



<b>Report for:</b>	<b>Housing and Communities Overview and Scrutiny Committee</b>
<b>Date of meeting:</b>	<b>04 July 2018</b>
<b>Part:</b>	<b>1</b>
If Part II, reason:	

Title of report:	
Contact:	Cllr Margaret Griffiths, Portfolio Holder for Housing  Emily-Rae Maxwell, Strategy, Improvement and Engagement Team Leader
Purpose of report:	<ol style="list-style-type: none"> <li>1. To provide Members with an overview of activity undertaken by the housing service since gaining the remit of Private Sector Housing</li> <li>2. To provide Members with an overview of key legislative changes and an opportunity to comment on the proposed approach outlined in the attached policies and terms of reference</li> </ol>
Recommendations	<ol style="list-style-type: none"> <li>1. For Members to offer feedback on the update for the Private Rented Sector</li> <li>2. For Members to offer comments on the Private Sector Enforcement Policy and Houses in Multiple Occupation Policy</li> <li>3. For Members to consider how the impact of new powers and responsibilities will need to be approached and if they are adequately resourced.</li> <li>4. For Members to agree the proposed approach for the Private Sector Housing Strategy and the focus on regulating the Private Rented Sector and Houses in Multiple Occupation.</li> </ol>
Period for post policy/project review	Review of the council's performance in relation to Private Sector Housing to be undertaken 6 monthly following the introduction of the Private Sector Housing Strategy.
Corporate objectives:	The Strategic Housing Service's responsibilities and activity in relation to the Private Rented Sector contributes to the following corporate objectives:  Clean Safe and enjoyable environment

	Building Strong and vibrant communities
Implications:  'Value for money' implications	<p><u>Financial</u></p> <p>Failure to actively regulate the private rented sector could have financial implications for the council in relation to prevention of homelessness and in relation to pressures on temporary accommodation provision. Additionally undertaking enforcement action to improve the standards of the private rented sector will require sufficient staff resource and additional legal input.</p> <p><u>Value for money</u></p> <p>Any income gained from activity related to regulating the private rented sector, is ring-fenced and must be retained for expenditure within the general fund to deliver an effective private sector housing service.</p>
Risk implications	The risk register presented to members on a quarterly basis will take the new remit into consideration.
Community Impact Assessment	N/A
Health and safety Implications	N/A
Consultees:	<p>Natasha Beresford, Group Manager, Strategic Housing</p> <p>Fiona Williamson, Assistant Director Housing</p> <p>Mark Gaynor, Director Housing</p> <p>Herts and Beds Private Sector Housing Network</p> <p>Hertfordshire Fire Service</p>
Background papers:	
Glossary of acronyms and any other abbreviations used in this report:	<p>Houses in Multiple Occupation (HMO)</p> <p>Private Rented Sector (PRS)</p> <p>Full Time Equivalent (FTE)</p> <p>Housing Health and Safety Rating System (HHSRS)</p> <p>Ministry of Housing Communities and Local Government (MHCLG)</p>

## 1. Introduction

1.1. In January 2018, the housing service took on the responsibility for regulating private sector housing. The purpose of this report, is to provide members with an update on how the housing service has responded to this new remit.

The report will include a proposed approach to the change in definition for Houses in Multiple Occupation (HMO) and new enforcement powers introduced in April 2018.

## **2. Context**

2.1. On a national scale the private rented sector is the fastest growing housing tenure type, having more than doubled in size over the last decade. This growth, alongside the gradual decline of social rented stock due to policies such as the 'Right to Buy', means that private renting is increasingly becoming the primary option for addressing housing need across the country.

2.2. A recently conducted BRE Integrated Stock Model Report has identified that there are 65,289 dwellings in Dacorum, 18% of which are privately rented properties.

## **3. Remit, Staffing and Resources**

3.1. The new Private Sector Housing team currently sit under the Strategy, Improvement and Engagement Team (*see appendix 1 – structure chart*). This team is a combination of 1.5 FTE officers who moved from Environmental health, officers that previously administered the Help to Rent scheme and newly appointed officers gained through a growth bid which was approved at Full Council in February 2018.

