

Vibrant and Sustainable City Scrutiny Panel

23 July 2015

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| Report title | “Rent with Confidence” campaign | |
| Cabinet member with lead responsibility | Councillor Peter Bilson City Assets | |
| Wards affected | All | |
| Accountable director | Nick Edwards, City Assets | |
| Originating service | Housing Services | |
| Accountable employee(s) | Lesley Williams | Service Manager Private Sector Housing |
| | Tel | 01902 550553 |
| | Email | lesley.williams@wolverhampton.gov.uk |
| Report to be/has been considered by | | |

Recommendation(s) for action or decision:

The Panel is recommended to:

1. To recognise the existing and potential future role of the private rented sector (PRS) in delivering on the housing offer in the City
2. To note the rent with confidence (RwC) proposals and timescales to develop and deliver the resulting strategies and the progress made to date
3. To endorse a cross Council approach to the development, support and use of PRS accommodation
4. To note the public health outcomes and wider impact that a vibrant and appropriately managed PRS can bring to the City.

1.0 Purpose

- 1.1 The purpose of this report is to provide an update on progress on “Rent with Confidence” (RwC) proposals to date, and to seek Panel’s views on the proposals for progressing and implementing the initiative across the City.

2.0 Background

- 2.1 The concept of RwC was approved by Cabinet in July 2014 following a Scrutiny Review of Wolverhampton’s Private Rented Sector (PRS).
- 2.2 RwC is part of the Council’s three tiered approach to improving the PRS in Wolverhampton, which is one of the five key priorities for the Improving the City Housing Offer within a five year strategy. The two other key areas of focus are a review of the Housing Enforcement Policy to strengthen the stance taken against non-compliant landlords, and further consideration of an Additional Licensing Scheme to cover all Houses in Multiple Occupation (HMOs); although the Government are now considering options for licensing all HMOs.
- 2.3 The PRS represents at least 13 per cent of the City housing stock (2011 Census), having doubled in size over the past 10 years, and is continuing to expand. The sector provides an important and growing part of the City’s housing market offering flexible accommodation to a range of households. However, the standards at the lower end of the market are often poor and in some cases dangerous, and there is often perceived to be little choice for those who are unable to access social housing or owner occupation.
- 2.4 Whilst the majority of PRS landlords are diligent and responsible, there are a small but seemingly growing minority of landlords who appear to ignore their legal and moral obligations to their tenants and knowingly rent out unsafe and overcrowded accommodation. This has an adverse impact on the health and welfare of those living in substandard accommodation driven by a lack of investment by the owner, and leads to a further negative knock on for business investment into the City.
- 2.5 Wolverhampton needs a vibrant and suitable PRS as part of its housing offer, ensuring this is a viable tenure of choice rather than last resort. In order to achieve this, the Council needs to be able to distinguish between the reputable landlords offering suitable accommodation and tenancies and those who are exploiting the vulnerable. The Council needs to be confident when utilising the PRS including the discharge of homelessness duty, and as part of preventing homelessness. The ending of assured shorthold PRS tenancy is currently the most common cause of homelessness presentations in Wolverhampton.

3.0 Progress to date

3.1 The Private Sector Housing Scrutiny Review report made several recommendations regarding improving the private rented sector which subsequently received Cabinet approval.

The key recommendations relating to driving forward the RWC confidence strategy are listed below with an update of the action to date and proposed actions to be undertaken. Other actions are outlined in Appendix 1.

R1 (a) That Cabinet approve in principle the draft 'Rent with Confidence' (RWC) campaign as a positive way forward to encourage a more professional private rented sector and allow potential tenants to exercise choice when selecting property and a reliable landlord or agent and ask employees to consult in greater detail.

Progress

The Rent with Confidence concept has been promoted both within and outside of the Council as a sound methodology to enable the Council to encourage and promote a responsible private rented sector in the City, giving visibility of both acceptable and exemplary housing standards in the sector and highlighting cases where failure has been tackled through enforcement work. Initial consultation on the concepts has taken place with the private sector landlords steering group including professional landlords' organisations etc.

R1 (b) That consideration is given to the future resources required to move forward with the 'Rent with Confidence' (RWC) campaign and agree the need to implement RWC when resources become available for effective enforcement to help drive improvement in PRS housing in the city.

