

Scrutiny Inquiry Report

Private Rented Sector Housing

Scrutiny Board (Safer and Stronger
Communities)

April 2012



Leeds
CITY COUNCIL



Introduction and Scope

Introduction

1. Following an earlier Scrutiny Inquiry into the Private Rented Sector in 2009, the Safer and Stronger Communities Scrutiny Board identified a need to revisit a number of longstanding issues surrounding quality standards and maximising the use of private rental accommodation in Leeds.
2. During the past few years, the cost of buying a new home has increased beyond what many people can afford. At the same time, social housing has become increasingly scarce. As demand for housing in the city increases, there is now greater reliance on the private rented sector to ensure there are enough homes to meet this demand. In view of this, it is important that there is consistency across the city in terms of the quality standards of housing provided by the private sector.
3. As the council is the primary enforcement agency for the conditions of health and safety within the private rented sector, our inquiry set out to ensure that existing regulatory and enforcement powers available to the council are being used effectively and that current demands for such services are being met. However, we also considered the projected demands for such services, taking into particular account the potential impact of the Welfare Reform Bill on private sector tenants and landlords.
4. We also recognised that homes that stand empty are a wasted resource and have a detrimental effect on neighbourhoods. Whilst most empty homes are privately owned, there are measures available to local authorities

to bring them back into use. These range from informal advice and encouragement through to practical measures such as private sector leasing schemes and the use of enforcement powers. We therefore paid particular attention to the efforts being made in bringing long term empty properties back into use.

Scope of the Inquiry

5. The scope of our inquiry was to make an assessment of and, where appropriate, make recommendations on the following areas:
 - the challenges in dealing with long-term private sector empty properties and actions in place to bring them back into use;
 - current and projected demand levels for private rented sector housing in Leeds
 - the potential impact of the Welfare Reform Bill on private sector tenants and landlords;
 - the role of the council, and its partners, in providing effective regulation and enforcement services to the private rented sector;
 - the development and growth of the Leeds Landlord Accreditation Scheme.
6. As part of our inquiry, we welcomed the contribution of witnesses across a range of services, all of whom are working tirelessly to support the development of the private rented sector in Leeds.



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7. In November 2011, Members of the Scrutiny Board also welcomed the opportunity to take part in the first Landlord Conference aimed specifically at private landlords within the city. This breakthrough event attracted an overwhelming amount of interest, with 225 people expressing an interest in attending and just over 150 attending on the day. We found this event extremely helpful in terms of obtaining the views of landlords on a number of key issues which significantly affect this sector, which included housing regulation and enforcement, planning policy, energy efficiency and welfare reform.



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The current use of regulatory and enforcement powers

8. The private rented sector in Leeds is monitored and regulated by the Housing Regulation Team, which we are pleased to note is now based within Housing Services following a restructure of the Environment and Neighbourhoods directorate during 2011.
9. The principle legislation covering housing activity is the Housing Act 2004, which covers the following:
 - Housing Standards and Enforcement – for singly occupied and smaller houses in multiple occupation (HMO's), utilising the Housing Health and Safety Rating System (HHSRS)
 - Mandatory licensing for the high risk houses in multiple occupation (HMO's)
 - Discretionary Licensing – for designated areas of the city
10. As part of our inquiry, we discussed how the above regulatory powers are utilised and their overall effectiveness in raising standards within the private rented sector, based upon current levels of resources. In doing so, we also acknowledged the complementary role of the Leeds Landlord Accreditation Scheme as a means of enabling landlords to self-regulate, thereby providing a cost-effective way of improving standards. In recognising the value of this scheme, particular attention was given to exploring how this scheme can be developed and expanded further across the city. We have addressed this in more detail later within our report.
11. We recognise that a key measure of housing standards is the Housing Health and Safety Rating System (HHSRS). This applies to all dwellings of tenure and directs councils to consider a range of 29 identifiable hazards and assess the risk posed by those hazards. The most serious hazards are classed 'category 1' and the council has a duty to take action to eliminate or significantly reduce the hazard. The 29 hazards are arranged in four main groups reflecting the basic health requirements; physiological; psychological; protection against infection and protection against accidents including falls.
12. The effect of HHSRS has been a move away from prescriptive standards to a risk based assessment, although the council does still provide advisory standards where appropriate.
13. We acknowledged that the last Leeds Private Sector House Condition Survey (2007) revealed that the major hazards affecting the private rented sector in Leeds are excess cold, falls (on stairs, falls on the level and between levels) and fire safety. This survey also highlighted that excess cold hazards in this sector account for 61.6% of all category 1 hazards and pose the greatest challenge for the council to resolve.
14. The council is the primary enforcement agency for conditions of health and safety in the private rented sector. Such enforcement action may involve one or more of; informal advice, service of Notices (Improvement Notices, Suspended Improvement Notices, Prohibition Orders or Demolition/Clearance areas),



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prosecution, formal caution or works in default.

