

# **North Somerset Council**

## **REPORT TO THE ADULT SERVICES AND HOUSING POLICY AND SCRUTINY PANEL**

**DATE OF MEETING: 27 JUNE 2019**

**SUBJECT OF REPORT: PRIVATE RENTED SECTOR CONDITIONS UPDATE**

**TOWN OR PARISH: ALL**

**OFFICER/MEMBER PRESENTING:**

**KEY DECISION: N/A**

### **RECOMMENDATIONS**

1. The Panel note the background information in relation to the private rented sector
2. The Panel note progress made to improve housing conditions in the sector and specific actions to target rogue landlords.
3. The Panel agree to receiving regular reports on the progress of the Area Action project.

### **1. SUMMARY OF REPORT**

A summary of the tenure breakdown and stock condition of privately rented homes in North Somerset is provided followed by a description of the Review of Housing Conditions in the Private Rented Sector completed in 2017. The Review resulted in a formal decision to commence an Area Action approach in a specified area in Weston-super-Mare.

A brief description of legislative and guidance changes recently introduced to support Local Authorities in their regulation of the sector is provided alongside information about how the service has been actively implementing these changes.

The key areas are:

- Expansion of mandatory HMO licensing
- Enforcement policy update
- Domestic Private Rented Sector Standard (Energy)
- Area Action implementation

The final section provides an outline of next steps and service outcomes.

### **2. POLICY**

This report contributes to the delivery of the Housing Strategy by improving housing conditions in the private rented sector.

### **3. DETAILS**

#### **Tenure and Housing Conditions**

The tenure breakdown for North Somerset based on the number of dwellings (97,393) is as follows: 72% are owner occupied, **19% private rented** and 9% social rented.

There has been a significant growth in the private rented sector (PRS) in North Somerset over the last 10 years or more, partly driven by “buy to let” mortgages. Stock condition modelling shows of the estimated 18,505 dwellings in the sector, 16% (2,973 dwellings) have category 1 hazards (minimum statutory standard).

The highest concentrations of private rented dwellings are found in Weston-super-Mare Central, Hillside and Winterstoke Wards; with the exception of Winterstoke Ward these areas also have relatively high levels of category 1 hazards.

The highest concentrations of homes in disrepair in the private rented sector are found in Weston-super-Mare Central, Hillside and Milton Wards.

Outside of Weston-super-Mare there are smaller pockets of poor housing mainly located in older stock in Clevedon and Portishead, mainly associated with solid stone built Victorian style buildings.

The numbers and concentration of PRS is not surprising when compared to similar Local Authorities including coastal resorts and often town centres have a higher proportion of rented accommodation linked to employment.

#### **Legislative changes**

The Government have indicated a strong commitment towards tackling poor quality housing in the sector and have introduced several legislative changes, particularly focusing on rogue landlords, to support Local Authorities in achieving this aim. These include:

- Expansion of mandatory licensing of Houses in Multiple Occupation (HMOs) to a wider type of building (mainly removing the 3 storey requirement). Estimated over 200 additional HMOs to be licensed in North Somerset
- Introduction of civil penalties for housing enforcement work. The Council’s Housing Enforcement Policy has been updated to incorporate these provisions.
- Creation of a database of rogue landlords and letting agents who are subject to banning orders.
- Restriction on new tenancies for poorly energy rated homes i.e. Energy Performance Certificates Category F&G.

#### **Expansion of mandatory HMO licensing**

The scope of mandatory HMO licensing was extended to buildings one or two storeys in height (previously minimum three storeys). The occupancy requirement for licensing means buildings must be occupied by five or more persons, from two or more separate households. It is estimated approximately 200 additional HMO licenses will need to be issued.

In addition; new mandatory licensing conditions were added to specify minimum sleeping room sizes and prescribed waste disposal provision requirements.

## **Enforcement Policy update.**

The strategic housing enforcement policy was updated in 2018:

The main changes were:

- Incorporating policy guidelines for setting civil financial penalties
- Incorporating a statement of principles for the Smoke and Carbon Monoxide Alarm Regulations 2015
- Updating the policy in relation to our approach to providing information and guidance to service users, businesses and its link to enforcement

The policy sets out the council's approach to charging for enforcement action and makes it clear that, where appropriate, the true cost of officer time involved in taking formal action, such as serving notices, orders etc will be recovered.

Since the introduction of the policy and completion of staff training, financial penalties in the region of £10,000 have been issued against landlords and letting agents. A recent example is a fixed penalty notice has been issued for an unlicensed HMO in central Weston-super-Mare. The policy echoes the government drive for a more enforcement driven approach against non-compliant landlords using all the additional tools available.

