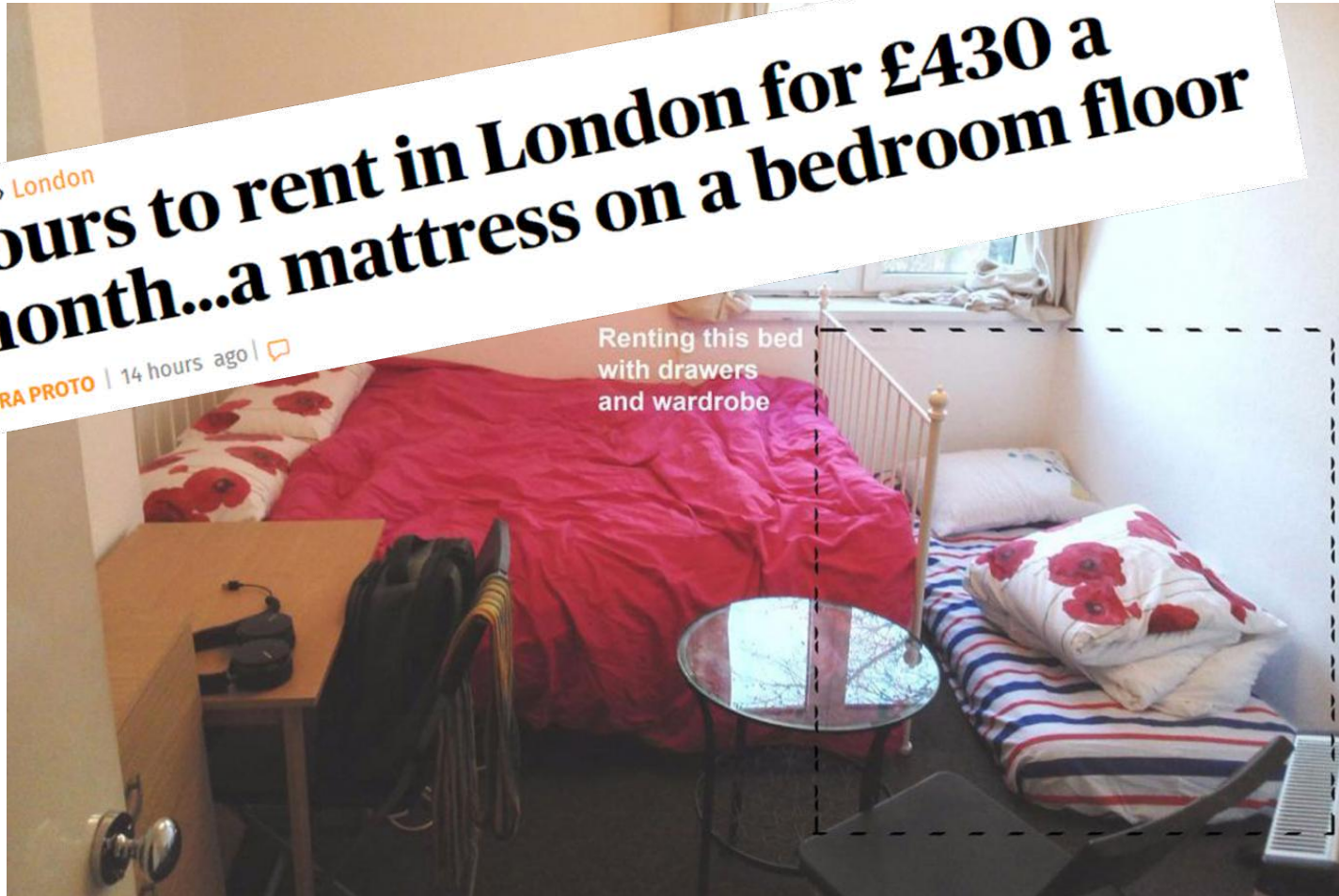
## Regulation



# Affordability

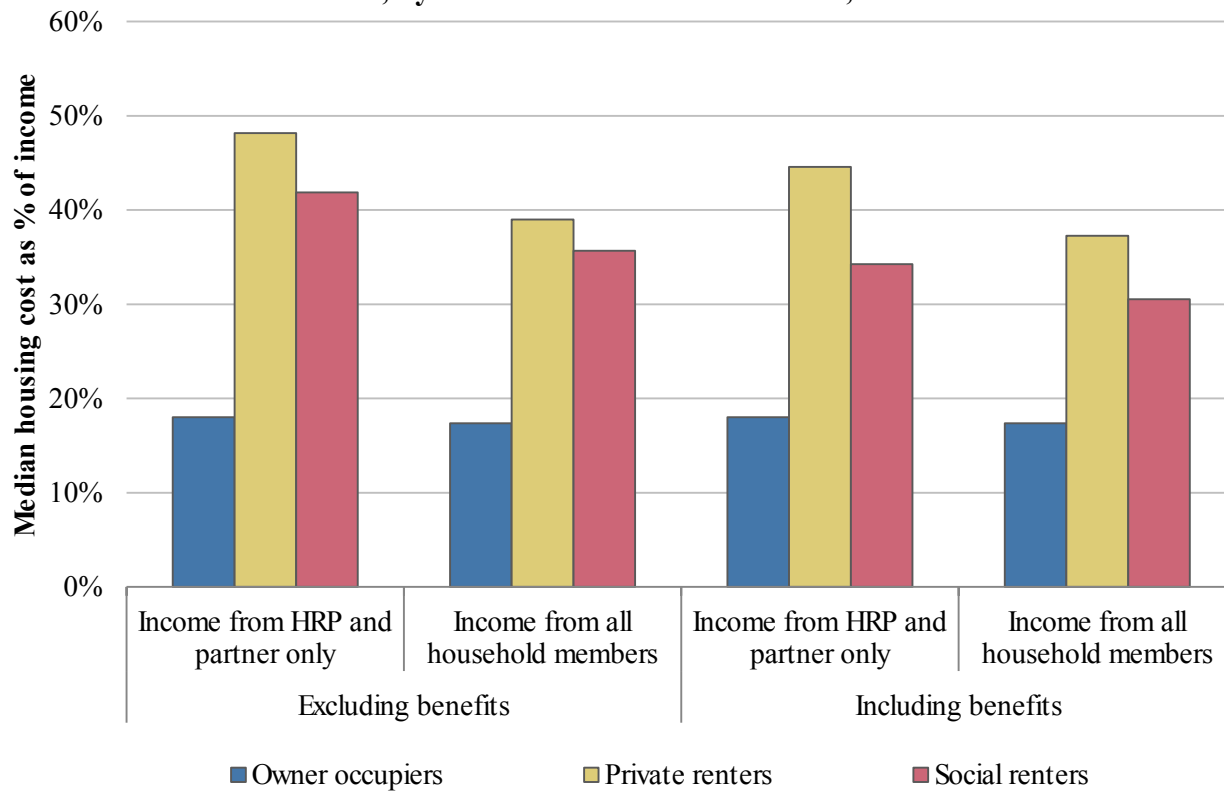
News > London  
**Yours to rent in London for £430 a month...a mattress on a bedroom floor**  
LAURA PROTO | 14 hours ago | 

Renting this bed with drawers and wardrobe



# Affordability

Median of housing costs as a share of gross household income in London, by tenure and income definition, 2014/ 15





