

Appendix1

Scrutiny Review: Private Rented Sector Housing

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1. Preface

The challenge for Wolverhampton is to ensure people have housing options to suit their needs both in terms of quality and cost. Wolverhampton Council aims to improve the quality and quantity of properties for rent, both in the private and social sector and to provide support and housing options to vulnerable people in the City.

We have a shortage of social housing in the City and the Private Rented Sector (PRS) is increasing rapidly to fill the demand for affordable accommodation. The PRS provides a full range of housing options; quality housing to accommodate skilled people and professionals and affordable housing for families and single people, which are needed to ensure that the health, safety and wellbeing of residents (many of whom are vulnerable) are met.

The rapid growth and demand for PRS has resulted in an increase in numbers of rogue landlords and unlicensed Houses of Multiple Occupation (HMOs). Often accommodation falls below standard, it can be overcrowded and potentially dangerous to the health and wellbeing of the tenants, which the review group wants to change.

The Housing Strategy for the City highlights the need for both a preventative and a targeted approach to address the quality of PRS housing and its management. We have made some evidence based recommendations to start to challenge the PRS to improve housing standards and to work with the Council and partners to make a difference.

The review group feel that the proposed way forward takes account of a rapidly changing PRS and housing pressures. We want to tell the government about the review findings and the pressures Local Authorities are facing to enforce against rogue landlords within current legislation, we want the Council to work with landlord associations to develop a self-regulating PRS and to concentrate efforts to enforce against rogue landlords and preventing homelessness.

Finally we want to thank all witnesses that have contributed to the review. Your evidence and perspectives have helped the review group to look in-depth at the PRS, the way that we work and of the emerging issues and challenges.



Councillor Wendy Thompson, Chair of the Scrutiny Review

2. Summary of Report

The review report gives an indication of housing pressures in Wolverhampton and highlights the rapid growth of the Private Rented Sector (PRS). It demonstrates how the PRS has developed and grown, considers the relationships between Wolverhampton Homes (WH), the Council and the PRS in providing affordable homes and when dealing with vulnerable tenants. The report also takes into consideration the impact of pressures on the Council, housing providers and tenants in the City in recent years.

The evidence and findings of the review set out the challenges to the Council and seek to understand the issues from different perspectives. The report provides an insight into the shortage of affordable social housing, revealing that the right to buy incentive means that the Council is currently selling more social housing stock than it is building, whilst the housing register is growing. It also considers homelessness and housing provision for the most vulnerable in the City, the implications of the Localism Act 2011 and discharge of homeless duty to the PRS, all are taken into account when the report considers the cycle of eviction and homelessness. The review explores potential savings that may be made by preventing homelessness and keeping people in their homes during transition to monthly benefit payments during benefit reforms and the introduction Universal Credit by 2017.

The growth and quality of PRS housing across the City and how to improve quality using both preventative and targeted approaches were considered of high importance. Engaging landlords and letting agents through accreditation and Selective Licencing (SL) schemes and addressing some of the challenges relating to Houses of Multiple Occupation (HMOs) and rogue landlords can be progressed through the RWC proposal. The review group explores the Council's approach to complaints and enforcement processes, how enforcement works across agencies with Police, the Border Agency and the Fire Service to help identify where poor standards and overcrowding exist, and questions the capacity of the enforcement team, the legislation it works with and the resource intensive prosecution process.

The review has taken into account evidence from landlords, letting agents and landlord organisations (NLA/RLA), as businesses operating in Wolverhampton. Recognising that there is a need for further dialogue, the review seeks to encourage landlords and letting agents to develop their responsibilities, competitiveness and self-regulation, driving improvements in the sector through good practice. The review looks how to future proof affordable housing provision in the City by creating strong relationships between the Council, WH and the PRS, improving standards to save resources and putting in place mechanisms to sustain decent home standard accommodation, especially for the most vulnerable. This in turn would support prevention of homelessness.

This review shines a spotlight on the PRS and highlights how valuable resources in the City can be maximised, working with partners and PRS to improve standards and provide more housing choice to residents.

3.0 Introduction/Context

- 3.1 At the scoping session councillors received evidence of current practice, planned actions and challenges facing the Council and WH. The review group identified pressures impacting on housing in the City and considered the Council's statutory duties under legislation and priorities as set out in the City Strategy and Corporate Plan.
- 3.2 The review group agreed to focus on Private Rented Sector (PRS) Housing with the following terms of reference:
- i. What are the implications for the Council of the rising trend of homelessness and growth of the PRS?
 - ii. What more can the Council do to engage landlords, ensure processes relating to PRS are right, properties are safe and that the homeless duty is discharged to the PRS?
 - iii. What is the extent and impact of displacement and migration on PRS housing in the City?
- 3.3 The review met on six occasions to consider the evidence relating to PRS housing provision based on the evidence received in the City. It highlighted current and future housing pressures and makes 12 recommendations to the Cabinet, based on the evidence received, to make improvements to the private rented sector and provide support and housing options to vulnerable people in the City.

4.0 Summary of Evidence

- 4.1 The [Wolverhampton City Strategy 2011-26](#) aims to encourage enterprise and business, empower people and communities and reinvigorate our City. In particular, housing will support the priority of 'Developing diverse and welcoming neighbourhoods with good quality housing'.
- 4.2 The [Wolverhampton Housing Strategy 2013-18](#) was formally adopted by Cabinet on 19 June 2013 and the delivery plan links to the Implementation Plan for the City strategy and sets out the following five priorities:
1. Deliver high quality housing stock
 2. Improve quality of existing housing
 3. Provide support and housing options to vulnerable people
 4. Good management of social housing
 5. Improve standards in the private rented sector

4.3 **Headlines about housing in the City:**

- 18% of housing stock in the City is confirmed private rented sector and this is growing rapidly, doubling in ten years, and it 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 PRS 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.
- The most recent electoral register indicates 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.

4.4 **Pressures impacting directly on housing provision in the City:**

- The growth in PRS housing and shortage of social housing.
- Number of Right to Buy (RTB) properties sold has increased to 250 p.a. further reducing the availability of social housing stock.
- Not building enough new affordable housing to meet demand.
- The standard of PRS accommodation and living conditions varies drastically.
- The effects of Welfare Reforms (WR) Universal Credit (UC) change to monthly payment.
- Homelessness could potentially increase due to debt in the City.
- EU Migration to the City and displacement from other authorities would place more burden on Wolverhampton.
- Resources and budget savings.
- Reduction of CAB housing and homelessness advice and support for the vulnerable in the City.
- Enforcement reacts to complaints however the evidence is that the most vulnerable do not complain.

4.5 **Measures undertaken to respond to pressures:**

- Addressing the availability and viability of Councils building land.

- Housing options team preventing homelessness and discharging homeless duty.
- Tackling HMO's when complaints are received to ensure basic legal requirements are in place and addressing associated health issues and impact on communities.
- Preparing for Universal Credit (UC).
- Building one / two bedroom accommodation.
- Developing Mortgage Rescue Scheme (MRS).
- Developing Private Sector Leasing Scheme (PSL).
- Developing Rent Deposit Scheme (RDS).
- Promoting membership of Midlands Landlords Accreditation Scheme (MLAS) to private landlords.

4.6 **Private Sector Housing Service:**

Private Sector Housing covers all non-registered social housing in Wolverhampton, approximately 75,500 residential dwellings, 18,000 are in the private rented sector (PRS).

The PRS has grown rapidly; more than doubling in size since the 2001 census and is expected to grow to 25% by 2020. Some areas of the City have significantly high numbers of PRS housing with over 40% in the All Saints area and 55% in Park Village.

4.6.1 **Housing Standards Team:**

The Housing Standards team deals with the PRS. The main function of the team is to carry out statutory duties to ensure the mandatory licensing of 3 storeys, 5 or more person HMO's, and respond to complaints about disrepair in the private rented sector. The team is headed by a Section Leader, and there are 6.5 District and Environmental Health Officers to cover the service. They liaise very closely with the Fire Service, Police and the Border Agency to tackle problems of severe overcrowding and dangerous conditions.

