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## How to boost the private rented sector

**Cllr Ravi Govindia, the Cabinet Member for Strategic Planning and Transportation on Wandsworth Council, calls for the purpose built private rented sector to be boosted**



Britain faces a housing crisis. After 13 years of Labour, housebuilding rates have fallen to a record low, mortgage availability is severely restrained and house prices are beyond the reach of many. As a result, the average age of the first time buyer is fast approaching forty.

The outlook for the social housing sector looks bleak too. It enjoyed a renaissance in recent years, the beneficiary of a public spending splurge and section 106 agreements with housebuilders happy to share the proceeds of rising land values in return for planning permission. Neither goose will be laying these golden eggs over the next few years.

The third element of Labour's legacy is the type of housing that was built in their period in office – a preponderance of tiny one and two bedroom flats. This was fine for a regime obsessed with unit numbers and state imposed targets, but hardly reflected the needs of real people and families.

Labour's obsession with regional planning masked a misunderstanding of the housing and property market. Figures released this week by the London Rental Housing Company show some 150,000 stalled housing units in London alone. These are schemes that have planning permission but lack private or public investment or are simply no longer economically viable.

An urgent question for all of us is how do we get these schemes back up and running when there is little money available from either public or private sources. With almost one million Londoners on housing waiting lists, there is a desperate need for new approaches.

Fortunately, there is a glimmer of hope – the private rented sector. Traditionally made up of a large number of small investors, some with just a handful of properties, the contribution of this sector in meeting housing needs is often overlooked (while its reputation has often been damaged by the penny pinching antics of a few notorious landlords).

But now, institutional investors such as Aviva are recognising that the private rented sector could provide a way of investing in housing in the current market. New brands, such as the London Rental Housing Company, are emerging to deliver purpose built, quality and value homes in high numbers, appealing to families who are unable to afford home ownership but who do not qualify for social housing. In recent years, private equity has invested in purpose built student accommodation – can we now attract a similar investment into a more general private rented sector?

So how can policy makers support this emerging market?

First, those Councils that have significant land assets should consider

**Cllr Harry Phibbs**  
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committing some of this land for such projects. Once again, the parallel is universities who have teamed up with student housing developers to provide much needed student accommodation. Indeed, by swapping land for equity interests, councils can help deliver housing now while ensuring future financial return for the community.

Second, we need a sympathetic and flexible planning regime. Is it right that we should expect these projects to provide high levels of social housing? Sticking rigidly to affordable housing targets inherited from the last Government will simply kill the built for purpose rented housing sector at birth.

The private rented sector is not a panacea for all our housing ills. But it should be part of the mix. To succeed, it requires entrepreneurial drive and localist solutions, attitudes which chime with the spirit of the new coalition Government. Moreover, it can help us start building homes again in this age of austerity.

Posted on 29 September 2010 at 07:33 in [housing](#) | [Permalink](#)

### Comments



Cllr David Simmonds, Hillingdon said...

Ravi is spot on in his analysis but I would like to see more emphasis on how the whole market can be freed up. Currently, the switch from social rents to market rents is a massive barrier that prevents the market moving. I know of one couple in my borough with a £100k income and a Council house, which they have because they qualified for it twenty years ago. The mortgage they could get wouldn't allow them to buy any bigger or better a home so they are staying put!

An idea we have implemented in Hillingdon is to sell 70% equity in Council-built new homes, with the only conditions being that the buyer obtains their own mortgage, is a first time buyer, and has been a resident of the borough for ten years. The same conditions apply to any subsequent purchaser and the homes cannot be sublet without permission. An effective subsidy to the buyer, this has attracted many applicants who would otherwise be marginally unable to buy and heading for the social housing waiting lists, artificially inflating the demand for social housing. Its not a massive scheme but has proved hugely popular so far.

[Reply](#) [29 September 2010 at 09:03](#)



John Moss said in reply to Cllr David Simmonds, Hillingdon...

How do you police the no-subletting rule?

We tried this as a private developer, but our only sanction was a S146 notice and the courts promptly granted relief!

