

CABINET MEETING – 7 NOVEMBER 2012

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

SUNDERLAND VOLUNTARY PRIVATE LANDLORD ACCREDITATION REVIEW REPORT

Author(s):

EXECUTIVE DIRECTOR OF HEALTH, HOUSING AND ADULT SERVICES

Purpose of Report:

The purpose of the report is to:-

- i) seek Cabinet's approval with regard to the recommendations from the recent review of the private landlord accreditation scheme, and
- ii) allow for necessary amendments to the existing delegated decision arrangements

Description of Decision:

Cabinet is invited to:

- a) agree to the recommendations from a recent review of the private landlord accreditation scheme that will seek to update the scheme in keeping with legislative changes; make the scheme 'fit for purpose' and meet relevant strategic aims and objectives and
- b) agree to amending the delegated decision framework to allow an efficient and consistent approach with regard to the enforcement of the accreditation scheme.

Is the decision consistent with the Budget/Policy Framework? **Yes**

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

Implementing the recommendations from the review of the private landlord accreditation scheme will provide the Council with the opportunity to look at innovative and proactive ways to improve the standards of accommodation and management approaches within the private-rented sector across the City.

It will also allow for a more strategic approach to be taken with regard to the role of the private-rented sector and provide for a central set of standards that are enhanced for different tenant niche markets and in line with other partners requirements, such as the University standards which are particular for students

The review of the private landlord accreditation scheme takes into account, within its recommendations, the new area-based team structure and allows for a more tailored approach within each locality in relation to the private-rented sector.

Alternative options to be considered and recommended to be rejected:

The Council could continue with the existing accreditation scheme which provides for loose partnership working arrangements that are not clearly linked to strategic aims and objectives. The current scheme does not reflect tenant niche markets and has a one size fits all approach which has resulted in diluted achievements of the scheme.

However, to work within a central framework of standards for the private-rented sector and allow for enhanced standards depending on the market allows for greater partnership working and strategic achievement as well as continuing improvement within the private-rented sector.

The role of the private-rented sector in the provision of accommodation has and continues to increase, with no signs of slowing down, therefore a strategic and effective response must be taken; to do nothing could result in a mass of problems and financial consequences.

The arrangements of the existing scheme does not reflect the recent growth of the private-rented sector in terms of the types of landlords that are now entering the market; key strategic aims that are required such as working with the University in respect of student accommodation and the provision of new working arrangements on an area based level to address local problems. Therefore, the continuation of the current accreditation scheme is not recommended.

Impacts analysed:

Equality ☒ Privacy ☐ Sustainability ☒ Crime and Disorder ☐

Is this a “Key Decision” as defined in the Constitution?
Yes

Is it included in the 28 day Notice of Decisions?
Yes

Scrutiny Committee

REPORT OF THE EXECUTIVE DIRECTOR OF HEALTH, HOUSING AND ADULT SERVICES

SUNDERLAND VOLUNTARY PRIVATE LANDLORD ACCREDITATION REVIEW REPORT

1.0 Purpose of the Report

- 1.1 The purpose of the report is to:-
- i) seek Cabinet's approval with regard to the recommendations from the recent review of the private landlord accreditation scheme, and
 - ii) allow for necessary amendments to the existing delegated decision arrangements

2.0 Description of Decision

- 2.1 Cabinet is invited to: a) agree to the recommendations from a recent review of the private landlord accreditation scheme that will seek to update the scheme in keeping with legislative changes; make the scheme 'fit for purpose' and meet relevant strategic aims and objectives and b) agree to amending the delegated decision framework to allow an efficient and consistent approach with regard to the enforcement of the accreditation scheme.

3.0 Introduction/Background

- 3.1 In England, over a million more households rent privately now compared to 5 years ago. Growth of this nature has not been seen in a housing tenure since the post-war rise in social housing.
- 3.2 There are a number of reasons for the rapid growth of private renting, and a number of reasons for expecting it to continue:
- Social change as people co-habit later in life and renting and house-sharing become ever more socially acceptable;
 - High house prices and lack of availability of mortgage credit;
 - The promotion and use of the private rented sector by local authorities to house those in housing need or who are homeless;
 - Restricted access and long waiting lists for social housing.

Alongside this, the supply of private rented homes has been buoyant by the growth of the small scale buy-to-let landlord, with many using rental properties as an alternative to a pension fund.

