

EXECUTIVE SUMMARY

The housing system in Britain is broken – a fact acknowledged by Government, commentators and the general public.

The private rented sector (PRS) in Britain has grown enormously. It has more than doubled over the last 20 years to 4.7 million households - 1 in 5 households in England, and higher proportions in major cities.

It is a diverse market, providing a range of accommodation from high end to low quality tenure of last resort. And far from providing sustainable solutions to the housing crisis it is a major part of the problem. Whilst the PRS works well for some people who value the flexibility and mobility it offers, it is generally expensive, insecure and has some of the worst standards. Eviction from the PRS is now the most common cause of homelessness. Worryingly, the PRS is increasingly the only option for some of the most vulnerable in our communities, including families with children. It is no longer a rite of passage for the young and transient – it is the sector millions will live in for life, and it is set to grow. Those trapped in private renting face living with little security and high rents. In effect the poor state of the PRS in the UK is blighting the lives of millions.

In contrast Germany has the largest PRS in the EU and renting provides more affordable, secure and better quality housing to almost half the population. It is mainstreamed, not stigmatised, and it is highly valued by its citizens.

So valued in fact that during 2019, in the face of rising rents and speculative investors squeezing out established residents, hundreds of thousands took to the streets in major cities to defend and clamour for more affordable housing in their communities. German politicians state clearly they cannot afford to ignore the problem and many cities are carrying out referenda and radical policies to ensure housing remains affordable for all. For example, in February 2020 Berlin introduced a 5 year Rent Freeze with fines of up to €500,000 for landlords who break this law.

Meanwhile in the UK the housing crisis worsens and opinion surveys consistently list housing as a top concern amongst the population. A Chartered Institute of Housing survey in August 2019 found more people felt directly threatened by the housing crisis (57%) than they did by Brexit. The time is ripe to reform and improve the PRS to enable

it to provide more practical, sustainable solutions and play its part in solving the housing crisis for the long term.

What lessons can we learn from housing in Germany?

It is clear we cannot simply transplant another country's housing system onto our own. Not least because each country's housing market has grown in different cultural, historical, political and economic environments.

Nevertheless there are some interesting parallels in the German and British housing experience. Overall Germany has a better PRS. '*Better*' in the sense that it gives tenants greater security of tenure, more affordable rents, better standards and a stronger voice to advocate for their rights and represent their interests. And it is '*better*' as a sector that supports and incentivises good landlords for the long term, thus improving the PRS's contribution to overall housing provision and sense of community. It is a sector that is valued by tenants and landlords in Germany.

I found five key factors in Germany's system that offer some important and transferable lessons in the following areas. These are:

- Secure tenancies;
- Tools for regulating the PRS;
- A powerful voice for tenants;
- Support for private landlords and
- Growing the supply of affordable housing - a strong local vision translated into building affordable homes and communities.

The report explores these areas and makes recommendations on how Britain can learn and apply specific lessons from Germany to help fix our housing system. To ensure the PRS provides more affordable, secure, sustainable and better quality accommodation to meet our current and future needs.

The PRS will be with us as an important part of housing provision in the UK for the foreseeable future. The recent Covid -19 pandemic has exposed its fragility. Many of the low paid workers we now rely on in health, care and other essential jobs are trapped in PRS accommodation that is inherently insecure, unstable and expensive. Britain's PRS is limiting life chances for increasing numbers and is a ticking time bomb – unless it is more closely controlled and supported.