THE CENTRE FOR PUBLIC DATA

A national landlord register for England: how to make it work

October 2021

Research report and briefing

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1. Executive summary

- Selective licensing schemes, which require all landlords in an area to register in order to improve property standards, have been widely implemented in England, but with little consistency, which makes them more burdensome and less effective.
- We examined 40 selective licensing schemes implemented by English local authorities, plus three compulsory licensing schemes in other nations, via desk research and Freedom of Information requests.
- From our research, we estimate that c. 197,000 properties in England are currently registered in selective schemes. Just 7.4% of the private rented sector in England is covered by registration or licensing requirements, under a patchwork of schemes.
- We also found the fees charged by English selective schemes to landlords varied widely, with fees from £350 to £900, including to £470 purely to cover the administration of the scheme.
- The data published by registers varied widely in content and format, hugely reducing its value for research or innovation.
- We find that selective licensing schemes have been broadly effective, with evidence of lower anti-social behaviour and higher standards in the areas where implemented.
- However, selective licensing schemes face complaints of high fees, burdensome requirements, and low inspection rates. Fragmented schemes have been hindered by implementation inefficiencies, high setup costs, and poor existing data.
- A national compulsory register would reduce many of these problems, and could be implemented efficiently and cheaply. It also has broad support across the private rented sector.
- We make technical recommendations for a future national register, including using property and corporate identifiers, publishing structured data, and recording tenancy type, to maximise the value of a national register.
- With stronger sector data, and reduced administrative burdens, local authorities could focus on targeting problematic properties for inspection and enforcement.
- A national register in England can be implemented efficiently and cheaply, and would provide a basis for improving standards in the private rented sector without increasing costs or burdens, creating benefits for authorities, landlords and tenants.

2. Background

The private rented sector (PRS) in the UK has grown rapidly in recent years, now accounting for approximately one-fifth of all households. The UK has relatively few corporate landlords by international standards, with 94% of landlords renting property as an individual. The growth in the size of the sector, and reports of poor standards, have led to calls for the sector to be further regulated.

Regulation of the PRS is devolved, and includes registers, licensing, and inspection regimes:

- Registers: Registers are official lists of landlords and rented properties. Typically, legislation requires an authority to maintain a register of private landlords, and provides that an unregistered landlord is committing a criminal offence.
- **Licensing:** Authorities may also require landlords to obtain a licence. This may involve supplying paperwork or passing 'fit and proper person' tests.
- Inspection: Authorities may use registers to target properties for inspection, and where necessary, enforce property standards via rent repayment orders, management orders, prosecutions or compulsory purchase orders.

In this report, we examine how registration schemes currently work across the UK, and provide recommendations for any future national register in England.

Current registration schemes

The four UK nations have different registration schemes for landlords:

- Scotland, Wales and Northern Ireland have compulsory national registration schemes.
- England allows local authorities to introduce registration schemes in areas of concern, and all houses in multiple occupation (HMOs) must be registered.
 However, the vast majority of private sector rental properties in England are unregistered.

The Appendix below summarises the current legal and operational regime for non-HMOs in each nation.

Related registers and databases

Other official registers and databases of landlords and properties exist in the UK, but are not covered in this research. These include:

¹ MHCLG, English Housing Survey: Private Rented Sector, 2019-20, 2021

² Economist, <u>Big British companies are entering the rental market</u>, August 2021; MHCLG, <u>English</u> Private Landlord Survey 2018, 2019

- Houses in multiple occupation (HMOs): Under the Housing Act 2004, landlords
 must register and obtain licences for properties occupied by five or more persons
 living in two or more separate households. Local authorities can also choose to
 operate 'additional' licensing for other HMOs.
- 'Rogue landlord' registers: Where a local housing authority in England issues a banning order to a landlord or property agent, it must make an entry on the national 'rogue landlord' register.³ However, as of April 2021, only 43 names had been added to the register, apparently reflecting resourcing issues.⁴ This register is not public. In addition, the Greater London Authority has an online 'rogue landlord checker' showing landlords and letting agents fined in the past 12 months.⁵
- Tenancy deposit schemes: England has a national database of tenancy deposits, but this is explicitly not a register. Under the Housing Act 2004, every landlord or letting agent who takes a deposit for an assured shorthold tenancy in England and Wales must register and protect the deposit with an authorised scheme. Similar schemes exist in Scotland and Northern Ireland. Schemes are operated by approved administrators and data is not made public for tenants to check.

Rising interest in a national landlord register

In 2019, the Ministry of Housing, Communities and Local Government (MHCLG) conducted an independent review into existing English selective licensing schemes. It concluded that schemes were effective when implemented properly, and said a "national registration scheme" for landlords should be considered to supplement selective licensing.⁷

The Queen's Speech 2021 said the current Government would "bring forward reforms to drive improvements in standards in rented accommodation... ensuring well targeted, effective enforcement that drives out criminal landlords, for example exploring the merits of a landlord register". In July 2021, MHCLG tendered a discovery project "to explore the merits and feasibility of introducing a national landlord register". Our aim in this report is to support this research.