The private rented sector has a growing role to play in meeting the housing needs and demands that are prevalent in the city. Whilst there has been growth in the sector over the past few years, there is potential for more growth and for it to become a viable option for people seeking accommodation in the city. The private rented sector is also becoming popular with institutional investors as it is seen as being less risky than investment in homes for sale, with investors prepared to take a long-term return on their investment. A separate piece of work looking at the role of the private rented sector in the city is currently underway and this will be the subject of a report at a later date. Having good landlords with good standards is crucial to a viable private rented market and the Accreditation Scheme is a vital part of this.

- 3.3 The Strategic Housing Market Assessment which was undertaken in 2007 confirms that the ability for households to access the social rented sector has become increasingly difficult and as a result, private rented accommodation has become the only viable option for many households. However, issues such as stock condition, the short-term length of tenancy and dwelling quality all point to concerns regarding the role of some sections of the private-rented sector in promoting long-term community sustainability and quality of life.

- 3.4 The most recent Private Sector Stock Condition Survey (PSSCS) was undertaken in 2007.

The following is a summary of the main findings with regard to the private-rented sector:

- 8137 dwellings were private rented.
- 5139 households in private rented accommodation are economically vulnerable.
- The oldest housing age profile is associated with the private-rented sector.
- Category 1 hazards (as defined by the Housing Act 2004 framework) and significant disrepair are higher in particular areas including the private-rented sector.
- The most common failure found with regard to the Decent Home Standard was in terms of poor energy efficiency and patterns of non-decent housing are also higher in the private-rented sector.

- 3.5 The PSSCS does state that Sunderland had made significant progress in addressing poor housing conditions since the previous survey which was undertaken in 2002, but underlying problems are still required to be addressed and these include:

- Continued poor performance of the private-rented sector
- Remaining linkages between vulnerable households and non-decent housing
- The continued concentration of problems within the oldest housing stock
- Remaining pockets of long-term vacant properties.

- Above average rates of fuel poverty in the private-rented sector
 - Above average rates of failure to meet the Decent Homes Standard in the private-rented sector
- 3.6 The Council has always been proactive in working with its partners to improve housing quality and housing management standards in the private-rented sector and in 2001 were one of the first Council's, both nationally and regionally, to introduce a voluntary accreditation scheme for private landlords.
- 3.7 The current accreditation scheme is designed as a partnership between the Council and private landlords to improve the quality of the private-rented sector, and the aims of the scheme are to encourage, acknowledge and actively promote good standards of private rented accommodation and to assist landlords and tenants to undertaken their respective responsibilities to each other.
- 3.8 The scheme also provides a means of discerning between those landlords who wish to work with the Council and those who do not.
- 3.9 The current accreditation scheme involves a degree of self-regulation and as such relies on a level of goodwill and trust on the part of the Council. It is a condition that the physical condition of properties, the level of provision of basic amenities and management practices are fair and reasonable, and not liable to be prejudicial to the health, safety and welfare of tenant or the community.
- 3.10 The scheme does provide benefits to accredited landlords including the vetting of prospective tenants.
- 3.11 It is clear that the existing scheme is carrying out important work which is resulting in improvements in the private rented sector. As of October 2012 there are 370 accredited private landlords holding 2155 properties within the city.
- 3.12 As well as the number of landlords accredited and properties improved, the scheme operates as a mechanism for building communication links to landlords, and staff work closely with landlords, developing knowledge of the sector generally and becoming trusted officers with the landlords.
- 3.13 The improvements made in the private-rented tenure have been reported to Cabinet previously and for which the current accreditation scheme has assisted. It is now time to review and update the scheme to reflect current market conditions, changes in legislation and updated strategic aims and objectives.

4.0 Current Position

- 4.1 Housing quality, choice and range remains an issue for parts of the city, which is seen as low-quality stock, restricting mobility and having a negative impact upon perception of place caused by vacant and derelict properties. This can also have a detrimental impact on the effective functioning of the labour market.
- 4.2 There are a number of niche markets within the City's private rented sector and these can be defined in terms of demand and supply characteristics, distinctive rental practices and specific types of central policy intervention that shape the way the sub-markets operate.

