

Is there an alternative to letting homes through expensive letting agents in Oxford?

Having worked in social housing for over fifteen years prior to studying I decided this was an issue with a workable solution. This essay considers the national housing crisis in England and the housing issues in Oxford specifically looking at the private rented sector. How letting agencies in Oxford and other established agencies make their money is examined. Through showing how savings can be made and if small amateur landlords can be encouraged to move away from using the established agencies properties can be let through Ethical Landlords and can be introduced into a city such as Oxford and others.

National Picture

On an almost daily basis an article can be found in the newspapers relating to a National Housing Crisis, in his book Danny Dorling stated

Lack of access to housing, a growing sense of insecurity over how we are to be housed, is lack of access to the freedom to feel secure; it constitutes a growing restriction on the right of the majority to be free to live a good and safe life (Dorling, 2015:1).

What has been occurring in the UK and more typically in England is housing has become unaffordable to buy or rent close to families where people were brought up or in areas close to where people work or want to live. Home ownership had peaked at 71% in 2003 but has declined and in 2014-15 14.3 million people or 64 percent were owner occupiers This has resulted in an increase in private renting in 2004-05 30 percent of household with dependent children lived in private rented housing and this increased to 37 percent in 2014-15. This means 912,000 households with children live in insecure privately rented accommodation (Department for Communities and Local Government, 2014-15:8).

This followed on from the early 1980s when the Conservative government of the time sold off council housing to existing tenants at huge discounts. Research by the Daily Mirror newspaper found in 2013 almost four in ten houses sold under this were now rented out for profit (Walker and Jeraj 2016:107). During this period a relaxation in lending money and 100 percent mortgages were easily available and many private landlords some of whom became professional letting agents, as mentioned later in this essay, took advantage of this. It can be seen this policy has partly caused the letting of insecure private rented housing to become the norm for family housing. The insecurity and stress caused in this type of accommodation can be seen in the affect it has on people's lives as in the space of a year 350,00 people are put at risk of eviction (Rodionova, 2016).

The increase in private renting has increased greatly since the coalition government introduced its Welfare Reform Act of 2012 (Department of Work and Pensions, 2012). The main focus of this bill was to restrict Housing Benefit payments and change the types of payments with the overall aim of incorporating all payments into one payment called Universal Credit. The result meaning many people were forced to move into areas where housing was affordable. Although rents have increased 2.4 percent since April 2015 with the average tenant now paying an extra £19.00 per month in rent (PA Money 2016). This has resulted in many properties in places such as London and Oxford are only affordable to private renters as landlords took the opportunity to increase rents and will not rent to unemployed or people without significant income. With the increase available from private rent some local authorities especially in London took the opportunity to sell off housing stock which is then rented back to people who cannot afford to buy (Walker and Jeraj, 2016:38).

A disjointed housing policy seems to follow government after government with no solution and little building. In 2009 the Government had the intention to build over 139,000 homes over the next ten years mostly constructed by local authorities but like most house building promises this did not occur. Part of this plan was to build small clusters rather than like the large estates that already existed often with social problems. That year 10 new homes were built in the north London borough of Islington where there was a social housing waiting list of 15,000 which gives an indication of the growing national problem (Booth, 2009).

The current Housing Bill 2015 will result if passed into law in less social housing and no rent controls in place. This bill is currently having difficulty passing into statute as many MP's have questioned this bill now being aware of its implications and the House of Lords keep recommending changes to the bill. This bill has resulted in much protest and on January 5th 2016 #KilltheHousingBill was launched to challenge this and has involved many mass protests events with the latest protest on June 18th 2016 (KilltheHousingBill 2016).

This continued policy of failure and housing gentrification removing much of the social housing stock especially in London resulted in many families being forced out of London. Some of the stock targeted for this was temporary accommodation families were living in while waiting to be rehoused in social housing. A case of this that was brought to public attention where Barnet Council's temporary housing stock was sold off and ended in a violent eviction on 23rd September 2015. This eviction had taken place at 07.45 in the morning when a rear entrance door was broken and a disabled man, his children and protesters were removed from the property (Booth, 2015).

The disabled man was offered housing by Barnet Homes but many of the people in temporary accommodation had been forced out of this area of London due to the Housing Benefit reforms of the Welfare Reform Act 2012. Many of these people had to be housed in private rented housing. This growth in private rented housing led Patrick Collinson of the Guardian to look at some of the costs charged by letting agents (Collinson, 2016). The work of charges is based on Countrywide who manage many small independent letting agents with a focus on questionable charges in figure 1 and none refundable fees charged to renters as seen in figure 2.

The charges made to the landlord of a one doubled bed self-contained fully furnished flat let under a letting agent in the East Midlands with parking within easy walking distance of Loughborough town and university at a monthly rent of £425.00 are set out below in figure 1.

