

Private Rented Housing Inspection

Report of Overview & Scrutiny Task Group

April 2012



1. PREFACE

The private rented housing inspection scrutiny task group has looked at the problem of poor housing conditions in some private rented property in the Borough. The Housing Stock Conditions Survey of 2010 identified that there are approximately 4100 private rented properties in the borough which represents 10% of the housing stock. Many of the low cost private rented properties are thought to have poor housing standards with some tenants afraid to complain because of the fear of eviction.

In looking at this issue, the Task Group has focussed on three main streams:

- identifying where the private rented housing stock is located in the borough;
- looking at current and potential housing condition inspection regimes; and
- potential landlord accreditation schemes and what they may bring towards the overall objective of improving private rented housing accommodation.

I would like to thank the Task Group Members and Officers for their contribution to this review and final report and hope the Executive will give their full consideration to the report findings and recommendations.

Councillor Bev Murray
Chair of the Private Rented Housing Inspection Scrutiny Task Group

2. MEMBERSHIP AND OBJECTIVES

Objective

The key objective of the Task Group was to identify and tackle poor housing standards in some private rented properties in the borough.

Desired Outcome

The desired outcome is improved housing conditions for tenants of private rented property in the borough.

Task Group Membership:

Councillor Bev Murray (Chair)
Councillor Hasina Khan, replaced by Councillor Matthew Crow
Councillor Alison Hansford
Councillor Harold Heaton
Councillor Steve Holgate
Councillor Paul Leadbetter
Councillor June Molyneaux

Officer Support:

Simon Clark, Head of Health, Environment and Neighbourhoods
Zoe Whiteside, Head of Housing
Chris Moister, Head of Governance
Kath Knowles, Housing Strategy Manager
Carol Russell, Democratic Services Manager

Meetings:

The meeting papers of the Group can be found on the Council's website:
www.chorley.gov.uk/scrutiny

This includes the inquiry project outline, reports and minutes of the Task Group.

3. RECOMMENDATIONS

The Executive Cabinet is asked to consider the following three recommendations which the Task Group feel will help towards improving private housing sector standards in the borough:

- 3.1 The Task Group asks the Executive to introduce a more proactive inspection regime for private rented sector housing within the borough beyond the existing service which is only able to respond to complaints received. This would be on the basis of one half time or fulltime post based in the neighbourhood team and providing expertise and capacity to undertake housing inspections on a more programmed basis, targeting hot spots and those areas known to have low standards of private rented property, based on current knowledge and other sources of information identified in the report. The cost of this provision is estimated at between £22,000 and £40,000 per annum.**
- 3.2 To support the above recommendation, the Task Group further recommends the development of a private rented housing standards policy, against which compliance can be measured.**
- 3.3 Having considered a range of landlord accreditation schemes and the views put forward by the Landlords Forum, the Task Group does not recommend that the Council introduces a Landlord Accreditation Scheme at the current time but that this be revisited in the longer term as Members feel there are benefits in landlords gaining accreditation in improving private rented housing standards.**

4. EVIDENCE AND FINDINGS

The Group received and considered several reports and presentations:

- A presentation on the current arrangements for the inspection of private rented housing in the borough including the formal role and powers of the Council under the Housing Act 2004. This included housing decency standards as set out in the DCLG's A Decent Home: Definition and Guidance for Implementation.

- A presentation on tenants rights in relation to security of tenure; illegal eviction and harassment, also including Council initiatives like the Rental Bond scheme and the Tenancy Deposit Protection scheme.
- A report on the use of data held by the Council to provide information on the location of the estimated 4100 private rented properties in the borough.
- Information on Landlord Accreditation Schemes
- A report on options for private rented housing inspection, accreditation and licensing.

The views of the Private Landlord Forum on the value and their likely take up of any Landlord Accreditation Schemes were also considered.

4.1 Identifying the problem

Complaints received by officers and Member casework evidence that there is a problem with some private rented housing property in the borough being of a very poor standard. This is generally at the low cost end of the market involving some of the most vulnerable tenants. Tenants are often afraid to complain because of the fear of eviction by their landlord.

4.2 The Council's role and powers in relation to private rented property

If tenants do complain to the Council regarding the standard of their private rented accommodation, the Council can undertake an inspection in line with powers under section 3 of the Housing Act 2004. The Council can take enforcement action against the landlord for any Category 1 defect. Category 1 defects are defined as hazards that cause harm eg serious leaking roofs, extensive mould growth, etc.

There is currently a statutory obligation for the Council to inspect Houses in Multiple Occupation (of which there are only a small number in the borough) but no obligation to undertake a programmed inspection of other private rented property.

Currently the service provided by the Council is a reactive one, responding just to complaints. Monitoring information for the last 3 years showed that around 500 service requests are received each year regarding housing matters. These are from private owned, private and social rented properties ranging across all aspects of housing/gardens, with around 50 to 60 resulting in full housing inspections and from that between 10 and 15 notices being served each year. There were concerns that an estimated 15% of the private rented housing stock had Category 1 hazards.

A more formal inspection regime would ensure that landlords knew that they were likely to be inspected, irrespective of any tenant concerns, and that poor housing standards would be challenged and addressed, with the threat of enforcement action.

Enforcement action, could take place under health and safety, environmental health or building regulation powers, depending on the defects identified. In addition the Task Group felt that it would be beneficial if a housing policy was developed for private rented housing providing minimum housing standards against which the Council could inspect.

4.3 Identifying rented housing in the Borough

The Council's Housing Conditions Survey undertaken in 2010 estimates that there are 4100 private rented properties in the borough which is around 10% of the housing stock. Around 30% of the property is based in the neighbourhood area of Chorley Town East, however the only accurate record of where properties are located is with Council Tax. Data protection legislation prevents other services within the Council from using that information but other sources could be used to build a register of private rented property which is seen as essential if the Council was to become more proactive in inspecting rented property.

