



**Report of Director of Housing and Resources**

**Report to Environment Housing and Communities Scrutiny Board**

**Date: 25<sup>th</sup> February 2021**

**Subject: Private Sector Housing - update**

Are specific electoral wards affected? If yes, name(s) of ward(s):	Yes	<input checked="" type="checkbox"/> No
Has consultation been carried out?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary**

**1. Main Issues**

- The report provides an update to the Environment Housing and Communities Scrutiny Board on the Councils interventions in the private rented sector in order to improve the quality of accommodation in the sector across the city

**2. Best Council Plan Implications** (click [here](#) for the latest version of the Best Council Plan)

- The interventions have contributed to providing homes of the right quality, type and affordability in the right places and minimising homelessness.
- This way of working contributes to keeping people safe from harm and promotes community respect and resilience.
- Contributes to tackling poverty, helping everyone reach their full potential and benefit from the economy.
- Helps to reduce health inequalities and supporting active lifestyles.

**3. Resource Implications**

- There are no resources issues in relation to delivery of the service

- Both selective licensing schemes in Beeston and Harehills and mandatory HMO licensing in the city generate fee income which is ring fenced to the delivery of the schemes

## **Recommendations**

- a) The Environment Housing and Communities Scrutiny Board are requested to note the content of the report.

### **1. Purpose of this Report**

- 1.1 The purpose of this report is to update the Scrutiny Board on the Council's interventions to address housing conditions and the quality of accommodation in the private rented sector

### **2. Background Information**

- 2.1 In 2017 the Private Sector Stock Condition Survey estimated that there were 70,000 privately rented properties in the city, representing 20% of the accommodation provided within the city. This figure has continued to increase over the last few years generally at the expense of the owner occupation market.
- 2.2 There is no single privately rented market but different markets which serve the needs of different families and individuals. The largest market in the city is the student sector mainly in the inner north west of the city, but the lower rental markets in the inner city areas have seen a significant increase in the last decade. Areas such as Beeston and Harehills have seen an increase over the last ten years of a sector representing 10/20% of the market to over 50% of the housing in the areas.
- 2.3 It must be recognised that most of the sector is self-regulating and provides accommodation which in general does not require intervention by the Council. The poorest accommodation in the sector is mainly found in the lower rental markets, found within the inner city areas of the city. These areas have seen a significant increase in the number of privately rented sector properties so in most it is now the main tenure type. These changes have led to some areas having issues with 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 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 The majority of the private rental sector is 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 Council has a duty under Part 1 of the Housing Act 2004 to address standards and remove any hazards which are found to be classified as category one. The Act along with the more recent Housing and Planning Act 2016 provides the Council with powers to address standards including the ability to take formal legal action in the form of court action or civil penalties of up to £30k of any offences or issues.
- 2.9 In 2016 the Executive Board set out the way in which the Council would address standards in the sector.
- 2.10 The approach 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.
- 2.11 However for poor, rogue or criminal 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.

### **3. Main Issues**

- 3.1 In a normal 12 month period the service receives around 4000 requests for service, serves up to 2000 legal notices, undertakes up to 2500 inspections and improves the homes of at least 4000 individuals. With COVID and the restricted ability to inspect properties the ability of the service to address conditions and standards has been limited. However the service has still managed to continue to deliver some services given the restrictions it has faced. The service has not undertaken any proactive inspections to determine housing conditions or licence breaches since March 2020. As well as addressing housing standards the service has also supported wider Council priorities during the pandemic, helping to deliver food to those in need and the wider COVID reduction initiatives.

#### **Reactive Service**

- 3.2 The service receives a considerable number of requests for help each year. Normally requests are subject to a triage duty officer process to determine action required. COVID has restricted the ability of the service deliver this function as we have followed both Government guidance and risk assessments over the last few months to ensure that we provide the service required and support the sector during these difficult times. Initially during the first lockdown only emergency inspections with the appropriate protections in place were undertaken. Currently the service is still trying to resolve requests remotely where possible, but with the appropriate risk assessments in place we are now visiting more and more properties where we can control the environment and keep all parties safe.
- 3.3 Since March 2020 the whole service has still managed to undertake 1032 inspections, serve 795 notices, remove 815 hazards by both formal and informal means and improve the properties of 1800 residents by its actions.