15. We learned that during 2010/11, 3,087 requests for service, of which 1,213 related to non licensable properties, were investigated under the HHSRS provisions. As a result, 672 properties were formally inspected under the HHSRS provisions and 869 hazards, of which 307 were category 1 hazards, were removed or reduced following formal interventions. A total of 833 Enforcement Notices had been served during 2010/11 and a further 562 properties were also improved using informal interventions.
16. The Housing Act 2004 introduced another statutory function for councils to undertake in relation to the mandatory licensing of certain high risk houses in multiple occupation (HMOs). The primary purpose of HMO licensing is to protect the health and safety of tenants living in them. A secondary purpose is to ensure that HMOs are managed in a way that avoids them having an adverse effect on the immediate neighbourhood.
17. We are pleased to note that the implementation of the HMO mandatory licensing scheme has been largely successful and that Leeds is considered to be one of the leading authorities in the country with many authorities now following the procedures implemented by the council.
18. The HMO licensing scheme is intended to be self funding, with revenue being obtained from a license fee for each HMO paid by the landlords. However, we understand that the budget for the first 5 year phase of licensing indicates that this will result in a significant budget

pressure on the general revenue account. In view of this, we acknowledge that work is currently being undertaken, which will include consultation with the private sector, to review the procedures and fee structure in order to achieve a cost neutral service for the next 5 year phase of licensing. In doing so, we recognise the need to ensure that the service maintains its high standards at a fair and transparent cost.

19. The Housing Act 2004 also introduced discretionary licensing powers that the council could introduce subject to certain criteria. This involves the option of Selective Licensing. The aim of Selective Licensing is to complement other regeneration initiatives within an area; to improve the management of the private rented sector within an area; to help increase demand for the area and support both tenants and landlords and the local community; and contribute to a sustainable community and neighbourhood. Selective Licensing cannot be introduced in isolation but must be part of an overall regeneration of an area. Once approved, a landlord would need a licence to operate. Operating without a licence is an offence with a fine of up to £20,000. In Leeds, there is an area of private rented sector housing located in the Cross Green and East End Park district which was formally designated as an area of Selective Licensing in October 2009.



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The need for more proactive and integrated local management action

20. It was evident during our Inquiry that housing standards work remains primarily a demand led service dealing with a significant volume of reactive complaint work. Whilst this forms an integral part in improving housing conditions in the private rented sector, we recognise the need to consider how it could work differently to achieve greater efficiencies and have an even bigger impact on the private rented sector.
21. The previous Scrutiny Inquiry into Private Rented Sector Housing led the former Environment and Neighbourhoods Scrutiny Board to conclude that there is a danger of describing the private rented sector as one homogenous tenure given the different variations available.
22. Private rented housing provides a home for many different types of household markets, such as students (both undergraduates and mature students); nurses; doctors and young professionals; retirement accommodation; low income households; benefit claimants and households relocating from other parts of the country, migrating from outside the UK or seeking asylum.
23. As highlighted by Scrutiny in 2009 and reinforced at that time by the Rugg Review (a national review of the private rented sector commissioned by the government), the configuration of sub-

markets within the private rented sector will vary from area to area and therefore the complexity of the sector has to be appreciated in any policy development. Therefore, in order to manage and regulate such a diverse market effectively, the council's approach in dealing with this sector needs to be multi-dimensional in order to meet the differing needs and expectations of these various sub-markets.

24. During the Landlord Conference, a key issue raised by the landlords in attendance was the need to deal more effectively with the irresponsible landlords who tarnish the reputation of the sector as a whole. Such landlords are unlikely to want to engage with the council and therefore a more proactive approach is required to target such landlords.
25. We acknowledge the success of the Selective Licensing scheme at Cross Green and East End Park in targeting and licensing landlords within these particular areas to meet particular standards. However, we are also aware of the significant initial development costs needed to undertake full consultation and produce a comprehensive business case in support of such discretionary licensing schemes in order to get approval from the Secretary of State.
26. It was also clear during the Landlord Conference that many landlords do not consider the use of a blanket licensing scheme to be the most effective tool as it can adversely affect the professional landlords whilst still leaving some irresponsible landlords to operate under the radar. Instead, it was felt that more targeted local management action was



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needed by the council to deal with areas where there are particular issues of anti-social behaviour and poor property standards. We acknowledge that the National Landlords Association also advocates the move towards such targeted local management action by councils.

27. The council has now moved towards an integrated locality working model in the three council wedges of East North East, South East and West North West. The opportunity therefore exists to utilise this model of working to gather more robust intelligence about the make up of housing tenures and the various sub-markets of the private rented sector within different localities. In doing so, this could be reinforced with data mapping identifying where the majority of housing complaints originate from and also using the Leeds Stock Condition Survey to help identify particular problem areas. It is within these 'hot spot' areas that require more proactive and targeted action.
28. Linked to this approach, there should also be closer working with local landlords to help gather further intelligence and also gain their support for such targeted action. Whilst this could be captured through the existing landlord forums, there would also be merit in establishing local landlord forums, particularly within identified 'hot spot' areas. Overall, this proactive and intelligence led approach will enable the council to direct resources more effectively into areas where there are greater housing demand needs.
29. We share the frustrations of those landlords that do actively engage with the council but feel let down when a minority of irresponsible landlords are able to continue operating under the radar. When private sector properties are not already subject to a licensing scheme, the reactive nature of the Housing Regulation Team's work is reliant upon a complaint being made. In adopting a more proactive approach towards identifying and addressing priority problem areas, this also takes the onus away from tenants to report substandard living conditions. This is particularly important in relation to vulnerable tenants who may be fearful of any repercussions from landlords who are made to improve their properties as a result.
30. Whilst we acknowledge that many of the landlords that are currently unknown to the council may be operating due to ignorance rather than roguish intent, it is vital that these are identified so that the council can work closely with them to ensure that they are operating to appropriate standards. Enforcement action would only then be needed if landlords refused to cooperate.
31. Within this current financial climate, we acknowledge that the key challenge facing the Housing Regulation Team is ensuring that any resources diverted to conducting such proactive activity does not detract from the valuable reactive work that is undertaken to deal with the large volumes of demand led complaints received by the service. This also includes the mandatory functions of the council in removing category 1 hazards and administering HMO licensing, which would need to continue in order to meet statutory duties.
32. It is clear that a balance needs to be struck in view of current budget



