

LONDON ASSEMBLY



Property Guardian Research

Property Guardianship in London

A report produced on behalf of the London Assembly
Housing Committee by:

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1. Executive summary

- 1.1. This initial section summarises the key findings of this report, organised into eight sub-headings: (i) guardian demographics, (ii) entry into the sector, (iii) current accommodation, (iv) repairs and maintenance, (v) guardian licence agreements, (vi) deposits and other fees, (vii) location of advertised properties, and (viii) local authority concerns.
- 1.2. It is worth underscoring at the outset that the property guardian sector in London is a heavily diverse one: both in terms of company practices and the experiences of the guardians themselves. Any general conclusions, therefore, will invariably apply to some parts of the sector more than others. This executive summary – and the report that follows – should be read with this in mind.

i. Guardian demographics:

- 1.3. The data suggests that property guardians are as diverse as their counterparts in the private rented sector. Although on average marginally younger, in terms of gender and ethnicity, the property guardianship sector largely mirrors the private rented sector more generally.
- 1.4. Those with disabilities were severely under-represented within the sample, suggesting that the property guardian sector houses proportionally fewer people with a life-limiting disability than the private rented sector more generally.
- 1.5. Property guardians in the sample were more likely to be in work than the London average, but earn less than their counterparts in other tenures.
- 1.6. Property guardians are nearly twice as likely to be single than their counterparts in the private rented sector, and of those in a relationship, 58% live with their partner.

ii. Entry into the sector:

- 1.7. Guardians were most likely to have entered the sector from a privately rented tenancy within the greater London area. There was significant internal churn within property guardianship properties, with a third of the sample having moved from another property guardian property - often, but not always, internally within the same company.
- 1.8. Guardians moving into property guardianship from elsewhere in the private rented sector generally stated that they did so of their own accord, chiefly in order to move to be closer to their workplace, to attain more affordable housing costs, or because they

wanted a larger space. A significant minority of respondents had felt forced to move into property guardianship due to an absence of other affordable options.

- 1.9. Of internal moves within the property guardian sector, 19% were given less than 4 weeks' notice to vacate their property. A majority were offered alternative accommodation by their property guardian company, but not all.
- 1.10. Most guardians had discovered the sector through word of mouth, with a significant number of the sample having come across properties on the internet when searching for rooms to rent.

iii. Current accommodation:

- 1.11. The sample was almost evenly split between those occupying with other guardians and those with occupying a property alone or with their partner. Nearly half of the sample also had access to their own toilet facility. This suggests that there are significant numbers of properties occupied by property guardians in which they have exclusive possession of a space: such as a whole flat.
- 1.12. Access to kitchen facilities were limited across the entire sample, though a majority of guardians felt that the kitchen facilities within the property were adequate for their needs.
- 1.13. Guardians were generally reliant on portable electric heaters or oil-filled portable heaters to heat their property, with nearly half having purchased their own form of heating to assist in keeping the property warm. 62% felt able to keep bedroom space comfortably warm over the winter months, though this fell sharply to 45% when asked about other living space within the property.
- 1.14. Almost all respondents stated that they had working smoke alarms fitted in the property.
- 1.15. A number of respondents explicitly identified the problem of waste disposal and the lack of adequate refuse collection and/or recycling facilities at their property.

iv. Repairs and maintenance:

- 1.16. The data suggests that property guardians are as (dis)satisfied with repairs and maintenance at the property as those living in the social rented sector. The sample were mostly 'satisfied' or 'neither satisfied or dissatisfied' with how the property guardian company undertook repairs and maintenance at the property. 22% were

dissatisfied; approximately the same percentage as is in the private rented sector more generally, and the same percentage as those in social rented sector.

- 1.17. Of those guardians who were dissatisfied, this was generally because they felt the property guardian company only did the bare minimum with respect to repairs and maintenance, or that they were too slow in getting issues rectified.
- 1.18. There was a very high prevalence of mould and condensation reported within the sample, with 37% of participants stating it was an issue, compared to just 10% in the private rented sector more generally – perhaps connected to concerns about adequate heating outlined at 1.13. above.

v. Licence agreements:

- 1.19. A significant proportion – 46% – of the guardians' licence agreements were silent on the period of occupation; only a minority (14%) were aware of how long they were likely to be at the property for. Otherwise, most licence agreements ran periodically from licence-fee period to licence-fee period.
- 1.20. Some guardians expressed concern about the restrictive nature of some licence agreements, particularly terms that limited guests at the property, or those allowing no-notice inspections by property guardian company staff.

vi. Deposits and other fees:

- 1.21. Relative to licence fee payments, property guardians in the sample generally paid as high deposits as those elsewhere in the private rented sector. The vast majority of guardians in the sample paid significant deposits for their property, often matching or outstripping the value of the monthly licence fee.
- 1.22. A significant proportion of respondents highlighted problems with the recovery of deposits at the end of their occupation, with many participants explicitly requesting that deposits be lodged into a deposit protection scheme.
- 1.23. Additional fees were common across the sample, with an average levy - not inclusive of any deposit or licence fee in advance - of £148. The most common form of additional payment was for 'fire safety' packs or equipment fees, with three-quarters of the sample making such a payment.
- 1.24. Property guardian companies fall within the ambit of the Tenant Fees Bill in its current form, and would be subject to the limitations on fees and levels of deposits/holding deposits detailed in Schedule 1, 2(2).

vii. Location of advertised property guardian properties:

- 1.25. An analysis of publicly accessible advertisement data suggests that more property guardian properties are advertised in central London than the outer boroughs, with a particular preponderance of advertisements within the London Borough of Wandsworth and the London Borough of Haringey.
- 1.26. The advertisement data suggests that more property guardian properties are advertised across the West and South West of London than East London.
- 1.27. Significant numbers of properties were advertised alongside more general private rented sector lets on websites such as spareroom.co.uk – property guardian properties are easy to come across in general searches for rooms to rent.

viii. Local Authority Concerns:

- 1.28. Although local authorities had not had enforcement action tested, there appears to be a lack of clarity among local authorities on three key issues.
 - 1.28.1. The application of elements of the Housing Act 2004, particularly where enforcement action would otherwise have to be taken against the local authority themselves.
 - 1.28.2. The ambit of the Environmental Protection Act 1990 and the division of responsibility under s.79(7) and s.80(2).
 - 1.28.3. The potential relevance of s.3 of the Health and Safety at Work Act 1974, despite its more limited ambit in comparison to other enforcement mechanisms.

2. Introduction

Report structure and aims

- 2.1. This report aims to provide evidence to address three key concerns about Property Guardianship in London. First, there is little substantive research into the phenomenon. Although property guardianship has garnered an increasingly high profile in the media – being described variously as an ‘exciting alternative to renting’ or as paying the ‘high price of cheap living’ – the actual extent and operation of the sector in the capital has not been explicitly examined.
- 2.2. Second, the experiences of the guardians living in the sector. There are two key issues. Some high profile cases have focused attention on the potential for problems with repair, maintenance, and overall condition of the properties; perhaps an unsurprising concern given that many such properties served a function far removed from housing prior to domestic use. The reliance of property guardian firms on utilising licence agreements – as opposed to tenancies – raises questions about the legal security of the guardians’ occupation of these properties and anecdotal concerns have been reported elsewhere about illegal eviction practices or notice period enforcement.
- 2.3. Third, the uncertainties faced by Local Authorities tackling the issues raised by property guardian companies, particularly a lack of perceived clarity in the applicability of elements of the Housing Act 2004 and its enforcement, responsibility under environmental protection regulations and general awareness of the property guardianship phenomenon.
- 2.4. This report draws on three separate research strands explore each of these concerns:
- 2.5. **Property Guardian Survey:** Principally, it utilises data collected in a small-scale property guardian survey. The 210 participants were recruited: (i) through a Facebook campaign across September to October 2017, followed by a shorter YouTube campaign in November 2017 and (ii) via property guardian firms emailing the survey link, using contact text agreed with the research team.

- 2.6. **Property Guardian Advertisement Mapping:** In order to explore the geographical placement of property guardian properties across London and gauge the extent to which property guardian properties are being advertised publicly online, adverts were mined from a series of property guardian company websites and advertisements hosted on ‘Spare Room’ (www.spareroom.co.uk). These were then mapped across London.
- 2.7. **Assessment of Local Authority concerns:** A smaller strand of the research sought to assess Local Authority concerns or areas that lack clarity in taking enforcement action against property guardian companies. This data were comprised from drawing on previous work by the research team in a Local Authority Environmental Health Officer workshop held at York Law School on 26th June 2017 and from email contact with other London Boroughs.

Limitations

- 2.8. It is worth underscoring out the outset that although this research aims to be broad in scope, its scale is limited to a fairly exploratory study of property guardianship in the capital.
- 2.9. Although we are confident that the survey represents a reasonable cross-section of property guardians within the capital, it is invariably a limited reflection of what appears to be a sector stretching into the thousands of habitants. Drawing definitive conclusions about a diverse set of companies and experiences will always be challenging in such a small-scale study. Our analysis below should be read in that light.
- 2.10. Likewise, efforts to map the online advertisements are invariably a snap-shot of current availability of properties which (i) are advertised online within (ii) the October to November window. It is far from a definitive effort to measure the extent of the sector across the capital, instead aiming to provide as much indication of the current availability of property guardian lets as possible within the limits of this research project.

3. Preliminary issues: What is Property guardianship and the lease/licence distinction?

- 3.1. Before turning to an analysis of the data, it is important to provide some context on property guardianship and the importance of the lease/licence distinction.
- 3.2. By way of a basic definition, a property guardian is somebody who lives in property that would otherwise be vacant in order to secure it. The proposition, therefore, is a win-win scenario for owners of otherwise empty properties and those looking for (generally, inner city) accommodation. The presence of guardians secures the premises without the need for recourse to more expensive forms of security, while (generally) exempting the property from business rates. For guardians, property guardianship may prove significantly cheaper than renting elsewhere in the private rented sector and/or provide access to larger or more desirable properties in better locations.

The lease/licence distinction

- 3.3. The vast majority of property guardian companies state that they offer their guardians 'licences' to occupy the property, as opposed to 'tenancies.' It is this distinction between a licence agreement and a tenancy that has dominated much of the ongoing debate around property guardianship – including a high profile case in the County Court in Bristol.¹
- 3.4. It is important, therefore, to provide some overview of how this distinction is drawn and what it means in practice for guardians occupying the properties. Although there are a number of key cases in this area, the key principles can be derived from *Street v Mountford* [1985] AC 809, which outlined the difference between a lease (a tenancy in our case) and a licence. For our purposes, there are three building blocks that can create a tenancy rather than a licence that warrant specific attention here. (i) rent (ii) for a period, with (iii) exclusive possession.

¹ For a concise assessment of this decision and its implications, see: Peaker, G; Arden, A; and Dymond, A, 'The law on property guardianship' (*Ad-Hoc Property*, 2017) < <http://www.adhocproperty.co.uk/wp-content/uploads/2017/11/The-Law-on-Property-Guardians-White-Paper-November-2017-081117.pdf> > accessed 30th December 2017. At para.1.2.8, p.8.

- 3.5. First, in order to be a tenancy, the property guardian must be paying rent for a period. In the majority of scenarios, both of these will be met: the property guardian usually pays a fee (satisfying (i)) and does so monthly (satisfying (ii)).
- 3.6. The more problematic issue is ‘exclusive possession.’ This can be broadly summarised as the occupant being able to exclude others (including the property guardian company) from a space – for instance, because they have their own bedroom/other space within the property. If for instance, a property guardian has a lockable room, to which they alone have been issued keys, which they occupy, and then share communal space, they are likely to have a tenancy.
- 3.7. It is important to underscore that what matters is not necessarily what is contained within the agreement signed by the Guardian itself, but instead what actually happens in practice. Likewise, if agreements contain terms which may appear unreasonable or are designed to negate the existence of any exclusive possession (for instance, only being able to occupy the property for a certain number of hours each day), then – especially if not acted upon – these are likely to be dismissed as ‘pretences’ or a ‘sham’ (see *Aslan v Murphy (No 1)* [1990] 1 WLR 766).
- 3.8. Within the context of property guardianship, there are certain factors to look out for which may weigh in favour of a licence as opposed to a tenancy:
- 3.8.1. *Inspections of the property by the Property Guardian company:* Are there frequent inspections without notice? What is the extent of those inspections? Is the right to no-notice inspections specified in the agreement signed by the Property Guardian?
- 3.8.2. *Moving rooms within the property:* Where guardians are regularly moved throughout the property, or where the guardians themselves decide on the allocation of space within it, they are more likely to be occupying on licence. For instance, if the guardian wishes to change rooms, is it the property guardian company they contact to do so, or can they take this decision with the other guardians? In practice, do guardians generally stay in the same allocated rooms throughout the property, or is there movement within the occupied building?