Potential sources of information towards building a register were identified as:

- Current officer knowledge from complaints received from tenants
- Councillor ward information
- Potential use of the housing register and estate agents
- Housing benefit applications – with the consent of the claimant

4.4 Landlord and tenant rights

The Task Group considered the legal rights of both tenants and landlords. Private rented accommodation offers far less security of tenure compared to social housing with the landlord only being required to give a tenant 2 months notice to leave. There are a number of safeguards in place to help protect and assist tenants including a tenancy Deposit Protection Scheme and the Council's Rental Bond Scheme.

The Council's housing and health, environment and neighbourhoods teams work together to deal with issues around housing standards and repairs and illegal eviction and harassment. There is also a Private Landlords Forum meeting quarterly to support and advise private landlords.

4.5 Supply and demand for private rented housing

Currently the demand for private rented accommodation is greater than the supply in Chorley borough. Landlords do not necessarily have to address problems in order to rent out property, particular those at the lower end of the market.

Members acknowledged that the rented housing market was very sensitive and whilst a more proactive inspection regime could help improve housing conditions in the private rented sector, those landlords who did not provide good standards of accommodation could decide to move out of the borough. This could reduce the supply of rented housing available, particularly for those on the lowest incomes.

4.6 Options for a more proactive inspection regime

The Task Group looked at three options for an increased housing inspection service by the Council and the consequent financial implications:

- A fully proactive scheme with a full 5 or 10 year inspection programme costing between £40,000 and £75,000 per annum plus a cost for work undertaken in default. This would enable the development of a fully populated database of private rented properties. It would lead to improved housing standards and consistency in approach. However it could impact

on the availability of low cost rented properties with those landlords seeking to move outside the borough.

- A wholly reactive scheme as at present which just responds to complaints received from tenants, with no financial implications; but no improvement in housing standards.
- A partially proactive scheme which would use current intelligence and data sources previously identified by the Task Group to compile a register of private rented property. This would be reactive to tenant complaints and would provide a base service from which a full inspection programme could be developed. Resources would be limited to one half time or one fulltime post at a cost of £22,000 to £40,000 per annum, therefore it would not capture all poor housing standards but would target bedsit and multi occupied property and poor housing hotspots.

The Task Group felt that the third option of a partially proactive scheme offered an enhanced service with realistic financial implications. The introduction of an inspection scheme of any scale, would require the development of a private rented housing policy setting out accepted standards of housing conditions.

4.7 Landlord accreditation

Landlord Accreditation Schemes (LASs) provide a set of standards for the condition or management of privately rented accommodation. Landlords who join a scheme and meet the standards are then accredited. Joining a scheme is purely voluntary but there are some advantages for the landlord. Landlords can advertise themselves to tenants as accredited – showing their emphasis on good quality accommodation. There may be other incentives, depending on the scheme in operation.

The Task Group considered a number of LASs in operation in the northwest and also the position of neighbouring councils:

- Wigan has been part of the Greater Manchester LAS for 3 years and has 40 landlords accredited. Whilst there is no accurate figure for the total number of landlords it is thought to be in excess of 550 with around 6000 rented properties. The scheme is not available to authorities outside Greater Manchester.
- The Residential Landlords Association Accreditation Scheme (RLAAS) has been running for one year and has 5 local authorities in the scheme – Leeds, Fylde Coast (Blackpool, Wyre and Fylde) and West Lancashire. This is a web based scheme with landlords being required to undertake a self assessment of their properties and to undertake certain training and professional development. RLAAS inspect 10% of all accredited properties. The cost to the local authority varies depending on the size of housing stock, for Chorley it was estimated at £4000 per annum.
- In terms of neighbouring Councils, South Ribble do not have an accreditation scheme and Preston City Council operate their own scheme, but only 12 landlords are accredited. The scheme is free and all properties are inspected before being accredited, they do not however actively develop and promote the scheme but concentrate on monitoring higher risk areas of private sector housing.

- The National Landlords Association (NLA) run a LAS which accredits landlords rather than properties. Whilst this may be beneficial to landlords in demonstrating professional service and commitment, it doesn't actually monitor property standards.

Members debated the benefits of LASs in improving housing standards. Evidence showed that they tended to be attractive to the better landlords. Take up was optional and in some schemes appeared to be quite low – possibly linked to the ease with which property can be let in an area. However Members acknowledged that LASs were worthwhile and set a standard for acceptable property rental.

At a meeting of the Private Landlords Forum, landlords had been asked about their interest in joining a potential LAS. All 11 landlords present said they would not be interested and any scheme they did join, would lead to them passing on the membership costs to tenants in increased rents. On this basis Members felt the introduction of any LAS at the current time would not be successful but it should be revisited in future.

4.8 Selective Licensing

Selective licensing is a provision under the Housing Act 2004, and covers private rented property in specific areas which suffer from low housing demand and/or significant and persistent anti social behaviour problems. Once an area is designated, all landlords with property within the area are required to apply for a 5 year licence at a total cost of £500, with penalties for non compliance. All private rented property in that area is inspected. Selective licensing is often seen as a measure of last resort and can be used as a tactic to discourage private renting in an area with an over supply of poor quality privately rented accommodation. It was not seen as an appropriate measure in Chorley.

5. CONCLUSION

In putting forward the recommendation for an increased resource to inspect private sector rented properties, the Task Group feels that there will be a strong message going to those landlords who don't address housing problems and that ultimately this should lead to improvements in the condition of private rented housing in the borough. The proposal put forward provides an enhanced service with reasonable financial implications.