
Report of Director of Resources and Housing

Report to Environment, Housing and Communities Scrutiny Board

Date: 17th October 2019

Subject: Private Sector Housing - update

Are specific electoral wards affected? If yes, name(s) of ward(s):	No
Are there implications for equality and diversity and cohesion and integration?	No
Is the decision eligible for call-in?	No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	No

Summary of main issues

1. This report provides an update on private sector housing issues which were identified by the Resources and Housing Scrutiny Board as of particular interest at October 2019 meeting. They are as follows:
 - Update on general interventions by the Council in the private rented sector
 - The progress made by Housing Leeds on implementing selective licensing in Beeston and Harehills.

Recommendations

1. Scrutiny Board are requested to note the content of the report.

1. Purpose of this report

- 1.1 The purpose of the report is to update the Scrutiny Board on how the Council continues to work to improve housing conditions and quality in the private rented sector.

2. Background information

- 2.1 The private rented sector continues to grow significantly and there are now an estimated 70,000 properties within the city. This includes all privately rented accommodation – including university accommodation. There is no single privately rented market in the city. There are a number of markets which address the different needs of households such as the professional, student, family and low rental markets.
- 2.2 It is acknowledged that large parts of the sector are generally self-regulated due to the demands and needs of the markets. However, the low rental market, mainly in the inner areas of the city generally has the poorest conditions and quality of housing. This market has seen a significant growth in recent years and provides the biggest challenge to the Council.
- 2.3 Certain areas of the inner parts of the city have seen a change of tenure mix so that the private rental market is now the dominant sector. Twenty years ago areas had a private rented market of 15/25% of the stock. This has now risen in some areas to be the dominant tenure with 50 to 60% of all properties now in the private rented sector. These changes have led to some areas having issues of transient populations, community cohesion, new communities migrating into an area and an increase in the level of inadequate and unacceptably managed accommodation provided by poor landlords.
- 2.4 With the issue of a shortage of affordable homes, including new build, the loss of social homes and the low availability of mortgages the private rented sector is increasing and becoming the only option or even the tenure of choice for a large number of individuals and families.
- 2.5 Overall the private rented sector is generally of poorer quality than either the owner/occupation or social sector. Whilst it is recognised that there is no single private rental market in the city, with a variety of quality accommodation on offer, it should still be noted that most of the sector still offers quality homes above the legal minimum standards.
- 2.6 However, the majority of the private rental sector is actually contained within the pre 1919 stock. One in four of the private rented sector has at least one or more category 1 hazards present in their property. The main hazards found in the sector are excess cold, falls, disrepair, fire safety and damp/mould. Again the highest level of properties with hazards are within the inner areas of the city.
- 2.7 Unfortunately the most vulnerable, the young and elderly who tend to be on low income are generally found in the poorest quality privately rented homes in the city.
- 2.8 The size of the private rented sector has significantly increased over the last ten years, yet the resources to address the issues has not kept pace. The service is primarily funded via the general fund which since 2010 has been subject to considerable financial pressure. Therefore there is a limit to the capacity currently available to the Council to address the concerns within the sector without additional pressures on the general fund. There is also limited ability to generate additional

income to support the work of the service. While the legislation allows a fee income to support HMO mandatory licensing and selective licensing the income is ring fenced and can only be used to support the administration of these schemes and not for other activities.