# Security of tenure

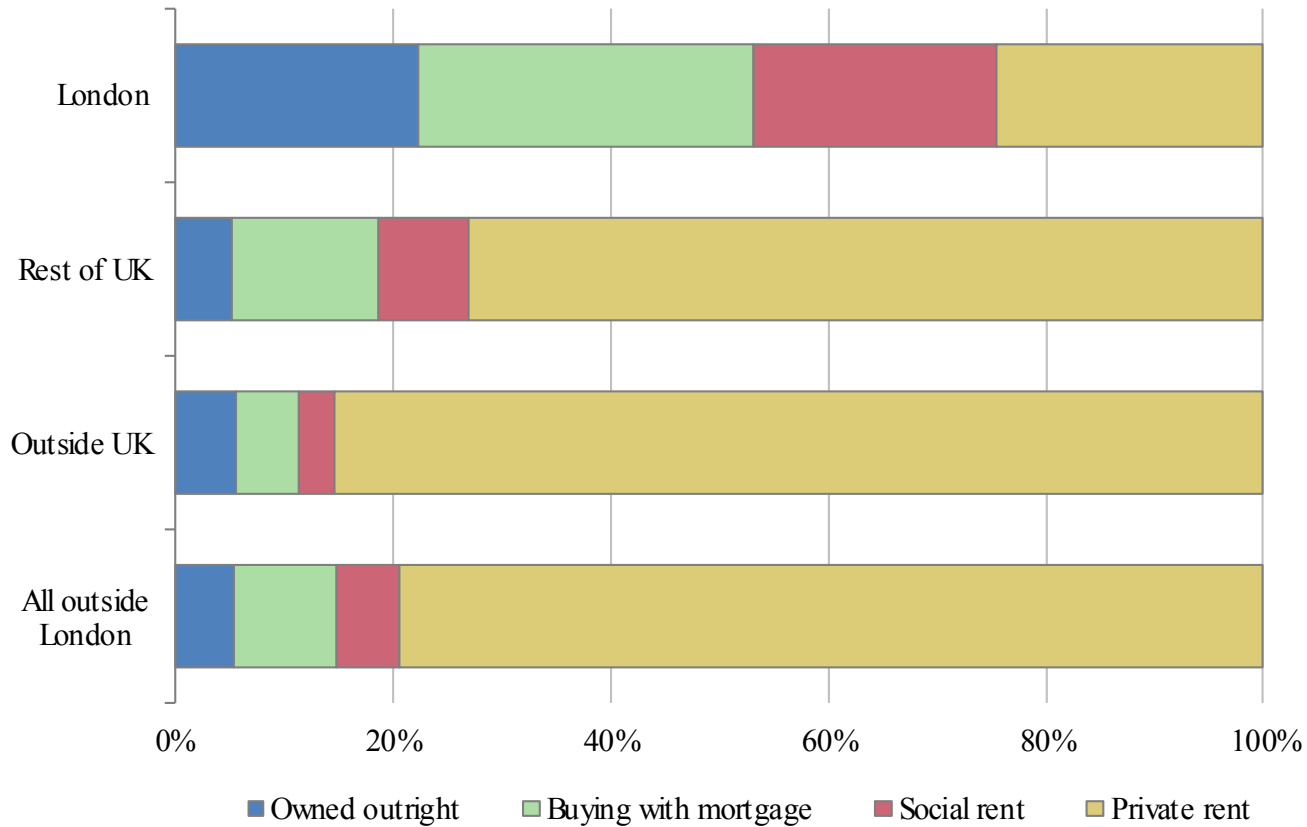


Average tenancy length in UK is 2.7 years

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## Access to the sector

Current tenure by place of residence one year ago (adults in London)



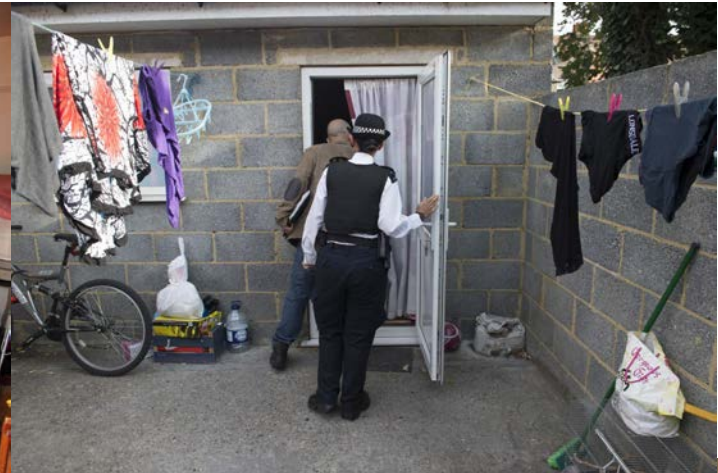
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## The 'informal' sector



