

Meeting: **COMMUNITY SELECT COMMITTEE**

Portfolio Area: Environment & Regeneration
Housing

Date: **2 MARCH 2015**

CONDITIONS OF THE LOCAL PRIVATE RENTED SECTOR & THE COUNCIL'S INVOLVEMENT WITH THE SECTOR

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1 PURPOSE

- 1.1 To consider the recommendations of the Scrutiny review into the conditions of the local Private Rented Sector (PRS) and the Council's involvement with the sector.

2 BACKGROUND & SCRUTINY ISSUE IDENTIFIED

- 2.1 The issue of scrutinising the Private Rented Sector was agreed by the Select Committee as a scrutiny review item along with other scrutiny items when it met on 1 July 2014. The issue of scrutinising the Private Rented Sector was accepted as an item of scrutiny for the Community Select Committee (CSC) in order to follow up on the work of the former Housing Select Committee which had previously agreed to undertake such a review. Therefore, Members of the CSC along with Members of the former Housing Select Committee undertook the review.

2.1.1 Nationally over 9 million people live in the Private Rented Sector and the trend in recent years has been for this number to grow with home ownership becoming increasingly unachievable for many and a limited supply of social housing driving up the number of people living in the Private Rented Sector.

2.1.2 Members have become concerned with an increase in the number of issues that local residents raise with them concerning matters affecting their home when renting privately so the purpose of the review from Members perspective would be to find out what the condition of the local PRS is and what limited role the Council can take to help raise standards locally.

2.2 Scope and Focus of the review

2.2.1 The Committee met and agreed a scope for the review on the **Private Rented Sector (PRS) and Stevenage Borough Council** which it agreed should consider the following areas:

- How the Council conducts enforcement of house condition standards for Housing using the Health and Safety Rating System (HHSRS).
- Demonstrate Best practice and advice on housing conditions; advice to private tenants on a range of landlord and tenant issues – principally aimed at preventing homelessness.
- Describe the Council's role in tackling unlawful eviction and landlord harassment.
- How the Council offers best practice advice on responsibilities and liabilities.
- Assisting families threatened with homelessness to find an affordable settled home.
- Disrepair, lack of amenities
- Houses in Multiple Occupation (HMOs)
- Challenges including – (i) Increase in “amateur landlords”; (ii) Welfare reform and the impact of Local Housing Allowance (LHA) rates (iii) Rising rents and affordability issues; (iv) Predicted rise in inflation/interest rates; (v) Population move out of London pressure on local PRS (vi) Immigration Act and requirement of landlords to check tenant's immigration status; (vii) Limited security of tenure that leaves PRS tenants not having a stake in their community or home and also vulnerable to eviction just for making a legitimate complaint about their landlord; (viii) Cold and hard to heat homes and affordable warmth issues; (ix) Perceptions of renting as undesirable / temporary / no community commitment against Landlord perceptions of benefit dependent tenants.
- Within the scope, areas for potential further consideration were identified as:
 - ✓ Developing an Accreditation Scheme?
 - ✓ Develop Policy on prosecuting in cases of landlord harassment and unlawful eviction.
 - ✓ Develop a social lettings agent.
 - ✓ Develop a landlord forum / landlords group.
 - ✓ Provide support to a private tenants group.
 - ✓ Work with council leaseholders 50% of who are absent and renting their property by offering commercial services for example, a repairs service.

2.3 Process of the review

2.3.1 The following Members conducted the review:

The Committee plus the following two Members undertook desktop research and attended industry relevant seminars - Councillors Monika Cherney-Craw and Maureen McKay.

2.3.2 The Committee met on 4 occasions to undertake the review, informally on 5 September and formally on 10 & 19 November 2014 and finally on 2 March 2015 to sign off and agree the report and recommendations of the review.

2.3.3 The Committee received written and oral evidence from the following people:

- Strategic Director, Community, Matt Partridge
- Head of Leisure, Environmental Health and Children's Services, Aidan Sanderson
- Senior Environmental Health Manager, Jim Archibald
- Strategic Housing Solutions Manager, Sue Waller
- Housing Options Officer, Private Sector Liaison, Emma Williams
- Head of Regions, National Landlords Association, Ken Staunton

3 REVIEW FINDINGS

3.1 Conclusions of the Community Select Committee

3.1.1 Based on the input provided to Members conducting the review by Officers supporting the review from Environmental Health and Housing and by verbal evidence provided by Ken Staunton of the National Landlords Association the Committee have made the following conclusions.

