

Ministerial foreword

This Government values the private rented sector. The sector plays an important role in providing choice and flexibility at all levels across the housing market – most people will have rented at some point in their lives.

Housing needs continue to be a key concern for many people. A professional, high-quality private rented sector which is aware of its responsibilities to tenants, but given freedoms and flexibilities to grow will be a welcome part of the housing offer. The Government wants to help achieve this vision. Through the Housing Act 2004, this Government acted to tackle areas of greatest risk within the sector. However, since then, a range of bodies – the Law Commission, Shelter and the Citizens' Advice Bureau (CAB) – have made a range of proposals for further change.

It was against that background that we decided to commission an independent review of the private rented sector from Julie Rugg and David Rhodes¹ (“the Rugg Review”). We approached the commissioning of the review with a deliberately open mind. We did not know what its findings would be and were keen to allow as much flexibility as possible to the review team in developing their views.

Julie and David reported their findings on 23 October 2008. On one level, the picture they paint is very encouraging. They talk of a sector that performs an important role in the housing market; a sector that is responding flexibly to changing circumstances, both for individuals and structurally; and a sector that continues to offer quality and choice for those choosing to rent, as well as a safety net for those unable to access other types of housing.

A key message from the review is encapsulated towards its end:

“Both landlords and tenants should be encouraged to view letting and renting as a less risky activity. The vast majority of tenancies begin and end in good faith and with no issues arising for either party.”²

But, the Rugg Review also highlights weaknesses. Whilst it finds that most landlords are well-intentioned and deliver a good service, it also finds that some simply do not view themselves as landlords and, therefore, fail to obtain sufficient knowledge to be good landlords. Others – a minority – are ill-intentioned and seek to operate outside and against the current regulatory framework, often exploiting the most vulnerable and allowing anti-social behaviour to take place in neighbourhoods, causing misery for many households. At the same time, local authorities are not always able to focus their resources in order to use the extensive enforcement powers provided in the Housing Act 2004 against the worst landlords.

In the review, Julie and David set out some high-level proposals for how these issues could be tackled. This response endorses the overall approach. It also builds on the high-level proposals in the Rugg Review by setting out the basic principles within which we think they should work in practice.

¹ *The Private Rented Sector: its contribution and potential* – Julie Rugg and David Rhodes, Centre for Housing Policy, the University of York (<http://www.york.ac.uk/chp>) (“the Rugg Review”)

² Rugg p113

We see the Rugg Review as very much building on the Law Commission's work in this area. Their two³ major reports – *Renting Homes*⁴ and *Housing: Encouraging Responsible Letting*⁵ – were an important input both to our own thinking and to the thinking that underpins the Rugg Review. We are very grateful to the Law Commission and especially to Professor Martin Partington for the hard work they have put into these reports. This response should be seen as the Government's response to the Law Commission reports as well as to the Rugg Review.

We have been very grateful to stakeholders across the private rented sector for the way in which they have been willing to engage both with Julie and David during their work and with us as we have started to consider the Rugg Review's findings. It has been very encouraging to see how key players in the sector have already started to think about the practicalities of implementation. We are very conscious of another key finding of the Rugg Review pointing to the sheer complexity of the private rented sector and we are mindful of the need to bring together as much evidence and expertise as possible to support any changes planned for the future. The proposals and questions in this response are designed to form a starting point for this, more detailed, conversation.

We will welcome views from all who have a stake in the sector. We will all need to be clear that we want to end up with a sector that:

- continues to react flexibly to housing market conditions
- continues to offer a high quality alternative to those choosing not to buy
- continues to provide a robust safety net to those who cannot access alternative forms of tenure and
- continues to strike the right balance between rights and responsibilities for both tenants and landlords.

At the same time, we need to move towards a sector that:

- is growing in confidence
- encourages professionalism for landlords and
- no longer provides a climate in which it is possible for bad landlords to operate.

I would like to thank Julie Rugg and David Rhodes for their important and thoughtful work and for setting us on the road to reform. I look forward to continuing the conversation with our stakeholders and to working with you all to achieve these aims.

Iain Wright MP

³ A third report – *Housing: Proportionate Dispute Resolution* – is the subject of a separate response by the Ministry of Justice

⁴ *Renting Homes: The Final Report* (vols 1 and 2) May 2006 Law Com No 297 (<http://www.lawcom.gov.uk>)

⁵ *Housing: Encouraging Responsible Letting* August 2008 Law Com No 312