³ GOV.UK, <u>Database of rogue landlords and property agents under the Housing and Planning Act</u> 2016, 2018

⁴ House of Lords, Rogue Landlords Register, Volume 812: Debated Wednesday 26 May 2021, 2021

⁵ london.gov.uk, Check and landlord or agent, 2021

⁶ GOV.UK, <u>Deposit protection schemes and landlords</u>, 2021

⁷ MHCLG, An Independent Review of the Use and Effectiveness of Selective Licensing, 2019; p. 12

⁸ GOV.UK, Queen's Speech 2021: background briefing notes, 2021; p. 113

⁹ GOV.UK, Discovery: exploring the merits of introducing a national landlord register, 2021

3. About this research

This report used primary and secondary research to consider the current state of property registration and licensing in the UK. Our aims were to:

- 1. Create a new data source to support research on UK landlord registers
- 2. Report findings from the implementation of existing registers
- 3. Provide technical recommendations to support any future national register.

Our goals are to contribute research to support effective regulation of the sector, and efficient registers, in order to improve outcomes for tenants, landlords and local authorities.

Methodology

We collated information on each selective licensing scheme operating in the UK in September 2021. As no official list of schemes was available, we drew on research published by Which? in April 2020,¹⁰ based upon Freedom of Information (FoI) requests by the National Residential Landlords Association (NRLA). Schemes that had expired were removed from our dataset, and schemes that began after April 2020 were added.

We collected and published data on each selective licensing scheme in England, plus the national registration and licensing schemes in other UK nations, including:

- The area covered by the scheme
- The dates the scheme operated
- The fees for landlords
- Any information published on the conditions to obtain a licence
- Details of any data published, including major data fields and format
- Any other notable information on the scheme.

We supplemented this with Fol requests to each local authority operating a selective licensing scheme. We asked each authority to tell us:

- The number of landlords and private rented properties registered
- Any estimate held of the number of eligible properties that remain unregistered
- Whether the scheme was self-funded
- Any information available on how the scheme fees were calculated
- The number of landlords prosecuted since the scheme was introduced for either a) failing to register or b) other offences under the Housing Act 2004
- Any evaluation carried out on the impact of the scheme.

¹⁰ Which?, Mapped: the areas where buy-to-let landlords need licences in 2020, 2020

The authorities' responses can be viewed online at WhatDoTheyKnow.com: a link to each FOI response is included in our dataset. This dataset - which, to our knowledge, has not been collated before - allowed us to compare selective licensing schemes, and identify instances of best practice and trends. We have published the full dataset online to allow others to draw on the findings.¹¹

Alongside this primary research, a review of existing research on selective licensing schemes in the UK was undertaken. Although by no means an exhaustive list, useful resources included:

- 'Landlord Licensing in the Private Rented Sector: Research Report for Core Cities
 <u>UK</u>' by the directors of Metastreet Ltd, Russell Moffatt and Pip Watson (2018)
- 'The Evolving Private Rented Sector: Its Contribution and Potential' by Julie Rugg and David Rhodes (2018)
- 'An Independent Review of the Use and Effectiveness of Selective Licensing' by the Ministry of Housing, Communities & Local Government (2019).

We also spoke to stakeholders across the sector.

4. Findings from research

Our findings from researching English selective licensing schemes are as follows:

- We estimate that around 197,000 properties in England are currently subject to selective licensing schemes, just 4.4% of all PRS properties.
- There is substantial variation in the fees charged to landlords by selective licensing schemes, which appears to reflect underlying variations in implementation. Selective licensing schemes in England charge higher fees than the national schemes.
- Schemes in England vary considerably in the content and format of the data they publish. This reduces the usefulness of the data for policymakers and researchers.
- There is evidence that selective licensing schemes have been effective in identifying and addressing problems in the private rented sector.
- However, schemes have also faced problems, including complaints of complex and bureaucratic registration processes, high fees, and low inspection rates, worsened by a lack of pre-existing data on the private rented sector.

Most properties in England remain unregistered

Although selective licensing schemes have been available to local authorities since 2006, we estimate that just 7.4% of England's private rented homes are covered by any council licensing schemes. By contrast, 100% of properties in Scotland, Wales, and Northern Ireland are now required to register.

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¹¹ The Centre for Public Data, <u>Landlord registers research - existing UK licensing and registration</u> schemes, 2021

We identified 40 local authorities operating selective licensing schemes, which we estimate covers around 197,000 private rented properties, based on our research and FoI requests. (All our sources and estimates are available in our published dataset.¹²) Current statistics estimate the size of the PRS at 4.4 million households.¹³ This means that circa 4.4% of PRS properties are currently subject to selective licensing schemes.

In addition, we know from public statistics that in 2020 there were 78,457 HMOs with mandatory licences in England¹⁴. Statistics on HMOs subject to additional licensing requirements are not published, but campaigners Generation Rent (in unpublished research) estimates that there are around 50,000 such HMOs. If this is accurate, then a total of 325,000 properties, or just 7.4% of the PRS, are covered by registration schemes in England. In other words, around 4.1 million private rented properties, an estimated 92.6% of the PRS in England, operate without any registration or licensing requirements.

