



Report of the Director of Environment and Neighbourhoods

Executive Board

Date: 26th August 2009

**Subject: Scrutiny Board (Environment and Neighbourhoods) Statement on
Private Rented Sector Housing**

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

INTRODUCTION

The Scrutiny Board (Environment and Neighbourhoods) agreed at a meeting on the 11th May to a report following an inquiry into private rented sector housing.

In accordance with the requirements of the constitution, the response to the Scrutiny Board's recommendations needs to be agreed by Executive Board.

The Director's comments general comments and specific responses to each of the recommendations are as follows:

Overview

The scrutiny report reflects in many ways the current range of activity followed by Leeds in understanding, supporting and promoting the private rented sector through accreditation, partnership working and generally accepted good practice, plus enforcement of legislation such as mandatory licensing of Houses in Multiple Occupation (HMOs) and the Housing Health and Safety Hazard Rating System. Many of the recommendations are, quite rightly, "to continue ..." what we are currently doing.

However, a number of recommendations seek to increase momentum and progress with initiatives, or extend or develop new additional initiatives across the city. Whilst supportive of the ambitions of

Scrutiny, there are obviously resources implications in some of these proposals, such that without additional staffing and funding Scrutiny's recommendations cannot be fully realised. This has already been recognised in recent papers to Exec Board, and will be an important part of the work of the newly established Private Sector Housing Board, chaired by the Elected Lead Member.

Comments on specific recommendations are as follows:

1. RECOMMENDATION 1

That the Director of Environment and Neighbourhoods raises greater awareness of, and helps private landlords gain access to, available grant or loan funding to improve the quality and energy efficiency of private sector housing.

The Council continues to promote energy efficiency to all households irrespective of tenure, and provides financial assistance where available. Capital programme funds for Leeds for 2009/10 amount to approx £6.8m for the whole city for all private housing regeneration, both owner occupied and Private Rented Sector (PRS) stock. Of this, only £300,000 is available specifically for energy efficiency initiatives, so there is limited opportunity in the current programme to provide major financial assistance to Landlords using capital. We do encourage take up of warm front grant by tenants and promote energy efficiency where ever possible (i.e. the 5 Wards initiative in 2008/9 and planned 10 ward initiative scheduled for 2009/10, and included in group repair specifications) but due to costs and technical problems associated with hard to treat older housing the take up is generally poor. Negotiations are on going to secure additional funds and addressing energy inefficiency and resultant excess cold is a key priority of the Council.

2. RECOMMENDATION 2

That the Director of Environment and Neighbourhoods continues to ensure that private landlords are proactively engaged in the development of future improvement programmes/schemes aimed at raising the quality and condition of private rented sector housing.

The Director agrees with recommendation 2.

3. RECOMMENDATION 3

That an update report on the actions taken to achieve the outcomes of recommendations 1 and 2 is brought back to Scrutiny within 6 months.

The Director agrees with recommendation 3.

4. RECOMMENDATION 4

That the Director of Environment and Neighbourhoods continues to proactively educate and empower private tenants to understand their rights and have the confidence to approach the Council for assistance if landlords refuse to improve standards in line with minimum requirements.

The Director agrees with recommendation 4.

5. RECOMMENDATION 5

That the Director of Environment and Neighbourhoods continues to explore innovative approaches towards addressing poor housing conditions and works closely with key partners and central government to maximise on available resources.

The Director agrees with recommendation 5.

6. RECOMMENDATION 6

That the Director of Environment and Neighbourhoods conducts an urgent review of existing resources within the HMO Licensing Team to determine whether it is adequate enough to effectively administer and regulate the Mandatory HMO Licensing Scheme.

The Director does not agree to recommendation 6. HMO mandatory licensing is expected to be cost neutral with operational costs being met by license fees, and the recommendation for additional revenue resources to be provided to undertake more proactive work to track down unlicensed properties could only be met in the short term by the team being subsidised through revenue budget. Alternatively the license fee in future years could be increased but this would meet strong opposition from Landlords and ultimately fall to the tenants through increased rents. On balance, the current fee level we believe to be right and provides sufficient resources of approx £1.5m to administer the scheme in Leeds which has been one of the most successful schemes in the country. Resources will now be focused on inspection compliance checks and any subsequent enforcement required, provided problems such as the recent changes on fire precautions which have created additional administrative work don't keep recurring. The current review of mandatory licensing by the Building Research Establishment (BRE) should give some indication of the benefits which have been derived from such a significant amount of expenditure. The Council will take account of the findings of the impending BRE report in reviewing its operations.

