Labour Housing Group Newsletter - February 2025

RENTING REFORM ARRIVIN

For many children and young people, this reform of private renting will be one of the most significant - and beneficial - changes to the law in their lifetimes. Here, Jacky Peacock of Advice for Renters, writing in a personal capacity, outlines progress to date and the next moves.

Update: The Renters' Rights Bill as it starts its debate in the House of Lords

The cornerstone of the *Renters' Rights Bill*, of course, remains the abolition of the infamous s.21 'no fault' eviction. This will see the end of shorthold tenancies introduced by the Thatcher Government in 1989 and made the default tenancy in the Housing Act 1996.

It will provide private renters with a long-term home and enable them to enforce existing tenancy rights without fear of retaliatory eviction.

Fixed term tenancies are also outlawed, with tenants able to give 2 months' notice to leave at any time.

A House of Commons Report Stage amendment limits rent in advance to one month and will not be payable until the tenancy agreement is signed. Whether this will make landlords reluctant to accept tenants thought to be a financial risk remains to be seen. While the bill outlaws discrimination, including those on benefits, it could be difficult to police such refusals.

Another late amendment by the Government will make it easier for local authorities to implement Selective **Licensing** and to enforce conditions. Licensing will no longer need Secretary of State consent.

There are concerns about the new grounds for possession, most notably the Sales ground which can be used after the first year of the tenancy.

If the landlord uses the ground falsely, they will not be

WHAT NEXT?

The House of Lords second reading is scheduled for 4 February. This will consider the main merits of the Bill. We can expect a large number of Lords to speak against the Bill.

Then it will be scrutinised during the Committee stage which takes place on the floor of the House, so all members can contribute.

The Report Stage will further consider the Bill and possibly propose further amendments

The Third Reading is the final House of Lords debate.

If the House of Lords makes amendments, the Bill returns to the House of Commons for consideration.

Once both Houses agree on the final text, the Bill is sent to the monarch for formal approval. After receiving Royal Assent, it becomes law it - is thought that could be by March.

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RENTERS' RIGHTS BILL

able to re-let for a year, but will the evicted tenant keep a constant check for any infringement?

The existing ground, that the property is needed for the landlord or a close family member, is restricted for use only after the first year, but remains a mandatory ground. If it were discretionary, it would allow the courts to apply the 'greater hardship' test – assessing whether the landlord/their family would suffer more by not being able to live in the property than the tenant, if deprived of their home.

There are welcome changes to the rent arrears grounds – with increased notice periods and amount of rent due. Possession will not be granted if the arrears are solely due to delays in Universal Credit payments.

Despite much campaigning, the Bill does not provide for rent controls. However, the way landlords can lawfully increase the rent is restricted to use of a Statutory Notice Form and this now needs to give two months' notice (it's currently one month). As now, tenants who believe the rent is above the market rate can refer the Form to the Property Tribunal for determination of the rent.

A big difference though, is that the Tribunal's power will be restricted to confirming or reducing the rent (they cannot increase it, as now); and the date the increase is due will be the date of the Tribunal decision, not (as now) the original Notice date. While not a rent control per se, it may curb the amount landlords ask for, but there is also a risk that landlords who don't usually increase the rent regularly, will feel incentivised to do so.

The much-heralded *right for tenants to request pets,* which cannot reasonably be refused, is already a right because unreasonable refusal is a breach of the Unfair Terms in Contracts regulations, *but it helps to have this on the face of the bill.* The bill also outlaws 'bidding wars'.

Importantly, the bill makes provision for a new Decent Homes Standard – to be detailed in secondary legislation, along with Awaab's Law, which will require landlords to address hazards within a set time.

There's also provision for an Ombudsman which all landlords will be obliged to join.

Last, but arguably the most important change, landlords will be required to register themselves and their properties on a new Database along with a host of information, including non-compliance issues and penalties. This has the potential to encourage professionalism in the sector so that renters get a decent and safe home from Day 1. Surely this would be an even better outcome than the security of tenure which enables renters to fight for decent conditions.

