

The Private Rented Sector in West Yorkshire

Final Report

February 2008

Emma McCoulough

This report is dedicated to the memory of Emma who tragically died on December 10th 2007 at the age of 41. She was a fantastic colleague, an amazing person and a great friend and we all miss her very much.

The Private Rented Sector in West Yorkshire

Final Report

*Centre for Regional Economic and Social Research
Sheffield Hallam University*

Paul Hickman, Nigel Sprigings, Emma McCoulough and Ian Cole

February 2008



Contents

Executive Summary	i
1. Context.....	1
2. The Private Rented Sector in West Yorkshire	8
3. Recent Trends in the PRS	31
4. Private Landlords, Local Authorities and Regulation.....	45
5. The Future of the PRS in West Yorkshire	53
6. Policy Lessons and Recommendations.....	63
Bibliography	69
Appendix 1: The Location of PRS Households in West Yorkshire: Further Analysis	71
Appendix 2: Additional Data	87
Appendix 3 - Case Studies	105

Acknowledgements

This report was produced with the help and assistance of many people and organisations. Particular thanks must go to Sally Hinton, who chaired the Project Steering Group, made extensive comments on our work, and our timetable, and reminded us regularly about deadlines in a direct but cheerful way.

It was very helpful to share our ideas with the members of the Project Steering Group: Sally Hinton (West Yorkshire Housing Partnership); Richard Armitage (Calderdale Council); Trevor Holt (Calderdale Council); Mary Clark (Wakefield MDC); David Fowles (Wakefield MDC); Liam Jowett (Bradford MDC); Morgan Marshall (Bradford MDC); Peter Warneford (Leeds City Council); Huw Jones (Renew); Paul Evans (Kirklees Council); Jill Lockwood (Kirklees Council); Jeremy Maguire (Kirklees Council); Fay McCulloch (Yorkshire and Humber Assembly); and Ellen Graham (Yorkshire Futures).

We are also indebted to a number of people in our case study areas. We would also like to thank Dave Butler and his colleagues at Manchester Geomatics, who undertook the analysis of the Census data, Ed Ferrari, at the University of Sheffield, and our colleagues at CRESR: Stephen Green, Sioned Pearce, Sarah Ward and Tony Gore.

Paul Hickman, Nigel Sprigings and Ian Cole.

February 2008



Executive Summary

1. Introduction

In the light of recent changes in the Private Rented Sector (PRS) in this country and its distinctive role within local housing markets, it is increasingly important to understand the dynamics and contours of the sector at the local level. This report presents the key findings from a study of the PRS in West Yorkshire.

The principal aims of the project were to:

- provide a better understanding of the structure of the PRS in the sub-region
- explore supply side dynamics, and in particular the motivation and intentions of landlords
- explore 'demand' side issues within the sector
- identify trends and emerging issues
- suggest possible policy responses; and
- provide proposals for tracking and monitoring the PRS.

The research, which began in February 2007 and was completed in September 2007, comprised six main elements:

- setting the policy context for the development of the PRS
- analysis of private rental adverts in all of the principal local newspapers in West Yorkshire
- analysis of secondary data, where available, relating to the PRS in West Yorkshire including Census, Council Tax, Land Registry and Housing Benefit (HB)
- in-depth interviews with key 'stakeholders' in the PRS in the study area
- in-depth interviews with landlords
- in-depth case studies of private rental markets in five geographic areas: Girdlington; Moorthorpe; the Headingley student-sub market; Ravensthorpe and the Huddersfield student-sub market.

In addition to this study of PRS in West Yorkshire, the research team have also conducted a similar study in Hull for the Gateway Housing Market Renewal Pathfinder. Running parallel studies proved really helpful to the study team and provided it with valuable benchmarking data.

2. The Private Rented Sector in West Yorkshire

The PRS is a significant feature of the housing market in West Yorkshire and it is likely that that there are in the order of 110,000 private rented properties in the sub-region today. The number of private rented households has grown since 1991.

The highest concentrations of private rented households can be found in the main urban centres within the sub-region, with Leeds having the largest PRS.

The PRS in West Yorkshire comprises a number of distinct sub-markets. The sub-region has an important student sub-market, which is largest in Leeds, where it accounts for 10.6% of all private rented households. West Yorkshire also has a large 'professionals' sub-market. The largest sub-market in the sub-region is the 'housing benefit/ low income' sub-market which comprises approximately 35% of the market across the sub-region as a whole.

At the time of the 2001 Census, more than half of all properties in the sector were terraced houses with the next most common dwelling type being flats, which accounted for more than a quarter of all private rental properties. Subsequent changes cannot be quantified with similar accuracy. In 2001 the most common household type within the sector was 'one adult, no dependent children' followed by 'other multi-occupied households' and 'two adults, no dependent children.'

It appears that many landlords in West Yorkshire have used buy-to-let (BTL) funding to fund their operations. It appears that most landlords in the sub-region manage their properties themselves, with 29 out of the 38 we surveyed doing so. Most landlords operating in West Yorkshire were based locally i.e. in the local authority area where all (or most) of their stock was located, although we found evidence to suggest that the sub-region was also popular with "out-of-town" investors.

In terms of their investment strategies, most landlords tended to operate in specific sub-markets, with relatively few working across sub-markets. Unlike Hull, West Yorkshire appears to have a relatively large number of 'capital only' investors i.e. those investors who seek a return on their investment from equity growth *only* and who, as a result, have chosen to leave their properties empty.

The private rental market in West Yorkshire appears to be relatively buoyant. However, the buoyancy of the market varies across the sector and two important sub-markets - the city centre and student sub-markets - appear to be encountering 'difficulties', with empty properties being a problem in both sectors, to some degree.

3. Recent Trends in the PRS

The PRS in West Yorkshire has changed rapidly in recent years as 'new' tenants have moved into the sector and sub-markets have changed, albeit in different ways. The sector has also grown in size and the number of landlords operating in the market has increased. A number of other important recent trends have occurred:

- rent levels have increased significantly in the sub-region
- there has been a shift in the type of properties let within West Yorkshire with flatted accommodation and two bed houses becoming more prevalent
- the PRS in the sub-region has become more competitive and levelled-off
- a significant rental sub-market for 'city-centre living' property has emerged but is difficult to quantify
- the number of buy-to-let investors in the area has grown
- the number of outside investors operating in the sub-region has increased
- the student sub-market in the sub-region has been transformed, with students being particularly demanding in terms of quality and facilities
- Eastern European economic migrant workers have moved into the sector

- there is some evidence to suggest that the overall standard of rental accommodation has improved in recent years
- the number of letting agents operating in the region has grown substantially over the last ten years

4. Private Landlords, Local Authorities and Regulation

As we have found in similar studies we have undertaken, there is a significant proportion of landlords in West Yorkshire who do not engage with local authorities. And it is doubtful that some landlords will ever be persuaded to do so.

Of those landlords who had had contact with their local council, nearly nine out of ten had enjoyed a positive experience and talked favourably about their relationship with it. A small minority of landlords reported that they had a difficult relationship with their council.

Landlords felt that the regulatory framework imposed on them by the Government was skewed in favour of tenants. Some landlords were unhappy about the introduction of HMO licensing. And many were unhappy about the introduction of the Government-backed Tenancy Deposit Scheme. Unlike their counterparts in Hull, landlords in West Yorkshire did not seem unduly concerned about the introduction of the Local Housing Allowance.

5. The Future of the PRS in West Yorkshire

The future development of the PRS in West Yorkshire will be largely shaped by wider regional national and international trends rather than purely local factors. Wealthy individuals looking for investment opportunities (often fuelled by releasing equity on their own homes) have fragmented and spread the market very rapidly. They will seek (or be advised to move into) areas where yields are greatest (Wales, for example, is the latest 'hot spot' at the time of writing). There is a tidal wave of money coming into the housing market, and whether this forms into a flood, or a trickle, of new investment depends on events, conditions and perceptions outside the sub-region. Predictions about the future of the PRS in West Yorkshire are therefore inevitably hazardous, especially given the uncertain climate within the international financial system which has emerged since the data collection element of the study was completed. However, the following suggestions can be made from the evidence:

- in the *short term*, it is likely that the sector in the sub-region will continue to grow in size. The market is likely to remain moderately buoyant overall, although recent slowing of growth will continue, as landlords' yields are squeezed by increasing property prices and static rents
- the PRS is likely to be sustained in the short term by:
 - the relative lack of affordability of home-ownership in the sub-region
 - the continued mobility into the sector by A8 migrants
 - the long term commitment of many landlords to the market
 - the 'commitment' of lenders and, to a lesser extent, the Government to the sector.

In the short term, the relative affordability of home-ownership and the continuing movement of Eastern European economic migrants into the sub-region will mean that the "lower value" sub-market is likely to remain relatively buoyant. However, *if* house prices within the sub-region stagnate or decline, *if* interest rates fall and *if* the UK changes its approach to A8 economic migrants, then the long-term future of this important sub-market is less certain.

In the *long term*, the PRS market in the sub-region is likely to slow as landlords' yields are eroded by rising house prices and fierce competition brought about by the over-supply in some parts of the sector. In some sub-markets, this trend is likely to take the form of a major downturn and we have serious concerns about the long term future of the city centre sub-market, particularly in Leeds. It is likely that the problems that have already emerged in the sub-market, such as high vacancy rates and falling rents, will become more acute. There will be increasing purchase off-plan and retention of units without letting in the market at all, creating high vacancy rates in the sector. *When* (not if) the downturn occurs, two key issues will be the size and severity of the "adjustment" – i.e. how far will house prices and rents fall? – and its impact on other sub-markets: i.e. will there be a "ripple" affect so that other sub-markets will also be affected by the downturn?

There are also some question-marks about the future of the student sub-market, particularly in Leeds. While this sub-market is undoubtedly being affected by the growth in provision of purpose built student accommodation, it is likely that demand for student accommodation in the city's principal student sub-market, Headingley, will remain robust. However, the market is likely to remain highly competitive and some landlords, particularly those with smaller portfolios, may leave the sector.

In the *long-term* it is likely that many landlords, particularly those with smaller portfolios funded through buy-to-let funding, will leave the PRS as their yields are denuded. Some may encounter serious financial difficulties. The numbers of buy-to-let funders entering the market is likely to fall as the problems in the city centre living market become more apparent. Larger (equity rich) landlords are more likely to ride out any downturn in the market.

Some of those landlords working in "difficult" sub-markets in the sub-region, particularly those with larger stocks, will diversify into new sub-markets and geographic areas. This may create problems in the sub-markets/ areas they move into as over-supply becomes an issue.

6. Policy Lessons and Recommendations

The PRS in West Yorkshire is a diverse and fragmented sector. At a spatial level, it comprises a number of distinct and disconnected sub-markets, and the characteristics of landlords operating in the market vary greatly - in their background, their approach and their experiences of working with local authorities. The major challenge for policy makers and practitioners working in the sector is how to recognise and respond to this diversity: this challenge is made more difficult by the resource constraints they face.

As noted earlier, the parallel study of the PRS in Hull provided the study team with a very useful reference point for this study. While there are a number of similarities between the sectors in the two areas, they also differ in many respects. For example, to date, Hull has not experienced the city-centre living 'boom' experienced in many parts of West Yorkshire, most notably Leeds, and the PRS in Hull's city-centre is relatively small and undeveloped, while compared to West Yorkshire, Hull has relatively few black and minority ethnic (BME) landlords and tenants.

Six major learning points to emerge from the research with important policy implications are:

- i. it seems clear that the combined PRS/BTL/investment activity over the past ten years has impacted on the type of new housing supply
- ii. the PRS is a huge, and growing, business sector with importance to the local economy beyond housing supply. However, the evidence indicates it is also increasingly amateur
- iii. there is evidence of a mobile user population. This partly reflects customer demand (new and smaller households having different demands/needs) but also reflects insecurity of tenure that may impact negatively on the fastest growing user group, single parent households and their children

- iv. Landlord and agent understanding of “the market” seems very local and partial with “confidence” being a key, but nebulous, ingredient supporting continued expansion
- v. there is hard and soft evidence relating to oversupply in key markets or locations
- vi. given the apparent weakness of market knowledge there is a key role for local authorities as monitoring agencies tracking market trends locally and local impacts of national trends.

The report identifies a number of recommendations relating to *support and intervention*:

- local authorities/West Yorkshire Housing Partnership (WYHP) should continue to develop joint working with the PRS and develop consistent approaches across authorities to help landlords serving several local markets
- local authorities/WYHP should work with landlords on support and enforcement functions at the neighbourhood level
- local authorities/WYHP should ensure good links with the PRS on Housing Benefit prior to the roll out of Local Housing Allowance
- local authorities/WYHP should work with other PRS stakeholders (such as Building Societies) to encourage landlord membership of accreditation schemes and professional bodies and training updates etc
- despite the recent market for new property in the PRS, the sector overall has a lot of pre-1919 property that may need investment for maintaining standards and energy conservation targets. Investment benefits low income tenants as much as landlords so targeted investment can be justified. Authorities may want to try to link this to leasing schemes (through housing associations) to ensure long term rental supply through their investment
- local authorities/ WYHP should consider contingency planning for the possible impacts of market collapse and investor landlord withdrawal from the sector
- more specifically, concerns about the empty property in city centres justifies consideration of policy options such as exercising empty property powers in targeted areas. Consistency of approach across authorities should help prevent local displacement of problems. For example, consistent application of empty property council tax charges prevents investors concentrating in the cheapest borough. Information sharing could also target owners with multiple vacant stock across authorities
- local authorities/WYHP should work with planning authorities to try to rebalance long term supply with household demand/needs/aspirations rather than developer profits.

The report identifies a number of recommendations relating to *monitoring and tracking* change within the PRS. The following ‘tasks’ should be undertaken:

- regular storage of a day’s “live records” from local authority systems such as Housing Benefit and Council Tax. These can be analysed to create trend data
- agree between authorities a menu of “essential items” that should be monitored in the same way and at the same time so that the developing time series records cover the West Yorkshire area
- monitor linked evidence, such as house prices, as closely as is feasible and affordable
- develop a PRS forum to present six monthly reports on the above. Include representatives of the PRS to share street level knowledge of trends, impacts, etc
- monitor rental adverts in local newspapers

- monitor student markets as closely as possible especially where there is major new supply coming on line
- monitor closely the impact of regeneration activities in those areas where the PRS market is a significant part of the local housing market *and* where there are concerns about the size of the sector
- monitor Land Registry data and consider working with external partners where there are signs of “extraordinary”, potentially fraudulent, trading
- Monitor Building Society products and websites to identify changes in lending patterns and market status reports that may impact on growth rates for the sector
- link the above to national data sources held by the Council of Mortgage Lenders, Communities and Local Government, the Department for Work and Pensions, to compare the changing national picture.

1. Context

1.1. Introduction

The private rented sector (PRS) has always played an important role in the housing system in this country, even though the sector is smaller than in many other developed European countries. The sector provides relatively easy access to those households who can afford it, and it provides the 'lubricant' which allows local housing markets to work more effectively. It plays a crucial 'transitional' role in many housing careers, especially as the median age of entry into owner-occupation increases (Rhodes, 2006). Some parts of the sector constitute a source of affordable housing (for example, for recent economic in-migrants), and a healthy private rented sector helps to enhance housing choice. It provides a 'bridge' between labour and housing markets, as its relative flexibility allows, in theory at least, households to move to work opportunities across the country.

However, recent studies have suggested that the sector is undergoing a period of transformation as the characteristics of both tenants and landlords change, as new types of markets emerge, and new legislation is introduced to regulate it (Hickman *et al*, 2007a; Rhodes, 2006; Ball, 2006). In many neighbourhoods across the country, the PRS is at the sharp end of housing market change (Hickman *et al*, 2007b). The paradox is that the sector where the most dramatic change is taking place is also the sector about which least is known, despite growing research and policy interest in housing market analysis and assessment in recent years.

In the light of recent changes in the sector and its distinctive role within local housing markets, it is increasingly important to understand the dynamics and contours of the private rented market at local level. This report presents the key findings from a study of the private rented sector in West Yorkshire.

1.2. Background to the Research

Two further observations about the research should be made here. In addition to undertaking this study of the PRS in West Yorkshire, the research team have also conducted a similar exercise in Hull for the Gateway Housing Market Renewal Partnership. It has proved valuable for the study team to compare results from the two studies and reference is made to the Hull research on a number of occasions in the report.

Second, this report is intended to complement others that have been commissioned by West Yorkshire Housing Partnership (WYHP) and partners in the housing market field. Taken together, these reports provide an important basis for understanding housing market change in the sub-region.

1.3. Research objectives

The principal aims of the project were to:

1. provide a better understanding of the structure of the PRS in West Yorkshire

2. explore supply side dynamics, and in particular the motivation and intentions of landlords
3. explore 'demand' side issues within the sector
4. identify trends and emerging issues
5. suggest possible policy responses; and
6. provide proposals for tracking and monitoring the PRS.

1.4. Research Approach

Research into the PRS on the basis of secondary data analysis is confronted with two major problems. First, there is a lack of reliable and up-to-date information about the sector and it is difficult to monitor changes on a regular basis. The most comprehensive secondary data source relating to the sector is the Census, yet the most recent Census was conducted six years ago, which is a long time in terms of this sector.

Second, there is the problem of the *interpretation* of available data. A good illustration is an article in the *Financial Times* on 17th April 2007, after CLG had released figures showing house price inflation at 12.1% in February 2007, compared to February 2006. CLG claimed this confirmed a “buoyant” start to the year, and the RICS senior economist (David Stubbs) also viewed it as a sign of strong momentum supported by a healthy economy and limited supply. However, representatives of Nationwide and Halifax detected a slowing down in the market, resulting from the interest rate rises since August 2006. Others saw falls in segments of the market with “*demand at the bottom of the market definitely calming and there are signs that the rest of the market is following*” (quoted from Propertyfinder.com).

Any single piece of market information can be subject to a confusing array of interpretations, using different time frames and reference points. The problem of interpretation is compounded when applied to the PRS, where the information base is much patchier.

The relevance of this report also lies in the statement that “*a year ago one third of homebuyers were getting on the housing ladder for the first time. Now that figure has fallen to 22%.*” (quoted from Propertyfinder.com). These new households are either prevented from forming, due to the lack of access to any part of the market, or they turn to the PRS as an alternative to owning. As a result, landlords will note increasing demand for their stock. These tenure shifts, whether for positive reasons, or as a result of thwarted aspirations, are key elements in the dynamic of local housing markets. Specific interventions can help to encourage or constrain movements in particular directions, but such policies only have an impact around the margins - underlying trends in affordability, the cost of borrowing, patterns of migration, and the scale and type of new supply will have more influence on market behaviour.

This study therefore attempts to analyse secondary data from a variety of sources although they can only give a piecemeal picture. Even the 100% survey undertaken by the Census is flawed by problems of self-completion when people identify their tenure incorrectly, by changes in method over time (as in the inclusion of students at their term address in 2001, which had a big impact on the size of the PRS identified in University locations) and by missing addresses, as happened in central Manchester and parts of London in 2001.

Given these challenges for research, the team decided to adopt an *holistic* approach which involved drawing on a number of *complementary* research sources to convey a more robust view of how the sector was changing. Given the paucity of reliable secondary data, and the relative rapidity with which the sector can change, the research team collected additional *primary* data focusing on a key driver of change - the actions, intentions and perceptions of private landlords themselves.

The research, which began in February 2007 and was completed in September 2007, therefore comprised six main elements:

- setting the policy context for the development of the PRS
- analysis of private rental adverts in ten local newspapers including *The Yorkshire Evening Post*, *The Wakefield Express*, *The Bradford Telegraph and Argus*, *The Huddersfield Examiner* and *The Halifax Courier*
- analysis of secondary data relating to the PRS in West Yorkshire including Census, Council Tax, Land Registry and Housing Benefit (HB) data
- interviews with key 'stakeholders' in the PRS in the study area
- in-depth interviews with landlords
 - in-depth case studies of the rental markets in five areas: the Headingley student sub-market; Girdlington; Moorthorpe; Ravensthorpe and the Huddersfield student sub-market.

1.4.1. Analysis of Rental Adverts

Despite its shortcomings, the Census can provide an insight into *long term* trends affecting the PRS by allowing comparison every ten years. *Shorter term* trends are harder to identify, as most possible sources of information about elements of the sector (Housing Benefit, Council Tax, Household Survey) are "live systems" carrying current rather than historic data. They may also be incomplete as they may relate to one part of the sector (Housing Benefit), or rely on broad estimates extrapolated from sample surveys. Council Tax is recorded in different ways by local authorities (making comparison difficult or impossible) and again is a "live system" without historic trend data. However, short term trends are vital. For example the national level growth in the buy-to-let (BTL) mortgage market since 2001 has been phenomenal but assessing the local impact of this remains a problem.

In seeking a proxy measure for comparatively quick changes in supply we have found analysis of newspaper advertisements to give an indication of change in the market that key 'actors' in the local PRS recognize as reflecting actual changes on the ground over time. The data is readily available and direct comparisons can be made between the same weeks in different years to ensure some level of consistency.

This exercise was undertaken for the West Yorkshire area and analysis was conducted for rental adverts in the ten main local newspapers that cover the area: *The Halifax Courier*; *The Hebden Bridge Times*; *The Todmorden News*; *The Brighouse Echo*; *The Yorkshire Evening Post*; *The Wakefield Express*; *The Bradford Telegraph and Argus*; *the Huddersfield Examiner*; *The Dewsbury Reporter* and *The Batley News*.

The years chosen for analysis were 1991, 1996, 2002, and 2007. The week for comparison was the second full week in January for each year. Most local papers have both classified adverts and estate agents "property pages" on a particular day (Thursdays and Fridays in this sample) and this was the day chosen. Historic data

are accessed through microfiche records in local libraries and current information has been purchased or accessed through the library hard copy. One library service (Kirklees) has been unable to supply the current hard copy of the Dewsbury Reporter (covering Dewsbury and Batley primarily) so we purchased a paper for the following week and this has been used instead.

Newspaper adverts often carry a surprising amount of information relating to house type, rent, location, house age and whether the property is let through an agent or direct by the landlord. Of course some adverts carry very little information and a one-liner such as “Flat Leeds apply XXXXX after 6pm” is not uncommon, so again we would advise caution in interpretation.

The analysis of rental adverts provides a useful and valuable insight into supply-side issues in the PRS, but it is important to bear in mind a number of ‘health warnings’ about this analysis:

- given the reliance on alternative forms of letting, it is possible that landlords tend to use local newspapers for stock that they are having difficulty letting. However, in-depth interviews with landlords who had advertised in the paper suggested that they did not use the paper for ‘difficult’ stock
- student lets were under-represented in the sample and it appears that landlords operating in this sub-market do not use local newspapers to advertise their stock.

One final point is that the period under consideration has seen a dramatic increase in the use of the internet to advertise rental stock and we have no way of accessing or tracking data from this source systematically. The “Rightmove” website on 4th December 2007 indicates over 2,200 properties available to rent in Leeds at a wide range of prices. However there is no way of comparing this with 4th December 2006 or earlier to establish trend data.

We also recognise that many established landlords advertise primarily by word of mouth and again information about the frequency of this activity is completely unknown. Interestingly the BME Housing Market Study by ECOTEC (2007) found that 23% of BME respondents to their survey in Leeds found homes through semi-formal methods such as responding to adverts in the press or shop windows. In Wakefield the figure was 14% but in the other three authority areas no respondents used these methods.

Because of these factors it is worth bearing in mind that the adverts may actually represent the stock that is most vacant rather than the stock that is most common. When interviewed landlords often say that their main method of letting is by word of mouth when a current tenant is leaving. This probably works best in established street community environments rather than in blocks of flats so accommodation here may be under-represented in adverts the analysis that follows is therefore a broad indicator of likely changes in supply and not an accurate measure. This would explain the strength of this method in the BME communities surveyed. It would also explain a PRS dominated by smaller terraced housing in some data sources (Census/Outside Research) but with a high proportion of flats/apartments in adverts.

So when we see that across West Yorkshire in the second full week of January 2007 there were at least 1213 properties advertised as available to rent this evidence says very little about the actual size of the sector. However, when we compare 1213 adverts in 2007 with 232 adverts across West Yorkshire for the same week of 1991 it seems reasonable to assume significant growth in the sector (but not necessarily five-fold growth). We treat the changes in type of stock and prices with similar

caution but would still argue that the *relative* changes in type of stock advertised reflect genuine changes in the supply market. These changes are discussed later in the report by individual authority and then for the sub-region as a whole.

1.4.2. Analysis of Secondary Data

As we found when undertaking similar studies in other areas, we were unable to identify reliable complete and up-to-date information about the PRS in West Yorkshire. However, the following data sources were subject to robust analysis:

- the Census (1991 and 2001 compared)
- Housing Benefit data (where supplied locally)
- Housing Benefit data from the Department of Work and Pensions (DWP) website (2000 to 2005)
- Council Tax data on vacancy rates
- House Price Trends
- National Data on housing supply (CLG website)
- Council of Mortgage Lenders (CML) data on mortgage supply
- Published research from various sources (cited)
- Previous surveys commissioned by WYHP partners, including the resident surveys undertaken by Outside Research and Development as part of the local housing needs assessments undertaken in four of the five local authorities that comprise the Partnership.

Where possible, data has been compared over time to identify trends but such information is not always available. Where appropriate, comparisons are made with the concurrent study of the PRS in Hull, highlighting differences or similarities in apparent market dynamics.

Further information about the secondary data analysis undertaken by the study team can be found in Appendix 1.

1.4.3. Stakeholder Interviews

In-depth semi-structured interviews were undertaken with representatives from stakeholder organisations involved in the PRS in West Yorkshire. Interviews were conducted either face-to-face or over the telephone and typically lasted for 45 minutes. In all, 42 interviews were conducted with representatives from a range of organisations including: local authorities; letting agents; estate agents; chartered surveyors; universities; regeneration vehicles; lenders; mortgage brokers; housing associations; landlord groups; and housing advice agencies.

Particular attention focused on securing interviews with *letting agents*. In our experience, agents have clear insights about the workings of the sector, and are aware of both supply side and demand side issues, as they work with both landlords and tenants. Twenty-four interviews were conducted with letting agents.

1.4.4. In-depth interviews with Landlords

In-depth semi-structured interviews were conducted with 38 landlords across the study area. Interviews were conducted over the telephone and lasted between 30 and 45 minutes. The majority of landlords interviewed were identified through the analysis of rental adverts, and through snow-balling techniques: landlords and

stakeholders interviewed were asked to suggest other landlords that we should talk to.

The characteristics of the landlords were monitored on a regular basis to ensure that the final sample was as 'representative' as possible. The research team was particularly concerned that the final sample should include landlords:

- working in *all* of the principal sub-markets in West Yorkshire such as the student and housing benefit sub-markets
- landlords who had engaged with local authorities in the study area and those who had not
- with varying sizes of portfolios.

The sampling approach was informed by the stakeholder interviews, which helped to identify key sub-markets in West Yorkshire and suggest the appropriate balance between 'small' and 'large' landlords in the sub-region. Nationally research evidence suggests a growth in the number of individuals owning one to four properties and a decline in corporate involvement (e.g. Ball, 2006). Thus, the sector has become increasingly "amateur", a point we return to later in the report. Recently, Mintel (2007) has reported a growing interest in property ownership and landlordism as a means of wealth accumulation so this trend is likely to continue.¹ Most stakeholders felt that West Yorkshire reflected the national picture, with a high proportion of small landlords.

Reflecting this, we decided to interview a relatively high proportion of small landlords; 21 of the 38 landlords in the sample had a portfolio comprising between one to four units, as Table 1.1 reveals. At the other extreme, 11 of the landlords had at least 20 properties.

Table 1.1: Portfolio Size of Landlords Interviewed

Number of properties	Number of Landlords
1 – 4	21
5-10	4
11-19	2
20 – 50	5
More than 50	6

Given the size of the private rented sector (PRS) in West Yorkshire – we estimate that there may be between 15,000 and 20,000 landlords in the area² – and the lack of accurate and up-to-date information, it is difficult to formulate an accurate assessment of the "representativeness" of the final sample. Experience of similar research elsewhere suggests that more 'problematic' landlords may be under-represented in the final sample, as it is more difficult to make contact with them.³

It was a challenge for the research team to build up the sample, and a common retort to the request for interview was (understandably): "*What's in it for us?*"

¹ Mintel (2007) report 900,000 landlords in the UK and around 220,000 households planning to buy-to-let in the next few years. They predict growth in the sector even if there is a market downturn.

² An account of how we derived this figure can be found in the next chapter.

³ Landlords in our sample noted that there were some landlords in the city who adopted 'dubious' management practices and there were frequent reference to 'bad' landlords. However, not unexpectedly, none of the landlords in our sample identified themselves as being 'bad' landlords and all appeared to adopt a 'responsible' approach to being a landlord. This finding is in line with those of other studies we have undertaken.

1.5. Format and Structure of the Report

The findings from different data sources have been brought together to provide a thematic account of the sector. Wherever possible, the observations are wholly evidence-based, but at times we put forward more speculative assessments about the nature of the sector and how it is likely to change.

In the interviews with landlords and stakeholders, there was often a clear consensus about the nature of the PRS locally. *Within* the two groups, landlords were more likely to share similar views than stakeholders, which is perhaps not surprising given the diversity of this group.

The report is divided into six chapters including this one. Chapter Two identifies the key characteristics of the PRS in West Yorkshire and assesses its relative 'health'. The next chapter examines how the sector has changed in recent years while Chapter Four explores private landlords' relationship with local authorities, and their attitudes towards regulation. Chapter Five considers the future of the sector in the area. The last chapter in the report identifies the key policy lessons to emerge from the study and suggests a number of recommendations for policy makers and practitioners.

Appendix 1 gives further consideration to an issue addressed in Chapter Two: the location of private rented households in the sub-region while Appendix 2 presents further data about the PRS in West Yorkshire. Appendix 3 highlights the key findings to emerge from the five case studies undertaken as part of the study. However, it should be noted that data from the case studies is presented throughout the report.

2. The Private Rented Sector in West Yorkshire

2.1. Introduction

This chapter examines the key characteristics of the PRS in West Yorkshire. The first section identifies some of the broad characteristics of the sector in the sub-region. It identifies where PRS housing is located in the area, the types of property in the sector and rent levels. The second section highlights some of the key characteristics of private renters in West Yorkshire while the penultimate section identifies the principal features of the sub-region's landlords. The final section assesses the 'health' of the PRS market in West Yorkshire.

Extensive use throughout the chapter is made of 2001 Census data. The purpose of the census analysis was simply to give a baseline trend of change over time. Any subsequent monitoring can draw on this trend as an aid to verification and interpretation of new data.

This chapter and subsequent chapters also makes some reference to data generated from housing market assessments commissioned by Leeds City Council, Wakefield Council, Kirklees Council and Calderdale Council in their areas. These assessments were undertaken by Outside Research and Development (Leeds, Calderdale, and Kirklees) and Northern Housing Consortium and arc4 (Wakefield)⁴. Outside Research collated, "packaged" and analysed the data relating to the PRS contained within these surveys and their analysis was made available to us.

Outside's analysis (Outside, 2007) showed that the survey covering the PRS tended to be lower than the 2001 census proportion and this is probably because of sampling techniques. However, the sample in each area is large and makes an interesting and useful contrast with both the census and the adverts summary produced above.

Our analysis considers the following features of PRS respondents:

- type of accommodation
- age of accommodation
- number in accommodation over 3 storeys
- type of tenancy held
- length of residence in this and previous accommodation
- distance of move to current address
- frequency of moves
- previous tenure

⁴ The assessments were undertaken between 2005 and 2007. The Leeds and Wakefield studies were undertaken in 2007, the Kirklees assessment in 2006 and the Calderdale Housing Requirements Study in 2005.

- main reason for moving
- employment
- costs per month
- future housing expectations.

However, not all questions were asked in the same way and some questions were not consistently asked so there are gaps in the summary table below. Most percentages are rounded up or down.

The Outside PRS data and analysis is presented in boxed format in Figures 2.3 and 2.4.

2.2. The PRS in West Yorkshire

2.2.1. Size of the Sector

The 2001 Census identified 77,925 households in the PRS, which represented 9.12% of households in the sub-region as a whole (see table 2.1). It appears that the private rented sector in the area has grown since 2001 and, as a result, the accuracy of Census data should be treated with caution, and probably underestimates the size of the sector. We estimate that there may be over 110,000 PRS dwellings in the sub-region today⁵. By way of comparison, the 2001 figure shows that the PRS in West Yorkshire was smaller than the national proportion of 11%, and the market in Hull (11.69%).

Further insight into the relative size of the sector in West Yorkshire is provided by Figure 2.1., which highlights the relative size of the PRS across the 'regions' that comprise the United Kingdom.

Table 2.1: Total number of households and number and proportion of private rented households in West Yorkshire in 2001

	Number of all Households	Number of all Private Rented Households	Percentage private rented of all Households
Leeds	301,612	30,599	10.15
Bradford	180,247	17,584	9.76
Calderdale	80,940	7,603	9.39
Wakefield	132,212	7,631	5.77
Kirklees	159,029	14,508	9.12
WEST YORKSHIRE	854,040	77,925	9.12
Hull	104,286	12,192	11.99

Source: NOMIS, 2001 census table T08 (excluding those classed as 'living rent free') 'Theme table on households'. 1991 census table L42 'Household composition and housing'.

As table 2.1 illustrates, the largest private rented market in the sub-region can be found in Leeds where PRS households account for 10.15% of all households. Wakefield has the smallest PRS with only 5.77% of households in the authority being housed in the sector.

⁵ The buy-to-let mortgage market has exceeded new housing supply since 2003. So even if we make the conservative assumption that West Yorkshire's PRS is only expanding at the rate of new housing supply at present (over 6000/year from CLG Live Table 253) then this would give over 35,000 additional PRS stock since 2001. This is a conservative estimate and will include investment only stock probably. Thus if the overall stock and the PRS stock are increased by the same 35,000 dwellings this raises the PRS in West Yorkshire to 110,000 or 12.4% of stock.

Figure 2.1: Percentage of Households in the PRS in the UK in 2001



Source: Rhodes, 2006

The PRS sector in the sub-region grew between 1991 and 2001. In 1991, there were 52,351 households living in the sector, as table 2.2 illustrates, yet by 2001 there were 25,574 additional households in the sector representing an increase (in absolute terms) of 2.60%. This increase is broadly in line with national and regional trends, and the sector grew by 2.78% in Hull. Leeds and Calderdale experienced the most rapid growth (3.45% and 3.26% respectively) with Wakefield experiencing the lowest growth rate (1.37%). However, it should be noted that growth in Leeds, and to a lesser extent Bradford and Leeds, will be partly accounted for by the change in census method that included students at their term time address in 2001 but not in 1991.

Table 2.2: The changing face of the PRS in West Yorkshire between 1991 and 2001: the growth in the size of the sector

	Number of all Households in 1991	Number of all Private Rented Households in 1991	Percentage of PRS households of all households	Absolute change: 1991 - 2001
Leeds	281,152	18,822	6.69	3.45
Bradford	174,087	13,140	7.55	2.21
Calderdale	77,470	4,751	6.13	3.26
Wakefield	123,478	5,441	4.41	1.37
Kirklees	146,873	10,197	6.94	2.18
WEST YORKSHIRE	803,060	52,351	6.52	2.60
Hull	103,246	9,198	8.91	2.78

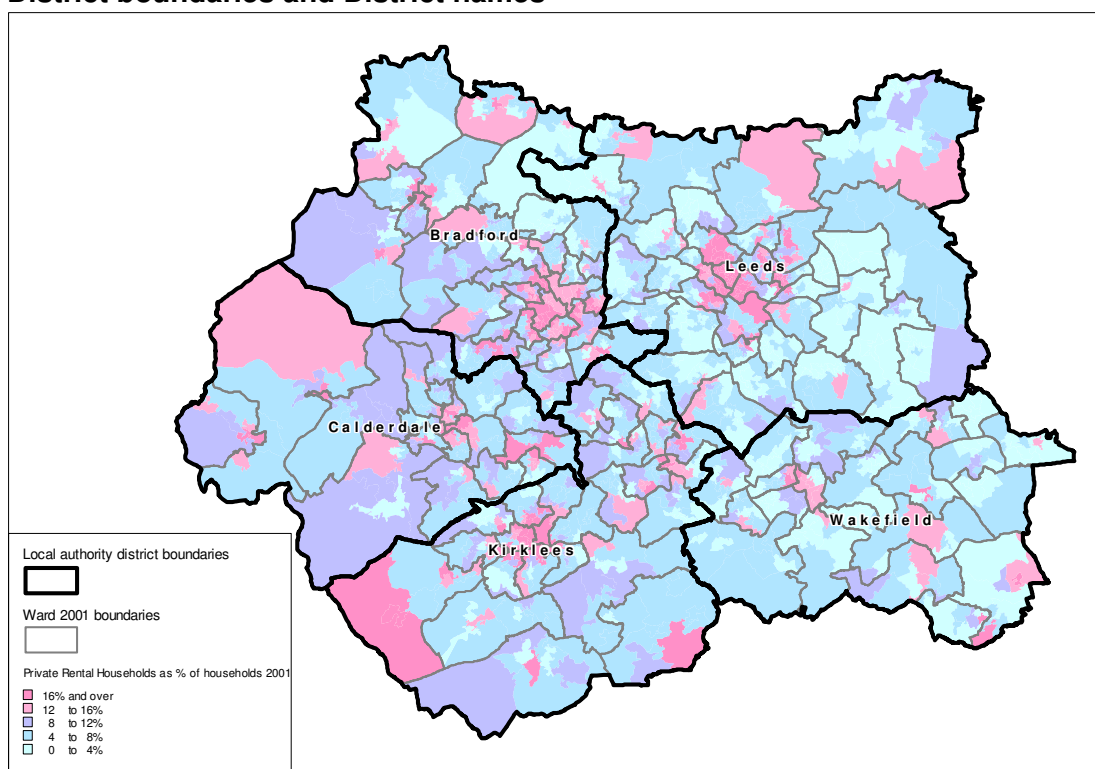
Source: NOMIS, 2001 census table T08 (excluding those classed as 'living rent free') 'Theme table on households'. 1991 census table L42 'Household composition and housing'

2.2.2. The Location of PRS Households in West Yorkshire

Figure 2.2 highlights the location of the private rented housing in the West Yorkshire sub-region in 2001, with attention focusing on super output areas (SOAs)⁶. Not unexpectedly, it reveals higher concentrations of PRS housing in the sub-region's principal urban developments, with Leeds in particular having a greater proportion of this type of housing. More information about the location of private rented households in the sub-region can be found in Appendix 1.

⁶ ONS Lower Super Output Areas consist of approximately 1500 population see <http://www.statistics.gov.uk/geography> for more information.

Figure 2.2: The concentration of privately rented households as a percentage of total households in West Yorkshire in 2001 by SOA with 2001 Ward and District boundaries and District names



Source: Neighbourhood Statistics 2001 Census table UV63 'Tenure – Households' Lower Super Output Areas

2.2.3. Sub-markets

Like other parts of the country, the PRS in West Yorkshire comprises a number of distinct sub-markets, notably:

- a student sub-market
- a housing benefit/low income sub-market
- a higher value sub-market.

Analysis of the 2001 Census data shows a sector of 78,000 households in total. Of these 4,480 are “all student” multi occupied households. In terms of the five constituent authorities, this sub-market is largest in Leeds, where it accounts for approximately 3,251 or 10.6% of all PRS households, and smallest in Calderdale where there are only four multi occupied all student households (0.05% of the PRS households in the borough). However, see the two student market case study areas and section 6.3.2 for more interpretive analysis. Crucial here is that the student housing market and the student education market do not equate in size. Forty thousand students attending Leeds HEIs will not equate to forty thousand students living in Leeds either singly or in shared households. Some will come on the train from Dewsbury, Huddersfield, Halifax, Bradford, York etc and some will live with parents.

Across West Yorkshire as a whole, the largest sub-market is the housing benefit/ low income sub-market. In 2006 DWP data shows 28,409 PRS households in receipt of HB which accounts for approximately 25% of all households in the PRS in the sub-region. Again, the importance of this sub-market varies across the sub-region. To use the last reliably comparable data, in 2001 the HB market was at its largest in

Bradford, where it accounted for approximately 49% of all PRS households, and at its smallest in Leeds (25%).

There is anecdotal evidence of an emerging professional sub-market. Although it is not possible to quantify this sub-market analysis, of Outside Survey data would indicate that the largest 'professional' PRS sub-market within the sub-region can be found in Leeds. This sub-market appears to serve high value migrant or relocating workers as well as young single professionals and individuals working away from their normal home base but with sufficient income to cover high rental. However, the scale of this market is hard to assess and it may be that some of the anecdotal evidence is assuming a market that does not exist. Certainly the volume of high value PRS rental on offer in central Leeds seems excessive in relation to the demand and income of actual PRS occupants found in sample surveys such as the Outside Surveys reported on earlier.

It may be that economic data available to the local authority would indicate whether there have been several thousand high value jobs created in the city over the past five years and that this trend is continuing. There are currently 130 properties available at over £800/month within one mile of Leeds station and many more below this rent. We found no evidence that this availability actually indicates a viable consumption market that could justify the current rate of new supply. Even were this market to exist at its assumed level it seems equally likely from this and other studies that the client group would be highly mobile and that there would be considerable 'churn' that may reflect long term unsustainability.

There is some evidence, too, of an emerging supply of larger 'executive' houses away from the city centre but again surveys have not identified a substantial user group that may indicate a long term market change. Investment activity may be creating temporary demand for supply but not be matching this with actual occupancy.

Figure 2.3: PRS "headline" data revealed by analysis of data produced by Outside Research and Development

	Leeds	Kirklees	Wakefield	Calderdale
Percentage in PRS in survey	8.7%	6.1%	3.9%	5.6%
Terraced	43%	57%	42%	65%
Semi-detached	14%	18%	16%	15%
Flat/Maisonette	18%	8%	18%	-
Pre 1919		36%	27%	43%
3 storeys or more		25%		
Tenancy type				
Secure	28%	38%		
Assured	22%	15%		
No time limit	31%	44%		
Don't know	28%	34%		
10 years + at current address				
PRS	16%	15%	13%	
Owner	42%	58%	57%	
Under 1 year current address				
PRS	-	35%	42%	
Owner	-	5%	5%	
Under 6 month current address				
PRS	31%	-		22.2%
Owner	3%	-		3.1%
Previous location outside area				
PRS	14%			
Owner	9%			
Moved in last 5 years				
PRS		45%		80.7%
Owner		22%		30.7%
Previous tenure currently PRS				
PRS	62%	66%	20%	
Owner	18%	16%	24%	
Employed FT or PT				
PRS	54%	46%		
Owner	51%	55%		
Rent under £600/month				
	78%	87%	90%	
Mortgage under £600/month owners				
	43%	45%		
Private renters expecting to move to ownership		Nil		55.5%

2.2.4. Dwelling Types

The most recent account of dwelling types in the PRS in West Yorkshire is the 2001 Census. As Table 2.3 illustrates, the most common accommodation type in the sub-regions was terraced houses which accounted for 48.79% of all properties. This type of accommodation was most likely to be found in Calderdale and Kirklees, where it accounted for 59.21% and 56.57% respectively of all dwellings, and least likely to be found in Leeds (40.59%).

The next most common type in the sub-region was flats, which accounted for 28.22% of all properties. This type of accommodation was more likely to be found in the rental market in Leeds - it accounted for 39.35% of all PRS dwellings there - and least likely to be found in Kirklees (19.74%).

At the sub-regional level, the next most common property types in the PRS were semi-detached houses (16.94%) and detached housing (5.81%). As Table 2.3 shows, the proportions of properties let changed between 1991 and 2001. The most notable changes were:

- the increase in the proportion of flatted accommodation let in the sub-region. This trend was most notable in Leeds where flatted accommodation rose from 33.50% of all PRS lets in 1991 to 39.35% in 2001. This trend was not mirrored in Hull, where the proportion of flats fell in the same time period
- the decline in the proportion of terraced lets across *all* local authorities in the sub-region.