There are currently 95 out of an estimated 140 mandatory licenses in place, and the team deal with daily enquiries from, landlords regarding conversions to HMOs. The number of complaints the Standards Team deals with has risen in Wolverhampton (853 in 2012/13), but then so has the number of rented properties.

4.6.2 **Housing Improvements Team:**

The Housing Improvements team deal with long term empty residential property, housing assistance to vulnerable owner occupiers, energy efficiency, landlord accreditation and development (i.e. non enforcement), area based regeneration and Selective Licensing (SL). The team is headed by a Section Leader, and there are 7 Officers; 5 housing improvement project officers who specialise in the specific work areas of empty properties, affordable warmth, small works grants and group repair schemes, a Selective Licensing officer who covers the All Saints Selective Licensing Scheme (designated until 4 January

2017), and a Customer Services Officer who provides support to vulnerable owner occupiers who receive housing assistance measures.

4.6.3 **Challenges for the Private Rented Sector (PRS) Teams:**

- The growth of PRS; the service currently is unable to meet demands from tenants for assistance and there is a growth in reports of rogue landlords from partner agencies.
- Over a third of PRS homes fail to meet the decent homes standard. Enforcement action is triggered by complaints and only responds to the worst situations (Category 1 Hazard).
- Rents increasingly becoming unaffordable- typically a PRS three bedroom semi is £567 (source Zoopla) whilst a similar property with Wolverhampton Homes is £347 pcm.
- Increasing numbers of illegal HMOs and overcrowding. This is having a detrimental impact on some priority neighbourhoods such as Park Village, Whitmore Reans and Pennfields and it is proposed to adopt an Additional Licensing Scheme to tackle this.
- The highest numbers of presentations for homelessness are from the PRS due to end of Assured Shorthold Tenancy (AST).
- The PRS is the least secure tenure which sees the highest churn and there is evidence that there has been a growth in retaliatory evictions when tenants complain about poor conditions.
- A lack of investment in housing stock (in PRS and owner occupied sectors) due to economic pressures.
- There is a growing aging population of home owners who may not be able to repair and maintain property – equity rich, cash poor and following Government cuts in 2010 there are no equity release loans available locally.
- High instances of fuel poverty (i.e. more than 10% of household income spent on heating); predominantly in the pre-1919 solid brick stock, which is also typically private rental accommodation.
- Notice has to be served when carrying out a property inspection, which means that often the issues are not there when the inspection happens.
- When a property has a category one hazard a notice is served, the current legislation does not prevent that property from being let.

4.8 **Older People & Personalisation Commissioning (OPPC) Team:**

The OPPC Team commissions services housing related services for vulnerable service groups. The groups include:

- Older people
- Homeless people
- Ex-Offenders
- New Communities

4.8.1 **Challenges for the OPPC Team:**

The impact of the welfare reforms, high levels of unemployment and an

increase in cost of living have all contributed to an increase in demand for housing related support services.

- Affordable housing is at a premium with over 13000 households on the social housing register and between 1500 -2000 properties come available to let each year.
- This lack of available accommodation and the increase in demand has led to vulnerable people having to remain in supported accommodation due to a lack of suitable move-on accommodation. (There was a 6 week increase stay in supported accommodation over the last 2 years was financially equated to £1800 per client in Housing and support benefits).
- Increase in complex clients due to a reduction in specialist services. Increase in migration into the City from outside the UK and inside the UK from the south of England. Current issues related to mortgage repossession (Wolverhampton is top outside of London for repossession and evictions (1 in 59 at risk of losing their home)

4.8.2 **OPPC Current work:**

Increase in the number of accommodation places for people who are homeless or at threat of homelessness:

- The retender of offender services to increase the number of units.
- Development of a multi-agency group to joint work on issues related to migration and New Arrivals.
- Regional working on a number of projects to maximise resources and maintain services.

4.8.3 **OPPC Future Work:**

Work with housing providers (Midland Heart, Bromford, P3, Heantun and Stonham) to increase affordable general needs properties. Reviewing and retendering all of our supported accommodation to make sure that there is the sufficient, quality and cost effective accommodation.

4.9 **Housing Options and Preventions Team / Homelessness**

4.9.1 **Preventions Team:**

- There was a big increase in rate of preventions and relief between 2009/10 (228 cases) and 10/11 (2208 cases), resulting in positive action on 87 and 1305 cases respectively.
- The proportion of households being prevented per 1000: 2009/10 2.3 2012/13 20.3. National average 8.7. Wolverhampton City Council (WCC) currently highest level of recorded preventions in West Midlands, fifth nationally.
- The Rent Deposit Guarantee Scheme (RDGS) prevented 64 Homeless cases.

- Out of just under 4,000 homeless applications just 250 (6%) had been accepted, 94 % were not proven. More work needs to be done to seek out false information, false tenancies and other criminal acts to get the message out.
- The average cost per homelessness case for Wolverhampton City Council (WCC) is £2,600, national cost is £5,300.
- The Rent Deposit Scheme has recorded 64 cases @ £2,600 = £166,400 (using national figure £339,200)
- Homelessness preventions recorded were 1305 @£2,600 = £3,393,000 (using national figure £6,916,500)

4.9.2 Homelessness:

In relation to applications for homelessness during 2012-13 the required P1E DATA was reported as follows:

| Year | 2007-8 | 2008-9 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|------|--------|--------|---------|---------|---------|---------|
| Apps | 1238 | 1066 | 959 | 696 | 905 | 990 |

Out of the 990 applications, 353 full duty applications were accepted. The main reason for homelessness was end of Assured Short-hold Tenancy numbering 76 applications. Second reason for being owed a full duty was Domestic Violence (DV), 62 applications were received. WCC saw a 9% rise in applications where nationally the rise was 28%. The numbers were kept down largely because of the work of the preventing homelessness team.

4.9.3 Bed & Breakfast 2012/13:

The following numbers of people stayed in a bed and breakfast accommodation whilst waiting to be placed under the homeless duty:

- 98 households with dependent children with an average length of stay of 2.01 weeks
- 21 expectant mothers with an average length of stay at 3.17 weeks
- 217 single people with an average length of stay 2.76 weeks

From 1/4/13 to 31/8/13 there was a reduction in cost of £87,669 with the assistance of a dedicated specialist officer (prevention team). The average length of stay reduced from 2.1 weeks to 1.2 weeks.

4.9.4 Challenges for the Housing Options and Preventions Team:

- Some Universal Credit (UC) direct payments to landlords are jeopardised and monthly payments in arrears could mean more people falling behind with payments and facing eviction.
- Benefit caps causing difficulty in housing larger families they may fall behind with payments and face eviction.
- Under occupancy charge may mean more council tenants will need to move tenure.

- Too few one bed social housing properties.
- Interest charges increase may well lead to more repossessions for owner occupiers.
- With all welfare reforms there is a likelihood of more evictions in social housing
- Conflicts within organisation between statutory duty and organisational policies (e.g. Allocations and arrears)
- Outside Authorities using Wolverhampton Private Sector Housing including London Boroughs
- Use of private sector accommodation in homelessness
- Long term funding from Department of Communities and Local Government uncertain. NB The prevention team of 5 full time employees are almost fully funded from the Homelessness Grant. Current funding which ends in March 2015. Above savings show value of this team.
- Evidence of nine families being placed in Wolverhampton by London Boroughs on short tenancy leases. There is an issue that once the lease expires they have established a link with the area, but in effect are homeless. London boroughs have a duty to re-house but some are presenting as homeless to Wolverhampton Council.
- There are concerns that the EU migrants will move towards houses of multiple occupation (HMOs) which may have poor standards

4.10 **Wolverhampton Homes (WH)**

4.10.1 **Main activities / headlines**

- Welfare reform – consequence of which is a steady increase in numbers of people to transfer and downsize.
- Spare room subsidy 2,900 people affected, 400 have already transferred to alternative property.
- 40 % of tenants (about 1000), have maintained regular payments since benefit reform. 60% are in arrears (2500), some were before but the majority were not. There was an increase of 18% in September 2013, almost a quarter of a million in arrears. Figures at the end of March 2014 have shown
- Between 400-500 applications for social housing a month, the supply does not meet demand.
- Affordable housing is a challenging environment; the allocations policy prioritises homeless and high priority cases when bidding.
- There is a dedicated officer for home exchanges, around 1,700 properties a year as there are a large proportion of flats and maisonettes.
- There is little evidence of people moving to Wolverhampton for social housing, people have to have been resident in Wolverhampton for 12 months to be eligible for Council housing.
- Evictions are triggered by a number of circumstances, there are welfare benefits assessors co-placed to Wolverhampton Homes to advise tenants.

