



This report contains the findings and recommendations that had emerged after the Topic Group scrutinised the subject selected by the subcommittee in July 2014.

## RECOMMENDATIONS

1. That the subcommittee agree the report be referred to the next meeting of Cabinet for consideration.

### REPORT OF THE TOWNS & COMMUNITIES OVERVIEW AND SCRUTINY SUB COMMITTEE LANDLORD ACCREDITATION SCHEME TOPIC GROUP - PRIVATE RENTED SECTOR LANDLORDS TOPIC GROUP

#### 1.0 BACKGROUND OVERVIEW

- 1.1 At its initial meeting on 1 July 2014, the Towns & Communities Overview and Scrutiny Sub Committee agreed to set up a Landlord Accreditation Scheme Topic Group to consider the options of introducing methods to monitor and control the activity of private rented sector landlords in the borough
- 1.2 The Topic Group aimed to understand licensing schemes, the process that would be taken in Havering and understanding current practice in other boroughs.
- 1.3 The group had explored the main recognised means of private rented regulation currently operating some local authorities and considered the different approaches as potential solutions in Havering.
- 1.4 The membership of the Topic Group was open to all members of the committee. The Group was led by Councillor Jason Frost with Councillors Jody Ganly and Linda Hawthorn as members.

#### 2.0 SCOPE OF THE REVIEW

- 2.1 At the initial scoping meeting Members suggested the Topic Group should consider the following:
  - The aim of the Topic Group was to understand if there was any Landlord Licensing process in Havering.

- Identify the types of Landlord Licensing scheme currently in operation in the borough
- Identify what schemes were running in other boroughs
- Consider which scheme can be implemented in Havering

### **3.0 FINDINGS**

- 3.1 The Topic Group had since met on four occasions with relevant officers within the Housing Services including Martin Grant, Martin Pereira and Louise Watkinson to discuss the future of private rented sector regulation and discuss possible solutions. It has found currently there was no Landlord Accreditation Scheme in operation in neither the borough nor any licensing scheme aside from mandatory licensing.
- 3.2 The Topic Group summarised the current status of Private Sector Housing (PSH) in Havering and examples of LLAS's to then enable discussion regarding the merit of developing such a programme within Havering.

The Topic Group was aware there are three main potential options for the Council if it would like to proceed with tighter regulation of Landlord activity in the private rented sector in some or all areas in Havering. The main options up for consideration are;

**Proposal 1:** Accreditation of Landlords

**Proposal 2:** Landlords Licensing through the following;

- a) Selective Licencing
- b) Additional Licencing

### **Legal Requirement**

The Topic Group noted that the Housing Act 2004 provided that if the Council considered that there was reasons to inspect/monitor residential premises within the borough in order to determine whether any serious hazards exist, it must arrange for such an inspection to be carried out.

The Act provides council's officers with powers of entry, powers to require the provision of information and for the council to take appropriate enforcement action.

The Topic Group noted that Havering had a commitment within its' Housing Strategy to improve the living conditions of people who own or rent a home in the private sector. A key way to do this is to engage with private landlords.

## **Havering's Housing Strategy 2013-2016**

The Topic Group was provided with information on the Council's current Housing Strategy for 2013-2016 within which there was a Private Sector Housing sub-strategy.

The key agreed priorities for the service were:

- Improve our understanding of the local private rented sector
- Continue to improve access to the private rented sector to tackle increasing housing demand.
- Improve private rental property standards and management practices through a new advice and support service and an updated package of training and accreditation for local landlords.
- Examine the potential of developing new, private rented accommodation.
- Help older and vulnerable people to remain safe and independent in their own homes.
- Identify and target poor conditions and inadequate energy efficiency in the private housing sector.
- Bring empty homes in the private sector back into use.

## **Private Sector Housing in Havering**

The Topic Group was informed that as with all London Boroughs, the demand for housing in Havering that was affordable – to rent or to buy was very high and as house prices, mortgage availability and the need for significant deposits to support home purchase, the private rented sector was seeing considerable growth that may signal the need for tighter regulatory control over the activities of landlords

The Census 2011 revealed that the private rented sector in Havering has more than doubled over the past 10 years. In March 2011, 10,337 households were renting privately compared to 5,049 in April 2001. This is emphasised by the numbers of Housing Benefit claimants living in the private rented sector that have increased from 3,800 in 2007 to 7,331 by April 2013 and for the first time, there are more claimants living in private rented homes than claimants in the social sector. With such growth in mind, the need to ensure effective management of such properties is becoming increasingly apparent.

In 2008 there was a report on the full range of the Decent Homes criteria for each borough on a ward-by-ward and super-output area basis. Most notably, it found that:

- 19% of private sector homes contain at least one Category 1 hazard- where the risk is considered as serious and the Council has a duty to take action.
- 34% of private sector homes in Havering were non-decent.
- 9% of private sector homes are non-decent and are occupied by a vulnerable household.
- 17% of private sector homes in Havering have inadequate thermal comfort.

Moreover, as highlighted via a motion to Counsel on 25 March 2015 specifically concerning the potential for an Article 4 Direction there have been growing areas of public unrest regarding the conversion of family homes into houses of multiple occupancy (HMOs). Perceived activities in certain areas believed to be from the creation of shared living have evoked a strong negative reaction from local residents who feel their community and property conditions in their area is under threat. Council passed a motion that, as a matter of urgency an Article 4 Direction would be introduced to provide stronger control over the need for planning permission.

### **Evidence of Private Rented Sector Conditions**

The most common way for local authorities to approach this is through a Licensing Scheme or Selective Licensing Schemes. Both can be influential means for Council's to control the behaviour of private landlords, ensure statutory obligations are met and monitor the conditions of property. However their use is subject to considerable constraints. They are only available where certain conditions are met and most notably for Havering, where we believe their introduction would reduce specific housing problems.