[Reply](#) [29 September 2010 at 14:04](#)



It doesn't add up... said in reply to John Moss...

If rents are at market prices then

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subletting shouldn't really be much of an issue. Indeed, it probably shouldn't even be discouraged, in the same way as some who owns a house may decide to take in a lodger, thus increasing the effective occupancy of the property. The main issue that arises is tax avoidance. Extreme cases of subletting (a bed for a few hours before the next sub-tenant occupies it) are perhaps also a safety issue.

[Reply](#) [29 September 2010 at 21:23](#)



Tony Makara said...

We need legislation so that landlords cannot advertise for 'No DSS' this type of social discrimination is just as bad as the 'No Blacks or Irish' ads of yesteryear.

If such ads are banned landlords could be placated through being paid rent directly from DSS tenants as happens with social housing.

If the govt is serious about people relocating to try to find work then 'No DSS' ads must be seen as a serious barrier to mobility.

[Reply](#) [29 September 2010 at 09:15](#)



Elaine Turner said in reply to Tony Makara...

You can not impose this type of legislation on Landlords.

There are good reasons why some landlords won't want to advertise to these people and it might have to do with past history and loss of income and damage to their property.

It would help if the Government took a more mature attitude towards private Landlords and stopped regarding them as the pits.

Most private landlords provide good, warm, clean, practical houses and look after their tenants well - but whatever a Landlord wants to do, either Local or Central Government wants to make life difficult and unprofitable for them. I acknowledge that even now there are poor landlords, but they are very much in the minority.

[Reply](#) [29 September 2010 at 09:30](#)



Tony Makara said in reply to Elaine Turner...

We must fight the social discrimination that is applied to those who are out of work. It is prejudice and just as bad as racism or anti-semitism. Landlords are

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protected by law against damage, just as I am if someone were to damage my conservatory or garden.

The picture you paint of good, warm private landlords, being forced to rent property to 'these people' (the unemployed) who in turn will damage their property, is ridiculous and woven with prejudice.

Discrimination in advertising is wrong, whether it applies to skin colour or social status.

[Reply](#) 29 September 2010 at 09:39



Paul Oakley said in reply to Tony Makara...

No Tony, it's not prejudice but rationality. When housing benefit is paid directly to tenants it very often fails to be passed on to the landlord.

And to say that landlords are protected against damage is naive. A court can award a money judgment in respect of unpaid rent or repairs, but getting this out of a DSS claimant is quite another matter.

There certainly is a remaining prejudice in the private rented sector: the assumption that landlords are fat cat ratchmanites preying on poor little tenants. The reality is that feckless tenants on benefits can, and do, wreak serious injury to the finances of those who have decided to save for a pension or otherwise invest for their futures via the property market.

[Reply](#) 29 September 2010 at 10:46



JCS said in reply to Elaine Turner...

Please moderate your language - or your posts will be deleted. Like this - PG

[Reply](#) 29 September 2010 at 11:56



radsatser said in reply to Tony Makara...

You have obviously never been a landlord, and never had the pleasure of having to practically rebuild a property after the tenancy of a DSS tenant.

The majority of DSS tenants are not tenants from hell, but the majority of tenants from hell are DSS tenants, in most areas of the country those families requiring private rented accommodation are usually

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families that have already been evicted from social or housing association housing. I would suggest posting No DSS should and is a legitimate right for a landlord to protect their property, in the same way an insurance company wouldn't insure a car belonging to a driver without a licence, or with a history of crashing cars. If the right to select tenants is removed, I would suggest the property would also be removed from the market.

If you wish to carry out further research on this matter for ConHome, might I suggest you put your money where your mouth is and rent a room in your home to a DSS tenant. I think the current tax free rent you can charge is £250 a month, give it a go in the true spirit of altruism with the benefit of a little personal profit, and come back in 6 months and review your comments in light of personal experience.

[Reply](#) [29 September 2010 at 11:21](#)



CityBoy said in reply to Tony Makara...

"this type of social discrimination is just as bad as the 'No Blacks or Irish' ads of yesteryear."

It simply isn't, though.