Distinct sub-markets include:

- Young professionals, whose presence in the private rented sector reflects a complex amalgam of choice and constraint;
 - Students;
 - The housing benefit market, where landlord and tenant behaviour is largely framed by the housing benefit administration;
 - Rentals that are deemed to be at the very bottom of the private rented sector, where landlords accommodate often vulnerable households in extremely poor quality property;
 - Immigrants whose most immediate option is private renting;
 - Asylum seekers, housed through contractual arrangement with government agencies
 - Temporary accommodation.
- 4.3 It is acknowledged that there are wider concerns regarding the private rented sector other than the type of housing offer available and property condition and these include the following:
- Landlords/managing agents not managing their properties well or not understanding the process of property management.
 - Landlords/managing agents not being aware of their legal rights and responsibilities.
 - Absentee landlords.
 - The issue of whether there is a 'healthy' level of private renting.
 - Problems around community cohesion.
 - Worries over anti-social behaviour of tenants in the private rented sector and whether this is exacerbated by landlord letting choices.
 - Landlords using retaliatory eviction as means of discouraging tenants from complaining.

Many of these issues are somewhat addressed within the current accreditation scheme however the review of the accreditation scheme has given further consideration to these wider issues.

- 4.4 The Localism Act allows Council's, if they wish, to discharge their homelessness duty by the offer of private rented property, which could lead to more homeless people being offered private rented properties and it is likely the sector will be the only long-term housing destination for an increasing number of both vulnerable households and low and middle income families in work. It is therefore all the more important to have a robust Accreditation Scheme to ensure that people who are referred in to the private rented sector are referred to good landlords, with decent properties.
- 4.5 Widespread problems with 'amateur' landlords and exploitation by the small minority of 'rogue landlords' are a major concern for professional landlords, whose good reputation is undermined by this poor practice. The Council should also be concerned about the volume of problems they face, and the financial consequences of not addressing them strategically.
- 4.6 It is matters such as these described above which add weight to the need for the Council to engage strategically with the private sector and to introduce and actively promote further measures to seek to work in partnership with landlords to improve condition and management practices through an accreditation scheme which is 'fit for purpose' in terms of the current private-rented market.
- 4.7 The current accreditation scheme is mainly a property accreditation scheme whereby individual properties are accredited. The landlord is also classed as an 'accredited landlord' however there is no requirement for continued professional development.

Also, only a percentage of properties are inspected and there is no requirement for a landlord to provide full property portfolio details, therefore landlords can be selective as to those properties which are declared to the scheme.

- 4.8 The current I.T. arrangements in respect of the accreditation scheme do not allow for an effective approach in relation to marrying any requests for service in respect of housing disrepair, poor empty property management or anti-social behaviour to accredited properties/landlords, therefore it is difficult to ensure accredited landlords are adhering to the standards of the scheme.
- 4.9 The present enforcement measures to revoke, withdraw or suspend the accredited status of a landlord involve the convening of a panel consisting of senior council officers, private landlords and portfolio representation.

This process can be quite arduous therefore to ensure efficient and swift action is taken, the review of the scheme proposes another route with regard to enforcement of the standards and requirements of the accreditation scheme.

5.0 Strategic Aims

- 5.1 Consideration should be given to wider strategic objectives when setting targets and monitoring performance.
- 5.2 The Sunderland Partnership developed a strategy to provide the long term framework for both organisations and individuals to work together to improve quality of life in Sunderland.
- 5.3 The vision is to 'Create a better future for everyone in Sunderland' which articulates where the City will be in 2025. As part of the Sunderland Strategy five strategic aims have been developed and these aims are underpinned by four cross cutting priorities one of which is Housing.

As outlined in the Housing Priorities Plan 2010 – 2025 these include:

- improving the 'carbon footprint' of existing housing stock by improving affordable warmth, reducing fuel poverty and the overall environmental impact of housing
 - Work with owners to invest in empty properties and bring them back into use and to consider different models of investment within the private-rented sector
 - Use of enforcement work to encourage investment in properties in disrepair
- 5.4 The Local Area Plans are due to be updated however it is anticipated that the previous themes will still remain an integral part to achieving the strategic aims having particular regard to the Attractive and Inclusive City Theme. In order to achieve this, the scheme will include:
 - Obtaining Energy Performance Certificates (EPC) and linking with relevant sections and agencies, such as Warmfront, to advise landlords about energy efficiency
 - Advising landlords to check local businesses who may offer discount with regard to energy efficiency
 - Monitoring the take up of energy improvement measures by accredited private landlords.
 - Actively market the Empty Property Assistance that is available to accredited landlords within the Financial Assistance Policy.
 - Monitoring the take-up of any financial assistance measures by accredited private landlords.
 - Reporting of the numbers of improved private rented properties in terms of disrepair standards, through intervention from the Housing and Neighbourhood Renewal Team, using both informal and formal actions.