The question for Havering is; do we have a specific problem, borough wide or on a ward level that would support the introduction of a Licencing or Selective Licencing Scheme.

Therefore, at the last meeting, Officers were asked to use existing data from Housing sources and Environmental Health records to ascertain current or emerging trends of poor private rental conditions across the borough or particular isolated hotspots.

Evidence of Havering's Private Rented Sector property conditions have been analysed by the Topic Group to help guide discussions as to what option is necessary. The options were also looked at based on evidence on the levels of disrepair and poor conditions reported by private sector tenants in Havering combined with local intelligence gathered on anti-social activity and noise nuisance. The evidence mapping that is referenced here is attached within the report's appendix.

#### **a) Housing disrepair complaints**

Data from 2010-2013 attached as appendix A highlights wards which have the highest concentration of combined housing disrepair issues in privately rented accommodation. 753 cases of combined housing disrepair complaints have been mapped and the red hotspots within this density map represent the highest concentration of recorded issues. As can be seen, Havering has wards which have very low levels of complaints on Housing disrepair, such as, Upminster, Hylands, Cranham and Emerson Park. In contrast, Romford Town, Rainham and Brooklands have the highest number of recorded complaints regarding housing disrepair issues.

#### **b) Anti-Social Behaviour**

The density map as appendix item B highlights hotspots where the Council has logged complaints on Anti-Social Behaviour. As demonstrated by the density of red and orange areas, Romford, Gooshays and Heaton can be seen to have the highest number of Anti-Social Behaviour calls per 100m across all wards of the borough; thus implying these areas to have the greatest concentrations of ASB. In contrast Upminster, Rainham and Wennington and South Hornchurch appear to have the most sparse and low levels of ASB in the borough. Havering Park, Mawney, Hylands, Brooklands and Emerson Park appear to fall somewhere in between the two.

#### **c) Noise Complaints**

This density map detailed as appendix item C colour codes according to the prevalence of noise complaints within wards. Yellow colour code highlights wards which have the highest concentration of noise complaints that have been recorded over 2011-2015. As can be seen these wards are Romford Town and Brook lands, followed by Upminster and Gooshays

Correlations between all forms of evidence suggest a borough wide approach to accreditation or licensing may be an unnecessary drastic approach to closer regulatory control of the Private Rented Sector based on the suggestive evidence,

with many areas having little to no recorded complaints of ASB, noise or housing disrepair.

Romford has been distinguished by evidence as having the highest number of recorded complaints across all areas that may indicate a justified need for Havering Council to impose a scheme of some form in this area. Higher correlations of recorded complaints also feature in Gooshays, Heaton and Brooklands, indicating areas of Harold Hill and Harold Wood may also be considered for a selected approach to accreditation or licensing.

## **PROPOSAL 1: VOLUNTARY LANDLORD & PROPERTY ACCREDITATION SCHEMES (LPAS)**

The Topic Group had a presentation that discussed options for the introduction of a voluntary landlord/property accreditation scheme.

Within the Housing Strategy the Council was committed to supporting the privately rented sector (PRS). The development of such an Accreditation Scheme for landlords offers,

- a means of defining and regulating housing standards and;
- can support the provision of the types of accommodation that the market is demanding.

With a high up take, this could have a significant social and financial benefit to for the borough. Further the PRS was an important, and growing, part of the housing offer in Havering and it was important that it was a safe and well managed sector. It is important that good landlords are recognised, are supported and given assistance in providing high standards of accommodation within the borough.

A number of accreditation schemes are available, but there is a great disparity between these. The regulatory function of accreditation is made effective by the vetting of landlords prior to their becoming accredited, together with complaints and disciplinary procedure that can result in landlords losing their accreditation if they do not comply with the scheme.

This self-regulation frees up Council enforcement resources to focus on those landlords and agents who do not engage with accreditation, particularly those who, consciously or unconsciously, choose to ignore existing legislation and good practice. It allows the authority to tackle the minority of landlords known as 'rogue landlords'.

The Department for Communities and Local Government's view was that local authorities have the discretion to use self-regulation and statutory enforcement powers in a complementary way. It also sets out guidance for tackling rogue landlords in its recent Guidance Document, Dealing with Rogue Landlords, which could be followed as part of the pro-active enforcement of the Sector enabled by accreditation.

It is anticipated that an effective Landlord/Property Accreditation Scheme (LPAS) would have a positive impact on conditions in the PRS in Havering. It would set a general standard of good landlord practice throughout the borough. It would also help the council to establish improved communication channels with local landlords whilst be seen to actively protect tenant's from inappropriate landlord behavior.

### **Core values of LPAS**

#### The Declaration

Accreditation is about accountability: there must be a voluntary declaration by the supplier or manager of the housing to a set of processes or standards (normally

both). The declaration should be regular and normally should take place once every three years.

### Verification

A scheme must verify that those who sign up to meet standards are doing so. Time has shown that to maintain both consumer and landlord confidence there must be a regular and transparent process that checks on the standards being met, issues some form of report and where any shortcomings are identified, a landlord must agree to an improvement package. Whatever the verification process is, it must be public, realistic and achievable. A complaints system alone is not sufficient to ensure verification.

### Continuing Improvement

Verification should not be simply about standards being met. The notion of continuing improvement sets the mental tone for accreditation: it is about doing better from a base standard and accepting that there is always room for improvement in management outputs.

### Complaints

There must be a proper complaints process that should be simple, inclusive, transparent, rapid and known.