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constraints. However, in view of the longstanding issues faced by the council in striving to achieve consistency in the quality of housing standards within the private rented sector, we strongly believe that such proactive activity needs to be supported to enable more robust monitoring and regulation of this sector, particularly as the demand for private rented sector accommodation is likely to increase even further in the future.

33. However, similar to the principles surrounding Selecting Licensing, there is also merit in working collaboratively with other council services and partners, such as Environmental Action Teams, the Leeds Anti-Social Behaviour Team and the Police to achieve maximum efficiencies and improve the uplift of an area as a whole. This combined working, linked to the development of neighbourhood plans, could lead to longer term improvements within the identified 'hot spot' areas of the city.

34. We therefore urge the Executive Board to support the principle of adopting a more proactive and targeted integrated management approach in addressing those areas of the city that have greater housing and environmental needs. In doing so, we further recommend that the Director of Environment and Neighbourhoods works closely with the Housing Regulation Team and Locality Managers to begin developing this approach based upon the existing locality working model and harnessing the neighbourhood planning principles of working collaboratively with other key council services, partners and landlords to maximise and target resources effectively.

35. We believe there would be merit in first conducting a pilot to enable the outcomes of such an approach to be measured effectively.

Recommendation 1 That the Executive Board:

- (i) supports the principle of adopting a more proactive and targeted integrated management approach in addressing those areas of the city that have greater housing and environmental needs.**
- (ii) requests the Director of Environment and Neighbourhoods to work closely with the Housing Regulation Team and Locality Managers to begin developing this approach based upon the existing locality working model and neighbourhood planning principles of working collaboratively with other key council services, partners and landlords to maximise and target resources effectively.**
- (iii) requests the Director of Environment and Neighbourhoods to identify potential 'hot spot' areas of the city in which to undertake a pilot of this approach.**
- (iv) requests the Director of Environment and Neighbourhoods to report back progress to the Executive Board and Scrutiny within the next 6 months on implementing the above.**



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Raising the profile and attraction of accreditation

36. Voluntary accreditation schemes can help landlords to self-regulate and is an extremely cost effective way to improve standards in the sector in preference to more expensive enforcement action.
37. The Leeds Landlord Accreditation Scheme (LLAS) was originally launched as the Leeds City Council's Code of Standards for the Private Rented Sector in April 1997 and was based on the existing Unipol Code of Standards. This scheme was reviewed in 2001, updated and re-launched as the LLAS. As at 31st March 2011, we noted that the membership levels of the LLAS stood at 483 and incorporated 20,461 bedspaces. It was also highlighted that the majority of members' properties at this point were located in the student market area of North West Leeds (42.4%).
38. We noted that from April 2011, the council entered into an agreement with the Residential Landlords Association (RLA) to administer the scheme. As part of our inquiry, we therefore welcomed the contribution of the Chair of the RLA. We learned that the LLAS scheme is now being developed primarily as a web based site which allows for ease of use by landlords and access to information by the scheme administrator, Leeds officers and the public.
39. It was considered that such a scheme can be self financing with a robust data system that is automatic, although it was highlighted that the initial development of this had caused some difficulties. The main challenge was moving away from a manual system of renewal to an automated system. However, it was reported by the Chair of the RLA that there are now adequate resources provided to ensure that it is functioning effectively and improvements are proceeding to enable the required monitoring and reporting mechanisms.
40. However, in January 2012 we were disappointed to learn that there had been a recent significant decrease in membership numbers (down to 189). In discussing the possible reasons for this, it was highlighted that all scheme members are now required to pay a membership fee and that this had also recently been increased.
41. It was highlighted that as most scheme members were principally part of the Unipol accreditation scheme and had not previously been requested to pay a membership fee, this may have led to some resistance from these members to pay towards the LLAS. However, other possible reasons explored were around lateness in renewing membership, the lack of knowledge of the new system for renewal or possible initial problems with the database.
42. To redress this problem, the Chair of the RLA explained that a number of actions were planned, which included:
- increase marketing to lapsed members including further mail shots, e-mails and telephone contact.
 - emphasis on developing benefits including the local benefits offered by Leeds Licensing fee reduction and enforcement protocol etc