Table 2.3: Dwelling Type and the Private Rented Sector in West Yorkshire Local Authorities (2001 and 1991)

Local Authority	Property Type (%)			
	Detached	Semi-detached	Terraced	Flat
Bradford				
2001	5.64	20.44	51.94	21.79
1991	3.60	16.58	57.64	22.18
Calderdale				
2001	5.55	13.30	59.21	21.74
1991	5.22	11.23	65.22	18.33
Kirklees				
2001	7.20	16.33	56.57	19.79
1991	6.66	13.70	63.29	16.36
Leeds				
2001	4.63	15.28	40.59	39.35
1991	4.06	13.61	48.83	33.50
Wakefield				
2001	8.22	19.94	47.28	23.58
1991	6.67	19.37	53.01	20.95
WEST YORKSHIRE				
2001	5.81	19.94	48.79	28.22
1991	4.86	14.78	55.94	24.41
Hull				
2001	2.95	12.37	54.84	29.71
1991	0.78	6.27	54.33	38.62

Source: 1991 and 2001 Census

Further insight into the profile of properties in the PRS can be gleaned from the analysis of rental adverts. Table 2.4 presents a breakdown of the type of

accommodation being advertised across the sub-region in January 2007. In all five areas the most frequently occurring property type in rental adverts was one and two bed flats and across the sub-region as a whole this type of accommodation accounted for 37% of properties advertised. The next most commonly occurring advertised property types were two bed houses (22%) followed by three bed houses (18%).

Table 2.4: Rental Adverts by Property Type in 2007

Local authority area	Property Type - % of ALL adverts				
	room/bedsit/studio	1 and 2 bed flats	2 bed house	3 bed house	Other property types
Leeds (n=316)	11	47	13	13	16
Bradford (n=241)	2	37	24	28	9
Calderdale (n=223)	6	38	24	9	23
Wakefield (n=146)	5	27	25	24	19
Kirklees (n=259)	6	29	28	18	19
WEST YORKSHIRE	6	37	22	17	19

Figure 2.4: Key findings to emerge from analysis of the PRS data produced by Outside Research and Development

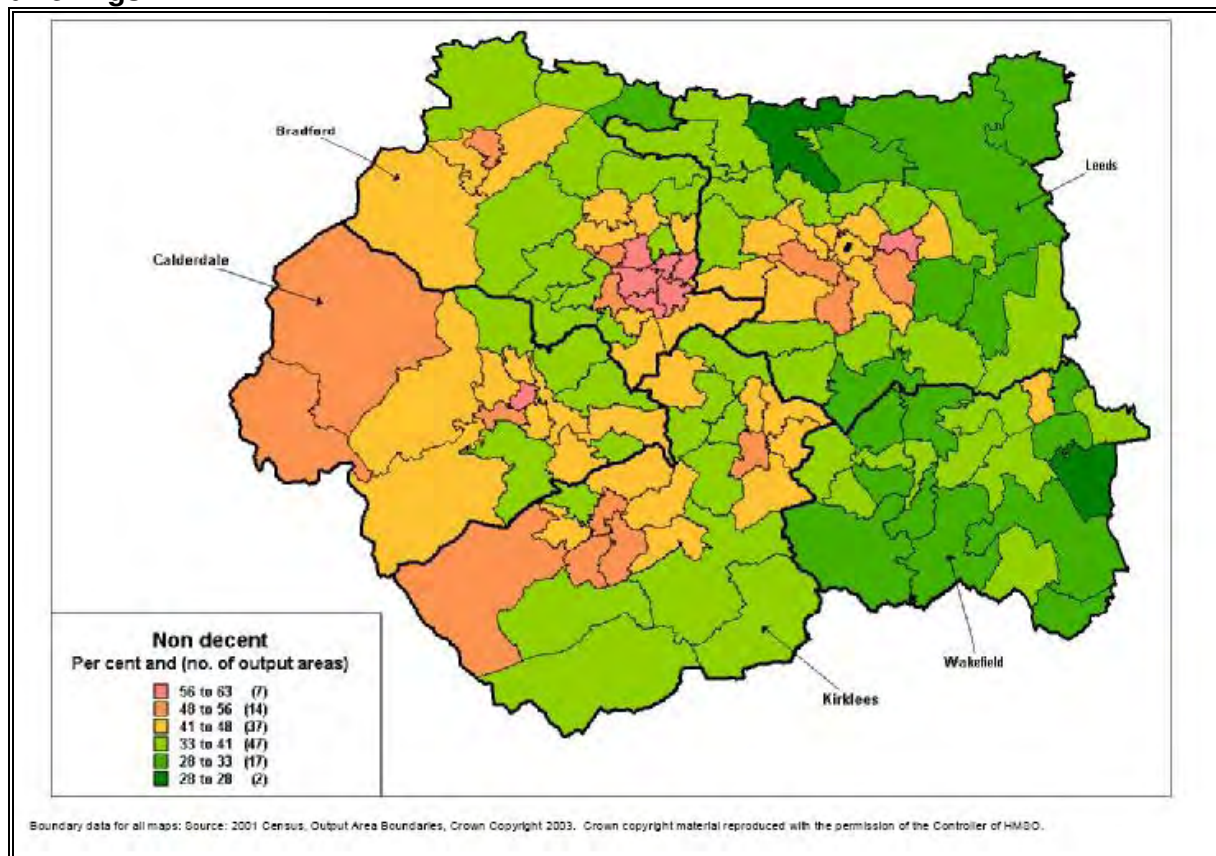
There are several noteworthy features of this analysis which are summarized below

- despite the city centre developments, terraced housing dominates the sector on the supply side (but note the Leeds market difference)
- a corollary of the above point is that the stock is old. This is important in terms of general house conditions (the PRS is traditionally poorer than other tenures) and energy efficiency issues. The PRS may need greater support in achieving energy efficiency particularly and the proportion on HB indicates the significant presence of poor households in the PRS
- there are still a significant number of secure tenancies (assuming people are correct in their identification). However it may be important for advice services and landlords that such high percentages don't know what tenure they have or that such a high percentage think their agreements are open ended. In one sense Assured Shortholds can be open ended but they can also be terminated quickly
- the various questions about length of stay illustrate how highly mobile residents of the PRS are. This level of annual turnover is significant for a variety of social reasons but can probably not be avoided now security of tenure has gone
- despite the fact that housing needs surveys seldom identify people wanting to move from ownership to the PRS a surprisingly high proportion do so
- the employment position of PRS tenants is not significantly different from ownership although the costs given show that the PRS is higher monthly cost than ownership on average probably because many owners have been established for some time and mortgage payments reflect historic purchase price rather than current prices.

2.2.5. Stock Condition

While there is a lack of robust and up-to-date data about the condition of the housing stock in the PRS in the West Yorkshire sub-region as a whole, the map below, which highlights the proportion of non-decent dwellings across the sub-region, provides some insight into its relative condition. The map reveals that there are more non-decent dwellings in those areas identified in Figure 2.2 with higher concentrations of PRS housing. While, of course, this does not necessarily mean that it is PRS housing in these areas that is in poor condition, because the map captures both private rented and owner-occupied housing, it does suggest that there is a correlation between poor stock condition and the incidence of PRS housing.

Figure 2.5: Private sector non-decent dwellings as a percentage of all private sector dwellings⁷



2.3. The Characteristics of Private Rented Tenants in West Yorkshire

2.3.1. Ethnic Origin

It is difficult to establish the precise number of ethnic minority households within the PRS, because of recent developments within the sector, such as the emergence of Eastern European in-migrants and, to a lesser extent, asylum seeker and refugee populations within the sub-region. This issue is discussed in more detail in Chapter Four.

As table 2.5 reveals, the proportion of ethnic minorities in West Yorkshire grew between 1991 and 2001. More specifically, the numbers of households of

⁷ This map is taken from the Building Research Establishment's "Housing Stock Projections" report, which was undertaken for West Yorkshire Housing Partnership and published in March 2006.

Bangladeshi, Pakistani or Indian ethnic origin grew significantly during this period. This trend was most marked in Bradford, and to a lesser extent, Kirklees and Leeds.

Table 2.5: The Ethnicity of Household Reference Person (2001) and Household Head (1991) of Privately Rented Households

Local Authority Area	%							
	Ethnic Group							
	White-British and White Other	Black		Bangladeshi, Pakistani and Indian		White Irish	Chinese, Mixed or Other ⁸	
	2001 1991	2001 1991	2001 1991	2001 1991	2001 1991	2001 1991	2001 1991	2001 1991
Leeds	86.33 (92.33)	2.47 (2.46)	4.33 (2.30)	1.47 (2.31)	5.40 (7.46)			
Bradford	79.67 (88.04)	1.76 (1.63)	13.80 (8.16)	1.23 (1.85)	3.54 (11.08)			
Calderdale	92.03 (95.98)	0.35 (0.44)	4.81 (3.01)	1.39 (3.79)	1.41 (2.25)			
Wakefield	95.76 (98.71)	0.37 (0.20)	1.43 (0.66)	1.01 (0.85)	1.44 (1.45)			
Kirklees	87.84 (93.06)	1.61 (1.81)	6.89 (3.81)	1.34 (1.78)	2.32 (6.24)			
West Yorkshire	86.59 (92.39)	1.74 (1.71)	6.71 (3.96)	1.34 (1.94)	3.63 (7.17)			
Yorkshire & the Humber	91.23 (95.36)	1.23 (1.03)	3.78 (2.08)	0.99 (1.45)	2.77 (4.72)			
England	87.66 (93.58)	2.93 (2.10)	3.49 (1.86)	1.88 (3.31)	4.04 (6.73)			

Source: NOMIS, 2001 census table S111 (excluding those classed as 'living rent free'). 1991 census table S49.

2.3.2 Household Composition

Tables A2.16 to A2.20 in Appendix highlight the household characteristics of private renting households in 1991 and 2001. The most commonly occurring household type across the five local authorities that make-up West Yorkshire was 'one adult, no dependent children' followed by 'other multi-occupied households' and 'two adults, no dependent children.'

The composition of household types in the PRS in West Yorkshire changed between 1991 and 2001. The most noteworthy changes were the growth in the proportion of lone parent households and the decline in the number of lone pensioners.

2.4. The Characteristics of Landlords in West Yorkshire

This section profiles the characteristics of landlords operating in West Yorkshire and focuses on:

- how they fund their operations
- their reasons for becoming a landlord
- their location
- their approach to being a landlord.

⁸ Due to the change of Ethnicity category types between the 1991 and 2001 Census the 'Chinese, Mixed or Other' Category above includes 'Mixed Caribbean', 'Mixed African', 'Mixed Asian', 'Mixed Other', 'Asian Other', 'Chinese' and 'Other Ethnicity' from 2001 and 'Chinese and Other Ethnicity' and 'Born in the New Commonwealth' from 1991.

2.4.1. Funding

Landlords were asked how they funded their operations. As table 2.6 shows, nine had inherited their property or acquired it from a family member: those Bradford landlords we interviewed were more likely to report that this was the case. Seven landlords financed their operations through buy to let funding. Ten respondents reported that they had funded their purchases through cash, either solely or in combination with other funding including a mortgage and re mortgage, while two had used business loans. Interestingly, eight landlords were not prepared to divulge how they funded their operations.

Table 2.6: Funding used by Landlords

Type of funding	Number of landlords
Buy-to-let Finance	7
Acquired from family / inheritance	9
Cash (either solely or in combination with loans/ mortgages)	10
Business Loans	2
Other: commercial loans, family loans, second mortgages on their own homes, charitable funds	2
No response	8

2.4.2. Reason for becoming a landlord

Landlords offered a range of reasons for becoming a landlord. A number of smaller or medium sized landlords reported that they had not intended to become a landlord and had done so almost ‘inadvertently.’

“I became a landlord by accident. I was left a house - well half a house – and was going to sell when he (the respondents ex-husband) wanted to buy something bigger for the family. But we decided to let instead.” (Calderdale Landlords with 65 properties)

“I bought the house for my family. When the children grew up we moved out and let it.” (Kirklees landlord with one property)

“I had a house: dad’s house. But I used to mix with the wrong crowd. A kid threatened to break my legs so I moved out to my gran’s and eventually decided to let my dad’s house out.” (Wakefield landlord with six properties)

In line with other studies, not least the Hull study, many smaller landlords were prompted to become a landlord in order to boost their incomes and provide a future pension:

“I became a landlord because I wanted to invest in the future after retirement age and property seems to be the most stable market for increasing investments year on year.” (Wakefield landlord with one property)

The perceived relative buoyancy of the UK housing market and the PRS made the sector attractive to investors:

“I got into it to take advantage of the property price boom. I’m hoping to benefit from capital growth” (Bradford landlord with three properties)

2.4.3. Location of Landlords

As table 2.7 clearly reveals, most landlords were locally based ie they lived in the local authority where all/ most of their stock was located: 32 out of the 38 landlords we interviewed fell into this category.

Table 2.7: Location of Landlords

Location of Landlord	Frequency
Resident in 'local' area	32
Resident elsewhere in West Yorkshire	3
Resident outside West Yorkshire	1
No response	2

Only one landlord we interviewed was located outside the West Yorkshire area. This is perhaps surprising because a number of respondents we spoke to, both landlords and stakeholders, thought that a significant number of out-of-town investors had invested in the sub-region:

"We get investors from down south. We have even had a company from Newcastle buying up in the area. I am not sure what they do. They brought a couple recently, I am not sure if they wanted to buy to let out or to improve and sell on for capital growth." (Wakefield letting Agent)

"A lot of external speculators from down south are looking for a bargain." (Calderdale landlord with 29 properties)

"Investors are national, often buying via friends for investment. Or they see advertising on the internet. But most people would have relatives locally." (Letting agent, Gillingham case study)

Some of these investors were 'parents' who were looking to buying accommodation for their offspring moving to university in West Yorkshire:

"There is a lot of interest from investors from outside the area (West Yorkshire). They come into the office asking for property to buy to let. Others are just looking for an investment opportunity. Some are parents looking for a property so they can get a foot on the ladder for their kids in the future. They are local and national. We had one from York last week." (Wakefield Letting Agent)

Many out-of-town investors were attracted to city centre and 'mill' developments:

"Investors are attracted by the big mill refurbishments in the town centre. When a development is complete it all comes onto the market at the same time. 70 – 90% might be bought by investors. You can see 10 different boards up. You really struggle to shift the over supply. Most buy to sell on for profit, or buy to let, but they are all hitting the market together." (Kirklees letting agent)

"There is a lot of new development locally: lots of mills are being redeveloped. And we are dealing with some investment companies from outside the area (West Yorkshire) looking at opportunities in mill development....mill developments are a growth area." (Wakefield, local authority officer)

“Most of the apartments locally have been bought by landlords from out of the area; landlords who don’t know the area. Some are international investment companies targeted by developers.” (Calderdale Letting Agent)

There may be a partial explanation for the lack of out-of-town investors in our landlord sample: most out-of-town investors, particularly larger ones, use letting agents to manage their stocks, and therefore would not appear in our sample, which generated from our analysis of rental adverts, as we (quite intentionally) only contacted landlords who offered a direct contact number for themselves. However, it should be noted that the same methodological approach was adopted by the study team in Hull where 10 of the 40 landlords interviewed were from outside the city (Hickman *et al*, 2007c).

2.4.4. Approach to being a Landlord

Landlords were asked a number of questions about their approach to being a landlord. As table A2.8 reveals, landlords were almost evenly split between those who operated as a landlord on a full-time basis (18 landlords) and those who were operating on a part-time basis (17).

Table 2.8: Approach to being a Landlord

Approach	Frequency
Part-time	17
Full-time	18
No response	3

Landlords operating in the student sub-market were more likely to be full-time landlords. This was particularly the case in Leeds.

As table 2.9 reveals, most landlords we interviewed - 29 out of 38 - managed their properties themselves, which is not unexpected given that most landlords in our sample had relatively small portfolios: larger landlords were more likely to use letting agents than their smaller counterparts.

Table 2.9: Use of Letting Agents

Management approach	Number of Landlords
Manage through lettings agent	9
Direct management of properties	29

Landlords based in Leeds were more likely to use agents. Landlords we spoke to there attributed their decision to the competitive nature of the Leeds private rental market: using a letting agent provided them with an important competitive edge over their rivals:

“We need to work harder to let the property. We use agents. We need all the help we can get.” (Leeds landlord with 20 properties)

“For our better property, they let faster with an agent.” (Leeds landlord with 96 properties)

“It is so competitive (the PRS in Leeds) and we don’t have a shop window.” (Leeds landlord with 20 properties)

A number of landlords that used letting agents reported that they did so because they did not have the time to manage their stock:

"I have been in it (being a landlord) for a while now so have some experience. It becomes like a job. It can take up a lot of time, if it's not your main job. Then if you can't give it the time that is when you end up with problems.... You need to get the right people in at the start and you need to have your property right to attract the right people." (Kirklees landlords with 2 properties)

"Managing my property takes-up too much time... and letting is competitive.... I am more aware of cash flow now... I grew rapidly last year. I hope that with an agent I will get a more reliable cash flow each month." (Calderdale landlord with 29 properties)

The study of the PRS in Hull revealed that many landlords there held negative views about letting agents and were reluctant to use them:

"They (letting agents) are only concerned with their 15% cut and they overcharge for work that's done on the properties. And it's impossible to check whether things that they say have been done have really been done, and to what standard." (Small landlord, Hull)

"Any work, they (agents) will bill you for it. They'll bill you for jobs and there's no way of seeing how good a job they do" (Medium sized landlord, Hull)

This did not appear to be case in West Yorkshire and very few landlords we spoke shared the same view.

2.4.5. Investment Strategies

Two key features of investors investment strategies emerged:

- most have chosen to specialise in specific sub-markets
- West Yorkshire appears to be home to a number of 'capital only' investors.

Most landlords, especially the smaller ones, tended to operate in specific niches within the market, with relatively few working in more than one sub-market. So for example, relatively few landlords operating in the student sub-market held property in other sub-markets such as the lower value or city centre sub-markets.

West Yorkshire appears to be home to a significant number of 'capital only' investors i.e. those investors that are *choosing* to leave their properties empty, and are concerned only with capital growth:

"Twenty per cent of the market in Leeds city centre is equity investment." (Letting Agent, Leeds)

"New town centre developments are sat empty. Some just sitting there as an investment". (Local authority officer, Calderdale)

"There is empty property in the city centre. Last year 4,000 units were built of which 2000 are occupied. I think there are a high proportion of investors holding property for re-sale and not letting to tenants ... others have let and are now unable to sell." (Leeds landlord with 60 properties)

“They (city centre living developments) have been built purely for investment. Those who buy have no intention of letting or selling” (Local authority officer, Leeds)

Many of these investors were from outside West Yorkshire:

“In some schemes 70 – 90% of sales are to out of town investors.” (Letting Agent, Kirklees)

“Investors are mostly national and London and Ireland based pension investors.” (Letting Agent, Leeds)

One large Leeds based letting agent noted that some ‘capital only’ investors had not originally chosen to leave their properties empty:

“Developers have targeted “new investors” over the last five years in the city centre. New investors have been buying off plan hoping for a quick win. When that hasn’t happened some have let, others have held them vacant for capital growth, as a pension”.

One small Leeds landlord also believed that ‘capital only’ investors were active in other parts of the market, such as the ‘family’ home sub-market:

“House prices have risen fast. When a four bed house comes on the market you have to be really quick to get it, they are now going at prices above the asking price, mainly to investors”.

One stakeholder felt that this was contributing to the increasing affordability problem in this sub-market:

“(Capital only investors) have been competing with families in residential areas for family housing pushing-up prices and making access for families more difficult. The snapping-up’ of four bed properties have hindered households ‘trading-up’ adding to silting up in the residential market.” (Local authority officer, Leeds)

The ‘capital only’ investors in West Yorkshire relied on equity growth to make a return on their investment and took a long-term perspective towards their investment:

“Investors take a five year view. They buy, leave it empty and sell for the capital gain. They don’t want the hassle of management and wear and tear on the property” (Letting Agent)

Thus, in the short-term most are likely to ride out any “blip” in the housing market like the one currently being experienced in the UK. However, if the downturn becomes more prolonged then it is likely that some will seek to disinvest from the sector.

As will be explored in more detail in chapter five, ‘capital only’ investors were not the only type of investor taking a long-term perspective to investment: there was a consensus amongst both stakeholders and landlords that most landlords, particularly those with larger portfolios, were ‘in it for the long haul.’

2.4.6. Attitudes towards tenants in receipt of Housing Benefit

Landlords were asked their views about the housing benefit sub-market and whether they would be prepared to let to tenants in receipt of housing benefit. Landlords views on the subject were divided. Some landlords reported that they specialized in

the housing benefit sub-market and enjoyed the 'security' that working in this sector provided: a number of landlords noted that housing Housing Benefit tenants provided regular and steady income:

"Having Housing Benefit tenants is easier... the rent comes in no hassle... it depends on the tenant but it is best if it is paid direct to the landlord... its regular income." (Girlington case study landlord with 3 properties)

"The housing benefit process is slow, but once it is in place it is OK." (Girlington case study landlord with 13 properties)

However, many landlords working in the 'bottom-end' of the market were reluctant to rent their properties to housing benefit tenants. A number of reasons emerged for this. First, many landlords reported that they could not afford to let to HB tenants who often paid below market rents:

"There is a problem for landlords in that they need higher rents to break even but if they are letting to HB tenants (ie the bottom of the market) then the Council sets the rent and it is difficult to get tenants to make up the difference" (Moorthorpe case study landlord with six properties)

"Housing Benefit doesn't always cover the rent. If that is the case then we never get the difference from the tenant. So effectively Housing Benefit (teams in local authorities) can set the rent...it is really common that tenants won't pay the difference". (Leeds landlord with 96 properties)

"Housing Benefit can't pay the full rent and the tenants can't pay the difference... so landlords are reluctant to let to them" (Moorthorpe case study landlord with 4 properties)

Second, a number of landlords were reluctant to let to housing benefit tenants because of the perceived failings of the housing benefit system which was seen as being unwieldy, unreliable and slow:

"I've had many problems with Housing Benefit. I've had delays with the claim and the rent service does not work...They (Housing benefit teams in local authorities) fix the rent below the market and make deductions for under occupation." (Moorthorpe case study landlord with 30 properties)

"Tenant's circumstances change really quickly but I can't work with HB and the rent service. I would be happy to take on Housing benefit tenants if the system worked properly" (Moorthorpe case study landlord with 29 properties)

However, landlords in both Calderdale and Kirklees thought that the service provided by the housing benefit teams in these authorities had improved in recent times:

"They (the Housing Benefit Team in Kirklees) are really helpful now...at one point it would take three months to sort out a claim, now it is 6 weeks." (Kirklees landlord with 18 properties)

"The relationship with the Housing Benefit team (in Calderdale) is now good because of the liaison staff...they are normally senior and they know what they are talking about. Calderdale use to be really bad...it is better now they will talk direct to the landlord." (Calderdale landlord with 65 properties)

Third, a number of landlords were concerned about the perceived "behaviour" who were perceived as being less "responsible" and more "difficult" than other tenants:

“They (housing benefit tenants) leave the property in a mess.” (Kirklees landlord with 18 properties)

“I operate at the bottom of the social scale where 50% of my tenants are on housing benefit... so typical issues are anti-social behaviour and non payment because of housing benefit.” (Calderdale landlord with 65 properties)

As will be discussed in the next section, the continued popularity of the sector with many households and the emergence of new populations within the sector such as Eastern European economic migrants, has provided those landlords who are reluctant to let their property to housing benefit tenants and an alternative market. As result, some landlords were choosing not to let housing benefit tenants:

“Landlords are ripping people off. The market is doing well. They can be picky about their tenants and they can push rents up.” (Tenant, Moorthorpe case study)

“They don’t want to let to us (Housing Benefit tenants)...they want to let their properties to the Poles because they can charge them more.” (Tenant, Moorthorpe case study)

This issue is considered further below (see section 2.5.1).

2.5. Assessing the ‘Health’ of the PRS in West Yorkshire

2.5.1. Overall the PRS in West Yorkshire appears to be relatively buoyant

As table 2.10 reveals, most landlords and stakeholders thought the PRS market was buoyant in West Yorkshire. Some 25 out of 33 landlords who expressed a view on the subject responded in this way as did 19 out of 22 letting agents. The views of the following respondents were typical of many:

“The rental market is still busy, there is lots of supply and lots of tenants” (Calderdale Landlord with 800 properties)

“I look at the Telegraph and Argus on Thursday’s and I think. I can’t believe that they are charging that much rent for a property like that in an area like that. So it’s still pretty vibrant.” (Local authority officer, Bradford)

Table 2.10: The Buoyancy of the PRS in West Yorkshire: the Views of Landlords, Letting Agents and Other Stakeholders

Perception of the Health of the Market	Landlords	Letting Agents	Other Stakeholders
Very Buoyant/ Buoyant	25	19	8
Slow/Static	8	3	4
Don’t Know	5	2	3

The relative buoyancy of the market was demonstrated in a number of ways. First, the relative ease with which most landlords could let their property highlights the relative buoyancy of the market was one indicator:

"When we advertise they come forward, and we choose. There are no problems finding tenants: 50% come through recommendation of existing tenants." (Larger Landlord, Kirklees)

"I don't know but I get the impression that people are that desperate to rent that they'll rent anywhere." (Smaller Landlord, Wakefield)

"It is not difficult to let. It is never that difficult." (Wakefield Landlord with 30 properties)

Another 'marker' was the apparent reluctance of some landlords to let to certain population groups such as the homeless and housing benefit recipients:

"I don't let to Housing Benefit. They have to be in work." (Moorthorpe case study landlord with 30 properties)

"I also think the reluctance of landlords to work to work with our homeless team and take-on homeless people says something about the buoyancy of the market." (Local Authority Officer, Kirklees)

"The market is really buoyant....but that's purely anecdotal.... our homeless section wants to use private rented property but landlords don't want to know because they're doing OK." (Local Authority Officer, Wakefield)

A number of landlords believed that it was not the role of the PRS to house homeless people – the view of one landlord was typical of many:

"They (the local authority) are pushing them (social housing tenants and homeless people) onto the private sector. We are resisting that. It is too much hassle... it isn't our job to house these people." (Larger Landlord, Kirklees)

However, as will be explored in section 4.2.1, other landlords felt differently and were prepared to let to homeless households. Further, the increase in the landlord database for the PRS in Calderdale's Housing Benefit section perhaps suggests that many landlords are willing to house people at low income levels. It is doubtful if "homeless households" have any defining characteristics that allow landlords to sift them out from other low income applicants. The real issue is a willingness to let to Housing Benefit recipients and this varies for a variety of reasons (local Housing Benefit ceiling, landlord indebtedness, landlord preference etc). This issue is revisited in Chapter Four.

The historically high level of rents (see sections 2.1.7 and 3.3.) were another indicator of the relative buoyancy of the market. So was the apparent reluctance of landlords to engage with local authorities through initiatives such as landlord forums and accreditation, argued a number of stakeholders.

Finally, the comparatively low numbers of empty properties across the sector as a whole was a further indicator of the relative buoyancy of the market. However, in some parts of the market empty properties were a problem and while it is fair to say the PRS in West Yorkshire is buoyant when taken as a whole, there are sub-markets within the sub-region which are experiencing difficulties and while not depressed, are far from buoyant and are encountering difficulties.

In Hull, it was the bottom-end of the PRS that was experiencing difficulties yet this was not the case in West Yorkshire and lower income sub-markets such as Beeston Hill, and three of our case study areas, Moorthorpe, Gillingham and Ravensthorpe appeared to be relatively buoyant.

There was a consensus amongst both landlords and stakeholders in Moorthorpe that the local PRS was buoyant. The buoyancy of the market was reflected in a number of ways. First, landlords there had little difficulty letting their properties:

“Demand is strong. We could let anything there more than once over. We have expanded our portfolio over the last few years” (Moorthorpe Letting Agent)

“Demand is now very strong... we usually get 5-6 applications for a three bed terrace... we can be picky about our tenants” (Moorthorpe letting agent)

“I have never had a problem letting out a property. There is always a lot of interest. We have never had any problems. we can get up to 50 calls for a single property” (Moorthorpe landlord with 30 properties)

“It is not difficult to let... it is never that difficult.” (Moorthorpe landlord with 28 properties)

“Demand is strong.... I get 30 replies to an advert.” (Moorthorpe landlord with one property)

Another marker of the relative health of the market was that many landlords in the area were now choosing not to let to housing benefit recipients:

“I don’t let to Housing Benefit. They have to be in work” (Moorthorpe landlord with 28 properties)

“We used to have predominantly Housing Benefit tenants. Now it is working tenants and migrants who are working... There is more demand than supply... agents can pick and choose their tenants. We’ve moved away from housing benefit (tenants) to working migrants.” (Moorthorpe letting agent)

Finally, it was noted that landlords were able to charge rents which ensured that they obtained a good return on their investment:

“Rents have pushed up in the last 18 months because of demand.” (Letting agent, Moorthorpe)

A similar picture emerged in Girdlington. Landlords and stakeholders thought that the market there was buoyant:

“It’s a really buoyant market and you won’t see many empty properties. Properties sell very quickly.” (Local authority officer, Bradford)

Again, the buoyancy of the market was reflected by the relative ease with which landlords could let their properties:

“It is not difficult to get tenants. There is high demand in Girdlington and all over Bradford. I put an add in the local shop and it is snapped up.” (Girdlington landlord with one property)

“It (the PRS in Girdlington) is buoyant. It’s easy to let by word of mouth: I get five phone calls a day looking for property.” (Girdlington landlord with 13 properties)

“Lettings are no problem. People come in off the street or see adverts in the local press” (Girdlington letting agent)

And the fact that landlords were getting the rents they asked for was a further marker of the buoyancy of the market:

“Landlords are getting what they ask for. There has been an upward trend in rents.” (Girlington case study landlord with one property)

As a result, landlords in the area were securing a decent return on their investment:

“Landlords in Girlington can get a decent yield” (Girlington letting Agent)

So unlike in Hull, it was not the bottom end of the market in the sub-region that was experiencing difficulties. Instead, it was the city-centre living and student sub-markets which were encountering problems.

2.5.2. City-centre living sub-market

A number of stakeholders were concerned about the ‘health’ of the city-centre living sub-market, and there was particular concern about the market in Leeds:

“Half the city centre flats (in Leeds) are empty. Others are being let weekly or even daily.” (Large Leeds landlord)

“There is an awful lot of over-supply in this market. I think about 20 to 25% of properties are empty and I think things could get worse: six thousand units have been built but there is another five thousand in the pipeline.” (Local authority officer, Leeds)

“Some sectors have a very high level of voids. Problems are concentrated in new build city centre property where voids can be around 20%.” (Local authority officer, Leeds)

It was reported that ‘older’ developments experienced greater problems:

“One problem is that the new purpose built city blocks have a short life. The next one is always that bit better than the last...for example, it may have en suite bathrooms gym, and swimming pools. Those with a lower spec struggle.” (Letting Agent, Leeds)

And linked to this, a number of respondents expressed concern about the quality of some city centre living accommodation. The view of one landlord was typical of many respondents:

“They sold the city centre life style, but it is really not that great. The high end developments are good but the majority is mediocre, aimed at young professionals.” (Leeds landlord with 60 properties)

It was reported that investors in the city centre living sub-market were seeing their yields being squeezed and were encountering financial difficulties:

“The city centre market is still drawing investors although a half to a third of city centre apartments aimed at professionals will be empty this year...lots of other new build flats are being let at just 2% yield. Investors bought hoping for a 6% yield and have been disappointed. They are now just hanging in hoping for some capital gain. It is a difficult market.” (Large Headingley case study landlord and letting agent)

Although not strictly “city centre”, officers in Calderdale were concerned that the flats/apartments market there was both distorting new provision, such as the Gannex Mill conversion in Elland, and adding to the authorities’ vacancy base rate:

“We are worried that this will increase in years to come with mill conversions and new properties that don’t fill up. There is a growing trend for blocks with one owner to remain empty...some landlords struggle with letting in mill conversions: they are too expensive for housing benefit... this sort of development is not really sustainable with rising interest rates... there has been a quite a lot of interest from landlords in handing their property over for management.” (Local authority officer, Calderdale)

A landlord based in Halifax expressed similar concerns:

“The (PRS) market is very buoyant generally, especially those (properties) of a decent standard. Apartments are more difficult to let and there is an oversupply. For example, Union Street in Halifax has a car park with planning permission for 67 apartments but there are empty flats in the town.” (Calderdale Landlord with 29 properties)

And respondents in Wakefield and Kirklees also expressed concern about the health of the city-centre living sub-market in their areas. For example, a small landlord in Kirklees noted:

“There is an over supply in the top end of the market, especially new flats in Mill developments.” (Kirklees landlord with two properties)

2.5.3. Student sub-market

A number of student sub-markets in the sub-region appear to be experiencing difficulties. This was reported to be the case in Huddersfield, where the building of purpose built student accommodation was perceived to be having a negative impact on the traditional student sub-market in the town:

“There are a lot of purpose built new student developments going-up in Huddersfield and we’re concerned about what affect this going to have on the existing private rented student market....I know that this is something that concerns xxx (another local authority officer) ... these new developments have gyms and are pretty swish.” (Local authority officer, Kirklees)

However, one of the student case study interviews said there was not enough traditional shared housing stock in the centre of the town. The main tension seemed to be between the large institutional providers rather than between them and traditional landlords.

In Bradford, the building of purpose-built student accommodation had put pressure on the student sub-market in the city:

“The university has built a lot of purpose built accommodation and this has obviously had a negative impact on the traditional rental market.” (Local authority officer, Bradford)

As a result, things had become more difficult for landlords there:

“Landlords say that they are struggling, particularly since the new legislation... rental income is not the key for landlords – they are looking at capital growth...rental income only gives them a small profit...some landlords are

threatening to get out and I know of some that have sold a few properties.... and I know that some are getting a bit twitchy about what might happen to the housing market, but a lot are in it for the long haul and are concerned about capital growth.” (Letting agent, Bradford)

However, a Bradford student landlord reported that despite the availability of purpose built student housing he was still finding a ready market for good quality student lets. He emphasised quality standards *“because people expect this now but they are prepared to pay for it”*.

In Wakefield, the closure of Bretton Hall by the University of Leeds had resulted in the contraction of the student sub-market there:

“A lot of properties have gone in the student market because Leeds University have got rid of Bretton Hall... but landlords knew this was going to happen and were able to plan...A lot of landlords in this market have sold-up and PRS property has gone into the owner-occupied sector. and some landlords went into the asylum seeker market” (Local authority officer, Wakefield)

There was particular concern about the biggest student sub-market in West Yorkshire: the Leeds student-sub market. A number of respondents noted that the sub-market was extremely competitive and that there was considerable over-supply within it:

“It is fairly strong (the PRS) in Leeds but there is a surplus (of properties) in the student market.” (Headingley landlord with 20 properties)

“There is a massive surplus of property in Headingley: 3,500 are vacant” (Officer, the University of Leeds)

“We are now in to the second year of over-supply in Headingley, Burley, Woodhouse and Kirkstall. I think we can expect another three years of over-supply while the market adjusts to new conditions”. (Letting Agent, Leeds)

“Previously the (student) market (in Leeds) was very buoyant but now landlords are finding things really difficult. A lot of landlords are selling-up and I know of one landlord with 35/40 properties who has sold all her properties...a lot of properties are standing vacant for a long period of time...and landlords are thinking long and hard about the future. Sometimes properties stand empty for a year...This sector has grown in recent years but things have changed recently and it’s a worrying time. Letting has become difficult in these areas and Leeds has 2,000/ 3,000 empty bed spaces...there are number of reasons why this has happened...the Universities have built purpose built accommodation and a lot of students, particularly at Leeds Met, are choosing to live at home. And coupled with the HMO licensing issue there is a degree of turmoil within this part of the market.” (Local authority officer, Leeds)

A number of respondents thought that the student sub-market in Leeds had geographically contracted in recent years with the sub-market being more closely centred in Headingley, one of this study’s case studies.

“Student areas have struggled with the drop in student numbers in recent years and the increase in purpose built blocks...Kirkstall used to be a student area... you can’t let there now...and the market is shrinking in the city.” (Headingley landlord with 60 properties)

“There has been decline in outlying areas and more of a focus on Headingley and Hyde Park. Meanwood and Woodhouse have traditionally been more difficult to let... landlords are now dropping out of those areas and focusing in on the key areas closer to the University.” (Officer, University of Leeds)

Interestingly, despite the problems that sub-market appeared to be experiencing landlords that attended the Headingley landlord focus group thought that market was still fairly buoyant. However, this may be because landlords are reluctant to talk the market down in public, as this may become a self-fulfilling prophecy, a point made by one landlord in Bradford:

“But the important thing that you need to remember, is that landlords never talk down the market because it’s simply not in their best interests to do so....they don’t want to talk it down, certainly not in public – they might do in private...and there’s no way they’ll be negative about the market. I should know, I’m a landlord myself!”

And we found evidence to suggest that many landlords in Headingley were experiencing difficulties and looking to disinvest from the market:

Further discussion about the Headingley student sub-market can be found in Appendix Three.

2.6. Summing-up: Interpreting the Evidence Base

The key messages to emerge from this chapter are:

- the PRS is a significant feature of the housing market in West Yorkshire and it is likely that there are in the order of 110,000 private rented and investment dwellings in the sub-region today. The number of private rented households has grown since 1991
- the highest concentrations of private rented households can be found in the main urban centres within the sub-region, with Leeds having the largest PRS and probably the largest investment market. For further insight into the city centre market in Leeds see DTZ (2007).
- the PRS in West Yorkshire comprises a number of distinct sub-markets. The sub-region has an important student sub-market, which is largest in Leeds, where it accounted for 10.6% of all private rented households in 2001 and is unlikely to have shrunk. West Yorkshire also has a large ‘professionals’ sub-market. The largest sub-market in the sub-region is the ‘housing benefit/ low income’ sub-market which comprises approximately 35% of the market across the sub-region as a whole
- at the time of the 2001 census more than half of all properties in the sector were terraced houses with the next most common dwelling type being flats, which accounted for more than a quarter of all private rental properties. BTL activity will have continued to acquire terraced housing but the levels are impossible to quantify
- the census shows that the most common household type within the sector was ‘one adult, no dependent children’ followed by ‘other multi-occupied households’ and ‘two adults, no dependent children’
- it appears that many landlords in West Yorkshire have used buy-to-let funding to fund their operations. It appears that most landlords in the sub-region manage their properties themselves, with 29 out of the 38 we surveyed doing so. Most landlords operating in West Yorkshire were based locally i.e. in the local

authority area where all (or most) of their stock was located although we found evidence to suggest that the sub-region was popular with “out-of-town” investors. Data from a mortgage lender indicates that around 25% of buy-to-let borrowers purchasing in Yorkshire and Humberside live outside the region. However, this still allows for many “absentee” landlords as the region is large. Council Tax data may give a clearer picture were it available

- in terms of their investment strategies, most landlords tended to operate in specific sub-markets, with relatively few working across sub-markets. Unlike Hull, West Yorkshire appears to have a relatively large number of ‘capital only’ investors i.e. those investors who seek a return on their investment from equity growth *only* and who, as a result, have chosen to leave their properties empty
- the private rental market in West Yorkshire appears to be relatively buoyant. However, the buoyancy of the market varies across the sector and two important sub-markets - the city centre and student sub-markets - appear to be encountering ‘difficulties’, with empty properties being a problem in both sectors, to some degree.

3. Recent Trends in the PRS

3.1. Introduction

The PRS in West Yorkshire has undergone rapid change since 2001. Some of these changes have been explored in the previous chapter and thus will not be revisited here. For example, two of the key changes within the sectors in the last six years has been the emergence of a large city centre living sub-market (see section 2.5.2) and the transformation of the student sub-market (see 2.5.3). And the sub-region has become increasingly attractive to “outside” investors (see sections 2.4.3) and to investors who are concerned only with equity growth (see section 2.4.5). This chapter, then, explores some of the other changes that have occurred in the sector since 2001.

Of course, there have been significant changes since the research was completed with the fallout from the US sub-prime market affecting lending patterns in the UK. Further discussion about this issue can be found in section 6.1.

3.2. Growth in the PRS since 2001

Data from three data sources - interviews with landlords and stakeholders and the analysis of rental adverts - suggests that the private rental sector in West Yorkshire has grown, as existing landlords have increased the size of their portfolios and new landlords have entered the market. The growth in the number of letting agents in the sub-region adds further support to the argument that the market has grown (see section 3.10.). It also seems likely that West Yorkshire will have been involved in the explosion of building society funded Buy-to-Let that has occurred since the last census (although no data on the location of buy-to-let purchases is available yet).

Table 3.1 shows that there has been a rapid growth in the number of rental adverts in West Yorkshire since 1991. This growth has been fairly consistent and was maintained during the most recent time period: 2002 to 2007.

Table 3.1: Number of Private Rental Adverts in West Yorkshire: 1991 to 2007

Local Authority Area	1991	1996	2002	2007
Leeds	82	149	220	316
Bradford	33	80	189	241
Wakefield	19	59	72	146
Calderdale	35	99	144	223
Kirklees	63	122	154	259
WEST YORKSHIRE	232	509	779	1,185

3.3. Rent levels have increased

Analysis of data gleaned from landlord and stakeholder interviews and the analysis of rental adverts clearly reveals that rental levels have risen significantly since 2001.

However, because of the size and complexity of the market in the study area, it is not possible to quantify these changes.

3.4. Changes in the types of property advertised to rent

Analysis of data gleaned from the review of rental adverts in West Yorkshire suggests some subtle changes in the type of properties being advertised in the sub-region in recent years. Table 3.2 presents the overall totals for key property types and the percentage of the adverts for that sample that this total represents.

Perhaps the most noteworthy change between 1991 and 2007 has been the growth in the number of one and two bed flats advertised, which have risen from 16.4% of all adverts in 1991 to 36.8% in 2007. Other changes include the reduction in 'room/bedsit/ studio' adverts, from 32.2% of all adverts in 1991 to 6.4% in 2007, and the growth in the number of two bed houses advertised (13.8% to 22.1%).

Table 3.2: Advertised Private Rental Property Types in West Yorkshire: 1991 to 2007

Property Type	1991 (n=232)	1996 (n=509)	2002 (n=779)	2007 (n=1,185)
	% (number of adverts)			
Room/ Bedsit/ Studio	33.2% (77)	27.9% (142)	16.4% (128)	6.4% (76)
Flats: 1 and 2 bed	16.4% (38)	11.8% (60)	27.5% (214)	36.8% (436)
House: 2 bed	13.8% (32)	24.6% (125)	24.5% (191)	22.1% (232)
House: 3 bed	12.1% (28)	15.7% (80)	14.8% (115)	17.6% (209)
Other lets	24.6% (57)	20.0% (102)	16.8% (131)	19.6% (232)

Furthermore, evidence from internet advertising indicates a very large vacant stock at the time of writing (2200 in Leeds, 500 just in Bradford not counting outlying districts, 500 within five miles of Wakefield Westgate station etc). We recommend continued monitoring of this data using consistent search methods over time.