- 3.8.3. *The allocation of the space within the property:* It is often apparent from some advertisements by Property Guardian companies that individual rooms are being advertised in the properties. The allocation of space within the property can be a relevant issue. If the other guardians are not notified of new arrivals, but they instead are simply allocated an individual bedroom then this would weigh in favour of a tenancy.
- 3.9. Although the Protection from Eviction Act 1977 – requiring four weeks’ notice of possession – applies to both tenancies and licences, if the guardians do have a tenancy, certain further protections come into play. Particularly on further restrictions to seeking possession under the Housing Act 1988 and repair obligations under Landlord and Tenant Act 1985. Under a licence agreement, as opposed to a tenancy, it is not necessary to protect deposits under a registered scheme, as per s.212 Housing Act 2004.

4. Demographics of London-based property guardians

4.1. The property guardian sector is often characterised as being relatively homogenous: principally comprised of British and EU nationals in their mid-20s to mid-40s, working part-time or in University-level education.² The data collected in this study points to a more diverse demographic, spreading across ages, incomes, ethnicities and employment status.

Demographic descriptors

4.2. By way of general demographic descriptives, within the sample, male respondents were marginally overrepresented, forming 55% of participants against a female 42%. Very few identified themselves as having a health problem or disability that limits their day-to-day activities: only 4% of participants.

4.3. There was a sizable age range within the sample. The youngest was 22 years old and the oldest 66 years old, with a mean age across all participants of 36. **Table One** shows the distribution breakdown in 10 year bands. The bulk of participants were 40 or younger (73.79%).

4.4. Compared to the Private Rented Sector more generally, the age distribution in the sample suggests that property guardians are generally younger than their counterparts renting properties, but not by a large margin. Within the private rented sector, the mean age of a renter is 40 – as opposed to 36 in this sample – and 67% are aged under 45 – as opposed to 78% in this sample.³

² See: Mara Ferreri, Gloria Dawson and Alexander Vasudevan ‘Living precariously: property guardianship and the flexible city’ *Transactions of the Institute of British Geographers*, (2016) doi:10.1111/tran.12162 (pg 250)

³See the English Housing Survey Private Rented Sector report for 2015-16. Available online at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/627686/Private_rented_sector_report_2015-16.pdf

Table One: Age of survey participants by bands

Age	Incidence (%)
<i>21-30</i>	37.24
<i>31-40</i>	36.55
<i>41-50</i>	15.86
<i>51-60</i>	8.98
<i>61-70</i>	1.38

4.5. There were a wide range of ethnic groups represented within the sample, as reflected in **Table Two**. The majority were British, Irish, or from another white background (81%).

Table Two: The breakdown of ethnicity within the survey sample

Nationality	Incidence
<i>British</i>	45.21%
<i>Irish</i>	4.11%
<i>Other White</i>	31.51%
<i>White and Black Caribbean</i>	1.37%
<i>White and Black African</i>	2.05%
<i>White and Asian</i>	0.00%
<i>Other Mixed</i>	2.74%
<i>Indian</i>	0.00%
<i>Pakistani</i>	0.68%
<i>Bangladeshi</i>	0.00%
<i>Other Asian</i>	0.68%
<i>Black Caribbean</i>	2.74%
<i>Black African</i>	4.79%
<i>Other Black</i>	0.00%
<i>Chinese</i>	0.68%
<i>Other Ethnic Group</i>	3.42%

Income and occupation

- 4.6. In common with the other descriptors, there were a wide range of incomes reported within the sample. The amount requested was a total gross figure – including earnings from employment or self-employment, income from benefits and pensions, and income from other sources such as interest from savings. These are detailed in **Table Three** below.
- 4.7. Taking the mid-point of the bands as the reference figure, the average income across the sample was £24,811 per annum. This figure is significantly lower than reported household income figures within the private rented sector across the UK (£32,304) and significantly lower than the private rented sector in London – where average incomes reach over £40,000 in many boroughs in which these property guardian properties are located.⁴

Table Three: Banded incomes within the survey sample

Annual total income	Incidence (%)
<£2,500	2.74%
£2,500-£4,999	2.05%
£5,000-£9,999	9.59%
£10,000-£14,999	15.07%
£15,000-£19,999	9.59%
£20,000-£24,999	15.75%
£25,000-£29,999	14.38%
£30,000-£34,999	4.79%
£35,000-£39,999	8.90%
£40,000-£44,999	1.37%
£45,000-£49,999	2.05%
£50,000 - £74,999	8.90%
£75,000 - £99,999	1.37%
£100,000 or more	0.68%
Don't know	2.74%

⁴ See the Borough, District and Unitary authority income and tax statistics, available online at: <https://www.gov.uk/government/statistics/income-and-tax-by-borough-and-district-or-unitary-authority-2010-to-2011#history>

- 4.8. When focusing on the relative costs of property guardianship, a more useful measure than gross earnings is to consider the proportion of total income spent on licence fee payments. This expenditure can then be compared to that in the private rented sector on contributions to rents.
- 4.9. Property guardians in the sample spent an average of 37.4% of their income on licence fees. This figure varied substantially across the sample, with 35% spending 20% or less of their income on licence fees and 21% more than 50% of their income. Compared to other households in London, where the average expenditure on rent is 54% of income (inc. housing benefit),⁵ this indicates a substantial relative saving for most – but not all – participants.
- 4.10. The average spend on licence fees relative to income mirrors the national non-London average; with those in the private rented sector paying on average 38% of their income on rent, compared to 37.4% in this property guardian sample.
- 4.11. A small minority of the sample stated a very low annual income which was outstripped by their annual licence fee payments.

Employment status

- 4.12. The breakdown of employment status across the sample is detailed in **Table Four** below. The vast majority of participants were in some form of work or full-time study.
- 4.13. The majority of the sample work for 30 hours a week or more (57.53%) or are self-employed (22.60%). A smaller proportion were in part-time work for fewer than 30 hours per week (9.59%) or in full-time study (4.79%). Others were a mix between these statuses; working part-time alongside part-time study, or self-employed alongside other part-time work (2.74%).

Table Four: Participants' employment status

⁵ See n 3 above.

Employment status	Incidence (%)
<i>Self-Employed</i>	22.60%
<i>Working: 30 hours a week or more</i>	57.53%
<i>Working: less than 30 hours a week</i>	9.59%
<i>Not working because of long term sickness or disability</i>	0.68%
<i>Not registered unemployed but seeking work</i>	0.68%
<i>Registered unemployed</i>	0.68%
<i>At home/not seeking work (including looking after the home or family)</i>	0.00%
<i>Retired (including retired early)</i>	0.68%
<i>Full-time student</i>	4.79%
<i>Other [specified]</i>	2.74%

- 4.14. Within this sample, the employment rate of property guardians is considerably higher than the London average 74.9%,⁶ with over 92% of the sample in some form of employment.
- 4.15. The proportion of self-employed participants is higher than the London average, with 18% of employed persons in London being self-employed, against 24.44% of this sample.⁷ The proportion in part-time and full-time work maps closely the London averages of 11.7% and 64% respectively,⁸ with 10.37% of the sample being engaged in part-time and 62.22% in full-time work.
- 4.16. Of those in full-time and part-time work, the majority (87%) were on a permanent or open-ended contract. 9% were either on fixed-term, casual or zero-hour contracts, and the remainder did not know whether their current employment was permanent or not.

⁶ See the Office for National Statistics seasonally adjusted employment rates available online at: <https://data.london.gov.uk/dataset/employment-rates>

⁷ See n 6 above.

⁸ See n 6 above.

Relationship status

4.17. Nearly half of participants - 49.31% - were single; a comparatively high percentage when compared to the private rented sector average of 27%.⁹ **Table Five** provides a full breakdown of relationship status.

Table Five: Participants' relationship status

Relationship status	Incidence (%)
<i>Single</i>	49.31%
<i>In a relationship, but not married or in a civil partnership</i>	31.25%
<i>Married</i>	13.19%
<i>Separated, but still legally married</i>	2.78%
<i>Divorced</i>	2.78%

4.18. Of those who were in a relationship, 58% lived with their partner in the property guardian property – 41% did not, and the remainder opted not to disclose.

⁹ See n 3 above.

5. Previous settled accommodation

5.1. Before moving to their current property, the majority of the sample had come from either renting a property in the private rented sector or from another property guardian property. 45.39% of the sample had been occupying a property on a tenancy – either in their own name or jointly - in the private rented sector, and 33% had been occupying on a licence agreement in their own name at another property guardian property.

5.2. **Table Six** details the participant responses.

Table Six: Participants' previous accommodation

Previous accommodation	Incidence (%)
<i>Owned it in own name/jointly</i>	1.42%
<i>On a licence agreement in my own name at another Property Guardian property</i>	32.62%
<i>Spouse/partner owned it</i>	1.42%
<i>Rented it in own name/jointly</i>	45.39%
<i>Spouse/partner rented it</i>	0.00%
<i>Had it rent-free in own name (or spouse's/partner's name)</i>	1.42%
<i>Did not have accommodation in own name or spouse's/partner's name</i>	17.73%

5.3. Very few had entered the sector from homeownership (1.42%) and a sizable number had entered the sector without having had any settled accommodation in their or their spouse's name at all (17.73%).

5.4. The time participants had been living in this former accommodation varied substantially across the sample: some having been settled for more than 20 years, others for less than a month. The average period of occupation for prior accommodation was 31 months, with 42% of total respondents having lived in their previous accommodation for two years or longer. This indicates that many guardians had been in settled occupation for a significant period of time before entering the sector.

- 5.5. Across all previous accommodation types, 11% of the sample were living with their parents (including foster parents or being in care) before entering the property guardian sector. The remainder were living alone (25%), with their partner (22%) or with someone else (42%).

Reason for leaving previous accommodation

- 5.6. Participants were asked to identify why the occupation of the property came to an end. **Table Seven** details the breakdown of answers across the sample.

Table Seven: The reasons for previous accommodation coming to an end

Reason for accommodation ending	Incidence (%)
<i>I/we wanted to move</i>	41.55%
<i>The landlord/agent asked me/us to leave</i>	8.45%
<i>Accommodation was tied to a job and the job ended</i>	2.11%
<i>The tenancy was for a fixed period and this period ended</i>	4.23%
<i>Because of rent increases by the landlord</i>	5.63%
<i>The property guardian company managing the property gave me notice</i>	19.72%
<i>To sell an owner-occupied property</i>	2.11%
<i>Because of poor relationship with the landlord</i>	0.00%
<i>Because of a relationship breakdown</i>	4.93%
<i>Other (please specify)</i>	11.27%

- 5.7. A large proportion of the sample left their previous accommodation of their own accord (41.55%). The second most cited reason for moving was due to a property guardian company giving notice (19.72%), indicating the significant amount of internal churn within the property guardian sector. This internal churn was not always within specific companies, with some participants being given notice by one property guardian company and then moving onto licence with another.

- 5.8. A significant proportion of participants cited ‘other’ reasons for the accommodation ending (11.27%). These were generally variants of wanting to move (for instance, wanting to be closer to work), variants of the landlord/agent asking them to move (for instance, due to them wanting to sell the property), or specific events leading to displacement (such as a fire-related accident).

Reasons for wanting to move

- 5.9. Of those who wanted to leave their previous accommodation, **Table Eight** provides a breakdown of their reasons for doing so.

Table Eight: The reasons why participants wanted to move from their previous accommodation

Reason for wanting to move	Incidence (%)
<i>To move to a better neighbourhood/more pleasant area</i>	6.78%
<i>Job related reasons</i>	22.03%
<i>Wanted a larger house/flat</i>	10.17%
<i>Wanted a cheaper house/flat</i>	16.95%
<i>Could not afford mortgage payments/rent on previous house/flat</i>	0.00%
<i>I could afford the previous accommodation, but wanted to save money towards a deposit to purchase a home</i>	6.78%
<i>Marriage/began living together</i>	6.78%
<i>Other family/personal reasons</i>	10.17%
<i>Previous accommodation was in poor condition</i>	6.78%
<i>So my child(ren) could get into a better school</i>	0.00%
<i>Other (please specify)</i>	13.56%

- 5.10. Responses were very mixed. The most common answers were focused on property size and cost, with 10% and 17% stating each respectively. Others wanted to save for deposits for purchasing a property, considered their accommodation to be in poor condition, or for family/personal reasons. A lack of affordability was not cited by any participants as being the main reason for moving property.