7. RECOMMENDATION 7

That the Director of Environment and Neighbourhoods ensures that all opportunities for data sharing across the Council and other agencies are explored to assist in the identification of unlicensed HMOs within the city.

The Director agrees with recommendation 7, and it can be confirmed that this reflects current arrangements where a comprehensive network of data sharing and intelligence gathering has taken place and will continue in the future

8. RECOMMENDATION 8

That the Director of Environment and Neighbourhoods continues to engage with private landlords in regularly reviewing the standards set within the Leeds Landlords Accreditation Scheme with the aim of attracting more members and expanding the scheme across the city.

RECOMMENDATION 9

That the Director of Environment and Neighbourhoods conducts a review within the next 6 months of the current action plan aimed at promoting the Leeds Landlord Accreditation Scheme and raising its profile amongst private tenants across the city.

The Director agrees with both recommendations 8 and 9, in that there are already in place arrangements for regular engagement with Landlord representatives, which include opportunities for reviewing standards in the Leeds landlords Accreditation Scheme (LLAS). Officers continue to work hard to promote LLAS city wide, and are currently working on an agreed action plan to achieve this. However, the scheme is currently heavily subsidised as the annual membership fees are purposely kept low to ensure the membership fee isn't a disincentive. Increasing fees to meet the additional costs of publicity, concessions and administration would be unacceptable to most landlords in the current economic climate, and it should be remembered that such costs invariably find their way into increased rents. If the additional publicity and promotion was fully met by the Council, the cost could be significant.

9. RECOMMENDATION 10

That the Director of Environment and Neighbourhoods continues to further develop an Accredited Tenants Scheme for Leeds and explores opportunities for developing a representative body specifically for private tenants in Leeds.

An accreditation scheme would essentially be a set of standards which a tenant would sign up to comply with, and possibly include tenant training to improve awareness of their obligations and expected behaviour. A scheme has been previously piloted in Leeds in conjunction with LLAS landlords with little success or interest. The Department was only

able to issue a handful of certificates to tenants during the pilot. Landlords would be critical to the success of a scheme by insisting that tenants were, or became, accredited. The potential for relaunching a scheme, in conjunction with a tenant referencing scheme as referred to in recommendation 15 of the report of Scrutiny Board will be reviewed, but there are resources considerations to be taken into account

10. RECOMMENDATION 11

That the Director of Environment and Neighbourhoods continues to explore the development of an Accredited Agent Scheme for Leeds as a way of regulating the quality management standards of private sector management agents.

Similar to accredited tenants, an accredited managing agents scheme would require funding to meet set up and administration costs, and protracted negotiations with agents' representatives over the last year have suggested that they are unlikely to want to meet the full cost of the scheme which would mean LCC subsidy, and agents also have some strong objections to some of the conditions we would want to see in the scheme, including some basic legal requirements.

The set up and running costs would not be dissimilar to the cost of selective licensing which has recently been estimated at approx £350,000 in total over the five year term of each license. The difference with a managing agents scheme would be the resistance to paying a similar fee of several hundred pounds for a discretionary initiative.

11. RECOMMENDATION 12

That the Director of Environment and Neighbourhoods takes a lead on promoting a one Council approach towards introducing concessions as a way of retaining and attracting more private landlords to the Leeds Landlord Accreditation Scheme.

This relates to the potential for the Council to encourage membership of Accreditation by way of incentives such as discounts on the cost of other services. A particular example is the refuse disposal concession for all waste, as distinct from waste defined as "domestic". Another example would be in relation to the cost of parking permits for landlords who have need for access to houses they manage in areas with resident only arrangements. Clearly a balance has to be struck between incentives to attract and retain members of the scheme, and other budget considerations, but the Director would agree that there is merit in exploring the full potential for introducing such arrangements in future.

12. RECOMMENDATION 12

i) *That the Director of Environment and Neighbourhoods ensures that practical support and advice is available to all tenants in assisting them to negotiate reasonable rent levels, with particular attention given to the consideration of property conditions and the minimum standards they should be expecting to receive.*

ii) *That the Director of Environment and Neighbourhoods takes a lead role in building on the close working relationship between the Leeds Benefits Service and the Housing Regulatory Service to provide the necessary checks and balances to the LHA scheme at a local level.*

This relates primarily to the Leeds Housing Options Service, seeking the establishment of a comprehensive tenant advice service within the Council. The Leeds Housing Options service is committed to offering support and advice to all tenants and this involves negotiating with landlords on rent levels and in some instances assisting with bonds. This work will continue to be developed and will continue to involve close working with the Leeds Benefits Service and Environment and Neighbourhoods directorate.