Fees charged are high and variable

Selective licence fees for landlords across England vary considerably. Currently, the total cost of a first application for a single property ranges from £350 in Ashfield¹⁵ to £900 in both Barking and Dagenham¹⁶ and Peterborough.¹⁷

Local authorities are not permitted to use fees to raise extra revenue, ¹⁸ so this seems to reflect genuine variation in underlying costs. While some schemes are subsidised, this does not appear to affect fees significantly - in 2018, MHCLG reported that subsidised schemes charged an average fee of £570 versus £610 for non-subsidised schemes. ¹⁹

Administration seems to be a major factor in costs charged by councils. Since 2018, MHCLG guidance is that fees should be charged in two parts, to cover the separate costs of administering applications and operating the scheme²⁰. We found that the administration element of the fee alone ranges from £68 to £475. Previous research has shown that the time taken to process a single application can range between 15 and 60 minutes, greatly affecting the costs of running a scheme.²¹

¹² The Centre for Public Data, <u>Landlord registers research - existing UK licensing and registration schemes</u>, 2021 - tab "Total properties registered, October 2021". This includes estimates for the small number of councils that did not reply to our FOI requests.

¹³ MHCLG, <u>English Housing Survey 2019/20</u>, 2021. (Households and properties are not identical concepts, but we are unaware of any official statistics on the number of properties in the PRS.)

¹⁴ MHCLG, Local authority housing statistics data returns 2019/20, 2021

¹⁵ Ashfield District Council, Selective licensing, 2021

¹⁶ Barking and Dagenham Council, *Private rented property licensing*, 2018

¹⁷ Peterborough City Council, Selective Licensing overview, 2021

¹⁸ Explanatory Memorandum to The Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (England) Regulations 2006

¹⁹ MHCLG, *An Independent Review...*, 2019

²⁰ Wendy Wilson, Selective licensing of private rented housing in England and Wales, 2019

²¹ MHCLG, An Independent Review..., 2019

Although not identical schemes, fees charged in the devolved nations are considerably cheaper than in England. In Scotland, the cost of registering a single property is £82²²; in Northern Ireland a 3-year registration costs £70²³; and in Wales the cost of registration and licensing is £232.²⁴ While these schemes are different from England's, particularly in terms of the information they are required to collect, the higher fees in England are likely to at least partly reflect economies of scale.

Data published is inconsistent, reducing its value

This research found significant differences in the format and publication of data published by schemes. We found that a quarter of English schemes do not make public registers of landlords available, and even where published, registers are often difficult to find and search. This makes it harder for tenants to use registers and reduces the overall awareness of schemes.

Where registers are published, there is little consistency in the information provided. Sheffield City Council, for example, publishes only the property address and licence expiry date²⁵, while Newcastle City Council publishes the name and address of the licence holder and a detailed property description.²⁶ This means data cannot easily be collated, reducing its value for researchers and policymakers.

This is especially unfortunate since the data collected by selective schemes in England is both specified by law and highly detailed, including e.g. the number of sinks in the house.²⁷ Applying data standards would make it more useful for researchers, policymakers and businesses. In the devolved nations, information requirements vary, with little information required in Northern Ireland and detailed information gathered in Scotland.

When data is published, it rarely follows best practices for data publication. For example, data is sometimes published in PDFs: again, this makes it harder to use and makes the data less valuable. We found only one example of current selective licensing data being used for innovation: startup KammaData sells access to a dataset of properties registered under English schemes, which is used by landlords' associations, but has to create this via manual data collection.²⁸ Poor data quality thus hinders research and innovation.

Current schemes are broadly effective

In general, the findings from this project confirm previous research that selective licensing schemes have broadly been regarded as effective by local authorities and residents.

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²² GOV.SCOT, <u>Landlord registration Fees</u> [Accessed 2021]

²³ NIDirect, *Landlord Registration Scheme* [Accessed 2021]

²⁴ Rent Smart Wales, Rent Smart Wales Fee Policy, 2020

²⁵ Sheffield City Council, <u>Selective Licences issued to 18 February 2021</u>, 2021

²⁶ Newcastle City Council, Landlord licence public register, 2021

²⁷ GOV.UK, <u>The Licensing and Management of Houses in Multiple Occupation and Other Houses</u> (Miscellaneous Provisions) (England) Regulations 2006

²⁸ KammaData, *How we can help*, 2021

MHCLG's review in 2019 found that 92% of individuals surveyed within local authorities considered selective licensing schemes as 'very or fairly effective' in tackling the issues that prompted the scheme's introduction, especially poor housing conditions, anti-social behaviour and low housing demand.²⁹

Often, inspections in selective licensing schemes have exposed unexpectedly poor housing conditions in the PRS. In Rotherham, 91% of properties initially inspected required health and safety improvements under the standard Housing Health and Safety Rating System, which is based on the Housing Act 2004: over a third of these were found to have Category 1 hazards, such as insufficient fire safety, damp or mould.³⁰ These findings were replicated across the country, such as in Gedling, where 86% of properties inspected were found to contain significant health hazards³¹.