3.5. The PRS market in the sub-region has become more competitive and has to some degree 'levelled-off'

There was a consensus amongst landlords and stakeholders that the PRS in West Yorkshire had become more competitive, and had to some extent levelled-off. So while the market was still buoyant, it had become tighter in the last eighteen months:

"It (the PRS in West Yorkshire) is buoyant overall, but not as much as people think! It has peaked." (Headingley case study landlord with 300 properties)

"The market is still buoyant but it is more difficult now." (Kirklees landlord with two properties)

"It (the market) is still buoyant but it has been hit by rising interest rates... things aren't as easy as they were." (Kirklees landlords with 100 properties)

"But I think things are stabilising and calming down a bit... (house) prices aren't going up that much and rents have levelled out." (Local authority officer, Bradford)

And there was a belief amongst respondents that overall the market in the sub-region was very competitive:

“The market is very competitive. There is not much room for more landlords”.
(Bradford landlord with 3 properties)

“The market is stable but difficult mainly because of more competition.”
(Headingley case study landlord with 140 properties)

The increasing competitiveness of the sector and rising house prices in traditional rental areas was detrimentally affecting yields, a number of landlords reported:

“....returns have gone down to around five per cent in the last five to ten years and so this may mean that I have to invest in larger properties to compensate. But then again the properties will cost more”. (Smaller Landlord, Wakefield)

“People think it is easy to get into the market and make money, but it isn’t. Yields are being squeezed now as property prices rise and rents don’t keep up.”
(Larger Landlord, Leeds)

“Prices have risen over the last five years so there has been a real growth in the letting market but it has levelled off now because you can’t get the rent to cover the costs.” (Kirklees)

“High property prices are having an (adverse) impact on yields” (Kirklees landlord with 18 properties)

A consequence of diminishing yields was that *“the numbers no longer stack-up”*, felt one landlord with 18 properties in Dewsbury, Heckmondwhite and Halifax:

“I can’t see how it (private renting) stacks up. It only works for long term capital growth... there is still some activity there. But rental yields are being squeezed, especially when you take damage to the property into consideration. Anything you buy costing more than £50k just won’t stack up. You need £3,000 per year to cover the costs but can only get £70 per week rent. It allows no space for voids, damage, insurance etc etc”

A small landlord in Bradford felt the same way:

“I’m not making much profit now. Rents are just covering the mortgage. I am re- mortgaging the commercial property. I need more on my books to make a business of it. It would be fine if I had no mortgage but I am living on finance now.” (Bradford landlords with three properties)

A letting agent in Kirklees was also concerned about the financial viability of private “landlord-ism”:

“There are no short term gains to be made in being a landlord now...Property prices are horrendous: a £100k property will get £450 rent and won’t cover the mortgage. Lots of landlords are just breaking even and recent investors have to make a contribution to the mortgage”

Another manifestation of the increasing competitiveness of the sector was that some landlords were encountering difficulties letting their property:

“It (the PRS) is very competitive. There is a surplus stock at certain times of year eg October, November and December. Property on the market at those times

will stick until January. We don't drop the rent; landlords have to wait it out. If you can't take an eight week void period you shouldn't be in the market. If you drop the rent you get the wrong tenants." (Lettings agent, Kirklees)

"Three years ago you could let to the first person to view. Last week I showed four people around until I found one that was interested." (Smaller landlord, Leeds)

The increasing competitiveness of the sector meant that it was imperative that landlords took a long term perspective to their investment, a number of respondents noted:

"Popular TV has glamorised it (being a landlord). It motivates people to make a quick profit, but it is hard work and some do drop out. You need patience. You need to be in it for the long game. If you get a bad tenant it can put you off. You need to be able to roll with it.... that can be difficult for smaller landlords." (Smaller landlord, Bradford)

"...we suggest that they (landlords) focus on capital growth... we suggest over a minimum of a 10 years period." (Letting agent, Kirklees)

"You can't get a quick buck and I advise against trying. People in the buy-to-let sector have had their fingers burnt" (Letting Agent, Kirklees)

While all sub-markets appeared to have been affected by the 'tightening' of the market and there appeared to have been a "levelling-off" in all of them, these changes appeared to have been more profound in two in particular: the 'city-centre' living sub-market; and the student sub-market market.

Landlords operating in these sub-markets responded to the increasing competitiveness of the market in a number of ways. Some landlords noted that they had they had lowered their rents in order to let their properties:

"When I got mum's house it let really quickly in just a few days. When I had it on recently it took months... I dropped the rent a bit." (Kirklees landlord with two properties)

"Because of the competition you have to work harder. They (students) try to beat us down on price but you can't go too cheap.... you have to cover the costs." (Headingley case study landlord with 20 properties)

"My property is priced competitively and I'm prepared to negotiate...but some landlords are less realistic in terms of price and they have longer void periods... they may prefer to leave it empty rather than drop the price." (Bradford 'student' landlord with 10 properties)

In a similar vein, another landlord reported that he was prepared to delay payment of the bond paid by their tenants:

"We will negotiate on the Bond...for example, we sometimes say to tenants: "pay £200 rent up front but you can pay the rest in four installment" because a £500 bond is a lot to find." (Headingley case study landlord with 20 properties)

Another response by landlords operating in these sub-markets was to place greater emphasis on the marketing of their properties, with letting agents often playing a key role in the process. Finally, some landlords reported that they were improving the quality of the residential offer that they made to tenants in order to secure their business. For example, landlords in Headingley reported that they were now offering

dishwashers and tumble-dryers to their tenants as 'standard' and they were prepared to re-decorate properties if students asked them to do so:

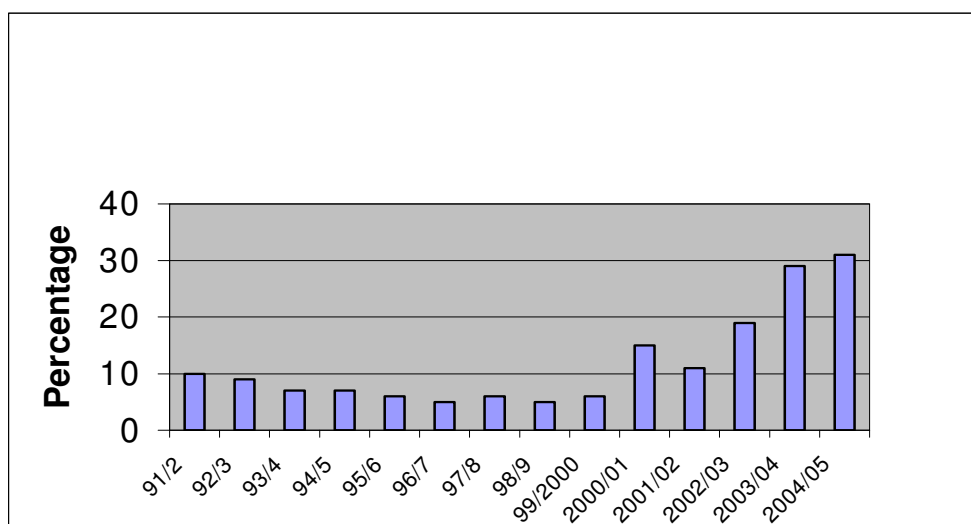
"It's amazing what we offer students nowadays... it's so different to how it used to be...I've now put in dishwashers and tumble-drivers in all my properties....and I will change the décor within reason if they want things changing....If I don't, they (students) will look elsewhere." (Large landlord, Headingley case study landlord focus group)

3.6. The number of buy-to-let investors has grown

There was a consensus amongst respondents that the numbers of buy-to-let investors in West Yorkshire had grown significantly in recent years, in line with national and regional trends (Ball, 2006). And as table 2.6 reveals, seven out of thirty- eight landlords we interviewed were funded through buy-to-let funding.

It was felt that many buy-to-let investors were choosing to invest in the 'top end' of the market with many investing in city centre flats. Our analysis of the rental adverts supports this view. Of the 436 flats that made up 36.8% of advertised lets in West Yorkshire in 2007 many seemed to be new developments. Several formed part of multiple adverts specifying more than one property which would indicate "bulk purchase" by a prospective or established landlord. Additionally, there are many adverts that are "mews" or "town houses" which implies new developments being used for rental. This would indicate a thriving buy to let market in the area (though not necessarily using buy-to-let mortgages). The possible impact of this market on supply can be seen in the graph below that charts the change over time in the percentage of new supply in Yorkshire /Humber area that is flats/apartments. Demand from investors for flats may be skewing supply.

Figure 3.1: Flats as a Proportion of New Supply in Yorkshire and the Humber: 1991/92 – 2004/2005



Source: CLG Live Tables

As landlords acquire a higher proportion of the available stock (and therefore of new supply), developers change the nature of supply to meet demand. The higher value city centre land means that per unit costs can be held down in flatted developments, making these more attractive to investors (above ground property is also more secure when empty).

No local study has yet been undertaken to identify the proportion of flats sold to investor/landlord purchasers. Research into the acquisition of new housing supply in

London in 2005 showed a very high proportion (70%) going to owners other than owner occupiers (predominantly investors/speculators and landlords). This pattern may be repeated in housing markets outside London but is unlikely to be so extreme. Buy-to-let mortgages continue to grow as a proportion of total mortgages and by the end of 2006 were almost a third of mortgages supplied. (Some buy-to-let mortgages may constitute one loan for several properties, especially on new developments where multiple acquisition is comparatively easy).

This combined table shows the absolute increase in BTL mortgages as well as the relationship between BTL and the overall market as a percentage of transactions (with transactions given in column 3 and showing small annual variation). Column 5 allows this national level data to be considered in light of lowest quartile price/income ratios for West Yorkshire. As no data is available for the location of BTL mortgages we cannot be certain that BTL growth has impacted on the local market in the way the figures might indicate but nationally BTL has led to a huge influx of business lending to the housing market possibly taking prices beyond the capacity of lower income households.

Table 3.3: The Buy-to-let Market: Contextual Information

Year	BTL advances during year	Total loans for House purchase	<i>BTL as % of total House Purchase Loans</i>	Ratio of lowest quartile price to lowest quartile income in West Yorkshire
1999	44,400	1,253,900	3.5	2.96
2000	48,400	1,123,000	4.3	3.00
2001	72,200	1,313,700	5.5	2.95
2002	130,000	1,396,900	9.3	3.11
2003	187,600	1,251,800	14.9	3.45
2004	217,700	1,246,000	17.5	4.62
2005	223,800	1,014,000	22.1	5.21
2006	330,300	1,141,000	28.9	5.69

Source: CML and CLG Live Table 576

In Leeds the ratio has risen from 3.27 in 1999 to 6.25 by 2006 but rises are consistent across local authority areas.

There is no reason to assume that the West Yorkshire area is not attracting its fair share of BTL investment and lower than average prices may actually encourage buying to rent. However, attempts to identify the location of acquisitions from Building Society data have been unsuccessful.

Table 3.3 suggests that the rapid growth of BTL nationally (once it achieved a level over 10% of mortgages) has coincided with a relative increase in property prices impacting on local lower income households. Table 3.4 below shows transactions and lowest quartile prices in West Yorkshire and the growth of BTL mortgages as a proportion of national house sales transactions.

Table 3.4: The Housing Market in West Yorkshire: Contextual Information

	2001	2002	2003	2004	2005	2006
West Yorkshire Sales Transactions CLG Table 588	46451	51834	50326	50736	42620	52992
West Yorkshire Lower Quartile House Price CLG Table 587	£39200	£43000	£56000	£73000	£84000	£95000
West Yorkshire Ratio Lowest Quartile income to Lowest Quartile House price CLG Table 576	2.95	3.11	3.45	4.62	5.21	5.69
BTL as % of transactions nationally CLG Table 588 and CML MM6	5.8%	9.8%	15.5%	17.8%	21.9%	25.8%

Source: CLG Live Tables as detailed and CML Table MM6

3.7. Eastern European economic migrants have moved into the sector

Respondents reported that Eastern European economic migrants had moved into the PRS in West Yorkshire:

"Another change in recent years has been the amount of EU migrants moving to the city and living in the PRS..." (Local authority officer, Bradford)

"There are a lot of Polish workers in the centre of Wakefield although there are a lot of them across the district as a whole." (Local authority officer, Wakefield)

"There has been an influx of Eastern Europeans into the city (Leeds)" (Letting agent, Leeds)

It was noted that migrants tended to live on streets where others members of their (national) 'community' were resident. For example, this was the case for the (Czech and Slovak) Roma population in Girlington:

"They (the Roma population) tend to concentrate on particular streets at the top-end of Girlington." (Local Authority Officer, Bradford)

A number of respondents noted that the emergence of an Eastern European population within the PRS in the sub-region had given a much needed boost to the sector, and had helped sustain demand in some markets which appeared to be declining. For example, a local authority stakeholder in Bradford felt that the arrival of Eastern European migrants in the city had helped 'plug the gap' in demand precipitated by the decline in demand for the city's traditional student rental accommodation.

"Bradford does have a significant student market... it's located close to the university and is made up old terraced houses...the university has built a of new student accommodation. We were worried that this was going to have an

adverse affect on the student market but it hasn't because the gaps have been taken up by economic migrants from Eastern Europe."

A number of landlords observed that A8 migrants were "good" tenants:

"Eastern Europeans are good tenants. They pay the rent and keep the property in a good condition... They are also good at word of mouth: they pass the word around if they find a good property". (Leeds landlord with 96 properties)

"There is a growing Eastern European market Moorthorpe...we have got a few Polish, Slovak and Latvian tenants... they seem to fit into the community really well. They are all working and are very straight." (Moorthorpe case study landlord with 30 properties)

"Polish tenants are very civil, very polite. They pay in advance; don't fall out with the neighbours and are no problems with noise... there has been a growth in migrant workers as tenants: they are better tenants; they pay better and look after the property better." (Letting Agent, Moorthorpe case study)

It was also noted that that economic migrants were too willing to except poor conditions and high rents. This was because they had low expectations:

"They (A8 migrants) have lower expectations...they are always pleased with the quality of the property...the main problem is security because we only have their NI number and work permit as proof of who they are. But there have been no problems so far" (Kirklees landlords with 42 properties)

A number of landlords reported that they were disinvesting from the housing benefit sector and looking to house Eastern European migrants.

"The big change came for me came with housing benefit changes three or four years ago....I moved out of the housing benefit market when payments were made direct to the tenant and started taking more immigrants. I had lots of Africans at first who were here as students but also working. But in the last two to three years it has been Eastern Europeans..." (Leeds landlord with 60 properties)

A number of stakeholders we spoke to suggested that one of the factors that made A8 migrants more attractive to landlords was that they were prepared to pay higher rents than the 'indigenous' population. And there was a feeling amongst local authority officers we spoke to that that some landlords were trying to 'cash in' on the arrival of Eastern European economic migrants:

"Landlords are trying to cash in on migrants. They're charging higher rents." (Local authority officer, Bradford)

Perhaps not unexpectedly, none of the landlords we interviewed admitted that they were doing this and many attributed their decision to move away from letting to Housing Benefit tenants to Eastern European tenants to the perceived better "behaviour" as tenants of A8 migrants:

"They (Eastern European migrants) have higher expectations than housing benefit tenants but are more reliable, responsible and clean". (Leeds landlord with 60 properties)

However, a Moorthorpe based landlord who traditionally had let to housing benefit tenants and was now letting to A8 migrants was prepared to admit that:

"The migrant population is also "bottom of the market" but landlords can get more rent from them because they are working." (Moorthorpe case study landlord with six properties)

It was argued by a number of local authority officers we spoke to that landlords were also 'cashing-in' on A8 migrants by allowing them to live in over-crowded conditions. The view of one officer was typical of many:

"It (the movement of East European migrants into the PRS sector) has become a bit of a problem, though, because they often live in over-crowded conditions." (Local authority officer, Bradford)

Two landlords we spoke to acknowledged the problem of overcrowding:

"It would be best to let to (A8) families but it does not work out that way... you let more to individuals. Eastern Europeans who are in work. They can't afford a family rent so they overcrowd...they bring others in and you see up to 20 people going in and out of the house. As a landlord you give them a contract but it may not be worth chucking them out...it is a hassle, you just have a friendly chat and keep it let. I don't want to go to court." (Girlington case study landlord with 3 properties)

"I think they may put more people into the property... for example, you let it for two people but when I visit the property I found that there are actually five people in there." (Leeds landlord with 96 properties)

The movement of A8 migrants into the PRS had created "issues" in one of our case study areas, Moorthorpe, where it appeared that some members of the majority 'White-British' population were hostile towards Polish migrants who had moved into the area and were perceived to have "taken" local jobs and housing:

"I feel the Polish moving in is upsetting things. They are squeezing local people out of houses and jobs" (Tenant, Moorthorpe case study)

"The Polish who have moved in are terrible. They are arrogant.... there is music on. We have had environmental health problems... there are loads of problems." (Tenant, Moorthorpe case study)

"I don't mind the Polish here but it is the attitude. They disrespect, they are rude and noisy." (Tenant, Moorthorpe case study)

However, in contrast in Girlington, the movement of Roma migrants from the Czech Republic and Slovakia appeared to have created relatively little tension between the existing and new communities, although there was some concern that the newcomers were responsible for much of the fly-tipping that occurred in the area:

"The Czechs have settled down now. It (living in Girlington) was something new for them at the beginning but they have settled as they have got to know people. But they are still dumping every week or so." (Tenant, Girlington case study)

"There are problems with the mess when they first move in. But once they are established they are a bit better." (Girlington landlord with 13 properties)

The difference in the response of the local communities in Moorthorpe and Girlington may be a reflection of the characteristics of the local populations. While Girlington is

an ethnically mixed neighbourhood and has seen many ethnic groups move into the area over the last fifty years, Moorthorpe is a white working class area which has seen relatively little in-migration. So as a tenant in Girdlington noted, it was because the area had a 'mixed race' culture that it was so "tolerant" of newcomers:

"Girdlington has a very mixed race culture. Girdlington is a very mixed area, backgrounds, ages, household types... that's why it (the movement of A8 migrants into the area) has been OK" (Tenant, Girdlington case study)

Quantifying the numbers of migrant workers in the PRS is a very difficult, if not impossible, task and it is little easier to get an accurate "handle" on the numbers of migrants in the housing system as a whole. However, table 3.5 gives some insight, albeit a limited one, into the numbers of Eastern European migrants in the sub-region, and their distribution across it.

Table 3.5: Worker Registration Scheme Initial Approvals in West Yorkshire between May 2004 and September 2006

Local Authority	WRS Initial Approvals (May 04 to Sept 06)
Bradford	5594
Calderdale	2030
Kirklees	2196
Leeds	4190
Wakefield	2989
YORKS and HUMBERSIDE TOTAL	33941

Source: Home Office, Department for Work and Pensions, HM Revenue and Customs and Office of the Deputy Prime Minister (2007) Accession Monitoring Report: May 2004 - December 2006, London: Home Office.

3.8. Tenants have become more discerning and demanding

Both landlords and stakeholders were asked if they thought tenants had become more demanding in recent years. As tables 3.6 and 3.7 illustrate, opinion was divided on the subject. Eight out of the eleven landlords who thought that tenants has become more demanding in recent years operated in the student sub-market.

"Yes, they (students) have (become more demanding). They want extras like internet access, wooden flooring, quality furnishing, leather sofas and nice kitchens." (Headingley case study landlord with 175 properties)

"Students are well informed and have high expectations, every year they need new white goods and internet access and so on." (Headingley case study landlord with 60 properties)

"Yes, I agree: they (students) definitely have (become more demanding). If they have a problem they expect it solved immediately. For example, if they have a problem with a washing machine...they expect you to have trades people there at a moment's notice...but it takes three days to get an engineer out." (Headingley case study landlord with 96 properties)

"Yes, rising expectations is a general consumer pattern. Generally expectations are higher. They (students) want 24 hour access and higher amenity levels year on year. 98% of students lets have showers and central heating; 65% have washer dryers; 85% have a lounge. In terms of energy efficiency standards are higher than the owner occupied sector." (Large Headingley case study landlord)

Table 3.6: Tenant Expectations: the View of Landlords

Have tenants become more demanding in recent years?	Number of landlords
Yes	11
No	12
Don't Know	15

And six of the eight lettings who thought that tenants had become more demanding referred to students when they did so:

“We have a well educated tenant base. They know what they want and are more picky when viewing. They now expect accompanied viewing, although we find some benefits to that too as it helps rise issues...students know what they want.” (Letting agent, Headingley case study)

Table 3.7: Tenant Expectations: the View of Letting Agents

Have tenants become more demanding in recent years?	Number of letting agents
Yes	8
No	7
Don't Know	8

The most commonly cited explanation for the apparent rise in students' expectations was that fierce competition and over-supply within the sub-market gave them more choice and (bargaining) 'power':

“Students are more demanding because of the volume of purpose built student accommodation and the supply from parents buying property for their children to live in while they are at uni, means that they have a lot of choice...the market is very competitive and students have high expectations” (Headingley case study landlord with 96 properties)

“Yes, they are more demanding because there is so much (private rented accommodation) out there. They want to barter you down” (Leeds landlord with 20 properties)

It was reported by a number of landlords and letting agents that the demands of some students were unreasonable:

“But they (students) are not always reasonable. For example, they accept a property to be furnished - then they get a sofa or a bed and they demand you take it out. And we have to pay storage...But as landlords your hands are tied by the return you can get. We would like to have higher standards but we can't do it all. Rent has to cover the costs”. (Headingley case study landlord with 96 properties)

About half of landlords and stakeholders thought landlords had not become more demanding in recent years and landlords and letting agents operating in the “bottom-end” of this market were more likely to feel this way. Landlords reported that the primary concern of tenants renting in this part of the market was low rents:

"They (tenants) are more bothered about costs than standards." (Kirklees landlord with 2 properties)

"Younger couples often don't care about the condition of the property as long as it's clean, tidy and cheap, and the landlord is reasonable" (Ravensthorpe case study landlord with 9 properties)

One landlord thought tenants in receipt of Housing Benefit were even less demanding because they did not directly "pay" for their accommodation:

"They (tenants) are not demanding when they are not paying. It is cost driven...this is bad for the property." (Bradford landlord with two properties)

3.9. It appears that the standard of private rental accommodation has improved

A number of the stakeholders we interviewed, including local authority officers and letting agents, felt that quality and condition of the PRS stock in the sub-region had improved in recent years:

"Property condition has improved leaps and bounds". (Letting agent, Kirklees)

"I do inspections there (Girlington) and I'm often surprised about how good the housing is." (Local authority officer, Girlington case study)

"We were surprised how good the properties were in Girlington. Most of them were in good condition." (Local authority officer, Bradford)

Respondents attributed the apparent improvement in the condition of the PRS stock to five factors:

- fierce competition within the sector which meant 'poor' properties were likely to be unlettable

"Landlords who can't keep the standards up can't get the tenants. So they either have to put the property on the market or improve it... many have improved them." (Letting agent, Headingley case study)

"Competition in the market has forced change and raised standards." (Landlord with 140 properties, Headingley case study)

"The market is uncertain. You need high standards to stay at the top of the game". (Landlord and letting agent, Headingley case study)

- regulation, legislation and the work of local authorities' private rented sector teams

"(Property condition has improved) as a result of compliance" (Letting Agent, Kirklees)

"I think because of accreditation and our work the standard of properties has got better in recent years." (Local authority officer, Kirklees)

- the entrance of new (principally) buy-to-let landlords into the market
- landlords' desire to maximise their rental returns as *"quality produces higher rents."* As two landlords in Girlington noted:

“I want to make the property right for people. It is better to have it done. It is an investment. Some landlords don’t like it but I think it is OK.” (Girlington case study landlord with 3 properties)

“When you buy a property you need to invest to get a return.” (Girlington case study landlord with 3 properties)

Landlords also thought that the overall service that they provided their tenants had improved with a number noting that the service provided to tenants had become more “personal” in recent years:

“The landlord/tenant relationship has become more personal in recent years because there are more landlords with small portfolios who want to take care of their properties personally and have more contact with their tenants.” (Ravensthorpe case study landlord with 4 properties)

“We offer a high level of personal contact and service. We advertise the fact that we offer a community for people to belong to and we make an effort to get people together eg go out to the pub together”. (Leeds landlord with four properties)

3.10. The number of letting agents operating in the sector has grown

On the back of the growth of the PRS, the number of letting agents operating in the sub-region has grown substantially in the last ten years. A number of respondents had picked-up on this trend:

“When we started there were just two agents in Huddersfield; no one else touched it. Now all estate agents have a lettings department. There has been a boom in lettings and agents.” (Letting Agent, Huddersfield)

“It (the PRS) is a reasonably buoyant market. I think you can tell this by the number of property agents working in the market...” (Local authority officer, Kirklees)

3.11 Summing-up: Interpreting the Evidence Base

The PRS in West Yorkshire has changed rapidly in recent years as ‘new’ tenants have moved into the sector and sub-markets have changed, albeit in different ways. The sector has also grown in size and the number of landlords operating in the market has increased. A number of other important recent trends were identified:

- rent levels have increased significantly in the sub-region
- there has been a shift in the type of properties let within West Yorkshire with flatted accommodation and two bed houses becoming more prevalent
- the PRS in the sub-region has become more competitive and levelled-off
- a significant rental sub-market for ‘city-centre living’ property has emerged
- the number of buy-to-let investors in the area has grown
- the number of outside investors operating in the sub-region has increased
- the student sub-market in the sub-region has been transformed, with students being particularly demanding in terms of quality and facilities

- Eastern European economic migrant workers have moved into the sector
- there is some evidence to suggest that the overall standard of rental accommodation has improved in recent years
- the number of letting agents operating in the region has grown substantially over the last ten years.

4. Private Landlords, Local Authorities and Regulation

4.1. Introduction

The quality of the private rented sector has been a long standing public policy concern and recent legislation in the 2006 Housing Act is the latest in a long line of initiatives variously designed to raise standards, keep rents affordable and stimulate new investment. The key question is always the extent to which public agencies can and should intervene in the sector, to improve standards without at the same time triggering disinvestment, or the creation of an informal market ‘beyond the reach’ of policymakers. This chapter, therefore, explores private landlords’ relationship with local authorities, and more broadly their attitudes towards regulation.

4.2. The relationship between private landlords and local authorities

4.2.1. *Many landlords and letting agents have not engaged with local authorities*

Landlords were asked to describe their relationship with their local council. In line with studies undertaken by the authors of this report in Newcastle, North Tyneside, Gateshead, Hull, Oldham and Stoke, a sizeable minority - 13 out of 38 - reported that they had had little or no contact or with their local council (table 4.1.). The most common reason offered by landlords for their decision not to ‘engage’ was that local authorities did not offer them anything they needed:

“We are not accredited by Leeds City Council... we never applied. We’ve just been too lazy. But I don’t see the benefit to us. I know landlords who are accredited but they don’t seem to get any benefit.” (Headingley case study landlord with 140 properties)

In a similar vein, a Kirklees based landlord with approximately 100 properties felt that many landlords in the authority did not sign-up to its accreditation scheme because they did not need the grant funding that scheme potentially offered:

“I am an accredited landlord myself. But not all landlords around us will be accredited because they don’t all need the funding”

Another reason offered by landlords for not engaging was, that by doing so, they would be more ‘visible’ and therefore more likely to receive unwanted attention from the council. As one landlord put it:

“We think it’s a good idea to keep some distance from the Council.” (Kirklees landlord with 58 properties)

This comment raises the issue of under-resourced regulation and the ease with which some landlords think it can be avoided. New regulations rarely come in unannounced and it is common for more professional landlords to liaise with the regulatory body in advance to secure early compliance with new standards. This is

most straightforward where there is a strong and positive relationship with the council as a regulatory body.

Table 4.1: Landlords' Relationship with Local Authorities

Description of Relationship with the Authority	Frequency
Excellent/ Good/OK	19
Not good/ poor	3
Little or no contact with local authority/ unaware local authorities offer services to landlords	13
Did not respond	3

Some 22 of the 38 landlords we interviewed reported that they had some contact with their local council. Larger landlords and those operating in the student sub-market were more likely to have had contact as were those located in Leeds and Kirklees. Landlords' 'engaged' with local authorities in a number of ways including:

- Attending meetings/ seminars organised by local private rented sector teams
- Joining accreditation schemes
- Contacting local authority PRS teams for team for advice and support
- (in Girdlington) the inspection process.

It is perhaps worth noting that private landlords had contact with local authorities in other ways. For example, as discussed earlier, many had had contact with their local housing benefit team (see 2.4.7). In addition, some landlords had been engaged with their local council because they were housing households that the council could not find homes for:

"If they want someone housed from homeless we'll do it. It isn't a formal relationship. They just call up when they need to place one... this reflects the lack of Council accommodation and trend to get the PRS to provide. The Council provide some support and advice with these tenants, for example in relation to benefits and if there are any problems. We feel that it works well."
(Kirklees landlord with 150 properties)

"We get some requests for social housing. Whether we take them depends on the individual but we have five or six long standing tenants on housing benefit"
(Kirklees landlord with 65 properties)

Letting agents were no more likely to have engaged with local authorities than landlords, as table 4.2 reveals: 13 of the 24 letting agents we interviewed had little or no contact with their local council. Of those, all four of the letting agents interviewed in Wakefield fell into this category. When asked why they did not engage with local authorities, the most common retort from disengaged agents was that they could see little or no benefit from doing so.

Table 4.2: Letting Agents' Relationship with Local Authorities

Description of Relationship with the Authority	Frequency
Excellent/ Good/OK	10
Not good/ poor	1
No contact with local authority/ unaware local authorities offer services to landlords	13

4.2.2. Nearly two-thirds of those landlords who had engaged with local authorities in West Yorkshire enjoyed a good relationship with them

19 out of the 35 landlords who had had contact with local authorities in the sub-region reported that the relationship they had established was a good one (Table 4.1). Many landlords spoke in very favourable terms about the services provided to them by local authorities in a number of different contexts. For example, landlords in Leeds and Kirklees spoke positively about the various accreditations schemes in these areas:

"There are good relations between landlords and the local authority through accreditation.... landlords work in partnership with the local authority". (Headingley case study landlord with 175 properties)

"We have a big link (with Leeds City Council) via the accreditation scheme. It is a proper partnership. We run the schemes hand in hand and have daily contact". (Large Headingley case study landlord)

"If there is anything wrong I go and see them (Kirklees Council)... They send me letters inviting me to come and talk to them and to meetings....it (the accreditation) scheme works well." (Kirklees landlord with two properties)

Other landlords' favourable perception of local authorities was forged through the HMO licensing process:

"There is a great local authority service for multi-occupancy licenses available for houses with three or more floors and five or more people sharing. There is good advice and guidance as to the rules and regulations behind the license. The local authority's advice is careful and considerate as it takes into account the extra costs involved in getting houses up to standard for acquiring the multi-occupancy license." (Ravensthorpe case study landlord with one property)

In another case study area, Girdlington, the inspection of private rental properties by an officer from the PRS team at Bradford City Council had helped forge links between the council and local landlords. Landlords there identified a number of benefits associated with the inspection process and working closely with the council:

"Inspection was quite helpful for us" (Girdlington case study landlord with 13 properties)

"They (Bradford City Council) are always there, telling you how to improve the property in terms of energy efficiency and so on. Inspection is helpful" (Girdlington case study landlord with 3 properties)

"Xxx (an officer from Bradford City Council) has inspected every year. There is always something to do inside. Sometimes the tenants have caused the

problem. The Council give advice and I will do it. At the end of the day it is better for the property.” (Girlington case study landlord with two properties)

In Moorthorpe, the housing association responsible for leading regeneration in the area, Chevin Housing Association, appeared to have established strong links with local landlords:

“It (the regeneration programme) is going well. They (Chevin) have really helped with liaison over dumping and drugs...we work together.” (Moorthorpe case landlord with 30 properties)

“There are landlord meetings locally...I did not go to any until a couple of weeks ago. I was contacted about the walls and went into the office to sign up. The people at Cambridge Street⁹ office were very helpful. They are committed to change. If what they say they are doing happens then that is to be applauded but they need more help from the police.” (Moorthorpe study landlord with 1 property)

“The landlord meetings are very helpful. They (Chevin) are committed to change” (Moorthorpe case study landlord with 10 properties)

4.2.3. A small minority of landlords reported having a difficult relationship with their local authority

Only a small minority of landlords felt that they had a difficult relationship with their local council: 3 of the 38 landlords we interviewed felt this way: this compares to 9 of 40 landlords we interviewed in Hull. However, a greater proportion of landlords identified areas where the landlord/authority relationship could be improved and were critical of the council:

“They keep us informed but it is not a partnership. They want us to be involved up to a point but often they have already made the decisions” (Moorthorpe case study landlord with 30 properties)

“They (Kirklees Council) came out but haven’t done much. They send leaflets and letters with updates.... it is not really helpful. They don’t seem to know much more than what is in the booklet. They are just office people”. (Kirklees landlord with 2 properties)

“Landlords are just learning from each other. No one at the council knows what to do. No one has done anything about it. They’ve got their heads in the sand.” (Headingley case study landlord with 300 properties)

However, a number of landlords acknowledged the difficulty of the task faced by local authorities and the resource constraints they faced:

“We have contact with them (Leeds City Council’s PRS team) through seminars and they come and talk to the landlords association. But they don’t really have enough time or enough answers. The problem with new legislation is that no one knows the answers and the local authority officers don’t have time to develop and understanding of the issues faced by landlords and agents.” (Leeds landlord with 300 properties)

⁹ Cambridge Street is the location of Chevin’s neighbourhood office in Moorthorpe.

“We don’t get any support! They (Leeds City Council) can’t even deal with their own tenants! They are understaffed, just trying to follow the legislation as best they can”. (Headingley case study landlord with 295 properties)

“The Council does not have the resources to chase up landlords who don’t apply (for accreditation).” (Leeds landlord with 60 properties)

4.3. Attitudes to Regulation

4.3.1. Many Landlords are hostile to the regulatory framework imposed on the PRS

Many landlords feel that regulatory framework in the PRS is too skewed in the favour of tenants. Many were unhappy about the regulatory framework imposed on the PRS by the Government, which they felt treated landlords unfairly:

“People become landlords as a way of investing in their future and the government then sees this as a way of making money. It makes me angry.” (Ravensthorpe case study landlord with one property)

“I am more annoyed with the Government over licensing. Leeds (City Council) have been helpful.” (Leeds landlord with 200 properties)

“Politicians go into power for their own gain and not to help the working man. Just look at xxx (a former leader of the Labour Party). He was waving the red flag from day one and now he’s a bloody multi-millionaire. They regulate the sector for their own gain. Don’t listen to politicians they’re all bloody liars.” (Ravensthorpe case study landlord with one property)

However, most landlords recognised that there was a need for regulation in order to control the “behaviour” of problematic, disengaged landlords:

“They are concentrating too much on landlords who comply. They need to follow up on those who are avoiding the regulations and not engaging.” (Headingley case study landlord with 175 properties)

“Regulation is all well and good if they are implemented with common sense and aimed at the right people.” (Calderdale landlord with 65 properties)

But one landlord was not convinced that regulation would modify the behaviour of “problem” landlords:

“Whether recent legislation will weed out the bad elements remains to be seen.” (Kirklees landlord with 100 properties)

The charge of ‘over regulation’ is a recurrent refrain from some landlords, although others might argue that this is an overstatement in itself. Fire safety, gas safety, heating and hot water, a regime of legal management practices, and general fitness standards are, one might argue, reasonable aspirations for responsible landlords, tenants and regulators wanting to ensure a healthy and prosperous PRS. Where the balance should lie between regulatory effectiveness, on the one hand, and the need to let the market ‘breathe’, on the other is at the centre of most debates about the operation of the sector.

4.3.2. Some landlords were unhappy about the introduction of HMO Licensing

Some landlords we spoke to who operated in the student sub-market were unhappy with HMO licensing regulations which they perceived to be unreasonable and overly onerous. The view of one landlord was typical of many:

“For what they require I will have to increase the rent by 20%... doing the electric, gas, fire, alarms is all hassle. Work may need doing and if we don't get a grant I will demolish and redevelop the site. I am still waiting to see what is needed.” (Kirklees landlord with 18 properties)

Smaller landlords appeared to be particularly hostile to the introduction of licensing. A landlord with a large portfolio argued that this was because they could not ‘afford’ to improve their properties:

“Smaller landlords can't absorb the costs (of modifying their properties to meet licensing regulations). If they have to lose bedrooms that will effect yields and squeeze profits.” (Larger Landlord, Leeds)

Some landlords would seek to circumvent the regulations by modifying their stock while others planned to disinvest from the sector:

“Some landlords may have dropped out of the market or reduced their bed spaces to get round it. You can expect both a change in the stock portfolio of landlords and the emergence of an unregulated sub market: those who play ball get hit hardest.” (Leeds landlord with 60 properties)

“There will be some shuffling of investment and some fall out because of the hassle of regulation.” (Leeds letting agent)

4.3.3. Some landlords were hostile towards the introduction of the Tenancy Deposit Scheme

From April 6th 2007 landlords have been required to protect the deposit of ‘new’¹⁰ assured shorthold tenants as part of the Government-backed Tenancy Deposit Scheme. Landlords must protect their tenants’ deposits using one of two schemes: a *custodial scheme*, where the landlord or agent pays the deposit to the scheme; or an *insurance scheme*, where the landlord or agent keeps the deposit but pays insurance premiums to the scheme.

Many landlords expressed concern about the Tenancy Deposit Scheme and were unhappy about its introduction:

“It (the Tenancy Deposit Scheme) is an ill conceived system designed to control landlords. They are trying to control the wrong ones... the unscrupulous ones will duck it....the figures on unreasonably held deposits from Shelter and CAB are skewed. Often tenants disappear without paying a months rent.... I'm not sure we will be able to get that back.” (Leeds landlord with 60 properties)

“On 6th April they (the Government) are bringing the Bond scheme in. I'm unhappy with that because we will loose control of our bond...once landlords have experience of not being able to cover their costs, I am not sure what will

¹⁰ This scheme defines ‘new’ tenants as those who took- up a new tenancy after 6 April 2007 or those who had been given a new tenancy agreement by their landlord on or after that date.

happen. It is going to be loads of hassle. They need to re think it.” (Kirklees landlord with 42 properties)

“If the system is run fairly it is ok. But in a dispute the landlord always ends up picking up the pieces. It needs to be fair but I’m not sure it will.” (Girlington case study landlord with 3 properties)

While most landlords reported that they would (begrudgingly) have to “accept” the scheme, others reported that they would not. For example, one landlord reported that he would circumvent the scheme by asking for two months rent in advance:

“I plan to get round it (the Tenancy Deposit Scheme) by taking two months rent in advance and by charging a tenancy set up fee. I won’t then need to take a deposit.” (Leeds landlord with 60 properties)

Another landlord from Moorthorpe with six properties reported that he would “just ignore” the scheme while a larger landlord with 30 properties in the same area noted:

“I have never taken anyone on the rent deposit scheme and I never will.”

4.3.4. Unlike their counterparts in Hull, few landlords in West Yorkshire appear unhappy with the Local Housing Allowance

The housing benefit claims of claimants in the PRS are usually paid directly to landlords. However, subject to the approval of the Welfare Reform Bill, this will change with the introduction of the Local Housing Allowance (LHA) in March 2008, when housing benefit will be paid directly to private rented tenants. The initiative has been piloted over a two year period in nine pathfinder authorities. (DWP, 2007)

A recently completed study by Peter Kemp and colleagues for the Joseph Rowntree Foundation found that most private rented tenants “with few exceptions... preferred the HB payments arrangement that they currently had” (Irvine *et al*, 2007, p1). Landlords operating in the housing benefit sub-market in our sample shared the same view.

A number of landlords in Hull expressed serious concerns about the introduction of LHA and were strongly opposed to the initiative. It was noted that the impact of the initiative was already being felt on the local PRS as many landlords were looking to leave the housing benefit sub-market:

“The housing benefit market: everybody’s steering away from that. There are more and more ads in the paper saying “no DSS” because of the changes to the payments (LHA) that are coming in. It (LHA) is going to cause total havoc. We’re giving clients two months notice if they’ve got tenants on housing benefit now because it’s going to be too much of a nightmare to deal with. Everyone’s getting out.” (Large Landlord and Letting Agent, Hull)

However, landlords in West Yorkshire did not report that LHA was an issue for them and it was not a subject that arose spontaneously in interviews with them.

4.4. Summing-up: Interpreting the Evidence Base

The key messages to emerge from this chapter are:

- as we have found in similar studies we have undertaken, there is a significant proportion of landlords in West Yorkshire who do not engage with local authorities. And it is doubtful that some landlords will be ever be persuaded to do so
- of those landlords who had had contact with their local council, nearly nine out of ten had enjoyed a positive experience and talked favourably about their relationship with it
- a small minority of landlords reported that they had a difficult relationship with their council
- landlords felt that the regulatory framework imposed on them by the Government was skewed in favour of tenants
- some landlords were unhappy about the introduction of HMO licensing
- many landlords were unhappy about the introduction of the Government-backed Tenancy Deposit Scheme
- Unlike their counterparts in Hull, landlords in West Yorkshire did not seem unduly concerned about the introduction of the Local Housing Allowance.

5. The Future of the PRS in West Yorkshire

5.1. Introduction

Accurately predicting the future development of the housing system is a notoriously difficult task and attempts to do so have often met with failure (see, for example, the reviews of previous accounts by Malpass and Cairncross, 2006 and Cole, 2006). The most important reason for this is the complexity of the housing system in the UK and its response to broader political, social, economic, and cultural processes. It is especially difficult to anticipate new market trends - for example, someone predicting the future of the PRS in this country in 1992 could hardly have foreseen that the erosion in the value of pensions would be one of the principal triggers behind the emergence of a significant buy-to-let phenomenon in this country.

The future development of the private rented sector is particularly difficult to predict, because the sector is characterised by diversity, dynamism and fluidity, and prone to volatility as a result of social and economic pressures. For example, a relatively small increase in interest rates could undermine the financial viability of many landlords, and a downturn in the economy could see lenders cutting back on their exposure in the PRS, thereby putting a check on the engine that has been behind the recent resurgence of the sector.

It is in this light that the views of many commentators about the future of the buy-to-let sector should be viewed. Despite warnings that the buy-to-let market is over-saturated and likely to contract, the sector has continued to grow (Jones and Collinson, 2007). The authors of this report have also suggested that city centre private rented markets in many parts of the north of England are likely to suffer a significant downturn, and possibly 'crash', yet to date this has failed to happen (Hickman *et al*, 2007b). As ever, much will depend on the relative attractiveness of alternative outlets for investment growth.

On a more optimistic scenario, Mintel (2007) has predicted a rise in the annual growth of BTL to 550,000 per year (which would exceed new supply by nearly 400,000 a year and thus occur by expansion into the owner occupancy market). This would approach half the annual housing transactions in the UK. This growth will occur because of the perception that the opportunities for wealth gains are still positive. At this level of activity BTL makes its own market.

Notwithstanding the vagaries of predicting the future of the sector, it is possible to offer some cautious thoughts about how the PRS in West Yorkshire may develop. The key elements in our own assessment are the attitudes, perceptions and decisions of landlords, as they will drive the future of the sector in the sub-region. The decisions of potential investors will be crucial, even if they are based on speculation, hunch or debatable financial logic.

5.2. The Future of the PRS

5.2.1. Most respondents were positive about the future of the PRS in West Yorkshire

As table 5.1 shows, most landlords were upbeat about the future of PRS in West Yorkshire: 23 out of 38 landlords thought that the market would remain buoyant. The views of the following landlords were typical of many:

“The market will get stronger. As house prices rise there will be an increasing demand to let” (Wakefield landlord with 83 properties)

“Demand will remain strong. Prices are rising and people are coming into Halifax.” (Calderdale landlord with 29 properties)

“As house prices rise it should stay buoyant. It is as good now as it has ever been. I could let more”. (Calderdale landlord with 65 properties)

“There will still be growth. They (landlords) have done well out of the rising market.” (Kirklees landlord with 65 properties)

Table 5.1: The Future of the PRS in West Yorkshire: the views of Landlords, Letting Agents and other Stakeholders

Respondents' view on the future on the Future of the PRS	Landlords	Letting Agents	Other stakeholders
Buoyant	23	15	8
More difficult/ depressed	9	7	3
Don't Know	6	2	4

Most letting agents and ‘other’ stakeholders also thought that the market would remain buoyant: 15 out of 24 letting agents felt this way as did 8 out of 15 ‘other’ stakeholders:

“Overall I'd say the market was still pretty buoyant and I think this will continue to be the case in the future.” (Local authority officer, Bradford)

“There will be growth in the market. There are opportunities for growth.” (Bradford letting agent)

A number of respondents, both landlords and stakeholders, were particularly upbeat about the future of the lower value sub-market in the sub-region:

“There is some space to grow in the more general market, especially Beeston and at the lower end.” (Headingley case study landlord with 140 properties)

“I think the bottom-end of the market will be fine and I'm not worried about it” (Local authority officer, Wakefield)

“People who live here (Halifax) are on low wages. People with education move out... all we keep is low wage earners. Manual workers stay and there is overcrowding. If they can't get a council house they would look to the private rented sector. So there will always be demand for affordable private rented housing.” (Councillor, Calderdale)

The likely future buoyancy of the lower-value sub market was reflected in the numbers of investors who were looking to invest in it:

“The investment market is still buoyant for properties below £100,000. There are lots of investors clamouring for smaller terraces. That has fuelled the price increase from £70 to £80k and slowed access down for first time buyers” (Moorthorpe case study landlord with 20 properties)

5.2.2. Some respondents were less optimistic about the future of the PRS and there was a consensus amongst all respondents that the market would continue to level-off

Nine landlords, seven letting agents and three other stakeholders thought that the PRS in West Yorkshire would become more ‘difficult’ in the future:

“The rental market will shrink. Agents will be squeezed. Landlords will have to put up with lower yields” (Kirklees landlord with 150 properties)

“I think the market is going to get more difficult....some landlords will start to sell-up if the housing market stalls and there is an under-current about what might happen to the market...and I know that some (landlords) are getting a bit twitchy about what might happen to the housing market.” (Local authority officer, Leeds)

And even amongst those respondents who thought that the sector would remain buoyant, there was a belief that the market would be less buoyant than it had been and that the market would continue to level-off.