- 250 Council houses were sold last year which is disproportionate to the stock it has and is having an impact. Most are dwellings with one or two bedrooms.

4.10.2 **WH Challenges:**

- The rollout of Universal Credit has been delayed to 2015 at the earliest. In effect rather than a gradual roll out there will be a big bang effect to meet the deadline of 2017.
- Private rented sector landlords will have even less time to get used to the payment arrangements and it is not clear if they will be tolerant and how they will give people time to adjust to the new arrangements.
- The Localism Act gives more freedom to authorities in relation to the homelessness duty, criteria states that a person must have a connection with an area for six months. London Boroughs are housing some families in Wolverhampton and have a duty to inform the Council when they have done so. The migration of people exercising their treaty rights as European citizens is difficult to map out in the City. They have no right of Council housing, but many are finding accommodations with the PRS in the City.
- Private Rented Sector Leasing Scheme (PSL) gives private landlords an alternative to letting agents and has no risk. Houses are rented to Wolverhampton Homes (WH) and should the tenant miss payment it would not impact on the landlord, WH will bear the cost and manage the property on their behalf. 50 properties had joined the PSL by November 2013 and it was expected that 200 would potentially sign up. Wolverhampton Homes is looking to review its business model and expand its PSL potentially extending leases for longer lease periods perhaps up to seven years.

4.11 **Landlords and Letting Agents**

4.11.1 **Midlands Landlord Accreditation Scheme (MLAS)**

- The Midland Landlord Accreditation Scheme is managed by Homestamp with the primary focus of accrediting professional landlords and agents across the Midlands. Wolverhampton Council has supported landlord accreditation for many years and is a founder member of the Homestamp Consortium who administers the MLAS scheme. The scheme is a voluntary landlord accreditation scheme based on the successful London Landlord Accreditation Scheme, and has been running across the West Midlands for over 7 years. Wolverhampton Council is also a member of the MLAS Steering Group; helping to shape and develop accreditation and professionalism of landlords in order to improve property conditions and management standards across the PRS. There are over 2,000 members to the scheme, some 200 of which are Wolverhampton landlords. Accredited landlords can receive financial benefits such as discounts on mandatory licensing fees.
- Homestamp is an award winning partnership consortium with a direct interest in private sector housing, comprising of Local Authorities, the

PRS (landlords), Universities, Police and Fire Services. The organisation has several aims:

- To encourage the supply of good quality private rented homes
 - To provide and facilitate information and training for landlords
 - To consider and respond to regional and national issues affecting the PRS
 - To encourage joint working between all interested parties
- More research is needed to extend accreditation, but there is an appetite for change. Talks with DCLG and LGA are on-going and landlords welcome the accreditation scheme and felt that accreditation should be taken further and rewarded.
 - Landlords felt that accredited landlords who are usually compliant but on occasions encounter an unusual problem or problem tenants who trigger complaint(s) from neighbours should be given extra time or an immunity from sanction when they cannot meet the deadline to resolve the problem. They felt that issues which are out of their control can take up valuable enforcement officer time.
 - Landlords felt there was an imbalance between Wolverhampton Homes (WH) and private sector landlords because WH is subsidised by the Council with £100,000's to bring the houses up to 'decent homes' standard. PRS landlords have to find a balance whether to use resource for improvements, repairs or paying the mortgage.

4.11.2 Landlords identified three types of landlord to deal with:

1. Good landlords who run a legitimate business, accidental landlords (may have inherited)
2. Armchair investors - in the middle landlords, who do not have close relationship with the tenants
3. Rogue landlords

5.0 Findings

An early outcome of the evidence was an adjustment to the way landlords register available PRS properties. Having a single point of telephone contact and a 'self-service' pro-forma on the Councils webpage for landlords to register available properties made the customer experience less confusing and freed up other telephone advice lines for prevention of homelessness.

5.1 Accreditation - Midlands Landlord Accreditation Scheme MLAS

5.1.1 Accreditation is a voluntary scheme that engages landlords, who want to be involved, but needs strengthening to encourage landlords to maintain standards post accreditation and to engage more landlords. Accreditation has advantages for the landlords. It helps them to

understand what is required, which is especially helpful for new landlords and it nurtures relationships with the Council and Partner organisations, such as Police and Fire.

- 5.1.2 There is a need to promote accreditation and capture the interest of independent landlords, landlord associations, letting agents and the public. The review group want any promotion to be meaningful and attendance to be encouraged by holding events locally and using new technology to contact the tenants. Landlords already conduct most of their communication with clients by mobile phone and email.
- 5.1.3 Landlords want people to be able to see what a good landlord does to support tenants, the additional work with them and assistance they give in their tenancy and they want to expose rogue landlords, who they see as giving landlords in general a bad reputation.
- 5.1.4 The review group would like to see a list of PRS accredited landlords on the Council Website and the accreditation scheme being promoted amongst the growing PRS market to give credit to good landlords and inform tenants choice.

5.2 **Enforcement**

5.2.1 Wolverhampton's Housing Standards team deal with:

- around 1,000 complaints per annum about conditions in privately rented accommodation in the city
- the mandatory licensing of Houses of Multiple Occupation (HMOs)
- requests for support from the Police, Fire Service and Border Agency where substandard conditions are found.

5.2.2 The Standards team seeks to resolve any complaint prior to taking formal action, unless there are imminent risks to the health, safety and wellbeing of the tenants. The team communicate across a range of people, they communicate in plain English, are accessible and professional.

5.2.3 There are around 1000 registered complaints a year and it is believed there are many more tenants living in non-accredited landlords accommodation who do not complain, either because they do not know how or they fear eviction. The Refugee and Migrant Centre (RMC) advised that some EU citizens had their passports held by rogue landlords and they simply do not know their rights with landlords using unconventional measures which need to be enforced against and regulated. Officers working with the Police and Border Agency have verified that this is happening in some instances.

5.2.4 A complaint about poor property conditions can be anything from a boiler breakdown that affects an individual or a family to a house full of migrant workers living in overcrowded and unsanitary conditions which

can impact on the whole building or street. Partners work closely with the Standards team to comply with Housing Act 2004 and to ensure appropriate fire and electrical safety measures and certification is in place.

- 5.2.5 Complaints can trigger enforcement action, when a call is received it is triaged to determine next steps. The Enforcement Policy is being refreshed it is a potential weakness in the process. Landlords are asked to put a problem right, if the landlord completes the work the problem is resolved if they do not resolve the issue enforcement action continues. An accredited landlord should maintain the property and communicate with tenants. A blockage in the process is that some landlords wait to be told to put things right rather than working with their tenants before the complaint is submitted to the Council. Officers are less tolerant with repeat offenders and they try to speed up the enforcement process for tenants to get issues put right.
- 5.2.6 Landlords should ensure tenants understand the terms and conditions of tenancy. Complaints can be a result of lifestyle or actions (drying clothes indoors causes condensation, damp and mould), damage to the property, overcrowding etc. and the landlord may not know it is a problem until the tenant complains. Landlords advised that they cannot change the tenants' behaviour but the review group maintained that the landlord should encourage the tenant to comply with the tenancy agreement and work with them to understand what is expected and if they do not change behaviour enforce against them. It was noted that many conscientious landlords do this already. The review group felt there should be an instant response from the landlord and it should not need Council intervention. Enforcement resource has to be directed away from the 'standard' issues to concentrate on more urgent or dangerous issues. The team are very busy, and stated that enforcement is, and will always be, the last resort.
- 5.2.7 The review group considered the range of landlords from an 'amateur' landlord to a 'professional' and the need to differentiate between types of landlord relating to portfolios, experience etc. They acknowledged that many professional landlords know exactly what the legislation is, the powers a Local Authority has and they still wait to be told when works need to be carried out. The review group maintain that it is not the Council's role to draw up a schedule of works for private landlords and that these repeated minor matters are saturating the enforcement resource.
- 5.2.8 There are some persistent offenders who do not conform to legislation and challenge enforcement through the courts and each challenge takes up valuable resource in the team through time spent gathering and collating evidence packs, attending court etc. The only landlord the Council cannot enforce against is Wolverhampton Homes (WH) as it manages Wolverhampton City Council (WCC) stock. Illegal eviction prosecutions against landlords are unlikely as evictions tend to happen

to vulnerable and nervous tenants, many do not come forward to complain.