Evidence suggests that selective licensing schemes have greatly enhanced councils' enforcement capabilities. Although schemes operate in only a third of London boroughs, in 2016/17 these areas accounted for 88.7% of all housing prosecutions (511 out of 576) in the capital.³² Research by Generation Rent found that these results were replicated nationally: during 2019/20, councils with selective licensing schemes identified an average of 158 unsafe homes, compared with an average of 63 homes in other councils.³³

Likewise, many councils have reported a reduction in anti-social behaviour and criminal activity following selective licensing schemes. Redcar and Cleveland Council identify their 2013-18 selective licensing schemes as a key factor in the reduction of anti-social behaviour by 7.3% in the scheme area over the same five-year period, with acts of criminal damage falling by 52.4%.³⁴ Doncaster Council suggests the scheme led to a 62% reduction in nuisance complaints and a 43% reduction in noise complaints.³⁵

While licensing schemes have been targeted in areas of high need, and therefore it is possible that this simply reflects higher need in these areas, we believe these results are likely to be replicable more broadly, given endemic reports of low standards in the PRS.

But fragmented schemes face many external challenges

The most commonly reported problems with selective licensing schemes are administrative issues and low inspection rates, compounded by a lack of pre-existing data on the sector. The awareness of schemes is also low.

²⁹ MHCLG, An Independent Review..., 2019

³⁰ Rotherham Metropolitan Borough Council, *Public Report*, 2018

³¹ Gedling Borough Council, <u>Consultation starts on expanding selective licensing</u>, 2020

³² Caroline Pidgeon, *Rogue Landlords in London*, 2017

³³ Generation Rent, Selective licensing and enforcement, 2021

³⁴ Redcare & Cleveland Borough Council, Selective Licensing (South Bank) 2019, 2019

³⁵ Doncaster Council, Review of the Hexthorpe Selective Licensing Scheme 2015-2020, 2020

Administrative issues

Landlords and local authorities have criticised selective licensing schemes as being overly bureaucratic. For landlords, applications are often 15-25 pages long, including statutory questions.³⁶ In Nottingham the council were "sinking in paperwork" when admin errors resulted in 1,000 more applications initially being rejected than were accepted.³⁷ Lengthy applications can disincentive landlords from applying to schemes and increase admin costs. Local authorities have suggested reducing the statutory information required.³⁸

Local authorities also require significant resources to begin and renew schemes. At present, local authorities must seek approval from MHCLG for schemes that cover more than 20% of PRS properties in a district or over 20% of its geographic area. In 2018, a Parliamentary committee concluded that the current application process is "not fit for purpose" due to lengthy decision-making times, excess bureaucracy and unnecessary expense.³⁹ Decisions were severely delayed - the decision to approve Blackpool Council's scheme took over 20 weeks⁴⁰ - often leaving gaps between the expiry of one scheme and the establishment of another. Newham warned that delays renewing its scheme would leave residents vulnerable and confuse landlords.⁴¹

Lack of adequate pre-existing data

With a lack of robust data on the PRS, the majority of local authorities were found to have under-estimated the size of their area's private rental sector.⁴² (For example, Newham initially estimated it had 30,000 rental properties let out by 5,000 landlords, but in fact registered 50,000 properties let by 27,000 landlords.) Our Fol requests also confirmed that many local authorities have registered more properties than initially estimated.

This makes planning and resourcing schemes challenging. The costs of miscalculating the size of the private rental sector can be severe, with authorities facing unexpected demands on resources and IT systems, commonly leading to delays in issuing licences and a lower property inspection rate.

Although a handful of councils have used data to target unlicenced or rogue landlords, this practice is not yet widespread. The primary obstacle for many councils to doing this is a lack of adequate pre-existing data on local private rental sectors.

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³⁶ The Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (England) Regulations 2006, *Schedule 2*, 2006

³⁷ Which?, Revealed: the areas where landlords need a licence for buy-to-let, 2018

³⁸ MHCLG, An Independent Review..., 2019

³⁹ Housing, Communities and Local Government Committee, *Private Rented Sector*, 2018; p. 46 ⁴⁰ Ibid.

⁴¹ Property Industry Eye, Newham finally wins right to carry on with licensing scheme, 2017.

⁴² MHCLG, An Independent Review..., 2019

Low rates of inspection

A number of councils have reported low inspection rates of properties within their schemes. While high inspection rates do not necessarily correlate with effective schemes, many councils have reported falling short of their targets. For example, Tower Hamlets reported an inspection rate of only 15% in the first four years of its current scheme, meaning that over 5,500 licensed properties went unchecked, a figure the council admits is "disappointing". However, Covid-19 is likely to have contributed to lower inspection rates.

Low awareness of schemes

Research by Citizens Advice found that many landlords do not know or understand their legal obligations, while renters are not aware of their rights or do not feel able to enforce them, which is "not providing the best outcomes for tenants and creates a confusing environment for landlords to operate within". The fragmented nature of selective licensing schemes, which vary across and even within local authorities, contributes to this. It is hard for tenants and landlords to understand whether a property falls within a selective licensing area, or what the requirements are if it does.

