

Vibrant and Sustainable Scrutiny City Panel

29 June 2017

Report title	Private Rented Housing Sector	
Cabinet member with lead responsibility	Councillor Peter Bilson Deputy Leader Housing and City Assets	
Wards affected	All	
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Originating service	Housing/Scrutiny	
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Report to be/has been considered by	Vibrant and Sustainable City Scrutiny Panel	29 June 2017

Recommendation(s) for action or decision:

The Panel is asked to consider how the Local Authority should work with landlords, tenants and stakeholders to improve private sector housing in Wolverhampton.

1.0 Purpose

The Vibrant and Sustainable City Scrutiny Panel are being asked to consider the question:

‘How should the Local Authority work with landlords, tenants and stakeholders to improve private sector housing in Wolverhampton?’

2.0 Background

Key points regarding this issue and the private sector housing sector are set out in this report. Panel members are strongly encouraged to explore the further information regarding specific aspects where they are highlighted in the web links.

2.1 Scrutiny Review

The Panel may recall that a previous Review of Private Sector Housing concluded in June 2014 and its recommendations were signed off by Scrutiny Board at its meeting on 8 September 2015. A list of those actions can be found in Appendix 1.

A copy of the full report and Cabinet's response is available at:

<https://wolverhamptonintranet.moderngov.co.uk/ieListDocuments.aspx?CId=130&MId=193&Ver=4> (Item 12)

- 2.2 The Homelessness Reduction Act 2017 was in the group of bills that was agreed on 27 April 2017 before Parliament was dissolved and builds on the previous two major pieces of homelessness legislation:
- The Housing (Homeless Persons) Act 1977 that defined homelessness for the first time and placed duties on local authorities to house people with dependent children and other vulnerable people, and
 - The Homelessness Act 2002, which extended entitlements to rehousing to a wider group of 'single' homeless people, including care leavers and people fleeing violence. It also introduced a strategic approach to homelessness prevention.
- 2.3 The new Homelessness Reduction Act requires local housing authorities to help all eligible applicants, rather than just those with a 'priority need'. It builds on the preventative approach of the 2002 Act, by requiring public authorities (such as the NHS) to [notify the housing authority](#) if someone they're working with is facing homelessness.
- 2.4 It effectively adds two new duties onto the full rehousing duties introduced by previous Acts:
- [Duty to take steps to prevent homelessness](#): Councils will have to help people at risk of losing suitable accommodation where they have been threatened with homelessness within 56 days. This means that people should receive support on receiving a notice from their landlord if they are struggling to find a letting, rather than being told to come back when they have a bailiff's date.
 - [Duty to take steps to relieve homelessness](#): Councils be required to help all those who are homeless to secure suitable accommodation, regardless of whether they are 'intentionally homeless' or priority need. This should mean that all eligible households are offered help to find a home, rather than some people being turned away. It should also ensure that the true scale of homelessness is recorded.
- 2.5 The 2016-17 House of Commons Communities and Local Government Committee [report](#) into homelessness states that "The problem of homelessness is multi-faceted. Much of the difficulty in quantifying it stems from the fact that the term 'homelessness' encompasses a wide range of experiences. Rough sleeping (people living and sleeping on the streets and in shop doorways) is the most visible form of homelessness, but there are many more people homeless than those on the streets. These 'hidden homeless' include people in night shelters, and also large numbers of people who have unstable arrangements such as sofa-surfing with friends and family. There have also been reports of people spending the night travelling on buses to avoid the streets."

2.6 It adds:

“The causes of homelessness can be roughly divided into those that are structural or societal, and those that are personal or individual. Both may contribute in individual cases as personal problems can often be exacerbated by the structural challenges of the housing system.

2.7 Jon Sparkes from Crisis argued:

“The structural reasons are around not being able to afford a property to live in, for whatever reason: the price of the property, level and reliability of income, and level of benefits versus rental on properties, so big structural reasons. Then there are the personal reasons that we are probably more familiar with, such as relationship breakdown, addiction and mental health issues, and then the very predictable reasons for people who leave the care system or who leave the prison system. There are probably some typical groups there, but they merge in to each other a lot.”

2.8 The February 2017 Government White Paper - [Fixing our broken housing market](#) states that:

“There are multiple and complex reasons why people become homeless. However, we know that high and increasing costs in the private rented sector can impact upon tenants who struggle to pay, and these households are more likely to be at risk of becoming homeless. Losing a private sector tenancy is now the main cause of homelessness.”

3.0 **Private Rented Sector**

The private rented sector in England has steadily increased to 20% of housing stock in 2015, surpassing the social rented sector in size. (Cambridge Centre for Housing Planning Research).