3.2. The remit of this team is as follows;

- Regulation of the Private Rented Sector (PRS) landlords and property standards
- Licencing Houses in Multiple Occupation (HMO)
- Interventions for owner occupier properties or Registered Providers where there are Category 1 Hazards and works outstanding
- Energy Efficiency Standards and Fuel Poverty
- Prevention of illegal evictions or harassment
- Empty Properties

3.3. The remit transferred over on 22 January 2018 and the required restructures and recruitment were delivered by May 2018.

## **4. Establishing the team**

4.1. To deliver this remit a full review of the internal system FLARE has taken place. This required all standard letters, Notices and Licence templates to be reviewed. Additionally, a full suite of procedures has been established to support the team which are in the process of being programmed into FLARE.

4.2. All staff have since undergone the required specialist training to deliver this remit. This included:

- Housing Health and Safety Rating System (HHSRS)
- HMO Enforcement and Licencing
- Fire Safety
- PACE Training

## 5. Implementing Central Government Policies

5.1. A specific Private Sector Enforcement Policy and HMO Policy have been drafted (see appendix 2 - PRS Enforcement Policy and appendix 3 - HMO Policy) to account for the new legislation introduced by Central Government. This paper however will draw attention to the key changes.

### 5.2. HMO Licensing Reform

5.2.1. In December 2017, the Ministry for Housing, Communities and Local Government (MHCLG) published a response to the proposed HMO licensing reforms. The new reforms offer major revisions to the HMO legislation extending the definition of an HMO to include houses with less than three storeys. This will mean all HMOs will be required to apply for a license regardless of the number of storeys the property has. Dacorum currently has 44 licensed HMOs in the borough.

5.2.2. With this legislation set to launch in October 2018, Central Government have advised Local Authorities to prepare for a minimum increase of 350 taking the number of HMOs in Dacorum closer to 400.

5.2.3. To achieve this, all suspected HMO's are being logged and inspected by the team. The council will write to landlords of suspected HMO's informing them of the changes in definition and the requirement to apply for a licence. Failure to do so will result in enforcement action.

### 5.3. Energy Performance Rating

5.3.1. As of April 2018 all privately rented properties are required to have a minimum energy performance rating of E or above. If the rating falls into the F-G category the property will not be considered legal for letting. It is estimated that 6.7% (786 properties) of private rented properties within the Borough are below the E rating. All landlords of these properties have been contacted and advised of these changes and where to access support for energy grants.

### 5.4. Fitness for Human Habitation Bill

5.4.1. Most recently, the Homes (Fitness for Human Habitation) Bill has been going through parliament. This Bill proposes to amend the Landlord and Tenant Act 1985 to create a new duty on landlords to ensure homes are fit for human habitation at the start of tenancy and throughout. The term fitness will be amended from the nine factors e.g. repairs, water supply, freedom from damp to also include any category 1 hazard under the HHSRS. Based on our knowledge of current properties with this category of hazard, this is approximately 1,800 homes in Dacorum.

### 5.5. Housing and Planning Act 2016

5.5.1. Since April 2018, several new powers have been introduced. These include:

- Extension of Rent Repayment Orders

- Banning Orders
- Civil Penalties

(see appendix 2 - PRS Enforcement Policy for full details)

5.5.2. Additionally, the MHCLG launched the rogue landlord database. This requires DBC to input the details of any landlord or managing agent that we issue a banning order against onto a national database. This database can be accessed by all Local Housing Authorities.

5.5.3. Under section 30 of the Housing and Planning Act 2016, we can also input the details of landlords or managing agents who receive two civil penalties within a 12-month period. While this is discretionary, we are committed to tackling rogue landlords and believe that where two civil penalties have been issued within 12 months, it is appropriate to use this power.