3.2 Property conditions

3.2.1 The Department for Communities and Local Government published a consultation paper on a review of Property Conditions in the Private Rented Sector in February 2014 which considered a range of issues affecting property conditions such as; the rights and responsibilities of tenants and landlords; retaliatory eviction; rent repayment orders; safety conditions; licensing of rented housing and housing health & safety rating system.

3.2.2 This consultation paper provided a good starting place for Members on current Government thinking of the issue affecting property conditions and is of specific interest regarding how best to tackle poor property conditions. It suggested that according to the English Housing Survey 2010-11 Household Report 83% of private tenants are very or fairly satisfied with their accommodation. However, a minority of properties are poorly maintained and the consultation paper examined options for remedying this ranging from a tenants charter, dealing with rogue landlords who are ignorant of their duties and those who are aware and flout the law; making tenants aware of their rights and directing them to the their local authority to take action on their behalf.

3.2.3 Members were of the view that this final suggestion from the consultation paper is perhaps the most relevant to them locally. Therefore efforts should be put into an awareness campaign amongst local PRS tenants that they should approach their Council if they consider the property they are renting to be in a poor or hazardous condition.

3.2.4 Officers reported to Members that in relation to disrepair, lack of amenities, external appearance and vacant premises, the Council have the benefit of an accurate picture of conditions in the private sector as a result of the local survey carried out in 2013.

3.3 Unregistered Landlords

3.3.1 The majority of landlords are one property “amateur landlords” who operate in a largely unregulated sector. A large number of landlords look after their properties and provide good homes to rent. However, there are a smaller group of unscrupulous landlords who exploit their tenants and operate “under the radar”

3.3.2 The growth of the private rented sector in the last 20 years has seen a huge rise in amateur landlords across Britain. It is estimated that 72% of landlords rent out one property and 88% rent out less than three properties. Precise figures are not available for landlords that are registered via professional bodies or a recognised accreditation scheme. Due to the lack of regulation in the sector, though, these figures remain estimates – the government does not actually know how many landlords are currently operating in the country.

3.3.3 A balance needs to be struck regarding providing, on the one hand, regulation of the sector to protect tenants legal rights against, on the other hand, making the sector unattractive to potential landlords. Most working in the sector say more legislation is not the answer. If there is not going to be further regulation of the sector local authorities will need to encourage better standards in the PRS by encouraging more self-regulation.

3.3.4 Lobby groups like Shelter and Generation Rent are calling for a national register of landlords with minimum professional standards which most local authorities would support.

3.4 Challenge re using local authority data on absent landlords

3.4.1 The representative of the National Landlords Association challenged Council's to make better use of data they hold on absent Landlords. At the evidence gathering meeting it was suggested by an Officer that it is difficult to use these powers. However, Officers have since stated that these powers are used by the Council and it is possible to check the Electoral Role or Council Tax records using the provisions of the Housing Act 2004. The Housing Act allows the Council to use information obtained for Housing Benefit or Council Tax for any purpose connected with the exercise of the authorities powers under Parts 1 to 4 of the 2004 Housing Act, as well as for the purposes of investigating whether any offences have been committed under those parts. The Council can and do use this power to identify owners of properties that are in disrepair, in multiple occupation or are long-term vacant.

3.5 Houses of Multiple Occupancy (HMOs)

3.5.1 HMOs are an invaluable source of accommodation for single people but are recognised as providing some of the poorest living conditions. In Stevenage, however, the standard of known HMOs is generally good. As of 30/06/14, 98.4% of known HMOs were free from Category 1 hazards* and, licensed (where required).