- 5.11. A large number of participants cited ‘other’ reasons. Responses largely concerned wanting one’s own place or problems with previous housemates, through to more specific circumstances (such as a death in the previous property).

Internal moves within the property guardian sector

- 5.12. Of those participants who moved from another property guardian property, 19% were given less than 4 weeks’ notice, with as little as one and two weeks’ notice being cited by a minority of guardians. The median notice period provided was 4 weeks.
- 5.13. A majority of these internal movers (74%) were offered alternative accommodation by the property guardian company within this notice period. When given the opportunity to provide further comments on their experiences of the move, two respondents detailed instances in which they were paid to move earlier than the notice period allowed: in one instance, a total of £1,000 per guardian.

Moves within and to the greater London area

- 5.14. Of the participants in the sample, 82% were living in London before moving to their current property, with 18% moving into their property guardian property from outside of the capital.

6. Current accommodation

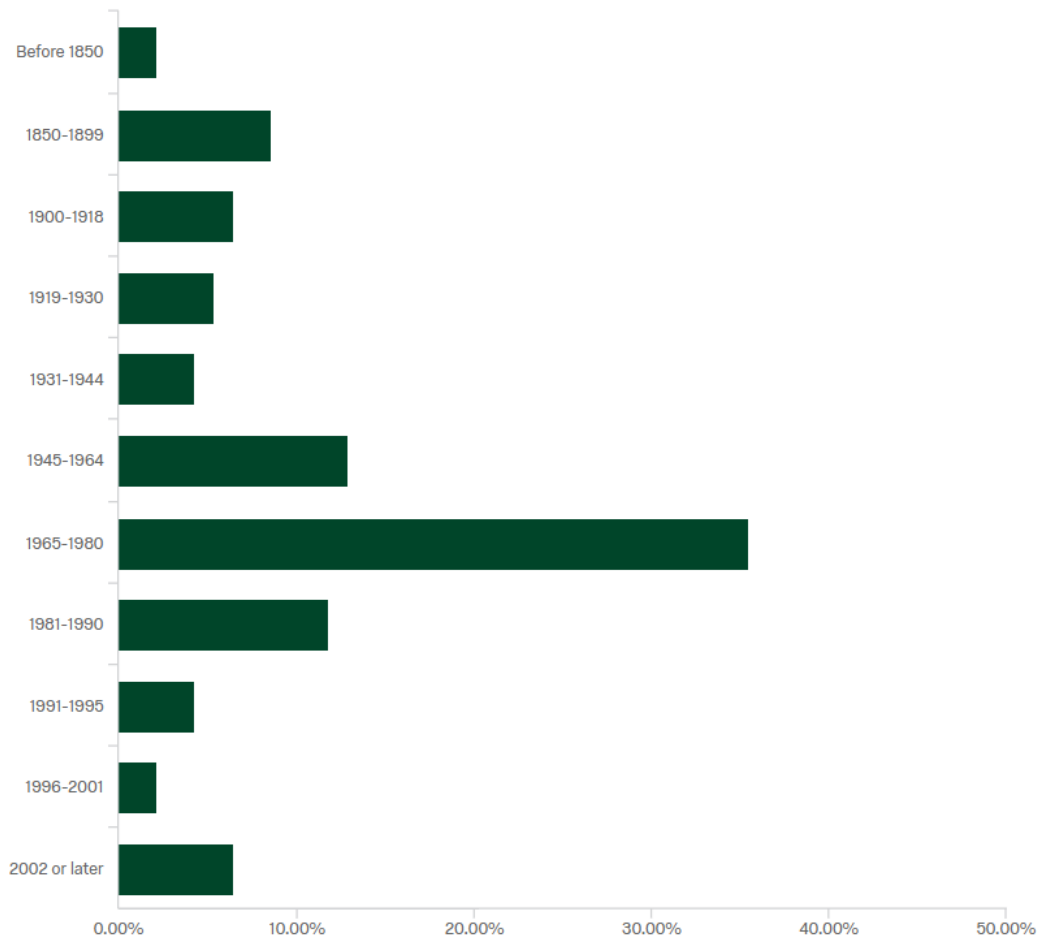
- 6.1. As would be expected, there were a wide variety of reported functions for the occupied properties prior to their habitation by property guardians.

Table Nine: The function of the current property prior to habitation by guardians

Property type prior to guardian habitation	Incidence (%)
<i>Ex-Residential</i>	30.94%
<i>Ex-Commercial</i>	12.23%
<i>Ex-Local Authority (e.g. a care home)</i>	38.13%
<i>An NHS Hospital</i>	7.19%
<i>Other (please specify)</i>	11.51%

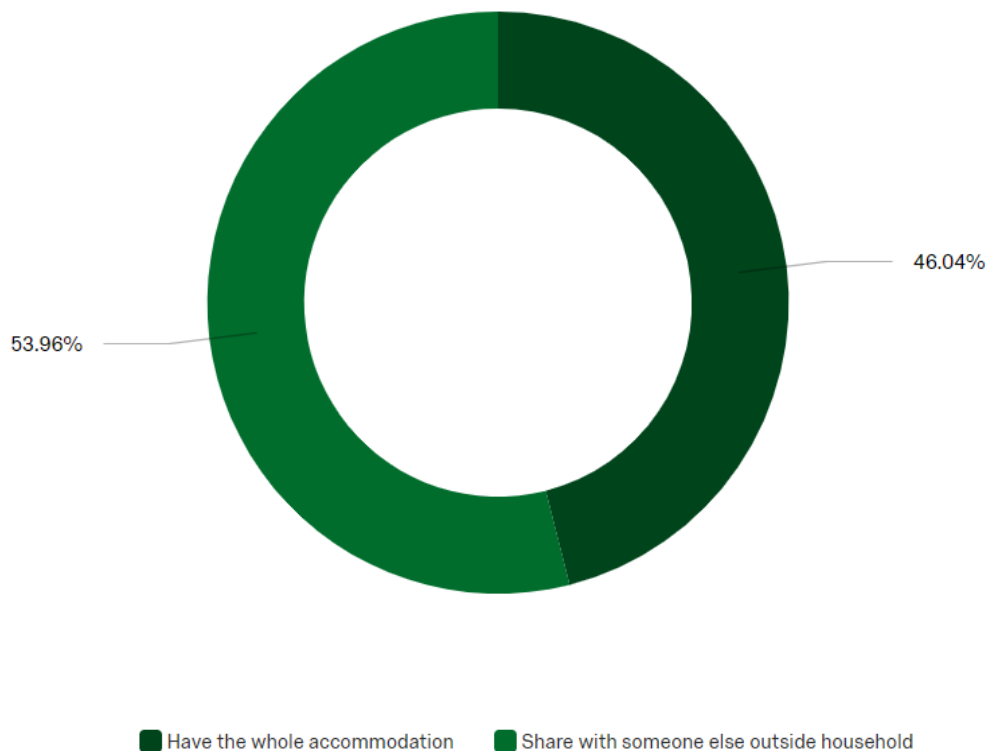
- 6.2. Those selecting ‘other’ specified a wide range of property uses, including: an artillery barracks, a school, church, a library, and social housing.
- 6.3. These properties were mainly self-reported as being built between the 60s and 80s, though there was significant variation across the sample, as detailed in **Figure One**.

Figure One: Self-reported year of build of current property.



- 6.4. As outlined in **Figure Two**, there was a split in the sample between co-habitation and outright occupation. A slim majority of respondents – 54% - shared their current accommodation, with the remaining 46% having the whole accommodation to themselves.

Figure Two: Pie chart depicting the split between co-habitation and sole occupation in the sample.



- 6.5. This is a particularly significant and unexpected finding given the reliance of the property guardian model on the granting of licences. For nearly half the sample to have the whole accommodation to themselves infers a level of control and access which may not be commensurate with occupying on a licence; instead it is far more likely to effect the creation of a tenancy.

Composition of the property and numbers of guardians

- 6.6. Of those sharing the accommodation, the numbers of other guardians within the property varied substantially. The average number of other guardians was 14, with a range between 1 and 45.
- 6.7. This variation in guardian numbers corresponds with the sizable ranges of bedrooms and kitchens within these properties: some with as many as 50 'bedrooms' and upwards of 20 kitchen spaces. The average number of bedrooms across all properties was 10, with an average of two kitchen spaces.

Kitchen Facilities

6.8. **Table Ten** outlines the kitchen facilities available to guardians, split into both shared kitchens and non-shared kitchens.

Table Ten: Incidence of kitchen facilities across the same divided by shared and non-shared kitchens

Shared Kitchens		Non-shared kitchens	
Facilities	Incidence (%)	Facilities	Incidence (%)
<i>An oven</i>	69.05%	<i>An oven</i>	36.36%
<i>A refrigerator</i>	77.38%	<i>A refrigerator</i>	39.39%
<i>A freezer</i>	61.90%	<i>A freezer</i>	27.27%
<i>A gas hob</i>	13.10%	<i>A gas hob</i>	3.03%
<i>An electric hob</i>	73.81%	<i>An electric hob</i>	39.39%
<i>A sink with a tap</i>	86.90%	<i>A sink with a tap</i>	81.82%
<i>A microwave</i>	75.00%	<i>A microwave</i>	24.24%
<i>No facilities</i>	5.95%	<i>No facilities</i>	21.21%

6.9. Both kitchen types suffer from a general lack of facilities. A significant number of those with their own kitchen were provided with none of the above facilities at all (21.21%).

6.10. Notwithstanding the often limited provision of equipment, a majority of guardians felt that their kitchen facilities were adequate for their needs: a total of 62%.

6.11. The remaining guardians who felt that the facilities were not sufficient provided a variety of reasons for their dissatisfaction, including problems with the provision of drinking or heated water, insufficient space for the number of guardians in the property, or lack of sufficient amenities:



There is no drinking water. The water is run electrically and comes out the tap hot, sometimes scalding. None of the kitchen are actual kitchens. 2 are old tea rooms. So one is tiny, not adequate for 6 people to share. There is a sink, a small fridge and an oven-hob and about 40cm of prepping surface. There is a larger tea room which makes an ok kitchen and the other is a carpeted room with appliances and no ventilation or windows, they are boarded up.

- 6.12. A number of participants lamented having to purchase a significant number of white goods for themselves where none were provided.



No fridge, freezer, oven, hob provided. Had to buy these myself. No washing machine or place to put one - have to go to a laundrette.



We had to buy ourselves 2 portable hobs, washing machine, fridge, mini oven and microwave. (Otherwise we would have not been able to cook or wash clothes).

- 6.13. Although the most acute dissatisfaction with kitchen facilities was within ex-commercial property, those living in residential accommodation also raised concerns about their lack of kitchen facilities:



Because we were not allowed to have a cooker. Even though we are in a residential property we have to use a plug in job and a portable oven.

- 6.14. What emerges from the data above is a general lack of kitchen facilities within particularly ex-commercial buildings, with a majority of property guardians still determining that they are 'sufficient' for their needs.

Toilets, washing facilities and other utilities

6.15. Of those occupying with other guardians, a slim majority in the sample shared a toilet with other occupiers (56%), with the remainder (44%) having access to their own toilet facilities. **Table Eleven** indicates the prevalence of other facilities that guardians had access to.

Table Eleven: Incidence of washing and other facilities

Facilities	Incidence (%)
<i>Plumbed in Bath</i>	55.04
<i>Plumbed in Shower</i>	64.34
<i>Temporary shower pod</i>	22.48
<i>Wash basin/sink with tap</i>	89.92
<i>Washing machine</i>	50.39
<i>Tumble dryer</i>	13.18

6.16. The majority of guardians had access to some form of washing facilities, with most of these being plumbed into the property. A significant minority of the total participants were reliant on temporary shower pods for use as washing facilities (22.48%).