5.2.9 The review group rejected suggestions from landlords for an amnesty for ‘the first misdemeanour’ as part of amendments to the accreditation scheme and determined that encouraging accredited landlords to comply is the way forward, not giving them a chance after an incident has happened; the law is clear on this point.

5.2.10 The number of prosecutions to deter poor landlords and encourage a more professional private rented sector are as follows:

| YEAR | PROSECUTIONS | CAUTIONS | FORMAL WARNINGS | RENT REPAYMENT ORDERS |
|----------------------|--------------|----------|-----------------|-----------------------|
| 2010/11 | 0 | 1 | 1 | 0 |
| 2011/12 | 0 | 1 | 1 | 0 |
| 2012/13 | 4 | 3 | 1 | 0 |
| 2013/14 (to 20.1.14) | 9 | 3 | 2 | 2 |

5.2.11 The review group considered how problems related to anti-social behaviour (ASB) move from tenancy to tenancy with the person or people. People evicted or moved out of WH accommodation because of ASB often end up causing the same sort of problems in PRS, which can be a vicious circle. The only way to break this is to educate the landlords and enforce against the tenants. The ASB team now also deal with private sector and are more equipped to deal with this type of scenario.

5.2.12 The National Landlords Association (NLA) had concerns about the the image of landlords being tarnished by rogue landlords and Local Authority resources to enforce against them. The review group were advised that there are two initiatives to support enforcement and help with ASB:

- Homestamp provides education and benefit
- NLA tenant information pack

5.3 Houses of Multiple Occupation (HMOs)

5.3.1 HMOs are the highest risk private rented sector accommodation; the law requires properties of three or more storeys and five or more occupancy to be licensed. Currently in Wolverhampton the 2011 census data indicates there are 140 HMOs meeting this description; the actual number of HMOs in the City is much higher because this figure relates purely to licensable property, which is about 10% of the total number of HMOs. There are many more illegal and unlicensed

HMOs. Only 95 mandatory licensable properties currently hold a licence.

- 5.3.2 Landlords advised the review group that investors are encouraged to purchase houses for HMOs; 'armchair investors' find that mortgages are a good investment with a 0.5% interest rate but if interest rates go up there may be problems for landlords to afford the higher mortgage and for the tenants who may find themselves facing eviction or with rent increases.
- 5.3.3 There is a cycle to maintain property such as re-decoration. Often armchair investors, or people who have inherited property, are focused on a profit making business and not concerned about maintenance and are not always aware of tenants' rights or welfare.
- 5.3.4 Landlords highlighted that the Council does not segregate between large HMO's and smaller properties. It was felt that greater attention should be given to separate good HMOs from bad. There are many smaller type two storey houses with multiple occupation and there are houses are being 'carved up' to make multiple rooms for occupancy. Tenants do not complain about the conditions in some of these buildings because they may not know what the standard is, they do not know their rights or they may be in fear of being evicted. Standards officers have entered many buildings on a warrant in response to complaints from neighbours to find more than double the tenants expected in a relatively small space.
- 5.3.5 Some properties are being rented to individuals who are subdividing the property and letting the subdivided rooms to others. Often the 'let to let' or 'rent to rent' scams further subdivide the property and charge an unreasonable amount for a substandard and potentially dangerous accommodation. There is a risk that the 'real' landlord would be prosecuted for poor standard conditions, lose rent due to the 'sub letter' absconding with rent payments, or the tenants not paying rent. The property owner could potentially lose their property.

5.4 **Additional Licensing (AL) - Houses of Multiple Occupation (HMOs)**

- 5.4.1 Additional Licensing (AL) of HMOs would regulate all HMOs including two storey HMOs. This will mean that the Standards Team and partners can start to tackle the many problems associated with them. The review group considered the best use of resources and the possibility of implementing AL for HMOs in preference to Selective Licensing (SL).

5.5 **Selective Licensing**

- 5.5.1 The review group found that Selective Licensing (SL) is a good way forward to target problem areas, reduce ASB and improve PRS housing (property conditions and management). Three main elements of SL are early education of landlords, encouragement for landlords to

come forward voluntarily and bring properties up to standard and more robust enforcement. SL has worked well in the All Saints area but it is resource intensive.

- 5.5.2 The All Saints scheme received £75,000 ABCD grant funding in order to carry out the research, feasibility and consultation and then implement the scheme. This included the appointment of a full time member of staff. This resource was only enough to cover the consultation and setting up of the scheme and the licence fees charged are insufficient to cover the full duration of the designation period (i.e. it does not “break even”).
- 5.5.3 The All Saints licensing scheme concludes on 4 January 2017; the Council can look to extending or renewing the scheme. The main aim of the scheme is to build resilience in order for landlords to maintain PRS standards themselves.
- 5.5.4 The review group were advised that there was a £3 million government grant available to tackle rogue landlords; however Wolverhampton was unsuccessful in its bid for a share. Wolverhampton Police, at the start of the review, were considering bidding for money from the Crime Commissioners Fund to work with the Council and partners to carry out a further SL scheme in the Pennfields area but this has not been progressed to date.
- 5.5.5 Any licensing proposal would generate some licensing income through fees, the set up and maintenance of the proposal would need to be funded through current budget. The review group considered that to run an effective licensing scheme there has to be resources available to maintain it.
- 5.5.6 Organisations representing landlords and letting agents at the evidence gathering session indicated they do not want further licensing of landlords and listed points for the review group to consider:
- All money goes to central government and the landlord can only get costs back, not preparation time.
 - SL has not changed the behaviour of bad tenants, they have to change themselves.
 - All landlords are treated the same, whether a single property owner or a professional landlord with multiple numbers and types of housing.
 - Landlords and neighbourhood wardens work closely in relation to low level crime and ASB.
 - Landlords run a business and felt that Selective Licensing incurs a cost which penalises good landlords in the selective licence area.

5.6 Rent with Confidence (RwC)

- 5.6.1 The Council was not successful in its bid for ‘Rogue Landlord’ funding in 2013, consequently a review of services and how they are delivered

was carried out. As part of that review, the 'Rent with Confidence' (RwC) campaign was proposed. Broadly the campaign is to:

- Continue with our “educate, encourage, enforce” approach, a review of our enforcement policy with a clearer structure for charging.
- Adoption of a “Rent with Confidence in Wolverhampton” approach to promoting good landlords and agents the introduction of a star rating for landlords and Additional Licensing of all HMOs.

5.6.2 The basic principle for RwC follows on from investigative work into poor management practices and illegal conversion of HMOs by some landlords. The Council and any potential tenants should be able to distinguish between good landlords and those who need to improve by means of fair and transparent self-selection process with minimum resources from the Council. This in turn will leave the Council to focus on tackling the poorest property conditions and rogue landlords.

5.6.3 The review group endorsed the way forward through early education of landlords, encouragement to join the accreditation scheme and bring properties up to standard and more robust enforcement. Currently the Council treats all landlords the same, whether they are a single property owner or a professional landlord with multiple numbers and types of housing, RwC differentiates between landlords.

5.6.4 The Housing Act 2004 and relevant legislation needs strengthening but this 'Rent with Confidence' proposal starts to address the basic issues that can move things on in relation to PRS Housing in Wolverhampton.

- Priority to tackle rogue landlords
- Accreditation: encourage landlords
- More affordable homes
- Decent Homes: improve conditions of private rented sector housing

5.6.5 The RwC campaign proposes to work with landlords to 'educate, encourage and enforce'. The RwC takes account of the type of landlord by adopting a star rating, which can only be obtained if they meet with set criteria. RwC also proposes to use a similar scheme for letting agents, it is anticipated that landlords and letting agencies, will take advantage of the scheme to promote their business using the star rating and it is a sure way to improve the standard of PRS and regulate landlords and letting agents in the City. Additional Licensing of all Houses of Multiple Occupation (HMOs) is stage two of the campaign. This will have a huge impact on improving poor quality in the City. RwC essentially encourages self-regulation of the accredited landlords and frees up the Standards team to concentrate on high priorities.