*Category 1 hazards as defined by the measure to assess housing for health and safety measures according to The Housing Health and Safety Rating System (England) Regulations 2005, this provides 29 prescribed hazards to rate a property by, according to risk for those living at the property. If a hazard is deemed less of a risk these are classified as Category 2 hazards. In cases of Category 1 hazards the local authority Environmental Health team have a duty to take action, if it is a Category 2 hazard the authority has discretionary powers to take action.

3.5.2 HMO's have been on the increase over the last 8 years since local authority Environmental Health units were given powers to licence and regulate registered HMO's in 2006, which has coincided with rising rent levels. In Stevenage the number of HMOs have increased from just over 80 unlicensed HMOs in 2006 to over 189 HMO's by end of October 2014 and with the number of licenced HMO's increasing gradually over the same period from none in 2006 to 36 by the end of 2014.

3.5.3 The problem is the size of property that is required to be registered as a HMO i.e. the properties have to be quite large e.g. 3 or more storeys high and occupied by 5 or more persons. The local context is that there are therefore relatively low numbers of HMOs, 36 registered with the Council, which are regulated by via mandatory licencing. With registered HMO's the Council has powers to affect living conditions and the safety of the property with all known HMO's visited over a 3 year period. Environmental Health officers reported to Members that the relationship with the HMO landlords in Stevenage is positive and generally HMO's are considered good in the town. However, properties that fall just below the threshold can cause concern and the Council has no control and relies on PRS tenants reporting issues to Environmental Health, which on occasion can have repercussions for the tenant with retaliatory evictions. The fact that this is largely a reactive service makes regulation of the sector at best patchy and potentially the worst properties are never visited. The Environmental Health team carry out regular inspections of all known HMOs, both licensed and unlicensed.

3.6 Redress scheme

3.6.1 The Government recently introduced a redress scheme for letting agents. The schemes are run by The Property Ombudsman, Ombudsman Services Property and the Property Redress Scheme. All letting agents were required to sign up to one of the three schemes by 1 October 2014 or face a fine of up to £5,000. The idea is that both Tenants and Landlords can seek redress if they feel that the letting agent has not provided an adequate service, with the

possibility of compensation for cases that are upheld. It is too early to assess if this legislation has particularly helped tenants.

3.7 Landlord forum

- 3.7.1 Some authorities already operate landlord forums in their areas. These act as a semi-formal forum for local landlords to meet each other and local authority Environmental Health Officers and Housing Officers on a regular basis and discuss issues that affect them as landlords. Landlord forums provide a place for two way communication between landlords and the Council to share ideas about how all parties can work together to improve services for tenants. The purpose of the forum would be to encourage as wide participation as possible amongst local landlords providing them with up to date and impartial information about housing legislation with practical solutions to problems and significantly act as a catalyst for improved standards within the local Private Rented Sector.
- 3.7.2 Clearly facilitating a landlord forum has a resource impact on Council officers time as there would be a number of tasks that would need to be undertaken to make such a forum a success, from marketing and setting up meetings; providing information and presentations to the meetings, so careful consideration would need to be given to taking on this commitment. However, Housing Officers have given this due consideration and have concluded that the benefits of supporting a Landlord Forum outweigh the cost in officer time to the local housing market which SBC Housing Officers have to provide support to via enquiries from the PRS. Therefore, the Strategic Housing Solutions Manager stated that Housing Officers would be launching a new Landlord Forum for Stevenage in March 2015.

3.8 Landlord Accreditation scheme

- 3.8.1 There are a number of Landlord associate groups that speak and operate as umbrella lobbying groups for landlords on a national basis but also look to raise standards amongst landlords by establishing professional competencies amongst their members. These groups include the Resident Landlords Association and the National Landlords Association.
- 3.8.2 The Committee met with the Head of Regions for the National Landlords Association and were advised by Mr Staunton that NLA offer's an accreditation scheme, free for members who would attend a 1 day training event with topics that range from how to undertake checks on tenants background; getting the paperwork right; inventories; tenancies – rights of entry; fire risk assessments; s21 notices; troublesome tenants etc. He indicated that the accreditation scheme counts as 10 hours of Continuous Professional Development but must be repeated each year to remain up to date.
- 3.8.3 If associate members of the NLA are in breach of their code of practice their membership can be removed.