### Partnership

Accreditation is partnership working at a local level to ensure a good supply of privately rented property is readily available. It is supported by a wide range of private rented sector stakeholders including the Government, national landlord associations, local authorities, Shelter, the National Union of Students and the Chartered Institute of Environmental Health.

## **LPAS Options Appraisal**

There are a number of options for the Council to consider with regard to Introducing a LPAS. The topic group has discussed;

- Option 1: No further action
- Option 2: Partnership scheme
- Option 3: Bespoke scheme
- Option 4: London wide scheme
- Option 5: Property accreditation in a geographical hotspot

### **Option 1: No Action**

Take no further action with regard to the introduction of an LPAS. There was an argument that an accreditation scheme is not necessary where there was a high demand PRS and landlords can be fairly confident of finding tenants easily. The



introduction of a scheme will serve only to add further layers of bureaucracy and costs to those managing properties, which will potentially be reflected in rent levels charged in the sector.

### **Option 2: Partnership Scheme**

Negotiate a partnership with one of the national industry bodies for the provision of a scheme on behalf of the Council. Residential Landlords Association (RLA) and the National Landlord Accreditation Scheme (NLAS) offer to develop, implement and run schemes on behalf of organisations such as local authorities. These schemes can be tailored to meet the requirements of the local authority concerned.

### **Option 3: Bespoke Scheme for Havering**

Develop and implement a specific Havering Voluntary Landlord Accreditation Scheme. The introduction and operation of a local Scheme has the potential to offer more flexibility to accommodate the nature of the PRS in the borough. Accreditation means different things in different areas, from simple lists of private landlords and their properties, to a fully developed scheme where active engagement, checking, training, services and inducements are offered to private sector landlords. The Government argues that “this diversity makes sense in that, at present, accreditation works best when it reflects local markets”. However, the operation of a local scheme will have revenue implications, certainly until it is established and working towards self-funding when a critical mass of membership is reached. This will obviously depend upon the decision whether to charge for membership and, if so, how much is to be charged.

In order to achieve a higher scheme membership, there should be a holistic approach to the Council’s engagement with the PRS, preferably linking up with unified housing option appraisals and building on and complementing existing choice based letting arrangements as part of a range of benefits, including assistance, training and the provision of other services which will lead to a clear market advantage for members. Although difficult to quantify, it is hoped that the benefits offered by the Council, and determined as part of the final development of the scheme, will at least offset membership fees where possible.

### **Option 4: London Wide Scheme**

Join an existing scheme providing accreditation in London. The London Landlord Accreditation Scheme (LLAS), otherwise known as UK Landlord Accreditation Partnership (UKLAP) administered by Camden Council, is the largest voluntary accreditation scheme in London and the UK. It was set up in 2004 as a partnership of landlord organisations, educational organisations and 33 London boroughs. The National Landlord Association (NLA) Accreditation, a scheme that operates in Newham was a similar product.

The overarching purpose of the LLAS was to build positive relationships with landlords in local authorities, better understand landlord needs, encourage partnership working, break down barriers between landlords and local authorities and

improve the quality of housing stock within the private rental sector by offering training courses.

The scheme awards accreditation to reputable landlords who undergo training and comply with a code of conduct. Accredited landlords are able to display the LLAS logo as a badge of good practice and access a range of products and incentives including grants, leasing schemes and discounts on fees for licences and other charges.

Accreditation with LLAS was free and lasts for five years before a person must be reaccredited. To become accredited with LLAS or UKLAP, landlords must:

- complete a one-day development course
- agree to comply with a code of conduct & law
- be a fit and proper person.
- carry out urgent works promptly

To become reaccredited the landlord must commit to continuous professional development training over the period they are accredited. Should a landlord not comply with these requirements, the LLAS may withdraw accreditation.

With over 13,000 landlords and 1000 agents and growing LLAS is the biggest and most established scheme of its kind operating throughout London and in many parts of the UK. In summary;

- LLAS training was delivered by an expert trainer and is a reputable and the most comprehensive training scheme for landlords covering all aspects of private sector tenancy management.
- The LLAS was competitively priced, accreditation is 'free' for landlords, excluding the mandatory cost of the initial training course.
- LLAS has no membership fees or annual contracts
- Landlords will have to acquire Continuous Professional Development (CPD) points throughout the course of the scheme to become reaccredited. Obtaining these points will incur a financial cost for landlords who will have to pay for the additional training
- LLAS or UKLAP logos can be used when advertising a property to give prospective tenants confidence. The London Rental Standard badge can also be used after a landlord is accredited with LLAS.
- LLAS accreditation can help access to regional government landlord grants to improve conditions, fund energy efficiency improvements and bring empty homes back into use.
- Discounts may also be available from insurance companies, banks, building societies and suppliers.

### **Option 5: Property Accreditation in Geographical Hotspot**

Develop a scheme conforming to any of the above options which targets specific properties within a specific area within the borough where there is;

- a perceived need,
- a demonstrable problem in terms of the physical condition of the properties or
- a detrimental consequence from poor management of tenancies.

The report has aforementioned private sector conditions intelligence that supports there are only some geographical pressure areas in Havering that may indicate the need for intervention in the form of accreditation.

There are some areas that have very low-level complaints regarding private sector property conditions however it must be considered that accreditation is voluntary and Havering Council can promote it on a borough wide scale to support best landlord practice without any expected significant additional costs or operational difficulty.

### **Main considerations for implementation of a Landlord Accreditation Scheme**

#### Beneficial expected outcomes

The Topic Group agreed that landlord accreditation in general was an appropriate way to proceed with helping to improve, promote and maintain good conditions in the Private Rented Sector.