### **Leeds Rental Standard**

- 3.4 As part of the support for the good landlords the Council continues to support the Leeds Rental Standard. This is a means by which the good landlords are able to self-regulate, signing up to good property and management conditions and having a robust complaints and disciplinary process to ensure high standards. The scheme is administered by a board with representatives from the sector including the Council. The aim is to drive up standards and work with landlords to improve their businesses and the homes offered and allow good landlords to self-regulate their businesses allowing the Council to put resources into addressing poor and criminal landlords.

### **Rogue Landlord Unit**

- 3.5 The Rogue Landlord Unit has been working closely with the Police, HMRC and others to target criminal landlords, especially based on the intelligence gathered from Beeston and Harehills due to selective licensing. This has resulted in number of successful raids with the police linked to cannabis farms and human trafficking. This work is ongoing and the Unit are now activity targeting criminals who use the sector as part of their business models rather than simply poor or rogue landlords who just provide poor accommodation. The aim of the Unit is to disrupt the businesses by working with partners and taking whatever legal actions we can take against the landlords as part of a holistic approach to dealing with organised criminal gangs and criminal individuals.
- 3.6 Activity has been limited due to officers being unable to control inspections to ensure they were carried out in a COVID safe way. However the Unit has still managed to undertake 55 property standards inspections, visited a further 68 premises to obtain intelligence and served 35 enforcement notices including, improvement notices and emergency prohibition orders due to unsafe premises and notices exercising powers of entry.
- 3.7 The Unit is also using intelligence from Beeston and Harehills to support the selective licensing schemes to target landlords who have failed to apply for a licence. This has resulted in excess of 80 current investigations into a number of landlords with larger portfolios who have failed to comply with their legal requirement to licence. This is being supported by landlords who have applied for their licence(s) and want us to target those who have not done so. This is likely to result in a number of prosecutions and civil penalties being commenced. Intelligence suggests that potentially up to a 1000 properties may be operating without a licence across both selective licensing areas.

### **HMO activity**

- 3.8 The city continues to have one of the highest levels of licenced HMO's in the country. Currently there are 3201 licensed properties in the city, mainly in the inner north west of the city and student market. The recent change in legislation in October 2018 has removed the criteria for the number of stories but retained the 5 or more people, 2 or more households. This has seen further properties becoming licensable in the city. The service has been restricted during COVID as it has not been able to undertake its normal proactive checking of licence conditions and investigations for non-compliance with Part 2 of the Housing Act 2004. However whenever possible it has continued to investigate those licensable properties which are operating without a licence and take the appropriate action.
- 3.9 A significant number of HMO do not fall within the criteria for a HMO licensing. In recent years the Council has seen an increase in smaller overdeveloped HMO's

across the city. These tend to be occupied by some of the more vulnerable in our society. To target these properties the service has a proactive HMO team which targets such homes. These are targeted based on intelligence, complaints and referrals from partners. They tend to be overdeveloped previously family homes with limited space available to a tenant. Officers will proactively target such homes and address standards.

- 3.10 Space is a real issue in these properties and the Council has worked with colleagues in Planning, Lord Best and others to try and address space standards in such homes. This has resulted in a number of successful cases which has set precedents for space standards in the private rented sector, changes in the permitted development scheme to include space standards and work with RIAMS to develop new space standard examples to support Councils across the country in addressing space as a hazard.
- 3.11 The Council will be publishing guidance for landlords which has been produced in consultation with national and local landlords associations, and colleagues in Planning and Legal. In addition Planning colleagues are currently developing a Supplementary Planning Document for space standards which will also help to improve standards in the city.