- 5.5 The Empty Property Action Plan 2011-2012 aims to 'provide a proactive and innovative approach to the reduction in the number of empty properties in Sunderland to assist in the creation of sustainable communities in all neighbourhoods' and there are a number of methods prescribed within the plan to assist in achieving this.

The service has prioritised actions throughout 2011-2012 that the accreditation scheme supports and vice versa:

- Strive to reduce the number of empty properties across Sunderland.
- Reoccupy 360 empty properties across Sunderland with internal and external partners.
- Reduce homelessness across the City.
- Promote the landlord accreditation scheme
- Work closely with partners to explore the effect and impact of the New Homes Bonus on empty properties

6.0 Proposed Scheme and Operational Detail

- 6.1 To enable the accreditation scheme to maximise its potential and to meet with the wider strategic objectives a proposed scheme, whereby both the landlords and his/her properties are accredited, offers the most effective way to improve standards in the private rented sector.

- 6.2 It can be seen that the new Housing and Neighbourhood Renewal Unit structure and approach of locally based teams will deliver the accreditation services, using a central framework of standards. In the first instance, this will be centrally coordinated by a lead officer.

This officer will champion the scheme and its collective processes in order that, over time, it will evolve into staff based in local areas delivering the accreditation scheme.

Additionally, a steering group of senior officers will oversee the continued development of the scheme.

This approach should help alleviate any concerns regarding management practices of the accreditation scheme and allow for smoother functioning.

- 6.3 Moving towards locally based teams delivering the accreditation scheme allows for a unique opportunity to build upon the existing good practice of the current scheme at a local level, engaging with private landlords, improving property conditions and raising awareness to tenants.

- 6.4 The reviewed scheme would have the following features:

- It is a hybrid scheme focusing on the accreditation of both landlords and properties;

- It proactively reaches out to private landlords and builds relationships in an informed and engaged manner;
- It seeks to inspect all properties and work alongside landlords to ensure that they meet agreed standards
- It seeks to provide relevant training and advice to landlords to improve their management standards
- It seeks to provide advice and raise awareness to tenants about the benefits of renting from an accredited landlord.
- It has ownership and is driven by relevant officers
- And works alongside other schemes such as the University scheme

Whilst there will be central aspects to the accreditation scheme it should maintain a local dimension through the locally based teams.

6.5 In keeping with the Houses in Multiple Occupation licensing regime, the accreditation should last for a maximum of 5 years with property inspection at the start of the accreditation process and every 2-3 years thereafter.

6.6 The benefits and incentives of the reviewed scheme should be reassessed and consideration should be given for the locally based teams to progress this with businesses in their area, with a view to businesses offering discounts to accredited landlords.

This will encourage investment into the local areas that have private rented accommodation thus boosting local economy as well as promoting the reputation of private landlords and raising awareness of the accreditation scheme within local communities.

6.7 In order for the scheme to become easily recognisable, the use of a brand or logo can have a high marketable advantage as well as providing prestige in relation to the accreditation scheme. The branding of a 'fit-to-rent' or 'allowed to let' logo is currently being explored with Corporate Communications.

6.8 The Economic Masterplan for Sunderland sets the aims for the City's economy and the agenda for the future economy of Sunderland. Part of the aim for Sunderland is to be "An entrepreneurial University City at the heart of a low carbon regional economy"

The 'residential offer' available to students and graduates is therefore of paramount importance and investment in the private-rented sector has to be, at the very, least maintained to match aspirations and retain a graduate workforce.

Information provided by the University confirms that there are approximately 2500 students residing in private rented properties and partnership working with the University could further ensure properties are to a high standard with good management and adequate facilities for student accommodation.

6.9 It is proposed that the Sunderland Private Landlord Voluntary Accreditation Scheme will encompass a sub-scheme in partnership with Sunderland University Accommodation Services.

6.10 The purpose of the sub-scheme will be to raise the quality of accommodation that is specifically targeted for student let and improve and enhance partnership working between the Council and the University.

It will enable students (and their parents/guardians) to differentiate between accommodation and landlords that have been accredited by the scheme, and unaccredited properties and landlords that may provide accommodation which is not of such a high standard.

6.11 Monitoring arrangements of the proposed scheme will include the links to the strategic objectives as described above and to drive forward the accreditation scheme within the Housing and Neighbourhood Renewal Team it is necessary to marry the scheme into the current I.T. systems to assist in the implementation and monitoring of the scheme.

