

Report of: Corporate Director of Housing & Adult Social Services

Meeting of:	Date	Agenda item	Ward(s)
Housing Scrutiny Committee	5 March 2015	11	All

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SUBJECT: Private Rented Sector Scrutiny Review – 12 Month Report Back

1. Synopsis

- 1.1 The Communities Review Committee conducted a scrutiny review of private sector rented housing during the period July 2013 – February 2014. The overall aim was to look at the quality, cost and regulation of the private rented sector (PRS) in Islington and how this could be improved. The review was to inform the process of developing a new private sector housing strategy.
- 1.2 The Committee agreed a list of recommendations in February 2014, which was agreed by the Executive on 6th March 2014.
- 1.3 This report updates members on progress in implementing the recommendations of the Communities Review Committee’s report on ‘A better deal for Islington’s private renters’. It summarises the context of the review, the ambitions of the Committee, the response of Executive and the adoption of a private sector improvement plan.

2. Recommendations

- 2.1 To note progress to date on the recommendations contained in the report ‘Private Sector Rented Housing’ as set out in Appendix A. A full description of the Committee’s recommendations and the Executive’s response are available by way of background papers.

3. Background

- 3.1 Islington’s large and growing private rented sector comprises approximately 24,000 households or 26% of all households by tenure, and is expected to rise to 35% by 2025.

The borough faces several challenges in the private rented sector, including insufficient supply of affordable accommodation, some poor quality housing, impacts of welfare reform, and unregulated PRS management, leading to difficult conditions for some tenants.

- 3.2 Despite the growing PRS sector, the supply of privately rented properties for those on middle and low incomes has become severely restricted in recent years. Local Housing Allowance (LHA) levels, which are intended to reflect the lower end of the market, have in fact lost touch with market rent levels.
- 3.3 There is currently no statutory regulation of letting or property management companies. This means that anyone can open a letting or property management business without any qualifications or accreditation. The growing number of rental properties in the borough has presented an opportunity for more lettings agents to enter the market, and there are now over 150 letting agents operating in Islington.
- 3.4 Assured Shorthold Tenancies only offer tenants limited security of tenure, often only for a period of 6 months, with landlords being able to gain vacant possession any time they wish after the expiry of the tenancy.
- 3.5 For many years, the council has made extensive use of the PRS by using private rented properties as temporary accommodation for clients approaching the Housing Aid Centre as homeless or in housing need. The council also operates a Private Sector Opportunities Scheme (PSO Scheme), which assists people to access the PRS through a deposit or incentive paid by the council.
- 3.6 As well as working to secure private sector opportunities, the council works to improve standards. It is estimated that there are 8,000 PRS dwellings in Islington with a category one hazard, making it unsuitable to let unless rectified.
- 3.7 In July 2013 the Communities Review Committee commenced a scrutiny review, with the overall aim to look at the quality, cost and regulation of the private sector rented sector in Islington and how this could be improved. The review was to inform the process of developing a new private sector housing strategy.

The objectives of the review were to:

- Examine best practice of local authorities and from other housing providers;
- Examine information on costs, quality and regulation of the private rented sector in Islington;
- Examine the role of the private sector in meeting housing needs;
- Recommend changes to the way the council deals with the private rented sector;
- Produce recommendations to government on changes to legislation relating to the private rented sector.

The review received evidence from a number of statutory and voluntary organisations and council officers, and reported its recommendations to the Executive in March 2014.

- 3.8 The Communities Review Committee, whilst recognising that the private rented sector is often an excellent housing option for many people with many properties meeting good quality standards, were of the view that more could be done by the council to influence and improve the sector, and root out poor landlords.
- 3.9 The Committee recommended that the council should use its discretionary powers under the Housing Act 2004 to further improve property and management standards through the introduction of additional licensing.
- 3.10 The Committee was also of the view that more could be done to help households on low and middle incomes to access the PRS, by establishing a council-run social lettings agency.
- 3.11 The Committee hoped that its recommendations would establish a more regulated PRS offering a secure, settled and good quality home for many for whom owning a property or accessing social housing is not an option.

- 3.12 In March 2014 the Executive accepted in full the recommendations of the Communities Review Committee and agreed to incorporate the scrutiny recommendations and the Executive's response in the council's ongoing and future work in relation to private sector services, and to form a basis for the council's new private sector housing strategy for 2015-18.
- 3.13 The Committee's recommendations have been laid out in a PRS Improvement Action Plan (Appendix A) and has been updated to show progress in implementing the Committee's recommendations.

Some actions have been completed and others are ongoing and will continue to be monitored to ensure that the improvements envisaged by the Committee are delivered. Progress will be reported annually.

4. Implications

4.1 Financial Implications

Any additional costs of implementing the licensing scheme that cannot be met by the licensing fee or through existing resources will be monitored and as necessary, met from the contingency fund.

Additionally, resources required for the development of a social lettings agency will be approximately £45k, for which funding has been identified. The initial set up costs of the agency include consultancy, staff, IT, legal and marketing costs. It is envisaged that the agency will be run by existing staff resources for the first year.

An initial review of similar schemes indicates that the agency may be able to break even after year two and start to generate surplus income after year three.

All other activities referred to in the report around working with lettings agents (para 4.3) and supporting private tenants (para 4.4) will be contained within existing resources.

4.2 Legal Implications

Social Lettings Agency

The council is establishing an in-house social lettings agency ('SLA') using its general power of competence (section 1 of the Localism Act 2011). The council may charge landlords for the provision of the SLA services up to the full cost of providing those services (section 93 Local Government Act 2000 and section 3 Localism Act 2011).

HMO Licensing Scheme

A local housing authority must keep the housing conditions in their area under review, including the licensing of HMOs. Sections 56 and 57 of the Housing Act 2004 enable the council to designate areas within Islington as being subject to an Additional HMO Licensing Scheme in relation to some or all of the HMO properties in those areas which are not already subject to mandatory HMO licensing. The council must comply with specific requirements set out in those sections including being satisfied that a significant proportion of the HMOs proposed to fall under the additional scheme are being managed sufficiently ineffectively, consultation for the scheme must take place, and the scheme must be consistent with the council's overall housing strategy. Following approval of an Additional HMO Licensing Scheme, there are specific requirements relating to publicity and when the scheme may come into force (no earlier than three months after the date on which the designation is confirmed). The council must review the designation from time to time and may revoke it if considered appropriate. There is no fee structure prescribed within the Housing Act 2004 but the government has indicated that it should be self funding.

4.3 **Environmental Implications**

The implementation of the recommendations will lead to improvements in the quality of private rented sector housing, including thermal efficiency, resulting in a reduction of housing carbon emissions.

4.4 **Equality Impact Assessment**

Equality impact assessments will be carried out as part of the development and implementation of new schemes.

5. Conclusion and reasons for recommendations

5.1 Good progress is being made in implementing individual actions arising from the recommendations of the Communities Review Committee.

5.2 It is recognised that implementation of the recommendations will lead to a better deal for private tenants, a raising of standards in the quality of private sector accommodation, easier access to council services and support for private sector tenants and landlords. It will also facilitate more transparent access to lettings services for those seeking to find a decent home in the private sector.

Appendices

Appendix A: PRS Improvement Plan

Background papers:

Private Sector Rented Housing, Report of the Communities Review Committee, March 2014

Executive response to the above, March 2014

Final report clearance:

Signed by:

Date:

Received by: Head of Democratic Services

Date:

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