The bill now faces scrutiny in the House of Lords. There will doubtless be further attempts to introduce some form of rent controls, though it's unlikely that the Government will be minded to agree. There are other measures though that could make a big difference.

Given that depriving someone of their home is the most draconian decision the civil courts can make, there really should be more possession grounds that are discretionary, to allow consideration of the full circumstances of both landlords and tenants. Landlords using the Sales ground for possession should be required to give their tenants the right of first refusal for themselves or someone nominated by them.

Finally, it would ensure a rush for landlords to register on the Database if the Bill provides that no rent is payable on properties that are not registered and allows for Rent Repayment Orders for this offence.

Parliamentary recesses 2025							
Recess	House Rise	House Return					
Mayday	01-May-25	06-May-25					
Easter	08-Apr-25	22-Apr-25					
February	13-Feb-25	24-Feb-25					
Christmas	19-Dec-24	06-Jan-25					

RENTERS' RIGHTS BILL - TIMETABLE

Sponsoring department: Ministry of Housing, Communities & Local Government

A Bill to make provision changing the law about rented homes, including provision abolishing fixed term assured tenancies and assured shorthold tenancies; imposing obligations on landlords and others in relation to rented homes and temporary and supported accommodation; and for connected purposes.

Bill started in the House of Commons		Bill in the House of Lords			Final stages
\odot	1st reading	O	1st reading	0	Consideration of amendments
\odot	2nd reading	O	2nd reading	0	Royal Assent
\odot	Committee stage	0	Committee stage		
	Report stage	0	Report stage		
	3rd reading	O	3rd reading		

Complete 🕢



In progress



Not yet reached



EXECUTIVE COMMITTEE REPORT 2025

On 12th January, LHG got together for our first Exec meeting of 2025. We came back from the Christmas break ready to go, with several plans and activities in the pipeline.

One of the first things we discussed was honouring Nicky Gavron, who sadly passed away last year. Nicky was a long-standing supporter of LHG and did so much to advance her work, so it is only right that we honour her dedication and support. The Exec discussed creating the "Nicky Gavron Award", which will recognise achievement in housingrelated issues that Nicky was interested in. Details of the award are continuing to be fleshed out, and we will keep Members updated in the coming months.

We also discussed plans for our AGM on 8th March, where we have several exciting speakers lined up,

including the Housing Minister, Matthew Pennycook.

It will take place in Camden and details are up on our website now. Make sure to attend to have your say in the direction of LHG and what you'd like to see the Exec do as they head into their second year together.

Although it seems far away, we also began to discuss our plans for the Labour Party Conference in September. Like previous years, we are working on an exciting pipeline of events, and hope to see as many members as possible there. Stay tuned!

We also spent time clarifying Executive roles and opportunities for Exec members to take on more projects to further the group's work, alongside planning a few more of our 'In Conversation With...' sessions, which continue to



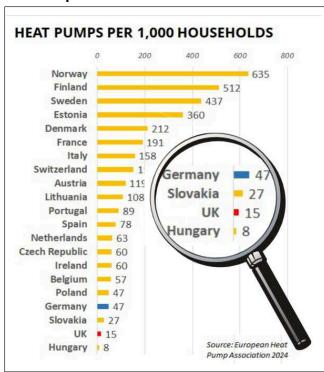
By Sarina Kiayani

prove popular with members.

And of course, we discussed our next big event, the Under 40s Conference. We've got some fantastic speakers secured, from MPs to housing sector experts. If you're a member under 40 and free on 8th February, make sure you sign up to attend on our website!

HOME-HEATING — UNITED KINGDOM TRAILS EUROPE ON HEAT-PUMPS

2025 could be a make-or-break year for heat-pumps, not just in the UK but much of Europe south of the Baltic Sea.



The **European Heat Pump Association** has published figures comparing the number of heat pumps per one thousand households (see table above). The United Kingdom has the lowest score, apart from Hungary.

Germany provides a a useful example of other-ways-not-to-do-it. The Greens in the Government coalition pressed for demanding targets but met with strong political resistance and from consumers. Germany has strong traditions of training and staff developmentbut even so has shortages of appropriately-skilled workers.