Havering was already a named supporter of the London Landlord Accreditation Scheme (LLAS) for example and as such, there will be no further joining process if this scheme was implemented. The step forward for Havering with any option it chooses to adopt will be to make the decision to increase awareness of accreditation amongst the local landlord community, allocate funding and begin promoting the scheme effectively through a variety of communication channels using a range of marketing methods. It is anticipated the Council could promote any scheme at a relatively low cost. It must then commit to hosting regular training with local landlords on a regular basis.

The Council can utilise the resources, support and knowledge offered through schemes such as the LLAS or other partnership schemes to support landlord accreditation in Havering.

In addition Havering could use the accreditation scheme as a way to establish better relations and knowledge with local landlords and then to link up with other initiatives such as property inspections to target particular issues in the private rented sector.

Havering Council could also provide a subsidy for landlords who wish to be accredited that are connected to Liberty Housing. This could potentially provide an incentive to join the service and, given the long term nature of accreditation, might increase Liberty Housing retention rates.

#### Disadvantages

Accreditation schemes are usually imposed on a voluntary basis so it must be considered there could be a low take-up rate of the scheme that may affect its operational longevity and cost effectiveness. Landlords may be likely to see the scheme as a large expense and as a time-consuming activity, considering the costs of attending regular additional training sessions should they wish to become

reaccredited at the end of the five year accreditation period. However for landlords of licensable HMO's a considerable discount is received.

Should they wish, landlords could pay minimal cost of initial training to become accredited and not attend any continuous professional development training. This then emphasizes the importance of the Council taking an ongoing promotional role in ensuring landlords attend the development courses.

A clear monitoring scheme will need to be established to ensure the effectiveness of any such scheme can be shown. This maybe a challenge however there are ways, for example logging whether landlords are on the scheme or not when receiving complaints of disrepair.

## **PROPOSAL 2: LICENSING SCHEMES IN HAVERING**

Licensing can offer an improvement in the management practices of landlords and create a professional private rented sector that would encourage landlords to let properties for a longer term and in turn, tenants would receive a comprehensive management service.

Licensing can also provide an opportunity for the Council to work in partnership with landlords and agents. Improved knowledge in this area can help to maximise the use of privately rented properties to help meet a range of housing needs.

Under parts 2 and 3 of the Housing Act 2004 Local Authorities have the power to introduce a discretionary licensing scheme. There are two types of scheme the topic group can consider for implementation of a licensing scheme in addition to the mandatory licensing of large HMO's in Havering;

- Option 2A: Additional Licensing
- Option 2B: Selective licensing

The Government Guidance on setting a licensing designation; "Approval Steps for additional and selective licensing designations in England" defines the criteria for requiring additional or selective licensing under Section 8 of the Housing Act 2004 in a local authority as being:

*"The area is experiencing a "significant and persistent" problem caused by anti-social behaviour and that some or all private landlords in the area are not taking appropriate action to combat the problem that it would be appropriate for them to take; and that the making of the designation, when combined with other measures taken by the LHA (Local Housing Authority), or by the LHA in conjunction with others, will lead to a reduction in, or elimination of the problem."*

An area is thought to be suffering from significant and persistent anti-social behaviour if the following factors are present:

- Crime: tenants are mistreating their property and engaging in vandalism, criminal damage, burglary, robbery/theft, car crime, etc.
- Nuisance Neighbours: intimidation and harassment of local residents; noise, nuisance and anti-social behaviour such as drinking and causing disturbances; prostitution; drug dealing and use within the surroundings of the property; animal related problems; vehicle related nuisance.
- Environmental Crime: tenants engaged in graffiti and dumping of litter and waste; nuisance vehicles; drugs paraphernalia; fireworks misuse in and around the surroundings of the property.

## **OPTION 2A: ADDITIONAL LICENSING**

An Additional Licensing scheme requires all privately rented HMOs, which are located within a designated area, to be licensed, in addition to mandatory licensing schemes of large HMO's which have three storeys and are occupied by 5 or more people.

Additional licensing operates in the same way as mandatory licensing possessing the same legal status as well as penalties for non-compliance. Section 56 of the Housing Act 2004 allows councils to designate Houses in Multiple Occupation (HMOs) not covered by mandatory licensing of HMOs, and which are defined as HMOs that have 3 or more occupants living as 2 separate households (exemptions apply). This also applies for a 5 year period.

Havering Council could impose licencing of HMOs to increase its control over the remaining housing stock that is not subject to mandatory licensing. This could be applied across the whole borough or targeted at a defined geographical area. We can do this if we consider that a significant proportion of these HMOs are managed sufficiently ineffectively so as to give rise to one or more particular problems, either for the occupants of the HMOs or for members of the public.

The overarching aim of such a scheme will be to enforce against landlords who persistently fail to comply with set property standards and unfairly put tenant safety at risk. Additional licensing can help to motivate landlords to raise the quality standards of the private rented sector, actively prevent poorly managed HMO properties from being available for letting and ensure the right improvements to HMO conditions are made.

Additional licensing can be used to ensure that

- Landlords of HMOs are fit and proper people
- Each HMO is suitable for occupation by the number of people allowed under the licence.
- The standard of management of the HMO is satisfactory.
- Higher risk HMOs can be identified and targeted for improvement.
- Where landlords refuse to meet these criteria the Council can take
- Enforcement action to improve the HMO.

- Vulnerable tenants can be protected.
- HMOs are not overcrowded.