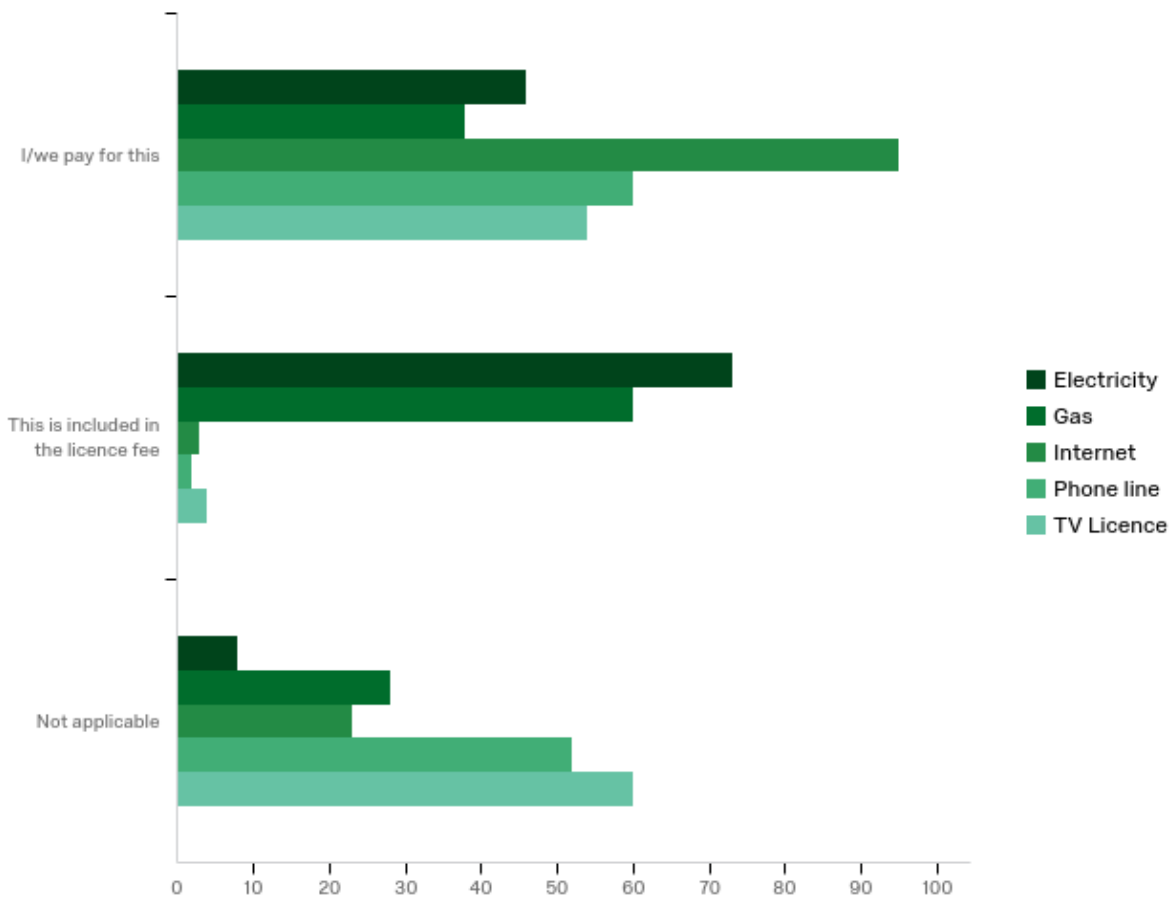
7. Utility bills and council tax

7.1. There was considerable variation across the sample on the levying of utility bills. **Table Twelve** provides a breakdown across the different utilities, while **Figure Three** depicts a graphical representation of the same data. A slim majority of guardians had their electricity/gas bills included in their licence fee, although substantial numbers were required to pay these themselves. Half of the sample did not have a TV licence, 45% did not have a phone line, and 19% did not have wired access to the internet.

Table Twelve: Liability for payment of utility bills

Utility Bill	Paid by Guardian	Inc. in licence fee	Not applicable
<i>Electricity</i>	36.22%	57.48%	6.30%
<i>Gas</i>	30.16%	47.62%	22.22%
<i>Internet</i>	78.51%	2.48%	19.01%
<i>Phone line</i>	52.63%	1.75%	45.61%
<i>TV Licence</i>	45.76%	3.39%	50.85%

Figure Three: A bar chart depicting liability for utility bills across the participant sample



7.2. The sample was split on the payment of – or even the liability to pay – council tax for the property. 32% of respondents did pay council tax, 53% did not. 13% of the sample determined that there was no liability for council tax at the property.

- 7.3. These data suggest that the levying of council tax is a particular source of confusion for property guardians themselves and likely the companies. Although the properties would be council tax liable in all property guardian arrangements under s.66(1) of Local Government Finance Act 1988, there may be difficulties in determining the number of liable dwellings within a composite property, or a lack of clarity within a licence agreement about who should be making the payment.

8. Heating of the property

- 8.1. Most guardians (62%) stated that they were able to keep their bedroom ‘comfortably warm’ in the winter months. 18% stated they were unable to do so, with a higher incidence (20%) of ‘don’t knows.’
- 8.2. These figures fell when participants were asked about the other living space in the property, with 45% stating that they could keep other living spaces warm, and 28% that they could not.
- 8.3. A slim majority of guardians had access to a form of central heating ,with the rest being reliant mainly on portable electric heaters or oil-filled portable heaters. **Table Thirteen** provides a breakdown of the incidence of different forms of heating across the sample.

Table Thirteen: A breakdown of mechanisms for heating the property

Method of heating property	Incidence (%)
<i>Central heating</i>	50.33%
<i>Portable electric heaters</i>	23.84%
<i>Fixed electric heaters</i>	5.30%
<i>Oil-filled portable heater</i>	14.57%
<i>Halogen portable heater</i>	0.00%
<i>Solid fuel heating (e.g. wood pellet stove etc)</i>	0.00%
<i>Other [please specify]</i>	5.96%

- 8.4. Across all respondents, 47% had purchased some form of portable heater or other equipment in order to help heat a part of the property.

9. Fire safety

- 9.1. Respondents to the survey detailed a mixed picture on the provision of fire safety equipment.

Table Fourteen: Availability of fire-safety equipment

Fire safety equipment	Incidence (%)
<i>Smoke alarm</i>	96.85
<i>Fire blanket</i>	42.52
<i>Fire extinguisher</i>	71.65
<i>Fire door</i>	62.99
<i>Ladder/rope</i>	2.36
<i>Fire escape/wide opening windows</i>	50.39
<i>Practice fire drill/planned escape route</i>	13.39
<i>Heat sensor</i>	20.47
<i>Sprinkler system</i>	3.94
<i>Other fire safety measures [please specify]</i>	6.30

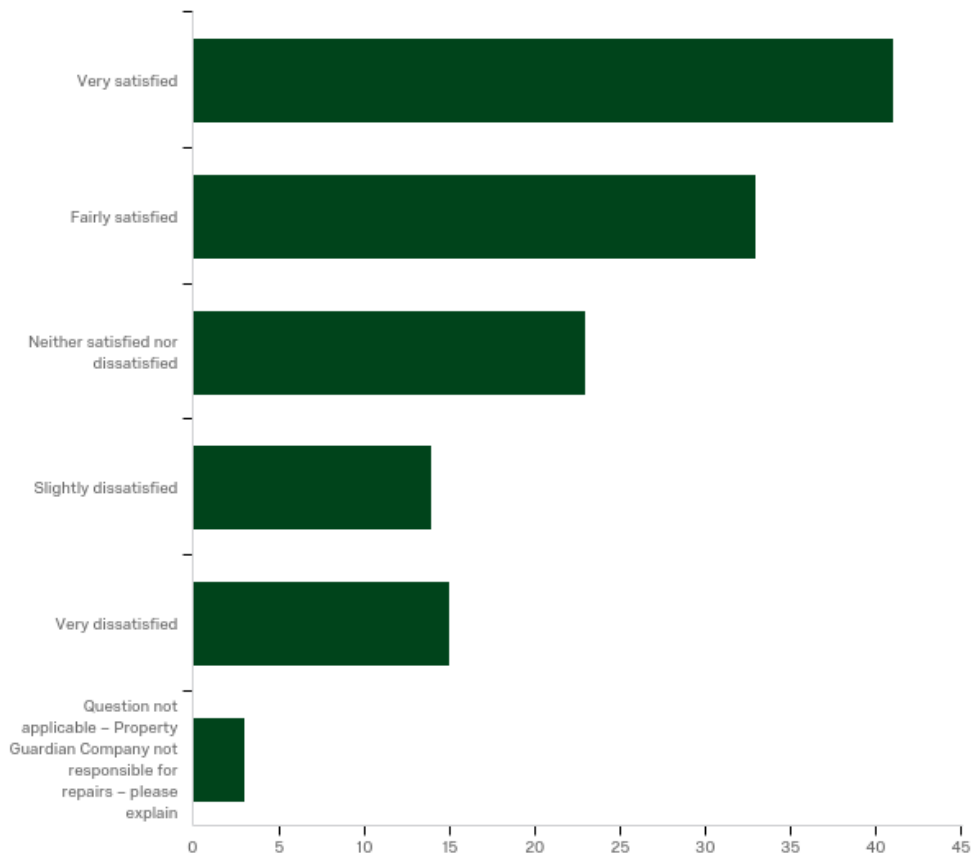
- 9.2. Importantly, smoke alarms were present in almost all properties. The vast majority were also stated to be in working order – 83% stated they were in working order, with only 2% stating that they were not all in working order, and 15% not knowing either way.

10. Repairs and maintenance

- 10.1. A majority of Guardians in the sample generally expressed satisfaction or neither satisfaction or dissatisfaction with how property guardian companies undertook repairs and maintenance at the property. 22% expressed dissatisfaction – stating they

were either slightly (10.85%) or very (11.63%) dissatisfied. This compares with 18% being dissatisfied in the private rented sector and matches the 22% equivalent figure in the social rented sector.

Figure Four: A bar chart depicting satisfaction with repairs and maintenance across the research sample



10.2. For a minority of the sample – represented by the ‘question not applicable’ band above – the property guardian company was not responsible for repairs, but rather the building owner or some other entity.

10.3. Of those who were dissatisfied, a range of reasons were cited. Chiefly that property guardian companies are slow to get things done and/or only do the bare minimum. **Table Fifteen** details the main reasons guardians cited – the majority of the ‘other’ responses simply stated that ‘all of the above’ were at issue.

Table Fifteen: A breakdown of the main reasons for dissatisfaction for repairs

Main reason for dissatisfaction	Incidence (%)
<i>Property Guardian Company does not bother about repairs and maintenance</i>	13.79%
<i>Property Guardian Company carries out only emergency repairs</i>	10.34%
<i>Property Guardian Company is difficult to contact</i>	3.45%
<i>Work done is of poor quality</i>	3.45%
<i>Property Guardian Company does only the bare minimum</i>	20.69%
<i>Property Guardian Company is slow to get things done</i>	24.14%
<i>Property Guardian Company becomes hostile if maintenance issues are raised</i>	6.90%
<i>Other [please specify]</i>	17.24%

Mould and condensation

- 10.4. Within the sample, there was a very high incidence of self-reported damp, condensation and/or mould problems in the property. A total of 37% of participants cited this as an issue within the property, compared with average figures of just 10% within the private rented sector.¹⁰
- 10.5. **Table Sixteen** provides a breakdown of the self-reported problems across bedroom space and other living spaces. The table shows the percentage of respondents who identified mould, condensation or damp as problem who chose the descriptors listed.

¹⁰ See the English Housing Survey Headline Report from 2011-12, available online at: <https://www.bsa.org.uk/BSA/files/73/73c00c9f-edb9-46c2-9a18-4a50cfc41094.pdf>

Table Sixteen: A breakdown of issues with mould, condensation and damp

Identified problem	Applies to bedroom	Applies elsewhere in the property
<i>Steamed up windows</i>	50.00%	50.00%
<i>Steamed up/ wet walls</i>	33.33%	66.67%
<i>Mildew/rot/mould on window frames</i>	39.47%	60.53%
<i>Stains/rot/mould on walls or ceilings</i>	34.09%	65.91%
<i>Stains/rot/mould on floors, carpets or furniture</i>	36.36%	63.64%
<i>Other problems with condensation, damp or mould</i>	34.48%	65.52%

10.6. The table illustrates that damp, mould and condensation are problems across both bedrooms and other spaces within the property for large proportions of property guardians. In particular, there is a very high incidence in the sample of stains/rot/mould on walls, ceilings, floors, carpets and furniture outside of bedrooms. These are at far higher incidence levels than found elsewhere within the private rented sector.

Problems with repairs and maintenance

10.7. Against this backdrop of general satisfaction or indifference which aligns with that in other tenures, there were a number of respondents who detailed specific concerns about property guardian companies failing to act in response to requests for repair or property maintenance.