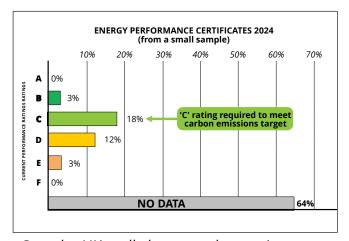
What does German experience tell us in UK?

The German coalition government agreed to impressive targets for decarbonisation, but they have subsequently proved difficult and controversial to implement.

And that's despite the country's formidable engineering capacity — three of the top "British" boiler-firms, namely *Vaillant*, *Viessmann* and *Worcester-Bosch* are all German-owned.

MEANWHILE BACK IN THE UK....

Seeing the report of the *European Heat Pump Association*, I was struck by the lack of equivalent published information from the UK Government.



Can the UK really be second worst in Europe as the EHPA says? I decided to sample some UK residents' experience so I checked my recently updated *Christmas card list*.

Energy Performance Certificate ratings are published by individual property and can be viewed at <u>GOV.UK's page</u>.

The "good" news is that nearly 1 in 5 homes now meet the minimum "C" rating. One of my friend's homes even has a B rating!

But the real worry is that there is no data for 2 out of 3 homes (64%). This is partly because EPC surveys are only compulsory when a house is sold or let.

But if my straw poll is representative, the Government doesn't really have sufficient accurate data to rely on when making policy.

Paul Martin



RETROFITTING - STILL ON THE "MUST FIX" LIST

It's not as sexy as building new homes, but making existing homes safe and warm at an acceptable cost is at least as important to Labour supporters.

The problems are different and very varied. Solutions depend on concerted action by a wide range of players, not least the residents.

Britain has, on average, significantly older houses than those of other European countries, which partly explains the UK's comparatively slow rate of progress.

Problems on the ground

Getting existing homes upgraded raises additional obstacles of access, legal ownership and affordability. Obvious examples include tower- blocks for which we have the awful case of Grenfell House to remind us of problems and delays.

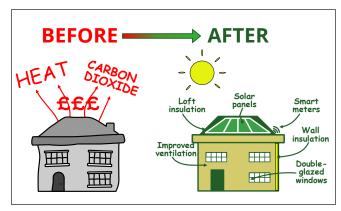
Yet even traditional terraced houses may require complex, bespoke solutions when there are several leaseholders and freeholders and lenders to satisfy.

National issues

It is already difficult to see how national agencies such as the Ministry of Housing, Communities & Local Government and the Department of Energy Security are divying up the work.

Locally, it is public knowledge that a number of local authorities - including the largest - are at or near bankruptcy. These organisations have been forced to lose expert staff since George Osborne's budget cuts. Many will find it hard to retrofit even their own properties, never mind playing an active role with home-owners and the private sector.

Yet it is most unlikely that the private sector will want to take on this responsibility without a clear framework of law and consistent funding streams.



And that's likely to scupper effective projects.

Intelligence-led prioritisation of tasks

There are potentially huge amounts of useful data available to help direct work.

- The Government's own database of Energy Performance Certificates should be an invaluable pointer to poor energyconservation.
- Energy supply companies could identify high energy usage by postcode.
- Aerial infrared photography could be used to identify major sources of heat-loss.

Central Government has key role

These and other sources of detailed information could be trialled through pilot schemes run by central government.

Finally, Treasury will need to align financial regulations, interest-rates and taxation to support imaginative and diverse programmes of work.

RETROFITTING - ACTION REQUIRED

This article is based on a report by **Action on Empty Homes** on how to make retrofitting a reality. The full text can be found at Action on Empty Homes.

Successful retrofitting demands trust

Retrofitting depends upon a construction industry with existing inefficiencies. It is notoriously hierarchical and fragmented, partly as a way of managing risk. Multiple layers of subcontracting spreads risk to smaller, specialised firms.

But on larger projects, this hierarchical subcontracting slows the pace of retrofit.