6.12 If landlords are identified as breaching the requirements of the scheme a senior officer will make the decision to revoke the accredited status of the landlord. A letter will be issued to the landlord informing him/her of the decision and the reasons for the decision.

The letter will also set out the right to appeal against the decision and inform the landlord that he/she cannot avail to the benefits of the scheme from the date on the letter.

6.13 In order to make the process of the running of the scheme as efficient as possible it is proposed that any appeal to the decision will be undertaken by an independent officer, such as the Principal Housing Manager.

The appeal will allow for oral or written representation to be made by the landlord to the independent officer within a reasonable timescale of 21 days.

It is imperative that the written reasons provided to landlords in respect of the breach are detailed and clear as no further evidence can be provided or taken into account at the appeal.

If the landlord chooses to have an oral appeal hearing, the senior officer who made the decision should also attend.

6.14 The landlord can also have recourse to the local government ombudsman if he or she considers that there has been any maladministration in the handling of the appeal.

- 6.15 If there is no appeal made within the timescale, or the decision has been upheld following an appeal, the senior officer will instruct for the removal of the landlord from the accredited register and accredited properties closed from the I.T. system.

A letter will also be sent to all properties informing any tenants that accredited status is no longer applicable in relation to this landlord.

- 6.16 If the proposed decision making and review/appeal arrangements are accepted the Council's delegated decision document will need to reflect this.

- 6.17 Previous reviews of the accreditation scheme have focused on, in the main, the internal processes and procedures relating to the scheme.

This review encompasses all aspects of the assessment whether the current scheme is 'fit for purpose' and has resulted in recommendations not only to internal processes, but also expansion of the scheme to include partners and changes to the code of standards that vary substantially from the existing standards and reflect relevant changes in legislation and other good practice policies.

- 6.18 In conclusion, it is recommended that there is a complete re-launch of the reviewed scheme with no passport arrangements other than any relevant safety certificates and the fit and proper person declaration. Therefore new applications will be required from all existing accredited landlords.

7.0 Reasons for the decision

- 7.1 As stated previously; the current accreditation scheme, which is 10 years old, encompasses the whole tenant niche market and is not reflective of legislative changes and strategic changes.

- 7.2 As the structure of the Housing and Neighbourhood Renewal Team has evolved to working on a local level, there is an opportunity to build on good practice and undertake targeted neighbourhood project work in relation to all aspects of the private-rented market, using innovative practices to encourage landlords to become accredited and actively help amateur landlords to professionalise and focus tough enforcement on the worst offenders in the private rented sector.

- 7.3 There is a need to strike a balance between sending the correct message to rogue landlords that their behaviour and practices will not be tolerated and keeping within the Department for Trade and Industry 1998 Enforcement Concordat which states that local authorities should help businesses comply with regulations before escalating them, and this approach will enable the Council to get that balance right.

8.0 Alternative Options

- 8.1 The Council could continue with the current accreditation scheme however this will not provide the best catalyst to improve housing and management standards; improve partnership working or embrace strategic aims and objectives.
- 8.2 The current accreditation scheme no longer offers the market advantage and prestige that it should and the private-rented sector reputation must be improved in order to move away from it being the 'third choice' sector after owner occupation and social renting, as sometimes it is the only choice in the current economical climate.

9.0 Relevant Considerations/Consultations

- 9.1 **Financial** – The recommendations with the review of the accreditation scheme will not involve additional costs. The current staffing resource will take forward the scheme.
- 9.2 **Risk Analysis** – There is a risk that the accreditation scheme may not meet some of the strategic aims and targets. This will be mitigated by meetings between line managers and staff and completion of performance reports
- 9.3 **Legal Implications** – Legal Services have been consulted with regard to the accreditation scheme with particular focus on the new review and appeal arrangements.
- 9.4 **Consulting the Public.** – Both internal and external partners have been consulted regarding the review of the accreditation scheme and comments and suggestions have been included where appropriate.
- 9.5 **Equalities** – There is no direct negative impact with regard to equalities and the review of the accreditation scheme will improve the quality of housing management and housing standards for all.
- 9.6 **Project Management Methodology** – The Council's project management methodology will be used.
- 9.7 **Sustainability** – The project meets with aim 5 of the Sunderland Strategy and other delivery plan objectives as detailed within this report.

10 Background Papers

None.