Our roof has leaked in heavy rain since we moved in. The guardian company and the [property owner] know this, and have never fully resolved the matter. Currently we have a serious problem with rats getting into the property, via broken sewerage, and broken doors/walls. [The property guardian company] are being extremely slow and reluctant to resolve this. We've done work ourselves to try to prevent the rats getting in, including boarding and cementing some holes. These buildings are large and virtually impossible to keep clean.

- 10.8. Guardians often reported that they took maintenance and repair or improvement work into their own hands when property guardian companies failed to respond adequately to their concerns.

When we received the property, overall it was in a liveable state, however since moving in we completely gutted the renovated the kitchen as we had an idea we would be there for at least a year. We also scraped and the repainted the rooms in order to remove some of the mold. There is still mold to be removed so the place is a work in progress.

- 10.9. Others who had been in the sector for a longer period observed that the variation in maintenance and repair is particularly stark, with great variation across properties and limited opportunities to effectively express concerns about conditions in property viewings.

It's largely pot luck, some properties in the same area as me that I looked at had been very poorly maintained. Other properties are in reasonable condition. It's very often a question of luck if you can attend a viewing, usually with another 10-20 people depending on the location and have to somehow make a good impression on the person showing the property. Whilst my current guardian company seemed fairly fair, I've heard of others that simply [let] to the first person that asks.

- 10.10. What emerges from the data on repairs therefore, is a general picture of similar levels of (dis)satisfaction to the social rented sector, with particularly aggravated isolated incidents being reported by property guardians.

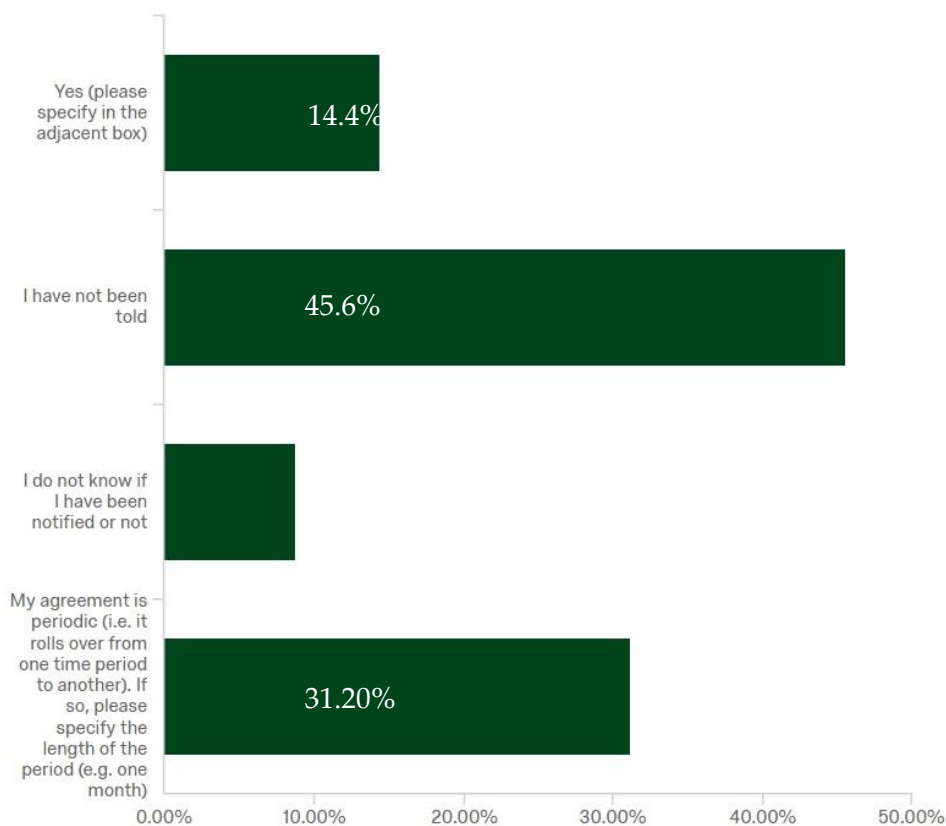
11.Licence agreements

- 11.1. Anecdotally, it is suggested that many property guardians are not subject to adequate notice periods. Of those guardians who were aware of the notice period stated in their *current* licence agreement, 90.4% had a notice period of at least 28 days, with 87.7% having a notice period of either 4 weeks, 28 days, or 30 days. 9.6% of the sample had a notice period of less than 4 weeks; 7% of 2 weeks, and 2% of 1 week. Significantly, this suggests that a sizable minority of property guardian licence

agreements – in this sample, nearly 10% - do not comply with the Protection from Eviction Act 1977.

- 11.2. Guardians were asked if they were aware of how long their current occupation of the property was scheduled for; namely, whether they were due to be there for a specific term or period. **Figure Five** details the range of responses.

Figure Five: A bar chart depicting whether any period of occupation was specified within the licence agreement



- 11.3. The majority of guardians' licence agreements were silent on how long they were occupying for property for (45.6%), with a further 8.8% unsure of whether they had been notified or not. Of those who did know their current period of occupation, there was a vast range in this time period: stretching from a month to 6 years.

- 11.4. Significantly, a large proportion of guardians described their agreement as periodic: rolling from one period to another (31.20%). This was almost always on a month-to-

month basis, with one guardian detailing a weekly rolling agreement, another an annual rolling period.

- 11.5. When asked if there was anything in the content of the property guardian licence agreements they wanted to communicate to the researchers, a number of participants raised concerns about the extent of the obligations detailed as being tied to their occupation of the property:



Licence agreement is a joke! did you know we're not allowed to invite more than 2 people and they're not allowed to spend a night here? they also come in for inspection without any prior notice even when we're not at home. we're also meant ask them for a permission (!!) when we want to go on holidays for more than 2 nights!



Lots of rules to follow: - no children allowed in the flat - no more than two guests at a time - guest cannot stay more than 3 nights without permission - guests cannot be left alone in the flat - no use of candles, incense or any naked flames - gas hobs not allowed and only small electric hobs allowed - they can enter the property without previous notice for inspections or repairs/checks.

- 11.6. The elements most often raised as concerns by guardians – the unannounced inspections, tight conditions on occupation, limitations to guests and occupants – are those same elements which would assist a property guardian company in an effort to avoid granting exclusive occupation of the property, and in turn (the potential) to grant a tenancy.

- 11.7. Others highlighted that much of the information they were provided, particularly with regards to the amount of time they were likely to be occupying the property, was given informally rather than being reflected in the confines of the licence agreement. This was a source of uncertainty:

Informally, it has been mentioned that because the area itself is in a process of regeneration it is likely to be a longer term process. Not being able to realistically view how long you are likely to be staying makes it very difficult to judge how much, if any, money is wisely spent on basic repairs, decorating or costs of other activities that you can't take with you when you leave.

- 11.8. Despite concerns over their content, the majority of respondents were clear on what their licence agreement required and what conduct was prohibited:

We have a guardianship agreement paper, so I think everything is clear.

My rent agreement is 3 pages long they have a lot of rules but I understand the rules and respect them.

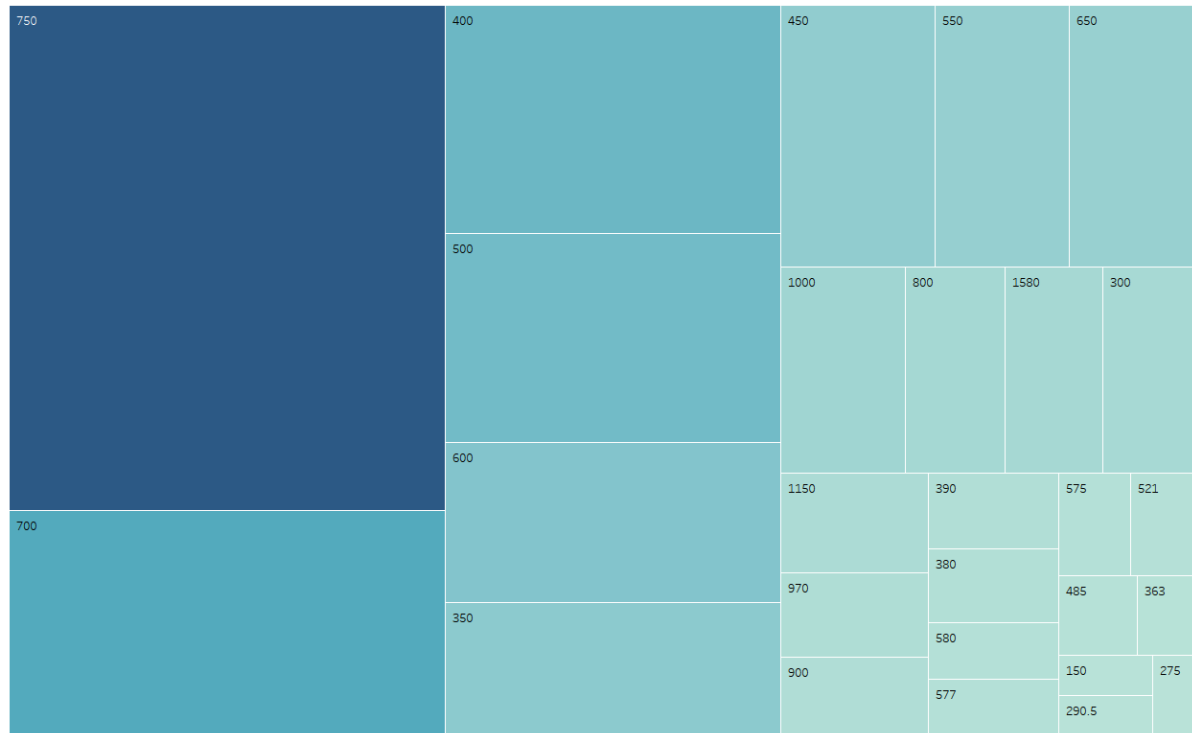
12. Deposits

- 12.1. The solicitation and retention of deposits is more complex in the context of property guardianship than it is elsewhere in the private rented sector. Landlords are required to hold deposits in accordance with an authorised deposit protection scheme under s.212 Housing Act 2004. However, this applies only to assured shorthold tenancies falling under the ambit of Part I of the Housing Act 1988. Notwithstanding potential arguments that many guardians may *in reality* be occupying under tenancies, the requirement for protection does not at first instance apply to licence agreements.

- 12.2. This confines any protection to the limited ambit of private law. There are no requirements to: ring-fence the money, make provisions for its safe retention in the event of insolvency, provide a clear mechanism for resolving disputes over reductions, to re-register the property against which it is held in the event of internal churn through the company's portfolio, or to abide by any requirements for its timely return.
- 12.3. What emerges within the sector, therefore, is a broad range of practices on deposits or deposit-like upfront fees. Although sizable payments are often required at the start of the licence, these are rarely tied to a formal inventory or clearly delineated as 'deposits.' Guardians frequented lamented the slow return of these fees or being unable to reclaim them following the dissolution of a company following insolvency or otherwise.

Extent and requirements for a deposit

- 12.4. In the sample, just under 7% paid no 'deposit' at all, notwithstanding the requirement for other fees. Excluding non-payers, the average deposit across the sample was £565, with a sizable range between £150 (1.5% of respondents) and more than £1000 (3% of respondents).
- 12.5. As indicated in **Figure Six**, the most common deposit requirement was £750 (18.25% of respondents), followed by £700 (8.75% of respondents) and then £400 (12% of respondents).

Figure Six: An illustration of the most common deposit requirements across the sample

- 12.6. Relative to licence fees, only 6% of guardians deposited less than their monthly licence fee. Most property guardian firms required a deposit of the same value as the monthly licence fee (62% of guardians paying a deposit), with the remainder paying more (32%) – in a minority of instances, double the monthly licence fee or more (12% of guardians paying a deposit).
- 12.7. These deposit amounts do not differ significantly with average deposit requirements within the private rented sector, where 47% of deposits are at the level of monthly rent, 42% at a level greater than this amount, and 11% below it.¹¹ A direct parallel is difficult given both geographical variation, difficulties in ascertaining furnished status, which (almost always) does not apply to property guardian properties, and the (generally) lower levels of property guardian licence fees relative to rents costs elsewhere in the private rented sector.