Subcontractors are more often than not chosen because they undertake to deliver at a lower cost than their competitors. Small firms are constantly having to manage cash flow problems including late payments, small profit margins and big outlays for materials.

Communities must play a key role in the retrofit revolution

The key to speedy and high quality work is trust which is where community organisations need to come in: trust and quality can be restored when works are delivered by local people invested with real skills training who feel a proprietary interest in their worksites.

They can appeal to the community-wide benefits of retrofit, ranging from local job creation to partnership building.

Resident refusal

One of the main hurdles slowing the pace of retrofit is resident refusal. Managers of large social housing retrofit projects report that up to 45% of residents refuse entry to their homes for retrofit works, which slows progress on decarbonisation immensely.

Refusal of entry takes place for a variety of reasons, but a key aspect is that retrofit projects may require multiple interactions between a resident and crew. On large projects, this can create confusion around who to deal with and allow into your home.

Skills shortages are slowing the pace of decarbonisation

Skills shortages persist among key retrofit trades which stakeholders say has prevented



retrofit from scaling-up to meet national targets.

Around 400,000 skilled retrofit workers will be needed in order to reach net-zero car-bon emissions by 2050, but the home and building maintenance workforce currently stands at only around 250,000. Additionally,

- Less than 10% of the retrofit coordinators needed to hit national decarbonisation targets are currently certified.
- Key trades such as insulation installation are struggling to retain existing tradespeople and attract newcomers to the workforce.

Training

So far, skills training has not been a high priority, for reasons mentioned above. As a result, the largest retrofit grants - those issued through the Social Housing Decarbonisation Fund - are being captured by a handful of global construction and property services companies.

They project manage and service large retrofit programmes by sub-contracting out on-site delivery. Consequently, those companies "at the bottom of the heap" struggle to make a profit and the lowest tiers of subcontractors often forgo green skills training and upskilling.

Although the Further Education Sector is beginning to incorporate green skills training across its curricula, the industry's skills shortage quickly becomes the Education sector's teacher-shortage.

Financing area-based retrofit is complex

A street-by-street or "area-based" approach is the quickest and most cost-effective way to retrofit.

WHO NEEDS LABOUR'S HELP MOST?

LHG readers will be in no doubt that, after the homeless and rough sleepers, private tenants living in old, cold, unfit and unsustainable homes demand our help.



Co-ordinating simultaneous work on entire streets or neighbourhoods can reduce inefficiencies and take advantage of economies of scale.

Conversely, "pepper potting" - or retrofitting houses one by one, is far less efficient.

But a key issue with the area-based approach is the near-certainty of encountering a mix of housing tenure and grant eligibility.

For instance, homes may be private sector rented, owner-occupied or empty, which will complicate any funding package due to the eligibility for grants varying according to the property and its occupants.

The result is a "stacked funding model" requiring funding to be pieced together from different sources. A typical package may need to include some or all of the following:

Grants

- Home Upgrade Grants (HUG) Energy Company Obligation Scheme (ECO) The Great British Insulation Scheme
- Social Housing Decarbonisation Fund
- Council and local authority funding
- Planned maintenance budgets
- Environmental, Social and Governance or green loans
- Energy Redress funding
- Carbon credits

This stacked funding model is complicated, uncoordinated and inefficient, although some projects – like Groundwork Greater . Manchester's area-based retrofit programme – manage to make it work.

Conclusion

Collaboration and problem solving are the solution

INTRODUCTION

In February 2023 at the Labour Housing Group (LHG) AGM a majority of attendees supported a motion to change LHG's position from the abolition to the reform of the Right to Buy (RTB) for council tenants.

In many members' minds was an acknowledgement that the Leadership had ruled out the abolition of RTB but were open to reform.

The Government has moved quickly to reduce the maximum discount from £136,000 to £16,000 in London. The £16,000 maximum is also being applied to other high stress housing areas such as Oxford and Reading. In the rest of the country the maximum discount has been reduced from £102,400 to between £22,000 and £34,000. This will substantially reduce the number of homes being sold.

We are delighted that another early action taken by this Government is to issue formal consultation about how the RTB should be reformed.