- 2.9 The Housing Act 2004 does allow landlords to be charged for the service of legal notices but this only generates a limited income. In 2015/6 this was less than £20k. Government has recognised this issue and as part of the civil penalties under the Housing and Planning Act 2016, the Council is able to keep all the income from fines provided it is used for private sector housing. Whilst welcomed, it is anticipated that due to the maximum fine being £30k that these will be subject to appeal by landlords and the recovery of the monies may prove to be problematic. So far the Council has issued 12 number of civil penalties amounting to £254K in penalty levies but is yet to recover any of the income as they are subject to appeal and we are awaiting the outcome of hearings.
- 2.10 The Council's approach to the sector is to look to support the good landlords who provide good quality well managed accommodation which is essential to a city such as Leeds in order to continue to be prosperous and continue to grow its economy. However for poor or rogue landlords the approach is to target resources to ensure that they do comply with their legal duties or face the full action of the Council and partners. The Council has a more robust approach to the sector which supports this approach The National and local Landlord Associations are fully supportive of this approach to the regulation of the sector, as it helps to create a level and fair market for all by targeting those in the sector who have a disregard for their legal duties and create a bad reputation for landlords in the city.
- 2.11 In order to address the issues of poor property and management conditions in the sector, the Council has mandatory and discretionary powers available under the Housing Act 2004 and the Housing and Planning Act 2016.
- 2.12 Below is a brief summary of activity undertaken by the Private Sector Housing Service in 2018/9 the Council:
- Received 4100 requests for service from tenants in the private rented sector;
 - Inspected all properties under the Temporary Accommodation contract and let via the Private Sector Letting and Bond Schemes;
 - Served 1,740 legal enforcement notices
 - Continued to Licence and monitor compliance for over 2,700 Mandatory HMO properties,
 - Carried out over 2,332 separate property inspections;
 - Undertook work and interventions to improve the standards for over 4,000 individuals living in the sector;
 - Undertook proactive targeted interventions as part of the Leeds Neighbourhood Approach in Holbeck; inspecting 212 properties
 - Falls, Excess Cold, Fire safety, Electrics and damp are the major hazards identified.
- 2.13 The Council continues to look at developing new and better ways of working. As part of this approach officers regularly attend meetings with partners in relation to the private rented sector. Officers also attend meetings with other authorities to share good practise and new ways of working. This is both on a National and Regional level. As a result of the Council's approach to the sector, and its ways of working, it is regularly invited to attend conferences to present papers on the way it

works and the innovative ways it approaches work on the private rented sector and empty homes.

3. Main issues

- 3.1 The Executive Board in March 2016 agreed the way forward for dealing with the private rented sector. This Council's approach to the sector was to support the good landlords, working with them to support their business and improve the sector but to target the poor landlords who failed to meet their minimum legal duties.
- 3.2 The Executive Board agree a number of approaches which have been detailed below including the progress made in implementing each approach:

Leeds Rental Standard - the aim is to introduce self-regulation in the market whereby good landlords will voluntarily meet agreed property and management standards. The scheme is overseen by a governing body administered by the sector and with Council approval. The scheme is unique across the country and allows the Council to target its limited resources on the areas of greatest need.

The management committee of the LRS, including representative of the Council, meets on a regular basis with the aim of increasing membership and evolving the scheme. Proposals are currently being brought forward to start discussions with national managing agents with a view to them supporting the scheme. In addition, new marketing opportunities are being developed to coincide with the introduction of selective licensing within the city with the goal of targeting new landlords who would benefit from joining the scheme.

Currently, the membership of LRS has risen to nearly 400 individual landlords covering several thousand bed spaces.

Rogue Landlord Unit – this is a small team of three officers (taken from existing resources) tasked with identifying those landlords who consistently act in a criminal or rogue manner. The proactive action is robust and co-ordinated with other services and agencies to maximise impact.

The unit works very closely with partners such as the Police, Immigration, HMRC, Communities, Adult's and Children's to target those landlords who are acting in a criminal manner, linked to Organised Crime or facilitates of criminal activity. The unit targets its actions based on intelligence and works across agencies to maximise the impact on criminal activity linked to the sector.

So far this year since April the team have:

- Undertaken 101 inspections
- Participated in 2 formal police raids
- Served 69 formal notices
- Removed 143 hazards from 30 properties which have been improved
- 2 outstanding prosecutions awaiting a trial date.
- Have had 2 appeals against notices, both up held in the Council's favour
- 4 landlords are currently under investigation by the team

HMO activity:

The City is still the largest Mandatory HMO licensing scheme in the country and currently has 2,708 licensed HMO's. In October 2018 the legislation was extended and criteria amended to remove the number of storey's – this means all properties, that house 2 or more households and 5 or more tenants are now licensable. The service is currently assessing and monitoring compliance with these new requirements but has so far accepted over 400 additional licence applications.

The service is also aware that there are many other HMO's that will still remain outside the licensing criteria. Many of these are of poor quality and/or badly converted.

To help address these concerns we have now created a dedicated element of the existing service to target these properties. This addresses issues of poor housing quality but has also identified a real issue of overdeveloped properties. This results in previous single household properties now being occupied by numerous self-contained units – all very small and in poor condition.

The service is currently leading nationally on raising issues over acceptable space standards and have won several high profile tribunal cases to support this work.