[Reply](#) [29 September 2010 at 12:00](#)



John Moss said in reply to Tony Makara...

That is why we should support the move to pay tenants cash benefits rather than pay landlords directly. How then would they know?

I would also back a simple registration system which allowed tenants and landlords to be rated. This could easily act as a way of referencing the tenants and could operate across private and social sectors. There are as many bad payers in the social sector as the private.

[Reply](#) [29 September 2010 at 14:06](#)



Elaine Turner said in reply to John Moss...

Many tenants prefer the landlords to be paid directly, because it is one less worry for them handling the extra money and maybe not leaving themselves enough for the rent. The National Landlord Association prefers this option for obvious reasons.

One of the joys of the Conservatives returning to power is that Grant

Shapps is trying to cut down on the type of over regulation that surprisingly for you, you have suggested.

For every bad landlord there is, there are a wealth of poor tenants who have no regard for other people's property - which seems to be a problem generally with some people.

In the main though, the majority of both tenants and landlords are good and at the moment, touch wood, I have some crackers who would rate me the same way.

[Reply](#) [29 September 2010 at 14:40](#)



[John Moss](#) said in reply to Elaine Turner...

In my view, the worst tenants adopt a "not my property, not my problem" attitude if the rent is paid for them. If you give them the cash and then they still behave badly, they are directly responsible and the optimist in me suggests they will respond to that positively.

I don't favour Labour's regulatory approach, but too often both tenants and landlords, good and bad, are not clear about who is responsible for what. Labour wanted a register of private landlords with the obvious intent of introducing licensing. I don't suggest anything like that.

I would prefer a very simple system which recorded granted tenancies only. There are good reasons for this. First, tax evading landlords would be flushed out. Second, tenants and landlords could benefit from a simple - one side of A4 - schedule of who was responsible for what. Third, we would know what rents were being charged and avoid some of the excessive over-renting, by councils, which caused the furores of recent years, also helping to bring down the Housing Benefit bill. Finally, tenants could point to their record as a reference for potential landlords.

[Reply](#) [29 September 2010 at 15:07](#)



Elaine Turner said in reply to [John Moss](#)...

The lease usually states who is responsible for what. My experience tells me that the feckless tenant spends the money on things other than rent (large TVs and computers often) - which is why it is sensible to

pay direct to the landlord - because the feckless tenant doesn't care one way or the other who has the rent - it is the ones who do care who like the rent paid directly to the landlord. It is one less thing to worry about.

As a landlord I would value a 'naughty tenant' list, but it gives scope to both landlords and tenants to be mischievous.

[Reply](#) 29 September 2010 at 15:24



It doesn't add up... said...

Hoping that business can be persuaded to invest in an asset that is at risk of severe depreciation which generates an income stream that only looks barely adequate against half the capital investment or less is surely hope against hope.

Housing is overpriced - and that's why there is a massive waiting list for highly subsidised social housing. Average occupancy is comfortably under 3 people per household - hardly a housing crisis in terms of the size of the available stock of houses. It is true that much new building in the Labour years is almost unusable - the slums of the future. We are perhaps fortunate that there isn't more of it.

So as not to go over all the same ground, I refer to the discussion about housing policy and the need for (and a possible approach to) defusing the property bubble here:

[Reply](#) 29 September 2010 at 09:23



It doesn't add up... said in reply to It doesn't add up.....

<http://conservativehome.blogs.com/platform/2010/09/stewart-jackson-mp-our-housing-policies-are-bold-but-are-they-enough.html>

[Reply](#) 29 September 2010 at 09:23



1AM said in reply to It doesn't add up.....

IDAU. As ever, I don't challenge your point about there being a bubble but I do challenge the idea that we have enough stock.

On the issue of stock - we have around 40% of homes 'under-occupied' with 2+ bedrooms spare - older couples/singles who live in large homes. This is coupled with rising overcrowding among younger households. Older, more affluent households simply are not down-sizing in the way they used to. So we need more family homes and homes for young people - unless you suggest taxing out the old

people of their large properties?