¹¹ See the Tenancy Deposit Scheme's own statistical analysis of this, available online at: <https://www.tenancydepositscheme.com/resources/files/Statistical%20Briefing%201.pdf>

Management of deposits in the context of internal churn

12.8. The data points to significant internal churn of deposit monies across the sector. It is common for companies to roll deposits forward to protect other properties as guardians move internally, with any surplus being offset against licence fee liability and any shortages being levied as an additional fee. Of respondents who had moved internally within the sector, this rolling over the deposit was a common experience, which sometimes involved the partial re-payment of monies when the advance for the new property was smaller, or supplementations where deductions were made or the new property required a higher deposit.

Justification of deposit levels and ‘key deposits’

12.9. The data suggests that guardians were unsure what the deposit was being protected for. This was particularly true of tenants paying large deposits – often significantly higher than the monthly licence fees – for unfurnished properties with limited amenities.



I'm not sure why I had to pay such a big deposit when the place is completely unfurnished but so far the experience has been quite positive.

12.10. A minority of the participants listed their ‘deposit’ as a ‘key deposit’, or detailed this distinction when outlining other associated fees. Although generally levied to provide recourse for the landlord in the event of work following a misplaced key, this ‘key deposit’ was often a significant sum: ranging from £75 to £550. It is not clear whether this variation in charges is due to significant potential costs to the property guardian company in the event of having to change locks due to the nature of properties occupied, or whether the ambit of the ‘key deposit’ is in fact far broader. Within the UK, the term is not widely employed and how it differs from a standard deposit is unclear, but – as it was entered separately by guardians – it clearly occasions different expectations from those paying it.



When I moved in they were not very transparent about the costs involved. The admin fees and rent upfront are clear but they also request a key 'fee' of £400, equivalent to a month's rent. The sum for this is stated on any of their ads. I had assumed that this would be a nominal sum. As it is called a fee I also was unclear if it was refundable, but after calling them it is a deposit and is returned upon the return of the key.

Problems recovering deposits

- 12.11. Although most respondents did not detail problems with the recovery of deposits, delays in receiving money owed, or complete non-recovery, were common within the sample. Guardians referred repeatedly to stated timescales for recovery being missed and subsequently struggling to attain a response from the company:



I did pay a deposit which was equivalent to one month's rent. When I left and handed the keys back, I was told I was going to receive my deposit back within a week. I did not. I had to chase this over emails and phone calls for over 3 months. Every time I spoke to them, they said I was going to get the deposit back soon. At the end I had to tell them that I would take legal action if I did not get this within a week. After that conversation, I did receive my deposit back.

- 12.12. A minority also disputed the company's reasons for withholding money paid as a deposit. Given the lack of any independent dispute mechanism, this often resulted in the money not being returned at all or no further action being taken:



[The property guardian company] tried to keep it based on unfounded claims. It took months to get it back. And [they then] disappeared with the money and claimed insolvency.

12.13. As the extent of deposits paid are often, in relative terms – namely, with reference to the monthly licence fee – as high as those within the private rented sector more generally, problems with recovery and justifications for reductions is an acute issue for guardians living in the sector.

Explicit requests for Deposit Protection Scheme applicability

12.14. Although unprompted on the issue, a number of guardians explicitly raised the issue of the lack of deposit protection and suggested that deposits should be protected within a deposit protection scheme.



Deposits should be protected in a deposit scheme and guardianships do not use deposit protection schemes, which is ridiculous. My deposit with another guardianship was not returned until a year later only after taking the company to a small claims court - a time-consuming and stressful experience.

12.15. Others indicated that the complex position of deposits within property guardian companies – and particularly the lack of a clear, independent and free dispute resolution mechanism – was problematic when seeking help for recovering deposits at the end of the period of occupation.



I have contacted Citizens Advice Bureau for advice when my deposit was not paid back to me (at a previous guardianship). However they did not provide any help as I do not believe they understood guardianships schemes. I was forced to take the matter to a small claims court myself.

Ambit of deposits and the Tenant Fees Bill

12.16. The draft Tenant Fees Bill introduces limitations to deposits which would apply to property guardian companies.

12.17. There are two permitted payments which are relevant for discussion here: ‘deposits’ and ‘holding deposits.’ Deposits should be limited to 6 weeks’ rent – in this case, the

annualised licence fee divided by 52 – anything above this limit is a prohibited under the current draft of the bill. The payments are limited to those which, under Schedule 1, part 2(2):

In this Act “tenancy deposit” means money intended to be held (by a landlord or otherwise) as security for—

- (a) the performance of any obligations of a tenant, or
- (b) the discharge of any liability of a tenant, arising under or in connection with a tenancy.

12.18. In the current draft Bill, therefore, deposits should be taken only with reference to the obligations detailed within the licence agreement – not as a general upfront fee with a non-delineated purpose. The explanatory notes for the Bill specify that the money should be ‘reserved’ for this purpose.

12.19. Under Schedule 1, part 3(1), holding deposits are more limited in scope. They can be a maximum of one week’s licence fee and should be repaid within 7 days of the commencement of the licence (with other limitations, for instance, where commencement is delayed or where both parties agree to changes in this date outlined in Schedule 2).

13.Licence fees

13.1. As would be expected, licence fee amounts varied substantially across the sample, ranging from £195 per month through to £1000 per month, with an average of £475.70.

13.2. Given the variation in type, size, location, and condition of the properties, these raw figures alone do not tell us much when compared to average London rents: determining equivalent market prices or a nuanced assessment of relative cost is outside of the ambit of this report.

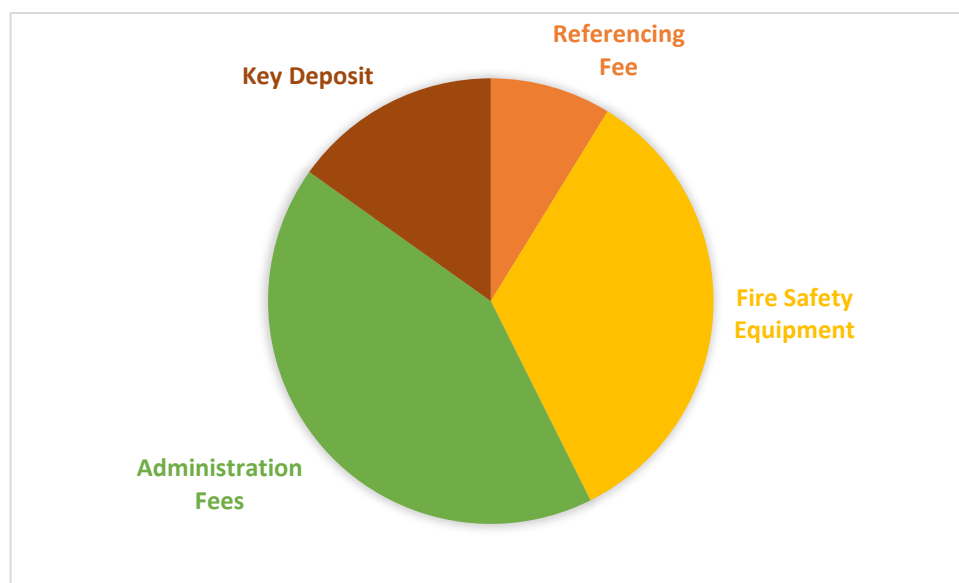
- 13.3. Instead, 3.10. above details the proportion of income property guardians pay on licence fees in the sample, and 15.7-15.8 details the perception of licence fee value among the participants.

14. Other costs and 'fire safety' pack fees

14.1. In addition to making a deposit and/or paying licence fees upfront, 55% of guardians in the sample were required to make additional payments. These were variously described as 'administration fees', 'referencing fees', 'key deposits' and fees for 'fire safety' equipment or packs.

14.2. **Figure Seven** presents the total breakdown of fees paid in terms of their share of total cash value across the sample. In addition to the categories of fees outlined in the figure, individual tenants detailed further examples, including fees to pay for: a criminal record check (£100), a medical kit (£100), and a first aid kit (£75).

Figure Seven: A pie chart depicting the breakdown of fees paid in terms of their total share of cash value



14.3. The average cost of additional fees across the 55% who had to pay was £148.

'Fire safety' pack and equipment fees

14.4. The levying of a 'fire safety' pack or equipment fee was common amongst those who did pay fees. 74% of guardians who paid fees in addition to their deposit or licence fee in advance, had paid such an upfront 'fire safety' payment.

- 14.5. Although these payments are levied for a substantial number of guardians, it is not clear if non-payment would actually result in the fire safety equipment tied to the payment not being delivered. The ambit of the duties in the Smoke and Carbon Monoxide Alarm (England) Regulations 2015/1693 clearly applies to the provision of smoke alarms¹² within property guardian properties, even if on licence.¹³
- 14.6. Further protections apply in the context of Houses in Multiple Occupation, as outlined in the Management of Houses in Multiple Occupation (England) Regulations 2006/372. In particular, regs.2-3, which require that firefighting equipment and alarms are maintained in good working order, and that notices indicating the location of means of escape from fire are clearly visible.
- 14.7. These duties clearly do not rest on the payment of a ‘fire safety’ pack fee. It is not clear what would be the implications if a guardian did not pay such a fee, but the non-provision of equipment cannot lawfully be one of them.

¹² See reg.1(a)(i), which requires landlords to ensure that a smoke alarm is equipped on each storey of the premises in which a room is occupied, and under reg.1(b) to ensure that it is in working order prior to its habitation.

¹³ The definition of ‘specified tenancy’ within the regulations is parasitic on s.150 Energy Act 2015, and includes ‘any lease, licence, sub-lease or sub-tenancy’ for which rent is paid and that grants ‘one or more persons the right to occupy all or part of the premises as their only or main residence’ (see reg.2 Smoke and Carbon Monoxide Alarm (England) Regulations 2015/1693).

15. Analysis of qualitative data

- 15.1. At the end of the survey, participants were given the opportunity to provide further detail in three open-ended question areas.

- 15.2. First, their reasons for entering property guardianship. Particularly:
 - 15.2.1. How they became aware of Property Guardianship?
 - 15.2.2. Whether they had seen an advertisement online? If so, what appealed to them about it?
 - 15.2.3. Were they particularly attracted due to the potential to pay lower rent? Or the location/type of buildings on offer?
 - 15.2.4. Were they introduced by a friend who were themselves living as a Property Guardian?

- 15.3. Second, their experiences of dealing with the property guardian company themselves. Particularly:
 - 15.3.1. Examples of customer service - good or bad - and how effective the participant considered the Property Guardian company to have been in their dealings with them.
 - 15.3.2. How their engagement with the Property Guardianship company may have changed over time?
 - 15.3.3. If they think the Property Guardian company has provided clear information about living in the property, for example, on notice periods etc.
 - 15.3.4. Whether the Property Guardian company responded effectively to any issues the guardian had raised with them?

- 15.4. Third, whether the guardian had made any complaints externally as a result of any experiences in their time as a property guardian. Particularly:
 - 15.4.1. If they had complained or contacted their Local Authority about their Property Guardian property/company?
 - 15.4.2. If they had made a complaint, what the basis of the complaint was and whether they knew if any action had been taken as a result?

15.4.3. If they had joined together with other Property Guardians in order to campaign or raise awareness of a particular issue?

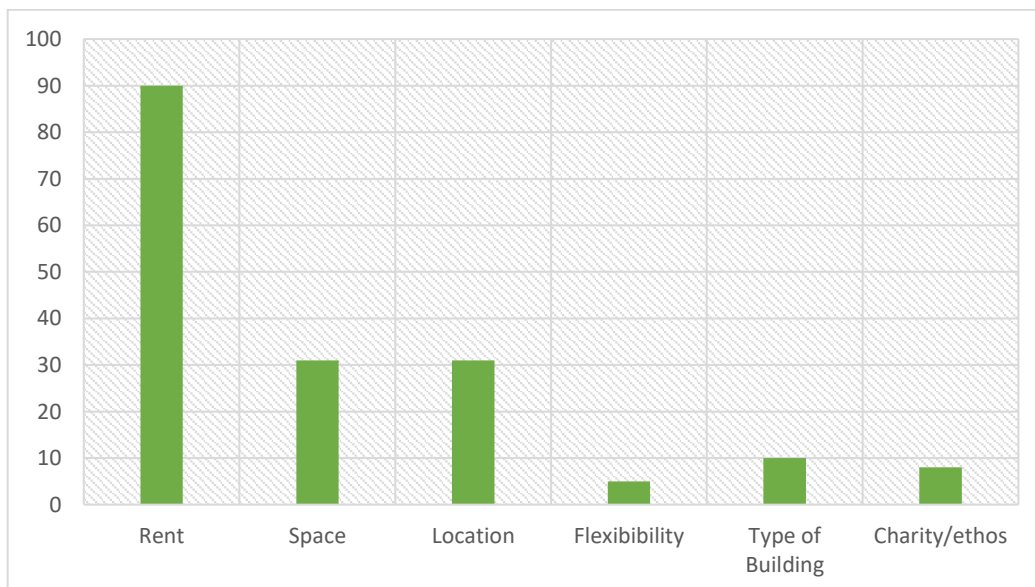
15.4.4. If they had contacted an outside organisation - such as the Citizens Advice Bureau or Shelter - for advice on an issue connected to their Property Guardian property?