Additional HMO licensing designation for a particular type of HMO, or for a particular area, Havering must;

*(a) consider that a significant proportion of the HMOs of that description in the area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying the HMOs or for members of the public*

*(b) Have regard to any information regarding the extent to which any codes of practice approved under section 233 have been complied with by persons managing HMOs in the area*

*(c) Consider whether there are any other courses of action available to them (of whatever nature) that might provide an effective method of dealing with the problem or problems in question*

*(d) That making the designation will significantly assist them to deal with the problem or problems (whether or not they take any other course of action as well).*

*(e) Consult persons likely to be affected by the designation.*

### **Main considerations for implementation of an Additional Licensing Scheme**

Houses of multiple occupation (HMOs) are amongst the more difficult to manage properties in the sector. In some HMOs the standards of management and living conditions can be poor. In addition the changes associated with converting homes into HMO properties are known to create interior and exterior property building design work that can come at a disruptive cost to the local neighbourhood. Havering Council can identify and engage with the less responsible private landlords who do not proactively manage their properties in consideration to the local community, nor address the unacceptable behaviour of their tenants by imposing preventative measures such as additional licensing.

The need for additional licensing is being considered by the topic group as Havering Council has experienced recent political campaigns in the borough that have caused public concern around the prevalence of houses of multiple occupancy (HMOs) particularly in Harold Hill. Additional licensing would seek to even the playing field by imposing licensing of HMO's in this area to ensure that landlords were complying with a set level of conduct and management. However it must be considered, geographical hotspot evidence collected by the Council would suggest the area with the most cause for concern over property conditions with private rented accommodation is not in Harold Hill but in Romford.

Additional licensing will enable the Borough to build on the success of the mandatory licensing scheme which has proven to improve the quality of HMO licensable stock and has reduced the number of rogue landlords. Additional licensing gives the

Council the ability to tackle issues not only in larger properties governed by mandatory HMO regulations but also smaller properties. It helps the Council to be able to monitor not just the management conditions of a HMO but also internal and external property conditions.

## **OPTION 2B: SELECTIVE LICENSING**

Selective Licensing is proposed as a solution to problems of anti-social behaviour in particular areas where evidence suggests landlords are insufficiently managing their properties. Havering Council could therefore designate a specific area for a Selective Licensing scheme and impose that all private rented properties in that area be subject to licensing provision.

Through selective licensing the aim would be to prevent such issues from occurring which would in turn reduce levels of anti-social behaviour and disturbances to local residents. Licensing conditions include items relating to the management of the property, fire safety and antisocial behaviour

### **Main considerations for implementation of a Selective Licensing Scheme**

Previous implementation of Selective licensing has demonstrated a number of key benefits. The physical condition, quality of management and quality of accommodation have all been known to improve following licensing, landlord accreditation and training; furthermore, some of these benefits can be observed over a short period of time after introduction. It supports the general private rented sector in one area or borough wide to make significant improvements to poor property conditions and management that had negative impact upon tenant behaviour.

Geographical hotspot evidence has shown that Havering only has a relatively high concentration of ASB complaints in two areas of the borough – Romford and slightly in Heaton. In all other areas of the borough, Havering does not have high concentrations of ASB housing related complaints.

In a number of case studies that have undergone the licensing process, the consultation process particularly for selective licensing has been extensively criticised and protested by landlords in a wide range of local authorities. This implies the crucial need for Havering Council to consider the public unrest a selective licensing scheme may cause. Selective licensing may have a negative impact on areas where licensing would be imposed as landlords are less inclined to acquire further properties in these areas and may even consider selling their property to set up elsewhere in the borough. In this sense growth and development of the private rented sector in licensable areas may be hindered. In addition it must be considered selective licensing is known to encourage landlords in these areas to increase rents to cover the licensing fees.

Case studies demonstrate the need for the Council to approach communication of licensing with different stakeholder groups in a considered and tailored approach that addresses the issue of bringing different interest groups together.

## **Case study: Croydon Council**

### Background

The London Borough of Croydon has implemented a borough-wide selective licensing scheme. As such, all private sector landlords require a license and have to meet the necessary criteria in order to hold a license.

Private renting in Croydon is becoming increasingly prevalent with approximately 30,000 privately rented properties in the borough. Alongside this it has seen a rise in poor quality homes, noise, litter, fly-tipping and anti-social behaviour which are often associated with poor property management.

### The consultation process

Before the scheme was implemented a consultation took place with landlords, managing agents and other associations along with a wider public survey from November to December 2014. In addition to this a further 10 week consultation was carried out in order to gain feedback from neighbouring boroughs who could potentially face displacement of problems as a result of a borough-wide scheme. A number of options were considered as well as implementing a full scheme these included: implementing a partial scheme or the London rental scheme.

The consultation was based on opinions from 449 respondents (from October 2014); 91% of whom were landlords, 8% Agents and 3% those from other associations.

When asked whether they would support the introduction of selective licensing in the borough 84% of respondents stated "No" and 11% responded "Don't know", whereas just 5% said yes. 58% strongly disagreed that Croydon council should designate areas for selective licensing, 23% disagreed, 13% agreed and 6% strongly agreed.

### Property management:

43% of respondents strongly agreed that landlords have a responsibility to have satisfactory management arrangements, which will include obtaining references for prospective tenants, 47% agreed, 5% disagreed and 5% strongly disagreed. Conversely, when asked to what extent they thought Selective licensing would ensure that all privately rented properties are well maintained and managed 66% strongly disagreed and 23% disagreed, with just 6% agreeing and 5% strongly agreeing. Therefore this implies that despite the majority of respondents perceiving landlords to have the responsibility for managing the property or ensuring that measures are in place, they do not see the Selective licensing scheme as a means of solution.