We build 40% of the number of homes we did in the 60s, and have built less homes than almost any other EU country (for example) since the 1980s. Greater supply = less inelastic house prices = less of a bubble next time round (and there will be a next time unfortunately).

Anyway. On this specific article, I agree that specific targets are unhelpful re social/affordable housing. But while I agree councils should release land, why specifically to build-to-let is unclear - sounds like a huge bung to a particular class of asset developers to me.

[Reply](#) [29 September 2010 at 10:06](#)



Elaine Turner said in reply to 1AM...

Why would you want to down size when to do so, you have to pay stamp duty on your next property plus removal costs and fees? Sometimes it makes economic sense to just stay where you are until it is time to either join family or go into a home.

[Reply](#) [29 September 2010 at 10:43](#)



1AM said in reply to Elaine Turner...

Most people don't want to downsize - but in the past had to. Now they don't and that is a good thing. Even removing the barriers as you suggest wouldn't make a huge difference to people living in their family home who would like to stay there.

The point is that we therefore need more family homes and housing - because the younger generation can't raise a family in a one or two bedroom flat. Which is all even the middle classes can afford!

[Reply](#) [29 September 2010 at 11:07](#)



It doesn't add up... said in reply to 1AM...

Mis-allocation of properties is a feature of market failure. Life time tenancies in Council Housing, higher places on welfare lists for single motherhood (encouraging fraudulent living apart etc.), and the property bubble itself making owners scared to sell for fear of losing out on further capital gain - not to mention high transaction costs - all militate against



more rational allocation. Make the market work, and allocation will be much ore rational.

[Reply](#) 29 September 2010 at 11:05



1AM said in reply to It doesn't add up.....

Nonsense. Demand for housing rises as income rises. Elderly households who are affluent don't want to move and would rather keep the money and not move. Council housing only makes up 17% of stock - it is the 66%+ of home owners who are the largest group.

You say 'make the market work'. The point is the market is so tightly constrained a hectare of land that gets planning permission increases from £20K to £1.8 million (or x90) in value.

Given 88% of the UK is currently undeveloped we could increase the amount of developed land by 50% and still have over 80% of the UK undeveloped (e.g. farmland, parks etc). Surrey has among the highest population densities in the UK, Kensington and Chelsea the highest of all. Both pretty desirable. What is needed is a system that works to allow more development, and more attractive development. All else (except deflating the credit bubble and reducing net immigration) is of minimal importance.

Depressing to see people further on complaining about development as if it were a zero-sum game (like Socialists talking about capitalism). Where this country is heading God only knows.

[Reply](#) 29 September 2010 at 16:02



It doesn't add up... said in reply to 1AM...

Increasing supply way beyond demand would not have prevented the bubble. Try asking the Irish, who are going to be knocking down large numbers of properties that no-one will buy. The price of land is determined by the supply of money to buy it. The regulations for people farming allow conditions on space that would fall foul of EU law if it were for farm animals, and people are persuaded to pay very silly sums for it. I suspect we too will be knocking down some of the stupid projects for flats smaller than a Travelodge room: the demand for

hostels really isn't that great.

[Reply](#) 29 September 2010 at 20:58



It doesn't add up... said in reply to It doesn't add up.....

We should recognise that the private rented sector has been particularly responsible for the inflation of house prices, outbidding first time buyers and repeatedly gearing up its portfolio on ever higher gearing ratios until the credit crunch hit. These heavily geared property portfolios are now being heavily subsidised by artificially low interest rates, but many of them are at risk as their financing deals expire.

One of the bigger dangers is that as house prices fall, the reverse process will create a real housing crisis for private tenants as landlords' entire portfolios are either repossessed or rentals not renewed or evictions to allow sale with vacant possession. There will be a squeeze on property available for rent, and a sizeable portion of the stock could be vacant pending sale. There is a case for legislation to improve the rights of tenants in these circumstances, so as to permit them to stay in their homes as long as possible. One idea would be to limit a sale completion date to beyond the end of any existing tenancy, and to make it easier for sitting tenants to remain in occupation if there is a change to a new landlord rather than owner occupation on sale.