“The whole (PRS) market is reaching a plateau.” (Moorthorpe case study landlord with 6 properties)

“From a business point of view we are hoping for continued growth but there is a serious danger of saturation. Having said that, people have been saying that for years and it hasn’t happened yet.” (Wakefield landlord with 500 properties)

“Prices have peaked in Leeds... there is still a bit of trend to buy but not amongst experienced landlords.” (Headingley case study landlord with 300 properties)

“It (the PRS market) is becoming saturated in Armley now. But it is still fairly buoyant. We are not thinking of buying again for a couple of months just because we are consolidating our debts.” (Leeds landlord with 4 properties)

Respondents who were concerned about the future of the PRS in West Yorkshire were concerned that the “numbers” would not “stack-up” for landlords in the future, an issue, that as noted in Chapter Three, already appeared to be an issue for some landlords in the sub-region.

“Property is selling at the asking price so there is not much scope for getting a bargain. Cheaper property needs a lot of work. Sellers don’t want to negotiate. Banks will only give 65% mortgage on buy-to-let. It is a problem now because rents won’t cover the costs. I don’t see this changing.” (Bradford landlord with 3 properties)

“Rents are not keeping up with growth in capital values. Rents have risen by 2% while capital values have doubled in 10 years. This is a problem for someone trying to get into the market.” (Large Leeds landlord)

One landlord thought the numbers only stacked-up if the investor has significant capital:

"They (new landlords) can't buy and let and make a profit without considerable capital up front." (Calderdale landlord with 65 properties.)

And there was a concern that rising interest rates could squeeze landlords' yields further:

"I expect more interest rate rises...there may be a market crash. That would effect landlords too" (Bradford landlord with three properties)

5.2.3. Many respondents were concerned about the future of the city centre and student sub-markets

Many landlords and stakeholders were concerned about the future of the city centre living and student sub-markets:

"The sector will continue to expand but I think there will be an issue in the city centre and student markets..." (Local authority officer, Leeds)

Both landlords and stakeholders thought that too much city centre living accommodation had already been built and were concerned about the impact of future developments. There was a concern that over-supply would become a major problem in many city centre living sub-markets in the sub-region, and especially in Leeds:

"The city centre (of Leeds) will be the slums of the future and I think there is going to be an awful lot of empty property...." (Local authority officer, Leeds)

"Leeds has done better because it has a strong economic base and good regeneration locally. There is strong investment potential in Leeds although it is a bit over done now. What they have bought off plan won't stack up in letting... they won't be able to let some of it." (Leeds letting agent)

"There is an over supply of new build flats... expect to see them back on the market for sale. The Old Church re-development locally has not been fully let in three years!" (Kirklees landlord with 150 properties)

"I think that developments like Listers Mill will have problems... there's a mill conversion happening in Shipley... but I simply don't know who is going to live in these type of properties" (Local authority officer, Bradford)

In addition to growing numbers of empty properties, many respondents felt that rents would fall in city centre living developments:

"There may be a dip in rental prices because of the over supply (of flatted accommodation). Landlords are becoming aware of this. It is coming to the point in some areas where it is difficult to get a rent to cover the mortgage. It is mainly in the flats. I know of some landlords who have taken a rent that has not covered the mortgage. They hope that as property prices continue to rise rents will follow once the whole development is let." (Wakefield landlord with 83 properties)

However, not all landlords were concerned about the future of the city centre living sub-market and one we spoke to was convinced that the market would continue to be buoyant:

“There are opportunities for growth in the city centre professional market here (Shipley). We are only 25 miles from Leeds and Leeds is now saturated”. (Bradford landlord with 1 property)

A number of respondents across the sub-region expressed their concern about the future of the student-sub market:

“As I mentioned before, we’ve got concerns about the future of the student market and its contracts... what impact this will have on other markets?” (Local authority officer, Kirklees Council)

“The student market in Leeds has reached capacity.” (Headingley case study landlord with 140 properties)

There was particular concern amongst stakeholders in Leeds about the future of the city’s student sub-market centred on Headingley:

“The Headingley market is over-priced because of the student market... there is a lot of uncertainty in the market. It’s a fairly separate market but a big market. It’s definitely over-valued and there is going to be a big adjustment. And I’m not sure who’s going to want to buy student houses in Headingley as they’ve all been converted.” (Local Authority Officer, Leeds)

However, landlords that took part in the landlord focus group in the area were upbeat about the future of the rental market in the neighbourhood and did not foresee it experiencing any problems in the future:

“This is THE student area in Leeds so it will be fine... students will always want to live here. I don’t foresee any problems...other areas could struggle a bit.” (Large landlord, Headingley case study)

“I don’t have any problems letting my property and I don’t see things changing in the future” (Large landlord, Headingley case study)

In Bradford and Kirklees there was some concern about the impact of purpose-built new built accommodation on the local student sub-markets.

“The big threat is purpose built student accommodation...with the expected increase in university provision and more competition this could have a big impact on our operations....I see a lot of university land cleared and ready for new Halls.” (Bradford landlord with 1 property)

However, in Leeds most landlords were unconcerned about the impact of new built purpose accommodation on their operations because they believed that most second and third year students would prefer to live in a house in a student area. Students who attended the tenant focus group in Headingley appeared to back-up this assertion:

“I don’t want to live in a flat. I want to live with my mates in a house....And we want to live ‘round here (Headingley) because it’s studentville.... it’s where all my mates are... and where the pubs are... and the new flats are miles away...I don’t want to live in the city centre.” (Student, Headingley case study)

"I think the new flats are for freshers and I'm sure they're fine...But I wouldn't live in one. Forgetting where they are located, I want to be in a house."
(Student, Headingley case study)

As will be explored later in this chapter (in 5.2.6.), it appears that some student landlords will seek to invest in other sub-markets.

5.2.4. There was some concern about the future of buy-to-let/ "amateur" landlords

As noted earlier, there was a general consensus amongst respondents that the market had levelled-off and things were becoming difficult for landlords. A number of respondents, both landlords and stakeholders, observed that if things became very difficult and there was a "blip in the market" it was smaller landlords, particularly those funded through buy-to-let funding, who would feel the pinch most. There was a feeling that only larger landlords, who more likely to have significant levels of equity, could afford to ride out any down-turn in the market:

"It is about affordability. If you have equity you can still undercut in the market."
(Leeds landlord with 60 properties)

"Rising interest rates will force people to leave the lettings market...some with equity may be able to hang on. But if the mortgage is killing you then you have to get out." (Letting Agent, Kirklees)

"Property selling for £302k last year in Headingley is now selling for £285k and may fall further. Some landlords will ride it out: others can't afford to."
(Headingley case study landlord with 300 properties)

So many respondents were about fearful about the future of buy-to-let landlords and the buy-to-let market as a whole:

"The market will always be there but the buy-to-let market will dampen."
(Headingley case study landlord with 300 properties)

"Buy-to-let landlords are struggling already now and another quarter per cent rise in interest rates would create problems for some landlords." (Large Headingley case study landlord)

5.2.4. Some landlords were uncertain about the future of the PRS and generally were not well informed about developments in the sector

6 out of 38 landlords did not know what the future of the sector would be, as table 5.1 shows. This is perhaps not surprising as many landlords appeared to work in 'isolation', had little contact with other landlords and appeared to know fairly little about key developments in the city's housing market, especially in Bradford, Wakefield, and Kirklees. The relatively amateur nature of the PRS may become a threat to the longer term sustainability of the sector. There can, after all, be few areas of business with control of such huge assets where a significant proportion of operators have little understanding of wider markets or regulatory standards. The scale of activity can encourage 'herd' behaviour at the expense of professional evaluation, but if there is a move in a different direction for no obvious reason then all landlord investors will suffer.

5.2.5. Some landlords will diversify into new sub-markets and new geographical areas

Some of those landlords who were concerned about the future of the sub-markets they were operating in reported that would seek to diversify their operations into other sub-markets. For example, a number of student landlords we spoke to, particularly those with properties subject to report HMO licensing regulations, reported that they would be doing this:

“Some landlords may drop out of the market in those (student) areas. Others may restructure their portfolio. So a two bed back to back property that they converted to a five bed student house may have to be refurbished for the professional market or asylum market”. (Large Leeds landlord)

“Expect the bigger landlords to start moving into commercial property and buying abroad to avoid regulation...Licensing may impact on the bottom end of the market. Some landlords may reduce their property portfolio. Others may reduce the number of beds in their property so they can avoid HMO licensing. There may be a glut of four bed properties. Some properties may have to have their layout redesigned.” (Headingley case study landlord with 300 properties)

“We may see some change in structure of the market as a result of licensing, switch from the student to the professional market...There will be some shuffling of investment and some fall out because of the hassle of regulation.” (Large Headingley case study landlord)

And some landlords may move into new geographic areas:

“There isn’t much opportunity for investment in Leeds. So we are looking at other areas out of the city, such as Halifax, to get a bargain. There isn’t enough on the market to get a bargain here (Leeds) and what does come up is too expensive”. (Leeds landlord with 20 properties)

A number of respondents were concerned about the impact of diversification on the ‘recipient’ sub-market/ geographical area:

“We’re concerned that some student landlords will sell-up, with this property going back into the owner-occupied sector. But some may go into the housing benefit market, which may have an affect on this market.” (Local Authority officer, Kirklees)

5.2.6. Respondents identified several factors that would help sustain the sector

Those respondents who were positive about the future of the PRS in West Yorkshire identified a number of factors that they believed would help sustain it in the future. These included:

- the relative lack of affordability of home-ownership
- the continued popularity of the sector with A8 migrants
- the long term commitment of many landlords to the market
- the ‘commitment’ of lenders and, to a lesser extent, the Government to the sector

A number of landlords thought that relative unaffordability of home-ownership would continue to make the PRS attractive to many tenants. The views of four landlords were typical of many respondents:

“People can’t afford to buy. Rent is half what they would have to pay for a mortgage on the same house.” (Girlington case study landlord with 6 properties)

“In general, property prices in the city make it difficult for younger people to get on the ladder. It forces them to rent for a while”. (Leeds landlord with 96 properties)

“Yes, there is still a big demand out there. Not everyone can afford a mortgage” (Large landlord, Leeds)

“There will still be growth. They (landlords) have done well out of the rising market. People can’t afford to buy so they need to rent...letting used to be seen as a stigma, for people who can’t afford to buy. That is less so now. For many people it is a stop gap before they buy.... others will pay £700 per month because they need the flexibility of renting.” (Kirklees landlord with 65 properties)

The continuing (and growing) popularity of the PRS with economic migrants from Eastern Europe was another factor that many respondents thought would boost the sector in the future:

“New markets are opening up (in the PRS). For example, we’re seeing a lot of migrant workers moving in”. (Large Headingley case study landlord)

“The growth market is foreign workers. They want Holbeck prices not city prices” (Leeds landlord with 300 properties)

“Leeds is a vibrant city and a strong economy. House prices are still rising and there has been an influx of Eastern Europeans. They will be a new market, especially in Beeston Hill and HareHills. That (the economic migrants sub-market) is a growing sector for the future, one we really haven’t touched that yet”. (Large Headingley case study landlord)

Landlords in the two case studies areas which had already seen the movement of A8 migrants into them, Girlington and Moorthorpe, were confident that this trend would continue:

“I expect to see increased demand, especially from the Polish workers.” (Girlington case study landlord with 6 properties)

“I expect continued growth in migrant families. Initially they came as single men. Now their families are joining them. They want to move on to better houses as they settle as families...Demand is still strong from migrant workers.” (Moorthorpe case study landlord with properties)

A number of landlords and stakeholders noted that many landlords, particularly those with larger portfolios, were committed to the sector. Being a landlord was their occupation and, if they could, they would be prepared to “ride-out” any blip in the market:

“They (landlords) are in it for the long term even though many are finding it difficult with increased mortgage rates and yields being squeezed.” (Letting agent, Kirklees)

“Property prices are prohibitive for new landlords and you need to be in it for the long term....I am.” (Leeds landlord with 96 properties)

And one respondent, echoing the views of many others, believed that the ‘commitment’ of lenders and, to a lesser extent, the Government to the sector would also help to sustain it:

“One thing that I think will get the market going is lenders, because they are so desperate to lend...they’ve got targets to meet so they keep lending. There is so much riding on the sector that I think it will be OK...The Government wants it work, landlords want it to work so I think it will be OK... and if enough people think it will be OK then it will...It becomes almost self-prophesising.” (Local Authority Officer, Bradford)

5.3. Summing-up: Interpreting the Evidence Base

The future development of the PRS in West Yorkshire will be largely shaped by wider regional national and international trends rather than purely local factors. Wealthy individuals looking for investment opportunities (often fuelled by releasing equity on their own homes) have fragmented and spread the market very rapidly. They will seek (or be advised to move into) areas where yields are greatest (Wales, for example, is the latest ‘hot spot’). There is a tidal wave of money coming into the housing market, and whether this forms into a flood, or a trickle, of new investment depends on events, conditions and perceptions outside the sub-region. Predictions about the future of the PRS in West Yorkshire are therefore inevitably hazardous, especially given the uncertain climate within the international financial system which has emerged since the data collection element of the study was completed. However, the following suggestions can be made from the evidence:

- in the *short term*, it is likely that the sector in the sub-region will continue to grow in size. The market is likely to remain moderately buoyant overall, although recent slowing of growth will continue, as landlords’ yields are squeezed by increasing property prices and static rents
- the PRS is likely to be sustained in the short term by:
 - the relative lack of affordability of home-ownership in the sub-region
 - the continued mobility into the sector by A8 migrants
 - the long term commitment of many landlords to the market
 - the ‘commitment’ of lenders and, to a lesser extent, the Government to the sector
- in the *short term*, the relative affordability of home-ownership and the continuing movement of Eastern European economic migrants into the sub-region will mean that the “lower value” sub-market is likely to remain relatively buoyant. However, *if* house prices within the sub-region stagnate or decline, *if* interest rates fall and *if* the UK changes its approach to A8 economic migrants, then the long-term future of this important sub-market is less certain
- in the *long term*, the PRS market in the sub-region is likely to slow as landlords’ yields are eroded by rising house prices and fierce competition brought about by the over-supply in some parts of the sector. In some sub-markets, this trend is likely to take the form of a major downturn and we have serious concerns about

the long term future of the city centre sub-market, particularly in Leeds. It is likely that the problems that have already emerged in the sub-market, such as high vacancy rates and falling rents, will become more acute. There will be increasing purchase off-plan and retention of units without letting in the market at all, creating high vacancy rates in the sector. *When* (not if) the downturn occurs, two key issues will be the size and severity of the “adjustment” – i.e. how far will house prices and rents fall? – and its impact on other sub-markets: i.e. will there be a “ripple” affect so that other sub-markets will also be affected by the downturn?

- there are also some question-marks about the future of the student sub-market, particularly in Leeds. While this sub-market is undoubtedly being affected by the growth in provision of purpose built student accommodation, it is likely that demand for student accommodation in the city’s principal student sub-market, Headingley, will remain robust. However, the market is likely to remain highly competitive and some landlords, particularly those with smaller portfolios, may leave the sector
- in the *long-term* it is likely that many landlords, particularly those with smaller portfolios funded through buy-to-let funding, will leave the PRS as their yields are denuded. Some may encounter serious financial difficulties. The numbers of buy-to-let funders entering the market is likely to fall as the problems in the city centre living market become more apparent. Larger (equity rich) landlords are more likely to ride out any downturn in the market
- some of those landlords working in “difficult” sub-markets in the sub-region, particularly those with larger stocks, will diversify into new sub-markets and geographic areas. This may create problems in the sub-markets/ areas they move into as over-supply becomes an issue.

6. Policy Lessons and Recommendations

6.1. Introduction

This chapter reflects on the analysis presented earlier and seeks to tease out the key policy messages to emerge from the study. It identifies a number of key learning points and then suggests some recommendations for policy makers and practitioners working with private landlords in West Yorkshire. The purpose of the underlying approach and the more specific recommendations is to ensure that West Yorkshire local authorities encourage the development of a well regulated, professionally managed but also vibrant PRS, of benefit to inward migrants and existing tenants, to landlords (through expanding their market and protecting their assets), and therefore to the sub-region and its economy. A poorly managed and unregulated PRS is an unsustainable one.

At Project Steering Group meetings and at other points of the research we have referred to the unpredictability of the PRS and related markets. Instead of “predictive” analysis of data we suggested some scenario planning based on possible future trends. The validity of this approach has been exemplified in the very rapid changes now taking place in the housing market and particularly the segments related to Buy-to-Let and investment activity.

Firstly, the fallout from the as yet obscurely connected US sub-prime and Northern Rock crisis has initiated a review within the lending sector about levels of risk in relation to the real value of the asset base. Three major industry changes will impact on the price mechanism and affect the attractiveness/feasibility of home ownership and investment acquisition/landlordism.

- i. more stringent loan conditions and valuations are exposing purchasers and prospective purchasers to the early warnings of over valuation of the property market. *The Financial Times* (16th October 2007 p3) reports mortgage application refusals up 60% since March mainly affecting “riskier borrowers”. Lenders are also seeking more reliable (perhaps second hand sales) valuations on new property rather than the developer driven valuation
- ii. two days later on 18th October the *Financial Times* reported significant reining in of the BTL funding stream. “Since July, 991 BTL mortgage products aimed at sub-prime customers have been withdrawn...In prime BTL mortgages 438 products have been withdrawn.” In total the article refers to, an overall 40% reduction on products available. This will clearly tighten the active market considerably
- iii. a range of small stories (e.g. Morris Properties in Leeds) where perhaps hundreds of people are finding their investment dream is turning sour as resale values for their investment properties are little more than half what they paid only months before. Some cannot sell at all. Others have bought to let and can’t attract tenants.

The simultaneous convergence of these problems on particularly vulnerable markets or locations (students, city centres) may lead to rapid change and possible spillover into prices in the wider housing market. The current and presumably temporary

combination of the reduced confidence of buyers/lenders and the high aspirations of sellers has led to significant short term falls in mortgage lending. The medium term effects of this are unpredictable at this stage but it is likely there will be significant impact on the PRS in terms of reduced rate of growth or even local level decline and perhaps an increase in empty property problems as landlords seek withdrawal from the business.

However, this is current change that should be interpreted in light of the evidence presented in the report and the key learning points below.

6.2. Key Learning Points

The PRS in West Yorkshire is a diverse and fragmented sector. At a spatial level, it comprises a number of distinct and disconnected sub-markets, and the characteristics of landlords operating in the market vary greatly - in their background, their approach and their experiences of working with local authorities. The major challenge for policy makers and practitioners working in the sector is how to recognise and respond to this diversity: this challenge is made more difficult by the resource constraints they face.

As noted earlier, the project team have undertaken a parallel study of the PRS in Hull. It is therefore perhaps useful here to reflect a little on the similarities and differences of the PRSs in the two areas, and to compare and contrast the key findings to emerge from the studies.

A number of common themes emerged in both studies:

- the sector has grown in both areas in recent years on the back of the buy-to-let phenomenon
- both markets are undergoing an unprecedented (in recent times) period of rapid change
- there is considerable uncertainty about the future of the PRS in both areas; and
- the student sub-markets in both areas have been transformed in recent years.

However, a number of differences between the two areas can be identified:

- to date, Hull has not experienced the city-centre living 'boom' experienced in many parts of West Yorkshire, most notably Leeds, and the PRS in Hull's city-centre is relatively small and undeveloped
- Hull has relatively few 'capital only' investors, unlike West Yorkshire where this type of investor is a significant feature in the city centre market in Leeds
- while the student sub-market in Hull appears to be relatively buoyant and stable there are question-marks over the future of this type of market in some parts of West Yorkshire, with the sub-market in Leeds being particularly problematic
- compared to West Yorkshire, Hull has relatively few BME landlords and tenants
- the introduction of LHA is a much 'bigger' issue in Hull than in West Yorkshire: in West Yorkshire the Tenancy Deposit Scheme was of greater concern for landlords
- because of the geographic isolation of the city, the PRS in Hull is more 'insulated' against any downturn in the market than the PRS in West Yorkshire. This is because it is relatively difficult for those Hull based landlords who are intent on managing their own stock to 'take their business elsewhere', as the city

is geographically detached from other major urban PRS markets. However, West Yorkshire landlords can relatively easily move their business from one geographic market to another, whether that be within the sub-region or to another area.

Below are six major learning points from the research that we believe have policy implications:

- i. it seems clear that the combined PRS/BTL/investment activity over the past ten years has impacted on new housing supply. This is reflected in the predominance of flats against houses in certain key markets (e.g Leeds). This change also illustrates the power of this market segment to affect wider market and supply conditions. These effects could be moderated through planning controls
- ii. the PRS is a huge, and growing, business sector with importance to the local economy beyond housing supply. However the evidence indicates it is also increasingly amateur. This is not meant in a pejorative sense but simply reflects the fact that there are many new landlords for whom renting is not their main source of income and they are very new to the game. There are issues here of regulation and support even if the main aim of this is to ensure quality of treatment and outcomes for tenants
- iii. following on from ii) above, there is evidence of a mobile user population. This partly reflects customer demand (new and smaller households having different demands/needs) but also reflects insecurity of tenure that may impact negatively on the fastest growing user group, single parent households and their children
- iv. landlord and agent understanding of “the market” seems very local and partial with “confidence” being a key, but nebulous, ingredient supporting continued expansion
- v. there is hard and soft evidence relating to oversupply in key markets or locations. This may create problems for empty homes management policies within and across local authorities. Empty homes may reflect a market judgement on the level of supply in a particular area. They may also be empty as a result of investment strategy and therefore represent a disconnection between supply and demand. Either way, local authorities have powers that can help maximize the use of housing stock
- vi. given that points iv) and v) above demonstrate the weakness of market knowledge there is a key role for local authorities as monitoring agencies tracking market trends locally and local impacts of national trends. We make recommendations for this below.

6.3. Policy Recommendations

The recommendations here have been presented in interim reports and discussed at earlier presentations. Where necessary they are elaborated for clarification. They relate primarily to support and intervention mechanisms and proposals for monitoring/tracking change in the local market.

6.3.1. Support and Intervention

1. continue to develop joint working with the PRS and develop consistent approaches across authorities to help landlords serving several local markets. Issues here relate to establishing and demonstrating the benefits of accreditation to landlords and tenants, and to create a consistent and viable “market” for the accreditation scheme across West Yorkshire. Consistent

approaches should also be applied to specific problems such as empty property (7 below)

2. work with landlords on support and enforcement functions at the neighbourhood level. This could explore the balance between incentives and compulsion on aspects of regulation and standards. Our belief here is that professional landlords have a vested interest in a PRS that is of good quality with high management standards. Identifying, pursuing and enforcing those standards will improve their business and their competitive edge. An unregulated market undermines their interests and tenants' interests to the detriment of neighbourhoods, towns, and cities. Several project participants spoke of the benefits of intensive area based activity such as Bradford City Councils' highly successful inspection programme in Girlington
3. ensure good links with the PRS on Housing Benefit prior to the roll out of Local Housing Allowance. Good links on policy and practice changes in PRS related activities help establish the credentials of the local authorities as facilitators and partners of the PRS that serves their area
4. work with other PRS stakeholders (such as Building Societies) to encourage landlord membership of accreditation schemes and professional bodies and training updates etc. Building Societies particularly may be keen to act after recent events. Where their lending supports the PRS the dependability and professionalism of the sector helps to protect the lenders' asset base. Also the lenders may be willing to share data to help local authorities regulate bad practice or identify fraud
5. despite the recent market for new property in the PRS, the sector overall has a lot of pre-1919 property that may need investment for maintaining standards and energy conservation targets. Investment benefits low income tenants as much as landlords so targeted investment can be justified. Authorities may want to try to link this to leasing schemes (through housing associations) to ensure long term rental supply through their investment
6. consider contingency planning for the possible impacts of market collapse and investor landlord withdrawal from the sector (impact on tenants without security). One aspect of this could be the preparation for leasehold schemes operated in the PRS by RSLs. Where landlords are unable to exit the market (property investment being illiquid) they may consider longer term guaranteed rental income even at below market levels rather than get caught with equity losing, zero income property in a flooded market
7. more specifically concerns about the empty property in city centres justifies consideration of policy options such as exercising empty property powers in targeted areas. Consistency of approach across authorities should help prevent local displacement of problems. For example consistent application of empty property Council Tax charges prevents investors concentrating in the cheapest borough. Information sharing could also target owners with multiple vacant stock across authorities
8. work with planning authorities to try to rebalance long term supply with household demand/needs/aspirations rather than developer profits. The skew of new supply towards flats may meet some planning targets but is unlikely to be meeting wider housing demand nor to be easing upward pressure on the price of houses. Evidence from other research (e.g. DTZ's Leeds city centre research; the London study on new house purchase) indicates clearly that new supply is skewed now to meet developer needs. Evidence that this does not meet household need should be available through empty property data at local level. This is not always looked for in blocks of flats as the "problem" is invisible from the street unlike in a row of houses.

It may be that this problem will resolve itself as developers may find flats and city centre stock harder to sell in the new, constrained financial environment.

6.3.2. *Monitoring*

Keeping abreast of changes in the sector is vital to increase understanding over the long term. However it is important to remember that even monitoring live systems such as Housing Benefit and Council Tax can only alert officers to what has already happened. By the time a trend is obvious it is (by definition) well established. However we feel that skill in interpreting this data will be increasingly important and developed through a combination of the following:

1. regular storage of a day's "live records" from local authority systems such as Housing benefit and Council Tax. Consider storage in analysable form such as a spreadsheet. Although none of these records will give complete coverage of the PRS they will, over time, illustrate trends affecting market niches and localities. At the moment this trend data is not tracked through "live" systems that are set up purely as an interactive current record
2. agree between authorities a menu of "essential items" that should be monitored in the same way and at the same time so that the developing time series records cover the West Yorkshire area
3. monitor linked evidence, such as house prices, as closely as is feasible and affordable. Local level investment activity can absorb significant numbers of annual supply especially in second hand markets. This can impact on prices as well as changing the nature of neighbourhoods: unusual price rises may indicate ownership and use changes that can be confirmed on the ground or from other records
4. develop a PRS forum to present six monthly reports on the above. Include representatives of the PRS to share street level knowledge of trends, impacts, etc
5. monitoring adverts is easy and comparatively quick giving an idea of shifts in market activity. This can be supplemented by any local websites that people know of where property is advertised to let. *Rightmove* have an easily searchable website that they believe carries a high proportion of sales and rental stock (it is an umbrella site for many agents). Regular gathering of consistently searched data could establish useful trends in the market. This could also help to identify long term empty property if sufficient detail was collected each time
6. student markets should be monitored as closely as possible especially where there is major new supply coming on line. Evidence from the case studies indicated that the census data on student markets may mask substantial crossover between educational establishments and student residence. The Universities should be engaged if possible to track simple records from their data such as student address during term so that the link between education places and residence can be better understood for planning purposes. The Huddersfield student market case study illustrates the type of data available from universities about student term time addresses being different from home addresses or when home addresses are not immediately local postcodes. This may not be onerous to gather and again, done over time, trend data may emerge that links student catchment areas to housing market areas and activity
7. monitor closely the impact of regeneration activities in those areas where the PRS market is a significant part of the local housing market *and* where there are concerns about the size of the sector. This is because regeneration may have

the affect of making improvement areas *more* attractive landlords, which appeared to be the case in Moorthorpe (see A3.4).

8. monitor Land Registry data and consider working with external partners where there are signs of “extraordinary”, potentially fraudulent, trading
9. monitor Building Society products and websites to identify changes in lending patterns and market status reports that may impact on growth rates for the sector (for example the current changes in tightening availability of mortgage products; see introduction to this section)
10. link the above to national data sources such as CML/CLG/DWP to compare the changing national picture. There are considerable variations nationally and the more enterprising landlords identify this to target investment. For example low prices and comparatively high HB assessment is a honeyed combination for PRS investment.

All of the above are local level activities that can inform and improve current practice in relation to the PRS. However the overall market is established in a national context and the Partnership may want to take some ideas into a national forum to lobby for resources, changed regulatory codes/legislation, or to stimulate new initiatives. Below are some suggestions that arise out of this and other studies that the local or regional agencies may wish to develop.

- a. the rapid growth of the PRS has meant many new landlords active in the sector. As noted earlier, Mintel (2007) estimated over 900,000 landlords in the UK with a further 220,000 individuals planning to become landlords. This raises the question of whether the local authority sector has adequate capacity to fulfill its regulatory requirements. The ability of local initiatives to tackle the scale of this problem are very limited and agencies in West Yorkshire may want to consider lobbying government, making proposals for self regulatory codes at national level that involve landlord agencies, funders and themselves in “kite marking” the sector. This could help to establish a clearly recognizable frame of good practice that tenants would come to support and use while at the same time freeing local authorities to target their enforcement interventions better. Building Societies and ARLA may have an interest in this type of initiative
- b. where quality standards are poor the RSL sector could expand private sector leasing schemes linked to property improvement to ensure public funds increase the supply of affordable housing over the medium term while guaranteeing rental yield. This would also increase funder confidence in the current climate and may prevent a reversal of the PRS through funding crises
- c. there is clearly huge property ownership demand at national level from people wanting to own rental property for reasons of financial security. However many are accessing the sector through rental or property “clubs” that may not deliver what they really want in a reliable way. RSLs or other reputable landlords could act as “property club” vehicles drawing this huge private sector investment potential into affordable or market renting in a way that is much less vulnerable to speculative and disruptive bubbles based on exploitative practices.

Bibliography

Ball, M. (2006) *Buy-to-Let: The Revolution Ten Years On – Assessment and Prospects*, Association of Residential Letting Agents (ARLA). Available at: http://digitalnation.fileburst.com/arla/arla_btl_report_2006.pdf

Cole, I. (2006) Hidden from History? Housing Studies, the Perpetual Present and the Case of Social Housing in Britain. *Housing Studies*, 21 (2), pp. 283-295.

DWP (2007a) *Evaluating the Local Housing Allowance Pathfinders*. Available at: http://www.dwp.gov.uk/housingbenefit/lha/evaluation/2004/pathfinder_intro_1.pdf

DWP (2007b) *Landlords and Agents in the Nine LHA Pathfinders: Summary Report*. Available at: http://www.dwp.gov.uk/housingbenefit/lha/evaluation/2004/pathfinder_summary_4.pdf

DTZ (2007) *Leeds City Centre Market Report*. Leeds, Home Builders Federation.

Ecotec (2007) *West Yorkshire B& ME Housing Market Study*. Birmingham, Ecotec.

Hickman, P., Green, S., Hunter, C. and Whittle, S. (2007a) *Bridging NewcastleGateshead Private Landlord Survey*. Sheffield: CRESR.

Hickman, P., Robinson, D., Casey, R., Green, S. and Powell, R. (2007b) *Understanding Housing Demand: Learning from Rising Markets in Yorkshire and the Humber*. Coventry: Chartered Institute of Housing/Joseph Rowntree Foundation.

Hickman, P., Sprigings, N., Whittle, S. and Cole, I (2007c) *Gateway Private Rented Sector Study: Final Report*. Sheffield: CRESR.

Irvine, A., Kemp, P. and Nice, K. (2007) Direct Payment of Housing Benefit: What do Claimants Think? *Findings*, available from: <http://www.jrf.org.uk/knowledge/findings/housing/HR718.asp>

Jones, R. and Collinson, P. (2007) Buy-to-let Investors are Still Smiling - but for How Long? *The Guardian*, February 22nd 2007.

London Development Research (2006) *Who buys new market homes in London*. London, GLA and LDA.

Malpass, P. and Cairncross, L. (2006), in Malpass, P. and Cairncross, L (Eds) (2006), *Building on the Past: Visions of Housing Futures*. Bristol: Policy Press.

Mintel (2007) *The UK Buy-to-Let Property Market: Survey Report*. Available at: <http://academic.mintel.com/sinatra/academic/search>

MRUK Ltd (2005) *Gateway Housing Market Renewal Pathfinder: Hull City Council: Area Based Report*. MRUK.

Outside Research and Development (2005), *Calderdale Housing Requirements Study 2005*, Leeds, Outside Research and Development.

Outside Research and Development (2006), *Kirklees Local Housing Assessment 2006*, Leeds, Outside Research and Development.

Outside Research and Development (2007), *Leeds Housing Market Study 2007*, Leeds, Outside Research and Development.

Outside Research and Development (2007), *The Extent and Role of the Private Rented Sector in West Yorkshire: Data Summary from Completed Local Housing Assessment*, Leeds, Outside Research and Development.

Rhodes, D. (2006) *The Modern Private Rented Sector*. Coventry, Chartered Institute of Housing/ Joseph Rowntree Foundation.

Springs, N. (2007) *Housing Market Renewal Pathfinders and the Buy-to-Let Market*. London, CLG.

Appendix 1: The Location of PRS Households in West Yorkshire: Further Analysis

A1.1. Introduction

Building on the analysis undertaken in Chapter two of the report (see section 2.2.2), this section pays further attention to the location of the private rented households in West Yorkshire. It does so using Census data with attention focusing on super output areas (SOAs). The section begins by highlighting the location of private rented households in 2001 at the local authority level and then examines how distribution of households changed between 1991 and 2001.

A1.2. The Location of PRS Households in West Yorkshire in 2001

Figure A1.1 highlights the location of PRS housing in Leeds as at the 2001 census. As the figure illustrates, at the time the highest proportions of PRS housing was to be found in the inner core of the city in the wards of Weetwood, Headingley, University, City and Holbeck, Armley and Chapel Allerton. As one might have expected, the outer parts of the city, which tend to be more suburban/ rural, had lower levels of PRS housing.

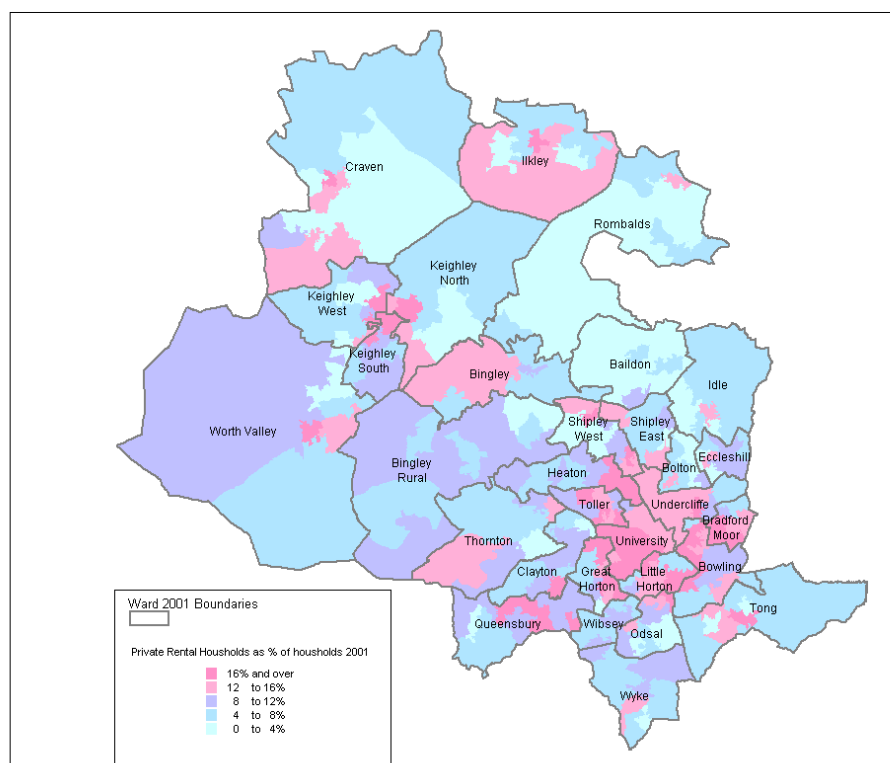
However, since 2001 new markets have emerged within the city and others have been transformed so if it was possible to produce a similar map today this map would look slightly different to its earlier counterpart. More specifically, it would highlight the large PRS sub-market that has emerged in the city centre and understates the size of the sector in the inner urban wards of City and Holbeck and Beeston.

As will be considered in more detail later in this report, many of the six thousand units that have been completed in Leeds city centre since 2001 have “fallen into the hands” of private landlords or equity investors. However, it is not possible to talk with any degree of certainty about the size of the sector in the city because, as noted earlier, there is a dearth of data on the subject.

72

Figure A1.2 highlights the location of PRS housing in Bradford as at the 2001 census. As the map illustrates, the highest concentrations of PRS housing were to be found in the wards that comprise the city of Bradford itself, including Little Horton, University, Toller, Undercliffe, Bowling, Heaton and Great Horton. Other wards with significant levels of PRS housing are Ilkley and Bingley and the sector is also an important feature of the housing market in Keighley.

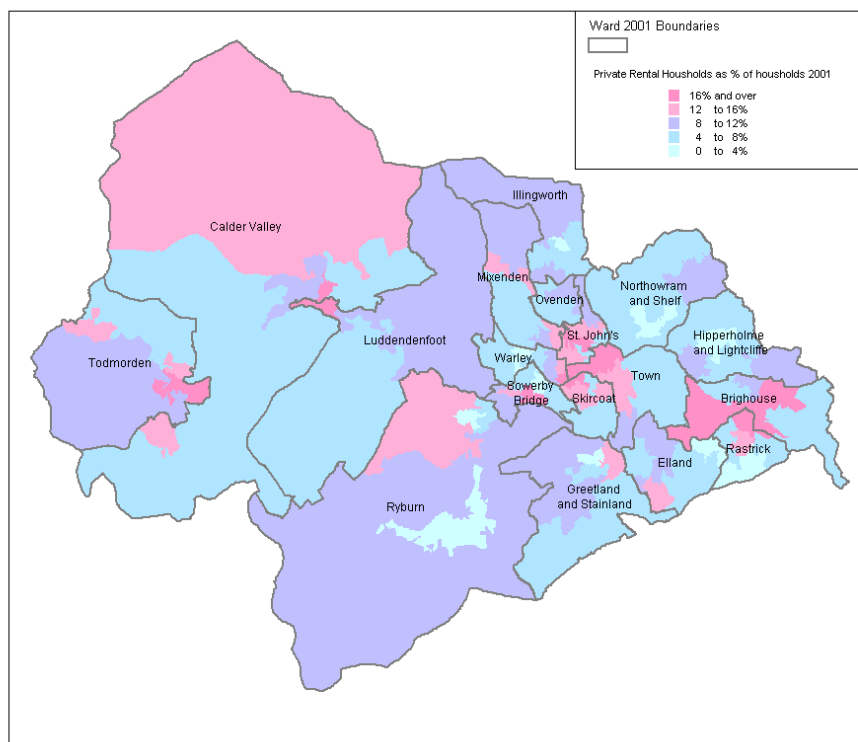
Figure A1.2: The concentration of privately rented households as a percentage of total households in Bradford in 2001 by SOA with 2001 Ward boundaries and names



Source: Neighbourhood Statistics 2001 Census table UV63 'Tenure – Households' Lower Super Output Areas.

Figure A1.3 maps the location of PRS housing in Calderdale as at the 2001 census. As the figure reveals, the highest concentration of PRS housing could be found in Halifax, Brighouse and Todmorden with outlying pockets also being found in the Calder Valley and Ryburn wards.

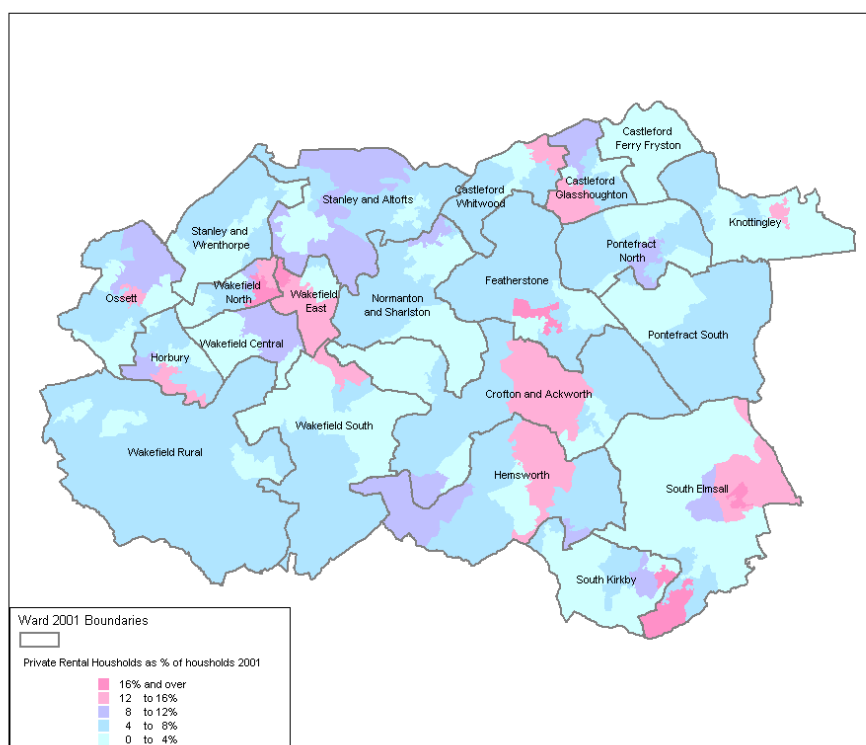
Figure A1.3. The concentration of privately rented households as a percentage of total households in Calderdale in 2001 by SOA with 2001 Ward boundaries and names



Source: Neighbourhood Statistics 2001 Census table UV63 'Tenure – Households' Lower Super Output Areas

As Figure A1.4 shows, the highest concentrations of PRS in the Wakefield area at the 2001 census were to be found in the city of Wakefield itself, Castleford, South Emsall, Crofton and Ackworth and Hemsworth.