Progress

Work with the Director Public Health has identified potential Public Health funding regarding making improvements to the wider determinants of public health through targeted housing interventions. It is proposed to bring forward detailed proposals as part of the Improving the City Housing Offer (ITCHO) work stream in the Corporate Plan to support the delivery of the RWC strategy. This is likely to include dedicating resources to

- developing the "Star" rating of landlords and property to ensure clarity for tenants and organisations accessing private rented accommodation
- promoting the scheme amongst stakeholders and providers
- working with the professional private rented sector to develop a package of support to enable landlords to achieve high RWC star ratings and maintain their standards

The implementation of the RWC strategy should enable the Council to dedicate existing resource towards supporting the programme and at the same time increase the level of targeted (rather than reactive) enforcement work to tackle the most significant bad practices and illegal operations in the sector.

- 3.2 Cabinet acknowledged the financial constraints currently facing the Council and approved the review's recommendations and agreed to monitor the implementation of actions arising from them. Whilst looking to secure the necessary funding employees have been developing the strategy, and began consulting on the RWC concept, which has received favourable feedback.
- 3.3 As part of its strategy to positively tackle the wider determinants of health, Public Health has allocated funds from April 2015 specifically to support the housing service to improve the conditions in the PRS. As part of the next steps employees are developing project implementation proposals to take the initiative forwards. Proposals for a revised staffing establishment to realign with the delivery of the wider determinants of public health through the delivery of RWC proposals should be completed in September 2015.
- 3.4 Views are now being sought on the detail for the assessment and rating of landlords and their properties and how this needs to be implemented, with specific health outcomes for tenants in mind. RWC will link to the Councils housing enforcement policies and any Additional and Selective Licensing proposals, with the top rated landlords as assessed by the scheme, being incentivised to work directly with the Council, for example having licence fees waived or reduced etc. The indicative timescales for implementation are April 2016.
- 3.5 The overarching principles of RWC are set out in Appendix 2.
- 3.6 In taking the proposals forward the next steps are:
 - Engagement with the wider PRS including refocus of the landlords steering group to ensure effective input from the sector in Council housing strategies is on-going; the concept was positively received at the National Landlords Association Branch Meeting on 9 July 2015.
 - Development and consultation on the RWC accreditation scheme including scheme standards, star rating, management standards, accrediting bodies (NLA, ARLA, etc.), prior to its launch.
 - Working exclusively with our "3 star" landlords to set the benchmarks for the sector and drive delivery against the wider city outcomes – commencing April 2016.

4.0 Financial implications

- 4.1 There are financial implications to implementing RWC and any Additional or Selective Licensing schemes.

There is £400,000 in an earmarked reserve for Public Health Housing standards, which will enable the scheme to be set up and implemented, with further funds being generated from the Additional Licensing scheme in order to continue to self-fund that specific work area.

[JB/13072015/E]

5.0 Legal implications

5.1 There may be legal implications presenting as the proposals are developed and the Council will be required to meet all legislative requirements. Employees will consult with Legal Services during the development of the proposals to ensure legal compliance throughout.

5.2 In particular the ability of the Council to either support any accreditation scheme, or develop one of its own, would likely depend for its lawfulness upon the general power to do anything that is calculated to facilitate the performance of the Council's work as the Local Housing Authority.

[RB/10072015/Q]

6.0 Equalities implications

6.1 The initial equalities analysis screening for these proposals has not identified any equality issues at this stage; however on-going equality analysis will be undertaken as the proposals are being developed.

7.0 Environmental implications

7.1 Targeted enforcement, licensing of HMOs, Additional Licensing and Selective Licensing of problem areas will have the combined effect of improving communities and the environment. The RWC proposals will help to voluntarily drive up standards in the PRS as landlords achieve and strive to maintain top star status and take a better share of the PRS market, whilst Housing Standards can concentrate on tackling the worst landlords.

8.0 Human resources implications

8.1 There is currently insufficient capacity in the Housing Standards team to implement the RWC proposals. Proposals to restructure part of the service to deliver on this strategy are currently being developed. It is proposed that the funding provision from Public Health referred to in 2.3 above will be utilised to support any additional resourcing required to implement RWC and the development of an Additional Licensing scheme to concentrate on the multi occupied sector (subject to further legislative changes as outlined by the Government in the Queens speech regarding tackling rogue landlords).

9.0 Corporate landlord implications

9.1 This report has no corporate landlord implications as it only concerns property in the private rented sector.

10.0 Schedule of background papers

- 10.1 Scrutiny Review of Private Rented Sector Housing, Scrutiny Board 15 April 2014 and Cabinet 23 July 2014.

APPENDIX 1

Progress on other recommendations from the Private Sector Housing Scrutiny Review

R2 That a review of the current PRS enforcement policy is carried out with the aspiration to strengthen the processes, make them fairer across the range of landlords, to improve the quality of accommodation in the city, to promote processes and to identify where resources need to be re-aligned or strengthened.