5.6.6 'Rent with Confidence' proposals have been shared with the Housing Executive Board and the Shadow Housing Minister, Emma Reynolds MP for Wolverhampton North has been briefed on the local housing challenges, including issues with the PRS.

5.7 Letting agents

- 5.7.1 The review group were interested to find that anyone can be a letting agent; there are no qualifications required and no legislation to follow. Letting agents run a business and many can be found in the 'high street' across the City. Currently letting agents have no responsibility to the tenant and often cannot advise them of their rights, they do not address the tenant's problems or carry out visits or repairs. Trading Standards take a lot of complaints about letting agents; the review group recognised a need to educate landlords and tenants about letting agents.
- 5.7.2 The review group acknowledged that there are good agencies, but that there is a need to regulate letting agents and look at a similar proposal as RWC for registering and grading letting agents. There is a role for the Council to offer letting services, working with Wolverhampton Homes to become a premier letting agent for the City.
- 5.7.3 The review group recommended that there is a need to regulate letting agencies and a need to highlight the need to the Housing Minister, Shadow Housing Minister and Parliamentary Select Committee.

5.8 Universal Credit (UC)

- 5.8.1 The likely impact of Universal Credit (UC) when implemented before the end of 2017 relates to transferring monthly benefit direct to the claimant and the tenant would be responsible for paying the landlord. There is good practice in Wolverhampton to reduce the risk, one landlord encourages his tenants to have an account with the Wolverhampton Credit Union, the 'jam jar' accounts are very good to assist the individual to manage finances and rent payments are prioritised.
- 5.8.2 Some landlords only rent to people who earn regular incomes and others rent to tenants on benefits. There is concern that landlords who are nervous about the security of payments by benefits claimants with the implementation of UC will change client portfolio, which in effect would end tenancy at the end of contract. One landlord with large numbers of tenants on benefits in London had already issued eviction notices due to UC. Although not an issue yet, there have been indications that it would also happen in Wolverhampton. The review group felt that some of the most vulnerable residents would be disadvantaged and at risk of eviction. The cost and numbers of homeless persons (many due to the end of short term tenancies) is rising in Wolverhampton. The review group acknowledge that many working people, who may claim tax credit and/or benefits, will also be affected by the introduction of UC.
- 5.8.3 The review group felt that there is a need for a housing steering group and /or the Welfare Reform Programme Board to keep a close eye on the implementation of UC and implications for homelessness in Wolverhampton.

5.9 Homelessness

- 5.9.1 Preventing homelessness and discharging the homeless duty to the PRS is a concern highlighted by the review group. Rising numbers of applications for homelessness are a major pressure to the Council, but the prevention team has made savings. A shortage of social housing and the Localism Act 2011 has given Councils the option to use PRS to discharge the homelessness duty. Bed and breakfast accommodation and other associated costs can be avoided if there is a supply of decent PRS accommodation.
- 5.9.2 Historically, domestic abuse has always been the top reason for homelessness, currently it is the non-renewal of short term tenancies. Private landlords can evict a tenant in just over 8 weeks by issuing a "Section 21 notice and does not have to give a reason.
- 5.9.3 Debt and Welfare Reform (WR) changes may impact on the number of people evicted by PRS at the end of short term tenancy. Citizen Advice Centre (CAB) and Refugee and Migrant Centre (RMC) advise that many illegal evictions, which have not materialised as a complaint, are an underlying cause of homelessness in the City. RMC also believe that there are not enough hostels in Wolverhampton hostels are in demand and are often full for the night which can result in people sleeping rough, registering as homeless or being directed to other Cities.
- 5.9.4 Early in the evidence gathering it was indicated that when PRS accommodation becomes available and is suitable for people at risk of being homeless there was no one point of contact to report it to. This has been rectified and a single contact point is now in place, as well as an online a pro-forma to for landlords to register properties. This has created more telephone time with people to prevent homelessness.
- 5.9.5 The review group felt that working with landlords to sustain tenancies can reduce spend and stabilise a potential growth item in the budget over the next 5-10 years.

5.10 The Rent Deposit Guarantee Scheme

- 5.10.1 The review group considered that when making a tenancy agreement with a letting agent or landlord there is usually a deposit required and rent paid in advance, plus agency fees etc. They recognised that often people who find themselves evicted from their homes cannot afford a deposit and are in a vulnerable position.
- The Rent Deposit Scheme comes in the form of a bond or guarantee which replaces a deposit with the Tenancy Protection Scheme. The bond or guarantee acts as a deposit to cover any uninsured loss or damage to a property for which you are responsible for. To qualify for the scheme you must meet set criteria but it offers assistance to vulnerable and homeless people.

5.11 **Mortgage Rescue Scheme**

5.11.1 The review group noted that the Mortgage Rescue Scheme (MRS) has been developed by Wolverhampton and aims to prevent vulnerable homeowners losing their homes through repossession. The MRS helps prevent homelessness and aims to assist people considered to be in priority need including:

- a pregnant woman
- someone with dependent children
- someone who is vulnerable because of old age or a physical or mental impairment

5.11.2 The scheme aims to help those families at risk of repossession (that is, their lender is actively seeking possession of the property through the courts) who can no longer afford their repayments and who would be entitled to homelessness assistance if repossessed. Help is available if people are :

- are struggling to pay your mortgage
- missed mortgage payments
- are being threatened with repossession
- being told to go to court

5.12 **Private Sector leasing scheme (PSL)**

5.12.1 Private sector leasing is a competitive market; privately owned empty accommodation is rented to tenants through Wolverhampton Homes (WH), who take full responsibility if the tenant does not pay. 50 properties have been signed up to the scheme so far, which has fallen short of the 200 envisaged at the start of the scheme. These properties, however, boost housing supply and allow the Council/WH to work with investor landlords to provide a service and decent affordable homes.

5.12.2 The landlords indicated that the WH scheme has 20% management fees, which is deemed to not be financially attractive to landlords. They suggested that if the management fees reduce to 10% it would be more attractive and the number of properties becoming available to WH may increase. The review group considered that for the 20% fee the landlord is guaranteed rent even when property is empty. A letting agent charging 10% management fee does not provide anywhere near the same level of service. The Wolverhampton PSL offer is better than some other PSL schemes (and even Council housing) because 'white goods' and carpets are included. WH continues to promote PSL and is looking to develop a social letting agency type approach to advertising privately rented property.

5.12.3 The review group recognised the need for stability for families in their homes and want to see longer leases, such as 5-7 years and to consider options to make the leasing offer more attractive on a case by

case basis. WH is currently undertaking a complete review of its PSL business model.

5.12.5 Later in the evidence sessions the Council received confirmation from the Homes and Communities Agency to proceed with the Empty Homes Leasing Scheme which will seek to identify and lease 30 residential dwellings which have been empty for over 6 months, for a period of 5 years. Those who take up the scheme may benefit from lower costs associated with refurbishment to bring them back into use; something previously flagged as a barrier by landlords to accessing the existing Private Sector Leasing Scheme operated through WH.

5.12.6 It was further considered that a 5 year leasing term would be more stable for a family and to ensure the family could settle to the surrounding infrastructure (schools, GPs, employment etc.)

5.13 Migration and Displacement

5.13.1 The review group were informed that some authorities (especially in London) are not fulfilling their duties under homelessness criteria and displacing families in Wolverhampton. The legislation (Section 203 of the Homelessness (suitability of accommodation) (England) Order 2012, does say that Authorities can transfer to a different place and London Boroughs use this to place around the Country. Officers have acted to notify the London Boroughs, and any other area that places homeless people and asylum seekers in Wolverhampton, that they have a duty to notify the local Local Authority (LA) when placing a person or family out of borough.

