

## Moving into the Private Rented Sector - Standards, Supply and Subsidy - Jennie Donald

### NI context

- Approx 46,000 units provided by 23 HA providers
- HAs locally provide broad range of services over and above accommodation
- HAs in England, Scotland and Wales play significantly greater role in the PRS, driven in England in particular by demand/lack of supply.

### Rationale and challenges

- Bring empty properties back into use [e.g. refurbish and re-rent as social housing] – though need to be assured doing so cost effective
- Strong rationale for involvement given social purpose and mission e.g. homes for those on low income
- Housing Benefit should subsidise social rather than private rented sector
- Several HAs currently testing the NI market by way of a pilot scheme designed to bring empty properties back into use in areas where there is limited availability of social housing. Positive findings to date, but recognise numbers in initiative are small
- Recognition that notwithstanding skills within the HA sector, involvement in the private sector will require additional expertise in areas such as marketing, legal skills etc
- Some concern expressed as to the extent to which social housing ethos/values might be compromised by large scale involvement in private renting.
- Private rented sector better positioned to respond quickly and flexibly to market conditions
- One participant noted that key challenge in NI was land shortage. Many private developers unwilling to develop until market improves
- It was suggested that growth of the PRS could be because it is not subject to same level of regulation [procurement etc] as HAs and thus can respond to market conditions much more quickly : trying to regulate the PRS more heavily could slow or reduce supply
- Some participants queried if HAs were themselves trying to by- pass the system of regulation applicable in the social rented sector
- Two distinct management rationales were identified: the HA sector is predicated on process, the private sector on performance
- Some participants felt the lack of a culture of entrepreneurship in Northern Ireland hindered development of innovative schemes locally, such as Homes for Good in Scotland
- It was felt a key role for HAs in the PRS could be contributing to increasing/improving property standards
- On foot of discussion regarding private landlord lack of access to grant aid, it was suggested that a regional 'not for profit agency' approach might be an option particularly in terms of applying HA standards to the PRS.

## Supply

- Demand exceeds supply
- HAs largest new build providers – should this role extend to refurbishment of PRS properties?
- Concern as to how such a role would be financed/subsidised and allocations made e.g. through the Housing Selection Scheme [HSS]? There is currently a small 'Empty Homes Loan Fund', available only to HAs, whereby allocations are made outwith the HSS
- Homes for Good was felt to be a good model
- Several participants queried whether or not any move into the PRS would necessitate legislative change
- Participants noted the difference between large scale private sector landlords for whom property rental was a commercial business, and 'accidental' landlords who had bought to let one or small number of properties, or who were merely letting until property prices improved. It was suggested that forthcoming changes to taxation rules could further increase the number of 'accidental' landlords withdrawing properties from rent
- Some participants felt landlords may be withdrawing from renting properties due to both increased regulation and negative experiences with tenants. The potential for a type of 'ancillary management company' was suggested, to support such landlords in an attempt to retain supply.
- It was noted that in England there is some evidence to suggest that 'accidental' landlords in negative equity sell their properties, with tenants remaining in situ, to other private investors and as such the accommodation remains in the private rented sector.

## Concluding comments

- Participants felt that HAs involvement in the PRS in Northern Ireland would require significant cultural and regulatory change in terms of how Associations currently function.