5. Recommendations

Our research confirms previous findings that registers are generally popular with tenants and landlords once introduced, and support effective enforcement, reductions in anti-social behaviour and improvement in standards across the PRS.

However, currently English selective licensing schemes are burdensome and complex for landlords, often charge high fees, and miss opportunities to use data to improve the sector. Many of these problems could be avoided.

We recommend the following changes to streamline the process.

a. Create a national compulsory register

A national compulsory register would create economies of scale, and provide a basis for inspection and enforcement. It would make the registration process more consistent for landlords, improve awareness of requirements, and make the data generated more useful.

Economies of scale

Currently, Scotland, Wales and Northern Ireland all run compulsory national registration schemes, all of which have lower fees for landlords than English selective licensing schemes, and at least two of which do not require subsidy:

⁴³ Tower Hamlets Council, Executive Summary of Consultation feedback: Appendix 2, 2021; p. 6

⁴⁴ Citizens Advice, <u>A national landlord and property register: How it could work in practice</u>, 2019

- In Wales, the combined fee for registration and licensing one property is £232 for 5 years, and 109,000 landlords are registered. The scheme is broadly self-funding, having received and spent £14.1m in income since 2014 (90% from fees).⁴⁵
- In Northern Ireland, the fee for registration is £70 for three years, and 39,000 landlords are registered. The scheme has operated at a profit: its operating costs have been £4.69m since 2013 and it has generated £6.78m in revenue (profits are returned to the Department of Finance).⁴⁶
- In Scotland, the fee for registration is £82 for three years, and 246,000 landlords were registered in 2020. The scheme collects around £5m annually in revenues, which is returned to local authorities; we do not know if it also receives subsidy.⁴⁷

Selective schemes in England universally charge higher fees. While English schemes may also include inspection and enforcement costs, we found that the fee for the administrative processing element of the scheme alone can be up to £475 in England. Much of this difference is likely to reflect economies of scale.

Allow councils to focus on local enforcement

A national compulsory register would create a basis for a combination of national regulation with local enforcement. A national regular could maintain the register, creating economies of scale, and assess whether the landlord passed a 'fit and proper person' test, as currently used in Wales and Scotland. This system is recommended by both Generation Rent⁴⁸ and Shelter.

Local authorities would no longer need to make time-consuming approvals and re-applications to central government for licensing schemes. Instead, a national register would then allow (suitably resourced) local enforcement and inspections by councils, using local expertise. Software vendor Metastreet found that "enforcement appears to work best when administered locally, where local intelligence and accountability can help to drive it forward".⁴⁹

Other benefits

A national compulsory scheme would also reduce the problems identified above, including confusion and low awareness, by making the registration process more consistent for landlords and improving awareness among tenants and landlords.

There is broad support across the PRS for a national landlord register. A national scheme has been backed by landlords' associations including the NRLA (via a national redress scheme)⁵⁰, by tenants' organisations including Generation Rent and Shelter, by Citizens

⁴⁵ WhatDoTheyKnow, <u>Rent Smart Wales</u>, 2021

⁴⁶ WhatDoTheyKnow, Information on Landlord Registration Scheme, 2021

⁴⁷ GOV.SCOT, <u>Landlord Registration Scheme: FOI release</u> and <u>Landlord Registration Scheme - website and revenue collected: FOI release</u>, 2020

⁴⁸ Generation Rent, <u>A Safe Place to Call Home</u>, 2021

⁴⁹ Russell Moffatt and Pip Watson, <u>Landlord Licensing in the Private Rented Sector: Research Report for Core Cities UK</u>, 2018; p. 4

⁵⁰ NRLA, A New Deal for the Private Rented Sector, 2021.

Advice⁵¹, the chair of the Lettings Industry Council⁵², and the Chartered Institute of Housing and the Chartered Institute of Environmental Health⁵³.

b. Make the register public and searchable

The register will gain value by being searchable online, making it straightforward for tenants to check and thus cutting the costs of enforcement. Scotland,⁵⁴ Wales,⁵⁵ Northern Ireland⁵⁶ and some individual English local authorities already offer public search interfaces. The Mayor of London's Property Licence Checker lets tenants check if a property anywhere in London is licensable, but tenants must find and search local authority registers to see if a property is actually licensed.⁵⁷

To maximise ease of use for tenants, we recommend the national register should be searchable by landlord or letting agent name (showing all properties registered to that landlord or agent), by property address, postcode, or licence number.

c. Publish raw data to support research and innovation

The register should also publish raw data, to support research into the PRS and innovation by private companies. Some firms are already starting to use selective licensing registers to create products, e.g. KammaData sells access to a dataset of registered properties which is used by landlords' associations.⁵⁸

We recommend publishing the full raw dataset, minus only sensitive fields such as landlords' residential addresses, separately from the public search interface. This dual approach of data and search interface is used by other major UK public registers, such as companies registered at Companies House⁵⁹, property records at Land Registry⁶⁰, and Energy Performance Certificates (EPCs)⁶¹.

As recommended in the Cabinet Office's Technology Code of Practice, the data should be published in CSV form; under the Open Government Licence to support reuse; and the government should own the data, even if operation of the register itself is outsourced.⁶²

⁵¹ Citizens Advice, A national landlord and property register: How it could work in practice, 2019

⁵² Letting Agent Today, *Ditch licensing and introduce Property Passports, says lettings chief*, 2019.