#### **Landlord Letting Scheme (LLS)**

- 3.12 The service continues to support the homelessness agenda and improve homes via the LLS. It allows individuals and families facing housing concerns to access the private rented sector and with close engagement with landlords, it provides support into taking those vulnerable tenants who may have found access to this market difficult. This has been achieved through a range of financial incentives, affordability assessments and both landlord and tenant support schemes to provide stable and sustainable homes.
- 3.13 The service continues to work with colleagues in LHO through inspection of prospective property to ensure that they meet suitability criteria, being safe and compliant and also support marketing campaigns to increase supply of private rented property from property owners, landlords and agents.
- 3.14 During the lockdown officers have continued to work with colleagues in LHO and the sector to provide homes for those in need. This has been critical to the support to rehouse those in the hotels due to COVID as well as others in need and helping to prevent homelessness by providing good quality privately rented accommodation to those in need. Since the start of March to December 2020, 493 properties have been sourced via the scheme providing much needed accommodation for those looking for a home.

#### **Leeds Neighbourhood Approach (LNA)**

- 3.15 The LNA has continued to proactively target properties in Holbeck as part of the Locality Approach adopted by the Council to target resources to the neighbourhoods most in need. By crossing the threshold of properties where the most vulnerable live, it has enabled the team to not only improve their homes, but also make a difference to their lives, through enabling partners who the team are working with to target their resources more intensely to those individuals who need them most making a bigger difference to their lives. Due to the nature of the work undertaken by the team and its partners, COVID has restricted activity since March, unfortunately including the closure of the pop up hub which partners supported to provide a place for the community to access support for jobs, training, financial support, benefit checks, and help with their health needs.

- 3.16 The team have targeted 1070 homes in the Holbeck area with 136 left to inspect. They are also focusing on returning long term empty homes back into use in three other areas (in addition to Holbeck) namely, Beeston, Armley and Harehills. Despite limitations due to COVID, over 180 property inspections have taken place, 50 long term empty homes have been returned to use, 222 external inspections and 60 visits to homes have been carried out. 20 enforcement notices have been served including, improvement notices due to unsafe premises and notices exercising powers of entry. The team have also recovered over £50K in relation civil penalty fines relating to failure to comply with enforcement notices served.
- 3.17 The officers in the LNA are currently working towards an exit from Holbeck, ensuring works identified on properties are completed, taking appropriate enforcement action to secure these improvements where needed. An exit plan is to be agreed prior to exit which will include a reduced officer presence, to ensure improvements are maintained as part of a wider partnership approach. The team will then be working in Beeston and Harehills to support selective licensing in these areas, adopting a similar model of supporting residents via crossing the threshold. The team will deal with conditions and aspects of housing which cannot be covered by the selective licensing schemes, namely Part 1 of the Housing Act 2004, as well as working with partners to address individual needs as per the work in Holbeck.

### **Selective Licensing – Beeston and Harehills**

- 3.18 The Council has designated Beeston and Harehills as areas subject to selective licensing. Both areas come into force as of the 6<sup>th</sup> January 2020. As of that date, all private landlords will be required to have a licence (or applied for one) 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.
- 3.19 The Council has received two pre-action letters from landlords with the potential for judicial reviews. Both have been robustly responded to and no further action has been instigated against the Council in either case.
- 3.20 Recruitment to the two teams was completed by the beginning of October 2020 with all posts now filled.
- 3.21 Since the commencement of the scheme the Council has received 5434 licence applications, 2054 for Beeston and 3380 for Harehills by December 2020. All application have now been imputed to allow the processing of licences. Unfortunately due to COVID this had to be done remotely which impacted on delivery as it had to done under IG considerations which had not been anticipated at the commencement of the scheme and a different way to the one initially planned.
- 3.22 As part of the support for the sector the Council delayed requests for the payment of any licence fees from March to September 2020.. This has resulted in a delay in processing and issuing licences as payment of the fee is part of a full and valid application. Of the applications received by December 2020 the Council has received 4,704 initial licence fees, 1,779 for Beeston and 2,925 for Harehills. This equates to 86% of all licences received (86% for Beeston and 86% for Harehills). So far 10% of applications have not had a fee payment made and landlords are currently subject to formal investigation with a view, subject to the evidential and public interest test, formal proceedings
- 3.23 Currently the two teams are in the process of validating licence applications and processing via the draft licence to the full licence stage. This requires a checking

that all information is current, valid ID documents have been attached and undertaking the draft licence consultations with all interested parties.