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- improvements in methods of renewal of membership and also working individually with large portfolio landlords to improve the service they receive.
43. We noted that the private sector landlords engaged in the earlier Scrutiny Inquiry in 2009 explained that they had joined the LLAS to help improve their own standards and also develop a closer working relationship with the council. However, one of the key issues raised then was around the lack of communication with tenants in raising the awareness and profile of the scheme.
44. We acknowledge that the drive to join the Unipol scheme is more aggressive as students know to use an accredited landlord. Accreditation has therefore been successful within the Leeds 6 postcode areas (Beckett Park, Headingley, Hyde Park, Meanwood, Woodhouse), as these are predominately student areas. The same level of recognition is generally not seen within other private sector markets and therefore more effort needs to be made to raise the profile of the LLAS within areas where it is not already active. The key is also to attract landlords with larger property portfolios in order to increase bed space coverage across the city. This has already been recognised by the Residential Landlords Association.
45. We would like the LLAS to be seen as a charter mark of respectability by landlords and their prospective tenants. We do appreciate that there will be many landlords that are not members of the LLAS but who maintain standards that extend beyond what is expected from scheme members in order to meet the high demands dictated by the tenants within their own particular sub-market. Whilst such landlords may then be left questioning why they should join the LLAS when they not obliged to, we have to strive to make the scheme attractive so that the vast majority of landlords are instead left questioning why they are not already a member.
46. To attract and retain private rented sector landlords to the LLAS, it is imperative that the scheme continues to offer attractive incentives to landlords. A recommendation was made by Scrutiny back in 2009 which requested the Director of Environment and Neighbourhoods to take a lead on promoting a one council approach towards introducing concessions as a way of retaining and attracting more private landlords to the LLAS. In tracking this recommendation, we appreciate that current financial constraints make in-house concessions very difficult at present and therefore a balance has to be struck between incentives to attract and retain members of the scheme and other budget considerations. However, we are aware that external financial incentives are actively sourced and promoted through the LLAS Network and landlord forums, which continues to be well received by scheme members.
47. We need to know more about what would appeal to the different sub-markets of the private rented sector. Earlier within our report, we recognised the need to develop closer working relationships with landlords, either through existing landlord forums or in establishing new localised forums. Such forums could be used to gather



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more intelligence about what would make the scheme attractive to landlords and their particular markets.

48. Such forums could also include representatives from local managing agents and letting agents to gain a wider understanding of the various sub-markets operating within areas and to share ideas on how to address their specific needs. We therefore recommend that the Director of Environment and Neighbourhoods works closely with the Housing Regulation Team, Locality Managers and the Chair of the RLA to explore the development of this approach.

Recommendation 2

That as part of the drive to recruit and retain landlords to the Leeds Landlord Accreditation Scheme, the Director of Environment and Neighbourhoods works closely with the Housing Regulation Team, Locality Managers and the Chair of the Residential Landlords Association to:

- (i) engage more effectively with existing landlord forums and;**
- (ii) explore the development of local landlord forums, particularly within identified 'hot spot' areas of the city, to share ideas on how to address their needs.**

A co-ordinated approach towards empty properties

49. Tackling empty homes in the city is a headline indicator in the City Priority Plan 2011-2015. We acknowledge that this is a complex issue as there are numerous reasons why properties remain empty.
50. Empty properties across the city have continued to be monitored since 2005 and we are pleased that such monitoring is showing a downward trend from approximately 12000 long term voids to around 6500 towards the end of 2011. In February 2012, it was reported to the Leeds Housing and Regeneration Partnership Board that even in the current financial climate, the last reported figures up to October 2011 showed that the trend was slightly downward in terms of void properties. We believe this reflects the considerable work undertaken to ensure that empty properties are tackled as soon as possible to prevent issues arising.
51. The council, through a variety of interventions, returned to occupation 3243 long term empty properties into use during 2010/11. However, due to the churn of the housing market there were still 6552 long term private sector void properties as of April 2011.
52. The 2011/12 target is to return 3,200 long term empty properties back into use. At the end of December 2011, 2388 empty properties had been returned to occupation (74.8% of the target).



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53. It is clear that no single action will result in empty properties being brought back into occupation. The Empty Property Team tackles the most hard to deal with properties, with a strategy determined for each property with a view to bringing it back into occupation as quickly as possible.
54. The Leeds Housing Strategy provides the framework and key drivers to effectively manage empty properties within the private and public sectors. However, at the time of our Inquiry, an Empty Property Project was being developed to bring together all activity and evidence on empty homes in Leeds to help deliver a coordinated and proactive approach towards tackling empty homes. In maximising funding streams from local and central government, this Project aims to bring back into use empty properties within the priority investment areas as highlighted in the Leeds Local Investment Plan (LIP) 2011-2015. These spatial priority areas are New East Leeds, Aire Valley, West Leeds (incorporating Leeds Bradford corridor) and South Leeds.
55. As part of the Project, an Empty Properties City Wide Action Plan will be delivered jointly with a range of partners linking the investment streams to the regeneration priority areas as outlined in the LIP. We were pleased to note that this Plan will feed into the Housing and Regeneration City Priority Plan 2011-2015 to ensure that it is addressing priorities and delivering specific outcomes. Whilst an Empty Property Forum is to be re-established as the key component in the partnership approach to the project, we note that the progress of the Empty Properties City Wide Action Plan will be monitored by the Housing and Regeneration Partnership Board.
56. We acknowledge that effective delivery of this Action Plan is reliant upon maximising available funding streams. The assumed funding streams to be explored and investigated include the New Homes Bonus (a new government reward scheme to encourage new housing provision); the Recycling Empties Project (a West Yorkshire Project with funding from the Private Sector Renewal Grant which is aimed at dealing with long term empty properties); and Section 106 Commuted Sums money (money collected by the local authority in lieu of on-site affordable housing on new planning applications which can be used to fund affordable housing elsewhere within the council's area).
57. We were also informed about the Empty Properties Fund, which is a programme introduced by the Homes and Communities Agency (HCA) aimed at registered providers. It provides grant funding for the refurbishment and bringing back into use empty properties on a lease arrangement. Whilst the HCA had announced £100m for empty properties, we note that only £52m will be made available to registered providers. As the council is not able to bid directly for this funding, we were pleased to learn of the council's partnership working with Connect Housing Association, LATCH and Canopy. At the time of our inquiry, a bid for HCA funding had been submitted by Connect in January 2012 (successful bids are announced in March 2012 for implementation from April onwards). We also learned at that stage that