5.13.2 There is some data about migration but little is known about numbers of migrants in PRS accommodation / HMOs in the City. It is estimated that 75% of migrants migrate to the rented sector nationally. In relation to inter-Authority migration, anecdotal evidence indicates that authorities have used the Localism Act to implement additional criteria to deter displacement and migration, such as Sandwell Council 5 year residency criteria or 2 year payment of Council Tax. Residential qualifications relate primarily to Council housing and cannot be done lawfully within the PRS, however this may be an issue that the Council may want to consider in the future.

5.13.3 There is anecdotal evidence that refugees and migrants have been directed towards Wolverhampton from other areas such as Liverpool, either by hostels, volunteers advice or acquaintance and that many have no knowledge of or connection with Wolverhampton. Wolverhampton Housing Tenancy Sustainment Team works closely with the RMC to prevent homelessness. Wolverhampton Homes and the Standards team also call the RMC to assist in cases where there are language and cultural barriers. Indeed WH has now developed a formal partnership with RMC.

5.13.4 Other points raised as anecdotal evidence gives an indication of the issues migrants have reported to the advisors at the RMC centre, as follows:

- The number of enquiries from migrants to the RMC has increased to 40% this year. This may not be reflective of an increase in number of migrants to the City, records are not kept to demonstrate the type of visit / repeat visits etc.
- Many migrants have never owned a computer and do not know how to use one.
- Internet access and support is available at RMC but very limited in the migrant communities.
- The language and technical barriers, such as online applications and information make it difficult for many to understand or complete applications.
- More work needs to be done with the RMC to map issues and collate data.
- The Government contract G4S to house asylum seekers across the Country, some are situated in properties in Wolverhampton. If the property does not meet decent homes standard the Council has a duty to respond to complaints.
- 78% of migrants will end up in PRS housing or HMOs (legal or illegal).

5.13.4 The review group felt that Additional Licensing (AL) would ensure HMOs would be regulated and that new migrants were not living in overcrowded and unsafe houses.

5.13.5 It has been difficult to gather current hard data on certain issues, EU gateways have opened and anecdotal evidence from the RMC tells us that Wolverhampton has large numbers of people living in HMOs or staying with acquaintances in the City, these people are not registered as homeless and many are working and do not claim benefits. Registering all HMOs would help to map out how many people and where in the City.

5.14 Funding Source

5.14.1 The review group discussed a background paper which highlighted the impact of poor housing on children. The wider impact of not meeting decent homes standards, overcrowding etc. will have a deeper effect on communities and the financial burden in Wolverhampton and in the review group's opinion should be considered as a priority.

5.14.2 The review group discussed that there is a real need for more licensing in the inner City there are hotspots that are potential areas for Selective Licensing (SL). There should be SL and other funding pots to tap into through partnerships and which can address key issues such as the impact of poor quality housing on children and families, anti social behaviour (ASB) and health related issues.

5.15 Legislation

5.15.1 The Housing Act 2004 is not helpful in tackling today's problems and growth in the PRS industry. The legislation can be restrictive, in relation to giving notice of property inspections, and it is not strong enough in other areas. The regulation and accreditation schemes are voluntary and letting agents do not have to be qualified. The review group identified that certain elements of the legislation should be reviewed by the PRS Improvements Select Committee.

5.15.2 Some interpretation of the legislation by landlords and solicitors has uncovered a need for more guidance. The PRS team are working with the Local Government Association (LGA) to put together evidence that will lead to better guidance for magistrates in relation to the level of fines for private rented sector cases.

5.15.3 The select committee report 'Improving the private rented sector' was published during the review and several of the issues reflected locally are being highlighted nationally.

5.15.4 There is a recent move to register all private landlords in Wales; the Welsh Bill suggests registration of agents and landlords. It is expected that this will come to the UK in 3 or 4 years.

5.15.4 The review group were advised of a current parliamentary consultation papers relating to property standards in the PRS and Selective Licensing.

- ["Property conditions in the private rented sector"](#)
- [Selective licensing consultation](#)

The PSH team have provided responses to the consultations as necessary.

5.16 Best Practice

5.16.1 During the review the group considered several background papers to consider best practice which are listed in section 8 of the report.

5.16.2 'What works? Tackling Rogue landlords and improving the private rented sector' ([Shelter 2013](#)) was of particular relevance as it considers how Local Authorities can use the following actions to tackle rogue landlords and improve conditions in their private rented sector:

- Proactively manage and proactively inspect properties to make sure that they are appropriate homes for renters.
- Adequately resource and support their local enforcement teams.
- Take tough enforcement action against rogue landlords. And publicise their tough stance in the local press.
- Advise renters and give them the support they need to bring complaints to the council.

- Implement a clear complaints procedure and harness the skills of other agencies.
- Proactively manage their local private rented sector through accreditation and licensing schemes.
- Work to educate tenants and landlords of their rights and responsibilities.

The review found that many of the steps referred to above were already planned or being carried out in Wolverhampton which was very encouraging.

5.16.2 Crucially, the review group found that one element will usually not make the difference. It is important to develop a combination of different initiatives and interventions to address issues in the PRS. Equally important is a willingness to try new, innovative approaches, even when facing increasing resource constraints. Many of the examples within the guide prove how possible this is.

5.16.3 [House-proud](#) - How Councils can raise the standard of private rented sector (LGiU 2013). This document was considered and referred to through out the evidence gathering sessions.

5.17 Councillor Working Group

5.17.1 The review group suggested that a steering group should be formed to consider the issues that are affecting Wolverhampton and which need to be tackled in relation to the PRS. Group members felt that this is a serious and long term issue that must be monitored by an Advisory Board at least on a quarterly basis. The review group agreed that there should be a mechanism in place to continuously monitor and review all housing policies, including developments with the PRS and to examine housing organisational structures and their ability to respond to changes in demand and market forces.

5.17.2 The decent homes stock in the City is another area to imbed into reporting and action planning. A dashboard of housing indicators which cover strategic housing matters would give early indication of pressures in the City

6. Conclusions and Recommendations

6.1 The Review Group focused on gathering evidence to respond to the questions identified through scoping exercise.

1. What more can the Council do to engage landlords, ensure processes relating to PRS are right, properties are safe and that the homelessness duty is discharged to the PRS?

[Recommendations 1 - 6]

2. What are the implications for the Council of the rising trend of homelessness and growth of the growth of the PRS?
[Recommendations 7 - 11]
3. What is the extent and impact of displacement and Migration on PRS housing in the City?
[Recommendation 12]

6.2 Following evidence gathering the review group evaluated the findings and came to the following conclusion and recommendations:

1. Rent with Confidence

The review group agreed that the 'Rent with Confidence' campaign offers solutions to tackle a number of complex and interrelated problems in a growing Private Rented Sector (PRS): The review group recognised the importance of targeting resources into the Private Sector Team and how enforcing differently could have a large impact on the PRS landlords, the quality of accommodation and the people who use their services.

The review group felt that more regulation is needed to back up the voluntary accreditation scheme and Selective Licensing in the City, and the resources to be able to move forward with the RWC campaign should be further considered. The review group expressed concern about PSH team capacity to enforce and challenge against rogue landlords and implement RWC with proposed reduction in FTE posts in the team.

The review group shared the view that the PSH team are working in very difficult circumstances and cautioned that the Council should be thinking about the situation in five years' time when PRS housing has grown substantially and further into the future with at least 50% PRS housing anticipated by 2030. The group repeated the call for better legislation at National or EU level without which they felt Wolverhampton could be in a very difficult place due the expected growth of the PRS with reduced enforcement capability, the impact of UC changes to benefits and the potential growth in homelessness applications due to evictions.

Recommendation 1

(a) That Cabinet approve in principle the draft 'Rent with Confidence' (RWC) campaign (appendix 1) 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.

(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.

2. Review the PRS Enforcement Procedure

The review group were aware of the importance of audit and enforcement for property issues and were minded that there has to be effective enforcement to support any inspection regime. The review group identified the need to review the enforcement procedure, to make it fairer to the different types of landlord, recognising a landlord with two houses will probably not have the same resource, knowledge or experience as a landlord with 30 properties, some of which are HMOs. It was felt the review should identify where resources need to be re-aligned or strengthened.