As I argued in the previous discussion, we should be looking to selling off the entire public housing stock (with the exception of limited amounts of sheltered housing), so as to create a single housing market. That could open up significant opportunities for private landlords. Important safeguards would include much harsher limitations on the maximum LTV available for financing to prevent the outbidding of first time buyers.

It has been fashionable for a while to look at "shared ownership" as a way round high house prices. It is of course merely another device for keeping house prices artificially inflated, and therefore should be banned.

Ownership confers rights and obligations that vary according to the nature of the property. Many who aspire to it assume it is a way to make money: such assumptions about everlasting bubbles only belong on the terraces of West Ham football club. The right to make the property "your own" is constrained by planning regulations, although it is clearly greater than in a rented home. Security of tenure requires ongoing financial solvency and liquidity.

Repair is the responsibility of the owner, and yet in a block of flats an individual owner will have little choice as to the timing and scope of major works.

Rental offers very high security of tenure in Council Housing, yet low security of tenure otherwise. It offers few rights for personalisation: comparison with the rental rules in say Germany offers a large contrast. Significant repairs are the responsibility of the landlord, so the risks to cashflow of the tenant for meeting repair costs are sheltered. Perhaps we need more options in the nature of tenure available in private renting.

It is often pointed out that ownership has the added benefit of creating pride in ownership that makes owners better neighbours. I think this is a case of better neighbours making better owners. When we analyse the rights and obligations, it is perhaps the restrictions on rented property that make the difference.

[Reply](#) [29 September 2010 at 10:57](#)



[John Moss](#) said in reply to It doesn't add up.....

Just want to pick you up on security of tenure issue. Security of tenure exists for all good tenants who pay their rent on time.

Private landlords lose 10-15% of their annual income every time they have to re-let a property. No landlord throws people out for fun and whilst they can recover possession at two months notice after an initial period - which can be more than the statutory minimum 6 months - they rarely do unless the tenant has stopped paying rent or damaged the property.

Security in the social sector (and the remnant of the private sector still covered by Rent Act protection) goes back to the rent controls imposed in Glasgow in WW1 after the influx of munition factory workers pushed rent through the roof, but which, after the rent controls were introduced, just saw people being evicted so the landlord could get a higher rent.

It is worth remembering that in 1919, 90% of households rented privately in the UK and many pension funds and insurance companies were landlords. It was largely the imposition of rent controls and security of tenure on *private* landlords after WW1 which destroyed this and led to the "demand" for owner occupation and

council housing which did so much to create the very bubbles of value to which you repeatedly - and correctly - refer.

[Reply](#) [29 September 2010 at 14:17](#)



It doesn't add up... said in reply to [John Moss...](#)

The distortions in the market were not limited to the rented sector of course - though your point that they have a long history in the rented sector (told at more length in you Localis pamphlet) is entirely correct. It is the interplay between the various distortions (including Schedule A, MIRAS etc.) that has led to the mess we find ourselves in.

[Reply](#) [29 September 2010 at 20:45](#)



Elaine Turner said in reply to It doesn't add up.....

I am one of the very few people in the party who was not and is not in favour of selling off council houses. The net result is that we have insufficient houses for our needs. When you have a tenant who is utterly irresponsible within the private sector and they get evicted, they and their children go into bed and breakfasts until they have accrued the number of points to get to the top of the available housing list.

This costs the country a fortune and is very unpleasant for the families with children - ensuring more stress than perhaps they can cope with.

I think that council houses should never be looked at as houses for life but as stepping stones until deposits of alternatives have been saved up.

[Reply](#) [29 September 2010 at 14:44](#)



It doesn't add up... said in reply to Elaine Turner...

I think we need to consider separate provision for the irresponsible. Some are that way because simply they are mentally challenged, and really need a form of sheltered housing. Some are drug addicts, who really need another form of sheltered housing that will help them kick or at least manage their habits. Others can simply no longer cope due to age or infirmity - again justifying sheltered housing. Others

are just basically feckless, and they need some regimentation of their lives - at the extreme, prison. It may be that some private providers specialise in handling these more difficult cases, perhaps coupled with such features as treating drug addiction etc. as included welfare services. Alternatively, they could remain in the public sector, or there could be mixed provision.