## **Domestic Private Rented Sector Standard (Energy)**

The Energy Act 2011 places a duty on Government to improve the energy efficiency of buildings in the private rented sector. Consequently, the Government introduced regulations establishing a minimum level of energy efficiency for privately rented property. These regulations had the effect that from April 2018 landlords of privately rented property must ensure that their properties reach at least an Energy Performance Certificate (EPC) rating of E before granting a new tenancy to new or existing tenants. These requirements will apply to all private rented properties even where there has been no change in tenancy arrangements from 1 April 2020.

Initial estimates suggested there are over 1,000 properties in the sector in North Somerset which fall into that category although energy efficiency measures carried out over last 12 months will have improved in the region of 120 dwellings above the minimum level.

A targeted publicity campaign is planned alerting landlords to these requirements and highlighting the financial penalties for failing to comply.

## **Area Action implementation**

As part of the decision to revoke a selective licensing scheme for part of Weston-super-Mare it was agreed that a further review of housing conditions in the private rented sector should be undertaken to identify and progress options to deliver the prime objective of improving housing conditions in the sector. The review focussed on central Weston-super-Mare and a formal Executive Member decision was taken in March 2018 to commence an Area Action approach of education, promotion and enforcement targeted on homes located in an area of central Weston-super-Mare. [\(Link to map of Action Area\)](#)

The Review, (as required by the Housing Act), considered the options available to the council to improve housing conditions in the sector, including introducing a Discretionary Licensing scheme, which were subject to extensive consultation. A detailed evaluation of the licensing options was undertaken as part of the review but on balance some of the disadvantages listed below made an area action approach more attractive in achieving the key outcome of improving housing conditions.

Key disadvantages of discretionary licensing included:

- Requires all homes to be visited including those which already meet standards
- Rogue landlords could avoid applying for a licence which requires intensive resources to ensure compliance.
- Penalises good and well-intentioned landlords through the cost of the licence
- Potential impact on rent levels for tenants
- Significant part of the income generated from the license fee is spent on the administration of the scheme rather than enforcement
- Planned extension of the mandatory licensing regime would cover small HMOs.

The Area Action approach involves:

- writing to all landlords with dwellings located within the area to inform them of:
  - the robust enforcement regime being implemented and directing them to detailed information on standards
  - confirming inspections of properties will be undertaken to check compliance with required standards
  - that if any failures are found enforcement action will be taken, including the application of Civil (financial) Penalties when appropriate.
  - encouraging landlords to join the local accreditation scheme (National Landlords Code of Excellence) and informing them that in this case their homes would not be prioritised for inspection as the scheme requires landlords to: undertake training, comply with legal standards and has a robust expulsion policy with referrals to the council where necessary.

This approach enables the service to focus its resources on Rogue Landlords' who have poor quality stock and will be prioritised for inspections; maximising the use of resources. Quality checks will be carried out on a sample of accredited properties and formal action would be taken if breaches of legislation were identified.

In launching the Action Area approach, a comprehensive programme of updating technical information was undertaken. A property database has been compiled to directly mail landlords. From an initial list of over 14,000 buildings (which included commercial properties) indicating private renting tenure, an address list of around 1,300 landlords and agents linked to over 2,300 dwellings has been identified to date. Tenure verification remains to be completed on approximately 5,600 properties and will be undertaken over the next few months.

The team have also been provided with enhanced training for investigating housing condition complaints, enforcement actions, health and safety implications and multi-agency partnership work.

A key element of the Action Area approach is education and support for the sector with a robust enforcement regime for any non-compliant landlords. We have worked closely with the only accreditation provider who meets the area action scheme requirements, National Landlord Code of Excellence (NLCE), who are based in North Somerset. NLCE have responded by enhancing their offer to incorporate a repair reporting facility for tenants,

updating their website to publicise accredited members (and members removed) and promoting and encouraging landlords to work with our Lettings Team to help find accommodation for homeless households. The emphasis on encouraging landlords to join an accreditation scheme has many advantages for both landlords and the Council. Accredited members benefit from a comprehensive compulsory training day, on-going access to information and advice, and regular training on essential topics e.g. fire safety, legionella. The Council benefit as the approach helps develop a professional and responsive sector and enables the council to focus its enforcement resources on 'Rogue Landlords'.

A suggestion supported by the previous Panel has been actioned through developing a simple "**Rogue Landlord**" reporting process which is accessed via the NSC website and has already resulted in 26 referrals since its introduction. This on-line reporting system is open to all (including tenants) and can be used to report concerns about housing conditions, harassment etc

The Council recently received funding via the Government's "**Rogue Landlord Fund**" for resources to increase publicity of the scheme through targeted action including strategically locating the MAVIS bus, dedicated leaflets, promoting accreditation through NLCE, uniforms for staff undertaking inspections, news releases and social media campaigns. This activity was successful in raising the profile of the service and engaging with tenants.