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## The 'informal' sector

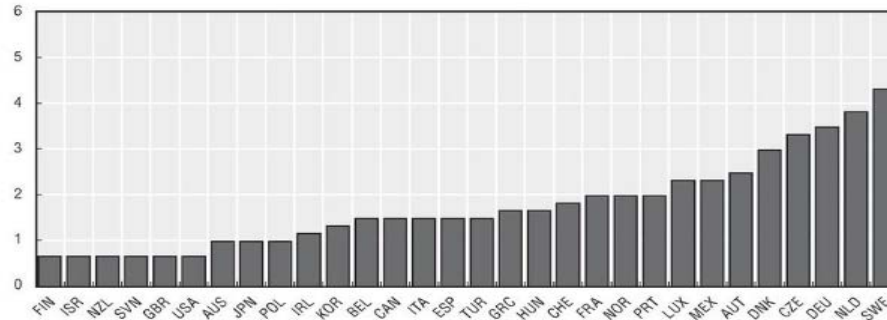


## 2. The current regulatory framework



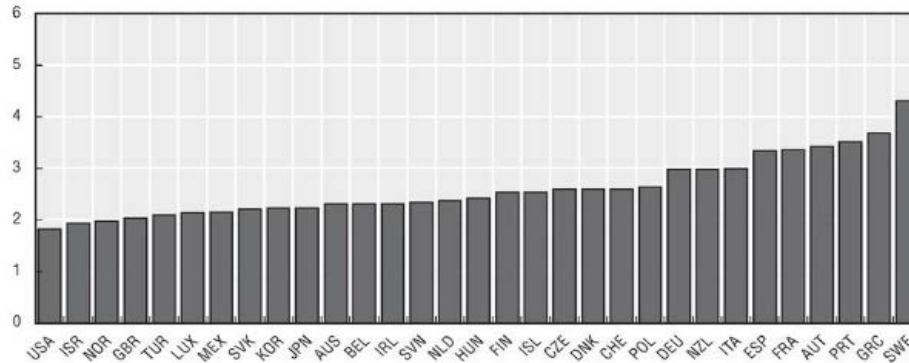
## International comparisons

Figure 4. **Rent control in the private rental market, 2009<sup>1</sup>**  
Scale 0-6: Increasing in degree of control



1. This indicator is a composite indicator of the extent of controls of rents, how increases in rents are determined and the permitted cost pass-through onto rents in each country. See Johansson (2011) for details.  
Source: Calculations based on the OECD Housing Market questionnaire.

Figure 5. **Tenant-landlord regulations in the private rental market, 2009<sup>1</sup>**  
Scale 0-6: Increasing in protection for tenants



1. The indicator measures the extent of tenant-landlord regulations within a tenancy. It includes the ease of evicting a tenant, degree of tenure security and deposit requirements. See Johansson (2011) for details.  
Source: Calculations based on the OECD Housing Market Questionnaire.

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## Rents:

- Some residual 'fair rent act' tenancies with controlled rents
- Landlord cannot raise rent during term of assured shorthold tenancy
- Rent tribunal service (hardly used)

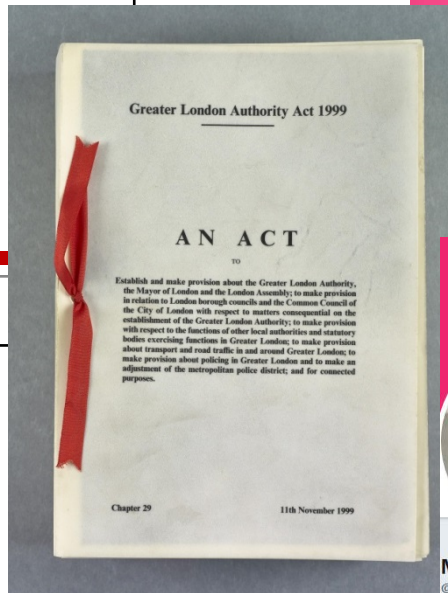
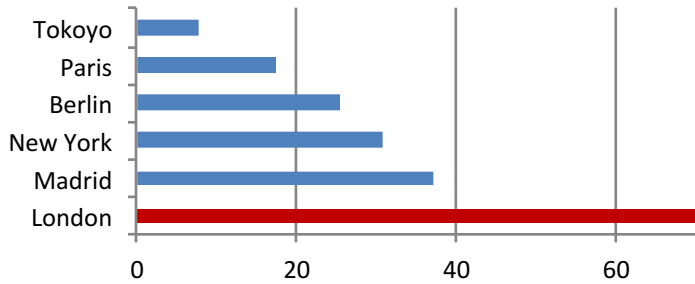
## Tenancies:

- Landlord must honour length of assured shorthold tenancy, and give two months notice of eviction
- Small number of 'exceptions' to use of 'no fault' evictions
- Often lengthy legal process to carry out a 'tenant fault' eviction

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## The Mayor's Powers

Percentage of city income from central Government



#LondonIsOpen



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@MayorofLondon

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### HOMES FOR LONDON

THE LONDON HOUSING STRATEGY



DRAFT FOR LONDON ASSEMBLY April 2014  
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### THE LONDON PLAN

SPATIAL DEVELOPMENT STRATEGY FOR GREATER LONDON  
JULY 2011

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Candidate	1st Pref	2nd Pref	Final Total
Sadiq Khan (Labour)	1,148,716	161,427	1,310,143
Zac Goldsmith (Conservative)	909,755	84,859	994,614
Sian Berry (Green)	150,673	-	-



## The Mayor's key PRS policies and proposals


### 1. Improving standards for private renters

- Enable councils to make better use of their powers
- Target enforcement resources at criminal landlords

### 2. Improving affordability and security for private renters

- Explore options for a new deal for London's private renters and landlords – the 'London Model'
- Work with Government, councils, and employers to address upfront costs
- Support measures to limit rent increases without impacting on housing supply, and work with Government to address long term affordability

## 3. The rent regulation debate



"The UK build to rent market is at the start line of 10 - 15 years of continual growth."

**James Mannik**  
Head of Private Rented Sector

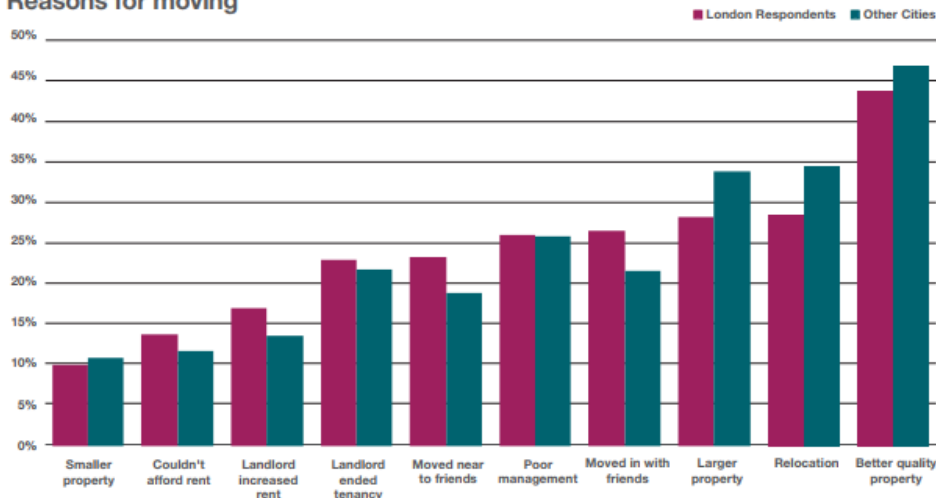
### PRIVATE RENTED SECTOR

KEY STATISTICS		
	Total UK Investment Volumes 2007-16	£21bn
	10yr average investment per annum	£2.1bn
	Total investment volume in 2016	£5.0bn
	% of total UK commercial Real Estate Investment	6.1%
	Prime Build-to-Rent Yield as at end of 2016	4.25%*

Source: Knight Frank, RCA \*Regional

GRAPH 6

### Reasons for moving



Source: YouGov / Savills Research



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**Thank you and questions**

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