1.4m council homes have been lost, with only a small fraction replaced.

The Chartered Institute of Housing estimates that the Treasury has gained by £47bn.

I estimate that the total cost of discounts to tenants to be £7bn.

If that £56bn had been invested back into council housing tenants will not be living with the effect of chronic underfunding. https://redbrickblog.co.uk/2023/04/abolish-or reform-right-to-buy/.

When the Government opened formal consultation in December 2024, the LHG Executive decided that our best chance of influencing the outcome of the consultation was to collate the views of our members and to make a collective submission. Especially, the practical knowledge of the issue that our members have.

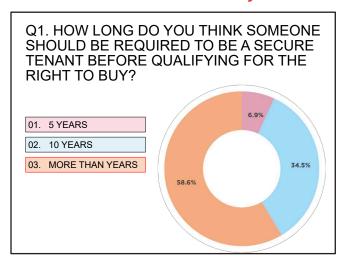
Twenty-nine members responded, 8% of our membership. The consultation took place over the Christmas period, which made the challenge of getting a response more difficult.

We reproduced the original questions in the formal consultation.

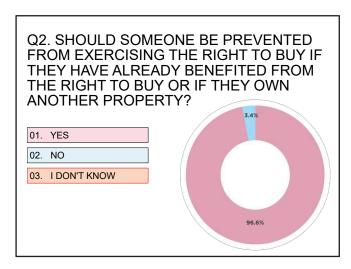
Andy Bates, Executive member.

A clear majority of members favour further restrictions on the eligibility criteria and the size of the discount.

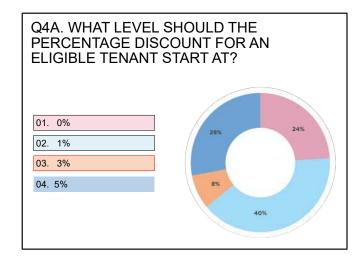
Fifty-six percent of respondents believe that the qualifying residential period should be increased to ten years.



There is an odd question about whether someone who owns another property should be able to exercise the RTB. Unsurprisingly 97% of respondents said no.

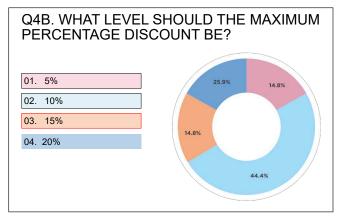


A majority of respondents favour a low initial discount. 64% said that the discount should start at 0 or 1%.

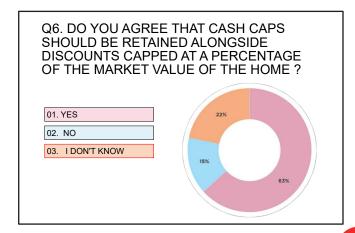


There are a range of views on whether the maximum discount should be between 5% and 20%.

However, 59% believe that the maximum discount should be 10% or less.

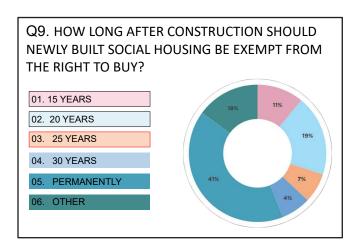


A clear majority (64%) favour a retention of a maximum discounts, albeit that previous answers suggest that the maximum discount should be at a lower level than currently is the case.



The sale of new build council homes is a concern for many members. 41% of respondents believe that it should be at least 30 years before a new build property can be sold, with another 18% believing that new build properties should be permanently exempt.

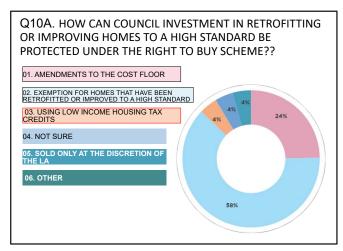
The logic being that councils should benefit from a substantial period of rental income to pay off their investment.