I can see some sense in tied housing for some lower paid jobs, particularly where it is within a few minutes' walk of the work location. The difficulty with that is that it becomes harder to cater for varying range of household sizes across a relatively small number of employees, although with some imagination some pooling between several employers could be arranged.

[Reply](#) [29 September 2010 at 20:35](#)



HF said...

One example of bureaucratic meddling are the bureaucracy that comes with Houses of Multiple Occupancy. It should be set at 5+ people.

Instead it is set at 4 people and in some areas it is as low as 3.

Parts of Hammersmith even have their HMO limit set low as 3 people. Does Cllr Phibbs in Hammersmith know what is going on? Why are his Council staff meddling at such a low level of occupancy? Helps keep the Council staff employed but does deter the private sector and in some cases they inadvertently break the law.

[Reply](#) [29 September 2010 at 09:54](#)



Elaine Turner said in reply to HF...

Good points. The whole HMO thing was first dreamed up because where a large house is occupied by people who don't know each other, there is no bonding, no fellow feeling or need to protect each other, so fire is a very much greater risk say than with student houses, where people are friends and do look out for each other.

It is sensible to have these houses alarmed and fireproofed, whether students (they are young, toast burns) or a group of strangers, but the legislation, like all Labour projects has just grown and grown.

[Reply](#) [29 September 2010 at 10:46](#)



HF said in reply to Elaine Turner...



The effect of setting HMOs as low as 3 people do, is load on extra licence fees which just get passed on in the rent to the tenants. Or in some cases the withdrawl of property from the rental market as it becomes unviable.

Madness. Has our Cllr Harry Phibbs any response?

[Reply](#) [29 September 2010 at 13:22](#)



Paul Hemingway said...

There are huge barriers to entry for the private landlord - if you have to borrow the cash, its very hard to get any return at all on a normal house or flat, even in the regions, as rents are low at the moment. Thats because there are many amateur landlords who have moved house and let their old one and so are not subject to the same borrowing restrictions.

The only way to make a living out of it is to go into the House of Multiple Occupancy business - but then you are faced with a multitude of cost - the safety standards for an HMO are far higher than for a hotel (I know someone who converted a hotel into an HMO and it cost £20k). It is ridiculous that hotel guests should have lower safety standards than renters.

Then you cant get a normal mortgage - an HMO is regarded as a business, and this gives the banks carte blanche to start applying ridiculous fees and charge higher interest rates - thats if they are prepared to lend at all (only one bank is at the moment - and only at 60%).

Finally, of course, you are then subject to crippling stamp duty on any property of decent size.

To enter this business you have to have serious resources, treat it as a second job and take a very long term view....

[Reply](#) [29 September 2010 at 09:56](#)



Elaine Turner said in reply to Paul Hemingway...

And then, if you want to sell one of your houses to buy another in a different area, you have to pay 26% in capital gains and it reduces your purchasing power and income, so you can't then buy in areas where there is greater need.

I would like to see the law changed to allow us to sell and buy within 12 months before being subject of CGT.

[Reply](#) [29 September 2010 at 10:48](#)



[John Moss](#) said in reply to Elaine Turner...



You can, it is called trading and you will be charged income tax rates on any net gains.

Far better approach to CGT was Redwood's taper idea. Carry any gains across to income and tax them at the taxpayer's marginal rate, but relieve the gain at 20% per annum.

[Reply](#) [29 September 2010 at 15:11](#)



[John Moss](#) said in reply to Elaine Turner...

Actually, I missed your point.

But you can sell and buy, you just have to roll over the gain to the next property - they'll always get you in the end!

[Reply](#) [29 September 2010 at 15:12](#)



Elaine Turner said in reply to [John Moss](#)...

This isn't what my accountant advises me - who is a specialist in this area... I would love you to be right and him wrong... are you absolutely sure about this John - do you have any links? I thought it was only businesses that could sell and buy again without incurring CGT and thus rolling over and that property was exempt.