The review group felt it important to raise awareness about tenants' rights, rogue landlords, illegal evictions and other problem areas or areas of concern to the public. It was agreed there is a need to strengthen and maximise publicity about these issues and also about prosecutions. It was felt that the messages should be concise and strong to get the message out to tenants and landlords.

Recommendation 2

That a review of PRS enforcement procedure 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.

3. Additional Licensing of all Houses of Multiple Occupation (HMOs)

It is not known where or how many HMOs there are, but the review group considered this a concern and want to make recommendations to address the issue. In particular to address the risks related to overcrowding, the health and wellbeing of individuals, the property layout, fire escapes and fire prevention measures.

The impact of poor and overcrowded housing and the associated problems on individuals, families and communities can be enormous and proposal needs to be fully explored with regards resource implications.

Recommendation 3

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

4. More Selective Licensing in Inner City Areas

Other initiatives had been tried to improve the PRS over a number of years, but where there are recurring problems or high concentration of incidents that impact on a community, the review group found that Selective Licensing is a solution that compels landlords to meet certain standards that addresses all sorts of issues. The review group, Police and the Council would like to see

more use of Selective Licensing in inner City areas as soon as possible, to work in partnership with landlords and Fire Service to improve safety and the housing offer. There may be funding available for start-up of another SL scheme, however it is recognised that resources have to be identified for sustaining the scheme.

Recommendation 4

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.

5. Regulation of Letting Agencies

Lettings agencies and lettings agents do not have a professional qualification or regulator.

Recommendation 5

That Cabinet recommend to the Local Government Association that there is a need to regulate letting agencies and to highlight the need to the Housing Minister, Shadow Housing Minister and Parliamentary Select Committee.

6. Parliamentary consultation papers

Much of the evidence received by the review group will inform recent and future consultation responses. The issues raised by the review group are also becoming headline issues for the Government as nationally there is a growth of the private rented sector. The PRS housing market is not currently regulated and public sector housing is well regulated

Recommendation 6:

That Cabinet note that a response has been submitted to the parliamentary consultation paper relating to property standards in the PRS and the need to consider a reformed approach, taking into account the evidence and findings of this review with regard

7. Establishment of a Housing Working Group

The review group recognised that to effectively develop the PRS it cannot be looked at in isolation, it is necessary to look at all housing issues and also wider issues that impact on landlords, home owners and tenants, such as debt, benefit changes, ASB and homelessness. It was felt that there was a need to have oversight of all issues associated with homes and tenants taking into consideration the findings of the review.

It was suggested that the steering group could develop a dashboard of indicators which cover strategic housing and associated matters.

Recommendation 7:

That a working group is established to monitor and review all housing matters, which would give a holistic view of Housing and an early indication of pressures in the City.

8 Review of the current Private Leasing Scheme

The review group found that landlords were not signing up to the WH PSL scheme because a 20% blanket fee for all landlords was deemed to be not attractive by the landlords. It seemed that landlords were not taking into account that for a 20% fee WH takes all the risk and the landlord gets security of a regular fixed income and all of the other benefits that the Council scheme offers.

The review group felt that there should be a review of the current scheme to see if it can be made more competitive, to consider a wider range of offers with better conditions for landlords and tenants, included creating longer term sustainable tenancies, and to make more of the publicity to the landlords for them to see the benefits and security of joining the PSL scheme as a secure option.

The review group suggested that the Council should consider developing a letting agent service, with expertise and resource of Wolverhampton Homes.

Recommendation 8

That a review of the current Private Sector Leasing (PSL) Scheme is carried out in light of rising demand for PRS housing in the City and consider financial incentives, such as Homes and Communities Agency funding, for encouraging landlords with empty properties to join the scheme.

9. Universal Credit (UC) rent adjustment period

Universal credit will be introduced before the end of 2017. It had been planned to slowly introduce the changes, giving time to tenants and landlords to adjust to monthly payments, in arrears. The review group were mindful that it is most likely that vulnerable people and those who are currently in short term tenancies in the City who will have difficulty with the change.

During the review there has been indication from PRS that some short term tenancies will not be renewed and more vulnerable people could be evicted. WH service level agreement (SLA) with the Council relating to rent arrears does not tolerate non-payment of rent and evidence has shown an increase in non-payment of rent and evictions since welfare reforms have been

introduced. Finding alternative accommodation in PRS will require a deposit or a security bond and many vulnerable people will need support.

The review group concluded that working with landlords to sustain tenancies during implementation of UC could reduce spend and stabilise a potential growth item in the budget over the next 5-10 years.

Recommendation 9

That Cabinet and Welfare Reform Programme Board agree that the Council and Wolverhampton Homes should work together with landlords to keep people in their homes during the introduction of Universal Credit.

10. Homelessness Prevention Team funding

The review group recognised that the prevention team demonstrated 1305 preventions during 2012/13 a saving of £3,393,000 and are predicted to make more savings in 2013/14. The main reasons for homelessness are due to the end of assured short-hold tenancy, followed by young people moving out and domestic violence. Whilst welcoming a one year grant extension for the preventing homelessness team the review group felt it would be better for a longer period, for five years, to embed changes to benefits, stabilise vulnerable people and families impacted by UC and help to increase availability and standard of PRS housing.

Recommendation 10:

That Cabinet note that DCLG funding for the Housing Options Homelessness Prevention Team ends March 2015 and give consideration of funding options for a five year period to embed changes to benefits.

11. Other Funding Sources to Improve the PRS

The correlation between child poverty and high concentrations of private sector housing is made in the Child Poverty Strategy. Poor living standards, overcrowding and unhealthy environments can be evidenced through prosecution files and photographic evidence. Improving the standards of PRS housing will improve health and wellbeing of vulnerable individuals and families.

Recommendation 11

That Cabinet give consideration to other funding sources to improve PRS Housing in Wolverhampton in relation to the impact of poor housing on children, educational attainment and anti-social behaviour, and that Cabinet further consider the wider impact that not meeting decent home standards has on the most vulnerable residents, mental and environmental health issues, overcrowding, the impact on

communities and the financial burden of these implications on the Council.

12. Displacement of Homeless people

The review group acknowledged that there are people and families placed in the City by other Local Authorities. The Localism Act 2012 enables authorities to discharge the homelessness duty to the PRS in other areas of the Country and they must notify the Authority concerned. Often the lower rents influence where the person is placed. Following the short term placement the families should be re-housed by the other Authority. Officers have acted to notify the London Boroughs, and any other area that places homeless people and asylum seekers in Wolverhampton, that they have a duty to notify the Local Authority.

Recommendation 12

That Cabinet note that displacement of homeless people was raised as a concern by the Review Group. More evidence is needed to establish the number of cases and the impact on the City more statistical evidence and data.

8. Appendix

Contributors to the review

Membership:

Cllr Wendy Thompson (Con)
Cllr Dr Michael Hardacre (Lab)
Cllr Michael Heap (Lib Dem)
Cllr Linda Leach (Lab)
Cllr Neville Patten (Con)
Cllr Rita Potter (Lab)

Witnesses:

| | |
|-------------------|---|
| Don Robbie | National Landlords Association |
| Andy Burton | Residential Landlords Association |
| Aki Ellahi | Chair of the Landlords Steering Group |
| Lyndon Whitehouse | WMBUS – Private Rented Sector |
| Lesley Williams | Service Manager, Private Sector Housing |
| Dominic Towey | Section Leader, Housing Standards |
| Paul Williams | Section Leader, Private Sector Housing |
| Christopher Hale | Head of Housing |
| Richard O’Leary | Homeless Prevention Officer |
| Dave Taylor | Homelessness Coordinator |
| Mark Henderson | Wolverhampton Homes |

Popsi Singh Citizens Advice Bureau
Olga Cenkute Refugee and Migrant Centre

Scrutiny Link Officers:

Christopher Hale Head of Housing
Nick Edwards Assistant Director, Regeneration

Scrutiny Officer:

Deb Breedon

9. Schedule of background papers

- Placement of Homeless Households Outside of London (CLG 6.2.14)
- Residents' Opinion Survey (Scrutiny Board 21.1.14)
- Welfare reform impact analysis November 13 (Scrutiny Board 21.1.14)
- Review of Property Conditions in the Private Rented Sector (LGiU 17.3.14)
- Localism Act 2011 - Discharging the statutory homelessness duty into the private rented sector
- Housing Act 1996 (Part 7 Homelessness)
- Housing Act 2004
- Reapplication Duty 2012
- CMIS links to Scrutiny Review of Housing – Private Rented Sector
- House Proud
- 'What works? Tackling Rogue landlords and improving the private rented sector' [Shelter report September 2013](#)
- How many homes – assumptions
http://howmanyhomes.org/resources/Choice_of_Assumptions.pdf
- Housing allocations policy March 2013 - [here](#)
- Housing strategy, performance and policy -
http://www2.wolverhampton.gov.uk/housing/strategy_performance/default.htm
- Scrutiny review progress on implementations of recommendations – (currently being updated)
- Re-application duty 2012 - [here](#)
- Good practice: Birmingham social letting model – [Birmingham Home Choice](#)
- Other pages from Birmingham: [Birmingham finding a home](#) and [Birmingham Private sector housing](#)
- [January 2012 A&C Scrutiny update - Homelessness](#)
- Legislation:
 - Localism Act 2011
 - Housing Act 1996 (Part 7 Homelessness)
 - Discharging the statutory homelessness duty into the private rented sector
 - Reapplication Duty 2012

- Government extract: 'The government is helping local councils and developers work with local communities to plan and build better places to live for everyone. This includes building affordable housing, improving the quality of rented housing, helping more people to buy a home, and providing housing support for vulnerable people':
<https://www.gov.uk/government/topics/housing>
- Laying the foundations a Housing Strategy for England (2011)
<https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>
- Housing and migration : network guide
[http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Housing and migration A UK guide to issues and solutions](http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Housing%20and%20migration%20A%20UK%20guide%20to%20issues%20and%20solutions)
- UK Migrants and the private rented sector: HACT
<http://www.jrf.org.uk/sites/files/jrf/migrants-private-rental-sector-full.pdf>
- Chartered institute Housing <http://www.cih.org/>

Appendix 1

RENT WITH CONFIDENCE DRAFT PROPOSALS (V1)

Aim/Outline

The aim of Wolverhampton's "Rent with Confidence" campaign is to encourage a more professional private rented sector and allow potential tenants to exercise choice with regards to selecting property and a reliable landlord or agent. It is hoped that by adopting an approach of ranking landlords and agents who operate across the city, the Council will see an increase in the numbers of reputable landlords coming forwards to take up a more significant share of the market. This in turn will drive up standards in property condition and management, and it will also provide the Council with a reliable process for discharging homelessness duty into the private rented sector (PRS).

This is in line with the "educate, encourage, enforce" hierarchy as described below and will be included into the revised enforcement policy (subject to approval following consultation).

The basic principle for "Rent with Confidence" follows on from investigative work into poor management practise and illegal conversion of houses in multiple occupation (HMOs) by landlords who have undertaken accreditation and are purporting to be reputable, and looks to be able to distinguish between good landlords and those who need to improve by means of a fair and transparent self-selection process with minimum resources from the Council. This in turn will leave the Council to focus on tackling the poorest property conditions and the very worst and criminal landlords.

The Council has five key priorities within its Housing Strategy; one of those is to improve standards in the private rented sector. The Council recognises the importance of this sector in providing accommodation for our residents; however, the Council has to balance that to ensure that the health, safety and wellbeing of residents (many of whom may be vulnerable) are met. Therefore Wolverhampton Council has adopted and maintains an approach of effective enforcement where engagement is not effective, and also works across agencies with the Police, UK Border Agency and the Fire Service to help to identify where poor standards and overcrowding exist in the private rented sector. The Council is currently considering a number of strategic interventions to address identified issues and this may include Additional, and further use of, Selective Licensing schemes and a review of our policies with regard to engagement and support of the sector including the continuing role of enforcement. The Council will be consulting on any proposals with all partners, including landlords, in due course.

Background

Nationally the PRS has grown rapidly; more than doubling in size over the past ten years. This is the situation in Wolverhampton (see appendix 1 for more statistical detail). However, there has been a rise in the "Rogue" Landlords/criminal element and this has been evidenced by the numbers and types of complaints received, and following joint partner operations as described above. Wolverhampton Council has

pledged its support to the Shelter “Tackling Rogue Landlords” campaign and continues to align its services in able to advise and assist landlords to provide good quality accommodation and takes appropriate action where landlords then fail to comply.

Wolverhampton City Council’s Private Sector Housing Service is has taken the following enforcement action to date:

| YEAR | PROSECUTIONS | CAUTIONS | FORMAL WARNINGS |
|-------------------------|--------------|----------|-----------------|
| 2010/11 | 0 | 1 | 1 |
| 2011/12 | 0 | 1 | 1 |
| 2012/13 | 4 | 3 | 1 |
| 2013/14 (to end August) | 6 | 2 | 2 |

Educate, encourage, enforce

It is proposed to review the current enforcement policy to reinforce the Council’s “educate, encourage, enforce” stance and see it link into the “Rent with Confidence” proposals thus:

Educate – the Council encourages 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). The Council will seek to promote Rent with Confidence and encourage 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 so this detail needs to be very carefully worked through).

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.

The processes for enforcement will be revised to take account of the type of landlord the Council is taking action on: a letting agent or portfolio (professional) landlord should be fully compliant with the legal requirements of property management and therefore any action should be appropriately charged. Initial proposals on this are:

- 1-4 properties = amateur landlord**
- 5-19 properties = semi-professional landlord**
- 20-upwards = professional landlord, letting agent or registered social landlord. If any notices are required within this limit are automatically charged for as this action should not be necessary. Any schedules and repeat visits should also be charged.**

(The Council would not normally expect to have to take enforcement action against any social or registered landlord, however, the enforcement policy ensures that the welfare of residents in the City are protected regardless of tenure/landlord and that the professional status of the landlords are appropriately acknowledged).

Proposals for “Rent with Confidence”

The scheme is proposing to use an easily recognised **Star Rating**. Landlords will only be able to obtain the ranking of scores using the following criteria:

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 licenses 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. If the landlord is not accredited/NLA/RLA/MLAS accredited or has had any standards 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 issue any notices – **if they are accredited and have had a valid notice served since accreditation (to remain in force for 5 years) they go back to 1 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 2 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 black cross landlord) = a landlord that has been prosecuted for Housing Act Offences (or similar which means they do not meet the not fit and proper test)

and for the period or the prosecution and a link to the details of the offence (no longer than 5 years or subject to the Rehabilitation of Offenders guidance).

Process for Letting Agents

It is proposed to operate a similar score rating for letting agents who can chose to sign up and will have to meet requirements. Currently, complaints about Letting Agents make up nearly 50% of all complaints to Trading Standards and from 1 April 2014 Letting Agents will have to be members of a Redress Scheme in the same way that Estate Agents are regulated. Trading Standards Officers are currently visiting all Wolverhampton company registered Letting Agents to offer advice and guidance on “getting it right;” particularly with regards to rent deposits, hidden fees and contractual matters. Rent with Confidence for Letting Agents could be a simple process of auditing and checking for complaints and breaches following these visits.

Implementation

It is suggested that this proposal is considered by Scrutiny and subject to wider consultation prior to implementation (and is referred to as an area for development within the Private Sector Housing Strategy).

Implementation will need to be incremental in three key stages:

Review and consult on “**educate, encourage and enforce**” including a review of the Enforcement Policy which will need to be agreed by Cabinet to be completed by 01/06/14.

Develop and consult proposals for “**Rent with Confidence**” including monitoring and complaints/arbitration process to be completed and operational by 01/10/14

Develop and consult on proposals for “**Additional Licensing of all HMOs**” including formal designation for scheme to become operational by 01/04/15.

Once implemented it will be the responsibility of the PSH team to maintain the records through a process of proactive checks and monitoring of service requests through the Council’s IDOX system. Prosecutions can be linked and flagged to be removed five years after the offence in line with current legal requirements.

Monitoring

A robust monitoring mechanism will need to be developed in place and information prior to implementation of each phase and regularly updated.

Lesley Williams (ext. 0553) – January 2014