3.1 It is now the single biggest cause of homelessness with the proportion of households nationally made homeless due to the ending of a private rented sector tenancy has almost doubled since 2011.

3.2 The Homelessness Report states that:

“The ending of an Assured Shorthold Tenancy (AST) can be a major cause of homelessness. An AST is the default legal category of residential tenancy in the private rented sector in England. Most tenancies have an initial fixed term of six or twelve months, with the landlord able to choose whether or not they are renewed at the end of the fixed term. Landlords are also able to evict tenants by issuing a Section 21 ‘no fault’ possession notice, which may require tenants to vacate the property at short notice (two months). DCLG note that “In 2015, 30% of households accepted by local authorities as owed the main homelessness duty reported that the reason for their homelessness was the loss of an AST. This compares to 13% ten years earlier”. In many areas of the country, rents are increasing far faster than tenants’ ability to pay. Kate Webb from Shelter described how it had changed:

[The numbers of homeless people who were previously in private rented accommodation have seen] a 250% increase over the past five years. For statutory homeless ... it always used to be things like relationship breakdown or friends and family not being able to provide accommodation for someone. Overwhelmingly over the past five years, it has

become the very prosaic issue of someone losing a tenancy in the private rented sector and simply being unable to find anything else that is affordable.”

- 3.3 Research from the Joseph Rowntree Foundation has shown that private renters in the bottom fifth of the income distribution spend the highest proportion of their income on housing costs reflecting the increased risk of homelessness for those living on the lowest incomes.
- 3.4 In 2013/14, 1.1m households living in the private rented sector were claiming housing benefit to help pay their rent, an increase of 86 per cent since 2008/09 (in the same period the sector grew overall by 43 per cent). (DCLG (2016)).
- 3.5 A report by Crisis, *Home: No less will do* states that elements of welfare reform have played a significant role in making rents unaffordable at the lower end of the market. The majority (70%) of homelessness service users interviewed for research by Crisis, who had tried to access the private rented sector, reported difficulty finding somewhere to rent within the Local Housing Allowance rate (LHA).
- 3.6 Analysis by Crisis shows that across Great Britain, one in ten current LHA rates are already at least 5 per cent lower than the estimated 30th percentile of local rents. This includes 8 per cent of LHA rates that have already benefited from an additional increase due to TAF.
- 3.7 DCLG research shows that tenants are shouldering most of the burden, with 94 per cent of the shortfall between LHA rates and local rents falling on new tenants and just 6 per cent being absorbed by landlords in rent reductions. Between 2008/2009 to 2013/14 the amount of rent paid by the tenant, after housing benefit was accounted for, increased from an average of £39 to £56 per week.
- 3.8 The cost of the private rented sector is not the only challenge. Reports suggest that many landlords are unwilling to let properties to tenants in receipt of housing benefit, and even fewer to those who are homeless. Crisis found that nationally only 45 per cent of landlords surveyed were willing to let to tenants in receipt of housing benefit, and 18 per cent to homeless households. Of those who were willing to let to homeless households, 75 per cent were currently letting less than 10 per cent of their stock to homeless people and 27 per cent said that they were letting fewer properties to homeless people than they had two years previously.
- 3.9 Furthermore, 75% were deterred from letting to homeless applicants because they perceived that they would be required to provide more intensive management of the tenancy and 82% of landlords surveyed were deterred from letting to homeless households due to concerns about the risk of rent arrears.
- 3.10 The report also found that the barriers to accessing private rented properties often means that existing private tenants on very low incomes lack the ability to move from one home to another and can get stuck in unsuitable housing. Evidence from the Sustain study (A Roof Over My Head: The Final Report of the Sustain Project. Sustain: A longitudinal study of

housing outcomes and wellbeing in private rented accommodation) showed that many people felt strongly that they had limited options as a result of a lack of available properties that were affordable or that the landlord would be willing to rent to someone on housing benefit.

- 3.11 Housing and local market conditions and landlord behaviour did much to influence people's ideas about whether they could move or find somewhere suitable. It also deepened fears about their vulnerability in the private rented sector, particularly being asked to leave by the landlord, given their initial experiences of trying to find a property.
- 3.12 Recent Crisis research, drawing on large studies of homelessness across Britain, has shown that failing to tackle homelessness early costs local government between £3,000 and £18,000 for every person not helped in the first year alone.