As far as I can see, the tax paid on my property will be IHT as I have no intention of selling.

[Reply](#) [29 September 2010 at 15:28](#)



It doesn't add up... said in reply to Paul Hemingway...

Rents aren't low: property prices are high. That's why the yields are poor for new purchases.

[Reply](#) [29 September 2010 at 11:08](#)



dogbiter said...

The big problem is getting planning permission. Councils should be told to make it easier for landlords to get planning permission for open market rental units. I convert old industrial and agricultural buildings to provide rental accomodation. Councils make you go through so many planning hoops (bat surveys, highway surveys, etc.) that it costs a considerable amount of money in consultancy fees before you even get to the actual building. There is talk of making it easier to get planning permission for

creating "affordable" rental property. An "affordable" rent usually means about two thirds of market. At market rent I can get about 5 to 6% return on capital costs. At affordable rent this reduces to 3 or 4% which is frankly not tempting enough to start the project in the first place. As for the ridiculous proposal that you should not be allowed to advertise for DSS tenants, then you wait until a DSS tenant trashes your place and then you'll quickly change your mind.

[Reply](#) [29 September 2010 at 10:36](#)



JCS said...

The private rented sector pushes up the prices of property and rents. I think it should play absolutely no part whatsoever in housing policy. Rented accomodation should be provided by housing associations and local authorities not private landlords who are little more than spiv like get rich quick merchants!

[Reply](#) [29 September 2010 at 10:40](#)



Elaine Turner said in reply to JCS...

Demand and supply puts up rents Jack. I have had my houses for years and they are there for my income. I have no control over the value of the houses and indeed it is my intention to keep them until I die, because they are my only form of income.

Rejoice, I am not costing the taxpayer anything - would you prefer that?

[Reply](#) [29 September 2010 at 10:50](#)



Conand said in reply to JCS...

Increasing the number of homes isn't going to push up prices and rental values. Quite the opposite.

The idea of a state operated cartel is disgusting.

Ravi is looking at the world as it is and proposes one solution. A very good article.

[Reply](#) [29 September 2010 at 10:52](#)



It doesn't add up... said in reply to JCS...

It was the banks that provided the fuel. BTL investors simply used it. In fact, rents have tended to lag property prices substantially, except where they have been boosted by lax rules on housing benefit that have put too much money in the hands of some claimants. Without that, rents would be lower still.

[Reply](#) [29 September 2010 at 11:13](#)





Elaine Turner said in reply to It doesn't add up.....

In some cases people invested in the property market as they could make a quick buck from the rise in property, but others invested for the long term because it was the best thing to do with their retirement funds. The stock market is so unpredictable - one minute it approaches 6000 - then it plummets to 3000 - which has happened three/four times in the last year.

Cheap money made it easier for people to borrow, but whose fault was that? I would suggest not the banks, but Mr Brown who rid us of boom and bust and gave us boooooooooooooom and holy sh\*t!!!

[Reply](#) 29 September 2010 at 14:48



It doesn't add up... said in reply to Elaine Turner...

There were some who invested sensibly at sensible yields: they should have a good ongoing business because the yield is sufficient to provide a proper return on the investment, and because even with property price falls they are unlikely to be under any pressure. Others, such as the infamous Fergus and Julie Wilson, who amassed 910 properties in the Ashford, Kent area were essentially geared up to their necks and dependent on rising capital values to appear solvent.

[Reply](#) 29 September 2010 at 20:06



Andrew Smith said...

I am worried when I read a vague phrase like "sympathetic and flexible planning regime" as it could mean building more on open fields and even in the Green Belt.

I am aware of a rural area which is seeing large housing demand as a result of heavy immigration into the South East, pushing people outwards. Their policy is to allow development only in the villages they favour and on land they own, even though some of it is prime agricultural open land, now farmed.

In these and other villages the authority takes a very restrictive approach to development infill proposals; one could be tempted to believe they only want big scale from big builders on land they own - but surely

not a Tory council?!

[Reply](#) [29 September 2010 at 11:15](#)

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Davidtbreaker said...

