

**Economy and Enterprise
Overview and Scrutiny Committee**

26 February 2018



Private Sector Housing

Joint Report of Lorraine O'Donnell, Director of Transformation and Partnerships and Ian Thompson, Corporate Director of Regeneration and Local Services

Purpose of the Report

1. To provide Members of the Economy and Enterprise Overview and Scrutiny Committee with an update of the progress made with the private rented housing sector in County Durham with a focus on the accreditation scheme, prior to a presentation at the meeting providing Members with detail of: various initiatives in the county; achievements; challenges; and future activity.

Background

2. Durham is a large and diverse area with different parts of the county having distinctive characteristics and needs and this is true of the housing sector as much as any part of the county's infrastructure.
3. According to the 2011 census, there are 223,803 occupied households in the county with 14% of them being in the private rented sector.
4. The census shows a significant growth in the private rented sector in the ten years between 2001 and 2011, with the number of private rented homes in the county rising by 78% from 15,825 to 28,142 households.
5. Apart from the concentration of private rented housing in Durham City serving its student population, private rented housing in County Durham tends to be concentrated in areas of relative deprivation, where the housing market is weak. Private rented property is often older types of housing, in poor condition and failing to meet the minimum condition standards.
6. Private rented accommodation is a valuable and growing part of the housing market, providing flexibility for people who choose not to buy and can provide affordable housing for those who are unable to afford to purchase their own home. Whilst it is the tenure of choice for some, an increasing number of residents have no other available option than to rent in the private sector.
7. The majority of private landlords who operate in the county provide good quality accommodation and are aware of their responsibilities, however a small number operate poor management practices and allow tenants to live in unsatisfactory conditions. This can have a negative impact on the health and wellbeing of tenants, neighbours and the community.

Initiatives to improve the private rented sector

8. Housing Solutions private sector housing team work proactively to encourage a more professional private rented sector in the county by improving the management practices of landlords and the quality of the accommodation they let.
9. In working to address the issues of poor standards in the private rented sector the private sector housing team deliver many initiatives and some of these include:
 - (a) Advice and information – is provided to landlords and tenants regarding their legal rights and responsibilities of renting property.
 - (b) Empty homes – working with property owners through engagement, encouragement and the provision of financial assistance, over 700 long-term empty homes have been brought back into occupation since April 2014. The annual target of returning 120 properties into occupation has been exceeded for the fourth year in succession and the team have been recognised nationally for the work they do.
 - (c) Selective licensing – there are three designated areas of selective licensing in the county: Chilton West, Dean Bank in Ferryhill and Wembley in Easington Colliery. In these areas, a landlord has to obtain a licence from the council in order to rent out their property and all tenants must be referenced. In order for an area to be designated as a selective licensed area there must be a high concentration of privately rented properties and the area must be suffering significantly high levels of anti-social behaviour and low housing demand. Across the three designations 96% of licensable properties are currently licensed. Fifteen landlords have been prosecuted; eleven for failing to obtain a licence and four for breach of licence conditions. Four formal warnings and eight informal warnings have been issued showing that the Council takes its responsibilities seriously.
 - (d) Financial assistance – a suite of loan products is available to help landlords improve their properties. Interest free loans are available to property owners to bring empty properties back into use and ‘move in’ incentive grants are available to people who purchase a long-term empty property to live in themselves. All loans are registered as a secure charge against the property and owner occupiers who receive a move in grant have to remain living in the property for five years or repay the council in full.
 - (e) Accreditation – in 2015 the private landlord accreditation scheme was launched countywide. The scheme is voluntary and for landlords to be a member they must operate to a code of practice, which includes property condition; management practices; and the good character of the landlord. 10% of each landlords property portfolio is inspected. 129 landlords are currently accredited covering 2604 properties.

- (f) Targeted areas – resolving issues in specific areas through a targeted multi-agency approach. This approach has been rolled out across the county and in the last year time limited projects (TLPs) have been undertaken in the Dene Valley; Grange Villa; Chester-le-Street; Easington Colliery; Wheatley Hill; and Horden. This work has had a positive impact on returning properties to use, engaging with landlords and increasing the membership of the accreditation scheme.
- (g) East Durham neighbourhood initiatives officer – working with the East Durham Trust and the AAP this officer role was introduced as a pilot project to help support the communities, specifically vulnerable tenants living in privately rented properties. The aim is to help people sustain their tenancies by supporting them to manage their money and their tenancies better.