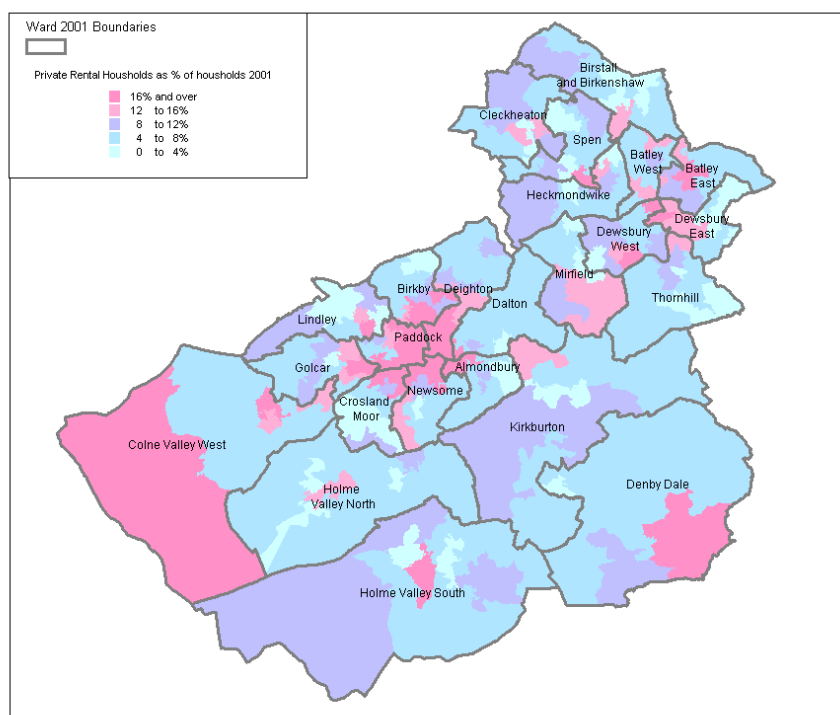
Figure A1.4: The concentration of privately rented households as a percentage of total households in Wakefield in 2001 by SOA in with 2001 Ward boundaries and names



Source: Neighbourhood Statistics 2001 Census table UV63 'Tenure – Households' Lower Super Output Areas

Figure A1.5 highlights the location of PRS housing in Kirklees as at the 2001 census. As the figure shows, the highest concentrations of PRS households were located in the wards that make-up Huddersfield (Paddock, Newsome, Birkby, Newsome and Deighton) and Dewsbury and Batley. Outlying pockets are also located in the Colne Valley West and Denby Dale wards.

Figure A1.5: The concentration of privately rented households as a percentage of total households in Kirklees in 2001 by SOA in with 2001 Ward boundaries and names



A1.3. Comparing the location of PRS households: 1991 and 2001

How the distribution of PRS households across the sub-region changed (if it all) between the two time periods can also be plotted using Census data. Because SOA geographies were only introduced in the 2001, the analysis presented below focuses on wards, which is the smallest common spatial denominator for the two time periods. Before turning our attention to those changes that occurred in Leeds, it is worth first offering a note of caution about the analysis presented below: in a number of cases, direct comparison between the two time periods is made more difficult by changes in ward boundaries. However, unlike many other parts of the country, West Yorkshire emerged relatively unscathed from the ward boundary change process and in most cases comparison between the two time periods is relatively unproblematic.

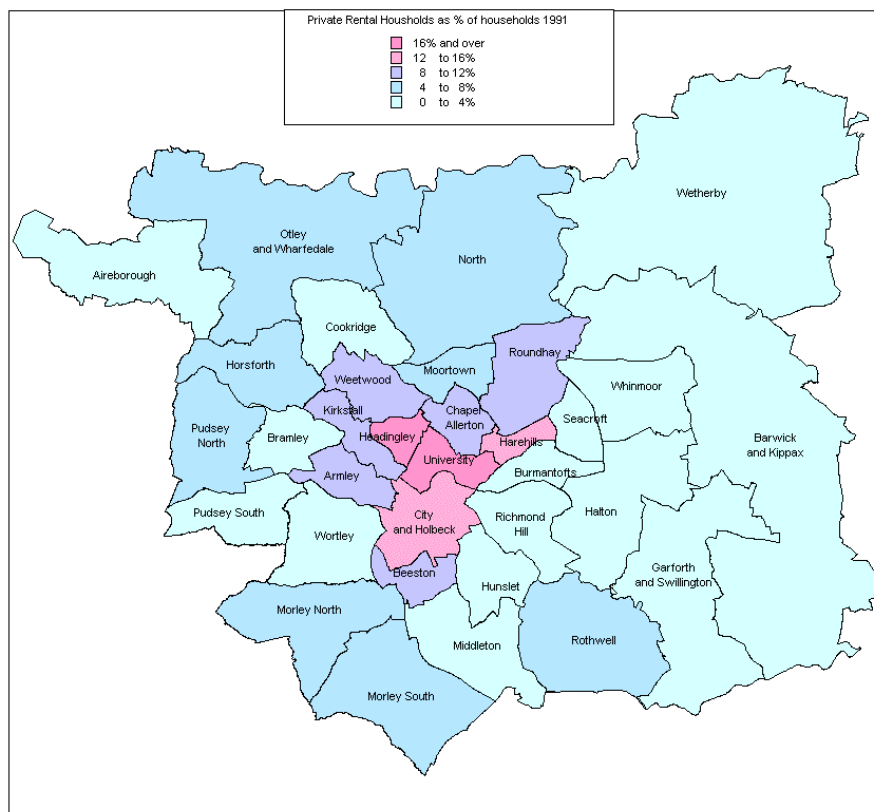
Leeds

Although the majority of Leeds wards have not changed significantly between the two censuses some of the bordering district wards have suffered some alterations. The 'North' Ward has decreased in size since the 1991 census losing area to the district to the north. 'Pudsey North' has lost a small area to 'Bradford Moor' ward in Bradford district and the three southern wards of 'Morley South', 'Stanley and Altofts' and 'Rothwell' have lost areas to the wards of 'Stanley and Wrenthorpe' and 'Stanley and Wrenthorpe' in Wakefield district. All of these affected areas are however, in rural areas so should not affect population or household count too dramatically.

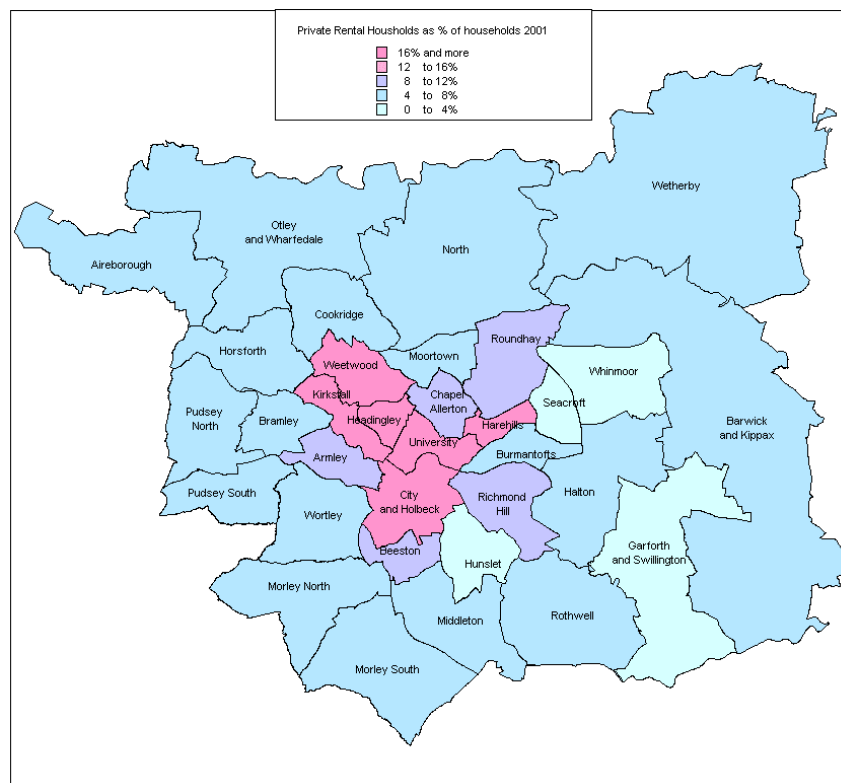
Figure A1.6 illustrates the concentration of the percentage of privately rented households for the wards of Leeds for both 1991 and 2001 using Ward 2001 boundaries. These figures are shown in Appendix 2 in tables A2.1, A.2.2 and A2.3, with the latter table showing the percentage change between the two censuses. Table A2.3 shows that the area of Headingley, University and Weetwood have the largest percentage change for the district with 18.7%, 12.6% and 11.9% respectively.

Figure A1.6: Private Rented Households as a Proportion of all Households in Leeds Using 2001 Ward Boundaries for comparison

1991



2001



Source: NOMIS, 1991 census table L42, 2001 census table T08

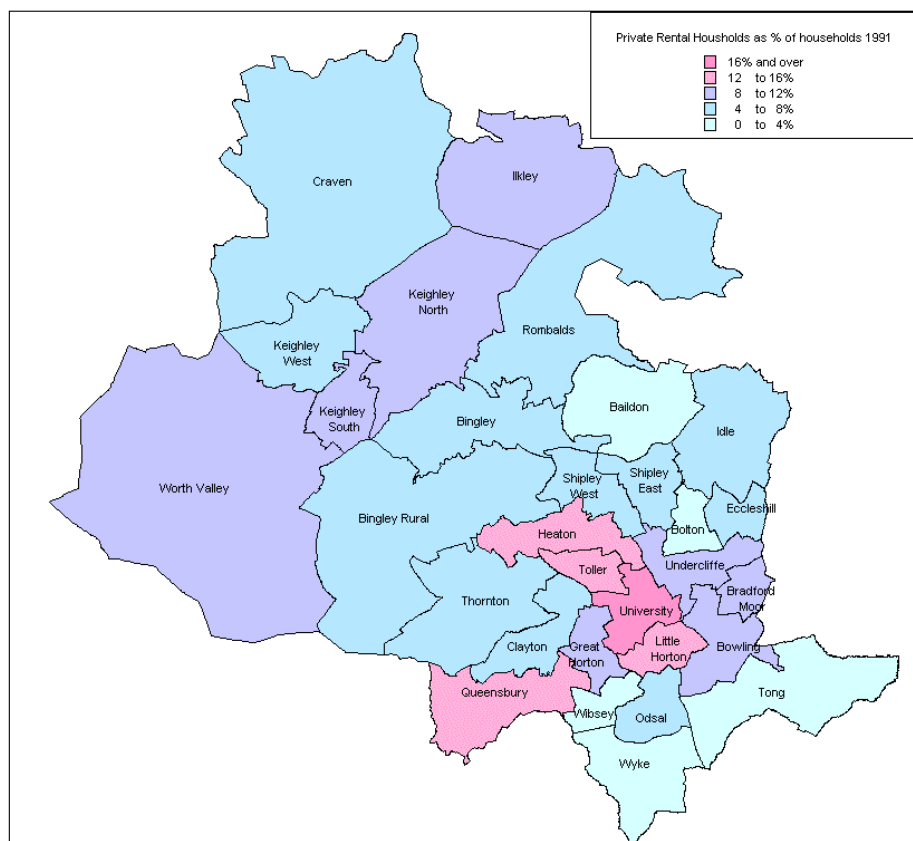
Bradford

The majority of Bradford wards have not changed significantly between the two censuses and these minor changes to the boundaries have been in rural areas. The only ward which may have inconsistencies due to boundary change is the ward of Bradford Moor which has gained a small area from the Pudsey North Ward of the Leeds district. This area, however, is to the east of Bradford in the rural fringe and therefore should not affect the population or household count dramatically.

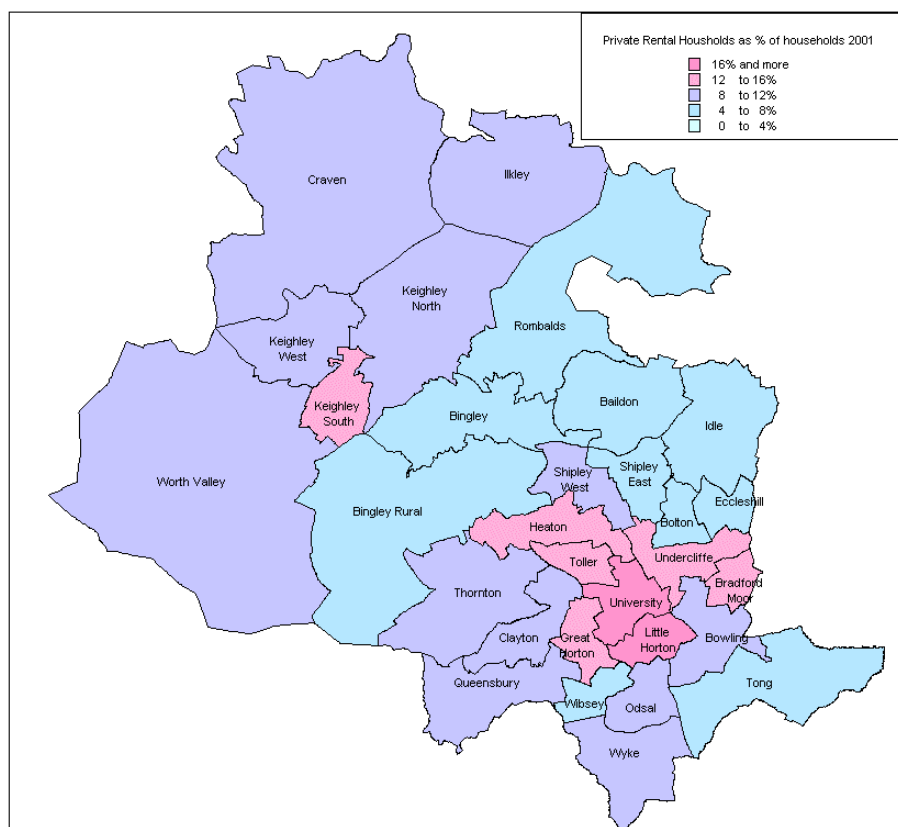
Figure A1.7 illustrates the concentration of the percentage of privately rented households for the wards of Bradford for both 1991 and 2001 using Ward 2001 boundaries. These figures are shown in tables A2.4 and A2.5 with table A2.6 showing the percentage change between the two censuses. Table A2.6 shows that the area of Tong and Keighley South have the largest percentage change for the district with 4.7% and 4.5% respectively, while Queensbury shows a 3.4% decrease in privately rented properties.

Figure A1.7: Private Rented Households as a Proportion of all Households Using in Bradford Using 2001 Ward Boundaries for comparison

1991



2001



Source: NOMIS, 1991 census table L42, 2001 census table T08

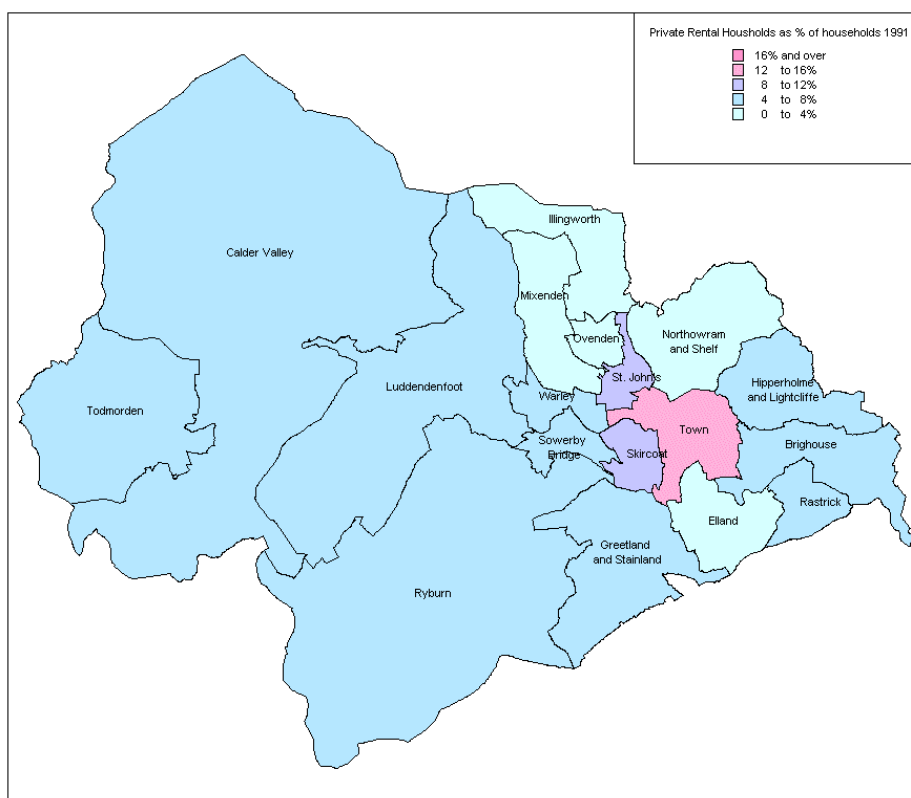
Calderdale

The majority of Calderdale wards have not changed significantly between the two censuses. The southern boundary of Calderdale district has been revised slightly with the affected wards being Ryburn ward, which has gained some area from Colne Valley West in Kirklees District, while the wards of Rastrick and Elland (to a smaller degree) have lost some area to Birkby Ward in Kirklees District. All affected areas are in rural areas so should not affect population or household count dramatically.

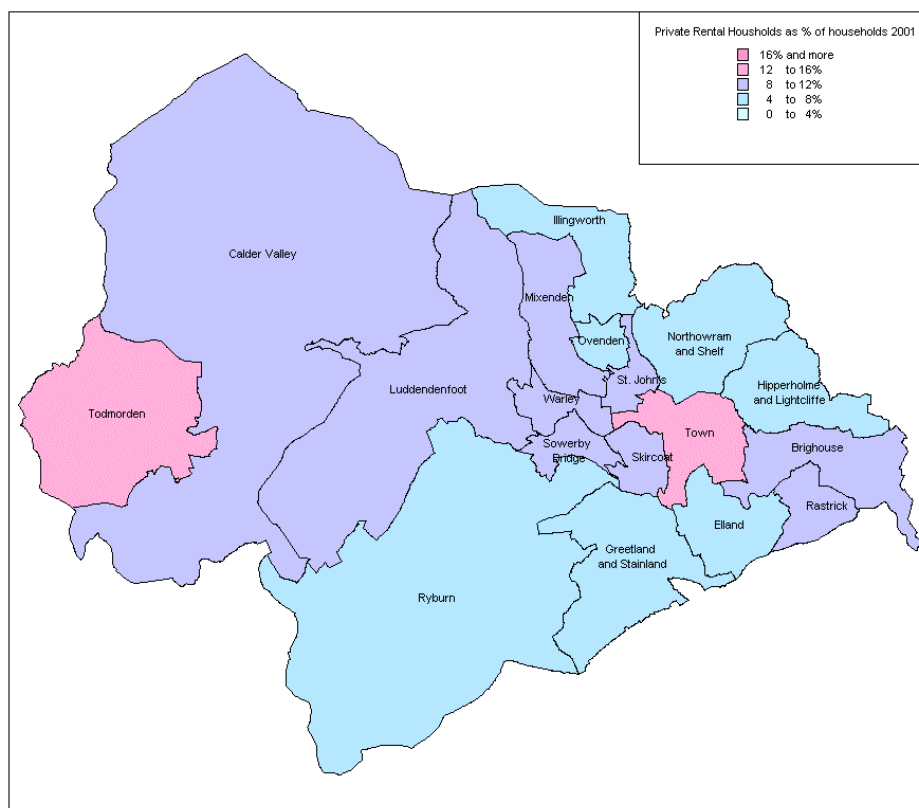
Figure A1.8 illustrates the concentration of the percentage of privately rented households for the wards of Bradford for both 1991 and 2001 using Ward 2001 boundaries. These figures are shown in tables A2.7 and A2.8 with table A2.9 showing the percentage change between the two censuses. Table A2.9 shows that the area of Illingworth, Mixenden and Todmorden have the largest percentage change for the district with 4.4%, 6.7% and 5.8% respectively, while no wards have seen a percentage decrease.

Figure A1.8: Private Rented Households as a Proportion of all Households Using in Calderdale Using 2001 Ward Boundaries for comparison

1991



2001



Source: NOMIS, 1991 census table L42, 2001 census table T08

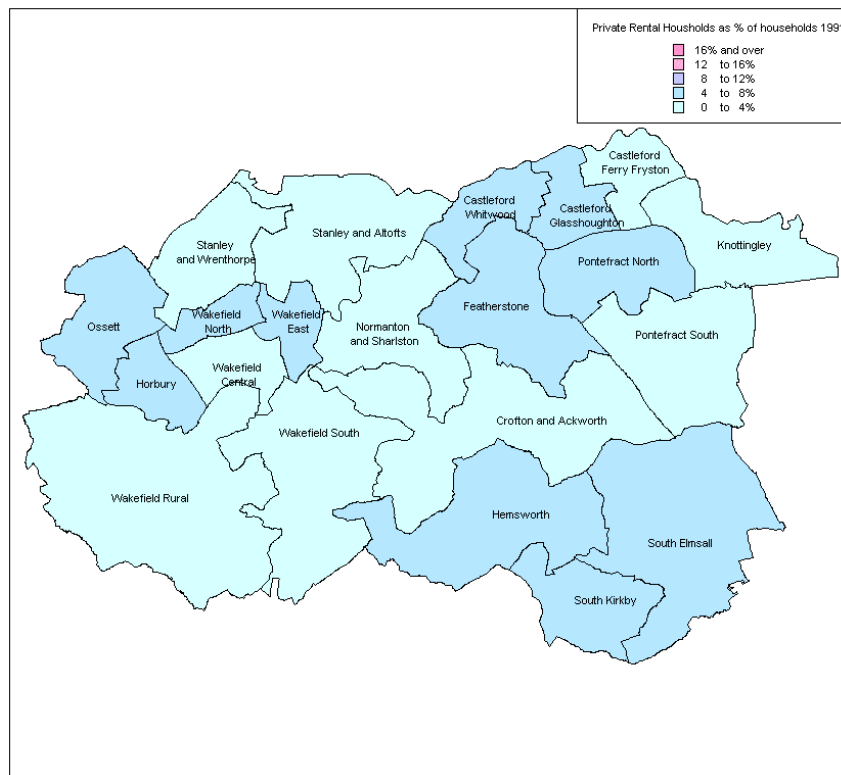
Wakefield

Although the majority of Wakefield wards have not changed significantly between the two censuses the bordering district wards have had some revision. 'Wakefield South', 'Hemsworth', 'Wakefield Rural', South Elmsall and Knottingley have all reduced in area while the wards of 'Stanley and Altofts', 'Stanley and Wrenthorpe' and 'Ossett' have all increased in area. All affected areas are, however in rural areas so should not affect population or household count too dramatically.

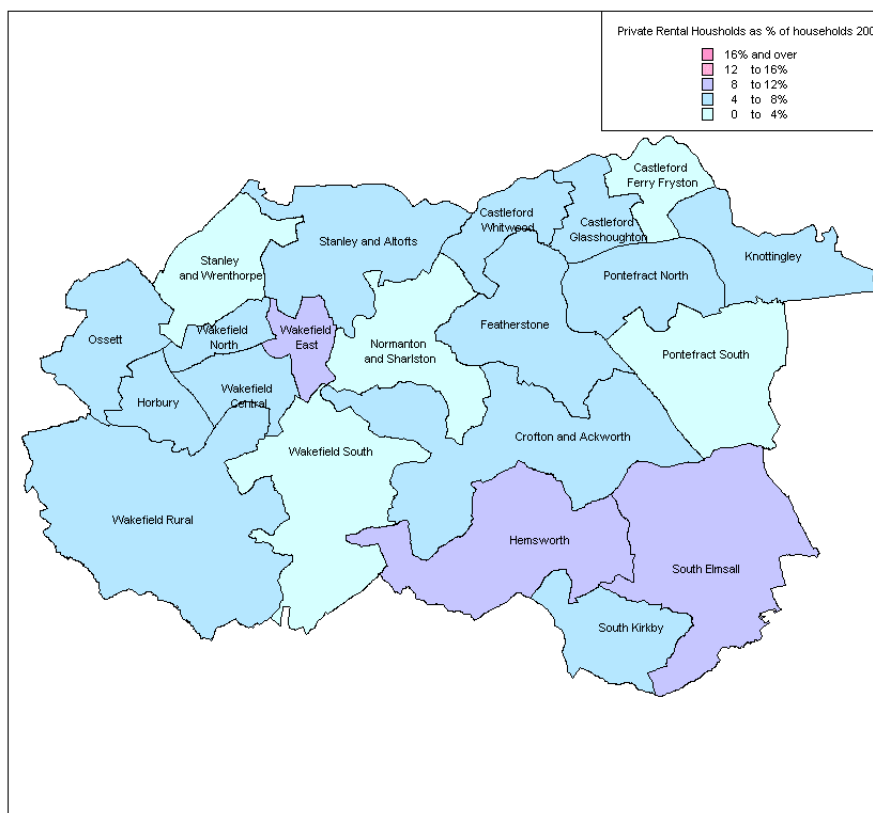
Figure A1.9 illustrates the concentration of the percentage of privately rented households for the wards of Bradford for both 1991 and 2001 using Ward 2001 boundaries. These figures are shown in tables A2.10 and A2.11 with table A2.12 showing the percentage change between the two censuses. Table A2.12 shows that the area of Wakefield East has the largest percentage change for the district with 3.5%, while Castleford Ferry Fryston shows a 1.2% decrease in privately rented properties.

Figure A1.9. Private Rented Households as a Proportion of all Households in Wakefield Using 2001 Ward Boundaries for comparison

1991



2001



Source: NOMIS, 1991 census table L42, 2001 census table T08

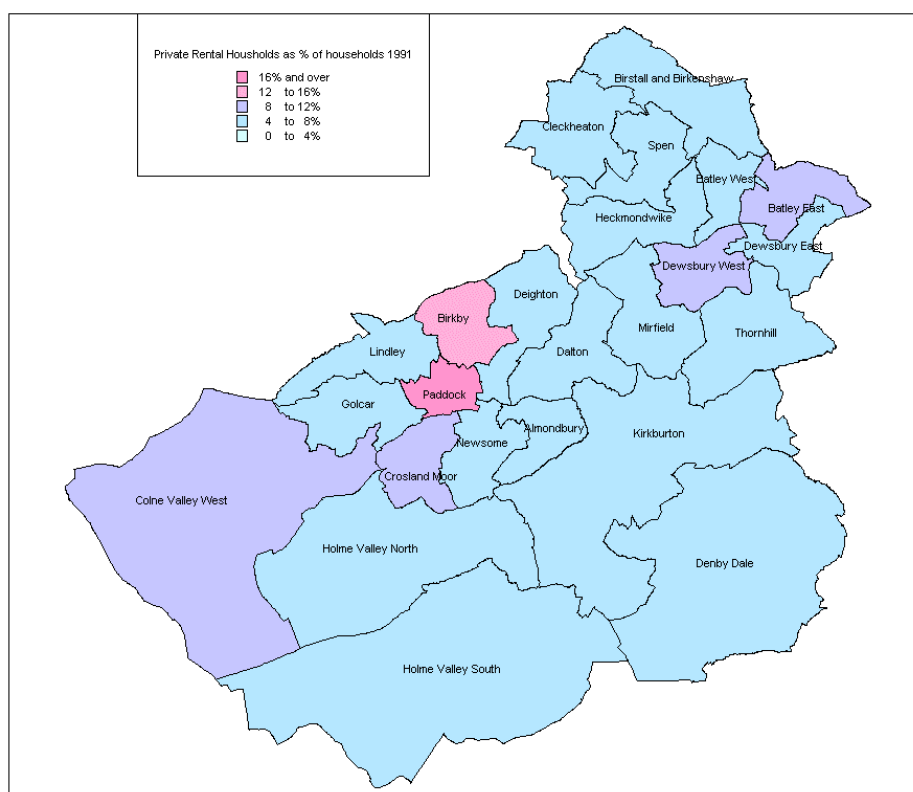
Kirklees

Although the majority of Kirklees wards have not changed significantly between the two censuses a few district bordering wards have been altered. 'Colne Valley West' has lost some area to Ryburn ward in Calderdale while 'Thornhill' has lost some area to 'Ossett' ward in Wakefield. 'Birkby' has gained some area from Rastrick in Calderdale and 'Birstall and Birkenshaw' has gained a small area from Morley North Ward in Leeds. All affected areas are in rural or fringe areas so should not affect population or household count too dramatically.

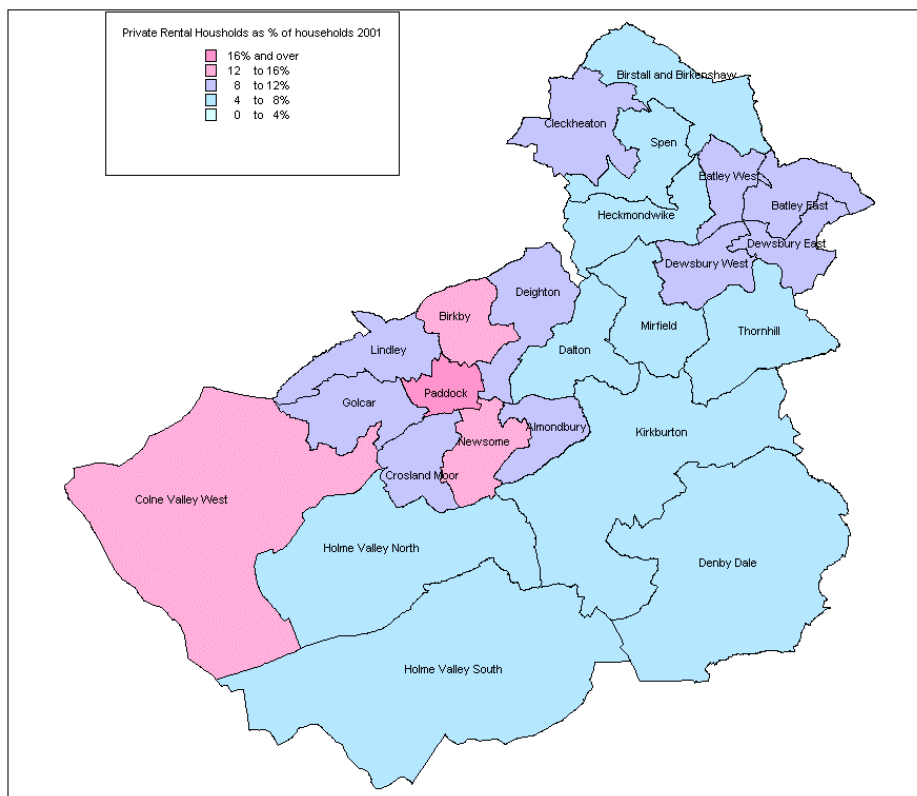
Figure A1.10 illustrates the concentration of the percentage of privately rented households for the wards of Bradford for both 1991 and 2001 using Ward 2001 boundaries. These figures are shown in tables A2.13 and A2.14 with table A2.15 showing the percentage change between the two censuses. Table A2.15 shows that the area of Deighton and Newsome have the largest percentage change for the district with 5.1% and 4.7% respectively, while no wards suffering a decrease in percentage.

Figure A1.10: Private Rented Households as a Proportion of all Households in Kirklees Using 2001 Ward Boundaries for comparison

1991



2001



Source: NOMIS, 1991 census table L42, 2001 census table T08

Appendix 2: Additional Data

Table A2.1: 2001 Census counts for the total number of households and number and proportion of private rented households by ward in Leeds in 2001

2001 Ward Code	2001 Ward Name	Number of all Households	Number of all Privately Rented Households	% Private rented of all Households
00DAFA	Aireborough	10,659	529	4.96
00DAFB	Armley	9,293	974	10.48
00DAFC	Barwick and Kippax	9,649	424	4.39
00DAFD	Beeston	7,048	732	10.39
00DAFE	Bramley	9,018	406	4.50
00DAFF	Burmantofts	8,269	599	7.24
00DAFG	Chapel Allerton	7,951	950	11.95
00DAFH	City and Holbeck	10,054	2,004	19.93
00DAFJ	Cookridge	9,215	400	4.34
00DAFK	Garforth and Swillington	9,598	344	3.58
00DAFL	Halton	9,502	413	4.35
00DAFM	Harehills	7,968	1,302	16.34
00DAFN	Headingley	9,581	5,547	57.90
00DAFP	Horsforth	8,859	575	6.49
00DAFQ	Hunslet	6,937	255	3.68
00DAFR	Kirkstall	8,735	1,622	18.57
00DAFS	Middleton	8,634	351	4.07
00DAFT	Moortown	8,860	653	7.37
00DAFU	Morley North	10,412	551	5.29
00DAFW	Morley South	12,314	926	7.52
00DAFX	North	9,494	664	6.99
00DAFY	Otley and Wharfedale	10,344	586	5.67
00DAFZ	Pudsey North	9,626	503	5.23
00DAGA	Pudsey South	9,253	495	5.35
00DAGB	Richmond Hill	7,731	631	8.16
00DAGC	Rothwell	8,728	378	4.33
00DAGD	Roundhay	8,639	948	10.97
00DAGE	Seacroft	7,440	185	2.49
00DAGF	University	10,853	3,658	33.70
00DAGG	Weetwood	9,296	1,893	20.36
00DAGH	Wetherby	10,719	517	4.82
00DAGJ	Whinmoor	7,101	173	2.44
00DAGK	Wortley	9,837	412	4.19

Source: NOMIS, 2001 census table T08 (excluding those classed as 'living rent free') 'Theme table on households'

Table A2.2: 1991 Census counts for the total number of households and number and proportion of private rented households by ward in Leeds in 1991

2001 Ward Code	2001 Ward Name	Number of all Households	Number of all Privately Rented Households	% Private rented of all Households
07DAFA	Aireborough	9,877	375	3.80
07DAFB	Armley	8,765	707	8.07
07DAFC	Barwick and Kippax	8,814	334	3.79
07DAFD	Beeston	7,278	663	9.11
07DAFE	Bramley	8,784	249	2.83
07DAFF	Burmantofts	8,225	304	3.70
07DAFG	Chapel Allerton	9,029	1,006	11.14
07DAFH	City and Holbeck	9,337	1,174	12.57
07DAFJ	Cookridge	8,752	251	2.87
07DAFK	Garforth and Swillington	8,993	213	2.37
07DAFL	Halton	8,624	327	3.79
07DAFM	Harehills	8,305	1,123	13.52
07DAFN	Headingley	7,255	2,842	39.17
07DAFP	Horsforth	8,509	392	4.61
07DAFQ	Hunslet	6,299	85	1.35
07DAFR	Kirkstall	8,633	854	9.89
07DAFS	Middleton	7,330	199	2.71
07DAFT	Moortown	8,361	445	5.32
07DAFU	Morley North	8,869	443	4.99
07DAFW	Morley South	10,344	734	7.10
07DAFX	North	8,797	390	4.43
07DAFY	Otley and Wharfedale	9,468	413	4.36
07DAFZ	Pudsey North	9,194	383	4.17
07DAGA	Pudsey South	8,559	328	3.83
07DAGB	Richmond Hill	8,373	311	3.71
07DAGC	Rothwell	7,963	336	4.22
07DAGD	Roundhay	8,196	720	8.78
07DAGE	Seacroft	7,791	72	0.92
07DAGF	University	8,349	1,765	21.14
07DAGG	Weetwood	7,295	618	8.47
07DAGH	Wetherby	9,542	363	3.80
07DAGJ	Whinmoor	7,636	58	0.76
07DAGK	Wortley	9,605	341	3.55

Source: NOMIS, 1991 census table L42 – 'Household composition and housing'

Table A2.3: Comparison of the percentage difference between the 2001 and 1991 Census ward counts for the percentage of private rented households of all households in Leeds

Ward Name	% Private rented of all Households 2001	% Private rented of all Households 1991	% Difference
Aireborough	4.96	3.80	1.17
Armley	10.48	8.07	2.41
Barwick and Kippax	4.39	3.79	0.60
Beeston	10.39	9.11	1.28
Bramley	4.50	2.83	1.67
Burmantofts	7.24	3.70	3.55
Chapel Allerton	11.95	11.14	0.81
City and Holbeck	19.93	12.57	7.36
Cookridge	4.34	2.87	1.47
Garforth and Swillington	3.58	2.37	1.22
Halton	4.35	3.79	0.55
Harehills	16.34	13.52	2.82
Headingley	57.90	39.17	18.72
Horsforth	6.49	4.61	1.88
Hunslet	3.68	1.35	2.33
Kirkstall	18.57	9.89	8.68
Middleton	4.07	2.71	1.35
Moortown	7.37	5.32	2.05
Morley North	5.29	4.99	0.30
Morley South	7.52	7.10	0.42
North	6.99	4.43	2.56
Otley and Wharfedale	5.67	4.36	1.30
Pudsey North	5.23	4.17	1.06
Pudsey South	5.35	3.83	1.52
Richmond Hill	8.16	3.71	4.45
Rothwell	4.33	4.22	0.11
Roundhay	10.97	8.78	2.19
Seacroft	2.49	0.92	1.56
University	33.70	21.14	12.56
Weetwood	20.36	8.47	11.89
Wetherby	4.82	3.80	1.02
Whinmoor	2.44	0.76	1.68
Wortley	4.19	3.55	0.64

Source: NOMIS, 2001 census table T08 (excluding those classed as 'living rent free') 'Theme table on households'. NOMIS, 1991 census table L42 – 'Household composition and housing'.

Table A2.4: 2001 Census counts for the total number of households and number and proportion of private rented households by ward in Bradford in 2001

2001 Ward Code	2001 Ward Name	Number of all Households	Number of all Privately Rented Households	% Private rented of all Households
00CXFA	Baildon	6,619	289	4.37
00CXFB	Bingley	5,969	454	7.61
00CXFC	Bingley Rural	6,293	416	6.61
00CXFD	Bolton	5,408	330	6.10
00CXFE	Bowling	6,691	771	11.52
	Bradford			
00CXFF	Moor	5,000	787	15.74
00CXFG	Clayton	5,693	456	8.01
00CXFH	Craven	6,755	547	8.10
00CXFJ	Eccleshill	5,466	426	7.79
00CXFK	Great Horton	6,037	746	12.36
00CXFL	Heaton	5,770	710	12.31
00CXFM	Idle	6,887	411	5.97
00CXFN	Ilkley	5,870	493	8.40
	Keighley			
00CXFP	North	5,679	513	9.03
	Keighley			
00CXFQ	South	5,572	704	12.63
	Keighley			
00CXFR	West	6,292	534	8.49
00CXFS	Little Horton	5,903	947	16.04
00CXFT	Odsal	6,621	614	9.27
00CXFU	Queensbury	7,167	794	11.08
00CXFW	Rombalds	6,562	310	4.72
00CXFX	Shipley East	5,877	434	7.38
00CXFY	Shipley West	5,919	661	11.17
00CXFZ	Thornton	5,447	453	8.32
00CXGA	Toller	5,412	826	15.26
00CXGB	Tong	5,613	420	7.48
00CXGC	Undercliffe	5,574	712	12.77
00CXGD	University	5,765	1,329	23.05
00CXGE	Wibsey	5,422	364	6.71
00CXGF	Worth Valley	6,458	608	9.41
00CXGG	Wyke	6,529	528	8.09

Source: NOMIS, 2001 census table T08 (excluding those classed as 'living rent free') 'Theme table on households'

Table A2.5: 1991 Census counts for the total number of households and number and proportion of private rented households by ward in Bradford in 1991

1991 Ward Code	1991 Ward Name	Number of all Households	Number of all Privately Rented Households	% Private rented of all Households
07CXFA	Baildon	6,209	196	3.16
07CXFB	Bingley	5,424	281	5.18
07CXFC	Bingley Rural	5,978	279	4.67
07CXFD	Bolton	5,114	172	3.36
07CXFE	Bowling	6,737	574	8.52
07CXFF	Bradford Moor	5,122	598	11.68
07CXFG	Clayton	5,120	228	4.45
07CXFH	Craven	5,831	345	5.92
07CXFJ	Eccleshill	5,748	239	4.16
07CXFK	Great Horton	5,760	467	8.11
07CXFL	Heaton	5,764	747	12.96
07CXFM	Idle	5,961	283	4.75
07CXFN	Ilkley	5,419	443	8.17
07CXFP	Keighley North	5,554	465	8.37
07CXFQ	Keighley South	5,432	444	8.17
07CXFR	Keighley West	6,034	321	5.32
07CXFS	Little Horton	6,329	808	12.77
07CXFT	Odsal	6,641	337	5.07
07CXFU	Queensbury	6,382	926	14.51
07CXFW	Rombalds	6,053	265	4.38
07CXFX	Shipley East	5,968	252	4.22
07CXFY	Shipley West	5,847	452	7.73
07CXFZ	Thornton	5,694	243	4.27
07CXGA	Toller	5,574	724	12.99
07CXGB	Tong	5,426	150	2.76
07CXGC	Undercliffe	5,947	690	11.60
07CXGD	University	5,643	1,282	22.72
07CXGE	Wibsey	5,328	188	3.53
07CXGF	Worth Valley	5,511	457	8.29
07CXGG	Wyke	6,562	258	3.93

Source: NOMIS, 1991 census table L42 – 'Household composition and housing'

Table A2.6: Comparison of the percentage difference between the 2001 and 1991 Census ward counts for the percentage of private rented households of all households in Bradford

Ward Name	% Private rented of all Households 2001	% Private rented of all Households 1991	% Difference
Baildon	4.37	3.16	1.21
Bingley	7.61	5.18	2.43
Bingley Rural	6.61	4.67	1.94
Bolton	6.10	3.36	2.74
Bowling	11.52	8.52	3.00
Bradford Moor	15.74	11.68	4.06
Clayton	8.01	4.45	3.56
Craven	8.10	5.92	2.18
Eccleshill	7.79	4.16	3.64
Great Horton	12.36	8.11	4.25
Heaton	12.31	12.96	-0.65
Idle	5.97	4.75	1.22
Ilkley	8.40	8.17	0.22
Keighley North	9.03	8.37	0.66
Keighley South	12.63	8.17	4.46
Keighley West	8.49	5.32	3.17
Little Horton	16.04	12.77	3.28
Odsal	9.27	5.07	4.20
Queensbury	11.08	14.51	-3.43
Rombalds	4.72	4.38	0.35
Shipley East	7.38	4.22	3.16
Shipley West	11.17	7.73	3.44
Thornton	8.32	4.27	4.05
Toller	15.26	12.99	2.27
Tong	7.48	2.76	4.72
Undercliffe	12.77	11.60	1.17
University	23.05	22.72	0.33
Wibsey	6.71	3.53	3.18
Worth Valley	9.41	8.29	1.12
Wyke	8.09	3.93	4.16

Source: NOMIS, 2001 census table T08 (excluding those classed as 'living rent free') 'Theme table on households'. NOMIS, 1991 census table L42 – 'Household composition and housing'

Table A2.7: 2001 Census counts for the total number of households and number and proportion of private rented households by ward in Calderdale in 2001

2001 Ward Code	2001 Ward Name	Number of all Households	Number of all Privately Rented Households	% Private rented of all Households
00CYFA	Brighouse	4,360	442	10.14
00CYFB	Calder Valley	5,043	573	11.36
00CYFC	Elland	4,604	335	7.28
00CYFD	Greetland and Stainland	4,995	357	7.15
00CYFE	Hipperholme and Lightcliffe	4,195	304	7.25
00CYFF	Illingworth	3,655	233	6.37
00CYFG	Luddendenfoot	4,721	492	10.42
00CYFH	Mixenden	4,354	452	10.38
00CYFJ	Northowram and Shelf	4,590	282	6.14
00CYFK	Ovenden	4,288	299	6.97
00CYFL	Rastrick	4,289	393	9.16
00CYFM	Ryburn	4,849	363	7.49
00CYFP	Skircoat	4,586	491	10.71
00CYFQ	Sowerby Bridge	4,383	381	8.69
00CYFN	St. John's	4,512	531	11.77
00CYFR	Todmorden	4,390	549	12.51
00CYFS	Town	4,906	735	14.98
00CYFT	Warley	4,214	393	9.33

Source: NOMIS, 2001 census table T08 (excluding those classed as 'living rent free') 'Theme table on households'

Table A2.8: 1991 Census counts for the total number of households and number and proportion of private rented households by ward in Calderdale in 1991

1991 Ward Code	1991 Ward Name	Number of all Households	Number of all Privately Rented Households	% Private rented of all Households
07CYFA	Brighouse	4,179	279	6.68
07CYFB	Calder Valley	4,671	367	7.86
07CYFC	Elland	4,486	177	3.95
07CYFD	Greetland and Stainland	4,457	247	5.54
07CYFE	Hipperholme and Lightcliffe	3,998	194	4.85
07CYFF	Illingworth	3,729	72	1.93
07CYFG	Luddendenfoot	4,437	316	7.12
07CYFH	Mixenden	4,357	159	3.65
07CYFJ	Northowram and Shelf	4,099	153	3.73
07CYFK	Ovenden	4,216	127	3.01
07CYFL	Rastrick	4,014	295	7.35
07CYFM	Ryburn	4,330	258	5.96
07CYFP	Skircoat	4,473	380	8.50
07CYFQ	Sowerby Bridge	4,249	229	5.39
07CYFN	St. John's	4,490	362	8.06
07CYFR	Todmorden	4,290	290	6.76
07CYFS	Town	4,715	607	12.87
07CYFT	Warley	4,254	232	5.45

Source: NOMIS, 1991 census table L42 – 'Household composition and housing'

Table A2.9: Comparison of the percentage difference between the 2001 and 1991 Census ward counts for the percentage of private rented households of all household in Calderdale

Ward Name	% Private rented of all Households 2001	% Private rented of all Households 1991	% Difference
Brighouse	10.14	6.68	3.46
Calder Valley	11.36	7.86	3.51
Elland	7.28	3.95	3.33
Greetland and Stainland	7.15	5.54	1.61
Hipperholme and Lightcliffe	7.25	4.85	2.39
Illingworth	6.37	1.93	4.44
Luddendenfoot	10.42	7.12	3.30
Mixenden	10.38	3.65	6.73
Northowram and Shelf	6.14	3.73	2.41
Ovenden	6.97	3.01	3.96
Rastrick	9.16	7.35	1.81
Ryburn	7.49	5.96	1.53
Skircoat	10.71	8.50	2.21
Sowerby Bridge	8.69	5.39	3.30
St.John's	11.77	8.06	3.71
Todmorden	12.51	6.76	5.75
Town	14.98	12.87	2.11
Warley	9.33	5.45	3.87

Source: NOMIS, 2001 census table T08 (excluding those classed as 'living rent free') 'Theme table on households'. NOMIS, 1991 census table L42 – 'Household composition and housing'

Table 2.10: 2001 Census counts for the total number of households and number and proportion of private rented households by ward in Wakefield in 2001

2001 Ward Code	2001 Ward Name	Number of all Households	Number of all Privately Rented Households	% Private rented of all Households
00DBFA	Castleford Ferry Fryston	5,197	118	2.27
00DBFB	Castleford Glasshoughton	5,702	385	6.75
00DBFC	Castleford Whitwood	5,459	409	7.49
00DBFD	Crofton and Ackworth	6,210	351	5.65
00DBFE	Featherstone	5,912	325	5.50
00DBFF	Hemsworth	5,731	508	8.86
00DBFG	Horbury	6,465	353	5.46
00DBFH	Knottingley	5,709	274	4.80
00DBFJ	Normanton and Sharlston	6,880	253	3.68
00DBFK	Ossett	6,750	414	6.13
00DBFL	Pontefract North	6,982	343	4.91
00DBFM	Pontefract South	5,662	183	3.23
00DBFN	South Elmsall	6,222	548	8.81
00DBFP	South Kirkby	5,811	432	7.43
00DBFQ	Stanley and Altofts	7,389	443	6.00
00DBFR	Stanley and Wrenthorpe	7,672	265	3.45
00DBFS	Wakefield Central	6,206	281	4.53
00DBFT	Wakefield East	7,015	783	11.16
00DBFU	Wakefield North	6,282	450	7.16
00DBFW	Wakefield Rural	6,616	302	4.56
00DBFX	Wakefield South	6,325	213	3.37

Source: NOMIS, 2001 census table T08 (excluding those classed as 'living rent free') 'Theme table on households'

Table A2.11: 1991 Census counts for the total number of households and number and proportion of private rented households by ward in Wakefield in 1991

1991 Ward Code	1991 Ward Name	Number of all Households	Number of all Privately Rented Households	% Private rented of all Households
07DBFA	Castleford Ferry	5,337	186	3.49
	Fryston			
	Castleford	5,504	283	5.14
07DBFB	Glasshoughton			
07DBFC	Castleford Whitwood	5,248	303	5.77
07DBFD	Crofton and Ackworth	5,738	210	3.66
07DBFE	Featherstone	5,638	252	4.47
07DBFF	Hemsworth	5,720	422	7.38
07DBFG	Horbury	5,736	254	4.43
07DBFH	Knottingley	5,767	210	3.64
	Normanton and			
	Sharlston	6,245	184	2.95
07DBFJ	Ossett	6,042	351	5.81
07DBFK	Pontefract North	6,048	250	4.13
07DBFL	Pontefract South	5,599	131	2.34
07DBFM	South Elmsall	5,668	382	6.74
07DBFN	South Kirkby	5,420	247	4.56
07DBFP	Stanley and Altofts	6,478	235	3.63
07DBFQ	Stanley and			
	Wrenthorpe	6,437	169	2.63
07DBFR	Wakefield Central	6,171	171	2.77
07DBFS	Wakefield East	6,682	509	7.62
07DBFT	Wakefield North	5,906	291	4.93
07DBFU	Wakefield Rural	6,265	240	3.83
07DBFW	Wakefield South	5,834	145	2.49
07DBFX				

Source: NOMIS, 1991 census table L42 – 'Household composition and housing'.