⁵³ Chartered Institute of Environmental House, <u>A National Registration Scheme for the private rented sector,</u> 2019.

⁵⁴ GOV.SCOT, Scottish Landlord Register, [Accessed 2021]

⁵⁵ Rent Smart Wales, *Public Register*, [Accessed 2021]

⁵⁶ NIDirect, *Landlord Registration Scheme*, [Accessed 2021]

⁵⁷ London.gov.uk, *Does my rental home need a property licence?*, [Accessed 2021]

⁵⁸ KammaData, *How we can help*, [Accessed 2021]

⁵⁹ Companies House, <u>Search the register</u> and <u>Companies House data products</u> [Accessed 2021]

⁶⁰ HM Land Registry, *Find a property* and *Use land and property data* [Accessed 2021]

⁶¹ GOV.UK, <u>Find an energy performance certificate (EPC)</u> and <u>Energy Performance of Buildings Data</u> [Accessed 2021]

⁶² GOV.UK, Make better use of data, [Accessed 2021]

KammaData has published similar recommendations based on its experiences using existing licensing scheme data.⁶³

We do not believe there are privacy, ethical or practical concerns to publishing raw data. The names and details of millions of company directors are already published online, and landlords are in a similar position of public responsibility. Companies House offers an exemption from publication for directors who are at genuine risk if their names are published, and we suggest a similar exemption could be introduced for landlords.⁶⁴

d. Use identifiers to save time

The register should use appropriate identifiers, maximising its value. These should include Unique Property Reference Numbers (UPRNs) for registered properties. These unique identifiers for properties allow the data to be joined to other datasets more easily. Using UPRNs is official Government guidance⁶⁵ and is backed by groups across the property industry. Landlords will not need to know their UPRN to register.

EPCs include UPRNs, so a central register can automatically check whether a property has an EPC, rather than relying on landlords to upload them, saving time and money for landlords and authorities. In future, UPRNs could also be included on Gas Safe Register, electrical safety reports and tenancy deposit schemes, also allowing these records to be checked and joined automatically.

Landlords can be identified via their full name and date of birth, plus their residential address (not to be published), as is the case at Companies House. Corporate landlords and letting agents should be asked to supply company or charity numbers, for landlords of these types, since again this makes the data easier to join with other datasets.

Finally, we recommend creating a unique registration identifier for each individual landlord, letting agent and licence, and using this identifier in URLs.

e. Don't ask for unnecessary information

Currently, selective licensing schemes must collect a substantial amount of mandatory information from landlords. This is burdensome for landlords to enter, and it is unclear how much of this data is ever used internally: we found that very little of it is reported publicly.

Instead, we recommend:

 Researching which data is most useful for all PRS stakeholders - not just local authorities and central government. Rent levels are particularly sought after: Generation Rent research found that information on rents charged was most sought

⁶³ KammaData, Avoiding the dragons of open data [Accessed 2021]

⁶⁴ Companies House, <u>Applying to protect your personal information on the Companies House</u> register, 2021

⁶⁵ GOV.UK, Identifying property and street information, 2021

by tenants, and would provide valuable information to policymakers. A review by the Scottish Parliament found that the major data gaps for PRS researchers were rent levels, data on landlord behavior and granular data on sub-markets such as students. A review by the UK's national statistics regulator found that "the majority of users we spoke to cited frustration at the lack of robust, timely and insightful statistics about the private rented sector", and that the most requested information was rent levels, characteristics of tenants, and types of rented accommodation. 67

- 2. Not duplicating data that can be joined from other datasets. Using UPRNs would mean that data could be added automatically from other sources (e.g. EPCs, which record floor area and habitable rooms). In future, deposits and claim history could be cross-referenced from tenancy deposit scheme data. The power to create appropriate data sharing gateways is available in legislation.
- 3. **Being conservative about the data specified in legislation.** Current legislation specifies detailed information that must be gathered. This is inflexible.
- 4. Allowing local authorities to collect some localised information, if its value is well-evidenced. This should be feasible technically, although data standards should be used to ensure that information collected by different authorities is as interoperable as possible. MHCLG's review acknowledged the need for localised information, recommending that the government should consider expanding the range of data local authorities were allowed to collect⁶⁸. However, the service owner for the registration scheme should consider the trade-off between the value of the extra information and the burden on landlords.

f. Record tenancy type, including lodgers

The private rental sector is evolving rapidly. A national register would be a basis for helping local authorities respond to the rise in AirBNB lettings and other issues, and provide data that is in high demand. We suggest including diverse types of rental tenancy on the register, potentially including holiday and short-term lettings, and indicating the type of tenancy via a flag.

Lodgers

Landlords who have lodgers should be required to register. Generation Rent told us that landlords are known to claim that tenants are lodgers or licensees to give them fewer rights, especially if the landlord is breaking other laws or evading tax, or when one tenant is subletting to others in a 'rent to rent' scheme.⁶⁹ As well as reducing tax evasion, registering landlords with lodgers would make it harder for 'rent to rent' schemes to operate.