13. RECOMMENDATION 14

That the Director of Environment and Neighbourhoods reviews the potential costs and implications of expanding the Council's Damage Liability Scheme across the city and introducing deposit guarantees for tenants in receipt of Local Housing Allowance.

The council is proactively exploring all options to assist tenants with rental bonds as part of the wider work undertaken through the Leeds Housing Options service. This work will continue with the aim of maximising the opportunities to assist in the prevention of homelessness and to secure accommodation for people in housing need across the city.

14. RECOMMENDATION 15

That the Director of Environment and Neighbourhoods continues to develop a Tenant Referencing scheme for Leeds and explores ways of securing additional funding for operating this scheme, which may involve seeking commitments from other Local Authorities to develop a regional scheme.

The Council has been working on the potential for a tenants reference and tenants accreditation scheme for some time, including work with West Yorkshire Partners on the potential for a West Yorkshire wide initiative, largely modelled on the Manchester scheme which was reported to the PRS Strategy Group in 2008. The main stumbling block is the cost of operating a scheme. A very rudimentary estimate would be set up costs of upwards of £75k in year 1, plus running costs of not less than £50k per annum thereafter. Other schemes developed by local authorities have ranged in cost from £25k-£125K per annum.

A tenant referencing scheme is an extension of an accreditation scheme, the concept being that tenants would be vetted by the Council and given a "credit rating" to be used when applying for a tenancy. There are many and varied issues with such a proposal including data protection, exclusion from tenancies if holding a poor rating, human rights issues etc. The scheme would need to be properly established and robustly administered, and again would be better run across the whole of West Yorkshire. Proposals are still under consideration but financing will be an important and critical factor.

15. RECOMMENDATION 16

That the Director of Environment and Neighbourhoods continues to seek means of bringing empty private housing back into use which maximises on recent government initiatives and takes advantage of the current economic climate by brokering deals with property owners to temporarily let their empty properties to the Council for people on the housing register.

The Director agrees with this recommendation. The Leeds Housing Options service has developed the recently introduced arrangements for placement of potentially homeless people into private sector housing. The Leeds Housing Options service is also encouraging owners of empty properties to offer the properties to potentially homeless households as assured shorthold tenancies, providing that the properties are of a reasonable standard. Further work to be undertaken includes consideration of the potential for long term leasing of underused stock for renting. An additional area of work which will be considered is the proposals to make use of Empty Dwelling Management Orders to bring back long term empty homes, with ALMOs or other registered social landlords acting as managing agents on the Council's behalf for up to 7 years as allowed by legislation.

16. RECOMMENDATION 17

That the Director of Environment and Neighbourhoods considers the feasibility of establishing a single point of contact within the Council for the private rented sector, acting as a conduit for both private landlords and tenants to gain access to accurate and timely advice, information and assistance.

The recommendation is supported and welcomed, and is one aspect of the on-going development of the Leeds Housing Options Service.

RECOMMENDATIONS

That the Executive Board approves the responses from the Director of Environment & Neighbourhoods as outlined in this report.

PREVIOUS REPORTS TO SCRUTINY BOARDS

18 January 2005	The Housing Act 2004 – The Impact on the Private Rented Sector in Leeds
07 September 2005	Private Sector Housing – Action to Address Fitness and Empty Properties
22 February 2006	Progress Report – The Implementation of the Housing Act 2004
March 2007	Leeds Housing Investment Programme
24 October 2007	Empty Property Strategy – Position Update

PREVIOUS REPORTS TO EXECUTIVE BOARD

10 March 2003	Long-Term Empty Homes
21 September 2005	The Establishment of an HMO Licensing Team in respect of the Mandatory Licensing of HMOs (Houses in Multiple Occupation)
13 November 2006	Empty Property Strategy 2006-2010
11 June 2008	Activity in the Private Rented Sector regarding Energy Efficiency

CURRENT LCC STRATEGY DOCUMENTS

- Leeds Housing Strategy 2005/06 – 2009/10
- Empty Properties Strategy 2006-2010 and Action Plan (update at 30.07.08)
- Leeds Private Rented Housing Strategy 2005-2010 (January 2007)
- Leeds Home Improvement Assistance Policy

Research

Leeds Private Sector Housing Stock Condition Survey 2007

The Challenge of Back to Backs in Leeds 2008