Leeds Neighbourhood Approach (LNA) - As part of addressing standards in the sector the Council continued with its Leeds Neighbourhood Approach in Holbeck, which is currently targeting approximately 1200 properties in the area to address poor quality homes, return empty homes back into occupation and working with partners to address issues affecting vulnerable individuals concerns. These include access to health services, addressing social and financial exclusion, fire safety, security and jobs and skills.

Progress so far

- Since launching the LNA in 2015 we have now inspected 820 homes out of the 1200 being targeted in Holbeck.
- The inspection process has removed over 1500 hazards so far from homes where works have been completed relating to fire safety, falls, electrical safety, security and overcrowding.
- Over 100 long term empty homes have been brought back into use.
- We have undertaken 15 multi-agency area walkabouts leading to over 1100 issues being addressed by partners working together. Issues resolved have ranged from bin yards, road conditions, unsightly properties, ASB, criminal behaviour and fly tipped waste. All resolved issues have contributed to significant improvements to the street scene and visual appearance of the area.
- 11 landlord forums have been held to engage with local landlords and housing providers to update them on activities/developments in the city and local area.
- In response to demand identified during property inspections, we have created with partners, a support hub in a previously empty house in Recreation View for local residents to access a range of support services. These include employment and training support, benefit and money advice, housing support, referrals for medical support, social isolation and reporting issues in the local area. There have been 367 requests for service since opening last June

(includes; 100 for employment/training, 110 housing advice, 55 debt/benefit advice)

- Through our direct interventions when crossing thresholds, we have dealt with over 1,050 referrals for support and advice from Holbeck residents (includes; employment/training, debt/benefits advice, ASB/reporting criminal activity, social isolation/mental health support).

In November 2016 Executive Board agreed a further initiative to support more investment into Holbeck which provided an additional £4.5M funding to an initial phase of group repair in Holbeck. This included external energy efficiency works as well as typical renovations such as new roofs and windows.

- Brought 3 long term empty homes back into use as social housing.
- Helped 153 households in one of the most deprived areas of Leeds;
- Increased EPC Band from an average F/G to B/C.
- Saved about 1,450 tonnes of CO₂ per year.
- Allowed the average room temperature to increase from as low as 12°C in some cases to 18°C for homes in the scheme;
- And still reduced fuel bills by an average £325.
- Won Yorkshire and Humberside Large Energy Project of the Year in the Energy Efficiency Awards.
- Undertook works to 14 bin yards to improve the general environment

Empty homes – This continues to be a priority for the service. The Core Planning Strategy had a target of a net reduction of 2000 empty homes from April 2012 to March 2017. This was achieved with a reduction of 2,436 long term empty homes over this period. The Council's priority is to maintain this reduction below the 3,776 level. As of August 2019 the level of long term empty homes in the city was 3,160. The Council has adopted an Empty Homes Strategy for 2016 to 2019 which is currently being reviewed and will be updated for 2020 to 2023. This will continue the work to address empty homes, not just by the work of the Council but also with partners in the Community Led Housing Sector and the Empty Homes Doctor.

Leeds Landlord Scheme – the scheme allows individuals and families facing housing concerns to access the private rented sector and for landlords to be supported in taking those vulnerable tenants who may have found access to this market difficult for various reasons.

The scheme continues to evolve and gain momentum and is proving to be a real alternative to those people facing a housing crisis. It releases pressure from the LCC housing register and recognises the PRS as a realistic alternative for individuals or families requiring urgent housing. All properties put forward to the scheme(s) are fully inspected to ensure they meet the required standard and this has the added benefit of raising standards further within the wider PRS market.

Last year the scheme led to nearly 500 new lets' being arranged in the PRS and we aim to increase that figure year on year.

Selective licensing – the Council has designated Beeston and Harehills as areas subject to selective licensing. Both areas come into force as of the 6th January 2020. As of that date, all private landlords will be required to have applied for a licence to operate their rental property. The licence is subject to a fee which will

cover the cost of the scheme. The fee income cannot be used to support any other activity by the Council including the enforcement of Part 1 of the Housing Act 2004.

As part of the designation the Council had to approve the business cases for each area. The Executive Board approved both cases at their meeting of the 26th July 2019 and these are publically available. The areas were formally designated on the 18th August 2019, again this designation is publically available and has been published as required by the legislation. The Council's decision is subject to judicial review within a three month period of the designation.