Progress

The PRS enforcement policy has been redrafted and subject to initial consultation to ensure that it supports the RWC strategy. Following further refinement the draft policy will be subject to wider consultation prior to being adopted by the Council, subject to any further redrafting to take account of any representations made. Further consideration is being made in relation to recent legislative changes specifically around protection from eviction, given that this is now the highest reason for homelessness presentations in the City.

R3 That Cabinet approves Additional Licensing as a mechanism to licence and regulate Houses of Multiple Occupation (HMOs) locally and across the city as an alternative and more cost effective way of addressing problems with HMOs.

Progress

The government have recently announced via the Queens Speech that it intends to extend the existing mandatory licensing scheme for houses in multiple occupation (HMOs). This is likely to be achieved through an amendment of the definition of HMO which is to be consulted on, although no timescale has been given. The outcome of the consultation and implementation of the changes are likely to impact both on resources to administer an extended scheme and any impact of an Additional Licensing strategy.

R4 That Cabinet gives consideration to tackling problems associated with poor housing standards and overcrowding in inner areas of the City, and to consider the use of Selective Licensing, such as the All Saints Selective Licensing scheme, in other priority areas as identified by the Police and the Housing Standards Team.

Progress

There are a number of areas in the City where the PRS tenure is significantly higher than the average, and where issues associated with these higher concentrations are a cause for concern from partners (police and health in particular). We are continuing to monitor these areas carefully, and are providing evidence in support of the implementation of proposed Public Space Orders for Park Village and Hawkesford Crescent in a bid to tackle anti-social behaviour in those areas.

APPENDIX 2

Rent With Confidence Principles

- **Educate** – encourage all landlords regardless of the size of their rental portfolio or whether they use Letting Agents or not, to be accredited through the Midland Landlord Accreditation Scheme (MLAS), the National Landlords' Association (NLA) or the Residential Landlords' Association (RLA). RWC will support landlords to voluntarily register their properties in order to obtain a star rating.
- **Encourage** – the Council will always look to encourage landlords to operate within the law and to the highest standards, and will look to provide a certain level of guidance and assistance with respect to legal obligations, access to resources and information, and appropriate signposting wherever possible (at the same time this cannot be used by landlords as a free service or a means of by-passing any legal processes).
- **Enforce** – where landlords do not comply with the law the Council will use whatever enforcement route is necessary to achieve legal compliance and will further ensure that any landlords prosecuted are identifiable by means of links to the details of convictions for any potential tenants to see.
- **Portfolio landlords should know best**
 - 1-4 properties/lets = small/independent landlord
 - 5-19 properties/lets = semi-professional landlord
 - 20-upwards = professional landlord, letting agent or registered social landlord. There is an underlying principle that professional portfolio landlords should have an understanding of their legal requirements and that should any enforcement action be required the Council will seek to recover those costs directly from the landlord.

Star Rating of Landlords

- The scheme proposes to use an easily recognised **star rating** to enable tenants and others to make informed decisions regarding their landlord. The following criteria was set before Cabinet but further consideration needs to be given to the rating and how the rating will be maintained.

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|----------------|---|
| 0 stars | An unknown landlord (not known to the Council) The descriptor for this is that this landlord has no track record with the council at all; has not applied for any licences that may be applicable, is not accredited through the NLA/RLA/MLAS or one that has been the subject of a complaint to the service during the past 5 years |
| 1 star | A licence holder (or registered with the Council in some way) One star will automatically be awarded to any landlord that has come forward for mandatory/additional/selective licensing as applicable and meets the minimum statutory requirements. If the landlord is not NLA/RLA/MLAS accredited or has had any standard intervention during the last 5 years they will remain at 1 star until Housing Standards are satisfied that they have improved (i.e. following a full and detailed property inspection) |
| 2 stars | An accredited landlord and/or a member of the NLA or the RLA. 2 stars will go to any accredited landlord in recognition of the training element they have undertaken providing Housing Standards have not had to take any formal statutory action – if they are accredited and have had a valid notice served since accreditation (to remain in force for five years) they go back to one star only |
| 3 stars | A three star landlord recommended by the Council with a “rent with confidence” status For this the landlord will be as a minimum accredited to the two Star standard and have had no Housing Standards interventions and meet further conditions to demonstrate the level of service and property standards being offered |
| X | A landlord that has been prosecuted for Housing Act Offences (or similar which means they do not meet the not fit and proper test). The Council is considering whether it would be able to publish a list of landlords who are subject to such (unexpired) action |