I like the idea suggested in the article of exchanging land for equity in the final development. Not only does this make the development more feasible financially for private developers but it's also a better long term strategy for the council, creating a revenue stream rather than a one off cash fix.

The big issue in housing which we need to tackle is housing density. As a small island we need to increase density to protect our green spaces. Sadly we caught a cold with taller buildings in the 60s and now even in London we build squat tower blocks. Obviously there are places where we don't want tall buildings - but certain areas should be zoned for them. Then we need to promote large, quality "apartments" rather than cramped 2-bed "flats" so over supplied under Labour.

[Reply](#) [29 September 2010 at 12:35](#)

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HF said...

There are parts of London that have seen massive leaps in the rental charges following all this Labour legislation which has reduced the supply of property.

[Reply](#) [29 September 2010 at 14:43](#)

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Elaine Turner said in reply to HF...

I am repeating what I put on the the front page, but Knight Frank have announced today that one in three new homes built in London are being purchased by Chinese people taking advantage of the cheap pound (and who are here to educate their children and give them a better quality of life than they could expect in China) and one in ten of all purchases are being made by Chinese people.

Well, as immigrants go, this is wonderful, for they are bringing money with them and presumably have jobs here (although there will be demands on health and education by their families - are they paying for them? )

As far as housing shortages go - is this a wise policy to follow? How can we complain about high property prices if people from half way around the world are helping to maintain them?

[Reply](#) [29 September 2010 at 14:52](#)

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Dominic said in reply to Elaine Turner...

If the chinese are anything like the russians who came here following their cashing in of the casino capitalism of early 90s Russia, then they will not only be buying their own homes but they will almost certainly send their kids to private school, and probably use private healthcare too. Younger chinese are probably here as university students and are paying hefty foreign student fees and paying top notch for rented accommodation.

[Reply](#) 29 September 2010 at 16:08



Elaine Turner said in reply to Dominic...

Thats fine and dandy on the one hand - but it don't help the housing shortage in London, does it?

[Reply](#) 29 September 2010 at 17:23



OrganisedPauper said...

Most private rentals are far too picky. No children, no pets, no benefits. It certainly excludes normal families. That includes many working families who get a small amount of housing benefit. Privately rented housing locally either has the above exclusions or is substandard and available to the above.

There's also the problem of families never knowing if they're going to be out of a home as most privately rented properties are 6 months let only, the agreement being renewed every 6 months. Who would feel secure in a home under those terms?

[Reply](#) 29 September 2010 at 16:32



Elaine Turner said in reply to OrganisedPauper...

I have one tenant who came to me with a toddler and baby and they now have five children - indeed I have bought a larger home for them just around the corner from where they used to live (they found it!) - we have signed a five year lease on the same basis as a commercial lease - fully repairing I believe they call it.

If in three years time they want to renew on the same basis, I shall be more than happy. There is wear and tear on the house with that many, but they do paint and decorate every now and again. I am happy to have steady money and they are happy to have security of tenure. Over the years they have been my tenants we have become friends and have quite a close relationship.

Families often make better tenants because they don't want to keep moving around.

[Reply](#) [29 September 2010 at 17:27](#)



[iain@lrhc.net](mailto:iain@lrhc.net) said...

[www.LRHC.net](http://www.LRHC.net)

[Reply](#) [29 September 2010 at 16:41](#)



clare said...

I have worked with many private landlords and tenants over the years. The private sector is pretty much hated by tenants because they find the agencies representing the landlords onerous. Privacy is lacking for tenants as many agents insist on inspecting properties every six weeks, often long after it is clear that a tenant is well behaved and maintaining the property well. They do such things to justify the excessive fees they charge both landlords and tenants. There is no real regulation of this industry. Charges for a tenancy agreement (bought in bulk from the law society for virtually nothing by agencies) can run to the hundreds. A 'credit check' which again costs very little, can range from a £75 charge to £300. Tenants feel ripped off and inexperienced landlords often are. Until the cowboy practices are sorted out in the agency sector then private renting will continue to have a dreadful reputation.

[Reply](#) [01 October 2010 at 02:01](#)

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