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LATCH and Canopy were preparing a further bid to the Community fund, which had a closing date by March 2012.

58. We acknowledge that the successful delivery of the Empty Property Project and accompanying Action Plan is dependent upon the level of resources committed to this. If the pending funding bids are unsuccessful, we would still expect the Housing and Regeneration Partnership Board to continue to drive forward the aims of the Project and continue to explore how the council and its partners can work together in delivering the desired outcomes set out within the Empty Properties Action Plan.

59. As Scrutiny continues to develop closer working relationships with the five Strategic Partnership Boards, we would hope to see the delivery and outcomes of this Action Plan also being closely monitored by the relevant Scrutiny Board in future.

Recommendation 3

(i) That the Housing and Regeneration Partnership Board continues to drive forward the aims of the Empty Properties Project and explores how the council and its partners can work together in delivering the desired outcomes set out within the Empty Properties Action Plan.

(ii) That a progress report on the delivery of the Empty Properties Action Plan is brought back to Scrutiny before December 2012.

60. As well as the priority regeneration areas outlined in the LIP, the Empty Properties Project also acknowledges that there are significant investment issues relating to other parts of the City. This includes for example the city centre, traditional student areas of the city as well as long term problematic empties scattered across the City. Separate to delivering the aims of this project, it is clear that solutions and options will have to be considered for these areas too.

61. We recognise that the churn of the housing market within the traditional student areas in particular (i.e. the Leeds 6 postcode areas) makes it more challenging for the council to monitor trends. However, we do recommend that an analysis of current housing market trends within the Leeds 6 postcode areas is undertaken and for this to then be used to predict empty property trends within these areas over the next 2-3 years. In setting the baseline this year, we would advise that such analysis is undertaken during the month of November when student occupancy levels are likely to be at their optimum levels. We would like the findings of this work to be brought back to Scrutiny by January 2013 for consideration.

Recommendation 4

That the Director of Environment and Neighbourhoods leads on undertaking an analysis of current housing market trends within the Leeds 6 postcode areas and for this to then be used to predict empty property trends within these areas over the next 2-3 years.

That the findings from this work is brought back to Scrutiny by January 2013 for consideration.



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62. During our inquiry, we noted that the Local Government Finance Bill 2010-12, introduced on 19 December 2011, includes proposed amendments to council tax legislation aimed at assisting local authorities in bringing more empty homes back into use. This includes the proposal to abolish the temporary exemption allowed when a property becomes empty or is undergoing major structural repairs. Instead, it will allow authorities to set a discount of between 0 and 100 per cent on them. The Bill also proposes to give billing authorities the power to charge up to 150% of the full council tax in respect of a property that has been unoccupied and substantially unfurnished for more than two years. Whilst such proposals are still passing through Parliament, it is important that we begin to explore the potential implications of such proposals in terms of both private and public sector housing.

63. In the meantime, it is clear that more proactive targeting of long term empty properties will indeed help with the regeneration and up lift of an area by reducing the appearance of neglect and the anti-social behaviour which often accompanies empty properties. In view of this, we believe there would be merit in combining the targeting of long term empty properties as part of the wider proactive and integrated management approach proposed earlier within our report and set out within recommendation 1.

Recommendation 5
That the Director of Environment and Neighbourhoods seeks to combine the targeting of long term empty properties as part of the wider proactive and integrated management approach set out within recommendation 1.

Improving energy efficiency within the private rented sector

64. Improving energy efficiency and addressing fuel poverty across all tenures is recognised as a key challenge both locally and nationally. Whilst we have not focused on energy efficiency as a key element of this inquiry, as a Scrutiny Board we have conducted a separate in-depth inquiry into fuel poverty this year. In doing so, we explored how the council and its partners can assist in raising the profile of fuel poverty and identified key actions needed to address this problem in Leeds.

65. In recognition of the fact that there are many responsible landlords in Leeds whom are keen to improving their properties to meet energy efficient standards, a dedicated work shop on energy efficiency was delivered as part of the Landlords Conference in November 2011. It was clear during the conference that landlords were particularly keen to seek further clarification about the forthcoming 'Green Deal' scheme and also around the potential energy efficiency obligations that will be placed upon landlords in the future.



