
Briefing: Understanding the Private Rented Sector in the West Midlands Combined Authority Region

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1. Introduction

The private rented sector (PRS) has grown significantly over the past decade and accounted for approximately 19% of all households across the West Midlands Combined Authority (WMCA) region in 2024. It plays a dual and often conflicting role in local housing systems: while the PRS is both a major contributor to homelessness - driven by unaffordability, insecurity, and variable quality - it is also the principal means through which local authorities (LAs) discharge their housing duties under the Homelessness Reduction Act 2017. This tension lies at the heart of current challenges and opportunities.

In this context, the WMCA commissioned Social Finance to examine the role and potential of the PRS in preventing and responding to homelessness in the West Midlands region.

The full report combines evidence and insights from data analysis, a review of LA housing and homelessness policies and strategies, and primary research conducted with landlords and tenants across the region. The report recommendations aim to shed light on potential opportunities at local, regional and national levels, for the PRS to be effectively leveraged to meet housing needs.

Due to limited resources, the report does aim not provide a comprehensive overview of all the WMCA member LA landscapes and housing interventions - many of the recommendations build on existing initiatives or direction of travel for member LAs. The recommendations should be considered as contributions to a wider dialogue on how to improve housing outcomes and share learnings across the WMCA region and beyond, as opposed to prescriptive solutions.

2. Key findings

Rent affordability and supply:

- Analysis of real-time listings data revealed a shortage of affordable properties across the region.
- Only 4% of listed rental homes were priced at or below the Local Housing Allowance (LHA) rate.
- LHA rates typically sat 30–45% below the 30th percentile of rents listed on aggregator sites, further underscoring the growing mismatch between benefits and market rents.

Insights from local authorities

- Interviews with Housing and Homelessness Leads revealed that intervening in the PRS requires grappling with a highly competitive, fragmented, and complex housing system, in which multiple actors often compete for the same housing stock. This dynamic places LAs at a structural disadvantage, inflating prices, reducing choice, and undermining placement stability.
- Many WMCA LAs prioritise landlord engagement and some have invested in incentives, leasing schemes and/or landlord forums, designed to build mutually beneficial partnerships. Strong personal relationships, clear expectations, and fast payments were considered essential to positive partnerships.

Landlord perspectives

- Landlords reflected on inconsistent experiences with LA housing teams. Some reported strong, productive relationships- particularly where communication was clear and proactive. Others received conflicting messages from different LA departments, delays in rent guarantees, or long delays in resolving issues. Relationship management emerged as a critical lever for increasing participation.
- Partnerships between LAs and landlords should be tailored to the landlord profiles and their various needs. Our work identified three distinct landlord personas - Accidental, Small-Medium Portfolio, and Large Portfolio, each with different risk tolerances, operational styles, and motivations. Our review indicates which landlords are most likely to work with LAs and how best to incentivise and support them.
- We identified several shared support needs of across landlord across profiles, including help with regulatory compliance; financial certainty (e.g., rent guarantees); better communication with the LA; and clearer end-of-tenancy processes in council schemes.
- There was some evidence that the Renter's Rights Bill may reduce landlords' willingness to rent to tenants in receipt of Housing Benefit or Universal Credit. In addition, landlords raised concerns about the proposed abolition of Section 21, suggesting it could lead to an increase in Section 8 evictions in cases where they would previously have used Section 21 notices.

Tenant perceptions and experiences

- Primary research with tenants revealed some negative perceptions of the PRS, as unstable, unaffordable, and risky. Past negative experiences left a lasting impression and stories of poor treatment by landlords, sudden evictions, and unaffordable rent increases shape tenant expectations and deepen mistrust of landlords and the sector itself.
- However, our survey of tenants reflected a broader range of views on the PRS, indicating potential for it to work for some households. Our survey indicated that prospective tenants who were employed were more likely to look for accommodation in the PRS – though given the limited sample size, further research is needed to make definite conclusions.
- To find suitable tenants to place in PRS, LA interviewees highlighted the need to “win hearts and minds,” by showcasing PRS positive experiences and responding quickly to emerging tenant concerns.

3. Recommendations

This report concludes with a set of policy and practice recommendations, underpinned by the research findings. The recommendations are structured at **three levels**:

- **Local interventions:** Initiatives that individual LAs can progress independently, based on their local context, stock availability, and stakeholder relationships.
- **Regional coordination:** Opportunities to align and strengthen practice across the WMCA areas, for example through co-designed tools, or joint frameworks across the WMCA area.
- **National advocacy:** Areas where WMCA can champion or support calls for policy reforms or investment from central government.

This work builds on substantial, ongoing and ambitious delivery across WMCA member authorities. From tenancy coaching to leasing schemes, landlord forums to rent guarantees, LAs are already actively implementing interventions to improve the PRS offer and reduce homelessness.

Each LA has implemented its own staffing models and combinations of policy tools and practices to reflect local contexts and deliver their strategic priorities. This variation is not inherently problematic: local flexibility is vital in a region as diverse as the West Midlands.

However, variation raises important questions: What is working best, for whom, and at what cost to the LA? Without a shared outcomes framework with common metrics and systematic learning, LAs and regional partners risk duplicating efforts or missing opportunities to scale effective interventions. A shared framework would enable:

- Smarter and more strategic investment
- More collective learning and stronger collaboration
- More effective scaling of effective interventions across the PRS

The findings highlight the potential of the PRS to play a more constructive role in reducing homelessness across the WMCA. This report offers further evidence and detail to support that aim.

Local authorities and the WMCA Homelessness Taskforce bring the operational insight and contextual understanding needed to interpret this evidence effectively. A coordinated approach to reviewing the findings and shaping aligned responses would ensure local expertise is fully utilised, existing work is strengthened rather than duplicated, and opportunities for improved outcomes for households in the region are realised.