- 3.24 The next step will be to commence the property visits as soon as the pandemic allows us to do so safely for all parties involved. This will allow us to ensure compliance with the licence conditions, address any breaches, continue to target those landlords who fail to ensure that they hold a valid licence or ensure minimum property standards, support the good landlords and working with partners address individual and neighbourhood issues.

### **Empty Homes**

- 3.25 Addressing empty homes remains a priority for the Council and the service. Everyone is a potential home for someone and prevents the need to build a new one. Between 2012 and 2017 as part of the Core Planning Strategy the Council reduced the number of empty homes by 2000 to 3776. Since then the Council has continued to work with partners in the Community Led Housing field and Empty Homes Doctor to maintain the level below this figure as of the end of each financial year. As of March 2020 the level of empty homes in the city was 3545.

## **4. Corporate Considerations**

### **4.1 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 and policy proposals.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 Equality, Diversity, Cohesion and Integration Assessments are undertaken for each of the various different interventions and policies.

### **4.3 Council Policies and Best Council Plan**

- 4.3.1 By working with the sector and targeting some of the poorest housing and most deprived communities, the interventions contribute too many of the Council's key priorities. The initiatives contribute to the compassionate city agenda, improving housing and health, providing employment and training opportunities as well as improving the neighbourhoods as well as improving housing standards in general.

### **Climate Emergency**

- 4.3.2 A significant challenge for the reduction in the city's carbon footprint is housing. The private rented where the current influence of the council is small, is a challenge for the Council.
- 4.3.3 By intervening in the private rented sector the Council have and will continue to help with issues affecting the climate:
- Better quality homes and standards will help to reduce energy consumption.
  - Education of both residents/tenants and landlords to help reduce waste and improve recycling.
  - Better engagement with landlords to improve education specifically around the changing energy legislation requirements which affect the sector.
  - Improve the EPC rating of the property to EPC B/C helps contribute to the carbon saving target of properties by 2030.
  - Improving the life span of the existing housing stock so preventing the carbon footprint of demolition and new build.
  - Work with the Government on proposals to address energy efficiency and carbon reduction in the sector

#### **4.4 Resources and Value for Money**

- 4.4.1 The service evaluates on an individual basis the activities it undertakes
- 4.4.2 The licence fee income for both selective and HMO licencing can only be spent on the administration of the schemes and must be cost neutral or subsidised by the Council. The Council cannot be seen to make a surplus
- 4.4.3 The Housing and Planning Act 2016 introduced the provision to use civil penalties as an alternative to prosecutions. Any income generated must be retained and used solely for private sector housing enforcement activity.

#### **4.5 Legal Implications, Access to Information, and Call-In**

- 4.5.1 There are no legal implications with the report. The report contains no exempt or confidential information.
- 4.5.2 In addressing standards and issues within the private sector all legal implications and consideration are taken into account by the service.
- 4.5.3 The licence fee income generated for both mandatory HMO licensing and selective licensing schemes is ring fenced to the administration of those schemes only.

#### **4.6 Risk Management**

- 4.6.1 Each element of the service, policy or activity has its own risk assessment as well as consideration of how it impacts on the service as a whole.

### **5. Conclusion**

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

### **6. Recommendations**

6.1 The Scrutiny Board is requested to note the content of the report

**7. Background Documents<sup>1</sup>**

None

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<sup>1</sup> 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.