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66. Briefly, the Green Deal is a loan for energy saving measures with repayments financed through energy savings. The energy saving measures put in place would need to meet the 'golden rule' of paying for itself within 25 years. In view of this, landlords will be able to receive energy efficiency improvements without any up-front capital payment as the costs of the works will be attached as a loan to the utility meter of the property and repaid by whoever pays the utility bills – in most cases, the tenant.

67. However, it is understood that from 2016, tenants will be able to demand energy efficiency improvements from their landlords. Should landlords refuse consent (without a justifiable reason), local authorities will be able to compel landlords to undertake the improvements. They will also be able to fine landlords for not doing the improvements when the tenant first asked. It is likely that fines will be up to £5,000.

68. Further, in 2018 the Government intend to bring in minimum energy efficiency standards. Landlords will not be allowed to let out any property with an Energy Performance Certificate (EPC) banding of 'F' or 'G' unless the landlord can prove they have done all they can through the Green Deal and other subsidies to bring the property up to an EPC Band 'E'

69. As the Green Deal scheme is due to be rolled out in October 2012, it is hoped that private sector landlords will begin to take full advantage of the scheme. Not only is it an opportunity to demonstrate that landlords are capable of self-regulating when provided with financial

incentives, it is likely to reduce landlords maintenance bills and provide tenants with warmer properties in which to live that are cheaper to heat.

70. The findings and recommendations arising from our Fuel Poverty Inquiry are published in a separate report and we would advocate that this report be disseminated amongst existing private rented sector forums for further information around the Green Deal and also other actions needed to ensure that residents within Leeds achieve affordable warmth.

Preparing for welfare reform

71. The Government has embarked on a major programme of welfare reform which sees major changes happening in each of the next three years. As part of this programme, there are significant changes to the Housing Benefit scheme that will inevitably have an impact on the private rented sector.

72. Housing Benefit in the private rented sector is based on Local Housing Allowance (LHA) rates set by the Valuation Officer Agency. The amount a private-sector tenant receives is based on the property size required for the size of a tenant's household.

73. As part of the welfare reform programme, a number of major changes were introduced in April 2011. These included a cap on the maximum LHA that can be paid, which is at the 4-bed rate, and also changes to the way that LHA rates are calculated, resulting in reductions in all LHA rates with the exception of shared accommodation.



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However, another significant change from January 2012 was the extension of the Shared Accommodation rules to cover single people up to the age of 35. As a result, we learned that from January 2012, over 1500 tenants aged between 25 and 35 will see their Housing Benefit reduce from the maximum 1-bed rate of £99.92 per week to the shared accommodation rate of £61.50 per week.

74. There are a number of reforms planned to come into effect starting from April 2013 which will also affect the private rented sector. This includes the proposed abolition of Council Tax Benefit, which will be replaced with localised schemes of support designed and operated by councils, but with funding for the scheme reduced by 10%. The start of the rollout of Universal Credit will also commence from October 2013, with the transition period expected to be completed by 2017.
75. Universal Credit is the cornerstone of the Government's reforms aimed at making work pay. It is also the most ambitious of the changes, bringing together Income Support, Employment Support Allowance, Jobseekers Allowance, Housing Benefit and Tax Credits into a single payment.
76. Universal Credit will be delivered in the first instance by teams formed from Jobcentre Plus and HMRC Tax Credits teams with local authority responsibility for Housing Benefit being removed by 2017. A decision on the longer term operating models will be taken in 2015, which may result in opportunities for local councils to become involved in Universal Credit delivery once the transition programme is completed in 2017.
77. Access to Universal Credit is expected to be through an electronic claims process with support provided for people who may struggle with this process. It is intended that this will be paid monthly in arrears and will be paid, in most instances, directly to claimants. Currently for those landlords who are part of the Leeds Private Sector Letting Scheme, arrangements are in place which mean that Housing Benefit due is paid directly to landlords with rents matching this rate so as not to put tenants in undue financial pressure. However, the introduction of Universal Credit will remove the option of direct payments, except in certain circumstances where the tenant is likely to have difficulty managing their financial affairs or the tenant has fallen into more than 8 weeks arrears and there is no overriding reason why Housing Benefit should be paid to them.
78. Welfare reform was a key topic area as part of the Landlords Conference and it was evident that this new system of Universal Credit and the removal of direct payments to landlords was a key concern raised during the Conference.
79. This was also a key concern raised during the previous Scrutiny Inquiry in 2009 following the introduction of a revised LHA scheme in 2008 which also encouraged claimants to take more responsibility for budgeting and paying their rent themselves.
80. As part of this scheme, there were safeguards in place to protect those tenants who were unable to take responsibility to pay the rent to their



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landlord or fall into rent arrears and in these cases LHA could be paid direct to the landlord. We noted that such safeguard procedures were generally working well and therefore had not deterred landlords to let to LHA dependent tenants because of loss of direct payment. We believe it is the intention of the Department of Works and Pensions to develop similar safeguards for the delivery of Universal Credit. However, the details of this are yet to be determined.

81. We acknowledge that until the Welfare Reform Bill becomes an Act, the reforms are subject to change and this in turn affects the type and extent of the preparation required. Equally, decisions are still awaited around the role of local councils in the delivery of Universal Credit, particularly in relation to supporting customers with the online claims process and providing essential support to vulnerable customers unable to make an online claim.