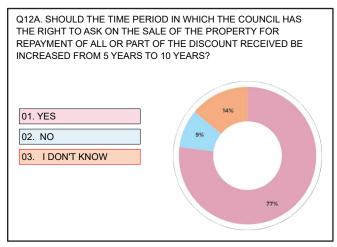
I must confess that I had not previously thought about the sale of existing properties upon which a council had spent a substantial amount of money.

Under the existing system the sale price would increase, but possibly by not as much as the council has invested. Also the discount will kick in, therefore councils will end up losing money.

It is interesting the government has offered absolute exemption from RTB as an option. For 58% of respondents this is the preferred option.

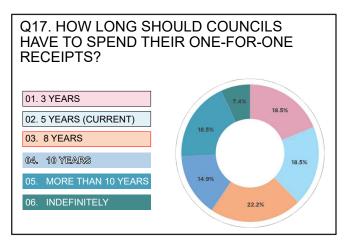


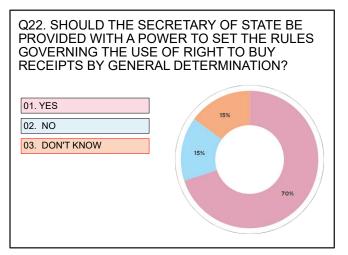
77% of respondents support the discount payback period being extended from 5 to 10 years.



How can receipts best be used?

As a reflection of how long public sector procurement can take, 64% of respondents would like to see the period that one-off receipts can be spent to be increased from the current 5 years





70% of respondents would like to see the secretary of state set the rules by general determination.

QUESTIONS NOT ASKED

As noted above, reducing the discount will significantly reduce the number of sales. However, as easily as we have reduced the discount another party in government can increase it.

There are a number of questions that I would have liked to have been asked as part of the formal consultation, which could lead to a more fundamental change. .

The first is about the freedom of councils to invest RTB receipts directly back into their existing stock.

My argument is that councils should be given the choice whether to use RTB receipts to build new homes or repair existing homes.

A consequence of the chronic lack of investment in council housing over the past 14 years is that there are a significant number of homes that are not in a modern, safe or liveable condition. The tenants who live in them are having their lives blighted. Cash strapped councils are facing difficult decisions about whether to sell off some of their homes to invest in others.

The effect of sales or demolition is to reduce the number of council homes, when Labour is desperately trying to increase the supply of social rent homes.

Councils are best placed to make the decision whether it is a better use of the receipts to invest in returning existing homes to a liveable condition or building new ones.

Capital receipts cannot, of course, fund the investment needs for council housing, a second Decent Homes Programme is needed. However, given the funding emergency all possible sources of funding should be combined.

The second question is about whether regional authorities and councils should have the power to pause RTB in areas of high housing stress.

I can feel the Leadership's pain. As members we are constantly passing resolutions asking the Leadership to introduce policies that contribute to social justice, but are potentially unpopular.

When I give housing talks to General Constituency meetings the first contribution from the floor is normally the case to end RTB. Ending the RTB nationally opens up the political risk of the Labour Party being accused of being anti-aspirational.

However, I believe that given the acute shortage of council housing, Sadiq Khan can win the argument to suspend RTB in London and Andy Burnham in Greater Manchester.

Additionally there are some more rural district councils that are desperate to keep hold of their small number of desperately needed council homes. When I argued for this devolved right to suspend the RTB at the LHG's AGM in February 2023, a council Cabinet Member of Housing, opposed to the RTB, injected 'For God sake don't make us have to argue for this on the doorstep.' Whereas this is exactly where I think we should be making the argument. In the parts of the country the electorate would perceive stopping more council housing being lost and keeping it available to house families that are homeless as entirely sensible.

Long-time housing campaigner, Steve Hilditch has drawn attention to Westminster council having to buy back ex-RTB properties at nine times their original sale price to help the council meet its legal duty to help homeless families and reduce their enormous temporary accommodation costs.

The Scottish and Welsh Governments have not suffered a political backlash as a consequence of their decision to end the RTB.

My third question is about reducing fraud

Selling state assets at substantially below their market value to people on low incomes, who may desperately need cash quickly and/or be vulnerable is a recipe for fraud. Unscrupulous family members, unethical companies, criminal gangs and unregulated faith groups are all pressurising council tenants to accept their money to buy their homes and then pass them on. How widespread this fraud is no one knows.