Figure 1

Letting from 30/01/2016 to 30/01/2017 (extended)	Deductions	Receipts
Rent paid (In two six monthly payments)		£2550.00
Management fee @ 10.5%	-£267.75	
Management fee @ 20.0%	-£53.55	
Professional Fees		
Gross Rental Information to HMRC	- £15.00	
Gross Rental Information to HMRC (VAT @20%)	- £3.00	
Landlord Renewals Fees Due	-£104.17	
Landlord Renewals Fees Due (VAT @20%)	-£20.83	
Monthly Deposit Scheme Due	-£39.96	

Monthly Deposit Scheme Due (VAT @20%)	-£7.99	
Paid to Landlord		£1952.75
Transfers and Other Transactions		
Movement in Reserve	£90.00	

It can be seen after an initial charge of £175.00 for creating a tenancy agreement for the sake of producing paperwork and obtaining a signature each new tenancy agreement is charged to a Landlord as renewals at over a £100.00 a time. This is in addition to charges made to the landlord in this case leaves him not knowing what the movement in reserve fee relates too for almost another £100.00.

Oxford is a city without the London earning potential that has four distinct housing markets of young professionals, students and the vulnerable including a desperate homeless problem and a community of people living on canal boats. In March 2016 Oxford was the least affordable city to rent or buy a property, to purchase a property with a person needing 10.68 times of the average earnings (Collinson, 2016).

Oxford Housing Situation

Oxford has been identified as the most unaffordable City in the UK to live in. In the north of the City houses cost around £1.2 million and it is almost impossible to find a property that Local Housing Allowance rate (Housing Benefit) will pay for. This is part of the cause of the homelessness issue, housing that is too expensive for most to buy, high rental prices that gives little opportunity to save for a deposit, a vast student market that have to accept rooms in houses that are of poor condition and a disjointed planning policy that protects the green belt (2015 Fraser D 2015). It also appears through intended legislation Oxford City Council are attempting to prevent an affordable alternative of living on canal boats. The private rented sector in Oxford is dominated by established estate agents such as Connells and Finders Keepers who are an agency who specialise in the lettings market.

The housing crisis in Oxford creates a market for unethical letting agents. A drive into East Oxford on an almost weekly basis it seems new letting agents come and go as they try to cash in on the Oxford housing rental market. Some of these are set up by people who are property owners and set up as letting agents. As recently as December 2015 251 properties fell into this property category ranging from Mr Ian Ashcroft (Lucy Properties) who owns 73 properties to Mr Mazhar Kamel Dogar (MKD Property Developments) who owns 26 properties in Oxford (Fisher 2015). These are trying to compete with the profits which are earned by established agents such as Finders Keepers.

Figure 2

I discovered through a visit to Finders Keepers in Headington that the cost of renting a one bed property in Headington close to Brookes University and the John Radcliffe Hospital are set out below with a typical monthly Rental of £1000.00 for a self-contained property.

Tenant Charges	
Deposit	£2000.00
First month's rent	£1000.00
Tenancy Agreement	£ 300.00
Application no refund	£ 250.00

To commence this tenancy before any credit check is undertaken the applicant must have an income or savings if no guarantor is available of at least 30 times the monthly rental. In this case that means a salary of £30,000 per year. If people are self-employed, they need to provide two years' accounts and pay six months' rent in advance. Also, at every tenancy renewal they must pay £125.00 for a new tenancy agreement and will also usually be charged an increase in the rent. The process of short-term tenancies with possible rent increases means people do not have long term secure accommodation.

If they decide to end the tenancy it is not unusual for the landlord to find means of not returning deposits (Walker and Samir, 2016, p.80). This is in addition to money agents make from non-refundable application fees and strange movement in reserves charges made to landlords as shown in figures 1 and 2. In the private rented housing sector today with very little alternative from setting up a tenancy agreement and arranging repairs through contractors small landlords have little alternative to private letting agents.

However, a private members bill introduced by Baroness Olly Grender a former senior figure at Shelter is attempting to clamp down on landlords as people who use private sector housing lack protection (Lawrence, 2016). But there are other alternative solutions that could compliment this bill.

The Solution to Oxford letting agents

Drawing on my experience of working in housing for fifteen years and being an amateur landlord of one property I have thought about a process. This I call ethical landlords where savings can be made on costs to a landlord, costs to renters who with a longer-term fixed tenancy can have the opportunity to save to buy their own property. They can also build relationships in the community so people do not see rented accommodation as an issue. The private letting agent will charge the landlord around one fifth of the total rental in a six-month period for his services. With the charges made to the landlord and tenant this opens up an opportunity for savings to be made.