⁶⁶ Dr. Mark Livingston, Kate Berry, Professor Kenneth Gibb and Professor Nick Bailey, <u>Private Renting Reforms: how to evidence the impact of legislation</u>, 2018

⁶⁷ Office for Statistics Regulation, <u>Systematic Review: Statistics on Housing and Planning in the UK</u>, 2018

⁶⁸ MHCLG, An Independent Review..., 2019

⁶⁹ Emma Lunn and Patrick Collinson, Rent-to-rent, the latest property get-rich-quick scheme, 2013

Short-term lets

Short-term lettings are increasingly a factor in the private rented sector. At present there is no registration scheme across the UK for short-term lets. However, the Scottish Government has established plans to grant local authorities the power to introduce short-term let controls and registers within their area, 70 and, in Northern Ireland, short-term let landlords must obtain certification from their local tourism authority. 71

In a letter co-signed by AirBNB and a number of London councils, the Mayor of London, Sadiq Khan, has called for a registration system for short-term lets. The letter suggests that local authorities can only effectively enforce the 90-day rule - which limits short-let lets to a maximum of 90 days per year - with access to data that a mandatory register would provide.

Countries across Europe - such as France, Portugal, the Netherlands and Greece - have adopted similar schemes, and the proposal also has support from AirBNB, which has published a white paper with recommendations for a registration scheme that are similar to our own in this report.⁷³

Research will be needed to establish whether a short-term lettings register would be best combined with or operated separately from a landlord register. However, we recommend any such scheme be based on similar principles, including:

- A national, mandatory scheme with a public search interface and raw data
- Minimal fees for landlords, covering only administration costs
- Use of UPRNs and other appropriate identifiers
- Detailed data to be available to local authorities to support enforcement.

g. Prepare for an initial surge of applications

We found that many local authorities experienced a higher-than-expected number of applications early in the scheme, and many ultimately found that the PRS was bigger than they expected. This was also the case in devolved nations. In some cases, this caused delays for landlords.

A future national register should prepare for this, with appropriate planning, and load testing for online systems.

⁷⁰ GOV.SCOT, Short-term lets: regulation information, 2021

⁷¹ GOV.UK, <u>Tourist accommodation certification (Northern Ireland)</u>, 2021

⁷² London.gov.uk, Mayor calls for registration system to enforce short-term letting law, 2019

⁷³ Airbnb, Short-term Lets Registration White Paper, 2021

h. Give local authorities the resources to inspect and enforce

Our research found that few councils have successfully brought prosecutions for failure to register with licensing schemes. Evaluation of the Welsh schemes noted that although local authorities have the power to issue fixed penalty notices for non-registration, there is a lack of capacity to issue these in practice.⁷⁴

Many stakeholders we spoke to emphasised that local authorities need resources to inspect and enforce standards. The NRLA recommends that local authorities should be supported with extra long-term funding to support inspection, stating "central government needs to provide upfront, multi-year funding to help councils build their capacity to tackle bad practice".⁷⁵

6. Opportunities created by a national register

A national register that created consistent, usable data would support more effective regulation, allow more targeted enforcement, and create opportunities for innovation.

Better-targeted, more efficient enforcement

Identifying unlicensed and potentially problematic properties becomes much easier with a register. The register could be combined at a national level with other datasets, e.g. tenancy deposit scheme data, EPCs, council tax records and potentially census microdata, to identify properties at extra risk and target inspection and enforcement.

At present, most councils do not do this, due to lack of expertise and resources, though a handful of councils have used existing PRS data to target the location of schemes:

- Hammersmith and Fulham used police records, property records and predictive modelling to estimate that just 20% of streets accounted for 37% of anti-social behaviour complaints, and used this information to target its licensing schemes.⁷⁶
- Manchester City Council identified likely landlords through council tax and Land Registry records before establishing a licensing scheme, allowing it to take a targeted approach to advertising the scheme.⁷⁷

A national register would allow for machine learning approaches using cleaner and larger datasets, and with more specialist technical expertise from the centre to support local expertise and share successful approaches across councils.

⁷⁴ RSM Ltd, *Evaluation of Rent Smart Wales*, 2018

⁷⁵ National Residential Landlords Association, *Rental Reform*, 2021

⁷⁶ Hammersmith & Fulham Council, Selective Licensing - explanatory notes, 2021

⁷⁷ Manchester City Council, *Review of Selective Licensing Pilot areas*, 2020

Support evidence-led regulation

Better data can support councils in more accurately understanding the size of the sector and developments within a local PRS. A Scottish Parliament report found that data from registration schemes can successfully be used to create a clearer picture of the PRS.⁷⁸

Case study - Metastreet Ltd and Ealing Council:

A number of councils - such as Ealing, Croydon and Haringey - commissioned Metastreet Ltd, a technology company, to review the size of local PRSs. According to a report by Ealing Council, Metastreet used existing datasets to predict the size of the borough's private rented sector, the number of HMO properties, the levels of Category 1 hazards and other housing-related stressors. Metastreet's approach in Ealing linked 143,836 UPRNs with 8 million other data items. Machine learning approaches were used to predict tenure and property conditions, assigning risk scores for each property.