My most egregious example is finding a leasehold flat within hundred meters of the Shard being used as a cannabis farm.

Local councils do not want another legal duty without supporting finance, but they should still check ownership and occupation during the discount payback period.

My final question is about how we affect the leakage of at least 40% of ex-RTB properties into the private rented sector.

The problem with this leakage is that in affluent areas potential private renters on medium incomes are priced out or end up paying three or four times the rent of the council tenants who are the neighbours. In less affluent areas the same people who 20 years ago would have been council tenants are being housed on the same estates, but at a much higher rent. For those families on housing benefit the Government's costs go up.

An option could be to continue to give existing tenants the RTB, but give the council the opportunity to buy the property back on the first sale at a fair price, taking account of the initial discount.

Andy Bates – Executive member

MORE HOUSES SELLING AT A LOSS

Hamptons, an estate agent largely operating in London and the South-East, has reported a change in the market which may signal more is on its way.

It has published a set of figures to worry those who trade in houses rather than are looking for homes.

The agency reported that notably more properties sold at a loss.

On average, 9% of sellers lost money but in London this figure rose to 14%, almost as bad as in the North East.

Owners of flats came off worst.

In 2024 the average house sold for 47% (or £102,500) more than its purchase price, having been owned for nine STABLISHED

years. The average flat sold for only 23% (or £48,050) more, having been bought 8.8 years ago.

If these trends continue, Buy-to-Let may become

significantly more high-risk than has been the case and consequently less attractive to small landlords.

LHG AGM 2025:

Progress on Labour's housing programme

The theme of this year's AGM is 'Progress on Labour's Housing Programme'.



The meeting will be held in person in London (Camden) as well as online, from 11.00am to 2.00pm on Saturday March 15th 2025.

Refreshments will be available from 10.45am.

Keynote speakers: Matthew Pennycook MP (Minister of State, Ministry of Housing, Communities and Local Government)

Full, up-to-date details and registration at https:// labourhousing.org/news/ agm/

STOP PRESS - RENTS ALSO FALLING!

PRIVATE RENTS FALL FOR FIRST TIME SINCE 2019

Average private rents have fallen, Advertised rents outside London fell at the end of 2024 to £1,341 a month - the first decline since 2019 according to Rightmove.

Typical rents are still 4.7% higher than a year earlier, but Rightmove says this fall was "a key milestone" outside London where they continued to rise to a record £2,695 a month.

This may be linked to more landlords selling up and leaving the sector. Typically, 15% of homes for sale had previously been available to rent in 2024 - up from 13% in 2023.

Rightmove said this may be because the number of available homes for rent was 13% higher than at the same time last year, while the number of prospective tenants was 16% lower.

OUR FRONT BENCH TEAM



Rt Hon Angela Rayner MP Secretary of State and Deputy Prime Minister



lim McMahon MP Minister of State



Matthew Pennycook MP Minister of State



Rushanara Ali MP Under-Secretary of State



Lord Khan of Burnley Under-Secretary of State



Alex Norris MP, Under-Secretary of State



Baroness Taylor of Stevenage Under-Secretary of State

LHG Executive Committee 2024-26

Elected directly

- John Cotton Chair
- Alison Inman Vice Chair
- Heather JohnsonVice Chair
- Sheila Spencer Secretary
- Chris Worrall Membership Officer
- Adam Allnutt Policy Officer
- Andy Bates Speaker organiser
- Alex Toal Red Brick editor
- Issy Waite Social media
- Ross Houston Treasurer

Co-options:

- Sem Moema Newsletter Editor
- Asma Islam Branches liaison
- · Sarina Kiayani
- Marc Harris
- Jack Shaw

LABOUR HOUSING GROUP'S CHAMPIONS

One enormous boost for LHG has been the success of these MPs and members. We endorsed 37 Prospective Parliamentary Candidates and sitting MPs. Now we congratulate these housing champions with whom we look forward to working closely in this Parliament.





