Table A2.12: Comparison of the percentage difference between the 2001 and 1991 Census ward counts for the percentage of private rented households of all households in Wakefield

Ward Name	% Private rented of all Households 2001	% Private rented of all Households 1991	% Difference
Castleford Ferry Fryston	2.27	3.49	-1.21
Castleford Glasshoughton	6.75	5.14	1.61
Castleford Whitwood	7.49	5.77	1.72
Crofton and Ackworth	5.65	3.66	1.99
Featherstone	5.50	4.47	1.03
Hemsworth	8.86	7.38	1.49
Horbury	5.46	4.43	1.03
Knottingley	4.80	3.64	1.16
Normanton and Sharlston	3.68	2.95	0.73
Ossett	6.13	5.81	0.32
Pontefract North	4.91	4.13	0.78
Pontefract South	3.23	2.34	0.89
South Elmsall	8.81	6.74	2.07
South Kirkby	7.43	4.56	2.88
Stanley and Altofts	6.00	3.63	2.37
Stanley and Wrenthorpe	3.45	2.63	0.83
Wakefield Central	4.53	2.77	1.76
Wakefield East	11.16	7.62	3.54
Wakefield North	7.16	4.93	2.24
Wakefield Rural	4.56	3.83	0.73
Wakefield South	3.37	2.49	0.88

Source: NOMIS, 2001 census table T08 (excluding those classed as 'living rent free') 'Theme table on households'. NOMIS, 1991 census table L42 – 'Household composition and housing'.

Table A2.13: 2001 Census counts for the total number of households and number and proportion of private rented households by ward in Kirklees in 2001

2001 Ward Code	2001 Ward Name	Number of all Households	Number of all Privately Rented Households	% Private rented of all Households
00CZFA	Almondbury	5,583	466	8.35
00CZFB	Batley East	6,636	685	10.32
00CZFC	Batley West	7,223	590	8.17
00CZFD	Birkby	6,006	950	15.82
	Birstall and			
00CZFE	Birkenshaw	7,415	461	6.22
00CZFF	Cleckheaton	6,563	552	8.41
00CZFG	Colne Valley West	5,891	714	12.12
00CZFH	Crosland Moor	6,546	776	11.85
00CZFJ	Dalton	6,757	492	7.28
00CZFK	Deighton	5,632	568	10.09
00CZFL	Denby Dale	7,318	512	7.00
00CZFM	Dewsbury East	6,470	519	8.02
00CZFN	Dewsbury West	6,911	674	9.75
00CZFP	Golcar	7,211	709	9.83
00CZFQ	Heckmondwike	7,053	470	6.66
00CZFR	Holme Valley North	6,616	402	6.08
00CZFS	Holme Valley South	7,129	537	7.53
00CZFT	Kirkburton	6,479	438	6.76
00CZFU	Lindley	6,945	578	8.32
00CZFW	Mirfield	6,634	415	6.26
00CZFX	Newsome	6,096	769	12.61
00CZFY	Paddock	6,813	1,341	19.68
00CZFZ	Spen	6,822	500	7.33
00CZGA	Thornhill	6,270	390	6.22

Source: NOMIS, 2001 census table T08 (excluding those classed as 'living rent free') 'Theme table on households'

Table A2.15: 1991 Census counts for the total number of households and number and proportion of private rented households by ward in Kirklees in 1991

1991 Ward Code	1991 Ward Name	Number of all Households	Number of all Privately Rented Households	% Private rented of all Households
07CZFA	Almondbury	5,273	327	6.20
07CZFB	Batley East	5,882	483	8.21
07CZFC	Batley West	6,882	402	5.84
07CZFD	Birkby	5,662	686	12.12
07CZFE	Birstall and Birkenshaw	7,237	329	4.55
07CZFF	Cleckheaton	6,175	366	5.93
07CZFG	Colne Valley West	5,570	514	9.23
07CZFH	Crosland Moor	6,184	507	8.20
07CZFJ	Dalton	6,299	267	4.24
07CZFK	Deighton	5,496	275	5.00
07CZFL	Denby Dale	6,366	419	6.58
07CZFM	Dewsbury East	5,796	317	5.47
07CZFN	Dewsbury West	6,199	535	8.63
07CZFP	Golcar	6,534	507	7.76
07CZFQ	Heckmondwike	6,169	340	5.51
07CZFR	Holme Valley North	5,861	318	5.43
07CZFS	Holme Valley South	6,363	421	6.62
07CZFT	Kirkburton	5,940	378	6.36
07CZFU	Lindley	6,463	398	6.16
07CZFW	Mirfield	6,196	288	4.65
07CZFX	Newsome	5,775	455	7.88
07CZFY	Paddock	6,152	1,059	17.21
07CZFZ	Spen	6,548	337	5.15
07CZGA	Thornhill	5,871	261	4.45

Source: NOMIS, 1991 census table L42 – 'Household composition and housing'

Table A2.15: Comparison of the percentage difference between the 2001 and 1991 Census ward counts for the percentage of private rented households of all households in Kirklees

Ward Name	% Private rented of all Households 2001	% Private rented of all Households 1991	% Difference
Almondbury	8.35	6.20	2.15
Batley East	10.32	8.21	2.11
Batley West	8.17	5.84	2.33
Birkby	15.82	12.12	3.70
Birstall and Birkenshaw	6.22	4.55	1.67
Cleckheaton	8.41	5.93	2.48
Colne Valley West	12.12	9.23	2.89
Crosland Moor	11.85	8.20	3.66
Dalton	7.28	4.24	3.04
Deighton	10.09	5.00	5.08
Denby Dale	7.00	6.58	0.41
Dewsbury East	8.02	5.47	2.55
Dewsbury West	9.75	8.63	1.12
Golcar	9.83	7.76	2.07
Heckmondwike	6.66	5.51	1.15
Holme Valley North	6.08	5.43	0.65
Holme Valley South	7.53	6.62	0.92
Kirkburton	6.76	6.36	0.40
Lindley	8.32	6.16	2.16
Mirfield	6.26	4.65	1.61
Newsome	12.61	7.88	4.74
Paddock	19.68	17.21	2.47
Spen	7.33	5.15	2.18
Thornhill	6.22	4.45	1.77

Source: NOMIS, 2001 census table T08 (excluding those classed as 'living rent free') 'Theme table on households'. NOMIS, 1991 census table L42 – 'Household composition and housing'

Table A2.16: The household characteristics of Privately Rented Households in Leeds in 1991 and 2001

Table AEN01: The household characteristics of privately rented households in 2001 and 1991												
	Total number of Private rented households	Lone Pensioner	1 adult - 0 dependent children*	1 adult 1 or more dependent children	2 Adults / Couple households				Family with dependent children	Other Households with dependent children	Multi-Occupied households Other multi-occupied households 0 dependent children	- of which are student households - 2001 only
					2 Adults / Couple dependant children**	- of which are without children 2001 only	- of which are Pensioner Households 2001 only					
2001	30,599	1,837	11,610	2,183	4,875	4,024	555	2,050	538	7,506	3,251	
1991	18,822	3,033	6,651	793	5,047	/	/	1,318	330	1,614	/	
Absolute Change 1991 - 2001	11,777	-1,196	4,959	1,390	-172	/	/	732	208	5,892	/	
% of total PR households in 2001	/	6.00	37.94	7.13	15.93	13.15	1.81	6.70	1.76	24.53	10.62	
% of total PR households in 1991	/	16.11	35.34	4.21	26.81	/	/	7.00	1.75	8.58	/	
Percentage Difference 1991 - 2001	/	-10.11	2.61	2.92	-10.88	/	/	-0.30	0.00	15.96	/	

NB: Where columns are '2001 only' their equivalent was not possible to calculate from the 1991 census table. * Includes 1 person households and 1 adult or lone parent with no dependent children.

** 2 adults / couple includes those without children and those with no dependent children

Source: NOMIS, 2001 census table T08 (excluding those classed as 'living rent free'). 1991 census table L42.

Table A2.17: The household characteristics of Privately Rented Households in Bradford in 1991 and 2001

	Total number of Private rented households	Lone Pensioner	1 adult - 0 dependent children*	1 adult 1 or more dependent children	2 Adults / Couple households			Family with dependent children	Other Households with dependent children	Multi-Occupied households	
					2 Adults / Couple 0 dependant children**	- of which are Couples without children 2001 only	- of which are Pensioner Households 2001 only			Other multi-occupied households 0 dependent children	- of which are student households - 2001 only
2001	17,584	1,392	5,432	3,178	2,758	2,077	394	2,742	674	1,408	411
1991	13,140	2,019	3,876	1,064	3,241	/	/	1,725	419	781	/
Absolute Change 1991 - 2001	4,444	-627	1,556	2,114	-483	/	/	1,017	255	627	/
% of total PR households in 2001	/	7.92	30.89	18.07	15.68	11.81	2.24	15.59	3.83	8.01	2.34
% of total PR households in 1991	/	15.37	29.50	8.10	24.67	/	/	13.13	3.19	5.94	/
Percentage Difference 1991 - 2001	/	-7.45	1.39	9.98	-8.98	/	/	2.47	0.64	2.06	/

NB: Where columns are '2001 only' their equivalent was not possible to calculate from the 1991 census table. * Includes 1 person households and 1 adult or lone parent with no dependent children.

** 2 adults / couple includes those without children and those with no dependent children

Source: NOMIS, 2001 census table T08 (excluding those classed as 'living rent free'). 1991 census table L42.

Table A2.18: The household characteristics of Privately Rented Households in Calderdale 1991 and 2001

	Total number of Private rented households	Lone Pensioner	1 adult - 0 dependent children*	1 adult 1 or more dependent children	2 Adults / Couple households			Family with dependent children	Other Households with dependent children	Multi-Occupied households	
					2 Adults / Couple 0 dependant children**	- of which are Couples without children 2001 only	- of which are Pensioner Households 2001 only			Other multi-occupied households 0 dependent children	- of which are student households - 2001 only
2001	7,603	661	2,641	1,276	1,434	1,043	237	1,013	231	347	4
1991	4,751	938	1,303	331	1,314	/	/	531	120	207	/
Absolute Change 1991 - 2001	2,852	-277	1,338	945	120	/	/	482	111	140	/
% of total PR households in 2001	/	8.69	34.74	16.78	18.86	13.72	3.12	13.32	3.04	4.56	0.05
% of total PR households in 1991	/	19.74	27.43	6.97	27.66	/	/	11.18	2.53	4.36	/
Percentage Difference 1991 - 2001	/	-11.05	7.31	9.82	-8.80	/	/	2.15	0.51	0.21	/

NB: Where columns are '2001 only' their equivalent was not possible to calculate from the 1991 census table. * Includes 1 person households and 1 adult or lone parent with no dependent children.

** 2 adults / couple includes those without children and those with no dependent children

Source: NOMIS, 2001 census table T08 (excluding those classed as 'living rent free'). 1991 census table L42.

Table A2.19. The household characteristics of Privately Rented Households in Wakefield in 1991 and 2001

	Total number of Private rented households	Lone Pensioner	1 adult - 0 dependent children*	1 adult 1 or more dependent children	2 Adults / Couple households			Family with dependent children	Other Households with dependent children	Multi-Occupied households	
					2 Adults / Couple 0 dependant children**	- of which are Couples without children 2001 only	- of which are Pensioner Households 2001 only			Other multi-occupied households 0 dependent children	- of which are student households - 2001 only
2001	7,631	641	2,612	1,163	1,598	1,263	200	892	141	584	164
1991	5,441	975	1,527	367	1,597	/	/	564	102	306	/
Absolute Change 1991 - 2001	2,190	-334	1,085	796	1	/	/	328	39	278	/
% of total PR households in 2001	/	8.40	34.23	15.24	20.94	16.55	2.62	11.69	1.85	7.65	2.15
% of total PR households in 1991	/	17.92	28.06	6.75	29.35	/	/	10.37	1.87	5.62	/
Percentage Difference 1991 - 2001	/	-9.52	6.16	8.50	-8.41	/	/	1.32	-0.03	2.03	/

NB: Where columns are '2001 only' their equivalent was not possible to calculate from the 1991 census table. * Includes 1 person households and 1 adult or lone parent with no dependent children.

** 2 adults / couple includes those without children and those with no dependent children

Source: NOMIS, 2001 census table T08 (excluding those classed as 'living rent free'). 1991 census table L42.

Table A2.20: The household characteristics of Privately Rented Households in Kirklees in 1991 and 2001

	Total number of Private rented households	Lone Pensioner	1 adult - 0 dependent children*	1 adult 1 or more dependent children	2 Adults / Couple households			Family with dependent children	Other Households with dependent children	Multi-Occupied households	
					2 Adults / Couple 0 dependant children**	- of which are Couples without children 2001 only	- of which are Pensioner Households 2001 only			Other multi-occupied households 0 dependent children	- of which are student households - 2001 only
2001	14,508	1,202	5,465	2,044	2,548	1,936	347	1,646	305	1,298	650
1991	10,197	1,737	3,203	579	2,869	/	/	1,016	190	590	/
Absolute Change 1991 - 2001	4,311	-535	2,262	1,465	-321	/	/	630	115	708	/
% of total PR households in 2001	/	8.29	37.67	14.09	17.56	13.34	2.39	11.35	2.10	8.95	4.48
% of total PR households in 1991	/	17.03	31.41	5.68	28.14	/	/	9.96	1.86	5.79	/
Percentage Difference 1991 - 2001	/	-8.75	6.26	8.41	-10.57	/	/	1.38	0.24	3.16	/

NB: Where columns are '2001 only' their equivalent was not possible to calculate from the 1991 census table. * Includes 1 person households and 1 adult or lone parent with no dependent children.

** 2 adults / couple includes those without children and those with no dependent children

Source: NOMIS, 2001 census table T08 (excluding those classed as 'living rent free'). 1991 census table L42.

Appendix 3 - Case Studies

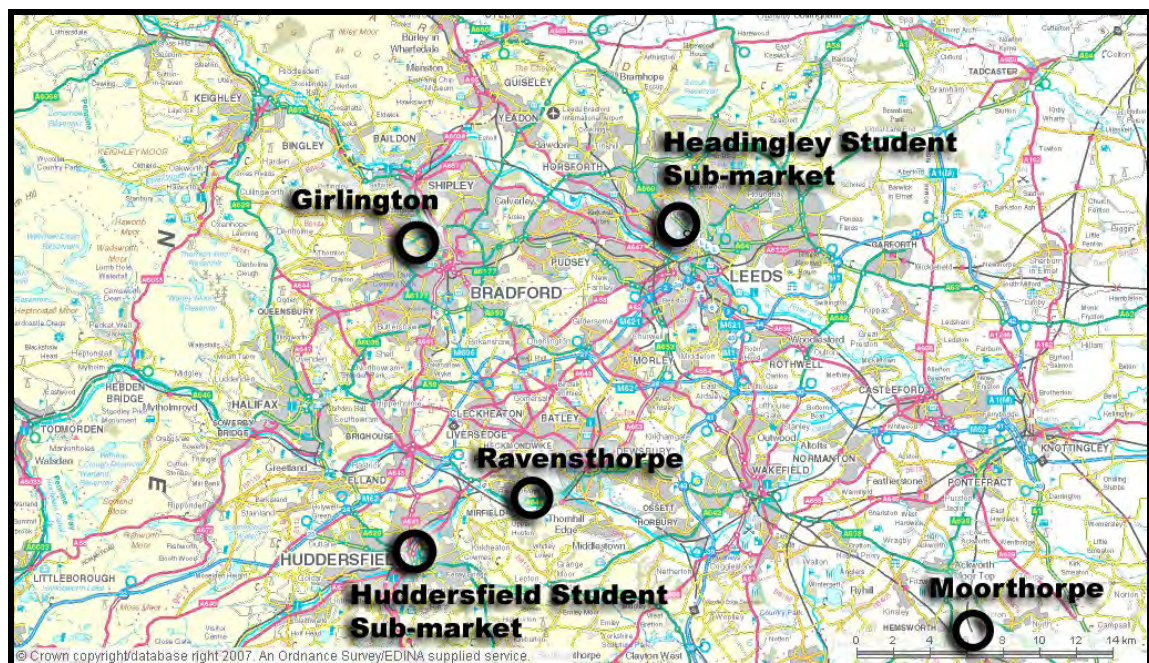
A3.1. Introduction

This section provides short summaries of the key issues to emerge from the five geographical case studies undertaken as part of this study:

- Girlington
- Headingley student sub-market
- Moorthorpe
- Huddersfield student sub-market
- Ravensthorpe

Some of the data presented in the summaries has been presented in the main report. This is quite deliberate: the intention is for the case study summaries to stand alone in their own right as semi-autonomous reports.

Figure A3.1: Location of the case studies



A3.2. Girlington

A3.2.1. Introduction

This section highlights the key issues to emerge from the case study of the private rented sector in the Girlington area of Bradford. The summary is divided into nine parts, including this one:

- The Study Area
- The Research Approach
- The Characteristics of Landlords Operating in the Area
- The “Health” of the PRS Market in Girlington
- “Issues” within the PRS Market in Girlington
- The Relationship between Landlords and Local Agencies
- The Future
- Concluding Thoughts and Policy Recommendations

A3.2.2. The study area

Girlington is located in the Toller Ward, to the west of Bradford city-centre. The area contains an ethnically rich and relatively young population. The area suffers from relatively high unemployment, low educational attainment and low income levels, which is reflected in the fact that it is one of the most deprived neighbourhoods in England (its IMD¹¹ ranking in 2004 was 672).

For the purposes of this study, the Girlington study area is bounded by Toller Lane / Hollings Road to the east; Duckworth Lane to the north; Squire Lane to the west; and the B6145 to the south. The core of the study area however is the central area, comprising Girlington Road, Kensington Street, Washington Street and St Leonard’s Road.

Girlington is an established residential area, well served by local transport links and with good access to the facilities and infrastructure within the city centre; Bradford Infirmary is located to the north of Duckworth Lane, and there is a significant retail and commercial park development to the south of the B6145.

Girlington itself is served by three local primary schools, a new build nursery school and children’s centre, a large Community Centre, and a recreation ground. The commercial centre of Girlington is found around Duckworth Lane where there are a number of shops and commercial premises. Other commercial property and the City Farm are located in the south east of Girlington, below Walker Drive.

The area has a mix of terraced, semi detached and detached properties. The 2001 census showed a total of 3,400 properties within the Girlington area, of which 62% were terraced. The majority of the stock was built pre 1900 and the core study area contains a concentration of back to back property. Property and environmental conditions vary across the area.

A number of factors lay behind the decision to undertake a case study within the Girlington area:

¹¹ Index of Multiple Deprivation.

- the area has a large and growing PRS. The most reliable and up-to-date data we have about the size of the sector comes from the 2001 Census. The Census found that 19% of properties in Girlington were owned by private landlords, local evidence suggests this is now in excess of 22%, with higher concentrations in the core area
- the size and structure of the PRS in the area was perceived by key local agencies to be undermining the sustainability of the area, contributing to the neighbourhood's housing and environmental problems, including poor stock condition and environmental dereliction, a transient local community, and social problems such as fly-tipping, and anti-social-behaviour
- although the area has been subject to a number of local initiatives aimed at supporting and regenerating the local community, there remain concerns about the sustainability of the area, and in particular about property and environmental conditions including disrepair and fly-tipping. Local initiatives have included:
 - as part of *Bradford Vision*, the Girlington Together Neighbourhood Action Plan (2006 – 2008), and Forward Strategy (2006 – 2009) identified a wide range of activities and outcomes to be delivered by local stakeholders. These included action around community safety, environment, and health and community engagement
 - the Manningham and Girlington Youth Partnership, aimed to provide a focus for the contribution and involvement of young people in the regeneration of the area
 - the *Go Girlington!* campaign developed and delivered a sustainable clean up campaign across the area
 - Neighbourhood Management has been introduced to facilitate work with residents, local groups and voluntary and statutory service providers
 - inspection of all PRS properties in the area by an officer from Bradford City Council with a view to raising property standards in the sector. Further information about this initiative can be found in section 6.2.

A3.2.3. The Research Approach

The case study in Girlington comprised four elements:

- a review of key policy documents and secondary data relating to the area
- interviews with representatives from organisations with a 'stake' in the local PRS. In all six stakeholder interviews were conducted and we spoke to representatives from the local authority including the Neighbourhood Manager, local Estate Agents, and Letting Agents
- interviews with landlords based in the area. In all, we conducted six in-depth landlord interviews
- a tenants' focus group. This was held at St Edmund's Nursery School in Girlington.

A3.2.4. The Characteristics of Landlords Operating in the Area

The study found that the majority of landlords operating in the Girlington area had small portfolios: five of the six landlords we spoke to had less than five properties; and all were locally based, within Bradford.

Four of the six landlords interviewed were part-time landlords and three were letting property on behalf of family members who lived outside Gillingham (an uncle, brother and sister in law). In contrast to landlords in other case study areas, landlords in Gillingham operated at a fairly informal level in terms of management and business practice. Only two landlords said they were definitely in the business for the long term, three did not know, again reflecting the part time/non professional nature of their business.

There was some evidence of investment activity from larger regional, sub regional and national investors. These investors were more likely to operate through letting agents although most had links to the area:

“Investors are national, often buying via friends for investment. Or they see advertising on the internet. But most people would have relatives locally.” (Gillingham Letting Agent)

Local residents reported an increase in the number of letting agents operating in Gillingham. And letting agents themselves reported that business had grown in recent times:

“Yes: business has definitely increased over the last seven months in response to cheap house prices.” (Gillingham Letting Agent)

Reinforcing an earlier point, when asked about the nature of the landlords they managed for one large agent reported that their landlords were:

“60% are larger national investors... 40% are small and local.” (Gillingham Letting Agent)

A3.2.5. The “Health” of the PRS Market in Gillingham

A buoyant market

Although Gillingham was widely seen as catering for tenants at the “bottom” of the market, meeting the needs of low income and migrant working households along with tenants on housing benefit, the Gillingham PRS appeared to be relatively buoyant.

The buoyancy of the market in Gillingham was demonstrated in a number of ways.

- Strong demand
- Few empty properties
- The relatively high yields obtained by landlords

Strong demand

The buoyancy of the market was reflected in the relative ease with which landlords could let their properties:

“It is not difficult to get tenants. There is high demand in Gillingham and all over Bradford. I put an add in the local shop and it is snapped up.” (Gillingham Landlord with one property)

“It (the PRS in Gillingham) is buoyant. It’s easy to let by word of mouth: I get five phone calls a day looking for property.” (Gillingham Landlord with 13 properties)

"Lettings are no problem. People come in off the street or see adverts in the local press." (Girlington Letting Agent)

The area was popular with tenants for a number of reasons, one of these being its central location and proximity to employment opportunities:

"It (the PRS in Girlington) has got busier...there are more staff coming from abroad to work at the hospital...they get a minimum nine month contract on a tenancy...most extend it for another year." (Girlington Letting Agent)

"It (Girlington) is attractive because it is close to the hospital, shops and amenities." (Girlington Landlord with one property)

"B8 used to be a Phillippino area, with migrants working at the hospital. Now it is not about the hospital, it is about other employment." (Girlington Letting Agent)

Girlington has long been an area with a diverse local community. In recent years the growth in A8 migrants has bolstered the local letting market:

"The market has been up and down, high and low. There is high demand now from the Eastern European market." (Girlington Landlord with three properties)

Few empty properties

The low level of empty properties is also a mark of the buoyancy of the market:

"It's a really buoyant market and you won't see many empty properties. Properties sell very quickly." (Bradford Local Authority Officer)

"They (properties) don't stand empty long...about a week." (Girlington Tenant Focus Group)

In a competitive market the popularity of the area is enhanced by the generally good stock condition. Local staff reported reasonable stock condition which had been enhanced in recent times by the local inspection regime and positive attitude of landlords towards property improvement.

A number of landlords and letting agents noted that improved stock condition enhances the letting potential of a property:

"It (stock condition in the area) is good. It has improved with the home improvements, standards are better and rents have risen. You can get lower rents in Girlington but it depends on the property." (Girlington Letting Agent)

Relatively high yields

It was reported that landlords in Girlington could make a good return on their investment:

"Landlords in Girlington can get a decent yield." (Girlington Letting Agent)

"Even at £80k they are selling really quickly. They are the smallest houses and the lowest prices in Bradford. Prices are rising in response to demand. There is demand to rent and buy locally. You get a good return on your investment." (Girlington Landlord with three properties)

"The run down houses are still cheap compared to other areas. You can still buy and let at a profit. So it is attractive compared to West Bowling. If the house prices were as high as West Bowling I would not bother to invest." (Girlington Landlord with one property)

As noted in the quotes above, this was because of high demand and the relatively low house-prices in the area:

"It is a buoyant market because prices are still relatively low. Back-to-backs and terraces in Girlington are still the cheapest locally." (Bradford Local Authority Officer)

"Prices in Girlington have gone up but it is still at the lower end of the market in Bradford." (Girlington Letting Agent)

Yields in Girlington have been bolstered by the growth in rents in the area, another marker in its own right of the buoyancy of the market:

"Historically rents have been lower than elsewhere in the city...they have been catching up" (Girlington Landlord with one property)

And the fact that landlords were getting the rents they asked for was a further marker of the buoyancy of the market:

"Landlords are getting what they ask for. There has been an upward trend in rents." (Girlington Landlord with one property)

A3.2.6. Issues within the PRS

One of the primary reasons behind the choice of Girlington as a case study area was that there appeared to be a number of problems and issues associated with the PRS locally that were having a negative impact on quality of life in the area. This section examines some of these issues.

Our attention focuses on those issues specific to the PRS *per se*, as many of the problems that the area is experiencing are tenure blind and neighbourhood centred rather than about tenure in itself. The case study interviews and focus group aimed to un-pick the nature of problems locally and the extent to which these could be attributed to the PRS.

Received wisdom locally, reflected in local reports such as that for the Girlington Technical Support Pilot, indicated that the size and structure of the PRS was potentially a problem¹². Specifically it was felt that:

"The tenure mix within an area can have an impact on its overall health. Large numbers of private rented property, a more transitory population, less pride and 'ownership' in the area can all contribute to declining areas and problems of sustainability." Girlington Technical Support Pilot (April 2006)

This view was not reflected in local interviews.

"No, not at all, it (the PRS in Girlington) is all up to standard. There is nothing specific to the PRS: it's an area thing." (Girlington Letting Agent)

¹² See "Girlington: Technical Support pilot Housing and Environment" April 2006 section 4.6.

“The area would be the same if you were renting or buying.” (Girlington Landlord with one property)

The problems identified in the area were seen as being rooted in the socio-economic make up of the area, rather than in the tenure mix.

“The area is attractive to the bottom of the market, so that is difficult, but the PRS does not CAUSE the problems... most of the PRS is Eastern European and they cause no problems.” (Girlington Landlord with one property)

“I think it is a problem with a low economic base and social status ... people not working and not bothered. But it is the same for tenants and owner occupiers.” (Girlington Landlord with one property)

Girlington was in fact a very mixed tenure area, as one landlord commented:

“They [i.e. owner occupiers] are no better, the whole area is at the bottom of the market.” (Girlington Landlord with one property)

In addition both local staff and residents observed that landlords were predominantly “local”, suggesting that they may retain a feeling of “ownership” in the area, and a sense of responsibility for their property even if tenants do not.

“Most landlords are local, most landlords live over Duckworth lane, or into B9 but most have a local connection.” (Bradford Local Authority Officer)

This sense of continuing ownership and “stake” in the area was further evidenced by the experience of local tenants -

“When we moved in it was really horrible, no heating or hot water. But the landlord was very good, he did all the work in two weeks. They look after us in every moment, even if my daughter or husband is not well.” (Girlington Tenant Focus Group)

- and the positive attitude of landlords towards property inspection and improvement:

“I want to make the property right for people. It is better to have it done. It is an investment. Some landlords don’t like it but I think it is OK.” (Girlington Landlord with three properties)

However, the study did identify a number of issues that appeared to be specific (to varying degrees) to the PRS and these are explored below:

- stock condition
- tenancy turnover
- overcrowding
- fly-tipping
- tension with the A8 migrant community.

Stock Condition

Although a full stock condition survey has not been undertaken in Girlington, in response to perceived problems of stock condition in the PRS Bradford City Council introduced a private sector inspection regime in Girlington. This has generally been

well received by landlords and is believed to have had a positive impact both on stock condition and levels of engagement with landlords locally.

"I do inspections there [Girlington] and I'm often surprised about how good the housing is." (Local Authority Officer, Bradford)

"We were surprised how good the properties were in Girlington. Most of them were in good condition." (Local Authority Officer, Bradford)

This view was backed up by Letting Agents:

"Landlords are a mixed bag. We inspect property and make sure it is in a good condition. We advise landlords how to improve their property. They need to keep on top of repairs and standards." (Girlington Letting Agent)

"You need to keep communication open with landlords to help keep standards up. It is difficult with landlords who live out of town. Local landlords are easier to deal with." (Girlington Letting Agent)

Tenants in the focus group also noticed an improvement.

"They have to do more to get it let." (Girlington Tenant Focus Group)

The apparent improvement in the condition of the PRS stock can be attributed to the following local factors:

- increased competition within the sector which meant 'poor' properties were likely to be unlettable
- regulation, legislation and the work of local authorities' private rented sector teams
- the entrance of new (principally) buy-to-let landlords into the market
- landlords' desire to maximise their rental returns as "quality produces higher rents." As landlords in Girlington noted:

"When you buy a property you need to invest to get a return." (Girlington Landlord with three properties)

Tenancy Turnover

The study found that there was a low level of empty property in Girlington, and property both to rent and buy was in high demand. In spite of this local staff reported a high level of tenancy turnover within the PRS. The issue was perceived as being particularly a problem in the A8 migrant sub-market:

"There are a lot of Eastern European migrants so it is easy to let. They move around but property still lets." (Girlington Landlord with one property)

"The PRS draws people in from outside. In particular immigrants with no community. They are not well established and there is a lot of turnover." (Girlington Landlord 13 properties)

There was some evidence to suggest that new migrants may be attracted to Girlington as a first point of settlement in Bradford. For example working migrants who settle with a job, may then plan to move out to a more desirable area. This was the experience of tenants in the focus group:

"They move in here, get settled then move on." (Girlington Tenant Focus Group)

And one landlord commented:

"Those who were better off have moved out. People move out when they can afford it." (Girlington Landlord with one property)

Overcrowding

Overcrowding is also an issue associated with the PRS in Girlington and again specifically associated with the A8 migrant community. It was argued that landlords were 'cashing-in' on A8 migrants by allowing them to live in over-crowded conditions:

"It (the movement of East European migrants into the PRS sector) has become a bit of a problem, though, because they often live in over-crowded conditions." (Local Authority Officer, Bradford)

"There is a real issue about over-crowding (in properties occupied by A8 migrants)" (Local Authority Officer, Bradford)

One local landlord we spoke to acknowledged the problem of overcrowding:

"It would be best to let to (A8) families but it does not work out that way... you let more to individuals. Eastern Europeans who are in work. They can't afford a family rent so they overcrowd...they bring others in and you see up to 20 people going in and out of the house. As a landlord you give them a contract but it may not be worth chucking them out.... it is a hassle, you just have a friendly chat and keep it let. I don't want to go to court." (Girlington Landlord with three properties)

Fly-tipping

The dumping of rubbish in back yards and alley ways is clearly a problem in Girlington. This was evident from a walk around the study area during the research; and from local initiatives such as *Go Girlington!*, aimed at improving environmental conditions. One tenant commented:

"It is all OK apart from the dumping." (Girlington Tenant Focus Group)

"There are 'no dumping' signs but bad people put rubbish everywhere." (Girlington Tenant Focus Group)

Fly-tipping was seen as a general cultural problem in the area and initiatives such as *Go Girlington!* were aiming to both educate, and initiate cultural change across tenures. The interviews found that both tenants and landlords had a tendency to "blame" the A8 migrant community for fly tipping. And to an extent this could be linked to high tenancy turnover in this sector.

"In the past year there have been a lot of Czechs near us. They moved onto our street and there quite a lot of them. They do a lot of dumping...They get too much free stuff so they just put it out." (Girlington Tenant Focus Group)

"These people don't know we have bins, they just dump rubbish in any empty space." (Girlington Landlord with three properties)

Both landlords and tenants acknowledged, however, that the situation was improving principally because of the efforts taken to “educate” A8 migrants about dumping and fly-tipping:

“The Czechs have settled down now. It (living in Girdlington) was something new for them at the beginning but they have settled as they have got to know people. But they are still dumping every week or so.” (Girdlington tenant Focus Group)

“There are problems with the mess when they first move in. But once they are established they are a bit better.” (Girdlington Landlord with 13 properties)

The relationship between “local” residents and A8 migrants

A number of the issues discussed in this section have made reference to the A8 migrant community. However, Girdlington has always been a culturally diverse area, and on the whole communities have lived together more successfully in Girdlington than in neighbouring areas.

“Girdlington has a very mixed race culture. Girdlington is a very mixed area, backgrounds, ages, household types.” (Girdlington Tenant Focus Group)

Tenants in the focus group appeared to value the cultural diversity and there was little evidence of tension. Tenants commented:

“There is good community spirit.” (Girdlington Tenant Focus Group)

It was noted that A8 migrants tended to live on streets where others members of their (national) ‘community’ were resident. For example, this was the case for the (Czech and Slovak) Roma population in Girdlington:

“They (the Roma population) tend to concentrate on particular streets at the top-end of Girdlington.” (Local Authority Officer, Bradford)

Economic migrants migrant households tended to concentrate in the PRS.

Contrary to what one might have expected, the research found very little tension between established communities in Girdlington and the newer A8 migrants. The existing ethnic diversity in Girdlington, and the fact, as noted earlier, that many different ethnic groups have moved into the area over the last 50 years may be a factor in the markedly different responses to A8 migrants in Girdlington compared to Moorthorpe for example. So as a tenant in Girdlington noted, it was because the area had a ‘mixed race’ culture that it was so “tolerant” of newcomers:

“Girdlington has a very mixed race culture. Girdlington is a very mixed area... backgrounds, ages, and household types all vary... that’s why it (the movement of A8 migrants into the area) has been OK.” (Girdlington Tenant Focus Group)

When discussing relationships with the A8 community in the tenant focus group attitudes were again positive, and tenants felt that “a few heated words” was as bad as it got when one of the children was “cheeky” to a neighbour:

“The kids talk to you. They are a bit cheeky. They are just noisy... a bit irritating. But they go when you ask them to keep it down they are OK” (Girdlington Tenant Focus Group)

Landlords were also positive:

“I’ve had no problems since the Eastern Europeans moved in. They pay the rent and do their own repairs.” (Girlington Landlord with one property)

A3.2.7. The Relationship between Landlords and Local Agencies

The Local Inspection Regime

The property inspection regime introduced in Girlington by Bradford City Council has had a positive impact on the relationship between the Council and local landlords. Five of the six landlords we spoke to were positive about the contact they have had with the Council, in all cases contact had been over the inspection of property.

Positive comments included:

“Inspection was quite helpful for us.” (Girlington Landlord with 13 properties)

“They (Bradford City Council) are always there, telling you how to improve the property in terms of energy efficiency and so on. Inspection is helpful.” (Girlington Landlord with three properties)

“Xxx (an officer from Bradford City Council) has inspected every year. There is always something to do inside. Sometimes the tenants have caused the problem. The Council give advice and I will do it. At the end of the day it is better for the property.” (Girlington Landlord with two properties)

Housing Benefit

Landlords were also asked for their views about the housing benefit sub-market and their willingness to let to tenants in receipt of housing benefit. In other case study areas landlords had complained that the Housing Benefit (HB) system was too slow and inefficient, which deterred them from letting to HB tenants. In Girlington, we found no evidence to suggest that landlords were reluctant to let to HB tenants. Indeed, one landlord we spoke to preferred to let to HB tenants:

“Having Housing Benefit tenants is easier...the rent comes in no hassle...it depends on the tenant but it is best if it is paid direct to the landlord...it’s regular income.” (Girlington Landlord with 3 properties)

And unlike many of their counterparts in West Yorkshire, landlords in Girlington spoke in fairly favourable terms about the housing benefit service provided in the local area:

“The housing benefit process is slow but once it is in place it is OK.” (Girlington Landlord with 13 properties)

Regulation

Compared to the other case study areas there was a low level of awareness of regulation among landlords and letting agents in Girlington. One letting agent commented that:

“Landlords are not interested in regulation and they don’t know about it.” (Girlington Letting Agent)

Generally the views reflect the fact that landlords are often operating on a small scale, in a non “professional” capacity. Some landlords and agents were looking for ways around regulation; thinking about the rent deposit scheme for example, one letting agent commented:

“We have stopped taking a bond...we take rent in advance instead...everyone is happy with that.” (Girlington Letting Agent)

Others expressed the view that regulation could be burdensome, although they welcome the advice they receive from the Council:

“The advice is OK. We get updates on legislation etc.” (Girlington Landlord with one property)

“We just need pointing in the right direction...this is not a big business for us.” (Girlington Landlord one property)

They would not be in favour of further regulation:

“Checks on landlords by the Council are good but I would not support more checks or accreditation.” (Girlington Landlord with one property)

“We don’t need any more bureaucracy. It would put people off and push the market down.” (Girlington Landlord one property)

“They need to redress the balance in favour of the landlord. Tenants can walk all over me...I need something in my favour.” (Girlington Landlord with 3 properties)

A3.2.8. The Future of the PRS in Girlington

Most landlords are upbeat about the future of the PRS in the study area

Landlords were asked their views about the future of the market and how ‘healthy’ it was likely to be in the future. All four letting agents and five of the six landlords interviewed were positive about the future sustainability of the PRS in Girlington.

A number of factors may ‘boost’ the sector in the future

A number of factors may help to sustain PRS market in Girlington in the future. These include:

- *strong demand for PRS properties from tenants.* There is no reason to suggest that the already strong demand for the PRS will denude in the future. Indeed, it is more likely that it will rise in the future as the impact of the improvement interventions in the area are felt. In addition, the continued popularity of the area with A8 migrants will provide an additional boost to the demand for the sector

“I expect to see increased demand, especially from the Polish workers.” (Girlington Landlord with six properties)

“There is no shortage of people coming from Eastern Europe. They are poor people and the work here is good for them: building and plumbing trades that British people don’t want to do. They are making a lot of money and demand is growing in the market.” (Girlington Landlord with six properties)

- *relatively low house prices and high yields.* The area's relatively low house prices, coupled with relatively strong demand, means that in the short term landlords in the area will continue to be able to secure a relatively high return on their investment. However, it should be noted that if high prices continue to increase at their current rate this will have an adverse affect on yields and the area will become less popular with landlords
- *the relatively unaffordability of homeownership.* Although high prices in the area are relatively low so too are income levels in Girdlington and surrounding areas. So unless high prices in the area fall, which seems unlikely given the buoyancy of the PRS, many low income would-be homeowners will find it very difficult to buy in the area and will be "forced" to rent in the PRS, the largest of the rental tenures in the area.