82. At the time of our Inquiry, we learned that the Department for Work and Pensions was considering a small number of pilot initiatives. One pilot in particular relates to a wider role for local councils in Universal Credit delivery and is expected to influence the longer term delivery model of Universal Credit. We support that Leeds actively explores this opportunity with a view to understanding how involvement would support customers and stakeholders in making the transition to a reformed welfare system. Whilst recognising the potential advantages for Leeds to be part of such pilot initiatives, we also acknowledge that a final decision should only be made once all the details are available

and is then subject to further consultation with elected members.

83. Whilst acknowledging the difficulty of measuring the full impact of the reforms at this stage, the Scrutiny Board recognises the important role of the council in providing effective support and advisory services to both tenants and landlords, particularly around debt advice and financial management.

84. In January 2012, we were given the opportunity to consider the initial 2012/13 budget proposals of the Environment and Neighbourhoods directorate. In doing so, we made a firm recommendation that, in view of the changes set out within the Welfare Reform programme, sufficient resources needed to be allocated within the council's 2012/13 budget to ensure that frontline housing and benefits staff in particular are equipped to provide support and advice to tenants and landlords, particularly around debt advice and financial management.

85. The general views of Scrutiny on the initial budget proposals were reported to the Executive Board at its meeting on 10th February 2012. We were pleased to learn that the Executive Board supported proposals for such additional provision to be made within the 2012/13 budget to support work around homelessness and welfare reform.

86. At that stage, we were also pleased to note that Government funding for Discretionary Housing Payment schemes had been increased (in Leeds this has increased from £297k in 2010/11 to £800k in 2012/13).



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87. We also welcomed the development of a Welfare Reform Strategy, which was formally approved by the Executive Board in February 2012. This Strategy is intended to ensure that Leeds is best prepared to meet the challenges and opportunities arising from the programme of reform. It is clear that a number of vulnerable customers will be unable to cope with the new requirements around Universal Credit and there will be customers who will be severely impacted by the reforms or whose circumstances mean that the reforms will create a significantly increased risk of homelessness or debt. It is therefore vital that the council continues to engage closely with tenants and local private sector landlords to keep them up to speed with latest developments and to provide support and advice when needed.

88. In acknowledging that the proposed welfare reforms will impact in different ways on different groups and different areas of the city, work will be undertaken with Area Committees to ensure that the Welfare Reform Strategy reflects and meets the needs at a local level. In welcoming this approach, we would further recommend that Area Committees receive regular progress reports regarding the delivery of the Strategy.

Recommendation 6
That the Director of Resources ensures that Area Committees receive regular progress reports regarding the delivery of the council's Welfare Reform Strategy.

Understanding the effects of planning policy on the private rented sector

89. Another key issue raised by landlords during the Landlord Conference was around the introduction of an Article 4 Direction in Leeds. Notice of the making of the Article 4 Direction was serviced in February 2011 and this came into force on 10th February 2012. The Article 4 Direction removes permitted development rights for change of use from a Class C3 (dwelling house) to a Class 4 (house in multiple occupation) within the defined area. Landlords therefore expressed concern that such a Direction restricts their ability to be flexible in terms of how their properties are marketed.

90. We understand that the Article 4 Direction was introduced with the aim of managing existing problem areas and also areas which are predicted to either experience growth of HMOs in the near future or which are likely to suffer from a displacement of HMO demand from the areas currently experiencing significant problems. This in turn seeks to enable the council to further its wider aim to create mixed and balanced communities. The Direction is currently applied within the following wards: Adel & Wharfedale, Armley, Beeston Hill & Holbeck, Bramley & Stanningley, Burmantofts & Richmond Hill, Chapel Allerton, City & Hunslet, Gipton & Harehills, Headingley, Horsforth, Hyde Park and Woodhouse, Kirkstall, Moortown, Roundhay and Weetwood.



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91. A clear message arising from the Landlord Conference was that communication links between local landlords and the council's planning services need to be strengthened to ensure that the justifications surrounding the introduction of planning policies, such as the Article 4 Direction, are made clear to landlords and also enable the landlords to voice any concerns they may have regarding such policies. It was therefore recognised that as part of any future landlord conferences, the attendance of senior planning officers would be welcomed.

92. In the meantime, however, we learned that further to the development of future policy, officers within the Development Department will be engaging with the existing Private Rented Sector Working Group in March to discuss the Article 4 Direction and gain feedback from landlords.

Engaging effectively with the private rented sector

93. The need for more effective engagement with the private rented sector was a clear message arising from the Landlord Conference in November and also a common theme throughout our own inquiry.

94. We have already made reference in our report to the need to work closely with local landlords to help gather intelligence and share ideas. This included a recommendation around engaging with existing landlord forums and also developing further forums within particular hot spot areas of the

city. However, we recognise that there are other ways to engage more widely too, such as the council's own website. We would expect the council to use its own website as a way of communicating with tenants and landlords but also to ensure that they can gain easy access to accurate and timely advice, information and assistance.