Private Landlord Accreditation Scheme

- 10. The private landlord accreditation scheme was launched countywide in April 2015 and is a key priority for Housing Solutions. Landlords are encouraged to join the scheme and renew their membership on an annual basis. Encouraging landlords to be an active member of the Landlord Accreditation Scheme has benefits to landlords, tenants, the council and the local community.
- 11. Landlords are encouraged to advertise their vacant properties through Durham Key Options and homeless and prevention officers use only accredited landlords to accommodate homeless people or those threatened with homelessness. The Rent Deposit Guarantee Scheme and empty homes loans are only available to accredited landlords, which are an incentive for landlords to join the scheme.
- 12. To date the scheme has achieved:
 - (a) A membership of 129 landlords and 2604 properties.
 - (b) An average annual renewal rate of memberships is 45%
 - (c) Since April 2017 121 properties have been let through Durham Key Options.
 - (d) 626 properties have been inspected.
 - (e) Landlords receive quarterly newsletters with up to date information.
 - (f) Landlords forums are held every quarter.
 - (g) A programme of free training sessions have been delivered to 64 landlords to date with a 100% positive feedback from attendees.
 - (h) The scheme has been promoted on the front page of the council's website three times and appears on the intranet regularly.
 - (i) Three press releases: one at the start of the scheme; one following the 100th member; and one for the first countywide landlord event in October 2017, to encourage further membership.
- 13. A countywide landlord event was held in October with over 100 landlords in attendance. The event was supported by external agencies such as Durham Constabulary, Durham and Darlington Fire and Rescue Service, Northumbria Water and My Deposits.

Future Challenges

14. With limited powers to regulate the private rented sector, reliance is placed on the negotiation and persuasion skills of council officers to explain the legal responsibility of homeowners and encourage them to operate within these boundaries.
15. As the private rented sector is the tenure of necessity for many tenants, the introduction of the Homeless Reduction Act in April 2018 calls for good quality, well-managed private rented property. The details and implications of this will be further explained at the Scrutiny meeting.
16. The Housing and Planning Act 2016 introduces provisions for private landlords and letting agents with the introduction of:
 - (a) Rent Repayment Orders – where a landlord commits a serious offence against a tenant i.e. failing to carry out work to prevent a health and safety risk; threats of violence; illegal eviction or harassment, the landlord can be ordered to repay up to 12 months rent to the person or organisation who has paid it.
 - (b) Civil penalties - a local authority may opt to use a civil penalty as an alternative to prosecution of a landlord in situations where a landlord fails to comply with a notice or breaches licence conditions.
 - (c) Tenancy deposit data sharing – local authorities can request information regarding deposits to aid enforcement activity.

To be introduced in April 2018:

- (d) Banning orders – to ban a landlord or letting agent from engaging in letting or related activity where convicted of aggravated crimes.
 - (e) A rogue landlord database - where property owners have been found guilty of certain housing related offences they will be placed on a register and enforcement agencies are expected to monitor for re-offending.
 - (f) A new abandonment process – landlords can serve notice on tenants to recover their property where they think it has been abandoned or high levels of rent are owed.
17. The private rented sector has been subject to more legislative changes in the last two years than it has in the last twenty years. Along with rising costs through taxation changes, negative equity, changes in mortgage lending, banning of tenant fees, 100% council tax charges and the introduction of universal credit many landlords are experiencing difficult times.

Recommendations

18. Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided in the report and the presentation.
19. That the Economy and Enterprise Overview and Scrutiny Committee continues to monitor the progress of the various initiatives undertaken with the private rented sector including the Landlord Accreditation Scheme with a further progress report scheduled in the work programme for 2019/20.

Contact:	Shirley Janes, Housing Manager	Tel: 03000 262 036
Author:	Shirley Janes, Housing Manager	Tel: 03000 262 036

Appendix 1: Implications

Finance – N/A

Staffing – N/A

Risk – N/A

Equality and Diversity / Public Sector Equality Duty – N/A

Accommodation – N/A

Crime and Disorder – N/A

Human Rights – N/A

Consultation – N/A

Procurement – N/A

Disability Issues – N/A

Legal Implications – N/A