The full report is available at (and Panel members are asked to read this)

https://community.crisis.org.uk/file/home-no-less-will-do/HOME-No-Less-will-do_web.pdf

4.0 Housing in Wolverhampton

The Scrutiny review referred to above found that:

- 18% of housing stock in the City is confirmed private rented sector. This is growing rapidly, doubling in ten years, and is estimated to account for more than 25% in the next six years.
- 52% of properties are owner occupier.
- 21% (over 23,000) are social housing properties.
- 2% (2,400) tenant association properties.
- 2% (2,000) housing association properties.
- There is an increase in demand for accommodation in Wolverhampton, especially affordable housing. (Affordable housing is 'subsidised' accommodation for those who can't afford to buy a suitable home on the open market. This can be through low cost private housing, affordable rented housing or shared ownership.)
- The Private Rented Sector is growing in Wolverhampton and is expected to overtake social housing in 5-10 years.
- Conversion of property to Houses of Multiple Occupancy (HMO's) is growing.
- At that time the electoral register indicated that there are 111,516 households in Wolverhampton, of these 9,030 (8.1%) gave no response to the electoral form to register for voting and secondary checks could not confirm whether the property was occupied and if so by whom.

5.0 How can Local Authorities Work with the private rented sector

There are a number of tools that local authorities can use when working with the private rented sector.

- 5.1 These are set out in Section 2 of [The Chartered Institute of Housing Report](#) – Ways and Means Local authorities' work with the private rented sector (pages 7 to 26).

- 5.2 The Council has used a number of these tools. The previous scrutiny review in 2014 looked at these in detail.
- 5.3 The Council has recently implemented various schemes and projects to assist in the development of working with private sector tenants and landlords. These include:
- [Rent with Confidence](#) star rating and assessment scheme for privately rented properties and landlords
 - Joined up working between private sector housing and housing options/support to assist vulnerable people access the private sector
 - Offering advice and support to landlords
 - Re launch of the rent deposit scheme to offer better incentives to landlords (cash bonds, rent in advance, etc.)
- 5.4 The aim is to encourage landlords and tenants to maintain their lettings in a way that brings a step change in how the private rented housing sector is perceived and how it can be used to provide accommodation for vulnerable people.

6.0 Approach

The Committee will hear from the following witnesses in evidence sessions to help the Panel answer the question – ‘How should the Local Authority work with landlords, tenants and stakeholders to improve private sector housing in Wolverhampton?’

The witnesses have been asked to provide written evidence and the Panel will have the opportunity to have questions of the witnesses on their evidence. The witnesses are:

6.1 Estate Agents

Lettings agents will typically offer a “let-only” service, where they will find, interview and vet tenants, do the paperwork and take the deposit and first month’s rent for a fee of around 10 per cent of the rent. There can also be a “full management” service, which can cost 15 per cent or more which can include collecting rent and dealing with the day-to-day running of the property.

At **18:05** Estate Agents from **L & A Lettings** and **Proactive Property** will attend to answer further on the written evidence they have given in response to the following questions:

1. What do you do when you have a “problem” landlord or tenant?
2. What education or training do you provide to Landlords?
3. What advice do you give to tenants?
4. Are you aware of the Rent with Confidence scheme, if you are what are your thoughts on it?
5. Has the redress scheme made any impact on your business?
6. How do you think the private rented housing sector can be improved?

The written responses are at Appendix 2.

6.2 Landlords

The primary role of the landlord is to provide accommodation. A tenancy agreement obliges the landlord to both to give out their property for use, but also service these properties and ensure the safety of their property and to keep it well maintained. This applies to the whole structural part of the property as well as interior fittings, furnishings and appliances. It is also the role of the landlord to make sure that the tenant is aware of their duties and responsibilities and to help address any issues. Landlords are also required by law to protect a deposit in a government approved tenancy deposit service.

At **18:30** Landlords from **L & A Lettings** and **UAS Properties** will attend to answer further on the written evidence they have given in response to the following questions:

1. What do you do when a tenant complains about poor conditions?
2. What process do you use to find tenants?
3. What effect has the national Rent Deposit Scheme had for you as a landlord?
4. Would you take on a tenant who is on Housing Benefit? Has the change to Universal Credit affected this?
5. What incentives can we offer to landlords to work with vulnerable tenants?
6. Are you aware of the Rent with Confidence scheme, if you are what are your thoughts on it?
7. What do you think would improve the standards in the private rented housing sector?

The written responses are at Appendix 3.

6.3 Citizens Advice Bureau (CAB)

Housing was the fourth biggest issue that people sought advice on from the CAB in 2015/16 (CAB annual report 2015/16). In 2015/16 Citizens Advice advised clients nationally on over 160,500 private rented sector issues. That equated to 440 enquiries every day, for people hit by issues from illegal eviction to harassment to lost deposits and struggling to secure the most basic repairs.