## **6. Enforcement**

- 6.1. Historically there has been limited enforcement action taken by DBC to regulate the private rented sector (see appendix 4 – breakdown of enforcement action.)
- 6.2. At present DBC has two Management Orders on properties which are set to expire in 2019 and 2020.
- 6.3. To establish a more robust approach to enforcement, a PRS enforcement panel is being established. The purpose of this panel will be to review cases where the landlord has failed to meet the requirements set out in either a Prohibition Notice, or Improvement Notice or there has been a breach in the HMO licence (see appendix 5 – PRS Enforcement Panel Terms of Reference).
- 6.4. It is important to note that HMO licence costs and income generated through enforcement action such as Civil Penalties is ring fenced for investment back into the service area.

## **7. Private Sector Housing Strategy**

- 7.1. To support the Private Sector Housing team to establish a clear direction the service has committed to developing a Private Sector Housing Strategy. This will be developed in partnership with landlords, tenants, letting agents and other professional partners.
- 7.2. The strategy will concentrate predominately on regulation of the Private Rented Sector and HMO's. Whilst empty homes remain a core part of the team's remit at present the resource required to undertake an Empty Dwelling Management Order is limited. Additionally, with the introduction of new powers for tackling rogue landlords and HMO definition, the team will be required to focus on delivering this throughout the period of this strategy.
- 7.3. A copy of the strategy for consultation will be presented to Members in November 2018.

## **8. Wider context for Private Sector Housing**

- 8.1. The current strategy for Preventing and Tackling Homelessness includes a commitment to improving access, security and stability in the private rented sector.
- 8.2. One of the biggest barriers to accessing the private rented sector is the reluctance of many landlords to take on a tenant who is in receipt of housing benefit payments. This is likely to increase as Universal Credit continues to roll out across the borough. This has a knock on effect for the Homelessness team's ability to provide Personalised Housing Plans in line with the Homelessness Reduction Act 2017 as it significantly reduces options.
- 8.3. Across all property sizes within the private rented sector of Dacorum, the Local Housing Allowance rate falls below the rent level by between 15 – 25%. This means that low income households who rely on housing benefit to pay their housing costs are having to top up their rent payments with other benefits, Discretionary Housing Payments (DHP) or alternative forms of income.
- 8.4. A further barrier for tenants looking to rent a private sector property is often the initial deposit and other related costs required in order to secure it. On average, prospective tenants are required to pay between 4 – 6 weeks rent as a tenancy deposit as well as the first 1 – 2 month's rent upfront. If the tenant has gone through a letting agent in order to find accommodation, letting agent fees of between £250 - £450 will also be expected.
- 8.5. Tenants wishing to rent 1-bedroom accommodation in Dacorum will have to pay approximately £2000 - £2500 before they move in to the property. This becomes a particular issue when tenants are required to move between private rented properties, as often their previously paid deposit (which, as long as there were no property damages or tenancy issues, they are due back) is still held by their former landlord, therefore making it difficult for them to pay the required deposit on any new property.
- 8.6. The proposed Tenants Fees Bill is now going through parliament. This calls for a ban on letting agent fees.

## **9. Fees and Charges**

- 9.1. Due to the increase in workload for the team, it has been proposed that the council revisit the agreed fees and charges linked to the regulation of the PRS. This includes HMO licence fees and notices.
- 9.2. The team will be working with finance to explore the breakdown of costs and will present findings to Cabinet.

## **10. Conclusion**

- 10.1. This report has provided members with an overview of the PRS and changes to the council corporate structure which led to Strategic Housing taking over the delivery of this service. It includes an update on the progress of the team which has since been set up.
- 10.2. This report also draws members' attention to key legislative changes which the team are required to meet over the next year. Both a change in

HMO definition and new powers to tackle rogue landlords will be a priority for the council.

10.3. Through the drafted PRS Enforcement Policy and HMO Policy the service sets out a proposal for regulating the PRS. These draft documents offer members an opportunity to shape the approach taken.

10.4. Finally, the report informs members of the work that is on-going to review fees and charges and ensure they appropriately reflect the demand on the service so costs are covered by landlords.