"House prices are rising... first time buyers can't get on the ladder." (Girdlington Landlord with three properties)

"There has been an increase in demand because of interest rates. In the past you could get a mortgage for £480, not anymore. So demand is for private renting. Rents are £400 per month." (Girdlington Letting Agent)

"People can't afford to buy. Rent is half what they would have to pay for a mortgage on the same house." (Girdlington Landlord with six properties)

A3.2.9. Concluding Thoughts and Policy Recommendations

Chapter six of the main report is devoted to exploring the key policy messages and lessons to emerge from the study. Although there seems little sense in replicating all of them here, there are a number of lessons of particular pertinence for policy makers and practitioners working in Girdlington. These are:

- continue to work with landlords on support and enforcement functions. This could explore the balance between incentives and compulsion on aspects of regulation and standards. Our belief here is that professional landlords have a vested interest in a PRS that is of good quality with high management standards. And so do smaller landlords often who have strong commitment to the area (or areas) where their housing is located: this is clearly the case in Girdlington. Identifying, pursuing and enforcing those standards will improve their business and their competitive edge. An unregulated market undermines their interests and tenants' interests to the detriment of neighbourhoods, towns, and cities. In Girdlington, several landlords spoke of the benefits of intensive area based activity and welcomed Bradford City Council's inspection programme in the area
- work with other PRS stakeholders (such as Building Societies) to encourage landlord membership of accreditation schemes and professional bodies and training updates etc. Building Societies particularly may be keen to act after recent events. Where their lending supports the PRS the dependability and professionalism of the sector helps to protect the lenders' asset base. Also the lenders may be willing to share data to help local authorities regulate bad practice or identify fraud
- despite the recent market for new property in the PRS, the sector overall has a lot of pre-1919 property that may need investment for maintaining standards and energy conservation targets. Investment benefits low income tenants as much as landlords so targeted investment can be justified. Authorities may want to try to link this to leasing schemes (through housing associations) to ensure long term rental supply through their investment

- it is important to keep abreast of changes in the sector and it is vital to increase understanding over the long term. This can be achieved by monitoring key data.

A3.3. The Headingley Student Sub-market

A3.3.1. Introduction

This section highlights the key issues to emerge from the case study of the student (PRS) sub-market in the Headingley area of Leeds. The summary is divided into eight parts, including this one:

- The Study Area
- The Research Approach
- The Characteristics of Landlords Operating in the Area
- The “Health” of the student sub-market in Headingley
- Landlords, Local Agencies and Regulation
- The Future
- Conclusion

A3.3.2. The Study Area

The student PRS centred on Headingley forms the largest student sub-market in Leeds and one of the largest in the country. The area is home to students from Leeds’ two universities: the University of Leeds and Leeds Metropolitan University. While the traditional heart of the market is the neighbourhood of Headingley itself it also includes a number of adjacent areas including Hyde Park, Burley, Kirkstall and Little Woodhouse. In policy circles this area has come to be known as the ‘Area of Housing Mix.’ The area, which was identified by the Shared Housing Group¹³, is located in the Leeds City Council area, Inner North West Leeds.

While it is impossible to gain an accurate assessment of the size of the student sub-market in the study area, it appears that in many, if not most parts of the area, it accounts for the largest proportion of the local housing market. Census data supports this assertion: in 2001, 57.90% of all households in the Headingley ward were in the PRS. While it is true that some of the private renters in this count were not students it is also worth noting that the student market has grown since 2001, so that it now probably forms an even larger segment of the market.

The growth of the student market in the area, or “studentification” as the process has been described by Darren Smith from the University of Brighton, has magnified those tensions that already existed between local homeowners and students, and concerns have been raised about the longer sustainability of the area. These concerns were behind the decision of some local residents to establish a development trust in the area (the) in 2005, “with the aim of promoting and developing a sustainable local community in Headingley”, and the formation of the Shared Housing Group which was established with the primary intention of reducing the number of students accommodated within the Area of Housing Mix by 2011.

¹³ The Shared Housing Group was set-up to consider the impact of student and shared housing issues in Inner North West Leeds, with the aim of creating more balanced and therefore more sustainable communities. The group comprises the following organisations: the Leeds HMO Lobby; Leeds Metropolitan University; Leeds Met Students’ Union; Leeds University Union; the University of Leeds; Unipol and Leeds City Council.

As the problems of “studentification” in the area are well researched and documented in a number of policy documents, including A Strategy for Housing Students in Leeds 2005-2010, which was produced by Leeds Housing in 2006, the study focuses principally on the “health” of the student sub-market and its future trajectory. It is also worth adding that this report is designed to supplement the excellent research already undertaken in the area by Darren Smith, Huw Jones, from Leeds City Council, and Rachael Unsworth from the University of Leeds.

A3.3.3. The Research Approach

The Headingley case study comprised five elements:

- a review of key policy documents and secondary data relating to the area
- interviews with representatives from organisations with a ‘stake’ in the local PRS. In all nine stakeholder interviews were conducted and we spoke to representatives from the following organisations: Leeds City Council¹⁴, the University of Leeds; Leeds Metropolitan University; estate agents; and letting Agents
- interviews with landlords based in the area. In all, we conducted eight in-depth interviews
- a tenants’ focus group. Eight students attended a focus group held at St Chad’s Parish Centre in Headingley
- a landlords’ focus group. This was attended by 12 landlords.

A3.3.4. The Characteristics of Landlords Operating in the Area

The student market in Headingley is dominated by large professional landlords. As one stakeholder noted:

“Most of the landlords in the sector (in Headingley) are professional landlords with most of them based in Leeds.” (Officer, Leeds City Council)

A number of the bigger landlords in the area, such as Park Lane and Unipol, also provided a letting service for local landlords, with most of the landlords on their books having relatively small portfolios. The majority of both larger and smaller landlords appeared to be locally based with relatively few investors coming from outside Leeds.

Most landlords specialised in the student sub-market with relatively few reporting that they held properties in other sub-markets, such as the “professional” and “lower income” sub-markets. However, we found some evidence to suggest that this maybe changing with a number of landlords reporting that they had invested in the “professional” sub-market (this issue is explored in more detail in the next section).

“Landlords are knocking houses into two bed flats for professionals. Landlords are cottoning on to the fact that there is a shortage of two bed flats.” (Second Year Student)

¹⁴ We interviewed two officers and one elected member from the organisation.

A3.3.5. The “Health” of the student sub-market in Headingley

A Highly Competitive Market

Landlords were asked to assess the relative health of the Headingley sub-market. Most provided a positive assessment: nine of the twelve landlords who took part in the landlord focus group and five of the six we interviewed thought that the market was buoyant. This finding seems at odds with subsequent comments made landlords as most admitted that the sub-market was encountering difficulties and was highly competitive. An explanation for this apparent anomaly can be perhaps found in the comments of a landlord based in Bradford who noted the reluctance of landlords to “talk the market down in public”:

“But the important thing that you need to remember, is that landlords never talk down the market because it’s simply not in their best interests to do so....they don’t want to talk it down, certainly not in public – they might do in private...and there’s no way they’ll be negative about the market. I should know, I’m a landlord myself!”

While there was a consensus amongst both landlords and stakeholders that demand from students was holding firm and still strong, most respondents believed that the market had become more competitive in recent times and was in danger of becoming over-saturated.

Turning first to the former issue, demand from students for properties in the area remains strong and the area remains popular with students. While participants in the student focus group identified a number of reasons why they had chosen to locate in Headingley, the most commonly cited was the desire to be close to their friends and to live with other students:

“It’s where all my mates are....I want to be close to my mates and all the good pubs...it’s like studentville around here.” (Second Year Student)

“I lived in Burley for a year but didn’t have as much fun, so I moved to Headingley...there was a more mixed community in Burley.” (Third Year Student)

Interestingly, when the issue of social balance and the relationship between students and local residents was raised in the focus group, most students believed that the relationship between the two groups was fairly harmonious:

“I don’t think there are particular problems here (in Headingley). I’m not aware of any particular issues.” (Third Year Student)

And students also believed that there was an appropriate balance between local residents and students. In fact one student thought it was desirable for the student population in the area to grow:

“To be honest I’d like it if there were more students here.... there’s so many of us (students) here and I really like that... it’s great being with your mates.” (Second Year Student)

A number of respondents noted that the Headingley sub-market was extremely competitive and that it was encountering a number of difficulties. And there was very much a sense that the market had “peaked”, as a result of a number of factors including increased competition:

"It's buoyant overall, but not as much as people think! It has peaked...there is still a good yield to be had in the student market although lettings are increasingly aggressive in such a competitive market". (Large Landlord and Letting agent)

The market is stable but difficult mainly because of more competition." (Landlord with 140 properties)

"The market runs and regulates itself because it is so competitive. Landlords can't afford to leave their properties in poor condition as they simply won't be able to let." (Officer, Leeds City Council)

5.2. An Increasingly "Difficult" Sub-market: the Evidence

A number of pieces of evidence support the assertion that the Headingley sub-market is becoming increasingly problematic. Perhaps the most of these is the high level of empty bed spaces within the area.

Over-supply

A number of stakeholders reported that over-supply was a major problem in the area. The views of two were typical of many:

"There is a massive surplus of property in Headingley... there are 3,500 empty beds" (Officer, the University of Leeds)

"Previously the (student) market (in Leeds) was very buoyant but now landlords are finding things really difficult...This sector has grown in recent years but things have changed recently and it's a worrying time. Letting has become difficult in these areas and Leeds has 2,000/ 3,000 empty bed spaces...a lot of properties are standing vacant for a long period of time... and landlords are thinking long and hard about the future. Sometimes properties stand empty for a year." (Officer, Leeds City Council) (Local authority officer, Leeds)

And there was a consensus amongst landlords that over-supply was a problem in the area:

"It is fairly strong (the PRS) in Leeds but there is a surplus (of properties) in the student market." (Landlord with 20 properties)

"There is an oversupply in the market place... there are threats on the horizon... It is not as easy as it used to be." (Landlord, landlord focus group)

Students we spoke to shared a similar view:

"There are more houses than students here (Headingley)" (Postgraduate Student)

"There is an over supply of landlords." (Second year student)

Two principal reasons were offered to explain the over-supply problem in Headingley: the growth in the numbers of purpose built units being built by the University of Leeds, Leeds Metropolitan University and private providers; and the increase in the number of small, often buy-to-let funded, landlords in the market.

In recent years there has been a massive increase in the numbers of purpose built units (or cluster flats) provided for students. This accommodation has been built (or

commissioned) by the city's two universities and by private providers. Much of this accommodation has been built between Burley Road and Kirkstall Road adjacent to Little Woodhouse. The universities have targeted first year students to live in their accommodation while private providers have also been targeting second and third year students. A number of stakeholders reported that new purpose built accommodation was contributing to the over-supply problem in the area:

"There are number of reasons why this (over-supply) has happened...the Universities have built purpose built accommodation and a lot of students, particularly at Leeds Met, are choosing to live at home." (Local authority officer, Leeds)

"Student areas have struggled with the drop in student numbers in recent years with the increase in purpose built blocks." (Landlord with 60 properties)

However, a number of landlords we spoke had a different take on things: they were not convinced that new purpose built accommodation was having a significant impact on their operations:

"There has been no impact on our market from the purpose built student blocks, not this time round." (Landlord with 300 properties)

This was because they believed that most second and third year students preferred to live houses in student areas. Students who attended the tenant focus group in Headingley appeared to back-up this assertion:

"I don't want to live in a flat. I want to live with my mates in a house.... And we want to live 'round here (Headingley) because it's studentville.... it's where all my mates are... and where the pubs are... and the new flats are miles away... I don't want to live in the city centre." (Second year student, student focus group)

"I think the new flats are for freshers and I'm sure they're fine.... But I wouldn't live in one. Forgetting where they are located, I want to be in a house." (Postgraduate student, student focus group)

"There is no appeal (for purpose built accommodation) to second and third year students... they want to move out to traditional houses and want to choose who they live with." (Second year student)

"I don't want to live in one of those big flats....I want to live a house with my friends and I want to live in a student area.... some of them (cluster flats) are in the middle of nowhere...I like the craic that you get living around here." (Third year student)

A number of respondents thought that the number of landlords operating in the market had increased in recent years on the back of the buy-to-let phenomenon.

"There has been an increase in demand from students, but there has been a greater increase in supply... smaller buy-to-let investors have bought properties." (Landlord with 200 properties)

Movement of landlords into new sub-markets

A number of landlords noted that the over-supply in the student sub-market was increasingly being taken up by lets to young professionals and economic migrants:

“Oversupply is taken up by professionals. You don’t see a lot of empty houses, but you do see more migrant workers and Polish (migrants) now living in the area” (Landlord, landlord focus group)

“Young professionals are picking up property that has been left vacant” (Landlord, landlord focus group)

“I notice more Polish in L6 and Burley (LS4) ten minutes from Headingley”. (Landlord, landlord focus group)

And there was a widespread belief that the tightening of the Headingley sub-market was causing many landlords to leave the market:

“They (landlords) are leaving the market...some new landlords are coming in, but those with information are selling. There are more selling than buying.” (Large Landlord and Letting agent)

“Some landlords are starting to wish they had sold earlier. I am selling six of mine now.” (Landlord with 20 properties)

“Previously the market was very buoyant but now landlords are finding things really difficult. A lot of landlords are selling-up and I know of one landlord with 35/40 properties who has sold all her properties.” (Officer, Leeds City Council)

Falling yields

A number of landlords and stakeholders reported that yields had fallen in Headingley in the last couple of years. As one landlord at the landlord focus group noted:

“People (landlords) have lost enthusiasm.... they can’t get the yields.” (Large Landlord and letting agent).

Yields have been eroded in the area by rising house prices and static/ falling rents. As one landlord/ letting agent noted, it was a combination of these two factors that had had an adverse impact on yields:

“Rents are not keeping up with growth in capital values. Rents have risen by two per cent while capital values have doubled in ten years.” (Large landlord and letting agent)

A number of landlords highlighted the negative impact of high house prices on the rental market:

“Prices are too high and the legislation is too much”. (Landlord with 96 properties)

“Prices don’t stack up with high house prices.” (Landlord, landlord focus group)

“Over the last two years they (landlords) have had to buy at higher prices. It has made things more of a burden.” (Large landlord and letting agent)

A number of landlords reported that rent levels, a marker in its own right of the relative buoyancy of a market, had levelled-off in the area and one noted that they were actually falling:

“Rents have levelled off. Some (rents) have had to fall to get a let in Headingley and Hyde Park.” (Landlord with 140 properties)

“When prices were rising the market was buoyant. Up to last year people were buying. Now rents are falling and there is a greater burden of legislation.” (Landlord with 300 properties)

The relative poor performance of rental levels in relation to house-price growth had resulted in the “business model” of some landlords changing:

“The business model in the past was based on rental yield to cover loans and charges. We are now looking more at capital appreciation.” (Landlord with 60 properties)

“De-studentification”: the Spatial Contraction on the Headingley student sub-market?

A number of respondents noted that the Headingley student market had spatially contracted in recent years with increased competition in the market, with outlying areas of the market such as Kirkstall and Woodhouse experiencing a process of de-studentification (Leeds Housing, 2006):

“There has been decline in outlying areas and more of a focus on Headingley and Hyde Park. Meanwood and Woodhouse have traditionally been more difficult to let... landlords are now dropping out of those areas and focusing in on the key areas closer to the University.” (Officer, University of Leeds)

“...Kirkstall used to be a student area... you can’t let there now... and the market is shrinking in the city.” (Headingley landlord with 60 properties)

“We are being squeezed out of the peripheral areas and becoming more focused on the key areas. We need high standards in the key areas.” (Landlord with 200 properties)

Interestingly, within the core area of the market a number of respondents noted that there had been a shift in the market away from Headingley towards Hyde Park, which was perceived as being the most buoyant sub-market within the Area of Housing Mix:

“They (students) are tending more towards Hyde Park and City and away from Headingley. This has had an impact on L6 lettings. It is tougher further out in Headingley and Burley.” (Landlord, landlord focus group)

“The market is shifting away from Headingley towards Burley and Hyde Park” (Officer, Leeds Metropolitan University)

“Research has shown that Hyde Park has become more popular. I’m not sure why. Hyde Park may be less expensive” (Officer, University of Leeds)

“The market has changed. We now have more property to let in Hyde Park than in Headingley.” (Letting Agent)

Higher standards

There was a consensus amongst both landlords and stakeholders that standards within the sector had risen in recent years. It was noted that the recent tightening of the market had encouraged landlords focus even more on the quality of the “product” offered to tenants:

"Landlords who can't keep the standards up can't get the tenants. So they either have to put the property on the market or improve it... many have improved them." (Letting agent)

"Competition in the market has forced change and raised standards." (Landlord with 140 properties)

"The market is uncertain. You need high standards to stay at the top of the game". (Large landlord and letting agent)

Fierce competition to secure tenants

Over-supply meant many landlords had to compete fiercely to secure tenants. As noted earlier, students were aware of market conditions and were increasingly striking a hard bargain with landlords:

"They (students) want it ("extras" such as tumble dryers and satellite television) and they know they can ask and get it because it is so competitive. Students are aware. As agents and landlords respond and provide that drives the market up. It is a symptom of competition in the market. If you could let without doing it, you would." (Landlord, landlord focus group)

"Students are more demanding because of the volume of purpose built student accommodation and the supply from parents buying property for their children to live in while they are at uni, means that they have a lot of choice...the market is very competitive and students have high expectations" (Landlord with 96 properties)

"Yes, they are more demanding because there is so much (private rented accommodation) out there. They want to barter you down." (Landlord with 20 properties)

"Because of the competition you have to work harder. They (students) try to beat us down on price but you can't go too cheap.... you have to cover the costs." (Landlord with 20 properties)

A number of landlords appeared to take considerable pride in the "product" they offered students:

"It's amazing what we offer students nowadays... it's so different to how it used to be...I've now put in dishwashers and tumble-dryers in all my properties.... and I will change the décor within reason if they want things changing....If I don't, they (students) will look elsewhere." (Large landlord, landlord focus group)

It was reported by a number of landlords and letting agents that the demands of some students were unreasonable:

"But they (students) are not always reasonable. For example, they accept a property to be furnished - then they get a sofa or a bed and they demand you take it out. And we have to pay storage...But as landlords your hands are tied by the return you can get. We would like to have higher standards but we can't do it all. Rent has to cover the costs". (Landlord with 96 properties)

A3.3.6. Landlords, Local Agencies and Regulation

Relationship between landlords and Leeds City Council

Unlike their counterparts in the rest of West Yorkshire, most landlords we spoke to appeared to have “engaged” in some way with the PRS support functions provided or supported by Leeds City Council and appeared familiar with both local and national policy developments in the PRS arena. In addition, a number of landlords we spoke to had established relationships with the city’s two universities and attended events run by them.

Only one landlord we spoke to had not “engaged”:

“We are not accredited by Leeds City Council... we never applied. We’ve just been too lazy. But I don’t see the benefit to us. I know landlords who are accredited but they don’t seem to get any benefit.” (Landlord with 140 properties)

Most landlords reported that they had a good relationship with Leeds City Council:

“There are good relations between landlords and the local authority through accreditation.... landlords work in partnership with the local authority”. (Landlord with 175 properties)

“We have a big link (with Leeds City Council) via the accreditation scheme. It is a proper partnership. We run the schemes hand in hand and have daily contact”. (Large landlord and letting agent)

“They (Leeds City Council) are OK...I find them really helpful.... and I think the (accreditation) Scheme runs well.” (Large landlord, landlord focus group)

As alluded to in the last quote, the landlord accreditation scheme (the Leeds Landlord Accreditation Scheme or LLAS) managed by Leeds City Council was popular with many landlords, and 75% of all student accommodation in the area falls under the remit of the scheme. One landlord found accreditation seminars particularly useful:

“The Landlord Accreditation seminars are very helpful...Leeds has led the way on that.” (Landlord with 200 properties)

“Accreditation is a good way to engage landlords” (Landlord, landlord focus group)

However, another landlord felt differently and was critical of the seminars:

“They (seminars) don’t really allow enough time. And they don’t have the answers... local authority officers don’t have time to develop and understanding of the issues faced by landlords and agents such as the Tenancy Deposit Scheme and HMO licensing.” (Landlord with 60 properties)

In a similar vein, some landlords were critical of the overall service provided to landlords:

“Landlords are just learning from each other. No one at the council knows what to do. No one has done anything about it. They’ve got their heads in the sand.” (Landlord with 300 properties)

“We don’t get any support! They (Leeds City Council) can’t even deal with their own tenants! They are understaffed, just trying to follow the legislation as best they can”. (Landlord with 295 properties)

“They are concentrating too much on landlords who comply. They need to follow up on those who are avoiding the regulations and not engaging.” (Landlord with 175 properties)

Two landlords suggestions ways that the service provided by Leeds City Council could be improved. One suggested that an accreditation system should be put in place for letting agents:

“We need a system in Leeds to accredit managing agents as well as the individual property. At the very least they should be a member of ARLA. The agent market is very fluid.” (Landlord with 60 properties)

Another landlord felt that the Council should make greater effort to support landlords in relation to HMO Licensing:

“We are looking for support over HMO licensing. Licensing has been a mess... no one has known what was going on”. (Landlord and letting agent with 3000 properties)

Attitudes Towards Regulation

Several landlords we spoke to were highly critical of the national regulation regime in relation to the PRS. A number were unhappy that system was unfairly “skewed” in favour of tenants:

“Legislation is one sided. There is nothing to make the tenant more responsible. There should be regulations to protect the landlord, to give confidence back to the landlord. The law is always on the side of the tenant.” (Landlord with 300 properties)

Another landlord was unhappy that little was being done to tackle the behaviour of those landlords that did not engage:

“The emphasis needs to swing to enforcement against those who are unregulated rather than putting ever heavier burdens on those who are compliant through the accreditation scheme.” (Large landlord and letting agent)

Three landlords noted that an unsympathetic and crude regulatory regime was driving many landlords out of the market, and this certainly appeared to be the case in Headingley:

“Landlords are not all clever people. They are just simple people. They don’t understand the implications of legislation and they don’t think the risk and responsibility is worth it. Many have done well over the last ten years and are ready to get out”. (Landlord with 300 properties)

“The Energy Bill and (Tenancy) Deposit Scheme is just over regulation and they are pushing people out of the market...the cost of implementing them is just too high on top of a mortgage.” (Landlord with 60 properties)

A number of landlords and letting agents noted that smaller landlords found it more difficult to respond to new regulation:

“Small landlords may sell up rather than deal with the change and hassle.”
(Large landlord and letting agent)

“Smaller landlords can’t absorb the costs. If they have to lose bedrooms that will effect yields and squeeze profits.” (Landlord with 200 properties)

Attitudes towards HMO licensing

HMO Licensing was the regulatory issue that appeared to vex landlords the most and it was a source of considerable irritation for many that we spoke to. One landlord was particularly animated about the initiative:

“Some aspects of regulation are ridiculous. For example, to have a sink in every room. It makes it difficult to defend the best bits of the act. No smoking in halls is ridiculous...the fire assessments are bureaucratic. So are the energy performance certificates... it’s all so complex. When we applied for licences we had 3,700 pages to complete by hand for about 150 properties”. (Large landlord)

In a similar vein, a landlord with 200 properties was critical of the scheme:

“The process needs to be better thought out. The intentions in terms of increasing safety are good but some of the rules have nothing to do with health and safety.... sinks in all bedrooms has nothing to do with safety and is not driven by tenant demand.”

Tenancy Deposit Scheme

From April 6th 2007 landlords have been required to protect the deposit of ‘new’¹⁵ assured shorthold tenants as part of the Government-backed Tenancy Deposit Scheme. Landlords must protect their tenants’ deposits using one of two schemes: a custodial scheme, where the landlord or agent pays the deposit to the scheme; or an insurance scheme, where the landlord or agent keeps the deposit but pays insurance premiums to the scheme.

Many landlords expressed concern about the Tenancy Deposit Scheme and were unhappy about its introduction:

“It (the Tenancy Deposit Scheme) is an ill-conceived system designed to control landlords. They are trying to control the wrong ones... the unscrupulous ones will duck it....the figures on unreasonably held deposits from Shelter and CAB are skewed. Often tenants disappear without paying a months rent.... I’m not sure we will be able to get that back.” (Landlord with 60 properties)

“The rent deposit scheme has the potential to be another fiasco.” (Landlord with 200 properties)

A3.3.7. The Future

Introduction

Landlords we interviewed and those that took part in the focus group were asked their thoughts on the future health of the Headingley student sub-market. Perhaps

¹⁵ This scheme defines ‘new’ tenants as those who took- up a new tenancy after 6 April 2007 or those who had been given a new tenancy agreement by their landlord on or after that date.

not unexpectedly, four of the six landlords we interviewed declared that the market would remain fairly robust (the other two were unclear about its future). And in the focus group, there was a consensus that the market was “sustainable.” The view of one landlord was typical of many:

“I don’t have any problems letting my property and I don’t see things changing in the future” (Large landlord)

And there was a view that the Hyde Park segment of the market would fare particularly well:

“It is a tighter market in the outer areas geographically. There is no room to up the rents in Headingley any more... but there is still potential in Hyde Park” (Large landlord)

However, further probing revealed that many landlords did in fact have concerns about the future of the market, particularly in the short-term, and there was a belief that it was likely to suffer a period of adjustment. This view was also shared by many stakeholders we spoke to. The apparently contradictory responses of landlords can again be perhaps accounted to their reluctance to talk down the market in public and it was only when they were more “off-guard” were they prepared to talk with more candour about the market, a characteristic that was exhibited by many of their counterparts we spoke to in West Yorkshire. As a landlord in Bradford noted:

“But the important thing that you need to remember, is that landlords never talk down the market because it’s simply not in their best interests to do so....they don’t want to talk it down, certainly not in public – they might do in private...and there’s no way they’ll be negative about the market. I should know, I’m a landlord myself!”

Short-term Adjustment in the Market

There was a consensus amongst respondents that the levelling-off that the market was currently experiencing would intensify with the market subsiding into (short-term) decline. And several respondents talked of the market going through a period of adjustment:

“The Headingley market is over-priced because of the student market... there is a lot of uncertainty in the market. It’s a fairly separate market but a big market. It’s definitely over-valued and there is going to be a big adjustment. And I’m not sure who’s going to want to buy student houses in Headingley as they’ve all been converted.” (Officer, Leeds City Council)

“There’s going to be an adjustment...the market will self correct with competition” (Landlord with 300 properties)

“We are now in to the second year of over-supply in Headingley, Burley, Woodhouse and Kirkstall. I think we can expect another three years of over-supply while the market adjusts to new conditions”. (Letting Agent, Leeds)

There was a consensus that the market had peaked, and in the words of one stakeholder, the “only way is down for the next couple of years”:

“Prices have peaked in Leeds... there is still a bit of trend to buy but not amongst experienced landlords.” (Headingley case study landlord with 300 properties)

"The student market in Leeds has reached capacity." (Landlord with 140 properties)

Some landlords will leave the market

A number of respondents, both landlords and stakeholders, observed that when things become more difficult in the market it was smaller landlords, particularly those funded through buy-to-let funding, who would feel the pinch most. There was a feeling that only larger landlords, who more likely to have significant levels of equity, could afford to ride out any down-turn in the market:

"Property selling for £302k last year in Headingley is now selling for £285k and may fall further. Some landlords will ride it out: others can't afford to."
(Landlord with 300 properties)

"There will be less and less new investors and smaller ones will get out. It's more long term landlords who are sticking it out." (Large landlord, landlord focus group)

Many respondents were about fearful about the future of buy-to-let landlords and the buy-to-let market as a whole:

"The market will always be there but the buy-to-let market will dampen."
(Landlord with 300 properties)

"Buy-to-let landlords are struggling already now and another quarter per cent rise in interest rates would create problems for some landlords." (Large landlord and letting agent)

Other landlords will diversify into new sub-markets and new geographical areas

In the short-term, it was reported that some landlords would disinvest from the student market and invest in other sub-markets and/ or other geographical areas. This was because of the tightening of the Headingley market and the demands of HMO licensing:

"Leeds is a vibrant city and a strong economy. House prices are still rising and there has been an influx of Eastern Europeans. They will be a new market, especially in Beeston Hill and Harehills. That (the economic migrants sub-market) is a growing sector for the future, one we really haven't touched that yet". (Large Landlord and letting agent)

"We may see some change in structure of the market as a result of licensing... we may see a switch from the student to the professional market... There will be some shuffling of investment and some fall out because of the hassle of regulation." (Large landlord and letting agent)

One landlord thought that some landlords would re-configure their housing in order to avoid licensing which would result in a glut of four bedroomed properties in the area:

"Expect the bigger landlords to start moving into commercial property and buying abroad to avoid regulation....Licensing may impact on the bottom end of the market. Some landlords may reduce their property portfolio. Others may reduce the number of beds in their property so they can avoid HMO licensing."

There may be a glut of four bed properties. Some properties may have to have their layout redesigned.” (Landlord with 300 properties)

A Sustainable Market in the Long-term

Although most respondents had doubts about the short-term future of the market, most were confident about its long-term future. A number of factors were identified which respondents thought would contribute to the sustainability of the market:

- **Continued Demand for PRS properties from students.** As noted earlier, in recent years the number of purpose built units has increased rapidly in the city and this undoubtedly has contributed to some extent to the over-supply problem in Headingley. However, it is likely that Headingley will remain popular with students because as noted earlier, our research suggests that many students, particular second, third and postgraduate ones, prefer to live in “traditional” student housing in student areas. Most landlords we spoke to were confident that in the long-term demand for their housing would stand-up:

“This is THE student area in Leeds so it will be fine... students will always want to live here. I don’t foresee any problems...other areas could struggle a bit.”
(Large landlord, Headingley case study)

- **Long term commitment to the market from larger landlords.** It was noted that while many smaller landlords would leave the market, both in the short and long-term, larger landlords were likely to exhibit a greater “commitment” to the market. This was in part because they could – their greater financial resources meant that it was easier for them to ride out any “blip” in the market – and because they were “professional” students landlords:

“Some of the bigger landlords have had the property for years.... they are making money via increased capital values.... they can take lower rents”
(Letting Agent)

“I’m a student landlord. That’s what I do. That’s how I make a living. I’m not going anywhere.” (Landlord with 300 properties)

- **Any slack in the student market may be taken-up by the growth of “alternative” markets.** The continued growth of the “professional” and economic migrant sub-markets in Headingley may help to cushion the impact of any decline in the student sub-market:

“New markets are opening up (in the PRS). For example, we’re seeing a lot of migrant workers moving in”. (Large landlord)

“Some landlords may drop out of the market in those (student) areas. Others may restructure their portfolio. So a two bed back to back property that they converted to a five bed student house may have to be refurbished for the professional market or asylum market”. (Large landlord and letting agent)

A number of landlords predicted that the growth of the professional market would be particularly pronounced. This was because they believed that many Leeds graduates would stay in the area if suitable (smaller) accommodation was provided for them. Participants in the student focus group appeared to back-up this assertion: several reported that in an ideal world they would like to stay in Headingley after they graduated:

"I would like to live in the area after graduation... there are other graduates living here " (Third year student)

Yes, I would definitely stay on (in Headingley) if I could find something suitable that wasn't too expensive." (Postgraduate student)

A3.3.8. Conclusion

The student market in Headingley is undergoing a period of change and uncertainty and it is likely that this trend will continue in the future. And it is likely that the market may look somewhat different in five years time. Given this, it is vitally important that measures are put in place to track change within the market. Chapter six of the main report highlights some suggestions for doing this and it is perhaps worth repeating some of them here.

- Keeping abreast of changes in the sector is vital to increase understanding over the long term. However, it is important to remember that even monitoring live systems such as Housing Benefit (HB) and Council Tax (CT) can only alert officers to what has already happened. By the time a trend is obvious it is (by definition) well established. However we feel that skill in interpreting this data will be increasingly important and developed through a combination of the following:-
 - regular storage of a day's "live records" from local authority systems such as Housing benefit and Council Tax. Consider storage in analysable form such as a spreadsheet. Although none of these records will give complete coverage of the PRS they will, over time, illustrate trends affecting market niches and localities. At the moment this trend data is not tracked through "live" systems that are set up purely as an interactive current record
 - agree between authorities a menu of "essential items" that should be monitored in the same way and at the same time so that the developing time series records cover the West Yorkshire area
 - monitor linked evidence, such as house prices, as closely as is feasible and affordable. Local level investment activity can absorb significant numbers of annual supply especially in second hand markets. This can impact on prices as well as changing the nature of neighbourhoods: unusual price rises may indicate ownership and use changes that can be confirmed on the ground or from other records
 - develop a PRS forum to present six monthly reports on the above. Include representatives of the PRS to share street level knowledge of trends, impacts, etc
 - monitoring adverts is easy and comparatively quick giving an idea of shifts in market activity. This can be supplemented by any local websites that people know of where property is advertised to let. *Rightmove* have an easily searchable website that they believe carries a high proportion of sales and rental stock (it is an umbrella site for many agents). Regular gathering of consistently searched data could establish useful trends in the market. This could also help to identify long term empty property if sufficient detail was collected each time
 - student markets should be monitored as closely as possible especially where there is major new supply coming on line. Evidence from the case studies indicated that the census data on student markets may mask substantial crossover between educational establishments and student residence. The Universities should be engaged if possible to track simple records from their data such as student address during term so that the link

between education places and residence can be better understood for planning purposes. The Huddersfield student market case study illustrates the type of data available from universities about student term time addresses being different from home addresses or when home addresses are not immediately local postcodes. This may not be onerous to gather and again, done over time, trend data may emerge that links student catchment areas to housing market areas and activity

- monitor Land Registry data and consider working with external partners where there are signs of “extraordinary”, potentially fraudulent, trading
- monitor Building Society products and websites to identify changes in lending patterns and market status reports that may impact on growth rates for the sector (for example the current changes in tightening availability of mortgage products; see introduction to this section)
- link the above to national data sources held by the Council of Mortgage Lenders, Communities and Local Government, and the Department for Work and Pensions, to compare the changing national picture. There are considerable variations nationally and the more enterprising landlords identify this to target investment. For example, low prices and comparatively high HB assessment is a honeyed combination for PRS investment.

A3.4. Moorthorpe

A3.4.1. Introduction

This section highlights the key issues to emerge from the case study of the private rented sector in the Moorthorpe area of the Wakefield local authority area. The summary is divided into nine parts, including this one:

- About the Study Area
- The Research Approach
- The Characteristics of Landlords Operating in the Area
- The “Health” of the PRS in Moorthorpe
- “Issues” within the PRS Market in Moorthorpe
- The Relationship between landlords and local agencies
- The Future
- Concluding Thoughts and Policy Recommendations

A3.4.2. About the study area

Moorthorpe is an ex-mining town located in the ‘Green Corridor’ area, which “*sits between the Leeds and Sheffield City Regions.*” (GVA Grimley, 2006, p2). It is one of four settlements that form a semi-contiguous built-up area at the heart of the Green Corridor: the other settlements are South Emsall, South Kirby and Minsthorpe. The decline of the coal mining industry has had a profound (adverse) affect on the local economy which has diversified in recent times (GVA Grimley, 2006).

Perhaps not unexpectedly, then, in Moorthorpe a relatively high proportion of local residents are unemployed or economically inactive because of long term sickness or disability (GVA Grimley, 2006). The town has a large private rented sector and the biggest population group within the sector are low income households in receipt of

housing benefit. In terms of the ethnicity of its residents, Moorthorpe is a predominantly 'white' area with most residents classifying themselves as 'White-British' (GVA Grimley, 2006).

There are a number of pockets of deprivation with Moorthorpe. One is centred on the Cambridge and Harrow Streets neighbourhood at the heart of the town. It is this area that provides the focus of this study. The area comprises 265 two and three bed terraced properties of traditional construction. A number of factors lay behind the decision to undertake a case study in the neighbourhood:

- The area has a large PRS. The most reliable and up-to-date data we have about the size of the sector has been put together by Wakefield MDC drawing on 2001 Census data. They found that 43% of properties in Cambridge Street and 54% in Harrow Street were owned by private landlords. As will be discussed later, it is likely that the PRS has grown since this data was collected.
- The PRS in the area was perceived by key local agencies to be contributing to the neighbourhood's housing problems, such as poor stock condition and dereliction, and social problems, such as fly-tipping, drug dealing and anti-social-behaviour.
- The area is subject to a regeneration programme which is being led by Chevin Housing Association and Wakefield MDC. The on-going programme comprises a number of elements:
 - An Improvement for Sale (IFS) initiative. This on-going initiative involves Chevin HA buying and then improving properties in the area which are then sold on to local residents: one of the conditions of sale is that properties cannot be let out. To date the association has purchased 18 properties in the area three of which will be sold under the shared ownership initiative
 - Improvements to boundary walls
 - Neighbourhood clean-up. In October 2006, Operation Badger brought about the removal of 13 tonnes of rubbish from the area
 - The development of 'neighbourhood management' within the area
 - Home-zoning. Chevin and Wakefield are looking to re-model the layouts of streets so that they better *"meet the interests of pedestrians rather than motorists, opening the street for social use."* (Wakefield MDC and Chevin HA, 2007, p9)

A3.4.3. The Research Approach

The case study in Moorthorpe comprised four elements:

- A review of key policy documents and secondary data relating to the area;
- Interviews with representatives from organisations with a 'stake' in the local PRS. In all eight stakeholder interviews were conducted and we spoke to representatives from the following organisations: the landlords' association covering the study area: the South East Landlords Association or SELA; Chevin Housing Association; Wakefield MDC¹⁶; the Green Corridor Alliance, estate agents; and letting agents.
- Interviews with landlords based in the area. In all, we conducted six in-depth interviews with landlords operating in the area.

¹⁶ We interviewed both officers and local councillors.

- A tenants' focus group. Some 14 tenants attended a focus group held at Chevin HA's neighbourhood office in the area.

A3.4.4. The Characteristics of Landlords Operating in the Area

It appears that most landlords operating in the area have relatively small portfolios. Respondents noted that this was reflected in the number of landlords believed to be operating in the area (between 60 and 70) and the portfolio size of landlords we spoke to: only one had more than ten properties.

It was reported that most landlords were from the local area. However, the area did have some landlords from outside the locality, sub-region and even region:

"We get investors from down south. We have even had a company from Newcastle buying up in the area. I am not sure what they do. They brought a couple recently. I am not sure if they wanted to buy to let out or to improve and sell on for capital growth." (Letting agent)

"Lots (of landlords) are from Leeds. But there are national, also international investors buying here with the Polish buying here to settle." (Letting agent)

"They (landlords) are local and national. We had one from York last week." (Letting agent)

However, it was reported that the number of "outside" investors had declined recently:

"They (outside investors) have pulled out and moved on. They brought at £30 to £40k and have seen capital growth and cashed in." (Letting agent)

"Some landlords used to buy up and live abroad. There is less of that now... most of them have an interest in the area." (Councillor)

A3.4.5.5. The "Health" of the PRS Market in Moorthorpe

A buoyant market

The PRS market in the area appears to be relatively buoyant. All six of the landlords we interviewed thought that this was the case and four described the market as being very buoyant. Letting agents operating in the area took a similar view. The buoyancy of the market in Moorthorpe was demonstrated in a number of ways.

First, landlords and letting agents reported little difficulty in letting their property and it was reported that demand for private rental properties in the area was strong. All six landlords we spoke to felt this was the case:

"There is plenty of demand... you can pick from the tenants" (Landlord with six properties)

"There is always demand." (Landlord with one property)

"I have never had a problem letting out a property. There is always a lot of interest. We have never had any problems. We can get up to 50 calls for a single property...it is not difficult to let... it is never that difficult." (Moorthorpe landlord with 30 properties)

“Demand is strong.... I get 30 replies to an advert.” (Moorthorpe landlord with one property)

And letting agents operating in the area felt the same way:

“Demand is strong. We could let anything there more than once over. We have expanded our portfolio over the last few years.” (Letting agent)

The movement of A8 economic migrants into the area, mainly from Poland, had provided an additional boost to demand:

“There is a growing Eastern European market in Moorthorpe... we have got a few Polish, Slovak and Latvian tenants.” (Landlord with 30 properties)

Another marker of the healthy state of the market was the popularity of the area with investors and letting agents in the area reported that they had a lot of interest from landlords:

“We have a lot of landlord interest...they come into the office asking for property to buy to let. Others are just looking for an investment opportunity. Some are parents looking for a property so they can get a foot on the ladder for their kids in the future.” (Letting agent)

“We have a lot of investors on our books... we keep a mailing list. (Letting agent)

It was reported that investors were attracted to the area by the good yields that could be secured there, another sign of the buoyancy of the local market:

“Returns are good if you buy below £100,000. It is more difficult further up the market. The rent for a three bed semi in Wakefield is £500 per month at the top of the market compared to £700 in Leeds. You can still get a bargain and make a decent yield in Moorthorpe...prices are low.” (Estate Agent)

Yields in Moorthorpe had been bolstered by the growth in rents in the area, another marker in its own right of the buoyancy of the market:

“Rents have pushed up in the last 18 months because of demand.” (Letting agent, Moorthorpe)

The rapid growth of house prices in the area was also seen by many respondents as an indicator of the buoyancy of the market in the area. Finally, the apparent ability of landlords to ‘pick’ which tenants they let to, and linked to this, their preference for tenants in work, is also evidence of the buoyancy of the private rental market in the area:

“I don’t let to Housing Benefit (tenants). They have to be in work.” (Moorthorpe landlord with 30 properties)

“We used to have predominantly Housing Benefit tenants. Now it is working tenants and migrants who are working...There is more demand than supply... agents can pick and choose their tenants. We’ve moved away from housing benefit (tenants) to working migrants.” (Moorthorpe letting agent)

“Some (landlords) only take working people. Lots of landlords won’t take housing benefit (tenants) even though the rent is more guaranteed.” (Tenant, focus group)

Landlords attributed their preference for working tenants to two factors. First, the perceived failings of the housing benefit system, which was seen as being unwieldy, unreliable and slow, was as a deterrent to housing HB tenants for some landlords:

“There is sufficient demand. Housing Benefit is too much hassle and we want a better quality tenant.” (Letting agent)

“I’ve had many problems with Housing Benefit. I’ve had delays with the claim and the rent service does not work... They (Housing benefit teams in local authorities) fix the rent below the market and make deductions for under occupation.” (Moorthorpe case study landlord with 30 properties)

“Tenant’s circumstances change really quickly but I can’t work with HB and the rent service. I would be happy to take on Housing benefit tenants if the system worked properly” (Moorthorpe case study landlord with 29 properties)

“I have had problems with the Council taking too long for the (Housing Benefit) payment to come through. They have stopped payment if there has been arrears on a previous account, so I prefer to have a mix of tenants, some HB some working”. (Landlord with six properties)

However, it should be noted that many landlords we spoke to across West Yorkshire expressed their dissatisfaction with the quality of service provided by housing benefit teams.

Second, many landlords reported that they could not “afford” to let to HB tenants because they often paid below market rents:

“There is a problem for landlords in that they need higher rents to break even. But if they are letting to HB tenants (i.e. the bottom of the market) then the Council sets the rent and it is difficult to get tenants to make up the difference.” (Moorthorpe case study landlord with six properties)

“Housing Benefit can’t pay the full rent and the tenants can’t pay the difference... so landlords are reluctant to let to them.” (Moorthorpe case study landlord with 4 properties)

However, another landlord did not feel that this was the case and reported that housing benefit allowances in the area had risen rapidly in the last three years:

“It was £65 per week for housing benefit three years ago. Now it is easy to get £85 for housing benefit and £5 top up from the tenant.” (Letting agent)

A letting agent felt the same way and noted that the lack of alternative rented accommodation in Moorthorpe had ‘forced’ Wakefield MDC to raise allowances higher than they would have wanted to do:

“Rents of £90 per week are easy to achieve. Rents respond to demand. Landlords get together to agree a rent increase. The Council will pay a higher HB because they have no other property to put tenants in... it’s rent fixing in the PRS!”