### Anti-social behaviour:

23% of respondents strongly agreed that landlords should take reasonable action to tackle any nuisance or anti-social behaviour connected with their property, 57% agreed with the statement, 10 disagreed and 10% strongly disagreed. However, with respect to anti-social behaviour and selective licensing, 67% strongly disagreed that selective licensing would help to reduce anti-social behaviour, 25% disagreed whereas just 5% agreed and 3% strongly agreed. This indicates that although the majority of landlords see themselves as responsible for solving issues of anti-social behaviour with their tenants, Selective licensing is not the favourable solution.



### Prestige and property prices:

Concerning prestige of the area, 65% strongly disagreed and 27% disagreed that Selective licensing would help make areas more attractive to potential renters, and so increase rental values and property prices. Just 6% agreed and 3% strongly agreed that this would be the case.

### Benefits

- It is thought to help ensure crime and anti-social behaviour is dealt with effectively
- Reduce the number of rogue landlords
- Better management and property conditions

### Disadvantages

The use of a blanket scheme has undergone criticism and many believe that selective licensing should only be used in areas suffering with high rates of anti-social behaviour and rogue landlords.

However, there were concerns that reducing a scheme to certain wards would cause displacement of problems where poorer landlords would rent properties in wards not covered by a licensing scheme.

## **Case Study: Newham Selective Licensing Scheme**

### Background:

- June (2012) - there was an estimated 40,000 private rented sector dwellings in Newham
- The scheme was a response to growing anti-social behaviour in the borough, the 'sheds with beds' phenomena, growing refuse and noise nuisances
- Failure of landlords to properly manage properties was considered the primary cause of such disturbances, such landlords may be considered 'rogue'
- Currently all local authorities in England were expected to deal with complaints concerning landlords. The methods to deal with 'rogue' landlords are thus varied
- Newham's privately rented property stock had a significant proportion of pre 1919 stock (44.9%), this stock require high maintenance in terms of repairs and management

### The Scheme:

- Newham had become the first LA in England to implement 'mandatory' licensing as a method to "ensure that all privately rented properties were well managed" only certain properties are exempted according to the Housing Act.
- Those landlords that do not get a licence may be subject to a fine of up to £20,000. They may have their properties taken away from them and they may even be expected to repay rents to tenants.

- Applicants for a licence must be considered 'fit and proper' meaning they must disclose any criminal record that they have.
  - committed any offence involving fraud or other dishonesty, violence, drugs and certain sexual offences
  - practised unlawful discrimination on the grounds of sex, colour, race, ethnic or national origins or disability in connection with any business
  - Contravened any provision of the law relating to housing or landlord and tenant law.
- Fees are only allowed to cover the cost of the Council administering the licensing scheme. They start from around £500 (with an early sign up special offer £150)
- Landlords require one licence for every property they own, meaning this can be a costly affair for those with many properties in the borough.

#### The Scheme implemented:

- Newham had issued around 32,000 licences'
- Newham had taken 282 prosecutions against landlords renting unlicensed properties' (also for breaches in management regulations)
- Newham have 'issued 145 simple cautions'
- Newham have 'recovered £404,000 in unpaid council tax (directly from information generated by licensing)'
- Activity was focused on 'chasing those that have not licensed'
- Landlords generally register themselves and inspect their own properties
- Landlords were able to pay £150 for a five year license if they applied before 1 January 2013, and £500 if they registered after 1 January

#### Benefits:

- The scheme was purported to bring into line landlords, making them proactive meaning they can better manage their tenants and properties. This ought to reduce:
  - anti-social behaviour
  - noise nuisances
  - sheds with beds'
  - refuse growth not being checked
- This Scheme was profitable, licences are required for every property and as such it can be assumed that at the very least £4,800,000 has been generated since the inception of the scheme with the (150 x 32,000, or the minimum the scheme was available for x the estimated number of licences issued). It can be detracted that the estimated cost of the scheme to implement was £329,000 (estimated June 2012) though none of these numbers are confirmed it can be used to provide evidence that the scheme, at least in Newham, has proved profitable.

### Disadvantages:

- There is a question mark as to whether the scheme is having the desired effect. The operation may simply be a 'desktop exercise'
- The Scheme in a sense is not ensuring that there is a rise in the quality of housing throughout the borough it inspects properties only when the landlord did not volunteer or a complaint is made. Could other schemes or an alteration to the scheme better achieve the aims of the scheme
- It is unclear if the scheme is actually combating 'rogue landlords' as they prey on tenants that are most uninformed about their rights. It may actually be frightening off prospective 'good' landlords.

### Summary and Considerations:

The Topic Group noted that the scheme:

- was response to growing 'rogue landlords' in Newham
- was fully operational in Newham and was focused on chasing those that have not licenced
- raises capital
- could be considered a 'desktop exercise'
- Would different schemes perhaps better address the problems associated with poor landlord management
- Would the scheme have the same relevance in Havering as Newham? Newham's private rented housing pre 1919 stock is at around 44.9% whilst Havering's is at around 6.7%. What this means is that Newham landlords have to contend more often with issues such as damp in 19<sup>th</sup> century housing which is less common in Havering. It also means that landlords have a more challenging job maintaining housing and as such need to be monitored more.

## Recommendations

Initial investigations brought forward for Topic Group discussion has identified that there are six possible solutions that can be considered for future implementation

1. Introduce a borough wide Landlord Accreditation Scheme across all of Havering
2. Introduce additional licensing for HMO's in specific areas of Havering where current activity and evidence suggest the need for Council intervention
3. To note that the Council is collating data about HMO's in Havering to develop a stronger evidence base to support decision making on the introduction of additional licensing and Article 4 Direction
4. Introduce selective licensing for the Private Rented Sector in specific areas of Havering where current activity and evidence suggest the need for Council intervention
5. To note that the Council will collate data about the Private Rented Sector in Havering to develop a stronger evidence base to support decision making on selective licensing
6. That staff will update the Towns and Communities Overview & Scrutiny Sub Committee on any matters arising since publication of this report

A Landlord Accreditation Scheme across all of Havering would have the key benefits of providing opportunity to collaborate in partnership with other agencies and local authorities in supporting the growth of the local private rented sector. In addition it will help the Council to build positive relationships with landlords, better understand their needs and break down barriers between landlords and local authorities that will result in an improvement in the quality of housing stock.