They give a range of advice for those people who are renting privately -

<https://www.citizensadvice.org.uk/housing/renting-a-home/renting-from-a-private-landlord/>

Citizens Advice has also been running a campaign throughout 2015 and 2016 aimed at getting better protections for private renters - https://www.citizensadvice.org.uk/about-us/campaigns/current_campaigns/settled-and-safe-a-renters-right-campaign/settled-and-safe-a-renter-s-right/

At **18:55 Wolverhampton CAB** will attend to answer further on the written evidence they have given in response to the following questions:

1. How big a problem is the ending of Assured Shorthold Tenancies (AST)?
2. Why can't people move on to another private property?
3. Do you know of the Rent with Confidence Scheme, if you are what are your thoughts on it?

4. What would you like to see happen to reduce the amount of homelessness caused by the ending of ASTs and illegal evictions?
5. What would you like to see done to improve the private rented housing sector?

The written response is at Appendix 4.

6.4 Client Side Representatives

St. George's House Charity was founded in 1950 to support the most disadvantaged people in the community. It provides a range of services for vulnerable and socially excluded people, with a special focus on homelessness. Their service operates independently for the resettlement and support of people who were, are or at risk of being homeless, or who are socially excluded.

Wolverhampton Voluntary Sector Council (WVSC) exists to support the development and sustainability of an effective voluntary and community sector, promoting the principle and practice of voluntary and community activity, in order to facilitate the development of diverse, strong communities and to enhance quality of life within the City of Wolverhampton.

WVSC set up the Service User Involvement Team (SUIT) in February 2007 to give the users of Wolverhampton Substance Misuse Services a voice in the way that services are provided. The aim is to equip Service Users with the skills they need to ensure they have the best treatment services available.

The Refugee and Migrant Centre covers the Black Country area and Birmingham. They assist all members of new and emerging communities regardless of country of origin, ethnicity, legal status, religion, gender, sexual orientation, age or disability. Their mission statement is to assist refugees and migrants through crisis and disadvantage, by removing barriers to their integration and enabling them to become equal citizens.

At 19:20 St Georges Housing, Wolverhampton VSC, Refugee and Migrant Centre will attend to answer further on the written evidence they have given in response to the following questions:

1. How does the private rented housing sector meet the needs of the clients you support?
2. What advice do you give your clients to help them be successful in accessing or living in the private sector?
3. Are you aware of the rent with confidence scheme?
4. What effects has the national rent deposit scheme had on your clients?
5. What would you like to see done to improve the private rented housing sector?

The written responses are at Appendix 5.

6.5 Panel Recommendations

From **19:40** the Panel will consider the evidence heard and decide how it may wish to the answer the question “how should the Local Authority work with landlords, tenants and stakeholders to improve private sector housing in Wolverhampton”.

7.0 Financial implications

There are none at this stage as the Scrutiny Panel is looking at how the Council could develop its policy in this area. Any recommendations from the Panel’s consideration of the evidence may have financial implications but these would be included, if needed, in a report to the Cabinet in response to those recommendations. [JM/21062017/Y]

8.0 Legal implications

There are none at this stage as the Scrutiny Panel is looking at how the Council could develop its policy in this area. Any recommendations from the Panel’s consideration of the evidence may have legal implications but these would be included, if needed, in a report to the Cabinet in response to those recommendations. RB/14062017/Y

9.0 Equalities implications

There are none at this stage as the Scrutiny Panel is looking at how the Council could develop its policy in this area. Any recommendations from the Panel’s consideration of the evidence may have equalities implications but these would be included, if needed, in a report to the Cabinet in response to those recommendations.

10.0 Environmental implications

There are none at this stage as the Scrutiny Panel is looking at how the Council could develop its policy in this area. Any recommendations from the Panel’s consideration of the evidence may have environmental implications but these would be included, if needed, in a report to the Cabinet in response to those recommendations.

11.0 Human resources implications

There are none at this stage as the Scrutiny Panel is looking at how the Council could develop its policy in this area. Any recommendations from the Panel’s consideration of the evidence may have human resources implications but these would be included, if needed, in a report to the Cabinet in response to those recommendations.

12.0 Corporate landlord implications

There are none at this stage as the Scrutiny Panel is looking at how the Council could develop its policy in this area. Any recommendations from the Panel’s consideration of the evidence may have corporate landlord implications but these would be included, if needed, in a report to the Cabinet in response to those recommendations.

13.0 Schedule of background papers

Links have been added within the report where background papers have been used.

Appendix 1 -Tracking and Monitoring of the Private Rented Sector Housing Scrutiny Review

Appendix 2 - Estate Agents written responses

Appendix 3 - Landlords written responses

Appendix 4 - CAB written response

Appendix 5 - Client Side Representatives written responses