Metastreet's review estimated that the private rental sector in Ealing accounts for 38.1% of dwellings in the borough (approximately double the national average) and that poor housing conditions were widespread. Whilst Metastreet's findings were not used to target individual interventions, this approach supported the Council in developing a "targeted approach to tackling poor housing across the borough".⁸⁰

A national register would allow researchers to study the success of different strategies used by councils to improve standards locally. For example, register data could be combined with property insulation information from EPCs and energy consumption microdata to understand whether localised incentives to insulate properties were successful.

Empower tenants and local authorities

A national register would empower local authorities and tenants to tackle problematic landlords operating across multiple properties and across local authority borders. A national register would also create a channel for local authorities to communicate with landlords to e.g. offer discounts on property improvements to support the 'net zero' agenda. Requiring landlords to include registration numbers in adverts, as in Scotland, would make unregistered properties more difficult to let, again reducing enforcement costs for authorities and supporting responsible landlords.

Support tax-raising powers

A national register could significantly increase tax revenues by identifying under-reported revenue from landlords. HMRC estimated the 'tax gap' in 2018-19 from individuals who had

⁷⁸ Dr. Mark Livingston, Kate Berry, Professor Kenneth Gibb and Professor Nick Bailey, <u>Private Renting Reforms: how to evidence the impact of legislation</u>, 2018

⁷⁹ Ealing Council, Notice Decision Meeting: Cabinet, 2021

⁸⁰ Ealing Council, Notice Decision Meeting: Cabinet, 2021; p. 124

failed to pay tax on letting income as £540 million.⁸¹ It has been reported that HMRC already joins data on letting adverts with tax records to target under-reporting landlords.

Benefits for landlords

As well as potentially reducing fees, a national register would reduce burdens on good landlords by allowing councils to focus on bad landlords. In addition, better public data on local rent levels would give landlords better market information, reducing the need for intermediaries.

7. About us and acknowledgements

This report was written by Gideon Leibowitz and Anna Powell-Smith from the Centre for Public Data. The Centre for Public Data is a non-partisan, non-profit organisation that works to improve the quality of the UK's public data. We are technologists who work with Parliamentarians, policymakers, civil servants and civil society to improve data-related provisions in policy, legislation and regulation. We would be happy to discuss any of the issues raised here: contact@centreforpublicdata.org.

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⁸¹ Response to Parliamentary written question, Landlords: Taxation, 2020

Appendix: current legal framework

The table below shows the current legal framework for non-HMO licensing schemes across the devolved nations.

Nation	Legislation	Requirements for landlords	Register and operator	Extent of scheme
England	Part 3 of the Housing Act 2004 allows local housing authorities to introduce 'selective' licensing of private landlords in areas of concern. E2 Since 2015, any scheme covering more than 20% of the borough's properties or population must be approved by the Secretary of State.	Landlords of non-HMOs only need to register if an authority runs a 'selective' scheme. Local authorities may also impose licence conditions.	Local authorities in England operate their own registers.	As of September 2021, around 40 local authorities operate such schemes, all but four covering a minority of private rental properties within their area. There is no official register, but we estimate that around 197,000 landlords in England are currently registered with selective licensing schemes.

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⁸² Housing Act 2004

Scotland	Antisocial Behaviour (Scotland) Act 2004.83	All landlords must register, and declare they have met certain duties, such as providing the tenant with a copy of the EPC and meeting property standards.	The Scottish Landlord Register is operated by the Scottish government, though landlords apply via their council.84	As of July 2020 there were over 245,000 landlords on the Scottish register. 85 We are awaiting the current figure from an FOI response.
Wales	The Housing (Wales) Act 2014 established mandatory landlord licensing in Wales. ⁸⁶	All landlords must register, and anyone who manages a rental property must obtain a licence, which requires training and 'fit and proper person' checks.	Rent Smart Wales is operated by the Welsh government.	As of September 2021, 109,156 landlords and 217,631 properties were registered with Rent Smart Wales. ⁸⁷
Northern Ireland	Landlord Registration Scheme Regulations (Northern Ireland) 2014.88	All landlords must register, but there are no additional requirements.	The Landlord Registration Scheme is operated by the Northern Irish government. ⁸⁹	As of September 2021, 38,967 landlords and 73,503 properties were registered with the Landlord Registration Scheme. 90

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⁸³ Antisocial Behaviour etc. (Scotland) Act 2004, 2004

⁸⁴ GOV.SCOT, <u>Scottish Landlord Register</u>, [Accessed 2021]

⁸⁵ GOV.SCOT, Landlords in Scotland: FOI release, 2020

⁸⁶ Housing (Wales) Act 2014

⁸⁷ WhatDoTheyKnow, Rent Smart Wales, 2021.

⁸⁸ Landlord Registration Scheme Regulations (Northern Ireland) 2014

⁸⁹ NIDirect, Landlord Registration Scheme, [Accessed 2021]

⁹⁰ WhatDoTheyKnow, Information on Landlord Registration Scheme, 2021