

## Montague quizzed on PRS by Select Committee

By Paul Norman - Wednesday, February 13, 2013 16:13

Sir Adrian Montague, author of the government's recent review of the private rented sector, has discussed the findings with a parliamentary Select Committee this week, saying large-scale investment would help lower rents, extend tenancies, improve quality and help drive inward investment.

Montague dismissed the need for rent caps or any regulatory change, insisting that institutional investment could improve stability for tenants through long-term lets, and that social housing providers could also play a key role in delivering market rented housing.

It comes a week after government figures showed the private rented sector had hit a new peak with 3.8m households now renting – practically the same number as the social housing sector.

Yesterday, in answer to a question raised by Stephen Timms, housing minister Mark Prisk confirmed in parliament that there are 249,000 households in over-crowded accommodation in the social housing sector.

Montague added that local authority codes could be modified to help PRS developers acquire land often won by traditional house builders who have a wholly different financial model.

In order to secure land, he said that developers could guarantee longer period tenure.

London-based Essential Living, the first institutionally backed developer focused solely on the PRS, has acquired two sites already and is in talks for several others. It plans to deliver more than 5,000 homes over the next decade.

The firm, launched last September by industry veterans Darryl Flay and Scott Hammond, is backed with over £200m of American pension fund cash via M3 Capital Partners.

Darryl Flay, CEO at Essential Living, said: "Open debates like this are a fine way of broadening everyone's understanding of what opportunities the private rented sector offers, not just for the consumer, but for policy-makers looking for ways to increase housing supply and drive local investment. It's our responsibility to work closely with the public sector to deliver what both sides want – quality developments held over the long term.

"Sir Adrian is echoing the widely held view that build-to-let has a vital role to play – not just in driving up standards through professional management or encourage inward investment, but through bringing genuinely new funding into the housing sector at a time when it is so desperately needed."

James Moss, Managing Director of Curzon Investment Property, said: "With growing consumer demand for private rented homes, and with institution-backed vehicles finally starting to unveil their plans, the industry could well be about to witness the emergence of a full fledged 'new sector'. And with investment in retail and office space falling, encouraging financing into housing would be a win-win for both politicians and investors, particularly if councils start to recognise the broader socio-economic benefits of having homes professionally managed over the long term."

John Hitchcox, chairman of global property firm, Yoo, said: "There's a huge shift towards rental, particularly in London, and with landmark schemes across the Olympics site starting to deliver quality rented housing en masse, we should be doing everything we can to encourage more large scale funders to create quality homes that people can rent over the long term."

Sir Adrian Montague, during oral evidence before the CLG Select Committee, said: "We probably have twice as many people renting as we did in 20 or 30 years ago and they are staying longer in rented properties, partly because of the economic situation. But also because I think the way we are looking at rented properties is starting to change."

[pnorman@costar.co.uk](mailto:pnorman@costar.co.uk)