Extending the application of an accreditation scheme on a borough wide basis across all of Havering has been discussed as having a beneficial impact for the Council to be seen to be operating a fair approach to supporting the general development of all private sector landlords in tenancy and property management. The scheme has been discussed to having little operational difficulty to implement as partnership working can be used to support the scheme. The scheme is also likely to be a low cost solution for the Council to implement. The main concern is the effect a voluntary scheme could have upon take-up by local landlords however this report recommends if marketing approaches promote the scheme effectively, this risk will be mediated.

Two licensing recommendations have been debated as potential solutions to improving the quality of the private rented sector by placing regulatory control on local landlords.

Whilst current evidence suggests that a borough wide application of licensing is a radical and perhaps unnecessary measure, there is evidence that supports licensing

to be applied on a selective basis in some areas of the borough that are causing concern.

Recent campaigns that have protested against the occurrence of HMO's in certain areas of the borough have sparked interest into whether conversions from family homes are being completed to the correct standard. Whilst this evidence suggests the pressure area is in Harold Hill, the Council's evidence towards Romford as having the highest need for intervention.

The Council can look into collating further evidence to support the need for additional and selective licensing in selected areas that can help to form a stronger evidence base for decision making.

## **ACKNOWLEDGEMENTS**

During the course of its review, the following officers assisted the Topic Group: Martin Pereira Housing Strategy Manager, Louise Watkinson Environmental Protection & Housing and Martin Grant, Private Sector Housing Specialist.

### **Financial Implications and Risks:**

None

### **Legal Implications and Risks:**

None

### **Human Resources Implications and Risks:**

None

### **Equalities and Social Inclusion Implications and Risks:**

None

**Staff Contact:** Taiwo Adeoye  
Committee Officer

**Telephone:** 01708 433079

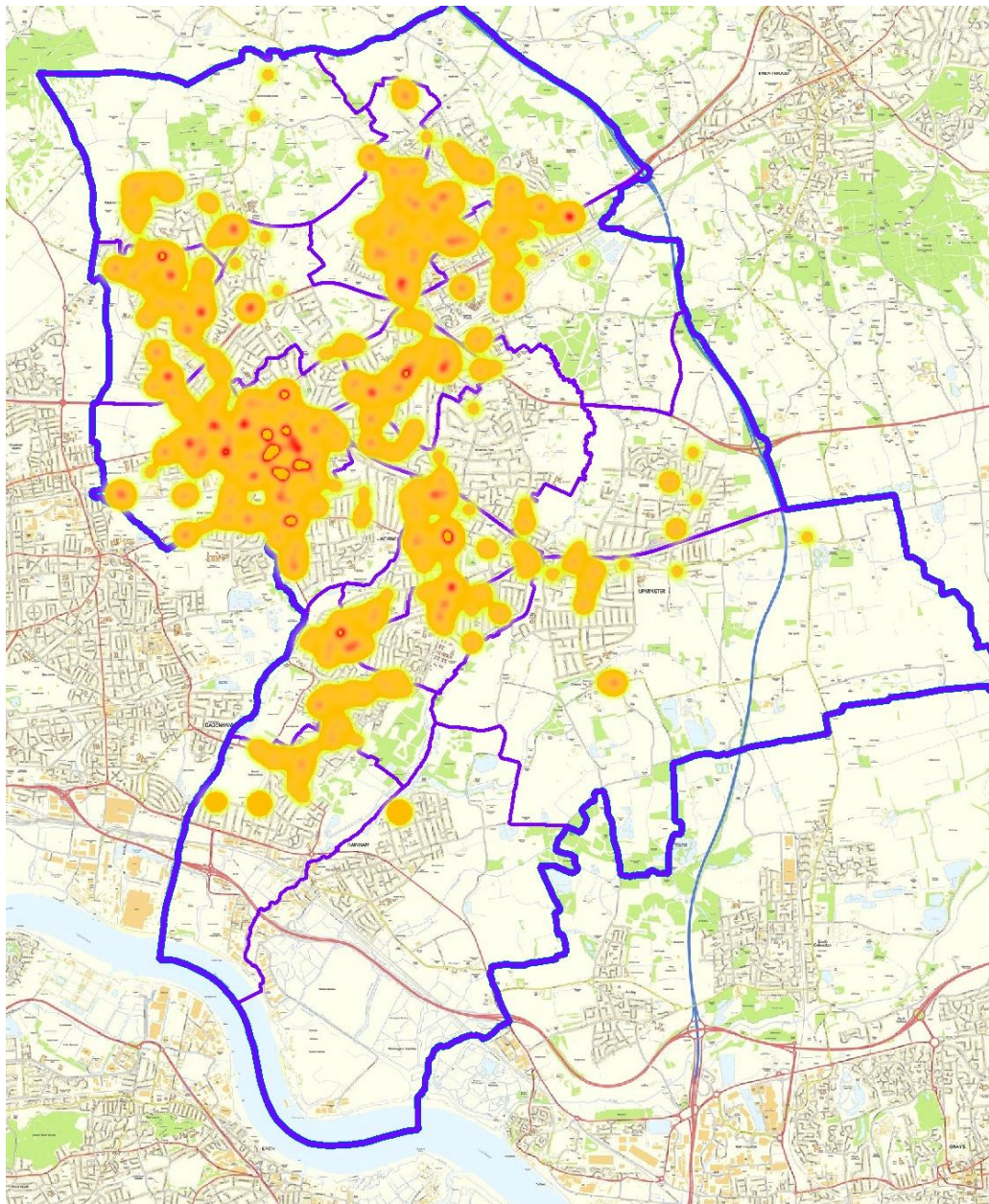
**E-mail:** taiwo.adeoye@haverling.gov.uk