Tenants who took part in the focus group conducted in the area thought it was landlord “greed” that deterred them from letting their properties to HB tenants:

"Landlords are ripping people off. The market is doing well. They can be picky about their tenants and they can push rents up." (Tenant, focus group)

"They don't want to let to us (Housing Benefit tenants)... they want to let their properties to the Poles because they can charge them more." (Tenant, focus group)

"They (landlords) can get more money off the Polish." (Tenant, focus group)

One landlord, who traditionally had let to housing benefit tenants and was now letting to A8 migrants, admitted that this practice was going on:

"The migrant population is also "bottom of the market" but landlords can get more rent from them because they are working." (Moorthorpe case study landlord with six properties)

Evidence of the market levelling-off

A number of respondents, both landlords and stakeholders thought that while the PRS market in Moorthorpe was still buoyant it had to some degree levelled-off in recent months:

"It is growing [the market] but less than it was." (Councillor)

As a result, landlords' yields, while still healthy, were reducing:

"We first starting buying when prices were rising up to £20k.... but now costs are too high to buy and let.... you can't get the rent to cover a mortgage at £80k." (Landlord with one property).

A3.4.6. "Issues" within the PRS in Moorthorpe

Introduction

One of the primary reasons behind the choice of Moorthorpe as a case study was that there appeared to be a number of problems and issues associated with the PRS in the area that were having a negative impact on quality of life in the area. This section examines some of these issues.

Our attention focuses on those issues specific to the private rented sector *per se*, as many of the problems that the area is experiencing are tenure blind and neighbourhood centred and less about tenure in itself. For example, to some extent this is the case with drugs problem in the area and this is an issue that transcends tenure.

This view was shared by tenants in the focus group who thought that the problems that area was experiencing – drugs, dumping and low-level anti-social behaviour – had little to do with the tenure profile of the area and more to do with neighbourhood deprivation. The following passage from the tenant focus group supports this:

Facilitator: *"So, the problems in Moorthorpe: are these just a problem in the PRS?"*

Tenant 1: *"They (landlords) are taking more people in. Landlords are letting to bigger groups of individuals."*

Tenant 2: *"Next to us is a three bed house with six or seven people in it. The problem is overcrowding not private renting."*

Facilitator: *"What about other issues. Dumping for example. Is that a problem only in the PRS?"*

Tenant 1: *"Dumping is everywhere. It is not a problem with private renting only."*

Facilitator : *"What about the drugs problem. Is that a PRS problem?"*

Tenants 3: *"It is all over.... it is a problem with society....youths get into drugs because there is nothing else to do."*

However, we did identify a number of problems that appeared to be specific (to varying degrees) to the PRS and these are explored below:

Dumping

A number of tenants, landlords and stakeholders reported that dumping was a problem in the area:

"Dumping is a problem everywhere in the area." (Councillor)

"Tenants leaving rubbish in the property (is a problem.)" (Landlord with one property)

There was a view that the (high turnover) PRS in the area had made a significant contribution to the problem.

Overcrowding

Overcrowding appeared to be common problem in houses let to Eastern European tenants.

"They (landlords) let per room and nine or ten people in the house. They can get £1,000 a week rent" (Tenant, focus group)

"Next to us there is a three-bed house with six or seven people. The problem is overcrowding." (Tenant focus group)

Reduced choice for Housing Benefit tenants

As noted earlier, the increasing preference of landlords for working tenants has meant the housing choices of housing benefits are to some extent being reduced. This issue was picked-up by tenants in the focus group. For example, one of them noted:

"Rents went up by £10 last year... landlords said it reflected the increase in mortgages...I think we (housing benefit tenants) are being priced out of the market because landlords can get higher rents from Polish migrants." (Tenant, focus group)

Understandably, this appeared to caused frustration amongst residents and there appeared to be considerable resentment of A8 migrants.

Tension between A8 migrants and 'local' tenants

Although not specifically a PRS 'issue' *per se*, the movement of A8 migrants into the PRS in Moorthorpe had clearly created "issues" and it appeared that some members of the majority 'White-British' population were hostile towards Polish migrants who had moved into the area, and were perceived to have "taken" local jobs and housing:

"I feel the Polish moving in is upsetting things. They are squeezing local people out of houses and jobs." (Tenant, Moorthorpe case study)

"The Polish who have moved in are terrible. They are arrogant.... there is music on. We have had environmental health problems... there are loads of problems." (Tenant, Moorthorpe case study)

"I don't mind the Polish here but it is the attitude. They disrespect. They are rude and noisy." (Tenant, Moorthorpe case study)

Perhaps not unexpectedly, landlords and letting agents held a very different view about A8 migrants:

"Polish tenants are very civil...very polite. They pay in advance; don't fall out with the neighbours and are no problems with noise... there has been a growth in migrant workers as tenants: they are better tenants; they pay better and look after the property better." (Letting Agent)

"They (A8 migrants) seem to fit into the community really well. They are all working and are very straight." (Landlord with 30 properties)

A local councillor held a similar view:

"We have quite a few Polish (tenants). They are good workers. We had them in the war too. I have no grumble about the new ones, we have got an old settled community here, too. Now they have their own shop. They are no problem. They work hard." (Councillor)

Affordability

The growth of house prices in the area, undoubtedly fuelled by the relative buoyancy of the PRS, has pushed-up prices to such an extent that increasingly aspiring local home-owners are being priced out of the market:

"There are lots of investors clamouring for smaller terraces. That has fuelled the price increase from £70 to £80k and slowed access down for first time buyers." (Moorthorpe case study landlord with 20 properties)

"People can't afford to buy here.... rent is half what they would have to pay for a mortgage on the same house." (Landlord with six properties)

The management practices of 'unscrupulous' landlords

Most tenants, landlords and stakeholders thought that most landlords in the area operated responsibly and were "good" landlords. However, there was a consensus amongst respondents that the area was home to a number of "bad" landlords with one landlord in particular being mentioned on a number of occasions:

"Xxx (a "bad" landlord) kicked people out on benefits. He asked them to pay more rent. They couldn't so they had to leave." (Tenant, focus group)

“One or two landlords take all the bad tenants. Xxx (another “bad” landlord) and one other seem not too bothered who they take. They are still taking DSS.” (Landlord with six properties)

“The problem is with irresponsible landlords” (Landlord with one property)

A number of respondents were concerned about the activities and behaviour of absentee landlords:

“The problem is absentee landlords. There are a few of those... they are not too bad if they have a local agent.” (Landlord with 30 properties)

“Change in the PRS has been good and bad. They (Wakefield MDC) need to make landlords sign up to a charter for certain standards. Lots of landlords don’t live locally and don’t care who is in the property.” (Landlord with one property)

A3.4.7. The Relationship between landlords and local agencies

Relationship between landlords and Chevin HA

Chevin HA appears to have established strong links with local landlords:

“It (the regeneration programme) is going well. They (Chevin) have really helped with liaison over dumping and drugs... we work together.” (Moorthorpe case study landlord with 30 properties)

“There are landlord meetings locally... I did not go to any until a couple of weeks ago. I was contacted about the walls and went into the office to sign up. The people at Cambridge Street¹⁷ office were very helpful. They are committed to change. If what they say they are doing happens then that is to be applauded but they need more help from the police.” (Moorthorpe study landlord with one property)

“The landlord meetings are very helpful. They (Chevin) are committed to change.” (Moorthorpe case study landlord with 10 properties)

However, a landlord and letting agent thought that the relationship could be improved and were critical of the association and Wakefield MDC:

“They keep us informed but it is not a partnership. They want us to be involved up to a point but often they have already made the decisions.” (Moorthorpe case study landlord with 30 properties)

“I have been to the odd meeting about plans for the area, they are crack-pot schemes. They send out documents asking what you want but they have already decided.” (Letting agent)

Views on Regulation

There was a consensus amongst landlords we spoke to that there was a need for the PRS to be regulated and for efforts to be made to improve the quality of product and service provided by landlords. However, there was a belief that regulation and initiatives to improve quality, such as accreditation were doing little to alter the

¹⁷ Cambridge Street is the location of Chevin’s neighbourhood office in Moorthorpe.

behaviour of “bad” landlords, who because there were less “visible”, were to able to “escape” contact with local authorities:

“I don’t think much too it (accreditation). I agree with the idea... it is those who join are all ok anyway. It needs a wider coverage. I felt the same about licensing. It needs to be all or nothing or you just end up getting those who are compliant.” (Landlords with 30 properties)

“Other landlords are not interested (in accreditation). They need to make accreditation compulsory or at least make it compulsory to get the basic checks. That would make bad landlords either improve or ship-out.” (Landlord with one property)

Some landlords were hostile towards the introduction of the Tenancy Deposit Scheme

From April 6th 2007 landlords have been required to protect the deposit of ‘new’¹⁸ assured shorthold tenants as part of the Government-backed Tenancy Deposit Scheme. Landlords must protect their tenants’ deposits using one of two schemes: a *custodial scheme*, where the landlord or agent pays the deposit to the scheme; or an *insurance scheme*, where the landlord or agent keeps the deposit but pays insurance premiums to the scheme.

Many landlords and letting agents expressed concern about the Tenancy Deposit Scheme and were unhappy about its introduction:

“It (the Tenancy Deposit Scheme) is ill thought out and a knee-jerk reaction.”
We are not getting involved.” (Letting agent)

While most landlords and letting agents reported that they would (begrudgingly) have to “accept” the scheme, others reported that they would not. For example, one letting agent reported that he was circumventing the scheme by asking for two months rent in advance:

“We take two months rent in advance rather than a deposit.” (Letting agent)

Two landlords and a letting agent reported that they were “just ignoring” the scheme:

“We are not getting involved.” (Letting agent)

“I just ignore it”. (Landlord with six properties)

“I have never taken anyone on the rent deposit scheme and I never will.”
(Landlord with 30 properties)

There was a consensus amongst landlords that the improvement programme was having a positive impact

The landlords we spoke to operating in the area believed that the improvement programme was having a positive impact:

¹⁸ This scheme defines ‘new’ tenants as those who took- up a new tenancy after April 6th 2007 or those who had been given a new tenancy agreement by their landlord on or after that date.

“Chevin are buying up (properties) and doing loads, helping people buy, getting rid of the rubbish. It is an up-and-coming area....two or three years ago it was the bottom of the market. In the last 18 months it has risen to the middle. The improvement is the result of local regeneration, boundary walls, and Chevin buying property locally to sell ... it has changed the area.” (Landlord with six properties)

“(Moorthorpe) has improved in the last few years with the Council doing the railings and tidying the area up...it is a more attractive place to live.” (Landlord with one property)

However, one letting agent observed that regeneration programme had “distorted” the local housing market and contributed to rising house-prices:

“They (Chevin) bought a number of houses and spent ages doing them up...they were left empty for 12 months. They (Chevin) have distorted the market buying up 14 houses in one area....it has pushed prices up... they also brought on Wesley and Burton Streets...they caused uncertainty in the market talking about demolition. It was a weird and wonderful proposal.... they have a clause that the property cannot be let out” (Letting Agent)

Rising house-prices, and the improvement in the area brought about the regeneration programme, made the area more popular with landlords:

“As an investor you are put off an area if there are a lot of properties boarded up but Moorthorpe is well occupied and most empty properties are just being improved. It is a sign that people are taking a pride.” (Landlord with one properties)

“We are hanging on to it (the respondent’s property in Moorthorpe) for nowit keeps going up in value and if we sold we would have to pay tax on the sale”. (Landlord with six properties)

This is a really important issue as it appears that one of the main aims of the improvement programme in the area - to reduce the proportion of landlords in the neighbourhood – is being undermined by the very “success” of the regeneration programme, which is helping to make the area even more popular with landlords. So it seems that in *one respect* – the desire to alter the tenure mix in the area in the long term – the regeneration programme in the area may be counter-productive. However, the emphasis on ‘*one respect*’ is important: there was a consensus amongst landlords, stakeholders and tenants that the improvement programme was improving quality of life in Moorthorpe and making it a much better place to live in. We will return to this issue in the next section.

A3.4.8. The Future

Most landlords are upbeat about the future of the PRS in the study area

Landlords were asked their views about the future of the market and how ‘healthy’ it was likely to be in the future. Four out of six landlords thought that it would remain buoyant and believed it was “sustainable.” This was a view shared by letting agents we spoke to in the area:

“There is opportunity for further development: demand is strong.” (Letting agent)

Two landlords were less sure about the future of the market as they were unclear about the trajectory of housing benefit allowances in the context of rapid house price growth. In short, if allowances did not rise at the same rate as house price inflation then landlords' yields would decline to the point where they could not afford to house housing benefit tenants, the biggest tenant group in the area.

A number of factors may 'boost' the sector in the future

A number of factors may help to sustain PRS market in Moorthorpe in the future. These include:

- *the impact of the on-going regeneration scheme.* It is likely that the improvements will stimulate both *supply* and *demand* in the area. On the demand side, it is likely that an already relatively 'popular' area with tenants will become more desirable as residential quality of life increases. And on the supply side, more landlords will be attracted to area as this trend becomes visible and house prices rise on the back of the improvement programme. One landlord, who was keen to buy more properties in the area, had clear views about the likely impact of the regeneration programme:

"There will be big investment to bring the area up...the area is improving and I can't see it slipping back to how it was." (Landlord with six properties)

For this landlord, the regeneration programme in Moorthorpe appeared to be the main factor driving his decision to purchase properties in the area.

- *Strong Demand for PRS properties from tenants.* There is no reason to suggest that the already strong demand for the PRS will denude in the future. Indeed, it is more likely that it will rise in the future as the impact of regeneration in the area is felt. In addition, the continued popularity of the area with A8 migrants will provide an additional boost to the demand for the sector

"I expect continued growth in migrant families. Initially they came as single men. Now their families are joining them...Demand is still strong from migrant workers." (Landlord with six properties)

- *relatively low house prices and high yields.* The area's relatively low house prices, coupled with relatively strong demand, means that in the short term landlords in the area will continue to be able to secure a relatively high return on their investment. However, it should be noted that if high prices continue to increase at their current rate this will have an adverse affect on yields and the area will become less popular with landlords
- *the relatively unaffordability of homeownership.* Although high prices in the area are relatively low so too are income levels in Moorthorpe and surrounding areas. So unless high prices in the area fall, which seems unlikely given the buoyancy of the PRS, many low income would-be homeowners will find it very difficult to buy in the area and will be "forced" to rent in the PRS, the largest of the rental tenures in the area
- *lack of competition from other tenures.* The relative "unaffordability" of homeownership in the area means that this sector is not a significant threat to the dominance of the PRS in Moorthorpe. The sector is further insulated by the comparative lack of social housing in the area, and ex-Wakefield MDC housing in particular. A number of participants in the tenant focus group expressed a preference to live in social housing but reported that there was not much available locally.

A3.4.9. Concluding Thoughts and Policy Recommendations

Chapter six of the main report is devoted to exploring the key policy messages and lessons to emerge from the study. Although there seems little sense in replicating all of them here, it is perhaps useful to highlight lessons of particular pertinence for policy makers and practitioners working in Moorthorpe. These are:

- local agencies in the area should work with landlords on support and enforcement functions. This could explore the balance between incentives and compulsion on aspects of regulation and standards. Our belief here is that professional landlords have a vested interest in a PRS that is of good quality with high management standards. Identifying, pursuing and enforcing those standards will improve their business and their competitive edge. An unregulated market undermines their interests and tenants' interests to the detriment of neighbourhoods, towns, and cities. Several project participants spoke of the benefits of intensive area based activity
- it is important to ensure good links with the PRS on Housing Benefit prior to the roll out of Local Housing Allowance. Good links on policy and practice changes in PRS related activities help establish the credentials of the local authorities as facilitators and partners of the PRS that serves their area
- local authorities should work with other PRS stakeholders (such as Building Societies) to encourage landlord membership of accreditation schemes and professional bodies and training updates etc. Building Societies particularly may be keen to act after recent events. Where their lending supports the PRS the dependability and professionalism of the sector helps to protect the lenders' asset base. Also the lenders may be willing to share data to help local authorities regulate bad practice or identify fraud
- it is important to keeping abreast of changes in the sector and it is vital to increase understanding over the long term. This can be achieved by monitoring key data.

There are two other policy lessons of relevance to the Moorthorpe case study:

- agencies working in the area should undertake a review of the facilities, amenities and cultural opportunities provided to local children as there was a consensus amongst participants in the tenant focus group that there was inadequate provision in this area:
"There is nothing for them (teenagers) to do. We need more for the kids to do" Local youth clubs are 7-15 age group and the younger ones get bullied and won't go." (Tenant, focus group)
- the regeneration programme in the area, which includes an initiative to reduce the number of private landlords in the neighbourhood, is (to some extent) being undermined by its very own "success", as it is making the neighbourhood even more popular with landlords. While there are no easy solutions to this problem, regeneration agencies in the area should continue to monitor closely the impact of their initiatives.

A3.5. The Huddersfield Student Sub-market

A3.5.1. Background

As with many University towns, the student market created by Huddersfield University is a significant feature of local rental markets. The intention of this case study, requested by Kirklees Council, was to explore some key locations and the operating of the student PRS market there.

The University of Huddersfield has about 16,000 students registered at the moment and around 10% of these are accommodated by the University Accommodation Service (Ubrique Services Ltd a subsidiary of Worldwide Property Co.) trading as “Digs”. All their accommodation was formerly owned by the University and sold to Ubrique in 2003 giving them “preferred provider” status.

In addition to the Ubrique accommodation on the two main sites at Ashenhurst and Storthes Hall there are rival corporate providers such as Opal and Unite (who offer a further 1400 specialist bedspaces). Individual private landlords are also offering student accommodation through local adverts and national websites. This study is to focus on the private landlord stock that encroaches on other housing markets although reference is made to the corporate student accommodation providers and their perceptions of the market.

A3.5.2. The Research Approach

As with much of the PRS there is no overall monitoring of student housing provision within local authority areas. We therefore sought background information from a variety of sources including the University, the University accommodation service “Digs”, the University Students’ Union, the local authority, and general sources such as the census and the local press.

The intention was to contact students and PRS student landlords through the University and the accommodation agency to conduct interviews with providers and users. Unfortunately, at the time of conducting the study, much of the PRS student accommodation had already been let. A further problem was that the case study was conducted in summer when few students are around the University.

The University was unable to help with contacting students or landlords for two reasons:-

1. Data protection was cited (although we did not ask for addresses, only for the University to contact students/landlords with our request for an interview with postage costs covered), and
2. Most of the addresses held for students were previous academic year addresses which would no longer apply in many cases as landlords tend to offer 9 month tenancies. The vacant summer period is used for repairs and redecorating prior to autumn re-occupancy.

The University only deals with information requests of this sort through their formal website channels and they did respond to a Freedom of Information request through their website which gives some indication of trends in student numbers and location.

The University accommodation service, “Digs”, refused to be interviewed or answer any questions before October 2007. This was unfortunate because this service also

acts as a nominal source of information for students on PRS student landlords as well as letting their own accommodation.

In the event it was not possible to deliver a full case study due to the lack of contacts and data sources. However the information provided below gives an indication of how the student market is operating at the moment.

A3.5.3. Statistical Evidence

The 2001 Census (see detailed Census Analysis) shows 650 student only multi occupied households in Kirklees. The analysis did not indicate the number of individuals occupying these households but given that much of the PRS market in Kirklees is terraced housing an average occupancy of 4 per dwelling gives an approximation of 2600 students in the PRS.

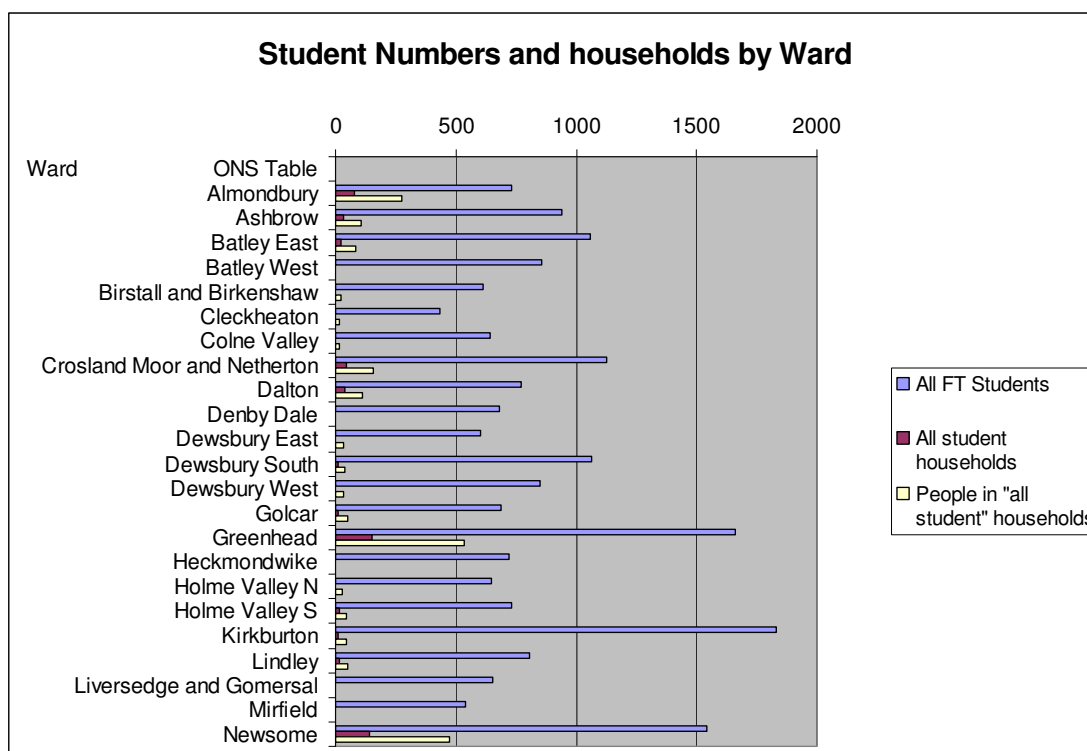
Other census data on students and residence is either by urban area classification or at regional level so it is not possible to extrapolate to a local authority level for numbers at home etc.

Information on Kirklees Council website

(<http://www.kirklees.gov.uk/community/statistics/census2001-1991/settlements/Huddersf.pdf>)

Andy Shackleton at Kirklees Council has done a detailed analysis of census information for the area. This shows a total of 20,775 full-time students in Kirklees, 7.5% of the total population.

The location of students at the time of the census is indicted in the chart and table below. This shows that at the time of the census student numbers were fairly evenly spread through the 23 wards with peaks at Kirkburton and Newsome (the wards containing purpose built student accommodation) and Greenhead (where large houses converted to HMOs are identifiable in the data).



Ward	ONS Table	All FT Students UV29	All student households UV65	People in "all student" households UV46
Almondbury		734	79	277
Ashbrow		940	32	108
Batley East		1061	25	84
Batley West		859	0	7
Birstall and Birkenshaw		615	5	21
Cleckheaton		436	4	16
Colne Valley		644	7	17
Crosland Moor and Netherton		1128	44	158
Dalton		772	37	115
Denby Dale		681	3	6
Dewsbury East		602	8	34
Dewsbury South		1063	10	39
Dewsbury West		852	8	33
Golcar		689	12	49
Greenhead		1660	151	534
Heckmondwike		719	0	0
Holme Valley N		648	8	27
Holme Valley S		733	17	47
Kirkburton		1831	12	43
Lindley		807	18	53
Liversedge and Gomersal		651	0	0
Mirfield		541	0	5
Newsome		1544	142	475
Kirklees		20775	690	2398

SOURCE: ONS summary from Kirklees Council website ¹⁹

Batley East, Crosland Moor/Netherton and Dewsbury South all have over 1000 FT students resident at the time of the census but surprisingly few "all student" households given the overall numbers. This could be because students are living at home or are merging into the wider PRS for shared accommodation. Greenhead and Newsome stand out as the areas with the highest numbers of students sharing accommodation.

This may mean that a lot of the 20,000 students resident in Kirklees live at home with parents.

Clearly the localities supplying the student housing market in Kirklees have nothing like the housing demand experienced by wards in Leeds such as Headingley (14,000 FT students, 9250 of them in the almost 2000 "all student" households), University (7,000 students), or Bradford's University ward where there are 5,000 students (National Statistics website). Consequently the student market will not have the impact at neighbourhood level that it has in Leeds and Bradford.

Obviously not all students resident in Kirklees will be attending Huddersfield University. There are many centres of higher education accessible by public transport or by road. However we looked at the demand from Huddersfield University as probably the main single supplier of FT Education to students in Kirklees. This

¹⁹ The Kirklees totals are taken from the ONS summary and do not add up to the figures in the tables. The figures imply a ward is missing but the 23 wards are taken from the Kirklees website.

analysis shows that our assumption may not be correct and that attendance at the University of Huddersfield is drawn from a wide catchment.

A3.5.4. Evidence from the University of Huddersfield

Firstly there is a slight upward trend in overall student registrations going from 18,393 in 2002/3 to 19,389 in 2005/6 (2006/7 figures not supplied). There seems to be a matching increase in the number of students attending from home (i.e. application and term address match). There were 3,034 of these in 2002/3 and 4,133 in 2005/6 (note that these home based applicants need not be in Huddersfield/Kirklees area).

The breakdown of postcodes for main addresses shows that the catchment area for the University is wide and that, surprisingly, the number of students living in HD (Huddersfield) postcode areas is in gradual decline since 2004/5.

Area Postcode	Academic year				
	2002/3	2003/4	2004/5	2005/6	2006/7
BD	1279	1350	1294	1166	1226
HD	3533	3844	3858	3745	3636
HX	1021	1080	1090	1105	1065
LS	1011	1066	1042	1096	1172
WF	2250	2383	2276	2279	2220
Other	6969	6750	6399	6552	6728
Total	16,063	16,473	15,959	15,943	16,047

SOURCE: University of Huddersfield Freedom of information response. The totals do not match registration figures given earlier because not all students enter a postcode.

Several WF postcode areas are in Kirklees (Dewsbury area) which may explain why it is the second highest identified postcode catchment but applications from this postcode area have declined since 2003/4.

Most obvious is that around 40% of students apply from outside the main West Yorkshire postcode areas. It seems likely that many of these will seek accommodation away from the application address but not necessarily in Huddersfield/Kirklees itself.

The proposal from Kirklees Council was to look at some key areas identified by them as important student housing markets. The areas proposed were Birkby (included in Greenhead Ward data above), Dewsbury West, Crosland Moor, and Thornhill (now Dewsbury South). Other secondary data provided by the council on these specific areas included the Private Sector Stock Condition Survey of 2002 prepared by DAP Consultancy (using the 1991 census as a base) and the Neighbourhood Renewal Assessments of 2004.

A3.5.5. Private Sector Stock Condition Survey of 2002

Key points relating to the student housing market include:-

- The highest rates of unfitness identified in this survey are in areas identified by the council as key student PRS areas. The relevant areas and unfitness rates are Thornhill 13.6%, Crosland Moor 13.2%, and Birkby 12.2%. There is no evidence that student housing in these areas is unfit, this is simply a correlation from a small sample (Further discussion about stock condition in the PRS can be found in section 2.2.5. of Chapter Two).

- Apart from Kirkburton (10.1%) and Paddock (7.3%) students were a very low part of the sample by heads of household. The survey in areas identified by the council as high student market areas showed low student numbers; Birkby (1.3%) and Crosland Moor (0%) for example. It should be remembered that the sample was small and the survey may have been conducted in summer months (published July 2002) when students are absent.

A3.5.6. Other Data Sources

Neighbourhood Renewal Assessments took particular account of the PRS in the areas surveyed. The key points to emerge that may be relevant to, or reflect, the student market are as follows:-

- Although there is no specific reference to the student market the fragmentation of the PRS reflects the overall trend in the sub-region. However, average holdings in the sample are higher. Vacancy rates may also indicate student absence during the survey period. In Crosland Moor 14 landlords owned 43 properties (7 vacant); in Birkby 13 landlords owned 43 properties (8 vacant). The sample is too small for this to be deemed significant.
- The high turnover rate in the PRS is reported and students with 9 month tenancies would obviously impact on that. For Crosland Moor 28% of tenants had been in their home for less than a year while 80% of tenants had been in their present home for less than 10 years. This compares with the ownership market here where 62% of owners had been there over 10 years (NB pages 19 and 33 of the report give different figures; p19 is reported here).
- Turnover in Birkby is higher across tenures. In the PRS 33% of tenants moved to their present address within the past year. However tenants and owner-occupiers are reported as having the same turnover rate (43%) over a 5 year period (NB Text and Table on p17 conflict here; the table says 27% of owner-occupiers moved in within the past 5 years)

The Students' Union accommodation service attempted to access some summary data from their database but this has not been supplied at the time of writing. There are good links between this service and the local authority and it may be possible to extend this to include monitoring on a regular and consistent basis.

A3.5.7. Conclusions from Secondary Data Analysis

The main conclusion is that the "student housing market" in Kirklees is probably closely linked with student markets and education demand in, and from, other areas. Monitoring student demand and market behaviour could well be something that all authorities could undertake together with the relevant Universities. The interaction between the markets could well help to alleviate glut/shortage swings in the supply market by linking students to accommodation outside the area through advice agencies.

If the student PRS in Kirklees is expanding in areas of poor quality then students should be advised about statutory standards and their rights as tenants. Students are in a stronger position to address poor standards than many other low income PRS tenants for a variety of reasons. They usually have 9 month tenancies that they want to leave at the end of the period and are therefore less susceptible to threats of retaliatory eviction. They can often work together as a shared household rather than as isolated individual tenants. They should have easy access to the support of major institutions such as the University itself and the Council through the Students' Union and other routes. Parental interest/support may be effective in taking on landlords

especially where parents have professional status/contacts and a financial interest in the quality and safety of the accommodation.

Turnover is always high in the PRS (see main body of the report for evidence) and student use of the sector would amplify or maintain this effect. Given the comparatively small scale of the student based PRS in any of the ward areas of Kirklees it seems unlikely that this turnover would have detrimental effects of itself.

A3.5.8. Interviews

The proposal from Kirklees Council was to look at some key areas identified by them as important student housing markets. The areas proposed were Birkby (included in Greenhead Ward data above), Dewsbury West, Crosland Moor, and Thornhill (now Dewsbury South). The census evidence supports the view that these are among the main student markets but there is weak evidence that the scale of the student market in these areas is any greater than in several others and certainly not of the scale experienced in specific localities in other local authority areas in West Yorkshire.

The case study also sought to interview the key people involved in this market, namely students and their private landlords who make up the demand and supply sides of the market. The approach sought to secure views of landlords not already working with the council before supplementing this material with known contacts and views.

This has not been possible for several reasons:-

- The University and Student Union have been unable to provide contacts with landlords or students (the SU has passed on project flyers requesting interviews but with no responses).
- Kirklees Council has been unable to support attempts to contact landlords.
- Landlords contacted through newspaper adverts (student/shared accommodation specified) were unwilling to be interviewed fully. Broad comments reported below.
- Apart from the official student accommodation service, other corporate providers were very helpful and their views are reported below with landlords.
- Attempts to contact through a solicitor's workshop on regulations affecting the sector failed as the session had to be postponed until October 2007. The solicitor agreed to pass the flyer on to anyone who may be interested but this produced no responses.
- Students are not around much during summer which is the period the research was undertaken. Limited contact was achieved by word of mouth and approaches in public spaces. Many students approached were from overseas and occupying official corporate student accommodation rather than the general PRS. Responses, where relevant, are reported briefly below.

Students

Only four student contacts were achieved. Key points to emerge were:-

- Students had found it comparatively easy to secure accommodation and felt there was plenty on offer.
- The main shortage was for larger accommodation (over 4 sharing) near the town centre.

- The official student service offers accommodation out of town (Storthes Hall) and this is largely used by first year students who are new to the area and from overseas. Reports of quality here were mixed (slow repairs etc) and students said they looked for central or PRS accommodation as soon as they were not tied to contracts. They thought this was a general response.
- The official student accommodation service “Digs” has a printed list of private landlords for students. Main access to the PRS is through various student websites (accommodationforstudents.com ; studentpad.co.uk) which landlords and students can access and use as a national resource including Huddersfield.
- Student experience of various Firth St student residences (Opal and Unite providers)
- Students were vaguely aware of regulations affecting the sector and where to seek help with problems. One student had moved into accommodation with an HMO licence for 4 but since the issuing of the licence the landlord has added 3 bedspaces and may no longer meet standards. The student intended to follow this up.

Landlords including Opal and Unite

Landlords contacted (5) were reluctant to be interviewed but all said they had no trouble letting their accommodation and had received responses to their adverts. They felt the student market was good and that accommodation quality had improved significantly over the past few years (digital TV and internet connections are apparently common). These reports need to be considered alongside contrary evidence from practice and condition surveys but many landlords obviously see profit in good quality accommodation (this is consistent with other student market areas).

Yields were good and it is still possible to access the market and secure a good return on shared houses in and around Huddersfield.

Opal and Unite both felt the market was good. They were aware of competition from smaller landlords but still had let (or anticipated letting) all their accommodation. Their market is first year students who know the area and want to be near town / University and second year students who want to leave Storthes Hall to be near town and facilities. Prices varied between them but price seemed to affect the speed of filling vacancies rather than overall demand.

A3.6. Ravensthorpe

A3.6.1. Background

As part of the overall study of the operations of the Private Rental Sector (PRS) in West Yorkshire, Kirklees Council requested this Case Study of the PRS in Ravensthorpe. This small geographical area is adjacent to/forms part of the Dewsbury West Improvement Area where Neighbourhood Renewal assessments have been undertaken. This is also a small area for mainstream PRS activity (possibly only 300 properties) and is not a distinct administrative area for any local authority databases relevant to the study.

The area is predominantly specially constructed council/RSL stock (away from the main through road Huddersfield to Dewsbury) or stone built terraced housing adjacent to the north side of the main road. Owner occupation is the main tenure and is spread between the stock types. There is some private developer new

construction in the area some of which has obviously been acquired for rental. The findings section below gives more details.

A3.6.2. The Research Approach

The proposal included a review of any specific secondary data and interviews with landlords and tenants in the area. The interviews were to be arranged with contacts identified through the various Local Authority departments having data bases that would allow contact with individuals not already known to Council officers (through participation in the Accreditation Scheme and other PRS related services). Council Tax and Housing Benefit were particularly important here.

In addition to the above, landlords and letting/management agents would be contacted through adverts and posters. In the event this was the most significant source of contacts. The study also attempted contact through a landlord training event but this was unsuccessful as the event was cancelled. The Education Service may have been able to help with migrant workers using the PRS but key staff are only employed during term time.

This case study is the smallest of the five case studies undertaken by the study team and in many ways should be seen as being a **'mini-case study.'** Securing robust and up-to-date data about the PRS in Ravensthorpe proved highly problematic and the final data-set compiled by the study team for the area was not as comprehensive as those compiled for the other case studies. The team encountered a number of methodological problems including:

- The reluctance of local landlords to engage in the research process;
- The paucity of secondary data relating to the area.

A3.6.3. Findings from Secondary Data Analysis

Census

While census data has little detail about the PRS other than numbers of households self identifying as tenants of the sector, there are other changes that may have some bearing on the changing local housing market that the PRS operates in as a competitor with other tenures. For example the Council stock fell by 121 during the period, presumably through the Right to Buy. In other areas where this has happened we know that private landlords have acquired this stock subsequently for renting again. However detailed analysis of this evidence would only be possible if individual household level data was available for analysis (which it is not).

The decline in council renting households was almost matched by the growth of the RSL sector by 114 in the same period but the overall changes between 1991 and 2001 show a slight decline in ownership (49% of local households to 48.2%) and social renting (34.8% of local households to 31.4%) and growth in the full range of private rental tenures (16.4% of local households to 20%). Ownership is lower than the Kirklees average (by over 20%) and the other rental tenures are higher than the Kirklees average (the PRS by almost 8%).

All the above would equate to the visible nature of the area as a low value housing market overall.

Taking the 1991 / 2001 census analysis available on Kirklees Council website as a baseline for describing the area the following information seems central to understanding changes in the PRS in the 1991 to 2001 decade:-

1. In terms of total households the case study area is very small. In 2001 there were only 2180 household spaces recorded (up 240 from 1991) across all tenures in Ravensthorpe of which 229 (10%) were vacant.
2. Within this total, only 267 households rented privately from landlords or agents (274 in 1991) and a further 123 in the “other” category of renters (e.g. from employer, family, living rent free).
3. The number of households renting is just higher than the number owning; this is not typical of national or local authority averages: the private rented sector overall is larger as a proportion of the market at local authority or national level but given the small numbers this cannot be given undue weight (1% of total is only 21 households)
4. While there was a 15% increase in population overall during the period the population aged 45 and over declined slightly (1486 down to 1442); a younger population seeking housing in a low income area is increasingly likely to rent creating demand for social and PRS landlords.
5. The number (and proportion) of lone parent households overall has doubled (but this is not identified by tenure) and is now higher than the Kirklees average, when in 1991 it was lower. Single parent households nationally are among the fastest growing occupancy groups in the expanding PRS.

Housing Benefit

We sought help from the Housing Benefit service in analysis of elements of their data base and in terms of contacting landlords/tenants. None of what we requested was directly available but Andy Shackleton was able to do an analysis of elements of HB data from 2002 onwards which gives some indication of change within the rental market for HB claimants.

Firstly there has been overall growth in the number of properties held on the CT/HB database despite slight declines from 2002 to 2005. In 2002 there were 2094 properties in the Ravensthorpe area in total and by July 2007 this had reached 2139.

The pattern of payments of HB to the PRS is variable but in 2002 there were 117 HB claimant households in the PRS (which is 44% of the census figure of PRS households renting from landlords and agents). By 2007 this had risen to 136; if the same proportional relationship holds this would give a current PRS of 309 (or 14.4% of current stock) an increase since the census of 40 units.

A complicating factor in using all these figures is the status of empty properties (still around 10%) which are calculated from this data by deducting liable properties (which excludes exempt and void properties on the system) from total properties. As this is just over 200 properties their location could have significant effect on the size of sectors. For example there could be 40 properties being offered by landlords (although there was no direct evidence of this).

However the cumulative data indicates slight growth in the PRS in the area continuing since 2001. Landlord interviews below give some indication why this may be happening but at a slow rate given the attractiveness of low value stock for rental.

Council Tax

Apart from the above system analysis there was no data available from the Council Tax database.

Neighbourhood Renewal Assessments

The Dewsbury West NRA includes part of Ravensthorpe but the report has little relevance for this case study. It indicates a lower % of stock in the PRS for the NRA area than is likely for Ravensthorpe itself and no PRS tenants apparently attended the planning day. One interesting feature is that the housing stock in the NRA is almost entirely pre-1949 which is probably consistent with Ravensthorpe itself.

Private Sector Stock Condition Survey 2002²⁰

Again Ravensthorpe itself is not a defined area within this study but is part of Dewsbury West. Also the study was of the private sector as a whole, not simply private rental although it would seem that private rental at the time of the study was underestimated. The age of the stock is confirmed and, consistent with age, is generally in poor condition.

Interesting features of the study are the link between the PRS and short term residency (consistent with trends elsewhere) but also the market contrast with owner occupation where 50% of residents surveyed have been in their current address for over 10 years and 25% for over 20 years. This high level of stability is clearly beneficial for sustainability/cohesion objectives even as the PRS continues to grow slowly.

A3.6.4. Primary Research

Visibly the area conforms with expectations from the above data. Housing is predominantly old and there is much evidence of previous investment (home improvements, loft conversions, stone cleaning) intended to improve the area but the persistent effects of low income remain. The area also has a high B&ME population (the 2001 census has around 50% classifying as non-white) which is reflected in the shops and local businesses. The area generally is scruffy and unattractive but friendly and has quite good facilities. The main road does not seem to be disruptive of community life as the residential area is primarily away from one side of the road.

There was not much obviously empty property linked to the PRS. There were 5 empty properties with landlord details for letting in the older terraced housing and in the new developments and we were able to interview 3 of these landlords. In the council / RTB estate area there were no "To Let" signs but this obviously does not mean there is no PRS presence.

Landlords interviewed spoke of the area being subject to regeneration investment that the PRS would benefit from:

"There have been definite visual improvements which I think will help the PRS".

However the stronger theme emerging from the interviews was of stigma that the physical improvements had yet to allay and possibly even further decline due to social changes:

²⁰ Baseline data was 1991 census.

“...the ones in Ravensthorpe just aren’t shifting because of the area and the stigma attached to it. It takes a while for attitudes to change and the bricks and mortar don’t speak, it’s the people.”

“...[few vacancies advertised] is because of the area and the stigma attached to it.”

“People will buy there because of the cheap prices but they won’t rent there because of the insularity and the stigma.”

“The nature of the area and the tensions I just mentioned [Asian community v new migrant population] means that people will be less willing to invest in the area and more people will be renting.”

Landlords had mixed views about the health of the local market but even a landlord saying they had no problem letting their own property said there were problems letting. Another felt the area was very stable “there have only been about 3 or 4 properties to rent over the past 15 years” but again this was due to its poor reputation. This may actually be an indicator that landlords often do not know the local market as well as we might assume as there were at least 5 houses being advertised when that interview was being done. For all its huge value and social importance the largely amateur nature of the PRS and a poor understanding of its business environment were confirmed in this area.

Landlords had gone into the business for its “money making potential” and had invested through a combination of inheritance, loans and sale reinvestment. One planned to sell up and cash-in in the short term but all were long term investors (9 years, 25 years and 28 years).

There was some feeling that BTL had made the market more competitive between landlords with new incomers to the market but also a recognition that First Time Buyers may now never get into the ownership market which has two consequences:-

- A growing market for rental so demand is matching supply,
- Improved tenant behaviour “people realise that they won’t be able to afford their own homes, possibly ever, and start to treat their rented property as a permanent home, with more respect”.

This last point was emphasised by a landlord who felt that tenants had also become more demanding.

Another consequence of BTL was that new landlords were *more* aware of laws and regulations and that it was often established landlords who had not kept up with change or had resisted it. This is an unusual comment but made by a landlord who was very complementary about the

“...great LA service for multi-occupancy licences available for houses with 3 or more floors and 5 or more people sharing. There is good advice and guidance as to the rules and regulations behind the licence. The LA’s advice is careful and considerate...”

The Council Tax Dept was also complimented for its record keeping.

The few larger houses were cited as being much in demand as most local supply was small, but generally the market was felt to be good for landlords who had been unaffected by competition and had no difficulty letting whatever size stock they had.

Landlords' complaints related to poor tenants who damage property or don't pay. One landlord avoided students for this reason but generally landlords catered for any household responding to their adverts, bad experiences were put down to experience.

One landlord felt that the future trend for the market was that it would be increasingly dominated by larger landlords rather than small operators. This would increase the problems of small investors making a success of the business they felt. There is no evidence that large landlords are encroaching on Ravensthorpe and the national trend is for greater fragmentation.

A3.6.5. Conclusion

Overall the feeling of our interviewees was that the market remained healthy in Ravensthorpe. There was likely to be sustainable demand and the impact of BTL in reducing ownership options had been recognised. However in terms of sustainability and cohesion the area was felt to be in flux with new migrants and an unattractive environment contributing to tensions, continued low income base, and turnover.



The Private Rented Sector in West Yorkshire: Final Report

HICKMAN, Paul <<http://orcid.org/0000-0002-3062-0003>>, SPRIGINGS, Nigel, MCCOULOUGH, Emma and COLE, Ian <<http://orcid.org/0000-0002-9207-7528>>

Available from the Sheffield Hallam University Research Archive (SHURA) at:

<http://shura.shu.ac.uk/27419/>

Copyright and re-use policy

Please visit <http://shura.shu.ac.uk/27419/> and <http://shura.shu.ac.uk/information.html> for further details about copyright and re-use permissions.