3.8.4 The NLA approach local authorities to invite them to host accreditation training days and pay the trainers fee of £995 or they invite the landlords to pay an individual fee per delegate. Clearly the former approach makes attending the course attractive to landlords but at a cost to the Council but with the benefit of more landlords in an area being accredited and aware of their responsibilities.

3.9 **Social Letting Agency**

3.9.1 As part of the review Members undertook some desk top research into authorities that have set up Social Letting Agents in their areas to cater for prospective tenants who are not in social housing but who may be in receipt of benefits and are finding it hard to secure a tenancy through the existing Private Rented Sector. People not in full time work, in temporary work or in zero hours contracts are finding securing tenancies harder to find as landlords can pick and choose who they wish to let to in a very competitive housing market. With the changes coming in Welfare Reform and Universal Credit this trend is likely to get worse as Housing Benefit will no longer be paid direct to landlords but to the tenant, which makes letting to people on benefits less attractive to landlords.

3.9.2 To counter this problem some local authorities have set up Social Lettings Agents as social enterprises in their area. Members provided details of such agents in Bournemouth, Poole, Plymouth, Harrow and Havering. Each letting agent provides a unique service but there are similarities such as finding suitable referenced tenants via the local authorities Housing Advice team, providing a guarantee rent payment period. Some Social Lettings Agents offer the following service: 3 month's rent paid in advance to landlords; a full property management service; regular property inspections; act as a managing agent for the landlord; provide a deposit bond guarantee; repairs service up to a fix amount circa £100 per repair; free pre-tenancy gas safety check; lists of waiting tenants; team of experienced Housing Officers

3.9.3 The Council's Strategic Housing Solutions Manager informed the review that in her opinion the Council is well placed to consider setting up a social lettings agency. However, a full feasibility study would be required to test the local market conditions and carry out market research amongst landlords to establish what interest there might be in such an option. To this end Housing Officers have already begun this investigation work and should be able to report their findings on an out-line feasibility study in early 2015. If a Social Letting Agent was established as an independent social enterprise then it would require a lot of preparation work from Council Officers and a large financial commitment which would need to be identified in any feasibility study before any such body could be established.

3.10 **Homelessness cases as a result of Evictions in the Private Rented Sector**

3.10.1 The number of homeless people in England is rising as private landlords evict tenants with more people now living in government-funded

accommodation than at any time since 2009. Figures published by the Department for Communities and Local Government revealed that 13,900 households were accepted as homeless between July and September, a 4 per cent rise on the same period last year. Of families in temporary accommodation, 15,260 had been placed in another local authority district, an increase of 29 per cent on the previous year.

3.10.2 Figures from the DCLG revealed that 13,900 households were accepted as homeless between July and September, a 4% rise on the same period last year.

3.11 Resident Involvement Groups

3.11.1 Members suggested that there should be a fresh awareness campaign for the Resident Involvement Groups that operate in Stevenage promoting a generic logo and recognisable branding for the groups and promoting its purpose amongst local residents (of any tenure), as the group is a good place for the public to receive information on useful information regarding housing matters.

3.12 Private Rented Sector Tenants Training – How to rent guides

3.12.1 Members were of the view that on occasion some tenants were ill prepared for renting in the private sector and can make avoidable mistakes in their relationship with landlords. By providing training to new tenants and issuing them with a “how to rent guide” some of the typical problems can be overcome or avoided before they happen.

3.13 Tell the public what advice the Council can give re problems in Private Rented Sector

3.13.1 Members were of the view that by and large residents were unaware of the type of advice and support that Council Housing Officers provide to Stevenage residents for both private and social rented sector. This advice is available to residents of any tenure, free of charge, and could help residents in the private rented sector make sure they are receiving at least a minimum service within the law from their Landlord.