## **Background Papers List**

None

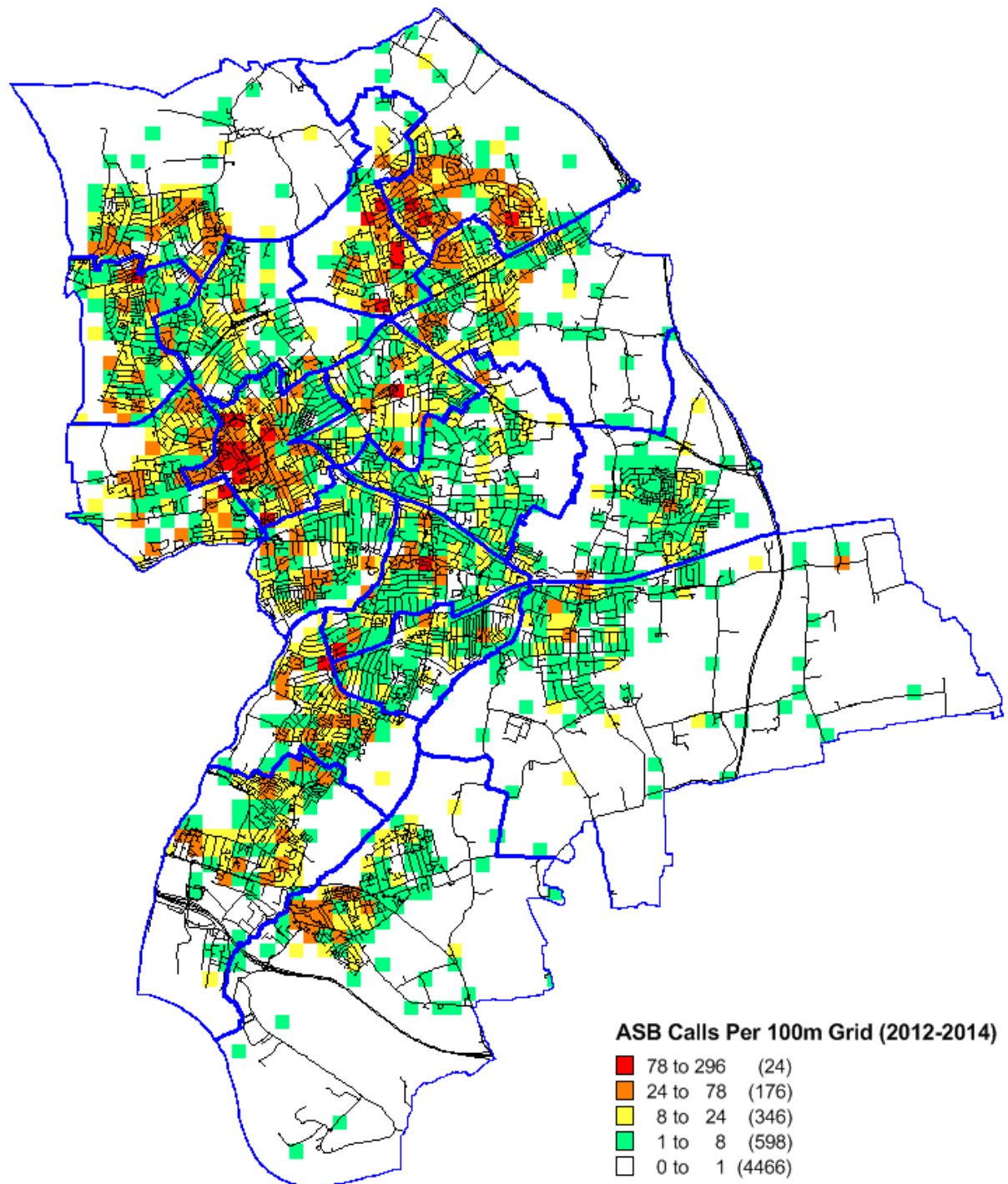
## Appendix A: Recorded Housing Disrepair issues

Data from 2010-2013 highlights wards which have the highest concentration of combined housing disrepair issues in privately rented accommodation. 753 cases of combined housing disrepair complaints have been mapped. The red hotspots within this density map represent the highest concentration of recorded issues. As can be seen, Havering has wards which have very low levels of complaints on Housing disrepair, such as Rainham, Upminster, Hylands, Cranham and Emerson Park. In contrast, Romford Town, Rainham and Brooklands have higher concentrations of recorded complaints regarding housing disrepair issues.



## Appendix B: ASB Recorded Complaints

This density map highlights hotspots where the Council has logged complaints on Anti-Social Behaviour. As can be seen, throughout Havering there are fairly low levels of recorded ASB however trends indicate there are high incidents in Romford and a slight concentration surrounding Heaton, progressing into Gooshays.



## Appendix C: Noise Recorded Complaints

This density map colour codes according to the prevalence of noise complaints within wards. Yellow colour code highlights wards which have the highest concentration of noise complaints that have been recorded over 2011-2015. As can be seen these wards are Romford Town and Brook lands, followed by Upminster and Gooshays.