Entry into Property Guardianship

15.5. We asked the guardians how they came to discover property guardianship. 80 guardians answered this question. The majority (49/80) had found out from word of mouth, whether from friends, family or work colleagues. Otherwise, knowledge generally came from the internet (24/80) – from listing sites (chiefly spareroom.co.uk), the property guardian firms' own websites or from searching for 'cheap rent' or similar terms on search engines. A small number of respondents mentioned articles in newspaper or magazines which specifically appraised property guardianship, often in conjunction with internet searches for other terms.

15.6. Having explored how they found out about property guardianship, we asked respondents to elaborate on what their motivation was for being a property guardian: their key reasons for entering the sector. Coded responses are detailed in **Figure Eight**.

Figure Eight: A bar chart depicting the reasons for entering the sector



- 15.7. As is shown in **Figure Eight**, of 94 respondents who answered to this question, 90 detailed the cheapness of the 'rent'. For some, living as a property guardian is the only way they can afford to live in London:

”

We turned to property guardianship in the absence of any other options and weren't 'attracted' to the potential to pay lower rent, it was a necessity.

”

I am on a low budget so could not afford private rental property. It was either guardianship or homelessness.

- 15.8. The importance of price was not always a simple financial trade-off. Guardians were often able to secure more space or a better location within the property guardian sector than they were likely to afford across the private rented sector more generally.

”

I started living in Guardian properties 4 years ago. I have been in three properties since, managed by different companies. The main reason is financial. At the time I was freelancing, and did not have a stable income. Also, I needed a place where I could live and work comfortably. Guardian properties seemed to provide enough space, at an affordable price. It can feel like having a studio flat in a shared building.

”

The price was a large part of it as we were able to essentially get more than twice the space we were looking for around half the price.

”

I work as a creative freelancer. I do it for the space the buildings offer to allow me to have a studio which would be unaffordable otherwise.

- 15.9. In particular, it enabled guardians to live in central London or close to their place of work, when they may have not otherwise been able to afford to do so.

”

My current property is also within walking distance of my work, so I could cut my rent and transport costs by around £600 per month. This was by far the main attraction of living here.

”

It's always fairly priced and if you look around you can find some amazing properties in some otherwise expensive locations in London.

”

I live in a lovely part of London and can walk to work.

- 15.10. With reference to one property guardian company, a minority of respondents cited the ethos of the firm as a key motivating factor for entering the sector. In particular, the fact that it is a non-profit company and provides an opportunity to dedicate time to charity work or similar pursuits.

”

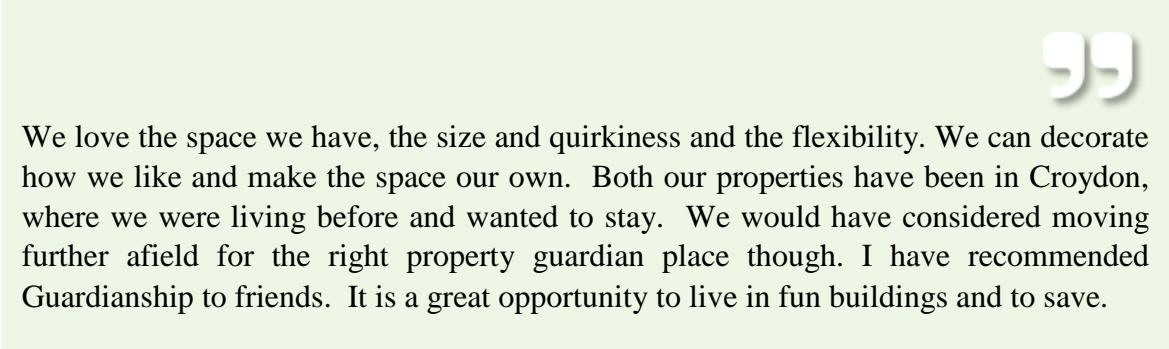
The agent also requires charity work, and this appealed to me as I wanted to give something back to the local community and meet people.

- 15.11. Beyond that particular firm, a small number of respondents were in part motivated to join the sector as part of the merits of using empty building for housing:

”

One my friends became a property guardian a couple of years ago and told us about it. We liked the idea of renting at a cheaper rate, whilst also preventing properties remaining empty and open to squatting and vandalism. It's upsetting enough that there are million pound properties empty though out the city whilst people struggle to find accommodation they can afford.

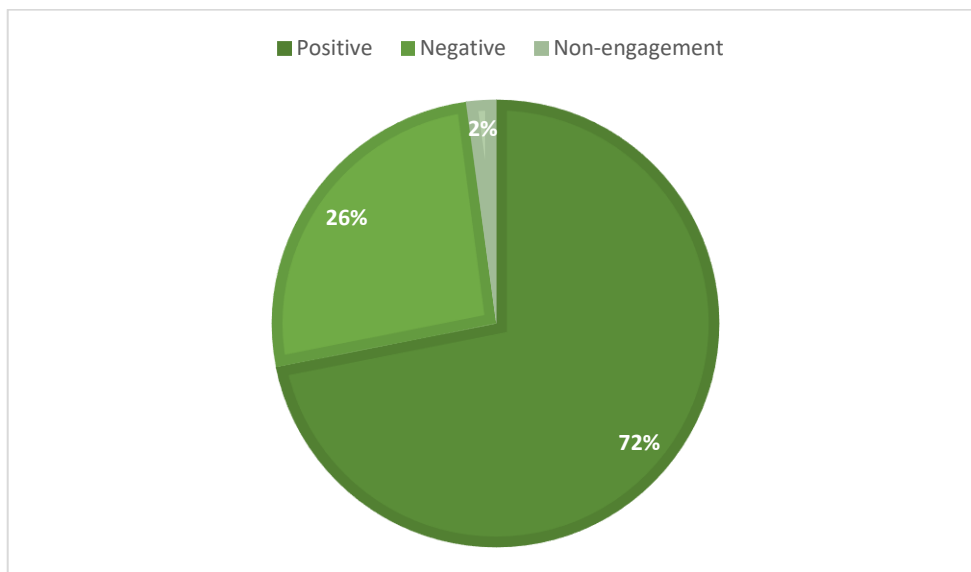
- 15.12. A further two reasons were cited for joining the sector. A number of respondents were attracted to the types of buildings that property guardian firms offer, for example, ‘buildings with character’ and ‘an old school’. The final reason was flexibility. Some respondents wanted to be able to move quickly, sometimes to travel or work abroad. For a minority of respondents, there was also more flexibility with to work on the property, for instance in decorating the space, than would be available in the private rented sector.
- 15.13. For this respondent, these elements came together in her current property:



We love the space we have, the size and quiriness and the flexibility. We can decorate how we like and make the space our own. Both our properties have been in Croydon, where we were living before and wanted to stay. We would have considered moving further afield for the right property guardian place though. I have recommended Guardianship to friends. It is a great opportunity to live in fun buildings and to save.

Experiences with the property guardian companies

- 15.14. We asked respondents about their experience with the property guardian companies. Based on the 89 responses to this question we grouped the answers into ‘good’, ‘bad’ and ‘non-engagement.’ The latter dealt with instances where the respondent did not detail express dissatisfaction, but stated that the company had largely left them alone or had not engaged with them in their time as a property guardian in their current property.
- 15.15. As is illustrated in Figure Nine, the experiences were generally positive. There was, however, a great deal of divergence across property guardian companies. Most respondents singled out an individual company or, in cases where they had experiences with more than one company, multiple companies. Across responses there were both positive and negative comments about the same companies; some stood out as generally more positive and others as almost completely negative.

Figure Nine: A pie chart depicting the categorisation of the property guardian companies

- 15.16. Some of the particular problems that property guardians reported, and not in large proportion, are similar from those which be expected on the private rented sector: heating/hot water failures, leaking roofs and vermin. Respondents often detailed that these issues were particularly aggravated by the temporary nature of their occupation and an associated perception that property guardian companies were unwilling to make substantive repairs.

Customer service seems good when you give them a call and have specific questions. However, [the] heating broke down 2 winters ago and was not fixed, we were not told if it was going to be fixed or not. We were given electric heaters. The building has many roof leaks, when it rains it is a problem. We know that the building will be demolished soon, as we get the notifications letters from the Council, however, the Guardian company has not given us any date to move out.

- 15.17. As with the private rented sector, respondents commented on the length of time it takes the companies to respond to notifications of disrepair:

They barely ever reply to emails. For instant it took 6 months to get plumbing and electrical problems fixed.

- 15.18. However, others had positive experiences and commended the responsiveness of property guardian companies.



The guardian company is always very responsive when we have maintenance issues and have always been very friendly and helpful.

- 15.19. One concern that was raised by five respondents was waste disposal, particularly access to bins and refuse collection. This seems to be a particular problem in buildings that were not serving a residential function prior to their occupation, with either no waste collection or recycling facilities arranged, or inadequate refuse removal provision provided by the property guardian company for the number of guardians in occupation:



As a household we have had a terrible issue with bin collection, as the building is non-residential collections had to be arranged, recycling is just as much of an issue, however we have been able to use nearby residential bins for this. [The company] have said they now (two months into guardianship) have waste collection arranged despite this we have yet to have our first collection and are still taking waste to public bins, which is incredibly anti-social...



In a property of more than 20 guardians, we had a single bin that was collected monthly, no recycling,...

- 15.20. While the problems with repairs and conditions may be comparable to other areas of the private rented sector, one issue that was not prompted by any of the questions, was particular to property guardians: a lack of privacy. This was particularly aggravated by



...there is a lack of trust. eg rooms are checked monthly for tidiness and ensuring no candles being used. Makes you feel like a kid. In other words there is a sense of 'no privacy....

regular inspections or property guardian company presence at the property without any notice to the occupants:

”

Overall good experience except from no privacy - owner of building/ estate agent and guardian company regularly let themselves in without any notice and I work night shifts.

”

My key issue so far, ... is their lack of understanding for the notion of privacy and it is common to have various people from the council or the guardian company itself walking in completely unannounced at any point during the day.

Guardian Complaints

15.21. We asked the guardians whether they had complained either to the property guardian company or externally. Most had not, largely because they had not experienced problematic issues. For a small number there was a fear of being evicted if a complaint was made:

”

Scared to complain to local authority in case in case the company finds out and evicts me.

”

We haven't gone to any outside authority because we fear the company would kick us and our fellow guardians out of the property!

15.22. Of external bodies, the CAB, Shelter, solicitors and local authorities were all mentioned either as potential sources of advice or had been consulted. There was some scepticism as to the role of local authorities: ‘local authority don't care about guardians’. This may well be aligned with the fact that local authorities are also sometimes the building owner. As one property guardian pointed out:

”

I have not had cause to contact my local authority in relation to this or any previous companies. A common clause in Licence Agreements (contracts) is that the licensee (tenant) must not make direct contact with the property owner. There is the potential for this to be problematic when the property owner is the local authority (as in my case).

15.23. Another had a negative response when in this position:

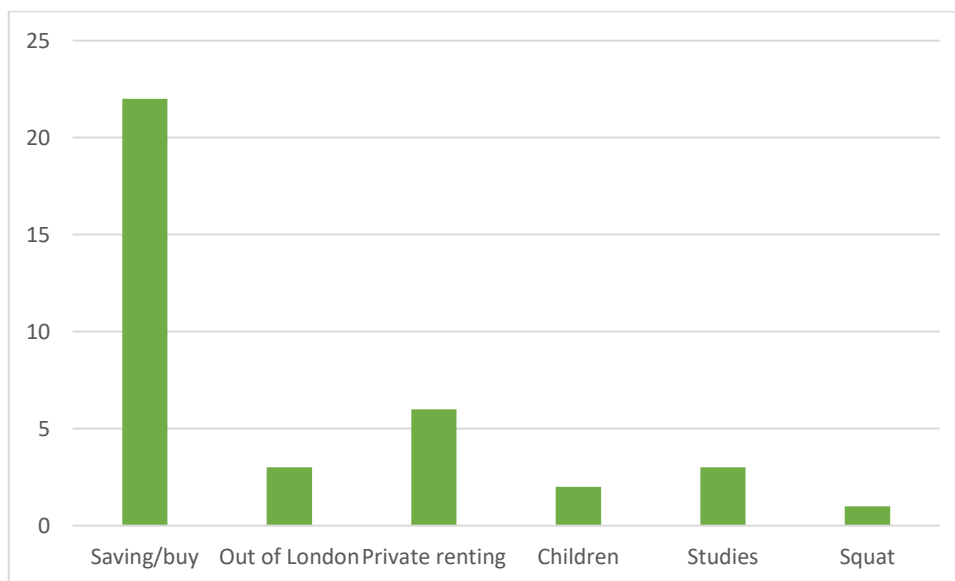
”

The property is own by local council. We've told them we spoke to the council about one of the issues (rubbish collection) and they hit the roof! They said we're not allowed to talk to the landlord (council) about anything and that's in our agreement.