### **Next Steps**

The team are now focusing on inspections of properties based on priority using available data i.e. complaint data, licensed HMOs and departmental intelligence i.e. rogue landlord reporting.

The team have carried out a number of inspections on "action days" when individual landlords or streets are targeted in conjunction with partner agencies.

### **Future review of housing conditions**

The legislation requires a periodic review of housing conditions to determine if any strategic action is required. As part of the current strategy reviews are planned to evaluate effectiveness of the Area Action approach. If the evidence suggests it is not delivering the required outcomes e.g. landlords fail to improve conditions, we will revisit the case for discretionary licensing. It is recommended that the Panel receive regular monitoring reports on the progress and outcomes from the Area Action project.

### **Outcomes 2018/19 – Private Rented Sector**

- 52 HMOs improved (all in the Action Area)
- 20 Improvement Notices served (all in the Action Area)
- 65 PRS properties improved due to hazard removal (57 in the Action Area)
- 36 HMO licences issued (33 in the Action Area)
- 4 HMOs in the Action Area where licence application overdue referred for investigation (3 in Action Area)
- 3 civil penalties issued with value c.£10k in relation to properties located in the Action Area
- Prohibition Orders served banning the use of 4 homes in the Action Area
- 125 homes received home energy efficiency measures
- 258 complaints investigated from tenants (138 in the Action Area)

## **Outcomes 2019/20 to date – Private Rented Sector**

- 18 property inspections undertaken, all in the Action Area
- 7 licensing inspections of HMO's (6 in the Action Area)
- 4 Improvement Notices served, all in the Action Area
- 39 complaints investigated from tenants (21 in the Action Area)

78 landlords/agents have been accredited through NLCE, bringing the total number of units of accommodation owned or managed by accredited NLCE members (located within the Action Area) to approximately 1,500

## **4. CONSULTATION**

There has been routine informal consultation with landlords through the Private Sector Housing Forum who have expressed support for the approach the council have adopted. The Tenants Forum have been updated on actions being taken to improve housing conditions in the Private Rented sector. Extensive consultation was undertaken as part of the development of the Area Action proposal.

## **5. FINANCIAL IMPLICATIONS**

There are no direct financial implications associated with this report. Additional resources are being dedicated to delivering the Area Action approach funded through a government grant, Housing Reserves and income generated through enforcement activity.

### **Costs**

See above

### **Funding**

See above

## **6. LEGAL POWERS AND IMPLICATIONS**

The legal powers are as set out in legislation or through delegated authority under the Constitution.

## **7. RISK MANAGEMENT**

There are no specific risks associated with providing this report. The risks associated with the delivery of the Area Action project were set out in the Executive Member Decision (PC 68 – 2017-18)

## **8. EQUALITY IMPLICATIONS**

Equality Impact Assessments were undertaken as part of the Executive Member decisions relating to the Action Area approach (PC68 2017-18) and Enforcement Policy PC22 2018-19 and no significant risks were identified.

## **9. CORPORATE IMPLICATIONS**

The delivery of improvements to poor quality housing supports the achievement of the Corporate Plan outcomes for Health and Well-being and Quality Places.

## **10. OPTIONS CONSIDERED**

N/A

## **AUTHOR**

Howard Evans, Private Sector Housing Service Leader.

## **BACKGROUND PAPERS**

Executive Member decisions PC68 2017/18 and PC22 2018-19

<http://www.n-somerset.gov.uk/wp-content/uploads/2018/02/PC68-Signed-version.pdf>

<https://www.n-somerset.gov.uk/wp-content/uploads/2018/08/18-19-PC-22-signed.pdf>

Strategic Housing Enforcement Policy - <https://www.n-somerset.gov.uk/wp-content/uploads/2018/11/housing-enforcement-policy.pdf>

Appendices to the Enforcement Policy - <https://www.n-somerset.gov.uk/wp-content/uploads/2018/11/housing-enforcement-policy-fixed-penalty-notices.pdf>,  
<https://www.n-somerset.gov.uk/wp-content/uploads/2018/11/housing-enforcement-policy-statement-of-principles.pdf>

Review of Housing Conditions 2017 [http://consult.n-somerset.gov.uk/gf2.ti/-/870786/32422693.1/PDF/-/Review of Housing Conditions consultation.pdf](http://consult.n-somerset.gov.uk/gf2.ti/-/870786/32422693.1/PDF/-/Review%20of%20Housing%20Conditions%20consultation.pdf)

Map of the Action Area - <https://www.n-somerset.gov.uk/my-services/housing/help-landlords-letting-homes/health-and-safety-responsibilities-and-inspections/>