It is anticipated that the 2 schemes will generate around £5m from licence fees, £2.4m in Beeston and £2.64m in Harehills. This will support two teams of 9 and 11 officers respectively. The creation of the teams was approved on the 14th August 2019 by the Director of Resources and Housing following consultation with the Trade Unions.

Officers are currently implementing the decision of the Council. This has involved:

- Publishing the designation as per the legal requirements
- Development of the application and payment process – both online and paper based
- Development of a communication plan to ensure all parties are aware of the need to apply for a licence prior to commencement on the 6th January 2019
- Continue to deal with significant numbers of FOI/ELR enquiries in relation to the schemes
- Developing an implementation plan for both schemes including inspection regime and developing the partnerships required to deliver a successful scheme
- Recruitment to the approved team structures for the 2 areas.

4 Corporate considerations

4.1.1 Consultation and engagement

4.1.1 Consultation and engagement is embedded within the individual policies and areas of activity. This is particularly important in the areas where a large proportion of landlords and residents could be the BAME communities.

4.1.2 Officers are actively engaged in working groups with MHCLG over the implementation of various parts of the legislation including producing guidance to support its implementation.

4.1.3 Officers are actively engaged with various regional and national working groups to develop best practise working with other Councils, Local Government Association and Landlord Representatives on issues such as updating the national "Lacors" Fire Safety guidance.

4.2 Equality and diversity / cohesion and integration

4.2.2 An equality impact assessment is not required at this stage as this report is primarily an information report.

4.2.3 However, a full Equality Diversity Cohesion and Integration assessment was undertaken for both Selective Licensing Schemes and was part of the Executive Board reports to June 2019 meeting.

- 4.2.4 Some of the worst areas of housing are also recognised as suffering from increased levels of deprivation and poverty based on the latest index of multiple deprivation data (IMD). It is also recognised that these are very diverse communities and can often be difficult to fully engage.
- 4.2.5 A high proportion of landlords, agents and residents within these areas come from the BAME communities and there have been concerns raised that interventions can be seen as effectively targeting this part of the community.
- 4.2.6 The initiatives used across the sector, including the proposed selective licensing areas, have been developed to improve property and environmental conditions for the whole community. Actions within the schemes will see concerted efforts in developing local links with a range of partners and community leaders to better engage with all stakeholders to identify and address concerns from all sectors of the communities, including the most vulnerable tenants.

4.3 Council policies and best council plan

- 4.3.2 The Private Sector Housing Service supports the Best Council Plan in relation to living in good quality affordable homes within a clean and well cared for place by addressing poor housing conditions, improving external appearance of the property to enhance the overall street scene.
- 4.3.3 The work undertaken to address issues in the private rented sector across the city also includes interventions on environmental issues and community cohesion. The service contributes to the Council's compassionate city agenda by working closely with a range of partners and other agencies to address issues such as anti-social behaviour, reducing crime and improving links to health services.
- 4.3.4 **Climate Change Emergency:**

Work across the private rented sector will help address issues affecting the climate by:

- Encouraging better quality homes and standards which will help reduce energy consumption.
- Empty Homes will be targeted to reduce the numbers but also to contribute to an overall net reduction in the city preventing the need for new build and reducing the carbon footprint this would create compared to the renovation of existing stock.
- Education of both tenants and landlords to help reduce waste and improve recycling across the city.
- Better engagement with landlords to improve education specifically around the fast changing energy legislation requirements which will directly affect the sector.

4.4 Resources and value for money

- 4.4.2 Individual evaluations are undertaken on the different policy and work activities.
- 4.4.3 Civil penalties under the Housing and Planning Act 2016 allows any penalty to be retained within the private sector housing service to target rogue landlords.

4.4.4 The cost of the two selective licensing schemes in Beeston and Harehills will be covered by licence fee income. This income can only be used to implement administer and enforce the schemes.

4.5 Legal implications, access to information, and call-in

4.5.2 The service continues to consider all legal options available to it as part of the Council's approach to improving standards in the sector.

4.5.3 This report does not contain any exempt or confidential information.

4.6 Risk management

4.6.2 Risk management is embedded within the individual policy and activity areas highlighted in the report.

5 Conclusions

5.1 The report covers the issues identified by the Environment, Housing and Communities Scrutiny Board meeting in relation to the private rented sector.

6 Recommendations

6.1 Scrutiny Board is requested to note the contents of the report.

7 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.