The process could be as follows. The landlord could reduce the rent he charges through the savings they make from not paying letting and management charges. A credit check can be undertaken on line at around a charge of £3.00 and a tenancy agreement can be downloaded from a website. Also, through using email details for obtaining references the charges can be reduced dramatically and reflected in the rental price. There would maybe need to be a one-off charge for this service. Also, it would be possible to contact Oxford City Council and arrange for their contractors to carry out emergency repairs taking away the worry of being able to get repairs carried out. The tenancy agreement can be drawn up without the income requirements. A deposit on one month's rent and one month's rent in advance would help with a tenant's cash flow giving them the opportunity to save to purchase a home in the future. After an initial six months' tenancy it can be agreed a length of tenancy with protection built in if the landlord needs to have the property returned. This give both parties security of tenure and income.

Although with recent government cuts to benefits and the lack of affordable Housing many local authorities are introducing imitative ideas mainly to deal with housing waiting lists. In Reading the Council has its own housing plan where it aims to buy 500 existing homes to rent over five years. The

intention of this is to rent homes at below market rents a scheme John Healey shadow housing secretary heard personally in April 2016 (Fort, 2016). This type of plan will help to clear the Housing waiting list but does little to address private renters which with a lack of affordable or social housing in Oxford would do little to address the Oxford Housing crisis.

In Oxford a social enterprise could be created possibly through the local authority to promote the idea of ethical landlords possibly with a reasonably priced one-off charge to both parties Oxford's Housing crisis could be addressed. As Oxford is an area where many people have an ethical approach to living maybe a start could be made to research the possibility of implementing this and obtaining funding from central government. The first problem is finding landlords who are prepared to move away from traditional letting agents with a view to letting their property on a long-term basis so avoiding void periods. Also, the tenant would treat the property more as a permanent basis than a temporary place to live due to the security of tenure they have. To do this I feel pilots have to be developed and Oxford with its inability to attract skilled workers who want to settle in the area whose salary will progress is missing out on this opportunity.

I feel once this idea is actively worked on through investment hopefully from the City Council with a team working on this idea and forging links with large employers and small landlords there is real potential. With first class hospitals in the area links can be made with the NHS and other large employers for new workers to move into shared rooms in houses or family houses with secure tenancies and then as they settle in the area and salary increases and relationships are formed with savings they have made through not being charged excessive rents they are in a position to buy a property and release the property for another worker. This will give landlords and tenants a point of contact at Oxford City Council for any issues and the security of knowing the tenant has been fully referenced and is intending to respect the property.

Once this model has developed other markets within Oxford can be considered. With insecure housing and a lack of temporary housing available a model of homes in multiple occupation could be developed. This could involve working with outside agencies supporting vulnerable people working very closely with clients for as long as required. These support workers would then be able if systems were put in place with council and tenant agreement to flag up issues such as Housing benefit shortfalls before it becomes an issue resulting in eviction. After a successful letting period rather than ending contact these workers could let their clients know they are available for as long as needed for telephone advice. This will hopefully result in any issues being resolved before they meet crisis point.

Another link that could be built is with the Student population through Colleges or bodies such as student unions. The 2011 census confirmed Oxford had a student population of 30,000 the largest in the UK (Oxford City Council, 2012). Through these links again houses of multiple occupation could be sourced and as people graduate and wish to remain in Oxford and salary increases move towards renting a complete house at reasonable rents before they consider the purchase of a property. This would encourage talented people who undertake their education in Oxford's Universities to stay in the area and help to develop the City as more than a place to study but an opportunity to start a life and family.

In Oxford many people who cannot afford to buy or rent a property have chosen to live on boats moored on the canals or Thames that flow in and out of the City. The City Council has taken a decision to introduce a Public Space Protection order that it appears will result in being able to

prosecute people who live on the boats. It would mean if an officer decided he could issue an order for a boat that had an engine running and was not moored at a secure mooring. If a boater has a problem the first thing that is required is for safety reasons to move to the canal edge, secure the boat while the problem is investigated. This act could result in a PSPO and criminal record is what the boating community fear (Oxford City Council, 2016)

If this type of project, I mention was set up and managed correctly with the correct type of workers in place it could transform Oxford by making secure affordable accommodation available for all. This idea could possibly be rolled out across the country to start to resolve the Housing crisis as there is no joined up government housing policy that involves building homes available to people who cannot afford to buy or give protection to people in private rented accommodation.

As government legislation has attempted to deal with the amount of properties bought to rent to the public a change in tax relating to Buy to Let properties means around a third of landlords intend to pass increased costs to tenants (Osbourne, 2016). As Oxford is a city with little opportunity except for building on green belt to increase housing supply maybe it is time to look at alternatives to expensive letting agents to give people an opportunity to live and have a positive input into a wonderful city and countryside. This could result in Oxford becoming the first City to provide housing options to everyone.

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