Future housing intentions

15.24. We asked participants about their short and medium/long-term housing plans. In the short-term overwhelmingly they were expecting to remain as guardians. However, many of these also expressed their housing hopes and expectations and reasons why they wanting to exit the sector.

Figure Ten: A bar chart depicting the reasons for wanting to exist the property guardian sector



15.25. For many being a property guardian was a stepping stone to buying a home or other saving:

”

We plan to continue to live in Guardian housing until we are able to purchase our own house.

”

I aim to continue living in Guardianship properties until I have saved enough to put a deposit down on a property.

15.26. Some were planning to move out of London, in some cases through buying:

”

Will probably move away from London and try to buy somewhere abroad / in English country.

15.27. Two couples mentioned the fact that you cannot have children in property guardian properties:

”

We have recently (1.5 years ago) gotten married. We are planning on staying with [the firm] for a few more years in order to save for the deposit of a home. We would also like to start a family, and unfortunately [the firm] does not allow children or pets in the properties.

- 15.28. A small number were planning to move into the private rented sector in the short or medium/long-term. For some this was to live with partners, or when they had stopped being students:

”

If this property lasts another year or two it will probably be my last guardianship as I will properly have more money by then and might move in with my girlfriend to a regular rented flat.

”

I want to continue as a PG while I'm completing my studies, then I will probably go back into the rental market again.

- 15.29. Remaining for most was because being a property guardian met their current housing needs – particularly in terms of cost. For some remaining was a constrained decision or they did not consider it a choice:

”

Despite the endless problems guardianships throw at you (lack of tenants rights, no deposit protection scheme, poor maintenance) the cheap rent is the reason I am still in a scheme. I also really enjoy living in interesting spaces and living with people from a variety of backgrounds and nationalities.

”

I cannot afford to live anywhere else. London prices are impossible and I feel trapped in this situation with [the PG Company].

16. Location of property advertisements

Methodology for generating the map

- 16.1. Over the course of October and November 2017, London-based advertisements were pulled weekly from: (i) the popular room letting website www.spareroom.co.uk which contained the term(s) ‘property guardian/s’ or ‘property guardianship; and (ii) from three property guardian company websites which provide publicly accessible property listings.
- 16.2. Duplicate entries were then removed from the sample before plotting approximate co-ordinates of the properties onto a map.¹⁴
- 16.3. Within the Google Fusion tables suite of tools, a ‘heatmap’ of properties was then plotted onto the map. A heatmap is a visualization which depicts the intensity of data at geographical points using a coloured overlay. Areas of higher intensity will be colored red, and areas of lower intensity will appear green. The heatmap does not indicate specific points plotted onto the map –instead it provides an indication of the likely general density of plotted points within different areas of London.
- 16.4. Underneath this ‘heatmap’ layer, the boundaries of the London Boroughs were plotted to indicate which authorities had the highest prevalence of property guardian properties being advertised.
- 16.5. **Figure Eleven** displays the output of this process. This is a reflection of available *advertisements* during the research period – not a definitive reflection of the property guardian sector more generally.

¹⁴ There were a total of 379 individual room lets plotted onto the map.

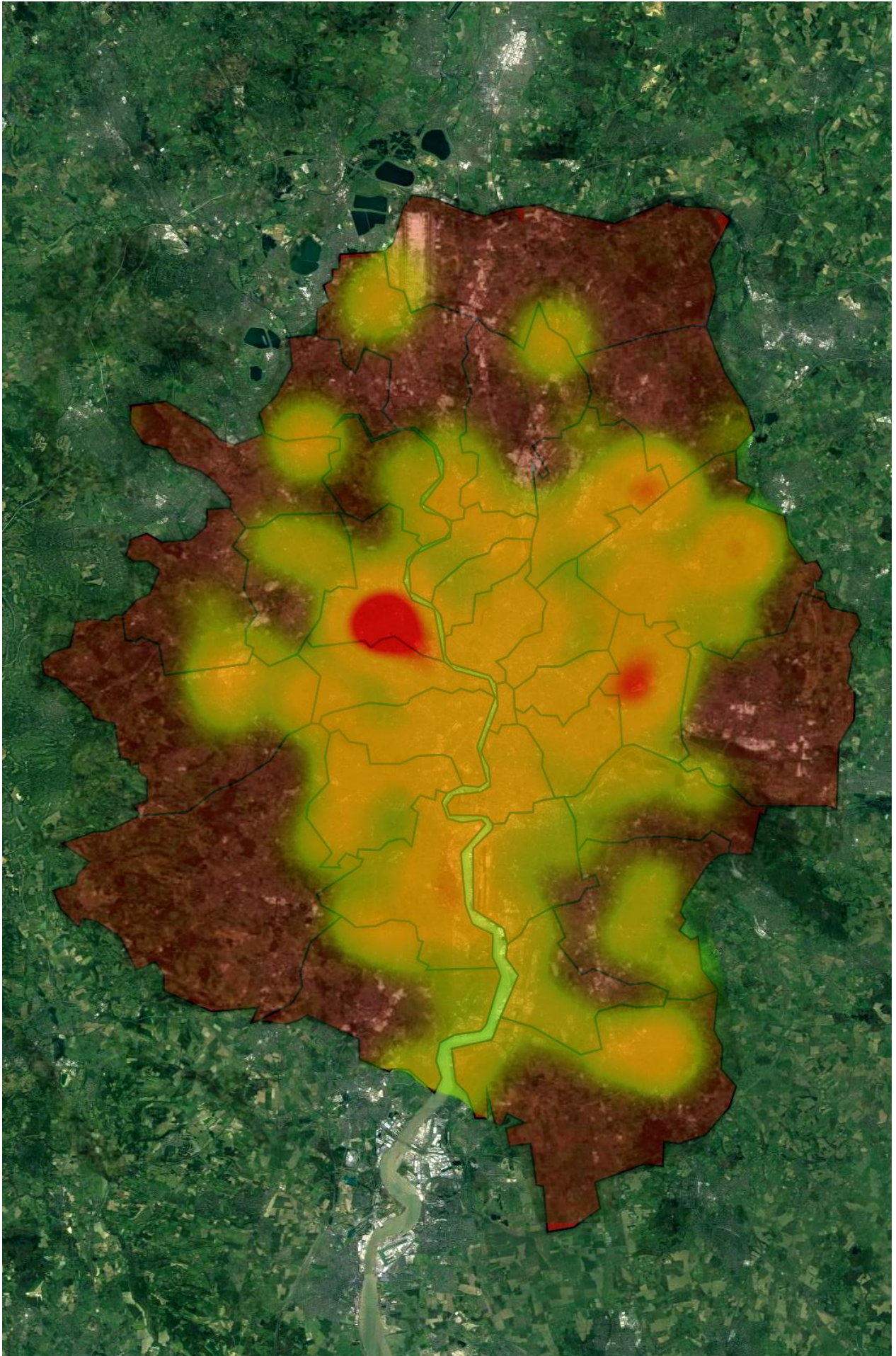


Figure Eleven: A heat map displaying property guardian advertisements across London Boroughs

16.1. Although it is an approximate tool, there are some initial inferences about property guardian advertisements that we can draw from **Figure Eleven**:

- 16.1.1. More property guardian properties advertised online within the sample period were within the centre of London, as opposed to the outer boroughs.
- 16.1.2. There are particularly high concentrations of advertisements for property guardian properties in the sample period within the London Borough of Wandsworth and the London Borough of Haringey.
- 16.1.3. There appears to be a geographical pattern for advertisements in the sample period to feature properties which stretch into the West and South West of London, but not reaching into East London to the same extent.

17. Local Authority concerns

- 17.1. This smaller strand of the research sought to assess Local Authority concerns or areas which lack clarity in taking enforcement action against property guardian companies. This from drawing on previous work by the research team in a Local Authority Environmental Health Officer workshop held at York Law School on 26th June 2017 and email follow-up work. There were three areas of specific concern for local authorities which arose from this work.

Application of the Housing Act 2004

- 17.2. In the case of property guardian properties, the application of Parts 1 and 2 of the Housing Act 2004 does not always seem as straightforward.
- 17.3. There is anecdotal evidence to suggest that a minority of property guardian firms argue that the 2004 does not apply as the buildings are not residential premises: particularly in instances where the function of the property prior to habitation was non-residential.
- 17.4. On the facts of occupation detailed within the data collected in this study, it is clear that property guardian properties would count as a 'dwelling' under s.1(5) Housing Act 2004 if occupied as a separate dwelling (around 45% of respondents), or as a house in multiple occupation (HMO) under the standard test (s.254(1) Housing Act 2004) if shared living accommodation (for the remaining 55%).
- 17.5. Although a minority of local authorities – including, to our knowledge, a number of London Boroughs – have served either a prohibition notice and/or a hazard awareness notice against a property guardian company with regards to a shared property – having determined that the company undertook the day-to-day management of the property and took receipt of the 'rent' - these have not been appealed and therefore the legitimacy of the action has not been tested.
- 17.6. In addition to a general lack of perceived clarity in some instances, there are two specific problems with local authorities have encountered with enforcement under the Housing Act 2004.

- 17.7. First, that in a number of circumstances, the property guardian premises at issue is owned by the council. This is especially problematic as local authority cannot serve notice on itself (as detailed in *R v Cardiff C.C. ex p Cross* (1982) 6 HLR 1). In some circumstances, the property guardian company themselves may have legal liability as the entity in control of the property, though local authority owned properties are likely to pose problems in most circumstances.
- 17.8. Second, the contractual relationships between guardian companies and building owners do not always map easily onto the enforcement arrangements under the Housing Act 2004. Quite often, property guardian companies do not have the contractual authorisation to undertake the extent of improvement works required to comply with the Housing Act 2004.

Application of the Environmental Protection Act 1990

- 17.9. A further issue is the responsibility for nuisance caused pursuant to s.79(a) of the Environmental Protection Act 1990, namely premises that are ‘in such a state as to be prejudicial to health or a nuisance.’
- 17.10. Although structural defects in property guardian buildings are the responsibility of the owner of the property – namely those ‘in control’ of a dwelling or HMO (see *Camden LBC v Gumbly* [2000] 1 WLR 465), it is far less clear how responsibility may lie for the more common problems reported by guardians in this survey.
- 17.11. As outlined above, there is a very high prevalence of damp and mould within the survey sample, far outstripping similar self-reported problems in the private rented sector. In such cases, Local Authorities may struggle to determine responsibility under s.79(7) and s.80(2). Responsibility may be attributed to the building owner in their agreement that central heating be disabled, the property guardian company has provided inadequate heating arrangements, or the guardians themselves if their conduct has caused or significantly exacerbated the problem.

Application of the Health and Safety at Work Act 1974

- 17.12. A small number of local authorities are exploring the possibility of utilising s.3 of the Health and Safety at Work Act 1974 in order to enforce hazard control measures where relevant duties apply.
- 17.13. It is likely that any work undertaken by a property guardian company with a view to making an ex-commercial building habitable may fall under the mischief of s.3, (see *R v Associated Octel Co Ltd* (1996) 4 All E R 846 for a discussion of the ambit of this section).
- 17.14. Although a more limited duty, this may well apply in instances where gas safety certificates are required and specimen charges brought (for instance, see *Health and Safety Executive v Hussain* December 2009 *Legal Action*). Other examples may include asbestos or legionella precautions. It is worth stating that the ambit of the Act is far narrower than the Housing Act 2004 protections, and would not extend to any nuisance or amenity issues where a relevant health and safety issue did not apply.



LONDON ASSEMBLY



Property Guardian Research