95. This will also involve signposting to other key services and partners. A good example of where this can prove beneficial was illustrated during the Landlord Conference. The Chief Inspector within the Leeds Community Safety Unit delivered a presentation to landlords which provided an overview of the key challenges facing the city in relation to burglary rates. As part of this presentation, landlords were questioned about their awareness of the crime figures within their property areas. Questions were also raised about whether landlords knew the Neighbourhood Policing Teams in their areas and also whether they had made effective use of the support available from Crime Prevention Officers within their local divisions to assess how their levels of security compared to the standard. Emphasis was also placed upon their roles as landlords to ensure that their tenants were made aware of such issues and were playing their own part in addressing the problem of burglary. It is clear that landlords would welcome the assistance of the council in signposting them to where they could access such information and support in future.

96. We acknowledge that the council's website is currently under development and therefore this is an opportune time to revisit the information provided to



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tenants and landlords via the council's website to ensure they do have easy access to accurate and timely advice, information and assistance.

Recommendation 7

That in line with the work being undertaken by the council's Communication Team to develop and re-launch the council's website in June 2012, the Director of Environment and Neighbourhoods ensures that it is developed effectively so that tenants and landlords can easily gain access to accurate and timely advice, information and assistance.

2012. This facility will be subject to an ongoing evaluation process up to December 2012, with a final report being produced. In recognising its potential value, we believe that that the council should also actively promote the use of this facility.

Recommendation 8

That the Director of Environment and Neighbourhoods ensures that the council actively promotes the new 'letshelpyou' website for landlords and tenants as a free service for marketing and managing properties and enabling tenants across West Yorkshire to search for appropriate and affordable accommodation.

97. During the Landlord Conference, we also learned about the development of the new 'letshelpyou.co.uk' website as part of the West Yorkshire LHA transitional fund development project. This new service aims to make the transition easier for both landlords and tenants following further changes in Local Housing Allowance from January 2012. In doing so, landlords can advertise their properties for free and tenants from across West Yorkshire can browse and search for new homes, whether moving due to personal circumstances or due to changes in LHA.

98. This free facility aims to serve both landlords and tenants in terms of marketing and managing properties and enabling tenants from across West Yorkshire to browse and search for new homes. During the Landlord Conference in November, landlords were encouraged to begin registering their interest in this facility prior to the website being formally launched in April

99. Whilst the council is recognised as the primary enforcement agency for the conditions of health and safety within the private rented sector, we would hope that landlords also regard the council as a portal in which to access support and guidance.

100. Likewise, as the council becomes more and more reliant upon the private rented sector to provide accommodation to meet housing demand, we should also be listening to their ideas and addressing any concerns they may have.

101. We would hope that the Landlord Conference in November was just the first step in showing the council's commitment to engaging more effectively with the private rented sector to share ideas and local intelligence about how we can work collaboratively to provide a good standard of housing for the residents of Leeds.



Evidence

Monitoring arrangements

Standard arrangements for monitoring the outcome of the Board's recommendations will apply.

The decision-makers to whom the recommendations are addressed will be asked to submit a formal response to the recommendations, including an action plan and timetable, normally within two months.

Following this the Scrutiny Board will determine any further detailed monitoring, over and above the standard quarterly monitoring of all scrutiny recommendations.

Reports and Publications Submitted

- Briefing paper from the Environment and Neighbourhoods Directorate on tackling empty properties – November 2011
- Briefing paper from the Environment and Neighbourhoods Directorate on regulatory powers under the Housing Act 2004 and the development and growth of the Leeds Landlord Accreditation Scheme – December 2011
- Report of the Chief Officer, Revenues and Benefits, on Welfare Reform – January 2012
- Briefing paper from the Environment and Neighbourhoods Directorate on the development and growth of the Leeds Landlord Accreditation Scheme (LLAS) – January 2012
- Report from the Chair of the Residential Landlords Association on progress of the operation and administration of the LLAS – January 2012
- Report of the Chief Housing Officer to the Leeds Housing and Regeneration Board on Tackling Empty Properties – February 2012
- Report of the Director of Resources to the Executive Board on the Welfare Reform Strategy – February 2012

Witnesses Heard

John Statham, Head of Housing Partnerships
Mark Ireland, Service Manager, Area Renewal
Michael Brook, Service Manager, Housing Regulation
Joanne Hartley, Deputy Service Manager, Housing Regulation
Susan Harrison, Technical Officer, Housing Services
Steve Carey, Chief Officer, Revenue and Benefits
John Woolmer, Locality Manager, East North East Leeds
Jason Singh, Locality Manager, West North West Leeds
Tom Smith, Locality Manager, South and Outer East Leeds
Chris Town, Chair of the Residential Landlords Association



Evidence

Dates of Scrutiny

- 15th August 2011 – Scrutiny Board Working Group Meeting
- 12th September 2011 – Scrutiny Board Meeting
- 8th November 2011 – Scrutiny Board Working Group Meeting (Session 1)
- 18th November 2011 – Attendance at the Leeds Landlord Conference
- 6th December 2011 – Scrutiny Board Working Group Meeting (Session 2 – part 1)
- 5th January 2012 – Scrutiny Board Working Group Meeting (Session 2 – part 2)
- 9th January 2012 – Scrutiny Board Working Group Meeting (Session 3)
- 6th March 2012 – Scrutiny Board Working Group Meeting (final session)

Scrutiny Board (Safer and Stronger Communities)
Private Rented Sector Housing
2012

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