3.14 Local Rent Levels

3.14.1 The level of local private rents is increasingly becoming less affordable based on average earnings locally. Monthly rent levels for Stevenage are estimated using statistics taken from the Valuation Office Agency on the private rental market and an SBC survey of rents. The following average monthly rent levels were recorded in September 2014:

Single room - £ 440

Studio - £ 550

1 Bedroom - £ 625

2 Bedroom - £ 755

3 Bedroom - £ 1,000

4 Bedroom - £ 1,250

3.14.2 A poll commissioned for the campaigning organisation Generation Rent compiled in December 2014 and published 1 January 2015 involving over a 1000 survey group shows about 60% of respondents back some form of rent control. Rising rents now account for 40% of the income of renters. Affordability is clearly becoming increasingly an issue for local residents whether in receipt of Housing Benefit, as these are now fixed below local rent levels, or for those who pay their full rent, as pay increases in both the private and public sector is falling behind increases in the cost of renting.

3.15 Equalities & Diversity issues

3.15.1 Members asked the National Landlords Association what adaptations would landlords be expected to make for a new Disabled Tenant. Mr Staunton stated that there may be some circumstances where a landlord might make limited adaptations to a property but this would be very rare. There is no legal requirement for a landlord to make any special modifications to their property to accommodate a disabled tenant. Landlords would require a sound business case to make significant alterations even if they could access a disabled facilities grant to pay for the modifications as this work may need to be reversed if the tenant moved out of the property.

3.15.2 Private landlords are unable to discriminate against people on disability, race, ethnicity, gender or sexual orientation under the Equalities Act 2010. However, proving cases of discrimination are very difficult and of limited purpose to prospective tenants. If a landlord/letting agent is guilty of discrimination, it would be up to the tenant (or prospective tenant) to take civil action in the County Court, or they could seek redress from the Eviction Act 1977 (harassment and illegal eviction).

4 RECOMMENDATIONS

4.1 That the Community Select Committee considers the findings of the review, contained within this report and the recommendations below be presented to the Environment & Regeneration Portfolio Holder; the Housing Portfolio Holder and the Strategic Director (Community) and that a response be provided from these and any other named officers and partners within two months of the publishing of this report.

4.2 That Resident Involvement Groups undertake a fresh awareness campaign, promoting a generic logo and recognisable branding for the groups as well as promoting its purpose amongst local residents (of any tenure), this could be via a news article in the Chronicle, the Council's Residents magazine.

4.3 That SBC endorse the work of National Landlords' Association and consider the possibility of promoting and hosting training sessions to encourage local landlords who are not associates to take up the advice and best practices regarding relationships with tenants, with the caveat that officers provide

some more background information to Members on the NLA before embarking on any formal promotion or training with that group.

- 4.4 That subject to the delivery of some satisfactory training sessions with the National Landlords' Association that officers investigate the possibility of a local Accreditation Scheme and report back to Members on the feasibility of this proposal at a future meeting of the Community Select Committee in 2015.
- 4.5 That Housing Officers consider providing some awareness training to tenants on their expectations when renting a property, to educate them and avoid possible pitfalls.
- 4.6 That Officers consider undertaking an awareness campaign regarding the advice that Council Housing Officers provide to Stevenage residents for both private and social rented sector.
- 4.7 That Members support the introduction of a Landlord Forum for Stevenage as detailed by the Strategic Housing Solutions Manager and would like to receive an update on the progress of this initiative at a future meeting of the Community Select Committee in 2015.
- 4.8 That the Committee welcome the Strategic Housing Solutions Manager offer of a feasibility study being undertaken into the local suitability of a social lettings agency and await with interest its findings, which Members would like reported to a future meeting of the Community Select Committee in 2015.

5 IMPLICATIONS

5.1 Financial Implications

There are no direct financial implications for this report. However, if Officers decide to promote a local landlords forum, than this would need to be supported out of existing resources. Also any moves to directly promote training linked to accreditation for the National Landlords Association or any similar body would require Officers to identify a funding source prior to any such initiative being undertaken.

5.2 Legal Implications

There are no direct legal implications for this report.

5.3 Equalities Implications

The Equalities implications have been addressed within the report at paragraph 3.15. There are no further equalities implications for this report.

BACKGROUND DOCUMENTS

Notes of the Committee meetings held on 10 & 19 November 2014

PowerPoint Presentation to Members from Environmental Health & Strategic
Housing Officers
DCLG – Review of Property Conditions in the Private Rented Sector, February
2014

APPENDICES Appendix A – Scrutiny Scoping Proforma